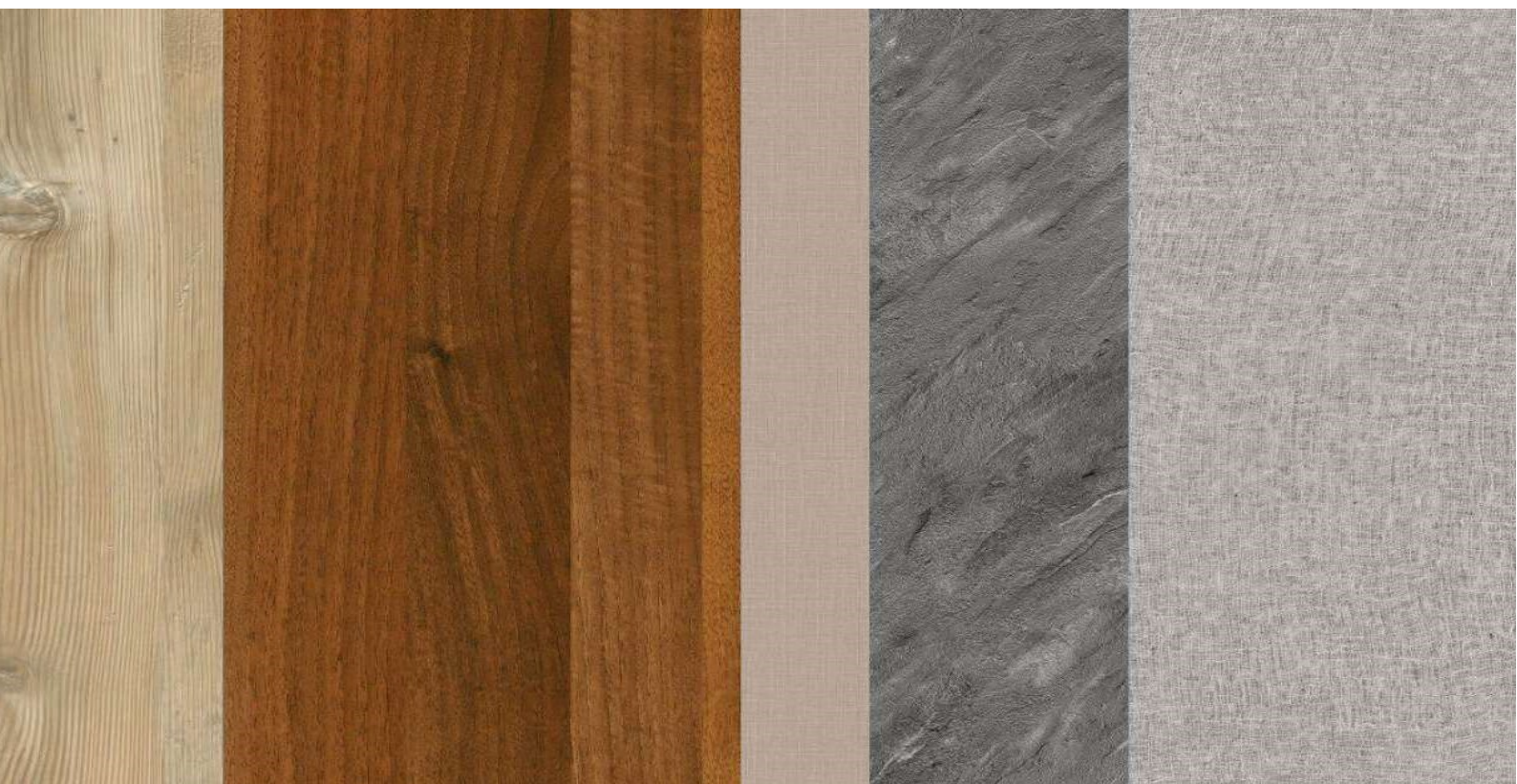




Consolidated Half-Year Report at 30 June 2021

Financial Statements prepared in accordance with IAS/IFRS

Amounts in Euro





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VAT CODE IT 02833670165
R.E.A. BG - 193331

Share Capital
€ 17,398,687.37 fully paid up
www.neodecortech.it

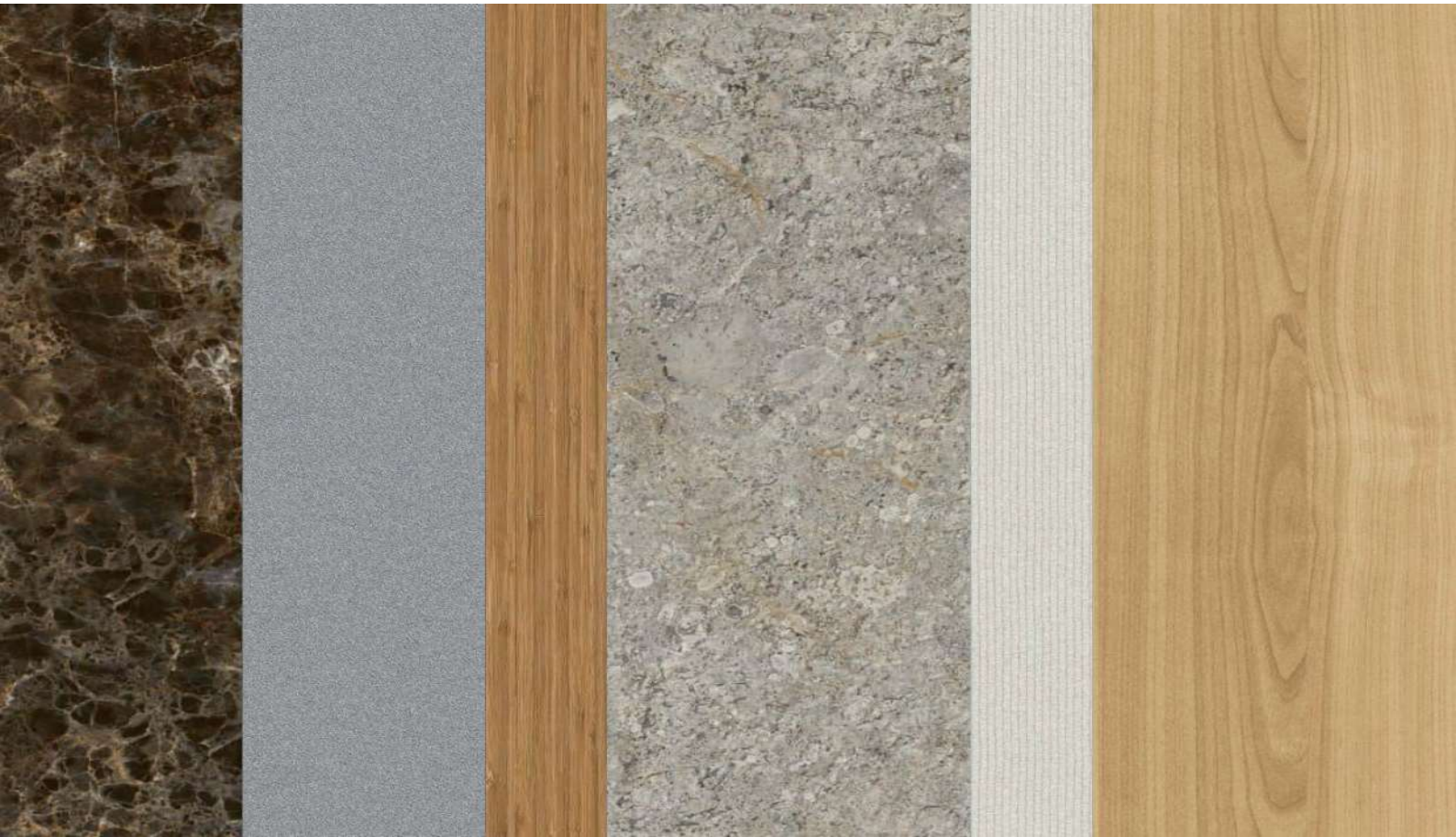
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The Neodecortech Group



Corporate bodies

Board of Directors ⁽¹⁾

Chairman	Riccardo Bruno*
Director, Chief Executive Officer	Luigi Cogni
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

Sustainability Committee

Paola Carrara
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 until the next Shareholders' Meeting of the Company, replacing 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 June 2021, 31 December 2020 and 30 June 2020 is shown below.

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

At 30 June 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 "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 equity 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.

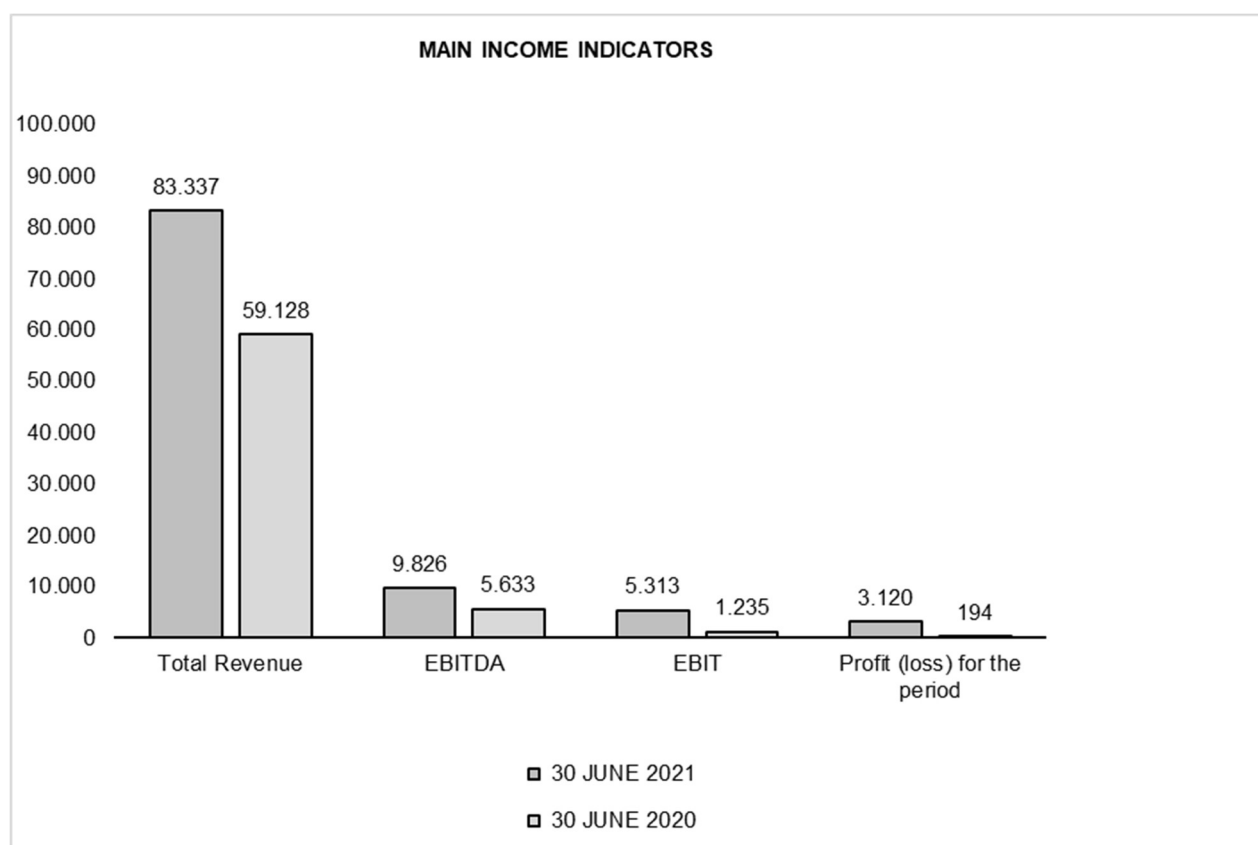
Financial highlights of the Neodecortech Group

Income statement

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

(Euro thousands)	30 JUNE 2021	%	30 JUNE 2020	%	Chg.	% change
Revenue from sales and services	82.434	100,0%	54.530	100,0%	27.904	51,2%
Other revenue	903	1,1%	4.598	8,4%	(3.695)	(80,4%)
Total Revenue	83.337	101,1%	59.128	108,4%	24.209	40,9%
EBITDA	9.826	11,9%	5.633	10,3%	4.193	74,4%
Amortization and depreciation	4.322	5,2%	4.170	7,6%	152	3,6%
Allocations	192	0,2%	229	0,4%	(37)	(16,2%)
EBIT	5.313	6,4%	1.235	2,3%	4.078	330,2%
Profit (loss) for the period	3.120	3,8%	194	0,4%	2.926	1508,2%

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

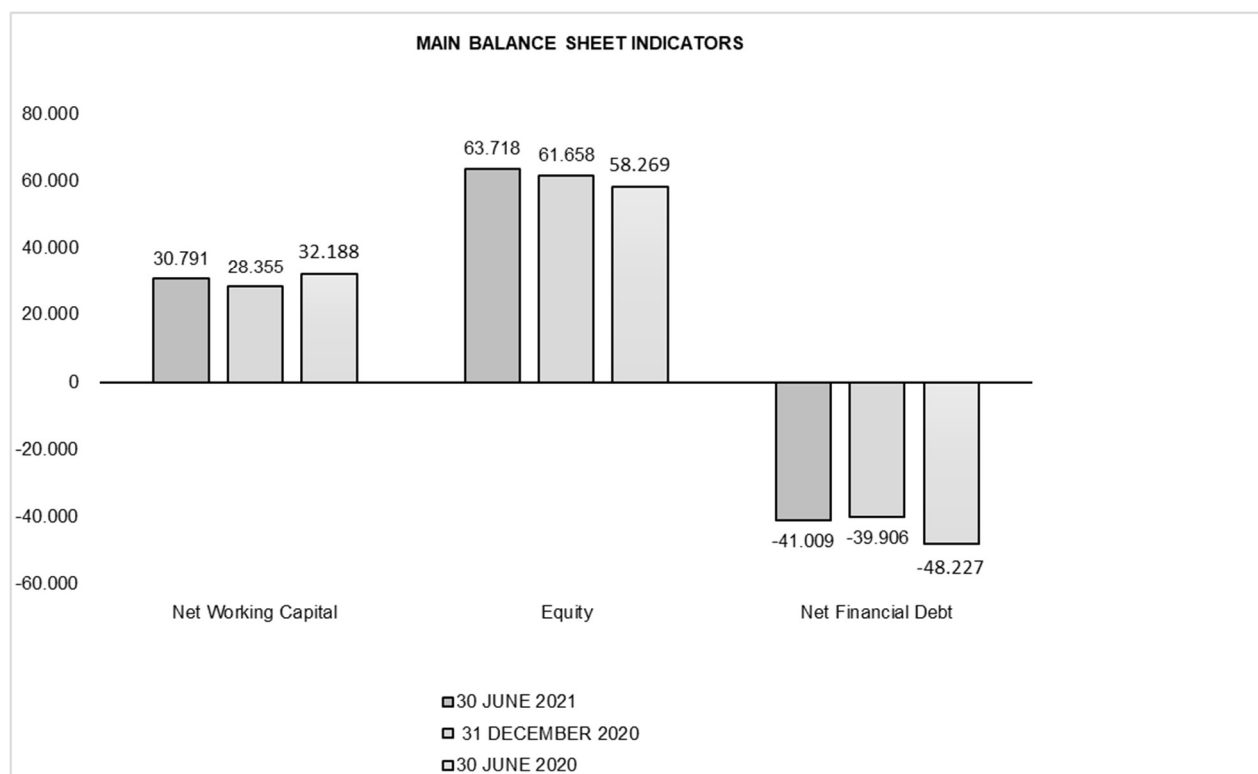


Financial results

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

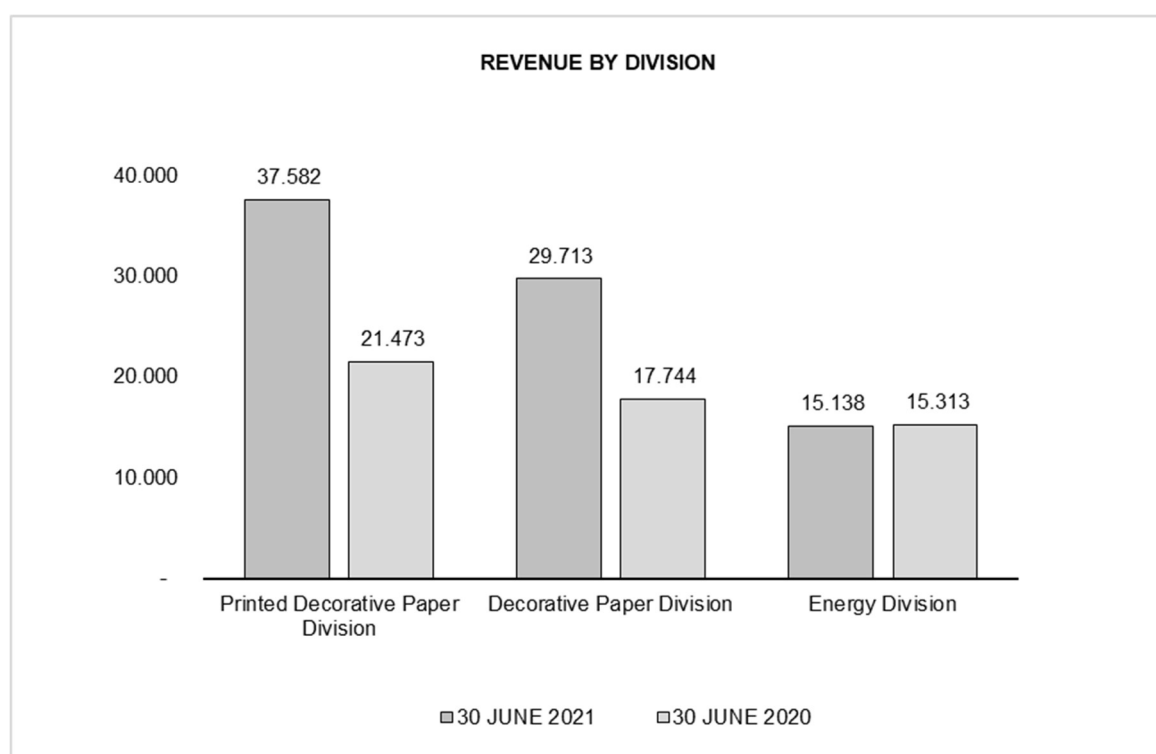
(Euro thousands)	30 JUNE 2021	31 DECEMBER 2020	Chg.	% change	30 JUNE 2020	Chg.	% change
Net Working Capital	30.791	28.355	2.436	8,6%	32.188	(1.397)	(4,3%)
Equity	63.718	61.658	2.060	3,3%	58.269	5.449	9,4%
Net Financial Debt	(41.009)	(39.906)	1.103	(2,8%)	(48.227)	(7.218)	15,0%

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**.

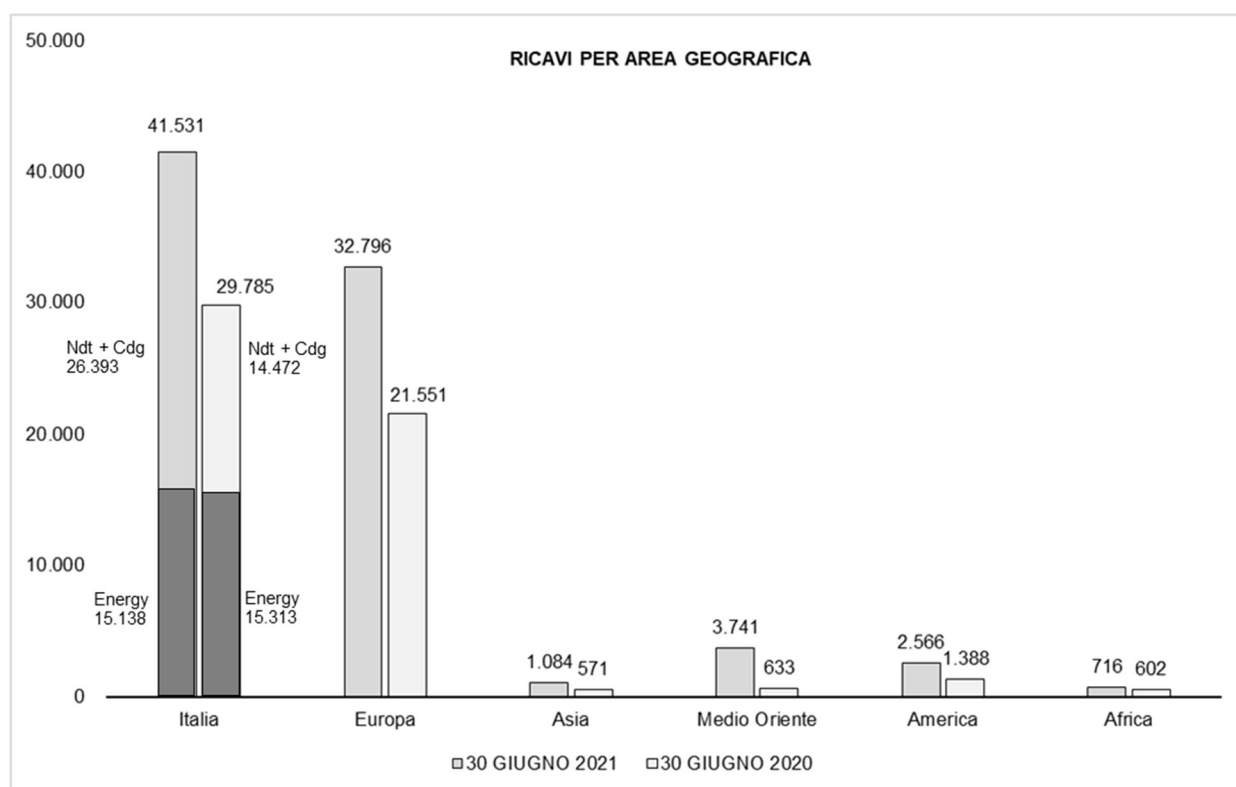
<i>(Euro thousands)</i>	30 JUNE 2021		30 JUNE 2020		Chg.	% change
		%		%		
Printed Decorative Paper Division	37.582	46%	21.473	39%	16.109	75,0%
Decorative Paper Division	29.713	36%	17.744	33%	11.969	67,5%
Energy Division	15.138	18%	15.313	28%	(175)	(1,1%)
Total	82.434	100%	54.530	100%	27.904	51,2%



For comments on the performance of each division, reference should be made to the chapter "FINANCIAL HIGHLIGHTS BY OPERATING SEGMENT" in the Directors' Report on Operations.

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

(Euro thousands)	30 JUNE 2021	%	30 JUNE 2020	%	Chg.	% change
Italy	26.393	32,0%	14.472	26,5%	11.921	82,4%
Europe	32.796	39,8%	21.551	39,5%	11.245	52,2%
Asia	1.084	1,3%	571	1,0%	513	89,8%
Middle East	3.741	4,5%	633	1,2%	3.108	491,0%
America	2.566	3,1%	1.388	2,5%	1.178	84,8%
Africa	716	0,9%	602	1,1%	114	18,9%
Energy Division	15.138	18,4%	15.313	28,1%	(175)	(1,1%)
Total	82.434	100,0%	54.530	100,0%	27.904	51,2%



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Directors' Report on Operations



Dear Shareholders,

Submitted to your attention are the Consolidated Half-Year Financial Statements at 30 June 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 first half 2021 as well as the future 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 on the STAR segment was 15 March 2021.

The period under review closes with a consolidated profit of € 3,120 thousand (€ 194 thousand at 30 June 2020), after amortization, depreciation and provisions of € 4,514 thousand (€ 4,399 thousand at 30 June 2020), and income tax of € 1,623 thousand (€ 281 thousand at 30 June 2020).

This Report, drawn up with amounts expressed in Euro thousands, is presented together with the consolidated half-year 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, it should be noted that the Group's consolidated operating and financial figures at 30 June 2021 were not impacted by the ongoing pandemic. The upward trend of turnover and order backlog seen in second half 2020 and in first quarter 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. Smart working continued throughout the six months, especially for staff members. 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.

The table below shows that revenue, EBITDA and net profit for first half 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 first half 2019, which was a normal period of operations; this proves that the Group has managed to come out of the context of pandemic crisis, and has performed better than in 2019.

Specifically, revenue from sales and services grew by 51.2% versus 2020 (from € 54.5 million to € 82.4 million), but also by 24.2% versus 2019 (from € 66.4 million). EBITDA rose by 74.4% versus 30 June 2020 and by 39.1% versus 30 June 2019 (€ 9.8 million in first half 2021 versus € 5.6 million in first half 2020 and € 7.1 million in the same period of 2019), accounting for 11.9% versus 10.3% and 10.6% in the two prior years. As a result, net profit came to € 3.1 million in first half 2021 versus a breakeven in 2020 and versus € 1.1 million in first half 2019.

(Euro thousands)	30 JUNE 2021	%	30 JUNE 2020	%	Chg.	% change	30 JUNE 2019	%	Chg.	% change
Revenue from sales and services	82.434	100,0%	54.530	100,0%	27.904	51,2%	66.366	100,0%	16.068	24,2%
Changes in work in progress, semi-finished and finished products	(486)	(0,6%)	86	0,2%	(572)	(665,1%)	(452)	(0,7%)	(34)	7,5%
Other revenue	903	1,1%	4.598	8,4%	(3.695)	(80,4%)	2.323	3,5%	(1.420)	(61,1%)
Value of Production	82.852	100,5%	59.214	108,6%	23.638	39,9%	68.237	102,8%	14.615	21,4%
Raw and ancillary materials and consum.	(49.561)	(60,1%)	(34.133)	(62,6%)	(15.428)	45,2%	(38.780)	(58,4%)	(10.781)	27,8%
Other operating expense	(12.235)	(14,8%)	(10.319)	(18,9%)	(1.916)	18,6%	(11.377)	(17,1%)	(858)	7,5%
Value Added	21.056	25,5%	14.762	27,1%	6.294	42,6%	18.080	27,2%	2.976	16,5%
Personnel expense	(11.229)	(13,6%)	(9.129)	(16,7%)	(2.100)	23,0%	(11.015)	(16,6%)	(214)	1,9%
EBITDA	9.826	11,9%	5.633	10,3%	4.193	74,4%	7.065	10,6%	2.761	39,1%
Amortization and depreciation	(4.322)	(5,2%)	(4.170)	(7,6%)	(152)	3,6%	(4.173)	(6,3%)	(149)	3,6%
Allocations	(192)	(0,2%)	(229)	(0,4%)	37	(16,2%)	0	0,0%	(192)	0,0%
EBIT	5.313	6,5%	1.235	2,3%	4.078	330,2%	2.892	4,4%	2.421	83,7%
Financial expense	(682)	(0,8%)	(779)	(1,4%)	97	(12,5%)	(996)	(1,5%)	314	(31,5%)
Financial income	112	0,1%	19	0,0%	93	489,5%	0	0,0%	112	0,0%
Profit/(loss) before tax	4.743	5,8%	475	0,9%	4.268	898,5%	1.896	2,9%	2.847	150,2%
Income tax	(1.623)	(2,0%)	(281)	(0,5%)	(1.342)	477,6%	(797)	(1,2%)	(826)	103,6%
Profit/(loss) for the period	3.120	3,8%	194	0,4%	2.926	1508,2%	1.099	1,7%	2.021	183,9%

Effects of the COVID-19 pandemic on 2021 forecasts

Despite the persisting pandemic, with regard to the period from 1 January 2021 to 30 June 2021, revenue, margins and the Net Financial Position are in line with the estimates contained in the new 2021-2023 Business Plan ("the 2021-2023 Business Plan") and approved by the Board of Directors on 10 February 2021.

Therefore, based also on the trend in orders and the figures for the first two months of the third quarter of the current year, the Group believes it can close 2021 in line with the results of the 2021 Budget.

In first half 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.

The spread of the Delta variant 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 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 Delta variant and the possible impacts on the Group's operating and financial performance.

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

Based on the information available to date and the positive trend in results since July last year, and in light of the easing of the restrictions on trade and people and vehicle movement, and the completion of the vaccination plan underway in Italy and worldwide, the Group believes that expectations for 2021 and following years should not be impacted by the spread of the COVID-19 pandemic.

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 30 June 2021, Management assessed the effects of the COVID-19 pandemic on the recoverable value of assets. Based on the results of the first six months, the forecasts for the second half of the year, already transposed in the Updated 2021 Budget, and the above assumptions regarding the impact of the pandemic on the following years, Management does not believe the current situation of the COVID-19 pandemic to be an indicator of impairment and, therefore, did not consider it necessary to carry out 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. As for capital expenditure in progress, recorded under property, plant and equipment and intangible assets, the Group deems that the actions taken and the forecasts contained in the 2021 Budget will allow for their regular development and completion; as a result, there are currently no impairment indicators for these assets. Therefore, no critical issues were found and it is believed that the effects of the COVID-19 pandemic are not an indicator of impairment requiring the write-down of assets. Consistent with the guidelines of IAS 36, Management will monitor the developments of macroeconomic conditions and any other impairment indicator and will promptly take account of changes in the value of assets.

Effects of the COVID-19 pandemic on business continuity

When preparing the consolidated half-year 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 2021 reflected in the 2021 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 negative impact of the COVID-19 pandemic on 2020, shows an improvement in the relevant context (EUR - PMI (*Purchasing Managers Index*) at December 2020 equal to 55.5 points versus 63.1 points at June 2021) (source <https://it.investing.com/economic-calendar/manufacturing-pmi-201>), reflecting a newfound confidence on future prospects.

This situation affected all of the Group's market areas of operation at the same time.

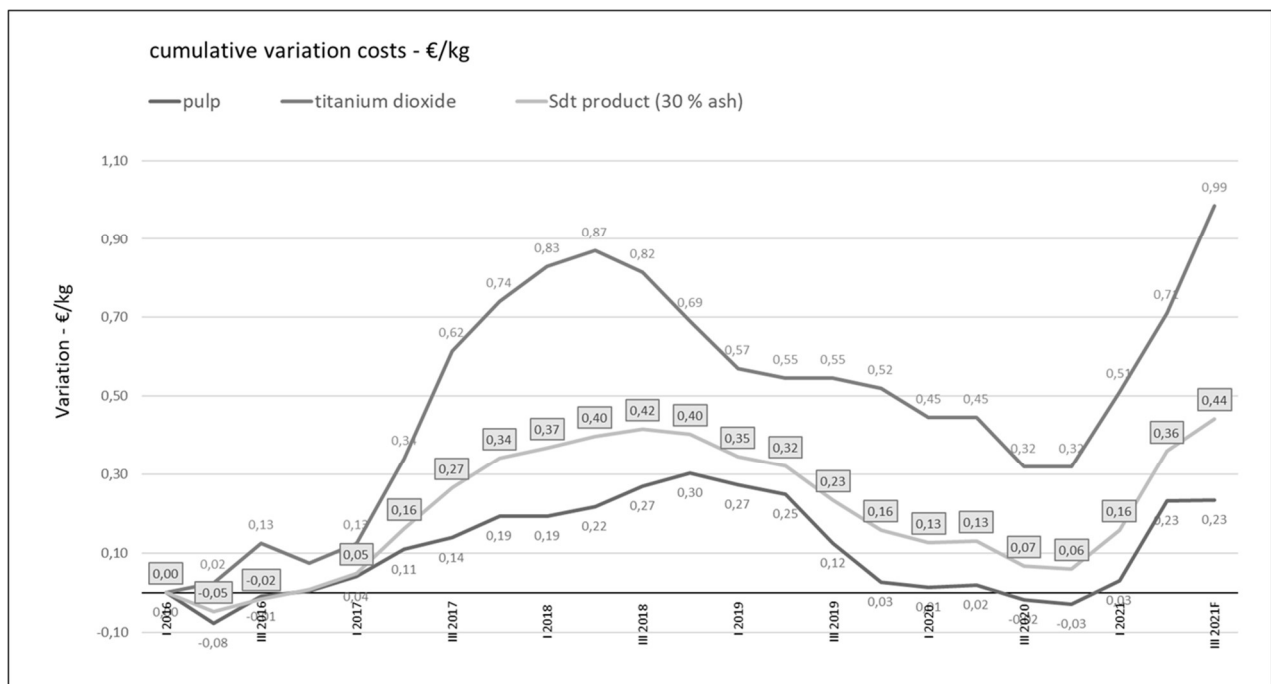
Additionally, since the beginning of the second half of 2020, thanks to the heavy use of smart working by companies across all industries and the renewed pivotal role of the home environment, a strong growth in demand for furniture and flooring has been reported throughout Europe (90% of the Group's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

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, witnessed a general increase in growth. 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 especially true for the strategic raw materials of Neodecortech (resins and plastic film for printing), of Cartiere di Guarcino (pulp and titanium dioxide) and Bio Energia Guarcino (animal fat).

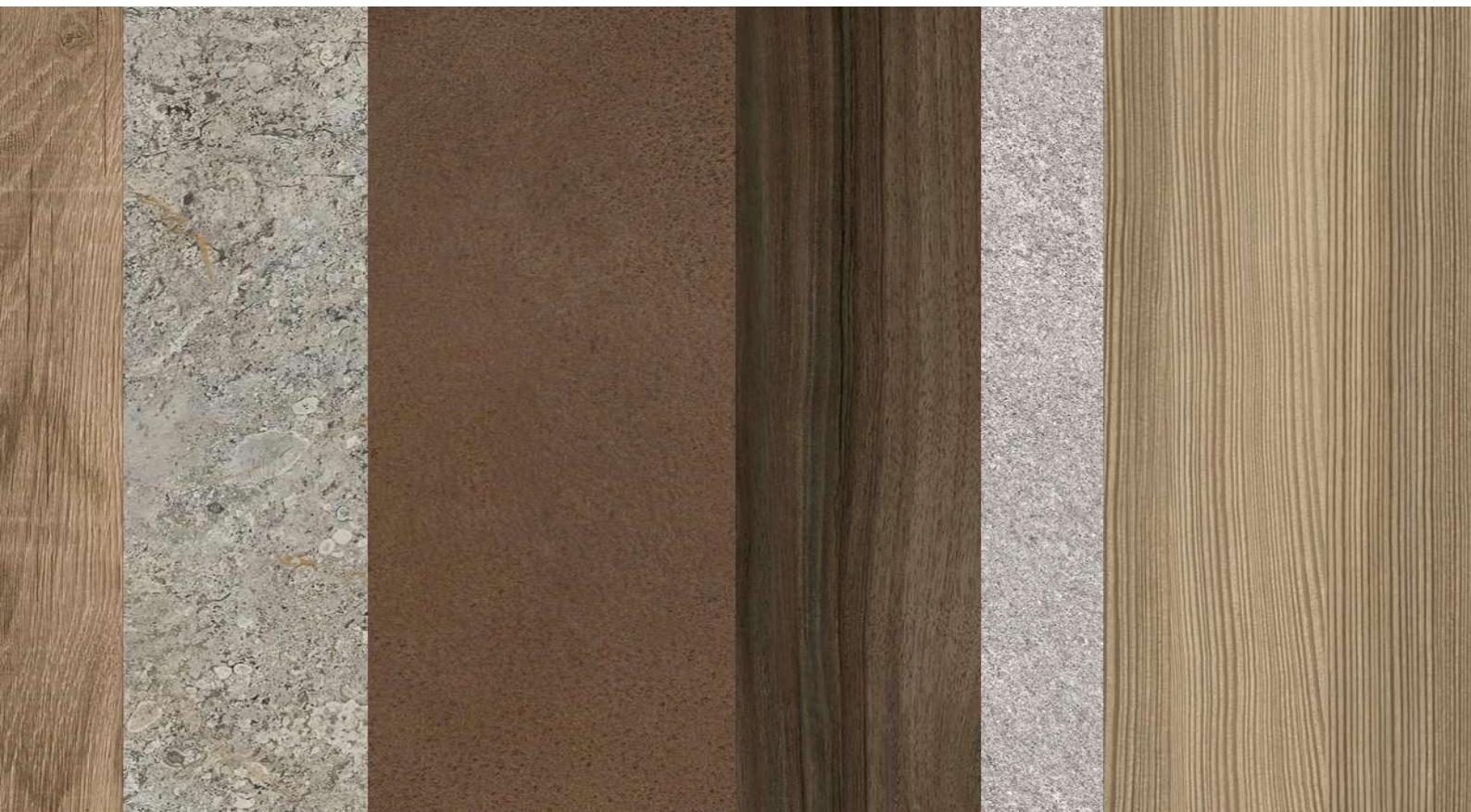
Specifically, the price of pulp in first half 2021 increased by over 67% for short fibre and 50% for long fibre versus December 2020. The price of titanium dioxide on the European market in the first half of the year increased by more than 20% versus fourth quarter 2020. A further increase is expected on the third quarter. As far as Bio Energia Guarcino is concerned, the general increase in so-called consumable raw materials, especially animal fat, amounted to over 50% in the first half versus December 2020. Neodecortech too reported sharp price increases in resins and plastics, in addition to paper, and some difficulty in finding the resins themselves. The increases in the cost of raw materials were recorded mainly in January 2021 (round 1) and April 2021 (round 2).

As far as Bio Energia Guarcino is concerned, the increase in the cost of fuel was offset by the increase in the price of energy, with the PUN reaching 84.80 €/MWh in June 2021 versus 54.04 €/MWh in December 2020.



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

Key balance sheet, financial and income figures



Consolidated results of the Neodecortech Group

<i>(Euro thousands)</i>	30 JUNE 2021	%	30 JUNE 2020	%	Chg.	% change
Revenue from sales and services	82.434	100,0%	54.530	100,0%	27.904	51,2%
Changes in work in progress, semi-finished and finished products	(486)	(0,6%)	86	0,2%	(572)	(665,1%)
Other revenue	903	1,1%	4.598	8,4%	(3.695)	(80,4%)
Value of Production	82.852	100,5%	59.214	108,6%	23.638	39,9%
Raw and ancillary materials and consum.	(49.561)	(60,1%)	(34.133)	(62,6%)	(15.428)	45,2%
Other operating expense	(12.235)	(14,8%)	(10.319)	(18,9%)	(1.916)	18,6%
Value Added	21.056	25,5%	14.762	27,1%	6.294	42,6%
Personnel expense	(11.229)	(13,6%)	(9.129)	(16,7%)	(2.100)	23,0%
EBITDA	9.826	11,9%	5.633	10,3%	4.193	74,4%
Amortization and depreciation	(4.322)	(5,2%)	(4.170)	(7,6%)	(152)	3,6%
Allocations	(192)	(0,2%)	(229)	(0,4%)	37	(16,2%)
EBIT	5.313	6,5%	1.235	2,3%	4.078	330,2%
Financial expense	(682)	(0,8%)	(779)	(1,4%)	97	(12,5%)
Financial income	112	0,1%	19	0,0%	93	489,5%
Profit/(loss) before tax	4.743	5,8%	475	0,9%	4.268	898,5%
Income tax	(1.623)	(2,0%)	(281)	(0,5%)	(1.342)	477,6%
Profit/(loss) for the period	3.120	3,8%	194	0,4%	2.926	1508,2%

Net turnover increased (+51.2%) versus first half 2020. Mention should be made of the positive trend that has been driving the Group's segment of operation since the second half of 2020; until June 2020, instead, the COVID-19 pandemic had badly hit half-year revenue, 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 new Laminate 142 production line.

The change in revenue is even more notable when compared to first half 2019, a period unaffected by the COVID-19 pandemic. The period had, in fact, recorded revenue of € 66,366 thousand. The result for first half 2021 shows an increase of € 16,068 thousand, up by 24% versus the previous figure.

Other revenue includes, for the most part, approximately € 200 thousand in capital gains from the sale of tangible fixed assets by the Parent Company to buyers outside the Group, while the remainder regards reimbursements of transport costs. At 30 June 2020, the breakdown was as follows: € 1,204 thousand from the release of 40% of the Stock Grant plan related to the non-achievement of the MTA listing target by March 2020, € 350 thousand from an insurance reimbursement acknowledged to the subsidiary Cartiere di Guarcino, and € 2,350 thousand from an insurance indemnity received by the subsidiary Bio Energia Guarcino in the first half of the year, following an incident that took place in November 2019.

The increase in the consumption of raw and ancillary materials (+45.2%) was less than proportional to the increase in turnover (+51.2%). The percentage decreased by 2.5%, despite both the constant increases in the cost of individual raw materials and the costs incurred to bring the production of new products up to standard. The growth trend in turnover of the latter should in fact lead to a decrease in the impact of the cost of raw materials, since these products have a higher unit added value.

Other operating expense, up overall (+18.6%) versus first half 2020, includes increases, as a result of the trend in turnover, in utilities (+49.7%), transport (+58.7%), commissions (+53.9%), industrial services (+23.9%) and outsourcing (previously non-existent) for the new EOS product. Conversely, consultancy costs decreased by € 611 thousand since, at 30 June 2020, they included the higher costs incurred for listing on the MTA.

The increase in personnel expense, amounting to € 2,100 thousand, is explained by the hires resulting from the above general trend and the full entry into production of the new products of the Parent Company, which began in second half

2020, but will be fully operational in first half 2021. It should be noted that in first half 2020, personnel expense also took account of the effect of the allocation to the Welfare fund of € 501 thousand (€ 40 thousand of this amount was classified among other payables to employees as it had already accrued at 30 June 2020), 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.

EBITDA stood at 11.9% of net revenue versus first half 2020, recovering 1.6%. At 30 June 2019, EBITDA had amounted to € 7,065 thousand, accounting for 10.6%. When compared to the figure of first half 2019, a year unaffected by the COVID-19 pandemic, the increase amounts to € 2,761 thousand with a higher percentage of 1.3%.

The change in amortization and depreciation was not significant, despite the capital expenditure made by the Group, which amounted to € 4,751 thousand versus € 3,551 thousand at 30 June 2020. 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 in 2020.

"Provisions" includes an allocation of € 156 thousand to the provision for doubtful accounts, and € 36 thousand for the provision for supplementary agents' indemnity.

With regard to financial components, the reduction in expense is a result of the project to optimize credit lines and the related rates, with the introduction of "umbrella facilities". The reclassification of debt from short- to long-term, thanks to low-interest loans and the repayment of certain loans at higher rates, enabled the Group to pursue its financial savings target; additionally, the positive trend in turnover has increased liquidity, allowing the Group to resort less to short-term borrowing. The increase in financial income is due primarily to the recognition of the fair value of derivatives held by the Parent Company and Cartiere di Guarcino S.p.A..

Further details on income tax are provided in the Notes to the financial statements.

Net profit amounted to € 3,120 thousand (€ 194 thousand at 30 June 2020), while at the end of first half 2019 (unaffected by the COVID-19 pandemic) it had amounted to € 1,099 thousand. As a result, the increase amounted to € 2,926 thousand versus 30 June 2020 and to € 2,021 thousand versus 30 June 2019.

Reclassified consolidated statement of financial position

(Euro thousands)	30 JUNE 2021	31 DECEMBER 2020	Chg.	% change	30 JUNE 2020	Chg.	% change
Trade receivables	24.448	19.252	5.196	27,0%	17.149	7.299	42,6%
Inventory	35.130	36.684	(1.554)	(4,2%)	38.438	(3.308)	(8,6%)
Trade payables	(26.900)	(25.571)	(1.329)	5,2%	(23.554)	(3.346)	14,2%
Operating NWC	32.678	30.365	2.313	7,6%	32.033	645	2,0%
Other current receivables	1.817	1.118	699	62,5%	2.536	(719)	(28,4%)
Receivable from Tax Consolidation	1.672	1.008	664	65,9%	1.266	406	32,1%
Tax receivables	2.328	1.767	561	31,7%	2.663	(335)	(12,6%)
Other current payables	(5.412)	(4.719)	(693)	14,7%	(4.643)	(769)	16,6%
Tax payables	(629)	(708)	79	(11,2%)	(1.122)	493	(43,9%)
Payables from tax consolidation	(1.662)	(476)	(1.186)	249,2%	(544)	(1.118)	205,5%
Net Working Capital	30.791	28.355	2.436	8,6%	32.188	(1.397)	(4,3%)
Property, plant and equipment	77.825	77.221	604	0,8%	78.545	(720)	(0,9%)
Intangible fixed assets	1.919	2.203	(284)	(12,9%)	2.575	(656)	(25,5%)
Non-current financial assets	1.805	1.821	(16)	(0,9%)	1.837	(32)	(1,7%)
Other non-current assets	249	95	154	162,1%	87	162	186,2%
Fixed assets	81.799	81.340	459	0,6%	83.044	(1.245)	(1,5%)
Post-employment benefits	(2.548)	(2.728)	180	(6,6%)	(3.211)	663	(20,6%)
Provisions for risks and charges	(1.110)	(1.284)	174	(13,6%)	(1.081)	(29)	2,7%
Deferred tax assets and liabilities	(4.205)	(4.116)	(89)	2,2%	(4.443)	238	(5,4%)
Net Capital Employed	104.727	101.567	3.160	3,1%	106.497	(1.770)	(1,7%)
Equity	63.718	61.658	2.060	3,3%	58.269	5.449	9,4%
Cash and cash equivalents	(5.426)	(7.536)	2.110	(28,0%)	(1.168)	(4.258)	364,6%
Other current financial receivables	(64)	(64)	0	0,0%	(64)	0	0,0%
Current financial liabilities	20.322	18.666	1.656	8,9%	26.223	(5.901)	(22,5%)
Non-current financial liabilities	26.177	28.840	(2.663)	(9,2%)	23.237	2.940	12,7%
Net Financial Debt	41.009	39.906	1.103	2,8%	48.227	(7.218)	(15,0%)
Equity and Net Financial Debt	104.727	101.567	3.160	3,1%	106.497	(1.770)	(1,7%)

Despite the strong increase in turnover (+51.2%), the increase in NWC (+8.6%) was much less. Specifically, the strong reduction in inventory (€ -1,554 thousand), the increase in trade payables (€ -1,329 thousand) and the tax consolidation payable (€ -1,186 thousand) offset the change in trade receivables, which rose by € 5,196 thousand, in line with turnover.

The change in property, plant and equipment is explained by the new capital expenditure made as per budget. Specifically, a new CPL laminating machine was introduced at Neodecortech's Casoli D'Atri plant, reflecting the continued growth of the production of the Laminates division. With regard to subsidiaries, capital expenditure in tangible fixed assets at Cartiere di Guarcino S.p.A. regarded measures to increase the efficiency of paper machines and to optimize the purification plant. For Bio Energia Guarcino S.r.l., it regards maintenance expenditure.

Consolidated net financial debt at 30 June 2021 versus 31 December 2020 and 30 June 2020 is shown below:

<i>(Euro thousands)</i>	30 JUNE 2021	31 DECEMBER 2020	Chg.	30 JUNE 2020	Chg.
A. Cash	(9)	(8)	(1)	(8)	(1)
B. Other cash and cash equivalents	(5.417)	(7.528)	2.111	(1.160)	(4.257)
D. Liquidity (A) + (B)	(5.426)	(7.536)	2.110	(1.168)	(4.258)
E. Current financial receivables	(68)	(64)	(4)	(64)	(4)
F. Current bank payables	14.480	12.974	1.506	20.006	(5.526)
G. Current portion of non-current debt	4.221	4.057	164	5.700	(1.479)
H. Other current financial payables	1.625	1.635	(10)	516	1.109
I. Current financial debt (F) + (G) + (H)	20.327	18.666	1.661	26.223	(5.896)
J. Net current financial debt (D) + (E) + (I)	14.832	11.066	3.766	24.991	(10.159)
K. Non-current bank payables	18.503	20.670	(2.167)	13.883	4.620
M. Other non-current payables	7.674	8.170	(496)	9.353	(1.679)
N. Non-current financial debt (K) + (M)	26.177	28.840	(2.663)	23.236	2.941
O. Net financial debt (J) + (N)	41.009	39.906	1.103	48.227	(7.218)

Liquid funds (B) decreased versus 31 December 2020, due mainly to the payment of dividends for € 1,206 thousand.

A point worth mentioning was the decrease in current bank payables (F) versus the same period of the prior year for approximately € 5,500 thousand. The increase versus 31 December 2020 regards mainly the subsidiary Cartiere di Guarcino S.p.A. and is a temporary effect functional to the duration of the import loans taken out, offset by an increase in liquid funds, resulting in a net effect of € -1,100 thousand of short-term exposure to banks.

Also worth mentioning is the reduction in the current portion of non-current debt (G) versus June 2020 amounting to approximately € 1,500 thousand.

The sharp reduction in current bank payables was partly offset by the increase in non-current bank payables. In second half 2020, in fact, the Group took out unsecured loans with maturities of 60-72 months. The relating repayment plans on these loans have already begun. The Group has, in fact, rescheduled the maturity of its debt, shifting it to a longer-term horizon.

Other current financial payables (H) and other non-current payables (M) are impacted by the suspension of the principal portion of the lease instalments of the subsidiary Bio Energia Guarcino from April 2020 to March 2021, as well as the change in the payable from rights of use recorded under IFRS 16.

Key results by operating segment

In order to provide adequate disclosure of the nature and characteristics of revenue, revenue as required by IFRS 8 is broken down below. The table below shows the change between 30 June 2021 and 30 June 2020 in the major income statement indicators and the change between 30 June 2021 and 31 December 2020 in the main balance sheet indicators, both broken down by operating segment, gross of intercompany items (reference is made to the segment reporting in the Notes to the Financial Statements for net intercompany items).

Income Statement

<i>(Euro thousands)</i>	30 JUNE 2021	%	30 JUNE 2020	%	Chg.	% change
Printed Decorative Paper Division						
Revenue from sales and services	37.582	100,0%	21.473	100,0%	16.109	75,0%
EBITDA	5.357	14,3%	732	3,4%	4.625	631,8%
EBIT	3.534	9,4%	(891)	(4,1%)	4.425	(496,6%)
Profit (loss) for the period	3.120	8,3%	194	0,9%	2.926	1508,2%
Decorative Paper Division						
Revenue from sales and services	38.785	100,0%	24.200	100,0%	14.585	60,3%
EBITDA	3.121	8,0%	2.642	10,9%	479	18,1%
EBIT	1.664	4,3%	1.162	4,8%	502	43,2%
Profit (loss) for the period	672	1,7%	908	3,8%	(236)	(26,0%)
Energy Division						
Revenue from sales and services	16.358	100,0%	16.188	100,0%	170	1,1%
EBITDA	1.331	8,1%	2.258	13,9%	(927)	(41,1%)
EBIT	212	1,3%	1.077	6,7%	(865)	(80,3%)
Profit (loss) for the year	(130)	(0,8%)	445	2,7%	(575)	(129,2%)

Statement of financial position

<i>(Euro thousands)</i>	30 JUNE 2021	31 DECEMBER 2020	Chg.	% change
Printed Decorative Paper Division				
Net Working Capital	8.066	4.804	3.262	67,9%
Equity	63.718	61.658	2.060	3,3%
Net Financial Debt	(13.959)	(12.273)	(1.686)	13,7%
Decorative Paper Division				
Net Working Capital	16.610	18.115	(1.505)	(8,3%)
Equity	26.524	25.811	713	2,8%
Net Financial Debt	(31.028)	(33.665)	2.637	(7,8%)
Energy Division				
Net Working Capital	6.227	5.572	655	11,8%
Equity	7.736	7.866	(130)	(1,7%)
Net Financial Debt	(11.253)	(10.232)	(1.021)	10,0%

Decorative Paper Division - Neodecortech

Turnover increased by +75% versus the prior six months. The buoyant trend that has been driving decorative papers (the Group's segment of operation) since the second half of 2020 contrasts sharply with the performance in first half 2020, a period during which the COVID-19 pandemic had badly hit revenue due to production stoppages. Until mid-March 2020, sales had been on the rise, but the trend stopped abruptly with the spread of the pandemic, which led to a total lockdown from 23 March to 17 April at the Filago (BG) plant and from 25 March to 24 April at the Casoli (TE) plant. In May 2020 and the first ten days of June 2020, production activity was approximately 50%. The general trend of growth of first half 2021 was driven further by the new EOS and PPLF products and the new Laminate 142 production line.

The growth in sales is even more significant when compared with the figure at 30 June 2019 (+37.7%), (€ +10,285 thousand), a year unaffected by the pandemic.

This positive trend in revenue was accompanied by the sharp rise in the price of raw materials, especially paper, resins and plastic materials, and by the occasional shortage of the resins themselves. The rise in the cost of raw materials took place in January 2021 (round 1) and April 2021 (round 2) in particular. Given the scale of these cost increases and in order to prevent them from impacting significantly on margins, they were transferred to the price lists applied to the customers.

EBITDA stood at 14.3% of net revenue, reflecting the abovementioned effects and the increase in turnover relating to the new EOS and PPFL products, which resulted in a lower impact of the cost of raw materials on the related revenue. Even versus first half 2019 (unaffected by the COVID-19 pandemic), EBITDA increased by € 2,730 thousand or by 2.1% (€ 2,627 or 12.2% at 30 June 2019).

The increase in NWC is attributable to the combined effect of the increase in trade receivables of € 3,523 thousand (+50.2%) and in inventory of € 1,790 thousand (+21.2%), in line with the increase in turnover, while trade payables rose less than proportionately to receivables, amounting to +19.7%.

Equity was affected by two opposing elements: an increase due to the allocation of profit for the period, and a decrease due to the payment of dividends for € 1,206 thousand on 19 May 2021.

The decrease in net financial debt was attributable to the increase in liquidity resulting from the overall performance of the Parent, partly mitigated by loan repayments as per the plan. There was no resort to short-term debt.

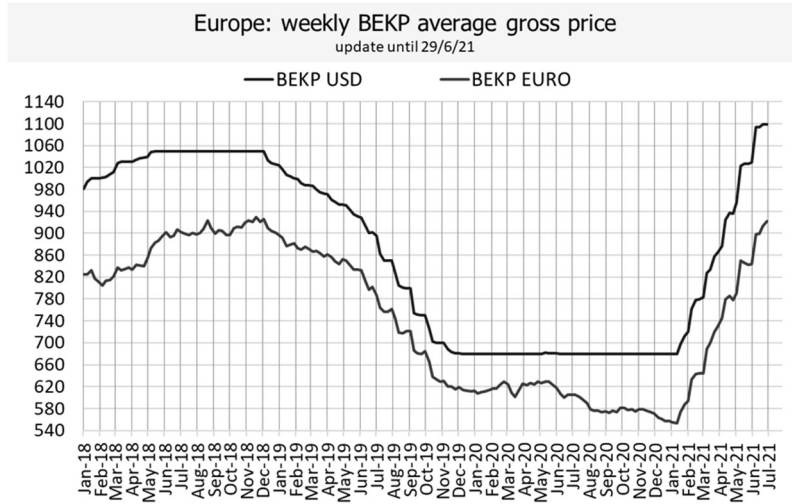
Paper Division - Cartiere di Guarcino

Cartiere reported basically the same trend in revenue as Neodecortech. Revenue increased by 60.3% versus 2020, relating mainly to Unicolour (+84%) and Print Base papers (+62%). When comparing the figures with first half 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. The comparison with 30/06/19 is even more significant. In this case, revenue grew by 23.1%.

At 30/06/21 versus 31/12/20, a sharp decrease was recorded in finished product inventory (€ 1,876 thousand), due to the longer production cycles and resulting stock optimization policy. Raw materials were on the rise versus the same period of 2020 (+5.4%), due to the partial reversal on sale prices of the increases in raw material costs. The reversal will be completed during the third quarter of the year.

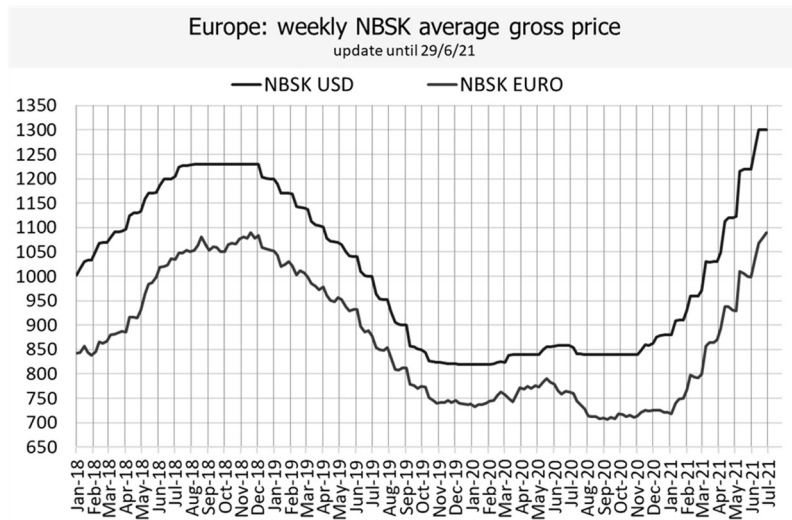
In first half 2021, the pulp market saw a strong increase in pulp prices with Short Fibre up from a \$ 680 list price in December 2020 to \$ 1140 in June 2021, while Long Fibre increased from a \$ 910 list price in December 2020 to \$ 1340 in June 2021. The price increase was driven by sustained demand in both China and Europe, for graphic papers and specialties in particular. The upward trend, however, seems to have come to an end. In China, prices have been dropping since May, while in Europe July is the first month to close unchanged. A steady or slightly declining market is therefore expected in the coming months.

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



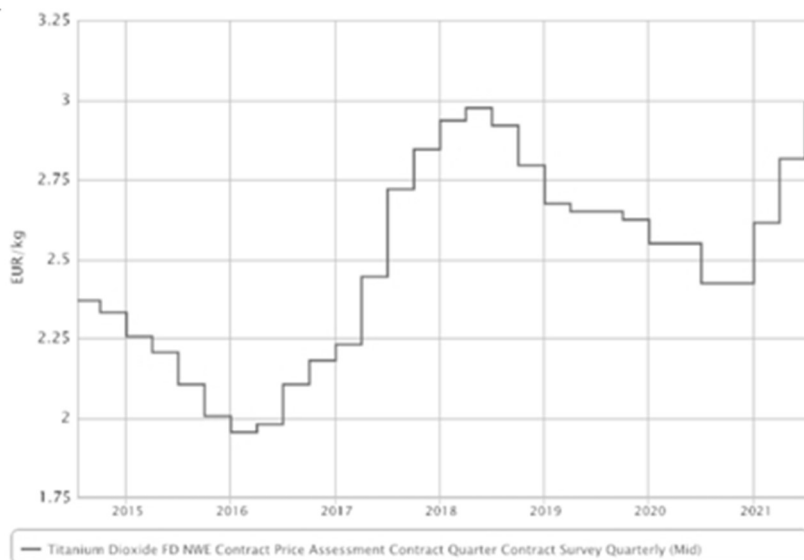
Source FOEX

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



Source FOEX

The titanium dioxide market was also marked by rising prices throughout first half 2021, driven by sustained demand and limited supply from China due to both shortages and high freight costs. For this raw material, unlike pulp, the price growth trend for third quarter 2021 remains confirmed. The average price stands today (July 2021) at 2.990 €/kg versus an average price in last quarter 2020 of 2.425 €/kg in the wake of continued strong demand and problems on the supply chain. Lastly, the declared force majeure by Rio Tinto on its mine in South Africa and by Tronox for its plant in England. China reported a slight drop in prices, but owing to high logistics costs, the final price for the European market remains less competitive.



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Source ICS

The impact of Other operating expense improved versus the prior year, thanks to the continued production driven by the strong demand (172 working days) and consequent increase in plant efficiency.

Versus 31.12.2020, Operating NWC decreased by € -1,577 thousand, due to the combined effect of a decrease in inventory of € -1,465 thousand, an increase in trade receivables of € +2,287 thousand due to higher turnover, albeit with a reduction in DSO, and an increase in trade payables of € +2,203 thousand, due to higher production volumes and the use of prepayment on certain strategic supplies.

Net financial debt at 30 June 2021 stood at € 31,028 thousand, a gradually decreasing trend from -15% in the same period of the prior year to -8% at end 2020.

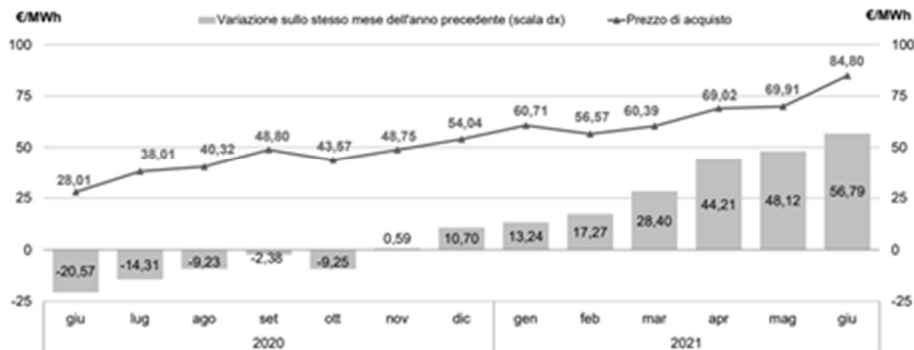
Bank debt was positively consolidated, thanks to the natural decalage for scheduled debt repayment, and the three new medium/long-term loans granted to the Company in 2020 amounting to € 3,146 thousand.

Bio Energia Guarcino Division

Energy market on a strong growth in first half 2021, with the PUN reaching 84.20 €/MWh in June, the highest level since 2012. The price increase is driven by good demand, limited wind supply and rising generation costs. The following chart clearly shows this trend.

Gráfico 1: MGP, Prezzo Unico Nazionale (PUN)

Fonte: GME



In the first six months of 2021, the Bio Energia Guarcino S.r.l. plant worked 9,908 hours, down from 11,569 hours in the same period of the prior year. It produced approximately 66,588 MWh versus 77,727 MWh in the same period of the prior year. The lower production is due to lower operation following scheduled maintenance on two engines during the six-month period, and partly to Management's decision to limit production to two units as a result of the strong increase in animal fats then followed by a sharp rise in energy prices. This decision will be reconsidered during the third quarter. Energy fed into the grid totaled 38,917 MWh, down from 57,762 MWh in first half 2020. Conversely, energy sold to CDG amounted to 25,036 MWh, up from 17,244 MWh in first half 2020. The difference is attributable to the closure period of the CDG plant following the lockdown in first half 2020.

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

In first half 2021, the animal fats market showed a strong growth trend in the wake of the trend of vegetable oils, palm oil and soybean oil in particular, for which it is a substitute. The growth versus December 2020 was approximately 50% as shown in the table below. The market retraced slightly at the end of June and in July, again in the wake of vegetable oils.

The table below summarizes the prices for the first 6 months of 2021 of the livestock bulletin published by Associazione Granaria di Milano.

2021														Delta	%
ANIMAL FAT	December 20	January	February	March	April	May	June	July	August	September	October	November	December		
FFA 2-3% - M&I 1%	732	759	831	945	1.011	1.045	1.089	1.073						341	46,52%
FFA 4% - M&I 1%	712	739	811	925	991	1.025	1.069	1.053						341	47,82%
FFA max 7% - M&I 1%	677	704	779	895	963	1.000	1.044	1.026						349	51,59%
FFA max 10% - M&I 1%	662	689	764	880	948	985	1.029	1.011						349,3	52,76%

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 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 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 through regular reporting systems.

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, in 2020, also by the spread of 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.

Risks associated with the spread of COVID-19

As a result of the spread of the COVID-19 pandemic in 2020, all the Group's plants located in Italy, except for the Guarcino power plant, were temporarily suspended for different time periods depending on the site. Management has 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, making heavy 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 cyclicality 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 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 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 makes constant investments 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 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, 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 of 14 March 2020 (the "Protocol") 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, insurance policies are in place taken out by the Group 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 then taken out in 2020 to the benefit of employees in the event of Coronavirus infection. 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.

In any case, 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 is fitting 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.

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 Government's emergency law decrees to support business liquidity 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 certain 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.

Risks associated with exchange rate fluctuations

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.

Specifically, at 30 June 2021, the subsidiary Cartiere di Guarcino S.p.A. had forward purchases in US dollars for a notional value of € 5,100 thousand, with a positive fair value of € 54 thousand (a negative € 84 thousand at 31 December 2020).

Risks associated with interest rate fluctuations

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 30 June 2021, the Parent Company had an IRS in place relating to the mortgage loan agreement with BPM,

with a notional value of € 8,213 thousand and a negative fair value of € 301 thousand (a negative € 395 thousand at 31 December 2020). At 30 June 2021, total medium/long-term loans (including the finance lease of Bio Energia Guarcino S.r.l.) amounted to € 26,596 thousand, of which 65.1% are at floating rate not hedged by derivative contracts.

Corporate Governance

The Company has aligned its corporate governance system to the relevant provisions set out in Legislative Decree no. 58/1998 ("TUF") and adopted, as from 1 January 2021, the Corporate Governance Code promoted by Borsa Italiana S.p.A. (the "Corporate Governance Code" and "Borsa Italiana").

Following the provision of Borsa Italiana dated 5 March 2021 for admission to the STAR segment, 15 March 2021 marked the start of trading of the Company's ordinary shares and "Warrant Neodecortech 2018-2021" on the STAR segment of the MTA, organized and managed by Borsa Italiana S.p.A..

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 section "CORPORATE BODIES" at the beginning of this Report).

The same Shareholders' Meeting, pursuant to Article 123-ter, paragraph 3-ter, of Legislative Decree no. 58/1998, approved Section One of the Report on Remuneration Policy and Compensation paid and, pursuant to Article 123-ter, paragraph 6, of the TUF, approved Section Two of the Report on Remuneration Policy and Compensation paid.

On 26 March 2021, 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.

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 (www.neodecortech.it).

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 in first half 2021 amounted to € 4,751 thousand, basically in line with the budgeted investment plan. Specifically, a new CPL laminating machine was introduced at Neodecortech's Casoli D'Atri plant, reflecting the continued growth of the production of the Laminates division.

With regard to subsidiaries, capital expenditure in tangible fixed assets at Cartiere di Guarcino S.p.A. regarded measures to increase the efficiency of paper machines and to optimize the purification plant. For Bio Energia Guarcino S.r.l., it regards maintenance expenditure. All of the Group's plants are continuing their 4.0 process management actions.

Research & Development

In first half 2021, with regard to the parent company Neodecortech S.p.A. and to the new family of EOS anti-fingerprint products, the "laminated" and "thermoplastic" versions in PVC and recycled PET were placed on the market.

Additionally, the subsidiary Cartiere di Guarcino S.p.A. is carrying out projects for the development of Velvet print base paper and paper for food use.

Specifically, the subsidiary 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". The aid application is being currently assessed by MISE.

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

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 first half 2021 the Group continued to implement the targets and guidelines contained in its corporate environmental policy. 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 9001:2015
Quality System Certification

UNI EN ISO 14001:2015
Environmental Certification - for the improvement of environmental performance

UNI EN ISO 45001:2018
Certification related to the healthiness of workplaces and their safety

UNI EN ISO 50001:2018
Certification related to energy use efficiency and gradual improvement of energy performance

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

MADE IN ITALY 100%
Supply Chain Certification

SUSTAINABILITY REPORT
from 2016, the first year of publication

Cartiere di Guarcino

UNI EN ISO 9001 (2017)

UNI EN ISO 14001:2004 (2012)

UNI EN ISO 14001:2015 (2018)

UNI ISO 45001:2018 (2019)

UNI EN ISO 50001 (2018)

FSC® CHAIN CUSTODY (2010)

PEFC (2015)

Bio Energia Guarcino

UNI EN ISO 9001 (2017)

UNI EN ISO 14001 (2012)

UNI EN ISO 14001:2015 (2018)

UNI ISO 45001:2018 (2019)

UNI EN ISO 50001 (2018)

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 health 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 COVID-19 pandemic.

ESG

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

- a "diversity and inclusion policy" applicable within the Group;
- a supplier code of conduct, aimed at the adoption of policies, principles and standards relating to the respect of human rights;
- a biodiversity policy;
- a remuneration policy that includes incentive plans tied to sustainability targets for top managers and other employees;
- 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 emissions.

Human resources and organization

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

PERSONNEL IN SERVICE	Printed Decorative Paper Division	Decorative Paper Division	Energy Division	30.06.2021	31.12.2020
				GROUP	GROUP
Executives	5	5	0	10	10
Managers/White collars	64	51	2	117	113
Blue collars	171	108	2	281	262
Total	240	164	4	408	385

The average number of employees in first half 2021 amounted to 397 units. Additionally, 5 resources from Cartiere di Guarcino S.p.A. work on secondment at the subsidiary Bio Energia Guarcino S.r.l..

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, based on attendance during the period, to deal with the hardships brought by the COVID-19 pandemic. The accrued employee welfare credit will be available for use through 2021.

Atypical and/or unusual transactions during the year

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

Significant events after 30 June 2021

The impact from the shortage of resins in July 2021 for the parent company Neodecortech S.p.A. led to reduced operations of the plants for the production of impregnated paper and the resort to early leave by the related personnel. The estimated loss of turnover in the third quarter will be around a few hundred thousand euro. However, this revenue shortfall is expected not to impact much on the ongoing strong growth trend versus the estimates made in the 2021 Budget.

With regard to new loans, in July 2021 Cartiere di Guarcino S.p.A. was granted a loan and co-financing from Simest for the Loan 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 with a duration of four years, of which two years of grace period.

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 end of first half 2021, the Company held no. 120,000 treasury shares for the equivalent of € 422,030. Specifically, no treasury shares were purchased in first half 2021.

At 30 June 2021 and during the first half, the Company did not purchase any shares of the parent company.

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.

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 Parent Company's Board of Directors approved the new 2021-2023 Business Plan ("the 2021-2023 Business Plan"), which incorporates the 2021 Budget and envisages:

- the consolidation of traditional product lines such as decorative paper, printed decorative paper, printed plastic film and impregnated paper;
- a strong development of the new product lines, such as laminates, EOS (anti-fingerprint surface finish) and PPLF (plastic laminated film for flooring accessories and paneled walls);
- an approximately 50% increase in capital expenditure versus the previous three-year period;

- full self-financing of planned expenditure through the increased capacity of generating operating cash flow, without the need to resort to further debt.

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 on the STAR segment was 15 March 2021.

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.

The ESG 2021 Action Plan was also approved, which, in particular, envisages a significant increase in the resources dedicated to the local communities where the Group's plants are located and the gradual neutralization (Scope 1 and 2) of CO₂ equivalent emissions from the various production plants over the three-year period 2021-2023.

Business and market outlook

The second half of the year kicked off with July and August showing the same upward trend seen in recent months. To date, the entire production chain in which Neodecortech and Cartiere di Guarcino operate is working at full capacity, with an order book significantly higher than normal. This mood is shared by all the sales areas (90% Europe) in which the companies mainly operate.

All this, despite a third round of raw material price increases in July 2021, the transfer to customers of which will be completed in September 2021, and the shortage of raw materials such as resins for Neodecortech, as mentioned earlier.

Based on the above, the Group believes that it can close 2021 in line with the results of the 2021 Budget. The Group continues to pursue its policy of containing financial costs, optimizing short and medium/long-term lines of credit and reducing its net financial position.

Decorative Paper Division - Neodecortech

With regard to raw materials, in addition to the huge spike in prices, the first months of the second half of the year were marked by a shortage of MELAMINE RESIN and the partial stoppage of the production of impregnated paper. This condition is expected to gradually improve by the end of the year.

As for business performance, despite the above critical situation, the positive trend seen so far is expected to continue. A point worth mentioning is the acquisition of a new CPL laminating machine. The investment is directly related to the business partnership with Surforma SA, whose sales network will allow the Group to reach a number of new customers for the laminate division.

Paper Division - Cartiere di Guarcino

Cartiere di Guarcino S.p.A. reports the same market trends as the Parent Company Neodecortech S.p.A.. 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. The normalization will further improve margins. The development of Velvet Paper and, again in terms of innovation, of paper for food use will continue in 2021; 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 Bio Energia Guarcino is concerned, the unit value of the incentive increases in 2021 from 99.05 €/MWh incentivized to 109.36 €/MWh incentivized, as a result of a reference price of electricity in 2020 of 39.80 €/MWh. Energy prices too are on a sharp rise in 2021, with the PUN hitting its highest since 2012 in June at 84.40 €/MWh. In the second half of the year, energy prices are expected to rise further. In the second half of the year, prices of raw materials and animal fats in particular are expected to retrace. Intensity will depend greatly on vegetable oil trends and policies on the 2021/2022 season.

Filago (BG), 07 September 2021

For the Board of Directors

The Chairman

(Riccardo Bruno)

**NEO
DECOR
TECH**

**Condensed consolidated half-year financial
statements at 30 June 2021**



Consolidated income statement at 30 June 2021

<i>(Euro thousands)</i>	Notes	30 JUNE 2021	%	30 JUNE 2020	%	Chg.	% change
Revenue from sales and services	1	82.434	100,0%	54.530	100,0%	27.904	51,2%
Changes in work in progress, semi-finished and finished products	2	(486)	(0,6%)	86	0,2%	(572)	(665,1%)
Other revenue	3	903	1,1%	4.598	8,4%	(3.695)	(80,4%)
Raw and ancillary materials and consumables	4	(49.561)	(60,1%)	(34.133)	(62,6%)	(15.428)	45,2%
Other operating expense	5	(12.235)	(14,8%)	(10.319)	(18,9%)	(1.916)	18,6%
Personnel expense	6	(11.229)	(13,6%)	(9.129)	(16,7%)	(2.100)	23,0%
Amortization and depreciation	7	(4.322)	(5,2%)	(4.170)	(7,6%)	(152)	3,6%
Allocations	8	(192)	(0,2%)	(229)	(0,4%)	37	(16,2%)
EBIT		5.313	6,5%	1.235	2,3%	4.078	330,2%
Financial expense	9	(682)	(0,8%)	(779)	(1,4%)	97	(12,5%)
Financial income	10	112	0,1%	19	0,0%	93	489,5%
Pre-tax profit/(loss)		4.743	5,8%	475	0,9%	4.268	898,5%
Income tax	11	(1.623)	(2,0%)	(281)	(0,5%)	(1.342)	477,6%
Profit/(loss) for the period		3.120	3,8%	194	0,4%	2.926	1508,2%

Consolidated statement of comprehensive income at 30 June 2021

<i>(Euro thousands)</i>	30 JUNE 2021	30 JUNE 2020
Profit/(loss) for the period	3.120	194
Other items of the comprehensive income statement		
Actuarial gains (losses) net of tax effect	74	165
Total items that will not be reclassified in the income statement for the year	74	165
Gains/(losses) on cash flow hedging instruments	72	(151)
Total items that will or may be reclassified in the income statement for the year	72	(151)
Total other components of the comprehensive income statement	146	14
Comprehensive income/(loss) for the period	3.266	208
Profit for the period attributed to:		
Shareholders of the Parent	3.266	208
Non-controlling interests		
Earnings per share (in Euro):		
Basic	0,23	0,01
Diluted	0,23	0,01

Consolidated statement of financial position at 30 June 2021

Assets	Notes	30 JUNE 2021	%	31 DECEMBER 2020	%	Chg.	% change
<i>(Euro thousands)</i>							
Intangible assets	12	1.919	1,2%	2.203	1,5%	(284)	(12,9%)
Property, plant and equipment	13	77.825	50,3%	77.221	51,2%	604	0,8%
Other non-current assets	14	235	0,2%	95	0,1%	140	147,4%
Non-current financial receivables	15	1.805	1,2%	1.821	1,2%	(16)	(0,9%)
Deferred tax assets	16	2.018	1,3%	2.115	1,4%	(97)	(4,6%)
Non-current assets		83.803	54,2%	83.455	55,3%	348	0,4%
Inventory	17	35.130	22,7%	36.684	24,3%	(1.554)	(4,2%)
Trade receivables	18	24.448	15,8%	19.252	12,8%	5.196	27,0%
Receivables from tax consolidation	19	1.672	1,1%	1.008	0,7%	664	65,9%
Tax receivables	20	2.328	1,5%	1.767	1,2%	561	31,7%
Current financial receivables	15	64	0,0%	64	0,0%	0	0,0%
Other current receivables	21	1.817	1,2%	1.118	0,7%	699	62,5%
Cash and cash equivalents	22	5.426	3,5%	7.536	5,0%	(2.110)	(28,0%)
Current assets		70.885	45,8%	67.428	44,7%	3.457	5,1%
Total Assets		154.687	100,0%	150.883	100,0%	3.804	2,5%

Equity and liabilities	Notes	30 JUNE 2021	%	31 DECEMBER 2020	%	Chg.	% change
<i>(Euro thousands)</i>							
Share capital		17.399	11,2%	17.399	11,5%	0	0,0%
Share premium reserve		17.357	11,2%	17.357	11,5%	0	0,0%
Other reserves		17.083	11,0%	13.954	9,2%	3.129	22,4%
Prior years' profit (loss)		8.761	5,7%	9.412	6,2%	(651)	(6,9%)
Profit (loss) for the period		3.120	2,0%	3.536	2,3%	(416)	(11,8%)
Equity	30	63.718	41,2%	61.658	40,9%	2.060	3,3%
Provisions for risks and charges	23	1.110	0,7%	1.284	0,9%	(174)	(13,6%)
Deferred tax	16	6.223	4,0%	6.231	4,1%	(8)	(0,1%)
Post-employment benefits	24	2.548	1,6%	2.728	1,8%	(180)	(6,6%)
Non-current financial liabilities	25	26.177	16,9%	28.840	19,1%	(2.663)	(9,2%)
Non-current liabilities		36.058	23,3%	39.084	25,9%	(3.026)	(7,7%)
Trade payables	26	26.899	17,4%	25.571	16,9%	1.328	5,2%
Payables from tax consolidation	27	1.662	1,1%	476	0,3%	1.186	249,2%
Tax payables	28	629	0,4%	708	0,5%	(79)	(11,2%)
Current financial liabilities	25	20.322	13,1%	18.666	12,4%	1.656	8,9%
Other current payables	29	5.398	3,5%	4.719	3,1%	679	14,4%
Current liabilities		54.911	35,5%	50.140	33,2%	4.771	9,5%
Total equity and liabilities		154.687	100,0%	150.883	100,0%	3.804	2,5%

Consolidated statement of changes in equity at 30 June 2021

(Euro thousands)	Attributable to the shareholders of the Parent								Total equity
	Share Capital	Hedging and translation reserves	Equity reserves	Other Reserves	Treasury shares	Profit (loss) for the period	Equity	Equity attributable to non-controlling interests	
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 period	0	0	0	0	0	3.535	3.535	0	3.535
Total comprehensive income/loss for the period	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	72	0	74	0	0	146	0	146
Profit for the period	0	0	0	0	0	3.120	3.120	0	3.120
Total comprehensive income/loss for the period	0	72	0	74	0	3.120	3.266	0	3.266
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	5	0	0	1	0	1
Balance at 30/06/2021	17.399	(228)	17.357	26.492	(421)	3.120	63.718	0	63.718

Consolidated statement of cash flows at 30 June 2021

<i>(Euro thousands)</i>	30 JUNE 2021	30 JUNE 2020
Profit (loss) for the period	3.120	194
Income tax	1.580	264
Deferred/(prepaid) tax	43	17
Interest expense/(interest income)	781	926
(Dividends received)	0	0
(Gains)/losses from disposal of assets	(200)	12
1 Profit (loss) for the period before income tax, interest, dividends and gains/losses from disposals	5.324	1.413
Adjustments for non-monetary items that had no balancing entry in net working capital:		
Allocation to post-employment benefits	19	284
Allocations to other provisions	337	274
Amortization and depreciation of fixed assets	4.322	4.103
Write-downs for impairment losses	0	0
Other adjustments for non-monetary items	(341)	(907)
2 Cash flow before changes in NWC	9.661	5.167
Changes in net working capital		
Decrease/(increase) in receivables from customers	(5.454)	1.742
Decrease/(increase) in inventory	1.695	676
Increase/(decrease) in payables to suppliers	1.204	(7.762)
Decrease/(increase) in other receivables	(1.840)	(822)
Increase/(decrease) in other payables	1.428	(3)
Other changes in net working capital	0	0
3 Cash flow after changes in NWC	6.695	(1.002)
Other adjustments		
Interest received/(paid)	(287)	(590)
(Income tax paid)	(1.177)	0
(Gains)/losses from disposal of assets	0	12
Dividends received	0	0
(Utilization of provisions)	(351)	(137)
(Utilization of provisions for post-employment benefits)	(91)	(153)
4 Cash flow after other adjustments	4.789	(1.870)

<i>(Euro thousands)</i>	30 JUNE 2021	30 JUNE 2020
A Cash flow from operations	4.789	(1.870)
<i>Property, plant and equipment</i>	(4.539)	(3.278)
(Purchase)	(4.578)	(3.317)
Disposal	39	39
<i>Intangible fixed assets</i>	(173)	(109)
(Purchase)	(173)	(109)
Disposal	0	0
<i>Financial fixed assets</i>	(140)	16
(Purchase)	(216)	16
Disposal	76	0
<i>Current financial assets</i>	0	0
(Purchase)	0	0
disposal	0	0
<i>Proceeds from disposal of assets</i>	200	0
B Cash flow from investing activities	(4.651)	(3.371)
Liabilities	(1.041)	4.947
Increase (decrease) in short-term bank payables	1.785	3.733
New loans	0	3.200
Repayment of loan	(2.359)	(1.471)
Financial liabilities to other lenders	(499)	(536)
Change in financial receivables from other lenders	31	21
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	(2.247)	2.934
Increase (decrease) in cash and cash equivalents (A ± B ± C)	(2.110)	(2.307)
Cash and cash equivalents at 1 January	7.536	3.475
Cash and cash equivalents at 30 June	5.426	1.168

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Explanatory Notes to the 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 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 on the STAR segment was 15 March 2021.

The publication of these consolidated half-year financial statements was approved by the Directors on 07 September 2021.

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 condensed consolidated half-year financial statements were prepared in compliance with the IAS-IFRS international accounting standards in force at 31 December 2020, as adopted by the European Union, as well as with the provisions issued in implementation of Article 9 of Legislative Decree no. 38/2005, and in particular in accordance with IAS 34 regarding interim financial statements. 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 compatible, 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 actions already identified and included in the 2021-2023 Business Plan, as explained in the "Directors' Report on Operations".

Preparation criteria and functional currency

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 condensed consolidated half-year 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 six months ended 30 June 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 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 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 will apply as of 1 April 2021.

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.

Consolidation procedures

The consolidated financial statements were prepared on the basis of the financial statements at 30 June 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 period.

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

(Euro thousands)	Reconciliation between parent equity and profit for the period and consolidated equity and profit			
	EQUITY 31 March 2021	Profit (loss) for the period 31 March 2021	EQUITY 31 December 2020	Profit (loss) for the period 31 December 2020
Equity and profit for the period attributable to the parent company	63.718	3.120	61.638	3.555
Elimination of the carrying amount of consolidated investments:				
Difference between carrying amount and pro-rata amount of equity	0	0	20	0
Currency translation difference	0	0	0	0
Pro-rata results of investees	0	542	0	3.115
Cancellation of write-downs/write-backs of investments	0	(473)	0	(2.881)
Amortization of fair value of fixed assets (allocation of BEG goodwill)	0	(81)	0	(162)
Elimination of the effects of transactions between consolidated companies:				
Intercompany profits included in the value of closing inventory	0	12	0	(92)
Intercompany profits on disposal of fixed assets	0	0	0	0
Equity and profit for the period attributable to the shareholders of the parent	63.718	3.120	61.658	3.535
Non-controlling interests	0	0	0	0
Total equity	63.718	3.120	61.658	3.535

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 could 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 Condensed Consolidated Half-Year Financial Statements, the following are the most significant estimates in the process of their preparation, 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.

- *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;
- *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;
- *impairment of assets:* in addition to the internal and external impairment indicators generally monitored, based on the information available at 30 June 2021, Management assessed the effects of the COVID-19 pandemic on the recoverable value of assets. Based on the results of the first six months, the year-end forecasts and the assumptions regarding the impact of the pandemic on the years after 2020, Management does not believe the spread of the COVID-19 pandemic to be an indicator of impairment and, therefore, did not consider it necessary to carry out an impairment test;
- *calculation of the expected credit loss:* 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.

Additionally, in the preparation of these condensed consolidated half-year financial statements, the subjective assessments in the application of Group accounting standards and the main sources of estimation uncertainty were the same as those applied in the preparation of the consolidated financial statements for the year ended 31 December 2020.

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 30 June 2021 and, below, at 30 June 2020:

30 June 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	37.582	100,0%	38.785	100,0%	16.358	100,0%	92.725	(10.292)	82.434	100,0%
Changes in work in progress, semi-finished and finished products	1.390	3,7%	(1.876)	(4,8%)	0	0,0%	(486)	0	(486)	(0,6%)
Other revenue	924	2,5%	250	0,6%	14	0,1%	1.188	(285)	903	1,1%
Value of Production	39.896	106,2%	37.160	95,8%	16.372	100,1%	93.428	(10.576)	82.852	100,5%
Raw and ancillary materials and consumables	(22.373)	(59,5%)	(23.039)	(59,4%)	(12.942)	(79,1%)	(58.354)	8.794	(49.561)	(60,1%)
Other operating expense	(6.037)	(16,1%)	(5.970)	(15,4%)	(1.890)	(11,6%)	(13.897)	1.662	(12.235)	(14,8%)
Value Added	11.486	30,6%	8.151	21,0%	1.539	9,4%	21.176	(120)	21.056	25,5%
Personnel expense	(6.129)	(16,3%)	(5.030)	(13,0%)	(208)	(1,3%)	(11.367)	138	(11.229)	(13,6%)
EBITDA	5.357	14,3%	3.121	8,0%	1.331	8,1%	9.809	18	9.826	11,9%
Amortization and depreciation	(1.632)	(4,3%)	(1.457)	(3,8%)	(1.120)	(6,8%)	(4.209)	(114)	(4.322)	(5,2%)
Allocations	(192)	(0,5%)	0	0,0%	0	0,0%	(192)	0	(192)	(0,2%)
EBIT	3.534	9,4%	1.664	4,3%	212	1,3%	5.410	(96)	5.313	6,4%
Financial expense	(231)	(0,6%)	(615)	(1,6%)	(270)	(1,7%)	(1.116)	434	(682)	(0,8%)
Financial income	923	2,5%	96	0,2%	0	0,0%	1.019	(907)	112	0,1%
Profit/(loss) before tax	4.225	11,2%	1.144	2,9%	(58)	(0,4%)	5.311	(569)	4.743	5,8%
Income tax	(1.106)	(2,9%)	(472)	(1,2%)	(72)	(0,4%)	(1.650)	27	(1.623)	(2,0%)
Profit/(loss) for the period	3.120	8,3%	672	1,7%	(130)	(0,8%)	3.662	(542)	3.120	3,8%

30 June 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	21.473	100,0%	24.200	100,0%	16.188	100,0%	61.861	(7.331)	54.530	100,0%
Changes in work in progress, semi-finished and finished products	881	4,1%	(795)	(3,3%)	0	0,0%	86	0	86	0,2%
Other revenue	1.086	5,1%	1.307	5,4%	2.376	14,7%	4.769	(171)	4.598	8,4%
Value of Production	23.440	109,2%	24.712	102,1%	18.564	114,7%	66.716	(7.503)	59.214	108,6%
Raw and ancillary materials and consumables	(12.855)	(59,9%)	(13.975)	(57,7%)	(13.417)	(82,9%)	(40.247)	6.114	(34.133)	(62,6%)
Other operating expense	(4.778)	(22,3%)	(4.099)	(16,9%)	(2.648)	(16,4%)	(11.525)	1.207	(10.319)	(18,9%)
Value Added	5.807	27,0%	6.638	27,4%	2.499	15,4%	14.944	(182)	14.762	27,1%
Personnel expense	(5.075)	(23,6%)	(3.996)	(16,5%)	(240)	(1,5%)	(9.311)	182	(9.129)	(16,7%)
EBITDA	732	3,4%	2.642	10,9%	2.258	13,9%	5.632	0	5.633	10,3%
Amortization and depreciation	(1.394)	(6,5%)	(1.480)	(6,1%)	(1.182)	(7,3%)	(4.056)	(114)	(4.170)	(7,6%)
Allocations	(229)	(1,1%)	0	0,0%	0	0,0%	(229)	0	(229)	(0,4%)
EBIT	(891)	(4,1%)	1.162	4,8%	1.077	6,7%	1.348	(114)	1.235	2,3%
Financial expense	(256)	(1,2%)	(600)	(2,5%)	(296)	(1,8%)	(1.152)	372	(779)	(1,4%)
Financial income	1.203	5,6%	460	1,9%	1	0,0%	1.664	(1.644)	19	0,0%
Profit/(loss) before tax	57	0,3%	1.022	4,2%	782	4,8%	1.861	(1.386)	475	0,9%
Income tax	137	0,6%	(114)	(0,5%)	(337)	(2,1%)	(314)	33	(281)	(0,5%)
Profit/(loss) for the period	194	0,9%	908	3,8%	445	2,7%	1.547	(1.353)	194	0,4%

At 30 June 2021, the table below shows revenue broken down by type of business.

(Euro thousands)	Printed Decorative	Decorative Paper Division	Energy Division	Aggregate
Revenue from the sale of goods	32.547	38.145		70.692
Revenue from services	5.035	640		5.675
Revenue from the sale of electricity and steam			3.748	3.748
Revenue from incentives			12.610	12.610
Total by segment	37.582	38.785	16.358	92.725

The table below shows segment balance sheet and financial position figures at 30 June 2021 and, below, that at 31 December 2020:

30 June 2021

(Euro thousands)	Printed Decorative Paper Division	Decorative Paper Division	Energy Division	Aggregate	Eliminations and consolidation entries	Consolidated
Intangible assets	675	1.234	11	1.920	0	1.919
Property, plant and equipment	30.040	35.020	11.744	76.804	1.022	77.825
Equity investments	26.443	8.464	0	34.907	(34.907)	0
Other non-current assets	15.806	1.473	0	17.278	(15.232)	2.040
Deferred tax assets	542	61	1.384	1.987	31	2.018
Non-current assets	73.505	46.251	13.138	132.895	(49.086)	83.803
Inventory	10.241	21.393	3.608	35.242	(112)	35.130
Trade receivables	10.573	11.113	4.844	26.529	(2.081)	24.448
Receivables from tax consolidation	0	0	1.672	1.672	0	1.672
Tax receivables	883	75	1.364	2.321	0	2.328
Current financial receivables	2.124	1.900	0	4.024	(3.960)	65
Other receivables	314	820	682	1.817	0	1.817
Cash and cash equivalents	1.996	2.320	1.110	5.426	0	5.426
Current assets	26.131	37.621	13.280	77.031	(6.153)	70.885
Assets	99.636	83.872	26.418	209.926	(55.239)	154.687
Equity	63.718	26.524	7.736	97.978	(34.260)	63.718
Provisions for risks and charges	496	594	20	1.110	0	1.110
Deferred tax	2.368	3.222	339	5.929	294	6.223
Post-employment benefits	1.023	1.508	18	2.548	0	2.548
Non-current financial liabilities	15.627	20.823	4.959	41.408	(15.232)	26.177
Non-current liabilities	19.513	26.147	5.335	50.995	(14.938)	36.058
Trade payables	8.990	14.096	5.895	28.981	(2.081)	26.899
Payables from tax consolidation	1.068	594	0	1.662	0	1.662
Tax payables	348	273	9	629	0	629
Current financial liabilities	2.453	14.425	7.404	24.282	(3.960)	20.322
Other current payables	3.546	1.814	39	5.398	0	5.398
Current liabilities	16.404	31.202	13.347	60.953	(6.041)	54.911
Equity and liabilities	99.636	83.872	26.418	209.926	(55.239)	154.687

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 and cash equivalents	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 operations 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 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.

The Group does not have any loan agreements in place containing covenants tied to compliance with certain financial 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
30 JUNE 2021	25.482	23.002	2.480	1.787	235	4	(209)	664

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 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.

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 30 June 2021 are shown below:

(Euro thousands)	Provision for doubtful accounts				30 JUNE 2021
	31 DECEMBER 2020	Alloc.	Utilization	Release	
Changes in Provision for Doubtful Accounts	394	156	(16)	0	535
Total provision for doubtful accounts	394	156	(16)	0	535

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 dioxide), whose transactions are partly denominated in currencies other than the Euro, primarily in US dollars.

In this regard, at 30 June 2021, the subsidiary Cartiere di Guarcino S.p.A. had forward purchases in US dollars for a notional value of € 5,100 thousand, with a positive fair value of € 54 thousand (a negative € 84 thousand at 31 December 2020).

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 30 June 2021, total medium/long-term loans (including the finance lease of Bio Energia Guarcino S.r.l.) amounted to € 26,596 thousand, of which 65.1% 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 € 8,244 thousand and a negative fair value of € 301 thousand at 30 June 2021 (negative € 395 thousand at 31 December 2020).

Fair value hierarchy and classes of financial instrument

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 30 June 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 30 June 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 relating to the fair value of derivative financial instruments

The following information is provided on the fair value of derivative financial instruments in place at 30 June 2021:

- Currency Rate - Hedging contract against the fluctuation risk of the US dollar entered into by Cartiere di Guarcino S.p.A. - Notional value at 30 June 2021 USD 5,100 thousand - Fair value at 30 June 2021 € +53,893 (€ -83,905 at 31 December 2020);
- Interest Rate Swap - Contract hedging the risk of interest rate fluctuations entered into by Neodecortech S.p.A. - Notional value at 30 June 2021 € 8,244,462 - Fair value at 30 June 2021 € -300,743 (€ -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, with a notional value at 30 June 2021 of € 7,251 thousand, the embedded derivatives were active at 30 June 2021 and have therefore been separated and measured and, at the same date, have a negative fair value of € 111 thousand.

Consolidated income statement

1. REVENUE FROM SALES AND SERVICES

The table below provides a breakdown of this item for first half 2021 versus first half 2020:

Revenue from sales and services						
<i>(Euro thousands)</i>						
	30 JUNE 2021	%	30 JUNE 2020	%	Chg.	% change
Revenue from sales	77.077	93,5	51.225	93,9	25.852	50,5
Services	5.357	6,5	3.305	6,1	2.052	62,1
Total revenue from sales and services	82.434	100,0	54.530	100,0	27.904	51,2

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 € 4,960 thousand at 30 June 2021 (versus € 2,730 thousand at 30 June 2020).

2. CHANGES IN SEMI-FINISHED AND FINISHED PRODUCTS

With regard to changes in inventory, which closes with a negative € 486 thousand at 30 June 2021 (versus a positive change of € 86 thousand at 30 June 2020), efforts continue on increasing efficiency in terms of its reduction.

3. OTHER REVENUE AND INCOME

Other revenue and income						
<i>(Euro thousands)</i>						
	30 JUNE 2021	%	30 JUNE 2020	%	Chg.	% change
Contingent assets	354	39,2	348	7,6	6	1,7
Sale of raw materials and packaging	1	0,1	15	0,3	(14)	(93,3)
Exchange rate gains	23	2,5	39	0,8	(16)	(41,0)
Gains	202	22,4	6	0,1	196	3.266,7
Insurance reimbursements	56	6,2	2.700	58,7	(2.644)	(97,9)
Stock Grant Release	0	0,0	1.204	26,2	(1.204)	(100,0)
Other revenue	267	29,6	286	6,2	(19)	(6,6)
Total other revenue and income	903	100,0	4.598	100,0	(3.695)	(80,4)

At 30 June 2021, this item is comprised primarily of contingent assets for € 354 thousand and of "capital gains" for € 202 thousand recorded on the sale of fully depreciated machinery by the parent company Neodecortech S.p.A.; it should be noted that at 30 June 2020, the amounts of the "sale of raw materials and packaging" and "exchange rate gains" originally allocated to "other revenue" were reclassified for greater comparability. Additionally, the most significant amounts at 30 June 2020 refer to "insurance reimbursements" - Bio Energia Guarcino for € 2,840 thousand and Cartiere di Guarcino for € 350 thousand - and to the "Stock Grant release" for € 1,204 thousand from the release of 40% of the value 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>						
	30 JUNE 2021	%	30 JUNE 2020	%	Chg.	% change
Raw and ancillary materials and consumables	48.707	98,3	33.646	98,6	15.061	44,8
Packaging materials	854	1,7	487	1,4	367	75,4
Total raw materials	49.561	100,0	34.133	100,0	15.428	45,2

The increase in the consumption of raw and ancillary materials, amounting to € 15,428 thousand (+45.2%), was less than proportional to the increase in turnover (+51.2%). Despite the constant increases in the cost of individual raw materials in the first half of the year and the costs incurred to bring new products up to standard, the ratio of this item to total revenue fell by 2.5% (from 62.6% to 60.1%). The growth trend in turnover of the latter should in fact lead to a decrease in the impact of the cost of raw materials, since these products have a higher unit added value.

5. OTHER OPERATING EXPENSE

Other operating expense						
<i>(Euro thousands)</i>						
	30 JUNE 2021	%	30 JUNE 2020	%	Chg.	% change
External processing	203	1,7	12	0,1	191	1.591,7
Consultancy	1.001	8,2	1.612	15,6	(611)	(37,9)
Advertising and marketing	118	1,0	36	0,3	82	227,8
Bonuses and commissions	677	5,5	440	4,3	237	53,9
Transport	2.105	17,2	1.326	12,9	779	58,7
Utilities	2.469	20,2	1.649	16,0	820	49,7
Fees to Directors and Board of Statutory Auditors	405	3,3	310	3,0	95	30,6
Insurance	637	5,2	647	6,3	(10)	(1,5)
Bank commissions	137	1,1	198	1,9	(61)	(30,8)
Reimbursements to employees	9	0,1	8	0,1	1	12,5
Travel expense	31	0,3	37	0,4	(6)	(16,2)
Sundry industrial services	2.536	20,7	2.047	19,8	489	23,9
Other services	657	5,4	1.051	10,2	(394)	(37,5)
Rental expense	1	0,0	1	0,0	0	0,0
Rentals and other	83	0,7	64	0,6	19	29,7
Tax and duties	380	3,1	424	4,1	(44)	(10,4)
Gifts	3	0,0	1	0,0	2	200,0
Contingent liabilities	688	5,6	373	3,6	315	84,5
Exchange rate losses	61	0,5	0	0,0	61	0,0
Capital losses	1	0,0	0	0,0	1	0,0
Other operating expense	33	0,3	83	0,8	(50)	(60,2)
Total Other Operating Expense	12.235	100,0	10.319	100,0	1.915	18,6

Other operating expense, up overall (+18.6%) versus first half 2020, includes increases, as a result of the trend in turnover (+51.2%), in "bonuses and commissions" (+53.9%), "transport" (+58.7%), "utilities" (+49.7%), "sundry industrial services" (+23.9%) and "outsourcing" (previously non-existent) 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 incident involving the subsidiary Bio Energia Guarcino S.r.l..

Conversely, "consultancy" decreased by € 611 thousand at 30 June 2020, which included the higher costs incurred for listing on the MTA and "other services" for € 394 thousand, due to the termination of the prepayment related to

the return of 15% GSE incentives in 30 months, linked to higher incentives provided to the subsidiary Bio Energia Guarcino S.r.l. in the two-year period 2013-2015.

6. PERSONNEL EXPENSE

Personnel expense						
<i>(Euro thousands)</i>						
	30 JUNE 2021	%	30 JUNE 2020	%	Chg.	% change
Wages and salaries	8.108	72,2	6.013	65,9	2.095	34,8
Social security charges	2.536	22,6	1.984	21,7	552	27,8
Post-employment benefits	500	4,5	488	5,3	12	2,5
Other personnel expense	85	0,8	644	7,1	(559)	(86,8)
Total personnel expense	11.229	100,0	9.129	100,0	2.100	23,0

The increase in personnel expense, amounting to € 2,100 thousand, is explained by the strong recruitment policy resulting from the above general trend, commenced in second half 2020 but fully operational in first half 2021. Mention should be made, under "other personnel expense" at 30 June 2020, of the allocation to the Welfare fund of € 501 thousand (€ 40 thousand of this amount was classified among other payables to employees as it had already accrued), 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, depreciation						
<i>(Euro thousands)</i>						
	30 JUNE 2021	%	30 JUNE 2020	%	Chg.	% change
Other intangible assets	456	10,6	440	10,6	16	3,6
Buildings	362	8,4	361	8,7	1	0,3
Work on third party assets	417	9,6	452	10,8	(35)	(7,7)
Plant and machinery	2.358	54,6	2.187	52,4	171	7,8
Equipment	545	12,6	564	13,5	(19)	(3,4)
Other	183	4,2	166	4,0	17	10,2
Total amortization and depreciation	4.322	100,0	4.170	100,0	152	3,6

Amortization and depreciation at 30 June 2021 was in line with the previous six-month period as, despite the capital expenditure made by the Group, the effect of related 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 in 2020.

8. ALLOCATIONS

Allocations						
<i>(Euro thousands)</i>						
	30 JUNE 2021	%	30 JUNE 2020	%	Chg.	% change
Provision for supplementary agents' indemnity	36	18,8	118	51,5	(82)	0,0
Provision for doubtful accounts	156	81,3	111	48,5	45	40,5
Total Allocations	192	100,0	229	100,0	(37)	(16,2)

For the comments, reference should be made, for the provision for supplementary agents' indemnity, 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>						
	30 JUNE 2021	%	30 JUNE 2020	%	Chg.	% change
Interest payable on C/A	132	19,4	158	20,3	(26)	(16,5)
Interest ML Term Loans	192	28,2	193	24,8	(1)	(0,5)
Interest short-term loans	2	0,3	4	0,5	(2)	0
Interest from factoring	160	23,5	159	20,4	1	0,6
Interest from application of IAS/IFRS	65	9,5	97	12,5	(32)	(33,0)
Interest MICA loan	57	8,4	57	7,3	0	0,0
Other interest expense	24	3,5	55	7,1	(31)	(56,4)
Total interest expense	632	92,7	723	92,8	(91)	(12,6)
Lease interest	44	6,5	47	6,0	(3)	(6,4)
Currency losses	6	0,9	8	1,0	(2)	(25,0)
Total financial expense	682	100,0	779	100,0	(97)	(12,5)

Financial expense decreased by € 97 thousand at 30 June 2021 versus first half 2020, due mainly to lower cost of short-term debt, thanks to the introduction of "umbrella" facilities, as well as to 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 liquidity.

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.

10. FINANCIAL INCOME

Financial income						
<i>(Euro thousands)</i>						
	30 JUNE 2021	%	30 JUNE 2020	%	Chg.	% change
Interest income	18	16,1	19	100,0	(1)	(5,3)
Other income	33	29,5	0	0,0	33	0,0
Currency gains	61	54,5	0	0,0	61	0,0
Total financial income	112	100,0	19	100,0	93	489,5

The increase in the item, amounting to € 93 thousand, refers mainly to:

- 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 € 54 thousand;
- the recognition of the fair value of the embedded derivatives of Neodecortech S.p.A. and Cartiere di Guarcino S.p.A., amounting to € 32 thousand.

11. INCOME TAX

<i>(Euro thousands)</i>	Income tax			
	30 JUNE	%	30 JUNE	%
	2021		2020	
Profit (loss) before tax	4.743		475	
IRES for the year	1.186	25,0%	285	60,0%
Income from tax consolidation	0	0,0%	(128)	(27,0%)
IRES net of income from tax consolidation	1.186	25,0%	157	33,1%
IRAP for the year	394		107	
Deferred tax assets	51		(18)	
Deferred tax	(8)		35	
Income tax relating to prior years and benefits	0		0	
Income tax	1.623		281	

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 first half.

The Neodecortech Group companies participate in the national tax consolidation scheme (Article 117 et seq. of the TUIR), headed by the parent company Finanziaria Valentini S.p.A.; no income from tax consolidation was prudentially estimated for the period under review, as the contribution expected from the other participating companies cannot currently be defined.

The percentage of IRES and IRAP tax is in line with current tax rates. The change in deferred taxation is associated with temporary changes in the tax burden attributable to asset valuation reserves and Directors' fees.

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 30.06.2021
Other intangible fixed assets	2.183	173	0	(456)	0	0	1.899
Fixed assets under construction and advances	20	0	0	0	0	0	20
Total intangible fixed assets	2.203	173	0	(456)	0	0	1.919

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. The increase in fixed assets under construction, on the other hand, is attributable to the purchase of software for machinery relating to the new production lines.

13. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment at 30 June 2021 amounted to € 77,825 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 30.06.2021	Depreciation provision 30.06.2021	NBV at 30.06.2021
Land	12.082	0	12.082	12.082	0	12.082
Buildings	25.763	(7.170)	18.593	25.848	(7.532)	18.316
Work on third party assets	8.744	(4.936)	3.808	10.260	(5.353)	4.907
Plant and machinery	112.477	(73.805)	38.672	114.874	(76.163)	38.712
Equipment	20.725	(17.960)	2.765	21.004	(18.505)	2.499
Other	5.688	(4.387)	1.301	5.844	(4.534)	1.311
Total tangible fixed assets	185.479	(108.258)	77.221	189.911	(112.086)	77.825

() amount including write-back of € 20,020 thousand*

Below is a breakdown of assets under construction by category.

PPE under construction and advances				
<i>(Euro thousands)</i>	Amount at 30.06.2021	Amount at 31.12.2020	Chg.	% change
Buildings	49	6	(43)	(716,7)
Plant and equipment	647	471	176	37,4
Equipment	39	42	(3)	(7,1)
Other	0	10	(10)	0,0
Total PPE under construction and advances	735	529	206	38,9

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	Write-back/w write- down (prior years)	Acquisitions	Disposals	Other	Historical cost 30.06.2021
Land	1.846	10.236	0	0	0	12.082
Buildings	16.012	9.752	87	0	(3)	25.849
Work on third party assets	8.744	0	1.515	0	0	10.260
Plant and machinery	112.447	31	2.397	0	0	114.874
Equipment	20.725	0	279	0	0	21.004
Other	5.686	1	195	(39)	0	5.844
Total Historical Cost	165.459	20.020	4.474	(39)	(3)	189.911
<i>(Euro thousands)</i>						
	Depreciation provision 31.12.2020	Write-back/w write- down (prior years)	Depreciation	Disposals	Other changes	Depreciation provision 30.06.2021
Land	0	0	0	0	0	0
Buildings	(7.170)	0	(362)	0	0	(7.533)
Work on third party assets	(4.936)	0	(417)	0	0	(5.353)
Plant and machinery	(73.805)	0	(2.387)	0	30	(76.162)
Equipment	(17.960)	0	(553)	0	8	(18.505)
Other	(4.387)	0	(183)	34	2	(4.534)
Total accumulated depreciation	(108.258)	0	(3.903)	34	40	(112.086)

The acquisitions refer to the Parent Company, amounting to € 2,151 thousand, which invested in a new CPL laminating machine at the Casoli D'Atri (TE) plant, proof of the continued growth in the production of the laminates division, to Cartiere di Guarcino S.p.A., amounting to € 827 thousand, relating to efficiency gains on the paper machines and upgrading on the purification plant, and to Bio Energia Guarcino S.r.l., amounting to € 1,496 thousand, which is investing primarily in maintenance.

All of the Group's plants are continuing their 4.0 process management actions.

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 30.06.2021	Depreciation provision	NBV at 30.06.2021
Buildings	600	(302)	298
Other	238	(142)	96
Total Rights of Use	838	(444)	394

The movements are shown below.

Rights of Use						
(Euro thousands)	Historical cost 31.12.2020	Write-back/w rite- down n (prior years)	Acquisitions	Disposals	Other changes	Historical cost 30.06.2021
Buildings	579	0	21	0	0	600
Other	241	0	0	0	(3)	238
Total Rights of Use	820	0	21	0	0	838

(Euro thousands)	Depreciation provision 31.12.2020	Write-back/w rite- down n (prior years)	Depreciation	Disposals	Other changes	Depreciation provision 30.06.2021
Buildings	(236)	0	(65)	0	(0)	(302)
Other	(120)	0	(26)	0	3	(142)
Total provision for depreciation of rights of u:	(356)	0	(91)	0	3	(444)

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

- with regard to Neodecortech S.p.A.:

- in favour of Banco BPM S.p.A., a mortgage of € 24,000 thousand on the loan taken out on 26 May 2017; a mortgage on the industrial property complex owned by the Issuer located in Filago (BG), Via Provinciale 2;
- in favour of Banco BPM S.p.A. (formerly 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 the acquisition of the industrial business unit from "Corbetta Fia S.r.l."; a mortgage on the industrial property complex owned by Valinvest S.p.A. located in Atri (TE), Casoli, Contrada Stracca - at the date of preparation of these financial statements, the loan was closed and the mortgage is being cancelled.

- with regard to Cartiere di Guarcino S.p.A.:

- in favour 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 on the industrial property complex owned by the company located in Guarcino (FR), in Via Madonna di Loreto 2;
- in favour of Monte dei Paschi di Siena S.p.A., a mortgage of € 4,000 thousand on a loan taken out on 21 December 2011; a mortgage on the industrial property complex owned by the company located in Guarcino (FR), in Via Madonna di Loreto 2.

- with regard to Bio Energia Guarcino S.r.l.:

- in favour of Unicredit S.p.A., a mortgage of € 3,350 thousand on a loan taken out on 17 July 2009; a mortgage on the industrial property complex owned by the company located in Guarcino (FR), in Via Madonna di Loreto 2.

14. OTHER NON-CURRENT ASSETS

At 30 June 2021, other non-current assets amounted to € 235 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>						
	30 JUNE 2021	%	31 DECEMBER 2020	%	Chg.	% change
From Andreotti S.r.l.	1.297	69,4	1.281	68,0	16	1,2
From the related party Valinvest S.r.l.	64	3,4	96	5,1	(32)	(33,3)
From the related party ISFRE	444	23,8	444	23,6	0	0,0
Total non-current financial receivables	1.805	97	1.821	96,6	(16)	(0,9)
From the related party Valinvest S.r.l.	64	3,4	64	3,4	0	0,0
Total current financial receivables	64	3,4	64	3,4	0	0,0
Total current and non-current financial receivables	1.869	100,0	1.885	100,0	(16,0)	(0,8)

At 30 June 2021, "non-current financial receivables", amounting to € 1,297 thousand, includes the Interest-Bearing Financial Receivable from former Andreotti S.p.A. (€ 1,281 thousand at 31 December 2020), including principal and interest accrued. Reference should be made to the section on "current and non-current financial liabilities" for further details.

Additionally, the non-current portion includes the long-term portion of the financial receivable of the Parent Company from the related party Valinvest S.r.l. of € 64 thousand at 30 June 2021 (€ 96 thousand at 31 December 2020), as well as a receivable of the subsidiary Cartiere di Guarcino S.p.A. from the related party ISFRE in liquidation of € 444 thousand, with the amount unchanged and related to which 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>						
	30 JUNE 2021	Change recognized in Income Statement	Change recognized in Statement of Comprehensive Income	31 DECEMBER 2020	Chg.	% change
Directors' fees approved and not paid	28	(42)	0	70	(42)	(60,0%)
Allocations to provisions for write-downs and risks	69	29	0	40	29	0,0%
Allocation to the provision for inventory obsolescence	84	5	0	79	5	0,0%
Taxation on profit in stock	31	(6)	0	37	(6)	0,0%
Tax recovery on adjustment of start-up and expansion costs	10	(7)	0	16	(6)	(37,5%)
Tax recovery on adjustment of plant and machinery depreciation	231	(8)	0	239	(8)	(3,3%)
Deferred tax on derivative contracts	72	0	(23)	95	(23)	(24,2%)
Deferred tax on employee benefits	53	(7)	(24)	84	(31)	(36,9%)
Tax recovery on adjustment of research expense	16	(16)	0	32	(16)	(50,0%)
Tax loss carryforward (BEG)	1.332	(1)	0	1.333	(1)	(0,1%)
Other	92	2	(1)	91	1	1,1%
Deferred tax assets	2.018	(51)	(48)	2.115	(98)	(4,6%)
Deferred tax on statutory revaluations	5.346	(19)	0	5.365	(19)	(0,4%)
Deferred tax on assets (BEG)	294	(33)	0	327	(33)	(10,0%)
Valuation exchange gains	41	14	0	27	14	51,9%
Finance lease assets	542	30	0	513	29	5,7%
Deferred tax liabilities	6.223	(8)	0	6.231	(9)	(0,1%)

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 € 2,018 thousand include € 1,332 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 30 June 2021, deferred tax amounted to € 6,223 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>						
	30 JUNE 2021	%	31 DECEMBER 2020	%	Chg.	% change
Raw and ancillary materials and consumables	20.724	59,0	20.203	55,1	521	2,6
Work in progress	447	1,3	151	0,4	296	196,0
Finished products	14.254	40,6	15.198	41,4	(944)	(6,2)
Advances	132	0,4	1.539	4,2	(1.407)	(91,4)
Provision for inventory obsolescence	(427)	(1,2)	(407)	(1,1)	(20)	0,0
Total inventory	35.130	100,0	36.684	100,0	(1.554)	(4,2)

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 30 June 2021 was down from the level at 31 December 2020, due to the policy that aims to optimize the stock of inventory in order not to commit financial resources.

Changes in the provision for inventory obsolescence for first half 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	30 JUNE 2021
Movement of provision for inventory obsolescence	407	145	(125)	0	427
Total provision for inventory obsolescence	407	145	(125)	0	427

18. TRADE RECEIVABLES

Trade receivables						
<i>(Euro thousands)</i>						
	30 JUNE 2021	%	31 DECEMBER 2020	%	Chg.	% change
Trade receivables	24.983	102,2	19.647	102,1	5.336	27,2
Provision for doubtful accounts	(535)	(2,2)	(394)	(2,0)	(141)	35,8
Total trade receivables	24.448	100,0	19.252	100,0	5.196	27,0

Changes in the provision for doubtful accounts are shown below:

Provision for doubtful accounts					
<i>(Euro thousands)</i>					
	31 DECEMBER 2020	Alloc.	Utilization	Release	30 JUNE 2021
Changes in Provision for Doubtful Accounts	394	156	(16)	0	535
Total provision for doubtful accounts	394	156	(16)	0	535

With regard to trade receivables, use was made of the assignment without recourse to a factoring company, made for a number of customers by the Group company, excluding Bio Energia Guarcino. The provision for doubtful accounts was determined in accordance with IFRS 9 and recorded an allocation of € 156 thousand. The utilization of € 16 thousand refers to the partial closure of a receivable due from a client of the Parent Company.

19. RECEIVABLES FROM TAX CONSOLIDATION

This item refers to the receivable of the subsidiary Bio Energia Guarcino S.r.l.. Reference should be made to the Income Tax section of the Income Statement in these Notes.

20. TAX RECEIVABLES

Tax receivables						
<i>(Euro thousands)</i>						
	30 JUNE 2021	%	31 DECEMBER 2020	%	Chg.	% change
VAT	2.264	97,3	1.623	91,9	641	39,5
IRES	0	0,0	8	0,5	(8)	(100,0)
IRAP	22	0,9	34	1,9	(12)	(35,3)
Withholdings a/c	1	0,0	0	0,0	1	0,0
Other tax receivables	41	1,8	102	5,8	(61)	(59,8)
Total tax receivables	2.328	100,0	1.767	100,0	561	31,7

The table above shows an increase of € 641 thousand in the VAT receivable versus 31 December 2020, due to the receivable accrued mainly by the Parent Company. The largest amount refers to the VAT receivable of the subsidiary Bio Energia Guarcino, which is generally in a credit position, and which is requested for reimbursement on a quarterly basis and assigned without recourse to a factoring company.

21. OTHER CURRENT RECEIVABLES

Other current receivables						
<i>(Euro thousands)</i>						
	30 JUNE 2021	%	31 DECEMBER 2020	%	Chg.	% change
Advances to suppliers	5	0,3	7	0,6	(2)	(28,6)
Prepayments and accrued income	945	52,0	72	6,4	873	1.212,5
Other	867	47,7	1.039	92,9	(172)	(16,6)
Total current receivables	1.817	100,0	1.118	100,0	699	62,5

Accrued income and prepaid expense refer mainly:

- For Neodecortech S.p.A., to € 210 thousand mainly for insurance premiums and maintenance fees;
- For Cartiere di Guarcino S.p.A., to € 644 thousand, mainly for the purchase of CO₂ allowances.

"Other" includes receivables due from social security institutions and withholdings from the GSE not yet accrued, as well as the positive fair value at 30 June 2021 of € 54 thousand of derivatives hedging the risk of fluctuations in the US dollar underwritten by Cartiere di Guarcino S.p.A.; the change of € -172 thousand is due primarily to the subsidiary, Bio Energia di Guarcino, for withholdings from the GSE not yet accrued.

22. CASH AND CASH EQUIVALENTS

Cash and cash equivalents						
<i>(Euro thousands)</i>						
	30 JUNE 2021	%	31 DECEMBER 2020	%	Chg.	% change
Bank and post office deposits	5.417	99,8	7.528	99,9	(2.111)	(28,0)
Cash and valuables on hand	9	0,2	8	0,1	1	12,5
Total cash and cash equivalents	5.426	100,0	7.536	100,0	(2.110)	(28,0)

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, with 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>						
	30 JUNE 2021	%	31 DECEMBER 2020	%	Chg.	% change
Provision for supplementary agents' indemnity	234	21,1	198	15,4	36	0,0
IRS derivative on loan	301	27,1	395	30,8	(94)	(23,8)
Embedded derivatives	111	10,0	143	11,1	(32)	0,0
ISFRE	444	40,0	444	34,6	0	0,0
Currency derivative	0	0,0	84	6,5	(84)	0,0
Provision for tax risks	20	1,8	20	1,6	0	0,0
Total provisions for risks and charges	1.110	100,0	1.284	100,0	(174)	(13,6)

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	30 JUNE 2021
Movement of provision for supplementary agents' indemnity	198	36	0	0	234
Movement in tax risks	20	0	0	0	20
Total provision for risks and charges	218	36	0	0	254

The provision for supplementary agents' indemnity for Italian and EU agents increased by € 36 thousand, set aside to cover specific risks from potential interruptions to agency contracts.

The decrease of € 94 thousand refers to the recognition of the fair value of the IRS derivative, amounting to € 301 thousand (€ 395 thousand at 31 December 2020), € 32 thousand to the recognition of the fair value of the derivatives embedded in the new lines of credit, and € 84 thousand relating to the fair value of the derivatives hedging the risk of fluctuations in the US dollar underwritten by Cartiere di Guarcino S.p.A. which, at 30 June 2021, show a positive fair value (reference should be made to "other current receivables").

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 tax authorities.

24. POST-EMPLOYMENT BENEFITS

Post-employment benefits					
<i>(Euro thousands)</i>					
	31 DECEMBER 2020	Alloc.	Utilization	Discounting	30 JUNE 2021
Provision for post-employment benefits	2.381	15	(68)	0	2.328
Actuarial valuation of post-employment benefits (IAS 19)	347	0	0	(127)	220
Total post-employment benefits	2.728	15	(68)	(127)	2.548

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 30 June 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.

30.06.2021	
Annual discount rate	0,79%
Annual inflation rate	0,80%
Annual rate of increase in severance termination	2,10%
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.

30.06.2021	
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>						
	30 JUNE 2021	%	31 DECEMBER 2020	%	Chg.	% change
Unsecured loans	9.956	21,4	11.250	23,7	(1.294)	(11,5)
Mortgage loans	8.547	18,4	9.420	19,8	(873)	(9,3)
Non-current lease payables	2.649	5,7	3.201	6,7	(552)	(17,2)
Payables to other lenders (MICA)	5.025	10,8	4.969	10,5	56	1,1
Total non-current financial liabilities	26.177	56,3	28.840	60,7	(2.663)	(9,2)
Payables to banks C/A	14.413	31,0	12.570	26,5	1.843	14,7
Current portion of unsecured loans	2.365	5,1	2.268	4,8	97	4,3
Current portion of mortgage loans	1.733	3,7	1.913	4,0	(180)	(9,4)
Accrued interest expense	63	0,1	152	0,3	(89)	(58,6)
Current lease payables	1.748	3,8	1.763	3,7	(15)	(0,9)
Total current financial liabilities	20.322	43,7	18.666	39,3	1.656	8,9
Total financial liabilities	46.499	100,0	47.506	100,0	(1.007)	(2,1)

The change in bank overdrafts increased by € 1,843 thousand versus 31 December 2020 regarding mainly the subsidiary Cartiere di Guarcino S.p.A.; it is a temporary effect functional to the duration of the import loans taken out, offset by an increase in liquid funds, resulting in a net effect of € -605 thousand of short-term exposure to banks.

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 obtained a suspension on the principal effective until March 2021;
- 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.

Rights of Use			
<i>(Euro thousands)</i>			
	Balance at 01.01.2021	Payments	Balance at 30.06.2021
Buildings	600	(302)	298
Other	238	(142)	96
Total Rights of Use	838	(444)	394

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 € 8,213 thousand at 30 June 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 30 June 2021 of € 2,156 thousand divided into current and non-current portions - 80% FGPMI guarantee;
- BPM S.p.A. € 2,500 thousand, for 72 months (quarterly instalments) and a residual balance at 30 June 2021 of € 2,153 thousand divided into current and non-current portions - 90% FGPMI guarantee;
- BPER Banca S.p.A € 900 thousand, for 18 months (with quarterly instalments and 6-month grace period), and a residual balance at 30 June 2021 of € 226 thousand relating to the short-term portion due in September 2021.

Cartiere di Guarcino S.p.A.

- Original MPS mortgage loan of € 6,000 thousand, with a residual balance of € 2,067 thousand at 30 June 2021 divided into current and non-current portions;
- Original BAC unsecured loan of € 3,500 thousand, with a residual balance of € 1,792 thousand at 30 June 2021 divided into current and non-current portions;
- Medio Credito Centrale unsecured loan of € 1,128 thousand, with a residual balance of € 784 thousand at 30 June 2021 divided into current and non-current portions;
- Medio Credito Centrale unsecured loan of € 182 thousand, with a residual balance of € 134 thousand at 30 June 2021 divided into current and non-current portions;
- POPSO unsecured loan of € 2,000 thousand - 12-month grace period - FGPMI 90% guarantee - residual balance at 30 June 2021 of € 1,961 thousand divided into current and non-current portions;
- DESIO unsecured loan of € 1,000 thousand - 12-month grace period - MCC 90% guarantee - residual balance at 30 June 2021 of € 981 thousand divided into current and non-current portions;

- Medio Credito Centrale unsecured loan of € 146 thousand, with a residual balance of € 134 thousand at 30 June 2021 divided into current and non-current portions.

On 28 May 2021, Cartiere di Guarcino S.p.A. repaid in advance the original mortgage loan of € 2,000 thousand taken out with Monte dei Paschi di Siena S.p.A. (due to expire at the end of the year), which was the only covenant to comply with on the Group's financial debt.

Bio Energia Guarcino S.r.l.

- BPER unsecured loan of € 2,000 thousand - 12-month grace period - 90% MCC guarantee.

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

<i>(Euro thousands)</i>	Aging of loans			
	30 JUNE 2021	%	31 DECEMBER 2020	%
Due w ithin 1 year	4.098	18,1	4.181	16,8
Due w ithin 5 years	16.542	73,2	17.150	69,0
Due beyond 5 years	1.961	8,7	3.519	14,2
Total	22.601	100,0	24.850	100,0

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 30 June 2021, came to a negative € 301 thousand (€ 395 thousand at 31 December 2020).

The above loan agreements do not contain financial covenants.

From 1 January 2021 to 30 June 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 programme designed to introduce technological breakthroughs. The cost estimate for the technological innovation programme 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 prescribed.

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 prescribed 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.

26. TRADE PAYABLES

Trade payables at 30 June 2021 amounted to € 26,899 thousand (€ 25,571 thousand at 31 December 2020). The increase is less than proportional to the increase in trade receivables and reflects the general trend in first half 2021, the details of which are found in the Directors' Report on Operations. Additionally, the Group did not request or obtain any extension or deferment of payments with its suppliers.

There are no trade payables due beyond 12 months. The Directors believe that the book value of trade payables approximates their fair value.

27. PAYABLE FROM TAX CONSOLIDATION

The payable recorded at 30 June 2021 refers to Neodecortech S.p.A. for € 1,068 thousand and to Cartiere di Guarcino S.p.A. for € 594 thousand. Reference should be made to the paragraph "Income tax" in the Notes.

28. TAX PAYABLES

Tax payables						
<i>(Euro thousands)</i>						
	30 JUNE 2021	%	31 DECEMBER 2020	%	Chg.	% change
VAT	0	0,0	121	17,1	(121)	0,0
IRAP	267	42,4	0	0,0	267	0,0
Withholdings a/c	362	57,6	587	82,9	(225)	(38,3)
Total tax payables	629	100,0	708	100,0	(79,0)	(11,2)

"IRAP" is attributable to the Parent Company Neodecortech S.p.A., amounting to € 196 thousand, and to Cartiere di Guarcino S.p.A., amounting to € 71 thousand; further details are found in the Income Statement under "Income tax").

29. OTHER CURRENT PAYABLES

Other current payables						
<i>(Euro thousands)</i>						
	30 JUNE 2021	%	31 DECEMBER 2020	%	Chg.	% change
Payables to social security institutions	1.235	22,9	1.476	31,3	(241)	(16,3)
Payables to employees	2.708	50,2	1.997	42,3	711	35,6
Advances received from customers	1.280	23,7	894	18,9	386	43,2
Accrued expense and deferred income	27	0,5	0	0,0	27	0,0
Other	148	2,7	352	7,5	(204)	(58,0)
Total other current payables	5.398	100,0	4.719	100,0	679	14,4

"Payables to employees" increased by € 711 thousand, while "Payables to social security Institutions" decreased by € 241 thousand, due to the effect of the payment/allocation of the thirteenth-month salary and bonuses to employees.

The change in "other" is attributable mainly to the amount due for Directors' fees.

30. EQUITY

Capital increases

On 27 April 2020, the Board of Directors resolved to carry out the capital increase to service the Stock Grant Plan originally approved by the Shareholders' Meeting on 23 June 2017 for € 1,195,687.37, increasing the share capital by a corresponding amount drawn from the relating Reserve through issue of no. 413,760 shares.

Share Capital

At 30 June 2021, the share capital amounts to € 17,398,687.36 and is divided into 13,515,260 shares with no indication of their nominal 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>	Other Net Equity Reserves	
	30 JUNE 2021	31 DECEMBER 2020
Share capital	17.399	17.399
Share premium reserve	17.357	17.357
Treasury shares	(421)	(421)
Other reserves and accumulated profit (loss), including profit (loss) for the period:	29.383	27.323
<i>Legal reserve</i>	<i>1.886</i>	<i>1.709</i>
<i>Reserve for fair value adjustments of hedging derivatives</i>	<i>(229)</i>	<i>(296)</i>
<i>Revaluation reserves (including investments measured at equity)</i>	<i>15.589</i>	<i>13.444</i>
<i>Reserve for remeasurement of defined benefit plans for employees (IAS 19)</i>	<i>(33)</i>	<i>(91)</i>
<i>Stock grant reserve</i>	-	-
<i>Miscellaneous reserves and accumulated profit (loss), including profit (loss) for the period</i>	<i>12.170</i>	<i>12.557</i>
Total	63.718	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.

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 on the STAR segment was 15 March 2021.

Treasury shares

At 30 June 2021, the Company held 120,000 treasury shares.

It should be noted that 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.

Earnings per share

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

Earnings per share	30/06/2021	30/06/2020
Net profit attributable to the shareholders (Euro thousands)	3.120	194
Weighted average number of shares outstanding (n./000)	13.395	13.141
Basic earnings per share	0,23	0,01
Diluted earnings per share	30/06/2021	30/06/2020
Net profit attributable to the shareholders (Euro thousands)	3.120	194
Weighted average number of shares outstanding (n./000)	13.395	13.141
Weighted average number of shares eligible for stock option plans (n./000)	0	0
Weighted average number of shares outstanding adjusted for dilution effect (n./000)	13.395	13.141
Diluted earnings per share	0,23	0,01

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

Amortization and depreciation at 30 June 2020 amounted to € 4,322 thousand, in line with the prior first half (€ 4,103 thousand at 31 December 2020), despite the capital expenditure made during the first half, which amounted to € 4,578 thousand for tangible fixed assets and to € 173 thousand for intangible fixed assets. Reference should be made to the section of the Income Statement regarding amortization and depreciation and the section of the Statement of Financial Position regarding tangible and intangible fixed assets in the Notes to the Financial Statements.

Allocations to other provisions of € 337 thousand refer to the provision for doubtful accounts determined in accordance with IFRS 9 (€ 156 thousand), the provision for supplementary agents' indemnity (€ 36 thousand), and the provision for inventory obsolescence (€ 145 thousand). Utilization of provisions of € 351 thousand refers to the provision for doubtful accounts of € 15 thousand, € 125 thousand for inventory obsolescence and € 211 thousand for the fair value of derivatives at 30 June 2021.

NWC versus the previous six-month period was up sharply, due to the general trend explained in detail in the Directors' Report on Operations, while the reduction in inventory was due to the Group's policy, which tends to optimize stocks so as not to tie up financial resources.

The increase in short-term bank payables is due primarily to the subsidiary Cartiere di Guarcino S.p.A., and is a temporary effect functional to the duration of the import loans taken out. The item loan repayments includes the early repayment of the MPS mortgage loan made on 28 May 2021 by the subsidiary Cartiere di Guarcino S.p.A.; for further details, reference should be made to the current and non-current financial liabilities section of the Notes to the Statement of Financial Position.

Monetary changes in equity refer to the payment of dividends of € 1,206 thousand by the Parent Company on 19 May 2021.

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

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 RPT Procedure, as last updated, is available on the website www.neodecortech.it *Investors / Corporate governance / Documenti e assemblee / Procedure* section.

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 61.60% 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 affiliates are "Industrie Valentini S.p.A." and "Valinvest S.r.l.". Related parties also include "Valfina S.r.l." as it is controlled by the Valentini Family. Loma S.r.l. became a related party of the Company, with which trade transactions are carried out for the distribution of the Company's products, following the appointment of a key management personnel of the Company.

Transactions carried out by Neodecortech S.p.A. and other Group companies with related parties, as defined in the RPT Procedure and 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 June 2021 are shown.

The tables below summarize the existing transactions with these related parties at 30 June 2021:

(Euro thousands)

	Trade receivables 30 June 2021	Financial receivables 30 June 2021	Trade payables 30 June 2021	Financial payables 30 June 2021
Finanziaria Valentini	0	1.672	0	1.662
Industrie Valentini	132	0	1	0
Valinvest	0	128	11	0
ISFRE	0	444	0	0
Loma	1.020	0	69	0
Total	1.152	2.244	81	1.662

<i>(Euro thousands)</i>		
	Revenue and income 30 June 2021	Costs and expense 30 June 2021
Finanziaria Valentini	0	0
Industrie Valentini	14	0
Valinvest	2	(52)
Loma	1.731	(85)
Total	1.747	(137)

Financial receivables, amounting to € 2,244 thousand, include € 1,672 thousand for a tax consolidation receivable claimed by the subsidiary Bio Energia Guarcino S.r.l., € 128 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 € 1,662 thousand, refer to the tax consolidation payable of the Parent Company and the subsidiary Cartiere di Guarcino S.p.A..

Trade receivables of € 1,152 thousand include € 1,020 thousand from Loma S.r.l. for the sale of Neodecortech S.p.A. and Cartiere di Guarcino S.p.A. products, and € 132 thousand from Industrie Valentini (partly guaranteed by Finanziaria Valentini for € 100 thousand and partly written down for the remainder).

Revenue and income of € 1,747 thousand include € 1,731 thousand from the sale of products by Group companies, Neodecortech S.p.A. and Cartiere di Guarcino S.p.A., 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 € 69 thousand and costs of € 85 thousand.

The following table shows the fees to the Group's directors and key management personnel for first half 2021:

Subjects	Payable for fees 30 June 2021	Subjects	Cost for fees 30 June 2021
Luigi Cologni	62.500	Luigi Cologni	173.269
Massimo Giorgilli	60.192	Massimo Giorgilli	123.654
Riccardo Bruno	5.315	Riccardo Bruno	53.965
Paola Carrara	7.525	Paola Carrara	15.250
Paolo Pietrogrande	2.658	Paolo Pietrogrande	17.908
Laura Calini	0	Laura Calini	14.650
Cristina Valentini	0	Cristina Valentini	8.425
Luca Peli	3.973	Luca Peli	3.973
Key management personnel	70.654	Key management personnel	328.380
Total	212.817	Total	739.474

34. SEASONALITY

The Group's industrial sectors are not materially affected by seasonality; however, the first six months of 2021 were driven by the positive trend in the furniture industry, while the results of first half 2020 had been impacted by the COVID-19 pandemic; these circumstances must be taken into account when reviewing and assessing the trend of results.

Other supplementary information

35. GUARANTEES GIVEN

Guarantees given by Neodecortech S.p.A.

Guarantees issued in favour of the subsidiary Cartiere di Guarcino S.p.A., amounting to € 18,635 thousand for short-term credit lines for mixed use and import finance, granted to the latter by BPM, BPER, Popolare di Sondrio and Credit Agricole.

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 a line of credit of € 2,650,000 granted by the bank to the subsidiary.

Guarantees given in favour of Neodecortech S.p.A.

BPM issued a bank guarantee on first demand on 19 January 2021 for an amount of € 250 thousand and a duration of 5 years, in favour of Sonae Industria de Revestimentos SA, to cover the payment of 50% of the price of the new laminating machine, which will take place in tranches by April 2026.

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

On 22 December 2016, Cartiere di Guarcino S.p.A. granted a third voluntary mortgage in favour 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 Cartiere di Guarcino of the stake held by the former in the share capital of Bio Energia Guarcino (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 Bio Energia Guarcino's failure to perform or incorrectly perform its obligations under: (i) the Lease Contract, as well as (ii) the credit facility agreement concluded by Bio Energia Guarcino with UniCredit on 17 July 2009.

CEG is a subsidiary of AET - Azienda Elettrica Ticinese ("AET") - which held 50% of Bio Energia Guarcino S.r.l.. In 2014, CEG entered into a first private agreement, subsequently renewed in 2015, for the sale of its stake in Bio Energia Guarcino, obtaining the commitment to be held harmless from the sureties issued by AET in the interest of Bio Energia Guarcino. On 13 April 2015, CEG sold 49% of Bio Energia Guarcino to Cartiere di Guarcino and on 22 December 2016 sold the remaining 1% share to CDG. Under the agreements, Cartiere di Guarcino 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 Bio Energia Guarcino's failure to perform and/or incorrectly perform the following contracts: (i) the Lease Contract; and (ii) the credit facility agreement concluded by Bio Energia Guarcino with UniCredit on 17 July 2009. To guarantee such obligations, Cartiere di Guarcino granted the CEG Mortgage.

With regard to the lease agreement in place between SelmaBipiemme Leasing S.p.A. and Bio Energia Guarcino S.r.l., 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 and the redemption of the lines of credit with Unicredit, the voluntary mortgage in favour of C.E.G. S.p.A. is in the process of being cancelled.

Sureties in favour of GATTI S.r.l.

On 29 May 2017, Gatti S.r.l. ("Gatti"), Cartiere di Guarcino and Bio Energia Guarcino 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, Cartiere di Guarcino and Bio Energia Guarcino 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 Bio Energia Guarcino and Cartiere di Guarcino with a bank guarantee "on first demand" for the maximum amount of € 300 thousand, renewed until 31/08/2022.

On 11 October 2018, BPER issued a further guarantee in the interest of Bio Energia Guarcino in favour of Gatti up to a principal amount of € 400 thousand, renewed until 31 August 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;

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;

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.

36. EVENTS AFTER THE REPORTING PERIOD

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

37. 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.

38. 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.

39. 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	30 JUNE 2021	30 JUNE 2020
Directors	291.998	175.749
Board of Statutory Auditors	47.202	28.476

40. INFORMATION RELATING TO THE FEES TO THE INDEPENDENT AUDITORS

Details are provided below of the fees paid in 2020 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:

Service/performance	30 JUNE 2021	30 JUNE 2020
Auditing services	0	0
Provision of other activities with issuance of certification	27.950	20.928
Provision of other non-auditing services	0	0

Filago (BG), 07 September 2021

For the Board of Directors

The Chairman

(Riccardo Bruno)

Certification of the Consolidated Half-Year Financial Statements at 30 June 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, 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 half-year financial statements for the period 1 January 2021-30 June 2021.

2. No major issues emerged in this respect.

3. We also certify that:

3.1 the consolidated half-year financial statements at 30 June 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 Interim Report on Operations contains a reliable analysis of all the significant events that took place in the first half of the year and their effect on the half-year financial statements, together with a description of the main risks and uncertainties for the second half of the year. The Report also includes a reliable analysis of the significant transactions with related parties.

Date: 7 September 2021

Signed Chief Executive Officer

Signed Financial Reporting Manager

NEODEOCRTECH S.p.A.

Review report on interim condensed
consolidated financial statements as of
June 30, 2021

LBG/ MLN/git - RC003122021BD0309





Review report on interim condensed consolidated financial statements

To the shareholders of
Neodecortech S.p.A.

Introduction

We have reviewed the accompanying condensed consolidated balance sheet as of June 30, 2021, and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and related explanatory 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 June 30, 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, September 9, 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.

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