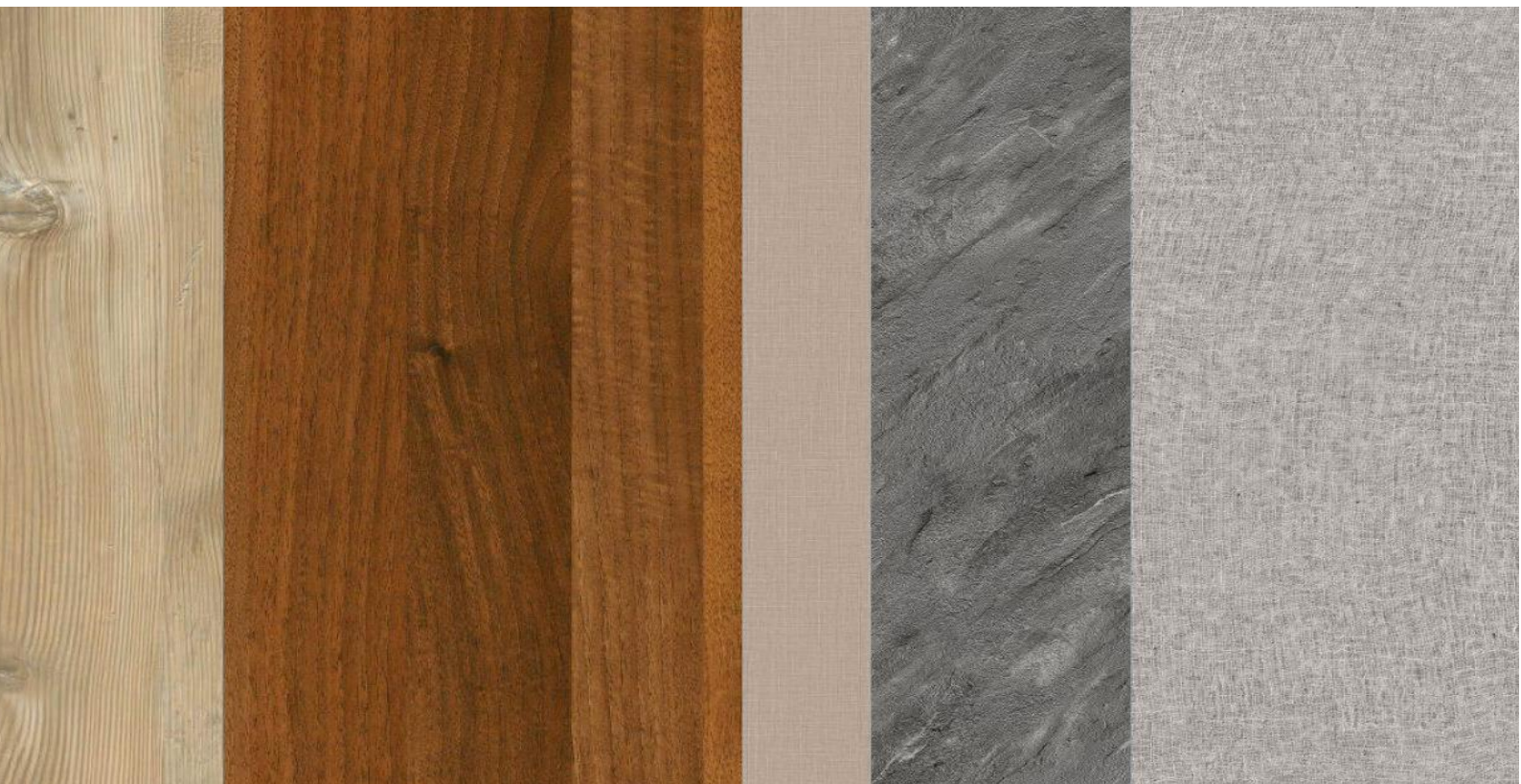




Consolidated Half-Year Report at 30 June 2022

Financial Statements prepared in accordance with IAS/IFRS

Amounts in Euro





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Share Capital
€ 18,804,209.37 fully paid up
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The Neodecortech Group



Corporate bodies

Board of Directors ⁽¹⁾

Chairman	Luca Peli
Director, Chief Executive Officer	Luigi Cologni
Executive Director	Massimo Giorgilli
Non-Executive Director	Gianluca Valentini
Non-Executive Director	Vittoria Giustiniani
Independent Non-Executive Director	Adriano Bianchi*
Independent Non-Executive Director	Sara Bertolini*
Independent Non-Executive Director	Ida Altimare*
Independent Non-Executive Director	Cinzia Morelli*

() 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	Ida Altimare (Chair) Vittoria Giustiniani Cinzia Morelli
Control, Risk and Sustainability Committee	Adriano Bianchi (Chairman) Luca Peli Ida Altimare

Related Party Committee

Sara Bertolini (Chair)
Cinzia Morelli
Adriano Bianchi

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 27 April 2022 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 2024.

⁽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 28 April 2022 to establish (i) a Remuneration and Appointments Committee; (ii) a Control, Risk and Sustainability Committee; (iii) a Related Party Committee.

⁽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 2022, 31 December 2021 and 30 June 2021 is shown below.

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

At 30 June 2022, 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.

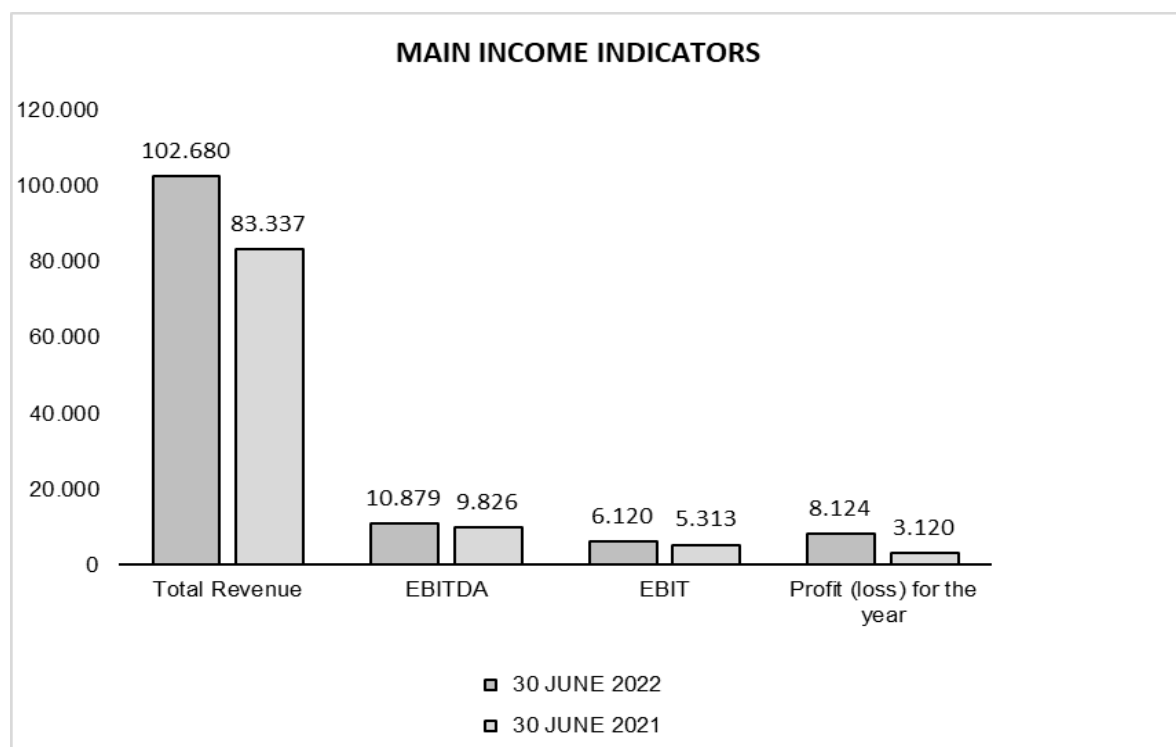
Financial highlights of the Neodecortech Group

Income statement

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

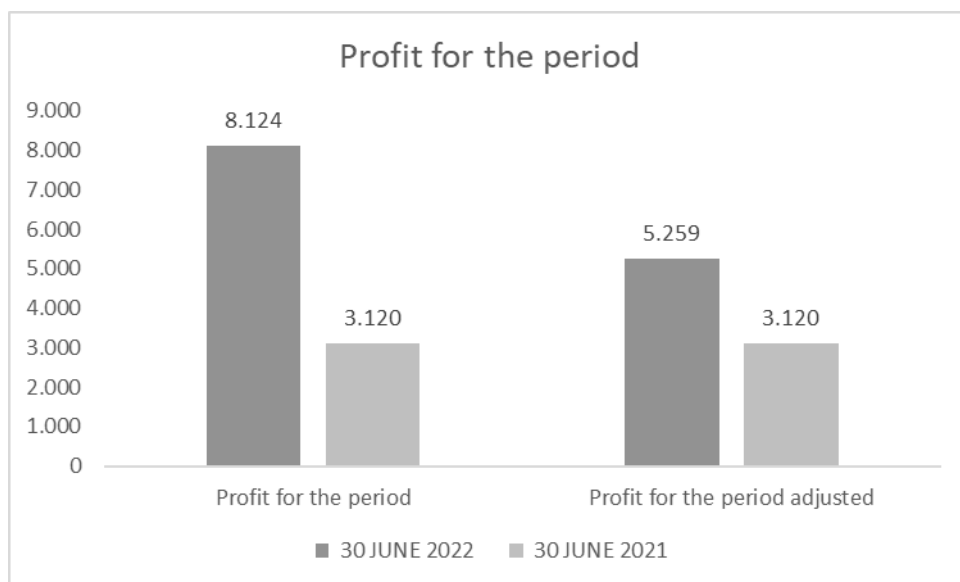
<i>(Euro thousands)</i>	30 JUNE 2022	%	30 JUNE 2021	%	Chg.	% change
Revenue from sales and services	99,229	100.0%	82,434	100.0%	16,795	20.4%
Other revenue	3,451	3.5%	903	1.1%	2,548	282.2%
Total Revenue	102,680	103.5%	83,337	101.1%	19,343	23.2%
EBITDA	10,879	11.0%	9,826	11.9%	1,053	10.7%
Amortization and depreciation	4,704	4.7%	4,322	5.2%	382	8.8%
Allocations	55	0.1%	192	0.2%	(137)	(71.4%)
EBIT	6,120	6.2%	5,313	6.4%	807	15.2%
Profit for the period	8,124	8.2%	3,120	3.8%	5,004	160.4%

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



The table below also shows the consolidated operating results with the adjusted profit for the year, following the write-off of the MICA Payable, as detailed in the section "Consolidated Income Statement".

(Euro thousands)	30 JUNE 2022	%	30 JUNE 2021	%	Chg.	% change
Revenue from sales and services	99.229	100,0%	82.434	100,0%	16.795	20,4%
Other revenue	3.451	3,5%	903	1,1%	2.548	282,2%
Total revenue	102.680	103,5%	83.337	101,1%	19.343	23,2%
EBITDA	10.879	11,0%	9.826	11,9%	1.053	10,7%
Amortization and depreciation	4.704	4,7%	4.322	5,2%	382	8,8%
Allocations	55	0,1%	192	0,2%	(137)	0,0%
EBIT	6.120	6,2%	5.313	6,4%	807	15,2%
Adjusted profit for the period	5.259	5,3%	3.120	3,8%	2.139	68,6%

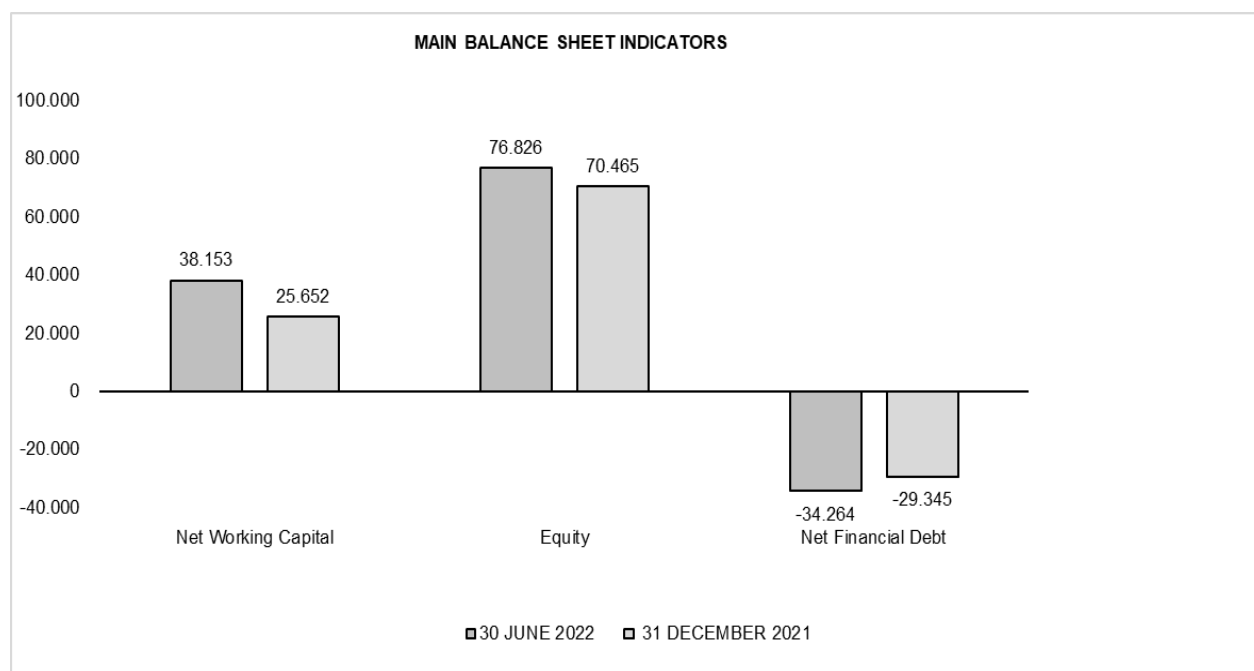


Financial results

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

(Euro thousands)	30 JUNE 2022	31 DECEMBER 2021	Chg.	% change
Net Working Capital	38.153	25.652	12.501	48,7%
Equity	76.826	70.465	6.361	9,0%
Net Financial Debt	(34.264)	(29.345)	(4.919)	16,8%

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

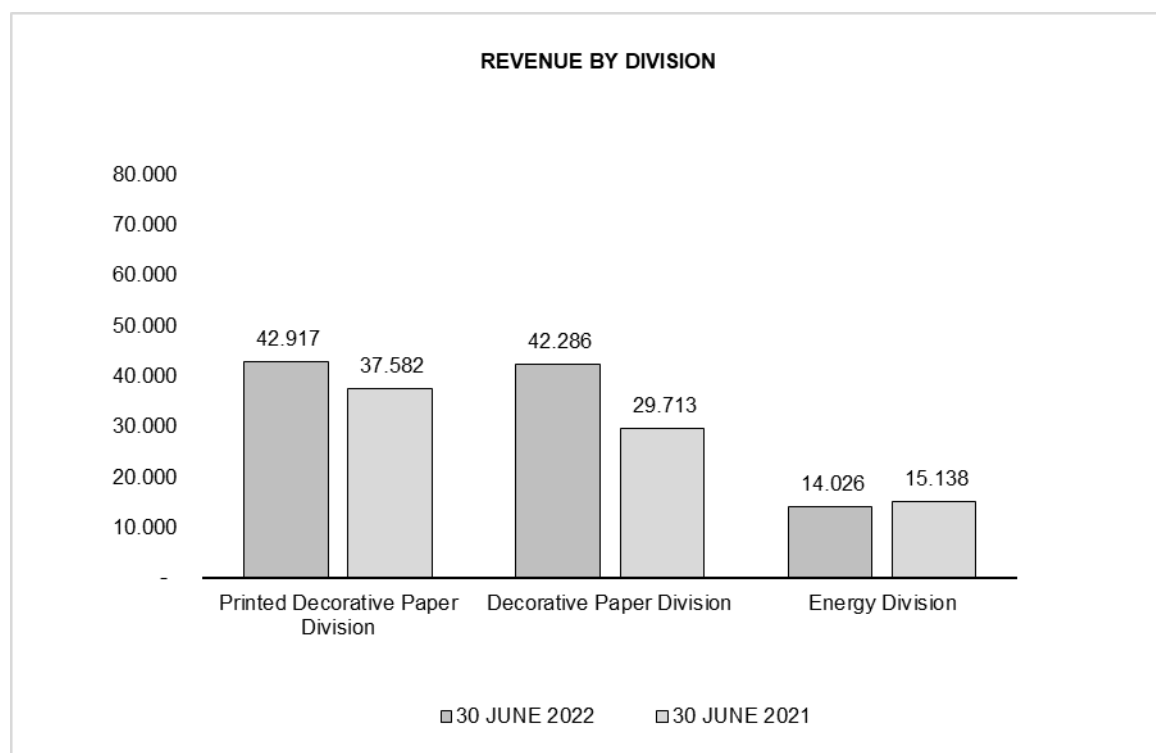


Below are the balance sheet figures at 30 June 2021 shown for comparison.

(Euro thousands)	30 JUNE 2022	30 JUNE 2021	Chg.	% change
Net Working Capital	38.153	30.791	7.362	23,9%
Equity	76.826	63.718	13.108	20,6%
Net Financial Debt	(34.264)	(41.009)	(6.745)	16,4%

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

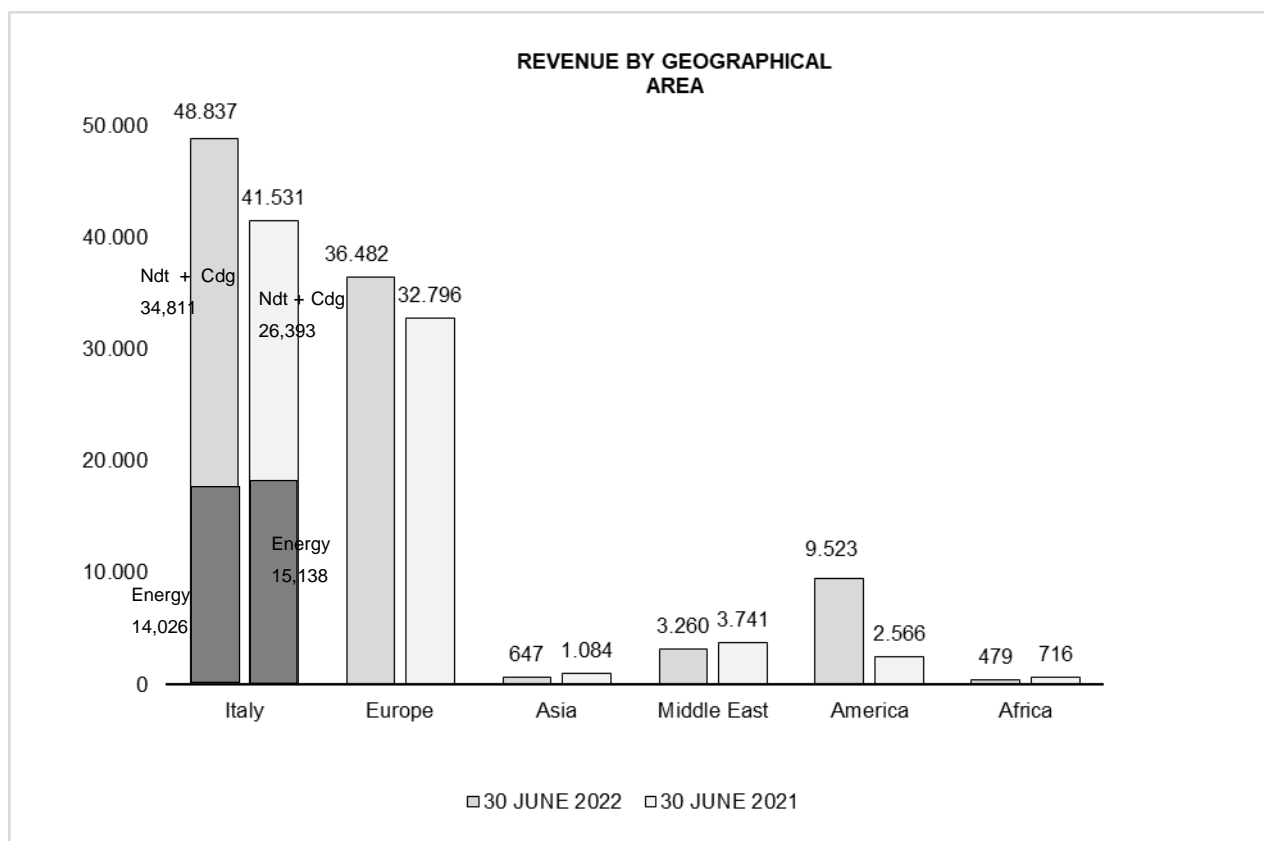
(Euro thousands)	30 JUNE 2022	%	30 JUNE 2021	%	Chg.	% change
Printed Decorative Paper Division	42.917	43%	37.582	46%	5.335	14,2%
Decorative Paper Division	42.286	43%	29.713	36%	12.573	42,3%
Energy Division	14.026	14%	15.138	18%	(1.112)	(7,3%)
Total	99.229	100%	82.434	100%	16.795	20,4%



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

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

<i>(Euro thousands)</i>	30 JUNE 2022	%	30 JUNE 2021	%	Chg.	% change
Italy	34.811	35,1%	26.393	32,0%	8.418	31,9%
Europe	36.482	36,8%	32.796	39,8%	3.686	11,2%
Asia	647	0,7%	1.084	1,3%	(437)	(40,3%)
Middle East	3.260	3,3%	3.741	4,5%	(481)	(12,9%)
America	9.523	9,6%	2.566	3,1%	6.957	271,2%
Africa	479	0,5%	716	0,9%	(237)	(33,1%)
Energy Division	14.026	14,1%	15.138	18,4%	(1.112)	(7,3%)
Total	99.229	100,0%	82.434	100,0%	16.795	20,4%



The table and the chart show, generally speaking, an increase in sales in what can be assumed to be the Group's domestic market, namely Italy and Europe.

The sharp increase in America is attributable to the resumption of an important business relationship of Cartiera di Guarcino with a customer/buyer of impregnated paper.

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Directors' Report on Operations



Dear Shareholders,

Submitted to your attention are the Consolidated Half-Year Financial Statements at 30 June 2022 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 2022 as well as the future outlook.

The period under review closes with a consolidated profit of € 8,124 thousand (€ 3,120 thousand at 30 June 2021), after amortization, depreciation and provisions of € 4,759 thousand (€ 4,514 thousand at 30 June 2021), and income tax of € 1,364 thousand (€ 1,623 thousand at 30 June 2021).

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 affect the Group's outlook, including the impacts from the Coronavirus pandemic and the conflict in Ukraine.

Impacts from the Coronavirus pandemic (COVID-19)

Considering the requirements of CONSOB in the Warning Notices issued with regard to COVID-19 in the preparation of financial disclosures, it should be noted that the Group's consolidated operating and financial figures at 30 June 2022 were not materially impacted by the COVID-19 pandemic. The upward trend in sales already seen in 2021 and first quarter 2022 continued, thanks also to the gradual contribution of sales of Neodecortech's new product lines.

The Group continued to comply with national pandemic containment rules and the observance and adoption of safety protocols on the health of workers and third parties.

Specifically, the safety protocols were further updated following entry into force of the provisions set forth in Law Decree no. 172 of 26/11/2021 "Urgent measures for the containment of the COVID-19 epidemic and for the safe performance of economic and social activities", Law Decree no. 221 of 24 December 2021, Law Decree no. 229 of 30 December 2021 "Urgent measures for the containment of the spread of the COVID-19 epidemic and provisions on health surveillance" and Law Decree no. 1 of 7 January 2022, which required, from 15 February 2022, the obligation to check the super green pass for workers aged over 50. With Law Decree 24/2022 effective as from 25 March 2022, the Group adapted its safety protocols to the new provisions, as from 1 April 2022, no longer requiring the obligation to check the enhanced super green pass for workers over 50. Under the additional provisions of Law Decree 68/2022 of 16 June 2022, the Group's safety procedures and protocols were updated, strongly recommending the use of masks in the workplace, although this measure is no longer mandatory.

Effects of the COVID-19 pandemic on expected 2022 results, continuity and the recoverable value of assets

Despite the resurgence of the pandemic, with regard to the period from 1 January 2022 to 30 June 2022, the trend of revenue, margins and Net Financial Position relating to the first half of the year and the operating-financial forecasts for 2022 reflected in the 2021-2023 Business Plan and 2022 Budget, no critical issues and uncertainties over business continuity due to the COVID-19 pandemic have materialized; the pandemic itself continues not to be an indicator of impairment of the Group's tangible and intangible assets.

Impacts from the conflict in Ukraine

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

With regard to the Warning Notice issued by CONSOB on 19 May 2022 related to the potential effects of the conflict in Ukraine on the company's business, operating and financial position and future prospects, it should be noted that the outbreak of the Russian-Ukrainian conflict has certainly affected the continued price increases in the cost of electricity and gas and the price of raw materials used. That said however, during the 1° half of the year, this event did not bring any interruption of operations at the Group's three production plants. At the beginning of the third quarter of this year too, there were no reductions and/or unavailability of raw materials or curtailment of energy sources. With regard in particular to Cartiere di Guarcino, the Group's most energy-intensive company, it continued to operate for the entire six-month period according to the scheduled annual production plan that calls for maintenance-related stoppages during the year, and is still fully operational. All this thanks to the supply of electricity by the subsidiary Bio Energia Guarcino, which operates an internal network with respect to Cartiera. Bio Energia di Guarcino benefits also from increases in the price of energy, despite the high costs of the biomass burned (sustainable bioliquids originating from the national supply chain).

That said with regard to the cost of energy, as a result of the Russian-Ukrainian conflict, there were other direct or indirect impacts on the Group's financial and operating results in first half 2022, described below.

Specifically, the direct impacts in terms of lower sales were moderate, as the Group has no major sales in Russia, Ukraine or Belarus (accounting in 2021 for less than 5% of total sales); these sales, however, were replaced by growth in other markets. On the purchasing front, direct impacts were felt on the prices of one of the strategic raw materials used, titanium dioxide, since Ukraine is traditionally one of its producers. The conflict has, in fact, caused a spike in the prices of this raw material, largely offset by the increases in sales prices charged to customers.

Additionally, the conflict is clearly having a major direct impact on the prices of energy carriers: electricity and gas. Some of these increases were also transferred to the sales lists.

The indirect impacts, instead, are reflected in the lower propensity of users to consume furniture and flooring. The consumption propensity witnessed in first half 2022 was in line with the trend seen in second half 2020 and throughout 2021, while starting from the second half of June, in line with the general deterioration of the macroeconomic market sentiment (see the Italian and European sources of economic growth estimates, such as CSC, Bank of Italy, ECB, Government), incoming orders have started to slow down from the high levels of the last two years.

At the time of writing this Report, the scale of this trend is approximately -10% year-on-year.

Notwithstanding the above considerations, the directors believe that the Group's operating-financial forecasts for the remainder of 2022 are still sound and reasonably allow the results and margins reflected in the 2022 Budget to be confirmed.

The international economic environment

The international scenario continues to be dominated by high levels of uncertainty arising from the conflict between Russia and Ukraine, strong inflationary pressures, fueled by high energy product prices due to the risk of future unavailability of energy and gas at the European and Italian level, and the change in the monetary policy stance both in Europe and, even earlier, in the United States. In Italy, the seasonally-adjusted index of industrial production in May interrupted the recovery phase, which had marked the first months of 2022, while still remaining at levels above those of the prior year. Deteriorating household confidence was compounded by more cautious consumption behaviour, while the job market showed the first signs of deterioration. In June, inflation accelerated even more and rose to 8%. The difference with the Euro area average, while remaining negative, has narrowed. Growth prospects for the coming months appear to be impacted by the continued conflict, the inflationary phase, the deterioration of the trade balance, and the fall in household confidence (source: ISTAT note 11 July 2022 on May-June 2022 trend).

In order to counter further excess overheating of inflation (9% in July), the US Federal Reserve has raised interest rates by a total of 150 basis points in three consecutive sessions since March for the first time since December 2018. This rise in interest rates has continued to support the US dollar's exchange rate, which reached parity with the Euro in July, reaching its highest level in twenty years.

For the same reasons, the ECB also began to apply interest rate hikes (+50 points) starting from 21 July 2022.

Conversely, raw material prices have witnessed a general and at times steep decline since end June, as was the case in 2008. The combined effect of all these events generates uncertainty and risks of a possible global recession.

In Italy's case, inflation has continued to accelerate. According again to ISTAT, the consumer price index (NIC) marked an 8% trend increase, bringing the acquired inflation for 2022 to 6.4%. As from May instead, the industrial production index interrupted the upward trend that had marked the opening months of the year, falling by -1.1%, although the wood, paper and furniture industry still saw a 3% increase in May 2022 versus the prior year.

The resilience of our target market stems from the upward trend in the demand for furniture and flooring, generated as a result of the pandemic and the renewed pivotal role of the home environment throughout Europe (90% outlet market for the Group) over the past two years, which has continued to drive the market segments of furnishing surfaces.

Relevant segment and comments on operations

In addition to the above considerations on the international economic scenario, in first half 2022 the chain of decorative surfaces related to the furniture and furnishing market, both in terms of furniture and flooring, also witnessed the continued growth trend seen since mid-2020 and throughout 2021, albeit at a slower pace. Until mid-June, the entire production chain in which Neodecortech and Cartiere di Guarcino operate worked at full capacity, with an order backlog that was still higher than normal, but without the hoped-for concurrent retracement of raw material prices, due also to the outbreak of the Russian-Ukrainian conflict, a reduction that began to be seen only from June 2022 and only for a number of strategic raw materials (resins, animal by-products).

In the first half of the year, the ongoing increase in the prices of all of the Group's strategic materials (resins, decorative paper, plastics, titanium dioxide and pulp, and animal by-products) forced Neodecortech and Cartiere di Guarcino to continue the policy of transferring the increases on sales prices to end customers throughout the six months and in July too. This transfer, however, has become increasingly difficult over the months, due to the gradual deterioration of the market sentiment as early as April. This transfer has taken place with a longer and more difficult time lag, and has resulted in a decline in margins versus the prior year, which was more noticeable in the first quarter and then partly recovered in the second quarter, thanks to the initial retracement of prices of a number of raw materials, such as resins. The prices of strategic raw materials are expected to continue to decrease in second half 2022 for Neodecortech and Bio Energia, in line with the 2022 Budget, due to the completion of price transfers on customers. Temporary increases are feared, instead, for pulp and titanium dioxide due to the energy crisis as a result of the Russian-Ukrainian conflict. With regard also to the increases in energy carrier costs, first half 2022 saw a strong impact on the two operating companies, partly offset both by tax credits for energy and gas-intensive companies, obtained by both Neodecortech and Cartiere di Guarcino, and by the partial transfer on prices charged to end customers.

This situation, in addition to the decline in margins versus first half 2021, led to a temporary increase in financial debt versus 31 December 2021, due to the greater resort to short-term lines, used mainly to procure strategic raw materials in advance (such as titanium dioxide for Cartiera and animal by-products for Bio Energia Guarcino), to the lower incentives received by Bio Energia, and to a greater cash use recorded in Neodecortech, owing to the delayed transfer of cost increases incurred on the raw materials front to end customers.

With specific regard to the subsidiary Bio Energia Guarcino, in first half 2022, the unit value of the incentives dropped sharply from 109.36 €/MWh in 2021 to 42.85 €/MWh in 2022, as a result of a reference price of electricity in 2021 of 125.06 €/MWh. The price of fuel - sustainable supply chain bioliquids - after a slight drop in January and February, saw a further increase in March, with price lists rising by approximately 18% versus December 2021 and prices exceeding 1,500 €/tonne, attributable to the high prices of vegetable oils, and then witnessed the first retracements in late June. Conversely, energy prices remained consistently high, above 200 €/MWh in an extremely volatile relevant context, especially following the outbreak of the Russian-Ukrainian conflict, with prices well above 300 €/MWh.

Against this backdrop, Bio Energia Guarcino operated the three motor-generators in a modular way, in an effort to follow the trend of the energy and bioliquids market, with the constant intent of guaranteeing the supply of electricity to Cartiere di Guarcino at cost-effective conditions. While Bio Energia Guarcino saw a decline in margins in first half 2022 versus the prior year, it continued to operate throughout the period, enabling Cartiere di Guarcino to curb the impact of increased electricity costs on the period under review; in first half 2022, the Group resorted to increased use of short-term financial lines to enable Bio Energia Guarcino to procure and stockpile fuel for the coming months.

Lastly, as for the event that marked the period under review, mention should be made that the payable arising from the loan taken out by NDT (formerly Confalonieri Fratelli di Mario S.p.A.), on its own behalf and on behalf of Andreotti Fotoincisioni S.p.A. (formerly a Confalonieri Group company) on 20 February 1997 with the Ministry of Industry, Trade and Crafts (the "MICA", now MISE), amounting to approximately 5.7 billion lire (€ 2,943 thousand) in principal (the "MICA Loan"), for which the last repayment instalment was due on 20 February 2012, was definitively time-barred on 20

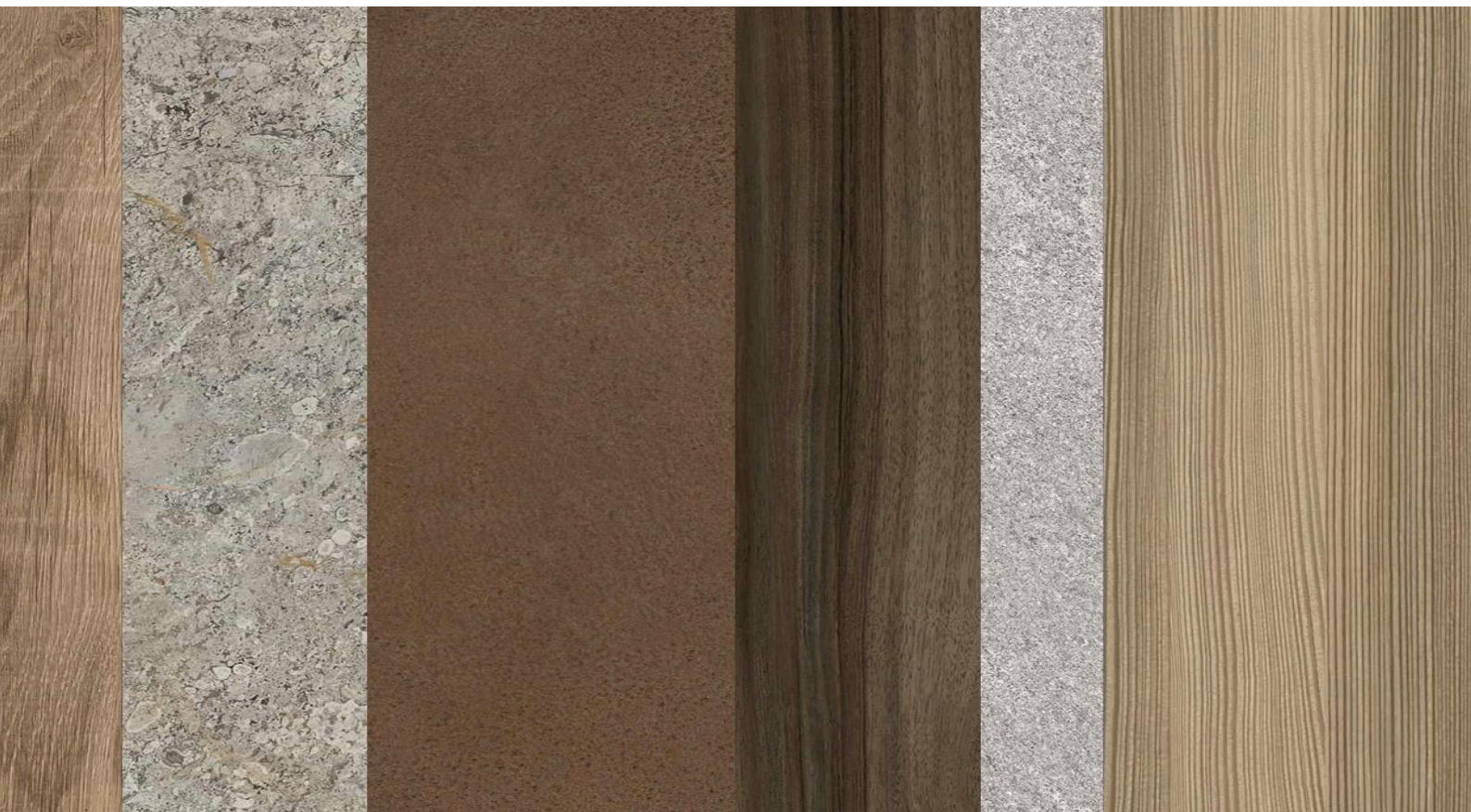
February 2022. The receivable due from Andreotti Fotoincisioni S.p.A., to which the Company had transferred part of the MICA Loan due to it, was equally time-barred.

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

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

Therefore, as from 20 February 2022, both the MICA payable of € 5,082 thousand (including principal and accrued interest) and the receivable from Andreotti Fotoincisioni S.p.A. of € 1,312 thousand (including principal and accrued interest) have been written off from the financial statements of the Parent Company, generating an extraordinary positive impact on the results in the Group's consolidated financial statements of first half 2022 of € 2,865 thousand (net of the tax effect), and on the reduction of the Parent Company and Group financial debt by € 5,082 thousand.

Key balance sheet, financial and income figures



Consolidated results of the Neodecortech Group

(Euro thousands)	30 JUNE 2022	%	30 JUNE 2021	%	Chg.	% change
Revenue from sales and services	99.229	100,0%	82.434	100,0%	16.795	20,4%
Changes in work in progress, semi-finished and finished products	6.358	6,4%	(486)	(0,6%)	6.844	(1408,2%)
Other revenue	3.451	3,5%	903	1,1%	2.548	282,2%
Value of Production	109.039	109,9%	82.852	100,5%	26.187	31,6%
Raw and ancillary materials and consum.	(70.618)	(71,2%)	(49.561)	(60,1%)	(21057)	42,5%
Other operating expense	(16.503)	(16,6%)	(12.235)	(14,8%)	(4.268)	34,9%
Value Added	21.918	22,1%	21.056	25,5%	862	4,1%
Personnel expense	(11039)	(11,1%)	(11229)	(13,6%)	190	(1,7%)
EBITDA	10.879	11,0%	9.826	11,9%	1.053	10,7%
Amortization and depreciation	(4.704)	(4,7%)	(4.322)	(5,2%)	(382)	8,8%
Allocations	(55)	(0,1%)	(192)	(0,2%)	137	(71,4%)
EBIT	6.120	6,2%	5.313	6,4%	807	15,2%
Financial expense	(2.054)	(2,1%)	(682)	(0,8%)	(1.372)	201,2%
Financial income	5.422	5,5%	112	0,1%	5.310	4741,1%
Profit/(loss) before tax	4.488	9,6%	4.743	5,8%	4.745	100,0%
Income tax	(1.364)	(1,4%)	(1.623)	(2,0%)	259	(16,0%)
Profit/(loss) for the period	8.124	8,2%	3.120	3,8%	5.004	160,4%

Revenue from sales and services for the six months ended 30 June 2022 increased by € 16,795 thousand (+20.4%) versus first half 2021, attributable mainly to the effect of the transfer of raw material price increases for traditional base paper, impregnated paper, and printed paper products, and to the increase in sales volumes of Unicolour base paper and Printing Bases and sales of printed PVC, laminates, and the new EOS product.

For the Energy Division too, the increase versus the prior six months is related mainly to the increase in the price of energy (PUN).

The increase in the change in finished goods of € 6,844 thousand is attributable mainly to the increase in the unit value of selling prices.

Other revenue at 30 June 2022 amounted to € 3,451 thousand (€ 903 thousand at 30 June 2021), increasing by € 2,548 thousand, due primarily to the recognition and certification at 30 June 2022 of tax credits for the first two quarters for energy and gas-intensive companies to both Neodecortech and the subsidiary Cartiere di Guarcino, introduced by Article 15 of Law Decree no. 4/2022 and Law Decree no. 17/2022, confirmed and extended in Law Decree no. 50/2022, converted into Law no. 91/2022 of 15 July 2022, amounting to € 2,292 thousand.

The increase in *consumption of raw and ancillary materials* (+42.5%), more than proportional to the increase in sales (+20.4%), is related mainly to the effect of increased prices of strategic raw materials, not fully transferred to end customers; additionally, increases in the price of animal fat, not offset by the increase in energy prices, as well as lower incentives versus 2021 for Bio Energia Guarcino, as more fully explained at the beginning of this Report, also affected this trend.

Other operating expense rose (+34.9% or € 4,268 thousand) versus first half of 2021, due mainly to the increase in the costs of energy and gas and other utilities (+129.6% or up by approximately € 3,200 thousand) and transportation (+59% or up by approximately € 1,242 thousand). Other costs, instead, were in line or decreased.

Personnel expense of € 11,039 thousand was basically in line with the figure at 30 June 2021 of € 11,229 thousand.

EBITDA stood at 11.0% of net sales (€ 10,879 thousand) versus first half 2021, down slightly by 0.9% versus 30 June 2021 (€ 9,826 thousand), but up by € 1,053 thousand in absolute terms. The reasons are as stated in the paragraphs above.

The change in *amortization and depreciation* is in line with the six months of the prior year. Expenditure made by the Group amounted to € 4,187 thousand versus € 4,751 thousand at 30 June 2021.

Provisions refers to an allocation of € 55 thousand to the provision for doubtful accounts, specifically related to a non-performing position with a customer.

EBIT increased by € 807 thousand versus 30 June 2021, but in line with the first half of last year.

With regard to *financial items*, the net increase of € 3,938 thousand versus 30 June 2021 is due exclusively to a positive non-recurring item of a financial nature, related to the write-off on 20 February 2022 of both the MICA payable of € 5,082 thousand (including principal and accrued interest) and the receivable from Andreotti Fotoincisioni S.p.A. of € 1,312 thousand (including principal and accrued interest) from the Parent Company's financial statements, as they had been finally time-barred on that date. The resulting impact (also net of tax, given the fiscal relevance of the items written off) amounts to a total of € 2,865 thousand. Group financial expense continued to decline, thanks to the ongoing optimization of lines and improvement of conditions applied by banks.

Net tax for the period amounted to € 1,364 thousand, with the Group's theoretical tax rate at approximately 14%, continuing to benefit from the effects of tax consolidation with Finanziaria Valentini.

Net Profit amounted to € 8,124 thousand or 8.2% of revenue (€ 3,120 thousand at 30 June 2021 or 3.8% of revenue), as it includes the effect of the non-recurring positive financial item mentioned above. For a comparison of operating trends net of this non-recurring item, reference is made to the comments in the introduction to this Report.

Adjusted net profit, net of the non-recurring financial item at 30 June 2022, amounted to € 5,259 thousand (5.3% of revenue), up sharply versus the net profit of € 2,176 thousand (+68.6%) at 30 June 2021.

Reclassified consolidated statement of financial position

<i>(Euro thousands)</i>	30 JUNE 2022	31 DECEMBER 2021	Chg.	% change
Trade receivables	29.181	26.632	2.549	9,6%
Inventory	46.388	40.603	5.785	14,2%
Trade payables	(34.858)	(39.833)	4.975	(12,5%)
Operating NWC	40.712	27.402	13.310	48,6%
Other current receivables	1.735	1.084	651	60,1%
Receivable from Tax Consolidation	826	1.129	(303)	(26,8%)
Tax receivables	2.775	2.299	476	20,7%
Other current payables	(5.274)	(4.673)	(601)	12,9%
Tax payables	(831)	(773)	(58)	7,5%
Payables from tax consolidation	(1.788)	(816)	(972)	119,1%
Net Working Capital	38.153	25.652	12.501	48,7%
Property, plant and equipment	78.479	78.561	(82)	(0,1%)
Intangible fixed assets	1.158	1.551	(393)	(25,3%)
Non-current financial assets	579	1.757	(1.178)	(67,0%)
Other non-current assets	19	19	-	0,0%
Fixed assets	80.235	81.888	(1.653)	(2,0%)
Post-employment benefits	(2.237)	(2.587)	350	(13,5%)
Provisions for risks and charges	(714)	(977)	263	(26,9%)
Deferred tax assets and liabilities	(4.347)	(4.166)	(181)	4,3%
Net Capital Employed	111.090	99.811	11.279	11,3%
Equity	76.826	70.465	6.361	9,0%
Cash funds	(3.478)	(13.491)	10.013	(74,2%)
Other current financial receivables	-	-	-	0,0%
Current financial liabilities	22.786	19.616	3.170	16,2%
Non-current financial liabilities	14.956	23.220	(8.264)	(35,6%)
Net Financial Debt	34.264	29.345	4.919	16,8%
Equity and Net Financial Debt	111.090	99.811	11.279	11,3%

Consolidated net working capital at 30 June 2022 amounted to € 38,153 thousand, while at 31 December 2021 it amounted to € 25,652 thousand. The main effects contributing to this increase of € 12,501 thousand are (i) the increase in inventory of € 5,785 thousand, related mainly to the increase in prices of purchased raw materials versus first half 2021, and partly to the need to procure strategic raw materials to cover production in the following months, (ii) the increase in trade receivables of € 2,549 thousand, related to the increase in sales, and (iii) the decrease in trade payables of € 4,975 thousand, related mainly to the reduced operating levels of BEG versus the first six months of the prior year.

The change in *property, plant and equipment* is explained by the new capital expenditure made as per budget, in line with the first six months of the prior year. Capital expenditure in property, plant and equipment refers mostly to (i) new machinery and the upgrading of existing machinery in the parent company Neodecortech; (ii) actions to increase the efficiency of paper machines and to optimize plants in Cartiere di Guarcino; and (iii) maintenance expenditure in Bio Energia Guarcino.

The change in *other non-current financial assets* not included in financial debt, amounting to € 1,178 thousand, refers to the write-off of the abovementioned receivable from Andreotti Fotoincisioni S.p.A.

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 € 2,000 thousand on 18 May 2022.

Consolidated net financial debt at 30 June 2022 versus 31 December 2021 and 30 June 2021 is shown below:

(Euro thousands)	30 JUNE 2022	31 DECEMBER 2021	Chg.	30 JUNE 2021	Chg.
A. Cash funds	(3,478)	(13,491)	10,013	(5,426)	1,948
B. Cash and cash equivalents	0	0	0	0	0
C. Other current financial assets	(4)	0	(4)	(68)	64
D. Cash (A) + (B) + (C)	(3,483)	(13,491)	10,008	(5,494)	2,011
E. Current financial debt	16,737	13,608	3,129	14,481	2,256
F. Current portion of non-current debt	6,054	6,008	46	5,846	208
G. Current financial debt (E)+(F)	22,791	19,616	3,175	20,327	2,464
H. Net current financial debt (G)-(D)	19,308	6,125	13,183	14,833	4,475
I. Non-current financial debt	14,956	23,220	(8,264)	26,177	(11,221)
J. Debt instruments	0	0	0	0	0
K. Trade payables and other non-current payables	0	0	0	0	0
L. Non-current financial debt (I)+(J)+(K)	14,956	23,220	(8,264)	26,177	(11,221)
M. Total financial debt (H)+(L)	34,264	29,345	4,919	41,009	(6,745)

Consolidated net financial debt at 30 June 2022 amounted to € 34,247 thousand (€ 29,345 thousand at 31 December 2021). The increase of € 4,919 thousand is attributable mainly to the net effect of:

- The decrease in financial payables from the abovementioned write-off of the payable to MICA for € 5,082 thousand;
- The greater resort to short-term lines: (i) in order to support the use in working capital and advance procurement of strategic raw materials for Cartiere di Guarcino (titanium dioxide); (ii) to support the working capital and advance procurement needs of animal by-products in order to ensure the operation of the power plant also in the second half of the year for Bio Energia Guarcino;
- A higher temporary cash use by Neodecortech relating to raw material price increases and the delayed transfer of these increases to end customers, and dividend payments of € 2,000 thousand, respectively.

Conversely, the figure at 30 June 2022 decreases from the figure recorded at 30 June 2021 (€ 41,009 thousand), although the difference of € 6,762 thousand should be adjusted for the write-off of the MICA payable of € 5,082 thousand, thus the decrease amounts to € 1,680 thousand.

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 2022 and 30 June 2021 in the major income statement indicators and the change between 30 June 2022 and 31 December 2021 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 2022	%	30 JUNE 2021	%	Chg.	% change
Printed Decorative Paper Division						
Revenue from sales and services	42.917	100,0%	37.582	100,0%	5.335	14,2%
EBITDA	4.313	10,0%	5.357	14,3%	(1.044)	(19,5%)
EBIT	2.561	6,0%	3.534	9,4%	(973)	(27,5%)
Profit (loss) for the period	8.124	18,9%	3.120	8,3%	5.004	160,4%
Decorative Paper Division						
Revenue from sales and services	52.185	100,0%	38.785	100,0%	13.400	34,5%
EBITDA	4.998	9,6%	3.121	8,0%	1.877	60,1%
EBIT	3.485	6,7%	1.664	4,3%	1.821	109,4%
Profit (loss) for the period	2.711	5,2%	672	1,7%	2.039	303,4%
Energy Division						
Revenue from sales and services	20.081	100,0%	16.358	100,0%	3.723	22,8%
EBITDA	1.596	7,9%	1.331	8,1%	265	19,9%
EBIT	216	1,1%	212	1,3%	4	1,9%
Profit (loss) for the period	(83)	(0,4%)	(130)	(0,8%)	47	(36,2%)

Statement of financial position

<i>(Euro thousands)</i>	30 JUNE 2022	31 DECEMBER 2021	Chg.	% change
Printed Decorative Paper Division				
Operating NWC	12.324	8.036	4.288	53,4%
Net Working Capital	9.460	4.393	5.067	115,3%
Equity	(76.826)	(70.465)	(6.361)	9,0%
Net Financial Debt	(6.787)	(7.458)	671	(9,0%)
Decorative Paper Division				
Operating NWC	20.892	18.494	2.398	13,0%
Net Working Capital	19.251	16.646	2.605	15,7%
Equity	(36.257)	(33.414)	(2.843)	8,5%
Net Financial Debt	(26.586)	(26.262)	(324)	1,2%
Energy Division				
Operating NWC	7.621	979	6.642	678,6%
Net Working Capital	9.567	4.720	4.847	102,7%
Equity	(10.424)	(10.504)	80	(0,8%)
Net Financial Debt	(10.138)	(6.212)	(3.926)	63,2%

Decorative Paper Division - Neodecortech

The change in sales amounts to +14.2% versus the prior six months, increasing by € 5,335 thousand, attributable mainly to price increases from the transfer of raw material cost increases on printed and impregnated paper product lines. Conversely, the EOS, PPLF and Laminates product lines increased their volumes.

The increase in other revenue is attributable mainly to tax credits to energy and gas-intensive companies for the first six months amounting to € 495 thousand, which partly offset the increase in energy and gas costs for the period, equal to approximately € 1,400 thousand.

This positive trend in revenue was accompanied by the continued increase in the price of raw materials, papers, resins and plastics in particular throughout the first half of the year. The Company continued to transfer these increases to end customers, however, with a longer time delay and greater difficulty witnessed in the final months of the half-year period. As a result, raw material consumption had a greater impact on revenue than in first half 2021 (67.8% vs. 59.5%).

EBITDA stood at 10% of net sales (versus 14.3% at 30 June 2021), down by € 1,044 thousand versus first half 2021, affected mainly by the mentioned effects on raw materials and by the increase in the cost of energy and gas, while other operating and personnel expense remained in line or decreased.

Net profit amounted to € 8,124 thousand, making for 18.9% of revenue (€ 3,120 thousand at 30 June 2021, or 8.3%), and includes a positive non-recurring item of a financial nature, related to the write-off on 20 February 2022 of both the MICA payable of € 5,082 thousand (including principal and accrued interest) and the receivable from Andreotti Fotoincisioni S.p.A. of € 1,312 thousand (including principal and accrued interest) from the Parent Company's financial statements, as they had been finally time-barred on that date. The resulting impact (net of the tax effect) totals € 2,865 thousand.

Adjusted net profit, net of this non-recurring item, at 30 June 2022 amounted to € 5,259 thousand (12.3% of revenue), up versus the net profit of € 2,139 thousand (+68.6%) at 30 June 2021.

The increase in NWC versus 31 December 2021, amounting to € 5,067 thousand, is attributable mainly to the combined effect of the increase in trade receivables of € 2,536 thousand (+24.7%), related to the increase in sales, the increase in inventory of € 2,658 thousand (+32.2%), related to the increases in raw material prices in stock, while trade payables increased due mainly to the positions opened with the subsidiary Cartiere di Guarcino for the purchase of decorative paper.

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 € 2,000 thousand on 18 May 2022.

The decrease in net financial debt versus 31 December 2021 of € 687 thousand is attributable mainly to the net effect of the decrease of € 5,082 thousand from the write-off of the MICA payable, the planned reduction of non-current financial liabilities for loan repayments of € 1,074 thousand, and the higher cash use of € 4,939 thousand related to: raw material price increases and their delayed transfer to end customers, expenditure for the period, the loan to support the working capital of the subsidiary Bio Energia for € 2,000 thousand, and the payment of dividends for € 2,000 thousand. There was no resort to short-term borrowing.

Paper Division - Cartiere di Guarcino

In first half 2022, the pulp market saw an increase in prices from December 2021 of 210 USD (+18%) for short fibre and 190 USD (+15%) for long fibre. Looking at FOEX index readings, the changes over the first half of the year are slightly smaller as they are affected by the lag by FOEX to adjust list prices (traded prices).

The price of titanium dioxide on the European market in the first six months increased by an average of approximately € 350 (+11%) versus fourth quarter 2021.

Cartiere di Guarino reported basically the same trend in revenue as Neodecortech. Revenue increased by 34.5% or € 13,400 thousand versus first half 2021, relating mainly to Unicolour papers (+50%) and Papers for Printing Bases (+19%).

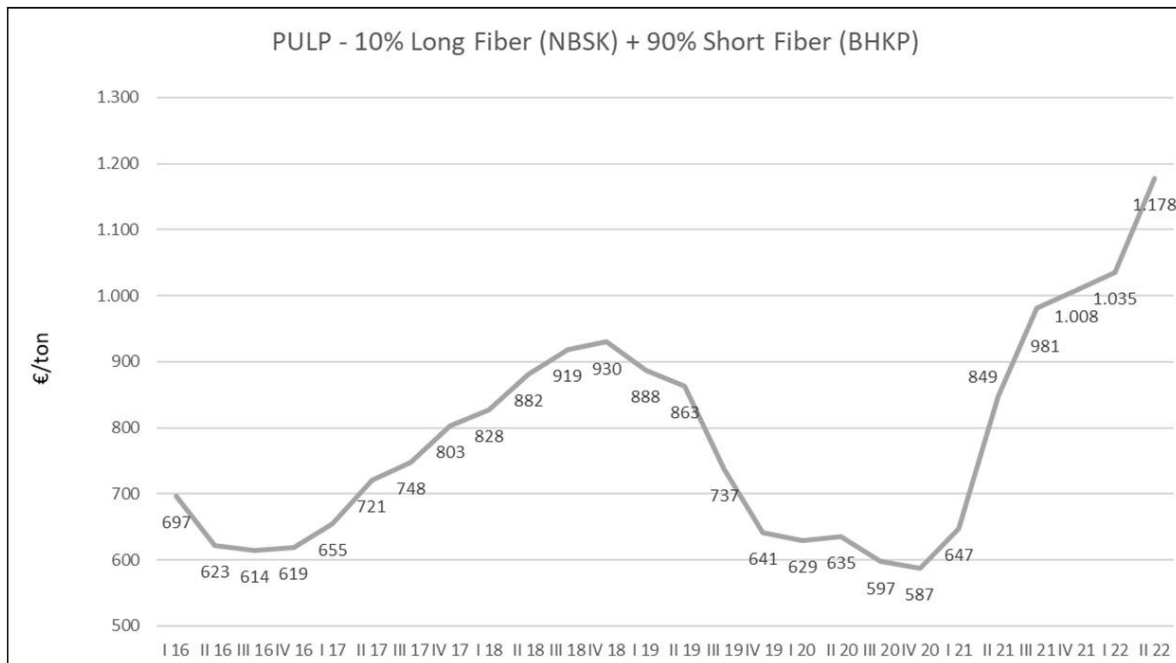
The increase in other revenue is attributable to tax credits to energy and gas-intensive companies for the first six months amounting to € 2,229 thousand, which partly offset the increase in energy and gas costs for the period, equal to approximately € 6,500 thousand.

This positive trend in revenue was accompanied by the continued increase in the price of raw materials, particularly pulp and titanium dioxide throughout the first half of the year. The Company continued to transfer these increases to end customers, again with a longer time delay and greater difficulty witnessed in the final months of the half-year period. As a result, raw material consumption had a greater impact on revenue than in first half 2021 (66.2% vs. 59.4%).

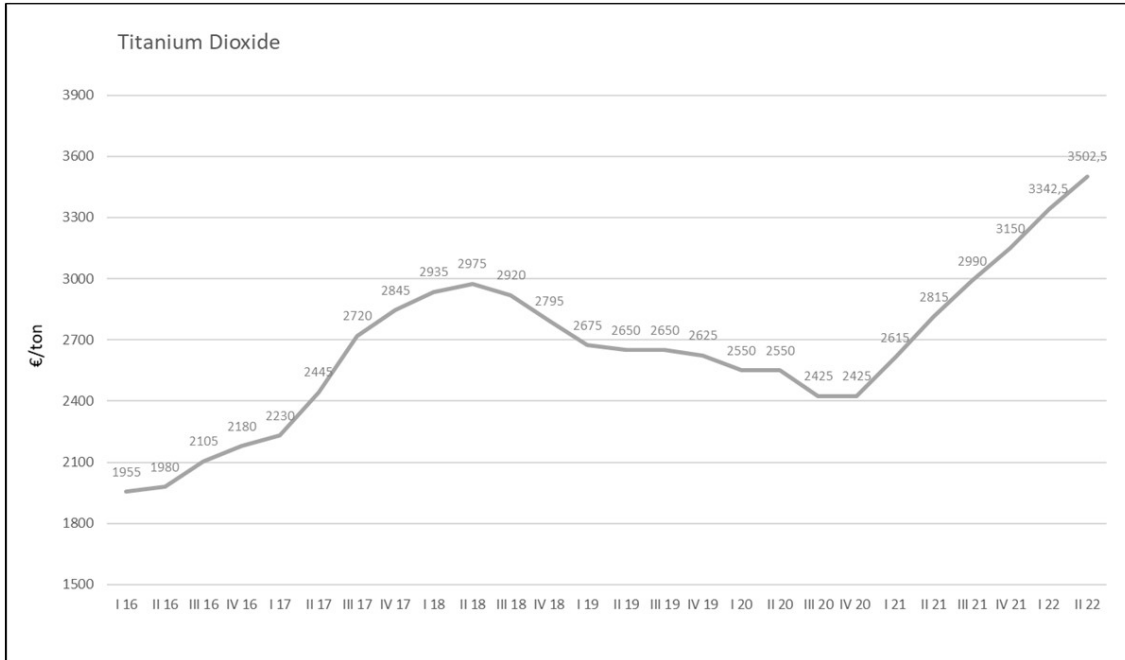
EBITDA stood at 9.6% of net sales (versus 8% at 30 June 2021), up by € 1,877 thousand versus first half 2021. The increase is attributable partly to the abovementioned effects on raw materials, and partly to the increase of € 7,887 thousand in the cost of transportation (+103.5%), energy and gas (274.3%), partly offset by the above tax credits, while other operating and personnel expense remained in line or decreased.

Net profit amounted to € 2,711 thousand, accounting for 5.2% of revenue versus € 672 thousand at 30 June 2021, or 1.7%.

Below are the gross price trends of the combination of Short Fibre pulp and Long Fibre pulp (FOEX readings) typical of printing base paper and Titanium Dioxide (Source ICS).



Source FOEX



Source ICS

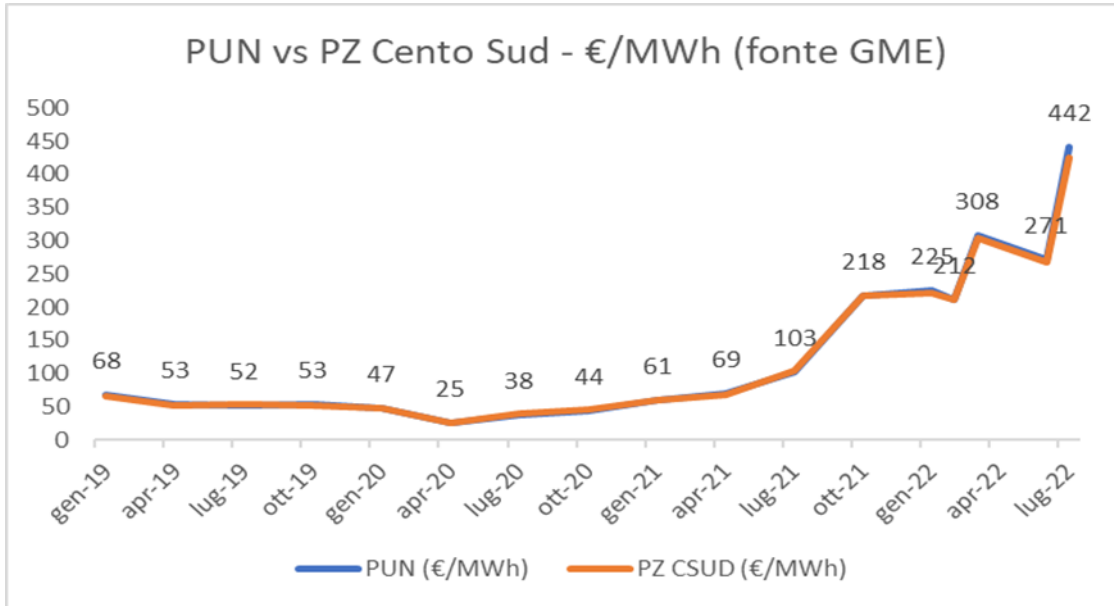
The increase in NWC versus 31 December 2021, amounting to € 2,605 thousand, is attributable mainly to the combined effect of the increase in trade receivables of € 3,224 thousand (+31.4%), related to the increase in sales, the increase in inventory of € 1,832 thousand (+6.8%), related mainly to higher prices and finished goods inventory, while trade payables increased by € 1,620 thousand (+8.8%), as a result of the increase in sales. Equity increased due to allocation of profit for the period.

Net financial debt increased versus the position at 31 December 2021 by € 324 thousand; the increase is related mainly to the net effect of the decrease in non-current financial liabilities for the scheduled loan repayments and the increase in short-term lines to support working capital and advances for strategic raw material purchases.

Bio Energia Guarcino Division

In 2022, the unit value of the incentives dropped sharply from 109.36 €/MWh in 2021 to 42.85 €/MWh in 2022, as a result of a reference price of electricity in 2021 of 125.06 €/MWh.

The energy market is concurrently going through a highly volatile period, with robust prices seen especially in the first part of the year in line with the latter part of 2021, and with peaks following the outbreak of the conflict in Ukraine. In the second quarter, energy prices have retraced to lower averages and have then recovered again since mid-June.

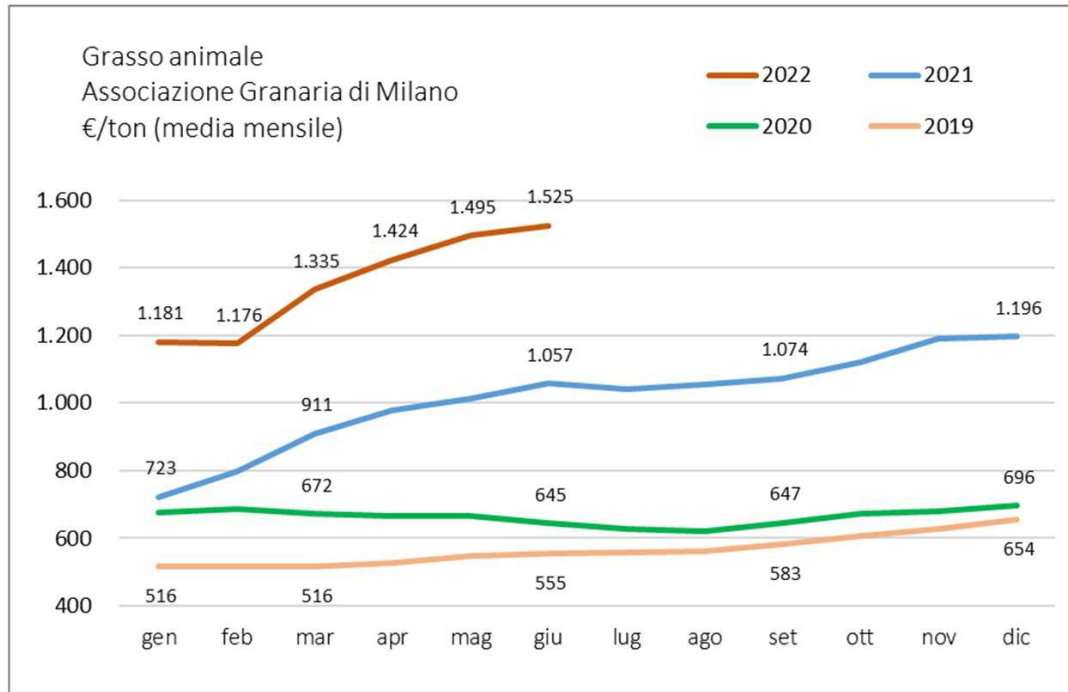


Against this backdrop, BEG operated the three motor-generators in a modular way, in an effort to follow the trend of the energy and bio-liquids market, with the main intent of guaranteeing the supply of electricity to CDG at cost-effective conditions.

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

The price of animal fat increased in first half 2022 by approximately 27% versus December 2021, reaching a peak in the first few sessions of June, and then retracing in the last two sessions of June when it lost approximately € 50 per tonne. The decline continued with greater strength in the first sessions of July, dragged down also by the weakness of vegetable oils, palm oil in particular, which saw a sudden drop in prices following the temporary export halt adopted by Indonesia, which caused stocks to rise rapidly given the peak harvest season. The decline was also impacted by fears over the deteriorating economic context.

The table below summarizes the prices for the first 6 months of 2022 of the livestock bulletin published by Associazione Granaria di Milano.



The increase in revenue of € 3,723 thousand (+22.8%) versus the six months of the prior year is attributable to the higher energy prices, offset however by the reduction in incentives.

EBITDA at 30 June 2022 was basically in line with 30 June 2021 (increase of € 265 thousand), as fuel prices increased more than proportionally than energy prices.

The loss of € 83 thousand shows a slight improvement of € 47 thousand versus 30 June 2021.

The increase in NWC at 31 December 2021, amounting to € 4,847 thousand, is attributable to the combined effect of (i) the decrease in trade receivables of € 3,210 thousand, related to the lower incentives to be received; (ii) the increase in inventory of € 1,324 thousand, related to the advance purchase of animal by-products and the increase in its price; [higher intercompany receivables of € 2,177 thousand from the collection of the sale of energy to the parent company] (iii) the decrease in trade payables of € 6,326 thousand, due to the lower operating levels versus the end of the prior year. The decrease in tax receivables of € 1,539 thousand is due to the early assignment of withholding tax credit on incentives to the parent company Neodecortech.

Equity decreased due to the loss for the period.

The increase in net financial debt of € 3,925 thousand versus 31 December 2021 is related mainly to the greater resort to short-term lines and higher cash use to support working capital, due to higher fuel prices combined with lower incentives, effects not offset by energy prices and the need for advance procurement of animal by-products to meet the plant's operation in the second half of the year as well.

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;
- **ADJUSTED NET PROFIT:** a measure used by Management to strip net profit of the effect of non-recurring cost and revenue components;
- **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 sum of current and non-current financial debt net of cash, determined in accordance with ESMA Guideline 32-382-1138 dated 4 March 2021 and CONSOB's "Warning Notice no. 5/21" dated 29 April 2021.

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

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

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

Financial risks are managed within the framework of specific directives of an organizational nature that govern their management and the oversight of all transactions that are strictly relevant to the composition of assets and liabilities of a financial and trade nature. Risks are also monitored by means of a structured system (ERM) for all Group companies, with specific reporting to the relevant Board of Directors and, in aggregate form, to the Board of Directors of the Parent Company.

Below is an analysis of risks and the resulting uncertainties.

Non-financial risks

Risks associated with the general economic situation

As the Group operates in a global competitive scenario, its financial position, results and cash flows are affected by the general conditions and performance of the world economy and, also during 2021, by the COVID-19 pandemic. Any negative economic cycle or political instability in one or more

relevant geographical markets may influence the Group's performance and strategies and affect its future prospects in both the short and medium/long term. In order to alleviate risk, the Group operates both nationally and internationally, in order to diversify the source of its sales. This is to avoid both the

concentration of sales from a single country and to adopt business strategies that allow it not to depend on customers located in high-risk countries. Specifically, in light of the Russian-Ukrainian conflict that broke out at end February, the Group can attest that it has not carried out any development activities or invested in these countries, and purchases and sales in both

Russia and Ukraine are negligible, as better explained above in the section "Impacts from the conflict in Ukraine". Despite that, the lingering effects of the conflict could affect the consumption propensity of furniture and flooring buyers and therefore indirectly impact on the Group's results.

Risks associated with the spread of COVID-19

Following the spread of COVID-19 during 2020 and throughout 2021 and 2022, Management kept a watchful eye on the developments of the pandemic, promptly adopting all the necessary measures for the prevention, control and containment of the virus at its plants, in order to protect the health of employees and associates, introducing changes to production layouts, the sanitization of premises, the provision of personal protective equipment, temperature measurement, and

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

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

Risks associated with the level of competitiveness and 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 and Energy Division) to the risk of an increase in prices of raw materials for production. In order to manage these risks, the Group constantly monitors the market prices of the raw materials it procures for its activities in order to promptly anticipate any significant price increases, always keeping at least two suppliers that are able to supply the same quantity and quality of raw materials.

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

significant increases in procurement costs to sales prices.

Risks associated with the ability to propose innovative products

The success of the Group's activities depends on its ability to maintain or increase its share in its markets of operation and/or to expand into new markets through innovative, high-quality products that ensure adequate levels of profitability. Specifically, should the Group be unable to develop and offer innovative and competitive products compared to those of its main competitors in terms of price and quality, the Group's market shares could shrink, impacting negatively on its business

prospects, results and/or financial situation. The Group invests constantly in technological innovation in order to mitigate this risk. Investments in recent years have been channeled mainly into the new lacquering line for EOS products, the expansion of an embossing line for plastic films, the purchase of a new lamination line and the purchase and engraving of cylinders, as well as maintenance work to maintain/upgrade existing process technologies.

Risks associated with the concentration of sales 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. Additionally, production on order is subject to possible

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

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

The Group is an industrial entity and, as such, is subject to laws and regulations governing the environment, health and safety in the workplace. Violations of the regulations applicable to these areas could result in restrictions on the Group's activities, the application of sanctions and/or claims for damages. In performing its activities, the Group is subject to strict environmental and health and worker protection legislation, applicable within the plants where production activities are carried out. In this regard, Neodecortech S.p.A. and its subsidiaries have obtained ISO 14001 environmental certification and ISO 45001 on health and safety in the workplace. As far as environmental protection is concerned, in accordance with applicable legislation, the Group has the burden of requesting and obtaining permits and authorizations to carry out its activities. Specifically, both the Parent Company and the subsidiary Cartiere di Guarcino S.p.A. have applied for the renewal of the Integrated Environmental Authorizations issued by the

Lombardy Region and the Province of Frosinone, respectively. Additionally, production activities imply a controlled use of hazardous chemical materials that require a special system for their management and disposal. With regard to health and safety in the workplace, the Group is required to comply with laws and regulations (for instance, Legislative Decree no. 81 of 2008) aimed at mapping and managing risks, also with a view to preventing accidents. To this end, the Group has adopted policies and procedures to comply with regulatory provisions; the presence of requirements regarding safety, health and hygiene in the workplace is secured thanks to the constant updating and implementation of the legally prescribed controls.

Moreover, in 2020 and 2021, given the spread of the Coronavirus pandemic, the Group companies have implemented the measures envisaged in the shared regulatory Protocol on the contrast and containment of COVID-19 in the workplace at all their production sites,

and have also adopted additional prevention and control measures to reduce the risks of infection. The Group regularly complies with applicable environmental and occupational health and safety regulations, and has no knowledge of any proceedings of any kind initiated against it by the competent authorities in these areas. Additionally, the Group has insurance policies taken out with leading insurance companies in line with market practice aimed at

transferring to third parties any costs deriving from adverse environmental or occupational health and safety events (e.g. possible violation of the above regulations and/or accidents in the workplace).

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

Risks associated with Management

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

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

ordinary expiry of their office or resignation, thus ensuring continuity and stability in the management of the Company and the Group. In this regard, succession management activities are planned in the coming months. Additionally, the Group has fitted itself with an effective organizational setup, which provides, for each department within the three divisions, a manager with adequate powers to exercise the role.

Cyber Security Risk

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

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

Climate Change Risk

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

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

Financial risks

Risks associated with financial requirements

Liquidity risk is normally defined as the risk that a company will be unable to meet its payment obligations due to the difficulty of raising funds (funding liquidity

risk) or liquidating assets on the market (asset liquidity risk).

The Group efficiently manages its financial resources through a loan agreement between the Parent

Company and its Subsidiaries in order to make surplus liquidity available, if necessary, to cover its requirements. Short-term bank credit lines are in line with commitments undertaken and planned, while medium-term loans guarantee adequate coverage for investments in fixed assets, keeping cash flows and the resulting liquidity generated in balance.

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

Credit risk

The current assets of Group companies, with the exception of inventory, are primarily trade receivables. The Group presents different credit risk concentrations in its different relevant markets. While the Group has longstanding relationships with its main clients, changes in these relationships or in the business strategies of some of these clients could have negative effects on the results and

financial position of the Group itself. The Group takes measures to carefully manage trade receivables in order to minimize collection time and credit risk, also adopting a policy of advance payments and guarantees, including the insurance of most receivables. To date, the Group has not encountered significant issues in the collection of trade receivables and does not expect to have a significant negative impact from this situation in the future.

Currency risk

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

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

Interest rate risk

The Group companies have in place - inter alia - financial liabilities (loans) at floating rates. In order to alleviate the negative effects of a possible increase in interest rates, a hedging derivative (IRS - Interest Rate Swaps) is in place, accounted for using the fair value hedge accounting method. Specifically, at 30

June 2022, the Parent Company had an IRS in place relating to the mortgage loan agreement with BPM, with a notional value of € 6,940 thousand and a positive fair value of € 134 thousand (a negative € 203 thousand at 31 December 2021).

Corporate Governance

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

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

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

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

The Shareholders' Meeting of 27 April 2022 of the Parent Company Neodecortech, 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.

At the same Meeting, the Board of Directors of Neodecortech was renewed, by increasing the number of members from seven to nine, including four directors meeting the independence requirements (one representing the list of minority shareholders) and four women directors, in compliance with the regulations on gender balance; the Shareholders' Meeting also set the gross annual fee to be paid to the Board of Directors at € 600,000 for their entire term; the Board will remain in office until the approval of the Financial Statements for the year ending 31 December 2024.

At its meeting of 28 April 2022, the Board of Directors defined the powers of the new Board and established its internal Committees.

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 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 2022 amounted to € 4,187 thousand, lower than the budgeted expenditure plan. Special mention must be made of the agreement signed for the acquisition of a new impregnating machine, which will be delivered and start operation in mid-2023, to support the expected volume growth of impregnated decorative paper for Neodecortech. Instead, the 500 kW photovoltaic system at the Casoli (TE) plant will be completed during the second half of the year.

With regard to subsidiaries, capital expenditure in tangible fixed assets at Cartiere di Guarcino regarded measures to increase the efficiency of paper machines and to optimize plants. For Bio Energia Guarcino, it regarded expenditure for the scheduled or extraordinary maintenance of the Power Plant

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

Research & Development

In first half 2022, with regard to the Parent Company, research and innovation activities continued, as well as the improvement of the processes of both historical and new production lines, such as the new family of EOS anti-fingerprint products, now available in both "laminated" and "thermoplastic" versions in PVC and recycled PET.

For Cartiere di Guarcino, the development of Velvet Paper and, again in terms of innovation, paper for food use, will continue in 2022. In order to support this latest project, on 10/12/2020, the Subsidiary submitted an aid application under the "Circular Economy" call pursuant to Ministerial Decree 05/08/2020 and DD 11/06/2020 20/06/2013, regarding the project on the "Study and development of an innovative paper for food use". On 07/02/2022, the MISE issued the Admission Decree, which provides for an allowable cost of up to € 2,000 thousand, a subsidized loan of € 1,000 thousand and a non-refundable grant of € 200 thousand.

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

Environment

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

This approach has also been gradually implemented by the subsidiaries Cartiere di Guarcino and Bio Energia Guarcino. Below is a list of the certifications obtained by each Group company. With regard to environmental targets and policies, in first half 2022 the Group continued with the implementation of the ESG 2021-2023 Plan adopted at the Board meeting in May and November 2021.

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

Neodecortech

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

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

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

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

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

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

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

SUSTAINABILITY REPORT
from 2016 to 2020

Cartiere di Guarcino

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

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

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

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

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

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

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

Bio Energia Guarcino

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

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

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

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

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

Safety and Health

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

ESG

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

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

Specifically, in 2021 the Group offset approximately 10,000 tonnes of CO₂ equivalent from the production sites of Filago and Casoli, equal to the residual emissions of these sites; in 2022, in addition to offsetting the abovementioned two Neodecortech plants, the Group is also scheduled to offset the residual emissions in Guarmino of Bio Energia Guarmino's plant.

On 7 December 2021, for the first year, CDP (Carbon Disclosure Project) awarded the Neodecortech Group a "B" score based on the 2020 data underlying the questionnaire to be filled, recognizing the Group Companies' commitment to combating climate change. With the "Climate change 2021" questionnaire, CDP has placed Neodecortech in the "Management band" with a "B" score. The score places Neodecortech in the European average and in the average of the Paper Products & Packaging industry, both with the same "B" score, but slightly better than the world average which has a "B-" score. For 2022 too, in July the Group completed the CDP questionnaire for rating update.

On 15 March 2022, the Board of Directors approved, for the first year on a voluntary basis, the 2021 Consolidated Non-Financial Statement, subject to limited assurance by Deloitte & Touche S.p.A., in accordance with the criteria set out in ISAE 3000 Revised, and explicit reference is made to it for details of all these topics (<https://www.neodecortech.it/en/sustainability/our-goals/non-financial-declaration-2021/>).

Human resources and organization

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

PERSONNEL IN SERVICE	Printed Decorative Paper Division	Printed Decorative Paper Division	Energy Division	30.06.2022	31 12 2021
				GROUP	GROUP
Executives	5	5	0	10	10
Managers/White collars	60	48	2	110	115
Blue collars	173	107	2	282	281
Total	238	160	4	402	406

The average number of employees in first half 2022 amounted to 404 units. Additionally, 5 resources from Cartiere di Guarcino work on secondment at the subsidiary Bio Energia Guarcino.

Atypical and/or unusual transactions during the year

In first half 2022, the Group did not carry out any significant transactions qualifying as non-recurring, atypical and/or unusual.

Significant events after 30 June 2022

On 26 July 2022, Neodecortech took out a new € 1,000 thousand short-term, 12-month, unsecured loan at an interest rate still in line with the rates in force before the general increase since April, to support expenditure and working capital for the next six months, which show the first signs of declining demand.

On 2 August 2022, Bio Energia Guarcino took out a new € 1,500 thousand short-term, 17-month, unsecured loan at an interest rate still in line with the rates in force before the general increase since April, to replace the resort to less advantageous short-term lines and support working capital in the coming months.

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

It should be noted that Neodecortech, 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 Neodecortech held no. 98,933 treasury shares at 30 June 2022 for a value of € 394,121.

The Shareholders' Meeting held on 13 April 2021 approved the additional 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.

In July and August 2022, Neodecortech continued with the purchase of additional treasury shares based on and within the limits of the above resolution.

At 30 June 2022 and during the six-month period, the Company did not hold and did not purchase shares in the parent company Finanziaria Valentini S.p.A.

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.

The Shareholders' Meeting held on 27 April 2022 of the Parent Company Neodecortech approved the Financial Statements at 31 December 2021, allocating profit for the year of € 6,688,151.71 as follows:

- € 334,408.00 to the legal reserve;
- € 2,642,882.46 to the non-distributable revaluation reserve for investments recorded pursuant to Legislative Decree no. 38/05 Article 6, paragraph 1;
- € 1,710,861.25 to the extraordinary reserve;
- the remainder of the profit as a dividend on the no. 14,218,021 outstanding ordinary shares for a total of € 2,000,000.00.

On 18 May 2022, Neodecortech paid out dividends of € 2,000 thousand (gross of the portion related to treasury shares held at the time of distribution).

Business and market outlook

The second half of the year began with an initial decline in the order backlog for operating companies in July and August, a result of the macroeconomic environment, in particular of the conflict in Ukraine, and the rising cost of electricity and gas, which are causing the first signs of shrinking demand in the furnishing segment.

This context is, however, offset by a number of elements indicated below for Neodecortech and Cartiere di Guarcino and the forecast of full operation of the Power Plant, owing to extremely high energy prices.

Prices for a number of strategic raw materials (pulp and titanium dioxide) continue to rise, while others are starting to retrace (resins and by-products of animal origin, palm oil), which will help margins to partly recover in the second half of the year.

The production plants at Neodecortech and Cartiere di Guarcino operated at full capacity throughout the six months and are expected to be fully operational during the final months of the year, dedicating the necessary attention to both order trends and the risks of rationing and availability of electricity and gas.

Despite the changed macroeconomic sentiment and the abovementioned related critical issues, leveraging on the fact of being an integrated supply chain and having within its scope a power plant producing electricity from renewable sources, which guarantees full availability of electricity and partial availability of thermal energy to the paper mill, and taking account of the good performance reported in the 1st half of the year, the Group believes that it can close 2022 basically in line with the results of the 2022 Budget.

The Group continues to pursue its policy of sustainability, by implementing a number of ongoing projects, especially in the area of emission reduction, as well as in the social sphere, and its policy of curbing financial costs (despite the period of increasing rates), optimizing short and medium-long term debt lines and containing its net financial position.

Decorative Paper Division - Neodecortech

With regard to raw materials, as far as resins are concerned, the downward price trend continued in the first months of the second half of the year, which will help margins to partly recover thanks to the completion of price transfers to end customers. Conversely, the order backlog has decreased since June, caused by the first signs of shrinking demand in the furnishing segment. Virtually all product lines have been affected by the same trend: those that have felt the first brunt of the market slowdown (laminates and impregnated) and those that are affected with a minimum delay (printing

on paper, PPF i.e., printing on pvc). The only exception is EOS whose weight, however, is still negligible (approximately 7%).

Against this backdrop, the order book is expected to stabilize to a certain extent in the immediate term at a level more in line with the time series of the years before both 2020 and 2021, when the demand in the former year was lower, due to the initial effects of the pandemic, and the latter, due to the powerful rebound after the COVID-19 related lockdowns.

However, the introduction of new products within the family of plastics as well as their rollout on the North American market give some grounds to be optimistic.

The budgeted investment plan and the actions to curb financial costs will continue, despite the increase in rates in recent months.

Paper Division - Cartiere di Guarcino

The order book at the paper mill continues to be buoyant to date; however, forecasts on the future scenario should be taken with caution, given the possible declines in sales, the extent of which cannot be predicted at this time.

A mitigation of the decline in sales can be reasonably expected, the result of three basic elements that contributed to the growth in the first half of the year:

- (i) The agreements signed at end 2021 with numerous Class A customers, which have guaranteed the quotas for 2022.
- (ii) Product diversification with the production of backers for the North American market, which recorded a strong demand as early as Q4 2021. Likewise, semi-decorative Kraft papers have been approved for HPL manufacturers, which will bring strong amounts of order in the 2° half of 2022.
- (iii) Territorial diversification has brought significant growth versus the budget in the North American and South American markets, areas that reported buoyant trends in demand for decorative paper in last quarter 2021 and the first months of 2022.

With regard to the increase in raw material costs (pulp and titanium dioxide), new increases have already been announced for July for pulp (+30 USD on Short Fibre and +35 USD on Long Fibre), which will seemingly continue throughout third quarter 2022.

The price of titanium dioxide, which increased in first half 2022 by an average of approximately € 350 (+11%) versus fourth quarter 2021, is expected to rise further in third quarter 2022, in the face of announcements by major players.

The development of Velvet Paper and, again in terms of innovation, paper for food use, continues in 2022.

Energy Division - Bio Energia Guarcino

With regard to Bio Energia Guarcino, in second half 2022, energy prices are expected to rise further, given the levels already above 400€/MWh in the first months of the third quarter. The final part of the first six months of 2022 saw a drop in the cost of both vegetable oils and animal fats. This decrease is expected to continue in the coming months. Given the new context, and thanks to short hedges on the energy market and to long hedges on bioliquids for the second part of the year, the Power Plant is scheduled to operate at full capacity with the three engines. All this pending the Implementing Decrees for the new incentive system, which will hopefully be approved by the end of the year.

Mention should be made that the Legislative Decree - published in the State Gazette on 30.11.2021 - which implemented Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009 (the so-called RED II Directive), should ensure the BEG plant to operate independently of the volatility of the raw materials - sustainable bioliquids - and energy markets.

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

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

With regard to the above, on 14 March 2022, the Board of Directors of Bio Energia Guarcino approved an impairment test, prepared by an independent third party consultant pursuant to IAS 36 (also approved by the Board of Directors of Cartiere di Guarcino S.p.A, again on 14 March 2022, and by the Board of Directors of Neodecortech on 16 March 2022), regarding the recoverability of the carrying amount of the tangible fixed assets of the subsidiary Bio Energia Guarcino and the carrying amount of the investment held by Cartiere di Guarcino (in turn wholly-owned by Neodecortech) in Bio Energia Guarcino. The conclusions of the impairment test, which was supported by analyses carried out by the appointed consultant and based on projections inferred from the 2022-2030 business plan prepared by the Management of the subsidiary Bio Energia Guarcino and approved by the Board of Directors on 14 March 2022, showed that the recoverable value was higher than both the carrying amount of the tangible fixed assets of Bio Energia Guarcino and the carrying amount of the investment held by the subsidiary Bio Energia Guarcino in Cartiere di Guarcino.

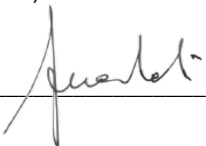
The results of the impairment test are still valid at today's date, as the sensitivity analysis prepared entailed two assumptions: a +/- 1% change in the WACC rate applied and a +/-5% weighting of the scenarios relating to entry into force of the incentive system. Despite these substantial changes, the performance of the impairment test, including the above sensitivity analyses envisaged the presence of minor impairment losses, exclusively in the event that the incentives come into effect in 2024. Additionally, based on the business outlook, as mentioned above, thanks to the forecast high energy prices, the expected retracement of fuel prices, and the sale and short and long hedges secured until the end of the year, the Power Plant will operate at full capacity with much better margins than the 2022 Budget forecasts (part of the business plan approved to support the impairment test), which had also envisaged a possible closure of the Power Plant in the second half. In light of the above, at 30 June 2022 too, the carrying amount of the net invested capital referred to the subsidiary Bio Energia Guarcino recorded in the Group's consolidated financial statements can be deemed to be balanced.

Filago (BG), 06 September 2022

For the Board of Directors

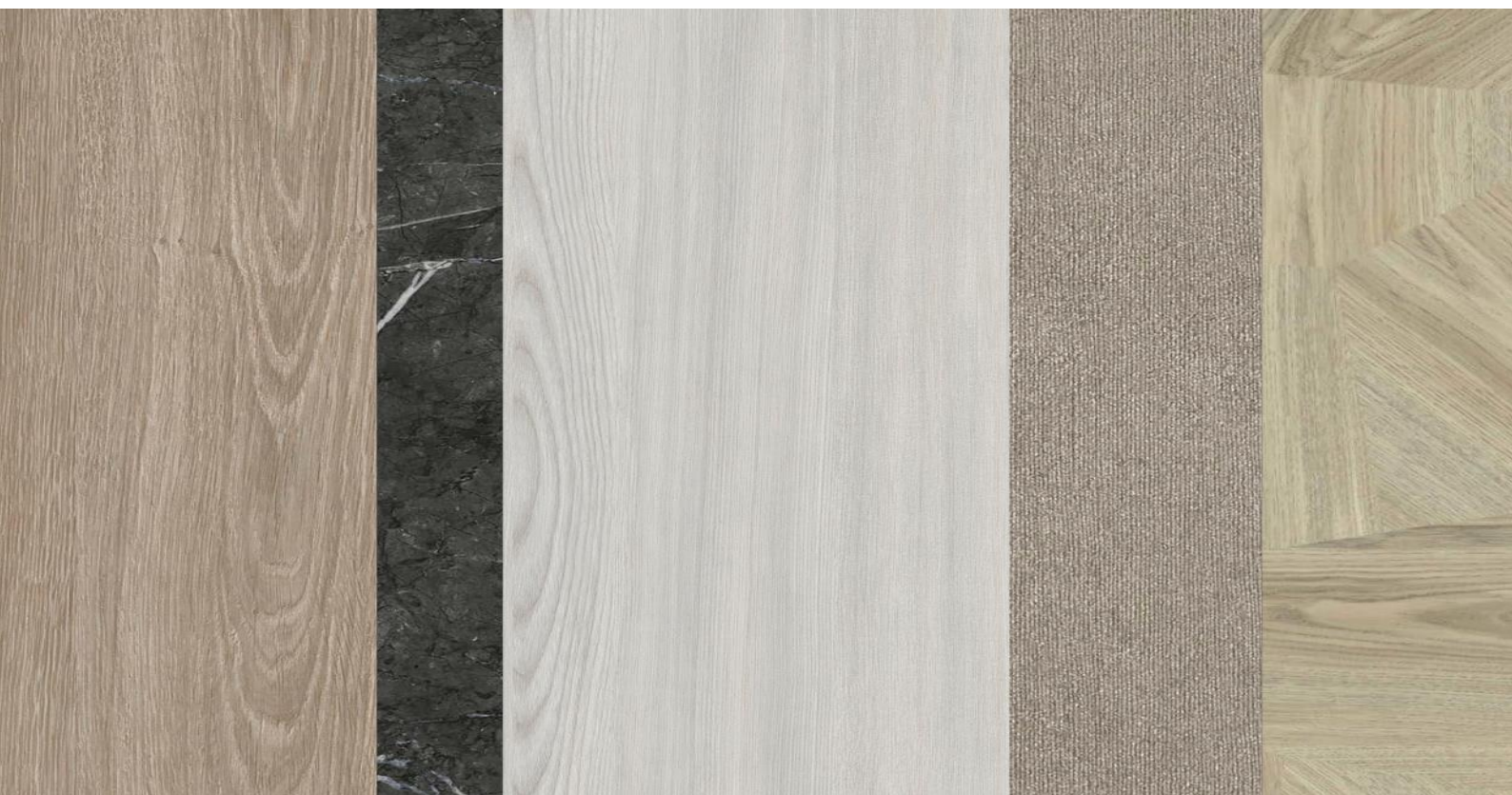
The Chairman

(Luca Peli)



**NEO
DECOR
TECH**

**Condensed consolidated half-year financial
statements at 30 June 2022**



Consolidated income statement at 30 June 2022

(Euro thousands)	Notes	30 JUNE 2022	%	30 JUNE 2021	%	Chg.	% change
Revenue from sales and services	1	99.229	100,0%	82.434	100,0%	16.795	20,4%
Changes in work in progress, semi-finished and finished products	2	6.358	6,4%	(486)	(0,6%)	6.844	(1408,2%)
Other revenue	3	3.451	3,5%	903	1,1%	2.548	282,2%
Raw and ancillary materials and consum.	4	(70.618)	(71,2%)	(49.561)	(60,1%)	(21.057)	42,5%
Other operating expense	5	(16.503)	(16,6%)	(12.235)	(14,8%)	(4.268)	34,9%
Personnel expense	6	(11.039)	(11,1%)	(11.229)	(13,6%)	190	(1,7%)
Amortization and depreciation	7	(4.704)	(4,7%)	(4.322)	(5,2%)	(382)	8,8%
Allocations	8	(55)	(0,1%)	(192)	(0,2%)	137	(71,4%)
EBIT		6.120	4,3%	5.313	5,4%	807	15,2%
Financial expense	9	(2.054)	(2,1%)	(682)	(0,8%)	(1.372)	201,2%
Financial income	10	5.422	5,5%	112	0,1%	5.310	4741,1%
Pre-tax profit/(loss)		9.488	9,6%	4.743	5,8%	4.745	100,0%
Income tax	11	(1.364)	(1,4%)	(1.623)	(2,0%)	259	(16,0%)
Profit/(loss) for the period		8.124	8,2%	3.120	3,8%	5.004	160,4%

Consolidated statement of comprehensive income at 30 June 2022

(Euro thousands)	30 JUNE 2022	30 JUNE 2021
Profit/(loss) for the period	8.124	3.120
Other items of the comprehensive income statement		
Actuarial gains (losses) net of tax effect	214	74
Total items that will not be reclassified in the income statement for the period	214	74
Gains/(losses) on cash flow hedging instruments	256	72
Total items that will or may be reclassified in the income statement for the period	256	72
Total other items of the comprehensive income statement	470	146
Comprehensive income (loss) for the period	8.594	3.266
Profit for the period attributed to:		
Shareholders of the Parent	8.594	3.266
Non-controlling interests		
Earnings per share (in Euro):		
Basic	0,57	0,23
Diluted	0,57	0,23

Consolidated statement of financial position at 30 June 2022

Assets	Notes	30 JUNE 2022	%	31 DECEMBER 2021	%	Chg.	% change
<i>(Euro thousands)</i>							
Intangible assets	12	1.158	0,7%	1.551	0,9%	(393)	(25,3%)
Property, plant and equipment	13	78.479	47,1%	78.561	46,5%	(82)	(0,1%)
Other non-current assets	14	227	0,1%	19	0,0%	208	104,7%
Non-current financial receivables	15	445	0,3%	1.757	1,0%	(1.312)	(74,7%)
Deferred tax assets	16	1.880	1,1%	1.985	1,2%	(105)	(5,3%)
Non-current assets		82.190	49,4%	83.873	49,6%	(1.683)	(2,0%)
Inventory	17	46.388	27,9%	40.603	24,0%	5.785	14,2%
Trade receivables	18	29.131	17,5%	26.632	15,7%	2.549	9,6%
Receivables from tax consolidation	19	826	0,5%	1.129	0,7%	(303)	(26,8%)
Tax receivables	20	2.700	1,6%	2.299	1,4%	401	17,4%
Current financial receivables	15	0	0,0%	0	0,0%	0	0,0%
Other current receivables	21	1.735	1,0%	1.084	0,6%	651	60,1%
Cash funds	22	3.478	2,1%	13.491	8,0%	(10.013)	(74,2%)
Current assets		84.309	50,6%	85.238	50,4%	(929)	(1,1%)
Total assets		166.499	100,0%	169.111	100,0%	(2.612)	(1,5%)
Equity and liabilities							
<i>(Euro thousands)</i>							
Share capital		18.804	11,3%	18.804	11,1%	0	0,0%
Share premium reserve		18.864	11,3%	18.864	11,2%	0	0,0%
Other reserves		24.833	14,9%	17.348	10,3%	7.485	43,1%
Prior years' profit (loss)		6.201	3,7%	8.761	5,2%	(2.560)	(29,2%)
Profit (loss) for the period		8.124	4,9%	6.688	4,0%	1.436	21,5%
Equity	30	76.826	46,1%	70.465	41,7%	6.361	9,0%
Provisions for risks and charges	23	714	0,4%	977	0,6%	(263)	(26,9%)
Deferred tax	16	6.227	3,7%	6.150	3,6%	77	1,3%
Post-employment benefits	24	2.237	1,3%	2.587	1,5%	(350)	(13,5%)
Non-current financial liabilities	25	14.956	9,0%	23.220	13,7%	(8.264)	(35,6%)
Non-current liabilities		24.134	14,5%	32.934	19,5%	(8.800)	(26,7%)
Trade payables	26	34.857	20,9%	39.832	23,6%	(4.975)	(12,5%)
Payables from tax consolidation	27	1.788	1,1%	816	0,5%	972	119,1%
Tax payables	28	831	0,5%	773	0,5%	58	7,5%
Current financial liabilities	25	22.787	13,7%	19.616	11,6%	3.171	16,2%
Other current payables	29	5.275	3,2%	4.674	2,8%	601	12,9%
Current liabilities		65.538	39,4%	65.711	38,9%	(173)	(0,3%)
Total equity and liabilities		166.499	100,0%	169.111	100,0%	(2.612)	(1,5%)

Consolidated statement of changes in equity at 30 June 2022

CONSOLIDATED FIGURES EURO THOUSANDS	NOTES	ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT								
		SHARE CAPITAL	HEDGING AND TRANSLATION RESERVES	EQUITY RESERVES	OTHER RESERVES	TREASURY SHARES	PROFIT (LOSS) FOR THE PERIOD	EQUITY	EQUITY NON- CONTROL LING INTEREST S	TOTAL EQUITY
Balance at 01/01/2021	28	17.399	(296)	17.357	24.083	(421)	3.536	61.658	0	61.658
Other items of the comprehensive income statement	0		146	0	(16)	0	0	130	0	130
Profit for the period	0	0	0	0	0	0	6.688	6.688	0	6.688
Total comprehensive income/loss for the period		0	146	0	(16)	0	6.688	6.818	0	6.818
Dividend distribution	0	0	0	0	(1.206)	0	0	(1.206)	0	(1.206)
Allocation of prior year's profit (loss)	0				3.536	0	(3.536)	0	0	0
Other changes		1.405	(4)	1.507	6	281		3.195	0	3.195
Balance at 31/12/2021	28	18.804	(154)	18.864	26.403	(140)	6.688	70.465	0	70.465
Balance at 01/01/2022	28	18.804	(155)	18.864	26.404	(140)	6.688	70.465	0	70.465
Other items of the comprehensive income statement	0		256	0	214	0	0	470	0	470
Profit for the period	0	0	0	0	0	0	8.124	8.124	0	8.124
Total comprehensive income/loss for the period		0	256	0	214	0	8.124	8.594	0	8.594
Dividend distribution	0	0	0	0	(1.978)	0	0	(1.978)	0	(1.978)
Allocation of prior year's profit (loss)	0	0	0	0	6.688	0	(6.688)	0	0	0
Other changes	0	0	0	0	0	(254)	0	(254)	0	(254)
Balance at 30/06/2022	28	18.804	101	18.864	31.328	(394)	8.124	76.827	0	76.826

Consolidated statement of cash flows at 30 June 2022

<i>(Euro thousands)</i>	30 JUNE 2022	30 JUNE 2021
Profit (loss) for the period	8.124	3.120
Income tax	1.330	1.580
Deferred/(prepaid) tax	34	43
Interest expense/(interest income)	(3.203)	781
(Dividends received)	0	0
(Gains)/losses from disposal of assets	(8)	(200)
1 Profit (loss) for the period before income tax, interest, dividends and gains/losses from disposals	6.275	5.324
Adjustments for non-monetary items that had no balancing entry in net working capital:		
Allocation to post-employment benefits	79	19
Allocations to other provisions	162	337
Amortization and depreciation of fixed assets	4.704	4.322
Write-downs for impairment losses	0	0
Other adjustments for non-monetary items	(1.243)	(341)
2 Cash flow before changes in NWC	9.978	9.661
Changes in net working capital		
Decrease/(increase) in receivables from customers	(2.521)	(5.454)
Decrease/(increase) in inventory	(5.928)	1.695
Increase/(decrease) in payables to suppliers	(4.975)	1.204
Decrease/(increase) in other receivables	(712)	(1.840)
Increase/(decrease) in other payables	1.731	1.428
Other changes in net working capital	0	0
3 Cash flow after changes in NWC	(2.426)	6.695
Other adjustments		
Interest received/(paid)	(471)	(287)
(Income tax paid)	(227)	(1.177)
(Gains)/losses from disposal of assets	0	0
Dividends received	0	0
(Utilization of provisions)	(285)	(351)
(Utilization of provisions for post-employment benefits)	(88)	(91)
4 Cash flow after other adjustments	(3.496)	4.789

A Cash flow from operations	(3.496)	4.789
<i>Property, plant and equipment</i>	(4.104)	(4.539)
(Purchase)	(4.104)	(4.578)
Disposals	0	39
<i>Intangible fixed assets</i>	(89)	(173)
(Purchase)	(89)	(173)
Disposals	0	0
<i>Financial fixed assets</i>	0	(140)
(Purchase)	0	(216)
Disposals	0	76
<i>Current financial assets</i>	0	0
(Purchase)	0	0
disposal	0	0
<i>Proceeds from disposal of assets</i>	8	200
B Cash flow from investing activities	(4.184)	(4.651)
Liabilities	(99)	(1.041)
Increase (decrease) in short-term bank payables	3.120	1.785
New loans	0	0
Repayment of loan	(2.188)	(2.359)
Financial liabilities to other lenders	(1.030)	(499)
Change in financial receivables from other lenders	0	31
Equity	(2.233)	31
Share capital increase	0	0
Sale (purchase) of treasury shares	(254)	0
Other changes in equity	(1.978)	(1.206)
C Cash flow from financing activities	(2.332)	(2.247)
Increase (decrease) in cash funds (A ± B ± C)	(10.013)	(2.110)
Cash funds at 1 January 2022	13.491	7.536
Cash funds at 30 June 2022	3.478	5.426

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Explanatory Notes to the Group's Consolidated Financial Statements



Entity preparing the consolidated financial statements

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

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 condensed consolidated half-year financial statements was approved by the Directors on 06 September 2022.

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 2021, as adopted by the European Union, as well as with the provisions issued in implementation of Article 9 of Legislative Decree no. 38/2005, 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 consistent, to companies that prepare their financial statements in accordance with IAS-IFRS. Therefore, the financial statements implement the relevant provisions of the articles of the Italian Civil Code and the corresponding provisions of the TUF for listed companies concerning the Directors' Report on Operations, the Independent Auditors' Report and the publication of the financial statements. The consolidated financial statements and the notes thereto also include the details and additional information required by the articles of the Italian Civil Code concerning financial statements, insofar as they do not conflict with the provisions of IAS-IFRS, as well as the other CONSOB regulations and instructions concerning financial statements.

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

Preparation criteria and functional currency

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 2022.

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 2022 and applicable from 1 January 2023

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

- Amendments to IFRS 3 Business Combinations: the purpose of these amendments is to update the reference in IFRS 3 to the Conceptual Framework in its revised version, without this entailing any changes to the provisions of IFRS 3.
- Amendments to IAS 16 Property, Plant and Equipment: the purpose of these amendments is not to allow deduction from the cost of property, plant and equipment of the amount received from the sale of goods produced during the testing phase of the asset itself. The sales revenue and related costs will be therefore recognized in the income statement.
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: the amendment clarifies that all costs directly attributable to the contract must be considered when estimating whether a contract is onerous. As a result, the assessment of whether a contract is onerous includes not only incremental costs (such as the cost of direct material used in the work), but also any costs that the company cannot avoid because it has entered into the contract (such as the share of the cost of personnel and depreciation of machinery used to perform the contract).
- Annual Improvements 2018-2020: Amendments were made to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture, and Illustrative Examples of IFRS 16 Leases.

All the amendments came into effect on 1 January 2022.

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

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

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

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

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

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

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

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

Consolidation methods

The consolidated financial statements were prepared on the basis of the financial statements at 30 June 2022 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.

CONSOLIDATED FIGURES IN EURO THOUSANDS	EQUITY 30 JUNE 2022	PROFIT (LOSS) FOR THE PERIOD 30 JUNE 2022	EQUITY 31 DECEMBER 2021	PROFIT (LOSS) FOR THE PERIOD 31 DECEMBER 2021
Equity and profit for the period attributable to the parent company	76.826	8.124	70.465	6.688
Elimination of the carrying amount of consolidated investments:				
Difference between carrying amount and pro-rata amount of equity	-		-	
Currency translation difference	-		-	
Pro-rata results of investees		2.627		2.559
Cancellation of write-downs/write-backs of investments		(2.526)		(2.420)
Amortization of fair value of fixed assets (allocation of BEG goodwill)		(81)		(162)
Elimination of the effects of transactions between consolidated companies:				
Intercompany profits included in the value of closing inventory	-	(20)	-	23
Intercompany profits on disposal of fixed assets	-	-	-	-
Equity and profit for the period attributable to the shareholders of the parent	76.826	8.124	70.465	6.688
Non-controlling interests	-	-	-	-
Total equity	76.826	8.124	70.465	6.688

Subjective evaluations and use of estimates

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

To provide a better understanding of the Condensed Consolidated Half-Year Financial Statements, the following are the most significant estimates adopted 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 and the conflict in Ukraine. Changes in the conditions underlying the judgments and assumptions made could have a material impact on subsequent results.

- *Measurement of receivables:* receivables from clients are adjusted by the related allowance for doubtful accounts to take account of their recoverable value. The determination of the amount of the write-downs requires the directors to perform subjective evaluations based on past experience for similar receivables or current and historical past dues, closing rates, losses and collections, and to carefully monitor credit quality, especially in the current context;

- *Measurement of inventory:* obsolescent inventory is periodically measured and written down if the net realizable value is lower than the carrying amount. Write-downs are calculated on the basis of Management's assumptions and estimates, based on their experience and sales forecasts;
- *Measurement of deferred tax assets:* deferred tax assets - whose recovery in future years is considered highly probable - are measured on the basis of the expected taxable income in future years. The measurement of such expected taxable income depends on factors that may vary over time and have significant effects on the measurement of deferred tax assets;
- *Income tax:* the calculation of the Group's tax liability requires Management to measure transactions whose tax implications are not certain at the balance sheet date;
- *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;
- *Measurement of intangible and tangible assets with finite useful life:* tangible and intangible assets with finite useful life are depreciated/amortized over the estimated useful life of the related assets. The useful life of the assets is determined by the Directors at the time the asset is acquired; it is based on historical experience for similar fixed assets, market conditions and anticipations of future events that could have an impact on the useful life. Therefore, the actual useful life may differ from the estimated useful life. The Group regularly assesses technological and industry changes to update the remaining useful life. This regular update could lead to a change in the amortization/depreciation period and therefore also in the amortization/depreciation charge for future years;
- *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;
- *impairment of assets:* in addition to the internal and external impairment indicators generally monitored, based on the information available at 30 June 2022, Management assessed the effects of the COVID-19 pandemic and of the conflict in Ukraine and the related indirect impacts in terms of inflation and decline in demand on the recoverable value of assets. Based on the results of the first half of the year, the year-end forecasts and the assumptions regarding the aforementioned impacts for the years after 2022, Management does not consider these events to represent an impairment indicator for the Group, and therefore did not deem it necessary to carry out an impairment test on the value of the recorded assets; additionally, the Company's Management had already identified at 31 December 2021 the presence of impairment indicators regarding the recoverability of the carrying amount of tangible fixed assets referring to the subsidiary Bio Energia Guarcino S.r.l., and the consequent carrying amount of the investment in BEG in the financial statements of the subsidiary, CDG (in turn wholly owned by Neodecortech), and therefore carried out an impairment test pursuant to IAS 36, assisted by an independent third-party consultant. The results of the impairment test are still valid to date, as the sensitivity analyses used implied the presence of negligible impairment losses, only in the case of the incentives coming into effect in 2024; additionally, as indicated in the Directors' Report on Operations, the Power Plant is

expected to operate at full capacity in the next six months. Thus, at 30 June 2022 too, the carrying amount of the net invested capital referred to the subsidiary BEG recorded in the Group's consolidated financial statements can be deemed to be balanced;

- 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 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 2021.

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 2022 and, below, at 30 June 2021:

30 June 2022

(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	42.917	100,0%	52.185	100,0%	20.081	100,0%	115.183	15.954	99.229	100,0%
Changes in work in progress, semi-finished and finished products	1.931	4,5%	4.428	8,5%	0	0,0%	6.359	1	6.358	6,4%
Other revenue	1.104	2,6%	2.439	4,7%	43	0,2%	3.586	135	3.451	3,5%
Value of Production	45.952	107,1%	59.052	113,2%	20.124	100,2%	125.128	16.089	109.039	109,9%
Raw and ancillary materials and consumables	(29.091)	(67,8%)	(34.561)	(66,2%)	(16.518)	(82,3%)	(80.170)	(9.552)	(70.618)	(71,2%)
Other operating expense	(6.560)	(15,3%)	(14.515)	(27,8%)	(1.794)	(8,9%)	(22.869)	(6.366)	(16.503)	(16,6%)
Value Added	10.301	24,0%	9.976	19,1%	1.812	9,0%	22.089	171	21.918	22,1%
Personnel expense	(5.988)	(14,0%)	(4.977)	(9,5%)	(215)	(1,1%)	(11.180)	(141)	(11.039)	(11,1%)
EBITDA	4.313	10,0%	4.999	9,6%	1.597	8,0%	10.909	30	10.879	11,0%
Amortization and depreciation	(1.697)	(4,0%)	(1.513)	(2,9%)	(1.380)	(6,9%)	(4.590)	114	(4.704)	(4,7%)
Allocations	(55)	(0,1%)	0	0,0%	0	0,0%	(55)	0	(55)	(0,1%)
EBIT	2.561	6,0%	3.486	6,7%	217	1,1%	6.264	144	6.120	6,2%
Financial expense	(1.454)	(3,4%)	(673)	(1,3%)	(221)	(1,1%)	(2.348)	(294)	(2.054)	(2,1%)
Financial income	7.938	18,5%	304	0,6%	0	0,0%	8.242	2.820	5.422	5,5%
Profit/(loss) before tax	9.045	21,1%	3.117	6,0%	(4)	(0,0%)	12.158	2.670	9.488	9,6%
Income tax	(921)	(2,1%)	(405)	(0,8%)	(78)	(0,4%)	(1.404)	(40)	(1.364)	(1,4%)
Profit/(loss) for the period	8.124	18,9%	2.711	5,2%	(83)	(0,4%)	10.752	2.628	8.124	8,2%

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%

At 30 June 2022, the table below shows revenue broken down by type of business.

(Euro thousands)	Printed Decorative Paper	Decorative Paper Division	Energy Division	Aggregate
Revenue from the sale of goods	35.723	51.445		87.168
Revenue from services	7.195	739		7.934
Revenue from the sale of electricity and steam			15.923	15.923
Revenue from incentives			4.158	4.158
Total by segment	42.918	52.184	20.081	115.183

The table below shows segment balance sheet and financial position figures at 30 June 2022 and, below, that at 31 December 2021:

30 June 2022

(Euro thousands)	Printed Decorative Paper Division	Decorative Paper Division	Energy Division	Aggregate	Eliminations and consolidation entries	Consolidated
Intangible assets	595	560	2	1.157	1	1.158
Property, plant and equipment	30.928	36.650	10.107	77.685	794	78.479
Equity investments	36.167	10.990	0	47.157	(47.157)	0
Other non-current assets	9.462	457	0	9.919	(9.247)	672
Deferred tax assets	420	68	1.358	1.846	34	1.880
Non-current assets	77.572	48.725	11.467	137.764	(55.574)	82.190
Inventory	10.890	28.750	6.874	46.514	(126)	46.388
Trade receivables	12.784	14.737	5.387	32.908	(3.727)	29.181
Receivables from tax consolidation	0	0	826	826	0	826
Tax receivables	1.707	716	277	2.700	0	2.700
Current financial receivables	2.560	0	0	2.560	(2.560)	0
Other receivables	545	313	877	1.735	0	1.735
Cash funds	1.213	1.701	564	3.478	0	3.478
Current assets	29.699	46.217	14.805	90.721	(6.412)	84.309
Assets	107.272	94.942	26.272	228.486	(61.987)	166.499
Equity	76.826	36.257	10.425	123.508	(46.682)	76.826
Provisions for risks and charges	144	550	20	714	0	714
Deferred tax	2.387	3.181	431	5.999	228	6.227
Post-employment benefits	813	1.404	21	2.238	(1)	2.237
Non-current financial liabilities	8.384	13.208	2.610	24.202	(9.246)	14.956
Non-current liabilities	11.728	18.343	3.082	33.153	(9.019)	24.134
Trade payables	11.348	22.595	4.641	38.584	(3.727)	34.857
Payables from tax consolidation	1.216	572	0	1.788	0	1.788
Tax payables	175	651	5	831	0	831
Current financial liabilities	2.176	15.079	8.092	25.347	(2.560)	22.787
Other current payables	3.801	1.446	28	5.275	0	5.275
Current liabilities	18.716	40.343	12.766	71.825	(6.286)	65.539
Equity and liabilities	107.272	94.942	26.272	228.486	(61.987)	166.499

31 December 2021

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

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:

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 2022	29.181	26.749	2.432	1.773	71	(42)	(117)	747
31 DECEMBER 2021	26.632	23.696	2.936	2.116	181	11	0	628

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.

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

Changes in the provision for doubtful accounts at 30 June 2022 are shown below:

(Euro thousands)	Provision for doubtful accounts				
	31 DECEMBER 2021	Alloc.	Utilization	Release	30 JUNE 2022
Changes in Provision for Doubtful Accounts	419	(55)	0	0	474
Total provision for doubtful accounts	419	(55)	0	0	474

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 2022, the subsidiary Cartiere di Guarcino S.p.A. had forward purchases in US dollars for a notional value of € 1,428 thousand, with a positive fair value of € 114 thousand (zero at 31 December 2021).

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 2022, total medium/long-term loans (including the finance lease of Bio Energia Guarcino S.r.l.) amounted to € 20,993 thousand, of which approximately 67% are at floating rate not hedged by derivative contracts.

To mitigate the above risk, the Parent Company entered into an Interest Rate Swap contract relating to the outstanding mortgage loan with BPM, with a notional value of € 6,940 thousand and a positive fair value of € 134 thousand at 30 June 2022 (negative € 203 thousand at 31 December 2021).

Fair value hierarchy and classes of financial instruments

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

- Level 1: the data used in the measurements are represented by quoted prices on markets where assets and liabilities identical to those being measured are traded;
- Level 2: the data used in the measurements, other than the quoted prices referred to in Level 1, are observable for the financial asset or liability, either directly (prices) or indirectly (derived from prices);

- Level 3: non-observable data; if observable data are unavailable and, therefore, there is a modest or non-existent market activity for the assets and liabilities being measured.

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

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

At 30 June 2022, 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 2022 - as at 31 December 2021 - the derivatives indicated above represent the only category of financial instruments measured at fair value. Other financial assets and liabilities are measured using the amortized cost method.

Information on the fair value of derivative financial instruments

The following information is provided on the fair value of derivative financial instruments in place at 30 June 2022:

- 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 2022 USD 1,428 thousand - Fair value at 30 June 2022 € +114,416 (zero at 31 December 2021);
- Interest Rate Swap - Contract hedging the risk of interest rate fluctuations entered into by Neodecortech S.p.A. - Notional value at 30 June 2022 € 6,940,156 - Fair value at 30 June 2022 € +133,753 (€ -203,442 at 31 December 2021).

In 2020, five loan agreements were also concluded for a total of € 10,000 thousand, underlying which there are embedded derivatives (floor at zero on Euribor rate). For four of these agreements, for a total of € 8,000 thousand, the embedded derivatives are active at 30 June 2022, and have therefore been separated and measured and, at the same date, have a negative fair value of € 16 thousand (negative fair value of € 76 thousand at 31 December 2021).

Consolidated income statement

1. REVENUE FROM SALES AND SERVICES

The table below provides a breakdown of this item for first half 2022 versus first half 2021:

	Revenue from sales and services					
(Euro thousands)	30 JUNE 2022	%	30 JUNE 2021	%	Chg.	% change
Revenue from sales	91.616	92,3	77.077	93,5	14.539	18,9
Services	7.613	7,7	5.357	6,5	2.256	42,1
Total revenue from sales and services	99.229	100,0	82.434	100,0	16.795	20,4

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

It should be noted that services consist mainly of the item "Impregnation under contract work" of the Parent Company for the amount of approximately € 7,143 thousand at 30 June 2022 (versus € 4,960 thousand at 30 June 2021).

2. CHANGES IN SEMI-FINISHED AND FINISHED PRODUCTS

With regard to changes in inventory, which closes with a positive € 6,358 thousand at 30 June 2021 (versus a negative change of € 486 thousand at 30 June 2021), they are related mainly to the growth in selling prices.

3. OTHER REVENUE AND INCOME

Other revenue and income						
<i>(Euro thousands)</i>						
	30 JUNE 2022	%	30 JUNE 2021	%	Chg.	% change
Contingent assets	201	5,8	354	39,2	(153)	(43,2)
Sale of raw materials and packaging	6	0,2	1	0,1	5	500,0
Exchange rate gains	170	4,9	23	2,5	147	639,1
Gains	8	0,2	202	22,4	(194)	(96,0)
Insurance reimbursements	7	0,2	56	6,2	(49)	(87,5)
Stock Grant Release			0			
Other revenue	3.059	88,6	267	29,6	2.792	1.045,7
Total other revenue and income	3.451	100,0	903	100,0	2.548	282,2

At 30 June 2022, the item was composed of € 3,059 thousand from other revenue related mainly to tax credits to energy and gas-intensive companies for the first two quarters received by Neodecortech and Cartiere di Guarcino for € 2,292 thousand; the remainder refers mainly to cost chargebacks to end customers; the other relevant items are € 201 thousand for contingent assets and € 170 thousand for foreign exchange gains earned on pulp purchase transactions in dollars.

4. RAW AND ANCILLARY MATERIALS AND CONSUMABLES

Raw and ancillary materials and consumables						
<i>(Euro thousands)</i>						
	30 JUNE 2022	%	30 JUNE 2021	%	Chg.	% change
Raw and ancillary materials and consumables	69.631	98,6	48.707	98,3	20.924	43,0
Packaging materials	987	1,4	854	1,7	133	15,6
Total raw materials	70.618	100,0	49.561	100,0	21.057	42,5

The increase in consumption of raw and ancillary materials, amounting to € 21,057 thousand (+42.5%) is more than proportional to the increase in sales (+20.4%), due mainly to the effect of increased prices of strategic raw materials, not fully transferred to end customers and the impact of increased animal fat prices, not offset by increased energy prices, and lower incentives versus 2021 for Bio Energia Guarcino, as further explained in the Directors' Report on Operations.

5. OTHER OPERATING EXPENSE

Other operating expense						
<i>(Euro thousands)</i>						
	30 JUNE 2022	%	30 JUNE 2021	%	Chg.	% change
External processing	188	1,1	203	1,7	(15)	(7,4)
Consultancy	975	5,9	1.001	8,2	(26)	(2,6)
Advertising and marketing	73	0,4	118	1,0	(45)	(38,1)
Bonuses and commissions	709	4,3	677	5,5	32	4,7
Transport	3.347	20,3	2.105	17,2	1.242	59,0
Utilities	5.669	34,4	2.469	20,2	3.200	129,6
Fees to Directors and Board of Statutory Auditors	376	2,3	405	3,3	(29)	-7,2
Insurance	601	3,6	637	5,2	(36)	-5,7
Bank commissions	158	1,0	137	1,1	21	15,3
Reimbursements to employees	11	0,1	9	0,1	2	22,2
Travel expense	65	0,4	31	0,3	34	109,7
Sundry industrial services	2.550	15,5	2.536	20,7	14	0,6
Other services	687	4,2	657	5,4	30	4,6
Rental expense	0	0,0	1	0,0	(1)	(100,0)
Rentals and other	81	0,5	83	0,7	(2)	(2,4)
Tax and duties	398	2,4	380	3,1	18	4,7
Gifts	0	0,0	3	0,0	(3)	(100,0)
Contingent liabilities	283	1,7	688	5,6	(405)	(58,9)
Exchange rate losses	275	1,7	61	0,5	214	350,8
Capital losses	0	0,0	1	0,0	(1)	0,0
Other operating expense	55	0,3	33	0,3	22	66,7
Total Other Operating Expense	16.503	100,0	12.235	100,0	4.267	34,9

The increase in other operating expense (+34.9% and amounting to € 4,267 thousand) versus first half 2021, refers solely to increases in transportation costs (+59% or € 1,242 thousand) and utility costs, especially energy carriers (+129.6% or € 3,200 thousand). The remaining costs are in line with the prior six months.

6. PERSONNEL EXPENSE

Personnel expense						
<i>(Euro thousands)</i>						
	30 JUNE 2022	%	30 JUNE 2021	%	Chg.	% change
Wages and salaries	8.090	73,3	8.108	72,2	(18)	(0,2)
Social security charges	2.338	21,2	2.536	22,6	(198)	(7,8)
Post-employment benefits	571	5,2	500	4,5	71	14,2
Other personnel expense	40	0,4	85	0,8	(45)	(52,9)
Total personnel expense	11.039	100,0	11.229	100,0	(190)	(1,7)

Personnel expense was steady, decreasing slightly by € 190 thousand versus 30 June 2021, as all the new hires related to the full entry into production of the Parent Company's new products were made in 2021.

7. AMORTIZATION AND DEPRECIATION

Amortization and depreciation						
<i>(Euro thousands)</i>						
	30 JUNE 2022	%	30 JUNE 2021	%	Chg.	% change
Other intangible assets	477	10,1	456	10,6	21	4,6
Buildings	330	7,0	362	8,4	(32)	(8,8)
Work on third party assets	679	14,4	417	9,6	262	62,8
Plant and machinery	2.494	53,0	2.358	54,6	136	5,8
Equipment	527	11,2	545	12,6	(18)	(3,3)
Other	197	4,2	183	4,2	14	7,7
Total amortization and depreciation	4.704	100,0	4.322	100,0	382	8,8

Amortization and depreciation at 30 June 2022 increased by € 382 thousand versus the prior six months, due to new expenditure made according to the budgeted plan.

8. ALLOCATIONS

Allocations						
<i>(Euro thousands)</i>						
	30 JUNE 2022	%	30 JUNE 2021	%	Chg.	% change
Provision for supplementary agents' indemnity	0	0,0	36	18,8	(36)	(100,0)
Provision for doubtful accounts	55	100,0	156	81,3	(101)	(64,7)
Provisions for risks and charges - other	0	0,0	0	0,0	0	0,0
Provisions for tax risks and charges	0	0,0	0	0,0	0	0,0
Total Allocations	55	100,0	192	100,0	(137)	(71,4)

The only change in this item is related to the adjustment of the provision for doubtful accounts due to an ongoing dispute with a customer of the Parent Company.

9. FINANCIAL EXPENSE

Financial expense						
<i>(Euro thousands)</i>						
	30 JUNE 2022	%	30 JUNE 2021	%	Chg.	% change
Interest payable on C/A	98	4,8	132	19,4	(34)	(25,8)
Interest ML Term Loans	126	6,1	192	28,2	(66)	(34,4)
Interest short-term loans	0	0,0	2	0,3	(2)	(100,0)
Interest from factoring	127	6,2	160	23,5	(33)	(20,6)
Interest from application of IAS/IFRS	70	3,4	65	9,5	5	7,7
Interest MICA loan	0	0,0	57	8,4	(57)	(100,0)
Other interest expense	14	0,7	24	3,5	(10)	(41,7)
Other expense	1.329	64,7	0	0,0	1.329	100,0
Total interest expense	1.764	85,9	632	92,7	1.132	179,1
Lease interest	45	2,2	44	6,5	1	2,3
Currency losses	245	11,9	6	0,9	239	3.983,3
Total financial expense	2.054	100,0	682	100,0	1.372	201,2

At 30 June 2022, all the financial expense decreased versus first half 2021, reflecting the ongoing trend of the past two years of actions to curb these costs with banks. The only significant item explaining the increase versus 30 June 2021 refers to the non-recurring item of the write-off of the receivable from Andreotti Fotoincisioni S.p.A. amounting to € 1,312 thousand (including principal and accrued interest), time-barred as the MICA payable of € 5,082 thousand (including principal and accrued interest), which appears in the change in financial income and is further detailed in the Directors' Report on Operations.

10. FINANCIAL INCOME

Financial income						
<i>(Euro thousands)</i>						
	30 JUNE 2022	%	30 JUNE 2021	%	Chg.	% change
Interest income	0	0,0	18	16,1	(18)	(100,0)
Other income	5.142	94,8	33	29,5	5.109	>100
Currency gains	279	5,1	61	54,5	218	357,4
Total financial income	5.422	100,0	112	100,0	5.310	>100

The increase in the item of € 5,310 thousand refers mainly to the write-off of the MICA payable of € 5,082 thousand, as mentioned above. Unrealized foreign exchange gains and losses offset each other.

11. INCOME TAX

Income tax				
<i>(Euro thousands)</i>				
	30 JUNE 2022	%	30 JUNE 2021	%
Profit (loss) before tax	9.488		4.743	
IRES for the year	1.751	18,5%	1.186	25,0%
Income from tax consolidation	(704)	(7,4%)	-	0,0%
IRES net of income from tax consolidation	1.047	11,0%	1.186	25,0%
IRAP for the year	283	3,0%	394	8,3%
Deferred tax assets		-	51	
Deferred tax	34		(8)	
Income tax relating to prior years and benefits	-		-	
Income tax	1.364		1.623	

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.; income from tax consolidation was estimated for the period under review.

IRES and IRAP tax came to 14%, with the effects of the above tax consolidation; tax at 30 June 2021 had not been determined, due to the complex situation of Industrie Valentini under arrangement. 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 31.12.2021	Acquisitions	Disposals	Amortization	Write-back/Write-	Other changes	Balance at 30.06.2022
Other intangible fixed assets	1.550	89	1	(482)	0	0	1.158
Fixed assets under construction and advances	0	0	0	0	0	0	0
Total intangible fixed assets	1.550	89	1	(482)	0	0	1.158

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

13. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment at 30 June 2022 amounted to € 78,479 thousand versus € 78,561 thousand at 31 December 2021. 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 31.12.2021*	Depreciation prov. 31.12.2021	NBV at 31.12.2021	Historical cost 30.06.2022	Depreciation prov. 30.06.2022	NBV at 30.06.2022
Land	12.487	0	12.487	12.487	0	12.487
Buildings	26.754	(7.616)	19.139	26.972	(7.903)	19.069
Work on third party assets	10.641	(5.752)	4.888	11.085	(6.432)	4.654
Plant and machinery	116.964	(78.526)	38.438	119.605	(81.024)	38.582
Equipment	21.199	(18.858)	2.341	21.761	(19.384)	2.378
Other	5.950	(4.682)	1.268	6.118	(4.807)	1.310
Total tangible fixed assets	193.995	(115.434)	78.561	198.028	(119.549)	78.479

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

Below is a breakdown of assets under construction by category.

<i>(Euro thousands)</i>	PPE under construction and advances			
	Amount at 30.06.2022	Amount at 31.12.2021	Chg.	% change
Buildings	89	99	(10)	(10,1)
Plant and machinery	2.479	1.079	1.400	129,7
Equipment	0	46	(46)	(100,0)
Other	14	30	(16)	0,0
Total PPE under construction and advances	2.582	1.254	1.328	105,9

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 31.12.2021	of which Write-back/Write-down (prior years)	Acquisitions	Disposals	Other	Historical cost 30.06.2022
Land	2.251	10.236	0	0	0	12.487
Buildings	17.003	9.751	270	(42)	(10)	26.972
Work on third party assets	10.641	0	445	0	0	11.085
Plant and machinery	116.933	31	2.665	(20)	(3)	119.605
Equipment	21.199	0	587	(4)	(21)	21.761
Other	5.950	1	237	(70)	0	6.118
Total Historical Cost	173.976	20.018	4.203	(136)	(34)	198.028
<i>(Euro thousands)</i>						
	Depreciation prov. 31.12.2021	of which Write-back/Write-down (prior years)	Depreciation	Disposals	Other changes	Depreciation prov. 30.06.2022
Land	0	0	0	0	0	0
Buildings	(7.616)	0	(329)	42	(0)	(7.903)
Work on third party assets	(5.752)	0	(679)	0	0	(6.432)
Plant and machinery	(78.526)	0	(2.488)	38	(48)	(81.023)
Equipment	(18.858)	0	(527)	1	0	(19.384)
Other	(4.682)	0	(198)	71	2	(4.808)
Total accumulated depreciation	(115.434)	0	(4.221)	153	(46)	(119.549)

Total acquisitions, amounting to € 4,203 thousand, refer for € 1,617 thousand to the Parent Company and relate to new machinery and the improvement and efficiency of existing ones.

As for the subsidiaries, capital expenditure in tangible fixed assets amounted to € 2,140 thousand for Cartiere di Guarcino regarding actions to increase output and optimize plants, and € 446 thousand for Bio Energia Guarcino regarding planned maintenance of the power plant. All of the Group plants are continuing their 4.0 process management actions to further strengthen the production process, with active control of critical variables and plant upgrading.

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

Rights of Use			
<i>(Euro thousands)</i>			
	Historical cost 30.06.2022	Depreciation prov. 30.06.2022	NBV at 30.06.2022
Buildings	156	(53)	103
Plant and machinery	0	0	0
Other	240	(154)	86
Total Rights of Use	396	(207)	189

The movements are shown below.

Rights of Use						
<i>(Euro thousands)</i>						
	Historical cost 31.12.2021	Write-back/Write- down (prior years)	Acquisitions	Disposals	Other changes	Historical cost 30.06.2022
Buildings	131	0	67	(42)	0	156
Plant and machinery	0	0	0	0	0	0
Other	208	0	32	0	0	240
Total Rights of Use	339	0	99	0	0	396

	Depreciation prov. 31.12.2021	Write-back/Write- down (prior years)	Depreciation	Disposals	Other changes	Depreciation prov. 30.06.2022
Buildings	(78)	0	(17)	42	0	(53)
Plant and machinery	0	0	0	0	0	0
Other	(133)	0	(20)	0	0	(154)
Total provision for depreciation of rights of use (211)	0	(37)	42	0	(207)	

The rights of use at 30 June 2022 refer to buildings used by employees or for guesthouse use and long-term rental cars.

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

- with regard to Neodecortech:

- in favor of Banco BPM S.p.A., a mortgage of € 24,000 thousand on the loan taken out on 26 May 2017; a mortgage on the industrial property complex owned by the Issuer located in Filago (BG), Via Provinciale 2;

- with regard to Cartiere di Guarcino:

- in favor of Monte dei Paschi di Siena S.p.A., a mortgage of € 16,000 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.

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

As shown in the Directors' Report on Operations, the subsidiary Bio Energia Guarcino, despite the strong reduction of incentives in 2022, due to a reference price of electricity in 2021 of 125.06 €/MWh, operated throughout the six months, rescheduling the use of engines, and expects to be able to operate the Power Plant throughout second half 2022, leveraging on other energy prices (PUN over 500€/MWh in recent months) and the retracement of the price of raw material (animal by-products), which allowed it to close sale and purchase agreements for the coming months.

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

All the above pending the Implementing Decrees, which have yet to be issued after the 180-day period, of the Legislative Decree published in the State Gazette on 30 November 2021 - which implements Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009 (the so-called RED II Directive) - under which the State, among other measures, is called to promote the continuity of operations of plants powered by renewable sources, once they have reached the end of the incentive period. Specifically, the Decree refers to the possibility of

providing for special tariffs or supplements to revenue for plants which, due also to fuel costs, are unable to operate with the sole income deriving from participation in the electricity market.

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

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

In light of the above economic and legislative framework, Group Management had identified the presence of impairment indicators regarding the recoverability of the carrying amount of tangible fixed assets relating to the subsidiary, Bio Energia Guarcino, and the carrying amount of the 100% investment held by Cartiera di Guarcino (in turn wholly owned by Neodecortech) in Bio Energia Guarcino, and carried out an impairment test in accordance with IAS 36, also assisted by an independent consultancy firm, discounting the expected cash flows based on the forecasts inferred from the 2022 - 2030 business plan, prepared by the Management of Bio Energia Guarcino and approved by its Board of Directors on 14 March 2022.

The Company also deemed it reasonable, in carrying out the impairment test, to consider a multi-scenario context with 2 alternative scenarios: the first, named "Base Case" on the basis of which the incentives of the Implementing Decree expected by the first half of 2022 come into force starting from 2023, which has been given a 65% probability; a second, which, instead, sees their coming into force starting from 2024, which has been given a 35% probability.

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

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

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

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

The results of the impairment test are still valid at today's date, as the sensitivity analysis prepared entailed the two assumptions of the increase in the WACC rate applied and a +/-5% weighting of the scenarios relating to the entry into force of the incentive system, with no presence of impairment losses on the carrying amount of the assets and the investment. Additionally, based on the business outlook, as explained in the Directors' Report on Operations and above, the Power Plant will operate at full capacity with much better margins than the 2022 Budget forecasts (part of the business plan approved to support the impairment test), which had also envisaged a possible closure of the Power Plant in the second half. In light of the above, at 30 June 2022 too, the carrying amount of the net invested capital referred to the subsidiary Bio Energia Guarcino recorded in the Group's consolidated financial statements can be deemed to be balanced.

14. OTHER NON-CURRENT ASSETS

At 30 June 2022, other non-current assets amounted to € 227 thousand versus € 19 thousand at 31 December 2021, 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, amounting to € 19 thousand, which remain unchanged. The increase is attributable to the positive fair value valuation of the interest rate hedging derivative (IRS), amounting to € 134 thousand, which Neodecortech has in place with Banco Popolare di Milano, to hedge the floating rate of the medium-long term loan. For € 74 thousand, the increase refers to tax credits accrued (purchase of industry 4.0 assets and Art bonus) and usable in offsets beyond the next year.

15. CURRENT AND NON-CURRENT FINANCIAL RECEIVABLES

Current and non-current financial receivables						
<i>(Euro thousands)</i>						
	30 JUNE 2022	%	31 DECEMBER 2021	%	Chg.	% change
From Andreotti S.r.l.	0	0,0	1.312	74,7	(1.312)	(100,0)
From the related party Valinvest S.r.l.	0	0,0	0	0,0	0	0,0
From the related party ISFRE	445	100,0	445	25,3	0	0,0
Total non-current financial receivables	445	100	1.757	100,0	(1.312)	(74,7)
From the related party Valinvest S.r.l.	0	0,0	0	0,0	0	0,0
Total current financial receivables	0	0,0	0	0,0	0	0,0
Total current and non-current financial receivable	445	100,0	1.757	100,0	(1.312,0)	(74,7)

"Non-current financial receivables" at 30 June 2022, amounting to € 445 thousand, includes the receivable claimed by the subsidiary Cartiere di Guarcino from the related party ISFRE in liquidation, which remained unchanged and for 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). The decrease of € 1.12 thousand refers to the write-off of the receivable from Andreotti Fotoincisioni S.p.A. that has been time-barred as explained in the Directors' Report on Operations.

There are no current financial receivables.

16. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax income and expense						
<i>(Euro thousands)</i>						
	30 JUNE 2022	Change recognized in Income Statement	Change recognized in Statement of Comprehensive Income	31 DECEMBER 2021	Chg.	% change
Directors' fees approved and not paid	29	(27)		56	(27)	(48,2%)
Allocations to provisions for write-downs and risks	48	5		43	5	11,6%
Allocation to the provision for inventory obsolescence	97	21		76	21	27,6%
Taxation on profit in stock	28	1		27	1	3,4%
Tax recovery on adjustment of start-up and expansion costs		(5)		5	(5)	(100,0%)
Tax recovery on adjustment of plant and machinery depreciation	215	(5)		220	(5)	(2,3%)
Deferred tax on derivative contracts			(49)	49	(49)	(100,0%)
Deferred tax on employee benefits		(15)	(59)	74	(74)	(100,0%)
Tax recovery on adjustment of research expense						0,0%
Tax loss carryforward (BEG)	1.320	(9)		1.329	(9)	(0,7%)
Other	143	34	3	106	37	34,9%
Deferred tax assets	1.880	0	(105)	1.985	(104)	(5,2%)
Deferred tax on statutory revaluations	5.308	(18)	0	5.326	(18)	(0,3%)
Deferred tax on assets (BEG)	229	(33)	0	262	(33)	(12,6%)
Valuation exchange gains	67	65	0	2	65	3250,0%
Finance lease assets	623	64	0	559	64	11,4%
Deferred tax liabilities	6.227	78	0	6.150	78	1,3%

Management has recognized deferred tax assets up to the value which it considers their recovery likely for. In determining the items, budget results and forecasts for subsequent years were taken into account. Deferred-tax assets of € 1,887 thousand include € 1,320 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 2022, deferred tax amounted to € 6,190 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 2022	%	31 DECEMBER 2021	%	Chg.	% change
Raw and ancillary materials and consumables	24.174	52,1	25.060	61,7	(886)	(3,5)
Work in progress	693	1,5	313	0,8	380	121,4
Finished products	21.110	45,5	15.088	37,2	6.022	39,9
Advances	891	1,9	536	1,3	355	66,2
Provision for inventory obsolescence	(480)	(1,0)	(394)	(1)	(86)	21,8
Total inventory	46.388	100,0	40.603	100,0	5.785	14,2

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 raw material stock at 30 June 2022 was down from the level at 31 December 2021 by € 886 thousand, due to the policy that aims to optimize the stock of inventory in order not to commit financial resources.

Finished goods inventory, on the other hand, increased versus 31 December 2021 by € 6,022 thousand, due mainly to the difference in selling prices applied on products in stock.

Changes in the provision for inventory obsolescence for first half 2022, 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 2021	Alloc.	Utilization	Release	30 JUNE 2022
Movement of provision for inventory obsolescence	(394)	(107)	21	0	(480)
Total provision for inventory obsolescence	(394)	(107)	21	0	(480)

18. TRADE RECEIVABLES

Trade receivables						
<i>(Euro thousands)</i>						
	30 JUNE 2022	%	31 DECEMBER 2021	%	Chg.	% change
Trade receivables	29.656	101,6	27.051	101,6	2.605	9,6
Provision for doubtful accounts	(474)	(1,6)	(419)	(1,6)	(55)	13,1
Total trade receivables	29.181	100,0	26.632	100,0	2.549	9,6

Changes in the provision for doubtful accounts are shown below:

Provision for doubtful accounts					
<i>(Euro thousands)</i>					
	31 DECEMBER 2021	Alloc.	Utilization	Release	30 JUNE 2022
Changes in Provision for Doubtful Accounts	419	(55)	0	0	474
Total provision for doubtful accounts	419	(55)	0	0	474

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 companies, excluding Bio Energia Guarcino, which assigns the incentives received from the GSE without recourse. The provision for doubtful accounts was determined in accordance with IFRS 9 and recorded an allocation of € 55 thousand.

19. RECEIVABLES FROM TAX CONSOLIDATION

The item amounted to € 826 thousand and its change refers solely to the receivable to the subsidiary Bio Energia Guarcino S.r.l. from tax consolidation. 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 2022	%	31 DECEMBER 2021	%	Chg.	% change
VAT	969	35,9	2.067	89,9	(1.098)	(53,1)
IRES	0	0,0	0	0,0	0	0,0
IRAP	34	1,3	51	2,2	(17)	(33,3)
Withholdings a/c	(419)	(15,5)	0,0	0,0	(419)	100,0
Other tax receivables	2.116	78,4	181	7,9	1.935	1.069,1
Total tax receivables	2.700	100,0	2.299	100,0	401	17,4

The table above shows a decrease in the VAT receivable of € 1,098 thousand versus 31 December 2021. The largest amount of the balance of € 969 thousand 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.

The increase in other tax receivables of € 1,935 thousand, resulting in a balance of € 2,116 thousand, refers, instead, to accrued tax credits for energy and gas-intensive companies and for the purchase of simple new assets and industry 4.0, which will be used to offset against tax liabilities in the coming months.

21. OTHER CURRENT RECEIVABLES

Other current receivables						
<i>(Euro thousands)</i>						
	30 JUNE 2022	%	31 DECEMBER 2021	%	Chg.	% change
Advances to suppliers	29	1,7	23	2,1	6	26,1
Prepayments and accrued income	294	16,9	71	6,5	223	314,1
Other	1.412	81,4	989	91,2	423	42,8
Total current receivables	1.735	100,0	1.084	100,0	651	60,1

Accrued income and prepaid expense refer mainly to the Parent Company and regard insurance premiums and maintenance fees.

"Other" includes receivables from social security and welfare institutions and withholdings from the GSE not yet accrued, as well as the positive fair value at 30 June 2022 of € 114 thousand of derivatives hedging the risk of fluctuation of the US dollar underwritten by Cartiere di Guarcino. The change of € 423 thousand is attributable mainly to the FV on the exchange rate derivatives mentioned above and to the increase in receivables from INPS and INAIL for Neodecortech.

22. CASH FUNDS

Cash funds						
<i>(Euro thousands)</i>						
	30 JUNE 2022	%	31 DECEMBER 2021	%	Chg.	% change
Bank and post office deposits	3.471	99,8	13.482	99,9	(10.011)	(74,3)
Cash and valuables on hand	8	0,2	9	0,1	(1)	-11,1
Total cash funds	3.478	100,0	13.491	100,0	(10.013)	(74,2)

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 € 2,000 thousand were paid on 18 May 2022.

Reference should be made to the Statement of Cash Flows for an analysis of changes in cash funds.

Liabilities

23. PROVISIONS FOR RISKS AND CHARGES

Fondo Rischi ed Oneri						
<i>(in migliaia di euro)</i>						
	30 GIUGNO 2022	%	31 DICEMBRE 2021	%	Var.	Var. %
Fondo indennità suppletiva di clientela	234	32,8	234	24,0	0	0,0
Derivato IRS su finanziamento	0	0,0	203	20,8	(203)	(100,0)
Derivati impliciti	16	2,2	76	7,8	(60)	(78,9)
ISFRE	444	62,2	444	45,4	0	0,0
Derivato valute	0	0,0	0	0,0	0	0,0
Fondo rischi fiscali	20	2,8	20	2,0	0	0,0
Totale Fondi Rischi ed Oneri	714	100,0	977	100,0	(263)	(26,9)

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

Provision for risks and charges					
<i>(Euro thousands)</i>					
	31 DECEMBER 2021	Alloc.	Utilization	Release	30 JUNE 2022
Movement of provision for supplementary agents' indem	234		0	0	234
Movement of provisions for risks and charges	20		0	0	20
Total provision for risks and charges	254		0	0	254

The provision for supplementary agents' indemnity for Italian and EU agents is set aside to cover specific risks from potential interruptions to agency contracts.

The decrease of € 263 thousand relates to the recognition of the fair value of the IRS derivative, which was positive at 30 June 2022 versus a negative FV of € 203 thousand at 31 December 2021, and € 60 thousand to the recognition of the fair value of the derivatives embedded in the new loans.

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;
- € 20 thousand referring to the subsidiary Bio Energia Guarcino for tax liabilities with the Revenue Agency.

24. POST-EMPLOYMENT BENEFITS

Post-employment benefits					
<i>(Euro thousands)</i>					
	31 DECEMBER 2021	Alloc.	Utilization	Discounting	30 JUNE 2022
Provision for post-employment benefits	2.279	79	(88)	0	2.270
Actuarial valuation of post-employment benefits (IAS 19)	308	0	0	(341)	(33)
Total post-employment benefits	2.587	79	(88)	(341)	2.237

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 2022.

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.

30.06.2022	
Annual discount rate	2,74%
Annual inflation rate	2,10%
Annual rate of increase in severance termination	3,08%
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.

30.06.2022	
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 2022	%	31 DECEMBER 2021	%	Chg.	% change
Unsecured loans	7.694	20,4	9.013	21,0	(1.319)	(14,6)
Mortgage loans	6.774	17,9	7.666	17,9	(892)	(11,6)
Non-current lease payables	488	1,3	1.459	3,4	(971)	(66,6)
Payables to other lenders (MICA)	0	0,0	5.082	11,9	(5.082)	(100,0)
Currency derivatives	0	0,0	0	0,0	0	0,0
Total non-current financial liabilities	14.956	39,6	23.220	54,2	(8.264)	(35,6)
Payables to banks C/A	16.665	44,2	13.539	31,6	3.126	23,1
Current portion of unsecured loans	2.628	7,0	2.609	6,1	19	0,7
Current portion of mortgage loans	1.774	4,7	1.753	4,1	21	1,2
Accrued interest expense	67	0,2	70	0,2	(3)	(4,3)
Current lease payables	1.652	4,4	1.645	3,8	7	0,4
Total current financial liabilities	22.787	60,4	19.616	45,8	3.171	16,2
Total financial liabilities	37.743	100,0	42.836	100,0	(5.093)	(11,9)

The increase of € 3,126 thousand in payables to banks related to the short-term lines granted to the Group is attributable to the greater resort to short-term lines for the subsidiaries Cartiere di Guarcino and Bio Energia Guarcino, as a result of the need to anticipate purchases of strategic raw materials and difficulties related to fuel price increases as explained in the Directors' Report on Operations.

Current and non-current lease obligations include:

- The payable from finance leases on the plants of the subsidiary Bio Energia Guarcino, whose residual debt at 30 June 2022 (short-term to long-term portion) amounts to € 1,943 thousand;
- Financial liabilities relating to the rights of use of Neodecortech and Cartiere di Guarcino shown in the table below.

<i>(Euro thousands)</i>	Balance 01.01.2022	Payments	Other changes	Balance 30.06.2022
Buildings	53	(16)	72	109
Plant and machinery	0	0		0
Plant and machinery	76	(17)	29	88
TOTAL	129	(33)	0	197

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

- Original BPM mortgage loan of € 12,000 thousand, residual balance of € 6,918 thousand at 30 June 2022 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 2022 of € 1,753 thousand divided into current and non-current portions - loan granted against closure of the short-term BPM loan of € 2,000 thousand granted in April 2020 - 80% FGPMI guarantee;
- BPM S.p.A. € 2,500 thousand, for 72 months (quarterly instalments) and a residual balance at 30 June 2022 of € 1,748 thousand divided into current and non-current portions - 90% FGPMI guarantee.

Cartiere di Guarcino

- Original MPS mortgage loan of € 6,000 thousand, residual balance of € 1,630 thousand at 30 June 2022 divided into current and non-current portions;
- Original BAC unsecured loan of € 3,500 thousand, residual balance of € 1,264 thousand at 30 June 2022 divided into current and non-current portions;
- Medio Credito Centrale unsecured loan of € 1,128 thousand, residual balance of € 634 thousand at 30 June 2022 divided into current and non-current portions;
- Medio Credito Centrale unsecured loan of € 182 thousand, residual balance of € 114 thousand at 30 June 2022 divided into current and non-current portions;
- Banca POPSO unsecured loan of € 2,000 thousand - 12-month grace period - FGPMI 90% guarantee - residual balance at 30 June 2022 of € 1,712 thousand divided into current and non-current portions;
- Banco DESIO e Brianza unsecured loan of € 1,000 thousand - 12-month grace period - MCC 90% guarantee - residual balance at 30 June 2022 of € 870 thousand divided into current and non-current portions;

- Medio Credito Centrale unsecured loan of € 146 thousand, residual balance of € 114 thousand at 30 June 2022 divided into current and non-current portions;
- Unsecured loan approved in 2021 by Simest as part of the Capitalization Call to improve and safeguard the financial solidity of exporting companies, amounting to € 360 thousand, with a grace period of 24 months and a residual balance at 30 June 2022 of € 360 thousand.

Bio Energia Guarcino

- BPER unsecured loan of € 2,000 thousand - 12-month grace period - MCC 90% guarantee - residual balance at 30 June 2022 of € 1,753 thousand divided into current and non-current portions.

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

	30 JUNE 2022	%	31 DECEMBER 2021	%
<i>(Euro thousands)</i>				
Due within 1 year	4.402	23,3	4.363	20,7
Due within 5 years	14.423	76,4	15.632	74,3
Due beyond 5 years	45	0,2	1.048	5,0
Total	18.870	100,0	21.043	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 at 30 June 2022 came to a positive € 134 thousand (a negative € 203 thousand at 31 December 2021).

The above loan agreements do not contain financial covenants.

From 1 January 2022 to 30 June 2022, interest rate movements were marginal and had no material impact on the fair value of the Group's loans. The first signs of increase were seen at the end of the six months and may occur in the second half of the year, due also to interest rate hikes by the ECB.

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 time-barred.

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

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

Therefore, on 20 February 2022, the payable was derecognized from the Financial Statements for a total of € 5,082 thousand (including principal and accrued interest), as it was definitively time-barred.

26. TRADE PAYABLES

Trade payables at 30 June 2022 amounted to € 34,857 thousand (€ 39,832 thousand at 31 December 2021). The decrease of € 4,975 thousand is due mainly to the fact that Bio Energia operational levels were lower during the first half of the year, as further explained 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 2022 of € 1,788 thousand refers to Neodecortech S.p.A. for € 1,216 thousand and to Cartiere di Guarcino S.p.A. for € 572 thousand. Reference should be made to the section "Income tax" in the Notes.

28. TAX PAYABLES

Tax payables						
<i>(Euro thousands)</i>						
	30 JUNE 2022	%	31 DECEMBER 2021	%	Chg.	% change
VAT	430	51,7	0	0,0	430	100,0
IRAP	52	6,3	253	32,7	(201)	(79,4)
Withholdings a/c	348	41,9	520	67,3	(172)	(33,1)
Other tax payables	0	0,0	0	0,0	0	0,0
Total tax payables	831	100,0	773	100,0	58,0	7,5

"VAT" is attributable to Cartiere di Guarcino S.p.A.; further details are found in the Income Statement under "Income tax".

29. OTHER CURRENT PAYABLES

Other current payables						
<i>(Euro thousands)</i>						
	30 JUNE 2022	%	31 DECEMBER 2021	%	Chg.	% change
Payables to social security institutions	1.285	24,4	1.658	35,5	(373)	(22,5)
Payables to employees	2.587	49,0	1.911	40,9	676	35,4
Advances received from customers	724	13,7	774	16,6	(50)	(6,5)
Accrued expense and deferred income	351	6,7	30	0,6	321	1.070,0
Other	328	6,2	301	6,4	27	9,0
Total other current payables	5.275	100,0	4.674	100,0	601	12,9

"Payables to employees" decreased by € 373 thousand, while "Payables to social security institutions" increased by € 676 thousand, due to the effect of the payment/allocation of the thirteenth-month salary and bonuses to employees.

The change in accruals of € 321 thousand relates to the deferral of extraordinary income from the tax receivable for expenditure in simple new assets and industry 4.0.

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

30. EQUITY

Capital increases

There were no share capital increases in first half 2022.

Share Capital

At 30 June 2022, the share capital of Neodecortech S.p.A. amounted to € 18,804,209.37 and is divided into no. 14,218,021 ordinary shares with no par value.

Dividend payout

The Shareholders' Meeting of the Parent Company Neodecortech S.p.A., held on 27 April 2022, approved the Financial Statements at 31 December 2021 and allocated a total of € 2,000,000 as a dividend for the no. 14,218,021 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 € 14 cents 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 had not affected the distribution of the unit dividend as established above, but increased or decreased the amount allocated to the extraordinary reserve.

On 18 May 2022, Neodecortech S.p.A. paid out dividends of € 2,000,000.00 (gross of the portion related to treasury shares held at the time of distribution).

Details of other reserves

<i>(Euro thousands)</i>	30 JUNE 2022	31 DECEMBER 2021
Share capital	18.804	18.804
Share premium reserve	18.864	18.864
Treasury shares	(394)	(140)
Other reserves and accumulated profit (loss), including profit (loss) for the period:	39.552	32.937
<i>Legal reserve</i>	2.221	1.886
<i>Reserve for fair value adjustments of hedging derivatives</i>	101	(155)
<i>Revaluation reserves (including investments measured at equity)</i>	18.174	15.549
<i>Reserve for remeasurement of defined benefit plans for employees (IAS 19)</i>	109	(122)
<i>Stock grant reserve</i>	0	0
<i>Miscellaneous reserves and accumulated profit (loss), including profit (loss) for the period</i>	18.947	15.779
Total	76.826	70.465

Treasury shares

At 30 June 2022, the Company held no. 98,933 treasury shares for the equivalent of € 394,121.

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 (losses) 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 (losses) per share	30/06/2022	30/06/2021
Net profit attributable to the shareholders (Euro thousands)	8.124	3.120
Weighted average number of shares outstanding (n./000)	14.160	13.395
Basic earnings per share	0,57	0,23
Diluted earnings per share	30/06/2022	30/06/2021
Net profit attributable to the shareholders (Euro thousands)	8.124	3.120
Weighted average number of shares outstanding (n./000)	14.160	13.395
Weighted average number of shares outstanding adjusted for dilution effect (n./000)	14.160	13.395
Diluted earnings per share (*)	0,57	0,23

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

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

The decrease in cash generated in the six months amounted to € 10,013 thousand, resulting in cash funds of € 3,478 thousand at 30 June 2022.

Starting from a profit before tax, interest, dividends, amortization and depreciation, provisions, gains/losses on disposals and other non-cash changes (including the net effect of the write-off of the MICA payable) of € 8,908 thousand, the movement in cash flow is related mainly to the events below.

The situation associated with the sharp increase in sales and the impact of increases in raw material prices, transferred only in part to customers, the need to procure strategic raw materials in advance, and the lower operating levels at lower margins for Bio Energia, resulted in an increase of all items forming part of the changes in NWC versus the situation at end 2021 of € 12,405 thousand, generating a negative cash flow after changes in NWC and other adjustments of € 3,496 thousand.

Capital expenditure, net of disposals, made during the year generated cash flow from investing activities of € 4,184 thousand.

Repayment of loans and leases amounted to € 3,218 thousand. Together with increases in the use of short-term bank payables, as also explained in the Directors' Report on Operations, a negative cash flow of € 99 thousand was generated from loan capital.

Monetary changes in equity include the purchase of treasury shares and the payment of dividends, which generated a negative cash flow of € 2,233 thousand.

32. CONTINGENT LIABILITIES

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

33. RELATED PARTY TRANSACTIONS

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.

Transactions carried out by Neodecortech S.p.A. and other Group companies with related parties, as identified by IAS 24, including transactions with subsidiaries, are neither atypical nor unusual and fall within the ordinary course of business of the Company. These transactions were carried out on market terms. It should be noted that transactions with subsidiaries are not shown as they are derecognized at the consolidation level, while transactions with related parties at 30 June 2022 are shown.

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

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

The tables below summarize the existing transactions with these related parties at 30 June 2022:

<i>(Euro thousands)</i>				
	Trade receivables 30 June 2022	Financial receivables 30 June 2022	Trade payables 30 June 2022	Financial payables 30 June 2022
Finanziaria Valentini	0	826	0	1.788
Industrie Valentini	132	0	1	0
ISRFE Srl in liquid.	0	444	0	0
Valinvest	0	0	0	413
Loma Srl	1.102	0	73	0
Total	1.234	1.270	74	2.201

<i>(Euro thousands)</i>		
	Revenue and income 30 June 2022	Costs and expense 30 June 2022
Finanziaria Valentini	705	0
Loma Srl	2.680	(88)
Total	3.384	(88)

"Financial receivables", amounting to € 1,270 thousand, refers to a tax consolidation receivable of € 826 thousand regarding the subsidiary Bio Energia Guarcino S.r.l., € 444 thousand for a receivable regarding the subsidiary Cartiere di Guarcino S.p.A. from the related party ISFRE in liquidation, which remained unchanged and for which a provision for risks of an equal amount was set up owing to collection difficulties.

"Financial payables" amounting to € 2,201 thousand, refers to the tax consolidation payable of the Parent Company and the subsidiary Cartiere di Guarcino S.p.A. and the payable to Valinvest S.r.l., whose lease agreement with the Parent Company for the Casoli Plant (production of laminates) terminated following purchase of the plant on 18 November 2021, for an amount of € 1,548 thousand. Payment of the consideration was established in 3 equal instalments, the last of which amounts to € 516 thousand to be paid in December 2022. The residual financial receivable granted by Neodecortech S.p.A., again to Valinvest S.r.l., for the renovation of the warehouse located in Casoli d'Atri (TE), amounting to € 103 thousand, will be offset with the last instalment of the payment for the purchase of the property on 31 December 2022. As a guarantee of the payment of the 2 instalments due in 2022 (for € 1,032 thousand), Neodecortech S.p.A. issued a guarantee on first demand, issued by Banco Popolare BPM S.p.A., at the same time as the deed, a guarantee that has now decreased to € 516 thousand.

Trade receivables include:

- the receivable of € 132 thousand from Industrie Valentini for the sale of printed and impregnated paper made in 2020, which was included in the bankruptcy proceedings; this receivable is covered by a guarantee from Finanziaria Valentini S.p.A. for € 100 thousand and partly written down by 80% for the remainder;
- receivables for € 1,102 thousand from the business agreement between Neodecortech S.p.A. and Loma S.r.l., for the distribution of the Parent Company's products and the sale of base decorative paper by Cartiere di Guarcino S.p.A.; Loma S.r.l. became a related party following appointment of one of executives of the Parent Company as a "key management personnel".

Trade payables include:

- € 73 thousand to Loma S.r.l. for the agreement to provide strategic and commercial marketing consultancy services to Neodecortech S.p.A.

Revenue and income, costs and expense relate to the agreements with Loma S.r.l. as mentioned above, and income from tax consolidation with Finanziaria Valentini.

The following table shows the fees to the Group's directors and key management personnel for first half 2022:

<i>(Euro thousands)</i>	
Subjects	Payable for fees 30 June 2022
Luigi Cologni	110
Massimo Giorgilli	100
Riccardo Bruno	5
Paola Carrara	0
Paolo Pietrogrande	2
Laura Calini	0
Gianluca Valentini	0
Luca Peli	17
Pietro Zanini	5
Adriano Bianchi	5
Sara Bertolini	0
Ida Altimare	0
Cinzia Morelli	0
Vittoria Giustiniani	0
Stefano Santucci	9
Federica Manichetti	6
Stefano Zonca	5
Key management personnel	76
Total	340

<i>(Euro thousands)</i>	
Subjects	Fees 30 June 2022
Luigi Cologni	220
Massimo Giorgilli	168
Riccardo Bruno	42
Paola Carrara	10
Paolo Pietrogrande	15
Laura Calini	9
Gianluca Valentini	4
Luca Peli	17
Pietro Zanini	11
Adriano Bianchi	5
Sara Bertolini	5
Ida Altimare	5
Cinzia Morelli	5
Vittoria Giustiniani	5
Stefano Santucci	17
Federica Manichetti	13
Stefano Zonca	10
Key management personnel	355
Total	916

34. SEASONALITY

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

Other supplementary information

35. GUARANTEES GIVEN

Guarantees given by Neodecortech

Guarantees issued in favor of the subsidiaries, Cartiere di Guarcino S.p.A. and Bio Energia Guarcino S.r.l., amounting to € 22,957 thousand for short-term lines of credit for mixed use and export finance, granted to the latter by BPM, BPER, Popolare di Sondrio, Monte dei Paschi di Siena and Credit Agricole, via "umbrella" credit facilities.

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

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

On 16 November 2021, Banco Popolare BPM S.p.A. issued a first demand bank guarantee, in favour of the subsidiary Valinvest S.r.l., for € 1,032 thousand, expiring on 30 January 2023, to guarantee payment of the residual instalments relating to the purchase of the production plant in Casoli d'Atri (TE), due by 31 December 2022, a guarantee now decreased to € 516 thousand following payment of the second instalment.

Guarantees given by Cartiere di Guarcino

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

On 22 December 2016, Cartiere di Guarcino 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.

In 2020, the transaction with SelmaBipiemme Leasing S.p.A. regarding the lease agreement in place with Bio Energia Guarcino was concluded. The purpose of the transaction was to suspend the charging of lease payments (relating to the principal) for the period from April 2020 to March 2021; under the standstill, the parties had set out a new structure for the guarantee and indemnity agreements related to the lease contract. Specifically, on 22 June 2020, Neodecortech 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. was cancelled in second quarter 2022.

Sureties in favour of GATTI S.r.l.

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

On 11 October 2018, BPER issued a further guarantee in the interest of BEG in favour of Gatti up to a principal amount of € 400 thousand, renewed in February 2022 until 28 February 2023.

Other guarantees given by Cartiere di Guarcino

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

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

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

On 03/08/2022, Banco Popolare di Sondrio issued a bank guarantee on first demand for € 400 thousand to CNG Fiber Trade Europe S.r.l., to guarantee payments under a pulp supply agreement running until 28/02/2023.

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 2022	30 JUNE 2021
Directors	318.277	291.998
Board of Statutory Auditors	49.929	47.202

40. INFORMATION RELATING TO THE FEES TO THE INDEPENDENT AUDITORS

Details are provided below of the fees paid in first half 2022 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:

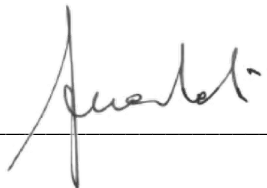
	30 JUNE 2022	30 JUNE 2021
Auditing services	43.320	43.320

Filago (BG), 06 September 2022

For the Board of Directors

The Chairman

(Luca Peli)



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 2022-30 June 2022.

2. No major issues arose in this respect.

3. We also certify that:

3.1 the consolidated half-year financial statements at 30 June 2022:

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: 6 September 2022

Signed Chief Executive Officer

Signed Financial Reporting Manager



NEODEOCRTECH S.p.A.

Review report on interim condensed
consolidated financial statements as of
June 30, 2022

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, 2022, 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, 2022, 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 7, 2022

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.