



Neodecortech S.p.A.

Review report on interim condensed
consolidated financial statements as
at September 30, 2022

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.

Review report on interim condensed consolidated financial statements as at November 30, 2022

To the shareholders of
Neodecortech S.p.A.

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements as of November 30, 2022, and the related consolidated income statement, consolidated income statement of comprehensive income, consolidated statement of financial position, consolidated statement of change in equity and consolidated cash flows for the three-month period then ended, and related notes, of Neodecortech S.p.A. and its subsidiaries (Neodecortech Group).

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements of Neodecortech Group as of November 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, November 4, 2022

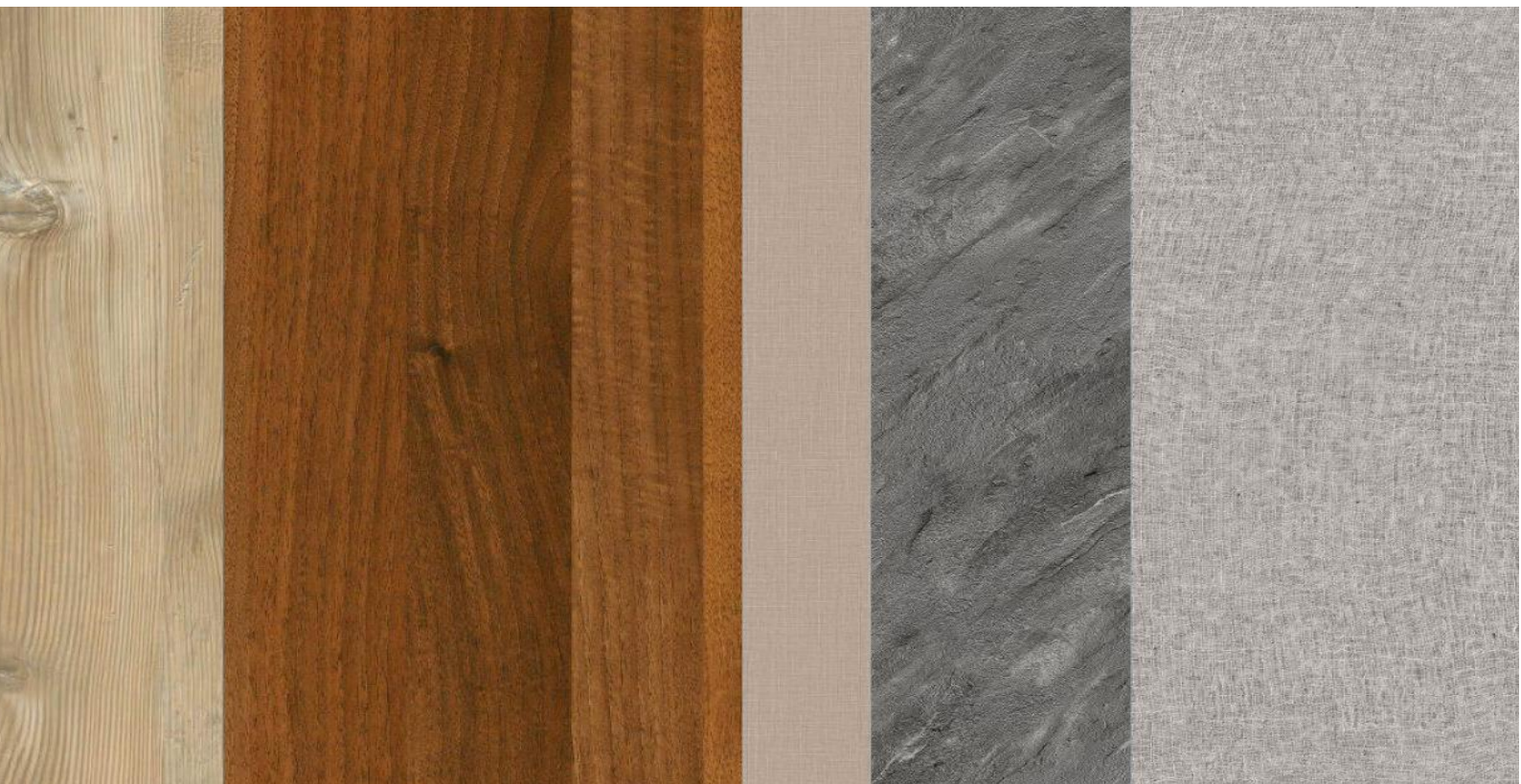
BDO Italia S.p.A.
Signed by

Lelio Bigogno
Partner

Interim Management Statement at 30 September 2022

Financial Statements prepared in accordance with IAS/IFRS

Amounts in Euro





Neodecortech S.p.A.
Via Provinciale, 2
24040 Filago, Bergamo

Tel +39 035996111
Fax +39 035995225
info@neodecortech.it

Tax Code and Company Register 00725270151
VAT CODE IT 02833670165
R.E.A. BG - 193331

Share Capital
€ 18,804,209.37 fully paid up
www.neodecortech.it

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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 September 2022, 31 December 2021 and 30 September 2021 is shown below.

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

At 30 September 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 the production of laminates at the Casoli headquarters. Neodecortech's goal is to act as a highly proactive decorative surfaces partner for customers in the interior design and flooring industry, through constant monitoring and interpretation of new stylistic trends.

The Parent Company performs the following functions for its subsidiaries:

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

CDG

Cartiere di Guarcino S.p.A.

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

BEG

Bio Energia Guarcino S.r.l.

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

Financial highlights of the Neodecortech Group

Income statement

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

<i>(Euro thousands)</i>	30 SEPTEMBER 2022	%	30 SEPTEMBER 2021	%	Chg.	% change
Revenue from sales and services	150,976	100.0%	125,383	100.0%	25,593	20.4%
Other revenue	5,740	3.8%	1,604	1.3%	4,136	257.9%
Total revenue	156,716	103.8%	126,987	101.3%	29,729	23.4%
EBITDA	15,570	10.3%	13,837	11.0%	1,733	12.5%
Amortization and depreciation	7,119	4.7%	6,561	5.2%	558	8.5%
Allocations	55	0.0%	77	0.1%	(22)	(28.6%)
EBIT	8,396	5.6%	7,199	5.7%	1,197	16.6%
Profit for the period	9,947	6.6%	4,467	3.6%	5,480	122.7%

Revenue from Sales and Services at 30 September 2022 amounted to € 150,976 thousand, up by € 25,593 thousand, or +20.4% versus 30 September 2021 (€ 125,383 thousand). The increase is attributable mainly to the effects of the transfer of raw material price increases for traditional base paper, impregnated and printed paper products, and to the increased sales volumes of Unicolour base paper, Printing bases and sales of printed PVC, laminates and the new EOS anti-fingerprint product.

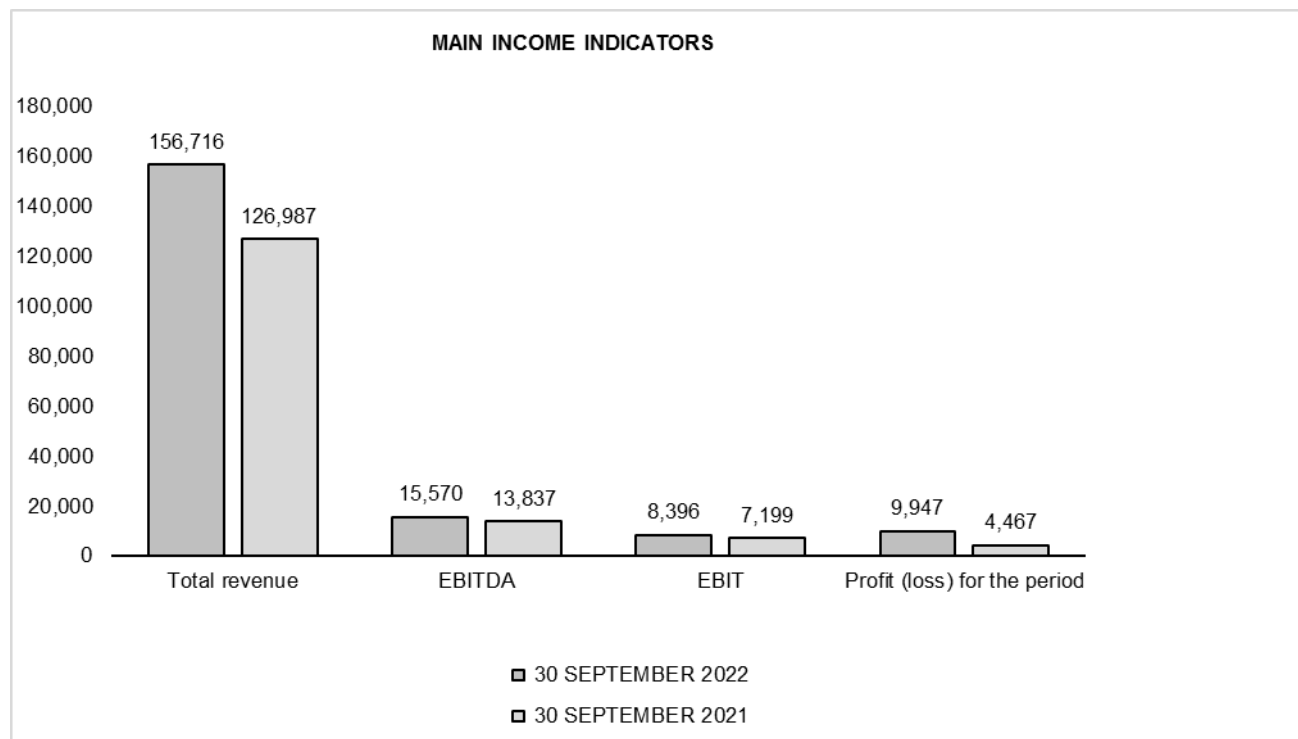
Other revenue at 30 September 2022 amounted to € 5,740 thousand (€ 1,604 thousand at 30 September 2021), up by € 4,136 thousand. The result is due primarily to the recognition and certification at 30 September 2022 of tax credits for the first three quarters for energy- and gas-intensive companies to both Neodecortech and the subsidiary Cartiere di Guarcino. These tax credits amounted to € 3,484 thousand and were 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.

EBITDA stood at 10.3% of net sales (€ 15,570 thousand), down slightly versus 30 September 2021 (€ 13,837 thousand, or 11%), but up by € 1,733 thousand in absolute terms. This slight decrease is due to:

- the increase in raw material costs, up by 33.1% and accounting for 69.1% of revenue versus 62.5% at 30 September 2021. This increase refers to the costs of strategic raw materials for Neodecortech and Cartiere di Guarcino, which were not fully transferred to end customers, and to the increase in the price of animal fat, it too not fully offset by the increase in energy prices, and the reduction in incentives versus 2021, for Bio Energia Guarcino;
- the increase in electricity and gas costs, which, net of the energy and gas tax credits to energy- and gas-intensive companies mentioned above, was 52.4% versus the same period of the prior year.

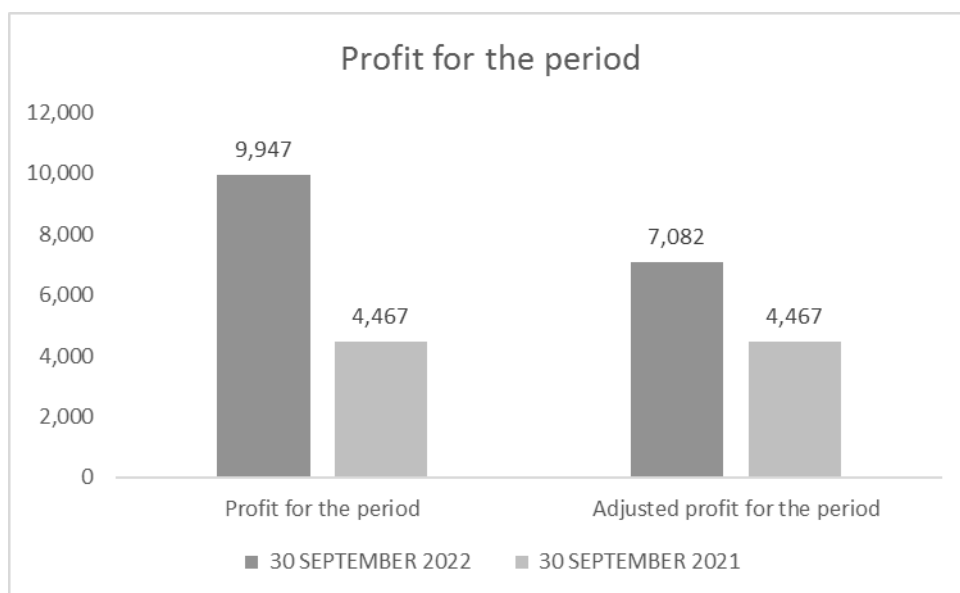
Net Profit amounted to € 9,947 thousand, making for 6.6% of revenue, but included the effect of the net non-recurring positive financial item related to the write-off of the MICA Payable and the receivable from Andreotti, which were time-barred. Adjusted net profit at 30 September 2022, net of this non-recurring financial item, was € 7,082 thousand (4.7% of revenue), increasing by € 2,615 thousand versus € 4,467 thousand at 30 September 2021 (3.6% of revenue).

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



The table below also shows the consolidated operating results with the adjusted profit for the year, following the write-off of the above non-recurring financial items.

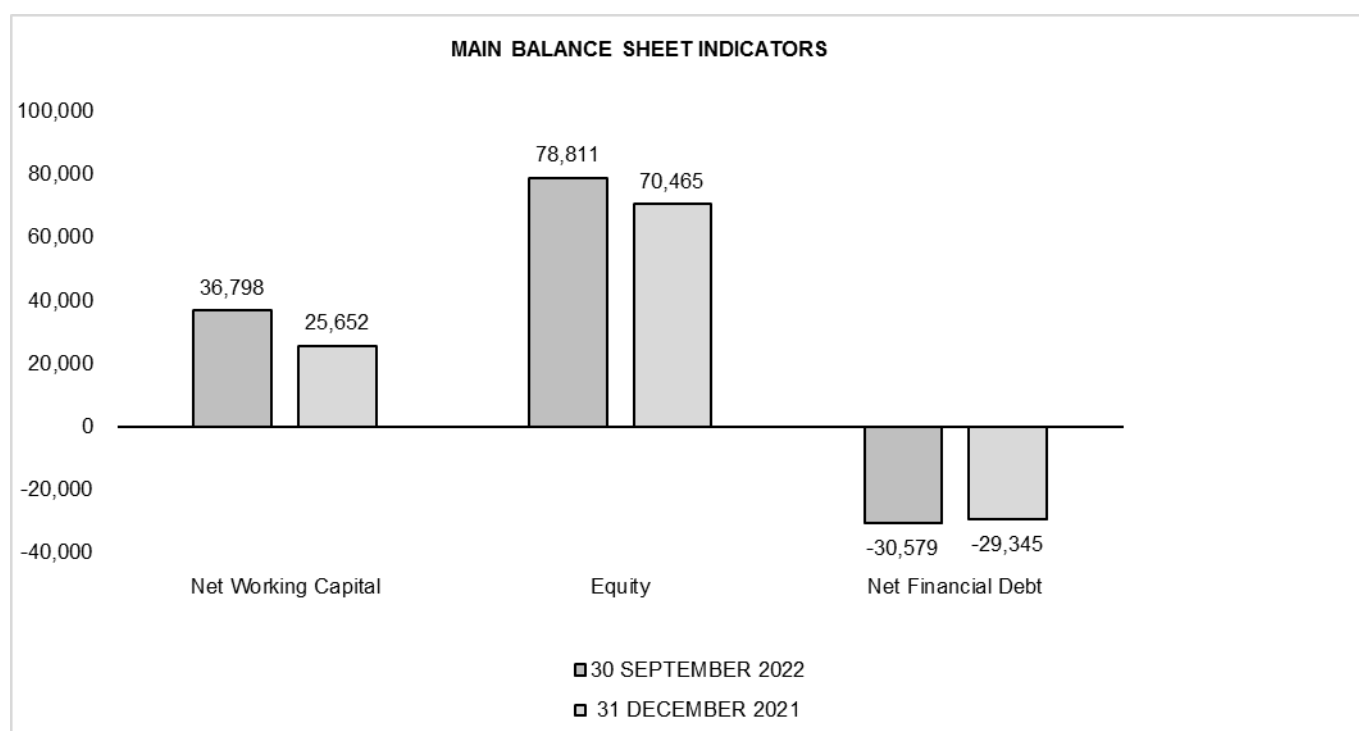
(Euro thousands)	30 SEPTEMBER 2022		30 SEPTEMBER 2021		Chg.	% change
		%		%		
Revenue from sales and services	150,976	100.0%	125,383	100.0%	25,593	20.4%
Other revenue	5,740	3.8%	1,604	1.3%	4,136	257.9%
Total revenue	156,716	103.8%	126,987	101.3%	29,729	23.4%
EBITDA	15,570	10.3%	13,837	11.0%	1,733	12.5%
Amortization and depreciation	7,119	4.7%	6,561	5.2%	558	8.5%
Allocations	55	0.0%	77	0.1%	(22)	(28.6%)
EBIT	8,396	5.6%	7,199	5.7%	1,197	16.6%
Adjusted profit for the period	7,082	4.7%	4,467	3.6%	2,615	58.5%



Financial results

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

<i>(Euro thousands)</i>	30 SEPTEMBER 2022	31 DECEMBER 2021	Chg.	% change
Net Working Capital	36,798	25,652	11,146	43.5%
Equity	78,811	70,465	8,346	11.8%
Net Financial Debt	(30,579)	(29,345)	(1,234)	4.2%



The balance sheet figures at 30 September 2022 are also shown for comparative purposes versus those at 30 September 2021.

(Euro thousands)	30 SEPTEMBER 2022	30 SEPTEMBER 2021	Chg.	% change
Net Working Capital	36,798	27,272	9,526	34.9%
Equity	78,811	65,099	13,712	21.1%
Net Financial Debt	(30,579)	(35,783)	(5,204)	14.5%

The *Net Financial Debt* at 31 December 2021 and 30 September 2021 includes the MICA Payable (approximately € 5,000 thousand), time-barred and written off in first quarter 2022; the figures in the two periods, for a consistent comparison, should be adjusted by the amount now written off.

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

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Directors' Comments



Significant events during the period

Considering CONSOB's requirements related to 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 September 2022 were not materially impacted by the COVID-19 pandemic. In fact, the revenue growth trend already seen from the second half of 2020 continued in both 2021 and the first nine months of 2022.

The Group continued to comply with national pandemic containment rules and the observance and adoption of safety protocols on the health of workers and third parties, also managing a few non-serious COVID-19 positive cases reported in September.

Specifically, without prejudice to the mentioned application of the rules and protocols explained in the previous financial periods, the safety protocols were further updated following entry into force of the provisions set forth in Law Decree 68/2022 of 16 June 2022, and 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. On 31 August 2022, the Ministry of Health published Circular no. 37615, which changes the regulation of isolations in case of COVID-19 positivity: isolation is reduced to 5 days regardless of vaccination status, following a negative test after at least 2 days with no symptoms.

Therefore, despite a slight resurgence of the pandemic starting from September, with regard to the period 1 January 2022 - 30 September 2022, the trend of revenue, margins and Net Financial Position, as well as the operating-financial forecasts for 2022, also reflected in the 2022 Budget, are not impacted by the COVID-19 pandemic, and no critical issues and uncertainties over business continuity have materialized; the pandemic itself continues not to be an indicator of impairment of the Group's tangible and intangible assets.

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, during the first nine months, this event did not bring any material disruption of production activities at the Group's three plants. At the beginning of the fourth 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 nine months 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 Cartiere. The Group does not expect these factors to impact further on margins, even more significantly than they have so far, since it has managed to transfer part of their effects on selling prices, and because any further deterioration of margins caused by increases in gas and electricity prices at Neodecortech and Cartiere di Guarcino would probably be offset by the sale of electricity at better and higher prices by Bio Energia.

The indirect impacts, instead, are reflected in the lower propensity of users to consume furniture and flooring. The consumption propensity witnessed in the first six months of 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.

Specifically, Neodecortech saw a decline in incoming orders, which then led to an initial reduction in production in late September.

For Neodecortech Spa alone, comparing the figures of third quarter 2022 with those of third quarter 2021, at the time of writing this Report, the magnitude of the decline stands at approximately -11%.

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 Consolidated Budget to be confirmed. This result is attributable to the remarkable performance of Bioenergia Guarcino.

During the first nine months, price increases continued for all of the Group's strategic materials (resins, decorative paper, plastics, titanium dioxide, and pulp), and their partial transfer on selling prices to end customers. 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. The prices of a number of strategic raw materials (resins, plastics) are expected to fall in fourth quarter 2022 for Neodecortech and Bio Energia, in line with the 2022 Budget, while fears remain for a further provisional increase for pulp and titanium dioxide, due to the energy crisis following the Russian-Ukrainian conflict.

With regard also to the increases in energy carrier costs, first nine months 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.

The high price volatility reported, in addition to the decline in margins versus first nine months 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 Cartiere 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 nine months 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, settling in September at an average price of approximately 1,330€/tonne. Conversely, energy prices remained consistently high, above 300 €/MWh in an extremely volatile relevant context, especially following the outbreak of the Russian-Ukrainian conflict, with prices at times even exceeding 500 €/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 nine months 2022 versus the prior year, it continued to operate, enabling Cartiere di Guarcino to curb the impact of increased electricity costs on the period under review. Specifically, electricity sales agreements and related fuel purchase agreements were signed to ensure full operation until first quarter 2023. To cope with this situation, in first nine months 2022 the Group resorted to an increased use of short-term financial lines to enable Bio Energia Guarcino to procure and stockpile the necessary fuel for the coming months.

Lastly, mention should be made that in February, 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 at 30 September 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.

Capital expenditure in first nine months 2022 amounted to € 6,183 thousand. Special mention must be made of the agreement signed for the acquisition of a new impregnating machine, which will be delivered and will 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 in the last quarter of 2022.

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, expenditure was made for the scheduled or extraordinary maintenance of the Power Plant

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

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 in second half 2022.

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 following months.

On 29 July 2022 and for the second straight year, Neodecortech S.p.A. submitted the CDP Questionnaire (Carbon Disclosure Program) in order to obtain the ESG Rating by year end.

Business and market outlook

The production plants of Neodecortech and Cartiere di Guarcino operated at full capacity throughout the first nine months and are expected to be fully operational for Cartiere di Guarcino during the final months of the year. As mentioned earlier, for Neodecortech, the reduction in incoming orders, which began at the start of the second half of the year, led to an initial reduction in production, thus in sales, as from end September. This decline will be felt in the last quarter of the year, forcing partial closures of the production plants in Filago (BG) and Casoli (TE), with a resort to the redundancy fund.

Both Neodecortech and Cartiere di Guarcino are also devoting the necessary attention to the potential risks of rationing and partial availability of electricity and gas.

Against this backdrop, despite the changed macroeconomic sentiment and the abovementioned related critical issues, leveraging on the fact of being an integrated supply chain Group 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 first nine months, the Group believes that it can close 2022 basically in line with the results forecast in the 2022 Budget.

On the financial front too, it continues to pursue the policy of curbing financial costs (despite the current increase in interest rates), optimizing short- and medium-long term lines of credit, and containing its net financial position.

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.

No particularly negative impacts are expected from the trend of the COVID-19 pandemic, despite a slight resurgence.

Each Division is analyzed more specifically below.

Decorative Paper Division - Neodecortech

In the face of the initial retracements in the prices of strategic raw materials, 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 and printing on pvc). The only exception is EOS, an anti-fingerprint plastic material for vertical surfaces whose weight, however, remains not so significant to date (approximately 7%).

In light of this situation, the first declines in production and sales have been reported since September, and will continue in the last quarter of the year. In the short term, the order backlog is expected to settle somewhat at a level more in line with the historical trends, before 2020 and 2021. These last two years are, in fact, considered exceptional either because demand has been lower due to the initial effects of the pandemic (2020) or, conversely, because demand has been particularly high due to the impressive COVID-19 post-lockdown rebound (2021).

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.

Compared to the budgeted investment plan, some expenditure in new facilities is expected to be postponed until 2023, while actions to contain financial costs continue, despite the increased rates seen in recent months.

Paper Division - Cartiere di Guarcino

The order backlog at Cartiere 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.

That said, three key factors that contributed to growth in the first nine months will be able to alleviate any impacts from the decline in orders and sales:

- (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 are bringing strong amounts of orders in this second part 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), increases were reported throughout third quarter 2022 and a further increase in fourth quarter 2022 in the face of announcements from major suppliers.

The expenditure plan related to paper machine efficiency and plant optimization continues as per the Budget; additionally, on 17 October 2022, the Company purchased a building for residential use and the related land, close to the plant, for € 300 thousand, to be used as offices, thus satisfying the need for space to be allocated for this use.

Energy Division - Bio Energia Guarcino

As for Bio Energia Guarcino, given the new context, and thanks to short hedges on the energy market and to long hedges on bioliquids for the final quarter part of the year and the first quarter of 2023, 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 start of 2023.

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.

Pending the above Implementing Decrees, ARERA issued Resolution no. 430 of 13 September 2022, to define the remuneration criteria, for electricity generation plants powered by fuels other than natural gas, pursuant to Article 5bis of LD no. 14/2022, which will allow on an emergency basis (until 31 March 2023), even for the Bio Energia Guarcino plant to apply a temporary incentive mechanism to reinstate variable costs.

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 September 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.

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**Condensed Consolidated Financial Statements
at 30 September 2022**



Consolidated income statement at 30 September 2022

<i>(Euro thousands)</i>	30 SEPTEMBER 2022	%	30 SEPTEMBER 2021	%	Chg.	% change
Revenue from sales and services	150,976	100.0%	125,383	100.0%	25,593	20.4%
Changes in work in progress, semi-finished and finished products	4,730	3.1%	(729)	(0.6%)	5,459	(748.8%)
Other revenue	5,740	3.8%	1,604	1.3%	4,136	257.9%
Value of Production	161,447	106.9%	126,258	100.7%	35,189	27.9%
Raw and ancillary materials and consum.	(104,368)	(69.1%)	(78,422)	(62.5%)	(25,946)	33.1%
Other operating expense	(25,827)	(17.1%)	(17,621)	(14.1%)	(8,206)	46.6%
Value Added	31,251	20.7%	30,215	24.1%	1,036	3.4%
Personnel expense	(15,681)	(10.4%)	(16,378)	(13.1%)	697	(4.3%)
EBITDA	15,570	10.3%	13,837	11.0%	1,733	12.5%
Amortization and depreciation	(7,119)	(4.7%)	(6,561)	(5.2%)	(558)	8.5%
Allocations	(55)	(0.0%)	(77)	(0.1%)	22	(28.6%)
EBIT	8,396	5.6%	7,199	5.7%	1,197	16.6%
Financial expense	(2,196)	(1.5%)	(1,042)	(0.8%)	(1,154)	110.7%
Financial income	5,332	3.5%	167	0.1%	5,165	3092.8%
Profit/(loss) before tax	11,532	7.6%	6,324	5.0%	5,208	82.4%
Income tax	(1,586)	(1.1%)	(1,857)	(1.5%)	271	(14.6%)
Profit/(loss) for the period	9,947	6.6%	4,467	3.6%	5,480	122.7%

Consolidated statement of comprehensive income at 30 September 2022

<i>(Euro thousands)</i>	30 SEPTEMBER 2022	30 SEPTEMBER 2021
Profit/(loss) for the period	9,947	4,467
Other items of the comprehensive income statement		
Actuarial gains (losses) net of tax effect	301	81
Total items that will not be reclassified in the income statement for the period	301	81
Gains/(losses) on cash flow hedging instruments	396	99
Total items that will or may be reclassified in the income statement for the period	396	99
Total other items of the comprehensive income statement	697	180
Comprehensive income (loss) for the period	10,644	4,647
Comprehensive income for the period attributed to:		
Shareholders of the Parent	10,644	4,647
Non-controlling interests		
Earnings per share (in Euro):		
Basic	0.70	0.33
Diluted	0.70	0.33

Consolidated statement of financial position at 30 September 2022

Assets	30 SEPTEMBER 2022	%	31 DECEMBER 2021	%	Chg.	% change
<i>(Euro thousands)</i>						
Intangible assets	960	0.6%	1,551	0.9%	(591)	(38.1%)
Tangible assets	78,287	46.7%	78,561	46.5%	(274)	(0.3%)
Other non-current assets	485	0.3%	19	0.0%	466	2452.6%
Non-current financial receivables	445	0.3%	1,757	1.0%	(1,312)	(74.7%)
Deferred tax assets	1,542	0.9%	1,985	1.2%	(443)	(22.3%)
Non-current assets	81,720	48.7%	83,873	49.6%	(2,153)	(2.6%)
Inventory	45,968	27.4%	40,603	24.0%	5,365	13.2%
Trade receivables	26,231	15.6%	26,632	15.7%	(401)	(1.5%)
Receivables from tax consolidation	564	0.3%	1,129	0.7%	(565)	(50.0%)
Tax receivables	4,340	2.6%	2,299	1.4%	2,041	88.8%
Current financial receivables	0	0.0%	0	0.0%	0	0.0%
Other current receivables	1,522	0.9%	1,084	0.6%	438	40.4%
Cash funds	7,410	4.4%	13,491	8.0%	(6,081)	(45.1%)
Current assets	86,034	51.3%	85,238	50.4%	796	0.9%
Total assets	167,754	100.0%	169,111	100.0%	(1,357)	(0.8%)

Equity and liabilities	30 SEPTEMBER 2022	%	31 DECEMBER 2021	%	Chg.	% change
<i>(Euro thousands)</i>						
Share capital	18,804	11.2%	18,804	11.1%	0	0.0%
Share premium reserve	18,864	11.2%	18,864	11.2%	0	0.0%
Other reserves	24,995	14.9%	17,348	10.3%	7,647	44.1%
Prior years' profit (loss)	6,201	3.7%	8,761	5.2%	(2,560)	(29.2%)
Profit (loss) for the period	9,947	5.9%	6,688	4.0%	3,259	48.7%
Equity	78,811	47.0%	70,465	41.7%	8,346	11.8%
Provisions for risks and charges	704	0.4%	977	0.6%	(273)	(27.9%)
Deferred tax	6,206	3.7%	6,150	3.6%	56	0.9%
Post-employment benefits	2,099	1.3%	2,587	1.5%	(488)	(18.9%)
Non-current financial liabilities	14,080	8.4%	23,220	13.7%	(9,140)	(39.4%)
Non-current liabilities	23,089	13.8%	32,934	19.5%	(9,845)	(29.9%)
Trade payables	34,706	20.7%	39,832	23.6%	(5,126)	(12.9%)
Payables from tax consolidation	965	0.6%	816	0.5%	149	18.3%
Tax payables	691	0.4%	773	0.5%	(82)	(10.6%)
Current financial liabilities	23,908	14.3%	19,616	11.6%	4,292	21.9%
Other current payables	5,584	3.3%	4,674	2.8%	910	19.5%
Current liabilities	65,854	39.3%	65,711	38.9%	143	0.2%
Total equity and liabilities	167,754	100.0%	169,111	100.0%	(1,357)	(0.8%)

Consolidated statement of changes in equity at 30 September 2022

(Euro thousands)	Attributable to the shareholders of the Parent								
	Share Capital	Hedging and translation reserves	Equity reserves	Other reserves	Treasury shares	Profit (loss) for the period	Equity	Non-controlling interests	Total equity
Balance at 01/01/2021	17,399	(296)	17,357	24,084	(421)	3,535	61,658	0	61,658
Other items of the comprehensiv	0	146	0	(16)	0	0	130	0	130
Profit for the period	0	0	0	0	0	6,688	6,688	0	6,688
Total comprehensive incom	0	146	0	(16)	0	6,688	6,818	0	6,818
Dividend distribution	0	0	0	(1,206)	0	0	(1,206)	0	(1,206)
Allocation of prior year's profit (l	0	0	0	3,535	0	(3,535)	0	0	0
Other changes	1,406	(4)	1,507	5	281	0	3,195	0	3,195
Balance at 12/12/2021	18,804	(155)	18,864	26,404	(140)	6,688	70,465	0	70,465
Balance at 01/01/2022	18,804	(155)	18,864	26,404	(140)	6,688	70,465	0	70,465
Other items of the comprehensiv	0	396	0	302	0	0	698	0	698
Profit for the period	0	0	0	0	0	9,947	9,947	0	9,947
Total comprehensive incom	0	396	0	302	0	9,947	10,645	0	10,645
Dividend distribution	0	0	0	(1,978)	0	0	(1,978)	0	(1,978)
Allocation of prior year's profit (l	0	0	0	6,688	0	(6,688)	0	0	0
Other changes	0	0	0	(2)	(319)	0	(321)	0	(321)
Balance at 30/09/2022	18,804	241	18,864	31,414	(459)	9,947	78,811	0	78,811

Consolidated statement of cash flows at 30 September 2022

<i>(Euro thousands)</i>	30 SEPTEMBER 2022	30 SEPTEMBER 2021
Profit (loss) for the period	9,947	4,467
Income tax	1,307	1,998
Deferred/(prepaid) tax	279	(141)
Interest expense/(interest income)	(3,136)	1,305
(Dividends received)	0	0
(Gains)/losses from disposal of assets	(15)	(210)
1 Profit (loss) for the period before income tax, interest, dividends and gains/losses from disposals	8,381	7,419
Adjustments for non-monetary items that had no balancing entry in net working capital:		
Allocation to post-employment benefits	123	61
Allocations to other provisions	162	263
Amortization and depreciation of fixed assets	7,119	6,561
Write-downs for impairment losses	0	0
Other adjustments for non-monetary items	(1,259)	(1,509)
2 Cash flow before changes in NWC	14,526	12,794
Changes in net working capital		
Decrease/(increase) in receivables from customers	502	(3,835)
Decrease/(increase) in inventory	(5,560)	(280)
Increase/(decrease) in payables to suppliers	(5,126)	4,835
Decrease/(increase) in other receivables	(1,576)	(2,302)
Increase/(decrease) in other payables	958	1,728
Other changes in net working capital	0	0
3 Cash flow after changes in NWC	3,725	12,940
Other adjustments		
Interest received/(paid)	(715)	(504)
(Income tax paid)	(326)	(103)
(Gains)/losses from disposal of assets	0	0
Dividends received	0	0
(Utilization of provisions)	(295)	(454)
(Utilization of provisions for post-employment benefits)	(123)	(120)
4 Cash flow after other adjustments	2,265	11,758

<i>(Euro thousands)</i>	30 SEPTEMBER 2022	30 SEPTEMBER 2021
A Cash flow from operations	2,265	11,758
<i>Property, plant and equipment</i>	(6,057)	(6,184)
(Purchase)	(6,057)	(6,223)
Disposal	0	39
<i>Intangible fixed assets</i>	(126)	(280)
(Purchase)	(126)	(280)
Disposal	0	0
<i>Financial fixed assets</i>	(30)	(287)
(Purchase)	(30)	(363)
Disposal	0	76
<i>Current financial assets</i>	0	0
(Purchase)	0	0
disposal	0	0
<i>Proceeds from disposal of assets</i>	15	210
B Cash flow from investing activities	(6,198)	(6,541)
Liabilities	149	(2,746)
Increase (decrease) in short-term bank payables	2,522	1,023
New loans	2,500	0
Repayment of loan	(3,323)	(2,809)
Financial liabilities to other lenders	(1,550)	(1,008)
Change in financial receivables from other lenders	0	47
Equity	(2,298)	(1,206)
Share capital increase	0	0
Sale (purchase) of treasury shares	(320)	0
Other changes in equity	(1,978)	(1,206)
C Cash flow from financing activities	(2,149)	(3,952)
Increase (decrease) in cash funds (A ± B ± C)	(6,081)	1,265
Cash funds at 1 January 2022	13,491	7,536
Cash funds at 30 September 2022	7,410	8,801

The following table shows **consolidated net financial debt** at 30 September 2022 versus the situation at 31 December 2021 and 30 September 2021:

<i>(Euro thousands)</i>	30 SEPTEMBER 2022	31 DECEMBER 2021	Chg.	30 SEPTEMBER 2021	Chg.
A. Cash funds	(7,410)	(13,491)	6,081	(8,801)	1,391
B. Cash and cash equivalents	0	0	0	0	0
C. Other current financial assets	(12)	0	(12)	(64)	52
D. Cash (A) + (B) + (C)	(7,422)	(13,491)	6,069	(8,865)	1,443
E. Current financial debt	16,955	13,608	3,347	13,652	3,303
F. Current portion of non-current debt	6,966	6,008	958	5,905	1,061
G. Current financial debt (E)+(F)	23,921	19,616	4,305	19,557	4,364
H. Net current financial debt (G)-(D)	16,499	6,125	10,374	10,692	5,807
I. Non-current financial debt	14,080	23,220	(9,140)	25,090	(11,010)
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)	14,080	23,220	(9,140)	25,090	(11,010)
M. Total financial debt (H)+(L)	30,579	29,345	1,234	35,783	(5,204)

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Notes



Accounting standards and preparation criteria

The Interim Management Statement for first nine months 2022 includes the Balance Sheet, Income Statement, Statement of Comprehensive Income, Statement of Cash Flows, Statement of Changes in Equity and brief notes; it has been prepared on the basis of the recognition and measurement criteria provided for by the IAS-IFRS standards adopted by the European Union. It has been made available to the public on a voluntary basis, and has been prepared in accordance with the regulations of Borsa Italiana, which establish, among the requirements for maintaining the listing on the STAR segment of the MTA market, the publication of interim reports, which are available on the Company website (www.neodecortech.it).

With regard to the relevant international accounting standards and the criteria chosen by the Group in preparing the financial statements, reference is made to the 2021 Annual Report.

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

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

Scope of consolidation

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

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

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

There were no changes versus the prior year.

Main Alternative Performance Measures (APMs)

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

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

The definition of the main APMs used in this Interim Management Statement 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.** They allow a better assessment of both the ability to meet short-term trade commitments through current trade assets and the consistency of the structure of loans and sources of financing in terms of time.
- **NET FINANCIAL DEBT.** The figure shown is in line with the value of net financial debt determined in accordance with the recommendations of the CESR (Committee of European Securities Regulators) of 10 February 2005 and referred to by CONSOB. This measure allows a better assessment of the overall level of debt, capital strength and debt repayability.

Notes on the main changes in the consolidated financial statements

Revenue from sales and services at 30 September 2022 increased by € 25,593 thousand (+20.4%) versus 30 September 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 first nine months 2021 is related mainly to the increase in the price of energy (PUN).

The increase in the change in finished goods of € 5,459 thousand is attributable mainly to the increase in the unit value of purchase and processing prices of raw materials.

Other revenue at 30 September 2022 amounted to € 5,740 thousand (€ 1,604 thousand at 30 September 2021), increasing by € 4,136 thousand, due primarily to the recognition and certification at 30 September 2022 of tax credits of € 3,484 thousand for the first three 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.

The increase in *consumption of raw and ancillary materials* versus 30 September 2021 (+33.1% or € 25,946 thousand), 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 fully offset by the increase in energy prices, as well as lower incentives versus 2021 for Bio Energia Guarcino, also affected this trend.

Other operating expense rose (+46.6% or € 8,206 thousand) versus 30 September 2021, due mainly to the increase in the costs of energy and gas and other utilities (+155.3% or up by approximately € 5,465 thousand) and transportation (+63% or up by approximately € 1,956 thousand). That said, the increase in the cost of electricity and gas was alleviated by the above tax credits, so the actual increase is € 1,844 thousand, or 52.4%.

Personnel expense of € 15,681 thousand was down from € 16,378 thousand (-4.3% or € 697 thousand) at 30 September 2021, with employees in service at 30 September 2022 falling to 393 from 406 at 31 December 2021.

EBITDA versus 30 September 2021 stood at € 15,570 thousand, or 10.3% of net sales, down slightly by 0.7% versus 30 September 2021 (€ 13,837 thousand, or 11%), but up by € 1,733 thousand in absolute terms. For further information on the EBITDA trend, reference is made to the Directors' Comments.

Amortization and depreciation were up slightly versus the same period of the prior year (€ +558 thousand and +8.5%), with expenditure made by the Group amounting to € 6,183 thousand, in line with € 6,464 thousand at 30 September 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 was up by € 1,197 thousand versus 30 September 2021, but in line with the same period of the prior year (5.6% versus 5.7% at 30 September 2021).

With regard to *financial items*, the net increase of € 4,011 thousand versus 30 September 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. Otherwise, the Group's interest expense from the costs of mortgages, leases and short-term lines continues to be lower than at 30 September 2021 (down by € 285 thousand), thanks to the constant optimization of lines and improvement of conditions applied by the banking system, a strategy pursued since the beginning of 2022. It should be noted, however, that the past three months have seen the first increases in financing costs of mortgages and floating-rate lines, due to rate increases by the ECB and the related rise in Euribor.

Net tax for the period amounted to € 1,586 thousand, with the Group's theoretical tax rate at approximately 14%, continuing to benefit from the effects of tax consolidation with Finanziaria Valentini and from the fact that tax credits for energy- and gas-intensive companies are not subject to taxation. Additionally, the Group has assessed the potential impacts of the new tax regulations referring to the so-called "Taxation of Extra Profits" for Bio Energia, which would be subject to this mechanism, but not applicable for 2022.

Net Profit amounted to € 9,947 thousand or 6.6% of revenue (€ 4,467 thousand at 30 September 2021 or 3.6% of revenue), as it includes the effect of the non-recurring positive financial item mentioned above.

Adjusted net profit, net of the non-recurring financial item at 30 September 2022, amounted to € 7,082 thousand (4.7% of revenue), up sharply versus the net profit of € 4,467 thousand (+3.6% of revenue) at 30 September 2021.

Consolidated *net financial debt* at 30 September 2022 amounted to € 30,579 thousand (€ 29,345 thousand at 31 December 2021). The increase of € 1,234 thousand is attributable mainly to the net effect of:

- The decrease in non-current financial payables of € 8,083 thousand, which includes the write-off of the MICA payable of € 5,082 thousand, mentioned above, and, by difference, repayment of mortgage and unsecured loans according to their repayment schedule;
- The increase in current financial debt of € 3,346 thousand, related to the new unsecured loan of € 1,000 thousand taken out by Neodecortech with BPER and from 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 final quarter of 2022 for Bio Energia Guarcino;
- A higher cash use of € 6,081 thousand, mainly 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.

Consolidated *net working capital* at 30 September 2022 amounted to € 36,798 thousand versus € 25,652 thousand at 31 December 2021. The main effects contributing to this increase of € 11,146 thousand are (i) the increase in inventory

of € 5,365 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 decrease in trade payables of € 5,126 thousand related mainly to the reduced operations of BEG and the first signs of lower activity for Neodecortech too versus the same period of the prior year, and (iii) the increase in tax receivables of € 2,160 thousand related to accrued energy and gas tax credits, which will be used as offsets in fourth quarter 2022.

The change in *tangible and intangible fixed assets* is explained by the new capital expenditure made, net of amortization/depreciation. 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.

At 30 September 2022, capital expenditure in tangible and intangible fixed assets amounted to € 6,183 thousand. In the same period of 2021, capital expenditure amounted to € 6,464 thousand, down by € 281 thousand.

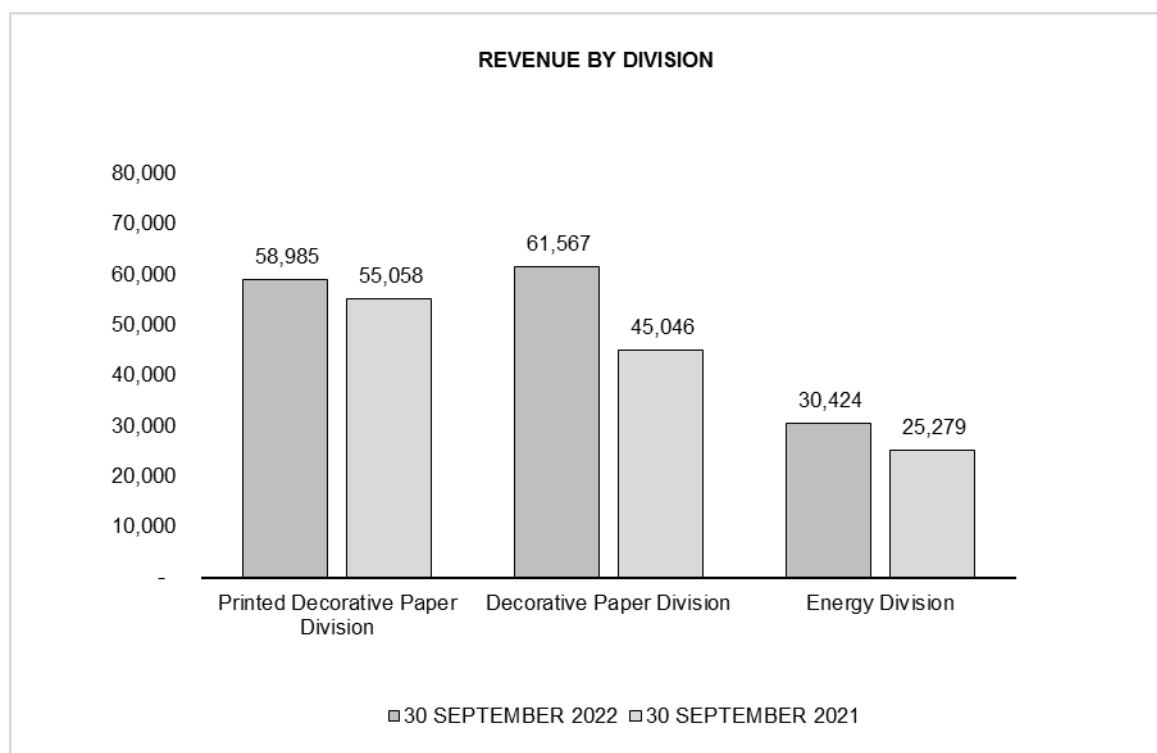
The change in *other non-current financial assets* not included in financial debt, amounting to € 995 thousand, refers mainly to the write-off of the abovementioned receivable from Andreotti Fotoincisioni S.p.A..

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.

Revenue by division, type of business and geographical area

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

<i>(Euro thousands)</i>	30 SEPTEMBER 2022	%	30 SEPTEMBER 2021	%	Chg.	% change
Printed Decorative Paper Division	58,985	39%	55,058	44%	3,927	7.1%
Decorative Paper Division	61,567	41%	45,046	36%	16,521	36.7%
Energy Division	30,424	20%	25,279	20%	5,145	20.4%
Total	150,976	100%	125,383	100%	25,593	20.4%

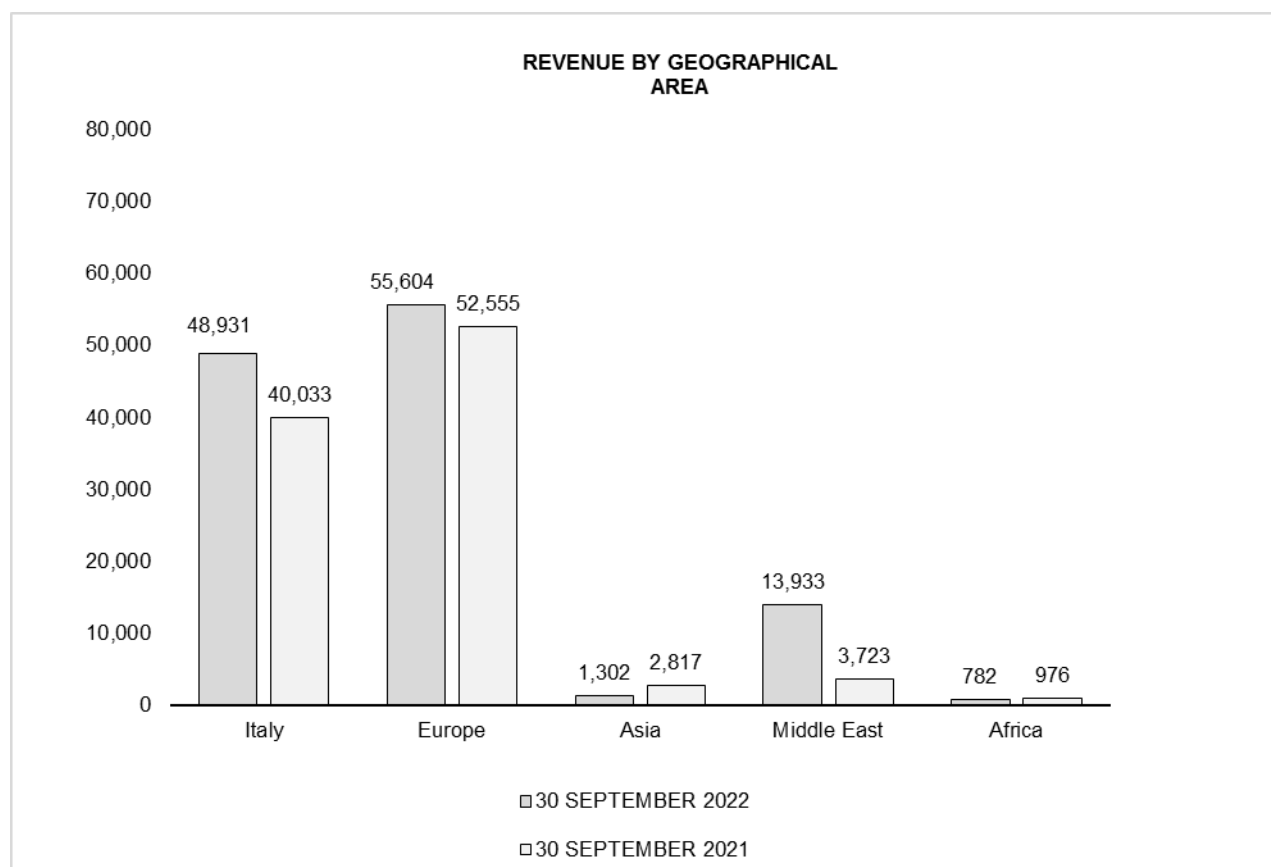


At 30 September 2022, the table below shows **consolidated revenue broken down by type of business**:

<i>(Euro thousands)</i>	Printed Decorative Paper	Decorative Paper Division	Energy Division	Consolidate
Revenue from the sale of goods	49,019	61,081		110,100
Revenue from services	9,966	486		10,452
Revenue from the sale of electricity and steam			23,267	23,267
Revenue from incentives			7,157	7,157
Total by segment	58,985	61,567	30,424	150,976

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

<i>(Euro thousands)</i>	30 SEPTEMBER 2022	%	30 SEPTEMBER 2021	%	Chg.	% change
Italy	48,931	32.4%	40,033	31.9%	8,898	22.2%
Europe	55,604	36.8%	52,555	41.9%	3,049	5.8%
Asia / Middle East	1,302	0.9%	2,817	2.2%	(1,515)	(53.8%)
America	13,933	9.2%	3,723	3.0%	10,210	274.2%
Africa	782	0.5%	976	0.8%	(194)	(19.9%)
Energy Division	30,424	20.2%	25,279	20.2%	5,145	20.4%
Total	150,976	100.0%	125,383	100.0%	25,593	20.4%



Related party transactions

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

<i>(Euro thousands)</i>				
	Trade receivables 30 September 2022	Financial receivables 30 September 2022	Trade payables 30 September 2022	Financial payables 30 September 2022
Finanziaria Valentini	0	564	0	965
Industrie Valentini	132	0	1	0
ISRFE Srl in liquid.	0	444	0	0
Valinvest	0	0	0	413
Loma Srl	897	0	89	0
Total	1,029	1,008	90	1,378

<i>(Euro thousands)</i>		
	Revenue and income 30 September 2022	Costs and expense 30 September 2022
Finanziaria Valentini	667	0
Loma Srl	3,727	(123)
Total	4,393	(123)

"Financial receivables", amounting to € 1,008 thousand, refers to a tax consolidation receivable of € 564 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 € 1,378 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 € 516 thousand. Payment of the consideration had been 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 last instalment due in 2022 (for € 516 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 € 897 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:

- € 89 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 at 30 September 2022:

<i>(Euro thousands)</i>		<i>(Euro thousands)</i>	
Subjects	Payable for fees 30 September 2022	Subjects	Fees 30 September 2022
Luigi Cogni	94	Luigi Cogni	331
Massimo Giorgilli	84	Massimo Giorgilli	252
Riccardo Bruno	5	Riccardo Bruno	47
Paola Carrara	0	Paola Carrara	10
Paolo Pietrogrande	2	Paolo Pietrogrande	17
Laura Calini	0	Laura Calini	9
Gianluca Valentini	41	Gianluca Valentini	41
Luca Peli	6	Luca Peli	16
Pietro Zanini	7	Pietro Zanini	12
Adriano Bianchi	0	Adriano Bianchi	11
Sara Bertolini	0	Sara Bertolini	12
Ida Altimare	0	Ida Altimare	12
Cinzia Morelli	0	Cinzia Morelli	11
Vittoria Giustiniani	0	Vittoria Giustiniani	11
Stefano Santucci	11	Stefano Santucci	26
Federica Manichetti	0	Federica Manichetti	15
Stefano Zonca	7	Stefano Zonca	20
Key management personnel	78	Key management personnel	534
Total	335	Total	1.387

Other supplementary information

Atypical and/or unusual transactions during the period

During the period up to 30 September 2022, the Group did not carry out any significant transactions qualifying as non-recurring, atypical and/or unusual.

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

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

Significant events after 30 September 2022

On 19 October 2022, NDT Energy S.r.l., a wholly-owned subsidiary of Neodecortech S.p.A., was established to build and operate a boiler for the recovery of processing waste at the Casoli (TE) production plant for the generation of thermal energy. Its commissioning will allow the plant to achieve self-sufficiency of thermal consumption. The plant will also allow for a major reduction in environmental impact from waste disposal and methane gas consumption.

Neodecortech and Cartiere di Guarcino renewed the Tax Consolidation option with Finanziaria Valentini S.p.A. for the three-year period 2022-2024. For Bio Energia Guarcino, the option for the three-year period 2020-2022 remains in effect.

Treasury shares and shares of the Parent Company

Pursuant to Articles 2435-bis and 2428 of the Italian Civil Code, it should be noted that the Company held no. 119,900 treasury shares at 30 September 2022 for a value of € 459,214.

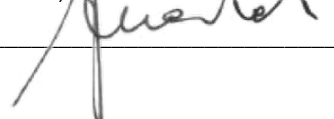
On 13 October, the share buyback programme ended and, at that date, the total number of treasury shares only amounted to no. 123,000 (equal to 0.865% of the share capital) for a value of € 468,214.

At 30 September 2022 and during the last quarter, the Company did not purchase any shares of the parent company.

Filago (BG), 3 November 2022

For the Board of Directors The Chairman

(Luca Peli)



Certification by the Financial Reporting Manager

Pursuant to the provisions of Article 154-bis, paragraphs 3 and 4, of Italian Legislative Decree no. 58 of 24 February 1998

SUBJECT: Interim Management Statement at 30 September 2022, approved on 3 November 2022

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

CERTIFY

Pursuant to Article 154-bis, paragraph two, Part IV, Title III, Chapter II, Section V-bis, of Legislative Decree no. 58 of 24 February 1998, that, to the best of my knowledge, the Interim Management Statement at 30 September 2022 corresponds to the underlying records, books and accounting entries.

Date: 3 November 2022

Fabio Zanobini

Financial Reporting Manager
