Neodecortech S.p.A.

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

Consolidated financial statements at 31 December 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.



LBG/GNC/git - RC003122022BD1120



Independent auditor's Report

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

To the Shareholders of Neodecortech S.p.A.

Report on the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Neodecortech Group (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2022, the consolidated statement of comprehensive income, the consolidated income statement, the consolidated statement of changes in shareholders' equity, the consolidated statement of cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 13, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as the regulation issued to implement art. 9 of Legislative Decree n. 38/'05.

Basis for opinion

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

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

Key audit matters

There are no key audit matters to be communicated in our opinion.

Bari, Bologna, Brescia, Cagliari, Firenze, Genova, Milano, Napoli, Padova, Palermo, Roma, Torino, Verona

BDO Italia S.p.A. - Sede Legale: Viale Abruzzi, 94 - 20131 Milano - Capitale Sociale Euro 1.000.000 i.v. Codice Fiscale, Partita IVA e Registro Imprese di Milano n. 07722780967 - R.E.A. Milano 1977842 Iscritta al Registro dei Revisori Legali al n. 167911 con D.M. del 15/03/2013 G.U. n. 26 del 02/04/2013 BDO Italia S.p.A., società per azioni italiana, è membro di BDO International Limited, società di diritto inglese (company limited by guarantee), e fa parte della rete internazionale BDO, network di società indipendenti.



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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

Reports on other legal and regulatory requirements

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

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

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

In our opinion, the consolidated financial statements as at December 31, 2022 have been prepared in XHTML format and have been marked-up, in all material respects, in compliance to the requirements of Delegated Regulation.

Due to certain technical limitations, some information included in the [explanatory][illustrative] notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML format.



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

The Directors of Neodecortech S.p.A. are responsible for the preparation of the report on operations and of the corporate governance report of Neodecortech S.p.A. as at December 31, 2022, including their consistency with the consolidated financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and of specific information of the corporate governance report as provided by article 123-bis, paragraph 4, of Legislative Decree n. 58/'98, with the consolidated financial statements of Neodecortech Group as at December 31, 2022 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the report on operations and the above mentioned specific information of the corporate governance report are consistent with the consolidated financial statements of Neodecortech Group as at December 31, 2022 and are compliant with applicable laws and regulations.

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

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

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

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

Milan, March 31, 2023

BDO Italia S.p.A. Signed by

Lelio Bigogno Partner

Neodecortech S.p.A.

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

Financial statements at 31 December 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.



LBG/GNC/git - RC003122022BD1114



Independent auditor's Report

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

To the shareholders of Neodecortech S.p.A.

Report on the financial statements

Opinion

We have audited the financial statements of Neodecortech S.p.A. (the Company), which comprise the statement of financial position as at December 31, 2022, the income statement, the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended; and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements give a true and fair view of the financial position of the Company as at December 31, 2022 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as the regulation issued to implement article 9 of Legislative Decree N0. 38/05.

Basis for opinion

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

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

Key audit matters

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



Key audit matters

Audit response

VALUATION OF INVESTMENTS

As at December 31, 2022 investments amounted of about € 37,1 million, referred to the investment in Cartiere di Guarcino S.p.A. for € 37 milion and NDT energy S.r.l. for € 100 thousand, both fully owned by the Company. Cartiere di Guarcino S.p.A. investment amounted of about € 11,5 million, totally referred to the 100% interest in Bio Energia Guarcino S.r.l.

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

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

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

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

- discussions with Management;
- analysis of the investments' variation over the fiscal year and review of the most significant acquisitions and sales;
- review of the correct classification and of the related accounting treatment;
- collection of the financial statements for all the investments:
- testing for the presence of impairment' indicators;
- analysis of the evaluations carried out by the Company for the identification of impairment' indicators:
- comparison of operating cash flows forecast with the business plan.

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

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

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, as well as the regulation issued to implement article 9 of Legislative Decree N0. 38/05 and, within the terms provide by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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



Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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



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

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

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

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

Reports on other legal and regulatory requirements

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

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

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

In our opinion, the financial statements as at December 31, 2022 have been prepared in XHTML format in compliance to the requirements of Delegated Regulation.

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

The Directors of Neodecortech S.p.A. are responsible for the preparation of the report on operations and of the corporate governance report of Neodecortech S.p.A. as at December 31, 2022, including their consistency with the financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and of specific information of the corporate governance report as provided by article 123-bis, paragraph. 4, of Legislative Decree n. 58/98, with the financial statements of Neodecortech S.p.A. as at December 31, 2022 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the report on operations and the above mentioned specific information of the corporate governance report are consistent with the financial statements of Neodecortech S.p.A. as at December 31, 2022 and are compliant with applicable laws and regulations.

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

Milan, March 31, 2023

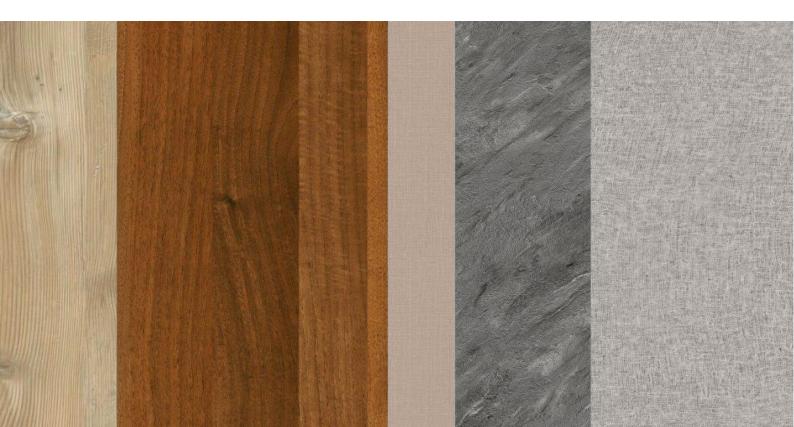
BDO Italia S.p.A. Signed by

Lelio Bigogno Partner

Annual Report at 31 December 2022

Financial Statements prepared in accordance with IAS/IFRS

Amounts in Euro



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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 Director, Chief Executive Officer Executive Director Non-Executive Director Non-Executive Director Independent Non-Executive Director Independent Non-Executive Director Independent Non-Executive Director

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Luca Peli
Luigi Cologni
Massimo Giorgilli
Gianluca Valentini
Vittoria Giustiniani
Adriano Bianchi*
Sara Bertolini*
Ida Altimare*
Cinzia Morelli*
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(*) 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 Standing Auditor Standing Auditor Alternate Auditor Alternate Auditor

Financial Reporting Manager (3)

Committees ⁽⁴⁾ Remuneration and Appointments Committee

Control, Risk and Sustainability Committee

Stefano Santucci Federica Menichetti Stefano Zonca Davide Mantegazza Marinella Monterumisi

Marina Fumagalli

Ida Altimare (Chair) Vittoria Giustiniani Cinzia Morelli 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 ended 31 December 2022.

⁽³⁾ Marina Fumagalli was appointed by the Board of Directors on 07 February 2023 as the Financial Reporting Manager 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's structure at 31 December 2022 is shown below.

Neodecortech S.p.A.	— 100%	\rightarrow	Cartiere di Guarcino S.p.A.	— _{100%}	→ Bio Energia Guarcino S.r.I.
	— 100%	\rightarrow	NDT energy S.r.l. (dormant)		

At 31 December 2022, the companies forming the Group are:

NDT

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

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

The Parent Company performs the following functions for its subsidiaries:

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

CDG

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

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

BEG

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

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

NDTe NDT energy S.r.I. (*NDT*e)

established on 19 October 2022, registered office in Filago (BG) and operating offices in Casoli di Atri (TE), currently dormant and awaiting authorization to operate a WtE plant, capable of reusing process waste and meeting a large part of the energy needs of the adjacent NDT "laminates" division. The first financial statements will close on 31 December 2023.

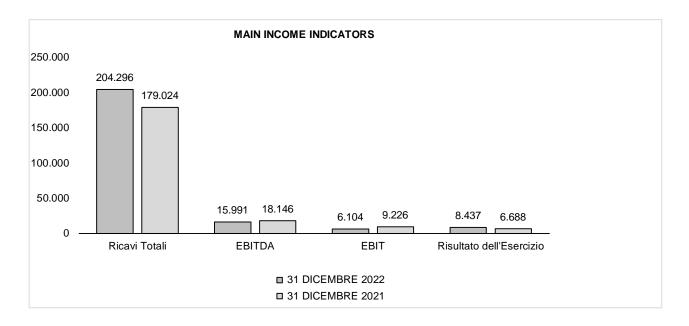
Financial highlights of the Neodecortech Group

Income statement

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

(Euro thousands)	31 DECEMBER 2022	%	31 DECEMBER 2021	%	Chg.	% chq.
(Luio mousanus)	2022	70	2021	70	Chg.	70 chg.
Revenue from sales and services	196,474	100.0%	176,429	100.0%	20,045	11.4%
Other revenue	7,822	4.0%	2,595	1.5%	5,227	201.4%
Total revenue	204,296	104.0%	179,024	101.5%	25,272	14.1%
EBITDA	15,991	8.1%	18,146	10.3%	(2,155)	(11.9%)
Amortization and depreciation	9,759	5.0%	8,839	5.0%	920	10.4%
Allocations	128	0.1%	81	0.0%	47	58.0%
EBIT	6,104	3.1%	9,226	5.2%	(3,122)	(33.8%)
Profit for the year	8,437	4.3%	6,688	3.8%	1,749	26.2%

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 writeoff of the MICA Payable, as detailed in the section "Consolidated Income Statement".

	31 DECEMBER		31 DECEMBER			
(Euro thousands)	2022	%	2021	%	Chg.	% chg.
Revenue from sales and services	196.474	100.0%	176.429	100.0%	20.045	11.4%
Other revenue	7,822	4.0%	2,595	1.5%	5,227	201.4%
Total revenue	204,296	104.0%	179,024	101.5%	25,272	14.1%
EBITDA	15,991	8.1%	18,146	10.3%	(2,155)	(11.9%)
Amortization and depreciation	9,759	5.0%	8,839	5.0%	920	10.4%
Allocations	128	0.1%	81	0.0%	47	58.0%
EBIT	6,104	3.1%	9,226	5.2%	(3,122)	(33.8%)
				0.0%		
Profit for the year	8,437	4.3%	6,688	3.8%	1,749	26.2%
Write-off Financial Receiv. Net tax Andreotti	997					
Write-off Financial Pay. Net tax MICA	(3,862)					
Adjusted Profit for the Year	5,572	2.8%	6,688	3.8%	(1,116)	(16.7%)



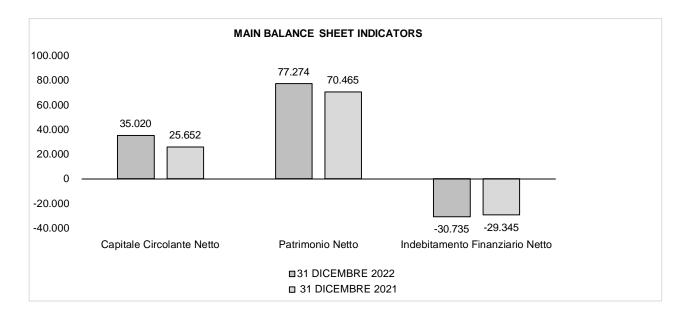


Financial results

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

(Euro thousands)	31 DECEMBER 2022	31 DECEMBER 2021	Chg.	% chg.
Net Working Capital	35,020	25,652	9,368	36.5%
Equity	77,274	70,465	6,809	9.7%
Net Financial Debt	(30,735)	(29,345)	(1,390)	4.7%

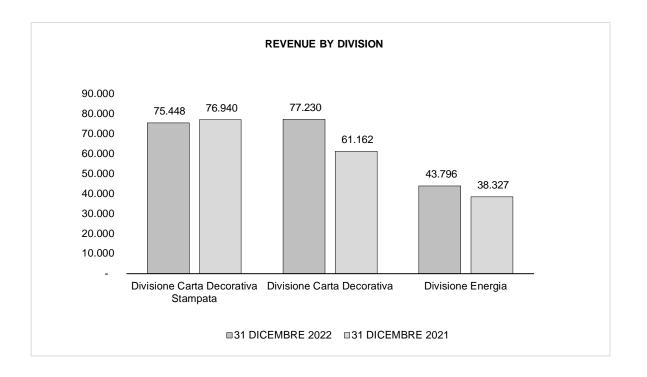
For comments on changes, reference should be made to the section "RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION" in this Directors' Report on Operations.



The table below shows consolidated revenue by operating segment.

(Euro thousands)	31 DECEMBER 2022	%	31 DECEMBER % 2021		Chg.	% chg.
Printed Decorative Paper Division	75,448	38%	76,940	44%	(1,492)	(1.9%)
Decorative Paper Division	77,230	39%	61,162	35%	16,068	26.3%
Energy Division	43,796	22%	38,327	22%	5,469	14.3%
Total	196,474	100%	176,429	100%	20,045	11.4%

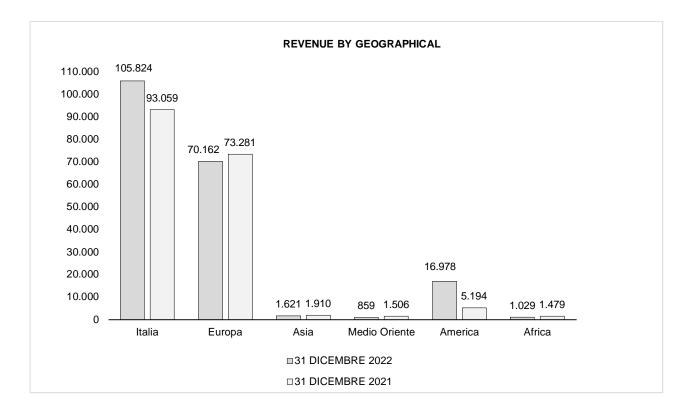




For comments on the performance of each division, reference should be made to the section "KEY RESULTS BY OPERATING SEGMENT" in the Directors' Report on Operations.

The table below shows consolidated revenue by geographical area.

(Euro thousands)	31 DECEMBER 2022			%	% Chg.	
Italy	62,028	31.6%	54,732	31.0%	7,296	13.3%
Europe	70,162	35.7%	73,281	41.5%	(3,119)	(4.3%)
Asia	1,621	0.8%	1,910	1.1%	(288)	(15.1%)
Middle East	859	0.4%	1,506	0.9%	(647)	(42.9%)
America	16,978	8.6%	5,194	2.9%	11,784	226.9%
Africa	1,029	0.5%	1,479	0.8%	(450)	(30.4%)
Energy Division	43,796	22.3%	38,327	21.7%	5,469	14.3%
Total	196,474	100.0%	176,429	100.0%	20,045	11.4%





Directors' Report on Operations



Shareholders,

Submitted to your approval are the Consolidated Financial Statements at 31 December 2022 of the Neodecortech Group (hereinafter also "the Group"), prepared in accordance with the IAS/IFRS international accounting standards and accompanied by this Report presenting the performance of the Group in 2022 as well as its outlook.

The period under review closes with a consolidated profit of \in 8,437 thousand (\in 6,688 thousand at 31 December 2021), after amortization, depreciation and provisions of \in 9,887 thousand (\in 8,920 thousand at 31 December 2021), and income tax of \in 802 thousand (\in 1,328 thousand at 31 December 2021).

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

Below are the trends, uncertainties, demands, commitments or known facts that could reasonably be expected to have an impact on the Group's outlook, including the impacts from the tail end of the COVID-19 pandemic and the Russian-Ukrainian conflict.

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 31 December 2022 were not materially impacted by the COVID-19 pandemic. The upward trend in sales already seen in 2021 continued in 2022, 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 of third parties.

Specifically, the safety protocols were further updated following entry into force of new regulations enacted in 2022, in particular Law Decree 24/2022, which came into effect on 25 March 2022. The Group adapted its safety protocols to the new provisions introduced by this decree, 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.

In 2022, as well as in 2021, there were no production plant closures caused by the COVID-19 pandemic. For further details on this topic, reference is made to the section below on the Relevant Segment and Comments on Operations.

Effects of the COVID-19 pandemic on actual results at 31 December 2022, continuity, and the recoverable value of assets

While there were occasional fluctuations in the pandemic curve in specific periods in 2022, the impact on Neodecortech S.p.A.'s revenue, margins, and Net Financial Position was minimal; the income and financial projections included in the 2021-2023 Business Plan and the 2023 Budget, approved by the Board of Directors of Neodecortech S.p.A. on 6 December 2022, remained largely unaffected; as a result, the directors maintain that there are no significant concerns or uncertainties related to business continuity due to the COVID-19 pandemic, and its ongoing effects do not signify any impairment of the Group's tangible and intangible assets.

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

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

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

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 Company is complying with all the measures introduced by the European Union. Additionally, from an IT point of view, the Company 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 further Warning Notice issued by CONSOB on 19 May 2022 related to the potential effects of the conflict in Ukraine on the 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 of electricity and gas and the price of raw materials used. However, in 2022, this event did not cause any interruption of production activities, shortages 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 year 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 and was able to mitigate the effects of the energy crisis and allow full continuity of production.

The subsidiary Bio Energia Guarcino (BEG), while benefiting from increases in electricity prices, was severely affected by the high cost of biomass used (sustainable bioliquids originating from the domestic supply chain) with resulting impacts on margins. Additionally, as part of the so-called Ukraine Emergency Decree (LD 14/2022), a maximization scheme was approved by the Government in favour of power generation plants that do not use gas, which includes the BEG plant (ARERA Resolution no. 430/2022 of 16.09.2022), in effect from 19 September 2022 to 31 March 2023 and subsequently extended to 31 March 2024. Reference should be made to the section below on BEG, which illustrates its trend of operations and the relevant economic and regulatory context.

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 Company's financial and operating results in 2022, explained below.

Specifically, the direct impacts in terms of lower sales were modest, as the Company had no significant sales in Russia, Ukraine or Belarus (in 2021 the impact was approximately 1% of total sales, in 2022 practically null). However, these sales have been 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, however largely offset by the increases in sales prices charged to customers.

Additionally, the conflict had a major direct impact on the prices of energy carriers: electricity and gas. However, this impact eased during the first quarter of the current year. Some of these increases were also reflected on 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 broad deterioration of the macroeconomic sentiment, incoming orders started to slow down from the impressive levels of the last two years.

The national and international economic environment

The ECB paper dated December 2022 on macroeconomic projections shows the following.

Economic growth slowed down considerably in the third quarter of 2022, as strong effects from the post-pandemic reopening and easing supply chain disruptions were tempered by lower confidence and stronger imports, coupled with weak exports and high inflation: see Chart 1.

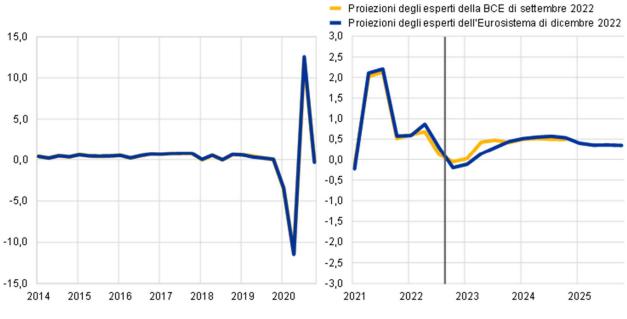


Chart 1

Euro area real GDP growth

(quarter-on-quarter percentage changes, seasonally and working day-adjusted quarterly data)

Note: The vertical line indicates the start of the current projection horizon.

Domestic demand contributed strongly to growth, on the back of robust private consumption growth – which was supported by lingering reopening effects during the summer months – and a large increase in investment growth. The latter trend reflected the easing of supply chains disruptions.... The positive contribution from domestic demand was largely offset by net trade, which made a strong negative contribution to real GDP growth in the third quarter. An increase in the Purchasing Managers' Index (PMI) indicator of stocks of finished goods and a drop in new orders corroborated a positive contribution from inventory-building in that quarter. Overall, growth was slightly higher in both the second quarter and the third quarter than had been expected in the September projections.

As the energy shock stemming from the war in Ukraine propagates through the economy, with high inflation and uncertainty, and cutbacks in energy-intensive industries, real GDP growth is projected to contract slightly in both the fourth quarter of 2022 and the first quarter of 2023. With the fading of the effects of the post-pandemic reopening, higher

inflation, rising bank lending rates and low business and consumer confidence and expectations are envisaged to curb both consumer and capital spending over the winter. This is reflected in the latest survey indicators, such as the PMI, which point to a broad-based contraction in economic activity in the fourth quarter of 2022, despite a further easing of supply bottlenecks which had been dampening economic activity in previous quarters. The adverse impact of inflation on real disposable income, coupled with a likely increase in savings for precautionary motives, is expected to weigh heavily on household spending at the end of the year. Amid almost record low consumer confidence and high uncertainty, the stock of excess savings accumulated during the coronavirus (COVID-19) pandemic – less than half of which is liquid and most of which is concentrated among the wealthiest households[2] - is less likely to provide a cushion against the impact of the adverse shocks on real income. Overall, real GDP is expected to contract by 0.2% in the fourth quarter of 2022 and by 0.1% in the first quarter of 2023 (with GDP growth revised down by 0.1 percentage points in both quarters compared with the September projections).

[...] Progress made on replenishing gas reserves implies that there will be sufficient supplies over the coming winter, although this is based on the assumption of reduced gas demand, with some negative economic impact. Since the finalization of the September staff projections, gas supplies from Russia have been cut further, most notably with the stoppage of flows via the Nord Stream 1 pipeline.

[....] Energy-related fiscal measures will support economic growth in 2023, however this is offset by the withdrawal of previous COVID-19-related fiscal support.

[....] From the second half of 2023 economic activity will start to recover, as the energy market rebalances, uncertainty recedes, supply bottlenecks are resolved, real incomes improve and foreign demand strengthens; the level of GDP will however remain clearly below the trajectory expected before the war in Ukraine (Chart 2). Real GDP growth is set to strengthen in the second half of 2023 and remain strong in 2024, reflecting the rebalancing of the energy market, a recovery in confidence and a reduction in uncertainty. Abating inflationary pressures will allow a recovery in real disposable income amid expected resilience in labour markets. Furthermore, the remaining supply bottlenecks are expected to be fully resolved by mid-2023, foreign demand is projected to recover and export price competitiveness against key trading partners is seen to improve. Real GDP growth is expected to moderate slightly in 2025, but to remain above its pre-pandemic historical average as catch-up effects unfold following the series of negative shocks since the start of the pandemic. Nevertheless, the level of real GDP will remain clearly below the trajectory expected one year ago.

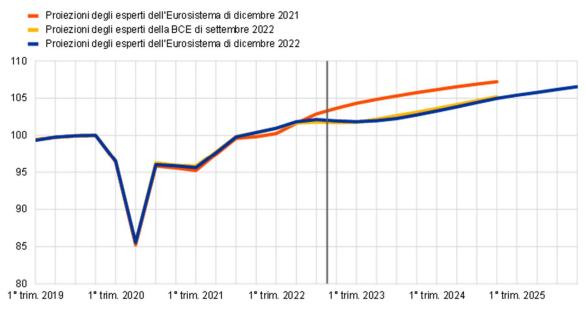


Chart 2

Euro area real GDP

(chain-linked volumes, 4° quarter 2019 = 100)

Note: Data are seasonally and working day-adjusted. Historical data may differ from the latest Eurostat publications due to data releases after the cut-off date for the projections. The vertical line indicates the start of the current projection horizon.

[....] Turning to the components of GDP, household real consumption growth is expected to decline markedly in 2023, and to recover gradually in 2024-2025. The removal of pandemic restrictions boosted services activity and supported private consumption over the summer months, but these effects are expected to fade during the last quarter of 2022. The energy shock owing to the war in Ukraine has pushed up consumer prices and uncertainty, severely hit consumer confidence and dampened real incomes, thus negatively affecting households' real spending and possibly leading to a contraction in overall consumption in the short run. As a result, household consumption growth is expected to decline from 4.0% in 2022 to only 0.7% in 2023. Given moderating inflation and assuming receding uncertainty, coupled with relatively steady growth of disposable income, consumption will gradually recover and grow by 1.5% in 2024 and 2025. Real disposable income is estimated to have declined in 2022 owing to higher inflation and lower

[....] The household saving ratio is expected to decline to below its pre-crisis level in 2023 and 2024, before recovering slightly in 2025.

[....] Housing investment is projected to contract significantly in 2023, as one of the demand components most exposed to tightening financing conditions, and to recover very slowly in the course of 2024-2025.

[....] The labour market is projected to remain resilient in the short term and to broadly follow the path of economic activity later on. Following a strong increase in 2022, employment growth is projected to decline significantly in 2023, reflecting lower labour demand on account of the slowdown in the economy. In the short term, firms are expected to adjust working

time downwards while hoarding headcount labour amid still significant labour shortages. From 2024 employment is projected to broadly keep pace with the foreseen improvements in economic activity.

(fonte:https://www.ecb.europa.eu/pub/projections/html/ecb.projections202212_eurosystemstaff~6c1855c75b.it.html#to c2)

Relevant segment and comments on operations

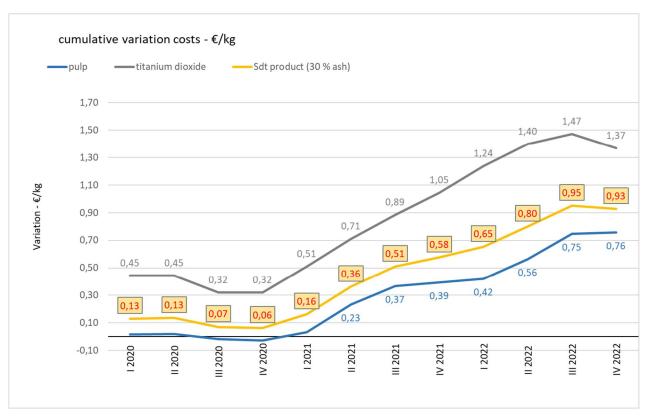
In light of the above considerations, in first half 2022, the chain of decorative surfaces related to the furniture and furnishing market, both in terms of furniture and flooring, also witnessed an interruption in the growth trend seen since mid-2020 and throughout 2021. Until mid-June, in fact, the entire production chain in which the Group operates worked at full capacity, with an order book still higher than normal

The outbreak of the Russian-Ukrainian conflict was one of the reasons that sparked the continued increase in the prices of certain strategic raw materials for the Group companies (titanium dioxide and pulp, animal by-products, resins) in 2022, which forced the Group to pursue the policy of transferring the increases on the sales prices to end customers. This transfer, however, became increasingly difficult over the months, due to the gradual deterioration of the economic climate, generally speaking, and of the market sentiment as early as April. This transfer took place with a longer and gradually more difficult time lag, and resulted in a decline in margins versus the prior year. This decline was felt more in the first and second quarters, and then partly lessened in the following quarters, thanks also to the initial retracement of prices of a number of raw materials (resins and animal by-products), prices that nonetheless remained at higher levels versus 31 December 2021.

With regard to the key raw materials for papermaking of the subsidiary Cartiere di Guarcino (pulp and titanium dioxide), the change in the price of pulp in 2022 was 240 USD/tonne for short fibre (with the list price increasing from 1,140 USD/tonne in December 2021 to 1,380 USD/tonne in December 2022), while the increase was 140 USD/tonne for long fibre with a peak increase of 260 USD/tonne at the end of the third quarter. The price of titanium dioxide on the European market in the first twelve months of the current year increased on average by 325 €/tonne versus fourth quarter 2021.

With regard also to the increases in energy carrier costs, the year 2022 saw a strong impact for Cartiere di Guarcino, a heavily energy-intensive company, offset in part both by tax receivables for energy- and gas-intensive companies and by the operation of the Bio Energia Guarcino power plant serving the paper mill.

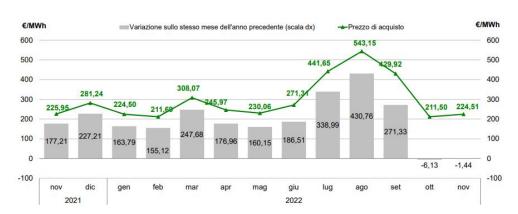
The chart shows the change in the cost (€/kg) of the two mentioned raw materials of base printing paper.



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

With regard to Bio Energia Guarcino, 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 price of fuel - sustainable supply chain bioliquids - after a slight decline in January and February, increased since March with peak year-over-year quotations of over 1,500 €/tonne, aided by high vegetable oil prices. Prices then retraced in the second half of the year to stand at an average 1,336 €/tonne, with a change versus December 2021 of 3.5% on average. Conversely, energy prices, due partly to the Russian-Ukrainian conflict, reached unprecedented levels and averaged a PUN of 303.95 €/MWh with peaks of over 500 €/MWh in the second and third quarters of the year.





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. Despite the high unit price of electricity sold, Bio Energia Guarcino saw a decline in margins in the first nine months of 2022 versus the same period of the prior year, but still ended the year with a strong improvement versus 2021, with a net profit of approximately \in 517 thousand versus a loss of approximately \in -60 thousand in the prior year. Margins recovered thanks to the rise in energy prices since June and the concurrent reduction in fuel prices. In the second half of the year, the Company partly used hedges through contracts for future energy sales and concurrent future purchase of bioliquids from vegetable oil. To this end, the parent company Neodecortech, in November, issued a letter of patronage worth \in 16 million to the supplier Golden-Agri to guarantee the performance of contracts for future purchases of palm oil used as an alternative to the animal by-product of the subsidiary BEG.

Additionally, from 19 September until 31 March 2023, as part of the so-called Ukraine Emergency Decree (LD 14/2022), a maximization scheme was approved by the Government in favour of power generation plants that do not use gas, which includes the BEG plant. The rationale of the scheme is to encourage maximum production of this type of plant through a revenue reinstatement mechanism referring to the ARERA Resolution 111/2006. However, the determination of the reintegration system that is based on the definition of the Recognized Variable Cost (RVC) is still being discussed with ARERA/Terna. Lastly, with the conversion into law of the *Decreto milleproproghe* - Law Decree 2022/198 - the deadline of 31 March 2023 was extended by 12 months to 31 March 2024.

The calculation of RVCs for relevant plants is based on the guidelines of ARERA Resolution 111/06 but calculated on the operating data of the individual plant. To this end, Terna, which is in charge of managing the maximization system, has transmitted to BEG the operating data known and to be used in determining the RVC. Following Terna's notice, BEG prepared a memo for the authority to correctly define the RVC based on the operating data and the specific costs of the plant it operates. The main data submitted by BEG regard: (i) adjusted yields based on actual consumption; (ii) net energy production in light of energy sold to CDG; (iii) international and domestic logistics costs for the use of palm oil, given that ARERA takes quotations on the Rotterdam market as a reference; (iv) market references for determining the cost of fuel assuming the use of animal fats to replace palm oil; and (v) other variable production costs (Urea, Lub oil, variable maintenance, other variable industrial costs).

To date, the Company is still waiting for feedback from ARERA on the exact calculation of the RVC to be applied for revenue reinstatement. Therefore, consistent with the applicable IAS/IFRS accounting standards, the subsidiary did not post any revenue reinstatement in the financial statements for the year ended 31 December 2022, due to actual unpredictability of the accrual revenue, pending feedback from the Authority expected by 30/06/2023. For further details on this topic, reference is made to the section below on the Key Results by Operating Segment.

The above price hikes in raw materials, coupled with procurement challenges, did not materially affect the income and financial results of other Group companies at 31 December 2022, thanks to the commercial strategies that partly transferred them to the sales price lists. Proof of this is that sales were up (+11%), although margins were partly affected by the above dynamics (EBITDA down by approximately 12%). Conversely, net profit was up (+26%) versus the same period of the prior year, although this trend was affected by the MISE effect mentioned in the following section.

As for the further event that marked the period under review, in fact, 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**"), 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.

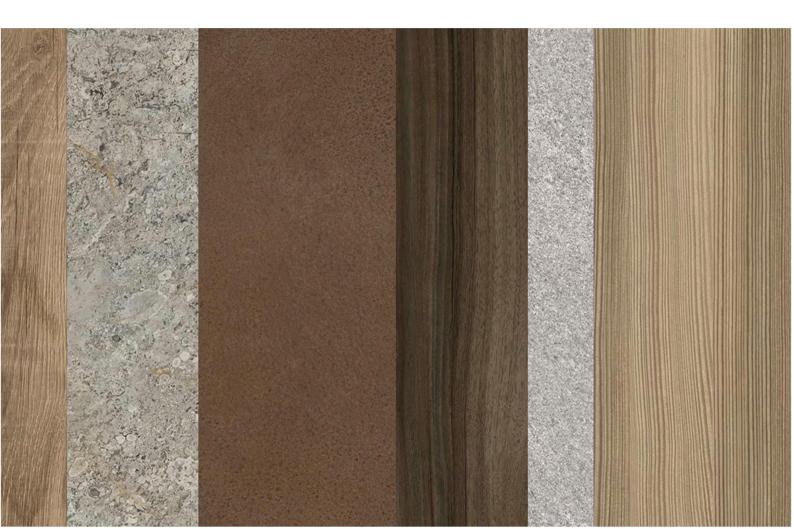
In this regard, it should be noted that the repayment obligations of the MICA Loan could have been reasonably considered already time-barred, in accordance with the provisions of Article 55 of the Bankruptcy Law and in the absence of claims of debt by MICA, as from 7 April 2011.

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 \in 5,082 thousand (including principal and accrued interest) and the receivable from Andreotti Fotoincisioni S.p.A. of \in 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 \in 2,885 thousand (net of the tax effect), and on the reduction of the Parent Company and Group financial debt by \in 5,082 thousand.



Key balance sheet, financial and income figures



Neodecortech group consolidated income statement

(Euro thousands)	31 DECEMBER 2022	%	31 DECEMBER 2021	%	Chg.	% chg.
Revenue from sales and services	196,474	100.0%	176,429	100.0%	20,045	11.4%
Changes in work in progress, semi-finished and finished products	3,044	1.5%	255	0.1%	2,789	1093.7%
Other revenue	7,822	4.0%	2,595	1.5%	5,227	201.4%
Value of Production	207,340	105.5%	179,279	101.6%	28,061	15.7%
Raw and ancillary materials and consum.	(136,540)	(69.5%)	(114,201)	(64.7%)	(22,339)	19.6%
Other operating expense	(33,813)	(17.2%)	(25,111)	(14.2%)	(8,702)	34.7%
Value Added	36,987	18.8%	39,967	22.7%	(2,980)	(7.5%)
Personnel expense	(20,996)	(10.7%)	(21,821)	(12.4%)	825	(3.8%)
EBITDA	15,991	8.1%	18,146	10.3%	(2,155)	(11.9%)
Amortization and depreciation	(9,759)	(5.0%)	(8,839)	(5.0%)	(920)	10.4%
Allocations	(128)	(0.1%)	(81)	(0.0%)	(47)	58.0%
EBIT	6,104	3.1%	9,226	5.2%	(3,122)	(33.8%)
Financial expense	(2,371)	(1.2%)	(1,333)	(0.8%)	(1,038)	77.9%
Financial income	5,506	2.8%	124	0.1%	5,382	4340.3%
Profit/(loss) before tax	9,239	4.7%	8,017	4.5%	1,222	15.2%
Income tax	(802)	(0.4%)	(1,328)	(0.8%)	526	(39.6%)
Profit/(loss) for the year	8,437	4.3%	6,688	3.8%	1,749	26.2%

At 31 December 2022, revenue from sales and services increased by € 20,045 thousand (+11%) versus 31 December 2021. A point worth mentioning is the continued positive growth trend that has marked the Group's segment of operation, which began in the second half of 2020 and continued throughout 2021, while in the prior year, the COVID-19 pandemic had badly hit revenue in the first half, due to production stoppages in March, April and part of May 2020. The customer order book in Neodecortech and Cartiere has declined since end June 2022, as a result of the general market trend and partly amplified by destocking movements. The decline in sales was mitigated in Neodecortech by the gradually increasing contribution of new products EOS, PPLF, and the family of laminated products, while in Cartiere the mitigation was due to both geographical diversification (US in particular) and annual contracts closed with Class A customers.

The above increases in revenue obviously take account of the transfer of prices applied to customers following the often mentioned increase in raw material prices, which continued throughout 2022. The increase in revenue recorded during the year is related basically to the increase in unit sales prices, both for Neodecortech S.p.A. and Cartiere di Guarcino S.p.A., since volumes recorded a negative year-on-year change in the range of -15%.

Other revenue is composed of core and non-core revenue, attributable to Neodecortech S.p.A. for $\leq 2,039$ thousand, to Cartiere di Guarcino for $\leq 5,672$ thousand, and to Bio Energia Guarcino for ≤ 111 thousand. With regard to Neodecortech S.p.A., in 2022 *Other revenue* included the accounting of $\leq 1,184$ thousand of energy and gas tax receivables as the main item. With regard to Cartiere di Guarcino S.p.A., the following were the main items: (*i*) $\leq 3,862$ thousand of energy and gas tax receivables; (*ii*) ≤ 762 thousand for an internal plant order; (*iii*) ≤ 170 thousand of non-repayable co-financing for the Horizon Project; (*iv*) ≤ 95 thousand for an insurance indemnity; (*v*) ≤ 541 thousand of foreign exchange gains, offset however against the related item of foreign exchange losses, which are reclassified under *Other Operating Expense*; the Company operates, in fact, through hedges on the risk of foreign exchange fluctuations, including through natural hedging.

The increase in the *consumption of raw and ancillary materials* (+19.6%) clearly shows the impact from the increase in prices of all strategic raw materials throughout the year. This increase was transferred to end customers in the case of Neodecortech S.p.A. and Cartiere di Guarcino S.p.A., delayed by at least a quarter on average, which resulted in reduced margins. With regard to Bio Energia Guarcino S.r.l., the combined effect of the increase in the price of animal fat, which

rose by an average of +70% throughout the year, and the increase in the price of energy sold, together with the value of incentives, which remained steady and unchanged, did not lead to an increase in this cost item, with no reduction therefore in margins.

Other operating expense, up by an overall +35% (\in +8,702 thousand) versus 31 December 2021, includes increases in costs related to turnover such as "transportation" +52% (\in +2,261 thousand), but mainly "utilities" +100.4% (\in 5,609 thousand). The increases in transportation and utilities costs increased more than proportionally as they were heavily affected by the general increases, due to inflation, the prices of raw materials and their availability worldwide, which generated the increase in logistics costs and the rise in electricity and gas costs (for energy carriers, especially in the first three quarters of 2022). These costs, unlike the increases in strategic raw materials, were transferred to end customers only to a minor extent in order not to further jeopardize the tension with them.

Personnel expense at 31 December 2022 decreased by €-825 thousand versus the prior year, due to the combined effect of: (*i*) a Welfare allocation of €€+442 thousand disbursed on a one-time basis to all employees to offset increases in private energy bills; (*ii*) a resort to CIGO (Ordinary Wage Compensation Fund) in the last quarter of 2022 to offset the decline in customer orders (CDG 12,576 hours and NDT 12,454 hours); and (*iii*) staff turnover in Neodecortech only partly restored.

At 31 December 2022, EBITDA decreased by \in -2,155 thousand, due to the above decrease in margins attributable to the only partial transfer of the entire increase in cost items incurred.

Amortization and depreciation at 31 December 2022 increased by approximately € 920 thousand, due to expenditure made by the Group, partly offset by the decrease recorded for assets fully depreciated at 31 December 2021.

In 2022, *provisions* of \in 128 thousand consisted of \in 55 thousand for the provision for doubtful accounts, and of \in 73 thousand for the provision for supplementary agents' indemnity. An allocation of \in 198 thousand was also made to the provision for inventory obsolescence, reclassified under Consumption of raw and ancillary materials.

With regard to *financial components* at 31 December 2022, the increase of \leq +1,038 thousand in financial expense is attributable totally to the increase in Euribor (up +2.7% versus 31 December 2021), which impacts on the weight of debt (approximately 85%) at floating rates and despite all the optimizations of the credit lines granted to the Group companies and the application of softer conditions applied to the "umbrella credit lines" in the parent company Neodecortech.

The impact of *direct tax on profit for the year* shows a tax rate of approximately 7% versus 17% in 2021, with the reduction attributable mainly to the non-taxable tax grants for energy- and gas-intensive companies accrued during the year, as well as - with regard to IRAP for the year - to the contraction of EBIT and the income from tax consolidation accrued within the fiscal unit established by the Group companies with the parent company Finanziaria Valentini S.p.A.

Net Profit amounted to \in 8,437 thousand or 4.3% of revenue (\in 6,688 thousand at 31 December 2021 or 3.8% of revenue), and 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 31 December 2022, amounted to $\leq 5,572$ thousand (2.8% on revenue), down versus the net profit at 31 December 2021 of $\leq 6,688$ thousand (-19.2%). Non-recurring items in the determination of Adjusted Net Profit are the write-off of the Andreotti financial receivable net of tax (\leq -997 thousand) and the MICA financial payable net of tax (\leq +3,862 thousand).



Reclassified consolidated statement of financial position

Equity and Net Financial Debt	108,009	99.811	8,198	8.2%
	30,735	29,345	1,390	4.1%
Non-current financial liabilities	22,094 30,735	23,220 29,345	(1,126) 1,390	(4.8%)
Current financial liabilities	20,683	19,616	1,067	5.4%
Other current financial receivables	-	-	-	0.0%
Cash funds	(12,042)	(13,491)	1,449	(10.7%)
Equity	77,274	70,465	6,809	9.7%
	77 07 4	70.405	6 000	0.70/
Net Capital Employed	108,009	99,811	8,198	8.2%
Deferred tax assets and liabilities	(4,622)	(4,166)	(456)	10.9%
Provisions for risks and charges	(774)	(977)	203	(20.8%)
Post-employment benefits	(2,131)	(2,587)	456	(17.6%)
Fixed assets	80,516	81,888	(1,372)	(1.7%)
Other non-current assets	180	19	161	847.4%
Non-current financial assets	892	1,757	(865)	(49.2%)
ntangible fixed assets	827	1,551	(724)	(46.7%)
Property, plant and equipment	78,617	78,561	56	0.1%
Net Working Capital	35,020	25,652	9,368	36.5%
Payables from tax consolidation	(469)	(816)	347	(42.5%)
Fax payables	(703)	(773)	70	(9.1%)
Other current payables	(4,625)	(4,673)	48	(1.0%)
Fax receivables	5,043	2,299	2,744	119.4%
Receivables from tax consolidation	813	1,129	(316)	(28.0%)
Other current receivables	1,269	1,084	185	17.1%
Operating NWC	33,692	27,402	6,290	23.0%
Frade payables	(33,694)	(39,833)	6,139	(15.4%)
nventory	43,550	40,603	2,947	7.3%
Frade receivables	23,836	26,632	(2,796)	(10.5%)
(Euro thousands)	31 DECEMBER 2022	31 DECEMBER 2021	Chg.	% chg.

The increase in sales recorded in 2022 (+11% versus the prior year), as is normally the case, resulted in an increase in Net Working Capital ("NWC"). This change was also affected by the procurement policy of the Subsidiary BEG, which, in the latter part of the year, leaned more toward cash payments of palm oil instead of animal by-products to take advantage of lower costs.

Specifically, the changes in NWC were due to: (*i*) a decrease in trade payables of €-6,139 thousand (-15.4%) as a result of the above change in procurement policy, which involved short-term payments of the purchased material, which more than offset the increase in payables related to the inflationary effect of raw materials and energy; (*ii*) a decrease in trade receivables of €-2,796 thousand (-10.5%), reflecting at 31 December 2022 the decrease in sales recorded in the fourth quarter; and (*iii*) an increase in inventory of €+2,947 thousand (+7.3%), mainly for inflation reasons.

The change in property, plant and equipment shows a difference of \in +56 thousand, the combined effect of the increase in assets due to new expenditure (\in +8,950 thousand) and the recognition of 2022 depreciation amounting to \in 9,759 thousand. New expenditure made during the year is attributable to the parent company for the purchase of the new impregnating line that will be up and running in 2023 and the photovoltaic plant in Casoli, in addition to measures aimed at increasing the efficiency of existing plants. Expenditure was also made in the subsidiaries, aimed at increasing the productivity of paper mill paper machines, plant optimization as well as maintenance expenditure. All of the Group's

plants are continuing their 4.0 process redesign actions. Disposals in 2022, amounting to €257 thousand, refer mainly to the sale of plant-machinery and equipment no longer in use.

Amortization and depreciation for the year amounted to \in 9,759 thousand, up versus 31 December 2021 (\in 8,839 thousand), due to expenditure for the year and approaching of the end of the useful life of the assets of the subsidiary BEG, which impacts with a higher rate of depreciation related to the most recent expenditure (the end of the useful life of BEG assets is set at 2025 with the end of the current incentive system).

Consolidated Financial Debt at 31 December 2022 and 31 December 2021, in accordance with ESMA/2013/319 Recommendations and the new guidelines published on 4 March 2021, is shown below:

(Euro thousands)	31 DECEMBER 2022	31 DECEMBER 2021	Chg.	% chg.
A. Cash funds	(12,042)	(13,491)	1,449	-10.7%
B. Cash and cash equivalents	0	0	0	0.0%
C. Other current financial assets	0	0	0	0.0%
D. Cash (A) + (B) + (C)	(12,043)	(13,491)	1,448	-10.7%
E. Current financial debt	13,489	13,608	-119	-0.9%
F. Current portion of non-current debt	7,194	6,008	1,186	19.7%
G. Current financial debt (E)+(F)	20,683	19,616	1,067	5.4%
H. Net current financial debt (G)-(D)	8,640	6,125	2,515	41.1%
I. Non-current financial debt	22,095	23,220	(1,125)	-4.8%
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)	22,095	23,220	(1,125)	-4.8%
M. Total financial debt (H)+(L)	30,735	29,345	1,390	4.7%

The Group's Financial Debt at 31 December 2022 stood at €30,735 thousand (€+1,390 thousand versus 31 December 2021); as a ratio to EBITDA (€15,991 thousand), this results in a leverage ratio (Net Debt/EBITDA) of the Group of 1.9.

The sharp decrease in Group Financial Debt recorded in 2121 versus the prior year (€ -10,560 thousand versus 31 December 2020), had enabled the Group to achieve a leverage ratio (Net Debt/EBITDA) of 1.6 versus 2.7 in 2020.

Cash funds (A), while decreasing by \in -1,449 thousand versus 31 December 2021, remain extremely high, as they are related both to the Group's general ability to generate cash, despite heavy expenditure in the year of approximately \notin 9 million, payment of dividends of approximately \notin 2 million, and the disbursement of a long-term loan of \notin 10 million to the Subsidiary. The figure for *cash funds* (A) at 31.12.2021 was high as well as it benefited at the time from the exercise of warrants from October to December 2021, which led in Neodecortech S.p.A. to an increase in equity and financial resources of \notin 2,811 thousand.

Non-current financial payables (I) decreased by €-1,125 thousand due to the effect of:

- *(i)* of repayments of medium-/long-term loan installments of Group companies amounting to € -5,077 thousand;
- (*ii*) the repayment of lease instalments of the subsidiary Bio Energia Guarcino amounting to \in -2,110 thousand; (*iii*) the OES part of the new medium/long-term loans taken out by Group companies amounting to \notin 12,500
- (iii) the OES part of the new medium/long-term loans taken out by Group companies amounting to e 12,500 thousand,
- (iv) as explained in greater detail in the Notes, other *non-current financial payables* still include the payable due to the Ministry of Industry, Trade and Crafts ("MICA") by the Parent Company and amounting to € 5,082 thousand at 31 December 2021 (including principal and interest accrued over the years), which was



derecognized as at 20 February 2022 from the Parent Company's financial statements, as it is has been finally time-barred.

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 31 December 2022 and 31 December 2021 in the main income statement indicators and 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

(Euro thousands)	31 DECEMBER 2022	%	31 DECEMBER 2021	%	Chg.	% chg.
Printed Decorative Paper Division						
Revenue from sales and services	75,448	100.0%	76,940	100.0%	(1,492)	(1.9%)
EBITDA	5,234	6.9%	8,239	10.7%	(3,005)	(36.5%)
EBIT	1,656	2.2%	4,774	6.2%	(3,118)	(65.3%)
Profit (loss) for the year	8,437	11.2%	6,688	8.7%	1,749	26.2%
Decorative Paper Division						
Revenue from sales and services	95,102	100.0%	78,835	100.0%	16,267	20.6%
EBITDA	6,592	6.9%	7,068	9.0%	-476	(6.7%)
EBIT	3,478	3.7%	4,079	5.2%	-601	(14.7%)
Profit (loss) for the year	3,556	3.7%	2,620	3.3%	936	35.7%
Energy Division						
Revenue from sales and services	54,307	100.0%	40,766	100.0%	13,541	33.2%
EBITDA	4,209	7.8%	2,806	6.9%	1,403	50.0%
EBIT	1,241	2.3%	566	1.4%	675	119.3%
Profit (loss) for the year	517	1.0%	(61)	(0.1%)	578	(947.5%)

Statement of financial position

9,108	8,025	1,083	13.5%
6,689	4,382	2,307	52.6%
(77,274)	(70,465)	(6,809)	9.7%
(3,700)	(5,898)	2,198	(37.3%)
18,668	18,494	174	0.9%
19,205	16,646	2,559	15.4%
(37,130)	(33,414)	(3,716)	11.1%
(26,874)	(26,262)	(612)	2.3%
	6,689 (77,274) (3,700) 18,668 19,205 (37,130)	6,689 4,382 (77,274) (70,465) (3,700) (5,898) 18,668 18,494 19,205 16,646 (37,130) (33,414)	6,689 4,382 2,307 (77,274) (70,465) (6,809) (3,700) (5,898) 2,198 18,668 18,494 174 19,205 16,646 2,559 (37,130) (33,414) (3,716)

Energy Division				
Operating NWC	6,058	979	5,079	518.9%
Net Working Capital	9,268	4,720	4,548	96.4%
Equity	(11,025)	(10,504)	(521)	5.0%
Net Financial Debt	(7,628)	(6,212)	(1,416)	22.8%

Amounts before intercompany transactions

Results of Neodecortech S.p.A.

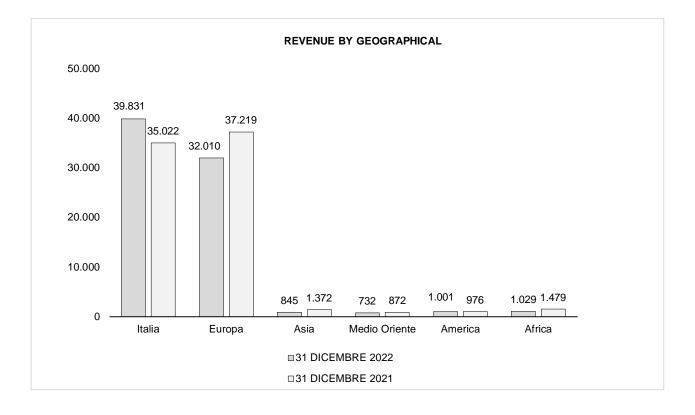
Business performance

(Euro thousands)	31 DECEMBER 2022	%	31 DECEMBER 2021	%	Chg.	% chg.
Revenue from sales and services	75,448	100.0%	76,940	100.0%	(1,492)	(1.9%)
Changes in work in progress, semi-finished and finished products	(136)	(0.2%)	(487)	(0.6%)	351	(72.0%)
Other revenue	2,309	3.1%	1,409	1.8%	900	63.9%
Value of Production	77,621	102.9%	77,862	101.2%	(241)	(0.3%)
Raw and ancillary materials and consum.	(47,994)	(63.6%)	(46,149)	(60.0%)	(1,844)	4.0%
Other operating expense	(13,157)	(17.4%)	(11,626)	(15.1%)	(1,531)	13.2%
Value Added	16,470	21.8%	20,087	26.1%	(3,617)	(18.0%)
Personnel expense	(11,236)	(14.9%)	(11,847)	(15.4%)	612	(5.2%)
EBITDA	5,234	6.9%	8,239	10.7%	(3,005)	(36.5%)
Amortization and depreciation	(3,450)	(4.6%)	(3,384)	(4.4%)	(65)	1.9%
Allocations	(128)	(0.2%)	(81)	(0.1%)	(47)	58.0%
EBIT	1,656	2.2%	4,774	6.2%	(3,118)	(65.3%)
Financial expense	(1,599)	(2.1%)	(434)	(0.6%)	(1,165)	268.4%
Financial income	8,926	11.8%	3,102	4.0%	5,824	187.8%
Profit/(loss) before tax	8,983	11.9%	7,441	9.7%	1,542	20.7%
Income tax	(546)	(0.7%)	(753)	(1.0%)	207	(27.5%)
Profit/(loss) for the year	8,437	11.2%	6,688	8.7%	1,749	26.2%

Revenue from sales and services amounted to \in 75,448 thousand at 31 December 2022, decreasing by \in -1,492 thousand (-1.9%) versus 31 December 2021. A point worth mentioning is that the positive growth trend that has marked the Group's segment of operation, which began in the second half of 2020 (the COVID-19 pandemic had badly hit revenue in the first half, due to production stoppages in March, April and part of May 2020) and continued throughout 2021 and first half of 2022, thanks also to the gradually increasing contribution of the new products EOS, PPLF, and of the family of laminated products, suffered a setback starting from mid-year, for the reasons mentioned above and related to the deterioration of the general macroeconomic environment.

The geographical distribution of revenue in 2022 versus 2021 is shown below.

(Euro thousands)	31 DECEMBER 2022	%	31 DECEMBER 2021	%	Chg.	% chg.
Italy	39.831	52.8%	35,022	45.5%	4.809	13.7%
Europe	33,031	42.4%	37,219	48.4%	(5,209)	(14.0%)
Asia	845	1.1%	1,372	1.8%	(527)	(38.4%)
Middle East	732	1.0%	872	1.1%	(140)	(16.1%)
America	1,001	1.3%	976	1.3%	25	2.6%
Africa	1,029	1.4%	1,479	1.9%	(450)	(30.4%)
Total	75,448	100.0%	76,940	100.0%	(1,492)	(1.9%)



The -1.9% decrease in 2022 revenue versus the prior year was affected by the partial transfer of the increase in prices of strategic raw materials, particularly of decorative paper, plastic films and resins, on prices to end customers, and can be broken down between changes in volumes and changes in unit sales prices. Specifically, on a year-on-year basis, the volume variance impacted by -21.1% versus 31 December 2021, while the price variance impacted by +19.2%.

Other revenue for the year ended 31 December 2022 is related mainly to tax receivables for energy- and gas-intensive companies totaling €1,178 thousand.

The increase in the percentage of the consumption of raw and ancillary materials (+4%) clearly shows the impact of the increase in the prices of all strategic raw materials throughout the year. This increase was not fully transferred to end customers, resulting in lower margins versus 2021.

Other operating expense was up (\in +1,531 thousand) versus 31 December 2021, carrying a greater impact (17.4% versus 15.1% in 2021), due mainly to the growth in "utilities" (+88.6%). Conversely, due to declining sales volumes and different mix of sales business areas, "transportation" (-13.8%) and "bonuses and commissions" (-31.2%) decreased. The increases in transportation costs by route and utilities costs increased more than proportionally as they were heavily affected by the general increases, due to inflation, the prices of raw materials and their availability worldwide, which generated the increase in logistics costs and the rise in electricity and gas costs (for energy carriers, especially in the first three quarters of 2022). These costs, unlike the increases in strategic raw materials, were transferred to a minor extent to end customers, with a resulting impact on margins.

Consultancy costs were up by 16.6% or by \in 246 thousand versus 31 December 2021, due to the Group's commitment to *governance and sustainability* topics. The cost related to the ongoing activity of selecting a new ERP system and *business transformation* is included in intangible assets in progress.

The decrease in personnel expense, amounting to \in -612 thousand, refers to the slight decrease in personnel in the second half of the year and partly restored, and to the resort to CIGO in the last quarter of 2022 to counter the decline in customer orders (12,454 hours of CIGO).

Amortization and depreciation at 31 December 2022 increased by € 65 thousand versus 2021, as a result of new capital expenditure.

In 2022, *provisions* of \in 128 thousand consisted of \in 55 thousand for the provision for doubtful accounts, and of \in 73 thousand for the provision for supplementary agents' indemnity. An allocation of \in 198 thousand was also made to the provision for inventory obsolescence, reclassified under Consumption of raw and ancillary materials.

In 2022, as far as *financial income/expense* is concerned, mention should be made of the above write-off from the financial statements of both the payable to MICA amounting to \in 5,082 thousand (including principal and accrued interest) and the receivable from Andreotti Fotoincisioni S.p.A. amounting to \in 1,312 thousand (including principal and accrued interest), which respectively had an impact on financial income and financial expense. The change in *financial income* is due also to the adjustment of the value of the investment in Cartiere di Guarcino S.p.A. according to the equity method (\in +3,524 thousand). "Pure" financials show a positive balance: bank interest expense amounted to \in 182 thousand against interest income of \in 268 thousand, mainly for loans provided to subsidiaries.

With regard to the impact of direct tax on profit for the year, the tax rate stood at approximately 6%, a minor reduction versus the prior year (8%) and linked mainly to lower IRAP for the year as a result of the drop in EBIT and income from the tax consolidation with the Valentini Group.

Net Profit amounted to \in 8,437, thousand or 11.2% of revenue (\in 6,688 thousand at 31 December 2021, or 8.7%), which includes the non-recurring positive financial item from MICA and Andreotti Fotoincisioni S.p.A. as explained above. The resulting impact (net of the tax effect) totals \in 2,865 thousand.

Adjusted net profit, net of this non-recurring item at 31 December 2022 amounted to \in 5,572 thousand (7.4% of revenue), down versus the net profit of \in -1,116 thousand (-16.7%) at 31 December 2021.

(Euro thousands)	31 DECEMBER 2022	31 DECEMBER 2021	Chg.	% chg.
Trade receivables	8.876	10,248	(1,372)	(13.4%)
Trade receivables - intercompany	2	10,248	(1,372)	44.9%
		0.000		0.1%
	8,238	8,232	6	
Trade payables	(8,008)	(10,444)	2,436	(23.3%)
Trade payables - Intercompany	-	(12)	12	(100.0%)
Operating NWC	9,108	8,025	1,083	13.5%
Other current receivables	212	120	91	75.9%
Receivables from tax consolidation	-	-	-	0.0%
Tax receivables	1,314	281	1,033	367.4%
Other current payables	(3,097)	(3,230)	133	(4.1%)
Tax payables	(379)	(347)	(31)	9.1%
Payables from tax consolidation	(469)	(466)	(3)	0.6%
Net Working Capital	6,689	4,382	2,306	52.6%
Property, plant and equipment	31,579	30,878	700	2.3%
Intangible fixed assets	589	651	(62)	(9.5%)
Financial fixed assets	37,129	33,344	3,785	11.4%
Non-current financial assets	348	1,312	(965)	(73.5%)
Non-current financial assets - IC	7,467	9,027	(1,560)	(17.3%)
Other non-current assets	161	7	154	2142.7%

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

Fixed assets	77,272	75,219	2,053	2.7%
Post-employment benefits	(746)	(1,003)	257	(25.6%)
Provisions for risks and charges	(211)	(382)	171	(44.8%)
Deferred tax assets and liabilities	(2,030)	(1,854)	(175)	9.5%
Net Capital Employed	80,974	76,363	4,611	6.0%
Equity	77,274	70,465	6,809	9.7%
Cash funds	(3,051)	(9,152)	6,101	(66.7%)
Other current financial receivables	-	-	-	0.0%
Other current financial receivables IC	(3,560)	(1,560)	(2,000)	128.2%
Current financial liabilities to banks	2,735	2,128	607	28.5%
Current financial liabilities to other lenders	75	14	61	433.0%
Current financial liabilities IC	-	-	-	0.0%
Non-current financial liabilities to banks	7,220	9,354	(2,134)	(22.8%)
Non-current financial liabilities IC	-	-	-	0.0%
Non-current financial liabilities to other lenders	281	5,114	(4,833)	
Net Financial Debt	3,700	5,898	(2,198)	(37.3%)
Equity and Net Financial Debt	80,974	76,363	4,611	6.0%

At 31 December 2022, the operating NWC came to \in 9,108 thousand, increasing by \in 1,083 thousand versus the prior year (+14%). The item comprises a reduction in payables to suppliers more than proportional to the reduction in receivables from clients and a steady level of inventory. The NWC increased due to growth in tax receivables (\in 1,314 thousand), attributable to VAT receivable, CNM tax receivable, tax receivable for energy- and gas-intensive companies, 4.0 tax receivable and other minor items.

Capital expenditure in property, plant and equipment amounting to $\leq 3,905$ thousand refers to the purchase of new machinery, the construction of the photovoltaic system at the Casoli D'Atri production plant, and maintenance, improvement and efficiency expense for existing plants. Disposals in 2022 amounted to ≤ 256 thousand and refer mainly to the sale of plant-machinery and equipment no longer in use.

The change in financial fixed assets is related to the adjustment of the value of the investment held in CDG, measured using the equity method, and the establishment of NDT energy S.r.l. with a fully paid-up share capital of €100 thousand.

The **net financial debt** of **Neodecortech S.p.A.** at 31 December 2022 and 31 December 2021, according to the ESMA guidance approved on 4 March 2021, is shown below:

(Euro thousands)	31 DECEMBER 2022	31 DECEMBER 2021	Chg.
A. Cash funds	(3,051)	(9,152)	6,101
B. Cash and cash equivalents	0	0	0
C. Other current financial assets	(3,560)	(1,560)	(2,000)
D. Cash (A) + (B) + (C)	(6,611)	(10,712)	4,101
E. Current financial debt	599	7	592
F. Current portion of non-current debt	2,210	2,135	75
G. Current financial debt (E)+(F)	2,809	2,142	666
H. Net current financial debt (G)-(D)	(3,802)	-8,570	4,768
I. Non-current financial debt	7,501	14,468	(6,967)
J. Debt instruments	0	0	0
K. Trade payables and other non-current payables	0	0	0
L. Non-current financial debt (I)+(J)+(K)	7,501	14,468	(6,967)
M. Total financial debt (H)+(L)	3,700	5,898	(2,198)

The sharp decrease in the financial debt amounted to \in -2,119 thousand versus 31 December 2021, and results in a net financial debt of \in 3,699 thousand at 31 December 2022; with EBITDA at \in 5,234 thousand, the leverage ratio (Net Debt/EBITDA) stands at 0.7.

The decrease in *cash funds* (A) versus 31 December 2021 by $\in 6,101$ thousand is explained mainly by expenditure made during the year for $\notin 4,249$ thousand and payment of dividends for $\notin 1,978$ thousand.

Non-current financial payables (I) decreased by \in 6,967 thousand due to repayment of installments on medium/long-term loans and the write-off of the MICA financial payable, as explained below.

As explained in greater detail in the Notes to the Financial Statements, non-current financial payables still included at 31 December 2021 Neodecortech S.p.A.'s debt towards "MICA" amounting to \in 5,082 thousand (including principal and interest accrued over the years). This payable, at 20 February 2022, was derecognized from the Parent Company's financial statements as it is has been finally time-barred. The limitation and resulting derecognition of the liability in the financial statements are corroborated by the opinions of the Parent Company's legal advisors.

The following is a reconciliation between Parent Company equity and results and the Consolidated Financial Statements at 31 December 2022:

CONSOLIDATED FIGURES IN EURO THOUSANDS	EQUITY 31 DECEMBER 2022	PROFIT (LOSS) FOR THE YEAR 31 DECEMBER 2022	EQUITY 31 DECEMBER 2021	PROFIT (LOSS) FOR THE YEAR 31 DECEMBER 2021
Equity and profit for the year attributable to the parent company	77,274	8,437	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		4,073		2,559
Cancellation of write-downs/write-backs of investments		(3,880)		(2,420)
Amortization of fair value of fixed assets (allocation of BEG goodwill)		(162)		(162)
Elimination of the effects of transactions between consolidated companies:				· · ·
Intercompany profits included in the value of closing inventory	-	(31)	-	23
Intercompany profits on disposal of fixed assets	_	-	-	-
Equity and profit for the year attributable to the shareholders of the parent				
	77,274	8,437	70,465	6,688
Non-controlling interests	-	-	-	-
Total equity	77,274	8,437	70,465	6,688



Business and financial performance of the subsidiaries

CARTIERE DI GUARCINO S.P.A.

Business performance

(Euro thousands)	31 DECEMBER 2022	%	31 DECEMBER 2021	%	Chg.	% chq.
	2022	70	2021	70	ong.	70 chg.
Revenue from sales and services	95,102	100.0%	78,835	100.0%	16,266	20.6%
Other revenue	6,050	6.4%	1,429	1.8%	4,621	323.3%
Total revenue	101,152	106.4%	80,264	101.8%	20,887	26.0%
EBITDA	6,592	6.9%	7,068	9.0%	(476)	(6.7%)
Amortization and depreciation	3,114	3.3%	2,988	3.8%	126	4.2%
Allocations	0	0.0%	0	0.0%	0	0.0%
EBIT	3,478	3.7%	4,079	5.2%	(602)	(14.7%)
Profit (loss) for the year	3,556	3.7%	2,620	3.3%	936	35.7%

The Company confirms its strong bent for export, which accounts for 58% of annual sales, with the presence of its brand particularly in Europe, with an impressive growth in America (+280%), and more marginally in Asia and neighbouring Middle East countries.

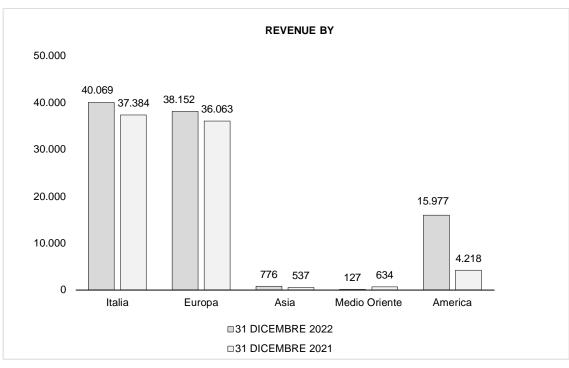
On the production side, typical logics related to the organizational approach of lean production have been applied for years now, with related expenditure referring to Industry 4.0 plans. Generally speaking, much attention is paid to the ongoing increase in output, aimed at improving the company's competitive edge.

The operating-financial results of Cartiere di Guarcino S.p.A. at 31 December 2022 show a growing turnover (+21%), a moderate decline in EBITDA (-7%) and a rising net profit (+36%) versus the same period of the prior year. The impact of tax is almost zero, due to the non-taxability, IRES and IRAP, of the tax receivable for energy- and gas-intensive companies.

On the raw materials front, a review is given of the price trends of the two strategic materials, pulp and titanium dioxide, which together account for 85% of the total raw materials used.

The geographical distribution of revenue in 2022 versus 2021 is shown below.

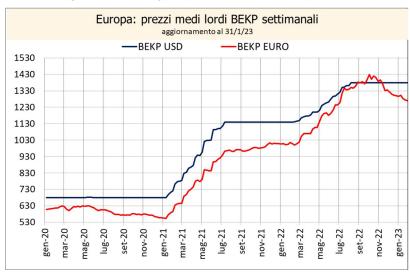
Total	95,102	100.0%	78,835	100.0%	16,267	20.6%	
Africa	0	0.0%	0	0.0%	0	0.0%	
America	15,977	16.8%	4,218	5.4%	11,759	278.8%	
Middle East	127	0.1%	634	0.8%	(507)	(79.9%)	
Asia	776	0.8%	537	0.7%	240	44.7%	
Europe	38,152	40.1%	36,063	45.7%	2,089	5.8%	
Italy	40,069	42.1%	37,384	47.4%	2,685	7.2%	
(Euro thousands)	31 DECEMBER 2022	%	31 DECEMBER 2021	%	Chg.	% chg.	



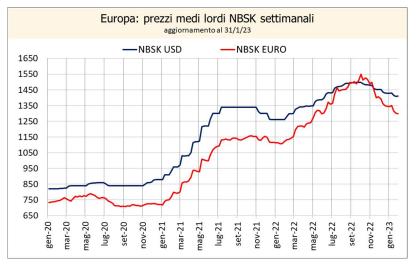
On the raw materials front, a review is given below of the price trends of the two strategic materials, pulp and titanium dioxide, which together account for 85% of the total raw materials used.

Regarding the pulp market, the first half of 2022 saw the continued price growth that had marked 2021, driven by a continued positive demand on the one hand, and delays in the startup of new production on the other. Short fibre's list price changed from USD 1,140 in December 2021 to USD 1,380 in July 2022, and then stopped at this price level for the whole of 2022. Long Fibre in turn rose from a list price of USD 1,260 in December 2021 to peak at USD 1,520 in August and September 2022 and then began to decline to USD 1,400 in December 2022.

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



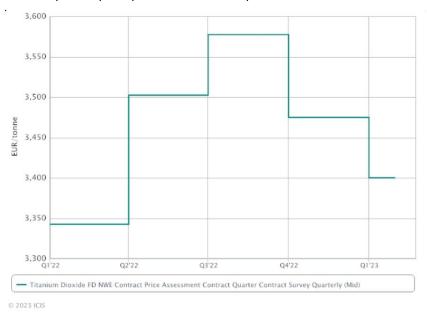
Source FOEX



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

Source FOEX

Titanium dioxide quotations increased again in 2022, although to a minor extent than in 2021. In the first 3 quarters, the increase averaged approximately 475 €/tonne from 3,150 €/tonne in December 2021 to an average price of 3,577 €/tonne at end September 2022. Fourth quarter 2022 saw a reduction of approximately 100 €/tonne, due mainly to a decline in demand and also to highly competitive offers from China, whose domestic market also came to a standstill as a result of the restrictive policies put in place to counter the spread of COVID-19.



Source ICS

Other Operating Expense deteriorated sharply (+115%) versus the prior year, due to rising energy prices, despite the good production continuity, driven by a rather robust demand that allowed for an operation of approximately 280 working days and resulting increase in plant efficiency.



Financial performance

(Euro thousands)	31 DECEMBER 2022	31 DECEMBER 2021	Chg.	% chg.
Net Working Capital	19,205	16,646	2,55	9 15.4%
Equity	37,130	33,414	3,71	6 11.1%
Net Financial Debt	(26,874)	(26,262)	61	2 (2.3%)

At 31.12.2022, the Operating NWC was basically in line with the prior year; the net NWC increased by €2,559 thousand, due mainly to the effect of the tax receivable for energy- and gas-intensive companies accrued in the fourth quarter and not yet offset at 31 December 2022.

The change in financial fixed assets is related to the adjustment of the value of the investment under the equity method in the subsidiary Bio Energia Guarcino S.r.I. (€355 thousand).

Net financial debt at 31 December 2022 was basically in line with the prior year, recording however a better balance between short- and long-term sources thanks to the disbursement of a new loan with MPS Capital Services S.p.A. of € 10 million, with Sace guarantee under the SupportItalia measure.

Mention should be made that Net Financial Debt at 31 December 2021 amounted to $\leq 26,062$ thousand, reduced by -22% versus the prior year, as a result of the waiver of $\leq 5,000$ thousand by the Parent Company Neodecortech S.p.A. and waiver of the short-term receivable of $\leq 1,900$ thousand in favour of the Subsidiary Bio Energia Guarcino S.r.l.. However, the chain recapitalization of Group companies had an impact on Bio Energia Guarcino S.r.l. in the amount of $\leq 2,700$ thousand, since the long-term receivable of ≤ 800 thousand, reclassified under fixed assets, had also been waived.

Overall, the NFP in the five-year period 2018-2022 improved by approximately €13 million.

With regard to the parent company Neodecortech S.p.A., the loan position is as follows:

 Ioan of € 17,642 thousand, novated on 21 December 2018 by rescheduling in 136 monthly installments for the amount of € 130 thousand effective from 31 December 2019, € 1,560 thousand repaid in 2022 with a remaining debt of € 9,027 thousand.

BIO ENERGIA GUARCINO S.R.L.

Business performance

(Euro thousands)	31 DECEMBER 2022	%	31 DECEMBER 2021	%	Chg.	% chg.
Revenue from sales and services	54,307	100.0%	40,766	100.0%	13,541	33.2%
Other revenue	111	0.2%	196	0.5%	(85)	(43.2%)
Total revenue	54,418	100.2%	40,962	100.5%	13,456	32.9%
EBITDA	4,209	7.8%	2,806	6.9%	1,404	50.0%
Amortization and depreciation	2,969	5.5%	2,240	5.5%	729	32.5%
Allocations	0	0.0%	0	0.0%	0	0.0%
EBIT	1,241	2.3%	566	1.4%	675	119.2%
Profit (loss) for the year	517	1.0%	(61)	(0.1%)	578	(949.7%)

The increase in revenue recorded in 2022 is closely related to the strong growth in the energy market throughout 2022, with the PUN averaging 303.95 €/MWh. The rise in energy prices in 2022, as known, affected all major European markets and stems from the sharp increase in gas prices that had already started back in 2021 and then exacerbated as a result of the Russian-Ukrainian conflict, which led to a reduction in gas and oil supplies to European markets and fuelled gas prices in particular and then energy prices to all-time highs.

The analysis at 31 December 2022 shows a +50% increase in EBITDA versus 2021, attributable to the spike in energy prices not fully absorbed by the increase in raw material prices, fuel prices (animal by-products) in particular.

The animal fats market showed a strong growth trend in 2022 in the wake of the trend of vegetable, palm and soybean oil in particular, which it is a substitute of.

The raw materials front saw a slight decrease in the percentage from 83% in the prior year to 82% in 2022 for the above reasons.

The Company, as the Group, adopted a welfare policy for its employees in 2022 to offset the increases in energy bills and, more generally, the spike in inflation. Nevertheless, the impact of labour costs decreased slightly.

Financial expense increased due to the rise in Euribor (up by +2.7% versus 31 December 2021), which impacts on the weight of debt entirely at floating rates.

In 2022, the Bio Energia Guarcino S.r.l. plant worked 20,861 hours, down versus the prior year when it worked 21,776 hours, generating a production of approximately 139,417 MWh versus 145,915 MWh in the prior year. The lower output is attributable to lower operating time, due mainly to reduced operations in the second quarter, based only on the needs of Cartiere, as a result of high fuel costs not sufficiently offset by the value of energy. Management therefore opted for limited and sustained operation from stock fuel until, starting in late June, the price of fuel began to decline while the price of energy rose to peaks in August. Energy fed into the grid totaled 92,010 MWh versus 92,083 MWh in 2021. Conversely, energy sold to CDG amounted to 41,888 MWh, down from 48,159 MWh in 2021, due to the decrease in Cartiere di Guarcino's output in the second half of the year, following a decline in the core market from July to the lows in the last months of the year.

The animal fats market continued the growth that had started in 2021 through June, recording an average increase of approximately 27%, then substantially lost in the second half of the year. The average change in 2022 was approximately 3.5% versus December 2021. The market trend for animal fats was strongly affected by the market for vegetable oils, which it is a substitute of, palm oil in particular, whose quotations reached all-time highs and then retraced in the second half of the year, partly as a result of an export restriction policy pursued by Indonesia to boost the domestic market.

2022							
ANIMAL FAT	December 21	March	June	September	December	Difference	%
FFA 2-3% - M&I 1%	1,230	1,376	1,568	1,413	1,332	102	8.27%
FFA 4% - M&I 1%	1,210	1,354	1,548	1,373	1,282	72	5.92%
FFA max 7% - M&I 1%	1,180	1,316	1,505	1,280	1,190	10	0.85%
FFA max 10% - M&I 1%	1,165	1,293	1,480	1,245	1,155	-10	-0.86%



Financial performance

(Euro thousands)	31 DECEMBER 2022	31 DECEMBER 2021	Chg.	% chg.
Net Working Capital	9,268	4,720	4,548	96.3%
Equity	11,025	10,504	521	5.0%
Net Financial Debt	(7,628)	(6,212)	1,415	(22.8%)

The changes in NWC refer to the increase in trade receivables for \in 3,335 thousand, due to the increase in the price of energy, the increase in the value of the bioliquids inventory for \in 1,183 thousand, the decrease in trade payables for \in 880 thousand, and the decrease in tax receivables related to withholding tax applied by the GSE at the time of the granting of incentives (due to the decrease in their value as explained).

Net financial debt at 31 December 2021 stood at €7,628 thousand, increasing versus the prior period and as a result of the increase in NWC.

Net financial debt at 31 December 2022 amounted to \in 7,628 thousand, increasing by 23% versus 2021 (\in 6,212 thousand), which, however, had decreased significantly versus 2020 (\in 10,232 thousand at 31 December 2020, -39.3%), due to the total waiver of the financial receivable by the parent company Cartiere di Guarcino S.p.A. in the amount of \in 2.7 million, the effect of a chain recapitalization of Group companies.

In August 2022, the Company obtained an unsecured loan from Banca Popolare di Sondrio S.p.A. for € 1,500 thousand with a 17-month term.

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 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. It also takes account of the ESMA recommendations of March 2021. This measure allows a better assessment of the overall level of debt, capital strength and debt repayability.

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

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

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

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

Below is an analysis of risks and the resulting uncertainties.

Non-financial risks

Risks associated with the general economic situation

As the Group operates in a global competitive scenario, its financial position, results and cash flows are affected by the general conditions and performance of the world economy and, also during 2022, by the COVID-19 pandemic and the Russian-Ukrainian conflict. Any negative economic cycle or political instability in one or more relevant geographical markets may influence the Company'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 2022, 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. Except for sales of Cartiere goods that were not embargoed. 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 2021-2022, 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

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

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

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 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.

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.

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.

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 Risks associated with Management

The success of the Group depends to a large extent on the ability of its Executive Directors and other members 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.

of management to effectively manage the Group and its individual business areas.

The current governance structure of Neodecortech S.p.A. - with the presence of two Executive Directors who have longstanding experience in the specific line of business - allows management of operating discontinuities in the short term resulting, for instance, from a replacement of Managing Directors before the ordinary expiry of their office or resignation, thus ensuring continuity and stability in the management of

the Company and the Group. Additionally, the Group has fitted itself with an effective organizational setup, which provides, for each department within the Companies, 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

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

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

Credit risk

The current assets of Group companies, with the exception of inventory, are primarily trade receivables. The Group presents different credit risk concentrations

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.

this area. On 13 December 2022, CDP confirmed its B rating.

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 emergency law decrees in 2020 and to a loan obtained in 2022 through a SupportItalia guarantee, the Company was able to upgrade its debt by lengthening its duration. 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".

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

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

Interest rate risk

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

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.

December 2022, the Parent Company had an IRS in place relating to the mortgage loan agreement with BPM, with a notional value of \in 6,278 thousand and a positive fair value of \in +348 thousand (a negative \in -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 disclosure, (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 qualitative composition of the governing body.

Mention should be made that on 26 March 2021, with a view to reorganizing Group governance, the subsidiaries Cartiere di Guarcino and Bio Energia Guarcino re-appointed their Boards of Directors to each include an independent director.

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

Report on Corporate Governance and Ownership Structure

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

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 Related Party Transactions Procedure (the "RPT Procedure"), adopted by the Company on 25 June 2020 and amended on 10 December 2020, in order to adapt it to the new legal and regulatory framework, effective as of 1 July 2021.

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

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

Capital expenditure

Capital expenditure on property, plant and equipment for 2022 amounted to €9,309 thousand. €4,249 thousand of this expenditure refers to the Parent Company and relates to new plant and machinery and the improvement and efficiency of existing ones., in particular the new impregnation line that will come into operation in 2023 and the approximately 500kW photovoltaic plant installed at the Casoli D'Atri site.

As for the subsidiaries, capital expenditure in tangible fixed assets amounted to \in 4,424 thousand for Cartiere di Guarcino S.p.A., regarding actions to increase output and optimize plants, and \in 636 thousand for Bio Energia Guarcino S.r.I. regarding planned and extraordinary maintenance of the power plant.

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

Research & Development

In 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.

The subsidiary Cartiere di Guarcino S.p.A. continued its Research and Development on the "Study and development of an innovative paper with high printability and high printing resolution for the decorative segment, suitable for both rotogravure and digital printing", achieving results in line with the targets set. Costs incurred are fully expensed during the year. The project is relevant for the purposes of the Tax Receivable for R&D carried out (Article 1, paragraph 200 of Law no. 160 of 27 December 2019, Article 244 of Law no. 77 of 17 July 2020, Decree 26/05/2020 "Application provisions for new tax credit, for research and development, technological innovation and design activities").

In 2022, the subsidiary Cartiere di Guarcino S.p.A. launched the European project PUSH2HEAT backed by the Horizon program, which involves the formation of consortia of companies to promote new technologies within Member Countries. The primary objective of PUSH2HEAT is to develop, install, and monitor systems that can utilize waste heat (in the form of hot flue gas or hot water) generated by industrial processes and convert it into steam, i.e., higher enthalpy heat, by utilizing heat pumps. Cartiere di Guarcino takes part in the project as one of the 3 chosen demonstration sites, where a heat pump will be installed to extract steam through heat contained in the cooling water of the Bio Energia Guarcino S.r.l. cogeneration plant. The project involves partial coverage of the costs of personnel involved and the activities required in the implementation of the machinery, up to the amount of €500,000; the project is developed on a 4-year time horizon, starting from 01/10/2022. In 2022, €170 thousand of non-repayable co-financing was granted from the Horizon Project.

Cartiere di Guarcino S.p.A. continues the further R&D project, submitting on 10/12/2020 an aid application under the "Circular Economy" call pursuant to Ministerial Decree 05/08/2020 and DD 11/06/2020 20/06/2013, regarding the project on the "Study and development of an innovative paper for food use". On 07/02/2022, the 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 adopted by the subsidiaries Cartiere di Guarcino S.p.A. and Bio Energia Guarcino S.r.I.. Below is a list of the certifications obtained by each Group company. With regard to environmental targets and policies, in 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 OHSAS 18001 (since 2011 and later replaced by UNI EN ISO 45001) - 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 related to 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
	GRI-compliant SUSTAINABILITY REPORT (2016 to 2020)
	NON-FINANCIAL STATEMENT (since 2021) with limited assurance.
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 OHSAS 18001 (since 2012 and later replaced by UNI ISO 45001) - 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 related to 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 OHSAS 18001 (since 2016 and later replaced by UNI ISO 45001) - 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, implemented also at the level of our Company. As part of the Action Plan, the following policies were adopted:

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

For the second year, on 13 December 2022, CDP (Carbon Disclosure Project) confirmed the Neodecortech Group a "B" score based on the 2021 data underlying the questionnaire to be filled, recognizing the Group Companies' commitment to combating climate change. This score places Neodecortech in the European average (score "B"), but above the average of both its industry Wood & Paper materials and the Global average, both of which score "C".

Since 2016, based on 2015 figures, the Neodecortech Group has prepared the GRI-compliant Sustainability Report.

Starting from 2021, in a continued effort to increase its transparency also on data and events of a non-income, equity or financial nature, Neodecortech has chosen to implement its sustainability reporting, with the publication of the first consolidated non-financial statement (NFS) pursuant to Legislative Decree 254/2016, on a voluntary basis certified by a limited assurance by Deloitte & Touche S.p.A. according to the criteria indicated by ISAE 3000 Revised. The consolidated non-financial statement for 2022 related figures is being prepared.

Human resources and organization

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

PERSONNEL IN SERVICE	Printed Decorative Paper Division	Decorative Paper Division	Energy Division	31 DECEMBER 2022 GROUP	31 DECEMBER 2021 GROUP
Executives	4	5	0	9	10
Managers/White collars	60	48	2	110	115
Blue collars	164	115	2	281	281
Total	228	168	4	400	406

The average number of employees in 2022 amounted to 400 resources. Additionally, 5 resources from Cartiere di Guarcino S.p.A. work on secondment at the subsidiary Bio Energia Guarcino S.r.I..

The Neodecortech Group has adopted a welfare policy in 2022 for its employees to offset increases in private energy bills totaling €442 thousand.

The Group resorted to CIGO in the last quarter of 2022 to counter the decline in customer orders (CDG 12,576 hours and NDT 12,454 hours).

Diversity and equal opportunities

The breakdown of Neodecortech's human resources is marked by a strong male gender polarization, owing to the presence of physical tasks typical of manufacturing businesses in the Group's industry. The production department, in fact, sees an overwhelming presence of male workforce: in 2022, 92% of the Group's blue collars were men. Having said that, Neodecortech considers diversity as an element of corporate wealth, and this issue is a key point of the principles stated in the Group's Code of Ethics, as an expression of the attention to the individual.

Atypical and/or unusual transactions during the year

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

Significant events after 31 December 2022

With the conversion into law of the "*Decreto milleproproghe*" - Law Decree 2022/198 - the 31 March 2023 deadline for the maximization scheme in favour of power plants that do not use gas, which includes the BEG plant, enacted as part of the so-called Ukraine Emergency Decree (Law Decree 14/2022), was extended by 12 months to 31 March 2024. The rationale of the scheme is to encourage maximum production of this type of plant through a revenue reinstatement mechanism referring to the ARERA Resolution 111/2006. However, the determination of the reintegration system that is based on the definition of the Recognized Variable Cost (RVC) is still being discussed with ARERA/Terna.

In 2022, the application was submitted to access the SIMEST facility measure "Support for Italian exporting companies sourcing from Ukraine and/or Russia and/or Belarus", to counter the negative effects following the Russia-Ukraine conflict.

The measure provides Financing in the amount of \in 1,000,000.00, of which \in 400,000.00 as a non-repayable grant and \in 600,000.00 as a soft loan equal to zero.

The application was accepted and positively resolved on 26 January 2023, and disbursement is expected approximately in the first quarter of 2023.

Repayment of the debt, with an expected duration of 72 months, including 24 months grace period, will be made through payment of 8 postponed half-year installments with due dates of 30/06 and 31/12.

Mention should be made that the loan granted is subject to the "de minimis" rule, as set forth in EU Regulation no. 1407/2013 of 18.12.2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to "de minimis" aid, published in OJEU L 352, 24.12.2013, while the non-repayable grant is subject to the Communication of the European Commission 2022/C 131 I/01 final of 24 March 2022 "Temporary Crisis Framework for State Aid Measures to Support the Economy following the Aggression against Ukraine by Russia", as amended, in particular, Section 2.1 "Limited amount of aid".

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

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

Treasury shares and shares of the Parent Company

Pursuant to Articles 2435-bis and 2428 of the Italian Civil Code, it should be noted that, at the closing of the year, the Company held no. 123,000 treasury shares for the equivalent of €468,214.

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.

In 2022, the Company continued with the purchase of additional treasury shares based on and within the limits of the above resolution. A total of no. 90,646 shares were purchased in 2022.

At 31 December 2022 and in 2022, the Company did not hold and did not purchase any shares of the parent company.

Other information

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

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;
- remaining 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 \in 1,978 thousand (gross of the portion related to treasury shares held at the time of distribution).

In December 2022, Cartiere di Guarcino S.p.A. was granted a \in 10 million loan by MPS Capital Services S.p.A., with Sace guarantee under the SupportItalia measure, with a duration of six years, of which one is as grace period.

On 1 October 2021, Neodecortech S.p.A. reached a preliminary agreement with the Revenue Agency to take advantage of the Patent Box tax break over the five-year period 2018-2022. The Patent Box optional tax regime grants a five-year tax benefit, renewable on expiry, to those companies that generate income through the direct and indirect use of patents, software, designs, models and know-how. The estimated tax benefit for 2018 is €180 thousand. For following tax periods but prior to 2022, talks are underway with the Revenue Agency to define the effects of the calculation as they are impacted by extraordinary events such as the COVID-19 pandemic or the translisting costs to the regulated segment of Borsa Italiana.

Business and market outlook

At the time of writing of this document, the entire production chain in which Neodecortech and Cartiere di Guarcino operate is affected by the slowdown that began in mid-2022 and saw production stoppages in both IV quarter 2022 and the current quarter. Since the beginning of March, operations have gone back to normal, with an order backlog in line with previous levels (except for 2021, which had shown an atypically positive trend coming out of the pandemic), although some risk of partial production stoppage and margin restraint may still remain, owing to the awaited retracement of raw material prices (to date regarding only certain raw materials and of subdued magnitude). This situation is expected to continue until at least mid-2023, indistinguishably affecting all of the Group's main sales areas of operation (90% Europe). With regard also to the trend of energy carrier costs, their gradual decline will lead to their equally gradual transfer to sales prices charged to customers, given the high demand from customers to be able in turn to regain market shares through increased competitiveness on their sales prices.

However, while the Group does not source supplies, has not invested, has not carried out development activities, and has only marginal sales in both Russia and Ukraine, following the outbreak of the Ukrainian-Russian conflict at end February 2022, no estimates can be made on the magnitude and length of the impact of this event on the consumption propensity of furniture and flooring buyers, as well as on the full availability of strategic raw materials and energy carriers. This condition, however, transcends the industry in which the Group operates and has a macroeconomic relevance (see above section on the national and international economic environment).

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 continuing to comply 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 continuing Russian-Ukrainian conflict.

No particularly negative impacts are expected from the tail end of the COVID-19 pandemic (thanks also to the ongoing vaccination plan and the prevention measures underway in Italy and Europe) and the Russian-Ukrainian conflict.

Taking account of all the above considerations, in light of current events and as far as we can assess to date, the Group currently believes that it will be able to achieve the targets set in the 2023 Budget approved by the Board of Directors of Neodecortech S.p.A. on 6 December 2022 and by the Board of Directors of Cartiere di Guarcino on 5 December 2022, further detailed below.

Printed Decorative Paper Division - Neodecortech

As mentioned above, due to expectations of price reductions in raw materials (resins, base decorative papers, plastics, packaging) and the recorded reduction in energy and natural gas prices, the sales front is experiencing strong pressure to reduce sales prices along with a contraction in demand.

Since 2022 was marked by the continued transfer of the higher costs incurred, with a time lag in the application of the increases and resulting loss of margins, this market trend actually makes the expected margin recovery difficult. Therefore, some impact on margins is also expected for the first half of 2023. All this has already been factored in when preparing the 2023 Budget; forecasts indicate that the lower margins will hopefully gradually pick up pace in the second half of the year.

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

Paper Division - Cartiere di Guarcino

The customer order book of Cartiere declined in fourth quarter 2022, as a result of general market trends, partly amplified by year-end destocking movements. This was taken into account in the preparation of the 2023 Budget. However, in light of the above comments on the domestic and international economic environment, the future scenario should be taken with caution given the possible declines in sales, the extent of which cannot be predicted at this time.

One can reasonably expect a mitigation of the decline in sales as a result of the effect of three basic factors appearing also in 2022: (*i*) presence of annual contracts signed with numerous Class A customers; (*ii*) product diversification, such as the approval of semi-decorative Kraft papers for HPL producers; (*iii*) geographical diversification with development of new markets such as the North and South American markets, which experienced an impressive trend in demand for decorative papers in 2022; and (*iv*) the strong focus on sustainability.

With regard to the trend of strategic raw materials, pulp is expected to slightly retrace in 2023, while titanium dioxide is expected to roll over significantly with new increases that are not entirely farfetched.

Research and development activities in the core area of decorative papers with focus on digital paper medium continue in 2023.

Mention should be made that on 10/12/2020, the Company 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".

Upon the successful outcome of this research, the Company estimates an increase in sales from these two new product lines.

Energy Division - Bio Energia Guarcino

The trend of the energy market in 2022 virtually erased the value of the incentive, the calculation of which is based on an inverse formula to the average energy price recorded in the prior year with a cap of 180 €/MWh.

As noted above, effective 19 September, 2022, a maximization scheme has been approved in favour of certain power plants that do not use gas providing for the reintegration of revenue, aimed specifically at encouraging the maximization of power generation. This scheme has been extended until 31 March 2024 and is based on the definition of recognized variable cost, the determination of which is still being discussed with ARERA.

Based on this legislation and certain hedges in the energy and fuel market effective on first quarter 2023, it is deemed that BEG can operate at cost-effective conditions for the whole of 2023.

Additionally, a point worth mentioning is that the conditions for a possible regulatory change in the incentive system have been set. If this were the case, it would have a positive impact on Bio Energia Guarcino, even considering that, to date, the incentivized aid period for bioliquid powered plants will come to conclusion in June 2025.

On 06/11/2021, the Government passed the Legislative Decree - published in the State Gazette on 30.11 - which implements Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009 (the so-called RED II Directive), under which the State, among other measures, is called to promote the continuity of operations of plants powered by renewable sources, once they have reached the end of the incentive period. Specifically, the Decree refers to the possibility of providing for special tariffs or supplements to revenue for plants which, due also to fuel costs, are unable to operate with the sole income deriving from participation in the electricity market.

The Ministry of Environmental Transition is called to issue the Implementing Decree (the 180-day deadline from the publication of the Law in the State Gazette has expired), which has to deal with state aid regulations; to date, however, no action has been taken.

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

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

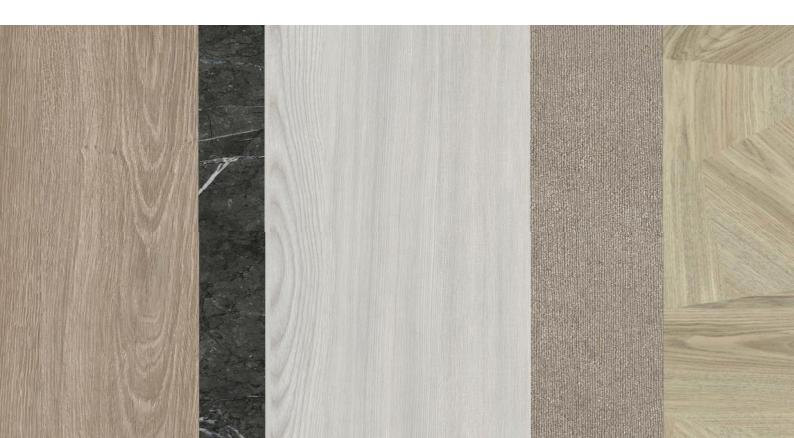
The above proposal has been delivered to MITE and is currently under review by the Ministry's technical bodies.

As a result of the above, the Company has not identified the presence of impairment indicators regarding the recoverability of the carrying amount of tangible fixed assets and has therefore not conducted an impairment test in accordance with IAS 36.

Filago (BG), 15 March 2023 For the Board of Directors The Chief Executive Officer (Luigi Cologni)



Consolidated Financial Statements at 31 December 2022



Consolidated income statement at 31 December 2022

(Euro thousands)	Notes	31 DECEMBER 2022	%	31 DECEMBER 2021	%	Chg.	% chg.
Revenue from sales and services	1	196,474	100.0%	176,429	100.0%	20,045	11.4%
Changes in work in progress, semi-finished and finished products	2	3,044	1.5%	255	0.1%	2,789	1093.7%
Other revenue	3	7,822	4.0%	2,595	1.5%	5,227	201.4%
Value of Production		207,340	105.5%	179,279	101.6%	28,061	15.7%
Raw and ancillary materials and consum.	4	(136,540)	(69.5%)	(114,201)	(64.7%)	(22,339)	19.6%
Other operating expense	5	(33,813)	(17.2%)	(25,111)	(14.2%)	(8,702)	34.7%
Value Added		36,987	18.8%	39,967	22.7%	(2,980)	(7.5%)
Personnel expense	6	(20,996)	(10.7%)	(21,821)	(12.4%)	825	(3.8%)
EBITDA		15,991	8.1%	18,146	10.3%	(2,155)	(11.9%)
Amortization and depreciation	7	(9,759)	(5.0%)	(8,839)	(5.0%)	(920)	10.4%
Allocations	8	(128)	(0.1%)	(81)	(0.0%)	(47)	58.0%
EBIT		6,104	3.1%	9,226	5.2%	(3,122)	(33.8%)
Financial expense	9	(2,371)	(1.2%)	(1,333)	(0.8%)	(1,038)	77.9%
Financial income	10	5,506	2.8%	124	0.1%	5,382	4340.3%
Profit/(loss) before tax		9,239	4.7%	8,017	4.5%	1,222	15.2%
Income tax	11	(802)	(0.4%)	(1,328)	(0.8%)	526	(39.6%)
Profit/(loss) for the year		8,437	4.3%	6,688	3.8%	1,749	26.2%

Consolidated statement of comprehensive income at 31 December 2022

(Euro thousands)	31 DECEMBER 2022	31 DECEMBER 2021
Profit/(loss) for the year	8,437	6,688
Other items of the comprehensive income statement		
Actuarial gains (losses) net of tax effect	260	(16)
Total items that will not be reclassified in the income statement for the year	260	(16)
Gains/(losses) on cash flow hedging instruments	419	146
Total items that will or may be reclassified in the income statement for the year	419	146
Total other items of the comprehensive income statement	679	130
Comprehensive income (loss) for the year	9,116	6,818
Profit for the year attributable to:		
Shareholders of the Parent	9,116	6,818
Non-controlling interests		
Earnings per share (in Euro):		
Basic	0.60	0.50
Diluted	0.60	0.50



Consolidated statement of financial position at 31 December 2022

Assets	Notes	31 DECEMBER 2022	%	31 DECEMBER 2021	%	Chg.	% chg.
(Euro thousands)							
Intangible assets	12	827	0.5%	1,551	0.9%	(724)	(46.7%)
Tangible assets	13	78,617	46.6%	78,561	46.5%	56	0.1%
Investments		100	0.1%	0	0.0%	100	0.0%
Other non-current assets	14	528	0.3%	19	0.0%	509	2678.9%
Non-current financial receivables	15	445	0.3%	1,757	1.0%	(1,312)	(74.7%)
Deferred tax assets	16	1,682	1.0%	1,985	1.2%	(303)	(15.3%)
Non-current assets		82,199	48.7%	83,873	49.6%	(1,674)	(2.0%)
Inventory	17	43,550	25.8%	40,603	24.0%	2,947	7.3%
Trade receivables	18	23,836	14.1%	26,632	15.7%	(2,796)	(10.5%)
Receivables from tax consolidation	19	813	0.5%	1,129	0.7%	(316)	(28.0%)
Tax receivables	20	5,043	3.0%	2,299	1.4%	2,744	119.4%
Current financial receivables	15	0	0.0%	0	0.0%	0	0.0%
Other current receivables	21	1,269	0.8%	1,084	0.6%	185	17.1%
Cash funds	22	12,043	7.1%	13,491	8.0%	(1,448)	(10.7%)
Current assets		86,554	51.3%	85,238	50.4%	1,316	1.5%
Total assets		168,753	100.0%	169,111	100.0%	(358)	(0.2%)

Equity and liabilities		31 DECEMBER 2022	%	31 DECEMBER 2021	%	Chg.	% chg.
(Euro thousands)		LULL	70		70	ong.	70 ong.
Share capital		18.804	11.1%	18.804	11.1%	0	0.0%
Share premium reserve		18,864	11.2%	18,864	11.2%	0	0.0%
Other reserves		24,968	14.8%	17,348	10.3%	7,620	43.9%
Prior years' profit (loss)		6,201	3.7%	8,761	5.2%	(2,560)	(29.2%)
Profit (loss) for the year		8,437	5.0%	6,688	4.0%	1,749	26.2%
Equity	30	77,274	45.8%	70,465	41.7%	6,809	9.7%
Provisions for risks and charges	23	774	0.5%	977	0.6%	(203)	(20.8%)
Deferred tax	16	6,304	3.7%	6,150	3.6%	154	2.5%
Post-employment benefits	24	2,131	1.3%	2,587	1.5%	(456)	(17.6%)
Non-current financial liabilities	25	22,095	13.1%	23,220	13.7%	(1,125)	(4.8%)
Non-current liabilities		31,304	18.6%	32,934	19.5%	(1,630)	(4.9%)
Trade payables	26	33,693	20.0%	39,832	23.6%	(6,139)	(15.4%)
Payables from tax consolidation	27	469	0.3%	816	0.5%	(347)	(42.5%)
Tax payables	28	703	0.4%	773	0.5%	(70)	(9.1%)
Current financial liabilities	25	20,682	12.3%	19,616	11.6%	1,066	5.4%
Other current payables	29	4,628	2.7%	4,674	2.8%	(46)	(1.0%)
Current liabilities		60,175	35.7%	65,711	38.9%	(5,536)	(8.4%)
Total equity and liabilities		168,753	100.0%	169,111	100.0%	(358)	(0.2%)

Consolidated statement of changes in equity at 31 December 2022

				ATTRI	BUTABLE TO T	THE SHAREHO	LDERS OF TH	IE PARENT		
CONSOLIDATED FIGURES EURO THOUSANDS	NOTES	SHARE CAPITAL	HEDGING AND TRANSLATION RESERVES	EQUITY RESERVES	OTHER RESERVES	TREASURY SHARES	PROFIT (LOSS) FOR THE YEAR	EQUITY	EQUITY NON- CONTROLLING INTERESTS	TOTAL EQUITY
Balance at 01/01/2021	28	17,399	(296)	17,357	24,084	(421)	3,535	61,658	0	61,658
Other items of the comprehensive income statement		0	146	0	(16)	0	0	130	0	130
Profit for the year		0	0	0	0	0	6,688	6,688	0	6,688
Total comprehensive income/loss for the year		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 (loss)		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 31/12/2021	28	18,804	(155)	18,864	26,404	(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	419	0	260	0	0	679	0	679
Profit for the year		0	0	0	0	0	8,437	8,437	0	8,437
Total comprehensive income/loss for the year		0	419	0	260	0	8,437	9,116	0	9,116
Dividend distribution		0	0	0	(1,978)	0	0	(1,978)	0	(1,978)
Allocation of prior year's profit (loss)		0	0	0	6,688	0	(6,688)	0	0	0
Other changes		0	0	0	(1)	(328)	0	(329)	0	(329)
Balance at 31/12/2022	28	18,804	264	18,864	31,373	(468)	8,437	77,274	0	77,274

Consolidated statement of cash flows at 31 December 2022

(Euro thousands)	31 DECEMBER 2022	31 DECEMBER 2021
Profit (loss) for the year	8,437	6,688
Income tax	559	1,319
Deferred/(prepaid) tax	243	8
Interest expense/(interest income)	(3,136)	1,432
(Dividends received)	0	0
(Gains)/losses from disposal of assets	21	(280)
1 Profit (loss) for the year before income tax, interest,	6,124	9,168
dividends and gains/losses from disposals	0	-,
Adjustments for non-monetary items that had no	0	
balancing entry in net working capital:	0	
Allocation to post-employment benefits	191	87
Allocations to other provisions	326	267
Amortization and depreciation of fixed assets	9,759	8,839
Write-downs for impairment losses	0	0
Other adjustments for non-monetary items	76	(918)
2 Cash flow before changes in NWC	16,476	17,443
Changes in net working capital:	0	
Decrease/(increase) in receivables from customers	2,740	(7,666)
Decrease/(increase) in inventory	(3,044)	(3,839)
Increase/(decrease) in payables to suppliers	(6,139)	14,262
Decrease/(increase) in other receivables	(2,324)	(536)
Increase/(decrease) in other payables	(310)	(95)
Other changes in net working capital	0	0
3 Cash flow after changes in NWC	7,399	19,570
Other adjustments:	0	
Interest received/(paid)	(770)	(690)
(Income tax paid)	(391)	(181)
(Gains)/losses from disposal of assets	0	0
Dividends received	0	0
(Utilization of provisions)	(465)	(562)
(Utilization of provisions for post-employment benefits)	(166)	(184)
4 Cash flow after other adjustments	5,607	17,952
A Cash flow from operations	5,607	17,952
Property, plant and equipment	(8,950)	(9,442)
(Purchase)	(8,950)	(9,451)
Disposal	0	10
Intangible fixed assets	(239)	(297)
(Purchase)	(239)	(297)
Disposal	0	0
Financial fixed assets	(100)	76
(Purchase)	(100)	0
Disposal	0	76
Current financial assets	0	0
(Purchase)	0	0
disposal	0	0
Proceeds from disposal of assets	(20)	280

B Cash flow from investing activities	(9,309)	(9,383)
Liabilities	4,560	(4,603)
Increase (decrease) in short-term bank payables	(753)	992
New loans	12,500	360
Repayment of loan	(5,077)	(4,221)
Financial liabilities to other lenders	(2,110)	(1,861)
Change in financial receivables from other lenders	0	127
Equity	(2,307)	1,989
Share capital increase	0	2,811
Sale (purchase) of treasury shares	(329)	384
Other changes in equity	(1,978)	(1,206)
C Cash flow from financing activities	2,253	(2,614)
Increase (decrease) in cash funds ($A \pm B \pm C$)	(1,449)	5,955
Cash funds at 1 January 2022	13,491	7,536
Cash funds at 31 December 2022	12,042	13,491



Explanatory Notes to the Consolidated Financial Statements of the Group



Entity preparing the consolidated financial statements

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

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

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

The publication of these consolidated financial statements was authorized by the Directors on 15 March 2023; they will be submitted to the Shareholders' Meeting for approval and subsequent filing, within the time limits of law. The Shareholders' Meeting is empowered to make changes to these Consolidated Financial Statements.

BDO Italia S.p.A. is in charge of the statutory audit.

General criteria for the preparation of the consolidated financial statements

Statement of compliance with IAS-IFRS

These consolidated financial statements were prepared in compliance with the IAS-IFRS international accounting standards in force at 31 December 2022, as adopted by the European Union, as well as with the provisions issued in implementation of Article 9 of Legislative Decree no. 38/2005. The IAS-IFRS also include all the revised international accounting standards (IAS) and all the interpretations issued by the IFRS Interpretation Committee (formerly IFRIC), previously known as SIC. The rules of national legislation implementing EU Directive 2013/34 also apply, provided they are consistent, to companies that prepare their financial statements in accordance with IAS-IFRS. Therefore, the financial statements implement the relevant provisions of the articles of the Italian Civil Code and the corresponding provisions of the TUF for listed companies concerning the Directors' Report on Operations, the Independent Auditors' Report and the publication of the financial statements. The consolidated financial statements and the notes thereto also include the details and additional information required by the articles of the Italian Civil Code concerning financial statements, insofar as they do not conflict with the provisions of IAS-IFRS, as well as the other CONSOB regulations and instructions concerning financial statements.

The financial statements were prepared on a going concern basis. The Group has assessed that there are no significant uncertainties surrounding its ability to continue operations, due also to its financial structure and the forecasts included in the 2023 Budget, as explained in the "Directors' Report on Operations".

Preparation criteria and functional currency

Delegated Regulation (EU) 2019/815 introduced a requirement for securities issuers listed on regulated markets in the European Union to prepare their annual financial report in the XHTML language, based on the ESMA-approved European Single Electronic Format (ESEF). For 2022, the schedules and information - textual and/or numerical - presented in the consolidated financial statements that correspond to the mandatory elements of the basic taxonomy must be "tagged" to the ESEF taxonomy, using an integrated computer language (iXBRL).

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

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

Financial statements and presentation criteria

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

The financial statements provide comparative information for the prior year.

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 permitted.

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 permitted.

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

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

Consolidation methods

The consolidated financial statements were prepared on the basis of the financial statements at 31 December 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 year.

During the year, the Group allocated assets or loans for the establishment on 19 October 2022 of NDT Energy S.r.I., with registered office in Filago (BG) and operating offices in Casoli di Atri (TE). The Company has a fully paid-up capital of € 100 thousand, is currently dormant and awaiting authorization to operate a WtE plant, capable of reusing process waste and meeting a large part of the energy needs of the adjacent NDT "laminates" division; the company, therefore, remained outside the consolidation scope at 31 December 2022.

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

CONSOLIDATED FIGURES IN EURO THOUSANDS	EQUITY 31 DECEMBER 2022	PROFIT (LOSS) FOR THE YEAR 31 DECEMBER 2022	EQUITY 31 DECEMBER 2021	PROFIT (LOSS) FOR THE YEAR 31 DECEMBER 2021
Equity and profit for the year attributable to the parent company	77,274	8,437	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		4,073		2,559
Cancellation of write-downs/write-backs of investments		(3,880)		(2,420)
Amortization of fair value of fixed assets (allocation of BEG goodwill)		(162)		(162)
Elimination of the effects of transactions between consolidated companies:				
Intercompany profits included in the value of closing inventory	-	(31)	_	23
Intercompany profits on disposal of fixed assets	_	-	_	_
Equity and profit for the year attributable to the shareholders of the parent				
	77,274	8,437	70,465	6,688
Non-controlling interests	-	-	-	-
Total equity	77,274	8,437	70,465	6,688

Transactions eliminated in the consolidation process

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

Non-current assets held for sale and discontinued operations

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

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

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

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

The above information is also presented for the comparative period.

Cost of a business combination

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

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

Allocating the cost of a business combination

Goodwill is determined as the excess between:

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

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

Business combination achieved in stages

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

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

Subjective evaluations and use of estimates

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

revisions are reflected in the periods on which they have effect, i.e. both in the current period, and in future periods, if relevant.

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

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

- Pension plans: the present value of the liability for pension benefits depends on a number of factors that are
 determined by actuarial methods using certain assumptions. The assumptions regard the discount rate, the
 expected return on the assets servicing the plan, the rates of future salary increases, and the mortality and
 resignation rates. Any change in the above assumptions could have significant effects on the liability for pension
 benefits;
- Valuation of risk provisions: the Group is subject to legal and tax lawsuits that may arise from complex and difficult issues, which are subject to a varying degree of uncertainty, including facts and circumstances underlying each case, jurisdiction and different applicable laws. Given the uncertainties underlying these issues, it is difficult to accurately predict the outlay that could arise from such disputes. Accordingly, after hearing the opinion of their legal and tax advisors and experts, the Directors recognize a liability from such disputes when they consider it probable that a financial outlay will occur and when the amount of the resulting losses can be reasonably estimated. This estimate implies the adoption of assumptions that depend on factors that may change over time and which could therefore have significant effects over the current estimates made by the Directors in preparing the Group's consolidated financial statements;
- Determination of fair value: the fair value of certain financial assets that are not listed on active markets is
 determined using measurement techniques. The Group uses measurement techniques that use inputs that are
 directly or indirectly observable in the market at year end, related to the assets being measured. While the
 estimates of the abovementioned fair values are deemed reasonable, possible changes in the estimation factors
 on which the calculation of these values is based may produce different valuations.

Accounting policies

Property, plant and equipment

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

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

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

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

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

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

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

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

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

Below are the rates applied for each category:

	Rates %	Rates %	Rates %
Category	Neodecortech	Cartiere di Guarcino	Bio Energia Guarcino
Industrial buildings	2%	2.5%	4%
Lightweight constructions	10%		
Temporary and kindred constructions	10%		
Plant and equipment	9%	5.5%	
Purification plants	12%	7.5%	
Miscellaneous production equipment / laboratory	30%		
Production equipment (printing cylinders)	20%		
Furniture and ordinary office equipment	12%	8.5%	12%
Electronic office equipment	20%	14%	
Internal means of transport	16%	14%	10%
Cars and motor vehicles	25%	17.5%	
Laboratory workshop maintenance		17.5%	
General plant		4.5%	15%
General equipment		6.5%	
Communications systems			20%
Weighing plant			15%
Firefighting Water System			15%
Dewatering plant			15%
Steam production plant			15%
Measurement and control system			10%
Industrial equipment			10%
Workshop and equipment			10%

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

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

Leases

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Intangible assets

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

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

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

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

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

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

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

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

Impairment of property, plant and equipment and intangible assets

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

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

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

Financial assets

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

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

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

When an investment in a debt instrument measured as FVTOCI is derecognized, the cumulative gain (loss) previously recognized in other comprehensive income is reclassified from equity to net profit (loss) through a reclassification adjustment. Conversely, when an investment in an equity instrument designated as FVTOCI rated is derecognized, the cumulative gain (loss) previously recognized in other comprehensive income is subsequently transferred to retained

earnings without passing through the income statement. Dividends received from investments in equity instruments are recognized in the income statement.

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

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

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

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

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

Inventory

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

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

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

Cash and cash equivalents

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

Treasury shares

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

Provisions for risks and charges

Allocations to provisions for risks and charges are made when the Group must meet a current obligation (legal or implicit) deriving from a past event, the amount of which can be reliably determined, and the fulfilment of which will likely result

in the use of resources. Allocations are made on the basis of the best estimate, on the basis of the costs required to fulfil the obligation at the balance sheet date, and are discounted when the effect is significant. In this case, the discounting is determined at a pre-tax discount rate that reflects the current market valuation of the cost of money in relation to time. The discounting effect is recorded under financial expense.

Employee benefits

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

Defined contribution plans

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

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

Defined benefit plans

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

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

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

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

Loans

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

Trade and other payables

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

Revenue recognition

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

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

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

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

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

Costs

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

Financial expense and income

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

Income tax

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

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

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

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

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

Derivative financial instruments

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

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

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

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

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

Transactions denominated in currencies other than the functional currency

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

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

Earnings/(loss) per share

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

Segment reporting

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

- Printed Decorative Paper Division Neodecortech S.p.A.
- Decorative Paper Division Cartiere di Guarcino S.p.A.
- Energy Division Bio Energia Guarcino S.r.l.
- Energy Division NDT Energy S.r.I. (dormant)

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

The table below shows the segment figures relating to revenue and income and results at 31 December 2022 and, below, at 31 December 2021:

31 December 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	75,448	100.0%	95,102	100.0%	54,307	100.0%	224,857	28,383	196,474	100.0%
Changes in work in progress, semi-finished										
and finished products	(136)	(0.2%)	3,181	3.3%	0	0.0%	3,045	1	3,044	1.5%
Other revenue	2,309	3.1%	6,049	6.4%	111	0.2%	8,469	647	7,822	4.0%
Value of Production	77,621	102.9%	104,332	109.7%	54,418	100.2%	236,371	29,031	207,340	105.5%
Raw and ancillary materials and consumables	(47,994)	(63.6%)	(60,706)	(63.8%)	(44,322)	(81.6%)	(153,022)	(16,482)	(136,540)	(69.5%)
Other operating expense	(13,158)	(17.4%)	(27,432)	(28.8%)	(5,454)	(10.0%)	(46,044)	(12,231)	(33,813)	(17.2%)
Value Added	16,469	21.8%	16,194	17.0%	4,642	8.5%	37,305	318	36,987	18.8%
Personnel expense	(11,235)	(14.9%)	(9,602)	(10.1%)	(433)	(0.8%)	(21,270)	(274)	(20,996)	(10.7%)
EBITDA	5,234	6.9%	6,592	6.9%	4,209	7.8%	16,035	44	15,991	8.1%
Amortization and depreciation	(3,450)	(4.6%)	(3,114)	(3.3%)	(2,968)	(5.5%)	(9,532)	227	(9,759)	(5.0%)
Allocations	(128)	(0.2%)	0	0.0%	0	0.0%	(128)	0	(128)	(0.1%)
EBIT	1,656	2.2%	3,478	3.7%	1,241	2.3%	6,375	271	6,104	3.1%
Financial expense	(1,599)	(2.1%)	(657)	(0.7%)	(381)	(0.7%)	(2,637)	(266)	(2,371)	(1.2%)
Financial income	8,926	11.8%	726	0.8%	0	0.0%	9,652	4,146	5,506	2.8%
Profit/(loss) before tax	8,983	11.9%	3,547	3.7%	860	1.6%	13,390	4,151	9,239	4.7%
Income tax	(545)	(0.7%)	9	0.0%	(343)	(0.6%)	(879)	(77)	(802)	(0.4%)
Profit/(loss) for the year	8,438	11.2%	3,556	3.7%	517	1.0%	12,511	4,074	8,437	4.3%

31 December 2021

(Euro thousands)	Printed Decorative Paper Division	% on Revenue	Decorative Paper Division	% on Revenue	Energy Division	% on Revenue	Aggregate	Eliminations and consolidation entries	Consolidated	% on Revenue
Revenue from sales and services	76,940	100.0%	78,835	100.0%	40,766	100.0%	196,541	20,112	176,429	100.0%
Changes in work in progress, semi- finished and finished products	(487)	(0.6%)	742	0.9%	0	0.0%	255	0	255	0.1%
Other revenue	1,409	1.8%	1,429	1.8%	196	0.5%	3,034	439	2,595	1.5%
Value of Production	77,862	101.2%	81,006	102.8%	40,962	100.5%	199,830	20,551	179,279	101.6%
Raw and ancillary materials and consumables	(46,149)	(60.0%)	(51,330)	(65.1%)	(33,844)	(83.0%)	(131,323)	(17,122)	(114,201)	(64.7%)
Other operating expense	(11,626)	(15.1%)	(12,788)	(16.2%)	(3,893)	(9.5%)	(28,307)	(3,196)	(25,111)	(14.2%)
Value Added	20,087	26.1%	16,888	21.4%	3,225	7.9%	40,200	233	39,967	22.7%
Personnel expense	(11,847)	(15.4%)	(9,821)	(12.5%)	(420)	(1.0%)	(22,088)	(267)	(21,821)	(12.4%)
EBITDA	8,240	10.7%	7,067	9.0%	2,805	6.9%	18,112	(34)	18,146	10.3%
Amortization and depreciation	(3,384)	(4.4%)	(2,988)	(3.8%)	(2,240)	(5.5%)	(8,612)	227	(8,839)	(5.0%)
Allocations	(81)	(0.1%)	0	0.0%	0	0.0%	(81)	0	(81)	(0.0%)
EBIT	4,775	6.2%	4,079	5.2%	565	1.4%	9,419	193	9,226	5.2%
Financial expense	(434)	(0.6%)	(1,000)	(1.3%)	(556)	(1.4%)	(1,990)	(657)	(1,333)	(0.8%)
Financial income	3,102	4.0%	96	0.1%	4	0.0%	3,202	3,078	124	0.1%
Profit/(loss) before tax	7,443	9.7%	3,175	4.0%	13	0.0%	10,631	2,614	8,017	4.5%
Income tax	(753)	(1.0%)	(555)	(0.7%)	(75)	(0.2%)	(1,383)	(55)	(1,328)	(0.8%)
Profit/(loss) for the year	6,688	8.7%	2,620	3.3%	-61	(0.1%)	9,247	2,559	6,688	3.8%

At 31 December 2022, the table below shows revenue broken down by type of business.

(Euro thousands)	Printed Decorative Paper Division	Decorative Paper Division	Energy Division	Aggregate
Revenue from the sale of goods	62,544	93,154		155,698
Revenue from services	12,904	1,948		14,852
Revenue from the sale of electricity and steam			44,311	44,311
Revenue from incentives			9,996	9,996
Total by segment	75,448	95,102	54,307	224,857

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

31 December 2022

(Euro thousands)	Printed Decorative Paper Division	Decorative Paper Division	Energy Division	Aggregate	Eliminations and consolidation entries	Consolidated
Intangible assets	589	237	0	826	1	827
Tangible assets	31,579	37,646	8,711	77,936	681	78,617
Investments	37,129	11,510	0	48,639	(48,539)	100
Other non-current assets/financial receivables	7,975	463	0	8,438	(7,465)	973
Deferred tax assets	416	28	1,199	1,643	39	1,682
Non-current assets	77,688	49,885	9,910	137,483	(55,284)	82,199
Inventory	8,238	29,039	6,413	43,690	(140)	43,550
Trade receivables	8,878	11,197	9,755	29,830	(5,994)	23,836
Receivables from tax consolidation	0	124	689	813	0	813
Tax receivables	1,314	1,799	1,930	5,043	0	5,043
Current financial receivables	3,560	0	0	3,560	(3,560)	0
Other receivables	212	408	650	1,270	(1)	1,269
Cash funds	3,051	6,846	2,145	12,042	1	12,043
Current assets	25,253	49,413	21,582	96,248	(9,694)	86,554
Assets	102,942	99,298	31,492	233,732	(64,979)	168,753
Equity	77,274	37,130	11,025	125,429	(48,155)	77,274
Provisions for risks and charges	211	544	20	775	(1)	774
Deferred tax	2,447	3,180	482	6,109	195	6,304
Post-employment benefits	746	1,362	24	2,132	(1)	2,131
Non-current financial liabilities	7,501	21,566	494	29,561	(7,466)	22,095
Non-current liabilities	10,904	26,651	1,019	38,574	(7,270)	31,304
Trade payables	8,008	21,569	10,111	39,688	(5,995)	33,693
Payables from tax consolidation	469	0	0	469	0	469
Tax payables	379	300	25	704	(1)	703
Current financial liabilities	2,810	12,155	9,278	24,243	(3,561)	20,682
Other current payables	3,097	1,493	35	4,625	3	4,628
Current liabilities	14,763	35,517	19,448	69,728	(9,553)	60,175
Equity and liabilities	102,942	99,298	31,492	233,732	(64,979)	168,753

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
Tangible assets	30,878	35,735	11,039	77,652	909	78,561
Investments	33,345	11,150	0	44,495	(44,495)	0
Other non-current assets/financial receivables	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 transactions they are linked to.

Liquidity risk

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

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

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

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

At 31 December 2022, the Group has an outstanding loan agreement containing covenants tied to compliance with financial or capital ratios.

Credit risk

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

The review of overdue receivables provides the following analysis by due date (including allocations for invoices to issue and credit notes to issue):

Trade receivables	Overall total	Total falling due	Total past due	Past due 0 - 30	Past due 31 - 60	Past due 61 - 90	Past due 91 - 120	Past due over 120
31 DECEMBER 2022	24,310	18,129	6,182	4,991	220	2	0	969
Trade receivables	Overall total	Total falling due	Total past due	Past due 0 - 30	Past due 31 - 60	Past due 61 - 90	Past due 91 - 120	Past due over 120
31 DECEMBER 2021	26,632	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.

Also included in past dues between 0-30 days are mainly collection of cash orders paid on December 31, 2022, but credited by the bank on the first day of 2023.

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

Changes in the provision for doubtful accounts at 31 December 2022 are shown below:



(Euro thousands)	Provision for doubtful accounts				
	31 DECEMBER 2021	Allocation s	Utilization	Release	31 DECEMBER 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), whose transactions are partly denominated in currencies other than the Euro, primarily in US dollars.

In this regard, the subsidiary Cartiere di Guarcino S.p.A., in order to mitigate the risk, where necessary enters into derivative contracts for the forward purchase of US dollars; at 31 December 2022 and 31 December 2021, there were no open derivative contracts and therefore no fair value to be recorded.

Interest rate risk

The risk is represented by the likelihood that the value or future cash-flows of a financial instrument - in particular, current account overdrafts, bank advances and loans - may vary parallel to changes in interest rates. At 31 December 2022, total medium/long-term loans (including the finance lease of Bio Energia Guarcino S.r.l.) amounted to €42,327 thousand, of which approximately 83% are at floating rate not hedged by derivative contracts.

To mitigate the above risk, the Parent Company entered into two Interest Rate Swap contracts relating to the outstanding mortgage loan with BPM, with a notional value of \in 6,278 thousand and a positive fair value of \in 348 thousand at 31 December 2022 (negative \in -203 thousand at 31 December 2021). The subsidiary Cartiere di Guarcino S.p.A. has outstanding fixed-rate loans amounting to \notin 1,129 thousand.

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 nonexistent market activity for the assets and liabilities being measured.

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

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

measurement techniques based primarily on unobservable inputs corroborated by market data.

At 31 December 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 changes were reported during the period in the different levels of fair value.

With regard to the classes of financial instruments, at 31 December 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 31 December 2022:

- Currency Rate Contract hedging the risk of fluctuation of the US dollar concluded where necessary by Cartiere di Guarcino S.p.A. - at 31 December 2022 and 31 December 2021, there were no open derivative contracts and therefore no fair value to be recorded.
- Interest Rate Swap Contract hedging the risk of interest rate fluctuations concluded by Neodecortech S.p.A. -Notional value at 31 December 2022 € 6,277,859 - Fair value at 31 December 2022 € +347,549 (€ -203,442 at 31 December 2021);

In 2020, five loan agreements were also concluded for a total of \in 10,000 thousand, underlying which there are embedded derivatives (floor at zero on Euribor rate). For four of these agreements, for a total of \in 8,000 thousand, the embedded derivatives are active at 31 December 2022, and have therefore been separated and measured and at 31 December 2022 have a negative fair value of \in 3 thousand (negative fair value of \in 76 thousand at 31 December 2021).

Consolidated income statement

1. REVENUE FROM SALES AND SERVICES

The table below details the item in question with regard to the period ended 31 December 2022 and 2021:

Total revenue from sales and services	196,474	100.0	176,429	100.0	20,045	11.4
Services	13,516	6.9	10,648	6.0	2,868	26.9
Revenue from sales	182,958	93.1	165,781	94.0	17,177	10.4
	31 DECEMBER 2022	%	31 DECEMBER 2021	%	Chg.	% chg.
(Euro thousands)	Revenue from sales and	a service	2S			
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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 € 12,880 thousand at 31 December 2022 (€ 9,883 thousand at 31 December 2021).

2. CHANGES IN SEMI-FINISHED AND FINISHED PRODUCTS

With regard to changes in inventory, which closes with a positive \in 5,227 thousand (a negative \in -3,276 thousand at 31 December 2021), the increase, almost exclusively attributable to Cartiere di Guarcino, is due to the inflationary effect from the increase in selling prices resulting from the rise in raw material prices.

3. OTHER REVENUE AND INCOME

	Other revenue and income									
(Euro thousands)										
	31 DECEMBER 2022	%	31 DECEMBER 2021	%	Chg.	% chg.				
Contingent assets	284	3.6	482	18.6	(198)	(41.1)				
Sale of raw materials and packaging	17	0.2	1	0.0	16	1,600.0				
Exchange rate gains	554	7.1	113	4.4	441	390.3				
Gains	19	0.2	284	10.9	(265)	(93.3)				
Insurance reimbursements	102	1.3	82	3.2	20	24.4				
Stock Grant Release			0							
Other revenue	6,846	87.5	1,633	62.9	5,213	319.2				
Total other revenue and income	7,822	100.0	2,595	100.0	5,227	201.4				

This item, amounting to \in 7,822 thousand at 31 December 2022 (\in +5,227 thousand versus 31 December 2021), is composed of *other revenue and income* referring to Neodecortech S.p.A. for \in 2,039 thousand, Cartiere di Guarcino for \in 5,672 thousand, and Bio Energia Guarcino for \in 111 thousand.

The following are the main items:

- With regard to Neodecortech S.p.A., energy and gas tax receivables were the main item with €1,184 thousand.
- With regard to Cartiere di Guarcino S.p.A., the following were the main items: (*i*) € 3,862 thousand of energy and gas tax receivables; (*ii*) € 762 thousand for an internal plant order; (*iii*) € 170 thousand of non-repayable co-financing for the Horizon Project; (*iv*) € 95 thousand for an insurance indemnity; (*v*) € 541 thousand of foreign exchange gains, offset however against the related item of foreign exchange losses, which are reclassified under *Other Operating Expense*; the Company operates, in fact, through hedges on the risk of foreign exchange fluctuations, including through natural hedging.

4. RAW AND ANCILLARY MATERIALS AND CONSUMABLES

Total raw materials	136,540	100.0	114,201	100.0	22,339	19.6		
Packaging materials	1,878	1.4	1,624	1.4	254	15.6		
Raw and ancillary materials and consumables	134,662	98.6	112,576	98.6	22,086	19.6		
(Euro thousands)	31 DECEMBER 2022	%	31 DECEMBER 2021	%	Chg.	% chg.		
Raw and ancillary materials and consumables								

With regard to the increase in "Raw and ancillary materials and consumables" for €22,339 thousand, reference should be made to the Directors' Report on Operations.

5. OTHER OPERATING EXPENSE

	Other operating expense	Э				
(Euro thousands)						
	31 DECEMBER 2022	%	31 DECEMBER 2021	%	Chg.	% chg.
External processing	296	0.9	357	1.4	(61)	(17.1)
Consultancy	2,217	6.6	1,944	7.7	273	14.0
Advertising and marketing	264	0.8	201	0.8	63	31.3
Bonuses and commissions	1,270	3.8	1,374	5.5	(104)	(7.6)
Transport	6,629	19.6	4,368	17.4	2,261	51.8
Utilities	11,195	33.1	5,586	22.2	5,609	100.4
Fees to Directors and Board of Statutory Auditors	784	2.3	805	3.2	(21)	-2.6
Insurance	1,325	3.9	1,347	5.4	(22)	-1.6
Bank commissions	271	0.8	266	1.1	5	1.9
Reimbursements to employees	34	0.1	23	0.1	11	47.8
Travel expense	152	0.4	100	0.4	52	52.0
Sundry industrial services	5,584	16.5	5,447	21.7	137	2.5
Other services	1,372	4.1	1,303	5.2	69	5.3
Rental expense	1	0.0	2	0.0	(1)	(50.0)
Rentals and other	235	0.7	190	0.8	45	23.7
Tax and duties	881	2.6	833	3.3	48	5.8
Gifts	7	0.0	10	0.0	(3)	(30.0)
Contingent liabilities	419	1.2	698	2.8	(279)	(40.0)
Exchange rate losses	707	2.1	161	0.6	546	339.1
Capital losses	39	0.1	4	0.0	35	0.0
Other operating expense	131	0.4	94	0.4	37	39.4
Total Other Operating Expense	33,813	100.0	25,111	100.0	8,701	34.7

The change in this item of \in 8,701 thousand is due mainly to the following:

• Other operating expense, up by an overall +35% (€ +8,701 thousand) versus 31 December 2021, includes increases in costs related to turnover such as "transportation" +52% (€ +2,261 thousand), but mainly "utilities" +100.4% (€ 5,609 thousand).

6. PERSONNEL EXPENSE

· · ·	145			0.0		020.0
Other personnel expense	749	3.6	178	0.8	571	320.8
Post-employment benefits	1,190	5.7	1,026	4.7	164	16.0
Social security charges	4,352	20.7	4,995	22.9	(643)	(12.9)
Wages and salaries	14,705	70.0	15,622	71.6	(917)	(5.9)
(Euro thousands)	31 DECEMBER 2022	%	31 DECEMBER 2021	%	Chg.	% chg.
	Personnel expense					

Personnel expense at 31 December 2022 decreased by €-825 thousand versus the prior year, due to the combined effect of: (*i*) a Welfare allocation of €+442 thousand disbursed on a one-time basis to all employees to offset increases in energy bills; (*ii*) the resort to CIGO (Ordinary Wage Compensation Fund) in the last quarter of 2022 to offset the decline in customer orders (CDG 12,576 hours and NDT 12,454 hours); and (*iii*) staff turnover on NDT that was reinstated 3-6 months later.

7. AMORTIZATION AND DEPRECIATION

	Amortization and depreciation									
(Euro thousands)										
	31 DECEMBER 2022	%	31 DECEMBER 2021	%	Chg.	% chg.				
Other intangible assets	958	9.8	949	10.7	9	0.9				
Buildings	678	6.9	728	8.2	(50)	(6.9)				
Leasehold improvements	1,566	16.0	824	9.3	742	90.0				
Plant and machinery	5,055	51.8	4,811	54.4	244	5.1				
Equipment	1,083	11.1	1,153	13.0	(70)	(6.1)				
Other	419	4.3	375	4.2	44	11.7				
Total amortization and depreciation	9,759	100.0	8,839	100.0	920	10.4				

Amortization and depreciation for the year amounted to \in 9,759 thousand, up versus 31.12.2021 (\in 8,839 thousand), due to expenditure for the year and approaching of the end of the useful life of the assets of the subsidiary BEG, which impacts with a higher rate of depreciation related to the most recent expenditure (the end of the useful life of BEG assets is set at 2025 with the end of the current incentive system).

8. ALLOCATIONS

Total Allocations	128	100.0	81	100.0	47	58.0
Provisions for tax risks and charges	0	0.0	0	0.0	0	0.0
Provisions for risks and charges - other	0	0.0	0	0.0	0	0.0
Provision for doubtful accounts	55	43.0	45	55.6	10	22.2
Provision for supplementary agents' indemnity	73	57.0	36	44.4	37	102.8
	31 DECEMBER 2022	%	31 DECEMBER 2021	%	Chg.	% chg.
(Euro thousands)						
	Allocations					

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

9. FINANCIAL EXPENSE

	Financial expense					
(Euro thousands)						
	31 DECEMBER 2022	%	31 DECEMBER 2021	%	Chg.	% chg.
Interest payable on C/A	215	9.1	155	11.6	60	38.7
Interest M/L Term Loans	328	13.8	352	26.4	(24)	(6.8)
Interest short-term loans	4	0.2	3	0.2	1	33.3
Interest from factoring	199	8.4	357	26.8	(158)	(44.3)
Interest from application of IAS/IFRS	110	4.6	127	9.5	(17)	(13.4)
Interest MICA loan	0	0.0	113	8.5	(113)	(100.0)
Other interest expense	18	0.8	31	2.3	(13)	(41.9)
Other expense	1,336	56.3	0	0.0	1,336	100.0
Total interest expense	2,210	93.2	1,138	85.4	1,072	94.2
Lease interest	80	3.4	98	7.4	(18)	(18.4)
Currency losses	81	3.4	97	7.3	(16)	(16.5)
Total financial expense	2,371	100.0	1,333	100.0	1,038	77.9

The overall increase of \leq 1,038 thousand is attributable mainly to the non-recurring item arising from the write-off of the receivable from Andreotti Fotoincisioni S.p.A. amounting to \leq 1,312 thousand (including principal and accrued interest), which impacts in financial expense (Other expense), time-barred as the MICA payable of \leq 5,082 thousand (including principal and accrued interest), which appears in the change in financial income as detailed in the Directors' Report on Operations.

Lease expense includes a financial cost totalling \in 36 thousand, which arises from the suspension in 2020 of twelve months of principal portions of the financial lease repayment plan from the subsidiary Bio Energia Guarcino S.r.I. following theearly adoption of the new amendment "*Covid-19 Related Rent Concessions (Amendment to IFRS 16)*, which had implied in 2020 the recognition of a financial income totaling \notin 79 thousand.

10. FINANCIAL INCOME

Total financial income	5,506	100.0	1	24	100.0	5,382	>100
Currency gains	338	6.1		17	13.7	321	1,888.2
Other income	5,165	93.8		68	54.8	5,097	>100
Interest income	3	0.1		40	32.3	(37)	(92.5)
(Euro thousands)	31 DECEMBER 2022	%	31 DECEMBER 2021	%		Chg.	% chg.
/= // /)	Financial income						

The item decreased by €5,382 thousand and is composed mainly of:

• the write-off of the MICA payable amounting to € 5,082 thousand (including principal and accrued interest), which impacts financial income (Other income).



- Foreign exchange gains of € 338 thousand (€ 17 thousand at 31 December 2021) include mainly items of the subsidiary Cartiere di Guarcino, which has operations in U.S. dollars for both pulp supplies and part of its sales. This includes both the recognition of the fair value of derivatives hedging the risk of fluctuations in the US dollar underwritten (none present at 31.12.2022) and the valuation of receivables and debt in foreign currencies.
- the recognition of the fair value of the embedded derivatives of Neodecortech S.p.A. and Cartiere di Guarcino S.p.A., amounting to €73 thousand under other income (€68 thousand at 31 December 2021).

11. INCOME TAX

	Income tax			
(Euro thousands)				
	31 DECEMBER 2022	%	31 DECEMBER 2021	%
Profit (loss) before tax	9,239		8,017	
IRES for the year	785	8.5%	1,486	18.5%
Income from tax consolidation	(438)	(4.7%)	(739)	(9.2%)
IRES net of income from tax consolidation	348	3.8%	747	9.3%
IRAP for the year	212		570	
Deferred tax assets	192		79	
Deferred tax	50		(71)	
Income tax relating to prior years and benefits			3	
Income tax	802		1,328	

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

The impact of direct tax on profit for the year shows a tax rate of approximately 7% versus 17% in 2020, with the reduction attributable mainly to the non-taxable grants for energy- and gas-intensive companies accrued during the year, as well as - with regard to IRAP for the year - to the contraction of EBIT and the income from tax consolidation accrued within the fiscal unit established by the Group companies with the parent company Finanziaria Valentini S.p.A..

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

Assets

12. INTANGIBLE ASSETS

Total intangible fixed assets	1,551	239	(1)	(957)	0	(5)	827
Fixed assets under construction and advances	0	87	0	0	0	(3)	84
Other intangible fixed assets	1,551	152	(1)	(957)	0	(2)	743
(Balance at 31.12.2021	Acquisitions	Disposals	Amortization	Write- back/Write- downs	Other changes	Balance at 31.12.2022
(Euro thousands)							
	Intangible fix	ed assets					

Intangible assets include the capitalization of prior-years' R&D costs of the subsidiary Cartiere di Guarcino S.p.A., the amortization charge of which will expire in 2023. Acquisitions during the year regard mainly upgrades to existing IT/management systems and implementation of new ones, such as the approval workflow management.

13. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment at 31 December 2022 amounted to €78,617 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.

116,964 21,199 5,950	(78,526) (18,858) (4,682)	38,438 2,341 1,268	122,891 15,819 6,415	(83,583) (13,734) (4,913)	39,308 2,085 1,502
,	(, ,		,	(, ,	
116,964	(78,526)	38,438	122,891	(83,583)	39,308
10,641	(5,752)	4,888	11,259	(7,318)	3,941
26,754	(7,616)	19,139	27,534	(8,240)	19,294
12,487	0	12,487	12,487	0	12,487
storical cost .12.2021*	Depreciation prov. 31.12.2021	NBV at 31.12.2021	Historical cost 31.12.2022	Depreciatio n provision 31.12.2022	NBV at 31.12.2022
operty, plant a	nd equipment				
	storical cost .12.2021* 12,487 26,754	.12.2021* prov. 31.12.2021 12,487 0 26,754 (7,616)	storical cost Depreciation NBV at .12.2021* prov. 31.12.2021 12,487 0 12,487 26,754 (7,616) 19,139	Storical cost .12.2021* Depreciation prov. 31.12.2021 NBV at 31.12.2021 Historical cost 31.12.2022 12,487 0 12,487 12,487 26,754 (7,616) 19,139 27,534	storical cost .12.2021* Depreciation prov. 31.12.2021 NBV at 31.12.2021 Historical cost 31.12.2022 Depreciatio n provision 31.12.2022 12,487 0 12,487 12,487 0 26,754 (7,616) 19,139 27,534 (8,240)

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

Below is a breakdown of assets under construction by category.

	PPE under construction and advances					
(Euro thousands)	Amount at 31.12.2022	Amount at 31.12.2021		Chg.	% chg.	
Buildings		93	99	(6)	(6.1)	
Plant and machinery	3,7	'07	1,078	2,629	243.9	
Equipment		0	47	(47)	(100.0)	
Other		0	30	(30)	(100.0)	
Total PPE under construction and advances	3,8	800	1,254	2,546	203.0	

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 a	Property, plant and equipment							
(Euro thousands)									
	Historical cost 31.12.2021	Write- back/Write- down (prior years)	Acquisitions	Sales	Disposals	Other changes	Historical cost 31.12.2022		
Land	2,251	10,236	0	0	0	0	12,487		
Buildings	17,003	9,751	834	(53)	0	(2)	27,534		

Leasehold improvements	10,641	0	619	0	0	0	11,259
Plant and machinery	116,933	31	5,970	(21)	(8)	(14)	122,891
Equipment	21,199	0	886	(2)	(6,243)	(21)	15,819
Other	5,950	1	640	(181)	0	5	6,415
Total Historical Cost	173,976	20,018	8,950	(257)	(6,251)	(31)	196,406
(Euro thousands)	Depreciation prov. 31.12.2021	Write- back/Write- down (prior years)	Depreciation	Sales	Disposals	Other changes	Depreciation provision 31.12.2022
Land	0	0	0	0		0	0
Buildings	(7,616)	0	(677)	53	0	0	(8,239)
Leasehold improvements	(5,752)	0	(1,566)	0	0	0	(7,318)
Plant and machinery	(78,526)	0	(5,064)	19	7	(22)	(83,584)
Equipment	(18,858)	0	(1,083)	1	6,205	0	(13,734)
Other	(4,682)	0	(412)	182	1	0	(4,913)
Total accumulated depreciation	(115,434)	0	(8,802)	256	6,213	(22)	(117,789)

Capital expenditure on property, plant and equipment for 2022 amounted to €8,950 thousand. €3,905 thousand refers to the Parent Company and relates to new plant and machinery and the improvement and efficiency of existing ones., in particular the new impregnation line that will come into operation in 2023 and the approximately 500kW photovoltaic plant installed at the Casoli D'Atri site.

As for the subsidiaries, capital expenditure in tangible fixed assets amounted to \leq 4,409 thousand for Cartiere di Guarcino S.p.A., regarding actions to increase output and optimize plants, and \leq 636 thousand for Bio Energia Guarcino S.r.I. regarding planned and extraordinary 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		
(Euro thousands)			
	Historical cost 31.12.2022	Depreciation provision 31.12.2022	NBV at 31.12.2022
Buildings	238	(74)	163
Other	482	(180)	302
Total Rights of Use	720	(254)	465



The changes are shown below.

	Rights of Use								
(Euro thousands)									
	Historical cost 31.12.2021	Write- back/Write- down (prior years)		Acquisitions	Sales		Other changes		Historical cost 31.12.2022
Buildings	131		0	160		(53)		0	238
Other	208		0	274		0		0	482
Total Rights of Use	339		0	434		0		0	720
(Euro thousands)	Depreciation prov. 31.12.2021	Write- back/Write- down (prior years)		Depreciation	Sales		Other changes		Depreciation provision 31.12.2022
Land									
Buildings	(78)		0	(49)		53		0	(74)
Other	(133)		0	(46)		0		0	(180)
Total provision for depreciation of rights of use	(211)		0	(95)		53		0	(254)

The residual rights of use at 31 December 2022 refer to buildings used by employees or for guesthouse use, long-term rental cars and IT equipment.

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

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

- with regard to the subsidiary Cartiere di Guarcino:

- in favour of Monte dei Paschi di Siena S.p.A., a mortgage of €12,000 thousand on a loan taken out on 30 June 2010; a mortgage encumbering on the industrial property complex owned by the company located in Guarcino (FR), in Via Madonna di Loreto 2.
- in favour of Monte dei Paschi di Siena S.p.A., a mortgage of €4,000 thousand on the loan taken out on 21 December 2011; a mortgage encumbering on the industrial property complex owned by the company located in Guarcino (FR), in Via Madonna di Loreto 2, cancelled in 2021, as the loan was paid off.

14. OTHER NON-CURRENT ASSETS

At 31 December 2022, other non-current assets amounted to \in 528 thousand versus \in 19 thousand at 31 December 2021 and consisted of: (*i*) OES offsettable 4.0 tax receivables for \in 148 thousand; (*ii*) positive fair value of the IRS derivative on the BPM loan of Neodecortech S.p.A. for \in 348 thousand; (*iii*) security deposits paid by Group companies for a total of \in 32 thousand, for various purposes with regard to utilities and lease contracts on buildings where Group companies are headquartered.

15. CURRENT AND NON-CURRENT FINANCIAL RECEIVABLES

	Current and non-current financial receivables							
(Euro thousands)								
	31 DECEMBER 2022	%	31 DECEMBER 2021	%	Chg.	% chg.		
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 receivables	445	100.0	1,757	100.0	(1,312)	(74.7)		

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

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

16. DEFERRED TAX ASSETS AND LIABILITIES

	Deferred tax as	sets and liabilitie	S			
(Euro thousands)						
	31 DECEMBER 2022	Change recognized in Income Statement	Change recognized in Statement of Comprehensive Income	31 DECEMBER 2021	Chg.	% chg.
Directors' fees approved and not paid	41	(15)	0	56	(15)	(26.8%)
Allocations to provisions for write-downs and risks	50	7	0	43	7	16.3%
Allocation to the provision for inventory obsolescence	78	2	0	76	2	2.6%
Taxation on profit in stock	39	12		27	12	45.3%
Tax recovery on adjustment of start-up and expansion costs	0	(5)	0	5	(5)	(100.0%)
Tax recovery on adjustment of plant and machinery depreciation	210	(10)	0	220	(10)	(4.5%)
Deferred tax on derivative contracts	0	0	(49)	49	(49)	(100.0%)
Deferred tax on employee benefits	0	(13)	(61)	74	(74)	(100.0%)
Tax recovery on adjustment of research expense	0	0	0	0	0	0.0%
Tax loss carryforward (BEG)	1,129	(200)		1,329	(200)	(15.0%)
Other	135	29	0	106	29	27.4%
Deferred tax assets	1,682	(193)	(110)	1,985	(303)	(15.3%)

Deferred tax liabilities	6,304	50	103	6,150	154	2.5%
Other	82	0	83	0	0	-
Deferred tax on employee benefits	41	21	20		41	0.0%
Finance lease assets	614	55	0	559	55	9.8%
Valuation exchange gains	81	79	0	2	79	3950.0%
Deferred tax on assets (BEG)	196	(66)	0	262	(66)	(25.1%)
Deferred tax on statutory revaluations	5,290	(39)	0	5,326	(36)	(0.7%)

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 \leq 1,682 thousand include \leq 1,129 thousand for prior-years' tax losses of the subsidiary Bio Energia Guarcino S.r.l., and the residual portion attributable mainly to temporary differences between the amounts assigned for financial statement and tax purposes. At 31 December 2022, deferred tax amounted to \leq 6,304 thousand. Deferred tax refers mainly to the temporary differences between the statutory revaluations made at the time on the properties owned.

17. INVENTORY FOR RAW MATERIALS AND FINISHED PRODUCTS

Total inventory	43,550	100.0	40,603	100.0	2,947	7.3
Provision for inventory obsolescence	(403)	(0.9)	(394)	(1)	(9)	2.3
Advances	194	0.4	536	1.3	(342)	(63.8)
Finished products	18,010	41.4	15,088	37.2	2,922	19.4
Work in progress	468	1.1	313	0.8	155	49.5
Raw and ancillary materials and consumables	25,281	58.1	25,060	61.7	221	0.9
(31 DECEMBER 2022	%	31 DECEMBER 2021	%	Chg.	% chg.
(Euro thousands)	involucity					
	Inventory					

Inventory for raw materials refers mainly to inks, paper and impregnation material for Neodecortech, pulp and Titanium Dioxide for Cartiere di Guarcino and animal by-products for Bio Energia Guarcino. It should be noted that the level of stock at 31 December 2022 was up versus the value at 31 December 2021 by \in 2,947 thousand, due mainly to the abovementioned inflationary effect.

Changes in the provision for inventory obsolescence for 2022, which was set aside to alleviate the risk associated with the slow turnover of certain specific products, are shown below.

(Euro thousands)	Provision for inventory o	bsolesce	ence			
	31 DECEMBER 2021		Allocation s	Utilization	Release	31 DECEMBER 2022
Changes in provision for inventory obsolescence		394	198	(189)	0	403
Total provision for inventory obsolescence		394	198	(189)	0	403



18. TRADE RECEIVABLES

	Trade receivables					
(Euro thousands)						
	31 DECEMBER 2022	%	31 DECEMBER 2021	%	Chg.	% chg.
Trade receivables	24,310	102.0	27,051	101.6	(2,741)	(10.1)
Provision for doubtful accounts	(474)	(2.0)	(419)	(1.6)	(55)	13.1
Total trade receivables	23,836	100.0	26,632	100.0	(2,796)	(10.5)
Changes in the provision for doubtful accou	unts are shown belo	w:				
<i>—</i>	Provision for doubtful ad	ccounts				
(Euro thousands)			Allocation			
	31 DECEMBER 2021		s Utilizatio	on Releas	e 31 DECEM	BER 2022

Changes in Provision for Doubtful Accounts	419	55	0	0	474
Total provision for doubtful accounts	419	55	0	0	474

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

The provision for doubtful accounts was determined in accordance with IFRS 9 and recorded an allocation of € 55 thousand.

19. RECEIVABLES FROM TAX CONSOLIDATION

This item amounts to € 813 thousand (€ 1,129 thousand at 31 December 2021) and refers to the receivable of the subsidiary Bio Energia Guarcino S.r.I. from Tax Consolidation mainly for the receivable related to the withholding tax applied by GSE on the incentives paid during the year.

20. TAX RECEIVABLES

	Tax receivables					
(Euro thousands)						
	31 DECEMBER 2022	%	31 DECEMBER 2021	%	Chg.	% chg.
VAT	2,357	46.7	2,067	89.9	290	14.0
IRES	2,337	40.7	2,0070	0.0	290	0.0
IRAP	194	3.8	51	2.2	143	280.4

Withholdings a/c	0	0.0	0.0	0.0	0	100.0
Other tax receivables	2,492	49.4	181	7.9	2,311	1,276.8
Total tax receivables	5,043	100.0	2,299	100.0	2,744	119.4

The table above shows an increase of \in 290 thousand in the VAT receivable versus 31 December 2021, referring to Bio Energia Guarcino S.r.l., which is structurally in credit owing to the fact that energy sold and the incentives have lower or zero rates versus the rates on purchases.

Other tax receivables refer to tax credits ("Art bonus", 4.0 investment, energy- and gas-intensive companies, from CNM) that may be used for offsetting within the next year.

21. OTHER CURRENT RECEIVABLES

Total current receivables	1,269	100.0	1,084	100.0	185	17.1
Other	961	75.7	989	91.2	(28)	(2.8)
Accrued income and prepaid expense	279	22.0	71	6.5	208	293.0
Advances to suppliers	29	2.3	23	2.1	6	26.1
	31 DECEMBER 2022	%	31 DECEMBER 2021	%	Chg.	% chg.
(Euro thousands)						
	Other current receivables	;				

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

22. CASH FUNDS

	Cash funds					
(Euro thousands)						
	31 DECEMBER 2022	%	31 DECEMBER 2021	%	Chg.	% chg.
Bank and post office deposits	12,035	99.9	13,482	99.9	(1,447)	(10.7)
Cash and valuables on hand		0.1	9	0.1	(1)	(11.1)
Total cash funds	12,043	100.0	13,491	100.0	(1,448)	(10.7)

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

Dividends of €1,978 thousand were paid on 18 May 2022.

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

Liabilities

23. PROVISIONS FOR RISKS AND CHARGES

Provision for risks and charges									
(Euro thousands)									
	31 DECEMBER 2022	%	31 DECEMBER 2021	%	Chg.	% chg.			
Provision for supplementary agents' indemnity	307	39.7	234	24.0	73	0.0			
IRS derivative on loan	0	0.0	203	20.8	(203)	(100.0)			
Embedded derivatives	2	0.2	76	7.8	(74)	(97.8)			
ISFRE	445	57.5	444	45.4	1	0.2			
Currency derivative	0	0.0	0	0.0	0	0.0			
Provision for tax risks	21	2.7	20	2.0	1	2.8			
Total provisions for risks and charges	774	100.0	977	100.0	(203)	(20.8)			

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

Provision for risks and charges

Total provision for risks and charges		255	73	0	0	328
Change in provision for risks and charges		21	0	0	0	21
Change in provision for supplementary agents' indemnity		234	73	0	0	307
	31 DECEMBER 2021		Allocation s	Utilization	Release	31 DECEMBER 2022
(Euro thousands)						
		Ŭ				

The increase in the provision for risks and charges is attributable for \in 73 thousand to the supplementary agents' indemnity for Italian and EU agents, set aside to cover specific risks from potential interruptions to agency contracts.

Additionally, the provisions for risks and charges include:

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

24. POST-EMPLOYMENT BENEFITS

	Post-employment benefits						
(Euro thousands)							
	31 DECEMBER 2021	Allocations	Utilization	Discounting		31 DECEMBER 2022	
Provision for post-employment benefits	2,279	191	(166)		0	2,304	

Actuarial valuation of post-employment benefits (IAS 19)	308	0	0	(480)	(172)
Total post-employment benefits	2,587	191	(166)	(480)	2,131

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

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

	31 DECEMBER 2022
Annual discount rate	3.63%
Annual inflation rate	2.30%
Annual rate of increase in severance termination	3.23%
Annual rate of salary increase	1.00%

The table below shows the technical demographic basis.

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

Lastly, the annual turnover frequencies and severance indemnity advances.

	31 DECEMBER 2022
Advances Frequency	3.00%
Turnover Frequency	1.00%

25. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

	Current and non-current financial liabilities							
(Euro thousands)								
	31 DECEMBER 2022	%	31 DECEMBER 2021	%	Chg.	% chg.		
Unsecured loans	16,564	38.7	9,013	21.0	7,551	83.8		
Mortgage loans	5,872	13.7	7,666	17.9	(1,794)	(23.4)		
Non-current lease payables	(341)	-0.8	1,459	3.4	(1,800)	(123.4)		
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	22,095	51.7	23,220	54.2	(1,125)	(4.8)
Payables to banks C/A	12.780	29.9	13.539	31.6	(759)	(5.6)
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Current portion of unsecured loans	4,270	10.0	2,609	6.1	1,661	63.7
Current portion of mortgage loans	1,794	4.2	1,753	4.1	41	2.3
Accrued interest expense	124	0.3	70	0.2	54	77.1
Current lease payables	1,714	4.0	1,645	3.8	69	4.2
Total current financial liabilities	20,682	48.3	19,616	45.8	1,066	5.4
Total financial liabilities	42,777	100.0	42,836	100.0	(59)	(0.1)

The decrease in payables to banks of \in -59 thousand is due to a net effect: positive due to reduced resort to short-term borrowing, thanks to the new \in 10 million long-term borrowing line provided by MPS Capital Services S.p.A. to Cartiere di Guarcino S.p.A., and negative due to greater resort to short-term lines for the subsidiary Bio Energia Guarcino S.r.l., following the performance of fuel supply contracts with prepayment terms, as explained in the Directors' Report on Operations.

Current and non-current lease obligations include:

- The payable from finance leases on the plants of the subsidiary Bio Energia Guarcino S.r.l., which resumed repayment of instalments from April 2021, after the COVID-19 related suspension obtained until March 2021, whose residual debt at 31 December 2021 (short-term to long-term portion) amounts to €1,081 thousand;
- Financial liabilities relating to the rights of use of Neodecortech S.p.A. and Cartiere di Guarcino S.p.A. shown in the table below.

(Euro thousands)	Balance at 01.01.2022	Payments	Other changes	Balance at 31.12.2022
Buildings	53	(9)	120	164
Other	75	(33)	259	301
TOTAL	128	(42)	379	465

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

Neodecortech S.p.A.

- Original BPM mortgage loan of €12,000 thousand, with a residual balance of €6,278 thousand at 31 December 2021 divided into current and non-current portions;
- BPM S.p.A. €2,500 thousand, for 72 months (quarterly instalments) and a residual balance at 31 December 2022 of €1,546 thousand divided into current and non-current portions - 80% FGPMI guarantee;
- BPM S.p.A. €2,500 thousand, for 72 months (quarterly instalments) and a residual balance at 31 December 2022 of €1,550 thousand divided into current and non-current portions - 90% FGPMI guarantee;
- BPER S.p.A. € 1,000 thousand, for 12 months (monthly instalments) and a residual balance at 31 December 2022 of € 585 thousand.

Cartiere di Guarcino S.p.A.

- Original MPS mortgage loan of €6,000 thousand, with a residual balance of €1,406 thousand at 31 December 2022 divided into current and non-current portions;
- Original BAC unsecured loan of € 3,500 thousand, with a residual balance of € 989 thousand at 31 December 2022 divided into current and non-current portions;
- Medio Credito Centrale unsecured loan of € 1,128 thousand, with a residual balance of € 573 thousand at 31 December 2022 divided into current and non-current portions;
- Medio Credito Centrale unsecured loan of €182 thousand, with a residual balance of €98 thousand at 31 December 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 31 December 2022 of € 1,574 thousand divided into current and non-current portions;
- Banco DESIO e Brianza unsecured loan of € 1,000 thousand 12-month grace period MCC 90% guarantee residual balance at 31 December 2022 of €787 thousand divided into current and non-current portions;
- Medio Credito Centrale unsecured loan of €146 thousand, with a residual balance of €98 thousand at 31 December 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 31 December 2021 of € 360 thousand;
- Banca MPS Capital Services unsecured loan of €10,000 thousand 12-month grace period Sace guarantee under the Supportitalia measure, residual balance at 31 December 2022 of €10,000 thousand divided into current and noncurrent portions.

Bio Energia Guarcino S.r.l.

 BPER unsecured loan of €2,000 thousand - 12-month grace period - MCC 90% guarantee - residual balance at 31 December 2022 of €1,504 thousand divided into current and non-current portions.

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

	31 DECEMBER 2022	%	31 DECEMBER 2021	%
(Euro thousands)				
Due within 1 year	6,064	21.3	4,363	20.7
Due within 5 years	20,561	72.1	15,632	74.3
Due beyond 5 years	1,875	6.6	1,048	5.0
Total	28,500	100.0	21,043	100.0

Neodecortech S.p.A. hedged the interest rate risk on the BPM loan by subscribing an interest rate swap (IRS). The fair value of this instrument, reclassified under "Non-current financial receivables" at 31 December 2022 came to a positive €348 thousand (a negative €203 thousand at 31 December 2021 classified under "Provisions for Risks and Charges").

The loan agreements shown above do not contain financial covenants, with the exception of the m/l term loan granted in December 2022 to Cartiere di Guarcino S.p.A. by MPS Capital Services S.p.A. of \in 10 million - with Sace guarantee under the SupportItalia measure - which has a covenant on financial debt (debt/EBITDA \leq 4.5) at 31 December 2022 that has been met.

From 1 January 2022 to 31 December 2022, interest rate movements had no material impact on the fair value of the Group's loans.

MICA Loan

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

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

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

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

It should be noted that the directors of the Company, based also on legal advice specifically obtained in support of the case, deem the provisions of Article 55, paragraph two, of the Bankruptcy Law, under which monetary debts of the bankrupt entity are considered expired on the date of the declaration of bankruptcy (in the case at hand, concurrent to the provision for admission to the Extraordinary Administration procedure, as referred to in the Prodi Bis), to be reasonably applicable to the above case. Based on such an interpretation of the law, the limitation period for the amounts due under the MICA Loan took effect on 6 April 2001. As of 7 April 2011, therefore, the repayment obligations of the MICA Loan are to be considered reasonably 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 written off from the Financial Statements for a total of €5,082 thousand (including principal and accrued interest).

26. TRADE PAYABLES

Trade payables at 31 December 2021 amounted to \in 33,693 thousand (\in 39,832 thousand at 31 December 2022). The decrease of \in -6,139 thousand is due to a change in procurement policy; for details, reference is made to the Directors' Report on Operations. Additionally, the Company did not request or obtain any extension or deferment of payments with its suppliers.

There are no trade payables due beyond 12 months.

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

27. PAYABLE FROM TAX CONSOLIDATION

The IRES payable at 31 December 2022 to be paid to tax consolidation is attributable to Neodecortech S.p.A. and amounts to \in 469 thousand. Reference should be made to the section "Income tax" in the Notes.

28. TAX PAYABLES

	Tax payables					
(Euro thousands)						
	31 DECEMBER 2022	%	31 DECEMBER 2021	%	Chg.	% chg.
VAT	0	0.0	0	0.0	0	100.0
IRAP	18	2.6	253	32.7	(235)	(92.9)
Withholdings a/c	672	95.6	520	67.3	152	29.2
Other tax payables	13	1.8	0	0.0	13	0.0
Total tax payables	703	100.0	773	100.0	(70.0)	(9.1)

29. OTHER CURRENT PAYABLES

	Other current payables					
(Euro thousands)						
	31 DECEMBER 2022	%	31 DECEMBER 2021	%	Chg.	% chg.
Payables to social security institutions	1.444	31.2	1.658	35.5	(214)	(12.9)
Payables to employees	1,559	33.7	1,911	40.9	(352)	(18.4)
Advances received from customers	618	13.4	774	16.6	(156)	(20.2)
Accrued expense and deferred income	710	15.3	30	0.6	680	2,266.7
Other	297	6.4	301	6.4	(4)	(1.3)
Total other current payables	4,628	100.0	4,674	100.0	(46)	(1.0)



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

30. EQUITY

Capital increases

There were no share capital increases in 2022.

Share Capital

At 31 December 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 \in 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 \in 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 €1,978,384.94 (net of the portion related to treasury shares held at the time of distribution).

Details of other reserves

(Euro thousands)	31 DECEMBER 2022	31 DECEMBER 2021
Share capital	18,804	18,804
Share premium reserve	18,864	18,864
Treasury shares	(468)	(140)
Other reserves and accumulated profit (loss), including profit (loss) for the year:	40,074	32,937
Legal reserve	2,221	1,886
Reserve for fair value adjustments of hedging derivatives	264	(155)
Revaluation reserves (including investments measured at equity)	18,174	15,549
Reserve for re-measurement of defined benefit plans for employees	;	
(IAS 19)	154	(122)
Stock grant reserve	0	0

Miscellaneous reserves and accumulated profit (loss), including		
profit (loss) for the year	19,261	15,779
Total	77.274	70.465

Treasury shares

At 31 December 2022, the Company holds no. 123,000 treasury shares for a value of \in 468,214. A total of no. 90,646 shares were purchased in 2022.

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 could be carried out, in one or more tranches, within eighteen months, in order to: (i) use them as an investment for an efficient use of the liquidity generated by the Company's core business; (ii) purchase treasury shares from the beneficiaries of any stock option or stock grant plans approved by the competent corporate bodies; and (iii) allow the use of treasury shares in the context of transactions connected with the core business or with plans consistent with the strategic guidelines that the Company intends to pursue, with a view to the opportunity of exchanging shares.

Earnings (losses) per share

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

Earnings (losses) per share	31/12/2022	31/12/2021
Net profit attributable to the shareholders (Euro thousands)	8,437	6,688
Weighted average number of shares outstanding (n./000)	14,130	13,439
Basic earnings per share	0.60	0.50
Diluted earnings per share	31/12/2022	31/12/2021
Net profit attributable to the shareholders (Euro thousands)	8,437	6,688
Weighted average number of shares outstanding (n./000)	14,130	13,439
Weighted average number of shares outstanding adjusted for dilution effect (n./000)	14,130	13,439
Diluted earnings per share (*)	0.60	0.50

* 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 during the year amounted to \in -1,449 thousand (versus an increase of \in +5,955 thousand in the prior year), resulting in cash funds of \in 12,042 thousand.

Starting from a profit before tax, interest, dividends, amortization and depreciation, provisions, gains/losses on disposals and other non-cash changes of €+16,476 thousand, the movement in cash flow is related mainly to the events below.

The situation associated with the trend in sales and business highlighted in the Directors' Report on Operations, the impacts from the increases in raw material prices, only partly transferred to customers, in addition to the need to procure strategic raw materials in advance, resulted in a decrease in receivables from customers, offset by an increase in other

receivables, an overall reduction in payables to suppliers and inventory, generating a negative cash flow of € -9,077 thousand in the NWC.

Capital expenditure, net of disposals made during the year generated cash flow from investing activities of € -9,309 thousand.

New loans taken out amounted to \in +12,500 thousand, of which: \in 1 million in favour of Neodecortech S.p.A., \in 10 million in favour of the subsidiary Cartiere di Guarcino S.p.A. and \in 2 million in favour of the subsidiary Bio Energia Guarcino S.r.I., while the repayment of loans and leases amounted to \in -7,187 thousand. Together with other movements in short-term bank borrowings and financial receivables, a positive cash flow of \in +4,560 thousand was generated from loan capital.

Monetary changes in equity include the payment of dividends amounting to \leq 1,978 thousand, which generated a net negative cash flow of \leq 2,307 thousand.

32. CONTINGENT LIABILITIES

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

33. RELATED PARTY TRANSACTIONS

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

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

With regard to the provisions of point 2) of the third paragraph of Article 2428 of the Italian 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 company is "Valinvest S.r.l.". Related parties also include "Valfina S.r.l." as it is directly or indirectly controlled by the Valentini Family.

Specifically, it should be noted that at 31 December 2022, the outstanding transactions with these companies can be summarized in the tables below:



(Euro thousands)				
	Trade receivables 31 December 2022	Financial receivables 31 DECEMBER 2022	Trade payables 31 DECEMBER 2022	Financial payables 31 DECEMBER 2022
Finanziaria Valentini S.p.A.	0	813	0	469
ISRFE SrI in liquid.	0	445	0	0
Valinvest	0	0	0	0
Loma Srl	1,275	0	103	0
Total	1,275	1,258	103	469

	Revenue and income 31 DECEMBER 2022	Costs and expense 31 DECEMBER 2022
Finanziaria Valentini S.p.A.	438	464
Addi Emanuela	4,853 0	1610
Total	5,291	161

"Financial Receivables", amounting to € 1,258 thousand, refers for € 803 thousand to a tax consolidation receivable regarding the subsidiary Bio Energia Guarcino S.r.I. for €689 thousand and regarding the subsidiary Cartiere di Guarcino S.r.I. for €124 thousand, and for €445 thousand to a receivable claimed by the subsidiary Cartiere di Guarcino S.p.A. from the related party ISFRE in liquidation, which remained unchanged and for which a provision for risks was set up owing to collection difficulties; "Financial payables", amounting to € 469 thousand, refers to payables from tax consolidation of the Parent Company. Income from tax consolidation for the three Group companies amounted to €1,094 thousand.

Trade receivables include:

 receivables from the business agreement between Neodecortech S.p.A. and Loma S.r.I., 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.I. became a related party following appointment of one of the Parent Company's executives as a "key management personnel".

Trade payables include:

■ € 103 thousand to Loma S.r.l. for an agreement to provide strategic and commercial marketing consultancy services to Neodecortech S.p.A..

The following table shows the fees to the Group's directors, statutory auditors and key management personnel for 2022:

(Euro thousands)	
Subjects	Fees 31 DECEMBER 2022
Luigi Cologni	417
Massimo Giorgilli	312
Riccardo Bruno	52
Paola Carrara	10
Paolo Pietrogrande	20
Laura Calini	9
Luca Peli	66
Pietro Zanini	22
Adriano Bianchi	24
Sara Bertolini	18
Ida Altimare	19
Cinzia Morelli	19
Vittoria Giustiniani	18
Gianluca Valentini	17
Fabio Zanobini	2
Stefano Santucci	25
Stefano Zonca	20
Federica Menichetti	20
Key management personnel	667
Total	1,757

(Euro thousands)

Subjects	Fees payable 31 DECEMBER 2022
Luigi Cologni	100
Massimo Giorgilli	83
Riccardo Bruno	5
Paola Carrara	0
Paolo Pietrogrande	3
Laura Calini	0
Luca Peli	0
Pietro Zanini	6
Adriano Bianchi	0
Sara Bertolini	0
Ida Altimare	0
Cinzia Morelli	0
Vittoria Giustiniani	0
Gianluca Valentini	0
Fabio Zanobini	2
Stefano Santucci	0
Stefano Zonca	3
Federica Menichetti	8



Key management personnel	65
Total	275

34. SEASONALITY

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

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

With regard to the provisions of Article 1, paragraph 125, of Law 124/2017, regarding the obligation to provide evidence in the notes to the financial statements of any amounts of money received during the year by way of grants, contributions, paid assignments and in any case economic advantages of any kind from public administrations and from the persons referred to in paragraph 125 of the same article, mention should be made, for the situation at 31 December 2022, of the following:

Paying entity	Amount collected/taken	Collection/availability date	Description of reason
NDT			
I.N.P.S.	13,016	16/01/2022	Decont.SOUTH LD104/20-L178/2020
I.N.P.S.	2,500	16/01/2022	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	2,250	16/01/2022	Youth Exemption L.205/17-L.160/19
I.N.P.S.	9,461	16/02/2022	Decont.SOUTH LD104/20-L178/2020
I.N.P.S.	4,500	16/02/2022	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	2,250	16/02/2022	Youth Exemption L.205/17-L.160/19
Fondirigenti	2,921	18/02/2022	Liquidation Plans 23297-23473
Gestore dei Servizi Energetici GSE S.p.A.	449	28/02/2022	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	3,225	28/02/2022	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	2,076	28/02/2022	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	8	28/02/2022	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	15,696	28/02/2022	Electricity production incentive
I.N.P.S.	9,786	16/03/2022	Decont.SOUTH LD104/20-L178/2020
I.N.P.S.	4,500	16/03/2022	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	2,225	16/03/2022	Youth Exemption L.205/17-L.160/19
I.N.P.S.	10,494	18/04/2022	Decont.SOUTH LD104/20-L178/2020
I.N.P.S.	4,242	18/04/2022	Exempt.hir/transf.a1 c10 L.178/20



Other supplementary information

36. GUARANTEES GIVEN

Guarantees given by Neodecortech S.p.A.

Guarantees issued in favour of the subsidiaries, Cartiere di Guarcino S.p.A. and Bio Energia Guarcino S.r.I., up to a maximum of €28,585,000 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 S.p.A. to guarantee various lines of credit up to a maximum of \in 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 \in 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, residual guarantee at 31.12.2022 of \notin 206,620.

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 \in 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, the guarantee <u>was terminated</u>.

On 07.12.2022, Neodecortech S.p.A. issued a Letter of Patronage to Axpo Italia S.p.A. in favour of its subsidiary Cartiere di Guarcino S.p.A. to guarantee the supply of natural gas, up to a maximum of €2,000,000.

On 07.11.2022, Neodecortech S.p.A. issued a Letter of Patronage to Golden Agri-Resources Europe B.V. in favour of its subsidiary Bio Energia Guarcino S.r.I. to guarantee the supply of palm oil, up to a maximum of USD 16,000,000. At 31 December 2022, Bio Energia Guarcino S.r.I.'s exposure to the supplier, for contracts to be performed, was €9,405 thousand.

Guarantees given by Cartiere di Guarcino S.p.A.

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

On 22 December 2016, CDG 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 CDG of the stake held by the former in the share capital of BEG (equal to 1% of the latter's share capital).

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

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

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

In light of these new indemnity agreements, the voluntary mortgage in favour of C.E.G. S.p.A. was cancelled in 2022.

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, terminated on such date.

On 23/01/2020, Banca Popolare di Sondrio gave a bank guarantee on first demand for \in 300 thousand in favour of Kronos Titan GMBH for the supply of titanium dioxide running until 31/01/2022, <u>terminated</u> on such date;

Banca Popolare di Sondrio provided on 03/08/2022 a bank guarantee on first demand for € 400 thousand in favour of CNG Fiber Trade Europe Srl for the supply of pulp running until 28/02/2023, terminated on such date

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, terminated on such date;

On 02/07/2020, Banca Popolare del Frusinate S.p.A. gave a bank guarantee on first demand for \in 45 thousand to the University of Cassino by agreement pursuant to Article 1, paragraph 12, of Law 230/2015 running until 30/06/2023, terminated on 14/11/2022.

37. EVENTS AFTER YEAR END

Reference should be made to the Directors' Report on Operations, specifically to the section "Significant events after 31 December 2022".

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

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



39. INFORMATION ON ASSETS AND LOANS FOR A SPECIFIC TRANSACTION

With regard to the requirements of Articles 2447-bis to 2447-decies of the Italian Civil Code, it should be that during the year the Group allocated assets or loans for the establishment on 19 October 2022 of NDT Energy S.r.l., with registered office in Filago (BG) and operating offices in Casoli di Atri (TE). The Company has a fully paid-up capital of € 100 thousand, is currently dormant and awaiting authorization to operate a WtE plant, capable of reusing process waste and meeting a large part of the energy needs of the adjacent NDT "laminates" division.

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

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

(In units of Euro)		
Qualification	31 DECEMBER 2022	31 DECEMBER 2021
Directors	666,901	601,139
Board of Statutory Auditors	94,870	96,461

41. INFORMATION RELATING TO THE FEES TO THE INDEPENDENT AUDITORS

Details are provided below of the fees paid in 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:

(In units of Euro)		
	31 DECEMBER 2022	31 DECEMBER 2021
Auditing services	83,243	84,527
Provision of other activities with issuance of certification	4,000	4,000
Provision of other non-auditing services	4,353	3,000

Filago (BG), 15 March 2023

For the Board of Directors

The Chief Executive Officer

(Luigi Cologni)

(In some the set France)



Parent Company Financial Statements at 31 December 2022





Income statement at 31 December 2022

(Euro thousands)	Notes	31 DECEMBER 2022	%	31 DECEMBER 2021	%	Chg.	% chg.
Revenue from sales and services	1	75,448	100.0%	76,940	100.0%	(1,492)	(1.9%)
Changes in work in progress, semi-finished and finished products	2	(136)	(0.2%)	(487)	(0.6%)	351	(72.0%)
Other revenue	3	2,309	3.1%	1,409	1.8%	900	63.9%
Value of Production		77,621	102.9%	77,862	101.2%	(241)	(0.3%)
Raw and ancillary materials and consum.	4	(47,994)	(63.6%)	(46,149)	(60.0%)	(1,844)	4.0%
Other operating expense	5	(13,157)	(17.4%)	(11,626)	(15.1%)	(1,531)	13.2%
Value Added		16,470	21.8%	20,087	26.1%	(3,617)	(18.0%)
Personnel expense	6	(11,236)	(14.9%)	(11,847)	(15.4%)	612	(5.2%)
EBITDA		5,234	6.9%	8,239	10.7%	(3,005)	(36.5%)
Amortization and depreciation	7	(3,450)	(4.6%)	(3,384)	(4.4%)	(65)	1.9%
Allocations	8	(128)	(0.2%)	(81)	(0.1%)	(47)	58.0%
EBIT		1,656	2.2%	4,774	6.2%	(3,118)	(65.3%)
Financial expense	9	(1,599)	(2.1%)	(434)	(0.6%)	(1,165)	268.4%
Financial income	10	8,926	11.8%	3,102	4.0%	5,824	187.8%
Profit/(loss) before tax		8,983	11.9%	7,441	9.7%	1,542	20.7%
Income tax	11	(546)	(0.7%)	(753)	(1.0%)	207	(27.5%)
Profit/(loss) for the year		8,437	11.2%	6,688	8.7%	1,749	26.2%

Statement of comprehensive income at 31 December 2022

(Euro thousands)	31 DECEMBER 2022	31 DECEMBER 2021
Profit/(loss) for the year	8,437	6,688
Other items of the comprehensive income statement		
Actuarial gains (losses) net of tax effect	260	(16)
Total items that will not be reclassified in the income statement for the year	260	(16)
Gains/(losses) on cash flow hedging instruments	419	146
Total items that will or may be reclassified in the income statement for the year	419	146
Total other items of the comprehensive income statement	679	130
Comprehensive income (loss) for the year	9,116	6,818
Profit for the year attributable to:		
Shareholders of the Parent	9,116	6,818
Non-controlling interests		
Earnings per share (in Euro):		
Basic	0.60	0.50
Diluted	0.60	0.50



Statement of financial position at 31 December 2022

Assets	Notes	31 DECEMBER 2022	%	31 DECEMBER 2021	%	Chg.	% chg.
(Euro thousands)							
Intangible assets	12	589	0.6%	651	0.6%	(62)	(9.5%)
Tangible assets	13	31,579	30.7%	30,878	29.3%	700	2.3%
Investments	14	37,129	36.1%	33,345	31.7%	3,784	11.3%
Other non-current assets	15	161	0.2%	7	0.0%	154	2142.7%
Non-current financial receivables	16	7,814	7.6%	10,363	9.8%	(2,549)	(24.6%)
Deferred tax assets	17	416	0.4%	507	0.5%	(91)	(17.9%)
Non-current assets		77,688	75.5%	75,751	71.9%	1,938	2.6%
Inventory	18	8,238	8.0%	8,232	7.8%	6	0.1%
Trade receivables	19	8,878	8.6%	10,249	9.7%	(1,371)	(13.4%)
Receivables from tax consolidation		0	0.0%	0	0.0%	0	0.0%
Tax receivables	20	1,314	1.3%	257	0.2%	1,056	410.7%
Current financial receivables	16	3,560	3.5%	1,560	1.5%	2,000	128.2%
Other current receivables	21	212	0.2%	120	0.1%	91	75.9%
Cash funds	22	3,051	3.0%	9,152	8.7%	(6,101)	(66.7%)
Current assets		25,253	24.5%	29,571	28.1%	(4,318)	(14.6%)
Total assets		102,941	100.0%	105,322	100.0%	(2,381)	(2.3%)

Equity and liabilities		31 DECEMBER 2022	%	31 DECEMBER 2021	%	Chg.	% chg.
(Euro thousands)							
Share capital		18,804	18.3%	18,804	17.9%	0	0.0%
Share premium reserve		18,864	18.3%	18,864	17.9%	0	0.0%
Treasury shares		-468	-0.5%	-140	-0.1%	(329)	235.3%
Other reserves		22,876	22.2%	17,488	16.6%	5,388	30.8%
Prior years' profit (loss)		8,761	8.5%	8,761	8.3%	0	0.0%
Profit (loss) for the year		8,437	8.2%	6,688	6.4%	1,749	26.2%
Equity	30	77,274	75.1%	70,465	66.9%	6,809	9.7%
Provisions for risks and charges	23	211	0.2%	382	0.4%	(171)	-44.8%
Deferred tax	17	2,446	2.4%	2,361	2.2%	85	3.6%
Post-employment benefits	24	746	0.7%	1,003	1.0%	(257)	-25.6%
Non-current financial liabilities	25	7,501	7.3%	14,468	13.7%	(6,967)	-48.2%
Non-current liabilities		10,904	10.6%	18,214	17.3%	(7,310)	-40.1%
Trade payables	26	8,008	7.8%	10,455	9.9%	(2,447)	-23.4%
Payables from tax consolidation	27	469	0.5%	466	0.4%	3	0.6%
Tax payables	28	379	0.4%	347	0.3%	31	9.1%
Current financial liabilities	25	2,810	2.7%	2,142	2.0%	667	31.2%
Other current payables	29	3,097	3.0%	3,231	3.1%	(134)	-4.2%
Current liabilities		14,763	14.3%	16,642	15.8%	(1,879)	-11.3%
Total equity and liabilities		102,941	100.0%	105,322	100.0%	(2,381)	-2.3%



Statement of changes in equity at 31 December 2022

			ŀ	ATTRIBUTABL	E TO THE SHA	REHOLDERS	OF THE PAREN	т	
(Euro thousands)	NOTES	SHARE CAPITAL	HEDGING AND TRANSLATION RESERVES	EQUITY RESERVES	OTHER RESERVES	TREASURY SHARES	PROFIT (LOSS) FOR THE YEAR	EQUITY	TOTAL EQUITY
Balance at 01/01/2021	30	17,399	(300)	17,357	24,068	(421)	3,555	61,658	61,658
Other items of the comprehensive income statement		-	146	-	(16)	-	-	130	130
Profit for the year		-	-	-	-	-	(3,555)	(3,555)	(3,555)
Total comprehensive income/loss for the year		-	146	-	(16)	-	(3,555)	(3,425)	(3,425)
Dividend distribution					(1,206)			(1,206)	(1,206)
Allocation of prior year's profit (loss)					3,555		6,688	10,243	10,243
Other changes		1,406	-	1,507	-	282		3,195	3,195
Balance at 31/12/2021	30	18,805	(154)	18,864	26,403	(139)	6,688	70,465	70,465
Balance at 01/01/2022	30	18,804	(155)	18,864	26,403	(140)	6,688	70,465	70,465
Other items of the comprehensive income statement		-	419	-	260	-	-	679	679
Profit for the year		-	-	-	-	-	8,437	8,437	8,437
Total comprehensive income/loss for the year		-	419	-	260	-	8,437	9,116	9,116
Dividend distribution					(1,978)			(1,978)	(1,978)
Allocation of prior year's profit (loss)					6,688		(6,688)	-	-
Other changes		-	-	-	-	(328)		(328)	(328)
Balance at 31/12/2022	30	18,804	264	18,864	31,373	(468)	8,437	77,274	77,274

Statement of cash flows at 31 December 2022

(Euro thousands)	31 DECEMBER 2022	31 DECEMBER 2021
Profit (loss) for the year	8,437	6,688
Income tax	532	724
Deferred/(prepaid) tax	13	29
Interest expense/(interest income)	(3,802)	(25)
(Dividends received)	0	0
(Gains)/losses from disposal of assets	21	(280)
1 Profit (loss) for the year before income tax, interest,	5,201	7,137
dividends and gains/losses from disposals	0	
Adjustments for non-monetary items that had no	0	
balancing entry in net working capital:	0	0
Allocation to post-employment benefits	67	33
Allocations to other provisions	326	267
Amortization and depreciation of fixed assets	3,450	3,384
Write-downs for impairment losses	0	0
Other adjustments for non-monetary items	(3,842)	(3,052)
2 Cash flow before changes in NWC	5,202	7,769
Changes in net working capital	0	0
Decrease/(increase) in receivables from customers	1,317	(3,254)
Decrease/(increase) in receivables from customers - Intercompany	(1)	0
Decrease/(increase) in inventory	(15)	232
Increase/(decrease) in payables to suppliers	(2,435)	1,204
Increase/(decrease) in payables to suppliers - Intercompany	(12)	10
Decrease/(increase) in other receivables	(1,057)	78
Increase/(decrease) in other payables	(15)	155
Other changes in net working capital	0	0
3 Cash flow after changes in NWC	2,984	8,249
Other adjustments	0	0
Interest received/(paid)	109	210
(Income tax paid)	(70)	(22)
(Gains)/losses from disposal of assets	0	0
Dividends received	0	0
(Utilization of provisions)	(433)	(445)
(Utilization of provisions for post-employment benefits)	(143)	(128)
4 Cash flow after other adjustments	2,447	7,864
A Cash flow from operations	2,447	7,864
Property, plant and equipment	(3,905)	(4,812)
(Purchase)	(3,905)	(4,822)
Disposal	0	10
Intangible fixed assets	(223)	(280)
(Purchase)	(223)	(280)
Disposal	0	0
Financial fixed assets	(100)	1
(Purchase)	(100)	0
Disposal	0	1
Current financial assets	0	0
(Purchase)	0	0

disposal	0	0
Proceeds from disposal of assets	(21)	280
B Cash flow from investing activities	(4,249)	(4,811)
Liabilities	(1,992)	(1,057)
Increase (decrease) in short-term bank payables	8	(2)
New loans	1,000	0
Repayment of loan	(2,560)	(2,815)
Financial liabilities to other lenders	0	(303)
Change in financial receivables from other lenders	0	128
Change in financial receivables - Intercompany	(440)	1,935
Equity	(2,307)	1,989
Share capital increase	0	2,811
Sale (purchase) of treasury shares	(329)	384
Other changes in equity	(1,978)	(1,206)
C Cash flow from financing activities	(4,299)	932
Increase (decrease) in cash funds (A \pm B \pm C)	(6,101)	3,985
Cash and cash equivalents at 1 January	9,152	5,167
Cash and cash equivalents at 31 December	3,051	9,152



Notes to the Financial Statements of the Parent Company



Entity preparing the financial statements

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

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

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

The publication of these financial statements was authorized by the Directors on 15 March 2023; they will be submitted to the Shareholders' Meeting for approval and subsequent filing, within the time limits of law. The Shareholders' Meeting is empowered to make changes to these Financial Statements.

BDO Italia S.p.A. is in charge of the statutory audit.

General criteria for the preparation of the financial statements

Statement of compliance with IAS-IFRS

These financial statements were prepared in compliance with the IAS-IFRS international accounting standards in force at 31 December 2022, as adopted by the European Union, as well as with the provisions issued in implementation of Article 9 of Legislative Decree no. 38/2005. The IAS-IFRS also include all the revised international accounting standards (IAS) and all the interpretations issued by the IFRS Interpretation Committee (formerly IFRIC), previously known as SIC. The rules of national legislation implementing EU Directive 2013/34 also apply, provided they are consistent, to companies that prepare their financial statements in accordance with IAS-IFRS. Therefore, the financial statements implement the relevant provisions of the articles of the Italian Civil Code and the corresponding provisions of the TUF for listed companies concerning the Directors' Report on Operations, the Independent Auditors' Report and the publication of the financial statements. The financial statements and the notes thereto also include the details and additional information required by the articles of the Italian Civil Code concerning financial statements, insofar as they do not conflict with the provisions of IAS-IFRS, as well as the other CONSOB regulations and instructions concerning financial statements.

The financial statements were prepared on a going concern basis. The Company has assessed that there are no significant uncertainties surrounding its ability to continue operations, due also to its financial structure and the actions already identified and included in the 2021-2023 Business Plan and the 2023 Budget, as explained in the "Directors' Report on Operations".

Preparation criteria and functional currency

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

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

Financial statements and presentation criteria

The financial statements consist of the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity, and statement of cash flows, as well as the notes to the financial statements for the year ended 31 December 2022.

With regard to the presentation of the financial statements, the Company has made the following decisions:

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

The financial statements provide comparative information for the prior year.

Accounting standards, amendments and IFRS interpretations applied from 1 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 permitted.

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 permitted.

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

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

Subjective evaluations and use of estimates

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

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

- Measurement of receivables: receivables from clients are adjusted by the related allowance for doubtful accounts to take account of their recoverable value. The determination of the amount of the write-downs requires the directors to perform subjective evaluations based on past experience for similar receivables or current and historical past dues, closing rates, losses and collections, and to carefully monitor credit quality, especially in the current context of the COVID-19 pandemic and the Russian-Ukrainian conflict;
- Measurement of inventory: obsolescent inventory is periodically measured and written down if the net realizable value is lower than the carrying amount. Write-downs are calculated on the basis of Management's assumptions and estimates, based on their experience and sales forecasts;
- Measurement of deferred tax assets: deferred tax assets whose recovery in future years is considered highly
 probable are measured on the basis of the expected taxable income in future years. The measurement of
 such expected taxable income depends on factors that may vary over time and have significant effects on the
 measurement of deferred tax assets;
- Income tax: the calculation of the Company's tax liability requires Management to measure transactions whose tax implications are not certain at the balance sheet date;

- Impairment of intangible and tangible assets with finite useful life: these assets undergo an impairment test to ascertain whether there has been an impairment, which must be recognized by means of a write-down, when there are indications of a difficulty in recovering the related net book value through use. Ascertainment of the existence of the above indicators requires the Directors to make subjective assessments based on information available within the Company and from the market, as well as statistics. Additionally, if it is determined that a potential impairment may have occurred, the Company determines it using appropriate measurement techniques. The proper identification of the elements pointing to the existence of a potential impairment, as well as the estimates used to determine them, depend on factors that may change over time and that are subject to uncertainties and the use of estimates (growth rates, rates of return on assets, and financial projections affected by external, non-controllable variables) that affect the valuations and estimates made by the Directors;
- Measurement of intangible and tangible assets with finite useful life: tangible and intangible assets with finite useful life are depreciated/amortized over the estimated useful life of the related assets. The useful life of the assets is determined by the Directors at the time the asset is acquired; it is based on historical experience for similar fixed assets, market conditions and anticipations of future events that could have an impact on the useful life. Therefore, the actual useful life may differ from the estimated useful life. The Company regularly assesses technological and industry changes to update the remaining useful life. This regular update could lead to a change in the amortization/depreciation period and therefore also in the amortization/depreciation charge for future years.
 - With regard to the COVID-19 pandemic and the Russian-Ukrainian conflict, in addition to the internal and external impairment indicators generally monitored, Management assessed, based on information available at 31 December 2022, the effects of the pandemic on the recoverable value of assets. Based on the final results at 31 December 2022, the forecasts made in the 2021-2023 Business Plan and the 2023 Budget, and the assumptions on the impact of the pandemic and of the Russian-Ukrainian conflict for the years subsequent to 31 December 2022, Management does not deem them to represent an indicator of impairment for the Group and, therefore, did not consider it necessary to carry out an impairment test on the value of the recognized assets;
- Pension plans: the present value of the liability for pension benefits depends on a number of factors that are
 determined by actuarial methods using certain assumptions. The assumptions regard the discount rate, the
 expected return on the assets servicing the plan, the rates of future salary increases, and the mortality and
 resignation rates. Any change in the above assumptions could have significant effects on the liability for pension
 benefits;
- Valuation of risk provisions: the Company is subject to legal and tax lawsuits that may arise from complex and difficult issues, which are subject to a varying degree of uncertainty, including facts and circumstances underlying each case, jurisdiction and different applicable laws. Given the uncertainties underlying these issues, it is difficult to accurately predict the outlay that could arise from such disputes. Accordingly, after hearing the opinion of their legal and tax advisors and experts, the Directors recognize a liability from such disputes when they consider it probable that a financial outlay will occur and when the amount of the resulting losses can be reasonably estimated. This estimate implies the adoption of assumptions that depend on factors that may change over time and which could therefore have significant effects over the current estimates made by the Directors in preparing the Company's financial statements;
- Determination of fair value: the fair value of certain financial assets that are not listed on active markets is determined using measurement techniques. The Company uses measurement techniques that use inputs that are directly or indirectly observable in the market at year end, related to the assets being measured. While the estimates of the abovementioned fair values are deemed reasonable, possible changes in the estimation factors on which the calculation of these values is based may produce different valuations.

Accounting policies

Property, plant and equipment

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

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

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

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

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

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

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

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

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

Category	Rates %
Industrial buildings	2%
Lightweight constructions	10%
Temporary and kindred constructions	10%
Plant and equipment	9%
Purification plants	12%
Miscellaneous production equipment / laboratory	30%
Production equipment (printing cylinders)	20%
Furniture and ordinary office equipment	12%

Electronic office equipment	20%
Internal means of transport	16%
Cars and motor vehicles	25%

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

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

Leases

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

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

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

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

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

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

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

- the lease term changes or there is a change in the valuation of the exercise of the option right; in this case, the lease liability is restated by discounting the new lease payments at the revised discount rate.
- the value of lease payments changes as a result of changes in indices or rates, in such cases the Lease Liability is restated by discounting the new lease payments at the initial discount rate (unless the payments due under the lease change as a result of fluctuations in interest rates, in which case a revised discount rate must be used).



- A lease has been amended and the amendment does not fall within the cases for separate lease recognition. In such cases, the lease liability is restated by discounting the new lease payments at the revised interest rate.
- The Company did not recognize any of the above changes in the period, availing itself, however, of the
 possibility of early application of the amendment to IFRS 16 COVID-19 Related Rent Concessions, which
 allowed it to account for the effects of reductions in lease payments directly in the income statement at the
 effective date of the reduction, without having to assess, through the analysis of contracts, whether the definition
 of lease modification in IFRS 16 is met.

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

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

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

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

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

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

Intangible assets

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

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

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

Below are the rates applied for each category:

Category	Rates % Neodecortech
Patents and use of intellectual property	20%
Other intangible fixed assets	20%

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

Subsidiaries

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

The company assesses entity control through the presence of three elements: power:

- current ability of the company, deriving from substantive rights, to direct the relevant activities of the businesses that significantly affect the entity's returns;
- the company's exposure to variability in the returns of the investee;
- correlation between power and returns, the company has the ability to exercise its power to affect the returns from such relationship.

Generally, control is assumed when the company owns, directly or indirectly, more than half of the voting rights in the ordinary shareholders' meeting, including any potential rights to vote resulting from convertible securities.

Investments in subsidiaries are measured at equity. Under this method, investments are initially recognized at cost, subsequently adjusted to reflect changes in the value of the Company's share of the associate's equity. The Company's share of the profits or losses of its subsidiaries is accounted for in a specific item in the income statement from the date on which control is exercised until the moment it ceases.

Investments are subject to impairment testing, where indicators of impairment have been identified. If there is evidence that these investments have suffered an impairment loss, the loss is recognized in the Income Statement as a writedown. Whenever an impairment loss is reduced or ceases to exist, the loss is reversed up to the carrying amount through profit and loss.

Cost of a business combination

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

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

Allocating the cost of a business combination

Goodwill is determined as the excess between, on the one hand:

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

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

Impairment of property, plant and equipment, intangible assets and investments

At each balance sheet date, an assessment is made to ascertain whether there are any indications that tangible and intangible assets (including rights of use, the reduction in value of which is connected with the emergence of conditions for using the asset on the basis of an onerous contract pursuant to IAS 37) and investments may have suffered impairment. Both internal and external sources of information are considered for this purpose. With regard to the former

(internal sources), the following are considered: obsolescence or physical deterioration of the asset, any significant changes in the use of the asset, and the economic performance of the asset and the investment compared to estimated performance. With regard to external sources, the following are considered: trends in the market prices of assets, any technological, market or regulatory discontinuities, trends in market interest rates or the cost of capital used to value investments.

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

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

Financial assets

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

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

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

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

Debt instruments subsequently measured at amortized cost or FVTOCI are subject to financial asset impairment. With regard to the impairment of financial assets, the Company has applied a model based on expected losses on receivables, with reference to trade receivables. Specifically, the Company measures the loss allowance on a financial asset at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial asset has significantly increased since initial recognition, or if the financial instrument is an impaired financial asset that has been purchased or

originated. However, if the credit risk of a financial instrument has not increased significantly since initial recognition, the Company shall measure the loss allowance for the financial instrument in an amount equal to the expected credit losses from a default event in the following 12 months (12-month expected credit losses).

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

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

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

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

Inventory

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

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

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

Cash and cash equivalents

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

Treasury shares

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

Provisions for risks and charges

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

Employee benefits

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

Defined contribution plans

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

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

Defined benefit plans

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

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

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

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

Share-based payments (Stock Grants)

A number of Company employees receive part of the remuneration as share-based payments, therefore these employees provide services in exchange for shares ("equity settled transactions").

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

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

The total amount of the fair value of stock grants granted to employees of subsidiaries at the grant date must also be recognized in the Statement of Financial Position, as an increase in investments in subsidiaries, with a balancing entry in a specific item of equity.

Loans

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

Trade and other payables

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

Revenue recognition

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

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

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

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

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

Costs

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

Financial expense and income

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

Dividends

Dividends are recognized when the shareholders' right to receive payment arises, in accordance with current legislation, and are classified under "Financial income" and reversed as part of the entries to adjust Investments to the equity method.

Income tax

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

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

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

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

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

Derivative financial instruments

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

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

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

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

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

Transactions denominated in currencies other than the functional currency

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

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

Earnings/(loss) per share

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

Non-current assets held for sale and discontinued operations

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

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

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

Cash flows relating to discontinued operations are reported separately in the statement of cash flows. The above information is also presented for the comparative period.

Management of financial risks

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

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

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

Liquidity risk

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

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

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

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

Credit risk

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

The review of overdue receivables provides the following analysis by due date (including allocations for invoices to issue and credit notes to issue):

Trade receivables	Overall total	Total falling due	Total past due	Past due 0 - 30	Past due 31 - 60	Past due 61 - 90	Past due 91 - 120	Past due over 120
31 DECEMBER 2022	9,196	7,423	1,773	1,322	86	2	0	364
Trade receivables	Overall total	Total falling due	Total past due	Past due 0 - 30	Past due 31 - 60	Past due 61 - 90	Past due 91 - 120	Past due over 120
31 DECEMBER 2021	10,512	8,702	1,811	1,292	181	0	0	337

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

Also included in past dues between 0-30 days are mainly collection of cash orders paid on December 31, 2022, but credited by the bank on the first day of 2023.



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

Changes in the provision for doubtful accounts at 31 December 2022 are shown below:

Total provision for doubtful accounts	263	55	0	0	318	
Changes in Provision for Doubtful Accounts	263	55	0	0	318	
	31 DECEMBER 2021	Allocations	Utilization	Release	31 DECEMBER 2022	
(Euro thousands)						
Provision for doubtful accounts						

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

Exchange rate risk

By focusing its sales on the Italian and European markets of the Euro zone, the Company is exposed in a marginal way to the risk of fluctuations in exchange rates, considering additionally that transactions in foreign currency to purchase raw materials are equally limited.

Interest rate risk

The risk is represented by the likelihood that the value or future cash-flows of a financial instrument - in particular, current account overdrafts, bank advances and loans - may vary parallel to changes in interest rates.

To mitigate the above risk, the Company entered into two Interest Rate Swap contracts relating to the outstanding mortgage loan with BPM, with a notional value of \in 6,278 thousand and a positive fair value of \in 348 thousand at 31 December 2022 (negative \in 203 thousand at 31 December 2021). At 31 December 2022, total medium/long-term loans taken out by the Company amounted to \in 9,963 thousand, 37% of which at floating rate and not covered by derivatives.

Fair value hierarchy and classes of financial instruments

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

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

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

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



At 31 December 2020, the Company measured the fair value of derivative financial instruments using inputs that resulted in the financial instruments being categorized in Level 2 of the fair value hierarchy. No changes were reported during the period in the different levels of fair value.

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

Information on the fair value of derivative financial instruments

The following information is provided on the fair value of derivative financial instruments in place at 31 December 2022:

Interest Rate Swap - Contract hedging the risk of interest rate fluctuations - Notional value at 31 December 2022 € 6,277,859 - Fair value at 31 December 2022 € +347,549 (€ -203,442 at 31 December 2021);

In 2020, two loan agreements were also concluded for a total of \in 5,000 thousand, underlying which there are embedded derivatives (floor at zero on Euribor rate), with a negative fair value of \in 2 thousand at 31 December 2022 (a negative \in 43 thousand at 31 December 2021).

Income statement

1. REVENUE FROM SALES AND SERVICES

Revenue from sales and services						
(Euro thousands)						
	31 DECEMBER 2022	%	31 DECEMBER 2021	%	Chg.	% chg.
Revenue from sales	62,544	82.9	66,836	86.9	(4,292)	(6.4)
Services	12,904	17.1	10,104	13.1	2,800	27.7
Total revenue from sales and services	75,448	100.0	76,940	100.0	(1,492)	(1.9)

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

It should be noted that service revenue refers mainly to impregnation under contract work.

The breakdown of revenue by geographical area is as follows:

(Euro thousands)	31 DECEMBER 2022	%	31 DECEMBER 2021	%	Chg.	% chg.	
Italy	39.831	52.8%	35,022	45.5%	4.809	13.7%	
Europe	32,010	42.4%	37,219	48.4%	(5,209)	(14.0%)	
Asia	845	1.1%	1,372	1.8%	(527)	(38.4%)	
Middle East	732	1.0%	872	1.1%	(140)	(16.1%)	
America	1,001	1.3%	976	1.3%	25	2.6%	
Africa	1,029	1.4%	1,479	1.9%	(450)	(30.4%)	
Total	75,448	100.0%	76,940	100.0%	(1,492)	(1.9%)	



Revenue decreased slightly versus the prior year as a result of a stronger Italian market (\in +4,809 thousand), offset by a decrease in the Europe area (\in -5,209 thousand).

2. CHANGES IN SEMI-FINISHED AND FINISHED PRODUCTS

	Changes in work in progress, semi-finished and finished products						
(Euro thousands)							
	31 DECEMBER 2022	%	31 DECEMBER 2021	%	Chg.	% chg.	
Changes in work in progress, semi-finished and finished products	(136)	(0.2)	(487)	(0.6)	351	(72.0)	

The change in inventory came to a negative €136 thousand at 31 December 2022 (versus a negative change of € 487 thousand at 31 December 2021), confirming the continued rationalization policy in terms of reduction and greater efficiency.

3. OTHER REVENUE AND INCOME

	Other revenue and income							
(Euro thousands)								
	31 DECEMBER 2022	%	31 DECEMBER 2021	%	Chg.	% chg.		
Contingent assets	168	7.3	366	26.0	(198)	(54.0)		
Sale of raw materials and packaging	17	0.7	1	0.1	16	1,614.2		
Exchange rate gains	12	0.5	1	0.1	11	1,098.2		
Gains	18	0.8	284	20.2	(266)	(93.6)		
Insurance reimbursements	7	0.3	50	3.5	(43)	(85.3)		
Other revenue	2,087	90.4	707	50.2	1,380	195.2		
Total other revenue and income	2,309	100.0	1,409	100.0	900	63.9		

The change in "other revenue" is related mainly to the grant in favour of energy- and gas-intensive companies of € 1,184 thousand. The remainder is comprised mainly of cost chargebacks to customers.

4. RAW AND ANCILLARY MATERIALS AND CONSUMABLES

Total raw materials	47,994	100.0	46,149	100.0	1,845	4.0	
Packaging materials	904	1.9	865	1.9	39	4.5	
Raw and ancillary materials and consumables	47,090	98.1	45,284	98.1	1,806	4.0	
	31 DECEMBER 2022	%	31 DECEMBER 2021	%	Chg.	% chg.	
(Euro thousands)							
Raw and ancillary materials and consumables							



With regard to the increase in "Raw and ancillary materials and consumables" for \in 1,845 thousand, reference should be made to the Directors' Report on Operations.

This item also includes changes in the provision for inventory obsolescence, as shown in the table below:

Provision for inventory obsolescence (Euro thousands)								
	31 DECEMBER 2021	Allocations	Utilization	Release	31 DECEMBER 2022			
Changes in provision for inventory obsolescence	317	198	(189)	0	326			
Total provision for inventory obsolescence	317	198	(189)	0	326			

5. OTHER OPERATING EXPENSE

	Other operating expen	ise				
(Euro thousands)						
	31 DECEMBER 2022	%	31 DECEMBER 2021	%	Chg.	% chg.
External processing	294	2.2	354	3.0	(60)	(17.1)
Consultancy	1,729	13.1	1,483	12.8	246	16.6
Advertising and marketing	256	1.9	185	1.6	71	38.6
Bonuses and commissions	453	3.4	658	5.7	(205)	(31.2)
Transport	1,169	8.9	1,357	11.7	(188)	(13.8)
Utilities	5,229	39.7	2,772	23.8	2,457	88.6
Fees to Directors and Board of Statutory Auditors	640	4.9	685	5.9	(45)	(6.6)
Insurance	445	3.4	427	3.7	18	4.2
Bank commissions	78	0.6	81	0.7	(3)	(3.4)
Reimbursements to employees	0	0.0	0	0.0	0	0.0
Travel expense	79	0.6	45	0.4	34	75.9
Sundry industrial services	1,852	14.1	2,308	19.9	(456)	(19.8)
Other services	513	3.9	540	4.6	(27)	(5.1)
Rental expense	1	0.0	2	0.0	(1)	(71.5)
Rentals and other	40	0.3	33	0.3	7	20.3
Tax and duties	208	1.6	157	1.4	51	32.6
Gifts	7	0.1	5	0.0	2	34.4
Contingent liabilities	125	1.0	527	4.5	(402)	(76.2)
Exchange rate losses	0	0.0	1	0.0	(1)	(50.7)
Capital losses	39	0.3	4	0.0	35	873.2
Other operating expense	0	0.0	2	0.0	(2)	(99.2)
Total Other Operating Expense	13,157	100.0	11,626	100.0	1,530	13.2

The change in "Other operating expense" of €1,534 thousand is due mainly to the following:

- Increase of € 2,457 thousand (+88.6%) for gas and energy (utilities) in line with market increases for 2022. These costs were partly offset by grants received (reclassified to Other revenue) and only partly transferred to end customers;
- Reduction in sundry industrial services (€-456 thousand; -19.8%) including external maintenance.



6. PERSONNEL EXPENSE

	Personnel expense					
(Euro thousands)						
	31 DECEMBER 2022	%	31 DECEMBER 2021	%	Chg.	% chg.
Wages and salaries	8,122	72.3	8,583	72.4	(461)	(5.4)
Social security charges	2,276	20.3	2,713	22.9	(437)	(16.1)
Post-employment benefits	631	5.6	573	4.8	58	10.1
Other personnel expense	207	1.8	(22)	(0.2)	229	(1,042.2)
Total personnel expense	11,236	100.0	11,847	100.0	(611)	(5.2)

The marginal decrease in personnel expense, amounting to \in -436 thousand, is attributable to the slight decrease in personnel in the second half of the year and partly restored, and to the resort to CIGO in the last quarter of 2022 to counter the decline in customer orders (12,454 hours of CIGO);

The change in other personnel expense is attributable mainly to the fact that at 31 December 2022, a one-time employee welfare provision totaling €256 thousand was recognized to offset increases in energy bills.

The table below shows the changes in personnel in service between 2022 and 2021:

Total	228	242	-14
Blue collars	164	173	-9
Managers/White collars	60	64	-4
Executives	4	5	-1
	010202		onango
PERSONNEL IN SERVICE	31 DECEMBER 2022	31 DECEMBER 2021	Change

7. AMORTIZATION AND DEPRECIATION

	Amortization and depreciation						
(Euro thousands)							
	31 DECEMBER 2022	%	31 DECEMBER 2021	%	Chg.	% chg.	
Other intangible assets	284	8.2	266	7.9	18	6.9	
Buildings	361	10.5	427	12.6	(66)	(15.4)	
Leasehold improvements	0	0.0	0	0.0	0	0.0	
Plant and machinery	1,498	43.4	1,333	39.4	165	12.3	
Equipment	995	28.8	1,088	32.2	(93)	(8.5)	
Other	311	9.0	270	8.0	41	15.2	
Total amortization and depreciation	3,450	100.0	3,384	100.0	66	1.9	

Amortization and depreciation at 31 December 2022 increased by \in 66 thousand versus 2021, in line with the expenditure made in 2022.



8. ALLOCATIONS

	Allocations							
(Euro thousands)								
	31 DECEMBER 2022	9	, 0	31 DECEMBER 2021		%	Chg.	% chg.
Provision for supplementary agents' indemnity	7	'3	57.1		36	44.4	37	0.0
Provision for doubtful accounts	5	5	42.9		45	55.6	10	22.6
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	12	28	100.0		81	100.0	47	58.6

The item, amounting to €128 thousand, includes €73 thousand for the risk of uncollectable trade receivables under IFRS 9, and €55 thousand for the provision for supplementary agents' indemnity. With regard to provisions for risks and charges, at 31 December 2022, there are no certain or probable risks of loss requiring any allocations.

9. FINANCIAL EXPENSE

	Financial expense					
(Euro thousands)						
	31 DECEMBER 2022	%	31 DECEMBER 2021	%	Chg.	% chg.
Interest payable on C/A	0	0.0	0	0.0	0	0.0
Interest M/L Term Loans	161	10.1	187	43.1	(26)	(13.7)
Interest short-term loans	4	0.3	3	0.7	1	48.5
Interest from factoring	16	1.0	12	2.8	4	31.4
Interest from application of IAS/IFRS	81	5.1	118	27.2	(37)	(31.5)
Interest MICA loan	0	0.0	113	26.0	(113)	(100.0)
Other interest expense	0	0.0	1	0.2	(1)	(98.6)
Total interest expense	263	16.4	434	100.0	(171)	(39.5)
Lease interest	0	0.0	0	0.0	0	0.0
Currency losses	0	0.0	0	0.0	0	0.0
Other expense	1,336	83.6	0	0.0	1,336	0.0
Total financial expense	1,599	100.0	434	100.0	1,165	268.4

The overall increase of $\leq 1,165$ thousand is attributable to the non-recurring item arising from the write-off of the receivable from Andreotti Fotoincisioni S.p.A. amounting to $\leq 1,312$ thousand (including principal and accrued interest), time-barred as the MICA payable of $\leq 5,082$ thousand (including principal and accrued interest), which appears in the change in financial income as detailed in the Directors' Report on Operations.



10. FINANCIAL INCOME

Total financial income	8,926	100.0	3,102	100.0	5,824	187.8
Other income	5,134	57.5	40	1.3	5,094	12,734.7
Interest income	268	3.0	419	13.5	(151)	0.0
Income (expense) from investments	3,524	39.5	2,643	85.2	881	33.3
	31 DECEMBER 2022	%	31 DECEMBER 2021	%	Chg.	% chg.
(Euro thousands)						
	Financial income					

The change in income from investments is due primarily to the adjustment of the value of the investment in Cartiere di Guarcino S.p.A. to the equity method.

Interest income of \in 268 thousand (\in 419 thousand at 31 December 2021) comprises mainly \in 265 thousand (\in 384 thousand at 31 December 2021) of interest paid by subsidiaries to the Parent Company for loans it granted to them.

Other income amounting to \in 5,133 thousand refers mainly to the write-off of the MICA payable of \in 5,082 thousand, as mentioned above.

11. INCOME TAX

	Income tax			
(Euro thousands)				
	31 DECEMBER 2022			%
Profit (loss) before tax	8,983		7,441	
Net IRES taxable amount	3,554		3,543	
Net IRAP taxable amount	1,498		6,277	
IRES for the year	785	8.7%	850	11.4%
Income from tax consolidation	(314)	(3.5%)	(383)	(5.1%)
IRES net of income from tax consolidation	471	5.2%	467	6.3%
IRAP for the year	61		254	
Deferred tax assets	26		42	
Deferred tax	(12)		(13)	
Income tax relating to prior years and benefits	0		3	
Income tax	546		753	

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

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



With regard to the impact of direct tax on profit for the year, the tax rate stood at approximately 6%, a minor reduction versus the prior year (8%) and linked mainly to lower IRAP for the year as a result of the drop in EBIT and income from the tax consolidation with the Valentini Group.

Assets

12. INTANGIBLE ASSETS

	Intangible fix	ed assets						
(Euro thousands)								
	Balance at 31.12.2021	Acquisitions	Sales		Amortization	Write- back/Write -downs	Other changes	Balance at 31.12.2022
Other intangible fixed assets	651	136		-1	(284)	0	3	505
Fixed assets under construction and advances	0	87		0	0	0	(3)	84
Total intangible fixed assets	651	223		-1	(284)	0	0	589

Acquisitions during the year regard mainly upgrades to existing IT/management systems and implementation of new ones, such as the approval workflow management.

13. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment at 31 December 2022 amounted to €31,579 thousand versus €30,878 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.

50,938 20,156 4,402	(39,430) (18,062) (3,493)	11,508 2,093 908	53,294 14,526 4,770	(40,900) (12,851) (3,624)	12,394 1,675 1,146
,	(, ,	,	,	(, ,	,
50,938	(39,430)	11,508	53,294	(40,900)	12,394
	(00, 100)		=	(40,000)	
86	(86)	0	86	(86)	0
16,414	(4,125)	12,290	16,716	(4,433)	12,283
4,080	0	4,080	4,080	0	4,080
	Depreciation provision 31.12.2021	NBV at 31.12.2021	Historical cost 31.12.2022	Depreciation provision 31.12.2022	NBV at 31.12.2022
	t and				
	ical .2021* 4,080	ical Depreciation provision 2021* 31.12.2021 4,080 0	ical Depreciation provision NBV at 2021* 31.12.2021 4,080 0 4,080	Depreciation provision NBV at 31.12.2021 Historical cost 31.12.2022 4,080 0 4,080 4,080	ical Depreciation provision 31.12.2021 Historical Depreciation 31.12.2021 31.12.2022 31.12.2022 4,080 0 4,080 4,080 0

(*) amount including write-back of € 9,980 thousand

Below is a breakdown of assets under construction by category.

	PPE under construction and advances						
(Euro thousands)	Amount at 31.12.2022	Amount at 31.12.2021	Chg.	%	chg.		
Buildings		4		4	0.0		
Plant and machinery	1	,727	442	1,285	291.0		
Equipment		0	26	(26)	(100.0)		
Other		0	30	(30)	(100.0)		
Total PPE under construction and advances	1	,730	497	1,234	248.3		

Total PPE under construction and advances		84	0	84	0.0
Other intangible assets		84	0	84	0.0
(Euro thousands)	Amount at 31.12.2022	Amount at 31.12.2021	Chg.	% c	hg.
	PPE under const				

Assets under construction at 31 December 2022 include advances for new assets in the process of acquisition, the purchase or installation of which will be completed during 2023 (specifically, the plants include the purchase and installation of a new impregnation plant at the Filago (BG) site and the photovoltaic plant at the production site in Casoli d'Atri (TE).

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

equipment(Euro thousands)Historical cost 31.12.2021Write- back/Write -down (prior years)SalesDisposalsOtherLand4003,68000000Buildings10,1466,268347(53)06Leasehold improvements8600000Plant and machinery50,908312,399(21)(8)(14)Equipment20,1550615(1)(6,243)0	Total Historical Cost	86,095	9,980	3,905	(256)	(6,251)	0	93,473
equipment(Euro thousands)Historical cost 31.12.2021Write- back/Write -down (prior years)SalesDisposalsOtherLand4003,68000000Buildings10,1466,268347(53)06Leasehold improvements8600000Plant and machinery50,908312,399(21)(8)(14)	Other	4,400	1	544	(181)	0	5	4,770
(Euro thousands) Historical back/Write-back	Equipment	20,155	0	615	(1)	(6,243)	0	14,526
(Euro thousands) Historical back/Write cost -down Acquisitions Sales Disposals Other 11.12.2021 (prior years) Land 400 3,680 0 0 0 0 0 0 Buildings 10,146 6,268 347 (53) 0 8	Plant and machinery	50,908	31	2,399	(21)	(8)	(14)	53,294
(Euro thousands) Historical back/Write cost -down Acquisitions Sales Disposals Other 31.12.2021 (prior years) Land 400 3,680 0 0 0 0 0	Leasehold improvements	86	0	0	0	0	0	86
(Euro thousands) Write- Historical back/Write cost -down Acquisitions Sales Disposals Other 31.12.2021 (prior years)	Buildings	10,146	6,268	347	(53)	0	8	16,716
(Euro thousands) Write- Historical back/Write cost -down Acquisitions Sales Disposals Other 31.12.2021 (prior	Land	400	3,680	0	0	0	0	4,080
equipment		cost	back/Write -down (prior	Acquisitions	Sales	Disposals	Other	Historical cost 31.12.2022
	(Furo thousands)							
Property plant and		Property, plar equipment	nt and					

Total accumulated depreciation	(65,196)	0	(3,166)	255	6,213	0	(61,894)
Other	(3,493)	0	(311)	181	0	0	(3,624)
Equipment	(18,062)	0	(995)	1	6,205	0	(12,851)
Plant and machinery	(39,430)	0	(1,498)	20	8	0	(40,900)
Leasehold improvements	(86)	0	0	0	0	0	(86)
Buildings	(4,125)	0	(361)	53	0	0	(4,433)
Land	0	0	0	0	0	0	0
(Euro thousands)	Depreciatio n provision 31.12.2021	Write- back/Write -down (prior years)	Depreciation	Sales	Disposals	Other changes	Depreciatio n provision 31.12.2022



Acquisitions, amounting to \leq 3,905 thousand, bear witness to the constant process of organic growth made by new plants and improvement and efficiency of the existing ones; all plants are continuing their 4.0 process management actions to further strengthen the production process, with active control of critical variables and plant upgrading.

Purchases of plant and equipment include mainly advances for expenditure in the new impregnation plant at the Filago (BG) site for approximately € 1,000 thousand, reflecting the continued innovation and growth of production, as well as advances for expenditure in the new photovoltaic plant at Casoli d'Atri (TE) for approximately € 250 thousand and other minor expenditure.

Disposals amounting to \in 6,251 thousand, almost exclusively related to fully depreciated equipment, are related mainly to the disposal of "no longer in use" engravings of cylinders (subsequently re-engraved) and replaced pressors.

Below are details of the allocation of the rights of use within the classes of tangible fixed assets recorded on the basis of IFRS 16.

(Euro thousands)	Rights of Use		
	Historical cost 31.12.2022	Depreciation provision 31.12.2022	NBV at 31.12.2022
Buildings	101	(11)	90
Other	274	(13)	261
Total Rights of Use	374	(24)	350

The changes are shown below.

	Rights of Use							
(Euro thousands)								
	Historical cost 31.12.2021	Write- back/Write- down (prior years)		Acquisitions	Sales	Other changes	C	listorical ost 1.12.2022
Buildings	87		0	67	(53)	0	101
Other	0		0	274		0	0	274
Total Rights of Use	87		0	341	(53)	0	374
(Euro thousands)	Depreciation provision 31.12.2021	Write- back/Write- down (prior years)		Depreciation	Sales	Other changes	рі	epreciation rovision 1.12.2022
Buildings	(42)	. ,	0	(22)	5	3	0	(11)
Other	0		0	(13)		0	0	(13)
Total provision for depreciation of rights of use	(42)		0	(35)	5	3	0	(24)

The residual rights of use at 31 December 2022 refer to two buildings used by employees.

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

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

14. INVESTMENTS

At 31 December 2022, the investment in the subsidiary Cartiere di Guarcino S.p.A. amounted to \in 37,029 thousand, increasing by \in 3,684 thousand, attributable to the revaluation linked to the result for the year, while the investment in NDT energy S.r.I. was equal to \in 100 thousand, corresponding to the share of fully subscribed and paid-up share capital.

NDT Investments	Amount at 01.01.2022	Acquisitions 2022	Write-back 2022	Amount at 31/12/22
Cartiere di Guarcino S.p.A.	33,344	0	3,684	37,029
Ndt Energy S.r.l.	0	100	0	100
Conai	0	0	0	0
Total	33,345	100	3,684	37,129

15. OTHER CURRENT AND NON-CURRENT ASSETS

At 31 December 2022, other non-current assets amounted to \in 161 thousand (\in 8 thousand at 31 December 2021), consisting of security deposits, and \in 148 thousand related to OES offsettable 4.0 tax receivables beyond 12 months.

16. CURRENT AND NON-CURRENT FINANCIAL RECEIVABLES

(Euro thousands)						
	31 DECEMBER 2022	%	31 DECEMBER 2021	%	Chg.	% chg.
From the subsidiary Cartiere di Guarcino S.p.A.	7,467	16.6	9,027	20.3	(1,560)	(17)
From Andreotti S.r.I.	0	0.0	1,312	2.9	(1,312)	(100)
From the related party Valinvest S.r.l.	0	0.0	0	0.0	0	C
Derivative instruments	347	0.8	0	0.0	347	C
Tax receivables	0	0.0	24	0.1	(24)	(100)
Total non-current financial receivables	7,814	16.6	10,363	23.3	(2,549)	(24.6)
From the subsidiary Cartiere di Guarcino S.p.A.	1,560	3.5	1,560	3.5	0	C
From the subsidiary Bio Energia di Guarcino S.r.l.	2,000	4.5	0	0.0	2,000	C
From the related party Valinvest S.r.l.	0	0.0	0	0.0	0	C
From others	0	0.0	0	0.0	0	C
Total current financial receivables	3,560	7.9	1,560	3.5	2,000	128.2
Total current and non-current financial receivables	11,374	24.5	11,923	26.8	(549)	(4.6)



"Non-current financial receivables" at 31 December 2022 decreased by €2,548 thousand, in particular the decrease of €1,312 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.

The increase of \in 348 thousand refers to the recognition of the positive fair value of the IRS derivative (negative \in 203 thousand at 31 December 2021).

Additionally, financial receivables include the financial receivables claimed by the Parent Company from its subsidiaries; specifically, a loan of \notin 9,027 thousand at 31 December 2022 granted to the subsidiary Cartiere di Guarcino S.p.A. and divided into current and non-current portions, which was reduced due partly to repayment of installments, and a loan to the indirect subsidiary Bio Energia di Guarcino S.r.I for \notin 2,000 thousand.

	Deferred tax as	sets and liabi	lities			
(Euro thousands)						
	31 DECEMBER 2022	Change recognize d in Income Statement	Change recognized in Statement of Comprehensiv e Income	31 DECEMBER 2021	Chg.	% chg.
Directors' fees approved and not paid	41	(12)	0	53	(12)	0.0%
Allocations to provisions for write-downs and risks	50	7	0	43	7	16.3%
Allocation to the provision for inventory obsolescence	78	2	0	76	2	16.3%
Tax recovery on adjustment of start-up and expansion costs	0	0	0	0	0	16.3%
Tax recovery on adjustment of plant and machinery depreciation	210	(10)	0	220	(10)	16.3%
Deferred tax on derivative contracts	0	0	(49)	49	(49)	16.3%
Deferred tax on employee benefits	0	(13)	(16)	29	(29)	16.3%
Other	37	0	0	37	0	16.3%
Deferred tax assets	416	(26)	(65)	507	(91)	-17.9%
Deferred tax on statutory revaluations	2,348	(12)	0	2,361	(13)	-0.6%
Deferred tax on employee benefits	15	0	15	0	15	0.0%
Deferred tax on derivatives	83	0	83	0	83	0.0%
Other	0	0	0	0	0	0.0%
Deferred tax liabilities	2,446	(12)	98	2,361	86	3.6%

17. DEFERRED TAX ASSETS AND LIABILITIES

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 \in 416 thousand are attributable mainly to temporary differences between the amounts assigned for financial statement and tax purposes. At 31 December 2022, deferred tax of \in 2,446 thousand was recorded for temporary differences between the statutory value and the fiscal value emerging from the statutory revaluations made at the time on the properties owned.



18. INVENTORY FOR RAW MATERIALS AND FINISHED PRODUCTS

	Inventory					
(Euro thousands)						
	31 DECEMBER 2022	%	31 DECEMBER 2021	%	Chg.	% chg.
Raw and ancillary materials and consumables	5,337	64.8	5,126	62.3	211	4.1
Work in progress	468	5.7	313	3.8	155	49.7
Finished products	2,758	33.5	3,110	37.8	(352)	(11.3)
Advances	0	0.0	0	0.0	-	-
Provision for inventory obsolescence	(326)	(4.0)	(317)	(3.9)	(9)	2.9
Total inventory	8,238	100.0	8,232	100.0	6	0.1

Inventory for raw materials refers mainly to resins, inks, paper and impregnation material, and was basically steady versus the prior year.

Changes in the provision for inventory obsolescence for 2022, which was set aside to alleviate the risk associated with the slow turnover of certain specific products, are shown below.

Total provision for inventory obsolescence	317	198	(189)	0	326
Changes in provision for inventory obsolescence	317	198	(189)	0	326
	31 DECEMBER 2021	Allocations	Utilization	Release	31 DECEMBER 2022
(Euro thousands)					
	Provision for inventory ob	solescence			

19. TRADE RECEIVABLES

Total trade receivables	8,878	100.0	10,249	100.0	(1,371)	(13.4)
Provision for doubtful accounts	(318)	(3.6)	(263)	(2.6)	(55)	20.9
Trade receivables	9,196	103.6	10,512	102.6	(1,316)	(12.5)
	31 DECEMBER 2022	%	31 DECEMBER 2021	%	Chg.	% chg.
(Euro thousands)						
	Trade receivables					

As far as trade receivables are concerned, mention should be made that in 2022, the company made occasional resort to the assignment without recourse to a factoring company.

Changes in the provision for doubtful accounts are shown below:



Provision for doubtful accounts					
(Euro thousands)					
	31 DECEMBER 2021	Allocations	Utilization	Release	31 DECEMBER 2022
Changes in Provision for Doubtful Accounts	263	55	0	0	318
Total provision for doubtful accounts	263	55	0	0	318

The provision for doubtful accounts was determined in accordance with IFRS 9 and recorded an allocation of \in 55 thousand.

20. TAX RECEIVABLES

	Tax receivables					
(Euro thousands)						
	31 DECEMBER 2022	%	31 DECEMBER 2021	%	Chg.	% chg.
VAT	222	16.9	245	95.3	(23)	(9.3)
IRES	0	0	0	0	0	0
IRAP	194	14.8	0	0	194	0
Withholdings a/c	0	0	0	0	0	0
Other tax receivables	898	68.3	12	4.7	886	7,379.5
Total tax receivables	1,314	100.0	257	100.0	1,057	411.1

Other tax receivables refer to accrued tax receivables 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							
(Euro thousands)							
	31 DECEMBER 2022	%	31 DECEMBER 2021		%	Chg.	% chg.
Receivables for advance costs	6	2.7		0	0	6	0
Advances to suppliers	29	13.8		23	19.2	6	26.6
Accrued income and prepaid expense	77	36.3		42	35.0	35	82.8
Other	100	47.3		55	45.8	45	82.0
Total current receivables	212	100.0		120	100.0	92	76.3

Other receivables include advances to employees, receivables from INAIL and from Fondimpresa, as well as receivables from INPS pending reimbursement.



22. CASH FUNDS

Total cash funds	3,051	100.0	9,152	100.0	(6,101)	(66.7)
Cash and valuables on hand	7	0.2	5	0.1	2	30.1
Bank and post office deposits	3,045	99.8	9,147	99.9	(6,102)	(66.7)
	31 DECEMBER 2022	%	31 DECEMBER 2021	%	Chg.	% chg.
(Euro thousands)						
	Cash funds					

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

Dividends of €1,978 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

Provision for risks and charges						
(Euro thousands)						
	31 DECEMBER 2022	%	31 DECEMBER 2021	%	Chg.	% chg.
Provision for supplementary agents' indemnity	209	99.2	136	35.6	73	53.8
IRS derivative on loan	0	0.0	203	53.1	(203)	(100.0)
Embedded derivatives	2	0.8	43	11.3	(41)	(96.2)
ISFRE	0	0.0	0	0.0	0	0
Currency derivative	0	0.0	0	0.0	0	0
Provision for tax risks	0	0.0	0	0.0	0	0
Total provisions for risks and charges	211	100.0	382	100.0	(171)	(44.8)

The reduction in the provision for risks and charges is attributable to an increase of \in 73 thousand in the provision for the supplementary agents' indemnity for Italy and EU agents, a reduction of \in 203 thousand from the recognition of the fair value of the IRS derivative, which ended with a positive figure at 31 December 2022, and \in 41 thousand from the recognition of the fair value of the derivatives embedded in the new loans (\in 43 thousand at 31 December 2021).

Changes in the supplementary agents' indemnity are shown below:



	Provision for risks and cha	arges			
(Euro thousands)					
	31 DECEMBER 2021	Allocations	Utilization	Release	31 DECEMBER 2022
Movement of provision for supplementary agents' indemnity	136	73	0	0	209
Total provision for risks and charges	136		0	0	209

The provision for supplementary agents' indemnity was set aside to cover specific risks from potential interruptions to agency contracts.

24. POST-EMPLOYMENT BENEFITS

	Post-employment benefits				
(Euro thousands)					
	31 DECEMBER 2021	Allocations	Utilization	Discounting	31 DECEMBER 2022
Provision for post-employment benefits	884	67	(143)	0	809
Actuarial valuation of post-employment benefits (IAS 19)	119	0	0	(182)	(63)
Total post-employment benefits	1,003	67	(143)	(182)	746

The balance refers to the employee severance indemnity of Neodecortech S.p.A.. This liability qualifies as a defined benefit plan in accordance with IAS 19 and was therefore subject to actuarial calculation by an independent expert.

The defined benefit plan was updated to reflect its market value at 31 December 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 was made to the direct experience of the Company, for others best practice was taken into account. The technical and economic bases used are shown below.

Below are the technical economic bases.

	31 DECEMBER 2022
Annual discount rate	3.63%
Annual inflation rate	2.30%
Annual rate of increase in severance termination	3.23%
Annual rate of salary increase	1.00%

The table below shows the technical demographic basis.



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

Lastly, the annual turnover frequencies and severance indemnity advances.

	31 DECEMBER 2022
Advances Frequency	3.00%
Turnover Frequency	1.00%

25. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

Current and non-current financial liabilities						
(Euro thousands)						
	31 DECEMBER 2022	%	31 DECEMBER 2021	%	Chg.	% chg.
Unsecured loans	2,299	22.3	3,094	18.6	(795)	(26)
Mortgage loans	4,922	47.7	6,260	37.7	(1,338)	(21)
Non-current lease payables	0	0.0	32	0.2	(32)	(100)
Payables to other lenders (MICA)	0	0.0	5,082	30.6	(5,082)	(100)
Other financial payables over	281	2.7	0	0.0	281	0
Currency derivatives	0	0.0	0	0.0	0	0
Total non-current financial liabilities	7,501	72.8	14,468	87.1	(6,967)	(48.2)
Payables to banks C/A	0	0.0	0	0.0	0	0
Current portion of unsecured loans	1,382	13.4	811	4.9	571	70
Current portion of mortgage loans	1,339	13.0	1,310	7.9	29	2
Accrued interest expense	15	0.1	7	0.0	8	110
Current lease payables	75	0.7	14	0.1	61	433
Payables to other lenders	75	0.7	0	0.0	75	0
Total current financial liabilities	2,810	27.2	2,142	12.9	668	31.2
Total financial liabilities	10,311	100.0	16,610	100.0	(6,299)	(37.9)

"Lease payables" includes the financial liabilities from the rights of use shown in the table below.

(Euro thousands)	Balance at 01.01.2022	Payments	Other changes	Balance at 31.12.2022
Buildings	45	(6)	51	90
Other	0	(8)	268	260
TOTAL	45	(14)	319	350

With regard to unsecured and mortgage loans, the change is directly attributable to the repayment of instalments. Below are the details of Neodecortech S.p.A.'s loans:



 Original BPM mortgage loan of €12,000 thousand, with a residual balance of €6,261 thousand at 31 December 2022 divided into current and non-current portions;

Unsecured loans:

- BPM S.p.A. € 2,500 thousand, for 72 months (quarterly instalments) and a residual balance at 31 December 2022 of € 1,546 thousand divided into current and non-current portions loan granted against closure of the short-term BPM loan of € 2,000 thousand granted in April 2020 80% FGPMI guarantee;
- BPM S.p.A. € 2,500 thousand, for 72 months (quarterly instalments) and a residual balance at 31 December 2022 of € 1,550 thousand divided into current and non-current portions - 90% FGPMI guarantee;
- BPER S.p.A. € 1,000 thousand, for 12 months (monthly instalments) and a residual balance at 31 December 2022 of € 585 thousand current portion;

The nominal value of unsecured and mortgage loans amounted to \in 10,014 thousand, with an adjustment from the measurement at amortized cost equal to \in -51 thousand.

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

	31 DECEMBER 2022	%	31 DECEMBER 2021	%
(Euro thousands)				
Due within 1 year	2,720	27.4	2,121	18.5
Due within 5 years	7,220	72.6	8,666	75.5
Due beyond 5 years		0.0	688	6.0
Total	9.941	100.0	11,475	100.0

The loans taken out by Neodecortech S.p.A. do not require compliance with specific financial parameters (covenants).

The Company hedged the interest rate risk on the BPM loan by subscribing an interest rate swap (IRS). The fair value of this instrument, reclassified under "Non-current financial receivables" at 31 December 2022 came to a positive € 348 thousand (a negative € 203 thousand at 31 December 2021 classified under "Provisions for Risks and Charges").

From 1 January 2022 to 31 December 2022, interest rate movements were marginal and had no material impact on the fair value of the Company's loans.

MICA Loan

On 20 February 1997, Confalonieri Fratelli di Mario S.p.A. ("Confalonieri") entered into an agreement with the Ministry for Industry, Trade and Crafts (the "MICA") on the granting of a loan from the special revolving fund for technological innovation pursuant to Article 16, paragraph 3, of the Law dated 17 February 1982, amounting to approximately Lire 5.7 billion ($\leq 2,943$ 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 ($\leq 8,410$ 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 written off from the Financial Statements for a total of \in 5,082 thousand (including principal and accrued interest).

26. TRADE PAYABLES

Trade payables at 31 December 2022 amounted to \in 8,008 thousand (\in 10,455 thousand at 31 December 2021). The decrease of \in 2,447 thousand refers to the volume of business in the last quarter of 2022; for details on the business performance, reference is made to the Directors' Report on Operations. Additionally, the Company did not request or obtain any extension or deferment of payments with its suppliers. Additionally, at 31 December 2021, the item included a payable to the affiliate Valinvest S.r.l. for the remaining installments related to payment of the purchase of the production plant at Casoli d'Atri (TE), amounting to \in 1,032 thousand and settled in 2022.

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 31 December 2022, amounting to \leq 469 thousand (\leq 466 thousand at 31 December 2021), refers to the IRES payable due by Neodecortech S.p.A. to Finanziaria Valentini S.p.A.. For further details, reference should be made to the section "Income tax" of the Notes to the financial statements.

28. TAX PAYABLES

(Fure the user de)	Tax payables					
(Euro thousands)						
	31 DECEMBER 2022	%	31 DECEMBER 2021	%	Chg.	% chg.
Withholdings a/c	379	100.0	234	67.4	145	61.9
Other tax payables	0	0.0	113	32.6	(113)	(100.0)
Total tax payables	379	100.0	347	100.0	32	9.1

29. OTHER CURRENT PAYABLES

	Other current payable	Other current payables				
(Euro thousands)						
	31 DECEMBER 2022	%	31 DECEMBER 2021	%	Chg.	% chg.
Payables to social security institutions	862	27.8	1,037	32.1	(175)	(16.8)
Payables to employees	898	29.0	1,144	35.4	(246)	(21.5)
Advances received from customers	618	19.9	770	23.8	(152)	(19.8)
Accrued expense and deferred income	538	17.4	0	0.0	538	0
Other	181	5.8	280	8.7	(99)	(35.5)
Total other current payables	3,097	100.0	3,231	100.0	(134)	(4.1)

The change in accruals of €538 thousand refers to the deferral of extraordinary income from the tax receivable for expenditure in simple new assets and industry 4.0 to relate it to the useful life of the subsidized asset.

"Other" is due mainly to the fees to directors.

30. EQUITY

Capital increases



There were no share capital increases in 2022.

Share Capital

At 31 December 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 $\leq 2,000,000$ 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 € 1,978,384.94 (net of the portion related to treasury shares held at the time of distribution).

		Allocation of	profit (loss)		Other change	s	Profit (loss) for the year	31/12/2022
(Euro thousands)	31/12/2021	Dividend distribution	Other allocations	Increase	Decreases	Reclassificatio n		
Share Capital	18,804							18,804
Legal reserve	1,886		335					2,221
Share premium reserve	18,864			-				18,864
Extraordinary reserve	1,633		1,732					3,365
Equity revaluation reserve	9,379		2,643		160			12,182
Revaluation reserves	6,152							6,152
Hedging reserve	(155)			419				264
Retained earnings/(losses carried forward)	8,761							8,761
OCI reserve	(105)			99				(6)
FTA reserve	(1,303)							(1,303)
Treasury shares reserve	(140)				(329)			(469)
Profit/(loss) for the year	6,688	(1,978)	(4,710)				8,437	8,437
rounding								2
Equity at 31/12/2022	70,465	(1,978)	-	518	(169)	-	8,437	77,274

Details and changes in equity reserves

Distributability of equity reserves

DESCRIPTION	AMOUNT 31 DECEMBER 2022	ORIGIN/NATURE	ELIGIBILITY FOR USE	AVAILABLE PORTION
SH. CAP. IN SHARES	18,804	Share capital		0
PROV. SH. PREM. RESERVE	18,864	Share capital	A;B;C	17,323

Distributable portion				27,937
Total	68,837			37,822
RETAINED EARNINGS	8,761	Profit	A;B;C	8,761
IAS RESERVES	(1,303)	Profit	В	0
RESERVE HEDG. ESTIM. CASH FLOWS	264	Profit	В	0
OCI RESERVE	(6)	Profit	В	0
REVALUATION RESERVES	18,335	Profit	A;B	6,152
EXTRAORDINARY RESERVE	3,365	Profit	A;B;C	3,365
LEGAL RESERVE	2,221	Profit	В	2,221
TREASURY SHARES RESERVE	(468)	Share capital		0

Treasury shares

At 31 December 2022, the Company holds no. 123,000 treasury shares for a value of \in 468,214.

A total of no. 90,646 shares were purchased in 2022.

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 could be carried out, in one or more tranches, within eighteen months, in order to: (i) use them as an investment for an efficient use of the liquidity generated by the Company's core business; (ii) purchase treasury shares from the beneficiaries of any stock option or stock grant plans approved by the competent corporate bodies; and (iii) allow the use of treasury shares in the context of transactions connected with the core business or with plans consistent with the strategic guidelines that the Company intends to pursue, with a view to the opportunity of exchanging shares.

Earnings (losses) per share

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

Earnings (losses) per share	31/12/2022	31/12/2021
Net profit attributable to the shareholders (Euro thousands)	8,437	6,688
Weighted average number of shares outstanding (n./000)	14,130	13,439
Basic earnings per share	0.60	0.50
Diluted earnings per share	31/12/2022	31/12/2021
Net profit attributable to the shareholders (Euro thousands)	8,437	6,688
Weighted average number of shares outstanding (n./000)	14,130	13,439
Weighted average number of shares outstanding adjusted for dilution effect (n./000)	14,130	13,439
Diluted earnings per share (*)	0.60	0.50

* 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 reduction in cash generated during the year amounted to $\in 6,101$ thousand (versus cash generation of $\in 3,985$ thousand in the prior year), resulting in cash funds of $\in 3,051$ thousand.

Starting from a profit before tax, interest, dividends, amortization and depreciation, provisions, gains/losses on disposals and other non-cash changes of €5,055 thousand, the change in cash flow is related mainly to the events below.

The situation associated with the trend in sales and business highlighted in the Directors' Report on Operations, the impacts from the increases in raw material prices, only partly transferred to customers, in addition to the need to procure strategic raw materials in advance, resulted in a decrease in receivables from customers, offset by an increase in other receivables, an overall reduction in payables to suppliers and steady inventory, generating a negative cash flow of $\leq 2,068$ thousand in the NWC.

Capital expenditure, net of disposals, made during the year generated cash flow from investing activities of €4,249 thousand.

The repayment of loans amounted to \notin 2,560 thousand, against the a new loan taken out for \notin 1,000 thousand, while the net change between loan originations and intercompany repayments to subsidiaries was \notin -440 thousand.

Monetary changes in equity include the purchase transactions on treasury shares and payment of dividends, which generated a net negative cash flow of $\leq 2,307$ thousand.

32. CONTINGENT LIABILITIES

In compliance with the provisions of IAS 34:15B, no further contingent liabilities were reported, except for those that generated allocations to "provisions for risks", described above.

33. RELATED PARTY TRANSACTIONS

Transactions carried out by Neodecortech S.p.A. with related parties, as identified by IAS 24, including transactions with subsidiaries and associates, are neither atypical nor unusual and fall within the ordinary course of business of the Company. These transactions were carried out on market terms. It should be noted that transactions with subsidiaries are not shown as they are derecognized at the consolidation level, while transactions with related parties at 31 December 2021 are shown. Additionally, mention should be made that the Parent Company Neodecortech S.p.A. is in turn controlled by Finanziaria Valentini S.p.A..

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

With regard to the provisions of point 2) of the third paragraph of Article 2428 of the Italian 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 company is



"Valinvest S.r.I.". Related parties also include "Valfina S.r.I." as it is directly or indirectly controlled by the Valentini Family.

Specifically, it should be noted that at 31 December 2022, the outstanding transactions with these companies can be summarized in the tables below:

Total	612	11,027	103	469
Bio Energia Guarcino S.r.l.		2,000		
Cartiere di Guarcino S.p.A.	2	9,027		
Loma S.r.l.	610	0	103	0
Valinvest S.r.l.	0	0	0	0
Finanziaria Valentini S.p.A.	0	0	0	469
	Trade receivables 31 DECEMBER 2022	Financial receivables 31 DECEMBER 2022	Trade payables 31 DECEMBER 2022	Financial payables 31 DECEMBER 2022
(Euro thousands)				

(Euro thousands)		
	Revenue and income 31 DECEMBER 2022	Costs and expense 31 DECEMBER 2022
Finanziaria Valentini S.p.A.	314	
Loma S.r.l.	2,466	161
Cartiere di Guarcino S.p.A.	460	16,459
Bio Energia Guarcino S.r.I.	79	0
Total	3,319	16,620

At 31 December 2022, the following remain outstanding with related parties:

- the tax consolidation agreement with Finanziaria Valentini: financial payables, amounting to € 470 thousand, represent the amount due from tax consolidation, while income from tax consolidation amounted to € 315 thousand;
- the loan agreements between the Company and its subsidiary, Cartiere di Guarcino S.p.A.;
- the loan agreements between the Company and its indirect subsidiary Bio Energia Guarcino S.r.l.;
- the agreement on the supply of raw materials from the subsidiary Cartiere di Guarcino S.p.A. to the Parent Company;
- agreements for central administrative services and payment of directors' fees by the Parent Company to the subsidiaries, Cartiere di Guarcino S.p.A. and Bio Energia Guarcino S.r.I..
- the business agreement with Loma S.r.I. for the distribution of Neodecortech S.p.A. products, as well as an agreement with Loma S.r.I. for the supply of business consulting services; this Company became a



related party following appointment of one of the Parent Company's executives as "key management personnel".

The following table shows the fees and payables to the Company's directors, statutory auditors and key management personnel for 2022:

(Euro thousands)	
Subjects	Fees 31 December 2022
Luigi Cologni	417
Massimo Giorgilli	146
Riccardo Bruno	32
Paola Carrara	10
Paolo Pietrogrande	10
Laura Calini	9
Luca Peli	66
Adriano Bianchi	24
Sara Bertolini	18
Ida Altimare	19
Cinzia Morelli	19
Vittoria Giustiniani	18
Gianluca Valentini	17
Stefano Santucci	25
Stefano Zonca	20
Federica Menichetti	20
Key management personnel	468
Total	1,338

(Euro thousands)		
Subjects	Fees payable 31 DECEMBER 2022	
Luigi Cologni	100	
Massimo Giorgilli	70	
Riccardo Bruno	0	
Paola Carrara	0	
Paolo Pietrogrande	0	
Laura Calini	0	
Luca Peli	0	
Adriano Bianchi	0	
Sara Bertolini	0	
Ida Altimare	0	
Cinzia Morelli	0	
Vittoria Giustiniani	0	

Gianluca Valentini	0
Stefano Santucci	0
Stefano Zonca	3
Federica Menichetti	8
Key management personnel	24
Total	206

34. SEASONALITY

The Company's business performance is not significantly affected by seasonality.

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

With regard to the provisions of Article 1, paragraph 125, of Law 124/2017, regarding the obligation to provide evidence in the notes to the financial statements of any amounts of money received during the year by way of grants, contributions, paid assignments and in any case economic advantages of any kind from public administrations and from the persons referred to in paragraph 125 of the same article, mention should be made, for the situation updated at 31 December 2022, of the following.

NDT			
Paying entity	Amount collected/take n	Collection/availabilit y date	Description of reason
I.N.P.S.	13,016	16/01/2022	Decont.SOUTH LD104/20-L178/2020
I.N.P.S.	2,500	16/01/2022	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	2,250	16/01/2022	Youth Exemption L.205/17-L.160/19
I.N.P.S.	9,461	16/02/2022	Decont.SOUTH LD104/20-L178/2020
I.N.P.S.	4,500	16/02/2022	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	2,250	16/02/2022	Youth Exemption L.205/17-L.160/19
Fondirigenti	2,921	18/02/2022	Liquidation Plans 23297-23473
Gestore dei Servizi Energetici GSE S.p.A.	449	28/02/2022	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	3,225	28/02/2022	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	2,076	28/02/2022	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	8	28/02/2022	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	15,696	28/02/2022	Electricity production incentive
I.N.P.S.	9,786	16/03/2022	Decont.SOUTH LD104/20-L178/2020
I.N.P.S.	4,500	16/03/2022	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	2,225	16/03/2022	Youth Exemption L.205/17-L.160/19
I.N.P.S.	10,494	18/04/2022	Decont.SOUTH LD104/20-L178/2020
I.N.P.S.	4,242	18/04/2022	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	2,250	18/04/2022	Youth Exemption L.205/17-L.160/19
I.N.P.S.	3,229	16/05/2022	IVS Exemption L.234/2021
I.N.P.S.	3,106	16/05/2022	IVS Exemption L.234/2021
I.N.P.S.	3,098	16/05/2022	IVS Exemption L.234/2021
I.N.P.S.	3,003	16/05/2022	IVS Exemption L.234/2021
I.N.P.S.	12	16/05/2022	IVS Exemption L.234/21 Accrual 13a
I.N.P.S.	10,299	16/05/2022	Decont.SOUTH LD104/20-L178/2020
I.N.P.S.	3,770	16/05/2022	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	2,250	16/05/2022	Youth Exemption L.205/17-L.160/19
Gestore dei Servizi Energetici GSE S.p.A.	591	31/05/2022	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	90	31/05/2022	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	1,427	31/05/2022	Electricity production incentive

Costoro doi Sorvizi Enorgatici CSE S.n.A	460	21/05/2022	Electricity production incontive
Gestore dei Servizi Energetici GSE S.p.A. Gestore dei Servizi Energetici GSE S.p.A.	460	31/05/2022 31/05/2022	Electricity production incentive Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	2,106		Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.		31/05/2022	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	2,191	15/06/2022	Electricity production incentive
	10	15/06/2022	
Gestore dei Servizi Energetici GSE S.p.A.			Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	467	15/06/2022	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	3	15/06/2022	Electricity production incentive
I.N.P.S.	1,637	16/06/2022	IVS Exemption L.234/2021
I.N.P.S.	10	16/06/2022	IVS Exemption L.234/21 Accrual 13a
I.N.P.S.	14,319	16/06/2022	Decont.SOUTH LD104/20-L178/2020
I.N.P.S.	3,913	16/06/2022	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	2,250	16/06/2022	Youth Exemption L.205/17-L.160/19
I.N.P.S.		17/07/2022	IVS Exemption L.234/2021
I.N.P.S.	3	17/07/2022	IVS Exemption L.234/21 Accrual 13a
I.N.P.S.	9,889	17/07/2022	Decont.SOUTH LD104/20-L178/2020
I.N.P.S.	4,609	17/07/2022	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	2,250	17/07/2022	Youth Exemption L.205/17-L.160/19
Gestore dei Servizi Energetici GSE S.p.A.	470	01/08/2022	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	2,201	01/08/2022	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	2,108	01/08/2022	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	460	01/08/2022	Electricity production incentive
I.N.P.S.	1,602	22/08/2022	IVS Exemption L.234/2021
I.N.P.S.	36	22/08/2022	IVS Exemption L.234/21 Accrual 13a
I.N.P.S.	9,795	22/08/2022	Decont.SOUTH LD104/20-L178/2020
I.N.P.S.	4,768	22/08/2022	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	2,000	22/08/2022	Youth Exemption L.205/17-L.160/19
Gestore dei Servizi Energetici GSE S.p.A.	466	31/08/2022	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	3	31/08/2022	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	2,182	31/08/2022	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	18	31/08/2022	Electricity production incentive
I.N.P.S.	2,934	16/09/2022	IVS Exemption L.234/2021
I.N.P.S.	21	16/09/2022	IVS Exemption L.234/21 Accrual 13a
I.N.P.S.	8,950	16/09/2022	Decont.SOUTH LD104/20-L178/2020
I.N.P.S.	4,717	16/09/2022	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	2,000	16/09/2022	Youth Exemption L.205/17-L.160/19
Gestore dei Servizi Energetici GSE S.p.A.	2,188	30/09/2022	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	467	30/09/2022	Electricity production incentive
I.N.P.S.	3,060	17/10/2022	IVS Exemption L.234/2021
I.N.P.S.	9,131	17/10/2022	Decont.SOUTH LD104/20-L178/2020
I.N.P.S.	5,000	17/10/2022	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	2,000	17/10/2022	Youth Exemption L.205/17-L.160/19
Gestore dei Servizi Energetici GSE S.p.A.	2,188	20/10/2022	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	467	20/10/2022	Electricity production incentive
Fondimpresa	8,095	10/11/2022	Liquidation Plan 286825
Fondimpresa	2,140	10/11/2022	Liquidation Plan 20023
I.N.P.S.	7,374	16/11/2022	IVS Exemption art.20 DL.115/2022
	2,353		IVS Exemption art.20 DL.115/2022
I.N.P.S.		16/11/2022	•
I.N.P.S.	4,393	16/11/2022	IVS Exemption art 20 DL 115/2022
I.N.P.S.	4,558	16/11/2022	IVS Exemption art.20 DL.115/2022
I.N.P.S.	115 <u> <u> </u> </u>	16/11/2022	IVS Exemption LD.115/22 Accrual13a
I.N.P.S.	8,193	16/11/2022	Decont.SOUTH LD104/20-L178/2020
I.N.P.S.	4,966	16/11/2022	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	2,000	16/11/2022	Youth Exemption L.205/17-L.160/19
Gestore dei Servizi Energetici GSE S.p.A.	467	17/11/2022	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	2,188	17/11/2022	Electricity production incentive
Fondimpresa	1,660	17/11/2022	Liquidation Plan 270049



Gestore dei Servizi Energetici GSE S.p.A.	2,285	16/12/2022	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	505	16/12/2022	Electricity production incentive
I.N.P.S.	7,060	16/12/2022	IVS Exemption art.20 DL.115/2022
I.N.P.S.	88	16/12/2022	IVS Exemption LD.115/22 Accrual13a
I.N.P.S.	8,338	16/12/2022	Decont.SOUTH LD104/20-L178/2020
I.N.P.S.	4,463	16/12/2022	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	1,972	16/12/2022	Youth Exemption L.205/17-L.160/19
Total 2022	312,848		

Other supplementary information

36. GUARANTEES GIVEN

Guarantees issued in favour of the subsidiaries, Cartiere di Guarcino S.p.A. and Bio Energia Guarcino S.r.I., up to a maximum of €28,585,000 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 S.p.A. 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 \in 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, residual guarantee at 31.12.2022 of \in 206,620.

On 16 November 2021, Banco Popolare BPM S.p.A. issued a first demand bank guarantee, in favour of the subsidiary Valinvest S.r.I., 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, the guarantee was terminated.

On 07.12.2022, Neodecortech S.p.A. issued a Letter of Patronage to Axpo Italia S.p.A. in favour of its subsidiary Cartiere di Guarcino S.p.A. to guarantee the supply of natural gas, up to a maximum of €2,000,000.

On 07.11.2022, Neodecortech S.p.A. issued a Letter of Patronage to Golden Agri-Resources Europe B.V. in favour of its subsidiary Bio Energia Guarcino S.r.l. to guarantee the supply of palm oil, up to a maximum of USD 16,000,000. At 31 December 2022, Bio Energia Guarcino S.r.l.'s exposure to the supplier, for contracts to be performed, was €9,405 thousand.

37. EVENTS AFTER YEAR END

Reference should be made to the Directors' Report on Operations, specifically to the section "Significant events after 31 December 2022".

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



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

39. INFORMATION ON ASSETS AND LOANS FOR A SPECIFIC TRANSACTION

With regard to the requirements of Articles 2447-bis to 2447-decies of the Italian Civil Code, it should be that during the year the Group allocated assets or loans for the establishment on 19 October 2022 of NDT Energy S.r.l., with registered office in Filago (BG) and operating offices in Casoli di Atri (TE). The Company has a fully paid-up capital of € 100 thousand, is currently dormant and awaiting authorization to operate a WtE plant, capable of reusing process waste and meeting a large part of the energy needs of the adjacent NDT "laminates" division.

40. UNDERTAKINGS THAT PREPARE THE FINANCIAL STATEMENTS OF THE LARGER/SMALLER BODY OF UNDERTAKINGS THEY ARE PART OF AS SUBSIDIARIES

In accordance with Article 2427, numbers 22-quinquies and 22-sexies of the Italian Civil Code, the following table indicates the name and registered office of the undertaking preparing the consolidated financial statements, of the larger or smaller body of undertakings, of which the company is part as a consolidated company. It also indicates the place where the copy of the consolidated financial statements is available:

Larger body		
Company name	Finanziaria Valentini S.p.A.	
Place	Rimini	
Tax code	3842170403	
Place of tax consolidation filing	Rimini	

41. INFORMATION RELATING TO THE REMUNERATION OF THE BOARD OF DIRECTORS, BOARD OF STATUTORY AUDITORS AND INDEPENDENT AUDITORS

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

Qualification	31 DECEMBER 2022	31 DECEMBER 2021
Directors	613,415	567,225
Board of Statutory Auditors	66,870	66,128

	31 DECEMBER 2022	31 DECEMBER 2021
Auditing services	56,123	59,250
Provision of other activities with issuance of certification	4,000	0
Provision of other non-auditing services	3,218	0



Directors	613,415	567,225
Board of Statutory Auditors	66,870	66,128
(In units of Euro)		
	31 DECEMBER 2022	31 DECEMBER 2021
Auditing services	56,123	59,250
Provision of other activities with issuance of certification	4,000	0
Provision of other non-auditing services	3,218	0

42. ALLOCATION OF THE RESULT FOR THE YEAR

Shareholders, in light of the above considerations and of the information appearing in the Explanatory Notes, we invite you:

- to approve the Financial Statements for the year ended 31 December 2022 together with the Explanatory Notes and this Report thereto;
- to allocate net profit for the year, amounting to €8,437,296.73, as follows:
 - €421,865.00 to the legal reserve;
 - € 3,524,149.32 to the non-distributable revaluation reserve for investments recorded pursuant to Legislative Decree no. 38/05 Article 6, paragraph 1;
 - €2,491,282.41 to the extraordinary reserve;
- the remaining profit as a dividend for the no. 14,218,021 outstanding ordinary shares for a total of € 2,000,000, in compliance with the ceiling set in the dividend policy approved by the Board of Directors on 31 January 2020 and further detailed by the Board on 2 March 2021; a unit dividend will therefore be distributed, also in consideration of the distribution of the dividend attributable to treasury shares, of €0.14 for each entitled ordinary share, without prejudice to the fact that any change in the number of treasury shares in the company's portfolio at the time of distribution will not affect the distribution of the unit dividend as established above, but will increase or decrease the amount allocated to the extraordinary reserve.

Filago (BG), 15 March 2023 For the Board of Directors The Chief Executive Officer (Luigi Cologni)



NEO DECOR TECH

Certification of the Group's consolidated financial statements at 31 December 2022 pursuant to Article 81-ter of CONSOB Regulation no. 11971 of 14 May 1999 as subsequently amended and supplemented

 The undersigned Luigi Cologni, Chief Executive Officer, and Marina Fumagalli, Financial Reporting Manager, of Neodecortech S.p.A., also in compliance with the provisions set out in Article 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998, hereby certify:

- · the adequacy in relation to the Company's characteristics; and
- the actual application of the administrative and accounting procedures for the preparation
 of the consolidated financial statements for the period 1 January 2022 31 December
 2022.
- 2. No major issues arose in this respect.

3. We also certify that:

3.1 the consolidated financial statements at 31 December 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 Directors' Report on Operations, drawn up for the purposes of the financial statements and consolidated financial statements, includes a reliable analysis of performance and results of operations of the Issuer and of all the companies included in the consolidation scope, together with a description of the main risks and uncertainties they are exposed to. The Directors' Report on Operations also includes a reliable analysis of the significant transactions with related parties.

Date: 15 March 2023

Signed Chief Executive Officer

Signed Financial Reporting Manager

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NEO DECOR TECH

Certification of the financial statements at 31 December 2022 pursuant to Article 81-ter of CONSOB Regulation no. 11971 of 14 May 1999 as subsequently amended and supplemented

 The undersigned Luigi Cologni, Chief Executive Officer, and Marina Fumagalli, Financial Reporting Manager, of Neodecortech S.p.A., also in compliance with the provisions set out in Article 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998, hereby certify:

- · the adequacy in relation to the Company's characteristics; and
- the actual application of the administrative and accounting procedures for the preparation of the financial statements for the period 1 January 2022 - 31 December 2022.

2. No major issues arose in this respect.

3. We also certify that:

3.1 the financial statements at 31 December 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 Directors' Report on Operations, drawn up for the purposes of the financial statements and consolidated financial statements, includes a reliable analysis of performance and results of operations of the Issuer, together with a description of the main risks and uncertainties it is exposed to. The Directors' Report on Operations also includes a reliable analysis of the significant transactions with related parties.

Date: 15 March 2023

Signed Chief Executive Officer

Signet Financial Reporting Manager

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REPORT OF THE BOARD OF STATUTORY AUDITORS

Report of the Board of Statutory Auditors to the Shareholders' Meeting of NEODECORTECH S.p.A. in accordance with Art. 2429, paragraph 2 of the Italian Civil Code and Art. 153 of Italian Legislative Decree no. 58/1998

To the Shareholders' Meeting of the Company NEODECORTECH S.p.A.

Introduction

The Board of Statutory Auditors of NEODECORTECH S.p.A. (from now on also "NEODECORTECH" or "Company"), according to Art. 153 of Italian Legislative Decree no. 58 of 1998 (from now on also TUF) and Art. 2429, paragraph 2 of the Italian Civil Code, is called upon to report to the Shareholders' Meeting called to approve the Financial Statements, to discuss the supervisory activity carried out during the financial year in the performance of its duties, also in its capacity of "internal control and audit committee" any omissions and reprehensible facts found and on the results of the financial year, as well as to formulate proposals regarding the Financial Statements, the approval thereof and any other matters falling within its competence.

During the financial year ended 31 December 2021 and up to date, the Board of Statutory Auditors carried out its supervisory activities in compliance with Law provisions, Rules of Behaviour of the Board of Statutory Auditors of listed companies issued by the Italian Board of Certified Public Accountants and Bookkeepers, the CONSOB provisions regarding corporate controls, the Corporate Governance Code, as well as by the provisions contained in Art. 19 of Italian Legislative Decree 39/2010.

The separate and consolidated financial statements of NEODECORTECH were prepared following the IAS/IFRS international accounting standards, issued by the International Accounting Standards Board (IASB) and approved by the European Union, as well as under the provisions issued by CONSOB in implementation of Article 9, paragraph 3, of Italian Legislative Decree 38/2005.

Moreover, under the provisions of the Law, the Company prepared the Consolidated Financial Statements for the year 2021 following the Law and accompanied by the documentation required by the Italian Civil Code and the TUF and the Non-Financial Reporting Statement according to the requirements of D.LGS. 254/2016 in voluntary form.

The Board of Statutory Auditors acquired the information necessary for the performance of the supervisory duties assigned to it by attending the meetings of the Board of Directors and the Board Committees, the hearings of the Company's and the Group's management, the information acquired from the competent company structures, as well as through the additional control activities carried out. The Board of Statutory Auditors has strengthened the exchange of data with the board committees and with the Company's auditors, also in compliance with CONSOB's Notice of Attention no. 1/2021, n. 4/2021, 3/2022 and most recently the Notice of attention issued on January 13th 2023 with particular reference to the supervision of Corporate Governance and transactions with related parties within the context of offering and admission to trading prospectuses..

Appointment and Independence of the Board of Statutory Auditors

The Board of Statutory Auditors in office at the date of this report was appointed by the Shareholders' Meeting on 24 February 2020 and is composed of the following members: Stefano Santucci (Chairman), Federica Menichetti (Statutory Auditor), Stefano Zonca (Statutory Auditor), as well as Marinella Monterumisi and Davide Mantegazza (Alternate Auditors). The control body will remain in office for three financial years and will expire on the date of the Shareholders' Meeting called to approve the Financial Statements for 2022.

The appointment was made based on the list submitted by Finanziaria Valentini S.p.A., owner of n. 8.325.385 shares of the Company, amounting to 63,54% of its Shareholders Capital, in compliance with the terms and the manner indicated in the notice calling the appointment meeting. This list was made available to the public within the terms and methods provided by the Articles of Association.

The composition of the Board of Statutory Auditors complies with the gender division criterion referred to in art. 148, c. 1-bis, of Legislative Decree no. 58 of 1998, as amended by Art. 1, paragraph 303, of Law no. 160 of 27 December 2019, also considering what was clarified by CONSOB in Communication no. 1/2020 of January 30, 2020.

On March the 28th, 2023, the Board of Statutory Auditors checked the persistence of the independence requirement as part of the broader process self-valuation of the Board of Statutory Auditors under recommendations 7 and 9 of the Corporate Governance Code.

The outcome of the verification and the result of its assessment (according to art. 144-novies paragraph 1-ter of the CONSOB Regulation no. 11971 of 1999 were communicated to the Board of Directors held on 30 March 2023.

The Board of statutory Auditors, considering the approaching end of its term and with the aid of the outcomes of the self-assessment process conducted, has prepared a summary of the skills and expertise deemed appropriate to be present in the newly appointed Supervisory Body, taking into account both aspects related to the composition and professional qualifications, as well as the functioning of the Board, including in terms of balancing internal roles.

Supervision and control of the Board of Statutory Auditors

Supervisory activity in compliance with the law and articles of association

In carrying out its duties, the Board of Statutory Auditors performed the supervisory activities required by Art. 2403 of the Italian Civil Code, Art. 149 of Italian Legislative Decree No. 58 of 1998, Art. 19 of Italian Legislative Decree No. 39/2010, CONSOB recommendations on corporate controls and the activities of the Board of Statutory Auditors and referring to the indications contained in the Corporate Governance Code and the Rules of Behavior of the Board of Statutory Auditors of listed companies issued by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili.

Therefore, as part of its functions, the Board of Statutory Auditors:

- attended the meetings of the Shareholders and Board of Directors, monitoring compliance with the statutory, legislative, and regulatory provisions regulating the operation of the Company's bodies as well as compliance with the principles of proper management;
- supervised, within the scope of its competencies, the adequacy of the Company's organizational structure and compliance with the principles of proper management through direct observation, gathering information from heads of the corporate functions, and meetings with the Independent auditors to exchange data and information;
- assessed and supervised the adequacy of the internal control system and the administrative and accounting system, as well as its reliability in providing a fair presentation of operational transactions through the information of the heads of the respective functions, the examination of company documents, and the analysis of the results of the work carried out by the Independent Auditors;
- held 13 meetings during the year, lasting approximately 2 hour each, and also attended all the meetings
 of the Board of Directors, as well as of the board committees (Control, Risk and Sustainability Committee,
 Remuneration and Nomination Committee and Related-Party Committee);
- supervised the adequacy of the reciprocal flow of information between NEODECORTECH and its subsidiaries pursuant to Art. 114, paragraph 2, of Italian Legislative Decree no. 58 of 1998, ensured by the instructions issued by the Company's management to Group companies;
- supervised the compliance with the rules of "Market abuse," "Protection of savings," and "Internal Dealing," with particular reference to the processing of inside information and the procedure for the dissemination of statements and communication to the public. The adjustment of the procedure adopted by the Company

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for the management of inside relevant information, drawn up in the light of CONSOB Guidelines no. 1/2017, was monitored.

Moreover, the Board:

- obtained from the Directors adequate information on the business carried on and significant economic and financial operations carried out by the Company and its subsidiaries according to Art. 150, paragraph 1 of the TUF. In this regard, the Board of Statutory Auditors paid particular attention to the fact that the transactions approved and implemented complied with the law and the Articles of Association and were not imprudent or risky, in contrast with the resolutions adopted by the Shareholders' Meeting, in a potential conflict of interest or such as to compromise the integrity of the Company's assets;
- held meetings with representatives of the Independent Auditors under Art. 150, paragraph 3 of the TUF, and there were no significant data and/or information to be reported;
- had exchanges of information with corresponding control bodies of the companies directly or indirectly controlled by NEODECORTECH S.p.A. according to Art. 151, paragraphs 1 and 2 of the TUF;
- supervised the procedures for effective implementation of the corporate governance rules envisaged in the Corporate Governance Code complied with, as adequately represented in the Report on Corporate Governance and Ownership Structure, in compliance with Art. 124-ter of the TUF and Art. 89-bis of the Issuers' Regulations;
- checked, with the periodic assessment to be carried out according to recommendation 7 of the Corporate Governance Code, as part of the supervision of the procedures for effective implementation of the corporate governance rules, the correct application of the assessment criteria and procedures adopted by the Board of Directors, with regard to the positive assessment of the independence of the Directors.

As required by recommendations 21 to 23 of the Corporate Governance Code, the Board of Statutory Auditors expressed its assessment of the size and composition of the Board of Directors and its operation, as well as the size, composition, and function of the board committees. The assessment was carried out based on the results of a self-assessment questionnaire filled in by all the members of the Board of Directors.

The Board also acknowledges that it has issued:

- their favorable opinion about the regulation implementing the remuneration policy of the directors of the Company with particular powers, according to Article 2389, paragraph 3 of the Italian Civil Code;
- their favorable opinion on the proposal to increase the remuneration of BDO S.p.A., the company appointed for legal audit services, in light of the entry into force of the new versions of the ISA Italia auditing principles, as determined by the State General Accountant's resolution, prot. no. 219019 of September 1, 2022;
- their consent, pursuant to art. 5, paragraph 4, of Reg. (EU) 2014/537, to the provision of services other than legal audit by the auditing firm BDO S.p.A. to the NEODECORTECH Group..

Supervisory activity on the adequacy of the administrative and accounting system and the auditing activity

According to Art. 19 of Italian Legislative Decree 39/2010 (Consolidated External Audit Act), the Board of Statutory Auditors is required to supervise:

- the financial reporting process;
- the effectiveness of the internal control and risk management systems;
- the External audit of annual accounts and consolidated accounts;
- the independence of the Independent Auditors, precisely as far as the provision of non-audit services is concerned.

The Board of Statutory Auditors carried out its activities in collaboration with the Control and Risk Committee to coordinate their responsibilities and avoid overlapping activities.

Financial reporting process

The Board of Statutory Auditors supervised the existence of rules and procedures relating to forming and disseminating financial information. In this regard, it should be noted that the Report on Corporate Governance and Ownership Structure illustrates how the Group defined its Internal Control and Risk Management System about the financial reporting process at the consolidated level. The Financial Reporting Officer is Mrs. Marina Fumagalli.

The Financial Reporting Officer is supported by the Internal Audit Department to check the operation of the administrative and accounting procedures through control testing.

The Board of Statutory Auditors acknowledges that it has received adequate information on the monitoring of business processes with an administrative and accounting impact within the Internal Control System, carried out both during the year about the regular management reports, and during the closing of the accounts for the preparation of the Financial Statements, in compliance with the monitoring and certification requirements to which NEODECORTECH S.p.A. is subject under Italian Law no. 262/2005. In particular, the Board of Statutory Auditors acknowledged the Risk Assessment for 2022 and the periodic update on testing activities according to Italian Law no. 262/2005.

The adequacy of the administrative and accounting system was also assessed through the acquisition of information from the heads of the respective departments and the analysis of the results of the work carried out by the Independent Auditors.

No particular critical issues or elements hindering the issue of the certification by the Financial Reporting Officer and by the Chief Executive Officer concerning the adequacy of the administrative and accounting procedures for the preparation of the financial statements of NEODECORTECH S.p.A. and the Consolidated Financial Statements for the year 2022 emerged.

The Board of Statutory Auditors monitored compliance with the legislation relating to the preparation and publication of the Half-Year Financial Report and Interim Management Reports, the settings given to them and the correct application of accounting principles, also using the information obtained from the Independent Auditors.

The Board of Statutory Auditors also states that the separate and consolidated financial statements have been prepared in compliance with the specifications required by Regulation (EU) no, 2019/815 ("ESEF Regulation") and, therefore, in the XHTML electronic format and that the company of Auditors in charge of auditing the accounts certified the regularity and correct application of these drafting protocols.

Furthermore, it is acknowledged that:

- the Independent Auditors in charge of the statutory audit illustrated the checks carried out to the Board of Statutory Auditors and did not highlight any findings in the periodic meetings with the Board of Statutory Auditors;
- the Board of Statutory Auditors supervised the auditing of the annual and consolidated accounts, informing
 and discussing periodically with the Independent Auditors, also in light of the changes introduced regarding
 the Independent Auditors' report with particular reference to the so-called "Key Audit Matter.". With
 reference to the KAMs, the Board of Statutory Auditors agrees with the information provided by the
 independent auditors in its report to the separate and consolidated financial statements of
 NEODECORTECH as of 31.12.2022.

In particular, all the main phases of the audit activity were illustrated to the Board of Statutory Auditors, including the identification of the risk areas, with a description of the related audit procedures adopted; moreover, the main accounting principles applied by NEODECORTECH have been followed.

The Board also acknowledges that the Independent Auditors BDO S.p.A. issued their opinions on the Consolidated Financial Statements and the Separate Financial Statements on 31st March 2022 and also issued on the same date the Additional Report to the Internal Control and Audit Committee according to Article 11 of Regulation (EU) 2014/537.

The reports on the separate Financial Statements and the Consolidated financial statements do not give rise to any observations or requests for information.

It is also acknowledged that the Independent Auditors expressed, in the reports mentioned above, a positive opinion concerning consistency with the financial statements and compliance with the law with reference:

- to the Management report;
- to the information referred to in Art. 123-bis, paragraph 4, Italian Legislative Decree 58/98 contained in the corporate governance and ownership structure report.

Moreover, the reports issued by the Independent Auditors do not reveal any material shortcomings in the Company's internal control system for financial information and accounting system.

The Board of Statutory Auditors supervised the independence of the Independent Auditors BDO S.p.A., verifying the type and extent of services other than auditing regarding NEODECORTECH and its subsidiaries and obtaining explicit confirmation from the Independent Auditors that the independence requirement was met. The statement on independence has been included, under Art. 11, paragraph 2, letter a), of Regulation (EU) 2014/537, in the above-mentioned Additional Report.

The fees paid by the NEODECORTECH Group to the Independent Auditors and to the companies belonging to the network of the Independent Auditors themselves are as follows:

Activities	Amount EUR/000
Audit Services	101,0
Compliance Services	0,0
Other services	5,0
Total	106,0

In the light of the above, the Board of Statutory Auditors considers that the Independent Auditors BDO S.p.A. meet the independence requirement.

Supervisory activity on the adequacy of the internal control system and the organizational structure

The Board of Statutory Auditors assessed and supervised the adequacy of internal control and the effectiveness of the internal control and risk management systems. The Board of Statutory Auditors acknowledges that it has verified the most significant activities carried out by the overall internal control and risk management system by attending the meetings of the Control and Risk Committee (also with functions of the Committee for related-party transactions) attended by:

- members of the Control, Risk and Sustainability Committee;
- members of the related parties transactions Committee
- members of the Board of Statutory Auditors;
- the Chief Executive Officer in charge of the internal control and risk management system;
- the Internal Audit Officer;
- the Financial Reporting Officer.

The Board of Statutory Auditors also acknowledges that it attended the periodic meetings among the Company's control bodies attended by:

- members of the Control, Risk and Sustainability Committee;
- members of the Board of Statutory Auditors;
- the Independent Auditors;
- the Chief Executive Officer in charge of the internal control system;
- the Financial Reporting Officer;

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- the Internal Audit Officer;
- the Supervisory Body.

In particular, as part of these activities, the Board of Statutory Auditors acknowledges that it has received and examined:

- the periodic reports on the activities carried out, prepared by the Control and Risks Committee and the Internal Audit Officer;
- the reports were drawn up at the end of the verification and monitoring activities by the Internal Audit Officer, with the relative results, the recommended actions, and the controls on the implementation of the actions described above;
- periodic updates on the development of the risk management process, the outcome of the monitoring and assessment activities carried out by Internal Audit, and the objectives achieved.

The Board of Statutory Auditors then reviewed the periodic reports on the activities carried out by the Supervisory Body and examined the activity plan and the budget allocated for 2022.

Following the activities carried out during the 2022 financial year, as detailed above, the Board of Statutory Auditors shared the positive assessment expressed by the Control and Risk Committee about the adequacy of the Internal Control and Risk Management System.

Supervisory activity on compliance with the principles of proper management

The company's foremost transactions during the financial year are summarized below, concerning which the Board supervised compliance with the principles of proper administration.

In terms of ordinary management, NEODECORTECH's activity continued in line with previous years. It consisted of industrial activity, strategic and managing coordination of the Group, and the search to optimize the Group's financial net inflows. There are no extraordinary transactions to report.

Investments in tangible fixed assets for the 2022 financial year amount to 9,309 thousand Euros. Of these, 4,249 thousand Euros are attributable to the parent company and are related to new plants and machinery, as well as improvements and efficiency enhancements to existing ones, with particular reference to the new impregnation line that will come into operation during 2023.

For the subsidiaries, investments in tangible fixed assets amounted to 4,424 thousand Euros for Cartiere di Guarcino S.p.A., relating to targeted interventions aimed at increasing productivity and optimizing plants, while 638 thousand Euros were spent by Bio Energia Guarcino S.r.I. for scheduled or extraordinary maintenance activities of the power plant.

In all the Group's facilities, work continues on revisiting processes in a 4.0 logic, which will further strengthen the production process with active control of critical variables and plant upgrading.

Following the supervision and control activities carried out during the year, the Board of Statutory Auditors can certify that:

- during the activity carried out, no omissions, irregularities, or objectionable or significant facts that would require reporting to the control bodies or any mention in this Report emerged;
- no reports were received by the Board of Statutory Auditors according to Art. 2408 of the Italian Civil Code, nor has it received any complaints from third parties;
- no transactions have been identified with third parties, intra-group and/or Related-Parties such as to highlight atypical and/or unusual profiles in terms of content, nature, size, and timing;
- all the transactions and management choices adopted are inspired by the principle of proper management and reasonableness.

Supervisory activity on the implementation of the corporate governance rules

The Board of Statutory Auditors assessed the application of the corporate governance rules set out in the Corporate Governance Code that NEODECORTECH complies with and the relative level of compliance, also with analyzing the Report on Corporate Governance and ownership structure and comparing its contents with

what emerged during the general supervisory activity carried out during the year. Moreover, compliance with the obligation of NEODECORTECH to inform the market in its report on corporate governance of its level of compliance with the Code itself was assessed, also following the provisions of Article 123-bis the TUF.

The Board of Statutory Auditors thinks that the report on corporate governance was prepared by the provisions of Art. 123-bis of the TUF and the Corporate Governance Code, following the format made available by the Corporate Governance Committee of Borsa Italiana S.p.A..

Supervisory activities related to the Annual Financial Statements, Consolidated Financial Statements, and the voluntarily prepared Consolidated Non-Financial Reporting Document.

Regarding the separate financial statements closed on December 31, 2022, the consolidated financial statements closed on the same date, and the related Management Report, the following is noted:

• the Board of Statutory Auditors has ascertained, through direct checks and information obtained from the Auditing Firm, compliance with the legal provisions governing their preparation, the presentation of the Annual Financial Statements, Consolidated Financial Statements, and Management Report, the financial statement formats adopted, attesting the correct application of accounting principles, described in the Notes to the Financial Statements and in the Management Report;

• in accordance with CONSOB Resolution No. 15519/2006, the effects of related party transactions are explicitly indicated in the financial statement formats. In accordance with the same Resolution, the Explanatory Notes specify that during the financial year, no significant non-recurring events or transactions occurred, and no transactions were carried out resulting from atypical and/or unusual operations;

• the Financial Statements reflect the facts and information that the Board of Statutory Auditors became aware of within the scope of their supervisory duties and their control and inspection powers;

• as far as the Board of Statutory Auditors is aware, the Directors did not deviate from the legal provisions in preparing the Financial Statements pursuant to Article 2423, paragraph 5, of the Italian Civil Code;

• the Chief Executive Officer and the Officer in charge of preparing the company's accounting documents have issued the certification, pursuant to Article 81-ter of CONSOB Regulation No. 11971/1999 and subsequent amendments and integrations, and Article 154-bis of the Consolidated Law on Finance (T.U.F.);

• the Management Report complies with legal requirements and is consistent with the data and results of the Financial Statements; it provides the necessary information on the activities and significant operations, which the Board of Statutory Auditors was informed about during the financial year, on the main risks of the Company and its subsidiaries, on intragroup transactions and transactions with related parties, as well as on the process of adapting the corporate organization to the principles of corporate governance, in line with the Corporate Governance Code for listed companies;

• pursuant to Article 123-ter of the T.U.F., the Remuneration Report is submitted to the Shareholders' Meeting (for approval in its first section, with reporting purposes in its second section), which the Board of Statutory Auditors has reviewed and agreed with the approach followed in its preparation, during a joint meeting with the Company's Remuneration and Nomination Committee.

About the presentation of the Consolidated Non-financial Statement drawn up voluntarily, the Board, in compliance with the provisions of Legislative Decree no. 254, supervised the compliance with the requirements established in the decree itself and Consob resolution number 20267 of 18/01/2018 for the preparation of the declarations in question, also acquiring the certification issued by the designated auditor Deloitte S.p.A. and dated March 31st, 2023. No facts that could be reported in this report emerged from this activity.

Supervisory activity on relationships with Subsidiaries

The Board of Statutory Auditors supervised the adequacy of the instructions given by the Company to the subsidiaries, following Art. 114, paragraph 2 of Italian Legislative Decree 58/1998.

Periodic meetings with the management and the company in charge of Internal Audit did not reveal any critical elements to be reported in this report.

Finally, we acknowledged that to date no communications had been received from the Control Bodies of the Subsidiaries containing findings to be noted in this report.

Supervisory activity on Related-Party Transactions

About the provisions of Art. 2391-bis of the Italian Civil Code, the Board of Statutory Auditors acknowledges that the Board of Directors adopted a procedure for the regulation of Related-Party Transactions.

Its main objective is to define the guidelines and criteria for identifying related-party transactions and setting out roles, responsibilities, and operating methods to guarantee, for such transactions, adequate information transparency and the related procedural and substantial correctness.

That procedure was prepared in compliance with what was established by the CONSOB Regulation on Related-Party (no. 17221 dated 21 March 2010). It was last updated by the Board of Directors on June the 28th, 2021.

The Board of Statutory Auditors supervised the practical application of the rules by the Company and has no observations to make in this regard in this Report.

Risks related to the Coronavirus pandemic

The Group has continued to comply with national pandemic containment regulations and the adherence and adoption of health and safety protocols for workers and third parties. In particular, the safety protocols were further updated following the entry into force of the provisions provided by Decree Law no. 172 of 26/11/2021 "Urgent measures for the containment of the COVID-19 epidemic and for the safe conduct of economic and social activities", Decree Law no. 221 of 24 December 2021, Decree Law 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 Decree Law no. 1 of 7 January 2022, on the basis of which, starting from 15 February 2022, the obligation to verify the reinforced super green pass for workers over 50 years of age was established. With Decree Law 24/2022 coming into force on 25 March 2022, the Group has adapted its safety protocols to the new provisions, starting from 1 April 2022, removing the obligation to verify the reinforced super green pass for workers over 50 years of age. With the additional provisions of Decree Law 68/2022 of 16 June 2022, the Group's safety procedures and protocols have been updated, strongly recommending the use of masks in workplaces, even if such measure is no longer mandatory. In 2022, as well as in 2021, there have been no closures of production facilities due to the Covid-19 pandemic.

The Administrators, in the context of the Management Report, have highlighted that the consolidated economic and financial data of the Group as at 31 December 2022 have not been significantly affected by the impacts of the COVID-19 pandemic. Despite the resurgence of the pandemic in some phases of 2022, the trend of revenues, margins and Net Financial Position, for the part relating to 31 December 2022, and the economic and financial forecasts reflected in the 2021-2023 Industrial Plan and the 2023 Budget approved by the Board of Directors of Neodecortech S.p.A. on 6 December 2022, do not show any critical issues and uncertainties regarding business continuity due to the Covid-19 pandemic, and it continues not to constitute an indicator of loss of value of the Group's tangible and intangible assets.

These elements, together with the analysis of the main financial and operational risks to which the Group is exposed, reported in the management report, allow us to conclude that there are no critical issues and uncertainties regarding business continuity associated with the Coronavirus.

Impacts related to the conflict in Ukraine

With reference to the ongoing Russia-Ukraine conflict, the Administrators, in the context of the Management Report, have highlighted that the Company is complying with all measures introduced by the European Union. Furthermore, from an IT perspective, the Company has adopted precise business continuity plans, ensuring the full functioning of backups, including offline solutions, to protect the company's systems and data from potential cyber attacks that could intensify as a result of the Russo-Ukrainian conflict. Despite the ongoing conflict, during 2022, there were no interruptions of production activities, no shortages and/or unavailability of raw materials or rationing of energy sources.

Proposal to the Shareholders' Meeting

Having taken note of the financial statements for the year ended 31 December 2022, the Board of Statutory Auditors, taking into account the specific duties of the Independent Auditors in terms of auditing the accounts and verifying the reliability of the financial statements, has no objections to formulate in this regard its approval and the resolution proposal of the Board of Directors relating to the allocation of the profit for the year.

The Board, considering the approaching end of its term of office, takes this opportunity to thank the shareholders for the trust placed in them and hopes that any renewal of the Board will be informed by the Guidelines expressed by the outgoing Board and mentioned above.

Stefano Sai

Milan, March 31st, 2023

The Board of Statutory Auditors

Federica Menishetti

Slefano Zonca