NEO
DECOR
TECH

PRESS RELEASE

Neodecortech S.p.A: Approval of the Consolidated Interim Management Statement at 31 March 2023

- **Revenue € 46.5 million, -5.6% versus 31 March 2022 (€ 49.2 million);**
- **EBITDA € 3.7 million, -12.0% versus 31 March 2022 (€ 4.2 million), accounting for 8.0% of revenue;**
- **EBIT € 1.5 million (€ 1.9 million at 31 March 2022), accounting for 3.2% of revenue;**
- **Consolidated net profit € 1.2 million versus consolidated net profit of € 4.2 million at 31 March 2022 and adjusted net profit (net of the non-recurring item related to the write-off of the MICA payable) of € 1.4 million at 31 March 2022, or 2.7% of revenue;**
- **Net Financial debt at 31 March 2023 € 38.6 million, (€ 31.3 million at 31 March 2022), after capital expenditure of € 1.4 million.**

Filago, 5 May 2023

Neodecortech S.p.A. ("NDT" or the "Company"), one of Europe's top players in the production of decorative papers for laminated panels and flooring used in interior design, listed on Euronext Milan organized and managed by Borsa Italiana S.p.A. - Euronext STAR Milan segment, announces that the Board of Directors met today and approved the Consolidated Interim Management Statement at 31 March 2023, which will be published within the time limits of law, together with the results of the limited audit currently underway.

CEO Luigi Cologni's remarks on the figures at 31 March 2023: "During first quarter 2023, the prices of all of the Group's strategic materials (resins, decorative paper, plastics, titanium dioxide, and pulp) continued to decrease; however, the reduction was modest compared to the growth recorded in 2022, which had seen a partial transfer on the selling prices to end customers, which was challenging due to the gradual deterioration of the market sentiment, resulting in a contraction in margins versus the prior year. The time lag of the transfer of changes in raw material prices to sales lists should have resulted in a significant margin recovery in 2023. The recovery was only partly achieved due to weak demand, despite improving versus the same period of 2022.

The costs of energy carriers also decreased during first quarter 2023, dropping by -26.5% versus the same period of the prior year, due partly to the tax credits for energy- and gas-intensive companies, which were obtained by both NDT and Cartiere di Guarcino S.p.A ("CDG").

In a context of high price volatility and low demand, procurement opportunities were, however, taken by utilizing prepayment leverage; this strategy resulted in an improvement in margins versus the same period of 2022, but it also caused a temporary increase in net financial debt versus 31 December 2022, due to the increased use of short-term financial lines to procure certain strategic raw materials such as titanium dioxide for CDG and palm oil for Bio Energia Guarcino Srl ("BEG").

Regarding the trend of strategic raw materials, the following information is provided: (i) NDT expects prices of certain strategic raw materials (resins, plastics) to continue declining in second quarter 2023, in line with the 2023 Budget; (ii) CDG expects a modest price decrease for pulp, while a substantial price stability is anticipated for titanium dioxide due to the ongoing tension and instability related to the Russian-Ukrainian conflict; (iii) BEG used a fuel mix in first quarter 2023: 82% palm oil and 18% animal by-product. Both showed a bearish trend during first quarter 2023, following the situation that began in late 2022. The trend is expected to continue into the second quarter 2023, although it will be heavily influenced by demand from other target sectors and the state of crop production and storage.

A noteworthy point on incoming orders is the reversal of the downward movement witnessed during the first two months of this year, starting from the beginning of March.

The challenge for the next 18-24 months will definitely be to "protect" the revenue levels achieved in 2022 while

NEO
DECOR
TECH

improving profitability levels and continuing to pay special attention to the trend of net financial debt.

CONSOLIDATED OPERATING AND FINANCIAL HIGHLIGHTS AT 31 MARCH 2023

Consolidated net revenue at 31 March 2023 amounted to € 46.5 million, down by 5.6% versus € 49.2 million recorded in the same period of the prior year.

More specifically, sales of the Printed Decorative Paper Division were down by 7.6%. Sales of the Decorative Paper Division were down by 14.6%, while those of the Energy Division were up by 16.6% versus the same period of the prior year.

The sales performance varied across different regions: in Asia/Middle East and Africa, sales grew by 77.5% and 2.3%, respectively, while in Italy, Europe and America sales fell by 8.2%, 7.4% and 53.6%.

Other revenue at 31 March 2023 refers mainly to the effects of the recognition of tax receivables for first quarter 2023.

At 31 March 2023, the cost of sales and other net operating costs amounted to € 41.9 million, accounting for 90.2% of revenue, up slightly versus € 43.9 million in the same period of the prior year (89.2% of revenue).

Personnel expense amounted to € 5.3 million, accounting for 11.4% of revenue, steady versus the same period of the prior year (11.2% of revenue) and with a slight decrease in absolute terms of € -0.2 million. The number of employees at 31 March 2023 was 395 versus 400 at 31 December 2022.

EBITDA came to € 3.7 million (8.0% of revenue), down from € 4.2 million at 31 March 2022 (8.6% of revenue), due to revenue-related effects regarding the maximization of the operation of the BEG plant.

EBIT came to € 1.5 million (3.2% of revenue) versus € 1.9 million (3.8% of revenue) at 31 March 2022.

Net financial expense and income at 31 March 2023 amounted to € 0.5 million. The sharp decrease versus the same period of the prior year is related to the fact that this item at 31 March 2022 (+3,645 million) contained the net effect of the write-off of the time-barred financial payable to MICA (€ 5 million) and the related receivable from Andreotti Fotoincisioni (€ 1.3 million) amounting to € 3.8 million. Therefore, net financial expense in the first quarter adjusted by the above receivable write-off amounted to € 0.3 million.

Profit before tax amounted to € 1.0 million versus € 5.5 million in the prior year, which, however, had benefited from the above payable write-off.

The period at 31 March 2023 closes with a net profit of € 1.2 million (2.7% of revenue), broadly in line with the adjusted net profit at 31 March 2022 (€ 1.4 million and 2.8% of revenue). Q1 22 net profit before the above extraordinary item was € 4.2 million (or 8.6% of revenue), in line with first quarter 2023.

Capital expenditure in property, plant and equipment made in first quarter 2023 amounted to € 1.4 million, in line with the investment forecast for 2023.

Net financial debt at 31 March 2023 stood at € 38.6 million, increasing by € 7.3 million versus 31 March 2022 and € 7.9 million versus 31 December 2022. The increase is due mainly to the effect of: i) an increase in current financial debt from debt consolidation through the signing of a new unsecured loan of € 5,000 five millions; ii) partial reduction of short-term lines. This need is related primarily to the advance procurement of certain strategic raw materials, palm oil and titanium dioxide, in addition to BEG's non-monetization of the power generation maximization incentives.

With regard to the period from 1 January 2023 to 31 March 2023, revenue and net financial debt are in line with the estimates in the 2023 Budget.

COVID-19 containment measures

The Group's consolidated operating and financial figures at 31 March 2023 were unaffected by the COVID-19 pandemic. The Group continued to comply with national pandemic containment rules and adopt the safety protocols on the health of workers and third parties, also managing a small number of non-severe COVID cases among employees. Smart working was implemented, where feasible, taking into consideration the responsibilities of each employee. Security protocols were regularly updated in order to comply with applicable regulations.

Impacts from the conflict in Ukraine

With regard to the CONSOB notice number 3 of 19 May 2022, concerning financial reporting and related requirements aimed at compliance with the restrictive measures adopted by the EU in response to the Russian military aggression in Ukraine, the Group stresses that it is complying with all the measures. Additionally, from an IT point of view, the Group has adopted stringent business continuity plans, guaranteeing the full operation of back-ups, including offline solutions, to protect company systems and data from possible cyber-attacks, which could intensify as a result of the Russian-Ukrainian conflict.
The Group's income and financial situation has been impacted by the continued Ukrainian-Russian conflict, due to the increase in the prices of electricity, gas and raw materials used, however, never experiencing reductions and/or unavailability of raw materials or curtailment of energy sources such as to impact production activities.

EVENTS AFTER END OF QUARTER

No significant events occurred after the end of first quarter 2023.

OUTLOOK FOR THE YEAR

The entire production chain in which NDT and CDG operate is affected by the slowdown that began in mid-2022 and saw production stoppages in both fourth quarter 2022 and the current quarter. Since the beginning of March, operations have gone back to normal, with an order backlog more 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, still too small compared to the levels before the surge in inflation that affected 2022. 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 an equally gradual reduction of sales prices to customers, given the high demand from the latter to be able in turn to regain market shares through increased competitiveness on their sales prices.
In first quarter 2023, the Group was moderately affected by the shift in macroeconomic sentiment, thanks to its integrated supply chain and having within its scope a power plant producing electricity from renewable sources, which guarantees full availability of electricity and partial availability of thermal energy to Cartiere. This situation has changed as of 1 April 2023, due to the ongoing definition of the power generation maximization system and the related determination of the recognized variable cost, which is still being discussed with ARERA.
Law Decree no. 198 of 29 December 2022, as converted by Law no. 14 of 24 February 2023, extends the application of the maximization system until 31 March 2024; however, this system has not been effectively implemented yet since the guidelines issued by the Ministry of Environment and Energy Security are still pending publication.

No negative impacts are, instead, expected from the COVID-19 pandemic.

With regard to the continuing Russian-Ukrainian conflict, the Group keeps a constant watch over the impacts on the macroeconomic system as the availability of strategic raw materials and energy carriers is intrinsically impacted by the conflict. This condition, however, transcends the industry in which the Group operates and has a macroeconomic relevance. In this regard, the risks of business interruption of the Group's three production plants are considered low.

***

ALTERNATIVE PERFORMANCE MEASURES

The definition of the main APMs used by the Neodecortech Group is given below:

- EBITDA and EBIT: alternative performance measures not defined by IFRS but used by Group Management to monitor and measure its performance, as they are not affected by volatility, due to the effects of the range of criteria for determining taxable income, the amount and characteristics of the capital employed and - for EBITDA - the amortization/depreciation policies. These measures are also commonly used by analysts and investors to assess company performance;
- ADJUSTED NET PROFIT: a measure used by Management to strip net profit of the effect of non-recurring cost and revenue components;
- OPERATING WORKING CAPITAL, NET WORKING CAPITAL, FIXED ASSETS and NET INVESTED CAPITAL: they allow a better assessment of both the ability to meet short-term trade commitments through current trade assets and the consistency of the structure of loans and sources of financing in terms of time;
- NET FINANCIAL DEBT: the figure shown is in line with the value of net financial debt determined in accordance with the recommendations of the CESR (Committee of European Securities Regulators) of 10 February 2005 and referred to by CONSOB. This measure allows a better assessment of the overall level of debt, capital strength and debt repayability.

***

The Financial Reporting Manager, Marina Fumagalli, declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Finance Law, that the accounting information contained herein is consistent with the underlying accounting documents, books and records.

***

Notice is hereby given that the Consolidated Interim Management Statement at 31 March 2023, approved by the Board of Directors today, will be published, in accordance with current regulations, at the Company's registered office and is available on the Company website at the following address www.neodecortech.it, as well as at the authorized storage mechanism www.1info.it, within the time limits of law, together with the results of the audit currently underway.

***

Attached are the Consolidated Income Statement, Consolidated Statement of Financial Position, and Consolidated Statement of Cash Flows at 31 March 2023, the limited audit of which is still underway.

NEO
DECOR
TECH

CONSOLIDATED INCOME STATEMENT AT 31 MARCH 2023

(Euro thousands)	31 MARCH 2023	%	31 MARCH 2022	%	Chg.	% chg.
Revenue from sales and services	**46,474**	**100.0%**	**49,229**	**100.0%**	**(2,755)**	**(5.6%)**
Changes in work in progress, semi-finished and finished products	1,548	3.3%	3,250	6.6%	(1,702)	(52.4%)
Other revenue	2,876	6.2%	1,156	2.3%	1,720	148.8%
Value of Production	**50,898**	**109.5%**	**53,635**	**109.0%**	**(2,737)**	**(5.1%)**
Raw and ancillary materials and consum.	(33,837)	(72.8%)	(36,212)	(73.6%)	2,375	(6.6%)
Other operating expense	(8,073)	(17.4%)	(7,707)	(15.7%)	(366)	4.7%
Value Added	**8,988**	**19.3%**	**9,716**	**19.7%**	**(728)**	**(7.5%)**
Personnel expense	(5,279)	(11.4%)	(5,500)	(11.2%)	221	(4.0%)
EBITDA	**3,709**	**8.0%**	**4,216**	**8.6%**	**(507)**	**(12.0%)**
Amortization and depreciation	(2,217)	(4.8%)	(2,283)	(4.6%)	66	(2.9%)
Allocations	(28)	(0.1%)	(50)	(0.1%)	22	(44.0%)
EBIT	**1,464**	**3.2%**	**1,883**	**3.8%**	**(419)**	**(22.3%)**
Financial expense	(633)	(1.4%)	(1,627)	(3.3%)	994	(61.1%)
Financial income	177	0.4%	5,272	10.7%	(5,095)	(96.6%)
Profit/(loss) before tax	**1,008**	**2.2%**	**5,528**	**11.2%**	**(4,520)**	**(81.8%)**
Income tax	240	0.5%	(1,312)	(2.7%)	1,552	(118.3%)
Profit/(loss) for the year	**1,248**	**2.7%**	**4,216**	**8.6%**	**(2,968)**	**(70.4%)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2023

Assets	31 MARCH 2023	%	31 DECEMBER 2022	%	Chg.	% chg.
(Euro thousands)						
Intangible assets	809	0.5%	827	0.5%	(18)	(2.2%)
Tangible assets	77,892	46.8%	78,617	46.6%	(725)	(0.9%)
Investments	0	0.0%	100	0.1%	(100)	(100.0%)
Other non-current assets	489	0.3%	528	0.3%	(39)	(7.4%)
Non-current financial receivables	445	0.3%	445	0.3%	0	0.0%
Deferred tax assets	1,683	1.0%	1,682	1.0%	1	0.1%
Non-current assets	**81,318**	**48.9%**	**82,199**	**48.7%**	**(881)**	**(1.1%)**
Inventory	42,548	25.6%	43,550	25.8%	(1,002)	(2.3%)
Trade receivables	27,312	16.4%	23,836	14.1%	3,476	14.6%
Receivables from tax consolidation	1,012	0.6%	813	0.5%	199	24.5%
Tax receivables	4,164	2.5%	5,043	3.0%	(879)	(17.4%)
Current financial receivables	0	0.0%	-	0.0%	0	0.0%
Other current receivables	4,458	2.7%	1,269	0.8%	3,189	251.3%
Cash funds	5,603	3.4%	12,043	7.1%	(6,440)	(53.5%)
Current assets	**85,097**	**51.1%**	**86,554**	**51.3%**	**(1,457)**	**(1.7%)**
Total assets	**166,415**	**100.0%**	**168,753**	**100.0%**	**(2,338)**	**(1.4%)**

Equity and liabilities	31 MARCH 2023	%	31 DECEMBER 2022	%	Chg.	% chg.
(Euro thousands)						
Share capital	18,804	11.3%	18,804	11.1%	0	0.0%
Share premium reserve	18,864	11.3%	18,864	11.2%	0	0.0%
Other reserves	22,353	13.4%	24,968	14.8%	(2,615)	(10.5%)
Prior years' profit (loss)	17,198	10.3%	6,201	3.7%	10,997	177.3%
Profit (loss) for the year	1,248	0.7%	8,437	5.0%	(7,189)	(85.2%)
Equity	**78,467**	**47.2%**	**77,274**	**45.8%**	**1,193**	**1.5%**
Provisions for risks and charges	808	0.5%	774	0.5%	34	4.4%
Deferred tax	6,170	3.7%	6,304	3.7%	(134)	(2.1%)
Post-employment benefits	2,101	1.3%	2,131	1.3%	(30)	(1.4%)
Non-current financial liabilities	26,623	16.0%	22,095	13.1%	4,528	20.5%
Non-current liabilities	**35,702**	**21.5%**	**31,304**	**18.6%**	**4,398**	**14.0%**
Trade payables	28,203	16.9%	33,693	20.0%	(5,490)	(16.3%)
Payables from tax consolidation	496	0.3%	469	0.3%	27	5.8%
Tax payables	884	0.5%	703	0.4%	181	25.7%
Current financial liabilities	17,608	10.6%	20,682	12.3%	(3,074)	(14.9%)
Other current payables	5,055	3.0%	4,628	2.7%	427	9.2%
Current liabilities	**52,246**	**31.4%**	**60,175**	**35.7%**	**(7,929)**	**(13.2%)**
Total equity and liabilities	**166,415**	**100.0%**	**168,753**	**100.0%**	**(2,338)**	**(1.4%)**

NEO
DECOR
TECH

CONSOLIDATED STATEMENT OF NET FINANCIAL DEBT AT 31 MARCH 2023

(Euro thousands)	31 MARCH 2023	31 DECEMBER 2022	Chg.	31 MARCH 2022	Chg.
A. Cash funds	(5,603)	(12,043)	6,440	(8,509)	2,906
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)	**(5,603)**	**(12,043)**	**6,440**	**(8,509)**	**2,906**
E. Current financial debt	11,714	13,489	**(1,775)**	17,087	(5,373)
F. Current portion of non-current debt	5,894	7,194	(1,300)	6,019	(125)
G. Current financial debt (E)+(F)	**17,608**	**20,683**	**(3,075)**	**23,106**	**(5,498)**
H. Net current financial debt (G)-(D)	**12,005**	**8,640**	**3,365**	**14,597**	**(2,592)**
I. Non-current financial debt	26,623	22,095	4,528	16,702	9,921
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)	**26,623**	**22,095**	**4,528**	**16,702**	**9,921**
M. Total financial debt (H)+(L)	**38,628**	**30,735**	**7,893**	**31,299**	**7,329**

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

tel +39 035996111
fax +39 035995225
Capitale Sociale Euro 18.804.209,37 i.v.

C.F. e R.I. 00725270151
P.IVA IT 02833670165
R.E.A. BG - 193331

www.neodecortech.it
info@neodecortech.it

NEO
DECOR
TECH

CONSOLIDATED STATEMENT OF CASH FLOWS AT 31 MARCH 2023

(Euro thousands)	31 MARCH 2023	31 MARCH 2022
Profit (loss) for the year	1,248	4,216
Income tax	(104)	1,268
Deferred/(prepaid) tax	(135)	44
Interest expense/(interest income)	456	(3,639)
(Dividends received)	0	0
(Gains)/losses from disposal of assets	0	(3)
1 Profit (loss) for the year before income tax, interest, dividends and gains/losses from disposals	**1,465**	**1,886**
Adjustments for non-monetary items that had no balancing entry in net working capital:		
Allocation to post-employment benefits	18	59
Allocations to other provisions	52	50
Amortization and depreciation of fixed assets	2,217	2,283
Write-downs for impairment losses	0	0
Other adjustments for non-monetary items	110	(1,074)
2 Cash flow before changes in NWC	**3,861**	**3,205**
Changes in net working capital:		
Decrease/(increase) in receivables from customers	(3,489)	(3,640)
Decrease/(increase) in inventory	944	(4,354)
Increase/(decrease) in payables to suppliers	(5,513)	476
Decrease/(increase) in other receivables	(2,490)	(1,236)
Increase/(decrease) in other payables	478	1,815
Other changes in net working capital	0	0
3 Cash flow after changes in NWC	**(6,208)**	**(3,734)**
Other adjustments:		
Interest received/(paid)	(344)	(155)
(Income tax paid)	29	0
(Gains)/losses from disposal of assets		0
Dividends received	0	0
(Utilization of provisions)	18	(252)
(Utilization of provisions for post-employment benefits)	(81)	(128)
4 Cash flow after other adjustments	**(6,585)**	**(4,268)**
A Cash flow from operations	**(6,585)**	**(4,268)**
Property, plant and equipment	(1,385)	(2,402)
(Purchase)	(1,385)	(2,403)
Disposal	0	0
Intangible fixed assets	(95)	(45)
(Purchase)	(95)	(45)
Disposal	0	0
Financial fixed assets	0	0
(Purchase)	0	0
Disposal	0	0
Current financial assets	0	0
(Purchase)	0	0
disposal	0	0
Proceeds from disposal of assets	0	3
B Cash flow from investing activities	**(1,480)**	**(2,444)**
Liabilities	**1,529**	**1,939**

NEO
DECOR
TECH

Increase (decrease) in short-term bank payables	(1,492)	3,396
New loans	5,000	0
Repayment of loan	(1,444)	(944)
Financial liabilities to other lenders	(535)	(514)
Change in financial receivables from other lenders	0	0
Equity	**0**	**(208)**
Share capital increase	0	0
Sale (purchase) of treasury shares	0	(208)
Other changes in equity	0	0
C Cash flow from financing activities	**1,529**	**1,731**
Increase (decrease) in cash funds (A ± B ± C)	**(6,536)**	**(4,982)**
Cash funds at 1 January 2022	12,139	13,491
Cash funds at 31 March 2023	5,603	8,509

Neodecortech S.p.A.

Neodecortech is one of Europe's top players in the production of decorative papers for laminated panels and flooring used in interior design. The Group's business is in the production of complete and technologically advanced solutions for the realization of interior design projects, covering all stages of the production process for the production of decorative paper, from raw material management, through surface finishing and impregnation, up to the finished product and the management of end-of-line logistics. The Group offers 7 product categories: decorative papers; decorative printings; finish foil; melamine film; PPF and PPLF; laminates; EOS anti-fingerprint surfaces (www.neodecortech.it).

ISIN Code ordinary shares: IT0005275778

For further information:

Specialist	**Investor Relator**
BPER Banca S.p.A.	Neodecortech S.p.A.
neodecortech@bper.it	T +39 035 99 63 02
051-2756537	F +39 035 99 52 25
www. bper.it	Luigi Cologni
	investor.relations@neodecortech.it
	www.neodecortech.it

* * *

This press release is for informational purposes only and does not constitute an offer to the public or an invitation to subscribe or purchase financial instruments in Italy or any other country where such offer or solicitation would be subject to restrictions or authorization by local authorities or otherwise prohibited by law. This press release may not be published, distributed or transmitted to the United States, Canada, Australia or Japan. The shares mentioned in this press release cannot be offered or sold in either Italy or the United States or any other jurisdiction without registration under the applicable provisions or an exemption from the obligation to register under the applicable provisions. The shares mentioned in this press release have not been and will not be registered under the US Securities Act of 1933 nor under the applicable provisions in Italy, Australia, Canada, Japan or any other jurisdiction.

There will be no offer to the public of the Company's shares either in Italy or in the United States, Australia, Canada or Japan or elsewhere.