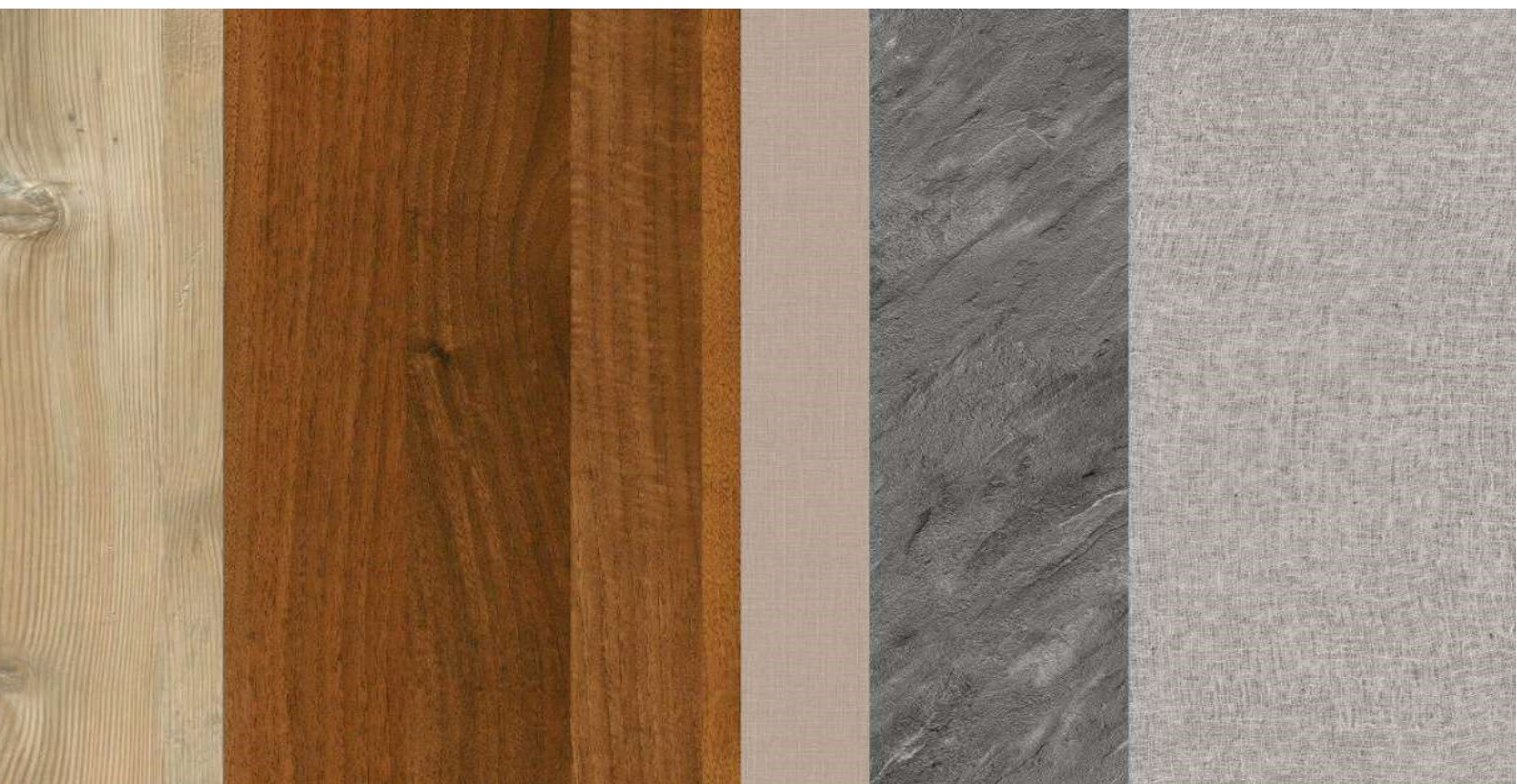




Consolidated Half-Year Report at 30 June 2023

Financial Statements prepared in accordance with IAS/IFRS

Amounts in Euro





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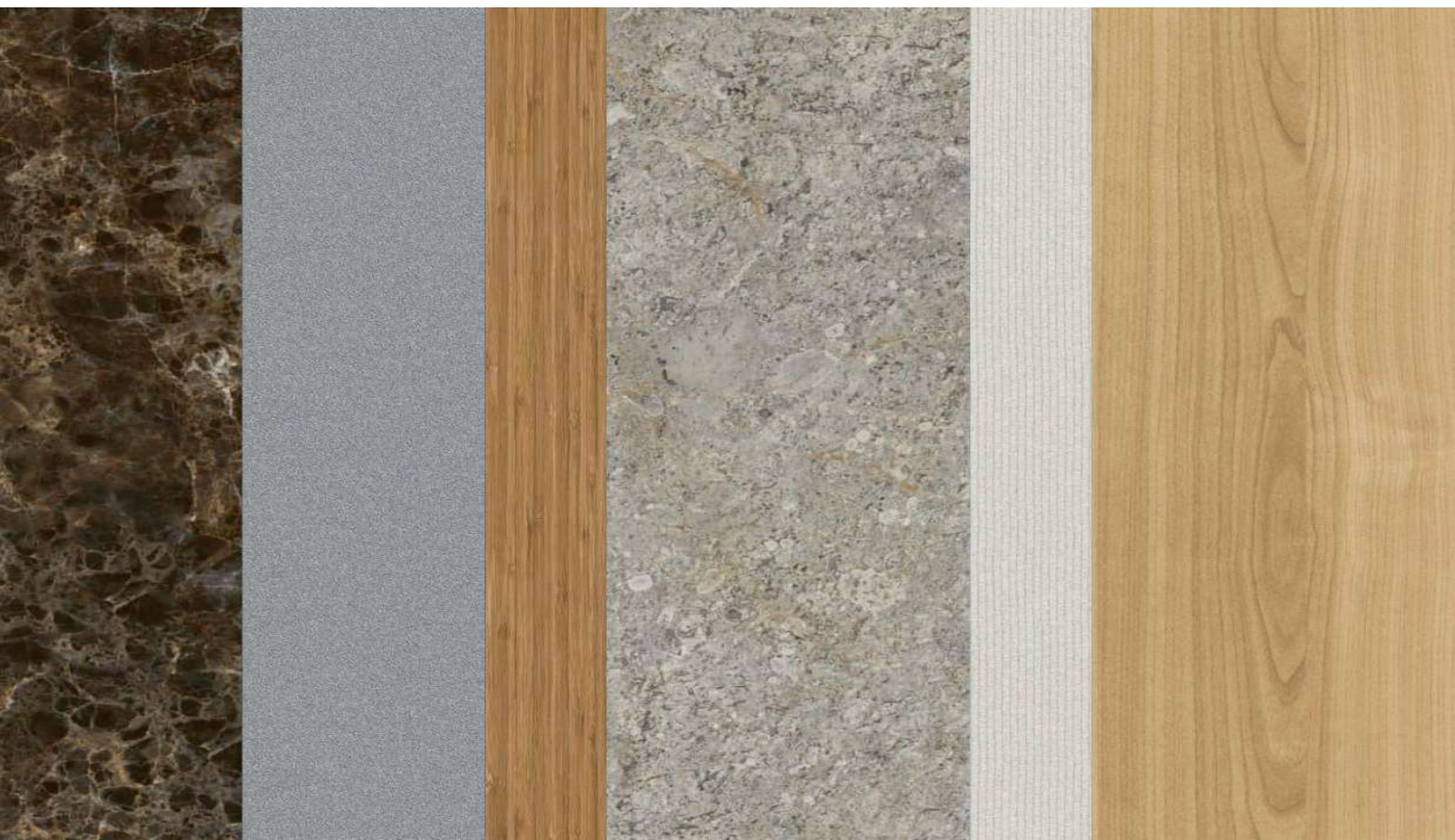
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The Neodecortech Group



Corporate bodies

Board of Directors ⁽¹⁾

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

() Independent Director pursuant to Article 148 of the TUF and Article 2 of the Corporate Governance Code adopted by the Corporate Governance Committee of Borsa Italiana S.p.A. to which the Company adheres.*

Board of Statutory Auditors ⁽²⁾

Chair	Edda Delon
Standing Auditor	Stefano Santucci
Standing Auditor	Federica Menichetti
Alternate Auditor	Pier Paolo Gori
Alternate Auditor	Riccardo Losi

Financial Reporting Manager ⁽³⁾

Marina Fumagalli

Committees ⁽⁴⁾

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

Related Party Committee

Sara Bertolini (Chair)
Cinzia Morelli
Adriano Bianchi

Supervisory Board ⁽⁵⁾

Ettore Raspadori (Chairman)
Federica Menichetti ⁽⁶⁾
Laura Bellezza

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 27 April 2023 and will remain in office until the date of the Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2025.

⁽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 5 May 2023 appointing Mr. Raspadori and Ms. Menichetti as members of the Supervisory Board of the Company

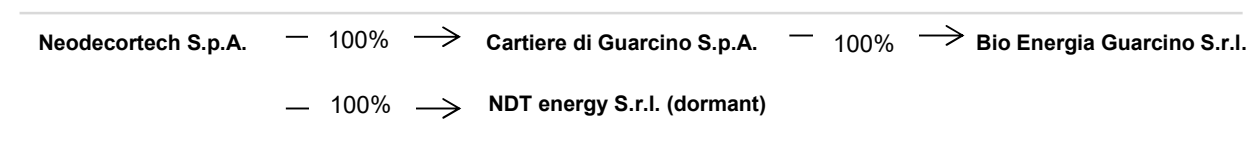
for three financial years, therefore, until the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2025. On 05 May 2023, the Board of Directors appointed Laura Bellezza as a member of the SB of the Company.

⁽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 30 June 2023 and at 31 December 2022 is shown below



At 30 June 2023, the **Group companies** 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.l. (NDTe)

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.

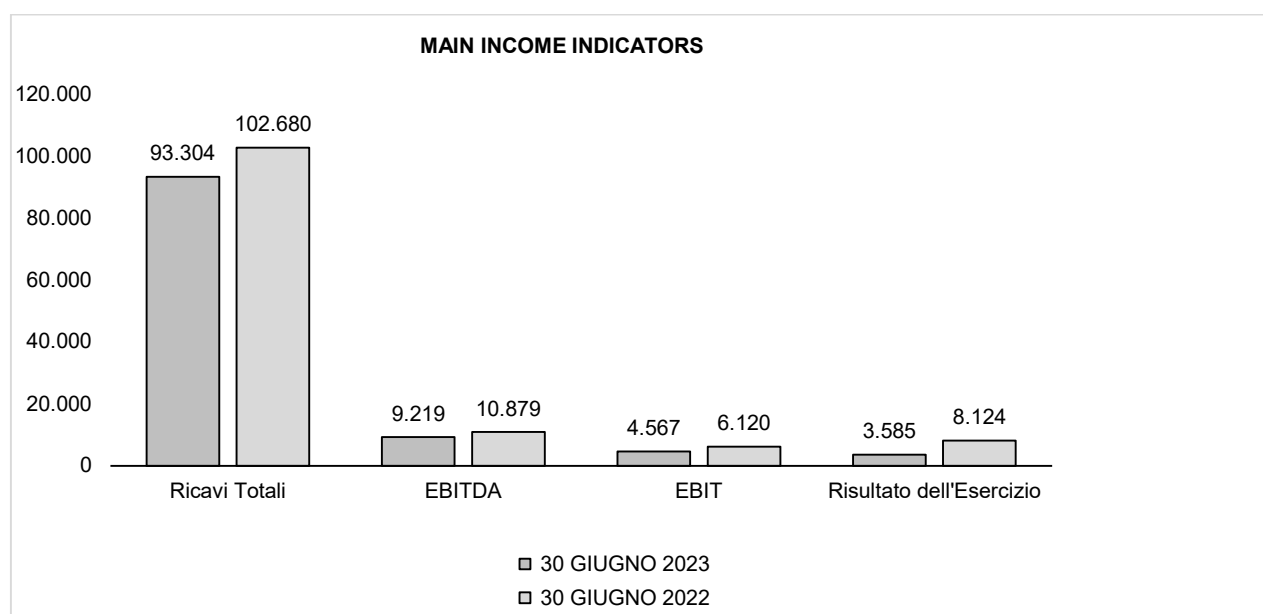
Financial highlights of the Neodecortech Group

Income statement

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

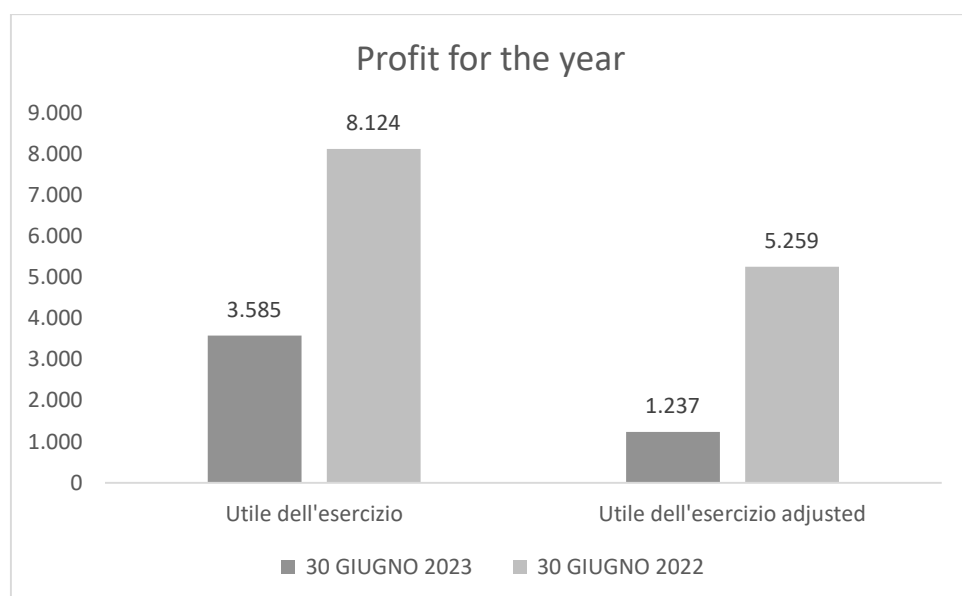
(Euro thousands)	30 JUNE 2023	%	30 JUNE 2022	%	Chg.	% chg.
Revenue from sales and services	86,422	100.0%	99,229	100.0%	(12,807)	(12.9%)
Other revenue	6,883	8.0%	3,451	3.5%	3,432	99.4%
Total revenue	93,304	108.0%	102,680	103.5%	(9,376)	(9.1%)
EBITDA	9,219	10.7%	10,879	11.0%	(1,660)	(15.3%)
Amortization and depreciation	4,529	5.2%	4,704	4.7%	(175)	(3.7%)
Allocations	123	0.1%	55	0.1%	68	0.0%
EBIT	4,567	5.3%	6,120	6.2%	(1,553)	(25.4%)
Profit for the year	3,585	4.1%	8,124	8.2%	(4,539)	(55.9%)

For comments on changes, see the paragraph "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, as a result of the 2022 maximization and following the write-off of the 2022 MICA Payable, as detailed in the paragraph "Consolidated Income Statement".

(Euro thousands)	30 JUNE 2023	%	30 JUNE 2022	%	Chg.	% chg.
Revenue from sales and services	86,422	100.0%	99,229	100.0%	(12,807)	(12.9%)
Other revenue	6,883	8.0%	3,451	3.5%	3,432	99.4%
Revenue from re-integration of BEG maximization for the period Sept-Dec 2022	(2,625)	(3.0%)	0	0.0%	(2,625)	0.0%
Total revenue Adjusted	90,680	104.9%	102,680	103.5%	(12,000)	(11.7%)
ADJUSTED EBITDA	6,594	7.6%	10,879	11.0%	(4,285)	(39.4%)
Amortization and depreciation	4,529	5.2%	4,704	4.7%	(175)	(3.7%)
Allocations	123	0.1%	55	0.1%	68	123.6%
Adjusted EBIT	1,942	2.2%	6,120	6.2%	(4,178)	(68.3%)
Write-off Financial Receiv. Net tax Andreotti			997			
Write-off Financial Pay. Net tax MICA			(3,862)			
Adjusted Profit for the Year	1,237	1.4%	5,259	5.3%	(4,022)	(76.5%)
Revenue from re-integration of BEG maximization for the period Sept-Dec 2022	(2,625)					
Tax effect Revenue from re-integration	(277)					
Write-off Financial Receiv. Net tax Andreotti			997			
Write-off Financial Pay. Net tax MICA			(3,862)			
Profit for the Year	3,585		8,124		(4,539)	(55.9%)

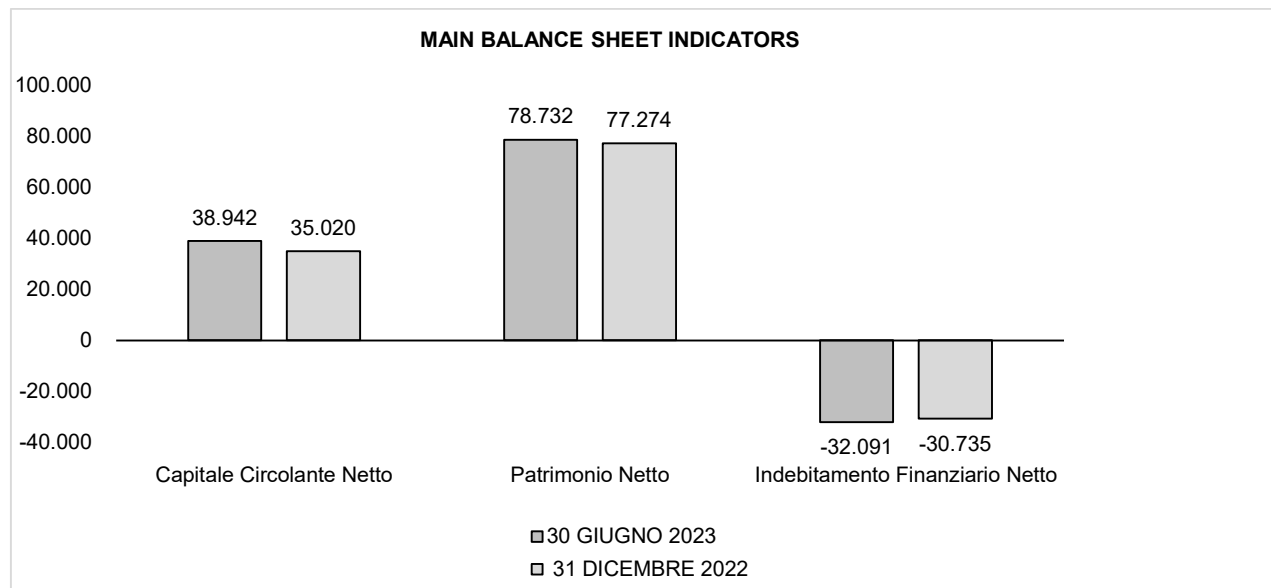


Financial results

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

(Euro thousands)	30 JUNE 2023	31 DECEMBER 2022	Chg.	% chg.
Net Working Capital	38,942	35,020	3,922	11.2%
Equity	78,732	77,274	1,458	1.9%
Net Financial Debt	(32,091)	(30,735)	1,356	(4.4%)

For comments on changes, see the paragraph "RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION" in this Directors' Report on Operations.



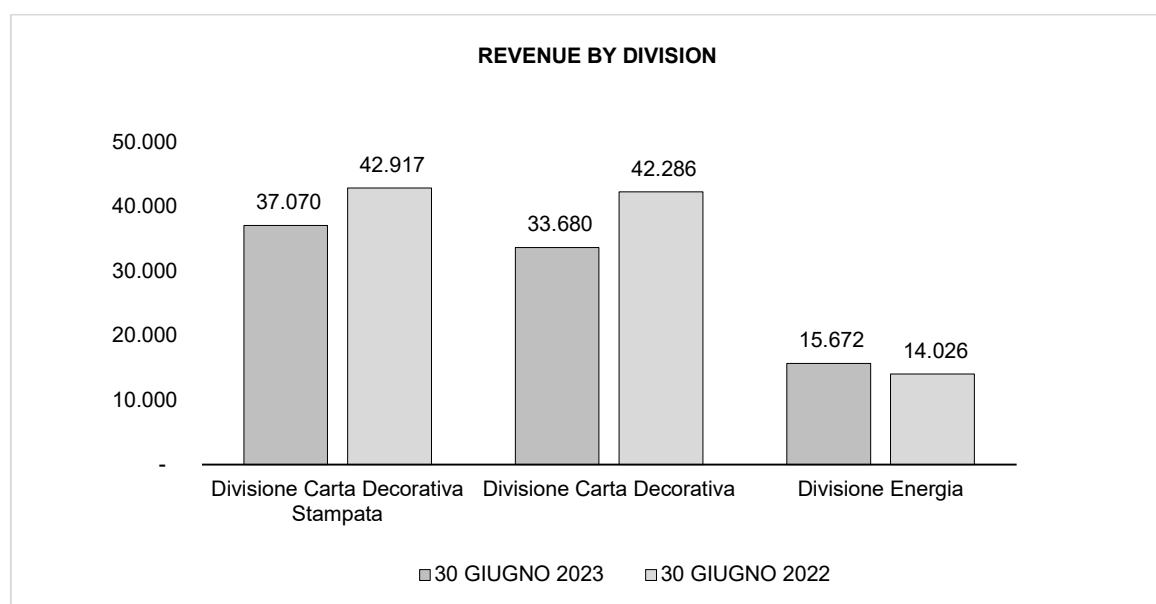
Below are the balance sheet figures at 30 June 2023 shown for comparison.

(Euro thousands)	30 JUNE 2023	30 JUNE 2022	Chg.	% chg.
Net Working Capital	38,942	38,153	789	2.1%
Equity	78,732	76,826	1,906	2.5%
Net Financial Debt	(32,091)	(34,264)	(2,173)	6.3%

Net financial debt temporarily increased versus 31 December 2022 from € 30.7 to € 32.1 million: € +1.4 million. This situation is notably impacted by the non-receipt of revenue reintegration by the subsidiary Bio Energia Guarmino. These receivables amount to € 8.5 million at 30 June 2023. Versus 30 June 2022, net financial debt decreased by € 2.2 million.

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

(Euro thousands)	30 JUNE 2023	%	30 JUNE 2022	%	Chg.	% chg.
Printed Decorative Paper Division	37,070	43%	42,917	43%	(5,847)	(13.6%)
Decorative Paper Division	33,680	39%	42,286	43%	(8,606)	(20.4%)
Energy Division	15,672	18%	14,026	14%	1,646	11.7%
Total	86,422	100%	99,229	100%	(12,807)	(12.9%)

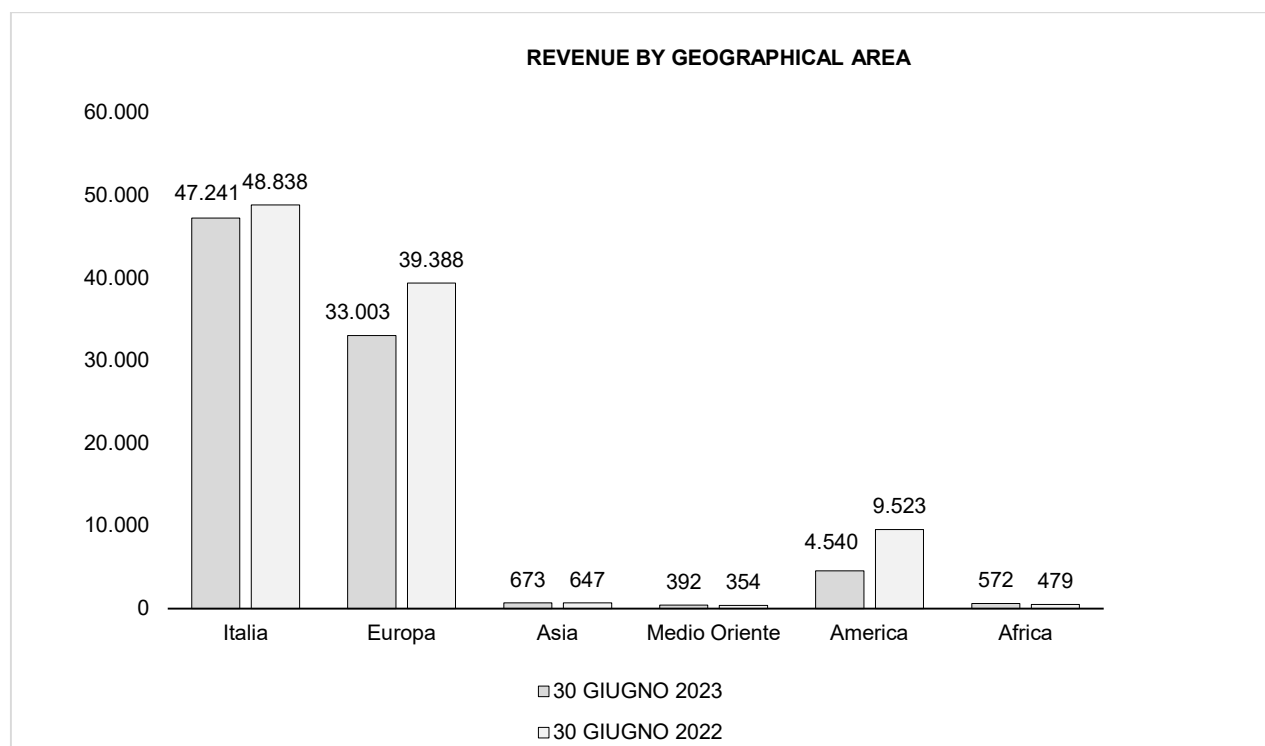


For comments on the performance of each division, see the section "KEY RESULTS BY OPERATING SEGMENT" in the Directors' Report on Operations.

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

(Euro thousands)	30 JUNE 2023	%	30 JUNE 2022	%	Chg.	% chg.
Italy	31,569	36.5%	34,812	35.1%	(3,243)	(9.3%)
Europe	33,003	38.2%	39,388	39.7%	(6,385)	(16.2%)
Asia	673	0.8%	647	0.7%	26	4.0%
Middle East	392	0.5%	354	0.4%	38	10.7%
America	4,540	5.3%	9,523	9.6%	(4,983)	(52.3%)
Africa	572	0.7%	479	0.5%	93	19.4%

Energy Division	15,672	18.1%	14,026	14.1%	1,646	11.7%
Total	86,422	100.0%	99,229	100.0%	(12,807)	(12.9%)



The table and the chart show, generally speaking, a decrease in sales, also in what can be assumed to be the Group's domestic market, namely Italy and Europe, attributable to both deflationary effects and the slight decrease in volumes.

The notable decline in the American market is linked to the overall decrease in demand for flooring. Consequently, the volumes previously secured by Cartiere from a key North American customer were not maintained in 2023.



Directors' Report on Operations



Shareholders,

Submitted to your attention are the Consolidated Half-Year Financial Statements at 30 June 2023 of the Neodecortech Group (hereinafter also "the Group"), prepared in accordance with the IAS/IFRS international accounting standards and accompanied by this Report, outlining the Group's performance in first half 2023 as well as the future outlook.

The period under review closes with a consolidated profit of € 3,585 thousand (€ 8,124 thousand at 30 June 2022), after amortization, depreciation and provisions of € 4,652 thousand (€ 4,759 thousand at 30 June 2022), and income tax of € 52 thousand (€ 1,364 thousand at 30 June 2022).

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

Below are the trends, uncertainties, demands, commitments or known facts that could be reasonably expected to affect the Group's outlook, including the conflict in Ukraine.

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, for almost all 2022, the continued price increases of electricity and gas and the price of raw materials used, partly retraced during the first 6 months of 2023. There were no disruptions in production activities and no 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 according to the scheduled production plan that calls for maintenance-related stoppages during the year, and is still fully operational. This thanks also 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 ensure full uninterrupted production.

As for Bio Energia Guarcino (BEG), as a result of the new maximization-related context, and thanks to short hedges on the energy market and to long hedges on bioliquids for first half 2023, all three engines operated at full capacity throughout first quarter 2023; following completion of the first maximization period, the plant was stopped from 1 April to 15 May 2023, beginning the second maximization period, which is scheduled to conclude by 30 September 2023. It should be noted that no ordinary incentives are expected in 2023 under the existing GRIN incentive scheme, as the incentive calculation formula is based on a starting energy price of 180 €/MWh from which the previous year's average energy price is subtracted: it is therefore inversely proportional to the energy price. As noted in detail above, effective 19 September 2022, a maximization scheme has been approved for specific power plants that do not rely on gas for their operations. It envisages the re-integration of revenue and is aimed at maximizing energy production. This scheme has been extended until 31 March 2024 and is based on the definition of recognized variable cost (RVC), the determination of which is still being defined with ARERA. See the paragraph below on BEG, which illustrates its trend of operations and the relevant economic and regulatory context.

That said, as a result of the Russian-Ukrainian conflict, the other direct or indirect impacts on the Company's financial and operating results in first half 2023 continued, as explained below.

Specifically, the direct impacts on sales were limited, given that the Company did not have significant sales in Russia, Ukraine, or Belarus that were null in 2022 for Neodecortech S.p.A.; conversely, the subsidiary Cartiere di Guarcino maintained sales in Russia, as its products are not subject to the restrictive measures. 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 initially in 2022, however largely offset by the increases in sales prices charged to customers, and only slightly retracing in the first 6 months of 2023.

Additionally, the conflict had a major direct impact on the prices of energy carriers: electricity and gas. However, this impact eased during the first half 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. Consumer spending behaviour in first half 2023 continued to deteriorate versus the same period of 2022, but remained consistent with the patterns seen in the latter half of 2022. A slight recovery was noted starting from second quarter 2023.

The international economic environment

The ECB paper dated July 2023 on macroeconomic projections shows the following.

Euro area economic activity slightly declined at the turn of the year, but has remained relatively resilient to the large negative supply shocks that have been hitting the economy. The economy is expected to return to growth in the coming quarters as energy prices moderate, foreign demand strengthens and supply bottlenecks are resolved, allowing firms to continue to work through their significant order backlogs, and as uncertainty – including that related to the recent banking sector stress – continues to recede. Furthermore, real incomes are set to improve, underpinned by a robust labour market, with unemployment hitting new historical lows. Although the ECB's monetary policy tightening will increasingly feed through to the real economy, the dampening effects from tighter credit supply conditions are expected to be limited. Together with the gradual withdrawal of fiscal support, this will weigh on economic growth in the medium term. Overall, annual average real GDP growth is expected to slow down to 0.9% in 2023 (from 3.5% in 2022), before rebounding to 1.5% in 2024 and 1.6% in 2025.

Compared with the March 2023 ECB staff projections, the outlook for GDP growth has been revised down by 0.1 percentage points for 2023 and 2024, reflecting mainly tighter financing conditions. GDP growth in 2025 remains unchanged, as these effects are expected to be partly offset by the impact of higher real disposable income and lower uncertainty.

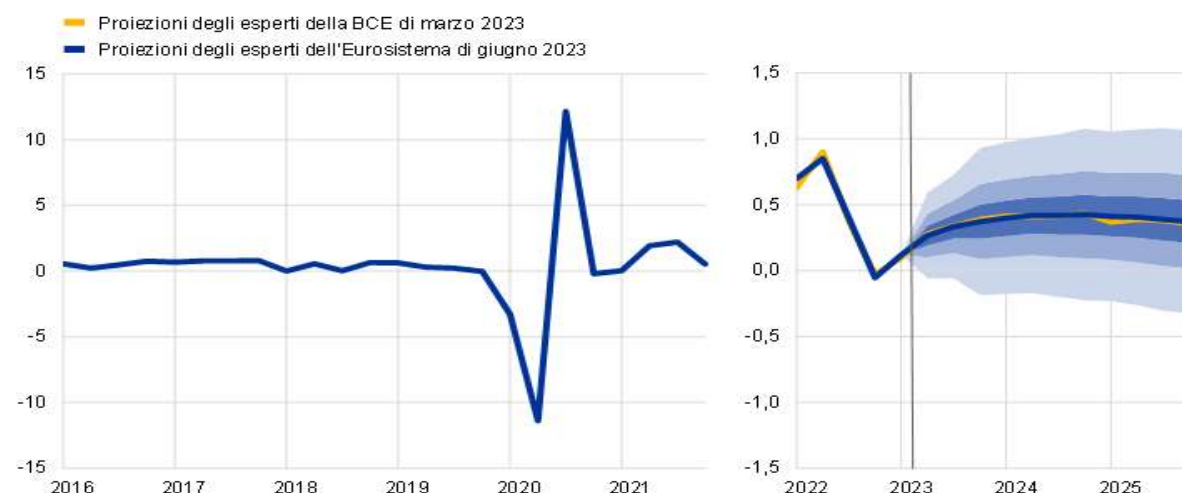
Inflation, as measured by the Harmonised Index of Consumer Prices (HICP), is proving to be more persistent than previously expected, despite falling energy prices and easing supply bottlenecks. With energy inflation set to become increasingly negative throughout 2023 and food inflation moderating sharply, headline inflation is expected to continue its decline to stand at approximately 3% in the last quarter of the year. Nevertheless, HICP inflation excluding energy and food is projected to overtake headline inflation in the near term and to remain above it until early 2024, though following a gradual downward path from the second half of 2023. As indirect effects from the past energy price shocks and other pipeline price pressures gradually fade, driving the expected decline, labour costs will become the dominant driver of HICP inflation excluding energy and food. Wage growth is expected to remain over double its historical average for most of the projection horizon, driven by inflation compensation and the tight labour market, as well as increases in minimum wages. Nevertheless, profit margins, which expanded notably in 2022, are expected to act as a buffer against some of the pass-through of these costs in the medium term. In addition, monetary policy should further dampen underlying inflation in the coming years. Overall, headline inflation is expected to decrease from 8.4% in 2022 to an average of 5.4% in 2023, 3.0% in 2024 and 2.2% in 2025. Compared with the March projections, headline inflation has been revised up slightly over the entire projection horizon. This is mainly due to a significant upward revision to HICP inflation excluding energy and food, reflecting revisions owing to higher than expected recent inflation outcomes and somewhat stronger unit labour costs, which more than offset the effect of the lower energy price assumptions and tighter financing conditions.

Economic activity in the euro area slightly declined in the first quarter of 2023, with consumption declining and net exports making a positive contribution amid declining energy imports (Chart 1). Industrial production started the year strongly, on the back of historically high order backlogs and the easing of supply bottlenecks, but fell sharply in March. Amid negative carry-over effects from the monthly dynamics in the fourth quarter of 2022, survey indicators suggest that services supported growth in the first quarter of 2023. Across the final use components of GDP, private consumption declined, reflecting weak dynamics of real disposable income amid high inflation, and tightening financing conditions, and despite robust employment growth. In contrast, net exports made a positive contribution to GDP growth in the first quarter, mostly reflecting a drop in imports owing to weaker domestic demand and lower energy consumption.

Grafico 1

Crescita del PIL in termini reali dell'area dell'euro

(variazioni percentuali sul trimestre precedente, dati trimestrali destagionalizzati e corretti per il numero di giornate lavorative)



Note: Historical data may differ from Eurostat's latest publications (Note 2). The vertical line indicates the start of the current projection horizon. The ranges shown around the central projections provide a measure of the degree of uncertainty and are symmetric by construction. They are based on past projection errors, after adjustment for outliers. The bands, from darkest to lightest, depict the 30%, 60% and 90% probabilities that the outcome of real GDP growth will fall within the respective intervals.

GDP growth is projected to pick up from the second quarter of 2023 and to remain solid in the second half of the year, as the impact of supply bottlenecks and energy shocks wanes and real income recovers, despite a worsening outlook for manufacturing.

[...] Over the medium term, GDP growth is projected to increase further, supported by further increases in real income and strengthening foreign demand, albeit with headwinds from tighter financing conditions and a tighter fiscal stance. Real GDP growth is set to strengthen throughout 2023 and to broadly stabilise in 2024-2025 at rates around 0.4%, quarter on quarter.

[...] Tighter credit supply conditions are expected to constrain growth to a limited extent, while the normalisation of monetary policy is expected to have a more marked negative impact. Past changes in interest rates and market-based expectations at the cut-off date for the projections will have a negative impact on GDP growth, particularly in 2023 and 2024. In addition, credit supply conditions, as reported in the ECB's latest euro area bank lending survey, have tightened significantly since December 2022. [...] Real GDP growth has been revised down by 0.1 percentage points for 2023 and 2024, but remains unchanged for 2025.

[...] Turning to the components of real GDP, household real consumption is expected to gradually recover as uncertainty declines and real incomes and confidence improve. Private consumption is expected to rebound from the second quarter of 2023, in line with the drop in inflation and the recovery in confidence, amid broadly neutral fiscal support.

[...] Business investment is expected to be dampened by tighter financing costs and credit supply conditions, before recovering more strongly later in the horizon. Following a sharp contraction in the fourth quarter of 2022, business investment growth is expected to recover in 2023. [...] In 2025 investment - in particular related to the green transition

and digitalisation, and spurred by the Next Generation EU (NGEU) programme – will again accelerate, in part reflecting increasing domestic and foreign demand as well as profit growth.

[...] Euro area export growth is expected to recover, supported by improving foreign demand as the impact of supply bottlenecks fades. Following declines in the past two quarters, euro area real exports are estimated to increase in line with the improvements in supply bottlenecks and increased demand for euro area travel services.

[...] The global economy started 2023 on a stronger footing and is expected to grow moderately over the projection horizon, with some pick-up in 2025. Global GDP growth (excluding the euro area) surprised on the upside in the first quarter of this year, with better than expected growth both in China, and also in the United States in the context of a resilient labour market.

(Source: [Macroeconomic projections for the Euro area made by Eurosystem experts, June 2023 \(europa.eu\)](#))

Regarding Italy's economic trends in particular, the preliminary GDP estimate for the second quarter, published on 31 July by ISTAT, shows a cyclical contraction of 0.3%. This contrasts with the earlier projection of zero change provided by the Bank of Italy in mid-July.

This deceleration contrasts with the upward trend observed in the Eurozone, where it has increased by 0.3% (with no change observed in the 27 EU countries). The primary factors behind this trend are linked to the slowdown in manufacturing and agriculture. The performance of the secondary sector, in particular, was affected by a decline in domestic consumption demand and a lack of foreign demand.



Source: ISTAT, Preliminary GDP Estimate, 31 July 2023

Relevant segment and comments on operations

Due to the factors previously mentioned concerning both the international and national economic landscape, the decorative surfaces supply chain linked to the furniture and furnishings market, in terms of furniture and flooring, continued the slowdown that had started in mid-2022 throughout the first quarter of 2023. In second quarter 2023, however, this trend eased, and the order backlog aligns better with historical levels (excluding 2021's unprecedented post-pandemic surge), despite some partial production stoppages.

This scenario continues to witness a margin restraint due to the awaited retracement in raw material prices, still too small in fact compared to the levels before the surge in inflation that affected 2022. In the first half of the year, the mentioned demand slowdown led to the need to swiftly transfer the partial price retracement of all strategic materials (resins, decorative paper, plastics, titanium dioxide, pulp, and animal by-products) to the sales prices billed to end customers.

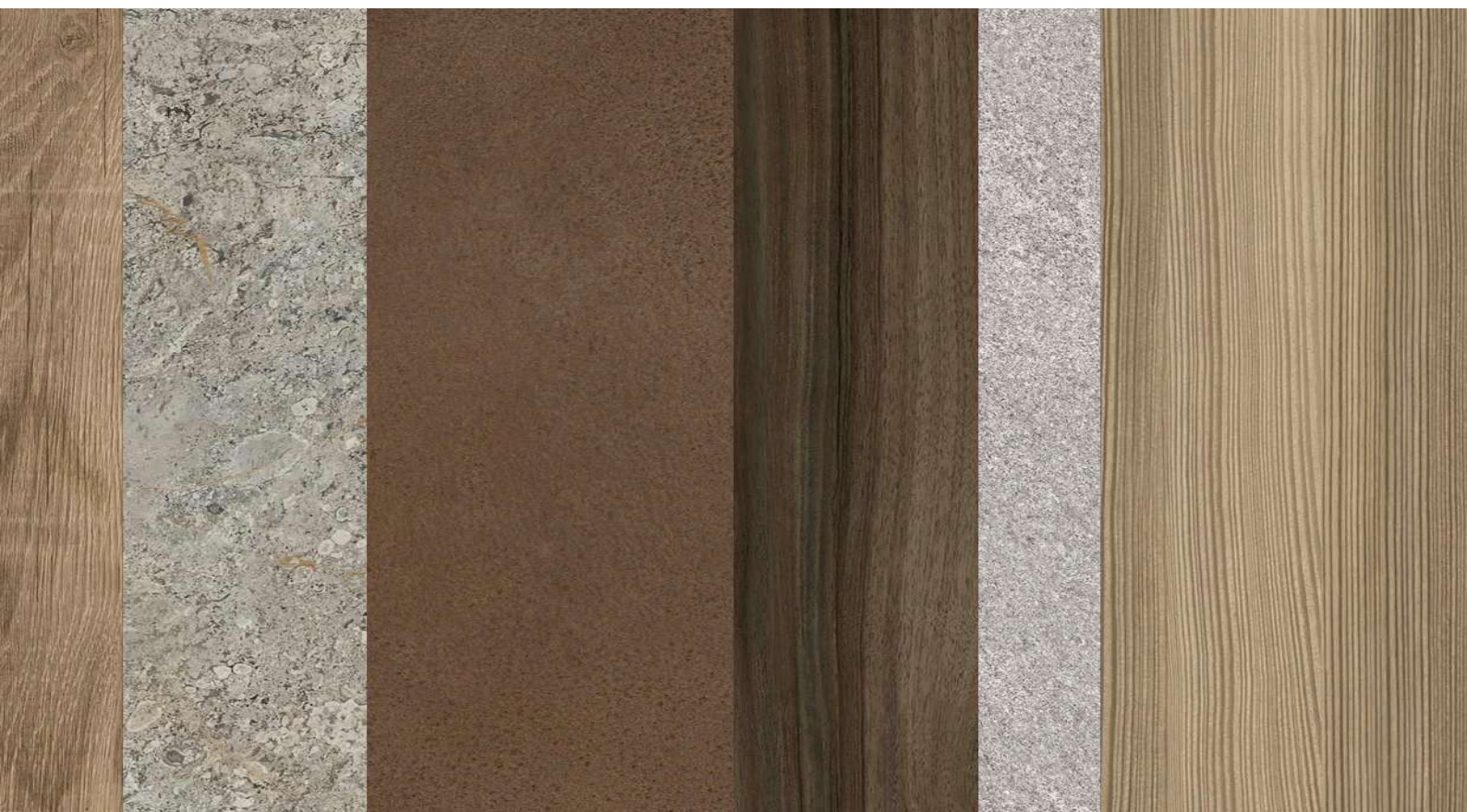
Anticipated price movements for strategic raw materials in second half 2023 suggest potential further declines. This projection is broken down as follows for the individual business units: (i) for Neodecortech, aligning with the 2023 Budget, an ongoing decline in prices for certain strategic raw materials (resins, plastics) is anticipated in the latter half of 2023; (ii) for Cartiere di Guarcino, a slight reduction in pulp prices is expected, while a significant roll over is predicted for titanium dioxide prices, due to ongoing tension and instability from the Russian-Ukrainian conflict; (iii) for Bio Energia Guarcino, first half 2023 witnessed a decrease in the fuel mix used (palm oil and animal by-products), continuing the trend from late 2022. However, stability is projected in this trend for the third and fourth quarters.

As a result, there was a temporary rise in financial debt versus 31 December 2022. The Group remains committed to its strategy of minimizing financial costs (despite the upward phase of rates) through the optimization of debt lines across short- and medium-long term and the containment of its overall net financial position, except for occasional spikes linked to procurement strategies and the delayed monetization of the Recognized Variable Cost (RVC) associated with the maximization scheme accrued until 30 June 2023 by the subsidiary Bio Energia Guarcino.

Regarding Bio Energia Guarcino in particular, in accordance with the existing regulatory framework, the company will be eligible to operate within the maximization scheme until 30 September 2023. Following such deadline and without considering any extensions, the plant may likely experience a shutdown until year end. While there is an anticipation of a slight energy price recovery from the middle quarters of 2023, these levels are projected to remain inadequate for economically viable operation without incentives, due primarily to the disproportionately elevated cost of fuels.

Bio Energia is actively collaborating with industry associations to advocate for legislative interventions that would provide stability to the renewables sector through operational mechanisms akin to those employed for maximization and essential facilities.

Key balance sheet, financial and income figures



Consolidated results of the Neodecortech Group

Reclassified consolidated income statement

(Euro thousands)	30 JUNE 2023	%	30 JUNE 2022	%	Chg.	% chg.
Revenue from sales and services	86,422	100.0%	99,229	100.0%	(12,807)	(12.9%)
Changes in work in progress, semi-finished and finished products	4,537	5.2%	6,358	6.4%	(1,821)	(28.6%)
Other revenue	6,883	8.0%	3,451	3.5%	3,432	99.4%
Value of Production	97,842	113.2%	109,039	109.9%	(11,197)	(10.3%)
Raw and ancillary materials and consum.	(61,502)	(71.2%)	(70,618)	(71.2%)	9,116	(12.9%)
Other operating expense	(16,289)	(18.8%)	(16,503)	(16.6%)	214	(1.3%)
Value Added	20,051	23.2%	21,918	22.1%	(1,867)	(8.5%)
Personnel expense	(10,832)	(12.5%)	(11,039)	(11.1%)	207	(1.9%)
EBITDA	9,219	10.7%	10,879	11.0%	(1,660)	(15.3%)
Amortization and depreciation	(4,529)	(5.2%)	(4,704)	(4.7%)	175	(3.7%)
Allocations	(123)	(0.1%)	(55)	(0.1%)	(68)	123.6%
EBIT	4,567	5.3%	6,120	6.2%	(1,553)	(25.4%)
Financial expense	(1,132)	(1.3%)	(2,054)	(2.1%)	922	(44.9%)
Financial income	202	0.2%	5,422	5.5%	(5,220)	(96.3%)
Profit/(loss) before tax	3,637	4.2%	9,488	9.6%	(5,851)	(61.7%)
Income tax	(52)	(0.1%)	(1,364)	(1.4%)	1,312	(96.2%)
Profit/(loss) for the year	3,585	4.1%	8,124	8.2%	(4,539)	(55.9%)

Revenue from sales and services at 30 June 2023 fell by € 12,807 thousand (-12.9%) versus first half 2022, attributed primarily to:

- the effect of the demand slowdown, as mentioned above, which started from second half 2022 and continued throughout first half 2023;
- the production stoppage of BEG during the period 1 April to 15 May, due to regulatory uncertainties related to the maximization scheme and the resulting revenue integration;
- the decrease in unit prices by approximately 5-7% varying based on the products: particularly notable in decorative paper, printed decorative paper, and impregnated paper, which collectively account for approximately 70% of total revenue.

The decrease in *Change in finished products* amounting to € -1,821 thousand is related mainly to the reduction in sales volumes.

At 30 June 2023, *other revenue* amounted to € 6,882 thousand (€ 3,451 thousand at 30 June 2022), increasing by € 3,431 thousand. This increase is related mainly to the accounting in BEG at 30 June 2023 of revenue from maximization for 2022 amounting to € 2,625 thousand, and revenue from tax credits to energy- and gas-intensive companies in accordance with the law, which in the first two quarters of 2023 impacted both Neodecortech and the subsidiary Cartiere di Guarcino for € 2,944 thousand (€ 2,292 thousand at 30 June 2022). See the paragraph "Business and market outlook" in the section "Bio Energia Guarcino Division" for the regulatory history of the events related to the maximization program, along with the considerations outlined in Note 3. Other revenue

The reduction in *consumption of raw and ancillary materials* (-12.9%) is proportional to the same reduction in sales (-12.9%) with a % of sales and service revenue of 71.20%: unchanged from June 2022.

Other operating expense decreased slightly (-1.3% or € 214 thousand) versus first half 2022, due mainly to the combined and opposing effects of the increase in energy, gas and other utility costs (+11.6% or approximately € +660 thousand), as well as costs for participation in trade fairs of € 300 thousand, and the reduction instead of transportation costs related

mainly to the target markets of the goods sold and the contractual incoterms applied (-34.7% or approximately € 1,161 thousand).

Personnel expense, amounting to € 10,832 thousand, fell slightly (-1.90%) in absolute terms versus 30 June 2022 (€ 11,039 thousand), while its percentage increased slightly.

EBITDA stood at 10.7% of net sales (€ 9,219 thousand) versus first half 2022, down slightly by -0.3% versus 30 June 2022 (€ 10,879 thousand). The reasons are those as already explained in the previous paragraphs.

The change in *amortization and depreciation* is in line with the six months of the prior year. Expenditure made by the Group amounted to € 3,399 thousand versus € 4,193 thousand at 30 June 2022.

Allocations refers to the allocation made by the Group to the provision for doubtful accounts to adjust the face value of trade receivables to the realizable value in accordance with IFRS, equal to approximately 0.1% of total receivables.

EBIT was down by € 1,554 thousand versus 30 June 2022, accounting for 5.3%.

With regard to financial items, the net decrease of € -4,298 thousand versus 30 June 2022, is due mainly to the positive non-recurring item of a financial nature recorded in 2022 and related to the write-off from the Parent Company's statements of both the payable to MICA of € 5,082 thousand and the receivable from Andreotti Fotoincisioni S.p.A. of € 1,312 thousand. Net of this non-ordinary item, *financial expense* increased slightly (€ 930 thousand at 30 June 2023 versus € 402 thousand at 30 June 2022) as a result of the increase in interest rates.

Income tax for the period totaled € 52 thousand, reflecting a theoretical tax rate for the Group of approximately 1.5%. This rate is attributed to the ongoing benefits from tax consolidation with Finanziaria Valentini, as well as the non-taxability of IRES and IRAP related to the tax credit to energy- and gas-intensive companies, which was applicable to Neodecortech and Cartiere di Guarcino.

Net Profit amounted to € 3,585 thousand or 4.1% on revenue (€ 8,124 thousand at 30 June 2022 or 8.2% on revenue), as it includes in 2022 the effect of the non-recurring positive financial item. For a comparison of operating trends net of this non-recurring item, see the comments in the introduction to this Report.

Reclassified consolidated statement of financial position

<i>(Euro thousands)</i>	30 JUNE 2023	31 DECEMBER 2022	Chg.	% chg.
Trade receivables	22,774	23,836	(1,062)	(4.5%)
Inventory	42,936	43,550	(614)	(1.4%)
Trade payables	(32,286)	(33,694)	1,408	(4.2%)
Operating NWC	33,424	33,692	(268)	(0.8%)
Other current receivables	9,835	1,269	8,566	675.0%
Receivables from tax consolidation	955	813	142	0.0%
Tax receivables	2,351	5,043	(2,692)	0.0%
Other current payables	(6,311)	(4,625)	(1,686)	36.5%
Tax payables	(756)	(703)	(53)	7.5%
Payables from tax consolidation	(556)	(469)	(87)	18.6%
Net Working Capital	38,942	35,020	3,922	11.2%
Tangible fixed assets	77,613	78,617	(1,004)	(1.3%)
Intangible fixed assets	708	827	(119)	(14.4%)
Non-current financial assets	762	892	(130)	(14.6%)
Other non-current assets	180	180	-	0.0%
Fixed assets	79,263	80,516	(1,253)	(1.6%)
Post-employment benefits	(2,025)	(2,131)	106	(5.0%)
Provisions for risks and charges	(819)	(774)	(45)	5.8%
Deferred tax assets and liabilities	(4,537)	(4,622)	85	(1.8%)
Net Capital Employed	110,824	108,009	2,815	2.6%
Equity	78,732	77,274	1,458	1.9%
Cash funds	(7,732)	(12,042)	4,310	(35.8%)
Other current financial receivables	-	-	-	0.0%
Current financial liabilities	14,239	20,683	(6,444)	(31.2%)
Non-current financial liabilities	25,584	22,094	3,490	15.8%
Net Financial Debt	32,091	30,735	1,356	4.4%
Equity and Net Financial Debt	110,824	108,009	2,815	2.6%

Consolidated net working capital at 30 June 2023 amounted to € 38,942 thousand versus € 35,020 thousand at 31 December 2022, while operating NWC remained in line with 31 December 2022 (€ -268 thousand). The main combined effects contributing to the increase in NWC, totaling € +3,922 thousand, were: (i) an increase in *other current receivables* by € 8,566 thousand related to the recognition of revenue for maximization until 30 June 2023 and not yet collected; (ii) a decrease in *other tax receivables* by € -2,692 thousand related to the offsetting of tax credits to energy- and gas-intensive companies; (iii) an increase in *other current payables* by € +1,686 thousand related mainly to deferred income on the SIMEST non-repayable grant "Support for Italian exporting companies sourcing from Ukraine and/or Russia and/or Belarus" and on plant grants 4.0.

The change in *tangible fixed assets* is explained by the new capital expenditure made as per budget, down slightly versus 31 December. Capital expenditure in tangible fixed assets refers mostly to (i) new machinery and the upgrading of existing machinery in the parent company Neodecortech; (ii) actions to increase the efficiency of paper machines and to optimize plants in Cartiere di Guarcino; and (iii) maintenance expenditure in Bio Energia Guarcino.

Equity was affected by two factors: an increase due to the allocation of profit for the period, and a decrease due to the payment of dividends on 24 May 2023 of € 2,000 thousand, which, net of treasury shares, amounted to € 1,972 thousand.

Consolidated net financial debt at 30 June 2023 versus 31 December 2022 and 30 June 2022 is shown below:

(Euro thousands)	30 JUNE 2023	31 DECEMBER 2022	Chg.	30 JUNE 2022	Chg.
A. Cash funds	(7,732)	(12,042)	4,310	(3,478)	(4,254)
B. Cash and cash equivalents	0	0	0	0	0
C. Other current financial assets	0	0	0	(4)	4
D. Cash (A) + (B) + (C)	(7,732)	(12,043)	4,311	(3,483)	(4,249)
E. Current financial debt	8,625	13,489	(4,864)	16,737	(8,112)
F. Current portion of non-current debt	5,615	7,194	(1,579)	6,054	(439)
G. Current financial debt (E)+(F)	14,240	20,683	(6,443)	22,791	(8,551)
H. Net current financial debt (G)-(D)	6,508	8,640	(2,132)	19,308	(12,800)
I. Non-current financial debt	25,583	22,095	3,488	14,956	10,627
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)	25,583	22,095	3,488	14,956	10,627
M. Total financial debt (H)+(L)	32,091	30,735	1,356	34,264	(2,173)

Consolidated *net financial debt* at 30 June 2023 amounted to € 32,091 thousand (€ 30,735 thousand at 31 December 2022). The increase of € 1,356 thousand recorded is due primarily to the net effect of the decrease in current financial debt by € -6,443 thousand (including the portion within 1 year), related to the debt consolidation that took place at the beginning of 2023 for Neodecortech (unsecured loan of € 5,000 thousand concluded with Banca Popolare di Sondrio and € 600 thousand with SIMEST). Cartiere di Guarcino took out a loan at end 2022 (unsecured loan of € 10,000 thousand signed with MPS Capital Services with SACE guarantee under the SupportItalia measure). Lastly, for Bio Energia Guarcino, the Selmabipiemme lease was terminated on 01 June 2023, resulting in the redemption of the production plant (originally valued at € 19,000 thousand).

The lower resort to short-term credit lines and the reduction in cash funds (€ -554 thousand) was not fully offset by the increase in medium/long-term debt, due to the following factors: (i) to support working capital and procure strategic raw materials for Cartiere di Guarcino (titanium dioxide) in advance; (ii) to support working capital and the procurement in advance of palm oil and animal by-product in order to ensure the operation of the Power Plant under the maximization scheme while awaiting to re-integrate and monetize revenue; (iii) the growth also for Neodecortech of fixed assets in operating working capital.

On the other hand, consolidated *net financial debt* at 30 June 2023 improved by € -2,173 thousand versus the figure at 30 June 2022 (€ 34,264 thousand), despite the significant non-monetization of revenue related to the Bio Energia Guarcino maximization scheme.

Key results by operating segment

In order to provide adequate disclosure of the nature and characteristics of revenue, revenue as required by IFRS 8 is broken down below.

The table below shows the change between 30 June 2023 and 30 June 2022 in the major income statement indicators and the change between 30 June 2023 and 31 December 2022 in the main balance sheet indicators, both broken down by operating segment, gross of intercompany items (see the segment reporting in the Notes to the Financial Statements for net intercompany items).

Income Statement

<i>(Euro thousands)</i>	30 JUNE 2023	%	30 JUNE 2022	%	Chg.	% chg.
Printed Decorative Paper Division						
Revenue from sales and services	37,071	100.0%	42,917	100.0%	(5,846)	(13.6%)
EBITDA	3,437	9.3%	4,313	10.0%	(876)	(20.3%)
EBIT	1,725	4.7%	2,561	6.0%	(836)	(32.6%)
Profit (loss) for the year	3,585	9.7%	8,124	18.9%	(4,539)	(55.9%)
Decorative Paper Division						
Revenue from sales and services	45,093	100.0%	52,185	100.0%	(7,092)	(13.6%)
EBITDA	3,369	7.5%	4,998	9.6%	(1,629)	(32.6%)
EBIT	1,960	4.3%	3,485	6.7%	(1,525)	(43.8%)
Profit (loss) for the year	2,017	4.5%	2,711	5.2%	(694)	(25.6%)
BEG Energy Division						
Revenue from sales and services	19,325	100.0%	20,081	100.0%	(756)	(3.8%)
EBITDA	2,434	12.6%	1,596	7.9%	838	52.5%
EBIT	1,016	5.3%	216	1.1%	800	370.4%
Profit (loss) for the year	652	3.4%	(83)	(0.4%)	735	(885.5%)
NDTe Energy Division						
Revenue from sales and services	0	0.0%	0	0.0%	0	0.0%
EBITDA	(7)	0.0%	0	0.0%	(7)	0.0%
EBIT	(7)	0.0%	0	0.0%	(7)	0.0%
Profit (loss) for the year	(10)	(0.1%)	0	0.0%	(10)	0.0%

Statement of financial position

(Euro thousands)	30 JUNE 2023	31 DECEMBER 2022	Chg.	% chg.
Printed Decorative Paper Division				
Operating NWC	14,291	9,107	5,184	56.9%
Net Working Capital	10,503	6,688	3,815	57.0%
Equity	78,732	77,274	1,458	1.9%
Net Financial Debt	(7,608)	(3,699)	(3,909)	105.7%
Decorative Paper Division				
Operating NWC	17,498	18,668	(1,170)	(6.3%)
Net Working Capital	16,640	19,205	(2,565)	(13.4%)
Equity	39,159	37,130	2,029	5.5%
Net Financial Debt	(22,970)	(26,874)	3,904	(14.5%)
BEG Energy Division				
Operating NWC	1,788	6,058	(4,270)	(70.5%)
Net Working Capital	11,949	9,268	2,681	28.9%
Equity	11,679	11,025	654	5.9%
Net Financial Debt	(8,256)	(7,628)	(628)	8.2%
NDTe Energy Division				
Operating NWC	(1)	(22)	21	(95.5%)
Net Working Capital	4	(8)	12	(150.0%)
Equity	85	100	(15)	(15.0%)
Net Financial Debt	56	97	(41)	(42.3%)

Decorative Paper Division - Neodecortech

In the face of the initial retracements in the prices of strategic raw materials, starting in second half 2022 and during first half 2023, the order backlog has decreased due to the initial signs of shrinking demand in the furnishing segment. Virtually all product lines have been affected by the same trend: those that have felt the first brunt of the market slowdown (laminates and impregnated) and those that are affected with a minimum delay (printing on paper and printing on pvc). As a result, sales dropped by -13.6% versus the previous six months, with a decrease of € -5,846 thousand, related almost entirely to a reduction in quantities sold.

Other revenue was steady and included tax credits to energy- and gas-intensive companies for the first six months of € 660 thousand (€ 495 thousand at 30 June 2022), which partly offset energy and gas costs for this period of approximately € 1,700 thousand.

In 2022, there was a persistent effort to transfer rising costs, resulting in delayed price hikes and subsequent margin reduction. As a result, the division ended 2022 with an EBITDA of 6.9%. In first half 2023, a partial recovery of the overall 2022 margin was achieved, standing at 9.3% (versus 10% in first half 2022). The expectation is that as costs continue to retrace, margins will progressively recover. Personnel expense and other operating costs were steady versus the previous six months.

Net Profit at 30 June 2023 amounted to € 3,585 thousand or 9.7% on revenue, while at 30 June 2022 it amounted to € 8,124 thousand or 18.9% which, adjusted for the non-recurring financial item, amounted to € 5,259 thousand.

The increase in NWC versus 31 December 2022, by € 3,815 thousand, is attributed largely to the combined effect of the rise in trade receivables by € 2,994 thousand (+34%), linked predominantly to the increase in sales versus the final quarter of 2022 (€ +2.7 million), the increase in inventory by € 3,033 thousand (+37%), due to a few shipment delays in July, and a minor decline in trade payables.

Equity was affected by two factors: an increase due to the allocation of profit for the period, and a decrease due to the payment of dividends for € 2,000 thousand on 24 May 2023.

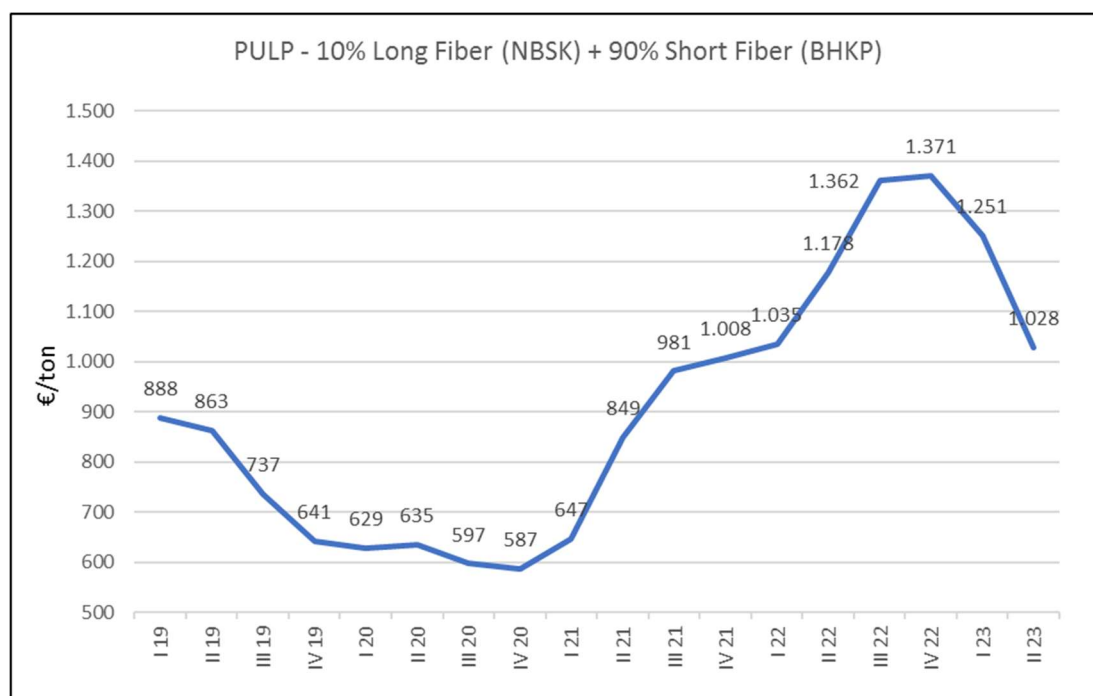
The increase in *net financial debt* versus 31 December 2022 by € 3,909 thousand stems mainly from the conclusion of a five-year loan with Banca Popolare di Sondrio for € 5,000 thousand and € 600 thousand from the loan provided by SIMEST under the facility measure "Support for Italian exporting companies" with a six-year duration, coupled with the dividend payment of € 2,000 thousand.

Paper Division - Cartiere di Guarcino

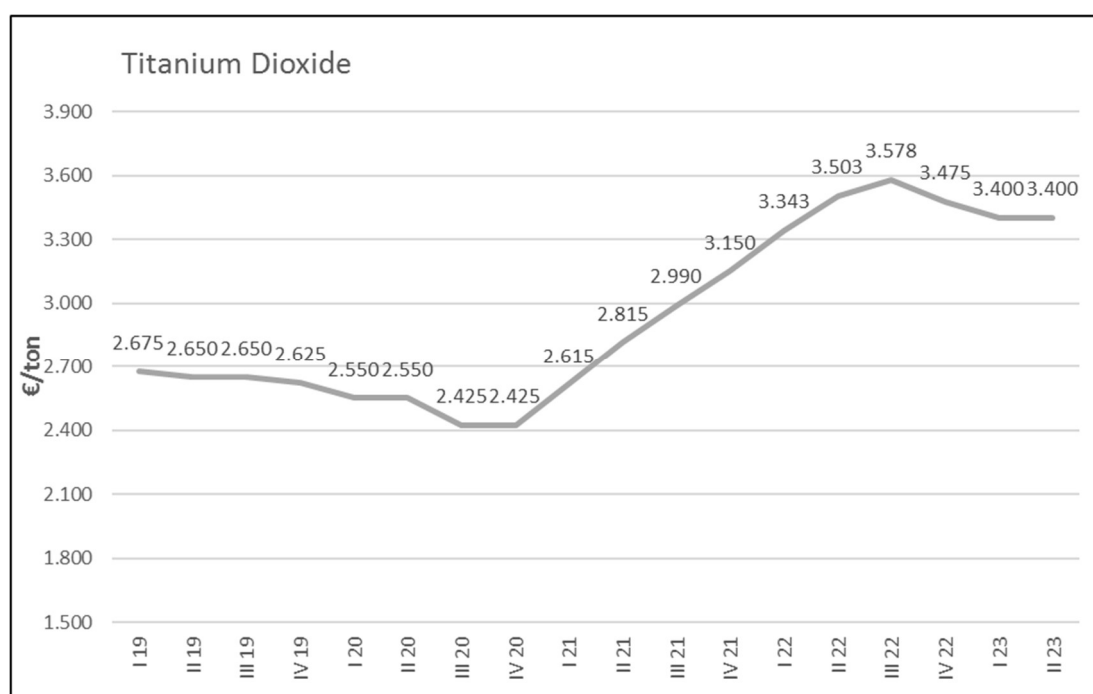
In first half 2023, the pulp market contracted significantly. Specifically, short fibre dropped from a gross price of US\$ 1,380 of the December 2022 orders to US\$ 850 of the June 2023 orders, falling by US\$ 530 or approximately -38%. For long fibre, the decrease is approximately -20% from the 2022 peak and -15% from end 2022; the gross price for June orders stands at approximately US\$ 1,190. Looking at FOEX index readings, the changes as usual are smaller as they are affected by the lag by FOEX to adjust list prices (traded prices). Short fibre decreases by approximately -29% and long fibre by approximately -12%. If we conduct the same analysis in €, the change is marginally more pronounced because of the dollar's depreciation at end 2022.

The price of titanium dioxide on the European market in the first six months decreased by an average of approximately € -75 (-2%) versus fourth quarter 2022. The start of the third quarter, owing to declining demand and ample product supply from China, reported an additional drop of € -100/ton.

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



Source FOEX



Source ICS

Cartiere di Guarcino reported the same trend in revenue as Neodecortech. Revenue decreased by -13.6% or € -7,092 thousand versus first half 2022.

Other revenue includes tax credits to energy- and gas-intensive companies for the first six months of 2023 amounting to € 2,290 thousand, which partly offset the increase in energy and gas costs for the period.

With the drop in raw material prices, especially pulp and titanium dioxide, the Company implemented price cuts to end customers. Consequently, the raw material consumption on revenue stayed virtually the same as in first half 2022 (66.6% versus 66.2% the prior year).

Regarding *Value Added*, the proportion on revenue remained basically unchanged versus the prior year at around 19%; due to a lower value of production, structural expense had however a greater impact, leading to an EBITDA of 7.5% of net sales (versus 9.6% at 30 June 2022), decreasing by € -1,629 thousand versus first half 2022.

Financial expense increased versus the prior year, due to rising interest rates; their effect on net profit deteriorated from approximately 1% to 2% in 2023.

As in 2022, the low tax impact is related mainly to both the effect of tax consolidation and the non-taxability, IRAP and IRES, of the tax credit to energy- and gas-intensive companies that the Company had access to.

Financial income includes the revaluation of the investment in Bio Energia Guarcino, which, at 30 June 2023 amounted to € 571 thousand (versus a write-down of € -164 thousand at 30 June 2022).

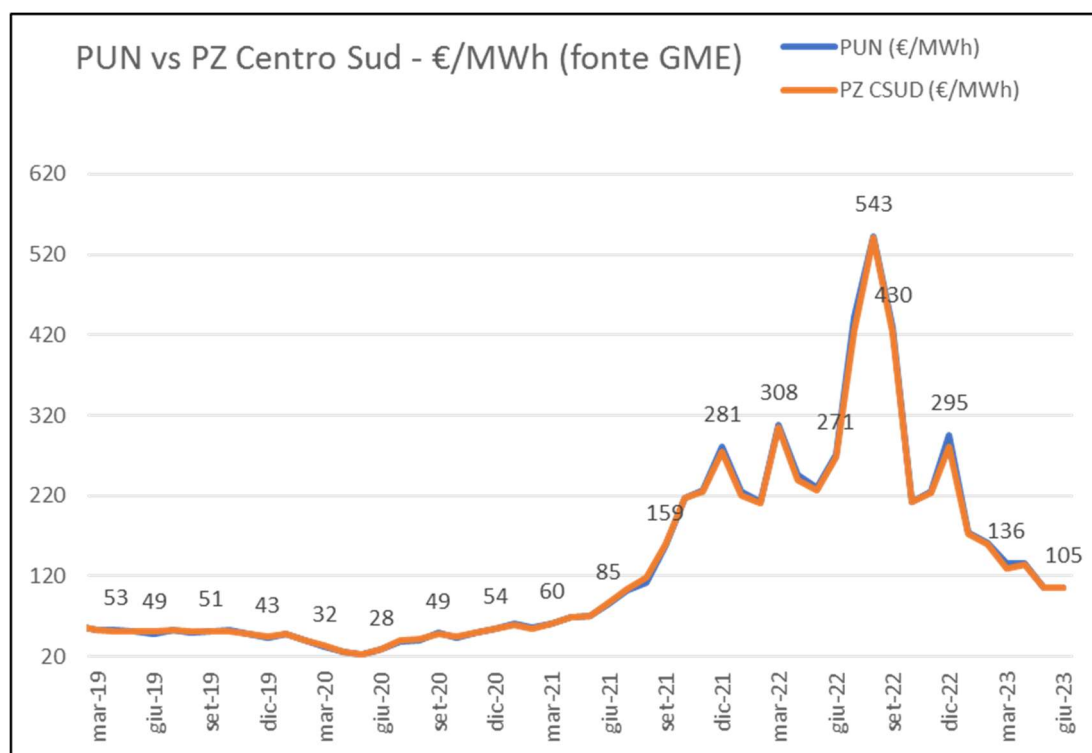
Net Profit amounted to € 2,017 thousand, accounting for 4.5% on revenue versus € 2,711 thousand at 30 June 2022, or 5.2%.

Net financial debt improved versus the position at 31 December 2022 by € -3,904 thousand; the decrease stems primarily from the reduction in non-current financial liabilities for scheduled loan repayments, and the resort to short-term lines to bolster working capital and advance the purchase of strategic raw materials. Both factors tie into the cyclical nature of inventory, which is currently dropping because of falling raw material and finished product prices.

Bio Energia Guarcino Division

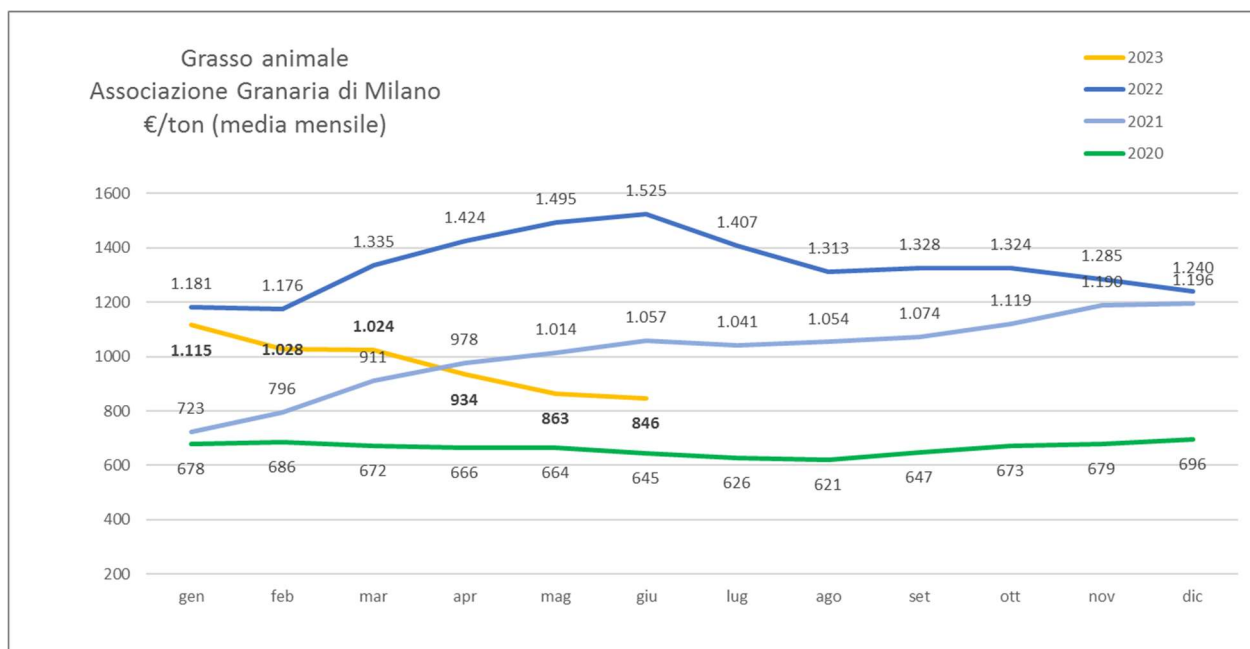
For 2023, the ordinary GRIN incentive is zero. This is because of the € 180 cap formula used for calculating the grant due year by year. Therefore, in first half 2023, Bio Energia Guarcino was only able to benefit from the revenue from the sale of energy to the grid and to Cartiere, and the maximization scheme until 31 March 2023, the end date of the first maximization period. Effective 15 May, the second maximization period started with a term ending on 30 September 2023.

The energy market experienced significant volatility in the first part of the year, due to the unpredictable trends in gas consumption and storage. Subsequently, this volatility decreased, aligning with values typical of "normal" market conditions, ranging between 105 to 120 €/MWh.



In this scenario, Bio Energia Guarcino operated at full capacity up to the conclusion of the first phase of the maximization scheme, which was 31 March 2023. Instead, during the period from 1 April to 15 May 2023, the plant stopped due to a lapse in the maximization scheme, thus interrupting both the supply of energy to the grid and energy and heat to Cartiere, which in turn had to be supplied from the grid.

Generally, in the first part of the year, the markets for raw materials essential for BEG's operation declined from their 2022 prices, similar to the trend seen for energy prices. They later rebounded to prices consistent with typical market conditions. This applies to consumables (mainly urea) and bioliquids (animal fats and vegetable oils). Specifically, animal fats decreased by approximately -25% equal to an average decrease of approximately -270 €/tons. The table below summarizes the prices for the first 6 months of 2023 of the livestock bulletin published by Associazione Granaria di Milano.



Despite the production stoppage from 1 April to 15 May 2023, EBITDA at 30 June 2023 improved markedly versus 30 June 2022 (€ +838 thousand), given the new maximization-related context, and thanks to a number of short hedges on the energy market and long hedges on bioliquids for first quarter 2023.

At 30 June 2023, profit amounted to € 642 thousand versus a loss of € -83 thousand at 30 June 2022.

The increase in NWC versus 31 December 2022, amounting to € +2,681 thousand, is attributable to the combined effect of: (i) the decrease in trade receivables of € -7,551 thousand related to the reduction in ordinary GRIN incentives to be collected and for operations through the current account that reduced to zero the receivables from the parent company Cartiere di Guarcino; (ii) the decrease in inventory of € -2,372 thousand reflecting the destocking of palm oil purchased in advance and animal by-products, in addition to the decrease in their prices; (iii) the decrease in trade payables of € -5,653 thousand, as a result of the early procurement policy for palm oil, which in first half 2023 accounted for 82% of total fuels used; (iv) cash was significantly absorbed by the credit accrued for the maximization scheme, totaling € 8,530 thousand at 30 June 2023.

Equity increased thanks to the higher profit for the period.

The increase in *net financial debt* of € +628 thousand versus 31 December 2022 is related mainly to the greater resort to short-term lines and higher cash use to support working capital, as mentioned above. The Group aids the operational cash needs, with a significant contribution from the controlling company, Cartiere di Guarcino. Through the current account, it holds a credit balance of € +1,504 thousand. Additionally, further support comes from the parent company by extending the loan of € 2,000 thousand disbursed in 2022.

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 EBITDA and EBIT:** a measure used by Management to strip EBITDA and EBIT of the effect of non-recurring cost and revenue components;
- **ADJUSTED NET PROFIT:** a measure used by Management to strip net profit of the effect of non-recurring cost and revenue components;
- **OPERATING WORKING CAPITAL, NET WORKING CAPITAL, FIXED ASSETS and NET INVESTED CAPITAL:** allow a better assessment of both the ability to meet short-term trade commitments through current trade assets and the consistency of the structure of loans and sources of financing in terms of time;
- **NET FINANCIAL DEBT:** the sum of current and non-current financial debt net of cash, determined in accordance with ESMA Guideline 32-382-1138 dated 4 March 2021 and CONSOB's "Warning Notice no. 5/21" dated 29 April 2021.

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

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

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

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

Below is an analysis of risks and the resulting uncertainties.

Non-financial risks

Risks associated with the general economic situation

As the Group operates in a global competitive scenario, its financial position, results and cash flows are affected by the general conditions and performance of the world economy, as well as by the continued 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 are not embargoed. Still, the ongoing conflict has undeniably dampened the consumption propensity of furniture and flooring buyers, impacting indirectly on the Group's results.

Risks associated with the level of competitiveness and cyclical in the segment

Demand trends are cyclical and vary according to the general economic conditions and the consumption propensity of end customers. An adverse trend in demand, or if the Group is not able to adapt effectively to the external market context, could have a significant negative impact on the Group's business prospects, as well as on its performance and financial situation. Most of the Group's revenue is generated in the decorative papers and industrial paper sectors. The Group

competes primarily in Europe with other major international groups. These markets are all highly competitive in terms of product quality, innovation and price. The Group has launched new product lines in order to seize new market segments that are more lucrative than traditional business; these new lines will not only allow it to acquire new customers, but also to expand sales and further strengthen its relationships with existing customers.

Risks associated with sales on international markets

Part of the Group's sales takes place outside the European Union. The Group is therefore exposed to the risks related to exposure to local economic and political conditions and to the possible implementation of restrictive import and/or export policies. The Group

constantly monitors the development of political and financial risks associated with countries whose general economic and political situation could prove unstable in the future, in order to take possible mitigation actions.

Risks associated with fluctuations in the price of raw materials and of 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 is definitely real. In order to manage this risk, the Group constantly monitors the market prices of the raw materials it procures for its activities in order to promptly anticipate any significant price increases, always keeping at least two suppliers that are able to supply the same quantity and quality of raw materials. In this context however, the Group does

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

Risks associated with the ability to propose innovative products

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

invests constantly in technological innovation in order to mitigate this risk. Investments in recent years have been channeled mainly into the new lacquering line for EOS products, the expansion of an embossing line for plastic films, the purchase of a new lamination line and a new impregnation line, and the purchase and engraving of cylinders, as well as work to maintain/upgrade existing process technologies which, at Cartiere, have escalated to an extraordinary scale.

Risks associated with the concentration of sales on a small number of customers and with production on order

Part of the Group's revenue is concentrated on a small number of customers. Production on order is strictly affected by relations with the Group's main customers, which can have a significant impact on revenue generation. Group revenue relates mainly to business on order, where prices are based on the production batch. The Group therefore bears the risk that the work required to complete individual job orders is higher than budgeted and that, consequently, expectations in terms of profit margins may be significantly lower. Additionally, production on order is subject to possible

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

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

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

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

Risks associated with Management

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

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

from a replacement of Managing Directors before the ordinary expiry of their office or resignation, thus ensuring continuity and stability in the management of the Company and the Group. 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 were recently put in place with the aim of: managing the threats to which the organization's network infrastructure and information systems are exposed, in

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

A business continuity/disaster recovery procedure is in place to deal with any unforeseen events.

Climate Change Risk

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

assessment as from 2021, with a view to increasing awareness, and has launched a sustainability process aimed at increasingly reducing its negative impacts in this area. On 13 December 2022, CDP confirmed its "B" rating related to 2021. The assessment and rating for 2022 will be completed in December 2023.

Financial risks

Risks associated with financial requirements

Liquidity risk is normally defined as the risk that a company will be unable to meet its payment obligations due to the difficulty of raising funds (funding liquidity risk) or liquidating assets on the market (asset liquidity risk).

The Group efficiently manages its financial resources through a loan agreement between the Parent Company and its Subsidiaries in order to make surplus liquidity available, if necessary, to cover its requirements. Short-term bank credit lines are in line with commitments undertaken and planned, while medium-term loans guarantee adequate coverage for

investments in fixed assets, keeping cash flows and the resulting liquidity generated in balance.

Thanks to the provision of low-interest loans obtained through emergency law decrees in 2020 and to a loan obtained in 2022 through a SupportItalia guarantee, in addition to a loan from SIMEST with a non-repayable portion to *support Italian exporting companies sourcing from Ukraine and/or Russia and/or Belarus* obtained in 2023, 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".

Credit risk

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

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

Currency risk

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

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

Interest rate risk

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

June 2023, the Parent Company had an IRS in place relating to the mortgage loan agreement with BPM, with a notional value of € 5,609 thousand and a positive fair value of € +317 thousand (a positive € 348 thousand at 31 December 2022).

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 30 March 2023, 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 25 January 2023 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.

The Shareholders' Meeting of 27 April 2023 of the Parent Company Neodecortech, pursuant to Article 123-ter, paragraph 3-ter, of Legislative Decree no. 58/1998, approved Section One of the Report on the Remuneration Policy and on Compensation Paid and, pursuant to Article 123-ter, paragraph 6, of the TUF, approved Section Two of the Report on the Remuneration Policy and on Compensation Paid.

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

Related party transactions

Following the transposition into Italian law of Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 (Shareholders Right Directive II), through Legislative Decree no. 49/2019, and in light of the CONSOB amendments with resolution no. 21624 of 10 December 2020 to the regulation containing provisions on related party transactions adopted by CONSOB with resolution no. 17221 of 12 March 2010, on 30 March 2023, 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 and on 28 June 2021.

The procedure aims to ensure full transparency and correctness of transactions carried out with Related Parties. The updated text of the Procedure for Transactions with Related Parties of Neodecortech is available on the Company website (www.neodecortech.it).

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

Capital expenditure

Capital expenditure in first half 2023 amounted to € 3,390 thousand, lower than the budgeted expenditure plan. Notably, a new impregnating machine was acquired, set to commence operation in autumn 2023. Started in late 2021, this investment backed the anticipated volume rise of impregnated decorative paper for Neodecortech.

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

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

Research & Development

In first half 2023, 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.

As for Cartiere di Guarcino, mention should be made that on 10/12/2020, it 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", which provides for an allowable Cost of up to € 2,000 thousand, a subsidized loan of € 1,000 thousand and a non-repayable grant of € 200 thousand.

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

Environment

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

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

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

Neodecortech

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

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

BS HOSAS 18001 (2011 to 2019) - 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

SUSTAINABILITY REPORT from 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 HOSAS 18001 (2012 to 2018) - 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 HOSAS 18001 (2016 to 2018) - 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, as explained in detail in the relevant paragraph on risks.

ESG

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

- the supplier code of conduct, aimed at the adoption of policies, principles and standards relating to the respect of human rights;
- the "diversity and inclusion policy" applicable within the Group;
- the biodiversity policy;
- the remuneration policy, which includes incentive plans tied to sustainability objectives not only for top and middle managers, but also for all other employees as an additional parameter among those considered for the purposes of accruing the annual performance bonus;
- medium to long-term projects in support of local communities, to be implemented in the municipalities where the Group's production plants are located, through donations or gifts aimed at promoting cultural and/or charitable activities;
- from 2022, economic support to the Ukrainian population through an association operating on site (CESVI);
- 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. In May 2023, the count for quantifying Scope 3 emissions for the entire Group was finalized;
- the construction of a boiler for the WtE processing of waste and laminate scraps at the Casoli (TE) plant.

For the second year, on 13 December 2022, the Neodecortech Group received a "B" score from CDP (Carbon Disclosure Project) based on the 2021 data provided in the questionnaire, 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". For 2023 too, in July the Group completed the CDP questionnaire for rating update.

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

On 15 March 2023, the Board of Directors approved, for the second year on a voluntary basis, the Consolidated Non-Financial Statement 2022, subject to limited review ("*limited assurance*") by Deloitte & Touche S.p.A., in accordance with the criteria set forth in ISAE 3000 Revised, and explicit reference is made to it for details of all these topics (<https://www.neodecortech.it/sostenibilita/sostenibilita-i-nostri-risultati/dichiarazione-non-finanziaria/>).

Human resources and organization

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

PERSONNEL IN SERVICE	Printed Decorative Paper Division	Printed Paper Division	Energy Division	30.06.2023 GROUP	31 12 2022 GROUP
Executives	5	5	0	10	9
Managers/White collars	58	48	2	108	110
Blue collars	157	113	2	272	281
Total	220	166	4	390	400

The average number of Group employees recorded in first half 2023 was 402, standing at 390 at 30 June 2023. Additionally, 5 resources from Cartiere di Guarcino work on secondment at the subsidiary Bio Energia Guarcino.

Atypical and/or unusual transactions during the year

In first half 2023, the Group did not carry out any significant transactions qualifying as non-recurring, atypical and/or unusual.

Significant events after 30 June 2023

In first half 2023, the Group did not carry out any significant transactions qualifying as non-recurring, atypical and/or unusual.

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

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

Treasury shares and shares of the Parent Company

Pursuant to Articles 2435-bis and 2428 of the Italian Civil Code, it should be noted that Neodecortech held no. 168,500 treasury shares at 30 June 2023 for a value of € 602,727.

The Shareholders' Meeting held on 27 April 2023 approved the additional purchase of ordinary shares of the Company, up to a maximum of 10% of the Company's share capital, equal to a maximum of no. 1,421,802 ordinary shares. The purchase of treasury shares may be made, in one or more tranches, within eighteen months.

In July and August 2023, Neodecortech continued with the purchase of additional treasury shares based on and within the limits of the above resolution.

At 30 June 2023 and during the six-month period, the Company did not hold and did not purchase shares in the parent company Finanziaria Valentini S.p.A..

Other information

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

The Shareholders' Meeting held on 27 April 2023 of the Parent Company Neodecortech approved the Financial Statements at 31 December 2022, allocating profit for the year of € 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;
- € 2,491,282.42 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 24 May 2023, Neodecortech paid out dividends of € 2,000 thousand (gross of the portion related to treasury shares held at the time of distribution).

Business and market outlook

July and August of the second half of 2023 witnessed a stabilization of the order backlog decline for Neodecortech and Cartiera di Guarcino seen in recent months.

Specifically, printed paper, while previously showing promising volumes, started to wane, hindering chances for greater market penetration. On the other hand, laminate and plastic products show promising recovery potential. For paper, the market outlook remains largely steady, albeit with a drop from 2022.

The gradual decrease in energy carrier costs over the past six months has led to their equally gradual transfer to the sales prices applied to customers, given the high demand from customers to be able in turn to regain market shares through increased competitiveness on their own sales prices. Anticipated energy costs for second half 2023 do not project any significant reductions.

The Power Plant is expected to be fully operational until 30 September 2023 when the maximization period is currently scheduled to end. For more information, see the subsequent section on Bio Energia Guarcino.

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 Russian-Ukrainian 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 possible non-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 paragraph 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 and Bio Energia Guarcino on 5 December 2022, further detailed below.

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 from customers to reduce sales prices along with a contraction in demand. This downward price trend, coupled with the delay in updating price lists, will allow for some margin recovery. All this has already been factored in when preparing the 2023 Budget, which envisions a step-by-step marginality recovery in the latter half of the year, given the pressures seen in the raw materials market in 2022.

Paper Division - Cartiere di Guarcino

The order backlog at Cartiere continues to be satisfactory at the moment and in line with the preparation of the 2023 Budget; however, forecasts on the future scenario should be taken with caution, given the possible declines in sales, the extent of which cannot be predicted at this time.

A tempering of the sales decline can be reasonably anticipated due to three key factors shaping the commercial strategy: (i) agreements with numerous Class A customers; (ii) product diversification with the production of backers for the North American market; likewise, semi-decorative Kraft papers for HPL manufacturers have been approved; and (iii) geographical diversification already planned in the 2023 Budget in the North American and South American markets.

With regard to the trend of strategic raw materials, as mentioned, a substantial price roll over is expected for titanium dioxide.

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.

The investment plan is tied to the efficiency of paper machines and ongoing optimization of equipment as planned in the 2023 Budget.

Energy Division - Bio Energia Guarcino

As detailed above, Bio Energia Guarcino operated under the maximization scheme from 19 September 2022 to 31 March 2023 and from 15 May 2023 to 30 September 2023.

The program for maximizing electricity generation from sources other than natural gas was introduced by Article 5bis, paragraph 1 of Law Decree no. 14 of 25 February 2022, converted, with amendments, by Law no. 28 of 5 April 2022. Subsequently, on 1 September 2022, the Ministry of Environment and Ecological Transition (now MASE) issued a guidance act, prot. Regulatory Authority for Energy Networks and Environment 37645, dated 2 September 2022. This act outlines the guidelines that the Energy Authority (ARERA) is tasked to implement.

On 13 September 2022, ARERA published Resolution 430/2022/R/eel in response to the Ukraine Emergency Decree. This introduced the "maximization" system for power generation plants powered by fuels other than gas, which include plants powered by sustainable bioliquids, possibly converted to production using diesel fuel.

Subsequently, by Law Decree no. 198 of 29 December 2022 (in the State Gazette - General Series - no. 303 of 29 December 2022), combined with Conversion Law no. 14 of 24 February 2023 (in the State Gazette no. 49 of 27 February 2023), the foundational terms of the maximization plan were extended by 12 months, until 31 March 2024, also considering the positive European stance.

Following the MASE Ministry's Guidance Act on 30 April 2023, the maximization program was confirmed for the period from 15 May 2023 to 30 September 2023, following its initial period from 19 September 2022 to 31 March 2023.

On 20/06/2023, ARERA issued Resolution no. 273, outlining and specifying costs for relevant plants (>10MW), including Bio Energia Guarcino. This initiated the dialogue with the Authority to define the Recognized Variable Cost (RVC), using the process for revising parameters under paragraph 7.3 of Del. no. 430/2022.

The primary reference is ARERA Resolution 430/2022, which outlines the requirements for a revenue integration mechanism should revenue not suffice to cover variable plant costs. The resolution draws upon the framework of an earlier determination, the Authority's Resolution dated 9 June 2006, 111/06, as subsequently amended and supplemented, which establishes a mechanism to integrate variable costs for plants deemed "essential" for the efficient and safe operation of the electricity system.

This mechanism is based on the application of the so-called Recognized Variable Cost (RVC), as regulated by ARERA Resolution 111/06. Plants subject to this regime, while not bound by a stringent production obligation, are required to optimize their production activity, benefiting from revenue re-integration if the RVC exceeds the revenue from energy sales (PUN + incentives). Furthermore, they are not required to return any additional profit that might arise from standard market operations beyond the profitability set by ARERA.

With the issuance of Resolution 430/2022, implementing the maximization plan, the Authority also introduces palm oil for crude vegetable oils to supplement the list of fuels in Resolution 111/2006, referring to the product Crude Palm Oil Sumatra Malaysia (see Del 430/2022 - Annex A - Article 5.1).

The issuance of Resolution 273 dated 20/06/2023 regulates the outlining and definition of specific costs related to some relevant plants (>10MW) including Bio Energia Guarcino. With this ruling, the Authority introduces 2 key points: (i) in addition to the list of fuels mentioned above, it also includes animal fats first item "Sego FFA 2-3 - MIU 1 - FAC 7-9" of the price list published weekly by the Granary Association of Milan; (ii) as well as Article 1 of Resolution 209/2023 dated 16/05/23 regarding non-relevant plants (<10MW), which explicitly states that the maximization criteria are applicable to "all electricity produced, whether it is delivered to the grid or utilized onsite within simple production and consumption systems". This means that all electricity produced and sold to both Cartiere di Guarcino and the grid is included in the maximization scheme.

Bio Energia Guarcino has determined the best possible estimate of revenue re-integration based on the information available to date. At 30 June 2023, the minimum amount of re-integration accrued was determined in € 8,530 thousand, with € 2,525 thousand attributable to 2022, calculated in light of the recent legislation introduced in June 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, which, given the current incentive system, would see the incentive support period for bioliquid power plants end in June 2025.

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

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

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

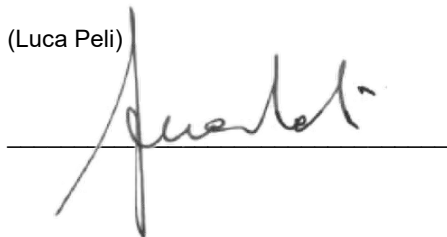
As a result of the above, the Company has not identified the presence of impairment indicators regarding the recoverability of the carrying amount of tangible fixed assets and has therefore not conducted an impairment test in accordance with IAS 36.

Filago (BG), 07 September 2023

For the Board of Directors

The Chairman

(Luca Peli)

A handwritten signature in black ink, appearing to read 'Luca Peli', is written over a horizontal line.



Condensed consolidated half-year financial statements at 30 June 2023



Consolidated income statement at 30 June 2023

(Euro thousands)	Notes	30 JUNE 2023	%	30 JUNE 2022	%	Chg.	% chg.
Revenue from sales and services	1	86,422	100.0%	99,229	100.0%	(12,807)	(12.9%)
Changes in work in progress, semi-finished and finished products	2	4,537	5.2%	6,358	6.4%	(1,821)	(28.6%)
Other revenue	3	6,883	8.0%	3,451	3.5%	3,432	99.4%
Value of Production		97,842	113.2%	109,039	109.9%	(11,197)	(10.3%)
Raw and ancillary materials and consum.	4	(61,502)	(71.2%)	(70,618)	(71.2%)	9,116	(12.9%)
Other operating expense	5	(16,289)	(18.8%)	(16,503)	(16.6%)	214	(1.3%)
Value Added		20,051	23.2%	21,918	22.1%	(1,867)	(8.5%)
Personnel expense	6	(10,832)	(12.5%)	(11,039)	(11.1%)	207	(1.9%)
EBITDA		9,219	10.7%	10,879	11.0%	(1,660)	(15.3%)
Amortization and depreciation	7	(4,529)	(5.2%)	(4,704)	(4.7%)	175	(3.7%)
Allocations	8	(123)	(0.1%)	(55)	(0.1%)	(68)	123.6%
EBIT		4,567	5.3%	6,120	6.2%	(1,553)	(25.4%)
Financial expense	9	(1,132)	(1.3%)	(2,054)	(2.1%)	922	(44.9%)
Financial income	10	202	0.2%	5,422	5.5%	(5,220)	(96.3%)
Profit/(loss) before tax		3,637	4.2%	9,488	9.6%	(5,851)	(61.7%)
Income tax	11	(52)	(0.1%)	(1,364)	(1.4%)	1,312	(96.2%)
Profit/(loss) for the year		3,585	4.1%	8,124	8.2%	(4,539)	(55.9%)

Consolidated statement of comprehensive income at 30 June 2023

(Euro thousands)	30 JUNE 2023	30 JUNE 2022
Profit/(loss) for the year	3,585	8,124
Other items of the comprehensive income statement		
Actuarial gains (losses) net of tax effect	8	214
Total items that will not be reclassified in the income statement for the year	8	214
Gains/(losses) on cash flow hedging instruments	(23)	256
Total items that will or may be reclassified in the income statement for the year	(23)	256
Total other items of the comprehensive income statement	-15	470
Comprehensive income (loss) for the year	3,570	8,594
Profit for the year attributable to:		
Shareholders of the Parent	3,570	8,594
Non-controlling interests		
Earnings per share (in Euro):		
Basic	0.25	0.57
Diluted	0.25	0.57

Consolidated statement of financial position at 30 June 2023

Assets	Notes	30 JUNE 2023	%	31 DECEMBER 2022	%	Chg.	% chg.
<i>(Euro thousands)</i>							
Intangible assets	12	708	0.4%	827	0.5%	(119)	(14.4%)
Tangible assets	13	77,613	46.4%	78,617	46.6%	(1,004)	(1.3%)
Investments				100			
Other non-current assets	14	497	0.3%	528	0.3%	(31)	(5.9%)
Non-current financial receivables	15	445	0.3%	445	0.3%	0	0.0%
Deferred tax assets	16	1,565	0.9%	1,682	1.0%	(117)	(7.0%)
Non-current assets		80,828	48.3%	82,199	48.7%	(1,371)	(1.7%)
Inventory	17	42,936	25.6%	43,550	25.8%	(614)	(1.4%)
Trade receivables	18	22,774	13.6%	23,836	14.1%	(1,062)	(4.5%)
Receivables from tax consolidation	19	955	0.6%	813	0.5%	142	17.5%
Tax receivables	20	2,351	1.4%	5,043	3.0%	(2,692)	(53.4%)
Current financial receivables	15	0	0.0%	0	0.0%	0	0.0%
Other current receivables	21	9,835	5.9%	1,269	0.8%	8,566	675.0%
Cash funds	22	7,732	4.6%	12,043	7.1%	(4,311)	(35.8%)
Current assets		86,583	51.7%	86,554	51.3%	29	0.0%
Total assets		167,411	100.0%	168,753	100.0%	(1,342)	(0.8%)

Equity and liabilities		30 JUNE 2023	%	31 DECEMBER 2022	%	Chg.	% chg.
<i>(Euro thousands)</i>							
Share capital		18,804	11.2%	18,804	11.1%	0	0.0%
Share premium reserve		18,864	11.3%	18,864	11.2%	0	0.0%
Other reserves		28,718	17.2%	24,968	14.8%	3,750	15.0%
Prior years' profit (loss)		8,761	5.2%	6,201	3.7%	2,560	41.3%
Profit (loss) for the year		3,585	2.1%	8,437	5.0%	(4,852)	(57.5%)
Equity	30	78,732	47.0%	77,274	45.8%	1,458	1.9%
Provisions for risks and charges	23	819	0.5%	774	0.5%	45	5.8%
Deferred tax	16	6,102	3.6%	6,304	3.7%	(202)	(3.2%)
Post-employment benefits	24	2,025	1.2%	2,131	1.3%	(106)	(5.0%)
Non-current financial liabilities	25	25,584	15.3%	22,095	13.1%	3,489	15.8%
Non-current liabilities		34,530	20.6%	31,304	18.6%	3,226	10.3%
Trade payables	26	32,286	19.3%	33,693	20.0%	(1,407)	(4.2%)
Payables from tax consolidation	27	556	0.3%	469	0.3%	87	18.6%
Tax payables	28	756	0.5%	703	0.4%	53	7.5%
Current financial liabilities	25	14,239	8.5%	20,682	12.3%	(6,443)	(31.2%)
Other current payables	29	6,312	3.8%	4,628	2.7%	1,684	36.4%
Current liabilities		54,149	32.3%	60,175	35.7%	(6,026)	(10.0%)
Total equity and liabilities		167,411	100.0%	168,753	100.0%	(1,342)	(0.8%)

Consolidated statement of changes in equity at 30 June 2023

CONSOLIDATED FIGURES EURO THOUSANDS	NOTE S	ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT								TOTAL EQUITY
		SHARE CAPITA L	HEDGING AND TRANSLATIO N RESERVES	EQUITY RESERVE S	OTHER RESERVE S	TREASUR Y SHARES	PROFIT (LOSS) FOR THE YEAR	EQUITY	EQUITY NON- CONTROLLIN G INTERESTS	
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					(1,978)			(1,978)	0	(1,978)
Allocation of prior year's profit (loss)					6,688		(6,688)	0	0	0
Other changes		0	0	0	(2)	(328)		(330)	0	(330)
Balance at 31/12/2022	28	18,804	264	18,864	31,372	(468)	8,437	77,273	0	77,274
Balance at 01/01/2023	28	18,804	264	18,864	31,373	(468)	8,437	77,274	0	77,274
Other items of the comprehensive income statement		0	(23)	0	8	0	0	(15)	0	(15)
Profit for the year		0	0	0	0	0	3,585	3,585	0	3,585
Total comprehensive income/loss for the year		0	(23)	0	8	0	3,585	3,570	0	3,570
Dividend distribution					(1,973)			(1,973)	0	(1,973)
Allocation of prior year's profit (loss)					8,437		(8,437)	0	0	0
Other changes		0	0	0	(4)	(135)		(139)	0	(139)
Balance at 30/06/2023	28	18,804	241	18,864	37,841	(603)	3,585	78,732	0	78,732

Consolidated statement of cash flows at 30 June 2023

<i>(Euro thousands)</i>	30 JUNE 2023	30 JUNE 2022
Profit (loss) for the year	3,585	8,124
Income tax	128	1,330
Deferred/(prepaid) tax	(76)	34
Interest expense/(interest income)	929	(3,203)
(Dividends received)	0	0
(Gains)/losses from disposal of assets	14	(8)
1 Profit (loss) for the year before income tax, interest, dividends and gains/losses from disposals	4,581	6,275
Adjustments for non-monetary items that had no balancing entry in net working capital:		
Allocation to post-employment benefits	25	79
Allocations to other provisions	223	162
Amortization and depreciation of fixed assets	4,529	4,704
Write-downs for impairment losses	0	0
Other adjustments for non-monetary items	(151)	(1,243)
2 Cash flow before changes in NWC	9,206	9,978
Changes in net working capital:		
Decrease/(increase) in receivables from customers	973	(2,521)
Decrease/(increase) in inventory	487	(5,928)
Increase/(decrease) in payables to suppliers	(1,428)	(4,975)
Decrease/(increase) in other receivables	(5,880)	(712)
Increase/(decrease) in other payables	1,645	1,731
Other changes in net working capital	0	0
3 Cash flow after changes in NWC	5,002	(2,426)
Other adjustments:		
Interest received/(paid)	(789)	(471)
(Income tax paid)	(89)	(227)
(Gains)/losses from disposal of assets	0	0
Dividends received	0	0
(Utilization of provisions)	11	(285)
(Utilization of provisions for post-employment benefits)	(136)	(88)
4 Cash flow after other adjustments	3,998	(3,496)
A Cash flow from operations	3,998	(3,496)
<i>Tangible fixed assets</i>	<i>(3,289)</i>	<i>(4,104)</i>
(Purchase)	(3,289)	(4,104)
Disposal	0	0
<i>Intangible fixed assets</i>	<i>(110)</i>	<i>(89)</i>
(Purchase)	(110)	(89)
Disposal	0	0
<i>Financial fixed assets</i>	<i>0</i>	<i>0</i>
(Purchase)	0	0
Disposal	0	0
<i>Current financial assets</i>	<i>0</i>	<i>0</i>
(Purchase)	0	0
Disposal	0	0
<i>Proceeds from disposal of assets</i>	<i>(14)</i>	<i>8</i>
B Cash flow from investing activities	(3,413)	(4,184)
Liabilities	(2,886)	(99)
Increase (decrease) in short-term bank payables	(4,380)	3,120
New loans	5,000	0

Repayment of loan	(3,202)	(2,188)
Financial liabilities to other lenders	(304)	(1,030)
Change in financial receivables from other lenders	0	0
Equity	(2,106)	(2,233)
Share capital increase	0	0
Sale (purchase) of treasury shares	(135)	(254)
Other changes in equity	(1,972)	(1,978)
C Cash flow from financing activities	(4,992)	(2,332)
Increase (decrease) in cash funds (A ± B ± C)	(4,310)	(10,013)
Cash funds at 1 January	12,042	13,491
Cash funds at 30 June	7,732	3,478



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 website is: www.neodecortech.it.

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

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

The publication of these condensed consolidated half-year financial statements was approved by the Directors on 07 September 2023.

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 condensed consolidated half-year 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, and in particular in accordance with IAS 34 regarding interim financial statements. The IAS-IFRS also include all the revised international accounting standards (IAS) and all the interpretations issued by the IFRS Interpretation Committee (formerly IFRIC), previously known as SIC. The rules of national legislation implementing EU Directive 2013/34 also apply, provided they are consistent, to companies that prepare their financial statements in accordance with IAS-IFRS. Therefore, the financial statements implement the relevant provisions of the articles of the Italian Civil Code and the corresponding provisions of the TUF for listed companies concerning the Directors' Report on Operations, the Independent Auditors' Report and the publication of the financial statements. The consolidated financial statements and the notes thereto also include the details and additional information required by the articles of the Italian Civil Code concerning financial statements, insofar as they do not conflict with the provisions of IAS-IFRS, as well as the other CONSOB regulations and instructions concerning financial statements.

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

Preparation criteria and functional currency

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

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

Financial statements and presentation criteria

The condensed consolidated half-year financial statements comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity and the consolidated statement of cash flows, as well as the explanatory notes for the six months ended 30 June 2023.

Regarding the presentation of the financial statements, the Group opted for the following approach:

- 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 accounting standards adopted in the preparation of the condensed consolidated half-year financial statements are the same as those used for the consolidated financial statements at 31 December 2022, with the exception of the adoption of the new standards and amendments effective as of 1 January 2023. The Group has not adopted in advance any new standards, interpretations or amendments issued but not yet in force.

Various amendments apply for the first time in 2023, but had no impact on the Group's condensed consolidated half-year financial statements.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a new accounting standard for insurance contracts that considers recognition and measurement, presentation, and disclosure. IFRS 17 supersedes IFRS 4 Insurance Contracts issued in 2005. IFRS 17 applies to all types of insurance contracts (e.g., life, non-life, direct insurance, and reinsurance), regardless of the type of entity that issues them, as well as to certain guarantees and financial instruments with discretionary participation features; some exceptions apply with reference to scope. The overall goal of IFRS 17 is to provide a more useful and consistent accounting model for insurance contracts for insurers. Unlike the requirements of IFRS 4, which are based largely on maintaining previous local accounting standards, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-term contracts.

The amendments had no impact on the Group's condensed consolidated half-year financial statements.

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies and error correction. They also clarify how entities use valuation techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group's condensed consolidated half-year financial statements.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS *Practice Statement 2 Making Materiality Judgements* provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments are intended to help entities provide more useful accounting policy disclosures by replacing the requirement for entities to disclose their "significant" accounting standards with a requirement to disclose their "material" accounting standards and by adding guidance on how entities apply the concept of materiality when making accounting standard disclosure decisions.

The amendments had no impact on the Group's condensed consolidated half-year financial statements, but are expected to affect the disclosure of accounting standards in the Group's consolidated annual financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

The amendments to IAS 12 *Income Taxes* narrow the scope of the exception to initial recognition so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no impact on the Group's condensed consolidated half-year financial statements.

Consolidation methods

The consolidated financial statements were prepared on the basis of the financial statements at 30 June 2023 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%
NDT energy S.r.l.	Casoli di Atri (TE)	100,000 €	Full	100%

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

Mention should be made of the inclusion of the subsidiary NDT energy S.r.l. in the consolidation scope as a change from the prior year.

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

CONSOLIDATED FIGURES IN EURO THOUSANDS	EQUITY 30 JUNE 2023	PROFIT (LOSS) FOR THE YEAR 30 JUNE 2023	EQUITY 31 DECEMBER 2022	PROFIT (LOSS) FOR THE YEAR 31 DECEMBER 2022
Equity and profit for the period attributable to the parent company	78,732	3,585	77,274	8,437
<i>Elimination of the carrying amount of consolidated investments:</i>				
Difference between carrying amount and pro-rata amount of equity	-		-	
Currency translation difference	-		-	
Pro-rata results of investees		2,659		4,073
Cancellation of write-downs/write-backs of investments		(2,568)		(3,880)
Amortization of fair value of fixed assets (allocation of BEG goodwill)		(81)		(162)
<i>Elimination of the effects of transactions between consolidated companies:</i>				
Intercompany profits included in the value of closing inventory	-	(10)	-	(31)
Intercompany profits on disposal of fixed assets	-	-	-	-
Equity and profit for the year attributable to the shareholders of the parent	78,732	3,585	77,274	8,437
Non-controlling interests	-	-	-	-
Total equity	78,732	3,585	77,274	8,437

Subjective evaluations and use of estimates

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

To provide a better understanding of the Condensed Consolidated Half-Year Financial Statements, the following are the most significant estimates adopted in the process of their preparation, as they involve a high level of subjective

judgments, assumptions and estimates relating to issues that are by their nature uncertain, especially in the current context of the COVID-19 pandemic and the conflict in Ukraine. Changes in the conditions underlying the judgments and assumptions made could have a material impact on subsequent results.

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

Additionally, in the preparation of these consolidated half-year financial statements, the subjective assessments in the application of Group accounting standards and the main sources of estimation uncertainty were the same as those applied in the preparation of the consolidated financial statements for the year ended 31 December 2022.

Segment reporting

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

- Printed Decorative Paper Division - Neodecortech S.p.A.
- Decorative Paper Division - Cartiere di Guarcino S.p.A.
- Energy Division - Bio Energia Guarcino S.r.l.

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

The table below shows the segment figures relating to revenue and income and results at 30 June 2023 and, below, at 30 June 2022:

30 June 2023

(Euro thousands)	Printed Decorative Paper Division	% on Revenue	Decorative Paper Division	% on Revenue	BEG Energy Division	% on Revenue	NDTe Energy Division	% on Revenue	Aggregate	Eliminations and consolidation entries	Consolidated	% on Revenue
Revenue from sales and services	37,071	100.0%	45,093	100.0%	19,325	0.0%	0	0.0%	101,489	15,067	86,422	100.0%
Changes in work in progress, semi-finished and finished products	2,496	6.7%	2,041	4.5%	0	0.0%	0	0.0%	4,537	0	4,537	5.2%
Other revenue	1,199	3.2%	2,984	6.6%	2,844	0.0%	0	0.0%	7,026	144	6,883	8.0%
Value of Production	40,765	110.0%	50,118	111.1%	22,169	0.0%	0	0.0%	113,052	15,210	97,842	113.2%
Raw and ancillary materials and consumables	(25,081)	(67.7%)	(30,013)	(66.6%)	(17,499)	0.0%	0	0.0%	(72,593)	(11,091)	(61,502)	(71.2%)
Other operating expense	(6,488)	(17.5%)	(11,735)	(26.0%)	(2,033)	0.0%	(7)	0.0%	(20,263)	(3,974)	(16,289)	(18.8%)
Value Added	9,196	24.8%	8,370	18.6%	2,637	0.0%	-7	0.0%	20,196	145	20,051	23.2%
Personnel expense	(5,760)	(15.5%)	(5,001)	(11.1%)	(203)	0.0%	0	0.0%	(10,964)	(132)	(10,832)	(12.5%)
EBITDA	3,436	9.3%	3,369	7.5%	2,434	0.0%	-7	0.0%	9,232	13	9,219	10.7%
Amortization and depreciation	(1,652)	(4.5%)	(1,345)	(3.0%)	(1,418)	0.0%	0	0.0%	(4,415)	114	(4,529)	(5.2%)
Allocations	(59)	(0.2%)	(64)	(0.1%)	0	0.0%	0	0.0%	(123)	0	(123)	(0.1%)
EBIT	1,725	4.7%	1,960	4.3%	1,016	0.0%	(7)	0.0%	4,694	127	4,567	5.3%
Financial expense	(278)	(0.7%)	(824)	(1.8%)	(198)	0.0%	(3)	0.0%	(1,303)	(171)	(1,132)	(1.3%)
Financial income	2,228	6.0%	713	1.6%	0	0.0%	0	0.0%	2,941	2,739	202	0.2%
Profit/(loss) before tax	3,675	9.9%	1,849	4.1%	818	0.0%	(10)	0.0%	6,332	2,695	3,637	4.2%
Income tax	(90)	(0.2%)	168	0.4%	(166)	0.0%	0	0.0%	(88)	(36)	(52)	(0.1%)
Profit/(loss) for the year	3,585	9.7%	2,017	4.5%	652	0.0%	(10)	0.0%	6,244	2,659	3,585	4.1%

30 June 2022

(Euro thousands)	Printed Decorative Paper Division	% on Revenue	Decorative Paper Division	% on Revenue	Energy Division	% on Revenue	NDTe Energy Division	% on Revenue	Aggregate	Eliminations and consolidation entries	Consolidated	% on Revenue
Revenue from sales and services	42,917	100.0%	52,185	100.0%	20,081	100.0%	0	0.0%	115,183	15,954	99,229	100.0%
Changes in work in progress, semi-finished and finished products	1,931	4.5%	4,428	8.5%	0	0.0%	0	0.0%	6,359	1	6,358	6.4%
Other revenue	1,104	2.6%	2,439	4.7%	43	0.2%	0	0.0%	3,586	135	3,451	3.5%
Value of Production	45,952	107.1%	59,052	113.2%	20,124	100.2%	0	0.0%	125,128	16,089	109,039	109.9%
Raw and ancillary materials and consumables	(29,091)	(67.8%)	(34,561)	(66.2%)	(16,518)	(82.3%)	0	0.0%	(80,170)	(9,552)	(70,618)	(71.2%)
Other operating expense	(6,560)	(15.3%)	(14,515)	(27.8%)	(1,794)	(8.9%)	0	0.0%	(22,869)	(6,366)	(16,503)	(16.6%)
Value Added	10,301	24.0%	9,976	19.1%	1,812	9.0%	0	0.0%	22,089	171	21,918	22.1%
Personnel expense	(5,988)	(14.0%)	(4,977)	(9.5%)	(215)	(1.1%)	0	0.0%	(11,180)	(141)	(11,039)	(11.1%)
EBITDA	4,313	10.0%	4,999	9.6%	1,597	8.0%	0	0.0%	10,909	30	10,879	11.0%
Amortization and depreciation	(1,697)	(4.0%)	(1,513)	(2.9%)	(1,380)	(6.9%)	0	0.0%	(4,590)	114	(4,704)	(4.7%)
Allocations	(55)	(0.1%)	0	0.0%	0	0.0%	0	0.0%	(55)	0	(55)	(0.1%)
EBIT	2,561	6.0%	3,486	6.7%	217	1.1%	0	0.0%	6,264	144	6,120	6.2%
Financial expense	(1,454)	(3.4%)	(673)	(1.3%)	(221)	(1.1%)	0	0.0%	(2,348)	(294)	(2,054)	(2.1%)
Financial income	7,938	18.5%	304	0.6%	0	0.0%	0	0.0%	8,242	2,820	5,422	5.5%
Profit/(loss) before tax	9,045	21.1%	3,117	6.0%	-4	(0.0%)	0	0.0%	12,158	2,670	9,488	9.6%
Income tax	(921)	(2.1%)	(405)	(0.8%)	(78)	(0.4%)	0	0.0%	(1,404)	(40)	(1,364)	(1.4%)
Profit/(loss) for the year	8,124	18.9%	2,712	5.2%	-81	(0.4%)	0	0.0%	10,755	2,631	8,124	8.2%

At 30 June 2023, the table below shows revenue broken down by type of business.

<i>(Euro thousands)</i>	Printed Decorative Paper Division	Decorative Paper Division	Energy Division	Aggregate
Revenue from the sale of goods	30,655	44,233		74,888
Revenue from services	6,416	860		7,276
Revenue from the sale of electricity and steam			10,795	10,795
Revenue from maximization			8,530	8,530
Total by segment	37,071	45,093	19,325	101,489

The table below shows segment balance sheet and financial position figures at 30 June 2023 and, below, at 31 December 2022:

30 June 2023

<i>(Euro thousands)</i>	Printed Decorative Paper Division	Decorative Paper Division	BEG Energy Division	NDTe Energy Division	Aggregate	Eliminations and consolidation entries	Consolidated
Intangible assets	577	129	2	0	708	0	708
Tangible assets	31,817	37,779	7,424	25	77,045	568	77,613
Investments	39,133	12,083	0	0	51,216	(51,216)	0
Other non-current assets	7,165	464	0	0	7,629	(6,687)	942
Deferred tax assets	475	13	1,033	0	1,521	43	1,564
Non-current assets	79,167	50,467	8,459	25	138,118	(57,290)	80,828
Inventory	11,270	27,778	4,042	0	43,090	(154)	42,936
Trade receivables	11,881	9,284	2,204	0	23,369	(595)	22,774
Receivables from tax consolidation	0	235	720	0	955	0	955
Tax receivables	747	1,045	553	6	2,351	0	2,351
Current financial receivables	3,979	1,504	0	0	5,483	(5,483)	0
Other receivables	537	348	8,950	0	9,835	0	9,835
Cash funds	2,722	4,709	245	56	7,732	0	7,732
Current assets	31,136	44,901	16,713	62	92,812	(6,228)	86,584
Assets	110,303	95,368	25,173	87	230,931	(63,523)	167,412
Equity	78,732	39,159	11,679	85	129,655	(50,923)	78,732
Provisions for risks and charges	244	555	20	0	819	0	819
Deferred tax	2,433	3,076	429	0	5,938	164	6,102
Post-employment benefits	653	1,346	26	0	2,025	0	2,025
Non-current financial liabilities	11,701	19,813	756	0	32,270	(6,687)	25,583
Non-current liabilities	15,031	24,790	1,229	0	41,050	(6,521)	34,529
Trade payables	8,859	19,562	4,458	1	32,880	(594)	32,286
Payables from tax consolidation	556	0	0	0	556	0	556
Tax payables	163	557	35	1	756	0	756
Current financial liabilities	2,608	9,370	7,745	0	19,723	(5,483)	14,240
Other current payables	4,354	1,931	27	0	6,312	0	6,312
Current liabilities	16,540	31,420	12,265	2	60,227	(6,076)	54,151
Equity and liabilities	110,303	95,368	25,173	87	230,931	(63,523)	167,412

31 december 2022

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

Management of financial risks

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

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

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

Liquidity risk

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

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

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

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

At 30 June 2023, 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:

Trade receivables	Overall total	Total falling due	Total past due	Past due 0 - 30	Past due 31 - 60	Past due 61 - 90	Past due 91 - 120	Past due over 120
30 JUNE 2023	23,337	18,401	4,936	4,126	143	(169)	28	808

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

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 30 June 2023, but credited by the bank on the first business day of the following month.

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

Changes in the provision for doubtful accounts at 30 June 2023 are shown below:

Provision for doubtful accounts

(Euro thousands)					
	31 DECEMBER 2022	Allocation s	Utilization	Release	30 JUNE 2023
Changes in Provision for Doubtful Accounts	474	89	0	0	563
Total provision for doubtful accounts	474	89	0	0	563

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

Exchange rate risk

By focusing its sales on the Italian and European markets of the Euro zone, the Group is exposed to the risk of fluctuations in exchange rates to a limited extent and primarily in relation to the purchase of certain raw materials (pulp and titanium dioxide), whose transactions are partly denominated in currencies other than the Euro, primarily in US dollars.

In this regard, at 30 June 2023, the subsidiary Cartiere di Guarcino S.p.A. had forward purchases in US dollars for a notional value of € 4,211 thousand, with a positive fair value of € 12 thousand (zero at 31 December 2022).

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. Total medium/long-term loans at 30 June 2023 amounted to € 30,276 thousand, of which approximately 79% are at floating rate not hedged by derivative contracts.

To mitigate the above risk, the Parent Company entered into an Interest Rate Swap contract relating to the outstanding mortgage loan with BPM, with a notional value of € 5,609 thousand and a positive fair value of € 317 thousand at 30 June 2023 (positive € 348 thousand at 31 December 2022).

Fair value hierarchy and classes of financial instruments

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

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

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

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

At 30 June 2023, 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 30 June 2023:

- Currency Rate - Hedging contract against the fluctuation risk of the US dollar entered into by Cartiere di Guarcino S.p.A. - Notional value at 30 June 2023 USD 4,601 thousand - Fair value at 30 June 2023 € +11,569 (zero at 31 December 2022);
- Interest Rate Swap - Contract hedging the risk of interest rate fluctuations entered into by Neodecortech S.p.A. - Notional value at 30 June 2023 € 5,608,706 - Fair value at 30 June 2023 € +317,206 (€ +347,549 at 31 December 2022);

In 2020, five loan agreements were also concluded for a total of € 10,000 thousand, underlying which there are embedded derivatives (floor at zero on Euribor rate). For four of these agreements, for a total of € 8,000 thousand, the embedded derivatives are active at 30 June 2023, and have therefore been separated and measured and, at the same date, have a negative fair value of € 1 thousand (negative fair value of € 3 thousand at 31 December 2022).

Consolidated income statement

1. REVENUE FROM SALES AND SERVICES

The table below provides a breakdown of this item for first half 2023 versus first half 2022:

Revenue from sales and services						
(Euro thousands)						
	30 JUNE 2023	%	30 JUNE 2022	%	Chg.	% chg.
Revenue from sales	79,458	91.9	91,616	92.3	(12,158)	(13.3)
Services	6,964	8.1	7,613	7.7	(649)	(8.5)
Total revenue from sales and services	86,422	100.0	99,229	100.0	(12,807)	(12.9)

In order to provide adequate disclosure of the nature and characteristics of revenue, see 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 € **6,387** thousand at 30 June 2023 (€ 7,143 thousand at 30 June 2022).

2. CHANGES IN SEMI-FINISHED AND FINISHED PRODUCTS

With regard to changes in inventory, which closes with a positive € 4,537 thousand at 30 June 2023 (versus a positive change of € 1,821 thousand at 30 June 2022), they are related mainly to the growth in selling prices.

3. OTHER REVENUE AND INCOME

Other revenue and income						
(Euro thousands)						
	30 JUNE 2023	%	30 JUNE 2022	%	Chg.	% chg.
Contingent assets	2,784	40.5	201	5.8	2,583	1,285.1
Sale of raw materials and packaging	13	0.2	6	0.2	7	116.7
Exchange rate gains	298	4.3	170	4.9	128	75.3
Gains	6	0.1	8	0.2	(2)	(25.0)
Insurance reimbursements	5	0.1	7	0.2	-2	(28.6)
Stock Grant Release						
Other revenue	3,777	54.9	3,059	88.6	718	23.4
Total other revenue and income	6,882	100.0	3,451	100.0	3,432	99.4

At 30 June 2023, the item was composed mainly of contingent assets of € 2,784 thousand, attributable for € 2,631 thousand to the maximization share of Bio Energia Guarcino for 2022, and of € 3,776 thousand for other revenue related mainly to tax credits to energy- and gas-intensive companies for the first two quarters obtained for Neodecortech and Cartiere di Guarcino and amounting to € 2,950 thousand. Foreign exchange gains were earned from pulp purchase transactions in U.S. dollars.

Following the recent legislation in June 2023, Bio Energia Guarcino has assessed the best possible estimate of revenue re-integration based on the information available to date. Consequently, the company established the re-integration amount accrued up to 30 June 2023 (for a detailed regulatory history of events, refer to the "Business and market outlook" paragraph in the section "Bio Energia Guarcino Division"). The portion referable to 2022 amounted to € 2,525 thousand (Resolution 273 of 20/06/2023) and was included under "contingent assets".

In accordance with the provisions of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", under which an estimate may need to be adjusted if changes occur in the circumstances on which the estimate was based or as a result of new information or increased experience [IAS36.34], the Group has estimated the re-integration portion for the period September-December 2022. By its nature, the revision of an estimate is not related to prior periods and is not the correction of an error [IAS36.34], therefore, the company has recognized the effect of the change in the accounting estimate by including it in the income statement in the period in which the change occurred [IAS8.36].

4. RAW AND ANCILLARY MATERIALS AND CONSUMABLES

Raw and ancillary materials and consumables						
(Euro thousands)						
	30 JUNE 2023	%	30 JUNE 2022	%	Chg.	% chg.
Raw and ancillary materials and consumables	60,445	98.3	69,631	98.6	(9,186)	(13.2)
Packaging materials	1,057	1.7	987	1.4	70	7.1
Total raw materials	61,502	100.0	70,618	100.0	(9,116)	(12.9)

The reduction in the consumption of raw and ancillary materials is proportional to the reduction in sales (-13.2%). Indeed, the effect of the retracement of strategic raw material costs that began in late 2022 offset the hikes in the second part of 2022. However, these costs have not yet returned to the levels seen in the first half of 2022. See the Directors' Report on Operations for a breakdown of raw material costs of the subsidiary Bio Energia Guarcino S.r.l..

5. OTHER OPERATING EXPENSE

Other operating expense						
(Euro thousands)						
	30 JUNE 2023	%	30 JUNE 2022	%	Chg.	% chg.
External processing	21	0.1	188	1.1	(167)	(88.8)
Consultancy	991	6.1	975	5.9	16	1.6
Advertising and marketing	429	2.6	73	0.4	356	487.7
Bonuses and commissions	629	3.9	709	4.3	(80)	(11.3)
Transport	2,186	13.4	3,347	20.3	(1,161)	(34.7)
Utilities	6,329	38.9	5,669	34.4	660	11.6
Fees to Directors and Board of Statutory Auditors	439	2.7	376	2.3	63	16.8
Insurance	697	4.3	601	3.6	96	16.0
Bank commissions	199	1.2	158	1.0	41	25.9
Reimbursements to employees	16	0.1	11	0.1	5	45.5
Travel expense	100	0.6	65	0.4	35	53.8
Sundry industrial services	2,731	16.8	2,550	15.5	181	7.1
Other services	701	4.3	687	4.2	14	2.0
Rental expense	1	0.0	0	0.0	1	0.0
Rentals and other	127	0.8	81	0.5	46	56.8
Tax and duties	282	1.7	398	2.4	(116)	(29.1)
Gifts	3	0.0	0	0.0	3	0.0
Contingent liabilities	193	1.2	283	1.7	(90)	(31.8)
Exchange rate losses	115	0.7	275	1.7	(160)	(58.2)
Capital losses	20	0.1	0	0.0	20	0.0
Other operating expense	80	0.5	55	0.3	25	45.5
Total Other Operating Expense	16,289	100.0	16,503	100.0	(214)	(1.3)

Other operating expense was impacted mainly by a reduction in transportation costs (€ -1,160 thousand) and an increase in utilities, especially energy carriers (€ +660 thousand) that have not retraced yet to the levels of first half 2022; the remaining costs were in line with last-year's six-month period.

6. PERSONNEL EXPENSE

Personnel expense						
(Euro thousands)						
	30 JUNE 2023	%	30 JUNE 2022	%	Chg.	% chg.
Wages and salaries	7,813	72.1	8,090	73.3	(277)	(3.4)
Social security charges	2,379	22.0	2,338	21.2	41	1.8
Post-employment benefits	517	4.8	571	5.2	-54	-9.5
Other personnel expense	123	1.1	40	0.4	83	207.5
Total personnel expense	10,832	100.0	11,039	100.0	(207)	(1.9)

Personnel expense was basically steady although slightly down by € 207 thousand versus 30 June 2022. Current staffing levels are considered adequate for corporate needs. In first half 2023, the Group resorted to CIGO to counter the reduction in orders (CDG 3,264 hours and NDT 2,648 hours)

7. AMORTIZATION AND DEPRECIATION

Amortization and depreciation							
<i>(Euro thousands)</i>							
	30 JUNE 2023	%	30 JUNE 2022	%	Chg.	% chg.	
Other intangible assets	228	5.0	477	10.1	(249)	(52.2)	
Buildings	345	7.6	330	7.0	15	4.5	
Leasehold improvements	0	0.0	679	14.4	(679)	(100.0)	
Plant and machinery	3,278	72.4	2,494	53.0	784	31.4	
Equipment	451	10.0	527	11.2	(76)	(14.4)	
Other	227	5.0	197	4.2	30	15.2	
Total amortization and depreciation	4,529	100.0	4,704	100.0	(175)	(3.7)	

Amortization and depreciation decreased at 30 June 2023 by € 175 thousand versus the prior six-month period, owing to the full amortization of certain earlier expenditure. New expenditure was made according to the budgeted plan.

8. ALLOCATIONS

Allocations							
<i>(Euro thousands)</i>							
	30 JUNE 2023	%	30 JUNE 2022	%	Chg.	% chg.	
Provision for supplementary agents' indemnity	34	27.6	0	0.0	34	0.0	
Provision for doubtful accounts	89	72.4	55	100.0	34	61.8	
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	123	100.0	55	100.0	68	123.6	

The allocation to the provision for doubtful accounts relates to specific items determined in accordance with IFRS 9, while the allocation to the provision for supplementary indemnity refers to specific risks of potential interruptions to agency contracts.

9. FINANCIAL EXPENSE

Financial expense							
<i>(Euro thousands)</i>							
	30 JUNE 2023	%	30 JUNE 2022	%	Chg.	% chg.	
Interest payable on C/A	223	19.7	98	4.8	125	127.6	
Interest M/L Term Loans	561	49.6	126	6.1	435	345.2	
Interest short-term loans	6	0.5	0	0.0	6	0	
Interest from factoring	12	1.1	127	6.2	(115)	(90.6)	
Interest from application of IAS/IFRS	44	3.9	70	3.4	(26)	(37.1)	
Other interest expense	3	0.3	14	0.7	(11)	(78.6)	

Other expense	0	0.0	1,329	64.7	(1,329)	(100.0)
Total interest expense	848	74.9	1,764	85.9	(916)	(51.9)
Lease interest	15	1.3	45	2.2	(30)	(66.7)
Currency losses	269	23.8	245	11.9	24	9.8
Total financial expense	1,132	100.0	2,054	100.0	(922)	(44.9)

At 30 June 2023, net of the extraordinary effect of the write-off of the receivable from Andreotti Fotoincisioni S.p.A. of € 1,312 thousand in 2022, the item increased by € 390 thousand. The Group has made efforts to control these costs with financial institutions, but due to rising interest rates and the acquisition of new loans, interest expense has increased overall.

10. FINANCIAL INCOME

Financial income						
(Euro thousands)						
	30 JUNE 2023	%	30 JUNE 2022	%	Chg.	% chg.
Interest income	0	0.0	0	0.0	0	0.0
Other income	88	43.6	5,142	94.8	(5,054)	(98.3)
Currency gains	114	56.4	279	5.1	(165)	(59.1)
Total financial income	202	100.0	5,422	100.0	(5,220)	(96.3)

Financial income at 30 June 2022 included the write-off of the MICA payable of € 5,082 thousand. Net of this effect, financial income decreased by € 138 thousand, attributable mainly to lower positive exchange rate differences.

11. INCOME TAX

Income tax			
(Euro thousands)			
	30 JUNE 2023	30 JUNE 2022	%
Profit (loss) before tax	3,637	9,488	
IRES for the year	176	1,751	4.8%
Income from tax consolidation	(188)	(704)	(5.2%)
IRES net of income from tax consolidation	(12)	1,047	(0.3%)
IRAP for the year	141	283	
Deferred tax assets	118	-	
Deferred tax	(199)	34	
Income tax relating to prior years and benefits	4	-	
Income tax	52	1,364	

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

The Neodecortech Group companies participate in the national tax consolidation scheme (Article 117 et seq. of the TUIR), headed by the parent company Finanziaria Valentini S.p.A.; income from tax consolidation was estimated for the period under review.

IRES and IRAP tax came to 1.5%, with the effects of the above tax consolidation, versus 14% at 30 June 2022. This tax figure notably decreased from the prior year, given the reduction in profit margins and the non-taxable grants to energy- and gas-intensive companies. Net of this effect, the impact would be approximately 7% in line with last year. The change in deferred taxation is associated with temporary changes in the tax burden attributable to asset valuation reserves and Directors' fees.

Assets

12. INTANGIBLE ASSETS

Intangible fixed assets							
(Euro thousands)							
	Balance at 31.12.2022	Acquisitions	Disposals	Amortization	Write- back/Write- downs	Other changes	Balance at 30.06.2023
Other intangible fixed assets	742	34	0	(228)	0	0	548
Fixed assets under construction and advances	84	76	0	0	0	0	160
Total intangible fixed assets	826	110	0	(228)	0	0	708

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

13. TANGIBLE ASSETS

Tangible assets at 30 June 2023 amounted to € 77,613 thousand versus € 78,617 thousand at 31 December 2022. 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.

Tangible fixed assets						
(Euro thousands)						
	Historical cost 31.12.2022*	Depreciation provision 31.12.2022	NBV at 31.12.2022	Historical cost 30.06.2023	Depreciation provision 30.06.2023	NBV at 30.06.2023
Land	12,487	0	12,487	12,487	0	12,487
Buildings	27,534	(8,240)	19,294	27,699	(8,585)	19,114
Leasehold improvements	11,259	(7,318)	3,941	86	(86)	0
Plant and machinery	122,891	(83,583)	39,308	136,815	(94,084)	42,731
Equipment	15,819	(13,734)	2,085	15,973	(14,038)	1,935
Other	6,415	(4,913)	1,502	6,466	(5,119)	1,347
Total tangible fixed assets	196,406	(117,789)	78,617	199,526	(121,913)	77,613

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

Below is a breakdown of assets under construction by category.

Tangible fixed assets under construction and advances				
(Euro thousands)	Amount at 30.06.2023	Amount at 31.12.2022	Chg.	% chg.
Buildings	113	93	20	21.7
Plant and machinery	4,291	3,707	584	15.8
Equipment	0	0	0	0.0
Other	0	0	0	0.0
Total tangible fixed assets under construction and advances	4,404	3,800	604	15.9

Intangible fixed assets under construction and advances				
(Euro thousands)	Amount at 30.06.2023	Amount at 31.12.2022	Chg.	% chg.
Other intangible assets	160	84	76	89.9
Total intangible fixed assets under construction and advances	160	84	76	89.9

Changes in assets and the related provision are shown below, including both assets under construction allocated to the pertaining categories and rights of use.

Tangible fixed assets							
(Euro thousands)							
	Historical cost 31.12.2022	Write- back/Write- down (prior years)	Acquisitions	Disposals	Divestments	Other changes	Historical cost 30.06.2023
Land	2,251	10,236	0	0	0	0	12,487
Buildings	17,783	9,751	165	0	0	0	27,699
Leasehold improvements	11,259	0	0	0	0	(11,173)	86
Plant and machinery	122,860	31	2,757	(14)	0	11,181	136,815
Equipment	15,819	0	301	0	(147)	0	15,973
Other	6,414	1	66	(7)	(9)	0	6,466
Total historical cost	176,387	20,018	3,289	(21)	(156)	8	199,526
(Euro thousands)							
	Depreciation prov. 31.12.2022	Write- back/Write- down (prior years)	Depreciation	Disposals	Divestments	Other changes	Depreciation provision 30.06.2023
Land	0	0	0	0	0	0	0
Buildings	(8,240)	0	(344)	0	0	0	(8,584)
Leasehold improvements	(7,318)	0	0	0	0	7,232	(86)
Plant and machinery	(83,583)	0	(3,282)	13	(1)	(7,232)	(94,085)
Equipment	(13,734)	0	(451)	0	147	0	(14,038)
Other	(4,913)	0	(223)	1	16	0	(5,118)
Total accumulated depreciation	(117,789)	0	(4,301)	14	162	0	(121,913)

Total acquisitions, amounting to € 3,289 thousand, refer for € 1,772 thousand to the Parent Company and relate to new machinery and the improvement and efficiency of existing ones.

As for the subsidiaries, capital expenditure in tangible fixed assets amounted to € 1,369 thousand for Cartiere di Guarcino regarding actions to increase output and optimize plants, and € 131 thousand for Bio Energia Guarcino regarding planned maintenance of the power plant. All of the Group plants are continuing their 4.0 process management actions to further strengthen the production process, with active control of critical variables and plant upgrading.

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

	Rights of Use		
<i>(Euro thousands)</i>			
	Historical cost 30.06.2023	Depreciation provision 30.06.2023	NBV at 30.06.2023
Buildings	238	(101)	136
Other	482	(221)	261
Total Rights of Use	719	(322)	397

The changes are shown below.

	Rights of Use					
<i>(Euro thousands)</i>						
	Historical cost 31.12.2022	Write-back/Write-down (prior years)	Acquisitions	Disposals	Other changes	Historical cost 30.06.2023
Buildings	238	0	0	0	0	238
Other	482	0	0	0	0	482
Total Rights of Use	719	0	0	0	0	719

	Depreciation prov. 31.12.2022	Write-back/Write-down (prior years)	Depreciation	Disposals	Other changes	Depreciation provision 30.06.2023
<i>(Euro thousands)</i>						
Buildings	(74)	0	(27)	0	0	(101)
Other	(180)	0	(41)	0	0	(221)
Total provision for depreciation of rights of use	(254)	0	(69)	0	0	(322)

The rights of use at 30 June 2023 refer to buildings used by employees or for guesthouse use and long-term rental cars.

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

- with regard to Neodecortech:

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

- with regard to 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.

14. OTHER NON-CURRENT ASSETS

At 30 June 2023, other non-current assets amounted to € 497 thousand versus € 528 thousand at 31 December 2022 and consisted mainly of: (i) OES offsettable 4.0 tax receivables for € 148 thousand; (ii) security deposits paid by Group companies for a total of € 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)						
	30 JUNE 2023	%	31 DECEMBER 2022	%	Chg.	% chg.
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	100.0	0	0.0
Total non-current financial receivables	445	100	445	100.0	0	0.0
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	445	100.0	0.0	0.0

"Non-current financial receivables" at 30 June 2023, amounting to € 445 thousand, includes the receivable claimed by the subsidiary Cartiere di Guarcino from the related party ISFRE in liquidation, which remained unchanged and for which a specific risk provision was already set aside owing to collection difficulties (see the section on provisions for risks and charges in the Explanatory Notes).

There are no current financial receivables.

16. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities						
(Euro thousands)						
	30 JUNE 2023	Change recognized in Income Statement	Change recognized in Statement of Comprehensive Income	31 DECEMBER 2022	Chg.	% chg.
Directors' fees approved and not paid	72	31	0	41	31	75.6%
Allocations to provisions for write-downs and risks	56	6	0	50	6	12.0%
Allocation to the provision for inventory obsolescence	102	24	0	78	24	30.8%
Taxation on profit in stock	43	4	0	39	4	10.0%

Tax recovery on adjustment of start-up and expansion costs	0	0	0	0	0	0.0%
Tax recovery on adjustment of plant and machinery depreciation	206	(4)	0	210	(4)	(1.9%)
Deferred tax on derivative contracts	0	0	0	0	0	0.0%
Deferred tax on employee benefits	0	0	0	0	0	0.0%
Tax recovery on adjustment of research expense	0	0	0	0	0	0.0%
Tax loss carryforward (BEG)	974	(155)	0	1,129	(155)	(13.7%)
Other	112	(23)	0	135	(23)	(17.0%)
Deferred tax assets	1,565	(117)	0	1,682	(117)	(7.0%)
Deferred tax on statutory revaluations	5,276	(14)	0	5,290	(14)	(0.3%)
Deferred tax on assets (BEG)	164	(33)	0	196	(33)	(16.7%)
Valuation exchange gains	8	(73)	0	81	(73)	(90.1%)
Finance lease assets	537	(77)	0	614	(77)	(12.5%)
Deferred tax on employee benefits	41	(4)	4	41	0	0.0%
Other	76	2	(8)	82	(6)	(7.3%)
Deferred tax liabilities	6,102	(199)	(4)	6,304	(203)	(3.2%)

Management has recognized deferred tax assets up to the value which it considers their recovery likely for. In determining the items, budget results and forecasts for subsequent years were taken into account. Deferred-tax assets of € 1,564 thousand include € 974 thousand for prior-years' tax losses of the subsidiary Bio Energia Guarcino S.r.l., and the residual portion attributable mainly to temporary differences between the amounts assigned for financial statement and tax purposes. At 30 June 2023, deferred tax amounted to € 6,101 thousand. Deferred tax refers mainly to the temporary differences between the statutory value and the fiscal value emerging from the statutory revaluations made at the time on the properties owned.

17. INVENTORY FOR RAW MATERIALS AND FINISHED PRODUCTS

Inventory						
(Euro thousands)						
	30 JUNE 2023	%	31 DECEMBER 2022	%	Chg.	% chg.
Raw and ancillary materials and consumables	20,472	47.7	25,281	58.1	(4,809)	(19.0)
Work in progress	570	1.3	468	1.1	102	21.8
Finished products	22,397	52.2	18,010	41.4	4,387	24.4
Advances	0	0.0	194	0.4	(194)	(100.0)
Provision for inventory obsolescence	(503)	(1.2)	(403)	(1)	(100)	0.0
Total inventory	42,936	100.0	43,550	100.0	(614)	(1.4)

Inventory for raw materials refers mainly to inks, paper and impregnation material for Neodecortech, pulp and Titanium Dioxide for Cartiere di Guarcino and animal by-products for Bio Energia Guarcino. It should be noted that the level of raw material stock at 30 June 2023 was down from the level at 31 December 2022 by € 4,809 thousand, due to the policy that aims to optimize the stock of inventory in order not to commit financial resources, and to the reduction in purchasing costs that affected the value of the stock.

Finished goods inventory, on the other hand, increased structurally versus 31 December 2022. Additionally, part of the increase of € 4,387 thousand was due to a number of delayed shipments on July.

Changes in the provision for inventory obsolescence for first half 2023, which was set aside to alleviate the risk associated with the slow turnover of certain specific products, are shown below.

Provision for inventory obsolescence					
<i>(Euro thousands)</i>					
	31 DECEMBER 2022	Allocations	Utilization	Release	30 JUNE 2023
Changes in provision for inventory obsolescence	403	100	0	0	503
Total provision for inventory obsolescence	403	100	0	0	503

18. TRADE RECEIVABLES

Trade receivables						
<i>(Euro thousands)</i>						
	30 JUNE 2023	%	31 DECEMBER 2022	%	Chg.	% chg.
Trade receivables	23,337	102.5	24,310	102.0	(973)	(4.0)
Provision for doubtful accounts	(563)	(2.5)	(474)	(2.0)	(89)	18.8
Total trade receivables	22,774	100.0	23,836	100.0	(1,062)	(4.5)

Changes in the provision for doubtful accounts are shown below:

Provision for doubtful accounts					
<i>(Euro thousands)</i>					
	31 DECEMBER 2022	Allocations	Utilization	Release	30 JUNE 2023
Changes in Provision for Doubtful Accounts	474	89	0	0	563
Total provision for doubtful accounts	474	89	0	0	563

With regard to trade receivables, use was made of the assignment without recourse to a factoring company, made for a number of customers by the Group companies.

The provision for doubtful accounts was determined in accordance with IFRS 9 and recorded an allocation of € 89 thousand.

19. RECEIVABLES FROM TAX CONSOLIDATION

This item amounted to € 955 thousand and its change refers to the receivable held by the subsidiary Bio Energia Guarcino S.r.l. and by Cartiere di Guarcino S.p.A. from tax consolidation. See the Income Tax section of the Income Statement in these Notes.

20. TAX RECEIVABLES

Tax receivables						
(Euro thousands)						
	30 JUNE 2023	%	31 DECEMBER 2022	%	Chg.	% chg.
VAT	888	37.8	2,357	46.7	(1,469)	(62.3)
IRES	0	0.0	0	0.0	0	0.0
IRAP	125	5.3	194	3.8	(69)	(35.6)
Withholdings a/c	0	0.0	0.0	0.0	0	0.0
Other tax receivables	1,338	56.9	2,492	49.4	(1,154)	(46.3)
Total tax receivables	2,351	100.0	5,043	100.0	(2,692)	(53.4)

The table above shows a decrease in the VAT receivable of € 1,468 thousand versus 31 December 2022. The largest amount of the balance of € 889 thousand refers to the VAT receivable of the subsidiary Bio Energia Guarcino, which is generally in a credit position, and which is requested for reimbursement on a quarterly basis and assigned without recourse to a factoring company.

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

Other current receivables						
(Euro thousands)						
	30 JUNE 2023	%	31 DECEMBER 2022	%	Chg.	% chg.
Advances to suppliers	23	0.2	29	2.3	-6	-20.7
Accrued income and prepaid expense	466	4.7	279	22.0	187	67.0
Other	9,346	95.0	961	75.7	8,385	872.5
Total current receivables	9,835	100.0	1,269	100.0	8,566	675.0

Accrued income and prepaid expense refers mainly to accruals for insurance premiums and maintenance fees;

"Other" includes Bio Energia Guarcino receivables of € 8,950 thousand for maximization grants of € 8,532 thousand and GSE withholdings not yet accrued. The item also includes the positive fair value at 30 June 2023 of € 119 thousand of derivatives hedging the risk of fluctuation of the U.S. dollar underwritten by Cartiere di Guarcino, in addition to receivables from INPS and INAIL for Neodecortech.

22. CASH FUNDS

Cash funds						
(Euro thousands)						
	30 JUNE 2023	%	31 DECEMBER 2022	%	Chg.	% chg.
Bank and post office deposits	7,709	99.7	12,035	99.9	(4,326)	(35.9)
Cash and valuables on hand	23	0.3	8	0.1	15	187.5

Total cash funds	7,732	100.0	12,043	100.0	(4,311)	(35.8)
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This item consists of cash and bank current account deposits. There are no restraints or restrictions on cash funds. Current accounts and postal deposits are classified as current assets, highly liquid and convertible into cash, with an exchange rate risk that is considered not material.

Mention should be made of the payment of dividends of € 2,000 thousand on 24 May 2023, and the start of the new share buyback programme.

See 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)							
	30 JUNE 2023	%	31 DECEMBER 2022	%	Chg.	% chg.	
Provision for supplementary agents' indemnity	342	41.8	307	39.7	35	11.5	
IRS derivative on loan	0	0.0	0	0.0	0	0.0	
Embedded derivatives	1	0.1	2	0.2	(1)	(36.2)	
ISFRE	444	54.2	445	57.5	(1)	(0.2)	
Currency derivative	12	1.4	0	0.0	12	0.0	
Provision for tax risks	20	2.4	21	2.7	(1)	(2.7)	
Total provisions for risks and charges	819	100.0	774	100.0	45	5.8	

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

Provision for risks and charges						
(Euro thousands)						
	31 DECEMBER 2022	Utilization		Release	30 JUNE 2023	
		Allocations				
Movement of provision for supplementary agents' indemnity	307	34	0	0	341	
Movement of provisions for risks and charges	21	0	0	0	21	
Total provision for risks and charges	328	34	0	0	362	

The provision for supplementary agents' indemnity for Italian and EU agents is 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;
- € 20 thousand referring to the subsidiary Bio Energia Guarcino for tax liabilities with the Revenue Agency.

24. POST-EMPLOYMENT BENEFITS

Post-employment benefits					
(Euro thousands)					
	31 DECEMBER 2022	Discounting		30 JUNE 2023	
		Allocations	Utilization		
Provision for post-employment benefits	2,304	25	(136)	0	2,193
Actuarial valuation of post-employment benefits (IAS 19)	(173)	0	0	5	(168)

Total post-employment benefits	2,131	25	-136	5	2,025
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The balance refers to the severance indemnity of Neodecortech, Cartiere di Guarcino and Bio Energia di Guarcino. These liabilities qualify as defined benefit plans under IAS 19 and were therefore subject to actuarial calculation by an independent expert.

The defined benefit plans were updated to reflect their market value at 30 June 2023.

With regard to the discounting back of the Employee Severance Indemnity, the relevant actuarial model is based on various demographic and economic assumptions. For some of the assumptions used, where possible, explicit reference has been made to the direct experience of the Company and the Group, for others best practice has been taken into account. The technical and economic bases used are shown below.

Below are the technical economic bases.

30.06.2023	
Annual discount rate	3.67%
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.

30.06.2023	
Advances Frequency	3.00%
Turnover Frequency	1.00%

25. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

Current and non-current financial liabilities						
(Euro thousands)						
	30 JUNE 2023	%	31 DECEMBER 2022	%	Chg.	% chg.
Unsecured loans	19,733	49.6	16,564	38.7	3,169	19.1
Mortgage loans	4,959	12.5	5,872	13.7	(913)	(15.5)
Non-current lease payables	892	2.2	-341	-0.8	1,233	(361.6)
Currency derivatives	0	0.0	0	0.0	0	0.0
Total non-current financial liabilities	25,584	64.2	22,095	51.7	3,489	15.8

Payables to banks C/A	8,426	21.2	12,780	29.9	(4,354)	(34.1)
Current portion of unsecured loans	3,769	9.5	4,270	10.0	-501	(11.7)
Current portion of mortgage loans	1,815	4.6	1,794	4.2	21	1.2
Accrued interest expense	114	0.3	124	0.3	(10)	(8.1)
Current lease payables	114	0.3	1,714	4.0	(1,600)	(93.3)
Total current financial liabilities	14,239	35.8	20,682	48.3	(6,443)	(31.2)
Total financial liabilities	39,823	100.0	42,777	100.0	(2,954)	(6.9)

The € -4,354 thousand decrease in payables to banks C/A is explained by the reduced reliance on short-term borrowing, aided by the new € 5 million long-term borrowing line granted by BPS to Neodecortech S.p.A., and by the SIMEST loan under the facility measure "Support for Italian exporting companies sourcing from Ukraine and/or Russia and/or Belarus" totaling € 1,000 thousand, of which € 400 thousand non-repayable and € 600 thousand as a subsidized loan.

Current and non-current lease obligations include:

- The payable from finance leases on the plants of the subsidiary Bio Energia Guarcino S.r.l., whose residual debt at 30 June 2023 (short-term to long-term portion) was paid off;
- 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.

<i>(Euro thousands)</i>	Balance at 01.01.2023	Payments	Other changes	Balance at 30.06.2023
Buildings	163	(15)	(13)	136
Other	302	(21)	(20)	261
TOTAL	466	(36)	(33)	397

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

Neodecortech

- Original BPM mortgage loan of € 12,000 thousand, residual balance of € 5,594 thousand at 30 June 2023 divided into current and non-current portions;
- BPM S.p.A. € 2,500 thousand, for 72 months (quarterly instalments) and a residual balance at 30 June 2023 of € 1,348 thousand divided into current and non-current portions - 80% FGPMI guarantee;
- BPM S.p.A. € 2,500 thousand, for 72 months (quarterly instalments) and a residual balance at 30 June 2023 of € 1,354 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 30 June 2023 of € 84 thousand.
- BANCA POPOLARE DI SONDRIO € 5,000 thousand, for 60 months (monthly instalments) and a residual balance at 30 June 2023 of € 5,000 thousand divided into current and non-current portions;
- SIMEST - facility measure "Support for Italian exporting companies sourcing from Ukraine and/or Russia and/or Belarus" of € 1,000 thousand, for 72 months (half-year instalments), with a residual balance of € 600 thousand at 30 June 2023 (portion classified as low-interest loan).

Cartiere di Guarcino

- Original MPS mortgage loan of € 6,000 thousand, residual balance of € 1,180 thousand at 30 June 2023 divided into current and non-current portions;
- Original BAC unsecured loan of € 3,500 thousand, residual balance of € 713 thousand at 30 June 2023 divided into current and non-current portions;
- Medio Credito Centrale unsecured loan of € 1,128 thousand, residual balance of € 503 thousand at 30 June 2023 divided into current and non-current portions;
- Medio Credito Centrale unsecured loan of € 182 thousand, residual balance of € 86 thousand at 30 June 2023 divided into current and non-current portions;
- Banca POPSO unsecured loan of € 2,000 thousand - 12-month grace period - FGPMI 90% guarantee - residual balance at 30 June 2023 of € 1,327 thousand divided into current and non-current portions;
- Banco DESIO e Brianza unsecured loan of € 1,000 thousand - 12-month grace period - MCC 90% guarantee - residual balance at 30 June 2023 of € 676 thousand divided into current and non-current portions;
- Medio Credito Centrale unsecured loan of € 146 thousand, residual balance of € 86 thousand at 30 June 2023 divided into current and non-current portions;
- Unsecured loan approved in 2021 by Simest as part of the Capitalization Call to improve and safeguard the financial solidity of exporting companies, amounting to € 360 thousand, with a grace period of 24 months and a residual balance at 30 June 2023 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 30 June 2023 of € 10,000 thousand divided into current and non-current portions.

Bio Energia Guarcino

- BPER unsecured loan of € 2,000 thousand - 12-month grace period - MCC 90% guarantee - residual balance at 30 June 2023 of € 1,256 thousand divided into current and non-current portions;
- Banca POPSO unsecured loan of € 2,000 thousand, residual balance of € 710 thousand at 30 June 2023 divided into current and non-current portions.

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

	30 JUNE 2023	%	31 DECEMBER 2022	%
<i>(Euro thousands)</i>				
Due within 1 year	5,497	18.2	6,064	21.3
Due within 5 years	24,154	79.8	20,561	72.1
Due beyond 5 years	625	2.1	1,875	6.6
Total	30,276	100.0	28,500	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 30 June 2023 came to a positive € 317 thousand (positive € 348 thousand at 31 December 2022).

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 € 10 million - with Sace guarantee under the SupportItalia measure - which has a covenant on financial debt ($\text{debt/EBITDA} \leq 4.5$) at 31 December 2022 that has been met.

From 1 January 2023 to 30 June 2023, interest rate movements had no material impact on the fair value of the Group's loans.

26. TRADE PAYABLES

Trade payables at 30 June 2023 amounted to € 32,286 thousand (€ 33,693 thousand at 31 December 2022). The decrease of € 1,407 thousand is related mainly to the decrease in raw material costs in addition to the trend in sales. Additionally, the Group did not request or obtain any extension or deferment of payments with its suppliers.

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

27. PAYABLE FROM TAX CONSOLIDATION

The payable recorded at 30 June 2023 of € 556 thousand refers to Neodecortech S.p.A.. See the paragraph "Income tax" in the Notes.

28. TAX PAYABLES

Tax payables						
(Euro thousands)						
	30 JUNE 2023	%	31 DECEMBER 2022	%	Chg.	% chg.
VAT	370	48.9	0	0.0	370	0.0
IRAP	27	3.6	18	2.6	9	50.0
Withholdings a/c	359	47.5	672	95.6	(313)	(46.6)
Other tax payables	0	0.0	13	1.8	(13)	(100.0)
Total tax payables	756	100.0	703	100.0	53.0	7.5

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

29. OTHER CURRENT PAYABLES

Other current payables

(Euro thousands)							
	30 JUNE 2023	%	31 DECEMBER 2022	%	Chg.	% chg.	
Payables to social security institutions	1,313	20.8	1,444	31.2	(131)	(9.1)	
Payables to employees	2,413	38.2	1,559	33.7	854	54.8	
Advances received from customers	935	14.8	618	13.4	317	51.3	
Accrued expense and deferred income	1,299	20.6	710	15.3	589	83.0	
Other	352	5.6	297	6.4	55	18.5	
Total other current payables	6,312	100.0	4,628	100.0	1,684	36.4	

"Payables to employees" increased by € 854 thousand, while "Payables to Social Security Institutions" decreased by € 132 thousand, due to the effect of the allocation of the thirteenth-month salary and bonuses to employees. Indeed, the change versus the same period of the prior year is respectively € -174 thousand in payables to employees and € +27 thousand in payables to social security institutions, indicating a consistent trend for the item.

The change in accruals and deferrals of € 589 thousand is related mainly to the deferral of the portion of the SIMEST non-repayable loan related to expenditure not yet made and expected in the coming months.

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

30. EQUITY

Capital increases

There were no share capital increases in first half 2023.

Share Capital

At 30 June 2023, 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 2023, approved the Financial Statements at 31 December 2022 and allocated a total of € 2,000,000 as a dividend for the no. 14,218,021 ordinary shares in circulation and, therefore, the distribution of a unit dividend, also in consideration of the distribution of the dividend attributable to treasury shares, of € 14 cents for each entitled ordinary share, without prejudice to the fact that any change in the number of treasury shares in the Company's portfolio at the time of distribution had not affected the distribution of the unit dividend as established above, but increased or decreased the amount allocated to the extraordinary reserve.

On 24 May 2023, Neodecortech S.p.A. paid out dividends of € 2,000,000.00 (gross of the portion related to treasury shares held at the time of distribution).

Details of other reserves

(Euro thousands)	30 JUNE 2023	31 DECEMBER 2022
Share capital	18,804	18,804
Share premium reserve	18,864	18,864
Treasury shares	-603	-468
Other reserves and accumulated profit (loss), including profit (loss) for the year:	41,667	40,074
<i>Legal reserve</i>	2,643	2,221
<i>Reserve for fair value adjustments of hedging derivatives</i>	241	264
<i>Revaluation reserves (including investments measured at equity)</i>	21,859	18,174
<i>Reserve for re-measurement of defined benefit plans for employees (IAS 19)</i>	2	154
<i>Stock grant reserve</i>	0	0
<i>Miscellaneous reserves and accumulated profit (loss), including profit (loss) for the year</i>	16,922	19,261
Total	78,732	77,274

Treasury shares

At 30 June 2023, the Company held no. 168,500 treasury shares for the equivalent of € 602,727.

The Shareholders' Meeting held on 27 April 2023 approved the additional purchase of ordinary shares of the Company, up to a maximum of 10% of the Company's share capital, equal to a maximum of no. 1,421,802 ordinary shares. The purchase of treasury shares may be made, in one or more tranches, within eighteen months.

Earnings (losses) per share

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

Earnings (losses) per share	30 JUNE 2023	30 JUNE 2022
Net profit attributable to the shareholders (Euro thousands)	3,585	8,124
Weighted average number of shares outstanding (n./000)	14,073	14,160
Basic earnings per share	0.25	0.57
Diluted earnings per share	30 JUNE 2023	30 JUNE 2022
Net profit attributable to the shareholders (Euro thousands)	3,585	8,124
Weighted average number of shares outstanding (n./000)	14,073	14,160
Weighted average number of shares outstanding adjusted for dilution effect (n./000)	14,073	14,160
Diluted earnings per share (*)	0.25	0.57

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

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

The decrease in cash generated in the six months amounted to € 4,407 thousand, resulting in cash funds of € 7,732 thousand at 30 June 2023.

Starting from a profit before tax, interest, dividends, amortization and depreciation, provisions, gains/losses on disposals and other non-cash changes of € 4,581 thousand, the change in cash flow is related mainly to the events below.

The significant increase in other receivables (€ +5,880 thousand), due largely to the un-monetized maximization of Bio Energia di Guarcino, partly offset by a minor reduction in receivables and inventory, resulted in an overall positive cash flow after changes in NWC and other adjustments of € 3,998 thousand, compared to the year 2022 that had seen a marked increase in receivables and inventory due to market dynamics.

Capital expenditure, net of disposals, made during the year generated cash flow from investing activities of € 3,413 thousand.

Repayments of loans and leases reached € 3,506 thousand. Along with a reduced reliance on short-term bank debt, as highlighted in the Directors' Report on Operations, and the acquisition of a new loan, this resulted in a negative cash flow from borrowed funds of € 2,886 thousand.

Monetary changes in equity include the purchase of treasury shares and the payment of dividends, which generated a negative cash flow of € 2,107 thousand.

32. CONTINGENT LIABILITIES

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

33. RELATED PARTY TRANSACTIONS

Following the transposition into Italian law of Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 (Shareholders Right Directive II), through Legislative Decree no. 49/2019, and in light of the CONSOB amendments with resolution no. 21624 of 10 December 2020 to the regulation containing provisions on related party transactions adopted by CONSOB with resolution no. 17221 of 12 March 2010, on 30 March 2023, 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 and on 28 June 2021.

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

Transactions carried out by Neodecortech S.p.A. and other Group companies with related parties, as identified by IAS 24, including transactions with subsidiaries, are neither atypical nor unusual and fall within the ordinary course of business of the Company. These transactions were carried out on market terms. It should be noted that transactions with subsidiaries are not shown as they are derecognized at the consolidation level, while transactions with related parties at 30 June 2023 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 companies are "Industrie

Valentini S.p.A." and "Valinvest S.r.l.". Related parties also include "Valfina S.r.l." as it is directly or indirectly controlled by the Valentini Family.

The tables below summarize the existing transactions with these related parties at 30 June 2023:

(Euro thousands)				
	Trade receivables 30 June 2023	Financial receivables 30 June 2023	Trade payables 30 June 2023	Financial payables 30 June 2023
Finanziaria Valentini	0	955	0	556
ISRFE Srl in liquid.	0	444	0	0
Valinvest	0	0	0	0
Loma Srl	727	0	51	0
Total	727	1,399	51	556

(Euro thousands)		
	Revenue and income 30 June 2023	Costs and expense 30 June 2023
Finanziaria Valentini	189	0
Loma Srl	1,162	(67)
Total	1,349	(67)

"Financial receivables", amounting to € 1,399 thousand, refers to a tax consolidation receivable of € 720 thousand regarding the subsidiary Bio Energia Guarcino S.r.l., € 235 thousand regarding Cartiere di Guarcino S.p.A., and € 444 thousand for a receivable regarding the subsidiary Cartiere di Guarcino S.p.A. from the related party ISFRE in liquidation, which remained unchanged and for which a provision for risks of an equal amount was set up owing to collection difficulties.

"Financial payables", amounting to € 556 thousand, relates to the payable for tax consolidation of the Parent Company.

Trade receivables include receivables for € 727 thousand from the business agreement between Neodecortech S.p.A. and Loma S.r.l., for the distribution of products of the parent company. Loma S.r.l. became a related party following appointment of one of the Parent Company's executives as "key management personnel".

Trade payables include € 51 thousand to Loma S.r.l. for the agreement to provide strategic and commercial marketing consultancy services to Neodecortech S.p.A..

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

The following table shows the fees to the Group's directors and key management personnel for first half 2023:

(Euro thousands)		(Euro thousands)	
Subjects	Fees 30 June 2023	Subjects	Payable for fees 30 June 2023
Luigi Cologni	230	Luigi Cologni	138
Massimo Giorgilli	177	Massimo Giorgilli	122

Riccardo Bruno	7
Paolo Pietrogrande	4
Gianluca Valentini	12
Luca Peli	48
Pietro Zanini	11
Adriano Carlo Bianchi	15
Sara Bertolini	13
Ida Altimare	14
Cinzia Morelli	14
Vittoria Giustiniani	13
Stefano Santucci	12
Federica Manichetti	10
Stefano Zonca	6
Edda Delon	4
Fabio Zanobini	4
Key management personnel	375
Total	969

Riccardo Bruno	2
Paolo Pietrogrande	2
Gianluca Valentini	0
Luca Peli	48
Pietro Zanini	6
Adriano Carlo Bianchi	7
Sara Bertolini	0
Ida Altimare	0
Cinzia Morelli	0
Vittoria Giustiniani	0
Stefano Santucci	6
Federica Manichetti	8
Stefano Zonca	5
Edda Delon	6
Fabio Zanobini	0
Key management personnel	78
Total	426

34. SEASONALITY

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

Other supplementary information

35. GUARANTEES GIVEN

Guarantees given by Neodecortech

Guarantees issued in favour of the subsidiaries, Cartiere di Guarcino S.p.A. and Bio Energia Guarcino S.r.l., 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 19 January 2021, Banco Popolare BPM S.p.A. issued a first-demand bank guarantee, in favour of Sonae Industria de Rivestimentos SA, for € 250 thousand, expiring on 30 April 2026, to guarantee the balance relating to the purchase of the new laminating machine for the production plant in Casoli d'Atri (TE), to be paid within 5 years, based on the business agreements. The guarantee at 30 June 2023 amounted to € 167,919.

On 07 November 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 30 June 2023, Bio Energia Guarcino S.r.l.'s exposure to the supplier, for contracts to be performed, was € 564 thousand.

On 07 December 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 28 April 2023, Neodecortech S.p.A. issued a letter of Patronage to Banco di Desio e Brianza S.p.A. in favour of the subsidiary Cartiere di Guarcino to guarantee various lines of credit up to a maximum of € 2,650,000 granted by the bank to the subsidiary.

On 16 June 2023, Neodecortech S.p.A. issued a letter of Patronage to ITALPREFABBRICATI S.p.A. - Industria Italiana di Prefabbricati in favour of the subsidiary NDT energy S.r.l., to guarantee the payment of sums due from the contract for the supply of prefabricated structure on site (€ 154,000.00).

Guarantees given by Cartiere di Guarcino

On 23/03/2023, Banco di Desio e Brianza S.p.A. issued a first-demand bank guarantee of € 1,000 thousand in favour of ENCE ENERGIA Y CELULOSA SA for the supply of pulp with a term until 30/04/2024;

On 03/04/2023, Banca Popolare di Sondrio gave a first-demand bank guarantee of € 43 thousand in favour of MSC MEDITERRANEAN SHIPPING COMPANY SA for shipments with a term until 01/07/2024.

Guarantees given by Bio Energia Guarcino

On 11 October 2018, BPER issued a guarantee in the interest of Bio Energia Guarcino S.r.l. in favour of Gatti up to a principal amount of € 400 thousand, renewed in October 2022 until 28 February 2024.

On 17 October 2022, Compagnie Française d'Assurance pour le Commerce Extérieur S.A. issued, in the interest of Bio Energia Guarcino S.r.l., a guarantee of € 3,107 thousand in favour of the Customs and Monopolies Agency - FROSINONE Office, expiring on 17/10/2023, with the object of: creation of an all-inclusive guarantee under Article 89, paragraph 5 of the Union Customs Code (UCC) to cover customs obligations related to multiple operations (import of palm oil), declarations or customs procedures put in place by Bio Energia Guarcino S.r.l..

36. EVENTS AFTER YEAR END

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

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

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

38. INFORMATION ON ASSETS AND LOANS FOR A SPECIFIC TRANSACTION

With regard to the requirements of Articles 2447-bis to 2447-decies of the Italian Civil Code, it should be noted that during the period the Group did not allocate any assets or loans to any activity.

39. INFORMATION ON THE FEES TO THE BOARD OF DIRECTORS AND BOARD OF STATUTORY AUDITORS

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

Qualification	30 JUNE 2023	30 JUNE 2022
Directors	341,318	318,277
Board of Statutory Auditors	50,746	49,929

40. INFORMATION ON THE FEES TO THE INDEPENDENT AUDITORS

Details are provided below of the fees paid in first half 2023 by the Neodecortech Group to the independent auditors, BDO Italia S.p.A. and the companies belonging to its network, as required by CONSOB Resolution no. 11971 of 14 May 1999, Article 149-duodecies, paragraph 1:

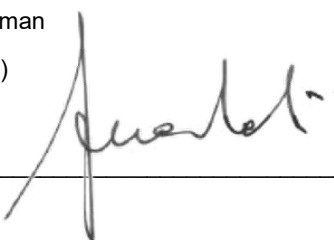
	30 JUNE 2023	30 JUNE 2022
Auditing services	47,101	43,320
Provision of other activities with issuance of certification	0	0
Provision of other non-auditing services	0	0

Filago (BG), 07 September 2023

For the Board of Directors

The Chairman

(Luca Peli)



Certification of the Consolidated Half-Year Financial Statements at 30 June 2023 pursuant to Article 81-ter of CONSOB Regulation no. 11971 of 14 May 1999 as subsequently amended and supplemented

1. The undersigned Luigi Cologni, Chief Executive Officer, and 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 half-year financial statements for the period 1 January 2023-30 June 2023.

2. No major issues arose in this respect.

3. We also certify that:

3.1 the consolidated half-year financial statements at 30 June 2023:

a) have been prepared in accordance with the applicable IFRS endorsed by the European Union pursuant to (EC) Ruling no. 1606/2002 of the European Parliament and Council of 19 July 2002;


b) correspond to the accounting books and entries;

c) give a true and fair view of the financial position, results of operations and cash flows of the Issuer and of the companies included in the consolidation scope as a whole.

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

Date: 7 September 2023

Signed Chief Executive Officer



Signed Financial Reporting Manager



**Decors and surfaces
for sustainable living.**

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





NEODEOCRTECH S.p.A.

Review report on interim condensed
consolidated financial statements as of
June 30, 2023

Review report on interim condensed consolidated financial statements

To the shareholders of
Neodecortech S.p.A.

Introduction

We have reviewed the accompanying condensed consolidated balance sheet as of June 30, 2023, and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and related explanatory notes of Neodecortech S.p.A. and its subsidiaries (Neodecortech Group). Management is responsible for the preparation of this interim condensed consolidated financial statements in accordance with the International Financial Accounting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on this interim condensed consolidated financial reporting based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements of Neodecortech Group as of June 30, 2023, are not prepared, in all material respects, in accordance with the International Financial Accounting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Milan, September 8, 2023

BDO Italia S.p.A.

Signed by Lelio Bigogno
Partner

This report has been translated into English from the original, which was prepared in Italian and represents the only authentic copy, solely for the convenience of international readers.