



Neodecortech S.p.A.

Review report on interim condensed
consolidated financial statements as
at September 30, 2023

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

Review report on interim condensed consolidated financial statements as at September 30, 2023

To the shareholders of
Neodecortech S.p.A.

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements as of September 30, 2023, and the related consolidated income statement, consolidated income statement of comprehensive income, consolidated statement of financial position, consolidated statement of change in equity and consolidated cash flows for the three-month period then ended, and related notes, of Neodecortech S.p.A. and its subsidiaries (Neodecortech Group).

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements of Neodecortech Group as of September 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, November 9, 2023

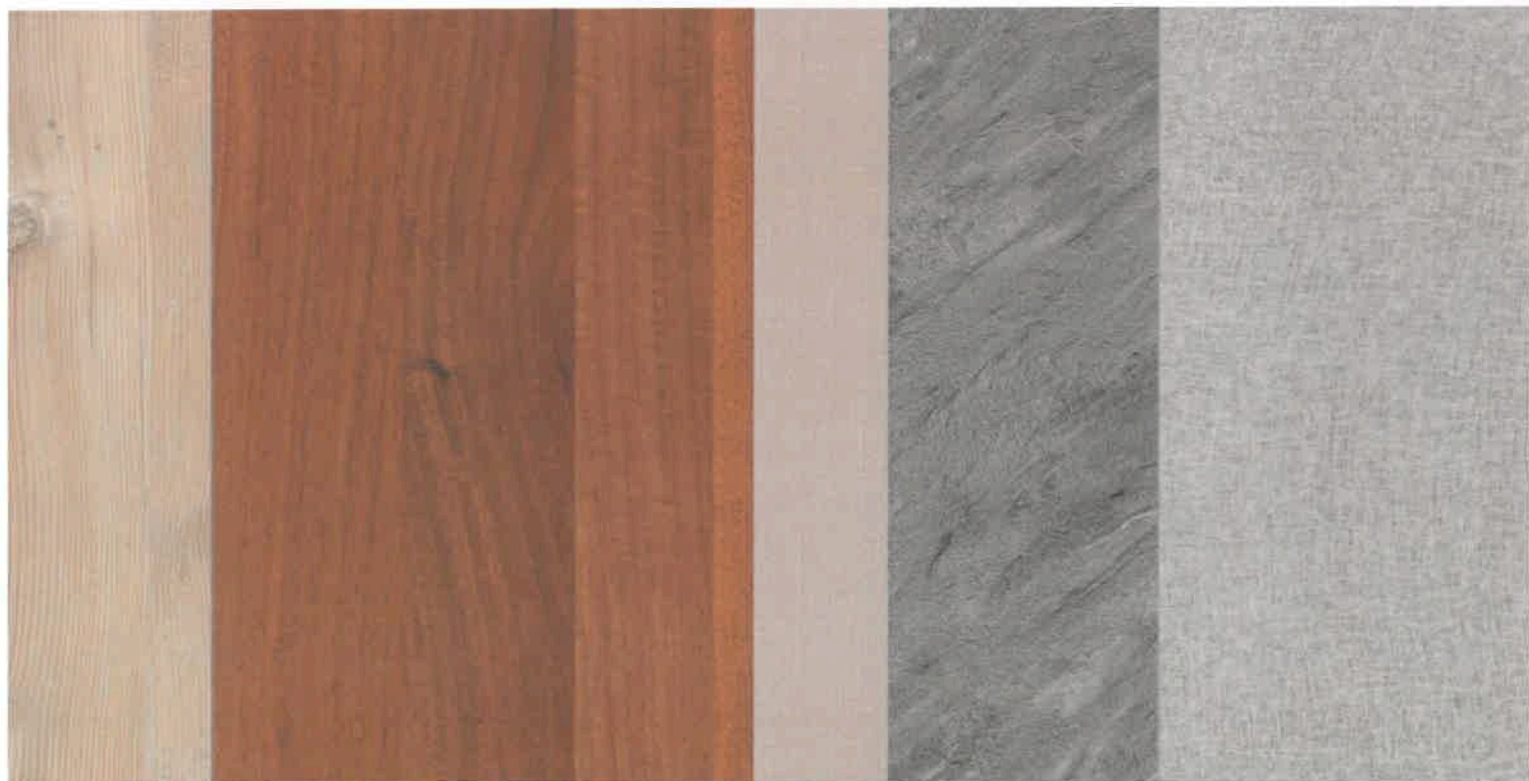
BDO Italia S.p.A.
Signed by

Lelio Bigogno
Partner

Interim Management Statement at 30 September 2023

Financial Statements prepared in accordance with IAS/IFRS

Amounts in Euro





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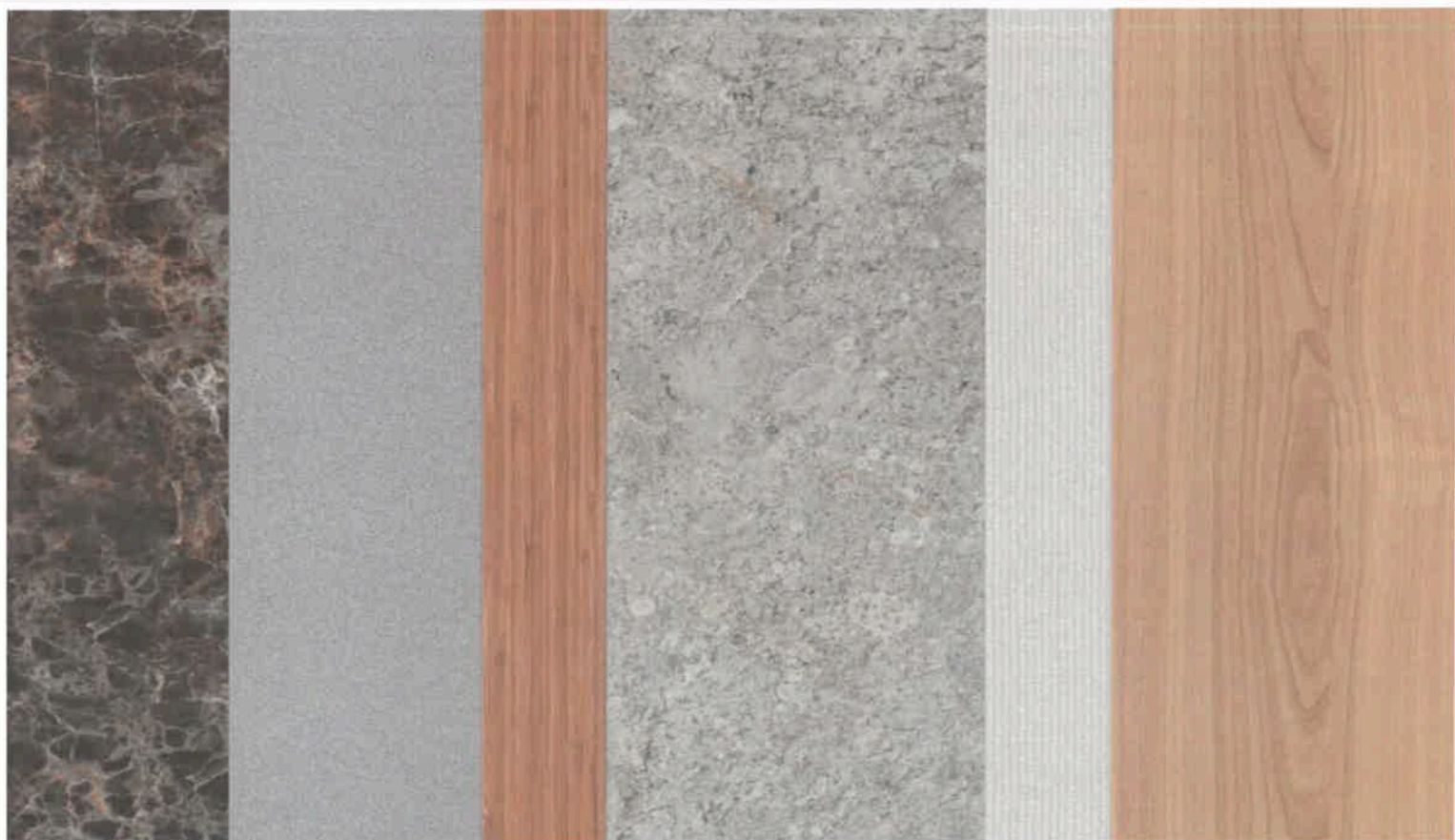
Share Capital
€ 18,804,209.37 fully paid up
www.neodecortech.it

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The Neodecortech Group



Corporate bodies

Board of Directors ⁽¹⁾

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

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

Board of Statutory Auditors ⁽²⁾

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.

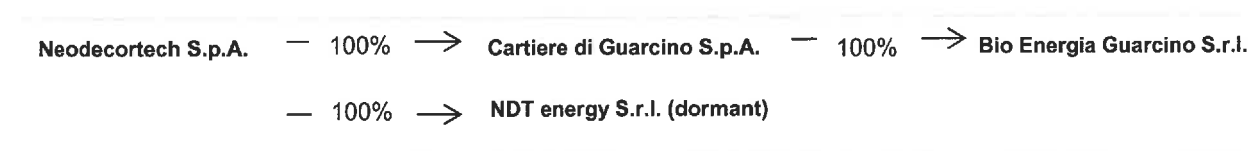
⁽⁵⁾ The Board of Directors of Neodecortech S.p.A. passed a resolution on 5 May 2023 appointing Mr. Raspadori and Ms. Menichetti as members of the Supervisory Board of the Company for three financial years, therefore, until the Shareholders' Meeting called to approve the financial statements for the year 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 structure at 30 September 2023 and 31 December 2022 is shown below.



At 30 September 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 SEPTEMBER 2023	%	30 SEPTEMBER 2022	%	Chg.	% change
Revenue from sales and services	125,016	100.0%	150,976	100.0%	(25,960)	(17.2%)
Other revenue	7,501	6.0%	5,740	3.8%	1,761	30.7%
Total revenue	132,517	106.0%	156,716	103.8%	(24,199)	(15.4%)
EBITDA	11,341	9.1%	15,570	10.3%	(4,229)	(27.2%)
Amortization and depreciation	6,827	5.5%	7,119	4.7%	(292)	(4.1%)
Allocations	123	0.1%	55	0.0%	68	123.6%
EBIT	4,391	3.5%	8,396	5.6%	(4,005)	(47.7%)
Profit for the year	3,171	2.5%	9,947	6.6%	(6,776)	(68.1%)

Revenue from Sales and Services at 30 September 2023 amounted to € 125,016 thousand, down by € -25,960 thousand, or -17.2% versus 30 September 2022 (€ 150,976 thousand). In first 9 months 2023, the order backlog decreased, due to the widespread drop in demand within the furnishing segment, a decrease in unit prices by approximately 5-7%, and the temporary production stoppage of Bio Energia Guarcino S.r.l. from 1 April to 15 May, due to regulatory uncertainties associated with the maximization scheme. At Neodecortech, virtually all product lines were affected by the same trend: those that felt the first brunt of the market slowdown (laminates and impregnated) and those that were affected with greater delay (printing on paper and printing on pvc). The only exception is EOS, an anti-fingerprint plastic material for vertical surfaces whose weight, however, remains not so significant on total sales to date (approximately 7%). Cartiere di Guarcino also shows a similar trend, with larger declines in sales volumes of backer papers and Unicolour papers. The markets showing the most significant declines are America (-64.3%) and Italy (-12.2%), consistent with the rest of Europe (-11.3%). The reduction in turnover was however anticipated and is in line with the 2023 Budget forecasts.

Other revenue at 30 September 2023 amounted to € 7,501 thousand (€ 5,740 thousand at 30 September 2022), up by € 1,761 thousand. At 30 September 2023, this item includes: (i) revenue from Bio Energia Guarcino S.r.l. for maximization referring to 2022, amounting to € 2,625 thousand; (ii) tax receivables for the first and second quarters related to energy- and gas-intensive companies to both Neodecortech and the subsidiary Cartiere di Guarcino, totaling € 2,944 thousand; and (iii) revenue from the sale of guarantees of origin totaling € 487 thousand, earned by Bio Energia Guarcino.

The EBITDA margin at 30 September 2023 stood at 9.1% of net sales (€ 11,341 thousand), down slightly versus 30 September 2022 (€ 15,570 thousand and a 10.3% margin). This change is the combined effect of the following elements:

- The need to promptly reflect the reduction in raw material costs in the market as it happened without the usual *approximately 3-6 month delay*. This was due to the strong downturn in market sentiment, necessitating the preservation of market shares. Essentially, material consumption remained unchanged versus the same period of the prior year, accounting for 68.6% of revenue versus 69.1% at 30 September 2022.

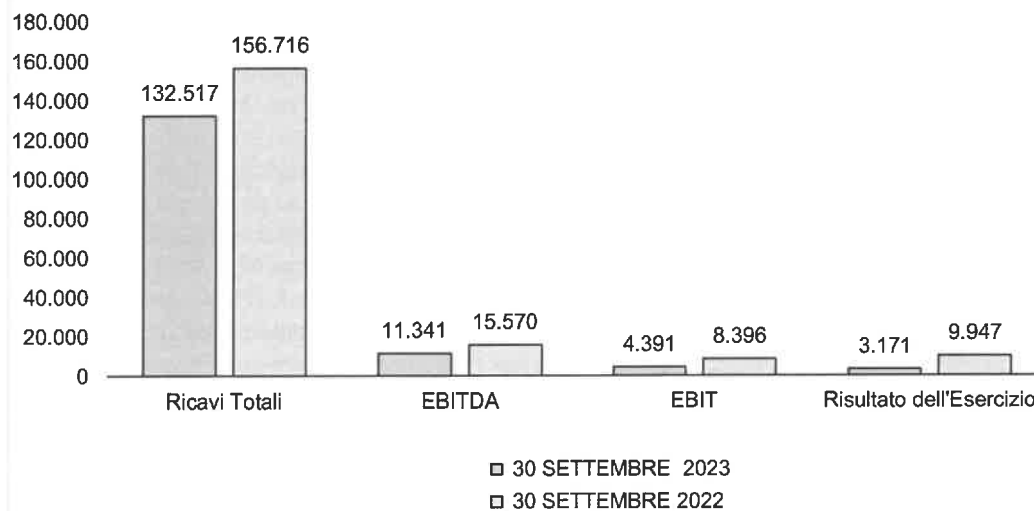
- The less than proportional decrease compared to the decrease in sales of electricity and gas costs, which, net of the energy and gas tax credits to energy- and gas-intensive companies mentioned above, was -14.1% versus the same period of the prior year, due also to the reduced production volumes.
- With regard to the subsidiary Bio Energia Guarcino S.r.l., in 2023, the incentive was reduced to zero, due to the reference price of electricity in 2022 being well above the cap of 180 €/MWh used by the formula that determines the unit value of incentives. On the other hand, from 19 September 2022 to 31 March 2023, and from 15 May 2023 to 30 September 2023, the Maximization Scheme of Electricity Production from Sources Other Than Natural Gas system is in force, introduced through Article 5bis, paragraph 1, of Law Decree 14/2022 converted, with amendments, by Law no. 28 of 5 April 2022, and subsequent Energy Authority (ARERA) Resolution no. 430/2022 of 13 September 2022. The system provides for a reintegration of revenue if the *Recognized Variable Cost* (RVC) is higher than the energy sales revenue (PUN + incentives); as of the date of writing of this Document, the RVC has not been fully and definitively determined yet by the competent Authority (ARERA). As a result, Bio Energia Guarcino has determined the best possible estimate of revenue re-integration based on the information available to date. The minimum amount of revenue reintegration accrued up to 30 September 2023 was determined in € 14,623 thousand, with € 2,625 thousand attributable to 2022. These amounts were quantified following the recent legislation introduced in June 2023. This legislation determined the standard amounts defined by ARERA and the range of recognized fuels. As a result, this revenue component, which pertains to the prior year and was defined as explained above only at June 2023, was recognized for the first time in the Half-Year Report at 30 June 2023, and subsequently included in the Interim Management Statement at 30 September 2023.

Net Profit amounted to € 3,171 thousand with a 2.5% margin on revenue, down by € 6,776 thousand versus 30 September 2022. The difference is affected by two non-recurring items: (i) the effect of the write-off of the MICA Payable and the receivable from Andreotti, time-barred and accounted for in the 2022 result for € 2,865 thousand; (ii) the maximization accrued from 19 September 2022 to 31 December 2022, quantified only in 2023 following the recent legislation introduced in June 2023 and included in the 2023 net result for € 2,625 thousand.

Consequently, the adjusted *Net Profit* at 30 September 2022 would have been € 7,082 thousand (4.7% on revenue), while the same amount for 2023 would have been € 823 thousand.

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

MAIN INCOME INDICATORS



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

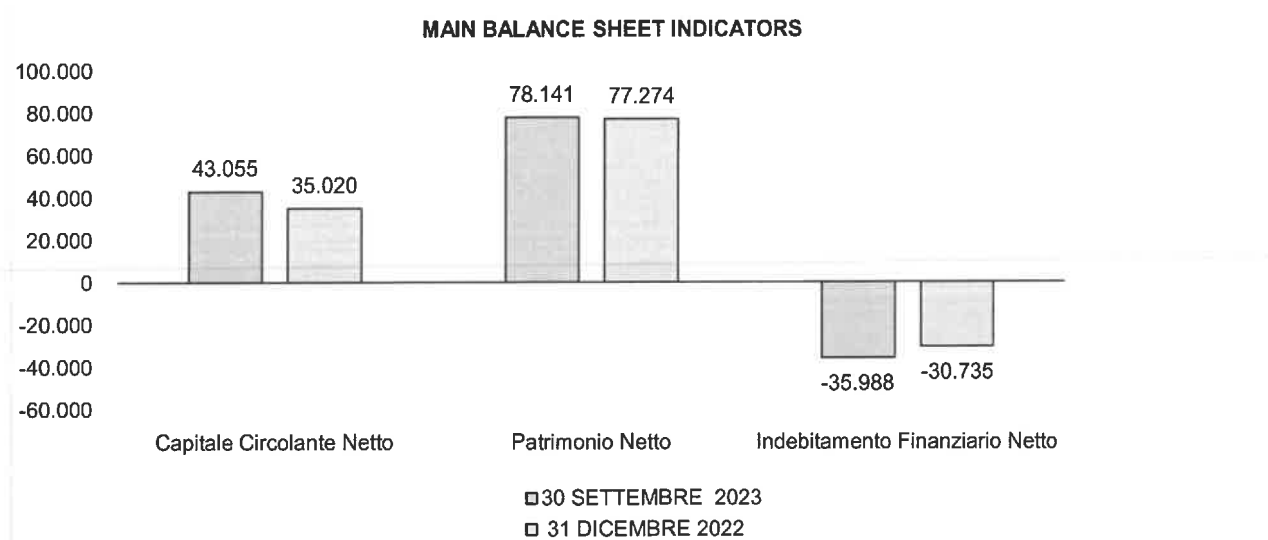
(Euro thousands)	30 SEPTEMBER 2023	%	30 SEPTEMBER 2022	%	Chg.	% change
Revenue from sales and services	125,016	100.0%	150,976	100.0%	(25,960)	(17.2%)
Other revenue	7,501	6.0%	5,740	3.8%	1,761	30.7%
Revenue from reintegration of BEG maximization for the period Sept-Dec 2022	(2,625)	(2.1%)		0.0%	(2,625)	
Adjusted Total Revenue	129,892	103.9%	156,716	103.8%	(26,824)	(17.1%)
Adjusted EBITDA	8,716	7.0%	15,570	10.3%	(6,854)	(44.0%)
Amortization and depreciation	6,827	5.5%	7,119	4.7%	(292)	(4.1%)
Allocations	123	0.1%	55	0.0%	68	123.6%
Adjusted EBIT	1,766	1.4%	8,396	5.6%	(6,630)	(79.0%)
Write-off Financial Receiv. Net tax Andreotti		0.0%	997	0.7%	(997)	(100.0%)
Write-off Financial Pay. Net tax MICA		0.0%	(3,862)	(2.6%)	3,862	(100.0%)
Tax effect revenue reintegration	277	0.2%	0	0.0%	277	0.0%
Adjusted Profit for the Year	823	0.7%	7,082	4.7%	(6,259)	(88.3%)
Revenue from reintegration of BEG maximization for the period Sept-Dec 2022	2,625					
Tax effect revenue reintegration	(277)					
Write-off Financial Receiv. Net tax Andreotti			(997)			
Write-off Financial Pay. Net tax MICA			3,862			
Profit for the year	3,171		9,947		(6,776)	(68.1%)

Financial results

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

(Euro thousands)	30 SEPTEMBER 2023	31 DECEMBER 2022	Chg.	% chg.
Net Working Capital	43,055	35,020	8,035	22.9%
Equity	78,141	77,274	867	1.1%
Net Financial Debt	(35,988)	(30,735)	(5,253)	17.1%

The increase in Net Working Capital and, as a result, in Net Financial Debt can be attributed mostly to the Receivables accrued under the regulation related to maximization and, consequently, the reintegration of revenue from Bio Energia Guarcino. These receivables at 30 September 2023, amounted to € 14,623 thousand. Their initial collection, amounting to € 1,056 thousand, took place on 16 October 2023.



The balance sheet figures at 30 September 2023 are also shown for comparative purposes versus those at 30 September 2022.

(Euro thousands)	30 SEPTEMBER 2023	30 SEPTEMBER 2022	Chg.	% chg.
Net Working Capital	43,055	36,798	6,257	17.0%
Equity	78,141	78,811	-670	(0.9%)
Net Financial Debt	(35,988)	(30,579)	5,409	(17.7%)

Directors' Comments



Significant events during the period

Considering 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.

However, while the Group does not source supplies, has not invested, has not carried out development activities, and has only marginal sales in the region involved in the conflict, no estimates can be made on the magnitude and length of the impact of this event on the consumption propensity of furniture and flooring buyers, as well as on the full availability of strategic raw materials and energy carriers. This condition, however, transcends the industry in which the Group operates and has a macroeconomic relevance.

With regard to the Warning Notice issued by CONSOB on 19 May 2022 related to the potential effects of the conflict in Ukraine on the company's business, operating and financial position and future prospects, it should be noted that the Russian-Ukrainian conflict has certainly affected the continued price increases in the cost of electricity and gas and the price of raw materials used, despite a gradual decrease that took place in 2023.

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 the Russian-Ukrainian conflict continues.

Indeed, in first half 2023, but not in the following quarter, the prices of all of the Group's strategic materials (resins, decorative paper, plastics, titanium dioxide, and pulp) continued to decrease; however, the reduction was modest compared to the growth recorded in 2022.

Last year, we had experienced only a partial and challenging transfer of the previously mentioned increases to the selling prices to end customers, due to the gradual deterioration of market sentiment, resulting in reduced margins versus the prior year.

The anticipation of a time lag in transferring the reductions in raw material prices to sales lists was expected to lead to a substantial margin recovery in 2023. However, this recovery only materialized partially, due to the ongoing weak market demand.

Regarding the costs of energy carriers, mention should be made of their decline in first nine months 2023, down by -14.1% versus the same period of the prior year, attributable to both the tax receivables to energy- and gas-intensive companies, which were obtained by both Neodecortech and Cartiere di Guarcino, as well as the decrease in production volume and the resulting lower energy consumption.

With specific regard to the subsidiary Bio Energia Guarcino, in 2023, the incentive was reduced to zero, due to the reference price of electricity in 2022 being well above the cap of 180 €/MWh used by the formula that determines the unit value of incentives. Nevertheless, in 2023, Bio Energia Guarcino benefited from the maximization scheme introduced by the Ukrainian Decree, aimed at promoting the uninterrupted operation of non-gas power plants.

Additionally, in late summer 2022, it had contracted forward sales for a portion of the energy produced and had also secured a forward purchase of fuel (palm oil). Other minor purchases of fuel (animal by-products) were made during the same period, with such purchases affecting, among other things, the increase in stock values and thus net working capital.

Up to mid-2023, both the energy and gas markets witnessed notable price decreases following a period of high volatility in late 2022, as a consequence of the Russian-Ukrainian conflict and the need for European countries to complete storage for the winter period, as part of the repositioning of gas purchases to decrease reliance on the Russian market. Furthermore, factors such as the milder winter of 2022-2023 than initially anticipated and reduced demand due to the economic slowdown contributed significantly to the decline in gas and energy prices. The bioliquids market, including the biodiesel market, also followed a downward trend, although to a lesser extent. The animal fat market in first nine months 2023 also lost approximately -28%.

Against this backdrop, Bio Energia Guarcino operated at full capacity during the periods from 19 September 2022 to 31 March 2023, and from 15 May 2023 to 30 September 2023, benefiting from the maximization scheme and supporting Cartiere di Guarcino's activity on both the energy and steam supply side.

With regard to Bio Energia Guarcino, referring to the letter of Patronage issued by Neodecortech, on 07.11.2022, to Golden Agri-Resources Europe B.V. for the procurement of palm oil up to a maximum of USD 16,000 thousand, it should be noted that at 30 September 2023, the exposure of Bio Energia Guarcino S.r.l. to the supplier, for contracts to be performed, is zero.

Capital expenditure in the first nine months of 2023 amounted to € 4,598 thousand, in line with budget forecasts. Special mention must be made of the progress made by Neodecortech in the installation of a new impregnating machine, which will go into operation at end 2023. With regard to subsidiaries, capital expenditure in tangible fixed assets at Cartiere di Guarcino regarded measures to increase the efficiency of paper machines and to optimize plants. For Bio Energia Guarcino, expenditure was made for the scheduled maintenance of the power plant.

From a financial management perspective, in first quarter 2023 Neodecortech obtained a new medium- to long-term loan of € 5,000 thousand, resulting in an extension of the duration of the debt.

With regard, instead, to the management of ESG aspects, on 13 December 2022, CDP (Carbon Disclosure Project) confirmed the Neodecortech Group's "B" score 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 but above the average of both its industry Wood & Paper materials and the Global average, which show a "C" score. In July 2023, 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 consecutive year and 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/>).

Business and market outlook

July and August 2023 witnessed a pause in the order backlog decline for Neodecortech and Cartiera di Guarcino seen in recent months. Additionally, September experienced a sideways movement in incoming orders.

In fourth quarter 2023, forecasts see either a significant stability in the order backlog or a slight additional deterioration. Indeed, the overall macroeconomic context has deteriorated further due partly to the outbreak of the Israeli-Palestinian conflict in early October. This new scenario has already led to a fresh increase in both oil and gas prices, consequently impacting electricity costs. More significantly, it is delaying, if not obstructing, the anticipated recovery in consumer expectations and sentiment that was originally expected to begin in fourth quarter 23, beginning of 24. While we cannot predict geopolitical developments with certainty, we anticipate this condition to persist indistinguishably until end 2023 across our primary sales regions (approximately 95% in Europe, excluding Bio Energia Guarcino sales totally in Italy).

Both Neodecortech and Cartiere di Guarcino continue to devote the necessary attention to the potential risks of rationing and partial availability of electricity and gas.

In this context, in addition to the changed macroeconomic sentiment and the abovementioned related critical issues, it should be noted that the status of being an integrated supply chain Group, and having within its scope a power plant producing electricity from renewable sources, which guarantees full availability of electricity and partial availability of thermal energy for the Paper Mill, ceased to apply as of 1 October 2023. This change resulted from the conclusion of the second maximization period, unless further extensions are granted, as provided for by Law Decree no. 198 of 29 December 2022 (published in the State Gazette - General Series - no. 303 on 29 December 2022), coordinated with Conversion Law no. 14 of 24 February 2023 (published in the State Gazette no. 49 on 27 February 2023). Also

considering the positive stance of the European Commission on this matter, there is potential for the restoration of this condition if the maximization scheme is extended, as outlined in the legislative prerequisites of the maximization plan, which allowed for a possible extension until 31 March 2024.

Regarding the trend of strategic raw materials, the following information is provided for each business unit: (i) Neodecortech expects prices of certain strategic raw materials (resins, plastics) to remain steady in fourth quarter 2023, in line with the 2023 Budget; (ii) Cartiere di Guarcino expects pulp prices to rebound after reaching low levels in August, driven by the need to re-align quotations for the European market with the prices seen in the Chinese market. Conversely, quotations for titanium dioxide are anticipated to decline in the fourth quarter due to subdued demand and a good supply-side material availability. The decrease in energy costs plays a role in reducing titanium dioxide production costs, which have, to some extent, acted as a barrier to price reductions; (iii) Bio Energia Guarcino is awaiting regulatory news to assess the resumption of production after the end of the maximization period on 30 September 2023. The fuels market continues to be uneventful following the price reductions seen in first nine months 2023. Geopolitical tensions are contributing to the weakening of the commodity market, including vegetable oils and, in the case of Bio Energia Guarcino, animal fats. On the palm oil front, the Nino weather phenomenon may adversely affect production and consequently, supply, which may lead to price pressures in the coming months. As for BEG, in any case, subject to new regulatory measures, as of 1 January 2024, the ordinary incentive system will become effective again.

In the coming months, no additional impacts from the Russian-Ukrainian conflict are anticipated, while the consequences of the new Israeli-Palestinian conflict that broke out on 7 October are still uncertain.

On the financial front, despite the clear income repercussions from the increase in interest rates applied, the Group continues to pursue the policy of optimizing financial costs, optimizing the use of debt lines spanning short and medium-long term, and containing its net financial position, except for temporary peaks related to procurement policies and delayed monetization of the VRC by the subsidiary Bio Energia Guarcino. In this regard, it is worth noting that, concerning the interim financial information at 30 September 2023, related to the BEG maximization scheme, the total amount is € 14,623 thousand. To date, a total of € 1,056 thousand has been collected from this amount, confirming the accuracy of the estimates made by the Group.

The Group remains committed to advancing its ESG policy by executing a number of ongoing projects. Notably, in the area of emission reduction, the status of carbon neutrality was achieved by mid-year, specifically concerning scope 1 and scope 2 emissions.

Each Division is analyzed more specifically 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. The downward price trend, coupled with the "typical" time lag for adjustments on price lists, should have resulted in a partial margin recovery. However, this did not occur as anticipated.

Mention should be made of the strong performance in terms of market share gain for the EOS product line, manufactured from recycled PET and designed for covering furniture cabinet doors as an alternative to matte lacquer.

Paper Division - Cartiere di Guarcino

While the order backlog at the Paper Mill remained satisfactory and in line with the 2023 Budget until the end of the first nine months, the future scenario should be taken with caution given the possible declines in sales, the extent of which cannot be predicted at this time.

Regarding the trend of strategic raw materials, a price increase is expected in fourth quarter 2023 for pulp, along with a slight decrease in titanium dioxide prices. This decrease appears to interrupt the significant inflationary trend seen throughout 2021 and 2022.

Cartiere di Guarcino is in full operation, despite the absence of the co-generated energy provided by the power plant temporarily discontinued as of 1 October, for the above reasons, failing to alleviate the negative effects as was the case in second quarter 2023, when the tax receivable for energy- and gas-intensive companies had continued. The receivable was then discontinued as of 30 June 2023.

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

Regarding Bio Energia Guarcino, as already discussed in detail above, as a result of the new context related to maximization, and thanks to short hedges on the energy market and to long hedges on bioliquids for first quarter 2023, all three engines operated at full capacity for the periods covered by the maximization scheme, from 19 September 2022 to 31 March 2023, and from 15 May 2023 to 30 September 2023. It should be noted that no 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. So it is inversely proportional to the price of energy. This incentive system will become applicable again as of 1 January 2024.

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. As of the time of writing, there is no information available regarding a potential extension of the maximization program. Consequently, as of 1 October 2023, Bio Energia Guarcino has stopped its plants.

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 reintegration 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 key points: (i) as far as vegetable oils and diesel fuel are concerned, it has confirmed the reference price lists provided by ARERA Resolution 111/06; (ii) in addition to the list of fuels mentioned above, it also includes animal fats by referring to the first item "Sego FFA 2-3 - MIU 1 - FAC 7-9" of the price list published weekly by the Granary Association of Milan; (iii) 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 both to Cartiere di Guarcino and to the grid is included in the maximization scheme; (iv) with regard to Bio Energia Guarcino's other requests regarding other costs including logistics costs and ancillary costs to the purchase of fuel, costs of chemical additives, and variable maintenance costs, ARERA reserves its opinion following the clarifications provided by the Company through the latest request for revision of the Parameters sent last August 2023.

Bio Energia Guarcino has determined the best possible estimate of revenue reintegration based on the information available to date. At 30 September 2023, the minimum amount of reintegration accrued was determined in € 14,623 thousand, with € 2,625 thousand attributable to 2022, calculated in light of the 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 alignment with the trade association to put forward, as part of the implementation of the RED II Directive and the related implementing decrees, a proposal to modify the incentive framework for plants powered by domestic biofuels and functional to manufacturing companies which, if transposed, would provide for the:

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



Condensed Consolidated Financial Statements at 30 September 2023



Consolidated income statement at 30 September 2023

<i>(Euro thousands)</i>	30 SEPTEMBER 2023	%	30 SEPTEMBER 2022	%	Chg.	% chg.
Revenue from sales and services	125,016	100.0%	150,976	100.0%	(25,960)	(17.2%)
Changes in work in progress, semi-finished and finished products	2,323	1.9%	4,730	3.1%	(2,407)	(50.9%)
Other revenue	7,501	6.0%	5,740	3.8%	1,761	30.7%
Value of Production	134,840	107.9%	161,447	106.9%	(26,607)	(16.5%)
Raw and ancillary materials and consum.	(85,730)	(68.6%)	(104,368)	(69.1%)	18,638	(17.9%)
Other operating expense	(22,198)	(17.8%)	(25,827)	(17.1%)	3,629	(14.1%)
Value Added	26,912	21.5%	31,251	20.7%	(4,339)	(13.9%)
Personnel expense	(15,571)	(12.5%)	(15,681)	(10.4%)	110	(0.7%)
EBITDA	11,341	9.1%	15,570	10.3%	(4,229)	(27.2%)
Amortization and depreciation	(6,827)	(5.5%)	(7,119)	(4.7%)	292	(4.1%)
Allocations	(123)	(0.1%)	(55)	(0.0%)	(68)	123.6%
EBIT	4,391	3.5%	8,396	5.6%	(4,005)	(47.7%)
Financial expense	(1,673)	(1.3%)	(2,196)	(1.5%)	523	(23.8%)
Financial income	294	0.2%	5,332	3.5%	(5,038)	(94.5%)
Profit/(loss) before tax	3,012	2.4%	11,532	7.6%	(8,520)	(73.9%)
Income tax	159	0.1%	(1,586)	(1.1%)	1,745	(110.0%)
Profit/(loss) for the year	3,171	2.5%	9,947	6.6%	(6,776)	(68.1%)

Consolidated statement of comprehensive income at 30 September 2023

<i>(Euro thousands)</i>	30 SEPTEMBER 2023	30 SEPTEMBER 2022
Profit/(loss) for the year	3,171	9,947
Other items of the comprehensive income statement		
Actuarial gains (losses) net of tax effect	46	301
Total items that will not be reclassified in the income statement for the year	46	301
Gains/(losses) on cash flow hedging instruments	(48)	396
Total items that will or may be reclassified in the income statement for the year	(48)	396
Total other items of the comprehensive income statement	(2)	697
Comprehensive income (loss) for the year	3,169	10,644
Comprehensive income for the period attributed to:		
Shareholders of the Parent	3,169	10,644
Non-controlling interests		
Earnings per share (in Euro):		
Basic	0.23	0.70
Diluted	0.23	0.70

Consolidated statement of financial position at 30 September 2023

Assets	30 SEPTEMBER 2023	%	31 DECEMBER 2022	%	Chg.	% chg.
<i>(Euro thousands)</i>						
Intangible assets	599	0.4%	827	0.5%	(228)	(27.6%)
Tangible assets	76,758	46.2%	78,617	46.6%	(1,859)	(2.4%)
Investments	0	0.0%	100	0.1%	(100)	(100.0%)
Other non-current assets	328	0.2%	528	0.3%	(200)	(37.9%)
Non-current financial receivables	445	0.3%	445	0.3%	0	0.0%
Deferred tax assets	1,680	1.0%	1,682	1.0%	(2)	(0.1%)
Non-current assets	79,810	48.1%	82,199	48.7%	(2,389)	(2.9%)
Inventory	42,003	25.3%	43,550	25.8%	(1,547)	(3.6%)
Trade receivables	18,583	11.2%	23,836	14.1%	(5,253)	(22.0%)
Receivables from tax consolidation	188	0.1%	813	0.5%	(625)	(76.9%)
Tax receivables	2,797	1.7%	5,043	3.0%	(2,246)	(44.5%)
Current financial receivables	0	0.0%	0	0.0%	0	0.0%
Other current receivables	16,165	9.7%	1,270	0.8%	14,895	1172.8%
Cash funds	6,510	3.9%	12,042	7.1%	(5,532)	(45.9%)
Current assets	86,246	51.9%	86,554	51.3%	(308)	(0.4%)
Total assets	166,056	100.0%	168,753	100.0%	(2,697)	(1.6%)

Equity and liabilities	30 SEPTEMBER 2023	%	31 DECEMBER 2022	%	Chg.	% chg.
<i>(Euro thousands)</i>						
Share capital	18,804	11.3%	18,804	11.1%	0	0.0%
Share premium reserve	18,864	11.4%	18,864	11.2%	0	0.0%
Other reserves	28,542	17.2%	24,968	14.8%	3,574	14.3%
Prior years' profit (loss)	8,760	5.3%	6,201	3.7%	2,559	41.3%
Profit (loss) for the year	3,171	1.9%	8,437	5.0%	(5,266)	(62.4%)
Equity	78,141	47.1%	77,274	45.8%	867	1.1%
Provisions for risks and charges	749	0.5%	774	0.5%	(25)	(3.2%)
Deferred tax	6,015	3.6%	6,304	3.7%	(289)	(4.6%)
Post-employment benefits	1,971	1.2%	2,131	1.3%	(160)	(7.5%)
Non-current financial liabilities	24,295	14.6%	22,095	13.1%	2,200	10.0%
Non-current liabilities	33,030	19.9%	31,304	18.6%	1,726	5.5%
Trade payables	29,257	17.6%	33,693	20.0%	(4,436)	(13.2%)
Payables from tax consolidation	388	0.2%	469	0.3%	(81)	(17.3%)
Tax payables	396	0.2%	703	0.4%	(307)	(43.7%)
Current financial liabilities	18,203	11.0%	20,682	12.3%	(2,479)	(12.0%)
Other current payables	6,641	4.0%	4,628	2.7%	2,013	43.5%
Current liabilities	54,885	33.1%	60,175	35.7%	(5,290)	(8.8%)
Total equity and liabilities	166,056	100.0%	168,753	100.0%	(2,697)	(1.6%)

Consolidated statement of changes in equity at 30 September 2023

(Euro thousands)	Attributable to the shareholders of the Parent								
	Share Capital	Hedging and translation reserves	Equity reserves	Other reserves	Treasury shares	Profit (loss) for the year	Equity	Non-controlling interests	Total equity
Balance at 01/01/2022	18,804	(155)	18,864	26,404	(140)	6,688	70,465	0	70,465
Other items of the comprehensive income statement	0	419	0	260	0	0	679	0	679
Profit for the year	0	0	0	0	0	8,437	8,437	0	8,437
Total comprehensive income/loss for the year	0	419	0	260	0	8,437	9,116	0	9,116
Dividend distribution	0	0	0	(1,978)	0	0	(1,978)	0	(1,978)
Allocation of prior year's profit (loss)	0	0	0	6,688	0	(6,688)	0	0	0
Other changes	0	0	0	(2)	(328)	0	(330)	0	(330)
Balance at 12/12/2022	18,804	264	18,864	31,372	(468)	8,437	77,274	0	77,274
Balance at 01/01/2023	18,804	264	18,864	31,372	(468)	8,437	77,274	0	77,274
Other items of the comprehensive income statement	0	(49)	0	46	0	0	(3)	0	(3)
Profit for the year	0	0	0	0	0	3,171	3,171	0	3,171
Total comprehensive income/loss for the year	0	(49)	0	46	0	3,171	3,168	0	3,168
Dividend distribution	0	0	0	(1,973)	0	0	(1,973)	0	(1,973)
Allocation of prior year's profit (loss)	0	0	0	8,437	0	(8,437)	0	0	0
Other changes	0	0	0	(5)	(323)	0	(328)	0	(328)
Balance at 30/09/2023	18,804	215	18,864	37,877	(791)	3,171	78,141	0	78,141

Consolidated statement of cash flows at 30 September 2023

(Euro thousands)	30 SEPTEMBER 2023	30 SEPTEMBER 2022
Profit (loss) for the year	3,171	9,947
Income tax	64	1,307
Deferred/(prepaid) tax	(223)	279
Interest expense/(interest income)	1,379	(3,136)
(Dividends received)	0	0
(Gains)/losses from disposal of assets	22	(15)
1 Profit (loss) for the year before income tax, interest, dividends and gains/losses from disposals	4,413	8,381
Adjustments for non-monetary items that had no balancing entry in net working capital:		
Allocation to post-employment benefits	42	123
Allocations to other provisions	223	162
Amortization and depreciation of fixed assets	6,827	7,119
Write-downs for impairment losses	0	0
Other adjustments for non-monetary items	256	(1,259)
2 Cash flow before changes in NWC	11,761	14,526
Changes in net working capital:		
Decrease/(increase) in receivables from customers	5,164	502
Decrease/(increase) in inventory	1,457	(5,560)
Increase/(decrease) in payables to suppliers	(4,459)	(5,126)
Decrease/(increase) in other receivables	(12,009)	(1,576)
Increase/(decrease) in other payables	1,380	958
Other changes in net working capital	0	0
3 Cash flow after changes in NWC	3,294	3,725
Other adjustments:		
Interest received/(paid)	(1,271)	(715)
(Income tax paid)	(89)	(326)
(Gains)/losses from disposal of assets	0	0
Dividends received	0	0
(Utilization of provisions)	(61)	(295)
(Utilization of provisions for post-employment benefits)	(161)	(123)
4 Cash flow after other adjustments	1,712	2,265
A Cash flow from operations	1,712	2,265
<i>Tangible fixed assets</i>	(4,598)	(6,057)
(Purchase)	(4,598)	(6,057)
Disposal	0	0
<i>Intangible fixed assets</i>	(116)	(126)
(Purchase)	(116)	(126)
Disposal	0	0
<i>Financial fixed assets</i>	0	(30)
(Purchase)	0	(30)
Disposal	0	0
<i>Current financial assets</i>	0	0
(Purchase)	0	0
Disposal	0	0
<i>Proceeds from disposal of assets</i>	(21)	15
B Cash flow from investing activities	(4,735)	(6,198)
Liabilities	(215)	149
Increase (decrease) in short-term bank payables	(434)	2,522

New loans	5,000	2,500
Repayment of loan	(4,477)	(3,323)
Financial liabilities to other lenders	(304)	(1,550)
Change in financial receivables from other lenders	0	0
Equity	(2,294)	(2,298)
Share capital increase	0	0
Sale (purchase) of treasury shares	(322)	(320)
Other changes in equity	(1,972)	(1,978)
C Cash flow from financing activities	(2,509)	(2,149)
Increase (decrease) in cash funds (A ± B ± C)	(5,532)	(6,081)
Cash funds at 1 January	12,042	13,491
Cash funds at 30 September	6,510	7,410

The following table shows **consolidated net financial debt** at 30 September 2023 versus the situation at 31 December 2022 and 30 September 2022:

(Euro thousands)	30 SEPTEMBER 2023	31 DECEMBER 2022	Chg.	30 SEPTEMBER 2022	Chg.
A. Cash funds	(6,510)	(12,042)	5,532	(7,410)	900
B. Cash and cash equivalents	0	0	0	0	0
C. Other current financial assets	0	0	0	(12)	12
D. Cash (A) + (B) + (C)	(6,510)	(12,043)	5,533	(7,422)	912
E. Current financial debt	12,530	13,489	-959	16,955	-4,425
F. Current portion of non-current debt	5,673	7,194	(1,521)	6,966	(1,293)
G. Current financial debt (E)+(F)	18,203	20,683	(2,480)	23,921	(5,718)
H. Net current financial debt (G)-(D)	11,693	8,640	3,053	16,499	-4,806
I. Non-current financial debt	24,295	22,095	2,200	14,080	10,215
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)	24,295	22,095	2,200	14,080	10,215
M. Total financial debt (H)+(L)	35,988	30,735	5,253	30,579	5,409

Notes



Accounting standards and preparation criteria

The Interim Management Statement for first nine months 2023 includes the Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Statement of Cash Flows, Statement of Changes in Equity and brief notes; it has been prepared on the basis of the recognition and measurement criteria provided for by the IAS-IFRS standards adopted by the European Union. It has been made available to the public on a voluntary basis, and has been prepared in accordance with the regulations of Borsa Italiana, which establish, among the requirements for maintaining the listing on the STAR segment of the MTA market, the publication of interim reports, which are available on the Company website (www.neodecortech.it).

With regard to the relevant international accounting standards and the criteria chosen by the Group in preparing the financial statements, reference is made to the 2022 Annual Report.

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

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

Scope of consolidation

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

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

Main Alternative Performance Measures (APMs)

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

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

The definition of the main APMs used in this Interim Management Statement is given below:

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

Notes on the main changes in the consolidated financial statements

Revenue from Sales and Services at 30 September 2023 amounted to € 125,016 thousand, down by € -25,960 thousand, or -17.2% versus 30 September 2022 (€ 150,976 thousand). This decrease, for Neodecortech and its subsidiary Cartiere di Guarcino, is attributable mainly to the general market trend, with a reduction in unit prices of approximately 5-7%; the markets showing the most significant declines are America (-64.3%) and Italy (-12.2%) consistent with the rest of Europe (-11.3%); the reduction in turnover is, however, in line with the 2023 Budget forecast. Regarding the subsidiary Bio Energia Guarcino, the decrease in revenue versus first nine months 2022 (€ -8,413 thousand) stems from the decrease in energy prices in 2023 compared to 2022. The Bio Energia Guarcino S.r.l. plant worked 15,689 hours, up versus the same period of the prior year when it worked 14,574 hours, generating approximately 106,000 MWh versus 96,850 MWh in the same period last year. Energy fed into the grid totaled 77,843 MWh versus 59,916 MWh in the same period of 2022. Conversely, energy sold to CDG amounted to 24,400 MWh, down from 32,855 MWh in 2022. From 31 March, which marked the end of the first maximization period, until 15 May, the beginning of the second maximization period, the power plant was stopped, only to stop again at the conclusion of the second maximization period set for 30 September 2023.

The decrease in *Change in Finished Products* of € +2,323 thousand is related mainly to the ongoing partial restocking from major customers.

Other revenue at 30 September 2023 amounted to € 7,501 thousand (€ 5,740 thousand at 30 September 2022), up by € 1,761 thousand. At 30 September 2023, this item includes revenue from Bio Energia Guarcino S.r.l. for maximization referring to 2022, amounting to € 2,625 thousand, and tax receivables for the first and second quarters related to energy- and gas-intensive companies to both Neodecortech and the subsidiary Cartiere di Guarcino, totaling € 2,944 thousand. Additionally, in first nine months 2023, the subsidiary Bio Energia sold guarantees of origin totaling € 487 thousand.

Consumption of raw and ancillary materials decreased versus 30 September 2022 (-17.9% or € -18,638 thousand), in line with the decline in revenue (-17.2%), accounting for 68.6% of revenue from 69.1% at 30 September 2022. This trend is attributable mainly to the effect of lower prices of strategic raw materials, which was not fully transferred to end customers. Additionally, this trend is also affected by the decreases in Bio Energia Guarcino's fuels (palm oil and animal by-product), which are insufficient to offset the reduction in energy prices, as well as the GRIN incentives zeroed out compared to 2022, with a maximization subsidy calculated based on the best possible estimate with the currently available elements, i.e., based on the standard values set by ARERA and recognized fuels, thus limited to the recognized variable costs. The Company expects, in fact, a more favourable outcome once the RVC calculation model is approved with ARERA, presumably during fourth quarter 2023, given the objections sent to the Authority in the November 2022 and August 2023 communications, which highlighted the need to realign the variable plant cost based on specific fuel consumption, the purchase cost of fuels including ancillary expense, as well as to redefine the self-consumption parameter and other variable costs. There is a possibility that fixed costs may be recognized, as stipulated in Resolution 111/2006 as subsequently amended, currently not recognized as they are pending specific resolution by ARERA.

Other operating expense decreased (-14.1% or € -3,629 thousand) versus 30 September 2022, due mainly to the reduction in energy and gas costs and other utilities (-14.2% or € -1,265 thousand). The change in the cost of electricity and gas is also alleviated by the above tax receivables, so the net effect is a decrease of -63.5%.

Personnel expense of € 15,571 thousand was down from € 15,681 thousand (-0.7% or € -110 thousand) at 30 September 2022, with employees in service at 30 September 2023 falling to 389 from 400 at 31 December 2022.

EBITDA at 30 September 2023 stood at € 11,341 thousand, accounting for 9.1% of net sales, down slightly by -1.2 percentage points from 30 September 2022 (€ 15,570 thousand and 10.3%). For further information on the EBITDA trend, reference is made to the "Directors' Comments".

The change in *amortization and depreciation* is in line with the same period of the prior year (€ -292 thousand and -4.1%), due to new expenditure made by the Group, amounting to € 4,735 thousand, and assets that have reached the end of their useful life.

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

EBIT was down by € -4,005 thousand versus 30 September 2022 (3.5% versus 5.6% at 30 September 2022).

With regard to *financial items*, the net decrease of € -4,515 thousand versus 30 September 2022, is due mainly to a 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. The resulting impact (also net of tax, given the fiscal relevance of the items written off) amounts to a total of € 2,865 thousand. Net of this non-ordinary item, net financial expense increased slightly (€ 1,379 thousand at 30 September 2023 versus € 634 thousand at 30 September 2022). Otherwise, it should be noted that the Group's interest expense from the costs of mortgages, leases and short-term lines, continues to increase versus 30 September 2022 (up by € +112 thousand), as a result of rate increases by the ECB and the related Euribor rise, and resulting

impact on the share of floating-rate debt (85%), despite the constant optimization of lines and the secured improvement of conditions applied by the banking system.

Group tax shows a positive tax balance for the period of € +159 thousand. This situation is determined mainly by income from tax consolidation with Finanziaria Valentini (€ 199 thousand), calculated on the tax losses in the period as a result of the non-taxability of tax credits accrued from energy and gas subsidies.

Net Profit amounted to € 3,171 thousand, making for 2.5% of revenue, down by € -6,776 thousand versus 30 September 2022, due to the combined effect of two non-recurring items: (i) the 2022 net profit included the effect of the non-recurring net positive financial item of € 2,865 thousand, related to the write-off of the MICA Payable and the receivable from Andreotti, which were time-barred; (ii) the 2023 net profit includes the maximization accrued from 19 September 2022 to 31 December 2023, quantified as a result of the recent legislation introduced in June 2023. Adjusted Net Profit at 30 September 2022, net of the non-recurring financial item and the related tax effect, amounted to € 7,082 thousand (4.7% of revenue).

Consolidated *net financial debt* at 30 September 2023 amounted to € 35,988 thousand (€ 30,735 thousand at 31 December 2022). The increase of € 5,253 thousand is attributable mainly to the net effect of:

- The increase in current financial debt by € +679 thousand (also considering 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 signed with Banca Popolare di Sondrio), while 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); the Selmabipiemme lease of Bio Energia Guarcino was terminated in June 2023 with the resulting redemption of the asset;
- The reduction in the use of short-term credit lines (€ -959 thousand) was not fully offset by the increase in medium/long-term debt, and the reduction in liquidity (€ -5,532 thousand) 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 the non-monetization of maximization by Bio Energia Guarcino; (iii) the growth also for Neodecortech of fixed assets in operating working capital.

Consolidated *net working capital* at 30 September 2023 amounted to € 43,055 thousand versus € 35,020 thousand at 31 December 2022. The main effects contributing to this increase of € 8,035 thousand are (i) the decrease in inventory of € -1,547 thousand, the combined effect of customer destocking activities and the need to procure strategic raw materials to cover production in the following months; (ii) the decrease in trade payables of € -4,437 thousand versus the same period of the prior year, related mainly to the procurement policy of Bio Energia Guarcino and Cartiere di Guarcino; (iii) the decrease in trade receivables of € -5,253 thousand, basically in line with the trend in sales; (iv) the decrease in tax receivables of € -2,246 thousand, related to accrued tax credits to energy-and gas-intensive companies, used as offsets in nine months 2023; (v) the increase in other current receivables of € +14,686 thousand claimed by the subsidiary Bio Energia Guarcino regarding the maximization scheme for the period from 19 September 2022 to 30 September 2023.

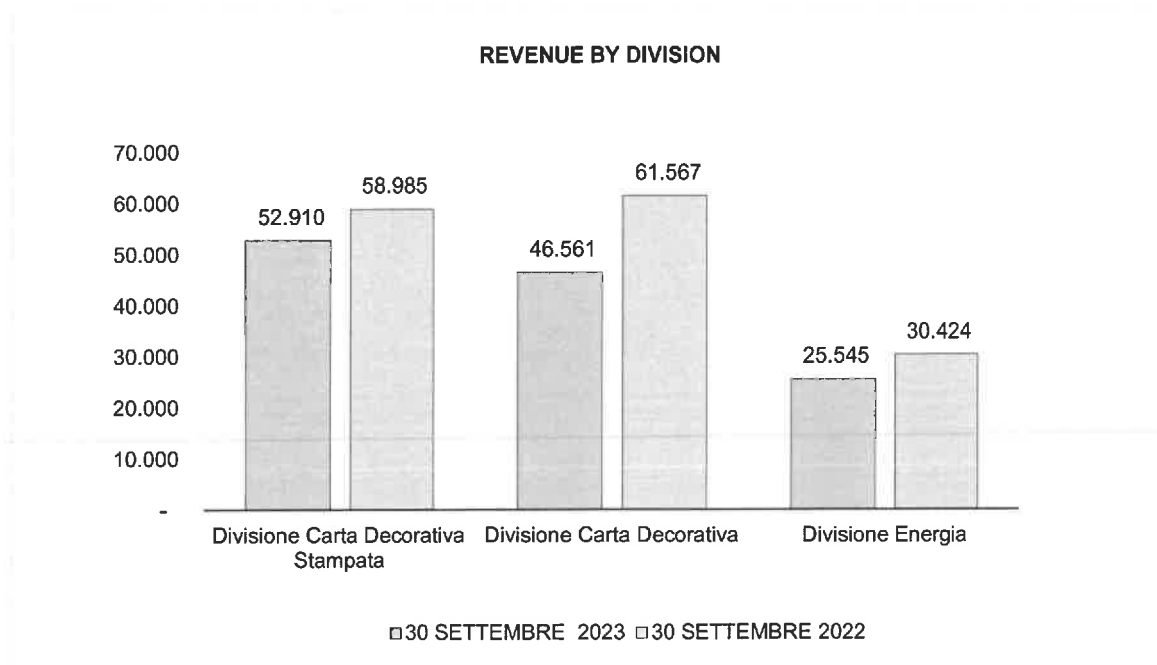
The change in *tangible and intangible fixed assets* amounted to € 4,735 thousand, and is explained by the new capital expenditure made, net of amortization/depreciation. Capital expenditure in tangible fixed assets refers mostly to (i) new machinery and the upgrading of existing machinery in the parent 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. At 30 September 2023, capital expenditure in tangible and intangible fixed assets amounted to € 1,480 thousand. In the same period of 2022, capital expenditure amounted to € 6,198 thousand, down by € -1,463 thousand.

Consolidated *equity* at 30 September 2023 increased due mainly to the allocation of profit for the period.

Revenue by division, type of business and geographical area

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

(Euro thousands)	30 SEPTEMBER 2023	%	30 SEPTEMBER 2022	%	Chg.	% change
Printed Decorative Paper Division	52,910	42%	58,985	39%	(6,075)	(10.3%)
Decorative Paper Division	46,561	37%	61,567	41%	(15,006)	(24.4%)
Energy Division	25,545	20%	30,424	20%	(4,879)	(16.0%)
Total	125,016	100%	150,976	100%	(25,960)	(17.2%)

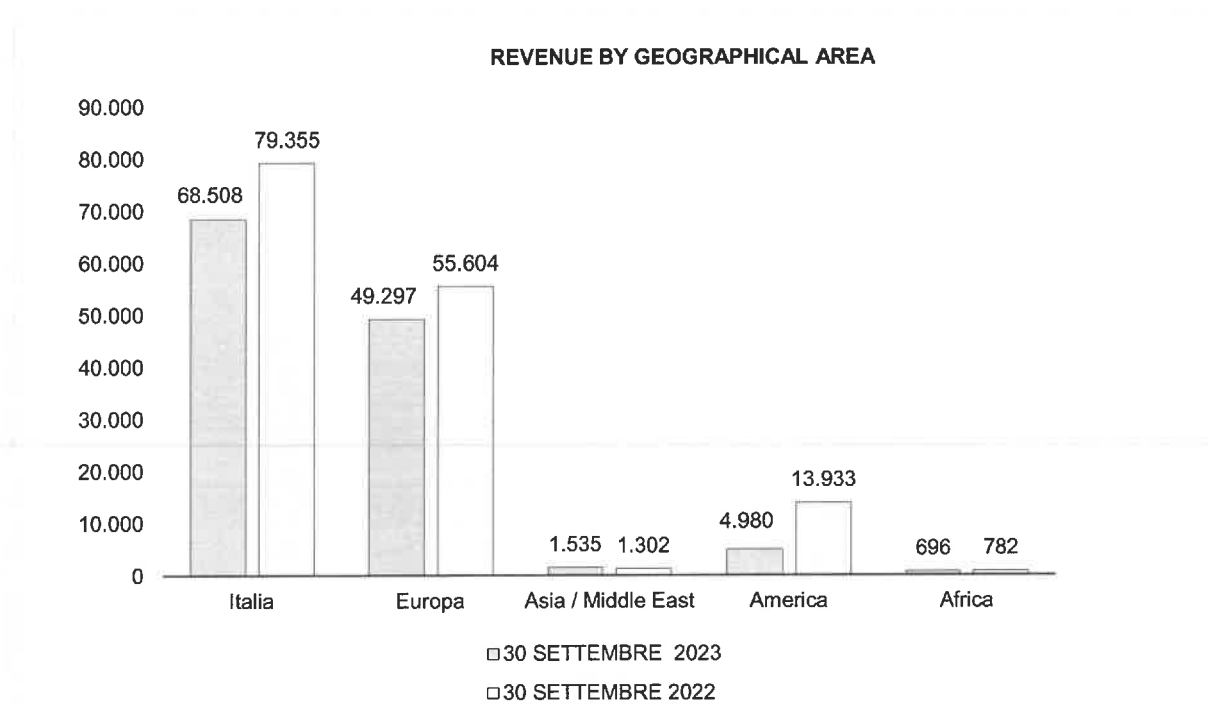


At 30 September 2023, the table below shows **consolidated revenue broken down by type of business**:

(Euro thousands)	Printed Decorative Paper Division	Decorative Paper Division	Energy Division	Consolidated
Revenue from the sale of goods	44,514	45,936	0	90,450
Revenue from services	8,396	625	0	9,021
Revenue from the sale of electricity and steam	0	0	13,547	13,547
Revenue from incentives	0	0	11,998	11,998
Total by segment	52,910	46,561	25,545	125,016

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

(Euro thousands)	30 SEPTEMBER 2023	%	30 SEPTEMBER 2022	%	Chg.	% chg.
Italy	42,963	34.4%	48,931	32.4%	(5,968)	(12.2%)
Europe	49,297	39.4%	55,604	36.8%	(6,307)	(11.3%)
Asia / Middle East	1,535	1.2%	1,302	0.9%	233	17.9%
America	4,980	4.0%	13,933	9.2%	(8,953)	(64.3%)
Africa	696	0.6%	782	0.5%	(86)	(11.0%)
Energy Division	25,545	20.4%	30,424	20.2%	(4,879)	(16.0%)
Total	125,016	100.0%	150,976	100.0%	(25,960)	(17.2%)



Related party transactions

Transactions carried out by Neodecortech S.p.A. and other Group companies with related parties, as identified by IAS 24, including transactions with subsidiaries, are neither atypical nor unusual and fall within the ordinary course of business of the Company. These transactions were carried out on market terms.

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

It should be noted that transactions with subsidiaries are not shown as they are derecognized at the consolidation level, while transactions with related parties at 30 September 2023 are shown, the details of which are given below.

<i>(Euro thousands)</i>				
	Trade receivables 30 September 2023	Financial receivables 30 September 2023	Trade payables 30 September 2023	Financial payables 30 September 2023
Finanziaria Valentini S.p.A.	0	188	0	388
ISRFE Srl in liquid.	0	444	0	0
Valinvest	0	0	0	0
Loma Srl	802	0	23	0
Total	802	632	23	388

<i>(Euro thousands)</i>		
	Revenue and income 30 September 2023	Costs and expense 30 September 2023
Finanziaria Valentini S.p.A.	199	0
Loma Srl	1,963	(70)
Total	2,161	(70)

Regarding "Financial receivables" from Finanziaria Valentini S.p.A., amounting to € 188 thousand, these refer to the tax consolidation receivable from the subsidiary Bio Energia Guarcino S.r.l. for € 31 thousand and the subsidiary Cartiere di Guarcino S.p.A. for € 157 thousand. In addition to € 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" to Finanziaria Valentini S.p.A. amounting to € 388 thousand, relates to the payable for tax consolidation of the Parent Company.

Trade receivables include receivables for € 802 thousand from the business agreement between Neodecortech S.p.A. and Loma S.r.l., for the distribution of the Parent Company's products and the sale of base decorative paper by Cartiere di Guarcino S.p.A.; Loma S.r.l. became a related party following appointment of one of executives of the Parent Company as a "key management personnel".

Trade payables include € 23 thousand to Loma S.r.l. for the agreement to provide strategic and commercial marketing consultancy services to Neodecortech S.p.A..

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

The following table shows the fees to the Group's directors and key management personnel at 30 September 2023:

<i>(Euro thousands)</i>	
Subjects	Payable for fees 30 September 2023
Luigi Cologni	169
Massimo Giorgilli	146
Riccardo Bruno	0
Paolo Pietrogrande	0
Gianluca Valentini	8
Luca Peli	28
Adriano Carlo Bianchi	11
Sara Bertolini	0
Ida Altimare	0
Cinzia Morelli	0
Vittoria Giustiniani	0
Fabio Zanobini	0
Pietro Zanini	6
Edda Delon	14
Stefano Santucci	6
Federica Menichetti	8
Stefano Zonca	5
Key management personnel	102
Total	503

<i>(Euro thousands)</i>	
Subjects	Fees 30 September 2023
Luigi Cologni	353
Massimo Giorgilli	275
Riccardo Bruno	7
Paolo Pietrogrande	4
Gianluca Valentini	27
Luca Peli	75
Adriano Carlo Bianchi	26
Sara Bertolini	21
Ida Altimare	24
Cinzia Morelli	22
Vittoria Giustiniani	20
Fabio Zanobini	4
Pietro Zanini	17
Edda Delon	11
Stefano Santucci	17
Federica Menichetti	15
Stefano Zonca	6
Key management personnel	545
Total	1,469

Other supplementary information

Atypical and/or unusual transactions during the period

During the period up to 30 September 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 the Company, pursuant to Articles 70, paragraph 8 and 71, paragraph 1-bis, of the Regulation adopted by CONSOB through resolution no. 11971/1999, as supplemented and amended (the "Issuer Regulation"), complies with the opt-out system provided for by the above articles, availing itself of the right to depart from the obligations to publish the information documents envisaged in Annex 3B of the Issuer Regulation on the occasion of significant transactions relating to mergers, spin-offs and capital increases through contribution of assets in kind, acquisitions and transfers.

Significant events after 30 September 2023

Reference should be made to the Directors' Comments.

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. 230,787 treasury shares at 30 September 2023 for a value of € 796,150.86.

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 October and November 2023, Neodecortech continued with the purchase of additional treasury shares based on and within the limits of the above resolution.

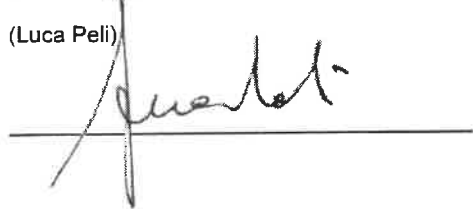
At 30 September and during nine months 2023, the Company did not hold and did not purchase shares in the parent company Finanziaria Valentini S.p.A..

Filago (BG), 8 November 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.

Certification by the Financial Reporting Manager

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

SUBJECT: Interim Management Statement at 30 September 2023 approved on 8 November 2023.

I, the undersigned, Marina Fumagalli, Financial Reporting Manager of Neodecortech S.p.A.

CERTIFY

Pursuant to Article 154 bis, paragraph two, Part IV, Title III, Chapter II, Section V-bis, of Legislative Decree no. 58 of 24 February 1998, that, to the best of my knowledge, the Interim Management Statement at 30 September 2023 corresponds to the underlying records, books and accounting entries.

Date: 8 November 2023

Marina Fumagalli
Financial Reporting Manager

**Decors and surfaces
for sustainable living.**

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