

Neodecortech S.p.A.

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

Consolidated financial statements at 31 December 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.

Independent auditor's Report

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

To the Shareholders of
Neodecortech S.p.A.

Report on the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Neodecortech Group (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2023, the consolidated statement of comprehensive income, the consolidated income statement, the consolidated statement of changes in shareholders' equity, the consolidated statement of cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as the regulation issued to implement art. 9 of Legislative Decree n. 38/'05.

Basis for opinion

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

Key audit matters

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

Key audit matters**Audit response**

Revenues' estimation deriving from "Maximization"

Sales revenues include the estimate of revenues accrued relating to electricity produced by the subsidiary Bio Energia Guarcino S.r.l. at 31 December 2023, for a total amount of Euro 17,280 thousand, of which Euro 1,839 thousand related to the 2022 Maximization and recorded under "Other revenues".

The energy sector is regulated by regulations and authorization procedures, characterized by high complexity. The processes and methods of evaluation and determination of the estimate made by the Directors are based on complex assumptions which, by their nature, involve recourse to the judgement of management..

We considered this issue to be a key aspect of the audit in relation to the complexity of the regulatory matter as well as the relevance of the items concerned in the consolidated financial statements of Neodecortech Group as at 31 December 2023.

The disclosure relating to this aspect is provided in the Explanatory Notes to the consolidated financial statements as at 31 December 2023 and to the interim consolidated reports of Neodecortech Group at the paragraph "Relevant segment and comments on operations".

Our Audit procedures in response to the key issue identified included:

- Discussions with the Management concerning, among other things, the understanding and evolution of the applicable legislation;
- Examination of the main documentation prepared by the subsidiary Bio Energia Guarcino S.r.l.;
- Verification of accounting treatment: correct registration, classification and related accounting treatment;
- Verification of the exchange of communications/information with the disbursing authority;
- Assessment of the adequacy of the forecasts with respect to the final figures presented in the Group's previous interim statements and the financial statements for the year ended 31 December 2023;
- The validity procedures on a sample of data used by management to determine the revenues accrued;
- Verification of the correctness of the calculation of the CVR prepared by the Company and authorized by the Regulatory Body.

We have verified the adequacy of the disclosure provided in the Directors' Report and in the Explanatory Notes to the Financial Statements in relation to these aspects.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Reports on other legal and regulatory requirements

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

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

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

In our opinion, the consolidated financial statements as at December 31, 2023 have been prepared in XHTML format and have been marked-up, in all material respects, in compliance to the requirements of Delegated Regulation.

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

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

The Directors of Neodecortech S.p.A. are responsible for the preparation of the report on operations and of the corporate governance report of Neodecortech S.p.A. as at December 31, 2023, including their consistency with the consolidated financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and of specific information of the corporate governance report as provided by article 123-bis, paragraph 4, of Legislative Decree n. 58/'98, with the consolidated financial statements of Neodecortech Group as at December 31, 2023 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the report on operations and the above mentioned specific information of the corporate governance report are consistent with the consolidated financial statements of Neodecortech Group as at December 31, 2023 and are compliant with applicable laws and regulations.

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

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

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

According to article 3, paragraph 10, of Legislative Decree n.254, of December 30,2016 the compliance of the consolidated non-financial statement is attested by BDO Italia S.p.A..

Milan, March 28, 2024

BDO Italia S.p.A.
Signed by

Lelio Bigogno
Partner

Neodecortech S.p.A.

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

Financial statements at 31 December 2023

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

To the shareholders of
Neodecortech S.p.A.

Report on the financial statements

Opinion

We have audited the financial statements of Neodecortech S.p.A. (the Company), which comprise the statement of financial position as at December 31, 2023, the income statement, the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended; and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements give a true and fair view of the financial position of the Company as at December 31, 2023 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as the regulation issued to implement article 9 of Legislative Decree NO. 38/05.

Basis for opinion

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

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

Key audit matters

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

Key audit matters**Audit response**

VALUATION OF INVESTMENTS

As at December 31, 2023 investments amounted of about € 42,8 million, referred to the investment in Cartiere di Guarcino S.p.A. for € 42,7 milion and NDT energy S.r.l. for € 147 thousand, both fully owned by the Company. Cartiere di Guarcino S.p.A. investment amounted of about € 11,5 million, totally referred to the 100% interest in Bio Energia Guarcino S.r.l.

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

In light of the materiality and nature of the element involved, we believe that this issue represents a Key Audit Matter.

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

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

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

We also tested the adequacy and appropriateness of the disclosure provided in the Notes to the Financial Statements on the valuation of investments.

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

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, as well as the regulation issued to implement article 9 of Legislative Decree NO. 38/05 and, within the terms provide by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

Reports on other legal and regulatory requirements

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

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

We have performed the procedures required under audit standard (SA Italia) no. 700B in order to express an opinion on the compliance of the financial statements as at December 31, 2023 to the requirements of the Delegated Regulation.

In our opinion, the financial statements as at December 31, 2023 have been prepared in XHTML format in compliance to the requirements of Delegated Regulation.

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

The Directors of Neodecortech S.p.A. are responsible for the preparation of the report on operations and of the corporate governance report of Neodecortech S.p.A. as at December 31, 2023, including their consistency with the financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and of specific information of the corporate governance report as provided by article 123-bis, paragraph. 4, of Legislative Decree n. 58/98, with the financial statements of Neodecortech S.p.A. as at December 31, 2023 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the report on operations and the above mentioned specific information of the corporate governance report are consistent with the financial statements of Neodecortech S.p.A. as at December 31, 2023 and are compliant with applicable laws and regulations.

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

Milan, March 28, 2024

BDO Italia S.p.A.
Signed by

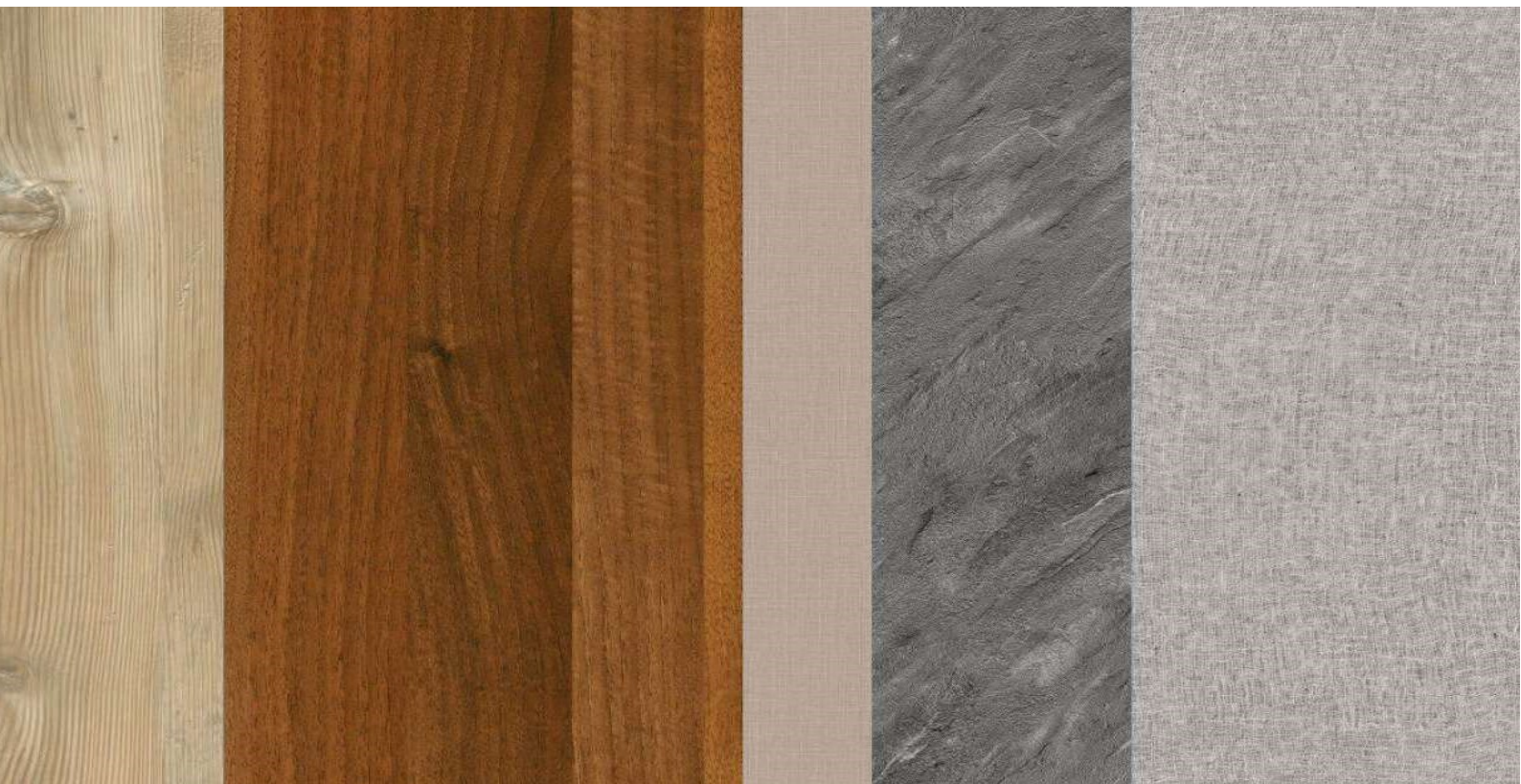
Lelio Bigogno
Partner



Annual Report at 31 December 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

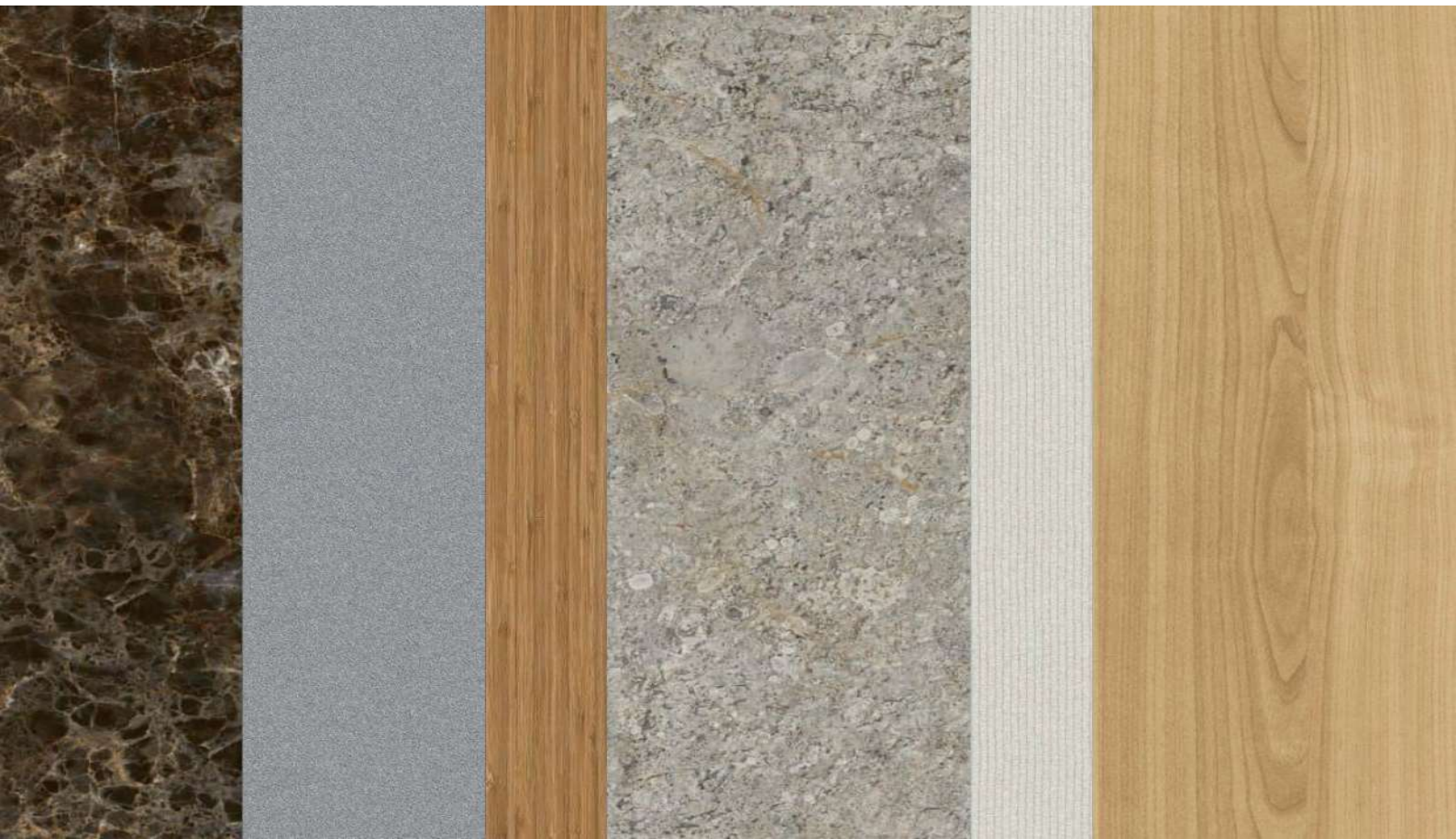
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The Neodecortech Group



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.

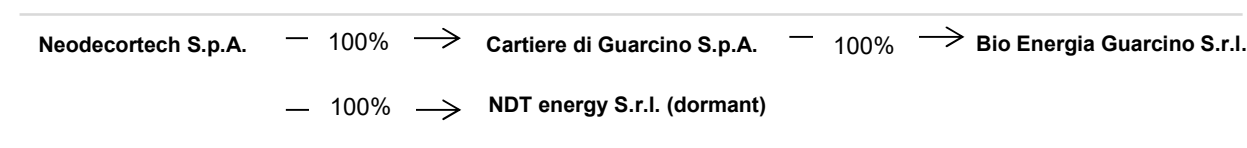
⁽⁵⁾ The Board of Directors of Neodecortech S.p.A. passed a resolution on 5 May 2023 appointing Mr. Raspadori and Ms. Menichetti as members of the Supervisory Board of the Company for three financial years, therefore, until the Shareholders' Meeting called to approve the financial statements for the year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



At 31 December 2023, the **companies forming the Group** are:

NDT

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

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

The Parent Company performs the following functions for its subsidiaries:

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

CDG

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

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

BEG

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

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

NDTe

NDT energy S.r.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 tax year of the Company closed on 31 December 2023.

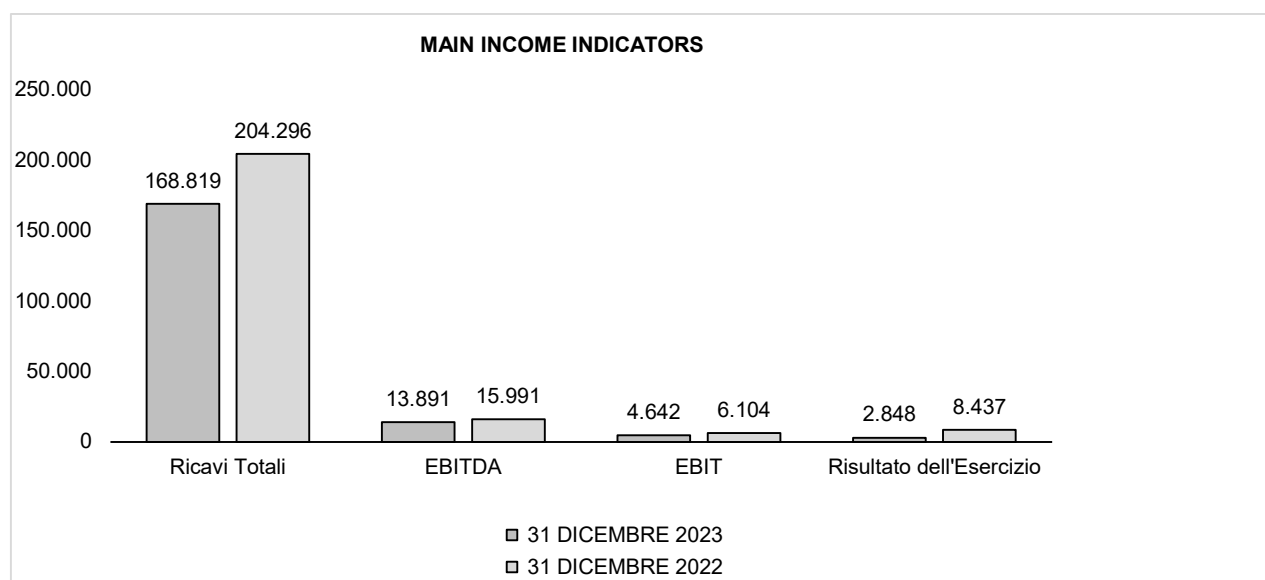
Financial highlights of the Neodecortech Group

Income statement

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

<i>(Euro thousands)</i>	31 DECEMBER 2023	%	31 DECEMBER 2022	%	Chg.	% chg.
Revenue from sales and services	161,604	100.0%	196,474	100.0%	(34,870)	(17.7%)
Other revenue	7,215	4.5%	7,822	4.0%	(607)	(7.8%)
Total revenue	168,819	104.5%	204,296	104.0%	(35,477)	(17.4%)
EBITDA	13,891	8.6%	15,991	8.1%	(2,100)	(13.1%)
Amortization and depreciation	9,151	5.7%	9,759	5.0%	(608)	(6.2%)
Allocations	98	0.1%	128	0.1%	(30)	(23.4%)
EBIT	4,642	2.9%	6,104	3.1%	(1,462)	(24.0%)
Profit for the year	2,848	1.8%	8,437	4.3%	(5,589)	(66.2%)

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".

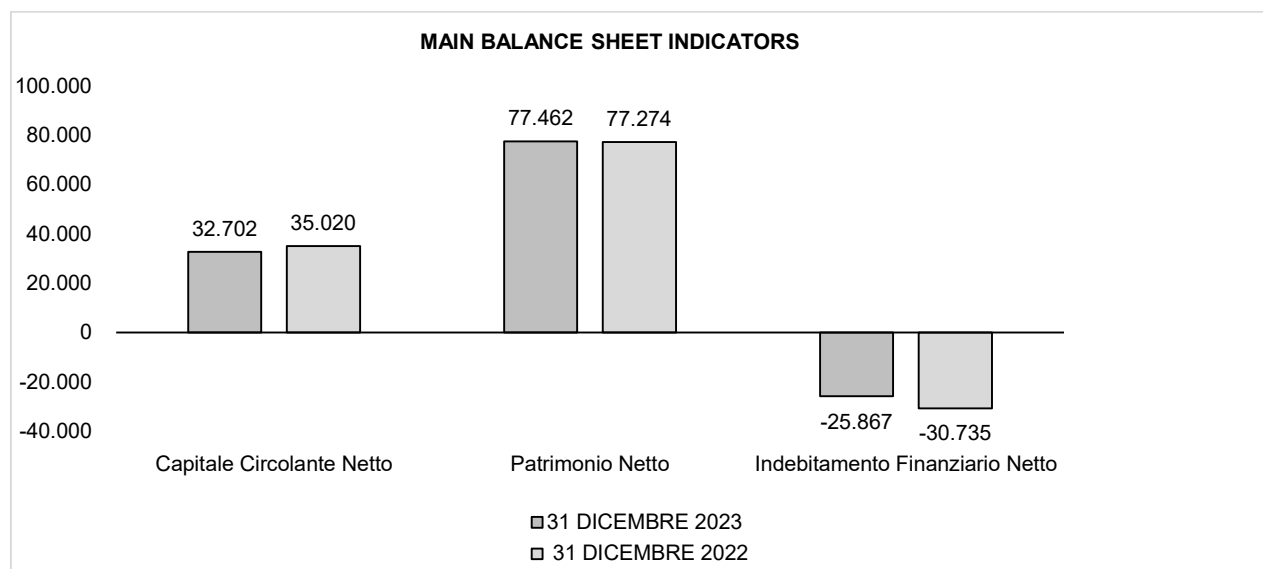
<i>(Euro thousands)</i>	31 DECEMBER 2023 %		31 DECEMBER 2022 %		Chg.	% chg.
Revenue from sales and services	161,604	100.0%	196,474	100.0%	(34,870)	(17.7%)
Other revenue	7,215	4.5%	7,822	4.0%	(607)	(7.8%)
Revenue from reinstatement of BEG maximization for the period Sept-Dec 2022	(1,839)	(1.1%)	0	0.0%	(1,839)	100.0%
Adjusted Total Revenue	166,980	103.3%	204,296	104.0%	(37,316)	(18.3%)
Adjusted EBITDA	12,052	7.5%	15,991	8.1%	(3,939)	(24.6%)
Amortization and depreciation	9,151	5.7%	9,759	5.0%	(608)	(6.2%)
Allocations	98	0.1%	128	0.1%	(30)	(23.4%)
Adjusted EBIT	2,803	1.7%	6,104	3.1%	(3,301)	(54.1%)
Write-off Financial Receiv. Net tax Andreotti	0	0.0%	997	0.5%		
Write-off Financial Pay. Net tax MICA	0	0.0%	(3,862)	(2.0%)		
Tax effect revenue reinstatement	277	0.2%	0	0.0%		
Adjusted Profit for the Year	1,286	0.8%	5,572	2.8%	(4,286)	(76.9%)
Reconciliation of Profit for the Year and Adjusted Profit for the Year:						
Adjusted Profit for the Year	1,286	0.8%	5,572	2.8%	(4,286)	(76.9%)
Revenue from reinstatement of BEG maximization for the period Sept-Dec 2022	1,839	1.1%	0	0.0%		
Tax effect revenue reinstatement	(277)	(0.2%)	0	0.0%		
Write-off Financial Receiv. Net tax Andreotti	0	0.0%	(997)	(0.5%)		
Write-off Financial Pay. Net tax MICA	0	0.0%	3,862	2.0%		
Profit for the year	2,848	1.8%	8,437	4.3%	(5,589)	(66.2%)

Financial results

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

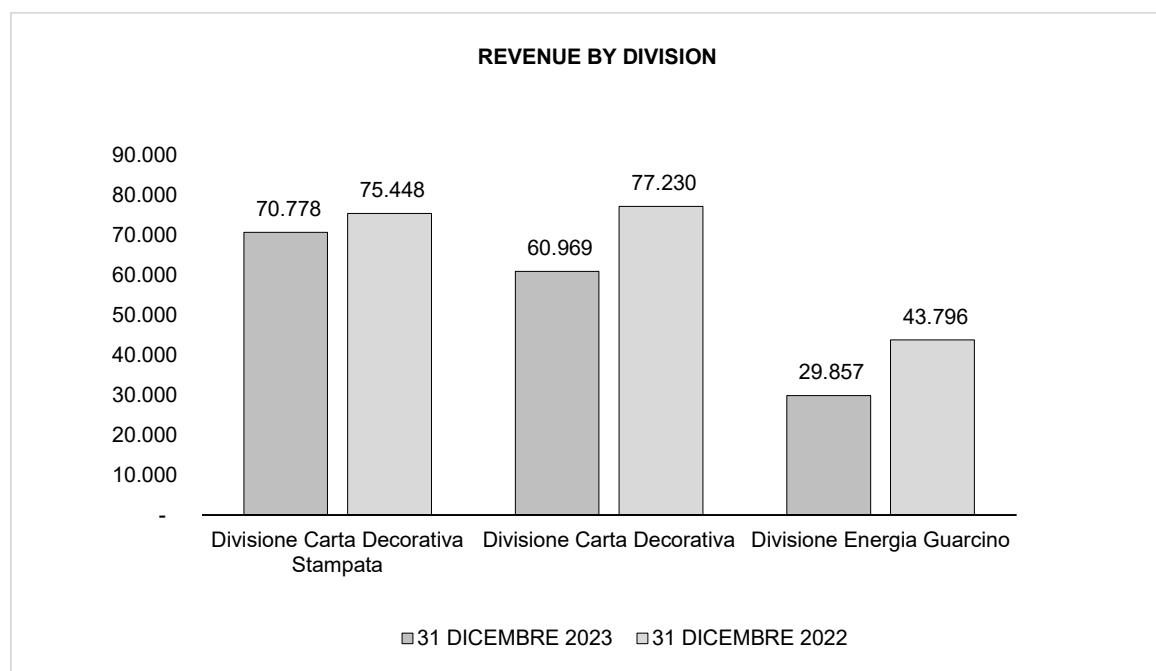
<i>(Euro thousands)</i>	31 DECEMBER 2023	31 DECEMBER 2022	Chg.	% chg.
Net Working Capital	32,702	35,020	(2,318)	(6.6%)
Equity	77,462	77,274	188	0.2%
Net Financial Debt	(25,867)	(30,735)	4,868	(15.8%)

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



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

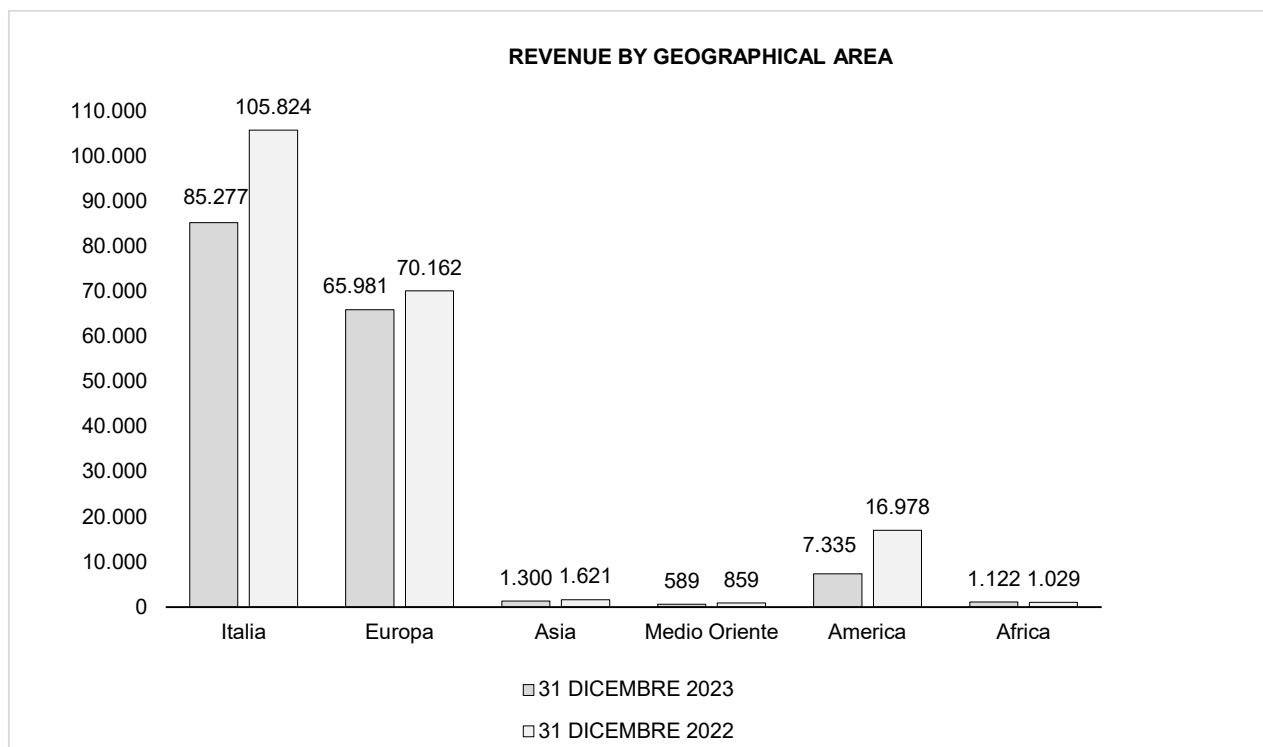
<i>(Euro thousands)</i>	31 DECEMBER 2023	%	31 DECEMBER 2022	%	Chg.	% chg.
Printed Decorative Paper Division	70,778	44%	75,448	38%	(4,670)	(6.2%)
Decorative Paper Division	60,969	38%	77,230	39%	(16,261)	(21.1%)
Energy Division	29,857	18%	43,796	22%	(13,939)	(31.8%)
Total	161,604	100%	196,474	100%	(34,870)	(17.7%)



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**.

<i>(Euro thousands)</i>	31 DECEMBER 2023	%	31 DECEMBER 2022	%	Chg.	% chg.
Italy	55,420	34.3%	62,028	31.6%	(6,607)	(10.7%)
Europe	65,981	40.8%	70,162	35.7%	(4,181)	(6.0%)
Asia	1,300	0.8%	1,621	0.8%	(322)	(19.8%)
Middle East	589	0.4%	859	0.4%	(270)	(31.5%)
America	7,335	4.5%	16,978	8.6%	(9,643)	(56.8%)
Africa	1,122	0.7%	1,029	0.5%	93	9.0%
Energy Division	29,857	18.5%	43,796	22.3%	(13,939)	(31.8%)
Total	161,604	100.0%	196,474	100.0%	(34,870)	(17.7%)





Directors' Report on Operations



Shareholders,

Submitted to your approval are the Consolidated Financial Statements at 31 December 2023 of the Neodecortech Group (hereinafter also "the Group"), prepared in accordance with the IAS/IFRS international accounting standards and accompanied by this Report presenting the performance of the Group in 2023 as well as its outlook.

The period under review closes with a consolidated profit of € 2,848 thousand (€ 8,437 thousand at 31 December 2022), after amortization, depreciation and provisions of € 9,249 thousand (€ 9,887 thousand at 31 December 2022), and income tax of € +241 thousand (€ -802 thousand at 31 December 2022). This situation is primarily influenced by the dynamics of deferred taxation, particularly regarding unused tax losses for the year and income from tax consolidation.

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

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

Impacts from the conflict in Ukraine

With regard to the CONSOB notices of 7 March 2022 and of 19 May 2022, aimed at compliance with the restrictive measures adopted by the EU in response to the Russian military aggression in Ukraine and its potential effects on the company's business, it should be noted that the Company is complying with all the measures introduced by the European Union. The Group has implemented and reinforced specific business continuity plans from an IT standpoint. Two years after the onset of this conflict, there are still lasting effects on the prices of energy sources and titanium dioxide, another critical raw material, which can now be deemed structural.

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 was always 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), a maximization scheme aimed at encouraging energy production from sources other than gas was approved, effective 19 September 2022. The maximization period had an initial deadline of 31 March 2023 and was then extended effective 15 May-30 September 2023. The maximization scheme entails the reinstatement of revenue based on a Recognized Variable Cost (RVC) determined by ARERA, after consulting with Terna, upon the request of the dispatching user.

Following the publication in the State Gazette on 9 December 2023 of the Energy Legislative Decree enacted by the Italian Council of Ministers on 27 November 2023 (<https://www.governo.it/it/articolo/comunicato-stampa-del-consiglio-dei-ministri-n-60/24427>), the power plant has fully resumed operations.

The national and international economic environment

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

The euro area economy weakened in the second half of 2023, dragged down by tighter financing conditions, subdued confidence and competitiveness losses. It is now expected to recover at a slightly slower pace than foreseen in the September 2023 ECB staff macroeconomic projections.

Short-term indicators suggest weak economic activity in the fourth quarter of 2023. However, growth is expected to strengthen from early 2024, as real disposable income rises – supported by declining inflation, robust wage growth and resilient employment – and export growth catches up with improvements in foreign demand.

The impact of the ECB's monetary policy tightening and adverse credit supply conditions continues to feed through to the economy, affecting the near-term growth outlook. These dampening effects are expected to fade later in the projection horizon, supporting growth. Overall, annual average real GDP growth is expected to slow down from 3.4% in 2022 to 0.6% in 2023, before recovering to 0.8% in 2024 and stabilizing at 1.5% in 2025 and 2026. Compared with last September projections, the outlook for GDP growth has been slightly revised down for 2023-2024, on the back of the recent data releases and weak survey data, whereas it is unrevised for 2025.

Inflation has continued to decline owing to falling energy inflation, the impact of monetary policy tightening and the ongoing easing of pipeline pressures and supply bottlenecks. Having dropped to 2.4% last November, HICP inflation is expected to temporarily pick up in the short term owing to a rebound in energy inflation. The underlying disinflationary process is, however, expected to continue, despite strong increases in labour costs, which are increasingly the dominant driver of HICP inflation excluding energy and food.

[...] overall, with medium-term inflation expectations assessed to remain anchored at the ECB's 2% inflation target, headline HICP inflation is expected to decrease from 5.4% in 2023 to an average of 2.7% in 2024, 2.1% in 2025 and 1.9% in 2026. Compared with last September projections, HICP inflation has been revised down for 2023 and 2024, mainly owing to lower than expected recent data outturns and lower assumptions for energy commodity prices, whereas it is unrevised for 2025.

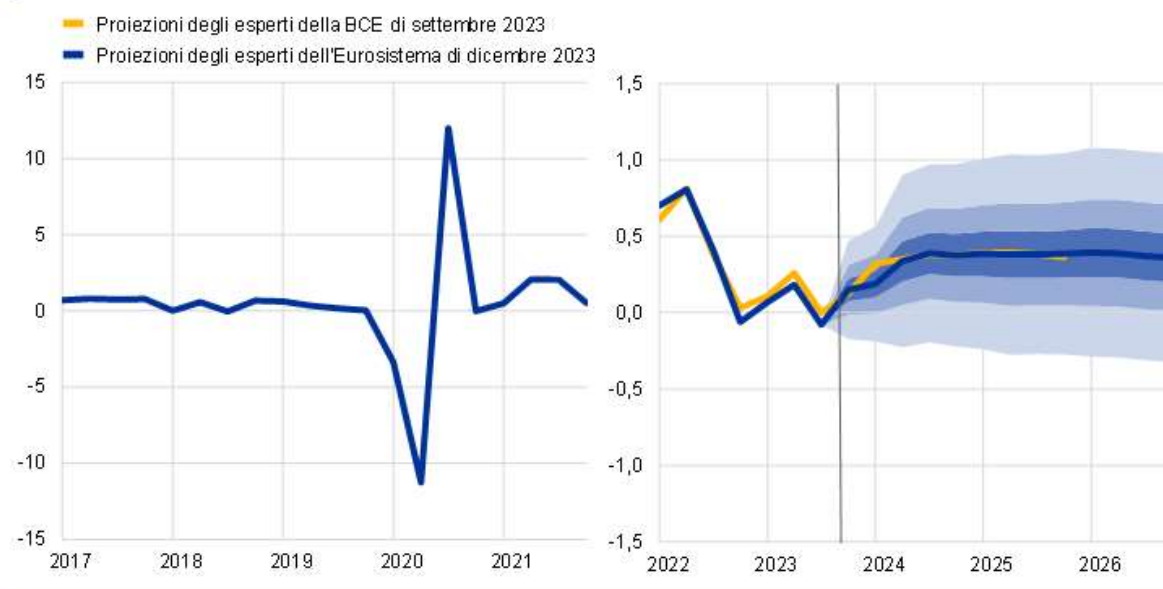
The economic outlook continues to be surrounded by high uncertainty [...].

Economic activity in the euro area marginally declined in the third quarter of 2023, reflecting a negative contribution to growth from destocking, which was counterbalanced by a positive contribution from domestic demand.

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.

[...] Over the medium term, GDP growth is projected to stabilize at rates broadly in line with the pre-pandemic average, supported by increasing real incomes and strengthening foreign demand.

[...] Tight financing conditions are expected to continue to have a negative impact on growth, but this impact should gradually fade over the projection horizon. The impact of the monetary policy measures taken since December 2021 continues to feed through to the real economy, affecting the growth outlook, particularly for 2023 and 2024.

[...] Compared with last September projections, the technical assumptions include lower short-term euro area interest rates, lower energy prices and a depreciation of the euro. The technical assumptions about interest rates and commodity prices are based on market expectations, with a cut-off date of 23 November 2023. Short-term interest rates refer to the three-month Euribor and market expectations are derived from futures rates, while ten-year government bond yields are used to proxy long-term interest rates. The assumptions for short-term interest rates have been revised down over the horizon, while ten-year government bond yields are broadly unrevised. The technical assumptions for energy commodity prices have been revised down since last September projections.

[...] Housing investment is expected to continue to decline in 2024 before recovering in 2025 and 2026, as the dampening effects of the tightening in financing conditions fade. In line with the signals from short-term indicators, such as the continuing decline in the number of building permits granted and the deterioration in the confidence of construction companies, housing investment is expected to continue its downward trend for some time and is only seen to return to positive growth in 2025. The persistent weakness in housing investment is due to the considerable tightening of financing conditions, including the sharp rise in mortgage interest rates and the tightening of banks' lending conditions. However, as the negative effects of the tightening of financing conditions subside and income growth strengthens, housing investment is expected to gradually increase again in 2025 and 2026.

[...] The outlook for euro area trade remains subdued as high energy prices and the lagged impact of the effective appreciation of the euro over the past year hinder competitiveness.

(source: https://www.ecb.europa.eu/pub/projections/html/ecb.projections202312_eurosystemstaff~9a39ab5088_en.html - [Macroeconomic projections for the euro area made by Eurosystem experts, December 2023 \(europa.eu\)](#))

With regard to economic trends in Italy, it is anticipated that GDP will experience an annual growth of 0.6% in 2024 and 1.1% in 2025 and 2026. Projections show weaker growth in 2024, but an increase in 2025 due to slightly lower interest rate assumptions.

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. Since second quarter 2023, however, this trend has eased, and the order backlog has aligned better with historical levels (excluding 2021's unprecedented post-pandemic surge), despite some partial production stoppages.

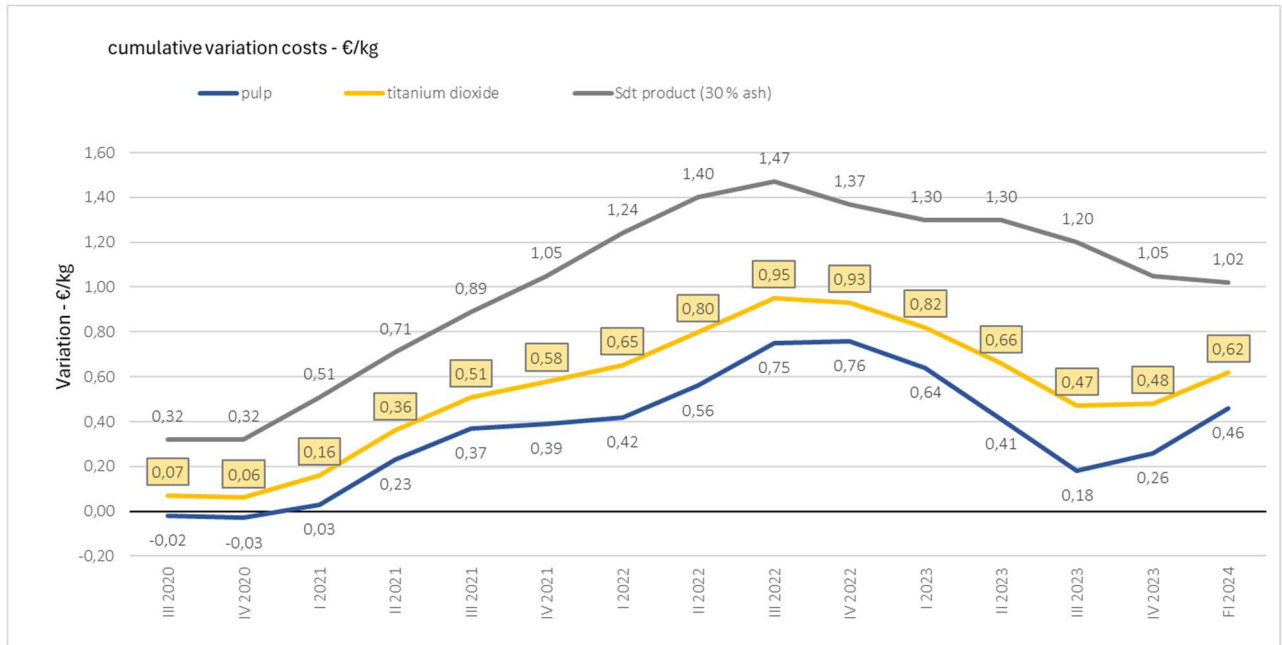
This scenario continues to witness margin restraints due to the awaited retracement in raw material prices, still too small in fact compared to the levels before the surge in inflation that affected 2022. Additionally, the mentioned demand slowdown led to the need to swiftly transfer the partial price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

The deteriorating geopolitical situation, marked by the ongoing Russian-Ukrainian and Israeli-Palestinian conflicts, coupled with macroeconomic challenges such as the slowdown in the Chinese economy in early 2024, has led to a reversal in the downward trend of prices for certain strategic raw materials (pulp, titanium dioxide, and resins). These materials have begun to increase in price once again.

Despite this context, the Group managed to significantly reduce its financial debt in 2023, improving its position 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 September 2023 by the subsidiary Bio Energia Guarcino.

Regarding Bio Energia Guarcino specifically, as mentioned, it operated under the maximization scheme until 30 September 2023 and then restarted production on 11 December 2023 following the publication in the State Gazette on 9 December 2023 of the Energy LD enacted by the Italian Council of Ministers on 27 November 2023, which introduced the temporary Guaranteed Minimum Price (GMP) scheme.

The chart shows the change in the cost (€/kg) of the key raw materials that make up base printing paper: pulp and titanium dioxide.



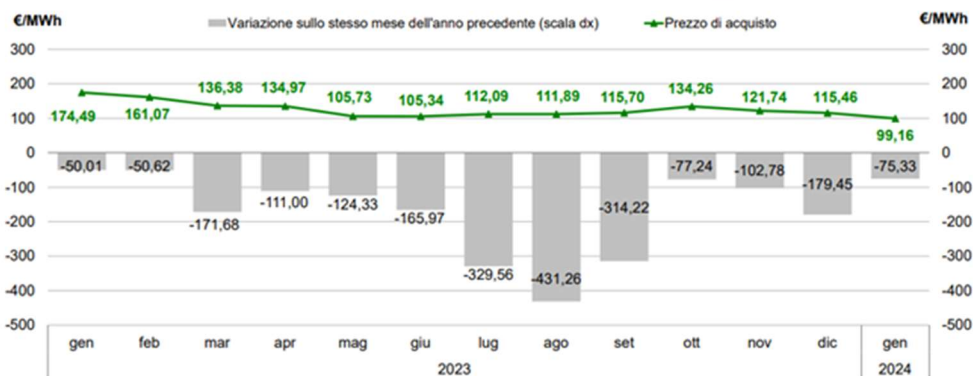
Source: Internal processing on FOEX data for pulp and ICIS LOR data for titanium dioxide.

BEG's operational dynamics were strongly affected by the energy price trend, which was down in 2023 from 2022, with the average PUN falling from € 303.95/MWh in 2022 to € 127.24/MWh in 2023, the cessation of incentives provided by the GSE due to the 2022 energy price levels, the maximization scheme that ended on 30 September, 2023, and the introduction of the temporary Guaranteed Minimum Price scheme effective 9 December 2023.

The chart below shows the PUN trend in 2023 versus 2022.

Grafico 1: MGP, Prezzo Unico Nazionale (PUN)

Fonte: GME

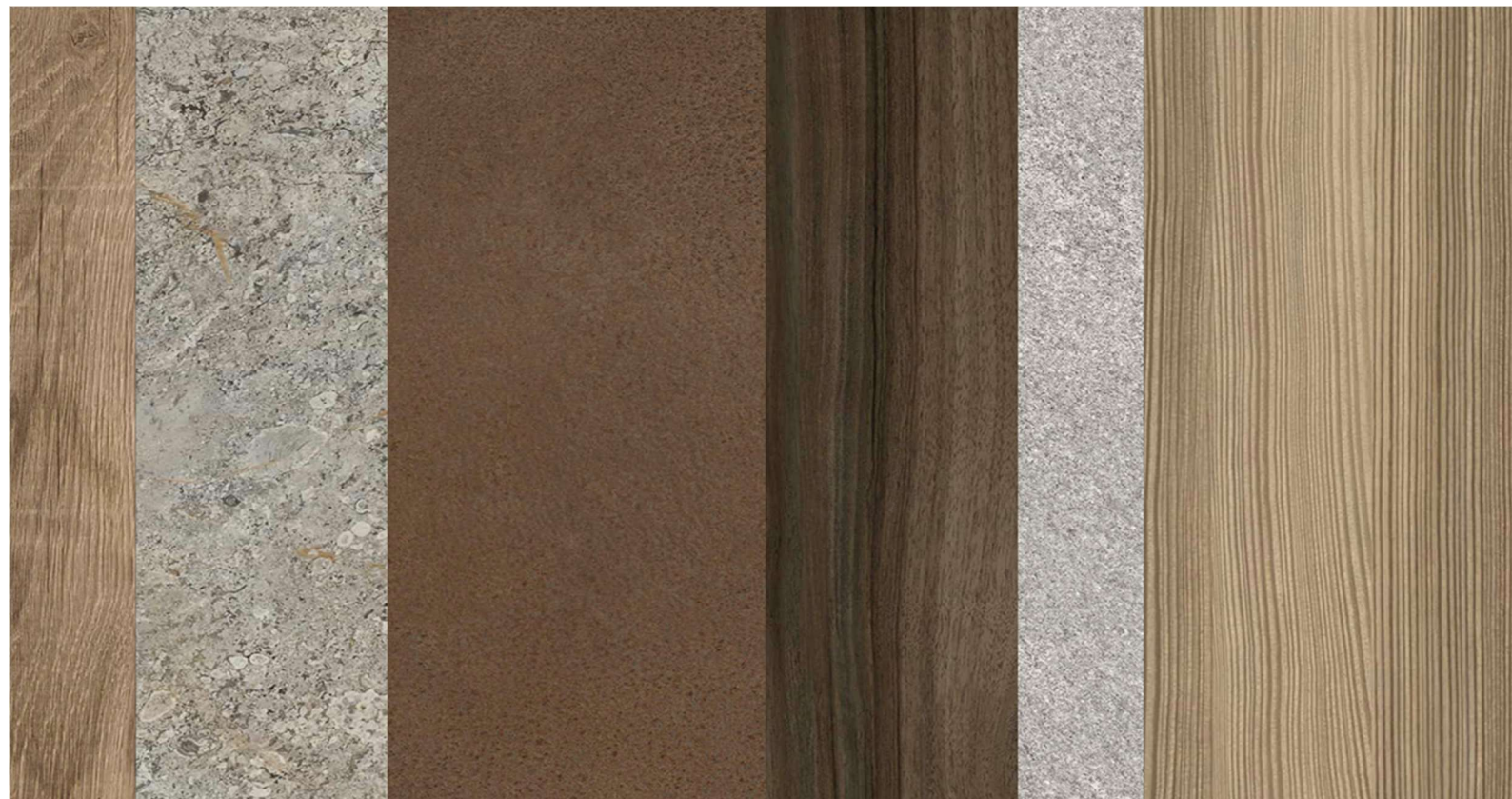


Mention should be made that the maximization scheme was introduced under the Ukraine Emergency Decree (LD 14/2022) to maximize energy production from sources besides gas. The maximization scheme provides for a revenue reinstatement mechanism referring to the ARERA Resolution 111/2006. The determination of the reinstatement mechanism relies on defining the Recognized Variable Cost (RVC). Currently, the company's second application for recognizing costs related to fuel, other consumables, and variable operating costs, including the variable portion of maintenance costs, is still under discussion with ARERA/Terna. The maximization period initially ending on 31 March 2023 was then extended for the period from 15/05/23-30/09/23.

Additionally, ARERA Resolution 430/2022 of 13 September 2022, provides for the possibility of requesting the reinstatement of fixed costs for the determination of which it refers to ARERA Resolution 111/06 as supplemented by ARERA Resolution 430/2022.

As mentioned, the Company is currently waiting for a resolution from ARERA on the parameters underlying the exact calculation of the RVC to be applied for revenue reinstatement. In 2023, an initial accounting and settlement of € 6,571 thousand was made on the basis of the partial approval of the first application made by the dispatching user. Mention should be made that with the applicable IAS/IFRS accounting standards, the BEG subsidiary had not posted any revenue reinstatement in the financial statements for the year ended 31 December 2022, due to actual unpredictability of the accrual revenue. Instead, in the financial statements for the year ended 31 December 2023, a non-recurring item was posted in connection with the 2022 maximization (€ 1,839 thousand). For further details on this issue, reference is made to the section below on the Key Results by Operating Segment.

Key balance sheet, financial and income figures



Neodecortech group consolidated income statement

<i>(Euro thousands)</i>	31 DECEMBER 2023	%	31 DECEMBER 2022	%	Chg.	% chg.
Revenue from sales and services	161,604	100.0%	196,474	100.0%	(34,870)	(17.7%)
Changes in work in progress, semi-finished and finished products	3,250	2.0%	3,044	1.5%	206	6.8%
Other revenue	7,215	4.5%	7,822	4.0%	(607)	(7.8%)
Value of Production	172,069	106.5%	207,340	105.5%	(35,271)	(17.0%)
Raw and ancillary materials and consum.	(105,759)	(65.4%)	(136,540)	(69.5%)	30,781	(22.5%)
Other operating expense	(31,436)	(19.5%)	(33,813)	(17.2%)	2,377	(7.0%)
Value Added	34,874	21.6%	36,987	18.8%	(2,113)	(5.7%)
Personnel expense	(20,983)	(13.0%)	(20,996)	(10.7%)	13	(0.1%)
EBITDA	13,891	8.6%	15,991	8.1%	(2,100)	(13.1%)
Amortization and depreciation	(9,151)	(5.7%)	(9,759)	(5.0%)	608	(6.2%)
Allocations	(98)	(0.1%)	(128)	(0.1%)	30	(23.4%)
EBIT	4,642	2.9%	6,104	3.1%	(1,462)	(24.0%)
Financial expense	(2,436)	(1.5%)	(2,371)	(1.2%)	(65)	2.7%
Financial income	401	0.2%	5,506	2.8%	(5,105)	(92.7%)
Profit/(loss) before tax	2,607	1.6%	9,239	4.7%	(6,632)	(71.8%)
Income tax	241	0.1%	(802)	(0.4%)	1,043	(130.0%)
Profit/(loss) for the year	2,848	1.8%	8,437	4.3%	(5,589)	(66.2%)

Revenue from Sales and Services at 31 December 2023 decreased by € 34,870 thousand (-17.7%) versus 31 December 2022. This decrease, for Neodecortech and its subsidiary Cartiere di Guarcino, is attributable mainly to the effect of the general slowdown in demand, with a reduction in unit prices of approximately 5-7%, in line with 2023 Budget forecasts. For the subsidiary Bio Energia Guarcino, the decrease in revenue versus 2022 (approximately € -14 million) is related to both the decrease in energy prices in 2023 versus 2022 and, most importantly, to the production stoppage during the periods 1 April-15 May and 1 October-10 December, due to the discontinuation of the maximization scheme and the consequent reinstatement of revenue.

Other revenue is composed of core and non-core revenue, attributable to Neodecortech S.p.A. for € 1,580 thousand, to Cartiere di Guarcino for € 3,216 thousand, and to Bio Energia Guarcino for € 2,431 thousand. With regard to Neodecortech S.p.A., in 2023 *Other revenue* included the accounting of € 960 thousand of tax receivables to energy- and gas-intensive companies as the main item, and the share of grants received for investment 4.0 and Simest. Cartiere di Guarcino S.p.A. recorded € 2,944 thousand in tax receivables to energy- and gas-intensive companies. Lastly, for Bio Energia Guarcino S.r.l., *Other revenue* included € 1,839 thousand from the maximization in 2022 and the sale of guarantees of origin totaling € 487 thousand.

The reduction in *consumption of raw and ancillary materials* (-22.5%) is only slightly higher than that of sales (-17.7%), with a % of revenue from sales falling by 4.1%. Despite this positive effect, the reduction in raw material costs in 2023 resulted in only a partial improvement in margins as the slowdown in demand required an immediate transfer of the reduction in prices to avoid losing market shares.

Other operating expense decreased (-7% or € 2,377 thousand) versus 2022, due mainly to the combined and opposing effects of the increase in energy, gas and other utility costs (+8.5% or approximately € +950 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 (-41.7% or approximately € 2,763 thousand).

Personnel expense at 31 December 2023 was basically steady (€ +13 thousand versus the prior year), despite the number of employees at 31 December falling to 390 from 400 at 31 December 2022. The increase in unit cost per employee is related to the contract renewals that took place.

As a result of the above effects, EBITDA decreased in absolute terms by € -2,100 thousand at 31 December 2023, but improved its percentage on margins, which rose to 8.6% of sales versus 8.1% in 2022.

Amortization and depreciation at 31 December 2023 decreased by approximately € 608 thousand versus 31 December 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. An allocation of € 129 thousand was also made to the provision for inventory obsolescence, reclassified under Consumption of raw and ancillary materials.

With regard to *financial items*, the net decrease of € -5,170 thousand versus 31 December 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 MICA payable 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) amounted to a total of € 2,865 thousand. Net of these extraordinary effects, the Group's interest expense, from the costs of mortgages, leases and short-term lines, increased versus 2022, due to rate hikes by the ECB and the related Euribor increase, with a 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 € +241 thousand. This situation is determined mainly by income from tax consolidation with Finanziaria Valentini (€ 187 thousand), but also as a result of the non-taxability of tax receivables accrued from grants to energy- and gas-intensive companies.

Net Profit amounted to € 2,848 thousand with a 1.8% percentage of revenue. It decreased by € -5,589 thousand versus 31 December 2022, due to the combined effect of two non-recurring items: (i) the 2022 net profit included the effect of the mentioned 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 2022, quantified as a result of the recent legislation introduced in June 2023. *Adjusted Net Profit* at 31 December 2022, net of this financial item of a non-recurring nature and the related tax effect, amounted to € 5,572 thousand (2.8% of revenue), versus € 1,286 thousand in 2023 (0.8% of revenue).

Reclassified consolidated statement of financial position

(Euro thousands)	31 DECEMBER 2023	31 DECEMBER 2022	Chg.	% chg.
Trade receivables	16,276	23,836	(7,560)	(31.7%)
Inventory	42,598	43,550	(952)	(2.2%)
Trade payables	(33,793)	(33,694)	(99)	0.3%
Operating NWC	25,081	33,692	(8,611)	(25.6%)
Other current receivables	12,211	1,269	10,942	862.3%
Receivables from tax consolidation	438	813	(375)	(46.1%)
Tax receivables	1,652	5,043	(3,391)	(67.2%)
Other current payables	(5,777)	(4,625)	(1,152)	24.9%
Tax payables	(786)	(703)	(83)	11.8%

Payables from tax consolidation	(117)	(469)	352	(75.1%)
Net Working Capital	32,702	35,020	(2,318)	(6.6%)
Tangible fixed assets	75,969	78,617	(2,648)	(3.4%)
Intangible fixed assets	777	827	(50)	(6.0%)
Non-current financial assets	617	892	(275)	(30.8%)
Other non-current assets	228	180	48	26.7%
Fixed assets	77,591	80,516	(2,925)	(3.6%)
Post-employment benefits	(2,080)	(2,131)	51	(2.4%)
Provisions for risks and charges	(825)	(774)	(51)	6.6%
Deferred tax assets and liabilities	(4,060)	(4,622)	562	(12.2%)
Net Capital Employed	103,328	108,009	(4,681)	(4.3%)
Equity	77,462	77,274	188	0.2%
Cash funds	(12,157)	(12,043)	(114)	0.9%
Other current financial receivables	-	-	-	0.0%
Current financial liabilities	15,844	20,683	(4,839)	(23.4%)
Non-current financial liabilities	22,179	22,094	86	0.4%
Net Financial Debt	25,866	30,735	(4,868)	(15.8%)
Equity and Net Financial Debt	103,328	108,009	(4,681)	(4.3%)

The drop in sales in 2023 also led to a decrease in Net Working Capital (NWC).

Specifically, the changes in operating NWC recorded were attributable to: (i) a decrease in trade receivables of € -7,560 thousand (-31.7%) reflecting at 31 December 2023 the drop in sales recorded during the year; (ii) a decrease in inventory of € -952 (-2.2%) as the combined effect of destocking by customers and the need to procure strategic raw materials to cover production in the following months; (iii) a substantial stability of trade payables decreasing by € -99 thousand (-0.3%).

Additionally, the sharp increase in *other receivables* (€ +10.9 million), related mainly to the subsidiary Bio Energia Guarcino, refers to the maximization scheme for the period from 19 September 2022 to 30 September 2023 for the uncollected portion and/or transferred to the factoring company. The decrease in *tax receivables* (-67.2%) is related to accrued receivables to energy- and gas-intensive companies used as offsets in early 2023.

The change in *tangible and intangible fixed assets* amounted to € 2,698 thousand, 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) expenditure in Bio Energia Guarcino. At 31 December 2023, capital expenditure in tangible and intangible fixed assets amounted to € 5,976 thousand. In the same period of 2022, capital expenditure amounted to € 8,950 thousand.

Consolidated Financial Debt at 31 December 2023 and 31 December 2022, in accordance with ESMA/2013/319 Recommendations and the new guidelines published on 4 March 2021, is shown below:

<i>(Euro thousands)</i>	31 DECEMBER 2023	31 DECEMBER 2022	Chg.	% chg.
A. Cash funds	12,157	12,042	115	1.0%
B. Cash and cash equivalents	0	0	0	0.0%
C. Other current financial assets	0	0	0	0.0%
D. Cash (A) + (B) + (C)	12,157	12,043	114	0.9%
E. Current financial debt	(9,578)	(13,489)	3,911	-29.0%
F. Current portion of non-current debt	(6,267)	(7,194)	927	-12.9%
G. Current financial debt (E)+(F)	(15,845)	(20,683)	4,838	-23.4%
H. Net current financial debt (G)-(D)	(3,688)	(8,640)	4,952	-57.3%
I. Non-current financial debt	(22,179)	(22,095)	(84)	0.4%
J. Debt instruments	0	0	0	0.0%
K. Trade payables and other non-current payables	0	0	0	0.0%
L. Non-current financial debt (I)+(J)+(K)	(22,179)	(22,095)	(84)	0.4%
M. Total financial debt (H)+(L)	(25,867)	(30,735)	4,868	-15.8%

The Group's Financial Debt at 31 December 2023 stood at € 25,867 thousand (€ -4,868 thousand versus 31 December 2022); as a ratio to EBITDA (€ 13,891 thousand), this results in a leverage ratio (Net Debt/EBITDA) of the Group of 1.89, steady versus 31 December 2022.

Cash funds (A) were basically steady versus 31 December 2022; in fact, during the fourth quarter, the subsidiary BEG collected part of the receivable for the 2023 accrual maximization, in part also through assignment to a factoring company.

Current financial payables (E) decreased overall by € 3,911 thousand, due to the effect of:

- (i) Debt consolidation at the beginning of 2023 for Neodecortech (unsecured loan of € 5,000 thousand taken out with Banca Popolare di Sondrio); final settlement in June 2023 of the Selmabipiemme lease entered into by Bio Energia Guarcino with consequent redemption of the asset;
- (ii) SIMEST loan taken out 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.

The current and non-current portions of financial debt (*F*) decreased by a total of € 843 thousand, due to the combined effect of the increases for taking out new loans and repayments of accrued installments.

Key results by operating segment

In order to provide adequate disclosure of the nature and characteristics of revenue, revenue as required by IFRS 8 is broken down below. The table below shows the change between 31 December 2023 and 31 December 2022 in the main income statement indicators and balance sheet indicators, both broken down by operating segment, gross of intercompany items (reference is made to the segment reporting in the Notes to the Financial Statements for net intercompany items).

Income Statement

<i>(Euro thousands)</i>	31 DECEMBER 2023		31 DECEMBER 2022		Chg.	% chg.
Printed Decorative Paper Division						
Revenue from sales and services	70,783	100.0%	75,448	100.0%	(4,665)	(6.2%)
EBITDA	5,946	8.4%	5,234	6.9%	712	13.6%
EBIT	2,531	3.6%	1,656	2.2%	875	52.8%
Profit (loss) for the year	2,848	4.0%	8,437	11.2%	(5,589)	(66.2%)
Decorative Paper Division						
Revenue from sales and services	80,103	100.0%	95,102	100.0%	(14,999)	(15.8%)
EBITDA	4,603	5.7%	6,592	6.9%	(1,989)	(30.2%)
EBIT	1,709	2.1%	3,478	3.7%	(1,769)	(50.9%)
Profit (loss) for the year	712	0.9%	3,556	3.7%	(2,844)	(80.0%)
Guarcino Energy Division						
Revenue from sales and services	34,745	100.0%	54,307	100.0%	(19,562)	(36.0%)
EBITDA	3,406	9.8%	4,209	7.8%	(803)	(19.1%)
EBIT	692	2.0%	1,241	2.3%	(549)	(44.2%)
Profit (loss) for the year	225	0.6%	517	1.0%	(292)	(56.5%)
Casoli Energy Division						
Revenue from sales and services	0	0.0%	0	0.0%	0	0.0%
EBITDA	(47)	-0.1%	0	0.0%	(47)	0.0%
EBIT	(46)	-0.1%	0	0.0%	(46)	0.0%
Profit (loss) for the year	(49)	(0.1%)	0	0.0%	(49)	0.0%

Statement of financial position

<i>(Euro thousands)</i>	31 DECEMBER 2023	31 DECEMBER 2022	Chg.	% chg.
Printed Decorative Paper Division				
Operating NWC	10,619	9,108	1,511	16.6%
Net Working Capital	7,026	6,689	337	5.0%
Equity	77,462	77,274	188	0.2%
Net Financial Debt	(2,854)	(3,700)	846	(22.9%)
Decorative Paper Division				
Operating NWC	14,968	18,668	(3,700)	(19.8%)
Net Working Capital	14,571	19,205	(4,634)	(24.1%)
Equity	42,825	37,130	5,695	15.3%
Net Financial Debt	(17,149)	(26,874)	9,725	(36.2%)

Guarcino Energy Division				
Operating NWC	(323)	6,058	(6,381)	(105.3%)
Net Working Capital	11,280	9,268	2,012	21.7%
Equity	11,248	11,025	223	2.0%
Net Financial Debt	(6,911)	(7,628)	717	(9.4%)
Casoli Energy Division				
Operating NWC	(26)	0	(26)	0.0%
Net Working Capital	(18)	0	(18)	0.0%
Equity	147	0	147	0.0%
Net Financial Debt	140	0	140	0.0%

Amounts before intercompany transactions

Results of Neodecortech S.p.A.

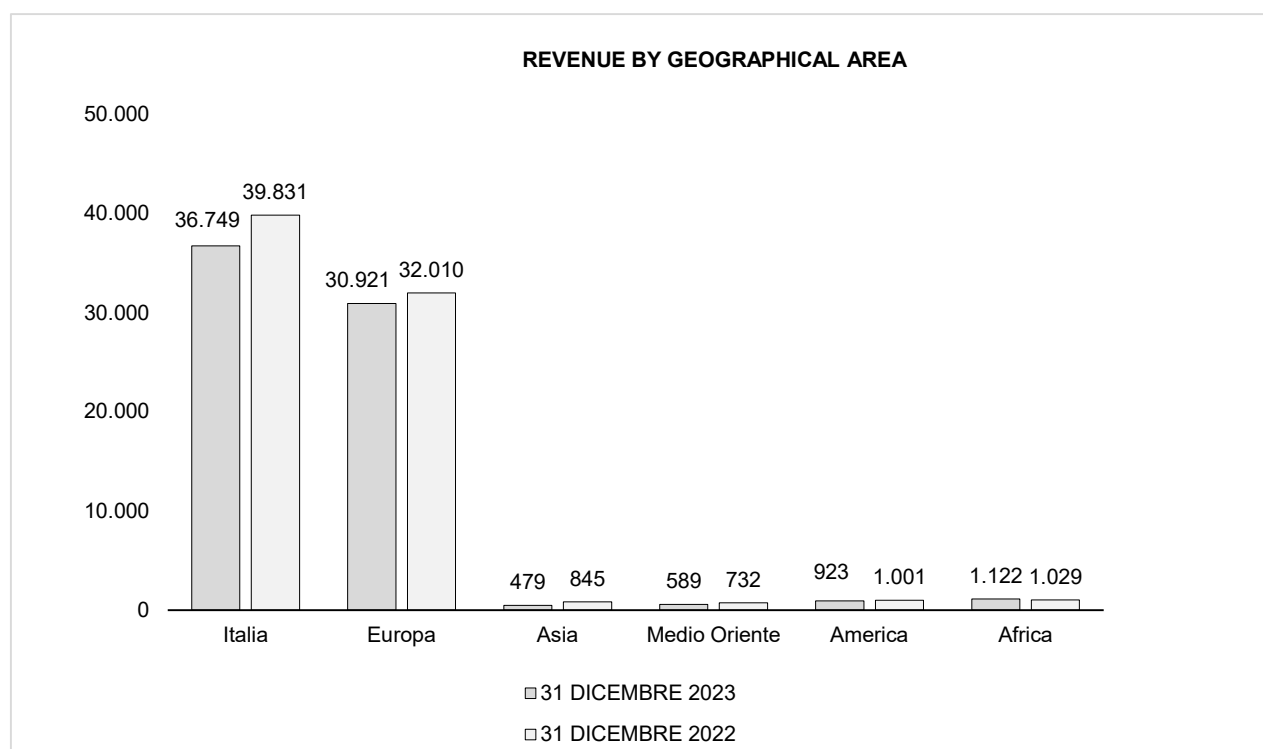
Business performance

(Euro thousands)	31 DECEMBER 2023	%	31 DECEMBER 2022	%	Chg.	% chg.
Revenue from sales and services	70,783	100.0%	75,448	100.0%	(4,665)	(6.2%)
Changes in work in progress, semi-finished and finished products	679	1.0%	(136)	(0.2%)	816	(598.1%)
Other revenue	2,254	3.2%	2,309	3.1%	(55)	(2.4%)
Value of Production	73,716	104.1%	77,621	102.9%	(3,905)	(5.0%)
Raw and ancillary materials and consum.	(44,368)	(62.7%)	(47,994)	(63.6%)	3,626	(7.6%)
Other operating expense	(12,094)	(17.1%)	(13,157)	(17.4%)	1,063	(8.1%)
Value Added	17,254	24.4%	16,470	21.8%	784	4.8%
Personnel expense	(11,308)	(16.0%)	(11,236)	(14.9%)	(73)	0.6%
EBITDA	5,946	8.4%	5,234	6.9%	711	13.6%
Amortization and depreciation	(3,381)	(4.8%)	(3,450)	(4.6%)	69	(2.0%)
Allocations	(34)	(0.0%)	(128)	(0.2%)	94	(73.2%)
EBIT	2,531	3.6%	1,656	2.2%	875	52.8%
Financial expense	(754)	(1.1%)	(1,599)	(2.1%)	844	(52.8%)
Financial income	1,200	1.7%	8,926	11.8%	(7,726)	(86.6%)
Profit/(loss) before tax	2,977	4.2%	8,983	11.9%	(6,006)	(66.9%)
Income tax	(129)	(0.2%)	(546)	(0.7%)	417	(76.4%)
Profit/(loss) for the year	2,848	4.0%	8,437	11.2%	(5,589)	(66.2%)

Revenue from sales and services amounted to € 70,783 thousand at 31 December 2023, decreasing by € 4,665 thousand (-6.2%) versus 31 December 2022. Significantly, this decrease stems from both a decline in sales volumes (72%) and a decrease in selling prices (28%), which were aligned with the reductions in raw material costs during 2023. The product line that was most affected by the reduction in volume and price sales was impregnation, with an overall reduction of approximately € 2.8 million; however, the significant contribution of new products (EOS and laminates) remained confirmed. Despite the highly turbulent market environment, all product lines performed as expected for the year, in line with the projections set forth in the 2023 budget prepared at end 2022.

The geographical distribution of revenue in 2023 versus 2022 is shown below.

(Euro thousands)	31 DECEMBER 2023	%	31 DECEMBER 2022	%	Chg.	% chg.
Italy	36,749	51.9%	39,831	52.8%	(3,082)	(7.7%)
Europe	30,921	43.7%	32,010	42.4%	(1,089)	(3.4%)
Asia	479	0.7%	845	1.1%	(366)	(43.3%)
Middle East	589	0.8%	732	1.0%	(143)	(19.5%)
America	923	1.3%	1,001	1.3%	(78)	(7.8%)
Africa	1,122	1.6%	1,029	1.4%	93	9.0%
Total	70,783	100.0%	75,448	100.0%	(4,665)	(6.2%)



In 2023, *other revenue* refers mainly to tax receivables to energy and gas-intensive companies totaling € 655 thousand and € 305 thousand in Industry 4.0 and SIMEST grants carried to the income statement over the useful life of the asset for which they were received.

The percentage of *consumption of raw and ancillary materials* (-1% versus 2022) clearly indicates that, despite the decline in raw material prices, this reduction was promptly transferred to customer price lists, preventing the anticipated margin recovery.

Other operating expense was down (€ -1,063 thousand) versus 31 December 2022, but with the same percentage of revenue (approximately 17%). Specifically, utility costs (energy and gas) dropped and accounted for 24% of other expense, while costs for fairs and maintenance increased. Consulting costs remain steady and refer to the Group's efforts on governance and sustainability issues. The cost related to the activity of selecting a new ERP system and business transformation is included in intangible fixed assets under construction.

Personnel expense, € -73 thousand versus 2022, accounts for 16% of sales (15% in 2022). In 2023, the Company resorted to CIGO for a total of 4,497 hours to counter the decline in customer orders. The increases envisaged in the Papermakers' collective bargaining agreement were applied.

At 31 December 2023, *amortization and depreciation* decreased by € 69 thousand versus 2022, with a steady percentage at 5% of sales.

In 2023, *allocations* amounted to € 34 thousand and refers to the allocation to the provision for doubtful accounts determined under IFRS9. An allocation of € 128 thousand was also made to the provision for inventory obsolescence, reclassified under *Consumption of raw and ancillary materials*.

As far as *financial income/expense* is concerned, mention should be made that the item in 2022 included the write-off from the financial statements of both the MICA payable amounting to € 5,082 thousand (including principal and accrued interest) and the receivable from Andreotti Fotoincisioni S.p.A. amounting to € 1,312 thousand (including principal and accrued interest), which respectively had an impact on financial income and financial expense. The adjustment of the amount of the investment in Cartiere di Guarcino S.p.A., based on the equity method, impacted positively on the result for the year by € 700 thousand, while that of NDT energy Srl impacted negatively by € -49 thousand. "Pure" financials, net of the MICA extraordinary effects and the equity measurement of investments shows bank interest expense of € -704 thousand (€ 287 thousand in 2022) and interest income of € 500 thousand (€ 320 thousand in 2022), mainly for loans provided to subsidiaries.

With regard to the impact of direct tax on profit for the year, the tax rate stood at approximately 7%, a minor increase versus the prior year (6%) and linked mainly to lower IRAP for the year as a result of the drop in EBIT and income from the tax consolidation with Finanziaria Valentini.

Net Profit amounted to € 2,848 thousand, with a revenue margin of 4.3% (€ 8,437 thousand at 31 December 2022, with a margin of 11.2%). 2022 included the MICA non-recurring positive financial item and Andreotti Fotoincisioni S.p.A. explained above. The resulting impact (net of the tax effect) totals € 2,865 thousand. Adjusted net profit, net of this non-recurring item, was therefore € 5,572 thousand (7.4% of revenue).

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

<i>(Euro thousands)</i>	31 DECEMBER 2023	31 DECEMBER 2022	Chg.	% chg.
Trade receivables	10,045	8,876	1,169	13.2%
Trade receivables - intercompany	-	2	(2)	(100.0%)
Inventory	9,237	8,238	999	12.1%
Trade payables	(8,662)	(8,008)	(654)	8.2%
Trade payables - Intercompany	-	-	-	0.0%
Operating NWC	10,619	9,108	1,511	16.6%
Other current receivables	518	212	307	144.9%
Receivables from tax consolidation	-	-	-	0.0%
Tax receivables	545	1,314	(769)	(58.5%)
Other current payables	(4,078)	(3,097)	(981)	31.7%
Tax payables	(462)	(379)	(83)	22.0%
Payables from tax consolidation	(117)	(469)	352	(75.1%)

Net Working Capital	7,026	6,689	337	5.0%
Tangible fixed assets	31,456	31,579	(123)	(0.4%)
Intangible fixed assets	482	589	(107)	(18.2%)
Financial fixed assets	42,859	37,129	5,730	15.4%
Non-current financial assets	172	348	(175)	(50.5%)
Non-current financial assets - IC	907	7,467	(6,560)	(87.9%)
Other non-current assets	209	161	48	30.0%
Fixed assets	76,085	77,272	(1,187)	(1.5%)
Post-employment benefits	(655)	(746)	91	(12.2%)
Provisions for risks and charges	(210)	(211)	1	(0.4%)
Deferred tax assets and liabilities	(1,930)	(2,030)	100	(4.9%)
Net Capital Employed	80,316	80,974	(659)	(0.8%)
Equity	77,462	77,274	188	0.2%
Cash funds	(6,224)	(3,051)	(3,173)	104.0%
Other current financial receivables	-	-	-	0.0%
Other current financial receivables IC	(4,120)	(3,560)	(560)	15.7%
Current financial liabilities to banks	3,101	2,735	366	13.4%
Current financial liabilities to other lenders	87	75	13	17.0%
Current financial liabilities IC	-	-	-	0.0%
Non-current financial liabilities to banks	9,176	7,220	1,956	27.1%
Non-current financial liabilities IC	-	-	-	0.0%
Non-current financial liabilities to other lenders	834	281	553	
Net Financial Debt	2,854	3,700	(846)	(22.9%)
Equity and Net Financial Debt	80,316	80,974	(658)	(0.8%)

At 31 December 2023, the operating NWC came to € 10,619 thousand, increasing by € 1,511 thousand versus the prior year (+16.6%). The NWC increased only by € 337 thousand, due to the mentioned increase in operating NWC, offset however by the decrease in tax receivables to energy-and gas-intensive companies, in tax consolidation receivables, and the increase in current payables of € 981 thousand.

The change in *tangible fixed assets* relates to capital expenditure of € 2,999 thousand in new machinery, maintenance, improvement and efficiency expense on existing plants offset by depreciation for the period of € 3,122 thousand. *Intangible fixed assets* includes capital expenditure in the new ERP system.

The change in *financial fixed assets* is attributable to the adjustment of the value of the investment held in CDG, measured using the equity method, and the investment in NDT energy S.r.l.. It should be noted that the investment in CDG was increased, in addition to the result for the period, by an additional € 5 million from the partial waiver of the financial receivable from it in December 2023.

The **net financial debt** of **Neodecortech S.p.A.** at 31 December 2023 and 31 December 2022, according to the ESMA guidance approved on 4 March 2021, is shown below:

<i>(Euro thousands)</i>	31 DECEMBER 2023	31 DECEMBER 2022	Chg.
A. Cash funds	6,224	3,051	3,173
B. Cash and cash equivalents	0	0	0
C. Other current financial assets	4,120	3,560	560
D. Cash (A) + (B) + (C)	10,344	6,611	3,732
E. Current financial debt	(45)	(599)	554
F. Current portion of non-current debt	(3,144)	(2,210)	(934)

G. Current financial debt (E)+(F)	(3,189)	(2,809)	(380)
H. Net current financial debt (G)-(D)	7,155	3,802	3,353
I. Non-current financial debt	(10,009)	(7,501)	(2,508)
J. Debt instruments	0	0	0
K. Trade payables and other non-current payables	0	0	0
L. Non-current financial debt (I)+(J)+(K)	(10,009)	(7,501)	(2,508)
M. Total financial debt (H)+(L)	(2,854)	(3,700)	846

The decrease in financial debt amounted to € -846 thousand versus 31 December 2022, and resulted in a net financial debt of € 2,854 thousand at year end. Against EBITDA (€ 5,946 thousand), this resulted in a leverage ratio (Net Debt/EBITDA) of 0.5 (0.7 at 31 December 2022).

The increase in *cash funds* (A) versus 31 December 2022, in the amount of € 3,173 thousand, is due mainly to debt consolidation following the loans taken out with BANCA POPOLARE DI SONDRIO and SIMEST.

Non-current financial payables (I) increased by € 2,509 thousand, due to the repayments of medium/long-term loan installments and the new loan of € 5,000 thousand taken out, with a term of 60 months (monthly installments), with BANCA POPOLARE DI SONDRIO, and € 600 thousand with SIMEST - facility measure "Support for Italian exporting companies sourcing from Ukraine and/or Russia and/or Belarus".

The following is a **reconciliation between Parent Company equity and results and the Consolidated Financial Statements** at 31 December 2023:

CONSOLIDATED FIGURES IN EURO THOUSANDS	EQUITY 31 DECEMBER 2023	PROFIT (LOSS) FOR THE YEAR 31 DECEMBER 2023	EQUITY 31 DECEMBER 2022	PROFIT (LOSS) FOR THE YEAR 31 DECEMBER 2022
Equity and profit for the period attributable to the parent company	77,462	2,848	77,274	8,437
Elimination of the carrying amount of consolidated investments:				
Difference between carrying amount and pro-rata amount of equity	-		-	
Currency translation difference	-		-	
Pro-rata results of investees		888		4,073
Cancellation of write-downs/write-backs of investments		(714)		(3,880)
Amortization of fair value of fixed assets (allocation of BEG goodwill)		(162)		(162)
Elimination of the effects of transactions between consolidated companies:				
Intercompany profits included in the value of closing inventory	-	(12)	-	(31)
Intercompany profits on disposal of fixed assets	-	-	-	-
Equity and profit for the year attributable to the shareholders of the parent	77,462	2,848	77,274	8,437
Non-controlling interests	-	-	-	-
Total equity	77,462	2,848	77,274	8,437

Business and financial performance of the subsidiaries

CARTIERE DI GUARCINO S.P.A.

Business performance

<i>(Euro thousands)</i>	31 DECEMBER 2023	%	31 DECEMBER 2022	%	Chg.	% chg.
Revenue from sales and services	80,103	100.0%	95,102	100.0%	(14,999)	(15.8%)
Other revenue	3,567	4.5%	6,050	6.4%	(2,483)	(41.0%)
Total revenue	83,670	104.5%	101,152	106.4%	(17,482)	(17.3%)
EBITDA	4,603	5.7%	6,592	6.9%	(1,989)	(30.2%)
Amortization and depreciation	2,829	3.5%	3,114	3.3%	(285)	(9.1%)
Allocations	64	0.1%	0	0.0%	64	0.0%
EBIT	1,709	2.1%	3,478	3.7%	(1,769)	(50.9%)
Profit (loss) for the year	712	0.9%	3,556	3.7%	(2,844)	(80.0%)

The company reaffirms a robust focus on exports, accounting for 53% of its annual sales. Its brand is notably present in Europe (91%), with a presence also in America (8%) and, to a lesser extent, in Asia and neighbouring Middle Eastern countries.

The geographical distribution of revenue in 2023 versus 2022 is shown below.

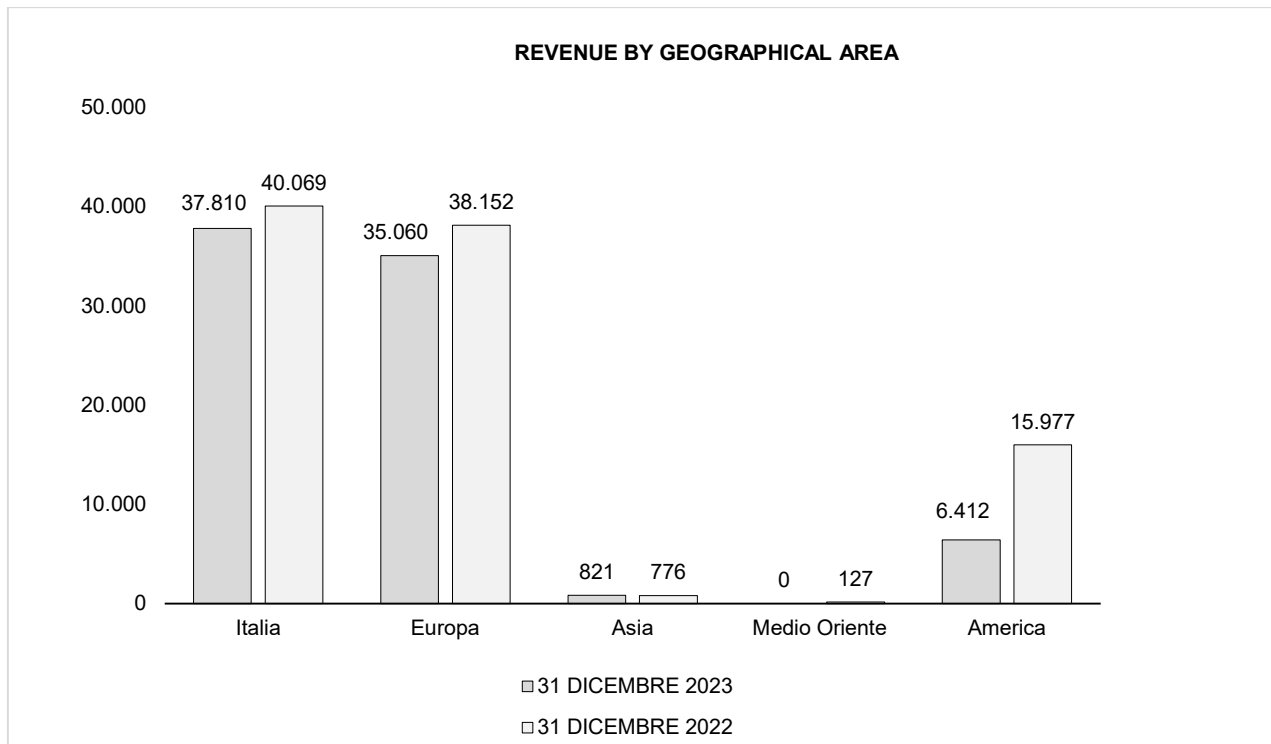
<i>(Euro thousands)</i>	31 DECEMBER 2023	%	31 DECEMBER 2022	%	Chg.	% chg.
Italy	37,810	47.2%	40,069	42.1%	(2,258)	(5.6%)
Europe	35,060	43.8%	38,152	40.1%	(3,092)	(8.1%)
Asia	821	1.0%	776	0.8%	44	5.7%
Middle East	0	0.0%	127	0.1%	(127)	(100.0%)
America	6,412	8.0%	15,977	16.8%	(9,565)	(59.9%)
Africa	0	0.0%	0	0.0%	0	0.0%
Total	80,103	100.0%	95,102	100.0%	(14,999)	(15.8%)

Sales performance is affected by the macroeconomic and industry context, with a -15.8% decrease (€ -14,999 thousand) at 31 December 2023, attributable to volume and mix effect of 58% and sales price effect of 42%, which is in turn related to the deflationary trend of raw materials.

On the production side, typical logics related to the organizational approach of lean production have been applied for years now, with related expenditure referring to Industry 4.0 plans. Generally speaking, significant attention is devoted to continuously increasing productivity and reducing resource usage, with the aim of enhancing the Company's competitive edge.

The operating-financial results of Cartiere di Guarcino S.p.A. at 31 December 2023 show a drop in revenue (-17.3%) and in EBITDA (-30.2%) versus the same period of the prior year, due mainly to the increase in energy costs from the production stoppage of the subsidiary Bio Energia Guarcino S.r.l. for approximately 4 months in 2023. The result for the year shows a profit of € 712 thousand, impacted by the write-back of the investment in Bio Energia Guarcino S.r.l. (€ +63

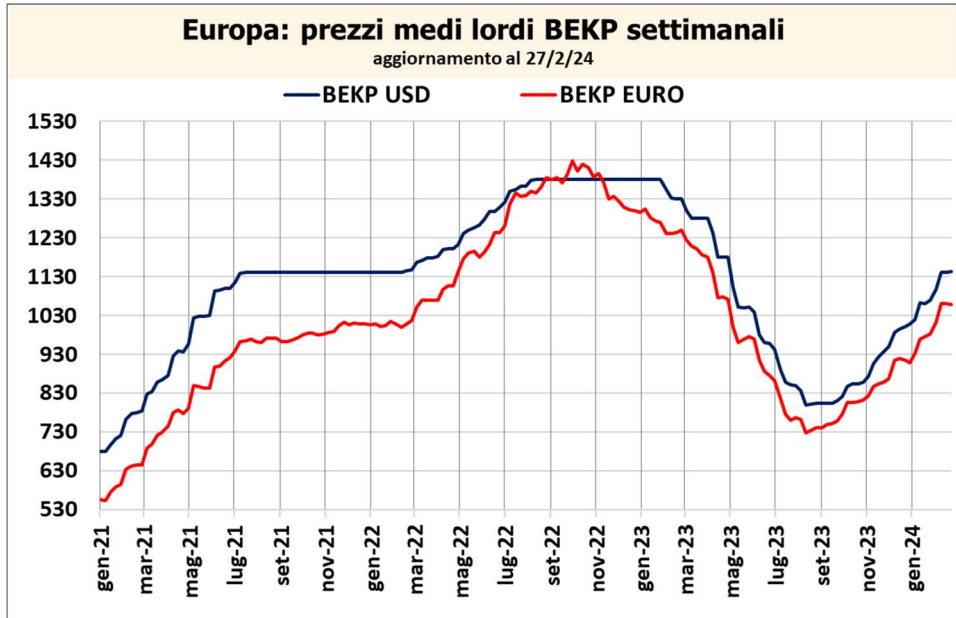
thousand) and almost zero tax, thanks to the non-taxability, IRES and IRAP, of the tax receivable to energy-and gas-intensive companies, as in 2022.



The strategic raw materials that collectively account for 85% of the total raw materials used are pulp and titanium dioxide.

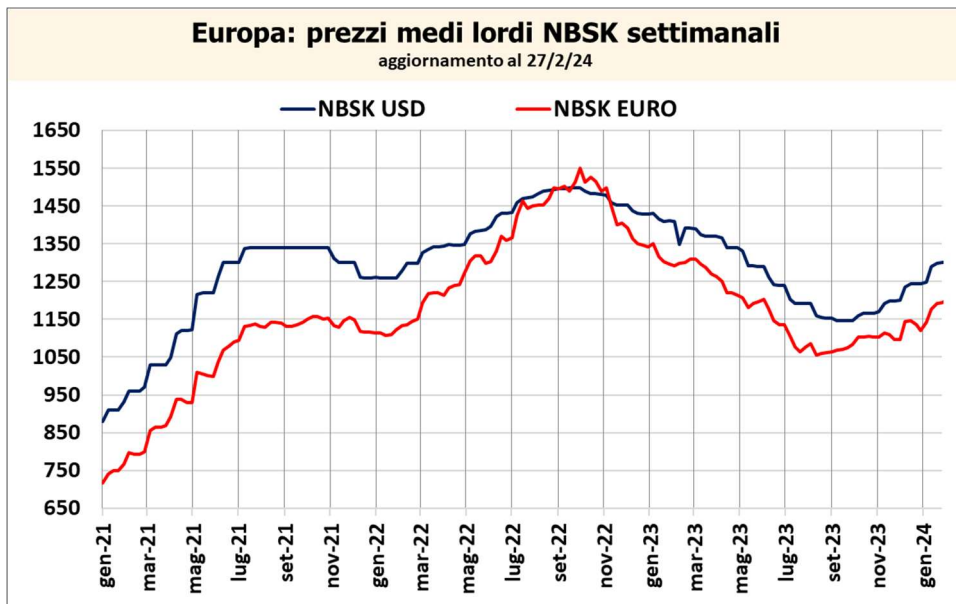
Regarding the pulp market, the price of short fibre in 2023 initially retreated from the peak of 1380 USD in December 2022 to 800 USD in August. It then rebounded and ended the year at 1060 USD, with additional increases announced for January and February amounting to 80 USD. The YoY change was approximately 20%. Long fibre recorded a similar trend, dropping from 1400 USD in December 2022 to 1300 USD in December 2023, with a low of 1150 USD recorded in July/August. The price decline in 2023 can be attributed to a generally weak market characterized by high inventory and good product availability. As mentioned in *Relevant segment and comments on operations*, both fibres are witnessing a new upward trend in their respective prices.

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



Source FOEX

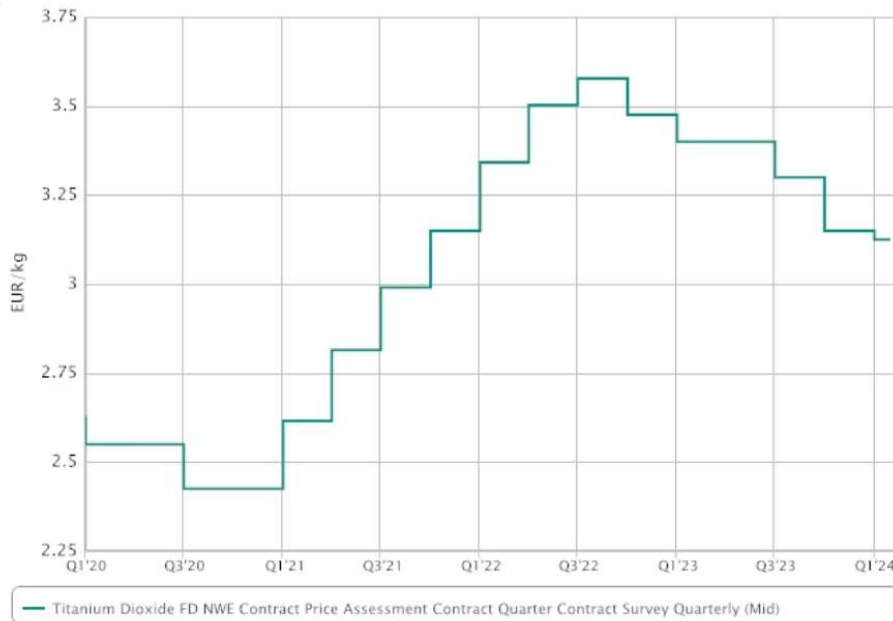
The following is the trend of gross prices for Long Fibre (FOEX data).



Source FOEX

Titanium dioxide prices also decreased in 2023 from € 3600 in December 2022 to € 3250 in December 2023, posting a 10% drop. The causes are related mainly to weak demand and good product availability. The initiation of an anti-dumping

investigation by the European Commission against Chinese products, along with events in the Red Sea, has created market uncertainty, which has persisted due to ongoing weak demand. Upward trends are also being reported for this other strategic raw material in the early months of 2024.



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Source ICS

The percentage of *Other operating expense* at 31 December 2023 dropped sharply (-19%) versus the prior year, due to the decline in energy prices. Conversely, this item increased due to rises in system and transportation charges and less steam transferred in connection with the production stoppage of the subsidiary Bio Energia Guarcino S.r.l. for approximately 4 months in 2023.

Financial performance

(Euro thousands)	31 DECEMBER 2023	31 DECEMBER 2022	Chg.	% chg.
Trade receivables	4,896	10,045	(5,149)	(51.3%)
Trade receivables - intercompany	191	1,152	(961)	(83.4%)
Inventory	29,334	29,039	295	1.0%
Trade payables	(19,207)	(16,727)	(2,480)	14.8%
Trade payables - Intercompany	(247)	(4,842)	4,595	(94.9%)
Operating NWC	14,968	18,668	(3,700)	(19.8%)
Other current receivables	891	408	483	118.6%
Receivable from Tax Consolidation	76	124	(48)	(39.0%)
Tax receivables	639	1,799	(1,161)	(64.5%)
Other current payables	(1,685)	(1,495)	(191)	12.7%

Tax payables	(318)	(300)	(18)	6.0%
Payables from tax consolidation	-	-	-	0.0%
Net Working Capital	14,571	19,205	(4,634)	(24.1%)
Tangible fixed assets	37,905	37,646	258	0.7%
Intangible fixed assets	277	237	39	16.6%
Financial fixed assets	11,571	11,510	61	0.5%
Non-current financial assets not included in NFP	445	445	-	0.0%
Non-current financial assets not included in NFP - IC	-	-	-	0.0%
Other non-current assets	18	18	-	0.0%
Fixed assets	50,215	49,856	359	0.7%
Post-employment benefits	(1,392)	(1,362)	(30)	2.2%
Provisions for risks and charges	(595)	(544)	(51)	9.4%
Deferred tax assets and liabilities	(2,826)	(3,151)	326	(10.3%)
Net Capital Employed	59,974	64,004	(4,030)	(6.3%)
Equity	42,825	37,130	5,695	15.3%
Cash funds	(3,624)	(6,846)	3,223	(47.1%)
Other current financial receivables	-	-	-	0.0%
Other current financial receivables IC	(2,241)	-	(2,241)	0.0%
Current financial liabilities to banks	7,611	10,545	(2,934)	(27.8%)
Current financial liabilities to other lenders	44	50	(6)	(12.9%)
Current financial liabilities IC	2,787	1,560	1,227	78.7%
Non-current financial liabilities to banks	11,634	14,032	(2,398)	(17.1%)
Non-current financial liabilities IC	907	7,467	(6,560)	(87.9%)
Non-current financial liabilities to other lenders	31	67	(37)	
Net Financial Debt	17,149	26,874	(9,726)	(36.2%)
Equity and Net Financial Debt	59,974	64,004	(4,030)	(6.3%)

At 31 December 2023, Operating NWC decreased (-20%) more than proportionally to the decrease in Revenue (-17%) versus 2022. Net NWC was also down, with a decrease of -24%, due mainly to the monetization of the tax receivable to energy- and gas-intensive companies accrued in the fourth quarter and not yet offset at 31 December 2022.

The change in *financial fixed assets* is related to the adjustment of the value of the investment under the equity method in the subsidiary Bio Energia Guarcino S.r.l. (€ +61 thousand).

Net financial debt at 31 December 2023 decreased significantly versus the prior year, thanks to the cash flow from operations (€ 7,926 thousand) and the waiver of part of the financial receivable due to the parent company Neodecortech S.p.A. (€ 5,000 thousand). The waiver increased equity for future share capital increases. Short- and long-term sources are adequately balanced, thanks to the disbursement of a loan in 2022 with MPS Capital Services S.p.A. of € 10 million, with Sace guarantee under the SupportItalia measure.

Overall, the NFP of Cartiere di Guarcino S.p.A. in the period 2018 - 2023 improved by approximately € 22 million.

With regard to the parent company Neodecortech S.p.A., the remaining loan position at 31.12.2023 is as follows:

- loan of € 17,642 thousand, novated on 21 December 2018 by rescheduling in 136 monthly installments for the amount of € 130 thousand effective from 31 December 2019. Outstanding debt amounting to € 2,467 thousand.

BIO ENERGIA GUARCINO S.R.L.

Business performance

<i>(Euro thousands)</i>	31 DECEMBER 2023	%	31 DECEMBER 2022	%	Chg.	% chg.
Revenue from sales and services	34,745	100.0%	54,307	100.0%	(19,562)	(36.0%)
Other revenue	2,419	7.0%	111	0.2%	2,308	2077.9%
Total revenue	37,164	107.0%	54,418	100.2%	(17,254)	(31.7%)
EBITDA	3,406	9.8%	4,209	7.8%	(803)	(19.1%)
Amortization and depreciation	2,713	7.8%	2,969	5.5%	(256)	(8.6%)
Allocations	0	0.0%	0	0.0%	0	0.0%
EBIT	692	2.0%	1,241	2.3%	(549)	(44.2%)
Profit (loss) for the year	225	0.6%	517	1.0%	(292)	(56.5%)

The decrease in revenue in 2023 is due to both the decrease in energy prices, with the average PUN falling from € 303.95/MWh in 2022 to € 127.24/MWh, and the cancellation of the ordinary GRIN incentives under the GSE, due to the high energy prices recorded in 2022 and, most importantly, the lack of production in the approximately 4 months not covered by the maximization scheme and the guaranteed minimum price scheme.

The revenue shown includes revenue provisions related to the maximization scheme and the guaranteed minimum price scheme introduced in December 2023 for a total of € 17,280 thousand.

At 31 December 2023, EBITDA decreased by € -803 thousand (-19.1%), due to the combined effect of the above reasons.

Financial expense increased, due to the rise in interest rates seen in the financial market throughout 2023.

In 2023, the Bio Energia Guarcino S.r.l. plant worked 17,181 hours, down versus the prior year when it worked 20,861 hours, generating a production of approximately 116,181 MWh versus 139,417 MWh in the prior year. Energy fed into the grid was 85,554 MWh versus 92,010 MWh in 2022, and energy sold to CDG was 26,498 MWh, down from 41,888 MWh in 2022.

The decreased production, linked to the shorter operational period, stemmed from both the uneconomical operation of the plant (declining energy prices, ordinary incentives reduced to zero, against generation costs not proportionally decreased, especially fuel costs) and the production stoppages due to the interruption of the maximization period (concluded initially on 31 March 2023, then extended from 15 May to 30 September 2023), and the introduction of the new guaranteed minimum price scheme in early December through the Energy Security Decree.

On the raw material cost front, the animal fats market, after the highs recorded in 2022, saw a decrease of approximately -30% versus the prior year, especially in the first part of the year, before stabilizing. Vegetable oils and palm oil in particular experienced the same trend. The decrease is associated with the overall decline in commodities, particularly in the electrical commodities sector, which correlates with biodiesel production.

2023																
GRASSI ANIMALI	Dicembre 2022	gennaio	febbraio	marzo	aprile	maggio	giugno	luglio	agosto	settembre	ottobre	novembre	dicembre	Variazione 12 mesi	%	
Sego 2-3 FFA-MIU 1 - FAC 7-9	1.332	1.199	1.106	1.104	1.015	938	920	923	940	968	978	938	925	- 407	-30,54%	
Grasso acidità 4 - MIU 1	1.282	1.149	1.064	1.061	965	888	870	871	895	928	943	903	890	- 392	-30,56%	
Grasso max 7 FFA - MIU 1	1.190	1.074	989	983	895	831	814	810	820	848	858	818	805	- 385	-32,35%	
Grasso max 10 FFA - MIU 1	1.155	1.039	954	948	860	796	779	775	785	813	823	783	770	- 385	-33,33%	

Financial performance

(Euro thousands)	31 DECEMBER 2023	31 DECEMBER 2022	Chg.	% chg.
Trade receivables	1,335	4,915	(3,580)	(72.8%)
Trade receivables - intercompany	247	4,840	(4,593)	(94.9%)
Inventory	4,184	6,413	(2,229)	(34.8%)
Trade payables	(5,898)	(8,958)	3,060	(34.2%)
Trade payables - Intercompany	(191)	(1,152)	961	(83.4%)
Operating NWC	(323)	6,058	(6,381)	(105.3%)
Other current receivables	10,813	650	10,162	1562.7%
Receivable from Tax Consolidation	362	689	(327)	(47.4%)
Tax receivables	461	1,930	(1,470)	(76.1%)
Other current payables	(26)	(35)	9	(26.1%)
Tax payables	(6)	(25)	19	(75.8%)
Payables from tax consolidation	-	-	-	0.0%
Net Working Capital	11,281	9,268	2,013	21.7%
Tangible fixed assets	6,129	8,711	(2,582)	(29.6%)
Intangible fixed assets	19	0	18	5275.3%
Non-current financial assets	-	-	-	0.0%
Other non-current assets	-	-	-	0.0%
Fixed assets	6,148	8,711	(2,563)	(29.4%)
Post-employment benefits	(34)	(24)	(10)	40.8%
Provisions for risks and charges	(20)	(20)	-	0.0%
Deferred tax assets and liabilities	783	717	66	9.1%
Net Capital Employed	18,159	18,653	(494)	(2.6%)
Equity	11,248	11,025	223	2.0%
Cash funds	(2,169)	(2,145)	(24)	1.1%
Current financial liabilities to banks	5,001	5,689	(688)	(12.1%)
Current financial liabilities to other lenders	-	1,589	(1,589)	(100.0%)
Current financial liabilities IC	3,574	2,000	1,574	78.7%
Non-current financial liabilities to banks	505	1,184	(680)	(57.4%)
Non-current financial liabilities to other lenders	-	(690)	690	(100.0%)
Net Financial Debt	6,911	7,628	(717)	(9.4%)
Equity and Net Financial Debt	18,159	18,653	(494)	(2.6%)

The NWC increased by € 2,013 thousand, despite the decrease in turnover, due mainly to receivables from the reinstatement of revenue under the maximization scheme. The settlement of these receivables is linked to an ongoing administrative process expected to be completed in 2024.

Net financial debt at 31 December 2023 stood at € 6,911 thousand, down slightly from € 7,628 thousand in the prior period. Specifically, regular repayment of bank loans continued, with the debt beyond one year cut to € 500 thousand. In 2023, the only outstanding lease with redemption of the three motor power generators was settled.

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 figure shown is in line with the value of net financial debt determined in accordance with the recommendations of the CESR (Committee of European Securities Regulators) of 10 February 2005 and referred to by CONSOB. It also takes account of the ESMA recommendations of March 2021. This measure allows a better assessment of the overall level of debt, capital strength and debt repayability.

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

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

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

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

Below is an analysis of risks and the resulting uncertainties.

Non-financial risks

Risks associated with the general economic situation

As the Group operates in a global competitive scenario, its financial position, results and cash flows are affected by the general conditions and performance of the world economy, 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. The purchases, also indirect (base component for melamine resins), 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. The prevailing macroeconomic uncertainty has been further compounded by the Israeli-Palestinian conflict that broke out on 7 October 2023.

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

Demand trends are cyclical and vary according to the general economic conditions and the consumption propensity of end customers. An adverse trend in demand, or if the Group is not able to adapt effectively to the external market context, could have a significant negative impact on the Group's business prospects, as well as on its performance and financial situation. The Group primarily generates its revenue in the decorative surfaces sector, particularly for furniture and flooring

applications. 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 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, 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, the Parent Company and the subsidiary Cartiere di Guarcino S.p.A. completed the initial steps for the renewal of the Integrated Environmental Authorization (AIA), with the last session of the services conference held on 27/02/2024. They are now awaiting the issuance of the authorization by the Latium region. 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 with 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 was concluded in February 2024 with the confirmation of the B rating.

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 redefine the maturities

of 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 31

December, the Parent Company had an IRS in place relating to the mortgage loan agreement with BPM, with a notional value of € 4,933 thousand and a positive fair value of € +172 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 on 30 March 2023, the Chairman of the Board of Directors submitted the recommendations received in January 2023 to the other members of the Board for their consideration. The issuing companies received the usual communication from the Chair of the Corporate Governance Committee forwarding the annual report on the application of the Corporate Governance Code and the Committee's recommendations to the issuing companies for 2023. In the Report, reference is made to (i) sustainable success and stakeholder dialogue, (ii) the granting of management proxies to the Chairman of the BoD, (iii) the management of pre-Board disclosure, (iv) the participation of managers in Board meetings, (v) guidance on the composition of the Board, (vi) independence requirements as well as (vii) 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.

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

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

Report on Corporate Governance and Ownership Structure

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

Related party transactions

Following the transposition into Italian law of Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 (Shareholders Right Directive II), through Legislative Decree no. 49/2019, and in light of the CONSOB amendments with resolution no. 21624 of 10 December 2020 to the regulation containing provisions on related party transactions adopted by CONSOB with resolution no. 17221 of 12 March 2010, on 28 June 2021, the Board of Directors of the Company approved the update to the Related Party Transactions Procedure (the "RPT Procedure"), adopted by the Company on 25 June 2020 and amended on 10 December 2020, in order to adapt it to the new legal and regulatory framework, effective as of 1 July 2021.

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

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

Capital expenditure

Capital expenditure in tangible and intangible fixed assets in 2023 amounted to € 6,437 thousand. € 3,151 thousand of this expenditure refers to the Parent Company and relates to new plant and machinery and the improvement and efficiency of existing ones, in particular the new impregnation line and the new resin kitchen.

As for the subsidiaries, capital expenditure in tangible fixed assets amounted to € 2,828 thousand for Cartiere di Guarcino S.p.A., regarding actions to increase output and optimize plants, and € 131 thousand for Bio Energia Guarcino S.r.l. regarding planned and extraordinary maintenance of the power plant.

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

Expenditure in intangible fixed assets for the new ERP system commenced for all Group companies in 2023.

Research & Development

Innovation has long been the driving force at Neodecortech, shaping ideas, projects, products, and development processes. Fueled by research, this commitment to innovation fosters the development and sharing of knowledge, benefiting various market sectors.

In 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. In recent years, the Group has embarked on a path of product and market diversification, offering environmentally-sustainable solutions, also in consideration of recent European regulations, such as the SUP directive that establishes a ban on the sale of all single-use plastic products. In response to this law, Neodecortech is working on research projects to experiment lines of decorative papers for new applications and alternative uses, oriented towards environmental protection and produced using cutting-edge and highly efficient technologies, capable of generating productivity increases, lower pollution and lower production of waste, ensuring a sustainable product, from production to disposal.

Creative development is overseen by the Neodecortech Lab, which collaborates closely with the sample department. Equipped with digital printers and laboratory rotogravure machines, the sample department ensures meticulous sampling and matching to the sample, offering customers the highest reproduction quality plus fast work time.

In 2022, the subsidiary Cartiere di Guarcino S.p.A. launched the European project PUSH2HEAT backed by the Horizon program, continued in 2023, which involves the formation of consortia of companies to promote new technologies within Member Countries. The primary objective of PUSH2HEAT is to develop, install, and monitor systems that can utilize waste heat (in the form of hot flue gas or hot water) generated by industrial processes and convert it into steam, i.e., higher enthalpy heat, by utilizing heat pumps. Cartiere di Guarcino takes part in the project as one of the 3 chosen demonstration sites, where a heat pump will be installed to extract steam through heat contained in the cooling water of the Bio Energia Guarcino S.r.l. cogeneration plant. The project involves partial coverage of the costs of personnel involved and the activities required in the implementation of the machinery, up to the amount of € 500,000; the project is developed on a 4-year time horizon, starting from 01/10/2022. In 2022, € 170 thousand of non-repayable co-financing was granted from the Horizon Project.

Cartiere di Guarcino S.p.A. continues the project on an innovative paper for food use, submitting on 10/12/2020 an aid application under the "Circular Economy" call pursuant to Ministerial Decree 05/08/2020 and DD 11/06/2020 20/06/2013,

regarding the project on the “Study and development of an innovative paper for food use”. On 07/02/2022, the MISE issued the Admission Act, which provides for an allowable cost of up to € 2,000 thousand, a subsidized loan of € 1,000 thousand and a non-refundable grant of € 200 thousand.

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

Environment

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

This approach has also been gradually adopted by the subsidiaries Cartiere di Guarcino S.p.A. and Bio Energia Guarcino S.r.l.. Below is a list of the certifications obtained by each Group company. With regard to environmental targets and policies, in 2023 the Group continued with the implementation of the ESG 2021-2023 Plan adopted at the Board meeting in May and November 2021, and at the Board meeting in February 2024 approved the 2024-2026 ESG Plan.

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	<p>UNI EN ISO 9001 (since 2009) - Quality System Certification</p> <p>UNI EN ISO 14001 (since 2007) - Environmental Certification - for the improvement of environmental performance</p> <p>BS OHSAS 18001 (since 2011 and later replaced by UNI EN ISO 45001) - Certification related to occupational health and safety management</p> <p>UNI EN ISO 45001 (since 2020) - Certification related to occupational health and safety management</p> <p>UNI EN ISO 50001 (since 2017) - Certification related to energy use efficiency and gradual improvement of energy performance</p> <p>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</p> <p>MADE IN ITALY 100% (since 2015) - Supply Chain Certification</p> <p>GRI-compliant SUSTAINABILITY REPORT (2016 to 2020)</p> <p>NON-FINANCIAL STATEMENT (since 2021) with limited assurance.</p> <p>CDP rating: B</p>
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Cartiere di Guarcino	<p>UNI EN ISO 9001 (since 2017) - Quality System Certification</p> <p>UNI EN ISO 14001 (since 2012) - Environmental Certification - for the improvement of environmental performance</p> <p>BS OHSAS 18001 (since 2012 and later replaced by UNI ISO 45001) - Certification related to occupational health and safety management</p> <p>UNI ISO 45001 (since 2019) - Certification related to occupational health and safety management</p> <p>UNI EN ISO 50001 (since 2018) - Certification related to energy use efficiency and gradual improvement of energy performance</p> <p>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</p> <p>PEFC (since 2015) - Programme for Endorsement of Forest Certification</p>
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Bio Energia Guarcino	<p>UNI EN ISO 9001 (since 2017) - Quality System Certification</p> <p>UNI EN ISO 14001 (since 2012) - Environmental Certification - for the improvement of environmental performance</p> <p>BS OHSAS 18001 (since 2016 and later replaced by UNI ISO 45001) - Certification related to occupational health and safety management</p> <p>UNI ISO 45001 (since 2019) - Certification related to occupational health and safety management</p> <p>UNI EN ISO 50001 (since 2018) - Certification related to energy use efficiency and gradual improvement of energy performance</p>
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Safety and Health

The Group, in compliance with current regulations, adopts all measures and protocols for the protection of health and safety in the workplace.

No particular critical issues and/or incidents were reported in this area. During the year, the Group caused no damage for which it was found guilty, nor was it imposed fines or penalties for offences or damage on health and safety.

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 covering the entire scope of the Group. Similarly, in February 2024,

the new 2024-2026 ESG Action Plan was approved, again for the same corporate scope. The 2021-2023 Action Plan adopted:

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

The ESG Action Plan 2024-2026 will focus particularly on combating climate change, improving water use, reducing and managing waste, and applying the principles of the circular economy. The Plan also includes substantial support to the local communities where the Group's plants are situated, with a particular focus on ethical and responsible supply chain analysis and management.

For the third consecutive year, the Neodecortech Group received a "B" score from CDP (Carbon Disclosure Project) based on the 2022 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, with scores of "B-" and "C" respectively.

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

Starting from 2021, in a continued effort to increase its transparency also on data and events of a non-income, equity or financial nature, Neodecortech has chosen to implement its sustainability reporting, with the publication of the first consolidated non-financial statement (NFS) pursuant to Legislative Decree 254/2016, on a voluntary basis certified by a limited assurance by Deloitte & Touche S.p.A. (for 2021 and 2022) according to the criteria indicated by ISAE 3000 Revised. The consolidated non-financial statement for 2023 with related figures is being prepared and will be subject to limited assurance by BDO Italia SpA.

Human resources and organization

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

PERSONNEL IN SERVICE	Printed Decorative Paper Division	Decorative Paper Division	Energy Division	31 DECEMBER 2023	31 DECEMBER 2022
				GROUP	GROUP
Executives	5	5	0	10	9
Managers/White collars	58	49	2	109	110
Blue collars	159	110	2	271	281
Total	222	164	4	390	400

The average number of employees in 2023 amounted to 390 resources. Additionally, 5 resources from Cartiere di Guarcino S.p.A. work on secondment at the subsidiary Bio Energia Guarcino S.r.l..

The Group resorted to CIGO in 2023 to counter the decline in customer orders (NDT 4,497 hours and CDG 25,424 hours).

Diversity and equal opportunities

The breakdown of Neodecortech's human resources is marked by a strong male gender polarization, owing to the presence of physical tasks typical of manufacturing businesses in the Group's industry. The production department, in fact, sees an overwhelming presence of male workforce: in 2023, 92% of the Group's blue collars were men. Having said that, Neodecortech considers diversity as an element of corporate wealth, and this issue is a key point of the principles stated in the Group's Code of Ethics, as an expression of the attention to the individual.

Atypical and/or unusual transactions during the year

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

Significant events after 31 December 2023

On 21 February 2024, the Parent Company signed a 36-month fixed-rate unsecured loan with BPER BANCA for € 2 million to finance industrial investments.

As known, the BEG bioliquid plant is included in the framework of supporting energy production from renewable sources under the ordinary incentive policy that will end in May 2025. In February 2024, the Government converted the "Energy Security" Law Decree into law, introducing the following new features for bioliquid power plants even after the end of the incentive period:

- i)* introduction of the Guaranteed Minimum Price scheme from December 2023 to no later than 31 December 2025 (pending the ARERA Implementing Resolution);
- ii)* continuation, from 2026, of a scheme based on the trading of electrical capacity of bioliquid plants with a focus on plants connected to production sites.

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

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

Treasury shares and shares of the Parent Company

Pursuant to Articles 2435-bis and 2428 of the Italian Civil Code, it should be noted that, at the closing of the year, the Company held no. 297,709 treasury shares for the equivalent of € 986,016.

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 2023, the Company continued with the purchase of additional treasury shares based on and within the limits of the above resolution. A total of no. 174,709 shares were purchased in 2023.

At 31 December 2023 and in 2023, the Company did not hold and did not purchase any shares of the parent company.

Other information

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

The Shareholders' Meeting held on 27 April 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).

On 1 October 2021, Neodecortech S.p.A. reached a preliminary agreement with the Revenue Agency to take advantage of the Patent Box tax break over the five-year period 2018-2022. The Patent Box optional tax regime grants a five-year tax benefit, renewable on expiry, to those companies that generate income through the direct and indirect use of patents, software, designs, models and know-how. The estimated tax benefit for 2018 is € 180 thousand. For following tax periods but prior to 2023, talks are underway with the Revenue Agency to define the effects of the calculation as they are impacted by extraordinary events such as the COVID-19 pandemic or the translisting costs to the regulated segment of Borsa Italiana.

Business and market outlook

At the time of writing this document, the entire production chain in which Neodecortech and Cartiere di Guarcino operate is affected by the general slowdown in demand that is impacting the target market. Production activity, however, continues to operate as usual, with an order backlog slightly below the historical trend (except for 2021, which had shown an abnormal positive trend following the post-pandemic period) and with expectations for 2024. While there may still be some risk of partial production shutdowns and margin constraints due to market pressures, demand is anticipated to remain steady in the first part of the year and then pick up in the second half. This condition is expected to persist evenly across all sales areas where the companies primarily operate (90% Europe). Despite the deteriorating geopolitical situation (the ongoing Russia-Ukraine and Israel-Palestine conflicts), as well as the broader macroeconomic challenges (the slowdown in the Chinese and European economies), the early months of 2024 have seen a notable reversal in the downward trend of prices for certain key raw materials (pulp, titanium dioxide, and resins), which have begun to rise again. Conversely, on the energy carrier costs front, their gradual decline will lead to an improvement in expected margins.

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.

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 2024 Budget approved by the Board of Directors of Neodecortech S.p.A. on 6 December 2023 and by the Board of Directors of Cartiere di Guarcino on 6 December 2023, further detailed below.

Printed Decorative Paper Division - Neodecortech

As noted earlier, economic expansion halted in mid-2022, and since then, activity has remained largely stagnant amid a decline in household purchasing power and a slump in external demand. Even with the partial reduction in raw material and energy prices, there was immediate pressure on sales prices, which did not allow for the expected margin recoveries.

In preparing the 2024 Budget, it was considered, in line with macroeconomic forecasts, that this market situation would not change substantially during the year. To cope with this situation, the Company is focusing its resources on the development of higher-margin products, particularly laminates and plastic film products, which are expected to experience growing volumes. For "historical" products, only ordinary growth is anticipated.

Paper Division - Cartiere di Guarcino

The trend in demand for decorative paper mirrors that outlined for Neodecortech, reflecting general market trends. This condition was considered in preparing the 2024 Budget. However, in light of the above comments on the domestic and international economic environment, the future scenario should be taken with caution given the possible declines in sales, the extent of which cannot be predicted at this time.

It is reasonable to expect a mitigation of the decline in sales, due to the following significant factors, which also had an impact in 2023: (i) the consolidation of market share among class A customers; (ii) the growth of market share for backer papers; (iii) the start of product diversification; and (iv) the strong emphasis on sustainability.

Energy Division - Bio Energia Guarcino

The BEG bioliquid power plant is included in the support framework for renewable energy production that will end in May 2025. This incentive system resumed operation in January 2024, unlike in 2023, as the average price of 2023 energy was lower than the cap of € 180 MWh used to determine the unit incentive paid to renewable energy production plants.

In February 2024, the Government converted the "Energy Security" Law Decree into law, introducing the following new features for bioliquid power plants even after the end of the incentive period, which are: (i) introduction of the Guaranteed Minimum Price scheme from December 2023 to no later than 31 December 2025 (pending the ARERA implementing resolution); (ii) continuation, from 2026, with a scheme based on the negotiation of the electrical capacity of bioliquid plants, with special regard to plants connected to production sites.

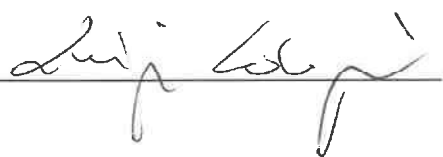
As a result of the above, the Company has not identified the presence of impairment indicators regarding the recoverability of the carrying amount of tangible fixed assets and has therefore not conducted an impairment test in accordance with IAS36.

Filago (BG), 12 March 2024

For the Board of Directors

The Chief Executive Officer

(Luigi Cologni)



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

**Consolidated Financial Statements at 31 December
2023**



Consolidated income statement at 31 December 2023

<i>(Euro thousands)</i>	Notes	31 DECEMBER 2023	%	31 DECEMBER 2022	%	Chg.	% chg.
Revenue from sales and services	1	161,604	100.0%	196,474	100.0%	(34,870)	(17.7%)
Changes in work in progress, semi-finished and finished products	2	3,250	2.0%	3,044	1.5%	206	6.8%
Other revenue	3	7,215	4.5%	7,822	4.0%	(607)	(7.8%)
Value of Production		172,069	106.5%	207,340	105.5%	(35,271)	(17.0%)
Raw and ancillary materials and consum.	4	(105,759)	(65.4%)	(136,540)	(69.5%)	30,781	(22.5%)
Other operating expense	5	(31,436)	(19.5%)	(33,813)	(17.2%)	2,377	(7.0%)
Value Added		34,874	21.6%	36,987	18.8%	(2,113)	(5.7%)
Personnel expense	6	(20,983)	(13.0%)	(20,996)	(10.7%)	13	(0.1%)
EBITDA		13,891	8.6%	15,991	8.1%	(2,100)	(13.1%)
Amortization and depreciation	7	(9,151)	(5.7%)	(9,759)	(5.0%)	608	(6.2%)
Allocations	8	(98)	(0.1%)	(128)	(0.1%)	30	(23.4%)
EBIT		4,642	2.9%	6,104	3.1%	(1,462)	(24.0%)
Financial expense	9	(2,436)	(1.5%)	(2,371)	(1.2%)	(65)	2.7%
Financial income	10	401	0.2%	5,506	2.8%	(5,105)	(92.7%)
Profit/(loss) before tax		2,607	1.6%	9,239	4.7%	(6,632)	(71.8%)
Income tax	11	241	0.1%	(802)	(0.4%)	1,043	(130.0%)
Profit/(loss) for the year		2,848	1.8%	8,437	4.3%	(5,589)	(66.2%)

Consolidated statement of comprehensive income at 31 December 2023

<i>(Euro thousands)</i>	31 DECEMBER 2023	31 DECEMBER 2022
Profit/(loss) for the year	2,848	8,437
Other items of the comprehensive income statement		
Actuarial gains (losses) net of tax effect	(32)	260
Total items that will not be reclassified in the income statement for the year	(32)	260
Gains/(losses) on cash flow hedging instruments	(133)	419
Total items that will or may be reclassified in the income statement for the year	(133)	419
Total other items of the comprehensive income statement	(165)	679
Comprehensive income (loss) for the year	2,683	9,116
Profit for the year attributable to:		
Shareholders of the Parent	2,683	9,116
Non-controlling interests		
Earnings per share (in Euro):		
Basic	0.20	0.60
Diluted	0.20	0.60

Consolidated statement of financial position at 31 December 2023

Assets	Notes	31 DECEMBER 2023	%	31 DECEMBER 2022	%	Chg.	% chg.
<i>(Euro thousands)</i>							
Intangible assets	12	777	0.5%	827	0.5%	(50)	(6.0%)
Tangible assets	13	75,969	46.1%	78,617	46.6%	(2,648)	(3.4%)
Investments		0	0.0%	100	0.1%	(100)	(100.0%)
Other non-current assets	14	400	0.2%	528	0.3%	(128)	(24.2%)
Non-current financial receivables	15	445	0.3%	445	0.3%	0	0.0%
Deferred tax assets	16	1,881	1.1%	1,682	1.0%	199	11.8%
Non-current assets		79,472	48.2%	82,199	48.7%	(2,727)	(3.3%)
Inventory	17	42,598	25.8%	43,550	25.8%	(952)	(2.2%)
Trade receivables	18	16,276	9.9%	23,836	14.1%	(7,560)	(31.7%)
Receivables from tax consolidation	19	438	0.3%	813	0.5%	(375)	(46.1%)
Tax receivables	20	1,652	1.0%	5,043	3.0%	(3,391)	(67.2%)
Current financial receivables	15	0	0.0%	0	0.0%	0	0.0%
Other current receivables	21	12,211	7.4%	1,269	0.8%	10,942	862.3%
Cash funds	22	12,157	7.4%	12,043	7.1%	114	0.9%
Current assets		85,332	51.8%	86,554	51.3%	(1,222)	(1.4%)
Total assets		164,804	100.0%	168,753	100.0%	(3,949)	(2.3%)
Equity and liabilities							
		31 DECEMBER 2023	%	31 DECEMBER 2022	%	Chg.	% chg.
<i>(Euro thousands)</i>							
Share capital		18,804	11.4%	18,804	11.1%	0	0.0%
Share premium reserve		18,864	11.4%	18,864	11.2%	0	0.0%
Other reserves		28,185	17.1%	24,968	14.8%	3,217	12.9%
Prior years' profit (loss)		8,761	5.3%	6,201	3.7%	2,560	41.3%
Profit (loss) for the year		2,848	1.7%	8,437	5.0%	(5,589)	(66.2%)
Equity	30	77,462	47.0%	77,274	45.8%	188	0.2%
Provisions for risks and charges	23	825	0.5%	774	0.5%	51	6.6%
Deferred tax	16	5,941	3.6%	6,304	3.7%	(363)	(5.8%)
Post-employment benefits	24	2,080	1.3%	2,131	1.3%	(51)	(2.4%)
Non-current financial liabilities	25	22,179	13.5%	22,095	13.1%	84	0.4%
Non-current liabilities		31,025	18.8%	31,304	18.6%	(279)	(0.9%)
Trade payables	26	33,792	20.5%	33,693	20.0%	99	0.3%
Payables from tax consolidation	27	117	0.1%	469	0.3%	(352)	(75.1%)
Tax payables	28	786	0.5%	703	0.4%	83	11.8%
Current financial liabilities	25	15,844	9.6%	20,682	12.3%	(4,838)	(23.4%)
Other current payables	29	5,778	3.5%	4,628	2.7%	1,150	24.8%
Current liabilities		56,317	34.2%	60,175	35.7%	(3,858)	(6.4%)
Total equity and liabilities		164,804	100.0%	168,753	100.0%	(3,949)	(2.3%)

Consolidated statement of changes in equity at 31 December 2023

CONSOLIDATED FIGURES EURO THOUSANDS	NOTES	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	EQUITY NON- CONTROLLING INTERESTS	TOTAL EQUITY
Balance at 01/01/2022	28	18,804	(155)	18,864	26,404	(140)	6,688	70,465	0	70,465
Other items of the comprehensive income statement		0	419	0	260	0	0	679	0	679
Profit for the year		0	0	0	0	0	8,437	8,437	0	8,437
Total comprehensive income/loss for the year		0	419	0	260	0	8,437	9,116	0	9,116
Dividend distribution		0	0	0	(1,978)	0	0	(1,978)	0	(1,978)
Allocation of prior year's profit (loss)		0	0	0	6,688	0	(6,688)	0	0	0
Other changes		0	0	0	(1)	(328)	0	(329)	0	(329)
Balance at 31/12/2022	28	18,804	264	18,864	31,373	(468)	8,437	77,274	0	77,274
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	(133)	0	(32)	0	0	(165)	0	(165)
Profit for the year		0	0	0	0	0	2,848	2,848	0	2,848
Total comprehensive income/loss for the year		0	(133)	0	(32)	0	2,848	2,683	0	2,683
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	(4)	(518)	0	(522)	0	(522)
Balance at 31/12/2023	28	18,804	131	18,864	37,801	(986)	2,848	77,462	0	77,462

Consolidated statement of cash flows at 31 December 2023

<i>(Euro thousands)</i>	31 DECEMBER 2023	31 DECEMBER 2022
Profit (loss) for the year	2,848	8,437
Income tax	288	559
Deferred/(prepaid) tax	(529)	243
Interest expense/(interest income)	2,084	(3,136)
(Dividends received)	0	0
(Gains)/losses from disposal of assets	14	21
1 Profit (loss) for the year before income tax, interest, dividends and gains/losses from disposals	4,705	6,124
Adjustments for non-monetary items that had no balancing entry in net working capital:		
Allocation to post-employment benefits	48	191
Allocations to other provisions	277	326
Amortization and depreciation of fixed assets	9,151	9,759
Write-downs for impairment losses	0	0
Other adjustments for non-monetary items	170	76
2 Cash flow before changes in NWC	14,351	16,476
Changes in net working capital:		
Decrease/(increase) in receivables from customers	7,462	2,740
Decrease/(increase) in inventory	790	(3,044)
Increase/(decrease) in payables to suppliers	77	(6,139)
Decrease/(increase) in other receivables	(7,366)	(2,324)
Increase/(decrease) in other payables	647	(310)
Other changes in net working capital	0	0
3 Cash flow after changes in NWC	15,961	7,399
Other adjustments:		
Interest received/(paid)	(1,897)	(770)
(Income tax paid)	(136)	(391)
(Gains)/losses from disposal of assets	0	0
Dividends received	0	0
(Utilization of provisions)	0	(465)
(Utilization of provisions for post-employment benefits)	(176)	(166)
4 Cash flow after other adjustments	13,752	5,607
A Cash flow from operations	13,752	5,607
<i>Tangible fixed assets</i>	(5,976)	(8,950)
(Purchase)	(5,976)	(8,950)
Disposal	0	0
<i>Intangible fixed assets</i>	(461)	(239)
(Purchase)	(461)	(239)
Disposal	0	0
<i>Financial fixed assets</i>	0	(100)
(Purchase)	0	(100)
Disposal	0	0
<i>Current financial assets</i>	0	0
(Purchase)	0	0
Disposal	0	0
<i>Proceeds from disposal of assets</i>	(14)	(20)

B Cash flow from investing activities	(6,451)	(9,309)
Liabilities	(4,797)	4,560
Increase (decrease) in short-term bank payables	(3,494)	(753)
New loans	5,000	12,500
Repayment of loan	(5,999)	(5,077)
Financial liabilities to other lenders	(304)	(2,110)
Change in financial receivables from other lenders	0	0
Equity	(2,390)	(2,307)
Share capital increase	0	0
Sale (purchase) of treasury shares	(518)	(329)
Other changes in equity	(1,872)	(1,978)
C Cash flow from financing activities	(7,187)	2,253
Increase (decrease) in cash funds (A ± B ± C)	114	(1,449)
Cash funds at 1 January 2023	12,043	13,491
Cash funds at 31 December 2023	12,157	12,043



Explanatory Notes to the Consolidated Financial Statements of the Group



Entity preparing the consolidated financial statements

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

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

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

The publication of these consolidated financial statements was authorized by the Directors on 12 March 2024; they will be submitted to the Shareholders' Meeting for approval and subsequent filing, within the time limits of law. The Shareholders' Meeting is empowered to make changes to these Consolidated Financial Statements.

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

General criteria for the preparation of the consolidated financial statements

Statement of compliance with IAS-IFRS

These consolidated financial statements were prepared in compliance with the IAS-IFRS international accounting standards in force at 31 December 2023, as adopted by the European Union, as well as with the provisions issued in implementation of Article 9 of Legislative Decree no. 38/2005. The IAS-IFRS also include all the revised international accounting standards (IAS) and all the interpretations issued by the IFRS Interpretation Committee (formerly IFRIC), previously known as SIC. The rules of national legislation implementing EU Directive 2013/34 also apply, provided they are consistent, to companies that prepare their financial statements in accordance with IAS-IFRS. Therefore, the financial statements implement the relevant provisions of the articles of the Italian Civil Code and the corresponding provisions of the TUF for listed companies concerning the Directors' Report on Operations, the Independent Auditors' Report and the publication of the financial statements. The consolidated financial statements and the notes thereto also include the details and additional information required by the articles of the Italian Civil Code concerning financial statements, insofar as they do not conflict with the provisions of IAS-IFRS, as well as the other CONSOB regulations and instructions concerning financial statements.

The financial statements were prepared on a going concern basis. The Group has assessed that there are no significant uncertainties surrounding its ability to continue operations, due also to its financial structure and the forecasts included in the 2024 Budget, as explained in the "Directors' Report on Operations".

Preparation criteria and functional currency

Delegated Regulation (EU) 2019/815 introduced a requirement for securities issuers listed on regulated markets in the European Union to prepare their annual financial report in the XHTML language, based on the ESMA-approved European Single Electronic Format (ESEF). For 2023, the schedules and information - textual and/or numerical - presented in the consolidated financial statements that correspond to the mandatory elements of the basic taxonomy must be "tagged" to the ESEF taxonomy, using an integrated computer language (iXBRL).

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

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

Financial statements and presentation criteria

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

New accounting standards, interpretations and amendments adopted by the Group

The Group has applied for the first time a number of standards or amendments that are 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.

Below are the new standards applied as of 1 January 2023:

- IFRS 17 - Insurance Contracts
- Definition of Accounting Estimates - Amendments to IAS 8
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12
- International Tax Reform - Pillar Two Model Rules - Amendments of IAS 12

The amendments had no impact on the Group's consolidated financial statements.

Standards issued but not yet in force

Standards and interpretations that had already been issued but were not yet in force at the date of preparation of the Group's consolidated financial statements are explained below. The Group intends to adopt these standards and interpretations, if applicable, when they come into effect.

Accounting standards, amendments and IFRS interpretations applied from 1 January 2023 and applicable from 1 January 2024 are as follows:

- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback: In September 2022, the IASB issued an amendment to IFRS 16 to specify the requirements that a selling lessor uses in measuring the lease liability arising from a sale & lease back transaction, to ensure that the selling lessor does not recognize gain or loss by reference to the right of use retained by the lessor. The amendments are effective for financial periods beginning on or after 1 January 2024, and are to be applied retrospectively to all sale & lease back transactions entered into after the date of first application of IFRS 16. Early application is permitted, providing disclosure.

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current: In January 2020 and October 2022, the IASB published amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or noncurrent. The changes clarify:
 - What is meant by right of subordination of the due date
 - That the right of subordination must exist at year end
 - Classification is not impacted by the probability that the entity may exercise its right of subordination
 - Only if a derivative embedded in a convertible liability is itself an equity instrument would the due date of the liability not impact its classificationAdditionally, a requirement was introduced to give disclosures when a liability arising from a loan agreement is classified as noncurrent and the entity's right of subordination is subject to compliance with covenants within twelve months.
The amendments will be effective for financial periods beginning on or after 1 January 2024, and must be applied retrospectively.
- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7: In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Supplementary Information, to clarify the characteristics of reverse factoring arrangements and request to give further disclosure of such arrangements. The disclosure requirements included in the amendments are intended to assist financial statement users in understanding the effects on an entity's liabilities, cash flows, and exposure to liquidity risk of reverse factoring arrangements. The amendments will be effective for financial periods beginning on or after 1 January 2024. Early application is permitted, providing disclosure.
- Amendments to IAS 21: Lack of exchange ability.

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

Consolidation methods

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

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 31 DECEMBER 2023	PROFIT (LOSS) FOR THE YEAR 31 DECEMBER 2023	EQUITY 31 DECEMBER 2022	PROFIT (LOSS) FOR THE YEAR 31 DECEMBER 2022
Equity and profit for the period attributable to the parent company	77,462	2,848	77,274	8,437
Elimination of the carrying amount of consolidated investments:				
Difference between carrying amount and pro-rata amount of equity	-		-	
Currency translation difference	-		-	
Pro-rata results of investees		888		4,073
Cancellation of write-downs/write-backs of investments		(714)		(3,880)
Amortization of fair value of fixed assets (allocation of BEG goodwill)		(162)		(162)
Elimination of the effects of transactions between consolidated companies:				
Intercompany profits included in the value of closing inventory	-	(12)	-	(31)
Intercompany profits on disposal of fixed assets	-	-	-	-
Equity and profit for the year attributable to the shareholders of the parent	77,462	2,848	77,274	8,437
Non-controlling interests	-	-	-	-
Total equity	77,462	2,848	77,274	8,437

Transactions eliminated in the consolidation process

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

Non-current assets held for sale and discontinued operations

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

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

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

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

The above information is also presented for the comparative period.

Cost of a business combination

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

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

Allocating the cost of a business combination

Goodwill is determined as the excess between:

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

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

Business combination achieved in stages

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

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

Subjective evaluations and use of estimates

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

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

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

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

Accounting policies

Tangible assets

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

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

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

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

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

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

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

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

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

Below are the rates applied for each category:

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

Steam production plant			15%
Measurement and control system			10%
Industrial equipment			10%
Workshop and equipment			10%

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

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

Leases

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

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

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

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

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

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

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

- the lease term changes or there is a change in the valuation of the exercise of the option right; in this case, the lease liability is restated by discounting the new lease payments at the revised discount rate.

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

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

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

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

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

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

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

Intangible assets

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

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

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

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

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

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

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

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

Impairment of tangible and intangible assets

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

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

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

Financial assets

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

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

- Debt instruments held as part of a business model whose objective is to hold financial assets for the purpose of collecting contractual cash flows, and which have cash flows represented solely by principal payments and interest on the amount of principal to be repaid, are subsequently measured at amortized cost;

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

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

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

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

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

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

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

Inventory

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

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

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

Cash and cash equivalents

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

Treasury shares

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

Provisions for risks and charges

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

Employee benefits

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

Defined contribution plans

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

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

Defined benefit plans

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

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

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

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

Loans

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

Trade and other payables

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

Revenue recognition

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

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

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

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

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

Costs

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

Financial expense and income

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

Income tax

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

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

Current and deferred tax is recorded in the Income Statement, with the exception of tax relating to items directly debited or credited to equity, in which case the tax effect is recognized directly in equity and in the Consolidated Statement of

Comprehensive Income. Tax is offset when levied by the same taxing authority and when there is a legal right to offset it and a settlement of the net balance is expected.

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

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

Derivative financial instruments

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

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

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

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

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

Transactions denominated in currencies other than the functional currency

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

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

Earnings/(loss) per share

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

Environmental impact

The Group considers climate-related issues in its estimates and assumptions when necessary. This assessment includes a broad spectrum of possible impacts to the Group from both physical and transitional risks. Although the Group believes that its business model and products will still be appealing as a result of the transition to a low-emission economy, climate-related issues increase the uncertainty of estimates and assumptions affecting many elements or items in the financial statements.

While climate-related risks may not have a significant impact on measurement to date, the Group is closely monitoring developments and changes, such as new climate-related regulations and standards.

Segment reporting

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

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

The table below shows the segment figures relating to revenue and income and results at 31 December 2023 and, below, at 31 December 2022:

31 December 2023

(Euro thousands)	Printed Decorative Paper Division	% on Revenue	Decorative Paper Division	% on Revenue	Guarcino Energy Division	% on Revenue	Casoli Energy Division	% on Revenue	Aggregate	Eliminations and consolidation entries	Consolidated	% on Revenue
Revenue from sales and services	70,783	100.0%	80,103	100.0%	34,745	100.0%	0	0.0%	185,631	24027	161,604	100.0%
Changes in work in progress, semi-finished and finished products	679	1.0%	2,571	3.2%	0	0.0%	0	0.0%	3,250	0	3,250	2.0%
Other revenue	2,254	3.2%	3,567	4.5%	2,419	7.0%	0	0.0%	8,240	1025	7,215	4.5%
Value of Production	73,716	104.1%	86,241	107.7%	37,164	107.0%	0	0.0%	197,121	25052	172,069	106.5%
Raw and ancillary materials and consumables	(44,368)	-62.7%	(50,724)	-63.3%	(29,112)	-83.8%	0	0.0%	(124,204)	-18445	(105,759)	-65.4%
Other operating expense	(12,094)	-17.1%	(21,400)	-26.7%	(4,234)	-12.2%	(46)	-0.1%	(37,774)	-6338	(31,436)	-19.5%
Value Added	17,254	24.4%	14,117	17.6%	3,818	11.0%	(46)	-0.1%	35,143	269	34,874	21.6%
Personnel expense	(11,308)	-16.0%	(9,514)	-11.9%	(412)	-1.2%	0	0.0%	(21,234)	-251	(20,983)	-13.0%
EBITDA	5,946	8.4%	4,603	5.7%	3,406	9.8%	(46)	-0.1%	13,909	18	13,891	8.6%
Amortization and depreciation	(3,381)	-4.8%	(2,829)	-3.5%	(2,714)	-7.8%	0	0.0%	(8,924)	227	(9,151)	-5.7%
Allocations	(34)	0.0%	(64)	-0.1%	0	0.0%	0	0.0%	(98)	0	(98)	-0.1%
EBIT	2,531	3.6%	1,710	2.1%	692	2.0%	(46)	-0.1%	4,887	245	4,642	2.9%
Financial expense	(754)	-1.1%	(1,585)	-2.0%	(501)	-1.4%	(3)	0.0%	(2,843)	-407	(2,436)	-1.5%
Financial income	1,200	1.7%	320	0.4%	1	0.0%	0	0.0%	1,521	1120	401	0.2%
Profit/(loss) before tax	2,977	4.2%	445	0.6%	192	0.6%	(49)	-0.1%	3,565	958	2,607	1.6%
Income tax	(129)	-0.2%	268	0.3%	32	0.1%	0	0.0%	171	-70	241	0.1%
Profit/(loss) for the year	2,848	4.0%	713	0.9%	224	0.6%	(49)	-0.1%	3,736	888	2,848	1.8%

31 December 2022

(Euro thousands)	Printed Decorative Paper Division	% on Revenue	Decorative Paper Division	% on Revenue	Guarcino Energy Division	% on Revenue	Filago Energy Division	% on Revenue	Aggregate	Eliminations and consolidation entries	Consolidated	% on Revenue
Revenue from sales and services	75,448	100.0%	95,102	100.0%	54,307	100.0%	0	0.0%	224,857	28,383	196,474	100.0%
Changes in work in progress, semi-finished and finished products	(136)	(0.2%)	3,181	3.3%	0	0.0%	0	0.0%	3,045	1	3,044	1.5%
Other revenue	2,309	3.1%	6,049	6.4%	111	0.2%	0	0.0%	8,469	647	7,822	4.0%
Value of Production	77,621	102.9%	104,332	109.7%	54,418	100.2%	0	0.0%	236,371	29,031	207,340	105.5%
Raw and ancillary materials and consumables	(47,994)	(63.6%)	(60,706)	(63.8%)	(44,322)	(81.6%)	0	0.0%	(153,022)	(16,482)	(136,540)	(69.5%)
Other operating expense	(13,158)	(17.4%)	(27,432)	(28.8%)	(5,454)	(10.0%)	0	0.0%	(46,044)	(12,231)	(33,813)	(17.2%)
Value Added	16,469	21.8%	16,194	17.0%	4,642	8.5%	0	0.0%	37,305	318	36,987	18.8%
Personnel expense	(11,235)	(14.9%)	(9,602)	(10.1%)	(433)	(0.8%)	0	0.0%	(21,270)	(274)	(20,996)	(10.7%)
EBITDA	5,234	6.9%	6,592	6.9%	4,209	7.8%	0	0.0%	16,035	44	15,991	8.1%
Amortization and depreciation	(3,450)	(4.6%)	(3,114)	(3.3%)	(2,968)	(5.5%)	0	0.0%	(9,532)	227	(9,759)	(5.0%)
Allocations	(128)	(0.2%)	0	0.0%	0	0.0%	0	0.0%	(128)	0	(128)	(0.1%)
EBIT	1,656	2.2%	3,478	3.7%	1,241	2.3%	0	0.0%	6,375	271	6,104	3.1%

Financial expense	(1,599)	(2.1%)	(657)	(0.7%)	(381)	(0.7%)	0	0.0%	(2,637)	(266)	(2,371)	(1.2%)
Financial income	8,926	11.8%	726	0.8%	0	0.0%	0	0.0%	9,652	4,146	5,506	2.8%
Profit/(loss) before tax	8,983	11.9%	3,547	3.7%	860	1.6%	0	0.0%	13,390	4,151	9,239	4.7%
Income tax	(545)	(0.7%)	9	0.0%	(343)	(0.6%)	0	0.0%	(879)	(77)	(802)	(0.4%)
Profit/(loss) for the year	8,438	11.2%	3,556	3.7%	517	1.0%	0	0.0%	12,511	4,074	8,437	4.3%

At 31 December 2023, the table below shows revenue broken down by type of business.

<i>(Euro thousands)</i>	Printed Decorative Paper Division	Decorative Paper Division	Guarcino Energy Division	Aggregate
Revenue from the sale of goods	60,272	78,583		138,855
Revenue from services	10,511	1,520		12,031
Revenue from the sale of electricity and steam			21,533	21,533
Revenue from incentives			13,212	13,212
Total by segment	70,783	80,103	34,745	185,631

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

31 December 2023

<i>(Euro thousands)</i>	Printed Decorative Paper Division	Decorative Paper Division	Guarcino Energy Division	Casoli Energy Division	Aggregate	Eliminations and consolidation entries	Consolidated
Intangible assets	482	277	18	0	777	0	777
Tangible assets	31,456	37,905	6,129	25	75,515	454	75,969
Investments	42,859	11,572	0	0	54,431	(54,431)	0
Other non-current assets/financial receivables	1,288	463	0	0	1,751	(907)	844
Deferred tax assets	456	223	1,158	0	1,837	44	1,881
Non-current assets	76,541	50,440	7,305	25	134,311	(54,840)	79,471
Inventory	9,237	29,334	4,184	0	42,755	(157)	42,598
Trade receivables	10,045	5,088	1,582	0	16,715	(439)	16,276
Receivables from tax consolidation	0	76	362	0	438	0	438
Tax receivables	545	639	461	8	1,653	(1)	1,652
Current financial receivables	4,120	2,241	0	0	6,361	(6,361)	0
Other receivables	518	891	10,812	1	12,222	(11)	12,211
Cash funds	6,224	3,624	2,169	140	12,157	0	12,157
Current assets	30,689	41,893	19,570	149	92,301	(6,969)	85,332
Assets	107,230	92,333	26,875	174	226,612	(61,808)	164,804
Equity	77,462	42,826	11,248	147	131,683	(54,221)	77,462
Provisions for risks and charges	210	595	20	0	825	0	825
Deferred tax	2,386	3,049	375	0	5,810	131	5,941
Post-employment benefits	655	1,392	33	0	2,080	0	2,080
Non-current financial liabilities	10,009	12,571	505	0	23,085	(906)	22,179
Non-current liabilities	13,260	17,607	933	0	31,800	(775)	31,025
Trade payables	8,661	19,455	6,089	26	34,231	(439)	33,792

Payables from tax consolidation	117	0	0	0	117	0	117
Tax payables	462	318	5	1	786	0	786
Current financial liabilities	3,190	10,442	8,574	0	22,206	(6,362)	15,844
Other current payables	4,078	1,685	26	0	5,789	(11)	5,778
Current liabilities	16,508	31,900	14,694	27	63,129	(6,812)	56,317
Equity and liabilities	107,230	92,333	26,875	174	226,612	(61,808)	164,804

31 December 2022

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

Management of financial risks

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

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

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

Liquidity risk

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

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

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

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

At 31 December 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 (including allocations for invoices to issue and credit notes to issue):

Trade receivables	Overall total	Total falling due	Total past due	Past due 0 - 30	Past due 31 - 60	Past due 61 - 90	Past due 91 - 120	Past due over 120
31 DECEMBER 2023	16,848	13,012	3,836	2,867	191	(6)	(64)	848
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 31 December 2023, but credited by the bank on the first day of 2024.

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

Changes in the provision for doubtful accounts at 31 December 2023 are shown below:

Provision for doubtful accounts					
<i>(Euro thousands)</i>					
	31 DECEMBER 2022	Allocation s	Utilization	Release	31 DECEMBER 2023
Changes in Provision for Doubtful Accounts	474	111	0	(13)	572
Total provision for doubtful accounts	474	111	0	(13)	572

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

Exchange rate risk

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

In this regard, the subsidiary Cartiere di Guarcino S.p.A., in order to mitigate the risk, enters into derivative contracts for the forward purchase of U.S. dollars when necessary; at 31 December 2023, open derivative contracts totaled € 1,954 thousand (fair value € -52 thousand), while at 31 December 2022, there were no open derivative contracts and therefore no fair value to be recorded.

Interest rate risk

The risk is represented by the likelihood that the value or future cash-flows of a financial instrument - in particular, current account overdrafts, bank advances and loans - may vary parallel to changes in interest rates. Total medium/long-term loans at 31 December 2023 amounted to € 37,583 thousand, of which approximately 78% 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 € 4,933 thousand and a positive fair value of € 172 thousand at 31 December 2022 (positive € 348 thousand at 31 December 2022). The subsidiary Cartiere di Guarcino S.p.A. has outstanding fixed-rate loans amounting to € 939 thousand.

Fair value hierarchy and classes of financial instruments

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

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

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

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

At 31 December 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 2023 - as at 31 December 2022 - the derivatives indicated above represent the only category of financial instruments measured at fair value. Other financial assets and liabilities are measured using the amortized cost method.

Information on the fair value of derivative financial instruments

The following information is provided on the fair value of derivative financial instruments in place at 31 December 2023:

- Currency Rate - Contract hedging the risk of fluctuation of the U.S. dollar where necessary concluded by Cartiere di Guarcino S.p.A. - open derivative contracts totaled € 1,954 thousand at 31 December 2023 (fair value € -52 thousand), while at 31 December 2022, there were no open derivative contracts and therefore no fair value to be recorded.
- Interest Rate Swap - Contract hedging the risk of interest rate fluctuations concluded by Neodecortech S.p.A. - Notional value at 31 December 2023 € 4,932,627 - Fair value at 31 December 2023 € +172,140 (€ +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 31 December 2023, and have therefore been separated and measured and at 31 December 2023 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 details the item in question with regard to the period ended 31 December 2023 and 2022:

Revenue from sales and services							
<i>(Euro thousands)</i>							
	31 DECEMBER 2023	%	31 DECEMBER 2022	%	Chg.	% chg.	
Revenue from sales	150,254	93.0	182,958	93.1	(32,704)	(17.9)	
Services	11,350	7.0	13,516	6.9	(2,166)	(16.0)	
Total revenue from sales and services	161,604	100.0	196,474	100.0	(34,870)	(17.7)	

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 € 10,582 thousand at 31 December 2023 (€ 12,880 thousand at 31 December 2022).

2. CHANGES IN SEMI-FINISHED AND FINISHED PRODUCTS

The change in inventory showed no particular decrease versus the prior year (€ +206 thousand) and is related mainly to the stocks of finished products sold in early 2024.

3. OTHER REVENUE AND INCOME

Other revenue and income							
<i>(Euro thousands)</i>							
	31 DECEMBER 2023	%	31 DECEMBER 2022	%	Chg.	% chg.	
Contingent assets	171	2.4	284	3.6	(113)	(39.8)	
Sale of raw materials and packaging	23	0.3	17	0.2	6	35.3	
Exchange rate gains	380	5.3	554	7.1	-174	(31.4)	
Gains	16	0.2	19	0.2	(3)	(15.8)	
Insurance reimbursements	12	0.2	102	1.3	(90)	(88.2)	
Maximization	1,839	25.5	0	0.0	1,839	0.0	
Other revenue	4,774	66.2	6,846	87.5	(2,072)	(30.3)	
Total other revenue and income	7,215	100.0	7,822	100.0	-607	-7.8	

This item, amounting to € 7,215 thousand at 31 December 2023, consists of *contingent assets* referring for € 1,839 thousand to the portion of the 2022 maximization. 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 reinstatement 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].

Other revenue and income refers to Neodecortech S.p.A. for € 1,525 thousand, to Cartiera di Guarcino for € 2,683 thousand, and to Bio Energia Guarcino for € 566 thousand.

The following are the main items:

- With regard to Neodecortech S.p.A., tax receivables to energy- and gas-intensive companies were the main item with € 965 thousand, in addition to the share of 4.0 investments carried to the income statement based on the useful life of the asset.
- The main items of Cartiere di Guarcino S.p.A. were: (i) € 2,290 thousand of tax receivables to energy- and gas-intensive companies; (ii) € 9 thousand share of 4.0 investments carried to the income statement based on the useful life of the asset; (iii) € 208 thousand for CO2 indirect cost grants; (iv) € 113 thousand in non-repayable co-financing from training.

4. RAW AND ANCILLARY MATERIALS AND CONSUMABLES

Raw and ancillary materials and consumables							
<i>(Euro thousands)</i>							
	31 DECEMBER 2023	%	31 DECEMBER 2022	%	Chg.	% chg.	
Raw and ancillary materials and consumables	103,864	98.2	134,662	98.6	(30,798)	(22.9)	
Packaging materials	1,895	1.8	1,878	1.4	17	0.9	
Total raw materials	105,759	100.0	136,540	100.0	(30,781)	(22.5)	

With regard to the decrease in "Raw and ancillary materials and consumables", reference should be made to the Directors' Report on Operations.

5. OTHER OPERATING EXPENSE

Other operating expense							
<i>(Euro thousands)</i>							
	31 DECEMBER 2023	%	31 DECEMBER 2022	%	Chg.	% chg.	
Utilities	12,144	38.6	11,195	33.1	949	8.5	
Sundry industrial services	5,526	17.6	5,584	16.5	(58)	(1.0)	
Transport	3,867	12.3	6,629	19.6	(2,762)	(41.7)	
Other services	2,119	6.7	1,372	4.1	747	54.4	
Consultancy	1,724	5.5	2,217	6.6	(493)	(22.2)	
Insurance	1,463	4.7	1,325	3.9	138	10.4	
Bonuses and commissions	1,156	3.7	1,270	3.8	(114)	(9.0)	
Fees to Directors and Board of Statutory Auditors	878	2.8	784	2.3	94	12.0	

Tax and duties	632	2.0	881	2.6	(249)	(28.3)
Advertising and marketing	542	1.7	264	0.8	278	105.3
Bank commissions	312	1.0	271	0.8	41	15.1
Rentals and other	255	0.8	235	0.7	20	8.5
Contingent liabilities	214	0.7	419	1.2	(205)	(48.9)
Travel expense	208	0.7	152	0.4	56	36.8
Other operating expense	151	0.5	131	0.4	20	15.3
Exchange rate losses	131	0.4	707	2.1	(576)	(81.5)
External processing	37	0.1	296	0.9	(259)	(87.5)
Reimbursements to employees	37	0.1	34	0.1	3	8.8
Capital losses	31	0.1	39	0.1	(8)	0.0
Gifts	7	0.0	7	0.0	0	0.0
Rental expense	2	0.0	1	0.0	1	100.0
Total Other Operating Expense	31,436	100.0	33,813	100.0	(2,378)	(7.0)

The change of € 2,378 (-7%) thousand is due mainly to:

- Reduction in transportation costs as a result of the different Country sales mix, different incoterms applied, and a general reduction in transportation costs;
- Increased utility costs, due particularly to the conclusion of incentives to energy-and gas-intensive companies in Q2 2023;
- Increased advertising and promotional costs for participation in international trade fairs.

6. PERSONNEL EXPENSE

Personnel expense						
<i>(Euro thousands)</i>						
	31 DECEMBER 2023	%	31 DECEMBER 2022	%	Chg.	% chg.
Wages and salaries	15,050	71.7	14,705	70.0	345	2.3
Social security charges	4,652	22.2	4,352	20.7	300	6.9
Post-employment benefits	1,028	4.9	1,190	5.7	(162)	(13.6)
Other personnel expense	253	1.2	749	3.6	(496)	(66.2)
Total personnel expense	20,983	100.0	20,996	100.0	(13)	(0.1)

Personnel expense at 31 December 2023 decreased by € -13 thousand versus the prior year, due to the combined effect of: (i) a reduction in Welfare allocations paid on a one-time basis to all employees to offset increases in energy bills in 2022; (ii) an increase in costs for wages and salaries and related expense impacted by both the increase in CDG staff and the effects of CIGO (CDG 25,424 hours versus 12,576 in 2022, NDT 4,977 hours versus 12,454 in 2022).

7. AMORTIZATION AND DEPRECIATION

Amortization and depreciation							
<i>(Euro thousands)</i>							
	31 DECEMBER 2023		31 DECEMBER 2022		Chg.	% chg.	
		%		%			
Other intangible assets	510	5.6	958	9.8	(448)		(46.8)
Buildings	692	7.6	678	6.9	14		2.1
Leasehold improvements	1,324	14.5	1,566	16.0	(242)		(15.5)
Plant and equipment	5,229	57.1	5,055	51.8	174		3.4
Equipment	934	10.2	1,083	11.1	(149)		(13.8)
Other	462	5.0	419	4.3	43		10.3
Total amortization and depreciation	9,151	100.0	9,759	100.0	(608)		(6.2)

Amortization and depreciation for the year amounted to € 9,151 thousand, a decrease versus 31 December 2022 (€ 9,759 thousand), due to expenditure for the year and approaching of the end of the useful life of the assets of the subsidiary BEG, which impacts with a higher rate of depreciation related to the most recent expenditure (the end of the useful life of BEG assets is set at 2025 with the end of the current incentive system).

8. ALLOCATIONS

Allocations							
<i>(Euro thousands)</i>							
	31 DECEMBER 2023		31 DECEMBER 2022		Chg.	% chg.	
		%		%			
Provision for supplementary agents' indemnity	0	0.0	73	57.0	(73)		(100.0)
Provision for doubtful accounts	98	100.0	55	43.0	43		78.2
Total Allocations	98	100.0	128	100.0	(30)		(23.4)

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

9. FINANCIAL EXPENSE

Financial expense							
<i>(Euro thousands)</i>							
	31 DECEMBER 2023		31 DECEMBER 2022		Chg.	% chg.	
		%		%			
Interest payable on C/A	484	19.9	215	9.1	269		125.1
Interest M/L Term Loans	1,351	55.5	328	13.8	1,023		311.9
Interest short-term loans	6	0.2	4	0.2	2		50.0
Interest from factoring	149	6.1	199	8.4	(50)		(25.1)

Interest from application of IAS/IFRS	88	3.6	110	4.6	(22)	(20.0)
Interest MICA loan	0	0.0	0	0.0	0	0.0
Other interest expense	8	0.3	18	0.8	(10)	(55.6)
Other expense	1	0.0	1,336	56.3	(1,335)	100.0
Total interest expense	2,087	85.7	2,210	93.2	(123)	(5.6)
Lease interest	15	0.6	80	3.4	(65)	(81.3)
Currency losses	334	13.7	81	3.4	253	312.3
Total financial expense	2,436	100.0	2,371	100.0	65	2.7

The slight change in interest expense is attributable mostly to the effect of the non-recurring item from the write-off in 2022 of the receivable from Andreotti Fotoincisioni S.p.A. of € 1,312 thousand (including principal and accrued interest). Net of this effect, interest increased by € 1,189 thousand, due to the strong growth in interest rates seen in 2023. Exposure to floating-rate loans, in fact, impacted negatively on this item.

10. FINANCIAL INCOME

Financial income						
<i>(Euro thousands)</i>						
	31 DECEMBER 2023	%	31 DECEMBER 2022	%	Chg.	% chg.
Interest income	22	5.5	3	0.1	19	633.3
Other income	211	52.6	5,165	93.8	(4,954)	>100
Currency gains	168	41.9	338	6.1	(170)	(50.3)
Total financial income	401	100.0	5,506	100.0	(5,105)	>100

The item decreased by € 5,105 thousand, attributable mainly to the non-recurring item recognized in 2022 for the write-off of the MICA payable of € 5,082 thousand (including principal and accrued interest). Net of this item, the net change amounted to € +484 thousand, related mainly to the recognition of the positive impact of derivatives.

11. INCOME TAX

Income tax				
<i>(Euro thousands)</i>				
	31 DECEMBER 2023	%	31 DECEMBER 2022	%
Profit (loss) before tax	2,607		9,239	
IRES for the year	279	10.7%	785	8.5%
Income from tax consolidation	(207)	(7.9%)	(438)	(4.7%)
IRES net of income from tax consolidation	72	2.8%	348	3.8%
IRAP for the year	215		212	
Deferred tax assets	(137)		192	
Deferred tax	(313)		50	
Income tax relating to prior years and benefits	(78)			

Income tax
(241)
802

Income tax for the period under review is accounted for in accordance with current tax laws.

Income tax had a positive impact of € +241 thousand (€ -802 thousand at 31 December 2022). This situation is primarily influenced by the dynamics of deferred taxation, particularly regarding unused tax losses for the year and income from tax consolidation.

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

Assets

12. INTANGIBLE ASSETS

Intangible fixed assets							
<i>(Euro thousands)</i>							
	Balance at 31.12.2022	Acquisitions	Disposals	Amortization	Write- back/Write- downs	Other changes	Balance at 31.12.2023
Other intangible fixed assets	742	358	0	(510)	0	13	603
Fixed assets under construction and advances	84	103	0	0	0	(13)	174
Total intangible fixed assets	827	461	0	(510)	0	0	777

Intangible assets include the capitalization of prior-years' R&D costs of the subsidiary Cartiere di Guarcino S.p.A., the amortization charge of which expired in 2023. Increases in the year are related mainly to upgrades to existing IT/management systems and implementation of the new ERP currently underway.

13. TANGIBLE ASSETS

Intangible assets at 31 December 2023 amounted to € 75,969 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						
<i>(Euro thousands)</i>						
	Historical cost 31.12.2022*	Depreciation provision 31.12.2022	NBV at 31.12.2022	Historical cost 31.12.2023	Depreciation provision 31.12.2023	NBV at 31.12.2023
Land	12,487	0	12,487	12,487	0	12,487
Buildings	27,534	(8,240)	19,294	27,845	(8,933)	18,912
Leasehold improvements	11,259	(7,318)	3,941	11,390	(8,643)	2,747
Plant and equipment	122,891	(83,583)	39,308	127,559	(88,801)	38,758
Equipment	15,819	(13,734)	2,085	16,232	(14,440)	1,792
Other	6,415	(4,913)	1,502	6,134	(4,863)	1,271
Total tangible fixed assets	196,406	(117,789)	78,617	201,647	(125,679)	75,969

(*) 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				
<i>(Euro thousands)</i>	Amount at 31.12.2023	Amount at 31.12.2022	Chg.	% chg.
Buildings	93	93	0	0.0
Plant and equipment	3,226	3,707	(481)	(13.0)
Equipment	0	0	0	0.0
Other	0	0	0	0.0
Total tangible fixed assets under construction and advances	3,319	3,800	-481	(12.7)

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							
<i>(Euro thousands)</i>	Historical cost 31.12.2022	Write- back/Write- down (prior years)	Acquisitions	Disposals	Divestment s	Other changes	Historical cost 31.12.2023
Land	2,251	10,236	0	0	0	0	12,487
Buildings	17,783	9,751	311	0	0	0	27,845
Leasehold improvements	11,259	0	131	0	0	0	11,390
Plant and equipment	122,860	31	4,714	(14)	0	(33)	127,559
Equipment	15,819	0	601	0	(228)	40	16,232
Other	6,414	1	218	(84)	(415)	0	6,134
Total historical cost	176,387	20,018	5,976	(98)	(643)	7	201,647
<i>(Euro thousands)</i>	Depreciation prov. 31.12.2022	Write- back/Write- down (prior years)	Depreciation	Disposals	Divestment s	Other changes	Depreciation provision 31.12.2023
Land	0	0	0	0	0	0	0
Buildings	(8,240)	0	(691)	0	0	0	(8,932)
Leasehold improvements	(7,318)	0	(1,324)	0	0	0	(8,643)
Plant and equipment	(83,583)	0	(5,240)	13	(1)	9	(88,802)
Equipment	(13,734)	0	(934)	0	228	0	(14,440)
Other	(4,913)	0	(450)	85	416	0	(4,863)
Total accumulated depreciation	(117,789)	0	(8,640)	98	643	9	(125,679)

Capital expenditure in tangible fixed assets for 2023 amounted to € 5,976 thousand. € 2.99 thousand refers to the Parent Company and relates to new plant and machinery and the improvement and efficiency of existing ones, specifically including expenditure in the new impregnation plant at the Filago (BG) factory for approximately € 1.3 million and the new resin kitchen for € 0.4 million, reflecting the ongoing innovation and growth of production.

As for the subsidiaries, capital expenditure in tangible fixed assets amounted to € 2,828 thousand for Cartiere di Guarcino S.p.A., regarding actions to increase output and optimize plants, and € 131 thousand for Bio Energia Guarcino S.r.l. regarding planned and extraordinary maintenance of the power plant.

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

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

Rights of Use			
<i>(Euro thousands)</i>			
	Historical cost 31.12.2023	Depreciation provision 31.12.2023	NBV at 31.12.2023
Buildings	247	(128)	119
Other	524	(260)	264
Total Rights of Use	771	(388)	383

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 31.12.2023
Buildings	238	0	9	0	0	247
Other	482	0	42	0	0	524
Total Rights of Use	719	0	51	0	0	771

	Depreciation provision 31.12.2022	Write-back/Write-down (prior years)	Depreciation	Disposals	Other changes	Depreciation provision 31.12.2023
<i>(Euro thousands)</i>						
Land						
Buildings	(74)	0	(54)	0	0	(128)
Other	(180)	0	(80)	0	0	(260)
Total provision for depreciation of rights of use	(254)	0	(134)	0	0	(388)

The residual rights of use at 31 December 2023 refer to buildings used by employees or for guesthouse use, long-term rental cars and IT equipment.

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

- with regard to Neodecortech:

- in favour of Banco BPM S.p.A., a mortgage of € 24,000 thousand on the loan taken out on 26 May 2017; a mortgage encumbering on the industrial property complex owned by the Issuer located in Filago (BG), Via Provinciale 2.
- with regard to the subsidiary Cartiere di Guarcino:
- in favour of Monte dei Paschi di Siena S.p.A., a mortgage of € 12,000 thousand on a loan taken out on 30 June 2010; a mortgage encumbering on the industrial property complex owned by the company located in Guarcino (FR), in Via Madonna di Loreto 2.

14. OTHER NON-CURRENT ASSETS

At 31 December 2023, other non-current assets amounted to € 400 thousand versus € 528 thousand at 31 December 2022 and consisted of: (i) OES offsettable 4.0 tax receivables for € 193 thousand; (ii) positive fair value of the IRS derivative on the BPM loan of Neodecortech S.p.A. for € 172 thousand; (iii) security deposits paid by Group companies for a total of € 34 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							
<i>(Euro thousands)</i>							
	31 DECEMBER 2023	%	31 DECEMBER 2022	%	Chg.	% chg.	
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	
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	

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

16. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities							
<i>(Euro thousands)</i>							
	31 DECEMBER 2023	Change recognized in Income Statement	OCI and other changes	31 DECEMBER 2022	Chg.	% chg.	
Directors' fees approved and not paid	53	12	0	41	12	29.3%	

Allocations to provisions for write-downs and risks	53	3	0	50	3	6.0%
Allocation to the provision for inventory obsolescence	109	31	0	78	31	39.7%
Taxation on profit in stock	44	5	0	39	5	11.9%
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	201	(9)	0	210	(9)	(4.3%)
Deferred tax on derivative contracts	0	0	0	0	0	0.0%
Deferred tax on employee benefits	2	0	2	0	2	0.0%
Prior-year tax losses transferred to the consolidated side	185	127	58	0	185	0.0%
Prior-year tax losses (BEG)	1,083	(46)	0	1,129	(46)	(4.1%)
Other	151	14	2	135	16	11.9%
Deferred tax assets	1,881	137	62	1,682	199	11.8%
Deferred tax on statutory revaluations	5,250	(40)	0	5,290	(40)	(0.8%)
Deferred tax on assets (BEG)	131	(65)	0	196	(65)	(33.3%)
Valuation exchange gains	21	(60)	0	81	(60)	(74.1%)
Finance lease assets	473	(141)	0	614	(141)	(23.0%)
Deferred tax on employee benefits	25	(8)	(8)	41	(16)	(39.0%)
Other	41	1	(42)	82	0	-
Deferred tax liabilities	5,941	(313)	(50)	6,304	(363)	(5.8%)

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 € 1,881 thousand include € 1,083 thousand for prior-years' tax losses of the subsidiary Bio Energia Guarcino S.r.l., and the residual portion attributable mainly to temporary differences between the amounts assigned for financial statement and tax purposes. At 31 December 2023, deferred tax amounted to € 5,941 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						
<i>(Euro thousands)</i>						
	31 DECEMBER 2023	%	31 DECEMBER 2022	%	Chg.	% chg.
Raw and ancillary materials and consumables	21,496	50.5	25,281	58.1	(3,785)	(15.0)
Work in progress	202	0.5	468	1.1	(266)	(56.8)
Finished products	21,432	50.3	18,010	41.4	3,422	19.0
Advances	0	0.0	194	0.4	(194)	(100.0)

Provision for inventory obsolescence	(532)	(1.2)	(403)	(1)	(129)	32.0
Total inventory	42,598	100.0	43,550	100.0	(952)	(2.2)

Inventory for raw materials refers mainly to inks, paper and impregnation material for Neodecortech, pulp and Titanium Dioxide for Cartiere di Guarcino and animal by-products for Bio Energia Guarcino. It should be noted that the level of stock at 31 December 2023 saw a slight decrease versus the value at 31 December 2022 by € 952 thousand, due mainly to the reduction of raw material costs.

Changes in the provision for inventory obsolescence for 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	Allocation s	Utilization	Release	31 DECEMBER 2023	
Changes in provision for inventory obsolescence	403	129	0	0	532	
Total provision for inventory obsolescence	403	129	0	0	532	

18. TRADE RECEIVABLES

Trade receivables							
<i>(Euro thousands)</i>							
	31 DECEMBER 2023	%	31 DECEMBER 2022	%	Chg.	% chg.	
Trade receivables	16,848	103.5	24,310	102.0	(7,462)	(30.7)	
Provision for doubtful accounts	(572)	(3.5)	(474)	(2.0)	(98)	20.7	
Total trade receivables	16,276	100.0	23,836	100.0	(7,560)	(31.7)	

Changes in the provision for doubtful accounts are shown below:

Provision for doubtful accounts						
<i>(Euro thousands)</i>						
	31 DECEMBER 2022	Allocation s	Utilization	Release	31 DECEMBER 2023	
Changes in Provision for Doubtful Accounts	474	111	0	(13)	572	
Total provision for doubtful accounts	474	111	0	(13)	572	

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

The provision for doubtful accounts was determined in accordance with IFRS 9 and recorded an allocation of € 111 thousand.

19. RECEIVABLES FROM TAX CONSOLIDATION

This item amounts to € 438 thousand (€ 813 thousand at 31 December 2022) and refers to the receivable of the subsidiary Bio Energia Guarcino S.r.l. from Tax Consolidation mainly for the receivable related to the withholding tax applied by GSE on the incentives paid during the year.

20. TAX RECEIVABLES

Tax receivables						
<i>(Euro thousands)</i>						
	31 DECEMBER 2023	%	31 DECEMBER 2022	%	Chg.	% chg.
VAT	780	47.2	2,357	46.7	(1,577)	(66.9)
IRES	0	0.0	0	0.0	0	0.0
IRAP	34	2.1	194	3.8	(160)	(82.5)
Withholdings a/c	1	0.1	0.0	0.0	1	100.0
Other tax receivables	837	50.7	2,492	49.4	(1,655)	(66.4)
Total tax receivables	1,652	100.0	5,043	100.0	(3,391)	(67.2)

The table above shows a decrease of € 1,577 thousand in the VAT receivable versus 31 December 2023, referring to Bio Energia Guarcino S.r.l., which is structurally in credit owing to the fact that energy sold and the incentives have lower or zero rates versus the rates on purchases.

Other tax receivables refer to tax receivables ("Art bonus", 4.0 investment) that may be used for offsetting within the next year; the sharp decrease versus 2022 is attributable to receivables to energy-and gas-intensive companies present in the prior year and extended only in the first half of 2023.

21. OTHER CURRENT RECEIVABLES

Other current receivables						
<i>(Euro thousands)</i>						
	31 DECEMBER 2023	%	31 DECEMBER 2022	%	Chg.	% chg.
Advances to suppliers	78	0.6	29	2.3	49	169.0
Accrued income and prepaid expense	754	6.2	279	22.0	475	170.3
Other	11,379	93.2	961	75.7	10,418	1,084.1
Total current receivables	12,211	100.0	1,269	100.0	10,942	862.3

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

22. CASH FUNDS

Cash funds						
<i>(Euro thousands)</i>						
	31 DECEMBER 2023	%	31 DECEMBER 2022	%	Chg.	% chg.
Bank and post office deposits	12,143	99.9	12,035	99.9	108	0.9
Cash and valuables on hand	14	0.1	8	0.1	6	75.0
Total cash funds	12,157	100.0	12,043	100.0	115	1.0

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

Dividends of € 1,978 thousand were paid on 24 May 2023.

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

Liabilities

23. PROVISIONS FOR RISKS AND CHARGES

Provision for risks and charges						
<i>(Euro thousands)</i>						
	31 DECEMBER 2023	%	31 DECEMBER 2022	%	Chg.	% chg.
Provision for supplementary agents' indemnity	307	37.2	307	39.7	0	0.0
IRS derivative on loan	0	0.0	0	0.0	0	0.0
Embedded derivatives	2	0.2	2	0.2	0	12.9
ISFRE	445	53.9	445	57.5	0	0.0
Currency derivative	51	6.2	0	0.0	51	0.0
Provision for tax risks	20	2.4	21	2.7	(1)	(2.9)
Total provisions for risks and charges	825	100.0	774	100.0	51	6.6

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

Provision for risks and charges					
<i>(Euro thousands)</i>					
	31 DECEMBER 2022	Allocation	Utilization	Release	31 DECEMBER 2023
Change in provision for supplementary agents' indemnity	307	0	0	0	307
Change in provision for risks and charges	21	0	(1)	0	20

Total provision for risks and charges	328	0	(1)	0	327
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Provisions for risks and charges and the provision for supplementary agents' indemnity for Italian and EU agents are determined to cover specific risks from potential interruptions to agency contracts.

Additionally, the provisions for risks and charges include:

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

24. POST-EMPLOYMENT BENEFITS

Post-employment benefits					
<i>(Euro thousands)</i>					
	31 DECEMBER 2022	Allocations	Utilization	Discounting	31 DECEMBER 2023
Provision for post-employment benefits	2,304	48	(176)	0	2,176
Actuarial valuation of post-employment benefits (IAS 19)	(173)	0	0	78	(95)
Total post-employment benefits	2,131	48	(176)	78	2,080

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

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

	31 DECEMBER 2023
Annual discount rate	3.08%
Annual inflation rate	2.00%
Annual rate of increase in severance termination	3.00%
Annual rate of salary increase	1.00%

The table below shows the technical demographic basis.

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

Lastly, the annual turnover frequencies and severance indemnity advances.

	31 DECEMBER 2023
Advances Frequency	3.00%
Turnover Frequency	1.00%

25. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

Current and non-current financial liabilities						
<i>(Euro thousands)</i>						
	31 DECEMBER 2023	%	31 DECEMBER 2022	%	Chg.	% chg.
Unsecured loans	17,279	45.4	16,564	38.7	715	4.3
Mortgage loans	4,035	10.6	5,872	13.7	(1,837)	(31.3)
Non-current lease payables	0	0.0	-341	-0.8	341	(100.0)
Payables to other lenders	865	2.3	0	0.0	865	100.0
Currency derivatives	0	0.0	0	0.0	0	0.0
Total non-current financial liabilities	22,179	58.3	22,095	51.7	84	0.4
Payables to banks C/A	9,312	24.5	12,780	29.9	(3,468)	(27.1)
Current portion of unsecured loans	4,299	11.3	4,270	10.0	29	0.7
Current portion of mortgage loans	1,836	4.8	1,794	4.2	42	2.3
Accrued interest expense	266	0.7	124	0.3	142	114.5
Current lease payables	131	0.3	1,714	4.0	(1,583)	(92.4)
Total current financial liabilities	15,844	41.7	20,682	48.3	(4,838)	(23.4)
Total financial liabilities	38,023	100.0	42,777	100.0	(4,754)	(11.1)

The € -3,468 thousand decrease in payables to banks C/A is explained by the positive effects of 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 of € 0.6 million.

Current and non-current lease obligations include:

- 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;
- The payable from finance leases on the plants of the subsidiary Bio Energia Guarcino S.r.l. was paid off in June 2023.

<i>(Euro thousands)</i>	Balance at 01.01.2023	Payments	Other changes	Balance at 31.12.2023
Buildings	164	(15)	(30)	119
Other	303	(22)	(17)	264
TOTAL	467	(37)	(47)	383

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

Neodecortech S.p.A.

- Original BPM mortgage loan of € 12,000 thousand, with a residual balance of € 4,922 thousand at 31 December 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 31 December 2023 of € 1,153 thousand divided into current and non-current portions - loan granted against closure of the short-term BPM loan of € 2,000 thousand granted in April 2020 - 80% FGPMI guarantee;
- BPM S.p.A. € 2,500 thousand, for 72 months (quarterly instalments) and a residual balance at 31 December 2023 of € 1,158 thousand divided into current and non-current portions - 90% FGPMI guarantee;
- BANCA POPOLARE DI SONDRIO € 5,000 thousand, for 60 months (monthly instalments) and a residual balance at 31 December 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 € 600 thousand, for 72 months (half-year instalments), with a residual balance of € 600 thousand at 31 December 2023 (portion classified as low-interest loan).

Cartiere di Guarcino S.p.A.

- Original MPS mortgage loan of € 6,000 thousand, with a residual balance of € 950 thousand at 31 December 2023 divided into current and non-current portions;
- Original BAC unsecured loan of € 3,500 thousand, with a residual balance of € 434 thousand at 31 December 2023 divided into current and non-current portions;
- Medio Credito Centrale unsecured loan of € 1,128 thousand, with a residual balance of € 432 thousand at 31 December 2023 divided into current and non-current portions;
- Medio Credito Centrale unsecured loan of € 182 thousand, with a residual balance of € 74 thousand at 31 December 2023 divided into current and non-current portions;
- Medio Credito Centrale unsecured loan of € 146 thousand, with a residual balance of € 74 thousand at 31 December 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 31 December 2023 of € 1,132 thousand divided into current and non-current portions;
- Banco DESIO e Brianza unsecured loan of € 1,000 thousand - 12-month grace period - MCC 90% guarantee - residual balance at 31 December 2023 of € 578 thousand divided into current and non-current portions;
- Unsecured loan approved in 2021 by Simest as part of the Capitalization Call to improve and safeguard the financial solidity of exporting companies, amounting to € 360 thousand, with a grace period of 24 months and a residual balance at 31 December 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 31 December 2023 of € 10,000 thousand divided into current and non-current portions.

Bio Energia Guarcino S.r.l.

- BPER unsecured loan of € 2,000 thousand - 12-month grace period - MCC 90% guarantee - residual balance at 31 December 2023 of € 1,006 thousand divided into current and non-current portions;
- Banca POPSO unsecured loan of € 1,500 thousand, residual balance of € 178 thousand at 31 December 2023 only current portion.

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

	31 DECEMBER 2023	%	31 DECEMBER 2022	%
<i>(Euro thousands)</i>				
Due within 1 year	6,135	22.4	6,064	21.3
Due within 5 years	21,314	77.6	20,561	72.1
Due beyond 5 years	0	0.0	1,875	6.6
Total	27,449	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 31 December 2023 came to a positive € 172 thousand (€ 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 (debt/EBITDA \leq 4.0) at 31 December 2023 that has been met.

From 1 January 2023 to 31 December 2023, interest rate movements had no material impact on the fair value of the Group's loans.

26. TRADE PAYABLES

Trade payables at 31 December 2023 amounted to € 33,792 thousand (€ 33,693 thousand at 31 December 2022). The decrease of € -279 thousand is related to the procurement policy; for details, reference is made to the Directors' Report on Operations. Additionally, the Company did not request or obtain any extension or deferment of payments with its suppliers.

There are no trade payables due beyond 12 months.

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

27. PAYABLE FROM TAX CONSOLIDATION

The IRES payable at 31 December 2023 to be paid to tax consolidation is attributable to Neodecortech S.p.A. and amounts to € 117 thousand. See the paragraph "Income tax" in the Notes.

28. TAX PAYABLES

Tax payables							
<i>(Euro thousands)</i>							
	31 DECEMBER 2023	%	31 DECEMBER 2022	%	Chg.	% chg.	
VAT	0	0.0	0	0.0	0	100.0	
IRAP	53	6.7	18	2.6	35	194.4	
Withholdings a/c	733	93.3	672	95.6	61	9.1	
Other tax payables	0	0.0	13	1.8	(13)	(100.0)	
Total tax payables	786	100.0	703	100.0	83.0	11.8	

29. OTHER CURRENT PAYABLES

Other current payables							
<i>(Euro thousands)</i>							
	31 DECEMBER 2023	%	31 DECEMBER 2022	%	Chg.	% chg.	
Payables to social security institutions	1,617	28.0	1,444	31.2	173	12.0	
Payables to employees	1,866	32.3	1,559	33.7	307	19.7	
Advances received from customers	647	11.2	618	13.4	29	4.7	
Accrued expense and deferred income	1,331	23.0	710	15.3	621	87.5	
Other	317	5.5	297	6.4	20	6.7	
Total other current payables	5,778	100.0	4,628	100.0	1,150	24.8	

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

30. EQUITY

Capital increases

There were no share capital increases in 2023.

Share Capital

At 31 December 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

<i>(Euro thousands)</i>	31 DECEMBER 2023	31 DECEMBER 2022
Share capital	18,804	18,804
Share premium reserve	18,864	18,864
Treasury shares	(986)	(468)
Other reserves and accumulated profit (loss), including profit (loss) for the year:	40,780	40,074
<i>Legal reserve</i>	2,643	2,221
<i>Reserve for fair value adjustments of hedging derivatives</i>	131	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>	(38)	154
<i>Stock grant reserve</i>	0	0
<i>Miscellaneous reserves and accumulated profit (loss), including profit (loss) for the year</i>	16,185	19,261
Total	77,462	77,274

Treasury shares

At 31 December 2023, the Company holds no. 297,709 treasury shares for a value of € 986,016. A total of no. 174,709 shares were purchased in 2023.

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 year by the weighted average number of ordinary shares outstanding during the year. Therefore, treasury shares held by the Group are excluded from the denominator.

Earnings (losses) per share	31/12/2023	31/12/2022
Net profit attributable to the shareholders (Euro thousands)	2,848	8,437
Weighted average number of shares outstanding (n./000)	14,004	14,130
Basic earnings per share	0.20	0.60
Diluted earnings per share	31/12/2023	31/12/2022
Net profit attributable to the shareholders (Euro thousands)	2,848	8,437
Weighted average number of shares outstanding (n./000)	14,004	14,130
Weighted average number of shares outstanding adjusted for dilution effect (n./000)	14,004	14,130
Diluted earnings per share (*)	0.20	0.60

* 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 increase in cash generated during the year amounted to € +114 thousand (versus a decrease of € -1,449 thousand in the prior year), resulting in cash funds of € 12,157 thousand.

Starting from a profit before tax, interest, dividends, amortization and depreciation, provisions, gains/losses on disposals and other non-cash changes of € +14,351 thousand, the movement in cash flow is related mainly to the events below.

The situation associated with the trend in sales and business highlighted in the Directors' Report on Operations, and the impacts of raw material price trends transferred to customers, resulted in an increase in trade receivables and inventory, offset by an increase in trade payables, and a decrease in other receivables, generating a positive NWC cash flow of € +1,610 thousand.

Capital expenditure, net of disposals, made during the year generated cash flow from investing activities of € -6,451 thousand.

New loans referring to Neodecortech S.p.A. amounted to € +5,000 thousand, while repayment of loans and leases amounted to € -6,303 thousand. Together with other movements in short-term bank borrowings and financial receivables, a negative cash flow of € +4,797 thousand was generated from loan capital.

Monetary changes in equity include the payment of dividends amounting to € 2,000 thousand, which generated a net negative cash flow of € 2,390 thousand.

32. CONTINGENT LIABILITIES

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

33. RELATED PARTY TRANSACTIONS

Transactions carried out by Neodecortech S.p.A. and other Group companies with related parties, as identified by IAS 24, including transactions with subsidiaries, are neither atypical nor unusual and fall within the ordinary course of business of the Company. These transactions were carried out on market terms. It should be noted that transactions with subsidiaries are not shown as they are derecognized at the consolidation level, while transactions with related parties at 31 December 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 company is "Valinvest S.r.l.". Related parties also include "Valfina S.r.l." as it is directly or indirectly controlled by the Valentini Family.

Specifically, it should be noted that at 31 December 2023, the outstanding transactions with these companies can be summarized in the tables below:

<i>(Euro thousands)</i>				
	Trade receivables 31 DECEMBER 2023	Financial receivables 31 DECEMBER 2023	Trade payables 31 DECEMBER 2023	Financial payables 31 DECEMBER 2023
Finanziaria Valentini S.p.A.	0	438	0	117
ISRFE Srl in liquid.	0	445	0	0
BonelliErede	0	0	0	0
Loma Srl	684	0	27	0
Total	684	883	27	117

	Revenue and income 31 DECEMBER 2023	Costs and expense 31 DECEMBER 2023
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Finanziaria Valentini S.p.A.	206	0
BonelliErede	0	159
Loma Srl	2,719	92
Total	2,926	251

"Financial Receivables", amounting to € 883 thousand, refers for € 438 thousand to a tax consolidation receivable regarding the subsidiary Bio Energia Guarcino S.r.l. for € 362 thousand and regarding the subsidiary Cartiere di Guarcino S.r.l. for € 76 thousand, and for € 445 thousand to a receivable claimed by the subsidiary Cartiere di Guarcino S.p.A. from the related party ISFRE in liquidation, which remained unchanged and for which a provision for risks was set up owing to collection difficulties; "Financial payables", amounting to € 117 thousand, refers to payables from tax consolidation of the Parent Company. Income from tax consolidation for the three Group companies amounted to € 187 thousand.

Trade receivables include:

- receivables 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 the Parent Company's executives as a "key management personnel".

Trade payables include:

- € 27 thousand to Loma S.r.l. for an agreement to provide strategic and commercial marketing consultancy services to Neodecortech S.p.A..

The following table shows the fees to the Group's directors, statutory auditors and key management personnel for 2023:

<i>(Euro thousands)</i>	
Subjects	Fees 31 DECEMBER 2023
Luigi Cologni	474
Massimo Giorgilli	369
Riccardo Bruno	7
Paolo Pietrogrande	4
Luca Peli	102
Adriano Carlo Bianchi	35
Sara Bertolini	29
Ida Altimare	32
Cinzia Morelli	30
Vittoria Giustiniani	28
Gianluca Valentini	38
Pietro Zanini	22
Fabio Zanobini	3
Edda Delon	18

Stefano Santucci	35
Federica Menichetti	20
Stefano Zonca	5
Turchi Marco	12
Pannone Francesco	5
Fallacara Francesco	5
Bellucci Giancarlo	6
Key management personnel	705
Total	1,983

<i>(Euro thousands)</i>	
Subjects	Fees payable 31 DECEMBER 2023
Luigi Cologni	125
Massimo Giorgilli	109
Riccardo Bruno	0
Paolo Pietrogrande	0
Luca Peli	0
Adriano Carlo Bianchi	0
Sara Bertolini	0
Ida Altimare	0
Cinzia Morelli	0
Vittoria Giustiniani	0
Gianluca Valentini	5
Pietro Zanini	6
Fabio Zanobini	0
Edda Delon	0
Stefano Santucci	0
Federica Menichetti	0
Stefano Zonca	0
Turchi Marco	12
Pannone Francesco	4
Fallacara Francesco	5
Bellucci Giancarlo	0
Key management personnel	90
Total	355

34. SEASONALITY

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

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

With regard to the provisions of Article 1, paragraph 125, of Law 124/2017, regarding the obligation to provide evidence in the notes to the financial statements of any amounts of money received during the year by way of grants, contributions, paid assignments and in any case economic advantages of any kind from public administrations and from the persons referred to in paragraph 125 of the same article, mention should be made, for the situation at 31 December 2023, of the following:

Paying entity	Amount collected/taken	Collection/availability date	Description of reason
NDT			
I.N.P.S.	17,162	16/01/2023	Decont.SOUTH LD104/20-L178/2020
I.N.P.S.	5,000	16/01/2023	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	2,000	16/01/2023	Youth Exemption L.205/17-L.160/19
Gestore dei Servizi Energetici GSE S.p.A.	486	19/01/2023	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	19	19/01/2023	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	2,225	19/01/2023	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	60	19/01/2023	Electricity production incentive
I.N.P.S.	8,038	16/02/2023	Decont.SOUTH LD104/20-L178/2020
I.N.P.S.	4,691	16/02/2023	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	1,993	16/02/2023	Youth Exemption L.205/17-L.160/19
Gestore dei Servizi Energetici GSE S.p.A.	460	16/02/2023	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	45	16/02/2023	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	2,141	16/02/2023	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	144	16/02/2023	Electricity production incentive
Fondimpresa	2,670	07/03/2023	Training plan refund
Fondimpresa	1,450	07/03/2023	Training plan refund
I.N.P.S.	8,177	16/03/2023	Decont.SOUTH LD104/20-L178/2020
I.N.P.S.	4,954	16/03/2023	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	2,000	16/03/2023	Youth Exemption L.205/17-L.160/19
Gestore dei Servizi Energetici GSE S.p.A.	537	24/03/2023	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	2,392	24/03/2023	Electricity production incentive
I.N.P.S.	8,951	17/04/2023	Decont.SOUTH LD104/20-L178/2020
I.N.P.S.	4,465	17/04/2023	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	2,000	17/04/2023	Youth Exemption L.205/17-L.160/19
Gestore dei Servizi Energetici GSE S.p.A.	537	20/04/2023	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	3,766	20/04/2023	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	2,392	20/04/2023	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	15,638	20/04/2023	Electricity production incentive

Gestore dei Servizi Energetici GSE S.p.A.	55	20/04/2023	Electricity production incentive
I.N.P.S.	8,806	16/05/2023	Decont.SOUTH LD104/20-L178/2020
I.N.P.S.	4,500	16/05/2023	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	1,989	16/05/2023	Youth Exemption L.205/17-L.160/19
Gestore dei Servizi Energetici GSE S.p.A.	537	24/05/2023	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	1	24/05/2023	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	2,392	24/05/2023	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	17	24/05/2023	Electricity production incentive
I.N.P.S.	12,170	16/06/2023	Decont.SOUTH LD104/20-L178/2020
I.N.P.S.	4,500	16/06/2023	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	2,000	16/06/2023	Youth Exemption L.205/17-L.160/19
I.N.P.S.	8,534	17/07/2023	Decont.SOUTH LD104/20-L178/2020
I.N.P.S.	4,435	17/07/2023	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	2,000	17/07/2023	Youth Exemption L.205/17-L.160/19
Gestore dei Servizi Energetici GSE S.p.A.	548	20/07/2023	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	548	20/07/2023	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	2,358	20/07/2023	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	2,358	20/07/2023	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	548	09/08/2023	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	2,358	09/08/2023	Electricity production incentive
I.N.P.S.	8,745	16/08/2023	Decont.SOUTH LD104/20-L178/2020
I.N.P.S.	4,000	16/08/2023	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	1,750	16/08/2023	Youth Exemption L.205/17-L.160/19
I.N.P.S.	9,057	18/09/2023	Decont.SOUTH LD104/20-L178/2020
I.N.P.S.	3,403	18/09/2023	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	1,750	18/09/2023	Youth Exemption L.205/17-L.160/19
Gestore dei Servizi Energetici GSE S.p.A.	2,358	19/09/2023	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	586	20/09/2023	Electricity production incentive
I.N.P.S.	9,041	16/10/2023	Decont.SOUTH LD104/20-L178/2020
I.N.P.S.	3,000	16/10/2023	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	1,250	16/10/2023	Youth Exemption L.205/17-L.160/19
Gestore dei Servizi Energetici GSE S.p.A.	586	23/10/2023	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	2,358	23/10/2023	Electricity production incentive
I.N.P.S.	8,933	16/11/2023	Decont.SOUTH LD104/20-L178/2020
I.N.P.S.	(157)	16/11/2023	Decont.SOUTH LD104/20-L178/2020
I.N.P.S.	(169)	16/11/2023	Decont.SOUTH LD104/20-L178/2020
I.N.P.S.	(158)	16/11/2023	Decont.SOUTH LD104/20-L178/2020
I.N.P.S.	(166)	16/11/2023	Decont.SOUTH LD104/20-L178/2020
I.N.P.S.	(185)	16/11/2023	Decont.SOUTH LD104/20-L178/2020
I.N.P.S.	(137)	16/11/2023	Decont.SOUTH LD104/20-L178/2020

I.N.P.S.	(282)	16/11/2023	Decont.SOUTH LD104/20-L178/2020
I.N.P.S.	(294)	16/11/2023	Decont.SOUTH LD104/20-L178/2020
I.N.P.S.	(331)	16/11/2023	Decont.SOUTH LD104/20-L178/2020
I.N.P.S.	(290)	16/11/2023	Decont.SOUTH LD104/20-L178/2020
I.N.P.S.	(311)	16/11/2023	Decont.SOUTH LD104/20-L178/2020
I.N.P.S.	(217)	16/11/2023	Decont.SOUTH LD104/20-L178/2020
I.N.P.S.	(304)	16/11/2023	Decont.SOUTH LD104/20-L178/2020
I.N.P.S.	3,500	16/11/2023	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	500	16/11/2023	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	500	16/11/2023	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	500	16/11/2023	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	500	16/11/2023	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	500	16/11/2023	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	-	16/11/2023	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	500	16/11/2023	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	500	16/11/2023	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	500	16/11/2023	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	500	16/11/2023	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	500	16/11/2023	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	500	16/11/2023	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	500	16/11/2023	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	1,000	16/11/2023	Exempt.hir/transf.a1 c11 L.178/20
I.N.P.S.	500	16/11/2023	Exempt.hir/transf.a1 c11 L.178/20
I.N.P.S.	500	16/11/2023	Exempt.hir/transf.a1 c11 L.178/20
I.N.P.S.	500	16/11/2023	Exempt.hir/transf.a1 c11 L.178/20
I.N.P.S.	500	16/11/2023	Exempt.hir/transf.a1 c11 L.178/20
I.N.P.S.	500	16/11/2023	Exempt.hir/transf.a1 c11 L.178/20
I.N.P.S.	500	16/11/2023	Exempt.hir/transf.a1 c11 L.178/20
I.N.P.S.	-	16/11/2023	Exempt.hir/transf.a1 c11 L.178/20
I.N.P.S.	939	16/11/2023	Exempt.hir/transf.a1 c11 L.178/20
I.N.P.S.	980	16/11/2023	Exempt.hir/transf.a1 c11 L.178/20
I.N.P.S.	1,000	16/11/2023	Exempt.hir/transf.a1 c11 L.178/20
I.N.P.S.	966	16/11/2023	Exempt.hir/transf.a1 c11 L.178/20
I.N.P.S.	991	16/11/2023	Exempt.hir/transf.a1 c11 L.178/20
I.N.P.S.	9	16/11/2023	Exempt.hir/transf.a1 c11 L.178/20
I.N.P.S.	998	16/11/2023	Exempt.hir/transf.a1 c11 L.178/20
I.N.P.S.	1,000	16/11/2023	Youth Exemption L.205/17-L.160/19
Gestore dei Servizi Energetici GSE S.p.A.	586	18/11/2023	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	2,358	18/11/2023	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	2,250	15/12/2023	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	604	15/12/2023	Electricity production incentive
I.N.P.S.	7,589	18/12/2023	Decont.SOUTH LD104/20-L178/2020

I.N.P.S.	3,500	18/12/2023	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	989	18/12/2023	Exempt.hir/transf.a1 c11 L.178/20
I.N.P.S.	750	18/12/2023	Youth Exemption L.205/17-L.160/19
CDG			
-	-	-	-
BEG			
GSE	761,609	31/01/2023	former CV incentive
GSE	730,711	28/02/2023	former CV incentive
GSE	7,564,401	31/03/2023	former CV incentive
Total 2023	9,313,587		

With regard to the simplification introduced by Article 3-quater, paragraph 2, of LD 135/2018, concerning economic benefits already published in the National State Aid Register, reference is made to the information published in the Register available at: [//www.rna.gov.it/sites/PortaleRNA/it_IT/trasparenza](http://www.rna.gov.it/sites/PortaleRNA/it_IT/trasparenza).

Other supplementary information

36. GUARANTEES GIVEN

Guarantees given by Neodecortech S.p.A.

Guarantees issued in favour of the subsidiaries, Cartiere di Guarcino S.p.A. and Bio Energia Guarcino S.r.l., up to a maximum of € 28,160,000 for short-term lines of credit for mixed use and export finance, granted to the latter by BPM, BPER, Popolare di Sondrio, and Monte dei Paschi di Siena, via "umbrella" credit facilities.

On 10 November 2020, Neodecortech S.p.A. issued a Letter of Patronage to Banco di Desio e Brianza S.p.A. in favour of the subsidiary Cartiere di Guarcino S.p.A. to guarantee various lines of credit up to a maximum of € 2,650,000 granted by the bank to the subsidiary.

On 19 January 2021, Banco Popolare BPM S.p.A. issued a first-demand bank guarantee, in favour of Sonae Industria de Rivestimentos SA, for € 250 thousand, expiring on 30 April 2026, to guarantee the balance relating to the purchase of the new laminating machine for the production plant in Casoli d'Atri (TE), to be paid within 5 years, based on the business agreements, residual guarantee at 31.12.2023 of € 167,920.

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

On 07.11.2022, Neodecortech S.p.A. issued a Letter of Patronage to Golden Agri-Resources Europe B.V. in favour of its subsidiary Bio Energia Guarcino S.r.l. to guarantee the supply of palm oil, up to a maximum of USD 16,000,000. At 31 December 2022, Bio Energia Guarcino S.r.l.'s exposure to the supplier, for contracts to be performed, was € 1,887 thousand.

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

On 04/04/2023, Banca Popolare di Sondrio gave a first-demand bank guarantee of € 43 thousand to MSC Mediterranean Shipping Company for the issuance of a substitute B/L valid until 01/07/2024;

On 31/03/2023, Banco di Desio e Brianza S.p.A. issued a first-demand bank guarantee of € 1,000 thousand to ENCE ENERGIA Y CELULOSA S.A. for the supply of pulp fibre valid until 31/03/2024;

37. EVENTS AFTER YEAR END

Reference should be made to the Directors' Report on Operations, specifically to the section "Significant events after 31 December 2023".

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

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

39. INFORMATION ON ASSETS AND LOANS FOR A SPECIFIC TRANSACTION

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

40. INFORMATION 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.

<i>(In units of Euro)</i>		
Qualification	31 DECEMBER 2023	31 DECEMBER 2022
Directors	732,771	666,901
Board of Statutory Auditors	99,546	94,870

41. INFORMATION ON THE FEES TO THE INDEPENDENT AUDITORS

Details are provided below of the fees paid in 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:

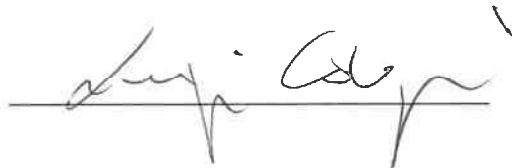
<i>(In units of Euro)</i>		
	31 DECEMBER 2023	31 DECEMBER 2022
Auditing services	106,616	83,243
Provision of other activities with issuance of certification	38,000	4,000
Provision of other non-auditing services	13,000	4,353

Filago (BG), 12 March 2024

For the Board of Directors

The Chief Executive Officer

(Luigi Cologni)



**NEO
DECOR
TECH**

Parent Company Financial Statements
at 31 December 2023



Income statement at 31 December 2023

<i>(Euro thousands)</i>	Notes	31 DECEMBER 2023	%	31 DECEMBER 2022	%	Chg.	% chg.
Revenue from sales and services	1	70,783	100.0%	75,448	100.0%	(4,665)	(6.2%)
Changes in work in progress, semi-finished and finished products	2	679	1.0%	(136)	(0.2%)	816	(598.1%)
Other revenue	3	2,254	3.2%	2,309	3.1%	(55)	(2.4%)
Value of Production		73,716	104.1%	77,621	102.9%	(3,905)	(5.0%)
Raw and ancillary materials and consum.	4	(44,368)	(62.7%)	(47,994)	(63.6%)	3,626	(7.6%)
Other operating expense	5	(12,094)	(17.1%)	(13,157)	(17.4%)	1,063	(8.1%)
Value Added		17,254	24.4%	16,470	21.8%	784	4.8%
Personnel expense	6	(11,308)	(16.0%)	(11,236)	(14.9%)	(72)	0.6%
EBITDA		5,946	8.4%	5,234	6.9%	712	13.6%
Amortization and depreciation	7	(3,381)	(4.8%)	(3,450)	(4.6%)	69	(2.0%)
Allocations	8	(34)	(0.0%)	(128)	(0.2%)	94	(73.2%)
EBIT		2,531	3.6%	1,656	2.2%	875	52.8%
Financial expense	9	(754)	(1.1%)	(1,599)	(2.1%)	844	(52.8%)
Financial income	10	1,200	1.7%	8,926	11.8%	(7,726)	(86.6%)
Profit/(loss) before tax		2,977	4.2%	8,983	11.9%	(6,006)	(66.9%)
Income tax	11	(129)	(0.2%)	(546)	(0.7%)	417	(76.4%)
Profit/(loss) for the year		2,848	4.0%	8,437	11.2%	(5,589)	(66.2%)

Statement of comprehensive income at 31 December 2023

<i>(Euro thousands)</i>	31 DECEMBER 2023	31 DECEMBER 2022
Profit/(loss) for the year	2,848	8,437
Other items of the comprehensive income statement		
Actuarial gains (losses) net of tax effect	(32)	260
Total items that will not be reclassified in the income statement for the year	(32)	260
Gains/(losses) on cash flow hedging instruments	(133)	419
Total items that will or may be reclassified in the income statement for the year	(133)	419
Total other items of the comprehensive income statement	(165)	679
Comprehensive income (loss) for the year	2,683	9,116
Profit for the year attributable to:		
Shareholders of the Parent	2,683	9,116
Non-controlling interests		
Earnings per share (in Euro):		
Basic	0.20	0.60
Diluted	0.20	0.60

Statement of financial position at 31 December 2023

Assets	Notes	31 DECEMBER 2023	%	31 DECEMBER 2022	%	Chg.	% chg.
<i>(Euro thousands)</i>							
Intangible assets	12	482	0.4%	589	0.6%	(107)	(18.2%)
Tangible assets	13	31,456	29.3%	31,579	30.7%	(123)	(0.4%)
Investments	14	42,859	40.0%	37,129	36.1%	5,730	15.4%
Other non-current assets	15	209	0.2%	161	0.2%	48	30.0%
Non-current financial receivables	16	1,079	1.0%	7,814	7.6%	(6,735)	(86.2%)
Deferred tax assets	17	456	0.4%	416	0.4%	40	9.5%
Non-current assets		76,541	71.4%	77,688	75.5%	(1,147)	(1.5%)
Inventory	18	9,237	8.6%	8,238	8.0%	999	12.1%
Trade receivables	19	10,045	9.4%	8,878	8.6%	1,167	13.1%
Receivables from tax consolidation		0	0.0%	0	0.0%	0	0.0%
Tax receivables	20	545	0.5%	1,314	1.3%	(769)	(58.5%)
Current financial receivables	16	4,120	3.8%	3,560	3.5%	560	15.7%
Other current receivables	21	518	0.5%	212	0.2%	306	144.9%
Cash funds	22	6,224	5.8%	3,051	3.0%	3,173	104.0%
Current assets		30,689	28.6%	25,253	24.5%	5,436	21.5%
Total assets		107,230	100.0%	102,941	100.0%	4,289	4.2%
Equity and liabilities							
<i>(Euro thousands)</i>							
Share capital		18,804	17.5%	18,804	18.3%	0	0.0%
Share premium reserve		18,864	17.6%	18,864	18.3%	0	0.0%
Treasury shares		-986	-0.9%	-468	-0.5%	(518)	110.6%
Other reserves		29,171	27.2%	22,876	22.2%	6,295	27.5%
Prior years' profit (loss)		8,761	8.2%	8,761	8.5%	0	0.0%
Profit (loss) for the year		2,848	2.7%	8,437	8.2%	(5,589)	-66.2%
Equity	30	77,462	72.2%	77,274	75.1%	188	0.2%
Provisions for risks and charges	23	210	0.2%	211	0.2%	(1)	-0.3%
Deferred tax	17	2,386	2.2%	2,446	2.4%	(60)	-2.5%
Post-employment benefits	24	655	0.6%	746	0.7%	(91)	-12.2%
Non-current financial liabilities	25	10,009	9.3%	7,501	7.3%	2,508	33.4%
Non-current liabilities		13,260	12.4%	10,904	10.6%	2,356	21.6%
Trade payables	26	8,661	8.1%	8,008	7.8%	653	8.2%
Payables from tax consolidation	27	117	0.1%	469	0.5%	(352)	-75.1%
Tax payables	28	462	0.4%	379	0.4%	83	22.0%
Current financial liabilities	25	3,190	3.0%	2,810	2.7%	380	13.5%
Other current payables	29	4,078	3.8%	3,097	3.0%	981	31.7%
Current liabilities		16,508	15.4%	14,763	14.3%	1,746	11.8%
Total equity and liabilities		107,230	100.0%	102,941	100.0%	4,289	4.2%

Statement of changes in equity at 31 December 2023

(Euro thousands)	NOTES	ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT						
		SHARE CAPITAL	HEDGING AND TRANSLATION RESERVES	EQUITY RESERVES	OTHER RESERVES	TREASURY SHARES	PROFIT (LOSS) FOR THE YEAR	TOTAL EQUITY
Balance at 01/01/2022	30	18,804	(155)	18,864	26,403	(140)	6,688	70,465
Other items of the comprehensive income statement		-	419	-	260	-	-	679
Profit for the year		-	-	-	-	-	8,437	8,437
Total comprehensive income/loss for the year		-	419	-	260	-	8,437	9,116
Dividend distribution					(1,978)			(1,978)
Allocation of prior year's profit (loss)					6,688		(6,688)	-
Other changes		-	-	-	-	(328)		(328)
Balance at 31/12/2022	30	18,804	264	18,864	31,373	(468)	8,437	77,274
Balance at 01/01/2023	30	18,804	264	18,864	31,373	(468)	8,437	77,274
Other items of the comprehensive income statement		-	(133)	-	(32)	-	-	(165)
Profit for the year		-	-	-	-	-	(8,437)	(8,437)
Total comprehensive income/loss for the year		-	(133)	-	(32)	-	(8,437)	(8,607)
Dividend distribution					(1,973)			(1,973)
Allocation of prior year's profit (loss)					8,437		2,848	11,285
Other changes		-	-	-	(5)	(518)		(523)
Balance at 31/12/2023	30	18,804	131	18,864	37,800	(986)	2,848	77,461

Statement of cash flows at 31 December 2023

<i>(Euro thousands)</i>	31 DECEMBER 2023	31 DECEMBER 2022
Profit (loss) for the year	2,848	8,437
Income tax	257	532
Deferred/(prepaid) tax	(128)	13
Interest expense/(interest income)	253	(3,802)
(Dividends received)	0	0
(Gains)/losses from disposal of assets	14	21
1 Profit (loss) for the year before income tax, interest, dividends and gains/losses from disposals	3,244	5,201
Adjustments for non-monetary items that had no balancing entry in net working capital:		
Allocation to post-employment benefits	13	67
Allocations to other provisions	162	326
Amortization and depreciation of fixed assets	3,381	3,450
Write-downs for impairment losses	0	0
Other adjustments for non-monetary items	(851)	(3,842)
2 Cash flow before changes in NWC	5,949	5,202
Changes in net working capital:		
Decrease/(increase) in receivables from customers	(1,203)	1,317
Decrease/(increase) in receivables from customers - Intercompany	2	(1)
Decrease/(increase) in inventory	(1,127)	(15)
Increase/(decrease) in payables to suppliers	653	(2,435)
Increase/(decrease) in payables to suppliers - Intercompany	0	(12)
Decrease/(increase) in other receivables	422	(1,057)
Increase/(decrease) in other payables	652	(15)
Other changes in net working capital	0	0
3 Cash flow after changes in NWC	5,348	2,984
Other adjustments:		
Interest received/(paid)	(370)	109
(Income tax paid)	0	(70)
(Gains)/losses from disposal of assets	0	0
Dividends received	0	0
(Utilization of provisions)	0	(433)
(Utilization of provisions for post-employment benefits)	(136)	(143)
4 Cash flow after other adjustments	4,842	2,447
A Cash flow from operations	4,842	2,447
<i>Tangible fixed assets</i>	(2,999)	(3,905)
(Purchase)	(2,999)	(3,905)
Disposal	0	0
<i>Intangible fixed assets</i>	(152)	(223)
(Purchase)	(152)	(223)
Disposal	0	0
<i>Financial fixed assets</i>	0	(100)
(Purchase)	0	(100)
Disposal	0	0
<i>Current financial assets</i>	0	0
(Purchase)	0	0

Disposal	0	0
<i>Proceeds from disposal of assets</i>	(14)	(21)
B Cash flow from investing activities	(3,165)	(4,249)
Liabilities	3,985	(1,992)
Increase (decrease) in short-term bank payables	30	8
New loans	5,000	1,000
Repayment of loan	(2,644)	(2,560)
Financial liabilities to other lenders	600	0
Change in financial receivables from other lenders	0	0
Change in financial receivables - Intercompany	1,000	(440)
Equity	(2,490)	(2,307)
Share capital increase	0	0
Sale (purchase) of treasury shares	(518)	(329)
Other changes in equity	(1,972)	(1,978)
C Cash flow from financing activities	1,496	(4,299)
Increase (decrease) in cash funds (A ± B ± C)	3,173	(6,101)
Cash funds at 1 January	3,051	9,152
Cash funds at 31 December	6,224	3,051



Notes to the Financial Statements of the Parent Company



Entity preparing the financial statements

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

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

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

The publication of these financial statements was authorized by the Directors on 12 March 2024; they will be submitted to the Shareholders' Meeting for approval and subsequent filing, within the time limits of law. The Shareholders' Meeting is empowered to make changes to these Financial Statements.

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

General criteria for the preparation of the financial statements

Statement of compliance with IAS-IFRS

These financial statements were prepared in compliance with the IAS-IFRS international accounting standards in force at 31 December 2023, as adopted by the European Union, as well as with the provisions issued in implementation of Article 9 of Legislative Decree no. 38/2005. The IAS-IFRS also include all the revised international accounting standards (IAS) and all the interpretations issued by the IFRS Interpretation Committee (formerly IFRIC), previously known as SIC. The rules of national legislation implementing EU Directive 2013/34 also apply, provided they are consistent, to companies that prepare their financial statements in accordance with IAS-IFRS. Therefore, the financial statements implement the relevant provisions of the articles of the Italian Civil Code and the corresponding provisions of the TUF for listed companies concerning the Directors' Report on Operations, the Independent Auditors' Report and the publication of the financial statements. The financial statements and the notes thereto also include the details and additional information required by the articles of the Italian Civil Code concerning financial statements, insofar as they do not conflict with the provisions of IAS-IFRS, as well as the other CONSOB regulations and instructions concerning financial statements.

The financial statements were prepared on a going concern basis. The Company has assessed that there are no significant uncertainties surrounding its ability to continue operations, due also to its financial structure and the actions already identified and included in the 2024-2026 Business Plan and the 2024 Budget, as explained in the "Directors' Report on Operations".

Preparation criteria and functional currency

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

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

Financial statements and presentation criteria

The financial statements consist of the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity, and statement of cash flows, as well as the notes to the financial statements for the year ended 31 December 2023.

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

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

The financial statements provide comparative information for the prior year.

New accounting standards, interpretations and amendments adopted by the Group

The Group has applied for the first time a number of standards or amendments that are 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.

Below are the new standards applied as of 1 January 2023:

- IFRS 17 - Insurance Contracts
- Definition of Accounting Estimates - Amendments to IAS 8
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12
- International Tax Reform - Pillar Two Model Rules - Amendments of IAS 12

The amendments had no impact on the Group's consolidated financial statements.

Standards issued but not yet in force

Standards and interpretations that had already been issued but were not yet in force at the date of preparation of the separate financial statements and the Group's consolidated financial statements are explained below. The Group intends to adopt these standards and interpretations, if applicable, when they come into effect.

Accounting standards, amendments and IFRS interpretations applied from 1 January 2023 and applicable from 1 January 2024 are as follows:

- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback: In September 2022, the IASB issued an amendment to IFRS 16 to specify the requirements that a selling lessor uses in measuring the lease liability arising from a sale & lease back transaction, to ensure that the selling lessor does not recognize gain or loss by reference to the right of use retained by the lessor. The amendments are effective for financial periods beginning on or after 1 January 2024, and are to be applied retrospectively to all sale & lease back transactions entered into after the date of first application of IFRS 16. Early application is permitted, providing disclosure.

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current: In January 2020 and October 2022, the IASB published amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or noncurrent. The changes clarify:
 - What is meant by right of subordination of the due date
 - That the right of subordination must exist at year end
 - Classification is not impacted by the probability that the entity may exercise its right of subordination
 - Only if a derivative embedded in a convertible liability is itself an equity instrument would the due date of the liability not impact its classification

Additionally, a requirement was introduced to give disclosures when a liability arising from a loan agreement is classified as noncurrent and the entity's right of subordination is subject to compliance with covenants within twelve months.

The amendments will be effective for financial periods beginning on or after 1 January 2024, and must be applied retrospectively.
- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7: In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Supplementary Information, to clarify the characteristics of reverse factoring arrangements and request to give further disclosure of such arrangements. The disclosure requirements included in the amendments are intended to assist financial statement users in understanding the effects on an entity's liabilities, cash flows, and exposure to liquidity risk of reverse factoring arrangements. The amendments will be effective for financial periods beginning on or after 1 January 2024. Early application is permitted, providing disclosure.
- Amendments to IAS 21: Lack of exchange ability.

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

Subjective evaluations and use of estimates

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

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

- *Measurement of receivables:* receivables from clients are adjusted by the related allowance for doubtful accounts to take account of their recoverable value. The determination of the amount of the write-downs requires the directors to perform subjective evaluations based on past experience for similar receivables or current and historical past dues, closing rates, losses and collections, and to carefully monitor credit quality, especially in the current context characterized by the Russian-Ukrainian conflict;
- *Measurement of inventory:* obsolescent inventory is periodically measured and written down if the net realizable value is lower than the carrying amount. Write-downs are calculated on the basis of Management's assumptions and estimates, based on their experience and sales forecasts;

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

Accounting policies

Tangible assets

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

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

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

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

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

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

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

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

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

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

Furniture and ordinary office equipment	12%
Electronic office equipment	20%
Internal means of transport	16%
Cars and motor vehicles	25%

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

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

Leases

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

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

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

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

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

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

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

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

the lease change as a result of fluctuations in interest rates, in which case a revised discount rate must be used).

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

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

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

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

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

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

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

Intangible assets

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

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

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

Below are the rates applied for each category:

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

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

Subsidiaries

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

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

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

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

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

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

Cost of a business combination

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

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

Allocating the cost of a business combination

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

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

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

Impairment of tangible assets, intangible assets and investments

At each balance sheet date, an assessment is made to ascertain whether there are any indications that tangible and intangible assets (including rights of use, the reduction in value of which is connected with the emergence of conditions

for using the asset on the basis of an onerous contract pursuant to IAS 37) and investments may have suffered impairment. Both internal and external sources of information are considered for this purpose. With regard to the former (internal sources), the following are considered: obsolescence or physical deterioration of the asset, any significant changes in the use of the asset, and the economic performance of the asset and the investment compared to estimated performance. With regard to external sources, the following are considered: trends in the market prices of assets, any technological, market or regulatory discontinuities, trends in market interest rates or the cost of capital used to value investments.

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

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

Financial assets

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

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

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

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

Debt instruments subsequently measured at amortized cost or FVTOCI are subject to financial asset impairment. With regard to the impairment of financial assets, the Company has applied a model based on expected losses on receivables, with reference to trade receivables. Specifically, the Company measures the loss allowance on a financial asset at an

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

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

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

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

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

Inventory

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

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

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

Cash and cash equivalents

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

Treasury shares

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

Provisions for risks and charges

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

Employee benefits

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

Defined contribution plans

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

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

Defined benefit plans

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

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

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

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

Loans

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

Trade and other payables

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

Revenue recognition

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

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

- Identification of the contract with the customer;
- Identification of "performance obligations" under the contract;
- Determination of transaction consideration;

- Allocation of consideration to individual "performance obligations";
- Recognition of revenue at the point in time (or over a period of time) of satisfaction of the individual "performance obligation".

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

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

Costs

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

Financial expense and income

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

Dividends

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

Income tax

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

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

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

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

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

Derivative financial instruments

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

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

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

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

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

Transactions denominated in currencies other than the functional currency

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

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

Earnings/(loss) per share

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

Environmental impact

The Company considers climate-related issues in its estimates and assumptions when necessary. This assessment includes a broad spectrum of possible impacts to the Group from both physical and transitional risks. Although the Group believes that its business model and products will still be appealing as a result of the transition to a low-emission economy, climate-related issues increase the uncertainty of estimates and assumptions affecting many elements or items in the financial statements.

While climate-related risks may not have a significant impact on measurement to date, the Group is closely monitoring developments and changes, such as new climate-related regulations and standards.

Management of financial risks

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

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

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

Liquidity risk

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

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

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

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

Credit risk

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

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

Trade receivables	Overall total	Total falling due	Total past due	Past due 0 - 30	Past due 31 - 60	Past due 61 - 90	Past due 91 - 120	Past due over 120
31 DECEMBER 2023	10,397	7,622	2,775	2,389	83	(7)	(87)	397
Trade receivables	Overall total	Total falling due	Total past due	Past due 0 - 30	Past due 31 - 60	Past due 61 - 90	Past due 91 - 120	Past due over 120
31 DECEMBER 2022	9,196	7,423	1,773	1,322	86	2	0	364

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

Also included in past dues between 0-30 days are mainly collection of cash orders paid on 31 December 2023, but credited by the bank on the first day of 2024.

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

Changes in the provision for doubtful accounts at 31 December 2023 are shown below:

Provision for doubtful accounts					
<i>(Euro thousands)</i>					
	31 DECEMBER 2022	Allocations	Utilization	Release	31 DECEMBER 2023
Changes in Provision for Doubtful Accounts	318	47	0	-13	352
Total provision for doubtful accounts	318	47	0	-13	352

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

Exchange rate risk

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

Interest rate risk

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

To mitigate the above risk, the Company entered into an Interest Rate Swap contract relating to the outstanding mortgage loan with BPM, with a notional value of € 4,933 thousand and a positive fair value of € 172 thousand at 31 December 2023 (positive € 348 thousand at 31 December 2022). At 31 December 2023, total medium/long-term loans taken out by the Company amounted to € 12,833 thousand, 57% of which at floating rate and not covered by derivatives.

Fair value hierarchy and classes of financial instruments

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

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

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

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

At 31 December 2023, the Company measured the fair value of derivative financial instruments using inputs that resulted in the financial instruments being categorized in Level 2 of the fair value hierarchy. No changes were reported during the period in the different levels of fair value.

With regard to the classes of financial instruments, at 31 December 2023 - as at 31 December 2022 - the derivatives indicated above represent the only category of financial instruments measured at fair value. Other financial assets and liabilities are measured using the amortized cost method.

Information on the fair value of derivative financial instruments

The following information is provided on the fair value of derivative financial instruments in place at 31 December 2023:

- Interest Rate Swap - Contract hedging the risk of interest rate fluctuations - Notional value at 31 December 2023 € 4,932,627 - Fair value at 31 December 2023 € +172,140 (€ +347,549 at 31 December 2022);

In 2020, two loan agreements were also concluded for a total of € 5,000 thousand, underlying which there are embedded derivatives (floor at zero on Euribor rate), with a negative fair value of € 1 thousand at 31 December 2023 (a negative € 2 thousand at 31 December 2022).

Income statement

1. REVENUE FROM SALES AND SERVICES

Revenue from sales and services						
<i>(Euro thousands)</i>						
	31 DECEMBER 2023	%	31 DECEMBER 2022	%	Chg.	% chg.
Revenue from sales	60,272	85.2	62,544	82.9	(2,272)	(3.6)
Services	10,511	14.8	12,904	17.1	(2,393)	(18.5)
Total revenue from sales and services	70,783	100.0	75,448	100.0	(4,665)	(6.2)

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 service revenue refers mainly to impregnation under contract work.

The breakdown of revenue by geographical area is as follows:

<i>(Euro thousands)</i>	31 DECEMBER 2023	%	31 DECEMBER 2022	%	Chg.	% chg.
Italy	36,749	51.9%	39,831	52.8%	(3,082)	(7.7%)
Europe	30,921	43.7%	32,010	42.4%	(1,089)	(3.4%)
Asia	479	0.7%	845	1.1%	(366)	(43.3%)
Middle East	589	0.8%	732	1.0%	(143)	(19.5%)
America	923	1.3%	1,001	1.3%	(78)	(7.8%)
Africa	1,122	1.6%	1,029	1.4%	93	9.0%
Total	70,783	100.0%	75,448	100.0%	(4,665)	(6.2%)

Revenue decreased slightly versus the prior year both in the Italian market (€ -3,082 thousand or -7.7%) and in the Europe area (€ -1,089 thousand or -3.4%).

2. CHANGES IN SEMI-FINISHED AND FINISHED PRODUCTS

Changes in work in progress, semi-finished and finished products						
<i>(Euro thousands)</i>						
	31 DECEMBER 2023	%	31 DECEMBER 2022	%	Chg.	% chg.
Changes in work in progress, semi-finished and finished products	679	1.0	(136)	(0.2)	816	(598.1)

The change in inventory came to a positive € 679 thousand at 31 December 2023 (versus a negative € 136 thousand at 31 December 2022). This increase is attributable mainly to finished products delivered in early 2024. Despite this temporary increase, the continued policy of rationalization in terms of reducing and enhancing efficiency remained unchanged.

3. OTHER REVENUE AND INCOME

Other revenue and income						
<i>(Euro thousands)</i>						
	31 DECEMBER 2023	%	31 DECEMBER 2022	%	Chg.	% chg.
Contingent assets	0	0.0	168	7.3	(168)	(100.0)
Sale of raw materials and packaging	23	1.0	17	0.7	6	35.2
Exchange rate gains	11	0.5	12	0.5	(1)	(10.2)
Gains	16	0.7	18	0.8	(2)	(10.6)
Insurance reimbursements	6	0.3	7	0.3	(1)	(14.3)
Other revenue	2,198	97.6	2,087	90.4	111	5.3
Total other revenue and income	2,254	100.0	2,309	100.0	(55)	(2.4)

The change in "Other revenue" relates mainly to the grant of € 661 thousand to energy- and gas-intensive companies (€ 1,184 thousand at 31 December 2022), the accrued portion of grants for investment-related tax receivables of € 304 thousand, and the remainder composed mainly of cost chargebacks to customers.

4. RAW AND ANCILLARY MATERIALS AND CONSUMABLES

Raw and ancillary materials and consumables						
<i>(Euro thousands)</i>						
	31 DECEMBER 2023	%	31 DECEMBER 2022	%	Chg.	% chg.
Raw and ancillary materials and consumables	43,401	97.8	47,090	98.1	(3,689)	(7.8)

Packaging materials	967	2.2	904	1.9	63	7.0
Total raw materials	44,368	100.0	47,994	100.0	(3,626)	(7.6)

With regard to the decrease in "Raw and ancillary materials and consumables" for € 3,689 thousand, reference should be made to the Directors' Report on Operations. As a percentage of revenue, the ratio drops from 61.8% to 60.2%.

This item also includes changes in the provision for inventory obsolescence, as shown in the table below:

Provision for inventory obsolescence						
<i>(Euro thousands)</i>						
	31 DECEMBER 2022	Allocations	Utilization	Release	31 DECEMBER 2023	
Changes in provision for inventory obsolescence	326	129	0	0	455	
Total provision for inventory obsolescence	326	129	0	0	455	

5. OTHER OPERATING EXPENSE

Other operating expense						
<i>(Euro thousands)</i>						
	31 DECEMBER 2023	%	31 DECEMBER 2022	%	Chg.	% chg.
Utilities	3,789	31.3	5,229	39.7	(1,440)	(27.5)
Sundry industrial services	2,208	18.3	1,852	14.1	356	19.2
Consultancy	1,512	12.5	1,729	13.1	(218)	(12.6)
Transport	1,098	9.1	1,169	8.9	(71)	(6.1)
Fees to Directors and Board of Statutory Auditors	740	6.1	640	4.9	100	15.7
Other services	729	6.0	513	3.9	216	42.2
Bonuses and commissions	509	4.2	453	3.4	56	12.4
Insurance	491	4.1	445	3.4	47	10.5
Advertising and marketing	462	3.8	256	1.9	206	80.3
Tax and duties	207	1.7	208	1.6	(1)	(0.5)
Travel expense	131	1.1	79	0.6	52	66.0
Rentals and other	67	0.6	40	0.3	27	68.9
Bank commissions	65	0.5	78	0.6	(13)	(16.9)
External processing	36	0.3	294	2.2	(258)	(87.8)
Capital losses	31	0.3	39	0.3	(8)	(21.2)
Exchange rate losses	10	0.1	0	0.0	10	>100
Other operating expense	3	0.0	0	0.0	3	>100
Gifts	3	0.0	7	0.1	(4)	(57.5)
Rental expense	3	0.0	1	0.0	3	>100
Reimbursements to employees	0	0.0	0	0.0	0	0.0
Contingent liabilities	0	0.0	125	1.0	(125)	(100.0)
Total Other Operating Expense	12,094	100.0	13,157	100.0	(1,063)	(8.1)

The change in "Other operating expense" of € -1,063 thousand is due mainly to the following:

- The decrease of € -1,440 thousand (-27.5%) for gas and energy (utilities) is in line with market decreases in 2023 versus 2022. These costs were partly offset by grants received (reclassified to Other revenue) for the first part of the year;
- Increase in sundry industrial services (€ +356 thousand; +19.2%) including external maintenance.

6. PERSONNEL EXPENSE

Personnel expense						
<i>(Euro thousands)</i>						
	31 DECEMBER 2023	%	31 DECEMBER 2022	%	Chg.	% chg.
Wages and salaries	8,184	72.4	8,122	72.3	62	0.8
Social security charges	2,486	22.0	2,276	20.3	210	9.2
Post-employment benefits	557	4.9	631	5.6	(74)	(11.7)
Other personnel expense	81	0.7	207	1.8	(126)	(60.8)
Total personnel expense	11,308	100.0	11,236	100.0	72	0.6

Personnel expense was basically steady (€ +72 thousand or +0.6%). CIGO used in 2023 amounted to 4,977 hours (12,454 hours in 2022).

The change in other personnel expense is attributable mainly to the fact that in 2022, a one-time employee welfare provision totaling € 256 thousand was recognized to offset increases in energy bills.

The table below shows the changes in personnel in service between 2023 and 2022:

PERSONNEL IN SERVICE	31 DECEMBER 2023	31 DECEMBER 2022	Change
Executives	5	4	1
Managers/White collars	58	60	-2
Blue collars	159	164	-5
Total	222	228	-6

7. AMORTIZATION AND DEPRECIATION

Amortization and depreciation						
<i>(Euro thousands)</i>						
	31 DECEMBER 2023	%	31 DECEMBER 2022	%	Chg.	% chg.

Other intangible assets	259	7.7	284	8.2	(26)	(9.0)
Buildings	368	10.9	361	10.5	7	1.9
Leasehold improvements	0	0.0	0	0.0	0	0.0
Plant and equipment	1,567	46.4	1,498	43.4	70	4.7
Equipment	828	24.5	995	28.8	(167)	(16.7)
Other	358	10.6	311	9.0	47	15.1
Total amortization and depreciation	3,381	100.0	3,450	100.0	(69)	(2.0)

Amortization and depreciation at 31 December 2023 remained basically unchanged and was in line with the expenditure made during the year.

8. ALLOCATIONS

Allocations						
<i>(Euro thousands)</i>						
	31 DECEMBER 2023	%	31 DECEMBER 2022	%	Chg.	% chg.
Provision for supplementary agents' indemnity	0	0.0	73	57.1	(73)	0.0
Provision for doubtful accounts	34	100.0	55	42.9	(21)	(37.5)
Total Allocations	34	100.0	128	100.0	(94)	(73.2)

The item, amounting to € 34 thousand, includes the risk of uncollectable trade receivables under IFRS 9. With regard to provisions for risks and charges, at 31 December 2023, there are no certain or probable risks of loss requiring any allocations.

9. FINANCIAL EXPENSE

Financial expense						
<i>(Euro thousands)</i>						
	31 DECEMBER 2023	%	31 DECEMBER 2022	%	Chg.	% chg.
Interest payable on C/A	0	0.0	0	0.0	(0)	(0)
Interest M/L Term Loans	648	86.0	161	10.1	486	>100
Interest short-term loans	6	0.8	4	0.3	2	50
Interest from factoring	12	1.5	16	1.0	(4)	(25.0)
Interest from application of IAS/IFRS	38	5.0	81	5.1	(43)	(53.2)
Interest MICA loan	0	0.0	0	0.0	0	0.0
Other interest expense	1	0.1	0	0.0	1	>100
Total interest expense	704	93.5	263	16.4	442	168.0
Lease interest	0	0.0	0	0.0	0	0.0
Currency losses	0	0.0	0	0.0	(0)	(70.9)
Other expense	50	6.5	1,336	83.6	(1,286)	(96.3)

Total financial expense	754	100.0	1,599	100.0	(845)	(52.9)
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The increase in interest expense totaling € 442 thousand is explained by the increase in interest expense on floating-rate loans, due to the rising trend of interest rates in 2023, in addition to interest on new loans.

Other expense in 2022, on the other hand, referred to the non-recurring item arising from the write-off of the receivable from Andreotti Fotoincisioni S.p.A. amounting to € 1,312 thousand (including principal and accrued interest), time-barred as the MICA payable of € 5,082 thousand (including principal and accrued interest), which appears in the change in financial income.

The change in expense from investments is due to the adjustment of the value of the investment in NDT energy S.r.l. based on the equity method totaling € 49 thousand.

10. FINANCIAL INCOME

Financial income						
<i>(Euro thousands)</i>						
	31 DECEMBER 2023	%	31 DECEMBER 2022	%	Chg.	% chg.
Income (expense) from investments	700	58.3	3,524	39.5	(2,824)	(80.1)
Interest income	290	24.1	268	3.0	22	8.2
Other income	210	17.6	5,134	57.5	(4,924)	(95.9)
Total financial income	1,200	100.0	8,926	100.0	(7,726)	(86.5)

The change in income from investments is due to the adjustment of the value of the investment in Cartiere di Guarcino S.p.A. based on the equity method totaling € 700 thousand.

Interest income of € 290 thousand (€ 268 thousand at 31 December 2022) comprises mainly € 274 thousand (€ 2685 thousand at 31 December 2022) of interest paid by subsidiaries to the Parent Company for loans it granted to them.

Other income includes € 140 thousand from the positive effects of derivative instruments, while 2022, amounting to € 5,134 thousand, was related mainly to the write-off of the MICA payable of € 5,082 thousand.

11. INCOME TAX

Income tax				
<i>(Euro thousands)</i>				
	31 DECEMBER 2023	%	31 DECEMBER 2022	%
Profit (loss) before tax	2,977		8,983	
Net IRES taxable amount	1,163		3,554	
Net IRAP taxable amount	2,902		1,498	

IRES for the year	279	9.4%	785	8.7%
Income from tax consolidation	(140)	(4.7%)	(314)	(3.5%)
IRES net of income from tax consolidation	139	4.7%	471	5.2%
IRAP for the year	118		61	
Deferred tax assets	(37)		26	
Deferred tax	(16)		(12)	
Income tax relating to prior years and benefits	(75)		0	
Income tax	129		546	

Income tax for the period under review is accounted for in accordance with current tax laws.

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

With regard to the impact of direct tax on profit for the year, the tax rate stood at approximately 5.5%, basically in line with the prior year (6%).

Assets

12. INTANGIBLE ASSETS

Intangible fixed assets							
<i>(Euro thousands)</i>							
	Balance at 31.12.2022	Acquisitions	Disposals	Amortization	Write-back/Write-downs	Other changes	Balance at 31.12.2023
Other intangible fixed assets	505	48	0	(259)	0	13	308
Fixed assets under construction and advances	84	103		0	0	(13)	174
Total intangible fixed assets	589	152	0	(259)	0	0	482

Increases in the year are related mainly to upgrades to existing IT/management systems and implementation of the new ERP currently underway.

13. TANGIBLE ASSETS

Tangible assets at 31 December 2023 amounted to € 31,456 thousand versus € 31,579 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						
<i>(Euro thousands)</i>						
	Historical cost 31.12.2022*	Depreciation provision 31.12.2022	NBV at 31.12.2022	Historical cost 31.12.2023	Depreciation provision 31.12.2023	NBV at 31.12.2023
Land	4,080	0	4,080	4,080	0	4,080

Buildings	16,716	(4,433)	12,283	16,826	(4,801)	12,025
Leasehold improvements	86	(86)	0	86	(86)	0
Plant and equipment	53,294	(40,900)	12,394	55,460	(42,453)	13,007
Equipment	14,526	(12,851)	1,675	14,845	(13,451)	1,394
Other	4,770	(3,624)	1,146	4,433	(3,482)	951
Total tangible fixed assets	93,472	(61,894)	31,579	95,730	(64,274)	31,456

(*) amount including write-back of € 9,980 thousand

Below is a breakdown of assets under construction by category.

Tangible fixed assets under construction and advances				
(Euro thousands)	Amount at 31.12.2023	Amount at 31.12.2022	Chg.	% chg.
Buildings	4	4	0	0.0
Plant and equipment	2,813	1,727	1,086	62.9
Equipment	0	0	0	0.0
Other	0	0	0	0.0
Total tangible fixed assets under construction and advances	2,817	1,731	1,086	62.8

Tangible fixed assets under construction and advances				
(Euro thousands)	Amount at 31.12.2023	Amount at 31.12.2022	Chg.	% chg.
Other intangible assets	174	84	90	107.4
Total tangible fixed assets under construction and advances	174	84	90	107.4

Fixed assets under construction at 31 December 2023 include advances for new assets in the process of acquisition, the purchase or installation of which will be completed during 2024 (specifically, the plants include the purchase and installation of a new impregnation plant at the Filago (BG) site).

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	Historical cost 31.12.2023
Land	400	3,680	0	0	0	0	4,080
Buildings	10,448	6,268	109	0	0	0	16,826
Leasehold improvements	86	0	0	0	0	0	86
Plant and equipment	53,263	31	2,219	(14)	0	(40)	55,460
Equipment	14,526	0	508	0	(228)	40	14,845
Other	4,769	1	163	(84)	(415)	0	4,433
Total historical cost	83,492	9,980	2,999	(98)	(643)	1	95,730

(Euro thousands)	Depreciation prov. 31.12.2022	Write-back/Write-down (prior years)	Depreciation	Disposals	Divestments	Other changes	Depreciation provision 31.12.2023
Land	0	0	0	0	0	0	0
Buildings	(4,433)	0	(368)	0	0	0	(4,801)
Leasehold improvements	(86)	0	0	0	0	0	(86)
Plant and equipment	(40,900)	0	(1,567)	14	0	0	(42,453)
Equipment	(12,851)	0	(828)	0	228	0	(13,451)
Other	(3,624)	0	(358)	84	415	0	(3,482)
Total accumulated depreciation	(61,894)	0	(3,122)	98	643	0	(64,274)

Acquisitions, amounting to € 2,999 thousand, bear witness to the constant process of organic growth made by new plants and improvement and efficiency of the existing ones; all plants are continuing their 4.0 process management actions to further strengthen the production process, with active control of critical variables and plant upgrading.

Purchases of plant and equipment include mainly expenditure in the new impregnation plant at the Filago (BG) factory for approximately € 1.3 million, and the new resin kitchen for € 0.4 million, reflecting the ongoing innovation and growth of production.

Divestments amounting to € 643 thousand, related to fully depreciated equipment for € 228 thousand, are related mainly to the disposal of "no longer in use" engravings of cylinders (subsequently re-engraved) and replaced pressors, while divestments under "Other" include fully depreciated furniture and furnishings.

Below are details of the allocation of the rights of use within the classes of tangible fixed assets recorded on the basis of IFRS 16.

Rights of Use			
(Euro thousands)	Historical cost 31.12.2023	Depreciation provision 31.12.2023	NBV at 31.12.2023
Buildings	101	(34)	67
Other	316	(71)	245
Total Rights of Use	417	(105)	312

The changes are shown below.

Rights of Use						
(Euro thousands)	Historical cost 31.12.2022	Write-back/Write-down (prior years)	Acquisitions	Disposals	Other changes	Historical cost 31.12.2023
Buildings	101	0	0	0	0	101
Other	274	0	42	0	0	316
Total Rights of Use	374	0	42	0	0	417

(Euro thousands)	Depreciation provision 31.12.2022	Write-back/Write-down (prior years)	Depreciation	Disposals	Other changes	Depreciation provision 31.12.2023
Buildings	(11)	0	(22)	0	0	(34)

Other	(13)	0	(58)	0	0	(71)
Total provision for depreciation of rights of use	(24)	0	(81)	0	0	(105)

The residual rights of use at 31 December 2023 refer to two buildings used by employees, in addition to the share of certain company rental cars.

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

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

14. INVESTMENTS

At 31 December 2023, the investment in the subsidiary Cartiere di Guarcino S.p.A. amounted to € 42,712 thousand, recording an increase of € 5,683 thousand attributable to the combined effect of the write-back linked to the result for the year (€ +700 thousand) and the increase following waiver of part of the financial receivable of € 5,000 thousand. The investment in NDT energy S.r.l. amounted to € 147 thousand, equal to the share of fully subscribed and paid-up share capital increased by the payment to cover future losses of € 100 thousand, reduced by the result for the year (€ -49 thousand).

NDT Investments	Amount at 01.01.2023	Acquisitions 2023	Write-back 2023	Amount at 31.12.2023
Cartiere di Guarcino S.p.A.	37,029	0	5,683	42,712
Ndt Energy S.r.l.	100	0	47	147
Conai	0	0	0	0
Total	37,129	0	5,730	42,859

15. OTHER CURRENT AND NON-CURRENT ASSETS

At 31 December 2023, other non-current assets amounted to € 209 thousand (€ 161 thousand at 31 December 2022), and consisted of € 193 thousand related to 4.0 tax receivables offsettable beyond 12 months, and the remainder of security deposits.

16. CURRENT AND NON-CURRENT FINANCIAL RECEIVABLES

CURRENT AND NON-CURRENT FINANCIAL RECEIVABLES							
<i>(Euro thousands)</i>							
	31 DECEMBER 2023	%	31 DECEMBER 2022	%	Chg.	% chg.	
From the subsidiary Cartiere di Guarcino S.p.A.	907	2.0	7,467	16.6	(6,560)	(88)	
From Andreotti S.r.l.	0	0.0	0	0.0	0	0	

From the related party Valinvest S.r.l.	0	0.0	0	0.0	0	0
Derivative instruments	172	0.4	347	0.8	(174)	(50)
Tax receivables	0	0.0	0	0.0	0	0
Total non-current financial receivables	1,079	2.0	7,814	17.4	(6,734)	(86.2)
From the subsidiary Cartiere di Guarcino S.p.A.	2,787	6.2	1,560	3.5	1,227	79
From the subsidiary Bio Energia di Guarcino S.r.l.	1,333	2.9	2,000	4.5	(667)	(33)
From the related party Valinvest S.r.l.	0	0.0	0	0.0	0	0
From others	0	0.0	0	0.0	0	0
Total current financial receivables	4,120	9.1	3,560	7.9	560	15.7
Total current and non-current financial receivables	5,200	11.1	11,374	25.3	(6,174)	(54.3)

"Non-current financial receivables" at 31 December 2023 decreased by € 6,734 thousand, due to partial waiver of the receivable from the subsidiary Cartiere di Guarcino S.p.A. of € 5,000 thousand, and by € 172 thousand related to the effect of the recognition of the positive fair value of the IRS derivative (€ 347 thousand at 31 December 2022).

Additionally, financial receivables include the financial receivables claimed by the Parent Company from its subsidiaries; specifically, at 31 December 2023 a loan granted to the subsidiary Cartiere di Guarcino S.p.A. and the management of the intercompany current account for a total of € 3,694 thousand divided into short-term and long-term portions, and a loan to the indirect subsidiary Bio Energia di Guarcino S.r.l. of € 1,333 thousand. The loan to the subsidiary Cartiere di Guarcino S.p.A. decreased, due partly to repayment of installments, but mainly to partial waiver of the same receivable of € 5,000 thousand, to improve the capitalization of the subsidiary, while the intercompany C/A is payable on demand.

17. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities						
<i>(Euro thousands)</i>						
	31 DECEMBER 2023	Change recognize d in Income Statement	OCI and other changes	31 DECEMBER 2022	Chg.	% chg.
Directors' fees approved and not paid	53	12	0	41	12	0.0%
Allocations to provisions for write-downs and risks	53	3	0	50	3	6.0%
Allocation to the provision for inventory obsolescence	109	31	0	78	31	39.7%
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	201	(9)	0	210	(9)	4.3%
Deferred tax on derivative contracts	0	0	0	0	0	0.0%
Deferred tax on employee benefits	3	0	3	0	3	0.0%
Other	37	0	0	37	0	0.0%
Deferred tax assets	456	37	3	416	40	9.6%
Deferred tax on statutory revaluations	2,335	(13)	0	2,348	(13)	-0.6%
Deferred tax on employee benefits	9	(3)	(3)	15	(6)	-40.0%

Deferred tax on derivatives	41	0	(42)	83	(42)	-50.6%
Other	0	0	0	0	0	0.0%
Deferred tax liabilities	2,385	(16)	(45)	2,447	(60)	-2.5%

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 € 456 thousand are attributable mainly to temporary differences between the amounts assigned for financial statement and tax purposes. At 31 December 2023, deferred tax of € 2,385 thousand was recorded for temporary differences between the statutory value and the fiscal value emerging from the statutory revaluations made at the time on the properties owned.

18. INVENTORY FOR RAW MATERIALS AND FINISHED PRODUCTS

Inventory						
<i>(Euro thousands)</i>						
	31 DECEMBER 2023	%	31 DECEMBER 2022	%	Chg.	% chg.
Raw and ancillary materials and consumables	5,786	62.6	5,337	64.8	448	8.4
Work in progress	202	2.2	468	5.7	(267)	(56.9)
Finished products	3,704	40.1	2,758	33.5	946	34.3
Advances	0	0.0	0	0.0	-	-
Provision for inventory obsolescence	(455)	(4.9)	(326)	(4.0)	(129)	39.4
Total inventory	9,237	100.0	8,238	100.0	999	12.1

Inventory for raw materials refers mainly to resins, inks, paper and impregnation material, and was up versus the prior year. Specifically, finished products were affected by a number of delivery delays in January 2024.

Changes in the provision for inventory obsolescence for 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	31 DECEMBER 2023
Changes in provision for inventory obsolescence	326	129	0	0	455
Total provision for inventory obsolescence	326	129	0	0	455

19. TRADE RECEIVABLES

Trade receivables

<i>(Euro thousands)</i>							
	31 DECEMBER 2023		31 DECEMBER 2022		Chg.		% chg.
		%		%			
Trade receivables	10,397	103.5	9,196	103.6	1,201		13.1
Provision for doubtful accounts	(352)	(3.5)	(318)	(3.6)	(34)		10.7
Total trade receivables	10,045	100.0	8,878	100.0	1,167		13.1

As far as trade receivables are concerned, mention should be made that in 2023, as in 2022, the company made occasional resort to the assignment without recourse to a factoring company.

Changes in the provision for doubtful accounts are shown below:

Provision for doubtful accounts					
<i>(Euro thousands)</i>					
	31 DECEMBER 2022	Allocations	Utilization	Release	31 DECEMBER 2023
Changes in Provision for Doubtful Accounts	318	47	0	-13	352
Total provision for doubtful accounts	318	47	0	-13	352

The provision for doubtful accounts was determined in accordance with IFRS 9 and recorded an allocation of € 47 thousand.

20. TAX RECEIVABLES

Tax receivables							
<i>(Euro thousands)</i>							
	31 DECEMBER 2023		31 DECEMBER 2022		Chg.		% chg.
		%		%			
VAT	123	22.6	222	16.9	(99)		(44.6)
IRES	0	0	0	0	0		0
IRAP	0	0.0	194	15	(194)		(100)
Withholdings a/c	0	0	0	0	0		0
Other tax receivables	422	77.4	898	68.3	(476)		(53.0)
Total tax receivables	545	100.0	1,314	100.0	(769)		(58.5)

Other tax receivables refer to accrued tax receivables for the purchase of simple new assets and industry 4.0, which will be used to offset against tax liabilities in the coming months. The balance at 31 December 2022 also included the unused portion of receivables to energy- and gas-intensive companies, and the remaining portion from the CNM receivable used in 2023. The CNM receivable of 2023 was all used for offsetting in the year.

21. OTHER CURRENT RECEIVABLES

Other current receivables							
<i>(Euro thousands)</i>							
	31 DECEMBER 2023		31 DECEMBER 2022		Chg.	% chg.	
		%		%			
Receivables for advance costs	25	4.8	6	3	19	316.0	
Advances to suppliers	78	15.0	29	13.8	49	167.0	
Accrued income and prepaid expense	234	45.2	77	36.3	157	205.0	
Other	181	35.0	100	47.3	81	81.2	
Total current receivables	518	100.0	212	100.0	307	144.9	

Other receivables include receivables from INAIL and from Fondimpresa, as well as receivables from INPS pending reimbursement. "Advances to suppliers" is attributable mainly to advances made for fairs to be held in 2024.

Prepaid expense relates mainly to the portion of tax receivables simple goods and 4.0 charged to the income statement consistently with the useful life of the asset for which it was received.

22. CASH FUNDS

Cash funds							
<i>(Euro thousands)</i>							
	31 DECEMBER 2023		31 DECEMBER 2022		Chg.	% chg.	
		%		%			
Bank and post office deposits	6,212	99.8	3,045	99.8	3,167	104.0	
Cash and valuables on hand	12	0.2	7	0.2	5	84.1	
Total cash funds	6,224	100.0	3,051	100.0	3,173	104.0	

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

Dividends of € 2,000 thousand were paid on 24 May 2023.

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							
<i>(Euro thousands)</i>							
	31 DECEMBER 2023		31 DECEMBER 2022		Chg.	% chg.	
		%		%			

Provision for supplementary agents' indemnity	209	99.5	209	99.2	0	0.0
Embedded derivatives	1	0.5	2	0.8	(1)	(37.4)
Total provisions for risks and charges	210	100.0	211	100.0	(1)	(0.47)

Changes in the supplementary agents' indemnity are shown below:

Provision for risks and charges					
<i>(Euro thousands)</i>					
	31 DECEMBER 2022	Allocations	Utilization	Release	31 DECEMBER 2023
Movement of provision for supplementary agents' indemnity	209	0	0	0	209
Total provision for risks and charges	209	0	0	0	209

The provision for supplementary agents' indemnity was set aside to cover specific risks from potential interruptions to agency contracts.

24. POST-EMPLOYMENT BENEFITS

Post-employment benefits					
<i>(Euro thousands)</i>					
	31 DECEMBER 2022	Allocations	Utilization	Discounting	31 DECEMBER 2023
Provision for post-employment benefits	809	13	(136)	0	686
Actuarial valuation of post-employment benefits (IAS 19)	(63)	0	0	32	(31)
Total post-employment benefits	746	13	(136)	32	655

The balance refers to the employee severance indemnity of Neodecortech S.p.A.. This liability qualifies as a defined benefit plan in accordance with IAS 19 and was therefore subject to actuarial calculation by an independent expert.

The defined benefit plan was updated to reflect its market value at 31 December 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 was made to the direct experience of the Company, for others best practice was taken into account. The technical and economic bases used are shown below.

Below are the technical economic bases.

	31 DECEMBER 2023
Annual discount rate	3.08%

Annual inflation rate	2.00%
Annual rate of increase in severance termination	3.00%
Annual rate of salary increase	1.00%

The table below shows the technical demographic basis.

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

Lastly, the annual turnover frequencies and severance indemnity advances.

31 DECEMBER 2023	
Advances Frequency	3.00%
Turnover Frequency	1.00%

25. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

Current and non-current financial liabilities						
<i>(Euro thousands)</i>						
	31 DECEMBER 2023	%	31 DECEMBER 2022	%	Chg.	% chg.
Unsecured loans	5,622	42.6	2,299	22.3	3,323	145
Mortgage loans	3,554	26.9	4,922	47.7	(1,368)	(28)
Non-current lease payables	0	0.0	0	0.0	0	0
Payables to other lenders (MICA)	0	0.0	0	0.0	0	0
Other financial payables over	833	6.3	281	2.7	552	197
Currency derivatives	0	0.0	0	0.0	0	0
Total non-current financial liabilities	10,009	75.8	7,501	72.8	2,508	33.4
Payables to banks C/A	0	0.0	0	0.0	0	0
Current portion of unsecured loans	1,689	12.8	1,382	13.4	307	22
Current portion of mortgage loans	1,368	10.4	1,339	13.0	29	2
Accrued interest expense	45	0.3	15	0.1	30	205
Current lease payables	88	0.7	75	0.7	13	17
Payables to other lenders	0	0.0	0	0.0	0	0
Total current financial liabilities	3,190	24.2	2,810	27.2	379	13.5
Total financial liabilities	13,199	100.0	10,311	100.0	2,888	28.0

“Lease payables” includes the financial liabilities from the rights of use shown in the table below.

<i>(Euro thousands)</i>	Balance at 01.01.2023	Payments	Other changes	Balance at 31.12.2023
Buildings	90	(6)	(16)	67

Other	260	(18)	3	245
TOTAL	350	(24)	(13)	312

The change in the period is related mainly to the opening of a new € 5 million long-term debt line granted by BPS to Neodecortech S.p.A., and to a 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.

With regard to unsecured and mortgage loans, below are the details of Neodecortech S.p.A.'s loans.

- Original BPM mortgage loan of € 12,000 thousand, with a residual balance of € 4,922 thousand at 31 December 2023 divided into current and non-current portions;

Unsecured loans:

- BPM S.p.A. € 2,500 thousand, for 72 months (quarterly instalments) and a residual balance at 31 December 2023 of € 1,153 thousand divided into current and non-current portions - loan granted against closure of the short-term BPM loan of € 2,000 thousand granted in April 2020 - 80% FGPMI guarantee;
- BPM S.p.A. € 2,500 thousand, for 72 months (quarterly instalments) and a residual balance at 31 December 2023 of € 1,158 thousand divided into current and non-current portions - 90% FGPMI guarantee;
- BANCA POPOLARE DI SONDRIO € 5,000 thousand, for 60 months (monthly instalments) and a residual balance at 31 December 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 € 600 thousand, for 72 months (half-year installments), with a residual balance of € 600 thousand at 31 December 2023 (portion classified as low-interest loan).

The nominal value of unsecured and mortgage loans amounted to € 12,904 thousand, with an adjustment from the measurement at amortized cost equal to € -71 thousand..

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

	31 DECEMBER 2023	%	31 DECEMBER 2022	%
<i>(Euro thousands)</i>				
Due within 1 year	3,057	25.0	2,720	27.4
Due within 5 years	9,176	75.0	7,220	72.6
Due beyond 5 years		0.0	0.0	0.0
Total	12,233	100.0	9,941	100.0

The loans taken out by Neodecortech S.p.A. do not require compliance with specific financial parameters (covenants).

The Company hedged the interest rate risk on the BPM loan by subscribing an interest rate swap (IRS). The fair value of this instrument, reclassified under "Non-current financial receivables" at 31 December 2023 came to a positive € 172 thousand (positive € 348 thousand at 31 December 2022).

From 1 January 2023 to 31 December 2023, interest rate movements had no material impact on the fair value of the Company's loans.

26. TRADE PAYABLES

Trade payables at 31 December 2023 amounted to € 8,661 thousand (€ 8,008 thousand at 31 December 2022). The increase of € 653 thousand refers to the volume of business in the last quarter of 2023; for details on the business performance, reference is made to the Directors' Report on Operations. Additionally, the Company did not request or obtain any extension or deferment of payments with its suppliers.

There are no trade payables due beyond 12 months.

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

27. PAYABLE FROM TAX CONSOLIDATION

The payable recorded at 31 December 2023, amounting to € 117 thousand (€ 469 thousand at 31 December 2022), refers to the IRES payable due by Neodecortech S.p.A. to Finanziaria Valentini S.p.A.. For further details, reference should be made to the section "Income tax" of the Notes to the financial statements.

28. TAX PAYABLES

Tax payables							
<i>(Euro thousands)</i>							
	31 DECEMBER 2023	%	31 DECEMBER 2022	%	Chg.	% chg.	
Withholdings a/c	409	88.6	379	100.0	30	7.9	
Other tax payables	0	0.0	0	0.0	0	-	
IRAP payable	53	11.4	0	0.0	53	100	
Total tax payables	462	100.0	379	100.0	83	22.0	

29. OTHER CURRENT PAYABLES

Other current payables							
<i>(Euro thousands)</i>							
	31 DECEMBER 2023	%	31 DECEMBER 2022	%	Chg.	% chg.	
Payables to social security institutions	958	23.5	862	27.8	96	11.1	
Payables to employees	1,040	25.5	898	29.0	142	15.8	
Advances received from customers	638	15.6	618	19.9	20	3.3	
Accrued expense and deferred income	1,182	29.0	538	17.4	644	120	
Other	260	6.4	181	5.8	79	43.4	

Total other current payables	4,078	100.0	3,097	100.0	981	31.7
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The change in accruals of € 644 thousand is attributed to new allocations of deferrals of extraordinary revenue from tax receivable for expenditure in new assets and Industry 4.0, aligning it with the useful life of the subsidized asset and the portion of the Simest grant applicable to subsequent years.

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

30. EQUITY

Capital increases

There were no share capital increases in 2023.

Share Capital

At 31 December 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 and changes in equity reserves

(Euro thousands)	31/12/2022	Allocation of profit (loss)		Other changes			Profit (loss) for the year	31/12/2023
		Dividend distribution	Other allocations	Increase	Decreases	Reclassification		
Share Capital	18,804							18,804
Legal reserve	2,221		422					2,643
Share premium reserve	18,864							18,864
Extraordinary reserve	3,365		2,519					5,884
Equity revaluation reserve	12,183		3,524		(21)			15,686
Revaluation reserves	6,152							6,152
Hedging reserve	264				(133)			131
Retained earnings/(losses carried forward)	8,761							8,761

OCI reserve	(6)			(15)			(21)
FTA reserve	(1,303)						(1,303)
Treasury shares reserve	(468)			(518)			(986)
Profit/(loss) for the year	8,437	(1,973)	(6,464)			2,848	2,848
rounding	-		(1)				(1)
Equity at 31/12/2022	77,274	(1,973)	-	-	(687)	-	77,462

Distributability of equity reserves

<i>(Euro thousands)</i>				
Distributability of equity reserves				
DESCRIPTION	AMOUNT 31 DECEMBER 2023	ORIGIN/NATURE	ELIGIBILITY FOR USE	AVAILABLE PORTION
SH. CAP. IN SHARES	18,804	Share capital		0
PROV. SH. PREM. RESERVE	18,864	Share capital	A;B;C	17,745
TREASURY SHARES RESERVE	(986)	Share capital		0
LEGAL RESERVE	2,643	Profit	B	2,643
EXTRAORDINARY RESERVE	5,884	Profit	A;B;C	5,884
REVALUATION RESERVES	21,838	Profit	A;B	6,152
OCI RESERVE	(21)	Profit	B	0
RESERVE HEDG. ESTIM. CASH FLOWS	131	Profit	B	0
IAS RESERVES	(1,303)	Profit	B	0
RETAINED EARNINGS	8,760	Profit	A;B;C	8,761
Total	74,614			41,185
Distributable portion				30,211

Treasury shares

At 31 December 2023, the Company holds no. 297,709 treasury shares for a value of € 986,016. A total of no. 174,709 shares were purchased in 2023.

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 profit or loss for the year by the weighted average number of ordinary shares outstanding during the year. Therefore, treasury shares held by the Company are excluded from the denominator.

Earnings (losses) per share	31/12/2023	31/12/2022
Net profit attributable to the shareholders (Euro thousands)	2,848	8,437
Weighted average number of shares outstanding (n./000)	14,004	14,130
Basic earnings per share	0.20	0.60

Diluted earnings per share	31/12/2023	31/12/2022
Net profit attributable to the shareholders (Euro thousands)	2,848	8,437
Weighted average number of shares outstanding (n./000)	14,004	14,130
Weighted average number of shares outstanding adjusted for dilution effect (n./000)	14,004	14,130
Diluted earnings per share (*)	0.20	0.60

* 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

In 2023, cash generated amounted to € 4,397 thousand (versus the prior year's cash reduction of € 6,101 thousand), resulting in cash funds of € 6,224 thousand.

Starting from a profit before tax, interest, dividends, amortization and depreciation, provisions, gains/losses on disposals and other non-cash changes of € 7,170 thousand, the change in cash flow is related mainly to the events below.

The situation associated with the trend in sales and business highlighted in the Directors' Report on Operations resulted in a decrease in trade receivables and an increase in inventory, partly offset by an increase in other receivables and other payables, and trade payables, generating a cash use in NWC of € 601 thousand.

Capital expenditure, net of disposals, made during the year generated cash flow from investing activities of € 3,151 thousand.

The repayment of loans amounted to € 2,644 thousand against a new bank loan of € 5,000 thousand, in addition to € 600 thousand to other lenders (Simest), while the net change between loan originations and intercompany repayments to subsidiaries was € +1,000 thousand.

Monetary changes in equity include the purchase transactions on treasury shares and payment of dividends, which generated a net negative cash flow of € 2,490 thousand.

32. CONTINGENT LIABILITIES

In compliance with the provisions of IAS 34:15B, no further contingent liabilities were reported, except for those that generated allocations to "provisions for risks", described above.

33. RELATED PARTY TRANSACTIONS

Transactions carried out by Neodecortech S.p.A. with related parties, as identified by IAS 24, including transactions with subsidiaries and associates, are neither atypical nor unusual and fall within the ordinary course of business of the Company. These transactions were carried out on market terms. It should be noted that transactions with subsidiaries are not shown as they are derecognized at the consolidation level, while transactions with related parties at 31 December 2023 are shown. Additionally, mention should be made that the Parent Company Neodecortech S.p.A. is in turn controlled by Finanziaria Valentini S.p.A..

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

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

Specifically, it should be noted that at 31 December 2023, the outstanding transactions with these companies can be summarized in the tables below:

(Euro thousands)

	Trade receivables 31 DECEMBER 2023	Financial receivables 31 DECEMBER 2023	Trade payables 31 DECEMBER 2023	Financial payables 31 DECEMBER 2023
Finanziaria Valentini S.p.A.	0	0	0	117
BonelliErede	0	0	0	0
Loma S.r.l.	684	0	27	0
Cartiere di Guarcino S.p.A.	0	3,694	10	0
Bio Energia Guarcino S.r.l.		1,333	1	0
Ndt Energy S.r.l.	0	0	0	0
Total	684	5,027	39	117

(Euro thousands)

	Revenue and income 31 DECEMBER 2023	Costs and expense 31 DECEMBER 2023
Finanziaria Valentini S.p.A.	140	0
BonelliErede	0	159
Loma S.r.l.	2,525	92
Cartiere di Guarcino S.p.A.	851	18,435
Bio Energia Guarcino S.r.l.	108	0
Ndt Energy S.r.l.	3	0
Total	3,627	18,686

At 31 December 2023, the following remain outstanding with related parties:

- the tax consolidation agreement with Finanziaria Valentini: financial payables, amounting to € 117 thousand, represent the amount due from tax consolidation, while income from tax consolidation amounted to € 140 thousand;
- the loan agreements between the Company and its subsidiary Cartiere di Guarcino S.p.A.;
- the loan agreements between the Company and its indirect subsidiary Bio Energia Guarcino S.r.l.;
- the agreement on the supply of raw materials from the subsidiary Cartiere di Guarcino S.p.A. to the Parent Company;
- agreements for central administrative services, payment of directors' fees and costs for the implementation of the new ERP from the Parent Company to the subsidiaries Cartiere di Guarcino S.p.A. and Bio Energia Guarcino S.r.l.;
- the business agreement with Loma S.r.l. for the distribution of Neodecortech S.p.A. products, as well as an agreement with Loma S.r.l. for the supply of business consulting services; this Company became a related party following appointment of one of the Parent Company's executives as "key management personnel";
- the consulting agreement with BonelliErede.

The following table shows the fees and payables to the Company's directors, statutory auditors and key management personnel for 2023:

<i>(Euro thousands)</i>	
Subjects	Fees 31 DECEMBER 2023
Luigi Cologni	434
Massimo Giorgilli	123
Luca Peli	95
Adriano Carlo Bianchi	35
Sara Bertolini	29
Ida Altimare	32
Cinzia Morelli	30
Vittoria Giustiniani	28
Gianluca Valentini	25
Edda Delon	18
Stefano Santucci	25
Federica Menichetti	20
Stefano Zonca	5
Key management personnel	495
Total	1,394

<i>(Euro thousands)</i>	
Subjects	Fees payable 31 DECEMBER 2023
Luigi Cologni	125
Massimo Giorgilli	95
Luca Peli	0
Adriano Carlo Bianchi	0
Sara Bertolini	0
Ida Altimare	0
Cinzia Morelli	0
Vittoria Giustiniani	0
Gianluca Valentini	0
Edda Delon	0
Stefano Santucci	0
Federica Menichetti	0
Stefano Zonca	0
Key management personnel	46
Total	266

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34. SEASONALITY

The Company's business performance is not significantly affected by seasonality.

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

With regard to the provisions of Article 1, paragraph 125, of Law 124/2017, regarding the obligation to provide evidence in the notes to the financial statements of any amounts of money received during the year by way of grants, contributions, paid assignments and in any case economic advantages of any kind from public administrations and from the persons referred to in paragraph 125 of the same article, mention should be made, for the situation updated at 31 December 2023, of the following.

NDT			
Paying entity	Amount collected/taken	Collection/availability date	Description of reason
I.N.P.S.	17,162	16/01/2023	Decont.SOUTH LD104/20-L178/2020
I.N.P.S.	5,000	16/01/2023	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	2,000	16/01/2023	Youth Exemption L.205/17-L.160/19
Gestore dei Servizi Energetici GSE S.p.A.	486	19/01/2023	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	19	19/01/2023	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	2,225	19/01/2023	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	60	19/01/2023	Electricity production incentive
I.N.P.S.	8,038	16/02/2023	Decont.SOUTH LD104/20-L178/2020
I.N.P.S.	4,691	16/02/2023	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	1,993	16/02/2023	Youth Exemption L.205/17-L.160/19

Gestore dei Servizi Energetici GSE S.p.A.	460	16/02/2023	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	45	16/02/2023	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	2,141	16/02/2023	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	144	16/02/2023	Electricity production incentive
Fondimpresa	2,670	07/03/2023	Training plan refund
Fondimpresa	1,450	07/03/2023	Training plan refund
I.N.P.S.	8,177	16/03/2023	Decont.SOUTH LD104/20-L.178/2020
I.N.P.S.	4,954	16/03/2023	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	2,000	16/03/2023	Youth Exemption L.205/17-L.160/19
Gestore dei Servizi Energetici GSE S.p.A.	537	24/03/2023	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	2,392	24/03/2023	Electricity production incentive
I.N.P.S.	8,951	17/04/2023	Decont.SOUTH LD104/20-L.178/2020
I.N.P.S.	4,465	17/04/2023	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	2,000	17/04/2023	Youth Exemption L.205/17-L.160/19
Gestore dei Servizi Energetici GSE S.p.A.	537	20/04/2023	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	3,766	20/04/2023	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	2,392	20/04/2023	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	15,638	20/04/2023	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	55	20/04/2023	Electricity production incentive
I.N.P.S.	8,806	16/05/2023	Decont.SOUTH LD104/20-L.178/2020
I.N.P.S.	4,500	16/05/2023	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	1,989	16/05/2023	Youth Exemption L.205/17-L.160/19
Gestore dei Servizi Energetici GSE S.p.A.	537	24/05/2023	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	1	24/05/2023	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	2,392	24/05/2023	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	17	24/05/2023	Electricity production incentive
I.N.P.S.	12,170	16/06/2023	Decont.SOUTH LD104/20-L.178/2020
I.N.P.S.	4,500	16/06/2023	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	2,000	16/06/2023	Youth Exemption L.205/17-L.160/19
I.N.P.S.	8,534	17/07/2023	Decont.SOUTH LD104/20-L.178/2020
I.N.P.S.	4,435	17/07/2023	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	2,000	17/07/2023	Youth Exemption L.205/17-L.160/19
Gestore dei Servizi Energetici GSE S.p.A.	548	20/07/2023	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	548	20/07/2023	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	2,358	20/07/2023	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	2,358	20/07/2023	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	548	09/08/2023	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	2,358	09/08/2023	Electricity production incentive
I.N.P.S.	8,745	16/08/2023	Decont.SOUTH LD104/20-L.178/2020
I.N.P.S.	4,000	16/08/2023	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	1,750	16/08/2023	Youth Exemption L.205/17-L.160/19
I.N.P.S.	9,057	18/09/2023	Decont.SOUTH LD104/20-L.178/2020
I.N.P.S.	3,403	18/09/2023	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	1,750	18/09/2023	Youth Exemption L.205/17-L.160/19
Gestore dei Servizi Energetici GSE S.p.A.	2,358	19/09/2023	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	586	20/09/2023	Electricity production incentive
I.N.P.S.	9,041	16/10/2023	Decont.SOUTH LD104/20-L.178/2020
I.N.P.S.	3,000	16/10/2023	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	1,250	16/10/2023	Youth Exemption L.205/17-L.160/19
Gestore dei Servizi Energetici GSE S.p.A.	586	23/10/2023	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	2,358	23/10/2023	Electricity production incentive
I.N.P.S.	8,933	16/11/2023	Decont.SOUTH LD104/20-L.178/2020
I.N.P.S.	-157	16/11/2023	Decont.SOUTH LD104/20-L.178/2020
I.N.P.S.	-169	16/11/2023	Decont.SOUTH LD104/20-L.178/2020
I.N.P.S.	-158	16/11/2023	Decont.SOUTH LD104/20-L.178/2020
I.N.P.S.	-166	16/11/2023	Decont.SOUTH LD104/20-L.178/2020
I.N.P.S.	-185	16/11/2023	Decont.SOUTH LD104/20-L.178/2020

I.N.P.S.	-137	16/11/2023	Decont.SOUTH LD104/20-L.178/2020
I.N.P.S.	-282	16/11/2023	Decont.SOUTH LD104/20-L.178/2020
I.N.P.S.	-294	16/11/2023	Decont.SOUTH LD104/20-L.178/2020
I.N.P.S.	-331	16/11/2023	Decont.SOUTH LD104/20-L.178/2020
I.N.P.S.	-290	16/11/2023	Decont.SOUTH LD104/20-L.178/2020
I.N.P.S.	-311	16/11/2023	Decont.SOUTH LD104/20-L.178/2020
I.N.P.S.	-217	16/11/2023	Decont.SOUTH LD104/20-L.178/2020
I.N.P.S.	-304	16/11/2023	Decont.SOUTH LD104/20-L.178/2020
I.N.P.S.	3,500	16/11/2023	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	500	16/11/2023	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	500	16/11/2023	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	500	16/11/2023	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	500	16/11/2023	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	500	16/11/2023	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	0	16/11/2023	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	500	16/11/2023	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	500	16/11/2023	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	500	16/11/2023	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	500	16/11/2023	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	500	16/11/2023	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	500	16/11/2023	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	500	16/11/2023	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	1,000	16/11/2023	Exempt.hir/transf.a1 c11 L.178/20
I.N.P.S.	500	16/11/2023	Exempt.hir/transf.a1 c11 L.178/20
I.N.P.S.	500	16/11/2023	Exempt.hir/transf.a1 c11 L.178/20
I.N.P.S.	500	16/11/2023	Exempt.hir/transf.a1 c11 L.178/20
I.N.P.S.	500	16/11/2023	Exempt.hir/transf.a1 c11 L.178/20
I.N.P.S.	500	16/11/2023	Exempt.hir/transf.a1 c11 L.178/20
I.N.P.S.	0	16/11/2023	Exempt.hir/transf.a1 c11 L.178/20
I.N.P.S.	939	16/11/2023	Exempt.hir/transf.a1 c11 L.178/20
I.N.P.S.	980	16/11/2023	Exempt.hir/transf.a1 c11 L.178/20
I.N.P.S.	1,000	16/11/2023	Exempt.hir/transf.a1 c11 L.178/20
I.N.P.S.	966	16/11/2023	Exempt.hir/transf.a1 c11 L.178/20
I.N.P.S.	991	16/11/2023	Exempt.hir/transf.a1 c11 L.178/20
I.N.P.S.	9	16/11/2023	Exempt.hir/transf.a1 c11 L.178/20
I.N.P.S.	998	16/11/2023	Exempt.hir/transf.a1 c11 L.178/20
I.N.P.S.	1,000	16/11/2023	Youth Exemption L.205/17-L.160/19
Gestore dei Servizi Energetici GSE S.p.A.	586	18/11/2023	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	2,358	18/11/2023	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	2,250	15/12/2023	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	604	15/12/2023	Electricity production incentive
I.N.P.S.	7,589	18/12/2023	Decont.SOUTH LD104/20-L.178/2020
I.N.P.S.	3,500	18/12/2023	Exempt.hir/transf.a1 c10 L.178/20
I.N.P.S.	989	18/12/2023	Exempt.hir/transf.a1 c11 L.178/20
I.N.P.S.	750	18/12/2023	Youth Exemption L.205/17-L.160/19
Total 2023	256,866		

With regard to the simplification introduced by Article 3-quater, paragraph 2, of LD 135/2018, concerning economic benefits already published in the National State Aid Register, reference is made to the information published in the Register available at: [//www.rna.gov.it/sites/PortaleRNA/it_IT/trasparenza](http://www.rna.gov.it/sites/PortaleRNA/it_IT/trasparenza).

Other supplementary information

36. GUARANTEES GIVEN

Guarantees issued in favour of the subsidiaries, Cartiere di Guarcino S.p.A. and Bio Energia Guarcino S.r.l., up to a maximum of € 28,160,000 for short-term lines of credit for mixed use and export finance, granted to the latter by BPM, BPER, Popolare di Sondrio, and Monte dei Paschi di Siena, via "umbrella" credit facilities.

On 10 November 2020, Neodecortech S.p.A. issued a Letter of Patronage to Banco di Desio e Brianza S.p.A. in favour of the subsidiary Cartiere di Guarcino S.p.A. to guarantee various lines of credit up to a maximum of € 2,650,000 granted by the bank to the subsidiary.

On 19 January 2021, Banco Popolare BPM S.p.A. issued a first-demand bank guarantee, in favour of Sonae Industria de Rivestimentos SA, for € 250 thousand, expiring on 30 April 2026, to guarantee the balance relating to the purchase of the new laminating machine for the production plant in Casoli d'Atri (TE), to be paid within 5 years, based on the business agreements, residual guarantee at 31.12.2023 of € 167,920.

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

On 07.11.2022, Neodecortech S.p.A. issued a Letter of Patronage to Golden Agri-Resources Europe B.V. in favour of its subsidiary Bio Energia Guarcino S.r.l. to guarantee the supply of palm oil, up to a maximum of USD 16,000,000. At 31 December 2022, Bio Energia Guarcino S.r.l.'s exposure to the supplier, for contracts to be performed, was € 1,887 thousand.

37. EVENTS AFTER YEAR END

Reference should be made to the Directors' Report on Operations, specifically to the section "Significant events after 31 December 2023".

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

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

39. INFORMATION ON ASSETS AND LOANS FOR A SPECIFIC TRANSACTION

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

40. UNDERTAKINGS THAT PREPARE THE FINANCIAL STATEMENTS OF THE LARGER/SMALLER BODY OF UNDERTAKINGS THEY ARE PART OF AS SUBSIDIARIES

In accordance with Article 2427, numbers 22-quinquies and 22-sexies of the Italian Civil Code, the following table indicates the name and registered office of the undertaking preparing the consolidated financial statements, of the larger or smaller body of undertakings, of which the company is part as a consolidated company. It also indicates the place where the copy of the consolidated financial statements is available:

Larger body	
Company name	Finanziaria Valentini S.p.A.
Place	Rimini
Tax code	3842170403
Place of tax consolidation filing	Rimini

41. INFORMATION RELATING TO THE REMUNERATION OF THE BOARD OF DIRECTORS, BOARD OF STATUTORY AUDITORS AND INDEPENDENT AUDITORS

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

Qualification	31 DECEMBER 2023	31 DECEMBER 2022
Directors	570,469	613,415
Board of Statutory Auditors	67,546	66,870

	31 DECEMBER 2023	31 DECEMBER 2022
Auditing services	77,616	56,123
Provision of other activities with issuance of certification	38,000	4,000
Provision of other non-auditing services	9,000	3,218

42. ALLOCATION OF THE RESULT FOR THE YEAR

Shareholders, in light of the above considerations and of the information appearing in the Explanatory Notes, we invite you:

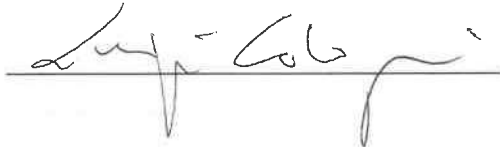
- to approve the Financial Statements for the year ended 31 December 2023 together with the Explanatory Notes and this Report thereto;
- to allocate net profit for the year, amounting to € 2,848,012.95, as follows:
 - € 142,400.65 to the legal reserve;
 - € 650,884.24 to the non-distributable revaluation reserve for investments recorded pursuant to Legislative Decree no. 38/05 Article 6, paragraph 1;
 - € 2,054,728.06 to the extraordinary reserve;

Filago (BG), 12 March 2024

For the Board of Directors

The Chief Executive Officer

(Luigi Cologni)

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

Certification of the Group's consolidated financial statements at 31 December 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 financial statements for the period 1 January 2023 - 31 December 2023.

2. No major issues arose in this respect.

3. We also certify that:

3.1 the consolidated financial statements at 31 December 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;

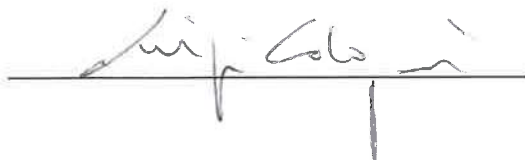
b) correspond to the accounting books and entries;

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 Directors' Report on Operations, drawn up for the purposes of the financial statements and consolidated financial statements, includes a reliable analysis of performance and results of operations of the Issuer and of all the companies included in the consolidation scope, together with a description of the main risks and uncertainties they are exposed to. The Directors' Report on Operations also includes a reliable analysis of the significant transactions with related parties.

Date: 12 March 2024

Signed Chief Executive Officer



Signed Financial Reporting Manager



**Decors and surfaces
for sustainable living.**

Neodecortech S.p.A. – Via Provinciale 2, 24040 Filago (BG) Italy
Tel. +39 035996111 – Fax +39 035995225 – www.neodecortech.it

Capitale Sociale Euro 18,804,209.37 i.v.
C.F. e R.I. 00725270151 – P. IVA IT 02833670165 – R.E.A. 193331



Certification of the financial statements at 31 December 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 financial statements for the period 1 January 2023 - 31 December 2023.

2. No major issues arose in this respect.

3. We also certify that:

3.1 the financial statements at 31 December 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;

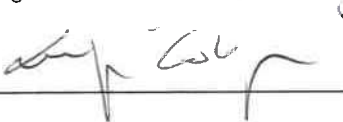
b) correspond to the accounting books and entries;

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.

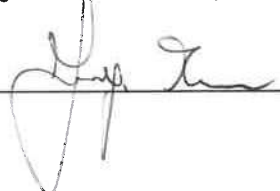
3.2 The Directors' Report on Operations, drawn up for the purposes of the financial statements and consolidated financial statements, includes a reliable analysis of performance and results of operations of the Issuer, together with a description of the main risks and uncertainties it is exposed to. The Directors' Report on Operations also includes a reliable analysis of the significant transactions with related parties.

Date: 12 March 2024

Signed Chief Executive Officer



Signed Financial Reporting Manager



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**BOARD OF STATUTORY AUDITORS' REPORT TO THE SHAREHOLDERS'
MEETING OF NEODECORTECH S.p.A.**

*pursuant to Article 153 of Legislative Decree No. 58/1998 and Article 2429, paragraph two,
of the Italian Civil Code.*

Shareholders,

this Report, of which you are the addressees, was prepared pursuant to Article 153 of Legislative Decree No. 58 of 24 February 1998 (hereinafter also "**TUF**"), Article 2429, paragraph two, of the Italian Civil Code, and in accordance with the recommendations provided by CONSOB (hereinafter also "**CONSOB**") in Communication No. DEM/1025564 of 6 April 2001 as subsequently amended.

During the year ended 31 December 2023, the Board of Statutory Auditors, also in its capacity as the Internal Control and Audit Committee, carried out its supervisory activities in compliance with the provisions of Article 149 paragraph 1 TUF, Article 19 paragraph 1 of Legislative Decree No. 39 of 27 January 2010 as amended by Legislative Decree No. 135 of 17 July 2016 (hereinafter also Decree 39/2010), also taking into account the Rules of Conduct of the Board of Statutory Auditors of listed companies recommended by the Italian Association of Public Accountants and Accounting Professionals (hereinafter also CNDCEC), CONSOB provisions on corporate audits and the indications contained in the Corporate Governance Code to which the Company has adhered.

The Board of Statutory Auditors in office was appointed by the Shareholders' Meeting of 27 April 2023, and its term expires with the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2025.

The statutory audit assignment is carried out by BDO Italia S.p.A. as approved by the Shareholders' Meeting on 9 December 2019 for the financial years from 31 December 2020 to 31 December 2028.

It is hereby acknowledged that the Board of Directors has received the Annual Report at 31 December 2023, which includes the draft separate financial statements of Neodecortech S.p.A. (hereinafter also "the Company") at 31 December 2023, the consolidated financial statements of the Group at 31 December 2023, and the Directors' Report on Operations, within the time limits of law.

The above financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union pursuant to Article 6 of Regulation (EC) no. 1606/2002 of the European Parliament and the European Council of 19 July 2002 and pursuant to Article 9 of Legislative Decree 38/2005, and are prepared on a going concern basis.

On today's date, the Independent Auditors BDO Italia S.p.A. issued, pursuant to Article 14 of Legislative Decree No. 39/2010 and Article 10 of Regulation (EU) No. 537/2014, the reports on the separate financial statements and the consolidated financial statements at 31 December 2023, certifying that:

- the Group's consolidated financial statements and the Company's separate financial statements provide a true and fair view of the financial position at 31 December 2023, the results of operations and cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union as well as the measures issued in implementation of Article 9 of Legislative Decree 38/05;
- the Directors' Report on Operations and certain specific indications contained in the Report on Corporate Governance and Ownership Structure outlined in Article 123 bis paragraph 4 of Legislative Decree 58/98 are consistent with the financial statements of the Company and the Group and comply with the law;
- the financial statements were prepared in HTML format, in accordance with the provisions of the Delegated Regulation.

Regarding the statement under Article 14, paragraph 2, letter e of Legislative Decree 39/2010 concerning the potential identification of material errors in the Directors' Report on Operations, it stated that there were no findings to report based on the audit's comprehension and knowledge of the company and its context.

As anticipated during the presentation of the audit plan for the separate and consolidated financial statements, in its reports the Independent Auditors identified the "valuation of equity investments" as a "key matter" in the separate financial statements. In the consolidated financial statements, instead, as far as the subsidiary Bio Energia Guarcino S.r.l. is concerned, the valuation of "other current receivables" related to the "maximization scheme", for which detailed information is provided in the audited Annual Report.

On today's date, the Board of Statutory Auditors also received the Additional Report from the Independent Auditors, as per Article 11 of Regulation (EU) No. 537/2014. This report aligns with the aforementioned judgment, and upon review, no noteworthy aspects emerged that need to be highlighted in this report. The report includes the attached statement as per Article 6 of Regulation EU 537/2014, from which no indications compromising its independence were found.

It should be noted that the Board of Statutory Auditors obtained the information required for carrying out its supervisory duties, deemed adequate by the Board for fulfilling its functions effectively - through (i) meetings with the heads of the competent corporate departments (Chief Financial Officer and Financial Reporting Manager pursuant to Article 154-bis TUF, Internal Auditor, head of the Organization, Compliance and Risk Management department, HR contact person), (ii) participation in the meetings of the Board of Directors, of the Board Committees established pursuant to the Corporate Governance Code (the Risk, Control and Sustainability Committee, the Related Party Transactions Committee and the Remuneration and Appointments Committee), (iii) the sharing of information with the auditors of the subsidiaries, (iv) obtaining information from the Supervisory Board established pursuant to Legislative Decree 231/2001, and (v) continuous interaction with BDO Italia S.p.A., the

company responsible for the statutory audit of the consolidated and separate financial statements, as well as for issuing the certification on the compliance of the Non-Financial Statement (also referred to as NFS).

The Board of Statutory Auditors performed the supervisory duties as per Article 149 TUF, and also carried out the functions under Article 19 of Legislative Decree 39/2010 as amended by Legislative Decree 135/2016 (effective 5 August 2016), having regard to its identification as the Internal Control and Audit Committee, overseeing compliance with the law and the bylaws, the principles of correct administration and, specifically, the adequacy of the organizational, administrative and accounting structure adopted by the Company and its effective performance, as well as the manner of effective implementation of the corporate governance rules provided for by the regulatory provisions in force on the matter and, in particular, the Corporate Governance Code and the adequacy of the provisions issued by the Company to its subsidiaries. It also supervised the regularity and adequacy of the financial reporting process, the effectiveness of the internal control, audit and risk management systems, the statutory audit activities by the Independent Auditors and its independence.

The Board in its previous composition met 6 times for an average of one hour and 30 minutes per meeting and attended the Annual Shareholders' Meeting; in its current composition, it met 6 times during 2023 and 4 times in the current year and the meetings lasted an average of two hours and 30 minutes per meeting. The Board also attended, almost always in its entirety, all meetings of the Board of Directors, the Control, Risk and Sustainability Committee, the Related Party Transactions Committee, and the Remuneration and Appointments Committee as detailed in the Corporate Governance Report to which we refer. During these meetings, the Board received updates on operations, activities undertaken, and significant transactions impacting the financial position, results of operations, and cash flows, carried out both by the Company and its subsidiaries, receiving adequate and timely information regarding their performance.

With regard to the provisions of Article 149 TUF, Article 2403 of the Italian Civil Code, taking into account the indications provided by CONSOB in its Communication of 6 April 2001 DEM/1025564 as subsequently amended, and by the CNDC in the above document "Rules of Conduct of the Board of Statutory Auditors of Listed Companies", the Board of Statutory Auditors certifies and submits to your attention the following for the financial year ending 31 December 2023.

Composition and operation of the Board of Statutory Auditors

In its current composition, the Board of Statutory Auditors consists of the following members:

- Standing Auditors: Edda Delon (Chair), Federica Menichetti, Stefano Santucci;
- Alternate Auditors: Pier Paolo Gori, Riccardo Losi

appointed, in accordance with the provisions of Article 30 of the Bylaws on the basis of the two lists submitted by the controlling shareholder Finanziaria Valentini S.p.A. and the minority shareholders Hi Algebris Italia Eltif, respectively; Anima Sgr S.p.A, manager of the Anima Hi Algebris Italia Eltif fund; Anima Sgr S.P.A. fund manager Anima Iniziativa Italia; Arca Fondi Sgr S.P.A. fund manager: Fondo Arca Economia Reale Opportunità Italia, Fondo Arca Economia Reale Equity Italia, Fondo Arca Azioni Italia; BancoPosta Fondi S.p.A. SGR fund manager Bancoposta Rinascimento fund; Fideuram Intesa San Paolo Private Banking Asset Management Sgr S.p.A. fund manager: Fideuram Italia, Piano Azioni Italia, Piano Bilanciato Italia 50; Interfund Sicav - Interfund Equity Italy; Mediolanum Gestore Fondi Sgr S.P.A., fund manager Mediolanum Flessibile Sviluppo Italia.

The Board of Statutory Auditors acknowledges that its current composition complies with the gender diversity provisions introduced by Article 1, paragraphs 302 and 303, Law No. 160 of 27 December 2019 as construed by CONSOB in Communication No. 1/2020 of 30 January 2020.

The Board of Statutory Auditors, in its current composition, subsequent to taking office, pursuant to Article 148 TUF, assessed the requirements of professionalism, integrity, number of offices and independence, and the results were assessed by the Board of Directors at its meeting on 15 June 2023 and was the subject of a press release. The outlined requirements were again confirmed during the periodic evaluation process, as per the Rules of Conduct of the Board of Statutory Auditors of Listed Companies issued by the CNDC. On 8 March 2024, the Board of Statutory Auditors, in addition to verifying the satisfaction of the subjective requirements mentioned above, also directly carried out the self-assessment process related to 2023 through the collection of opinions on the operation and composition of the body, in compliance with the above Rules of Conduct; the outcome of the self-assessment process - which does not show any critical issues - is shown in the document "Self-Assessment Report of the Board of Statutory Auditors of Neodecortech S.p.A.", which the Board of Directors took note of at its meeting on 18 March 2024, was the subject of a press release on the same date, and is shown in the Report on Corporate Governance and Ownership Structure for 2023.

Supervision on compliance with the law, bylaws, corporate governance code.

Based on the available information, the Board of Statutory Auditors has not identified any violations of the law or the company bylaws, nor operations that are manifestly imprudent or risky, manifestly unreasonable and/or uninformed, potentially in conflict of interest, or contrary to the resolutions adopted by the Shareholders' Meeting, or such as to compromise the integrity of the company's assets and its continuity.

The Board of Statutory Auditors constantly acquired from the Directors, during the above meetings, ample and detailed information on the results of operations and the outlook, on the activities carried out and on significant transactions impacting the financial position, results of operations, and cash flows carried out by the Company and/or its subsidiaries, as well as on the progress of the activities and strategic projects undertaken and the underlying risks.

Generally, speaking, the Board of Statutory Auditors noted that the decisions taken by the Board of Directors are adopted on the basis of an adequate set of information, specifically prepared and made available in advance in compliance with the provisions of the current "Regulation for the Operation and Organization" of the Board of Directors adopted on 30 March 2023. The discussions and talks were held in a detailed and articulate manner.

Based on the available information, the Board of Statutory Auditors noted the diligent and continuous oversight of the outlook of operations.

During the year, the Board of Statutory Auditors oversaw how the corporate governance rules set forth in the Corporate Governance Code - to which the Company adhered by resolution of 20 December 2020 - were properly implemented, verifying compliance of the corporate governance system with the recommendations expressed in the abovementioned Code. The related information was provided in the Report on Corporate Governance and Ownership Structure, which also took into account the recommendations contained in this regard in the letter sent to all the corporate governance bodies of Italian listed companies by the Chairman of the Italian Corporate Governance Committee.

It is acknowledged that the Report on Corporate Governance and Ownership Structure is consistent with the provisions of Article 123 bis Legislative Decree 58/1998, and complies with the guidance for the report on corporate governance and ownership structure provided by Borsa Italiana S.p.A..

With regard to the new rules introduced by Law No. 160 of 27 December 2019 (Budget Law 2020) as subsequently amended, as well as the provisions of Articles 147-ter and 148 TUF, regarding the minimum representation quotas for the least represented gender in the corporate governance bodies of listed companies, the Board of Statutory Auditors notes how they are transposed by Article 20 of the Bylaws and illustrated in detail in the 2023 Report on Corporate Governance and Ownership Structure, paragraphs 4.3.1 and 12.3; likewise, the genders are also adequately represented in the Board Committees.

The Board of Statutory Auditors verified the proper application of the criteria and procedures for assessment adopted by the Board of Directors for the annual evaluation of the continued satisfaction of the requirements of independence and integrity for non-executive directors in accordance with Recommendation No. 7 letters c) and d) of the Corporate Governance Code, taking into account the quantitative and qualitative criteria for assessing the relationship between directors and the Company as approved on 28 April 2022.

In carrying out its activities, the Board took into account CONSOB's Warning Notices to the extent applicable to the Company and supervised compliance with the regulations set forth in Regulation (EU) No. 596/2014 of the European Parliament and of the Council of April 16, 2014 (Management and Disclosure of Inside Information, Internal Dealing Disclosures).

Remarks on the adequacy of the organizational structure

The Board of Statutory Auditors acquired knowledge of and supervised, within its remit, the adequacy of the organizational structure of the Company and the Group, including through information acquired as part of its participation in the above meetings, and deems the organizational structure to be adequate overall in relation to the management of the business conducted and the size of the Company and the Group.

Indications of the existence of any atypical and/or unusual transactions, including intragroup or related party transactions.

It is hereby acknowledged that the Company, by resolution of the Board of Directors on 25 June 2020, adopted the Related Party Procedure in implementation of Article 2391-bis of the Italian Civil Code and CONSOB Regulation adopted by resolution 17221 of 12 March 2010, subsequently amended by the Board of Directors on 10 December 2020 - in compliance with regulatory changes resulting from the transposition of Directive No. 828/2017 so-called Shareholders' Rights Directive II -, on 28 June 2021 and, lastly, on 30 March 2023.

Based on the information available to the Board of Statutory Auditors, it is to be noted that during 2023, the Company did not engage in any atypical or unusual transactions with third, intercompany or related parties, or any transactions that could significantly affect the Company's financial position, results of operations, or cash flows. Regarding intercompany or related party transactions of an ordinary nature that took place during the year, the Company provided specific and timely information in its periodic reports in compliance with the provisions of the adopted regulations.

The information presented by the Board of Directors in the Annual Report for the year ended 31 December 2023, provides a summary of transactions involving related parties. These transactions are reported to have occurred under terms consistent with ordinary market values, without qualifying as atypical or unusual. Instead, they are considered to be within the ordinary course of the Company's business.

The Board of Statutory Auditors oversaw compliance with the rules governing related party transactions, has no particular remarks to make in this regard, and believes that the information provided by the Directors in the Directors' Report on Operations and in the Notes to the Consolidated and Separate Financial Statements for the year ended 31 December 2023, regarding intercompany and related party transactions is adequate.

Remarks on the adequacy of the internal control system

The main elements of the internal control and risk management system are presented in the Report on Corporate Governance and Ownership Structure.

The Board of Statutory Auditors assessed the adequacy of the internal control and risk management system by also carrying out its activities as Internal Control and Audit Committee.

This activity was carried out by reviewing the Periodic Reports of the Control, Risk and Sustainability Committee, the Periodic Reports of the Internal Auditor, the 2024-2026 Internal Audit Plan, the report of the Financial Reporting Manager pursuant to Article

154-bis TUF, the Periodic Report of the Supervisory Board on the Organizational, Management and Control Model, the updates of the ERM process, as well as the Report on the remuneration policy, expressing its opinion where due. The information obtained underwent thorough analysis not only during Board of Directors and Board Committee meetings but also through dedicated meetings with departmental contacts and other involved parties within the internal control system. These discussions enabled the Board to comprehensively conclude its analysis regarding the internal control and risk management system.

As member of the Supervisory Board, our Standing member Federica Menichetti regularly updated the Board of Statutory Auditors on the main activities and facts that came to light during her assignment.

In implementation of the provisions of Legislative Decree 24/2023, which transposed EU Directive 2019/1937, the Board of Directors on 8 November 2023 resolved to update the Code of Ethics and the Organizational, Management and Control Model general section, in order to adapt it to the latest version of Legislative Decree 231/2001, as most recently amended by Legislative Decree 24/2023 and following the ANAC guidelines.

It is hereby acknowledged that on 8 March 2024, the Control, Risk and Sustainability Committee issued its favorable opinion on the annual assessment of the adequacy of the Internal Control and Risk Management system, and on 12 March 2024, the Board of Directors assessed, also in light of Article 2086 of the Italian Civil Code and Recommendation No. 1 letter d) of the Corporate Governance Code, the adequacy of the organizational, administrative and accounting structure of the Company and its subsidiaries, subject to the above opinion of the Control, Risk and Sustainability Committee with specific regard to the Internal Control and Risk Management System.

The audits conducted and the information received showed that the Internal Control and Risk Management System is adequate as a whole and suitable for pursuing risk prevention, as well as ensuring effective application of the company's rules of conduct. Likewise, the

organizational structure of the system itself ensures coordination among the various subjects and departments involved, provided through a constant flow of information among the various owners of relevant procedures; therefore, there is no evidence to be submitted to the Shareholders' Meeting.

Remarks on the adequacy of the administrative accounting system, financial reporting process, and statutory auditing.

The Board of Statutory Auditors, also in its capacity as the Internal Control and Audit Committee, oversaw the adequacy of the administrative accounting system as well as its reliability to properly present operations.

The Company has specific internal control procedures for the preparation and presentation of consolidated and separate financial statements, to ensure the reliability, accuracy, trustworthiness and timeliness of financial information.

Specifically, the Board of Statutory Auditors acquired constant information on the activities carried out by the Financial Reporting Manager - who was assisted by the Internal Audit department in the implementation of testing activities - with regard to the preparation of corporate documents in order to assess the functioning of the internal control system on financial reporting at the Company and its subsidiaries level, pursuant to l. 262/2005.

The Board oversaw compliance with regulations on the preparation and presentation of the Half-Year Report and Interim Reports on Operations and the proper application of accounting standards.

The Chief Executive Officer and the Financial Reporting Manager certified, through specific reports prepared pursuant to Article 154-bis, paragraph 5 of Legislative Decree No. 58/1998 and Article 81-ter of CONSOB Regulation No. 11971/1999, as subsequently amended, attached to the consolidated and separate financial statements:

- a) the adequacy and effective application of accounting and administrative procedures for the preparation of the consolidated and separate financial statements;

- b) the compliance of the consolidated and separate financial statements with International Financial Reporting Standards;
- c) the consistency of the consolidated and separate financial statements with the results of the accounting books and accounting records;
- d) their suitability to provide a true and fair view of the financial position, results of operations, and cash flows of the Company and of the Group.

In compliance with the provisions of Article 19 of Legislative Decree 39/2010, the Board of Statutory Auditors oversaw the activities carried out by the Independent Auditors with regard to the audit strategy and planning, agreeing on the main "Key Audit Matters", the approach to the relevant business risks and the implementation of the ESMA guidance published on 25 October 2023; there was continuous exchange of data and information relevant to the performance of the respective tasks, updates on the completion of the audit activities and their outcomes, and no facts or situations arose that need to be highlighted in this report.

The Board oversaw the Directors' compliance with the procedural rules regarding the preparation, approval and publication of the consolidated and separate financial statements, assessing their compliance with the law in terms of their formation and structure and proper use of the accounting standards adopted.

Based on the information obtained and the supervisory activity carried out, there were no remarks to be made.

Non-Financial Statement

The Non-Financial Statement of the Neodecortech Group for the year ended 31 December 2023, prepared in accordance with Legislative Decree 254/2016, as subsequently amended, as well as the relevant Implementing Regulation issued by CONSOB in Resolution No. 20267 of 18 January 2018, was drafted by the Company on a voluntary basis.

The Board of Statutory Auditors, within its remit, oversaw, in accordance with Article 3 paragraph 7 of said Legislative Decree, the application of the provisions of the law, and has no observations in this regard.

The Company appointed BDO Italia S.p.A., the Independent Auditors, to carry out the duties set forth in Article 3, Paragraph ten of Legislative Decree No. 254 of 30 December 2016.

As part of its periodic meetings with the relevant departments and at meetings of the Control, Risk and Sustainability Committee, the Board of Directors, and the Independent Auditors, the Board received periodic updates on the preparatory activities and processes supporting the preparation of the Non-Financial Statement.

The Independent Auditors, on today's date, 28 March 2024, issued a certification regarding the compliance of the information provided in the Consolidated Non-Financial Statement with the requirements of Articles 3 and 4 of the aforementioned legislative decree and the reporting standard adopted.

Supervision of the independence disclosure process of the Independent Auditors

The Board of Statutory Auditors oversaw the independence of the Independent Auditors in accordance with Article 19 of Legislative Decree No. 39/2010, verifying the assignments of the Company and/or Group companies to the Independent Auditors and/or to companies or entities in its network or, in any case, to individuals linked to it by relevant financial relations for services other than the statutory audit.

The section "Information relating to the remuneration of the Board of Directors, Board of Statutory Auditors and Independent Auditors" of the Financial Statements, pursuant to Article 149 *duodecies* of the Issuer Regulation, presents the summary statement of fees to the Independent Auditors and the companies belonging to its network for auditing, certification and other services provided to Neodecortech S.p.A. and its subsidiaries, in relation to which the Board:

- assessed that no assignments were undertaken that contravened the provisions outlined in Article 5 Paragraph 1 of Regulation (EU) No. 537/2014;
- carried out oversight to verify that the Independent Auditors, with regard to "non-audit" services provided to Neodecortech S.p.A. and its subsidiaries, complied with the limits set forth in Article 4 of EU Regulation 537/2014;
- acknowledges that the fees for the above assignments regarding the year were recognized in the amount of € 106,616.00 for auditing, € 38,000.00 for certification of the Non-Financial Statement, € 10,500.00 for certification services (SIMEST statements and research and development tax receivable) and € 2,500.00 for other services (Whistleblowing platform).

In light of the above, the Board of Statutory Auditors deems that the independence requirement of the Independent Auditors BDO S.p.A. is met.

On today's date, the Independent Auditors issued an appropriate statement of independence pursuant to Article 6 paragraph 2) lett. a) of European Regulation 537/2014 and the requirements of paragraph 17 lett. (a) of Auditing Standard ISA Italia 260, confirming that *"based on the information obtained to date and the assessments conducted, taking into account the regulatory and professional standards governing the audit activity, in the period from 1 January 2023 to the date hereof, the Independent Auditors have complied with the ethics principles set forth in Article 9 and 9-bis Legislative Decree 39/2010 and no situations emerged that have compromised its independence pursuant to Articles 10 and 17 of Legislative Decree 39/2010 and Articles 4 and 5 of European Regulation 537/2014"*.

The Board of Statutory Auditors concluded that there are no critical issues or remarks to be noted regarding the independence of the Independent Auditors.

Directors' fees

At its meeting on 18 March 2024, the Board of Directors approved the annual Remuneration Report prepared pursuant to Article 123 ter of Legislative Decree No. 58/1998 - previously assessed by the Remuneration and Appointments Committee - and in compliance with the provisions of the Corporate Governance Code.

The Board of Statutory Auditors verified the adequacy of the substantive and procedural guidelines adopted by the Board of Directors for defining and implementing medium-long term remuneration policies, and expressed a favorable opinion on the incentive policies and, more generally, on the proposed resolutions to be submitted to the Shareholders' Meeting regarding the remuneration to be paid to directors holding strategic responsibilities.

Remarks on the instructions given to subsidiaries

The Board oversaw the adequacy of the instructions given by the Company to its subsidiaries in accordance with Article 114, paragraph 2, of Legislative Decree 58/1998, verifying, based on the information acquired, their suitability to produce the necessary information to fulfill the disclosure requirements required by law and by Regulation (EU) 596/2014, without making any remark or exceptions.

Omissions and censurable facts detected, opinions and remarks, disclosure required by CONSOB

During the year ended 31 December 2023 and up to today's date, the Board of Statutory Auditors:

- has not received any complaints from Shareholders pursuant to Article 2408 of the Italian Civil Code, nor submissions or other reports pursuant to Articles 152 and 155 of Legislative Decree 58/98;
- has expressed its mandatory opinion pursuant to Article 154-bis paragraph 1 TUF on the proposed appointment of the Financial Reporting Manager, in addition to

the opinions mentioned above regarding the remuneration to directors, the 2023 Internal Audit Plan and the provision of non-audit services by the Independent Auditors;

- has not made specific disclosures to CONSOB (except as required by the Authority in connection with the publication of the Annual Report).

On 20 December 2023, the Board of Statutory Auditors received a request from CONSOB in accordance with Article 9, paragraph 3 of Legislative Decree No. 254/2016 and Article 115, paragraph 1 of Legislative Decree No. 58/98, to which it responded within the required deadlines.

Russia-Ukraine and Middle East conflicts

It is hereby acknowledged that, with regard to the CONSOB Warnings of 7 and 18 March 2022, the Company has implemented adequate safeguards concerning the risk of cyberattacks and the impact of the effects on the prices of energy sources and raw materials, specifically titanium dioxide as explained in the Directors' Report on Operations, to which reference should be made.

Final assessments on supervisory activities

Upon completion of the work carried out, and based on the information provided by the Independent Auditors, BDO Italia S.p.A., the Board of Statutory Auditors reports that the supervisory activities did not reveal any omissions, reprehensible facts, or irregularities worthy of being reported to CONSOB or of being mentioned in this report.


Indication of any proposals to be submitted to the Shareholders' Meeting in accordance with Article 153, paragraph 2, TUF

Having acknowledged the financial statements for the year ended 31 December 2023, and considering the specific duties assigned to the Independent Auditors in terms of accounting

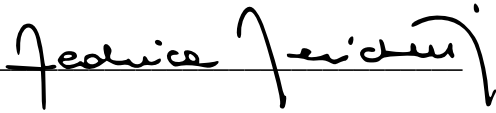
control and verification of the reliability of the financial statements, the Board of Statutory Auditors, within its remit, has no objections to raise regarding their approval and the Board of Directors' proposed resolution on the allocation of profit for the year as indicated in paragraph 42 of the explanatory notes to the Company's separate financial statements. Filago, 28 March 2024

The Board of Statutory Auditors

Edda Delon – Chair



Federica Menichetti - Standing Auditor



Stefano Santucci - Standing Auditor

