

## Neodecortech S.p.A.

Review report on interim condensed  
consolidated financial statements as  
at September 30, 2024

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

## Review report on interim condensed consolidated financial statements as at September 30, 2024

To the shareholders of  
**Neodecortech S.p.A.**

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### Introduction

We have reviewed the accompanying interim condensed consolidated financial statements as of September 30, 2024, and the related consolidated income statement, consolidated income statement of comprehensive income, consolidated statement of financial position, consolidated statement of change in equity and consolidated cash flows for the three-month period then ended, and related notes, of Neodecortech S.p.A. and its subsidiaries (Neodecortech Group).

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

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### Scope of review

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

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### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements of Neodecortech Group as of September 30, 2024, are not prepared, in all material respects, in accordance with the International Financial Accounting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Milan, November 14, 2024

BDO Italia S.p.A.  
*Signed by*

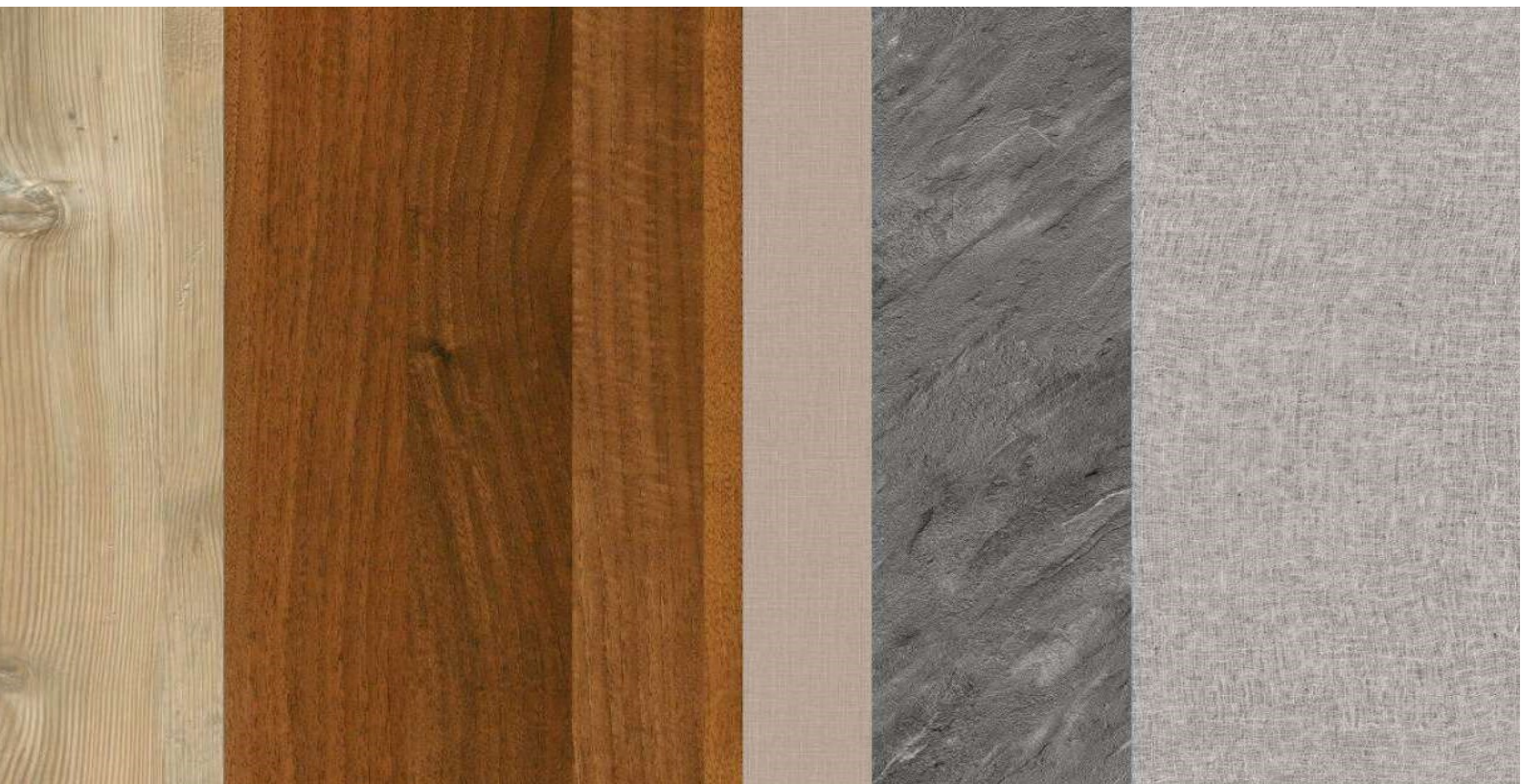
Lelio Bigogno  
Partner



# **Interim Management Statement at 30 September 2024**

Financial Statements prepared in accordance with IAS/IFRS

Amounts in Euro





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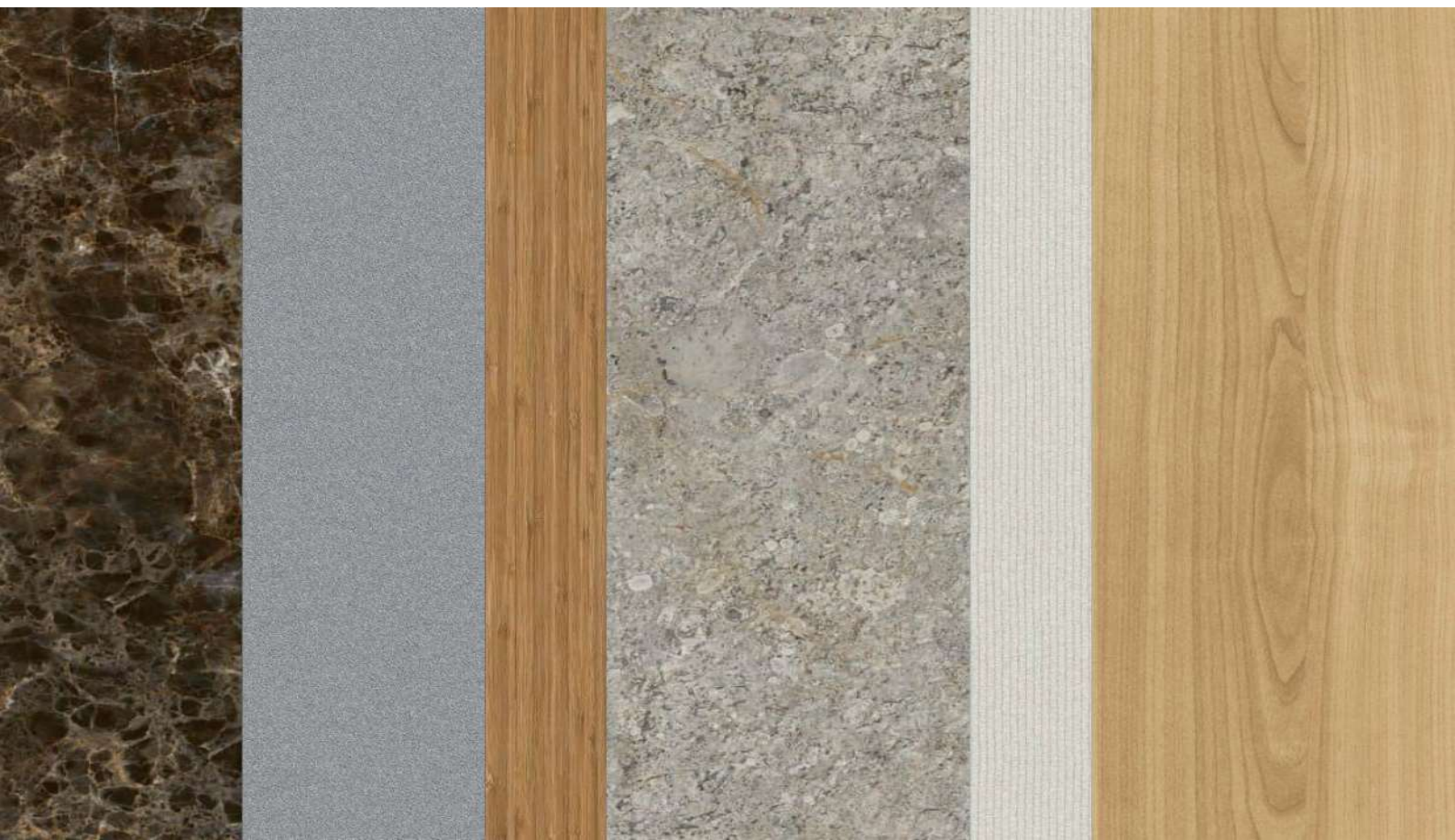
Share Capital  
€ 18,804,209.37 fully paid up  
[www.neodecortech.it](http://www.neodecortech.it)

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## The Neodecortech Group



## Corporate bodies

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### Board of Directors <sup>(1)</sup>

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.*

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### Board of Statutory Auditors <sup>(2)</sup>

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

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### Financial Reporting Manager <sup>(3)</sup>

Marina Fumagalli

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### Committees <sup>(4)</sup>

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 <sup>(5)</sup>	Ettore Raspadori (Chairman) Federica Menichetti <sup>(6)</sup> Laura Bellezza
Independent Auditors <sup>(7)</sup>	BDO Italia S.p.A.



<sup>(1)</sup> 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.

<sup>(2)</sup> 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.

<sup>(3)</sup> 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.

<sup>(4)</sup> 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.

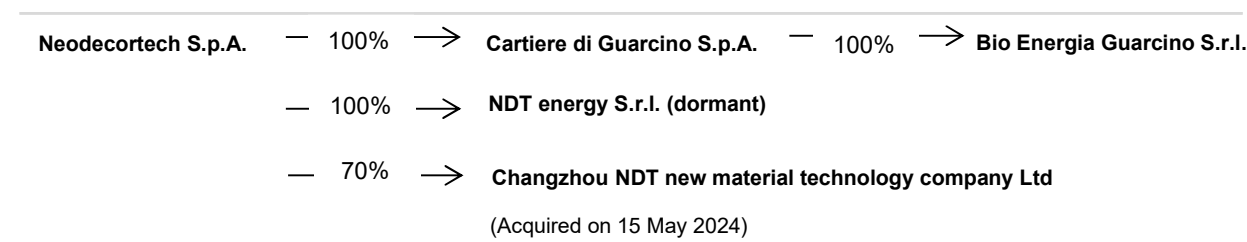
<sup>(5)</sup> The Board of Directors of Neodecortech S.p.A. passed a resolution on 5 May 2023 appointing Mr. Raspadori and Ms. Menichetti as members of the Supervisory Board of the Company for three financial years, therefore, until the Shareholders' Meeting called to approve the financial statements 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.

<sup>(6)</sup> Ms. Menichetti also holds the position of standing auditor of Neodecortech S.p.A.

<sup>(7)</sup> The nine-year statutory audit assignment pursuant to Article 17 of Legislative Decree 39/2010 of the Italian Civil Code for the financial years 2020-2028 was granted by the Ordinary Shareholders' Meeting on 9 December 2019.

## Group structure

The Group structure at 30 September 2024 and 31 December 2023 is shown below.



At 30 September 2024, the **Group companies** are:

## NDT

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

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

The Parent Company performs the following functions for its subsidiaries:

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

## CDG

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

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

## BEG

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

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

## NDTe

### NDT energy S.r.l. (NDTe)

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

## NDTchina

**Changzhou NDT new material technology company Ltd (NDT china)**

established in 2023, registered office in Changzhou - China and acquired 70% on 15 May 2024. It markets printed decorative paper sold on the local and Far East markets.

## Financial highlights of the Neodecortech Group

### Income statement

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

(Euro thousands)	30 SEPTEMBER 2024	%	30 SEPTEMBER 2023	%	Chg.	% chg.
Revenue from sales and services	121,546	100.0%	125,016	100.0%	(3,470)	(2.8%)
Other revenue	1,784	1.5%	7,501	6.0%	(5,717)	(76.2%)
<b>Total revenue</b>	<b>123,330</b>	<b>101.5%</b>	<b>132,517</b>	<b>106.0%</b>	<b>(9,187)</b>	<b>(6.9%)</b>
<b>EBITDA</b>	<b>11,116</b>	<b>9.1%</b>	<b>11,341</b>	<b>9.1%</b>	<b>(225)</b>	<b>(2.0%)</b>
Amortization and depreciation	6,647	5.5%	6,827	5.5%	(180)	(2.6%)
Allocations	53	0.0%	123	0.1%	(70)	(56.9%)
<b>EBIT</b>	<b>4,416</b>	<b>3.6%</b>	<b>4,391</b>	<b>3.5%</b>	<b>25</b>	<b>0.6%</b>
<b>Profit for the year</b>	<b>2,145</b>	<b>1.8%</b>	<b>3,171</b>	<b>2.5%</b>	<b>(1,026)</b>	<b>(32.4%)</b>

*Revenue from Sales and Services* at 30 September 2024 amounted to € 121,546 thousand, down by € -3,470 thousand, or -2.8% versus 30 September 2023 (€ 125,016 thousand). In 2024, the order backlog decreased, due to the widespread drop in demand within the furnishing segment and a decrease in unit prices by approximately 10-15% for the subsidiary Cartiere di Guarcino, while remaining steady overall for Neodecortech. At Neodecortech, this downturn impacted all product lines: both those initially affected by the market slowdown (laminates and impregnated) and those impacted with a slight delay (printing on paper). The only exceptions are PPF and EOS, an anti-fingerprint plastic for vertical surfaces, though their market share remains relatively minor to date. The reduction in sales is, in fact, due primarily to a volume effect. Cartiere di Guarcino experienced a similar trend, with sales decreasing by around -11%, due entirely to price deviation and sales mix (-14%), while volumes slightly increased (+3%), primarily for Unicolour papers.

Excluding the Energy Division, the largest market declines were reported in Italy (-11.6%), Europe (-8.9%), and Asia/Middle East (-6.4%), with other markets remaining steady. However, the reduction in sales is in line with the 2024 Budget forecasts.

*Other revenue* at 30 September 2024 amounted to € 1,784 thousand (€ 7,501 thousand at 30 September 2023), down by € -5,717 thousand, due to the extraordinary income recorded in 2023. Specifically: (i) the income of Bio Energia Guarcino S.r.l. for maximization referring to 2022, amounting to € 2,625 thousand, (ii) the tax receivables for first and second quarters 2023 related to energy- and gas-intensive companies to both Neodecortech and the subsidiary Cartiere di Guarcino, totaling € 2,944 thousand.

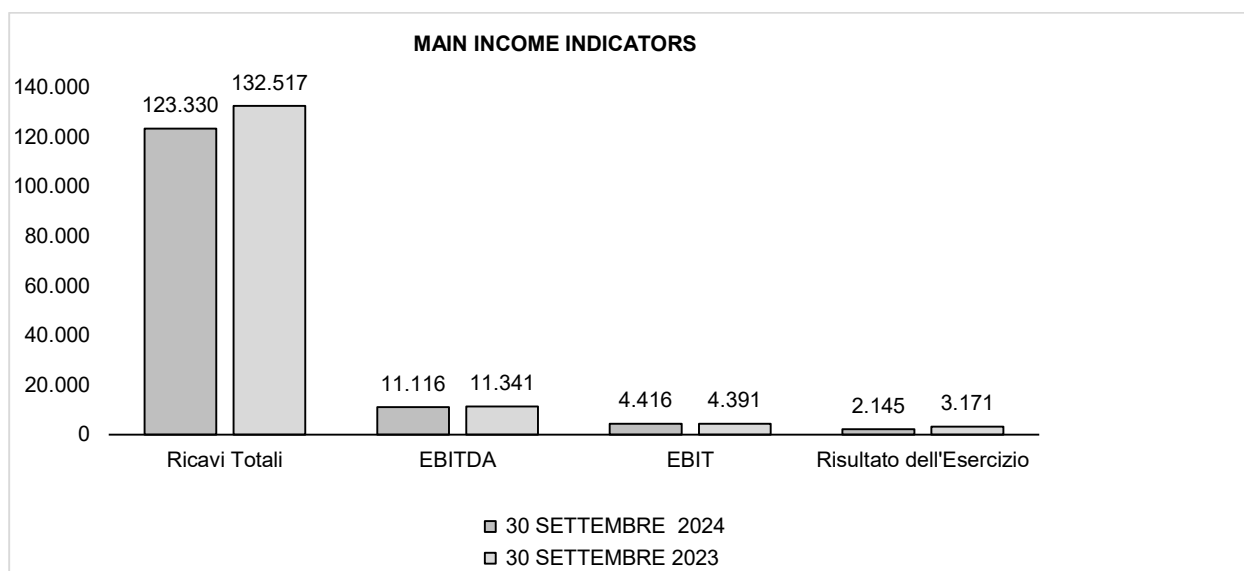
At 30 September 2024, this item includes: (i) Neodecortech's revenue totaling € 606 thousand from expense reimbursements and plant grants; (ii) Cartiere di Guarcino S.p.A.'s revenue totaling € 960 thousand, of which € 633 thousand attributable to legal incentives, including a non-refundable grant disbursed in August 2024 under the SIMEST-Support Ukraine Fund 394.81.2023 measure (allocated pro rata for investments made) and aid obtained through the Fund for Energy Transition in the Industrial Sector; (iii) the subsidiary Bio Energia recorded revenue of € 218 thousand, primarily from an internal investment order focused on optimizing the production process and recovering thermal waste, totaling € 210 thousand.

*EBITDA* at 30 September 2024 stood at 9.1% of net sales (€ 11,116 thousand), in line with 30 September 2023 (€ 11,341 thousand and a 9.1% margin). This change is the combined effect of the following elements:

- with regard to the parent company Neodecortech S.p.A., the widespread decline in demand resulted in a lower EBITDA (€ -964 thousand) versus the same period of the prior year;
- at 30 September 2024, the subsidiary Cartiere di Guarcino S.p.A. recorded a decrease in EBITDA (€ -474 thousand), due to rising prices of key raw materials, pulp and titanium dioxide, although partly offset by a slight reduction in energy costs. These effects led to a drop in margins, as the current market environment has made it challenging to transfer price increases to end customers.
- on the other hand, the subsidiary Bio Energia Guarcino S.r.l., at 30 September 2024, recorded a sharp improvement in EBITDA (€ +1,295 thousand) versus the same period of the prior year, driven by a higher production rate (+7%). In 2024, the GRIN incentive system was reinstated, and as of 10 December 2023, the Guaranteed Minimum Prices (GMP) scheme, introduced by Law Decree 181/23 and subsequently regulated by ARERA Resolution 306/2024/R/eel of 23 July 2024, is in force. It should be noted that the GRIN incentive is deducted from the GMP settlement. Against this backdrop, the Power Plant operated at full capacity, supporting Cartiere di Guarcino's operations on both the power and steam supply side.

*Net Profit* amounted to € 2,145 thousand, with a revenue margin of 1.8%, down versus the prior year (€ 3,171 thousand at 30 September 2023, with a 2.5% margin), as 2023 included the previously mentioned effect of the *Other Revenue* item related to the 2022 maximization. Adjusted Net Profit at 30 September 2023, net of the non-recurring financial item and the related tax effect, amounted to € 823 thousand (0.7% of revenue). The above profit includes a loss attributable to non-controlling interests totaling € 27 thousand regarding the 30% stake in the Chinese company acquired in 2024 and owned by a third-party shareholder.

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



Total revenue in the above chart includes "other revenue".

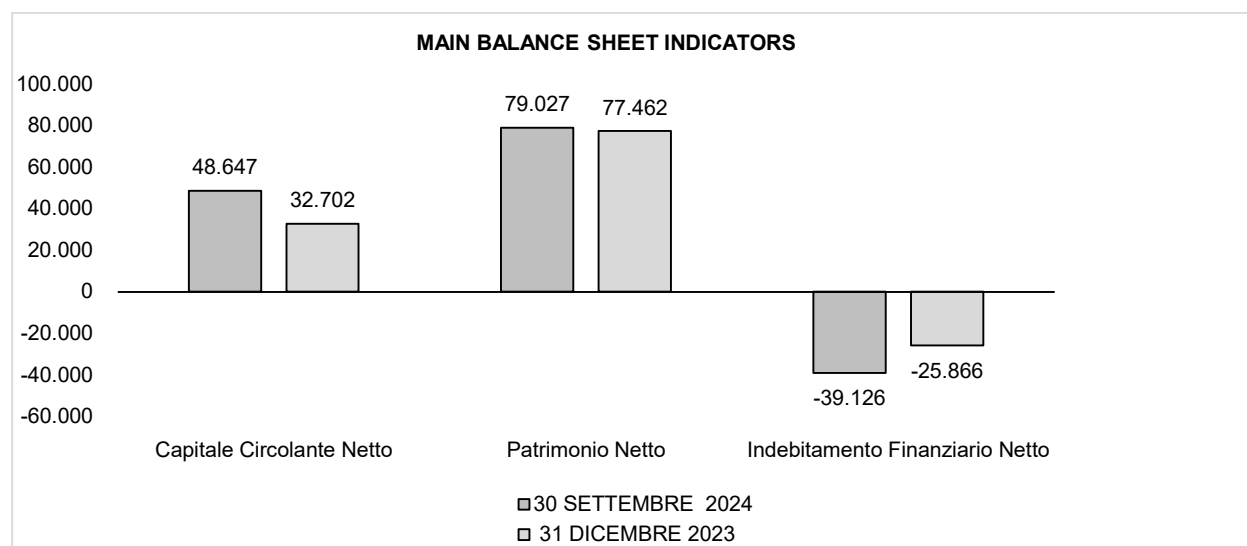
The table below also shows the consolidated operating results with the adjusted profit for the year, following the above non-recurring items.

(Euro thousands)	30 SEPTEMBER 2024	%	30 SEPTEMBER 2023	%	Chg.	% chg.
Revenue from sales and services	121,546	100.0%	125,016	100.0%	(3,470)	(2.8%)
Other revenue	1,784	1.5%	7,501	6.0%	(5,717)	(76.2%)
Revenue from reinstatement of BEG maximization for the period Sept-Dec 2022		0.0%	(2,625)	(2.1%)	2,625	(100.0%)
<b>Adjusted Total Revenue</b>	<b>123,330</b>	<b>101.5%</b>	<b>129,892</b>	<b>103.9%</b>	<b>(6,562)</b>	<b>(5.1%)</b>
<b>Adjusted EBITDA</b>	<b>11,116</b>	<b>9.1%</b>	<b>8,716</b>	<b>7.0%</b>	<b>2,400</b>	<b>27.5%</b>
Amortization and depreciation	6,647	5.5%	6,827	5.5%	(180)	(2.6%)
Allocations	53	0.0%	123	0.1%	(70)	(56.9%)
<b>Adjusted EBIT</b>	<b>4,416</b>	<b>3.6%</b>	<b>1,766</b>	<b>1.4%</b>	<b>2,650</b>	<b>150.1%</b>
Tax effect revenue reinstatement		0.0%	277	0.2%	(277)	-100.0%
<b>Adjusted Profit for the Year</b>	<b>2,145</b>	<b>1.8%</b>	<b>823</b>	<b>0.7%</b>	<b>1,322</b>	<b>160.6%</b>
Reconciliation of Profit for the Year and Adjusted Profit for the Year:						
<b>Adjusted Profit for the Year</b>	<b>2,145</b>	<b>1.8%</b>	<b>823</b>	<b>0.7%</b>	<b>1,322</b>	<b>160.6%</b>
Revenue from reinstatement of BEG maximization for the period Sept-Dec 2022	0	0.0%	2,625	2.1%		
Tax effect revenue reinstatement	0	0.0%	(277)	(0.2%)		
<b>Profit for the year</b>	<b>2,145</b>	<b>1.8%</b>	<b>3,171</b>	<b>2.5%</b>	<b>(1,026)</b>	<b>(32.4%)</b>

## Financial results

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

(Euro thousands)	30 SEPTEMBER 2024	31 DECEMBER 2023	Chg.	% chg.
Net Working Capital	48,647	32,702	15,945	48.8%
Equity	79,027	77,462	1,565	2.0%
Net Financial Debt	(39,126)	(25,866)	(13,260)	51.3%



The balance sheet figures at 30 September 2024 are also shown for comparative purposes versus those at 30 September 2023.

(Euro thousands)	30 SEPTEMBER 2024	30 SEPTEMBER 2023	Chg.	% chg.
Net Working Capital	48,647	43,055	5,592	13.0%
Equity	79,027	78,141	886	1.1%
Net Financial Debt	(39,126)	(35,988)	3,138	(8.7%)

The increase in NWC was driven by the combined effect of: *i*) an increase in operating NWC (€ +4,213 thousand), due to a higher inventory value; *ii*) an increase in other receivables (€ +3,434 thousand), pending monetization of GMP receivables of the subsidiary BEG, offset by a reduction in other current payables and tax receivables (€ 2,678 thousand).

The NFP at 30 September 2024 was significantly impacted by the non-collection of incentives for fixed cost maximization and GMP, totaling approximately € 18.2 million; at 31/12/23, these receivables amounted to € 10.7 million, and at 30 September 2023, to € 8.5 million. Eliminating this effect at both 30 September 2024 and the same period in 2023, adjusted net financial debt would amount to approximately € 21 million, significantly lower than the adjusted figure for September 2023 (€ 27.5 million).



## **Directors' Comments**



## Significant events during the period

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. Over 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 for the Group.

All Group Companies are fully operational.

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), 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>), and the introduction of the temporary Guaranteed Minimum Prices (GMP) scheme, the power plant fully resumed operations on 11 December 2023.

In first nine months 2024, the prices of some of the Group's strategic materials (animal fat, plastic films) remained basically steady versus second half 2023. Conversely, a different trend was reported for pulp, which began its price recovery in September 2023 and continued throughout first half 2024. Stability returned only in the second half of the year. Titanium dioxide prices have continued to rise in 2024, due to the introduction of tariffs on imports of this product from China. This scenario continues to witness some margin restraint, as the reduction in the average level of raw material costs remains too small compared to the levels prior to the strong inflationary push in 2022.

Regarding energy carrier costs in particular, after a slight decrease in first quarter 2024, they have started a modest increase, returning to late 2023 levels.

With specific regard to the subsidiary Bio Energia Guarcino, in 2024 the ordinary incentive system (GRIN) was reinstated, in contrast to 2023, when the incentive had been reduced to zero, due to the reference price of electricity in 2022 being well above the cap of 180 €/MWh used by the formula that determines the unit value of incentives. Moreover, as of 10 December 2023, the Guaranteed Minimum Prices (GMP) scheme, introduced by Law Decree 181/23 and subsequently regulated by ARERA Resolution 306/2024/R/eel of 23 July 2024, is in force. It should be noted that the GRIN incentive is deducted from the GMP settlement. In 2024, the Company operated at full production capacity. In contrast, 2023 experienced approximately 45 days of downtime, due to the interruption of the maximization scheme, which was in effect from 19 September 2022 to 30 September 2023 (with an interruption from 31 March 2023 to 15 May 2023 and a permanent suspension from 30 September 2023). This incentive scheme, introduced by the so-called Ukraine Decree within the emergency framework in the energy sector, aimed to encourage electricity production from sources other than natural gas. Regulatory references include Article 5bis, paragraph 1, of Law Decree 14/2022, converted with amendments by Law no. 28 of 5 April 2022, along with ARERA Resolutions no. 430/2022 of 13 September 2022 and no. 251/2024/R/eel of 25 June 2023. The latter resolution allowed the RVC (Recognized Variable Cost) of € 7,651 thousand (with a total disbursement of € 14,222 thousand) to be monetized in July 2023.

Pending the outcome of the post-consultation on the GMPs and the final accounting, Bio Energia Guarcino has determined the best possible estimate for the reinstatement of GMP revenue, based on the information currently available. Consequently, it has set the minimum amount of reinstated revenue accrued up to 30 September 2024 at € 15,184 thousand, to be fully monetized as of 30 September 2024. It should be noted that on 29 October 2024, the GSE introduced an advance payment mechanism for the previous period - covering energy produced from 10 December 2023 to 30 September 2024 - stipulating that payment of the remuneration due, defined as the difference,

if positive, between the minimum guaranteed revenue and conventional revenue, will instead be made by year-end adjustment, while allowing for the possibility of monthly advance payments.

With regard to the letter of Patronage issued by Neodecortech, on 07.11.2022, to Golden Agri-Resources Europe B.V. for the procurement of palm oil to the subsidiary Bio Energia Guarcino S.r.l. up to a maximum of USD 16,000 thousand, it should be noted that at 30 September 2024, the exposure of Bio Energia Guarcino S.r.l. to the supplier, for contracts performed and to be performed, is € 5,857 thousand.

Capital expenditure in tangible fixed assets in first nine months 2024 amounted to € 4,389 thousand, in line with budget forecasts. Special mention must be made of the progress made by Neodecortech in the printing machine revamping, set for completion by end 2024. With regard to subsidiaries, capital expenditure in tangible fixed assets at Cartiere di Guarcino regarded measures to increase the efficiency of paper machines and to optimize plants (€ 1,363 thousand). For Bio Energia Guarcino, expenditure was made for the scheduled maintenance of the power plant and the optimization of the production process through the recovery of thermal waste (€ 270 thousand).

Capital expenditure in intangible fixed assets totaling € 1,093 thousand refers primarily to the implementation of the Group's new ERP information system.

All of the Group's plants, where applicable, are continuing their 4.0 process management actions.

In 2024, two new medium-/long-term loans were taken out for the subsidiary Cartiere di Guarcino: (i) € 4,500 thousand from Banca Popolare di Sondrio, based on an application submitted in December 2023 under the Industrial Transition Fund (pursuant to the Interministerial Decree of 21 October 2022 and the MIMIT Decree of 30 August 2023); and (ii) € 1,500 thousand under the SIMEST-Support Ukraine Fund measure 394.81.2023. The parent company Neodecortech SpA took out a new medium/long-term loan of € 2,000 thousand.

In February 2024, for the third consecutive year, the Neodecortech Group was awarded a "B" score by the international non-profit organization CDP (Carbon Disclosure Project) for its 2022 data, recognizing the Group Companies' commitment to combating climate change. This score places Neodecortech in the European overall average (score "B"), but above the average of both its industry Wood & Paper materials and the Global average, both of which score "C".

Since 2016, based on 2015 figures, the Neodecortech Group has prepared the GRI-compliant Sustainability Report. Starting from 2021, in a continued effort to increase its transparency also on data and events of a non-income, equity or financial nature, Neodecortech has chosen to implement its sustainability reporting, with the publication of the first consolidated non-financial statement (NFS) pursuant to Legislative Decree 254/2016, on a voluntary basis certified by a limited assurance, according to the criteria indicated by ISAE 3000 Revised. On 12 March 2024, the Board of Directors approved, for the second year on a voluntary basis, the 2023 Consolidated Non-Financial Statement, to which explicit reference is made for further discussion of all these topics (<https://www.neodecortech.it/sostenibilita/sostenibilita-i-nostri-risultati/dichiarazione-non-finanziaria/>).

## **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, leading to a declining order backlog both versus historical trends and expectations for 2024. This condition is expected to persist evenly across all sales areas where the Companies primarily operate (90% Europe) until the end of the current year and for the first few months of 2025. It is reasonable to assume that a likely reversal in the international manufacturing cycle, providing a renewed boost to volumes, may not occur until the latter part of 2025.

Additionally, the global sociopolitical environment, marked by significant uncertainty, has already led to increased volatility in oil prices, now carrying a higher "uncertainty premium" than it did recently. This uncertainty is likely to persist,

impacting not only energy inputs, but also various other raw materials, due to the well-known covariance phenomena influencing these markets.

Regarding the trend of strategic raw materials, the following information is provided for each business unit: (i) Neodecortech expects prices of certain key raw materials (resins, plastics) to remain steady through end 2024, while other materials, such as paper, may see further increases; (ii) Cartiere di Guarcino expects a further price decrease for pulp until it realigns with the spot market and Chinese market quotations. Price trends are being impacted by weak demand in the graphic papers and specialty sectors. Demand in the titanium dioxide market also remains weak, with prices unchanged for fourth quarter 2024; (iii) Bio Energia Guarcino is awaiting the initiation of the reporting and collection process for the Guaranteed Minimum Prices (GMP) recently published by the GSE. The process is expected to normalize by the end of the year. The GMP support system is linked to the performance of bioliquid markets, effectively nullifying the associated price risk.

Energy carriers have instead witnessed a stabilization. Both Neodecortech and Cartiere di Guarcino continue to devote the necessary attention to the potential risks of rationing and partial availability of electricity and gas. No significant change in energy costs is anticipated in last quarter 2024.

With regard to the CONSOB notices of 7 March 2022, and subsequently of 19 May 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 the Russian-Ukrainian conflict continues.

On the financial front too, the policy of containing financial expense, optimizing the use of debt between short and medium-long term, and managing the net financial position continues, supported by the current downward phase of interest rates. Temporary peaks may occur due to procurement policies and delayed monetization of GMPs accrued up to 30 September 2024 by the subsidiary Bio Energia Guarcino.

The Group continues to pursue its policy of sustainability, by implementing a number of ongoing projects, especially in the area of emission reduction, as well as in the social sphere.

Each Division is analyzed more specifically below.

## **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 domestic and external demand. Despite a partial reduction in the prices of certain raw materials and energy, immediate pressure to lower sales prices prevented the anticipated margin recovery.

According to macroeconomic forecasts, this market situation is expected to remain largely unchanged for the rest of 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 stability is anticipated.

## **Paper Division - Cartiere di Guarcino**

The customer order backlog of Cartiere, consistent with the figures at 31 December 2023, declined versus first nine months 2023, which had already seen a drop following fourth quarter 2022, reflecting general market trends. This had

been taken into account in the preparation of the 2024 Budget. However, considering the aforementioned domestic and international economic scenario, the future outlook should be approached with caution. Margins are particularly affected by tension in the prices of strategic raw materials, which, amid weak demand, complicate the ability to transfer these costs to end customers. A recovery is anticipated in second half 2025.

Regarding the trend of strategic raw materials, pulp prices are anticipated to decline in fourth quarter 2024, specifically in October and November, before stabilizing in December, while titanium dioxide prices are expected to remain basically steady.

The investment plan is tied to the efficiency of paper machines and ongoing optimization of equipment as planned in the 2024 Budget, with a special focus on environmental issues. Noteworthy in this regard is the application submitted in December 2023 (currently under review) under the Industrial Transition Fund (pursuant to the Interministerial Decree of 21 October 2022 and MIMIT Decree of 30 August 2023) for expenditure in the efficient use of resources.

#### **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: (i) introduction of the Guaranteed Minimum Prices scheme from December 2023 to no later than 31 December 2025 (ARERA Implementing Resolution issued on 23 July 2024); (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.

Management of the GMP tool is delegated to the GSE, which, on 29 October 2024, set up a portal where beneficiaries can submit an application for each Production Unit (PU) associated with the plant. The portal then enables them to upload production and fuel consumption data to prepare invoices for the remuneration due.

On the same date, the GSE introduced a system for settling an advance payment for past energy production - from 10 December 2023 to 30 September 2024 - to expedite disbursement timing in light of delays in the Authority's resolution and the GSE's technical processing time to initiate management procedures. It is anticipated that the GSE will disburse the remuneration due, calculated as the difference, if positive, between the minimum guaranteed revenue and conventional revenue, and that payment will be made by year-end adjustment, while allowing for the possibility of monthly advance payments.

GMPs represent revenue supplements "paid to cover operating costs, ensuring the facility's continuous and efficient operation". They also consider the cost of raw materials and the need to encourage ongoing cost efficiency of the plant.

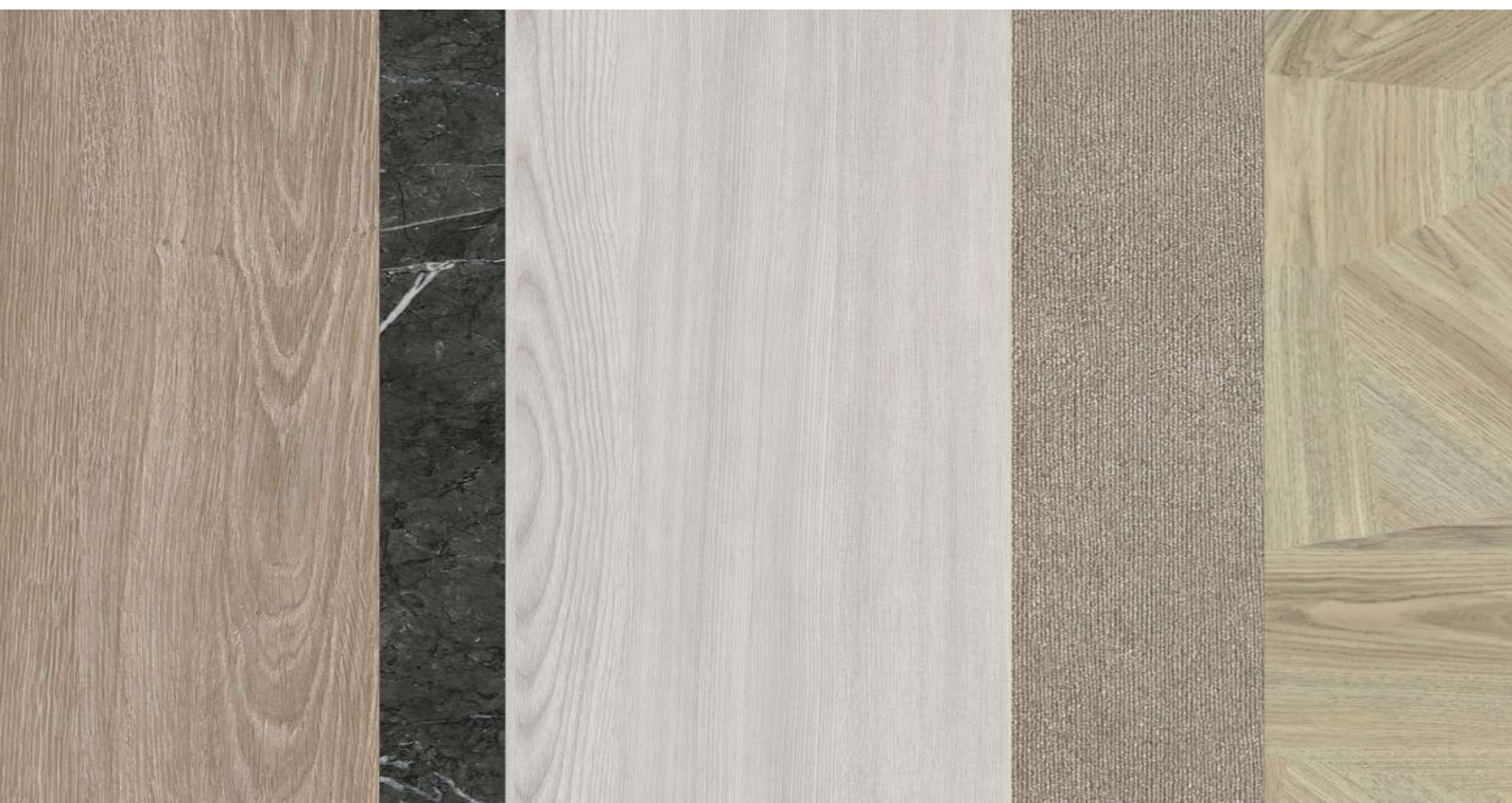
The GMP scheme is such as to ensure the cost-effective operation of the Bio Energia Guarcino power plant, due also to the correlation of part of the reinstatement to the bioliquid market, the Milan grain association market or the Rotterdam market, depending on the type of bioliquid used. This could result in increased supply costs for this type of bioliquid. It should be noted that Bio Energia Guarcino, having obtained appropriate authorization, has been utilizing for several years now bioliquids derived from animal and/or plant wastes, which are not directly impacted by these new regulations.

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.





## **Condensed Consolidated Financial Statements at 30 September 2024**



## Consolidated income statement at 30 September 2024

(Euro thousands)	30 SEPTEMBER 2024	%	30 SEPTEMBER 2023	%	Chg.	% chg.
<b>Revenue from sales and services</b>	<b>121,546</b>	<b>100.0%</b>	<b>125,016</b>	<b>100.0%</b>	<b>(3,470)</b>	<b>(2.8%)</b>
Changes in work in progress, semi-finished and finished products	1,842	1.5%	2,323	1.9%	(481)	(20.7%)
Other revenue	1,784	1.5%	7,501	6.0%	(5,717)	(76.2%)
<b>Value of Production</b>	<b>125,172</b>	<b>103.0%</b>	<b>134,840</b>	<b>107.9%</b>	<b>(9,668)</b>	<b>(7.2%)</b>
Raw and ancillary materials and consum.	(78,855)	(64.9%)	(85,730)	(68.6%)	6,875	(8.0%)
Other operating expense	(19,260)	(15.8%)	(22,198)	(17.8%)	2,938	(13.2%)
<b>Value Added</b>	<b>27,057</b>	<b>22.3%</b>	<b>26,912</b>	<b>21.5%</b>	<b>145</b>	<b>0.5%</b>
Personnel expense	(15,941)	(13.1%)	(15,571)	(12.5%)	(370)	2.4%
<b>EBITDA</b>	<b>11,116</b>	<b>9.1%</b>	<b>11,341</b>	<b>9.1%</b>	<b>(225)</b>	<b>(2.0%)</b>
Amortization and depreciation	(6,647)	(5.5%)	(6,827)	(5.5%)	180	(2.6%)
Allocations	(53)	(0.0%)	(123)	(0.1%)	70	(56.9%)
<b>EBIT</b>	<b>4,416</b>	<b>3.6%</b>	<b>4,391</b>	<b>3.5%</b>	<b>25</b>	<b>0.6%</b>
Financial expense	(2,058)	(1.7%)	(1,673)	(1.3%)	(385)	23.0%
Financial income	372	0.3%	294	0.2%	78	26.5%
<b>Profit/(loss) before tax</b>	<b>2,730</b>	<b>2.2%</b>	<b>3,012</b>	<b>2.4%</b>	<b>(282)</b>	<b>(9.4%)</b>
Income tax	(585)	(0.5%)	159	0.1%	(744)	(467.9%)
<b>Profit/(loss) for the year</b>	<b>2,145</b>	<b>1.8%</b>	<b>3,171</b>	<b>2.5%</b>	<b>(1,026)</b>	<b>(32.4%)</b>
Of which Group profit/(loss) for the year	2,172		3,171		(999)	
Of which Profit/(loss) for the year of non-controlling interests	(27)				(27)	

## Consolidated statement of comprehensive income at 30 September 2024

(Euro thousands)	30 SEPTEMBER 2024	30 SEPTEMBER 2023
<b>Profit/(loss) for the year</b>	<b>2,145</b>	<b>3,171</b>
<b>Other items of the comprehensive income statement</b>		
Actuarial gains (losses) net of tax effect	7	46
<b>Total items that will not be reclassified in the income statement for the year</b>	<b>7</b>	<b>46</b>
Gains/(losses) on cash flow hedging instruments	(63)	(48)
<b>Total items that will or may be reclassified in the income statement for the year</b>	<b>(63)</b>	<b>(48)</b>
<b>Total other items of the comprehensive income statement</b>	<b>(56)</b>	<b>(2)</b>
<b>Comprehensive income (loss) for the year</b>	<b>2,089</b>	<b>3,170</b>
Comprehensive income for the period attributed to:		
Shareholders of the Parent	2,089	3,170
Non-controlling interests	(27)	
<b>Earnings per share (in Euro):</b>		
Basic	0.16	0.23
Diluted	0.16	0.23



## Consolidated statement of financial position at 30 September 2024

Assets	30 SEPTEMBER 2024	%	31 DECEMBER 2023	%	Chg.	% chg.
<i>(Euro thousands)</i>						
Intangible assets	1,731	1.0%	777	0.5%	954	122.8%
Tangible assets	73,903	43.2%	75,969	46.1%	(2,066)	(2.7%)
Investments	0	0.0%	0	0.0%	0	0.0%
Other non-current assets	435	0.3%	400	0.2%	35	8.8%
Non-current financial receivables	445	0.3%	445	0.3%	0	0.0%
Deferred tax assets	1,592	0.9%	1,881	1.1%	(289)	(15.4%)
<b>Non-current assets</b>	<b>78,106</b>	<b>45.7%</b>	<b>79,472</b>	<b>48.2%</b>	<b>(1,366)</b>	<b>(1.7%)</b>
Inventory	45,936	26.9%	42,598	25.8%	3,338	7.8%
Trade receivables	17,686	10.3%	16,276	9.9%	1,410	8.7%
Receivables from tax consolidation	749	0.4%	438	0.3%	311	71.0%
Tax receivables	1,694	1.0%	1,652	1.0%	42	2.5%
Current financial receivables	0	0.0%	0	0.0%	0	0.0%
Other current receivables	19,599	11.5%	12,211	7.4%	7,388	60.5%
Cash funds	7,300	4.3%	12,157	7.4%	(4,857)	(40.0%)
<b>Current assets</b>	<b>92,964</b>	<b>54.3%</b>	<b>85,332</b>	<b>51.8%</b>	<b>7,632</b>	<b>8.9%</b>
<b>Total assets</b>	<b>171,070</b>	<b>100.0%</b>	<b>164,804</b>	<b>100.0%</b>	<b>6,266</b>	<b>3.8%</b>

Equity and liabilities	30 SEPTEMBER 2024	%	31 DECEMBER 2023	%	Chg.	% chg.
<i>(Euro thousands)</i>						
Share capital	18,804	11.0%	18,804	11.4%	0	0.0%
Share premium reserve	18,864	11.0%	18,864	11.4%	0	0.0%
Other reserves	30,412	17.8%	28,185	17.1%	2,227	7.9%
Prior years' profit (loss)	8,760	5.1%	8,761	5.3%	(1)	(0.0%)
Profit (loss) for the year	2,172	1.3%	2,848	1.7%	(676)	(23.7%)
<b>Group equity</b>	<b>79,012</b>	<b>46.2%</b>	<b>77,462</b>	<b>47.0%</b>	<b>1,550</b>	<b>2.0%</b>
Equity attributable to non-controlling interests	42	0.0%	0	44.4%	42	0.0%
Profit (loss) for the year attributable to non-controlling interests	-27	0.0%	0	0.0%	(27)	0.0%
<b>Total equity attributable to non-controlling interests</b>	<b>15</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>15</b>	<b>0.0%</b>
<b>Total equity</b>	<b>79,027</b>	<b>46.2%</b>	<b>77,462</b>	<b>0.0%</b>	<b>1,565</b>	<b>2.0%</b>
Provisions for risks and charges	923	0.5%	825	47.0%	98	11.9%
Deferred tax	5,646	3.3%	5,941	3.6%	(295)	(5.0%)
Post-employment benefits	2,031	1.2%	2,080	1.3%	(49)	(2.4%)
Non-current financial liabilities	22,544	13.2%	22,179	13.5%	365	1.6%
<b>Non-current liabilities</b>	<b>31,144</b>	<b>18.2%</b>	<b>31,025</b>	<b>18.8%</b>	<b>119</b>	<b>0.4%</b>
Trade payables	28,079	16.4%	33,792	20.5%	(5,713)	(16.9%)
Payables from tax consolidation	250	0.1%	117	0.1%	133	113.7%
Tax payables	472	0.3%	786	0.5%	(314)	(39.9%)
Current financial liabilities	23,882	14.0%	15,844	9.6%	8,038	50.7%
Other current payables	8,216	4.8%	5,778	3.5%	2,438	42.2%
<b>Current liabilities</b>	<b>60,899</b>	<b>35.6%</b>	<b>56,317</b>	<b>34.2%</b>	<b>4,582</b>	<b>8.1%</b>
<b>Total equity and liabilities</b>	<b>171,070</b>	<b>100.0%</b>	<b>164,804</b>	<b>100.0%</b>	<b>6,266</b>	<b>3.8%</b>

## Consolidated statement of changes in equity at 30 September 2024

(Euro thousands)	Attributable to the shareholders of the Parent								
	Share Capital	Hedging and translation reserves	Equity reserves	Other reserves	Treasury shares	Profit (loss) for the year	Equity	Non-controlling interests	Total equity
<b>Balance at 01/01/2023</b>	<b>18,804</b>	<b>264</b>	<b>18,864</b>	<b>31,372</b>	<b>(468)</b>	<b>8,437</b>	<b>77,274</b>	<b>0</b>	<b>77,274</b>
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
<b>Total comprehensive income/loss for the year</b>	<b>0</b>	<b>(133)</b>	<b>0</b>	<b>(32)</b>	<b>0</b>	<b>2,848</b>	<b>2,683</b>	<b>0</b>	<b>2,683</b>
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)
<b>Balance at 12/12/2023</b>	<b>18,804</b>	<b>131</b>	<b>18,864</b>	<b>37,800</b>	<b>(986)</b>	<b>2,848</b>	<b>77,462</b>	<b>0</b>	<b>77,462</b>
<b>Balance at 01/01/2024</b>	<b>18,804</b>	<b>131</b>	<b>18,864</b>	<b>37,800</b>	<b>(986)</b>	<b>2,848</b>	<b>77,462</b>	<b>0</b>	<b>77,462</b>
Other items of the comprehensive income statement	0	(63)	0	7	0	0	(56)	0	(56)
Profit for the year	0	0	0	0	0	2,172	2,172	(27)	2,145
<b>Total comprehensive income/loss for the year</b>	<b>0</b>	<b>(63)</b>	<b>0</b>	<b>7</b>	<b>0</b>	<b>2,172</b>	<b>2,116</b>	<b>(27)</b>	<b>2,089</b>
Dividend distribution	0	0	0	0	0	0	0	0	0
Allocation of prior year's profit (loss)	0	0	0	2,848	0	(2,848)	0	0	0
Other changes	0	0	0	(1)	(565)	0	(566)	42	(524)
<b>Balance at 30/09/2024</b>	<b>18,804</b>	<b>68</b>	<b>18,864</b>	<b>40,654</b>	<b>(1,551)</b>	<b>2,172</b>	<b>79,012</b>	<b>15</b>	<b>79,027</b>

## Consolidated statement of cash flows at 30 September 2024

(Euro thousands)	30 SEPTEMBER 2024	30 SEPTEMBER 2023
Profit (loss) for the year	2,145	3,171
Income tax	560	64
Deferred/(prepaid) tax	25	(223)
Interest expense/(interest income)	1,770	1,379
(Dividends received)	0	0
(Gains)/losses from disposal of assets	0	22
<b>1 Profit (loss) for the year before income tax, interest, dividends and gains/losses from disposals</b>	<b>4,500</b>	<b>4,413</b>
Adjustments for non-monetary items that had no balancing entry in net working capital:		
Allocation to post-employment benefits	35	42
Allocations to other provisions	132	223
Amortization and depreciation of fixed assets	6,647	6,827
Write-downs for impairment losses	0	0
Other adjustments for non-monetary items	(369)	256
<b>2 Cash flow before changes in NWC</b>	<b>10,945</b>	<b>11,761</b>
Changes in net working capital:		
Decrease/(increase) in receivables from customers	(1,405)	5,164
Decrease/(increase) in inventory	(3,369)	1,457
Increase/(decrease) in payables to suppliers	(5,729)	(4,459)
Decrease/(increase) in other receivables	(7,456)	(12,009)
Increase/(decrease) in other payables	1,824	1,380
Other changes in net working capital	0	0
<b>3 Cash flow after changes in NWC</b>	<b>(5,190)</b>	<b>3,294</b>
Other adjustments:		
Interest received/(paid)	(1,684)	(1,271)
(Income tax paid)	(102)	(89)
(Gains)/losses from disposal of assets	0	0
Dividends received	0	0
(Utilization of provisions)	(9)	(61)
(Utilization of provisions for post-employment benefits)	(95)	(161)
<b>4 Cash flow after other adjustments</b>	<b>(7,080)</b>	<b>1,712</b>
<b>A Cash flow from operations</b>	<b>(7,080)</b>	<b>1,712</b>
<i>Tangible fixed assets</i>	(4,369)	(4,598)
(Purchase)	(4,389)	(4,598)
Disposal	20	0
<i>Intangible fixed assets</i>	(1,093)	(116)
(Purchase)	(1,093)	(116)
Disposal	0	0
<i>Financial fixed assets</i>	(137)	0
(Purchase)	(144)	0
Disposal	7	0
<i>Current financial assets</i>	0	0
(Purchase)	0	0
Disposal	0	0
<i>Proceeds from disposal of assets</i>	0	(21)
<b>B Cash flow from investing activities</b>	<b>(5,599)</b>	<b>(4,735)</b>

<b>Liabilities</b>	<b>8,294</b>	<b>(215)</b>
Increase (decrease) in short-term bank payables	4,870	(434)
New loans	8,000	5,000
Repayment of loan	(4,576)	(4,477)
Financial liabilities to other lenders	0	(304)
Change in financial receivables from other lenders	0	0
<b>Equity</b>	<b>(472)</b>	<b>(2,294)</b>
Share capital increase	93	0
Sale (purchase) of treasury shares	(565)	(322)
Other changes in equity	0	(1,972)
<b>C Cash flow from financing activities</b>	<b>7,822</b>	<b>(2,509)</b>
<b>Increase (decrease) in cash funds (A ± B ± C)</b>	<b>(4,857)</b>	<b>(5,532)</b>
Cash funds at 1 January	12,157	12,042
Cash funds at 30 September	7,300	6,510

The following table shows **consolidated net financial debt** at 30 September 2024 versus the situation at 31 December 2023 and 30 September 2023:

(Euro thousands)	30 SEPTEMBER 2024	31 DECEMBER 2023	Chg.	30 SEPTEMBER 2023	Chg.
A. Cash funds	7,300	12,157	(4,857)	6,510	790
B. Cash and cash equivalents	0	0	0	0	0
C. Other current financial assets	0	0	0	0	0
<b>D. Cash (A) + (B) + (C)</b>	<b>7,300</b>	<b>12,157</b>	<b>(4,857)</b>	<b>6,510</b>	<b>790</b>
E. Current financial debt	(14,473)	(9,578)	(4,895)	(12,530)	(1,943)
F. Current portion of non-current debt	(9,409)	(6,266)	(3,143)	(5,673)	(3,736)
<b>G. Current financial debt (E)+(F)</b>	<b>(23,882)</b>	<b>(15,844)</b>	<b>(8,038)</b>	<b>(18,203)</b>	<b>(5,679)</b>
<b>H. Net current financial debt (G)-(D)</b>	<b>(16,582)</b>	<b>(3,687)</b>	<b>(12,895)</b>	<b>(11,693)</b>	<b>(4,889)</b>
I. Non-current financial debt	(22,544)	(22,179)	(365)	(24,295)	1,751
J. Debt instruments	0	0	0	0	0
K. Trade payables and other non-current payables	0	0	0	0	0
<b>L. Non-current financial debt (I)+(J)+(K)</b>	<b>(22,544)</b>	<b>(22,179)</b>	<b>(365)</b>	<b>(24,295)</b>	<b>1,751</b>
<b>M. Total financial debt (H)+(L)</b>	<b>(39,126)</b>	<b>(25,866)</b>	<b>(13,260)</b>	<b>(35,988)</b>	<b>(3,138)</b>

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## **Notes**



## Accounting standards and preparation criteria

The Interim Management Statement for first nine months 2024 includes the Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Statement of Cash Flows, Statement of Changes in Equity and brief notes; it has been prepared on the basis of the recognition and measurement criteria provided for by the IAS-IFRS standards adopted by the European Union. It has been made available to the public on a voluntary basis, and has been prepared in accordance with the regulations of Borsa Italiana, which establish, among the requirements for maintaining the listing on the STAR segment of the MTA market, the publication of interim reports, which are available on the Company website ([www.neodecortech.it](http://www.neodecortech.it)).

With regard to the relevant international accounting standards and the criteria chosen by the Group in preparing the financial statements, reference is made to the 2023 Annual Report.

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

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

## Consolidation scope

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%
Changzhou NDT new material technology company Ltd	Changzhou (China)	1,600,000 CNY	Full	70%

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

Mention should be made as a change from the prior year of the inclusion of the Chinese-registered subsidiary Changzhou NDT new material technology company Ltd. in the consolidation scope.

On 15 May 2024, Neodecortech SpA acquired 70% of the share capital of Changzhou NDT new material technology company Ltd, a company under Chinese law with the purpose of developing the Chinese and Far East markets. The acquisition of the shares, for a total consideration of approximately € 53 thousand, was accounted for under IFRS 3 against which no goodwill was recorded. At end September 2024, the share capital increase of the Chinese subsidiary was paid up for CNY 600,000.

## Main Alternative Performance Measures (APMs)

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

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

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

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

## Notes on the main changes in the consolidated financial statements

*Revenue from Sales and Services* at 30 September 2024 amounted to € 121,546 thousand, down by € -3,470 thousand, or -2.8% versus 30 September 2023 (€ 125,016 thousand). This decrease, for Neodecortech and its subsidiary Cartiere di Guarcino, is attributable mainly to the general market trend, with a reduction in unit prices of approximately 10-15% for Cartiere; the markets showing the most significant declines are Italy (-11.6%) consistent with the rest of Europe (-8.9%); the reduction in turnover is, however, in line with the 2024 Budget forecast. For the subsidiary Bio Energia Guarcino, the increase in revenue versus first nine months 2023 (€ +3,298 thousand) stems from the production regime of 2024 compared to 2023. The Bio Energia Guarcino plant worked 16,509 hours, up versus the same period of the prior year when it worked 15,689 hours, generating 113,335 MWh versus approximately 106,000 MWh in the same period last year. Energy fed into the grid was 80,642 MWh versus 77,843 MWh in the same period of 2023; energy sold to CDG was 28,028 MWh, up from 24,400 MWh in 2023. From 31 March 2023, which marked the end of the first



maximization period, until 15 May 2023, the beginning of the second maximization period, the power plant was stopped, only to stop again at the conclusion of the second maximization period set for 30 September 2023. As of 10 December 2023, the GMP system is in effect.

*Change in Finished Products* amounted to € 1,842 thousand, a decrease of € -481 thousand versus the prior year.

*Other revenue* at 30 September 2024 amounted to € 1,784 thousand (€ 7,501 thousand at 30 September 2023), down by € -5,717 thousand, due to the extraordinary income recorded in 2023 and not repeatable this year. At 30 September 2024, this item includes: (i) Neodecortech's revenue totaling € 606 thousand from expense reimbursements and plant grants; (ii) Cartiere di Guarcino S.p.A.'s revenue totaling € 960 thousand, of which € 633 thousand attributable to legal incentives, including a non-refundable grant disbursed in August 2024 under the SIMEST-Support Ukraine Fund 394.81.2023 measure (allocated pro rata for investments made) and aid obtained through the Fund for Energy Transition in the Industrial Sector; (iii) the subsidiary Bio Energia recorded revenue of € 217 thousand, primarily from an internal investment order focused on optimizing the production process and recovering thermal waste, totaling € 210 thousand. At 30 September 2023, this item included: (i) revenue from Bio Energia Guarcino S.r.l. for maximization referring to 2022, amounting to € 2,625 thousand; (ii) tax receivables for the first and second quarters related to energy- and gas-intensive companies to both Neodecortech and the subsidiary Cartiere di Guarcino, totaling € 2,944 thousand.

Consumption of raw and ancillary materials decreased at 30 September 2024 (-8.0% or € -6,875 thousand), accounting for 64.9%, down from 68.6% at 30 September 2023. This performance is attributable to the combined effect of: (i) an improvement in Neodecortech's incidence as a result of the sales mix; (ii) a slight deterioration for Cartiere di Guarcino due to the incomplete transfer of raw material cost increases; and (iii) an improvement for Bio Energia Guarcino, thanks to the new GMP scheme. Unlike the maximization program, which required point consumption reporting for each individual plant, the GMP scheme groups plants into three clusters based on power output ( $P < 1\text{MW}$ ;  $1\text{MW} < P \leq 8\text{MW}$ ) with standardized yields. The BEG plant is currently exceeding the yield assigned to its cluster.

*Other operating expense* decreased (-13.2% or € -2,938 thousand) versus 30 September 2023, due mainly to the reduction in energy and gas costs and other utilities (-33.9% or € -2,620 thousand). The change in the cost of electricity and gas is also alleviated by the above tax receivables.

*Personnel expense* of € 15,941 thousand was up slightly from € 15,571 thousand (€ +370 thousand) at 30 September 2023, with employees in service at 30 September 2024 totaling 399 from 390 at 31 December 2023.

*EBITDA* at 30 September 2024 stood at € 11,116 thousand, accounting for 9.1% of net sales, in line with 30 September 2023 (€ 11,341 thousand and 9.1%). For further information on the EBITDA trend, reference is made to the "Directors' Comments".

The change in *amortization and depreciation* is in line with the same period of the prior year (€ -180 thousand and -2.6%), due to new expenditure made by the Group, amounting to € 5,482 thousand, and assets that have reached the end of their useful life.

*Allocations* (€ 53 thousand) refers primarily to the provision for supplementary indemnity, while the provision for doubtful accounts remains unchanged for the Group, as there is no need to adjust the nominal value of trade receivables to the estimated realizable value in accordance with IFRS.

EBIT came to € 4,416 thousand and was in line with 30 September 2023 (€ +25 thousand), accounting for 3.6%, in line with the same period last year (3.6% versus 3.5% at 30 September 2023).

With regard to *financial items*, the Group recorded a negative balance totaling € 1,686 thousand, an increase of € 307 thousand versus 30 September 2023. The increased use of short-term lines and factoring to support BEG's operations, along with new loans taken out during a period of continuing high rates, had a significant impact. Despite constant optimization of credit lines and improved terms from the banking system, the impact of interest on medium/long-term loans remains high in the current high-interest rate environment, with 73% of the Group's debt at floating rates.

Group taxation at 30 September 2024 shows tax of € -585 thousand, which includes income from tax consolidation with Finanziaria Valentini (€ 157 thousand). Tax for the period in 2023 showed instead a positive balance of € +159

thousand, determined mainly by income from tax consolidation with Finanziaria Valentini (€ 199 thousand), calculated on the tax losses in the period as a result of the non-taxability of tax receivables accrued from subsidies to energy- and gas-intensive companies.

*Net Profit* amounted to € 2,145 thousand, with a revenue margin of 1.8%, down versus the prior year (€ 3,171 thousand at 30 September 2023, with a 2.5% margin), as 2023 included the effect of the *Other Revenue* item related to part of the 2022 maximization. Adjusted *Net Profit* at 30 September 2023, net of the non-recurring financial item and the related tax effect, amounted to € 823 thousand (0.7% of revenue). The above profit includes a loss attributable to non-controlling interests totaling € 27 thousand regarding the 30% stake in the Chinese company acquired in 2024 and owned by a third-party shareholder.

*Consolidated net financial debt* at 30 September 2024 amounted to € 39,126 thousand (€ 25,867 thousand at 31 December 2023). The increase of € 13,259 thousand is attributable mainly to the net effect of:

- The increase in current financial debt by € +4,895 thousand is linked to the greater resort to lines by Cartiere di Guarcino to support working capital and BEG's operations. At 30 September 2024, BEG was awaiting the release of collections related to the GMPs and the share of fixed costs from the maximization scheme, totaling € 18.2 thousand.
- Debt consolidation as a result of Cartiere di Guarcino obtaining (i) € 4,500 thousand from Banca Popolare di Sondrio, based on an application submitted in December 2023 under the Industrial Transition Fund (pursuant to the Interministerial Decree of 21 October 2022 and the MIMIT Decree of 30 August 2023); and (ii) € 1,500 thousand under the SIMEST-Support Ukraine Fund measure 394.81.2023.

*Consolidated net working capital* at 30 September 2024 was € 48,647 thousand versus € 32,702 thousand at 31 December 2023 and € 43,055 thousand at 30 September 2023. The main factors contributing to this increase of € +15,944 thousand versus December and of € +5,592 thousand versus the same period of the prior year are: (i) an increase in inventory of € +3,338 thousand versus December; (ii) a decrease in trade payables of € -5,713 thousand versus December and of € -1,177 thousand versus September 2023; (iii) a slight increase in trade receivables of € +1,410 thousand versus December but a decrease versus September 2023, due mainly to Bio Energia Guarcino's stoppage for several months in 2023; (iv) an increase in other current receivables of € +7,388 thousand, resulting from the change in receivables owed to the subsidiary Bio Energia Guarcino related to GMPs pending monetization, while in 2023 they included maximization receivables collected for the RVC portion in July 2024.

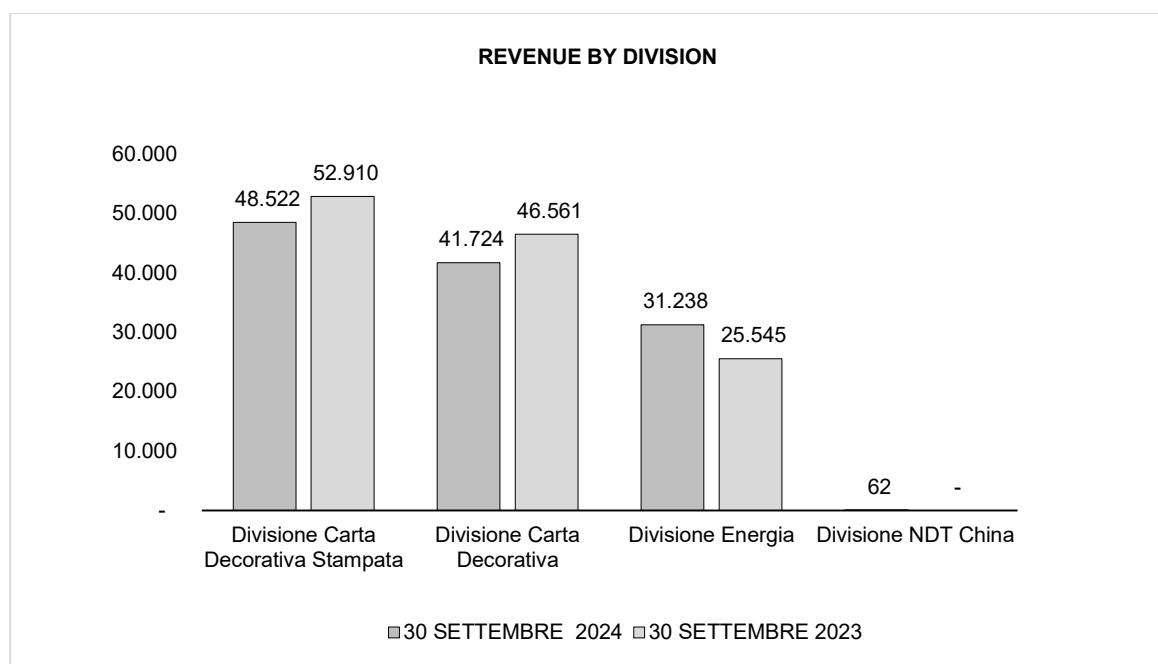
The change in *tangible and intangible fixed assets* amounted to € -1,112 thousand, and is explained by the new capital expenditure made, net of amortization/depreciation. Capital expenditure in tangible fixed assets refers mostly to (i) new machinery and the upgrading of existing machinery in the parent company Neodecortech; (ii) actions to increase the efficiency of paper machines and to optimize plants in Cartiere di Guarcino; and (iii) maintenance expenditure in Bio Energia Guarcino. At 30 September 2024, capital expenditure in tangible and intangible fixed assets amounted to € 5,482 thousand. In the same period of 2023, capital expenditure amounted to € 6,437 thousand, down by € -955 thousand.

*Consolidated equity* at 30 September 2024 increased due mainly to the allocation of profit for the period.

## Revenue by division, type of business and geographical area

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

<i>(Euro thousands)</i>	30 SEPTEMBER 2024	%	30 SEPTEMBER 2023	%	Chg.	% chg.
Printed Decorative Paper Division	48,522	40%	52,910	42%	(4,388)	(8.3%)
Decorative Paper Division	41,724	34%	46,561	37%	(4,838)	(10.4%)
Guarcino Energy Division	31,238	26%	25,545	20%	5,693	22.3%
Casoli Energy Division	0	0%	0	0%	0	0.0%
NDT China Division	62	0%	0	0%	62	0.0%
<b>Total</b>	<b>121,546</b>	<b>100%</b>	<b>125,016</b>	<b>100%</b>	<b>(3,470)</b>	<b>(2.8%)</b>

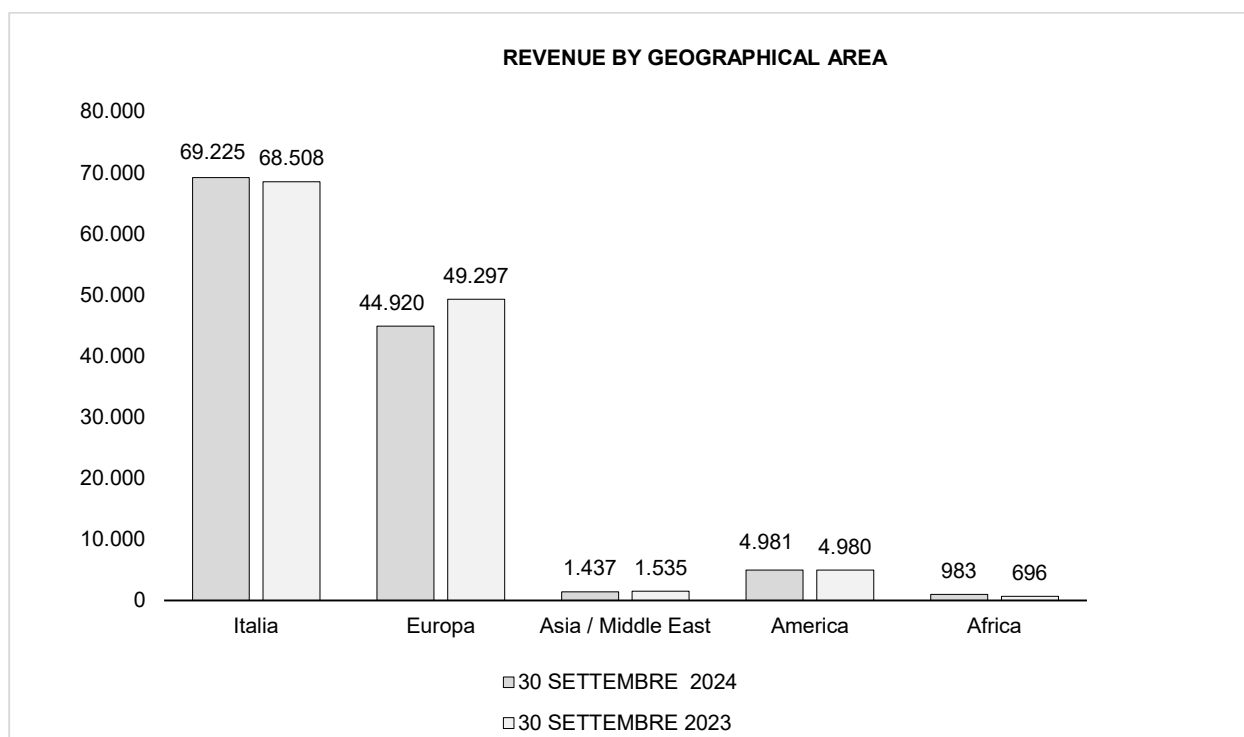


At 30 September 2024, the table below shows **consolidated revenue broken down by type of business**:

(Euro thousands)	Printed Decorative Paper Division	Decorative Paper Division	Guarcino Energy Division	NDT China Division	Consolidated
Revenue from the sale of goods	43,107	40,826	0	62	83,995
Revenue from services	5,415	897	0	0	6,312
Revenue from the sale of electricity and steam	0	0	8,730	0	8,730
Revenue from incentives	0	0	22,508	0	22,508
<b>Total by segment</b>	<b>48,522</b>	<b>41,724</b>	<b>31,238</b>	<b>62</b>	<b>121,546</b>

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

(Euro thousands)	30 SEPTEMBER 2024	%	30 SEPTEMBER 2023	%	Chg.	% chg.
Italy	37,987	31.3%	42,963	34.4%	(4,976)	(11.6%)
Europe	44,920	37.0%	49,297	39.4%	(4,377)	(8.9%)
Asia / Middle East	1,437	1.2%	1,535	1.2%	(98)	(6.4%)
America	4,981	4.1%	4,980	4.0%	1	0.0%
Africa	983	0.8%	696	0.6%	287	41.2%
Energy Division	31,238	25.7%	25,545	20.4%	5,693	22.3%
<b>Total</b>	<b>121,546</b>	<b>100.0%</b>	<b>125,016</b>	<b>100.0%</b>	<b>(3,470)</b>	<b>(2.8%)</b>



## Related party transactions

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

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

It should be noted that transactions with subsidiaries are not shown as they are derecognized at the consolidation level, while transactions with related parties at 30 September 2024 are shown, the details of which are given below.

<i>(Euro thousands)</i>				
	Trade receivables 30 September 2024	Financial receivables 30 September 2024	Trade payables 30 September 2024	Financial payables 30 September 2024
Finanziaria Valentini S.p.A.	0	749	0	250
ISRFE Srl in liquid.	0	444	0	0
Loma Srl	1,179	0	23	0
BonelliErede	0	0	105	0
<b>Total</b>	<b>1,179</b>	<b>1,193</b>	<b>128</b>	<b>250</b>

<i>(Euro thousands)</i>		
	Revenue and income 30 September 2024	Costs and expense 30 September 2024
Finanziaria Valentini S.p.A.	157	0
Loma Srl	2,110	(57)
BonelliErede	0	(105)
<b>Total</b>	<b>2,267</b>	<b>(162)</b>

Regarding "Financial receivables" from Finanziaria Valentini S.p.A., amounting to € 749 thousand, these refer to the tax consolidation receivable from the subsidiary Bio Energia Guarcino S.r.l. for € 682 thousand and the subsidiary Cartiere di Guarcino S.p.A. for € 67 thousand. In addition to € 444 thousand for a receivable regarding the subsidiary Cartiere di Guarcino S.p.A. from the related party ISFRE in liquidation, which remained unchanged and for which a provision for risks of an equal amount was set up owing to collection difficulties.

"Financial payables" to Finanziaria Valentini S.p.A. amounted to € 250 thousand, of which € 179 thousand regarding the tax consolidation payable of the Parent Company and € 71 thousand the subsidiary Cartiere di Guarcino S.p.A..

Trade receivables include receivables for € 1,137 thousand from the business agreement between Neodecortech S.p.A. and Loma S.r.l., for the distribution of the Parent Company's products and the sale of base decorative paper by Cartiere di Guarcino S.p.A.; Loma S.r.l. became a related party following appointment of one of executives of the Parent Company as a "key management personnel".

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

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

The following table shows the fees to the Group's directors and key management personnel at 30 September 2024:

<i>(Euro thousands)</i>		<i>(Euro thousands)</i>	
Subjects	Payable for fees 30 September 2024	Subjects	Fees 30 September 2024
Luigi Cologni	200	Luigi Cologni	466
Massimo Giorgilli	161	Massimo Giorgilli	356
Luca Peli	26	Luca Peli	78
Gianluca Valentini	5	Gianluca Valentini	34
Adriano Carlo Bianchi	11	Adriano Carlo Bianchi	28
Sara Bertolini	0	Sara Bertolini	22
Ida Altimare	0	Ida Altimare	25
Cinzia Morelli	0	Cinzia Morelli	24
Vittoria Giustiniani	0	Vittoria Giustiniani	21
Pietro Zanini	6	Pietro Zanini	17
Stefano Santucci	8	Stefano Santucci	26
Federica Menichetti	7	Federica Menichetti	20
Edda Delon	21	Edda Delon	19
Turchi Marco	9	Turchi Marco	9
Pannone Francesco	4	Pannone Francesco	4
Fallacara Francesco	4	Fallacara Francesco	4
Bellucci Giancarlo	0	Bellucci Giancarlo	4
Riunuo Liu	4	Riunuo Liu	23
Key management personnel	153	Key management personnel	617
<b>Total</b>	<b>617</b>	<b>Total</b>	<b>1,796</b>

## Other supplementary information

### Atypical and/or unusual transactions during the period

During the period up to 30 September 2024, the Group did not carry out any significant transactions qualifying as non-recurring, atypical and/or unusual.

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

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

## **Significant events after 30 September 2024**

Reference should be made to the Directors' Comments.

## **Treasury shares and shares of the Parent Company**

Pursuant to Articles 2435-bis and 2428 of the Italian Civil Code, it should be noted that Neodecortech held no. 481,000 treasury shares at 30 September 2024 for a value of € 1,561,741.19.

The Shareholders' Meeting held on 19 April 2024 approved the additional purchase of ordinary shares of the Company, up to a maximum of 10% of the Company's share capital, equal to a maximum of no. 1,421,802 ordinary shares. The purchase of treasury shares may be made, in one or more tranches, within eighteen months.

In October and November 2024, Neodecortech continued with the purchase of additional treasury shares based on and within the limits of the above resolution.

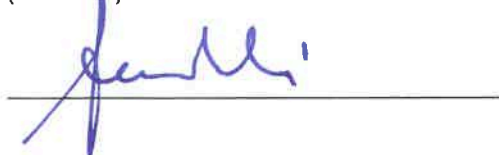
At 30 September and during nine months 2024, the Company did not hold and did not purchase shares in the parent company Finanziaria Valentini S.p.A.

Filago (BG), 13 November 2024

For the Board of Directors

The Chairman

(Luca Peli)





## **Certification by the Financial Reporting Manager**

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

**SUBJECT: Interim Management Statement at 30 September 2024 approved on 13 November 2024.**

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

### **CERTIFY**

Pursuant to Article 154 bis, paragraph two, Part IV, Title III, Chapter II, Section V-bis, of Legislative Decree no. 58 of 24 February 1998, that, to the best of my knowledge, the Interim Management Statement at 30 September 2024 corresponds to the underlying records, books and accounting entries.

Date: 13 November 2024

Marina Fumagalli  
Financial Reporting Manager

**Decors and surfaces  
for sustainable living.**

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