EQUITY RESEARCH

NEODECORTECH

ANALYSIS FOCUS

BUY

TP 6.0€

Up/Downside: 44%

When energy fuels the furniture rebound

Neodecortech offers a transition profile: an energy asset that secures short-term cash flow and funds the premiumisation of decorative surfaces, while awaiting a recovery in the European furniture cycle.

A subdued market, a group gearing up. The European furniture market remains 12% below its 2021 average and pricing pressure persists, particularly in Italy (–7% in 2025). Leading indicators as building permits point to a recovery, but it has yet to materialise. In this window, BEG, whose revenues are secured by a state-guaranteed price mechanism, generates cash and funds the transformation, while strategic building blocks fall into place: Lamitex (premium surfaces) consolidated full-year, Kraft under industrialisation, active M&A pipeline, all with controlled leverage (<1.5x ND/EBITDA).

The investment case unfolds in two stages. In the short term (2026), consolidated EBITDA increases to €21.7m: BEG adjusts its production down by 25% but benefits from a positive regulatory impact (+€5.6m). Decorative margins face, in our estimates, c. €1m of headwinds (energy, pulp, pricing pressure), largely offset by Lamitex (+€2.1m incremental EBITDA). In the medium term (2027-2028), EBITDA reaches €24m, with decorative activities progressively taking over: margin convergence towards 9–10%, while Kraft and M&A reshape the group's profile around premium décor.

FCF generation paving the way for shareholder returns. Our consolidated growth assumptions (+3% in 2027 and 2028) remain conservative given the rebound in European building permits; faster momentum on this front would lead us to adopt a more pronounced posture. On BEG, visibility extends through 2030. The Group meets the key criteria for regulatory support (process-tied installation, renewable bioliquids). With annual FCF of ~€8m and contained leverage (1.5x) Neodecortech is well positioned to pursue investment through M&A or enhance shareholder returns (current dividend yield of 4%).

Our approach results in a target price of €6.0 (+44%). A cycle normalisation scenario — with decorative margins converging towards 10% and the stock re-rating to a 6x EV/EBITDA multiple, in line with its closest peer Surteco — would imply a substantial upside of around +70%.

Buy recommendation, target price €6.0. The value is embedded in the stock, it is waiting for the cycle to turn.

Key data	
Price (€)	4.2
Industry	Diversified Paper
Ticker	NDT-IT
Shares Out (m)	14.218
Market Cap (m €)	59.1
Average trading volumes (k shares / day)	3.727
Next event	H1 2026 - 05/08/2026

Source: FactSet

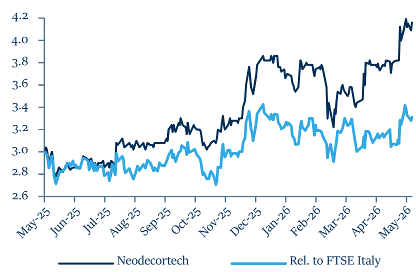
Ownership (%)	
Valentini Finanziaria SpA	58.6
Free float	41.4

Source: TPICAP Midcap estimates

EPS (€)	12/26e	12/27e	12/28e
Estimates	0.60	0.66	0.73
Change vs previous estimates (%)	0.00	0.00	0.00

Source: TPICAP Midcap estimates

Performance (%)	1D	1M	YTD
Price Perf	1.7	11.5	8.9
Rel FTSE Italy	0.9	6.0	-1.2



Source: FactSet

TP ICAP Midcap Estimates	12/25	12/26e	12/27e	12/28e
Sales (m €)	184.1	185.1	190.6	195.5
Current Op Inc (m €)	10.4	12.5	13.6	14.8
Current op. Margin (%)	5.6	6.8	7.1	7.6
EPS (€)	0.51	0.60	0.66	0.73
DPS (€)	0.00	0.14	0.20	0.22
Yield (%)	0.0	3.4	4.8	5.3
FCF (m €)	9.0	7.0	7.7	8.8

Valuation Ratio	12/26e	12/27e	12/28e
EV/Sales	0.5	0.4	0.4
EV/EBITDA	4.0	3.7	3.3
EV/EBIT	6.9	6.2	5.4
PE	6.9	6.3	5.7

Source: TPICAP Midcap

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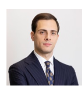

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Description

Neodecortech is an Italian industrial group specializing in decorative surfaces for the furniture and flooring industries. Founded in 1947 and based in Filago near Bergamo, the company operates an integrated model that spans the full production chain: paper manufacturing through Cartiere di Guarcino, printing and impregnation via Confalonieri and Texte, and PVC/PET decorative films under the Plana brand. This vertical setup supports consistent product quality and cost efficiency across a broad portfolio of designs and finishes. Publicly listed since 2017 and transferred to the STAR segment of the Milan Stock Exchange in 2021, Neodecortech generates most of its revenue in Italy and Europe while gradually expanding abroad. Recent developments include the creation of NDT China in 2024 and the 2025 acquisition of Lamitex, strengthening its positioning as an integrated provider of high-value decorative solutions for panels, furniture components and interior surfaces.

SWOT Analysis

Strengths

- Rare full vertical integration (paper → printing → films → energy), giving a structural cost advantage and operational resilience hard for peers to emulate
- Strong design-led positioning with 1,000+ decors and recognised Italian know-how in a market where many competitors are focused on standardized products
- BEG, Lamitex and NDT China form an integrated ecosystem that strengthens margins, broadens the product scope and expands market access

Weaknesses

- Still mid-scale versus pan-European leaders, limiting pricing power, purchasing leverage and fixed-cost dilution
- High dependence on the European furniture/flooring value chain, inherently cyclical and volatile
- Working capital-intensive model and high raw-material sensitivity, which tighten liquidity during down-cycles

Opportunities

- Shift in product mix toward films, laminates and higher-spec decorative solutions, where margins and differentiation are stronger.
- Stabilisation and recurring monetisation of the PMG scheme for BEG, turning it into a cash generation and cycle-buffering driver
- Progressive international expansion (NDT China + Lamitex) providing non-European growth avenues and diversification

Threats

- Furniture/flooring demand remains fragile, with lumpy volumes and low visibility quarter to quarter
- Raw-material volatility (pulp, TiO_2, bioliquids) not always fully passed through, creating margin compression risk
- Heightened competitive pressure from EU and Asian players, especially in lower-price decorative papers and films
- Planned reduction in the PMG budget (DL 21/2026), which will structurally reduce BEG's contribution to consolidated EBITDA by 2030

A two-component industrial model

Neodecortech (NDT) is a vertically integrated player in the decorative surfaces value chain for the furniture and interior design industries. The group's historical core lies in the design, printing and finishing of decorative papers, films and laminates for furniture and panel manufacturers, covering the entire value chain from raw material management to surface finishing. In 2025, the group's decorative activities (comprising the Printed Decorative Paper division and the Decorative Paper division) account for 66% of consolidated revenue, i.e. €122m out of a total of €184m. These activities are primarily exposed to the European market (50%), and to Italy (37%). The decorative divisions remain cyclical but represent the group's primary lever for operational value creation in the medium term.

Neodecortech decorative applications & industrial installations

Source: NDT

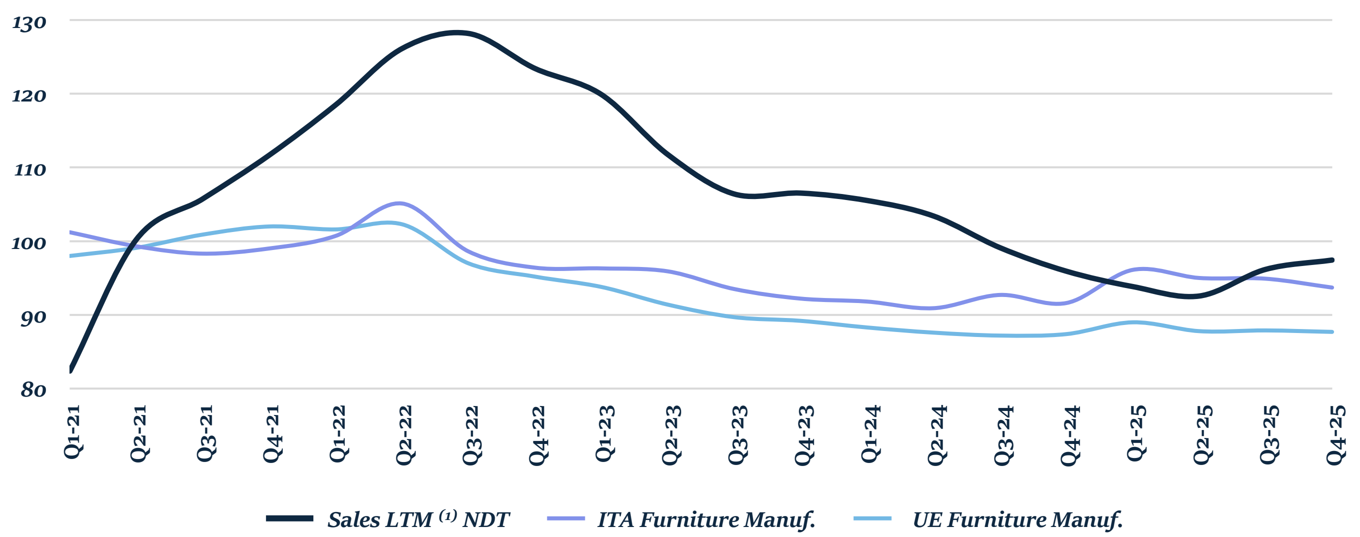
In addition to its industrial activity, Neodecortech operates an energy division through its subsidiary Bio Energia Guarcino (BEG). BEG runs a bioliquid-fuelled cogeneration plant, integrated into the Guarcino industrial site, historically designed to secure the electricity and steam supply of the subsidiary Cartiere di Guarcino (CDG), the group's most energy-intensive entity. Part of the energy produced is consumed internally, reducing the group's exposure to energy price volatility. The production surplus is sold to the national electricity grid, which explains BEG's significant contribution to consolidated revenue. In 2025, the energy division accounts for 34% of consolidated revenue, i.e. €62m. In 2025, BEG contributes ~50% of consolidated EBITDA. This disconnect between revenue weight (34%) and profit contribution (~50% of EBITDA) is a key consideration: the energy division supports consolidated profitability thanks to a favourable regulatory framework.

Decorative activities: stabilisation confirmed, recovery yet to materialise

A still-subdued European furniture market

Neodecortech's paper activities operate in a subdued market environment where initial signs of stabilisation are beginning to emerge without the cycle having normalised. To objectify this context, we rely on two Eurostat indicators. The first is the furniture production index, all segments combined, a direct proxy for the activity of furniture manufacturers — NDT's clients. The second is the number of residential building permits, a leading indicator of interior design activity: a new dwelling generates a furnishing need with a 12-to-18-month lag. One informs on the current cycle, the other on what lies ahead. We compare them with NDT's revenue to assess the group's relative performance versus its underlying market.

European furniture production vs NDT LTM revenue — A market in a stabilisation phase



Notes: base 100 = 2021 average, (1) LTM = last twelve months — Sources: Eurostat, NDT, TP ICAP Midcap estimates

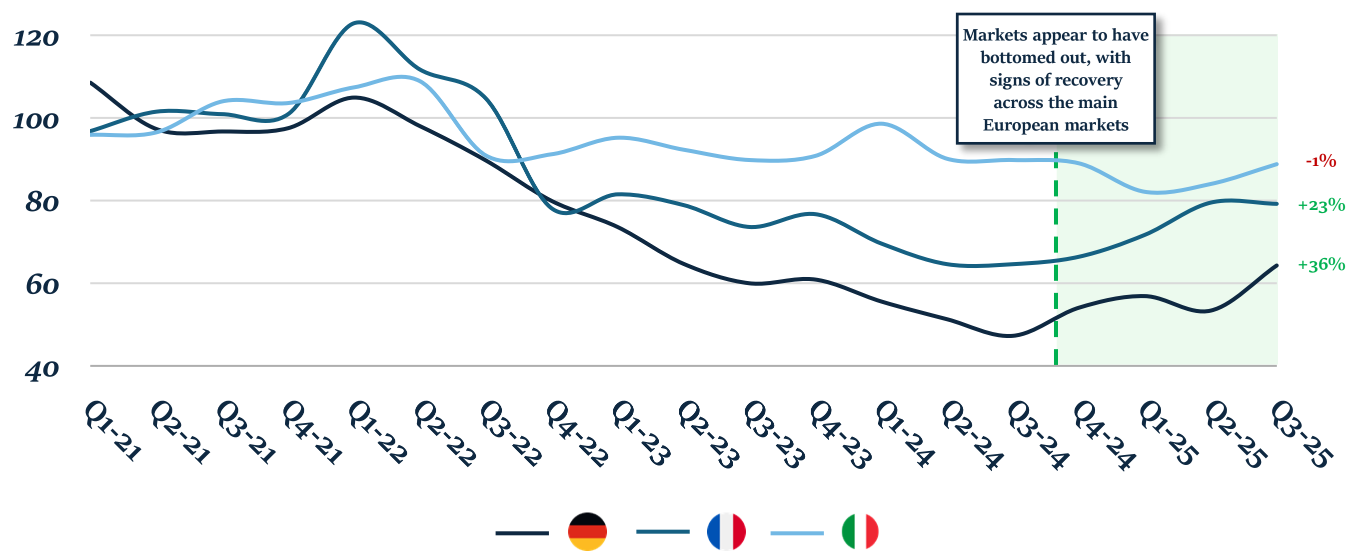
Eurostat data confirm that furniture production in Europe remains below its 2021 levels. On a base 100 (2021 annual average), the EU27 production index stands at 88 in 2025, reflecting a decline in activity. Following the sharp correction of 2022-2023, the recent dynamic corresponds more to a stabilisation phase than a cycle restart (–1% in 2025). Italy presents a more resilient profile, but without escaping the broader trend. Italian production also remains below its 2021 levels, with an index of 94 at end-2025. The stabilisation observed since 2024 should therefore be read as a plateau after correction, not as a market recovery. The gap with the rest of Europe remains significant but falls within an overall still-subdued environment.

Neodecortech's decorative activities broadly track the trajectory of their reference market, as illustrated by the comparison between the group's LTM revenue and furniture production indices in Europe and Italy. Following the sharp correction between 2022 and 2023, both series now evolve in a stabilisation phase, with no sign of a marked restart at this stage of the cycle. In the shorter term, the 2025 results reveal a more pronounced decline in the Italian market. Neodecortech's sales in Italy fell by approximately –7% over the period, compared with a more limited decline in the Italian furniture production index (–2%). In our view, this temporary underperformance is primarily attributable to pricing pressure exerted by Italian clients on selling prices, in a context of still-poor demand visibility. In this context, the central question now concerns the timing of the recovery in decorative activity, the main lever for medium-term operational growth.

Assessing the timing of this normalisation

Residential building permits, a 12-to-18-month leading indicator for the interior design cycle, signal a slow but visible recovery. In Germany and France, the rebound appears to have started from Q4 2024, with respective increases of +36% and +23% in building permits. In Italy, the turnaround is more modest, with a recovery since Q1 2025 of +8%. Compared with production levels, the turnaround appears consistent, even though the construction market in these three countries remains far from the levels observed in 2021.

Building permits issued – A slow but present recovery across all major European markets



Note: building permits for residential buildings, seasonally adjusted data — Source: Eurostat

In parallel, several factors support a scenario of gradual recovery. The structural deficit estimated at 925,000 dwellings per year in Europe according to the European Investment Bank provides fundamental support to end-demand for furniture and decorative surfaces. The monetary easing already achieved (ECB rate brought down from 4.5% in 2023 to 2.15% in March 2026) has significantly eased financing conditions, although the rise in Euribor observed in the wake of the US-Iranian conflict could slow the continuation of the easing cycle.

A balanced profile between short-term regulatory support and structural uncertainty

The current geopolitical backdrop introduces an important nuance for the decorative business. The rise in TTF natural gas prices following the strikes on Iran in February 2026 represents a margin compression risk for CDG, given its energy-intensive profile, a risk that would only fully materialise in the event of a prolonged conflict, with the impact remaining limited in scale and duration at this stage. At a consolidated level, this effect is partly offset by the contribution from BEG, whose operating mechanics and regulatory framework are detailed in the third section.

In this context, a recovery in the furniture cycle is a necessary condition to preserve consolidated margins and, over the longer term, to offset the structurally expected erosion in BEG's contribution. This factor remains the most direct driver of our view.

Strategy: product diversification and external growth

The investment case no longer rests solely on the furniture cycle: it also rests on the mix. Through its external growth strategy, NDT is progressively migrating toward premium surfaces delivering higher margins despite a still-subdued environment. The group deploys a two-pronged strategy, product diversification and M&A, whose early results are already visible, and which are reshaping the group's profile.

Lamitex: an integration that changes the strategic scale

The acquisition in November 2025 of Lamitex, an Italian specialist in decorative laminates, enables NDT to expand its perimeter. Management explicitly targets 1/ broadening the range toward higher value-added surfaces and 2/ accessing a distribution channel previously underserved (converters/panel manufacturers), with expected R&D and commercial synergies.

Neodecortech product portfolio and Lamitex integration

Sources: NDT, Lamitex

Industrial complementarity. NDT has historically mastered the upstream decorative chain (design, printing, impregnation), while Lamitex brings the final transformation into thermo-structured laminates used for doors, façades and premium panels. This combination creates the potential for a seamless technical continuum – *design → printing → treatment → lamination* – conducive to aesthetic and tactile consistency (finish, textures) and to reduced quality variability.

Mix effect and pricing power. Decorative laminates are finished surfaces incorporating more transformation and usage attributes (soft-touch, anti-fingerprint, resistance), positioning them significantly above decorative paper in unit value and margin. With Lamitex, NDT steers its mix toward these premium products that are less sensitive to unit price, shifting from selling "inputs" to selling decorative solutions.

Accretion and financial materialisation. Lamitex generated €12.8m in revenue in 2024 for €1.8m in EBITDA (~14%), a profile above NDT's consolidated margin (11.3% in 2025). The full-year 2025 pro forma confirms this profile with an EBITDA contribution of €2.3m. In 2026-27, materialisation potential comes from cross-selling (paper, film, and laminate collections) and deeper commercial penetration of the panel and converter channel.

Scenarios for the 2026-2027 period. Within a prudent framework, without assumptions on unpublished per-sqm pricing and reasoning in incremental revenue and EBITDA tied to volume normalisation, cross-selling and industrial optimisation, we retain three orders of magnitude:

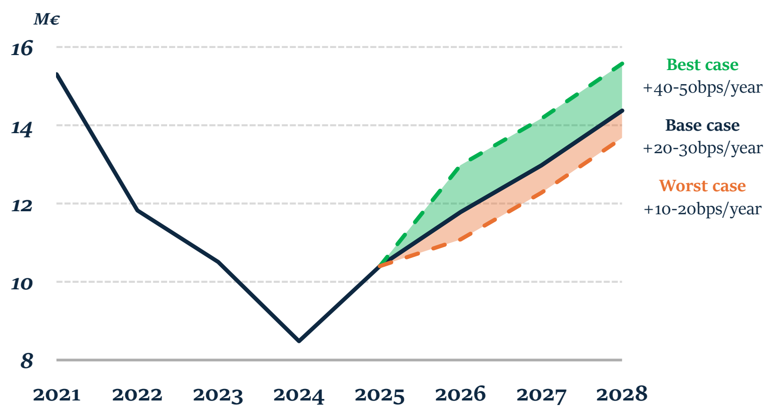
- In the **low case** — subdued environment, integration frictions. Lamitex would operate around €12-14m in revenue for a 14-16% EBITDA margin (i.e. €2.0-2.3m), a level at least equivalent to the current group margin, hence accretive by construction.

- In the **base case** — execution without heavy synergies, the scenario we retain. Revenue would range between €14m-€16m, for a 15-17% margin (i.e. €2.3-2.8m EBITDA), with a 20-30 bps gain on the consolidated margin.

- In the **high case** — activation of the panel/converter channel, ramp-up and faster diffusion. Revenue would reach €16-18m, for a 17-19% margin (i.e. €2.8-3.5m), translating into 40-50 bps support to the group margin through mix enrichment and paper/film/laminate sales. These elements are not included in our figures and represent the upside potential.

In all cases, Lamitex's contribution remains above the current consolidated margin and reinforces the mix premium sought by the group.

EBITDA synergies excl. BEG (€m) after Lamitex integration — A progression of the consolidated margin



Years	Hist.	Worst	Base	Best
'21	15 M€			
'22	12 M€			
'23	11 M€			
'24	8 M€			
'25	10 M€			
'26		11 M€	12 M€	13 M€
'27		12 M€	13 M€	14 M€
'28		13 M€	14 M€	15 M€

Selected scenario

Source: TP ICAP Midcap estimates

Lamitex constitutes a downstream complement that strengthens the surfaces offering, broadens outlets and improves the mix. Operational integration remains to be finalised, but the direction is clear: NDT is progressively positioning itself as a provider of higher value-added decorative solutions.

Kraft Paper: an optional diversification with an attractive risk-return profile

The second diversification axis rests on NDT's entry into the technical Kraft segment, via a €2.5m investment (industrialisation underway). The group is targeting Kraft with a high recycled content (up to 70%), in a niche neglected by certain legacy players oriented toward e-commerce packaging. This initiative serves a dual objective: stabilising fixed costs during laminate trough phases and opening a less cyclical product line with a credible ESG angle.

Industrial role. Kraft enables better utilisation smoothing of paper mill installations, still running below capacity after the 2022-2024 cycle. NDT can thus spread fixed costs and reduce operational volatility, while leveraging its expertise in an adjacent segment.

Value creation and cash generation. The moderate investment (€2.5m, i.e. ~10% of 2025 EBITDA) places the operational break-even at approximately €3-4m in revenue. Based on a potential of €5-8m in revenue by 2027 and a margin comparable to decorative papers (10-12% EBITDA), the expected contribution would be €0.5-1m in EBITDA, an accretive cash profile within a relatively short timeframe.

The Kraft project is not intended to transform the group's profile, but to improve the profitability floor, by providing incremental, low-risk activity consistent with the group's sustainable positioning.

M&A 2026: searching for tactical targets

For 2026, NDT maintains a selective approach: Italian or German targets, €10-30m in revenue, positioned in complementary niches, at 3-4x EV/EBITDA multiples allowing first-year accretive integration.

The group favours adjacent activities where value creation can materialise quickly, either through industrial integration (technical surfaces, specialised impregnation, high value-added small batches) or through natural product portfolio broadening. The objective is to strengthen the perimeter's coherence around premium decor, to offer a deeper and more differentiated range. The group's financial position opens a favourables playing field. With a net debt/EBITDA ratio of 1.5x, the group has the flexibility to execute a bolt-on without excessive pressure on the capital structure.

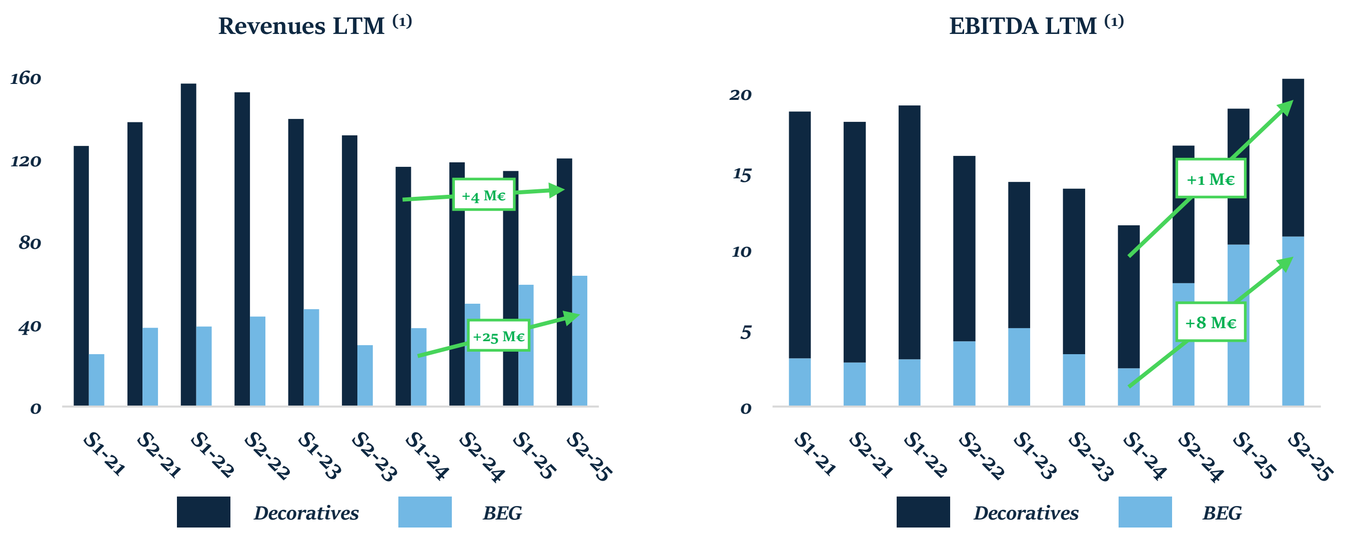
The whole fits within a coherent trajectory: progressively building an integrated décor platform, capable of capturing more value across the chain — from technology to surface to distribution — while maintaining strict capital discipline and focus on segments where NDT holds a genuine competitive advantage.

Energy as a key funding lever for the Group

BEG: an integrated energy asset, the bedrock of medium-term profitability

BEG operates a bioliquid-fuelled cogeneration plant, integrated into the group's industrial infrastructure. BEG serves two functions: securing the energy supply of the group's most energy-intensive sites and generating recurring revenue through electricity sales to the national grid. The progressive ramp-up of grid-injected electricity has reinforced BEG's economic contribution, beyond its historical role as an internal energy hedge.

Decorative divisions vs BEG (€m) — BEG stabilises group-level margins during a transition phase for decorative activities



Note: (1) LTM = last twelve months — Sources: NDT, TP ICAP Midcap estimates

The BEG bioliquid cogeneration plant feeds two destinations: 75% is injected into the Italian national grid and 25% is delivered directly to CDG via the closed internal network in the form of electricity and steam. On an LTM basis at end-H2 2025, BEG generates revenue of €64m for an EBITDA of approximately €11m, implying a margin close to 17%, above that of decorative activities (8.5%). This performance relies on the Guaranteed Minimum Prices (GMP) regime, in operation since December 2023.

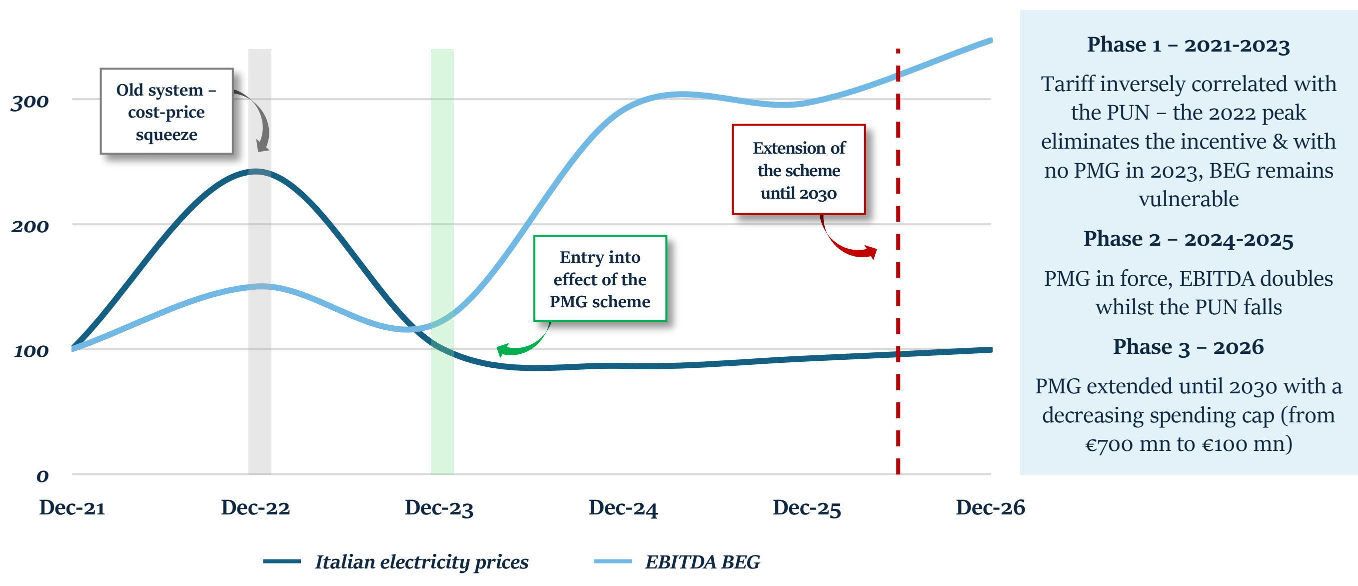
The GMP is an Italian regulatory mechanism under which the State, via the *Gestore dei Servizi Energetici* (GSE), guarantees the operator a revenue covering its variable costs when the market price of electricity is insufficient with the shortfall made up by the GSE. The GMP level is calculated based on the cost of bioliquids, indexed to reference markets (Rotterdam or the *Granaria di Milano* depending on the type of bioliquid used), so that when input costs rise, the GMP adjusts upward to ensure coverage of the operator's variable costs. As of January 2025, the GMP stood at €310/MWh (latest publicly available value).

The GSE guarantees BEG a minimum revenue designed to ensure plant-level profitability without creating an excessive burden on CDG's core business. In practice, the GSE pays the positive difference, if any, between the guaranteed minimum revenue and the revenue already earned by BEG through zonal electricity prices (regional prices) and, where applicable, the GRIN (a renewable incentive paid by the GSE, set at €55/MWh in 2025). The mechanism can be summarised as follows: GSE subsidy per MWh = GMP – PZ – GRIN. By way of illustration, with a normalised zonal price of around €100/MWh, the GSE pays approximately €155/MWh produced (310 – 100 – 55). This spread explains BEG's ~17% margin in an environment where spot prices have otherwise normalised compared to the 2022 peaks.

This mechanism has an important implication: as zonal prices increase, as observed since the strikes on Iran in late February 2026, the top-up paid by the GSE mechanically declines by the same amount. BEG's total revenue remains anchored around the guaranteed minimum revenue as long as zonal prices remain below the GMP level. Beyond that threshold, the GSE top-up falls to zero and

BEG earns revenues solely from its local electricity market. Zonal prices diverge from the national benchmark (PUN) to reflect local dynamics, including production costs, system efficiency and demand conditions.

Italian electricity price (PUN) vs BEG LTM EBITDA — Profitability supported by the GMP regime



Note: Base 100 = 2021 — Sources: GME, Neodecortech

This current mechanism contrasts sharply with the regime that prevailed before December 2023. Under the former regime, the guaranteed tariff was calculated using a formula inversely correlated to electricity prices, with a cap set at €180/MWh. In 2022, when the PUN reached an annual average of ~€300/MWh, 70% above this cap, the incentive mechanically collapsed. BEG was selling its electricity at high prices but was losing almost entirely the benefit of its guaranteed tariff, while bioliquid costs were simultaneously surging due to the Ukraine-Russia crisis. BEG's EBITDA therefore did not benefit from the 2022 price spike, an apparent paradox clearly illustrated by the chart above. 2023 confirmed this structural fragility: despite the PUN returning to ~€130/MWh, the 2021 level, BEG's EBITDA fell to €3.4m, as the GMP mechanism only came into force on 10 December 2023, leaving the plant exposed all year to still-elevated bioliquid costs without regulatory coverage. The current GMP regime structurally corrects this anomaly by shielding BEG from a simultaneous rise in electricity and fuel prices.

2026 regulatory framework: confirmed visibility, a declining trajectory to factor in

Decree-Law 21/2026, published in the Italian Official Gazette on 20 February 2026 and currently being converted by the *Camera dei Deputati* (the Italian equivalent of the French *Assemblée Nationale*), extends the GMP regime for bioliquid installations until 31 December 2030.

Compared with the previous framework, two structural changes are introduced. First, support is now capped by a maximum number of semi-annual incentive hours, to be defined through an implementing resolution by ARERA (the Italian regulatory authority for energy, networks and the environment) publication of which was expected within 90 days of 20 February 2026. ARERA published deliberation on 19 May 2026, providing the first concrete implementation of the new framework.

Second, the decree sets declining annual national spending envelopes:

- €700m in 2026,
- €537m in 2027 (–23%),
- €331m in 2028 (–38%),
- €208m in 2029 (–37%),

- €100m in 2030 (–52%).

This phase-out trajectory is part of the broader decree-law framework, whose primary objective is to reduce energy bills for households and companies. Support for bioliquid power plants, a legacy of the 2008–2015 incentive schemes, represents a high cost for the system (~€310/MWh versus €60–80/MWh for new solar or wind capacity), financed by consumers through a surcharge on electricity bills. By scaling back this envelope, the State frees up budgetary capacity that is directly passed through into lower bills, the same decree also providing for €850m of bill reductions for corporates on these very components. This therefore does not represent a withdrawal of support for renewable energy per se, but rather a reallocation towards technologies with a lower cost per MWh produced.

If projected expenditure exceeds these caps, the GSE will reduce the number of hours eligible under the incentive regime. BEG is, however, relatively well positioned within this hierarchy: the decree explicitly protects installations tied to industrial production processes, which corresponds to BEG's profile, being physically integrated into CDG's site. The framework also favours operators committed to a sustainable supply-chain approach. Since January 2025, BEG has exclusively used certified bioliquids sourced from verified renewable supply chains, a positioning that strengthens its legitimacy within the available budget envelope.

The ARERA deliberation published on 19 May 2026 introduces three relevant elements for BEG, although its final framework remains subject to the ongoing post-consultation process, which will close on 16 June 2026.

First, for installations serving an industrial process, the hourly cap is linked to the operating hours of the industrial process itself, as assessed by the GSE. In BEG's case, this means that the recognised operating profile should be anchored to CDG's actual industrial rhythm.

Second, the deliberation appears to confirm a protection hierarchy in the event of budget overrun: reductions should first apply to non-integrated installations and only subsequently to installations serving an industrial process. Under this reading, BEG would fall within the more protected category.

Third, where recognised operating hours are reduced, the fixed-cost coefficients within the PMG formula are adjusted upwards on a proportional basis. This mechanism is designed to preserve fixed-cost coverage and to limit the risk that a reduction in hours translates mechanically into an operating loss.

Taken together, these provisions significantly reduce the structural regulatory risk for BEG. They do not eliminate uncertainty, particularly pending the outcome of the consultation and the clarification on the role of national supply-chain oils in the merit order, but they transform an open-ended risk into a more bounded, measurable and manageable exposure.

Financial estimates

The positive structural initiatives (Lamitex integration, Kraft diversification, disciplined M&A pipeline) support our conviction on the investment case over the medium term. The adjustments we make reflect the incorporation of the new regulatory framework and furniture market dynamics.

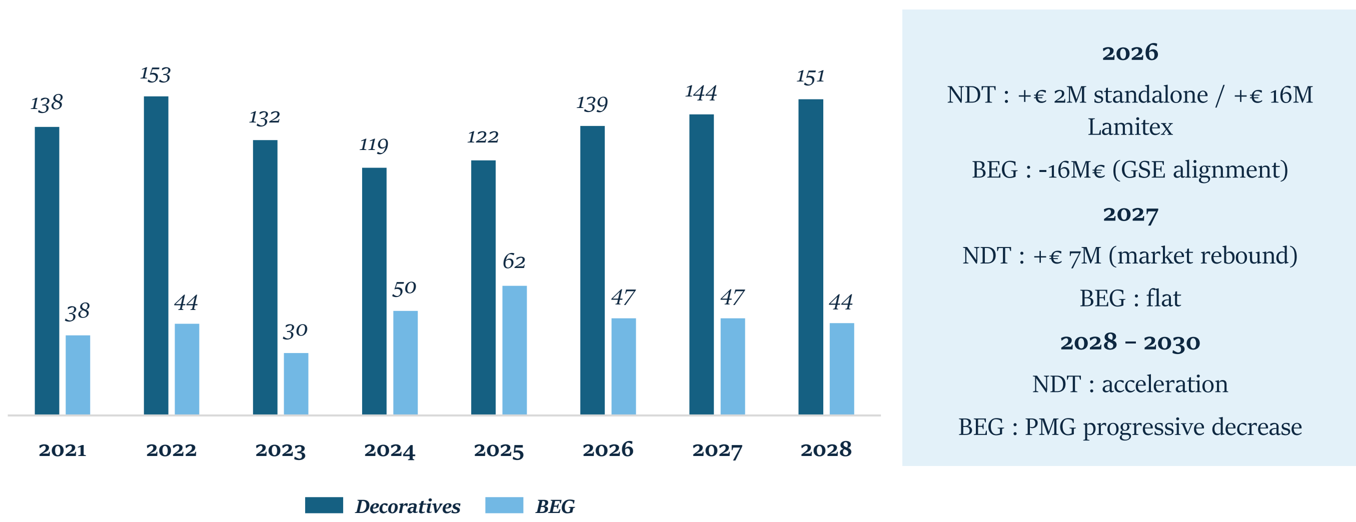
Revision of our estimates

The publication of the 2025 results and the entry into force of the February 2026 decree-law lead us to revise our estimates trajectory across the entire consolidated perimeter. Three major adjustments structure this revision.

First, the full-year consolidation of Lamitex from 2026 adds an incremental €14–15m of revenue, accounting for the bulk of the +14% increase in decorative revenues in 2026. Organic growth in decorative activities is estimated at around +2% for the year, reflecting a market still in a stabilisation phase. We expect a gradual acceleration to +4% from 2027 and then +5% in 2028, as the recovery in building permits underway translates into furniture orders.

Second, for BEG, we factor in an adjustment in production volumes in 2026 (-25%), in line with expected demand. Production stabilises in 2027, before evolving gradually in line with the compression of annual budget envelopes defined by the February decree-law. BEG's marginal weight in the national envelope (<5%) and its status as an installation tied to an industrial process, combined with the exclusive use of certified bioliquids from verified renewable supply chains, position it favourably within the allocation hierarchy. We therefore assume a moderate decline from 2028 onwards (-5%).

Revenue projections (€m) for 2026-2030 — Growth conditional on a recovery in the decorative market



Source: TP ICAP Midcap estimates

Third, the decorative EBITDA margin stands at 8.5% in 2026, stable versus 2025, reflecting two factors:

- Energy cost increase at CDG. Consolidated energy and gas charges amount to approximately €7m. The TTF increase since the US-Iranian tensions in February 2026 is feeding through to CDG's gas and electricity purchases, whose exposure is partially reduced by internal supply via BEG (25% of energy consumed). Estimated net impact: –€0.2m.

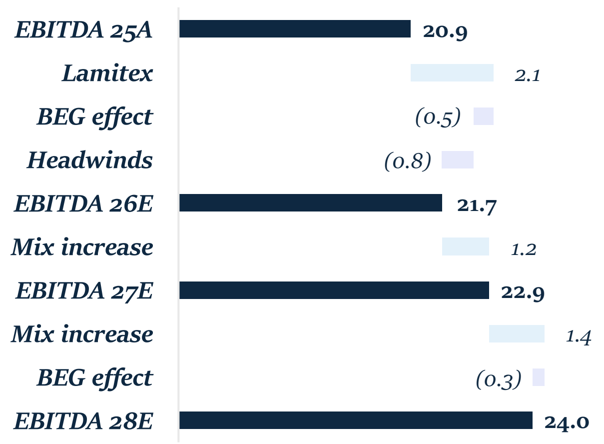
- Pulp price increase. After a volatile 2025, pulp prices are under tension according to management at the start of 2026. Pulp accounts for 40% of CDG's raw material purchases. Estimated net impact: –€0.6m.

Lamitex's full-year contribution (~€15m in revenue, 16% margin, €2.1m incremental EBITDA) absorbs the headwinds (-€0.8m). The impact of the 25% reduction in BEG activity and the "conguaglio" effect translate into a net impact of -€0.5m.

The "conguaglio" refers to the annual true-up payment made by the GSE to BEG throughout the year, the GSE pays monthly advances based on estimated bioliquid prices; at the start of the following year, it recalculates the final amount due and settles the difference. This mechanism is structural to the PMG regime and will recur annually through 2030.

In 2027, consolidated EBITDA continues to grow to €21.7m, driven by decorative volume growth and the ramp-up of Lamitex synergies. Decorative EBITDA margin increases from 8.5% to 9%. The return to 9.5% only materializes in 2028, with convergence towards 10% by 2030, conditional on a recovery in the furniture cycle and a gradual enrichment of the product mix.

EBITDA bridge 2026-2027-2028 — Mix accretion supported by BEG



EBITDA	2025A	2026E	2027E	2028E
NDT	**10.4**	**11.8**	**13.0**	**14.4**
Growth %	*23%*	*13%*	*10%*	*11%*
Weigh in tot. %	*50%*	*54%*	*57%*	*60%*
Margin %	*8.5%*	*8.5%*	*9.0%*	*9.5%*
BEG	**10.5**	**10.0**	**9.9**	**9.6**
Growth %	*28%*	*-5%*	*0%*	*-3%*
Weigh in tot. %	*50%*	*46%*	*43%*	*40%*
Margin %	*16.9%*	*21.4%*	*21.3%*	*21.8%*
Elim	**(0.0)**	**(0.0)**	**(0.0)**	**(0.0)**
Growth %	*-31%*	*13%*	*4%*	*0%*
Weigh in tot. %	*0%*	*0%*	*0%*	*0%*
EBITDA - Total	**20.9**	**21.7**	**22.9**	**24.0**
Growth %	*26%*	*4%*	*5%*	*5%*
Margin %	*11.3%*	*11.7%*	*12.0%*	*12.3%*

Source: TP ICAP Midcap estimates

The emerging profile is that of a group whose consolidated revenue grows until 2028 before stabilizing, under the effect of the gradual erosion of BEG. Consolidated EBITDA increases from €20.9m to €24m in 2028, notably supported by BEG's contribution, ahead of a recovery in decorative activities estimated from 2027.

Consolidated D&A decline from €10.5m in 2025 to €9.2m in 2028, then €8.8m in 2030. Financial expenses gradually decrease after stabilizing at €1.8m between 2026 and 2028 (short-term CDG facilities and Lamitex loan), in line with the group's deleveraging profile.

Net debt reduces by c. 0.25x per year, bringing the ND/EBITDA ratio from 1.5x to 0.9x by 2028 and opening significant headroom for external growth initiatives or an increase in shareholder returns.

Consolidated net income grows by c. +13% per year through 2028, from €7.3m in 2025 to €10.4m in 2028.

Valuation

We value Neodecortech using a blended approach combining a consolidated DCF (50%) and a multiples-based valuation (50%).

The consolidated DCF captures the Group's transition dynamics over the 2026–2030 period (the ramp-up of decorative activities and the evolution of BEG under the new regulatory framework) within a physically and financially integrated structure: a single industrial site, a unified capital structure, and shared capex and D&A allocation. The multiples approach provides market validation.

Intrinsic valuation: DCF

The DCF is modelled over the 2026–2030 period, with a terminal value based on a 1% terminal growth rate, consistent with the long-term potential of the European decorative surfaces market. We apply a WACC of 8.5% (risk-free rate 3.7%, equity risk premium 6%, beta 1.3x, pre-tax cost of debt 5.7%).

Consolidated DCF

mn€		2026	2027	2028	2029	2030	TV
Revenues		**185.1**	**190.6**	**195.5**	**197.1**	**200.3**	**202.3**
	YoY %	0.0%	3.0%	2.6%	0.8%	1.6%	1.0%
EBITDA		**21.7**	**22.9**	**24.0**	**24.4**	**25.2**	**25.4**
	Margin %	11.7%	12.0%	12.3%	12.4%	12.6%	12.6%
(+) D&A		-9.2	-9.3	-9.2	-9.2	-9.2	-9.3
	% Revenue	-5.0%	-4.9%	-4.7%	-4.7%	-4.6%	-4.6%
EBIT		**12.5**	**13.6**	**14.8**	**15.2**	**16.0**	**16.1**
	Margin %	6.8%	7.1%	7.6%	7.7%	8.0%	8.0%
(-) Taxes		-2.1	-2.4	-2.6	-2.7	-3.0	-3.0
	Tax rate %	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
(-) CapEx		-9.5	-10.0	-10.0	-9.5	-9.0	-9.3
	% Revenue	-5.1%	-5.2%	-5.1%	-4.8%	-4.5%	-4.6%
(+/-) Changes in Working Capital		-3.0	-2.8	-2.6	-2.6	-2.6	-2.6
	% WC of sales	21.1%	21.9%	22.7%	23.8%	24.8%	
(=) FCF		**7.0**	**7.7**	**8.8**	**9.6**	**10.5**	**10.5**
	FCF/EBITDA	*32%*	*34%*	*37%*	*39%*	*42%*	*41%*

Sum of DCF	42.2
Discounted TV	66.8
Total Entreprise Value	**109.0**
TV in %	*61%*
Net Debt	(30.9)
Pensions / provisions	(2.9)
Total EqV	**75.2**

Hypothesis	
WACC	8.5%
g LT	1.0%

	7.5%	8.0%	8.5%	9.0%	9.5%
0.5%	121	112	104	98	92
0.8%	124	115	**107**	100	94
1.0%	128	**118**	**109**	**102**	95
1.3%	131	121	**112**	104	97
1.5%	136	124	115	107	99

Source: TP ICAP Midcap estimates

Our modelling assumes a moderate recovery in decorative activities, with consolidated growth of around 3% in 2027–2028, a prudent assumption given Europe's structural housing shortage and early signs of a turnaround in building permits, which leave meaningful upside potential relative to our estimates. On the BEG side, the contribution evolves in line with the compression of annual budget envelopes, but the Group is well positioned within the allocation hierarchy under the new decree-law: installation tied to an industrial process, exclusive use of certified renewable bioliquids, and a conversion plan currently under review, as confirmed by management.

The DCF yields an enterprise value of €109m, corresponding to an implied 2026 EV/EBITDA multiple of 5x. After deducting 2026 net debt (€30.9m) and provisions and retirement commitments (€2.9m), equity value stands at €75.2m.

Multiples approach

In parallel, we benchmark Neodecortech against a panel of decorative activities peers. Energy players are included for reference purposes only.

The decorative peer group comprises five listed companies:

- Surteco (decorative surfaces for furniture, Germany),
- Forbo (floor coverings and interior surfaces, Switzerland),
- Uzin Utz (installation systems, Germany),
- James Halstead (vinyl floor coverings, UK),
- Sanderson Design (premium wallpapers and textiles, UK).

These peers trade at a median 2026 EV/EBITDA multiple of 7.1x, with a median EBITDA margin of 11%. The valuation range reflects differing margin profiles, from Surteco (10%) to Halstead (23%), making the median more representative than the average for positioning Neodecortech.

Neodecortech currently trades at 4x 2026 EV/EBITDA, representing a c.40% discount to the peer group median, which we view as excessive. The Group's margin profile is around 12% above the panel (11.7% vs. 11% in 2026), the dual nature of its business model is well integrated, the free float is adequate, and the regulatory framework provides good visibility. The only factor warranting an additional discount is more limited liquidity, which we believe is already fully reflected through a discount of around 20%.

Listed comparables – Energy and decorative activities

			EBITDA (%)		EV/Sales			EV/EBITDA			EV/EBIT			P/E		
Company	**Country**	**Mcap (M€)**	**2026**	**Avg. 26-28**	**Dec-26**	**Dec-27**	**Dec-28**	**Dec-26**	**Dec-27**	**Dec-28**	**Dec-26**	**Dec-27**	**Dec-28**	**Dec-26**	**Dec-27**	**Dec-28**
Energy peers																
A2A	Italy	7,127	15.7%	16.4%	0.9x	1.0x	0.9x	6.0x	5.8x	5.6x	11.6x	11.4x	11.0x	20.6x	20.2x	19.4x
HERA	Italy	5,824	12.1%	12.5%	0.8x	0.8x	0.8x	6.7x	6.4x	6.1x	12.6x	11.9x	11.5x	21.9x	21.0x	20.2x
IREN	Italy	3,531	20.4%	21.0%	1.2x	1.2x	1.2x	5.8x	5.6x	5.4x	14.3x	13.4x	12.8x	26.3x	25.4x	23.6x
Average			**15.7%**	**16.4%**	**0.9x**	**1.0x**	**0.9x**	**6.0x**	**5.8x**	**5.6x**	**12.6x**	**11.9x**	**11.5x**	**21.9x**	**21.0x**	**20.2x**
Decorative peers																
Forbo	Switezrland	1,193	13.4%	14.3%	1.0x	1.0x	1.0x	7.5x	6.8x	6.4x	11.4x	10.1x	9.2x	14.6x	12.8x	11.6x
James Halstead	UK	641	22.5%	22.6%	2.2x	2.1x	2.0x	9.7x	9.3x	8.8x	11.1x	10.7x	10.0x	14.2x	13.6x	12.8x
Uzin Utz	Germany	323	10.8%	11.6%	0.7x	0.6x	0.6x	6.1x	5.3x	4.5x	9.6x	8.1x	6.5x	15.4x	12.7x	10.0x
Surteco	Germany	154	8.5%	10.0%	0.6x	0.6x	0.6x	7.1x	5.4x	5.1x	40.3x	14.5x	12.1x	-61.7x	57.6x	35.9x
Sanderson Design	UK	60	11.0%	n.a.	0.6x	0.6x	n.a.	5.5x	5.0x	n.a.	10.9x	9.2x	n.a.	15.9x	13.2x	n.a.
Median			**11.0%**	**13.0%**	**0.7x**	**0.6x**	**0.8x**	**7.1x**	**5.4x**	**5.7x**	**11.1x**	**10.1x**	**9.6x**	**14.6x**	**13.2x**	**12.2x**
Neodecortech	**Italy**	**59**	**11.7%**	**12.0%**	**0.5x**	**0.5x**	**0.4x**	**4.0x**	**3.8x**	**3.6x**	**6.9x**	**6.4x**	**5.8x**	**6.9x**	**6.3x**	**5.7x**
Discount			*7%*	*-7%*	*-29%*	*-26%*	*-42%*	*-44%*	*-30%*	*-37%*	*-38%*	*-37%*	*-39%*	*-53%*	*-52%*	*-53%*

Source: Factset

Applying a 20% discount to the peer group median, we retain a 2026 EV/EBITDA multiple of 5.7x. Applied to our 2026 consolidated EBITDA estimate of €21.7m, this implies an enterprise value of €123m.

Recommendation: Buy

We reiterate our Buy recommendation with a target price of €6.0, offering potential upside of +44% from the current price. A dividend yield of 4.4% provides attractive carry pending the materialisation of catalysts.

Valuation: an attractive entry point in a benchmark real estate market showing early signs of recovery

Valuation summary	Weight	Target price
DCF	50%	5.5
EV/Sales	0%	4.6
EV/EBITDA	50%	6.5
EV/EBIT	0%	5.6
P/E	0%	7.3
Target price		**6.0**
Potential upside		*46%*

Source: estimations TP ICAP Midcap

Our conviction is grounded in a clear assessment: despite a regulatory framework that is redirecting public support towards lower-cost technologies, BEG is well positioned to defend its contribution to the Group through its status, its commitment to certified renewable supply chains, and the conversion initiatives under consideration by management. This energy "shield" gives the Group the time and resources to execute its transformation into an enriched decorative surfaces platform, leveraging Lamitex, Kraft diversification and disciplined M&A.

The main risks to our scenario remain a prolonged downturn in the furniture cycle beyond 2027, and a sustained increase in input costs weighing structurally on decorative margins.

Two catalysts could lead us to revise our target price upwards: (i) a faster-than-expected rebound in the European furniture cycle and (ii) visible execution of Lamitex synergies with incremental EBITDA above our estimates. The publication of the regulator's decision on 19 May 2026, by confirming the hierarchy of protection for integrated installations and the fixed-cost adjustment mechanism, substantially reduces the regulatory risk weighing on BEG, transforming what was the main source of uncertainty into a risk that is now limited.

FINANCIAL DATA

Income Statement	12/23	12/24	12/25	12/26e	12/27e	12/28e
Sales	161.6	168.6	184.1	185.1	190.6	195.5
Changes (%)	-17.8	4.3	9.2	0.5	3.0	2.6
Gross profit	66.3	64.5	70.6	71.5	74.4	75.9
% of Sales	41.0	38.3	38.3	38.6	39.0	38.8
EBITDA	**13.9**	**16.6**	**20.9**	**21.7**	**22.9**	**24.0**
% of Sales	8.6	9.9	11.4	11.7	12.0	12.3
Current operating profit	**4.6**	**7.5**	**10.4**	**12.5**	**13.6**	**14.8**
% of Sales	2.9	4.5	5.6	6.8	7.1	7.6
Non-recurring items	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	4.6	7.5	10.4	12.5	13.6	14.8
Net financial result	-2.0	-2.3	-2.1	-1.8	-1.8	-1.8
Income Tax	0.2	-1.2	-1.0	-2.1	-2.4	-2.6
Tax rate (%)	-9.0	23.2	11.9	20.0	20.0	20.0
Net profit, group share	**2.8**	**4.0**	**7.3**	**8.6**	**9.4**	**10.4**
EPS	0.20	0.28	0.51	0.60	0.66	0.73

Financial Statement	12/23	12/24	12/25	12/26e	12/27e	12/28e
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Tangible and intangible assets	76.7	77.8	87.1	87.4	88.1	88.9
Right of Use	0.0	0.0	0.0	0.0	0.0	0.0
Financial assets	0.8	0.9	0.5	0.5	0.5	0.5
Working capital	33.5	43.8	39.5	42.5	45.3	47.9
Other Assets	1.9	1.1	1.8	1.8	1.8	1.8
Assets	113.0	123.5	128.9	132.2	135.7	139.0
Shareholders equity group	77.5	80.7	86.9	93.4	100.0	107.3
Minorities	0.0	0.0	0.1	0.1	0.1	0.1
LT & ST provisions and others	2.9	2.9	2.9	2.9	2.9	2.9
Net debt	25.9	33.2	30.9	27.7	24.6	20.7
Other liabilities	5.9	5.5	7.0	6.9	6.9	6.9
Liabilities	113.0	123.5	128.9	132.2	135.6	139.0
Net debt excl. IFRS 16	25.9	33.2	30.9	27.7	24.6	20.7
Gearing net	0.3	0.4	0.4	0.3	0.2	0.2
Leverage	1.9	2.0	1.5	1.3	1.1	0.9

Cash flow statement	12/23	12/24	12/25	12/26e	12/27e	12/28e
CF after elimination of net borrowing costs and taxes	12.1	13.9	16.0	17.8	18.7	19.6
ΔWCR	1.6	-10.4	5.9	-3.0	-2.8	-2.6
Operating cash flow	13.7	3.5	21.9	14.7	15.9	17.0
Net capex	-6.5	-10.1	-8.0	-9.5	-10.0	-10.0
FCF	9.1	-4.2	9.0	7.0	7.7	8.8
Acquisitions/Disposals of subsidiaries	0.0	0.0	-6.8	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0	0.0
Change in borrowings	-4.8	7.7	-4.3	0.0	0.0	0.0
Dividends paid	-1.9	0.0	0.0	-2.0	-2.8	-3.1
Repayment of leasing debt	0.0	0.0	0.0	0.0	0.0	0.0
Equity Transaction	0.0	0.0	0.0	0.0	0.0	0.0
Others	-0.5	-0.7	-0.2	0.0	0.0	0.0
Change in net cash over the year	0.1	0.4	2.6	3.2	3.1	3.9

ROA (%)	1.7%	2.3%	3.9%	4.5%	4.7%	5.0%
ROE (%)	3.7%	5.0%	8.4%	9.2%	9.4%	9.7%
ROCE (%)	4.9%	5.0%	7.8%	8.3%	8.7%	9.3%

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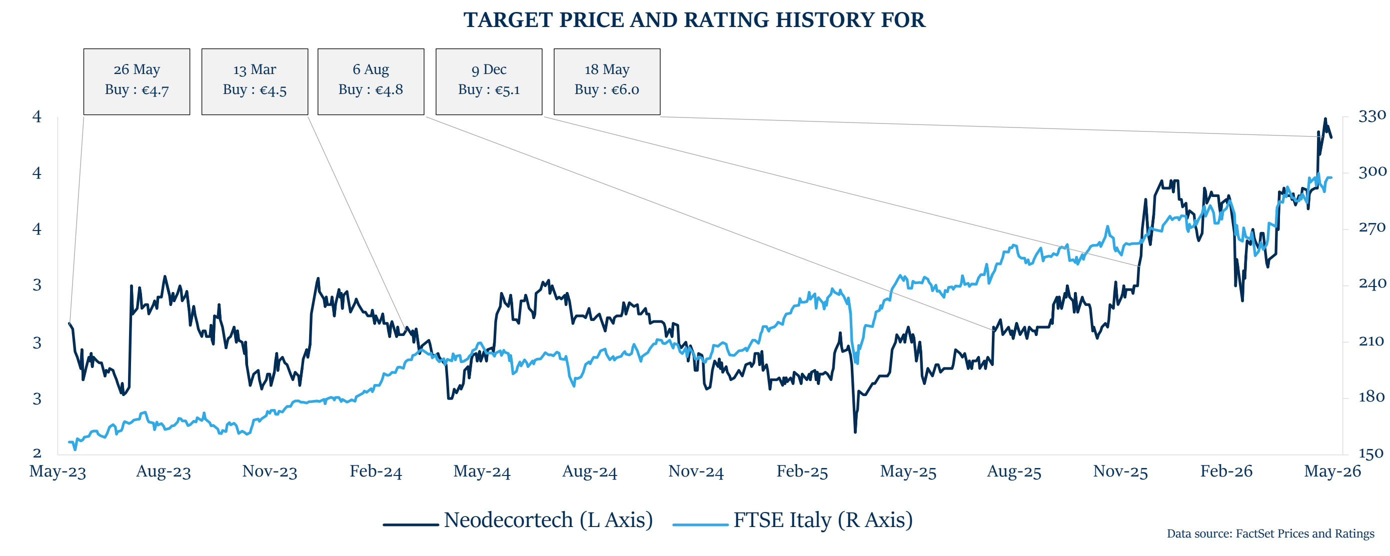
Methodology

This Report may mention evaluation methods defined as follows:
1. DCF method: discounting of future cash flows generated by the company's operations. Cash flows are determined by the analyst's financial forecasts and models. The discount rate used corresponds to the weighted average cost of capital, which is defined as the weighted average cost of the company's debt and the theoretical cost of its equity as estimated by the analyst.
2. Comparable method: application of market valuation multiples or those observed in recent transactions. These multiples can be used as references and applied to the company's financial aggregates to deduce its valuation. The sample is selected by the analyst based on the characteristics of the company (size, growth, profitability, etc.). The analyst may also apply a premium/discount depending on his perception of the company's characteristics.
3. Assets and liabilities method: estimate of the value of equity capital based on revalued assets adjusted for the value of the debt.
4. Discounted dividend method: discounting of estimated future dividend flows. The discount rate used is generally the cost of capital.
5. Sum of the parts: this method consists of estimating the various activities of a company using the most appropriate valuation method for each of them, then realizing the sum of the parts.

Conflict of Interests between TP ICAP Midcap and Issuer

G. Midcap and the Issuer have agreed to the provision by the former to the latter of a service for the production and distribution of the investment recommendation on the said Issuer: Neodecortech
H. TPICAP Midcap prepared this document on behalf of BPER Banca S.p.A acting as specialist in accordance with article 2.3.5 of Rules of the Markets (and related instructions) organized and managed by Borsa Italiana S.p.A.: Neodecortech

History of investment rating and target price – Neodecortech



Historical recommendations and target price (-1Y)

Date	Analyst	Old Target Price	New Target Price	Closing Price	Old Recommendation	New Recommendation
18 May 26 - 08:23:36	Mathias Paladino	€ 5.10	€ 6.00	€ 4.00	Buy	Buy
16 Mar 26 - 08:39:36	Mathias Paladino	€ 5.10	€ 5.10	€ 3.54	Buy	Buy
11 Mar 26 - 17:37:38	Mathias Paladino	€ 5.10	€ 5.10	€ 3.38	Buy	Buy
09 Dec 25 - 07:56:38	Mathias Paladino	€ 4.80	€ 5.10	€ 3.30	Buy	Buy
14 Nov 25 - 08:29:51	Mathias Paladino	€ 4.80	€ 4.80	€ 3.12	Buy	Buy
06 Aug 25 - 08:12:46	Mathias Paladino	€ 4.80	€ 4.80	€ 3.08	Buy	Buy
05 Aug 25 - 07:57:34	Mathias Paladino	€ 4.50	€ 4.50	€ 2.88	Buy	Buy

Distribution of Investment Ratings

Rating	Recommendation Universe*	Portion of these provided with investment banking services**
Buy	70%	72%
Hold	21%	59%
Sell	4%	33%
Under review	5%	78%

Midcap employs a rating system based on the following:
Buy: Expected to outperform the markets by 10% or more over a 6 to 12 months horizon.
Hold: expected performance between -10% and +10% compared to the market over a 6 to 12 months horizon.
Sell: Stock is expected underperform the markets by 10% or more over a 6 to 12 months horizon.

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