



Neodecortech S.p.A.

Review report on interim condensed
consolidated financial statements as
at March 31, 2023

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

Review report on interim condensed consolidated financial statements as at March 31, 2023

To the shareholders of
Neodecortech S.p.A.

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements as of March 31, 2023, and the related consolidated income statement, consolidated income statement of comprehensive income, consolidated statement of financial position, consolidated statement of change in equity and consolidated cash flows for the three-month period then ended, and related notes, of Neodecortech S.p.A. and its subsidiaries (Neodecortech Group).

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements of Neodecortech Group as of March 31, 2023, are not prepared, in all material respects, in accordance with the International Financial Accounting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Milan, May 8, 2023

BDO Italia S.p.A.
Signed by

Lelio Bigogno
Partner

Interim Management Statement at 31 March 2023

Financial Statements prepared in accordance with IAS/IFRS

Amounts in Euro

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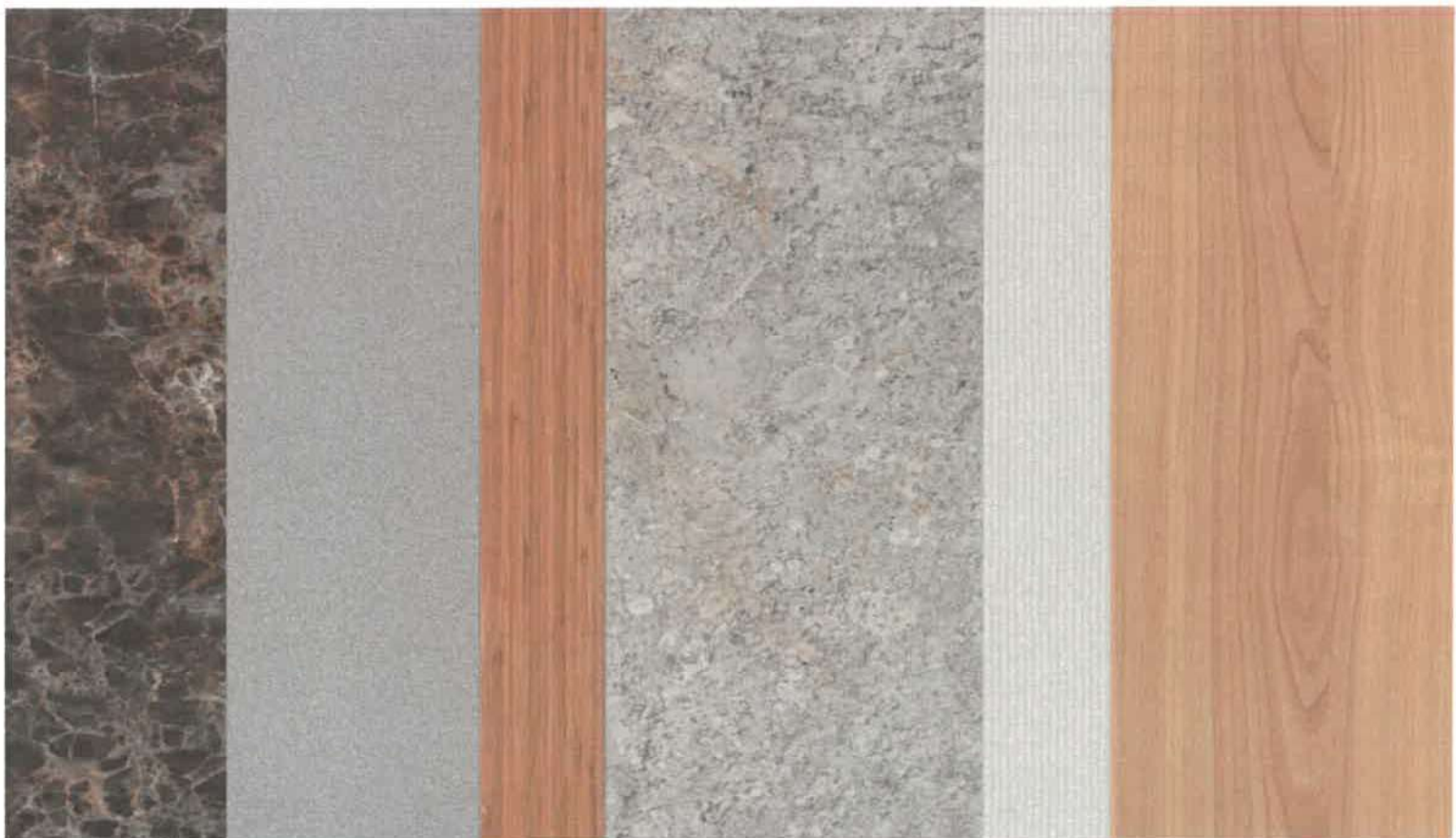
Share Capital
€ 18,804,209.37 fully paid up
www.neodecortech.it

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The Neodecortech Group



Corporate bodies

Board of Directors ⁽¹⁾

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

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

Board of Statutory Auditors ⁽²⁾

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

Financial Reporting Manager ⁽³⁾

Marina Fumagalli

Committees ⁽⁴⁾

Remuneration and Appointments Committee

Ida Altimare (Chair)
Vittoria Giustiniani
Cinzia Morelli

Control, Risk and Sustainability Committee

Adriano Bianchi (Chairman)
Luca Peli

Related Party Committee

Ida Altimare

Sara Bertolini (Chair)
Cinzia Morelli
Adriano Bianchi

Supervisory Board ⁽⁵⁾

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

Independent Auditors ⁽⁷⁾

BDO Italia S.p.A.

⁽¹⁾ The Board of Directors of Neodecortech S.p.A. in office was appointed on 27 April 2022 and will remain in office for three financial years until the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2024.

⁽²⁾ The Company's Board of Statutory Auditors was appointed on 27 April 2023 and will remain in office until the date of the Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2025.

⁽³⁾ Marina Fumagalli was appointed by the Board of Directors on 07 February 2023 as the Financial Reporting Manager pursuant to Article 154-bis of the TUF.

⁽⁴⁾ The Board of Directors of Neodecortech S.p.A. resolved on 28 April 2022 to establish (i) a Remuneration and Appointments Committee; (ii) a Control Risk and Sustainability Committee; (iii) a Related Party Committee.

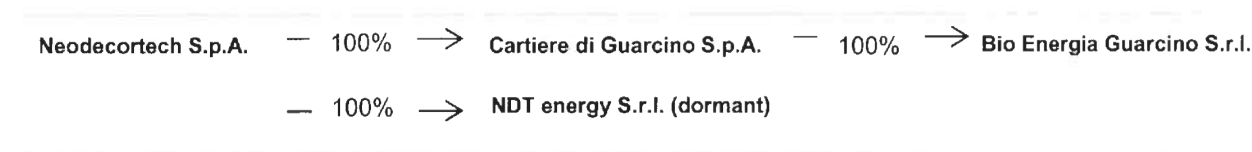
⁽⁵⁾ The Board of Directors of Neodecortech S.p.A. passed a resolution on 5 May 2023 appointing Mr. Raspadori and Ms. Menichetti as members of the Supervisory Board of the Company for three financial years, therefore, until the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2025.

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

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

Group structure

The Group structure at 31 March 2023 and 31 December 2022 is shown below.



At 31 March 2023, the companies forming the Group are:

NDT

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

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

The Parent Company performs the following functions for its subsidiaries:

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

CDG

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

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

BEG

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

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

NDTe

NDT energy S.r.l. (NDTe)

established on 19 October 2022, registered office in Filago (BG) and operating offices in Casoli di Atri (TE), currently dormant and awaiting authorization to operate a WtE plant, capable of reusing process waste and meeting a large part of the energy needs of the adjacent NDT "laminates" division. The first financial statements will close on 31 December 2023.

Financial highlights of the Neodecortech Group

Income statement

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

(Euro thousands)	31 MARCH 2023	%	31 MARCH 2022	%	Chg.	% chg.
Revenue from sales and services	46,474	100.0%	49,229	100.0%	(2,755)	(5.6%)
Other revenue	2,876	6.2%	1,156	2.3%	1,720	148.8%
Total revenue	49,350	106.2%	50,385	102.3%	(1,035)	(2.1%)
EBITDA	3,709	8.0%	4,216	8.6%	(507)	(12.0%)
Amortization and depreciation	2,217	4.8%	2,283	4.6%	(66)	(2.9%)
Allocations	28	0.1%	50	0.1%	(22)	(44.0%)
EBIT	1,464	3.2%	1,883	3.8%	(419)	(22.3%)
Profit for the year	1,248	2.7%	4,216	8.6%	(2,968)	(70.4%)

Revenue from Sales and Services at 31 March 2023 amounted to € 46,474 thousand, down by € -2,755 thousand, or -5.6% versus 31 March 2022 (€ 49,229 thousand). This decrease is attributable mainly to general market trends, partly amplified by destocking movements that started in late 2022. Sales volumes of backer papers, Unicolour papers, and printed PVC experienced greater declines. Sales of print and print base papers, laminate, and the new EOS anti-fingerprint product were steady. The markets suffering the greatest decline were America (-53.6%) and Europe (-7.4%). However, the reduction in sales is in line with the 2023 Budget forecasts.

Other revenue at 31 March 2023, amounted to € 2,876 thousand (€ 1,156 thousand at 31 March 2022), increasing by € 1,720 thousand, referring mainly to the recognition at 31 March 2023 of tax credits for the first quarter related to energy- and gas-intensive companies to both Neodecortech and the subsidiary Cartiere di Guarcino. These tax credits amounted to € 2,406 thousand, were introduced by Article 15 of Law Decree no. 4/2022 and Law Decree no. 17/2022, and were confirmed and extended for the first quarter of 2023 by Law no. 197/2022 of 29 December 2022.

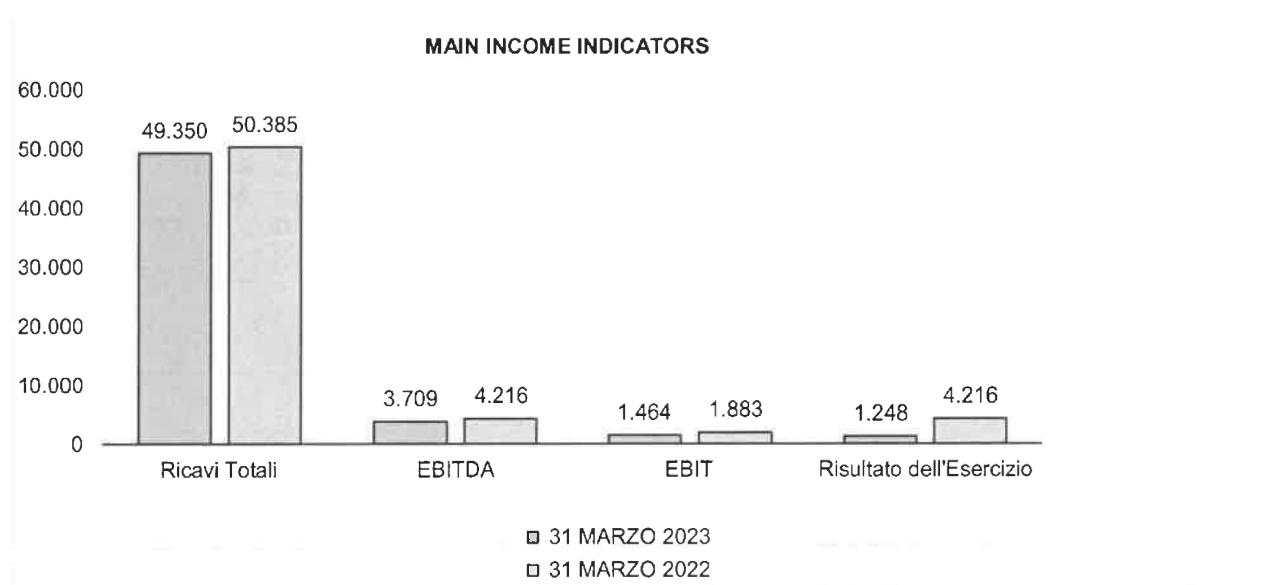
EBITDA at 31 March 2023 stood at 8% of net sales (€ 3,709 thousand), down slightly from 31 March 2022 (€ 4,216 thousand and 8.6%). This change is the combined effect of the following elements:

- With regard to the subsidiary Bio Energia Guarcino S.r.l., in 2023, the incentive was reduced to zero, due to the reference price of electricity in 2022 being well above the cap of 180 €/MWh used by the formula that determines the unit value of incentives. For first quarter 2023, the Maximization of Electricity Production from Sources Other Than Natural Gas system is in force, introduced through Article 5bis, paragraph 1, of Law Decree 14/2022 converted, with amendments, by Law no. 28 of 5 April 2022, and subsequent Energy Authority (ARERA) Resolution no. 430/2022 of 13 September 2022. The system provides for a reinstatement of revenue if the *Recognized Variable Cost* (RVC) is higher than the energy sales revenue (PUN + incentives); as of the date of writing of this Document, the RVC is still being defined by the competent Authority (ARERA). Consequently, Bio Energia Guarcino has determined the best possible estimate of revenue reinstatement based on the information available to date and has therefore determined the minimum amount of revenue reinstatement (€ 2.95 million), based on the standard values defined by ARERA and recognized fuels, such revenue included in the consolidated amounts at 31 March 2023.
- The -6.6% decrease in raw material costs, accounting for 72.8% of revenue versus 73.6% at 31 March 2022.

- The decrease in electricity and gas costs, which, net of the energy and gas tax credits to energy- and gas-intensive companies mentioned above, was -26.5% versus the same period of the prior year.

Net Profit amounted to € 1,248 thousand, making for 2.7% of revenue, down by € 2,968 thousand versus 31 March 2022, which instead included the effect of the net non-recurring positive financial item of € 2,865 thousand related to the write-off of the MICA Payable and the receivable from Andreotti, which were time-barred. Adjusted Net Profit at 31 March 2022, net of the non-recurring financial item and the related tax effect, amounted to € 1,351 thousand (2.7% of revenue), in line with the figure at 31 March 2023.

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



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

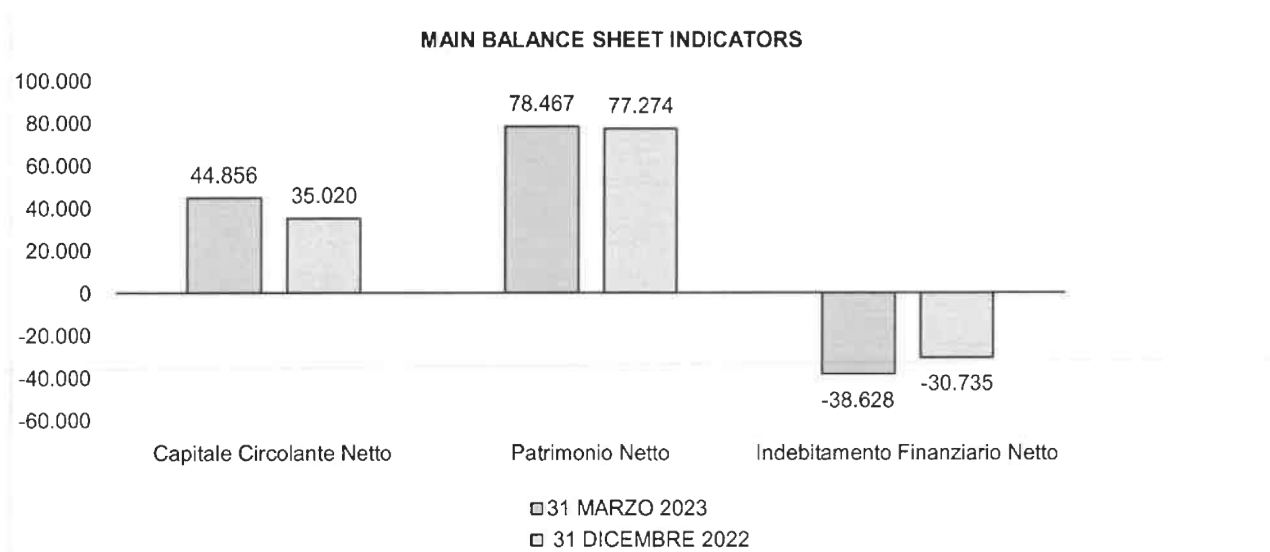
(Euro thousands)	31 MARCH 2023	%	31 MARCH 2022	%	Chg.	% chg.
Revenue from sales and services	46,474	100.0%	49,229	100.0%	(2,755)	(5.6%)
Other revenue	2,876	6.2%	1,156	2.3%	1,720	148.8%
Total revenue	49,350	106.2%	50,385	102.3%	(1,035)	(2.1%)
EBITDA	3,709	8.0%	4,216	8.6%	(507)	(12.0%)
Amortization and depreciation	2,217	4.8%	2,283	4.6%	(66)	(2.9%)
Allocations	28	0.1%	50	0.1%	(22)	(44.0%)
EBIT	1,464	3.2%	1,883	3.8%	(419)	(22.3%)
				0.0%		
Profit for the year	1,248	2.7%	4,216	8.6%	(2,968)	(70.4%)
Write-off Financial Receiv. Net tax Andreotti			997			
Write-off Financial Pay. Net tax MICA			(3,862)			
Adjusted Profit for the Year	1,248	2.7%	1,351	2.7%	(103)	(7.6%)



Financial results

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

(Euro thousands)	31 MARCH 2023	31 DECEMBER 2022	Chg.	% chg.
Net Working Capital	44,856	35,020	9,836	28.1%
Equity	78,467	77,274	1,193	1.5%
Net Financial Debt	(38,628)	(30,735)	(7,893)	25.7%



The balance sheet figures at 31 March 2023 are also shown for comparative purposes versus those at 31 March 2022.

(Euro thousands)	31 MARCH 2023	31 MARCH 2022	Chg.	% chg.
Net Working Capital	44,856	32,727	12,129	37.1%
Equity	78,467	74,729	3,738	5.0%
Net Financial Debt	(38,628)	(31,299)	7,329	(23.4%)

Directors' Comments



Significant events during the period

Considering the requirements of CONSOB in the Warning Notices issued with regard to COVID-19 in the preparation of financial disclosures, it should be noted that the Group's consolidated operating and financial figures at 31 March 2023 were not materially impacted by the COVID-19 pandemic.

The Group continued to comply with national pandemic containment rules and the observance and adoption of safety protocols on the health of workers and of third parties.

With regard to the CONSOB notice of 7 March 2022, aimed at compliance with the restrictive measures adopted by the EU in response to the Russian military aggression in Ukraine, it should be noted that the Group is continuing to comply with all the measures introduced by the European Union. Additionally, from an IT point of view, the Group has adopted stringent business continuity plans, guaranteeing the full operation of back-ups, including offline solutions, to protect company systems and data from possible cyber-attacks, which could intensify as a result of the continuing Russian-Ukrainian conflict.

However, while the Group does not source supplies, has not invested, has not carried out development activities, and has only marginal sales in both Russia and Ukraine, following the outbreak of the Ukrainian-Russian conflict at end February 2022, no estimates can be made on the magnitude and length of the impact of this event on the consumption propensity of furniture and flooring buyers, as well as on the full availability of strategic raw materials and energy carriers. This condition, however, transcends the industry in which the Group operates and has a macroeconomic relevance.

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

In fact, during first quarter 2023, the prices of all of the Group's strategic materials (resins, decorative paper, plastics, titanium dioxide, and pulp) continued to decrease; however, the reduction was modest compared to the growth recorded in 2022, which had seen a partial transfer on the selling prices to end customers, which was challenging due to the gradual deterioration of the market sentiment, resulting in a contraction in margins versus the prior year. The time lag of the transfer of changes in raw material prices to sales lists should have resulted in a significant margin recovery in 2023. The recovery was only partly achieved due to weak demand, despite improving versus the same period of 2022.

The costs of energy carriers also decreased during first quarter 2023, dropping by -26.5% versus the same period of the prior year, due partly to the tax credits for energy- and gas-intensive companies, which were obtained by both Neodecortech and Cartiere di Guarcino.

In a context of high price volatility and low demand, procurement opportunities were taken by utilizing prepayment leverage; this strategy resulted in an improvement in margins versus the same period of 2022, but it also caused a temporary increase in financial debt versus 31 December 2022, due to the increased use of short-term lines to procure strategic raw materials such as titanium dioxide for Cartiere and palm oil for Bio Energia Guarcino.

With specific regard to the subsidiary Bio Energia Guarcino, in 2023, the incentive was reduced to zero, due to the reference price of electricity in 2022 being well above the cap of 180 €/MWh used by the formula that determines the unit value of incentives. Despite this, Bio Energia Guarcino operated at full capacity in first quarter 2023, due mainly to the fact that it had contracted forward sales for a portion of the energy produced and had also secured a forward purchase of fuel (palm oil) in late summer 2022. Other minor purchases of fuel (animal by-products) were made during the same period. Additionally, also on the revenue side, benefits were felt from the maximization scheme introduced by the so-called Ukraine Decree to encourage the production of non-gas power plants.

The energy market, including the gas market, saw a sharp drop in prices following a highly volatile period in the latter part of 2022, due to the Russian-Ukrainian conflict and the need for European countries to complete storage for the

winter period, which coincided with a phase of repositioning gas purchases to decrease dependence on the Russian market. The less severe winter than expected and lower demand led to a significant reduction in gas and energy prices. The bioliquids market also experienced a downward trend, although with less intensity as it is not exclusively correlated with the energy sector, encompassing the biodiesel market. The animal fat market in first quarter 2023 lost approximately 10%.

Against this backdrop, the Power Plant operated at full capacity, benefiting from the maximization system and supporting Cartiere di Guarcino's operations on both the power and steam supply side.

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 31 March 2023, the exposure of Bio Energia Guarcino S.r.l. to the supplier, for contracts to be performed, is € 1,555 thousand.

Capital expenditure in the first three months of 2023 amounted to € 1,480 thousand, in line with budget forecasts. Special mention must be made of the progress made by Neodecortech in the installation of a new impregnating machine, which will go into operation in mid-2023 to support the expected volume growth of impregnated decorative paper. With regard to subsidiaries, capital expenditure in tangible fixed assets at Cartiere di Guarcino regarded measures to increase the efficiency of paper machines and to optimize plants. For Bio Energia Guarcino, expenditure was made for the scheduled maintenance of the Power Plant.

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

In first quarter 2023, a new medium/long-term loan of € 5,000 thousand was taken out for Neodecortech.

For the second year, on 13 December 2022, CDP (Carbon Disclosure Project) confirmed the Neodecortech Group a "B" score based on the 2021 data underlying the questionnaire to be filled, recognizing the Group Companies' commitment to combating climate change. This score places Neodecortech in the European average (score "B"), but above the average of both its industry Wood & Paper materials and the Global average, both of which score "C".

Business and market outlook

At the time of writing of this document, the entire production chain in which Neodecortech and Cartiere di Guarcino operate is affected by the slowdown that began in mid-2022 and saw production stoppages in both IV quarter 2022 and the current quarter. Since the beginning of March, operations have gone back to normal, with an order backlog in line with previous levels (except for 2021, which had shown an atypically positive trend coming out of the pandemic), although some risk of partial production stoppage and margin restraint may still remain, owing to the awaited retracement of raw material prices, still too small compared to the levels before the surge in inflation that affected 2022. This situation is expected to continue until at least mid-2023, indistinguishably affecting all of the Group's main sales areas of operation (90% Europe). With regard also to the trend of energy carrier costs, their gradual decline will lead to their equally gradual transfer to sales prices charged to customers, given the high demand from customers to be able in turn to regain market shares through increased competitiveness on their sales prices.

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.

Against this backdrop, despite the changed macroeconomic sentiment and the abovementioned related critical issues, leveraging on the fact of being an integrated supply chain Group and having within its scope a power plant producing electricity from renewable sources, which guarantees full availability of electricity and partial availability of thermal energy to the Paper Mill, this situation has changed as of 1 April 2023 due to the ongoing definition of the maximization system and the related determination of the recognized variable cost, which is still being discussed with ARERA. Law Decree no. 198 of 29 December 2022 (in the State Gazette - General Series - no. 303 of 29 December 2022), coordinated with Conversion Law no. 14 of 24 February 2023 (in the State Gazette no. 49 of 27 February 2023), given

also the favourable position of the European authorities, extends the legislative requirements of the 12-month maximization plan until 31 March 2024. On 31 March 2023, the MASE Minister issued a new guidance act, the contents of which are being published.

Regarding the trend of strategic raw materials, the following information is provided for each business unit: (i) Neodecortech expects prices of certain strategic raw materials (resins, plastics) to continue declining in second quarter 2023, in line with the 2023 Budget; (ii) Cartiere di Guarcino expects a modest price decrease for pulp, while a substantial price rollover is anticipated for titanium dioxide due to the ongoing tension and instability related to the Russian-Ukrainian conflict; (iii) Bio Energia Guarcino used a fuel mix of 82% palm oil and 18% animal by-product in first quarter 2023. Both showed a bearish trend during first quarter 2023, following a trend that began in late 2022. The trend is expected to continue into Q2 2023, although it will be heavily influenced by demand from other target sectors and trends in crop production and storage.

In the upcoming months, no significant negative impacts are expected from the tail end of the COVID-19 pandemic or further effects of the Russian-Ukrainian conflict.

Based on the positive performance during the first three months of 2023, the Group is confident that it will be able to reach the budget targets set for 2023.

On the financial front too, it continues to pursue the policy of curbing financial costs (despite the current increase in interest rates), optimizing short- and medium-long term lines of credit, and containing its net financial position, except for temporary peaks related to procurement policies and delayed monetization of the RVC accrued until 31 March 2023 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

In the face of the initial retracements in the prices of strategic raw materials, starting in second half 2022 and during first quarter 2023, the order backlog has decreased due to the initial signs of shrinking demand in the furnishing segment. Virtually all product lines have been affected by the same trend: those that have felt the first brunt of the market slowdown (laminates and impregnated) and those that are affected with a minimum delay (printing on paper and printing on pvc). The only exception is EOS, an anti-fingerprint plastic material for vertical surfaces whose weight, however, remains not so significant to date (approximately 7%).

Since 2022 was marked by the continued transfer of the higher costs incurred, with a time lag in the application of the increases and resulting loss of margins, this market trend actually makes the expected margin recovery difficult. Therefore, some impact on margins is expected for the entire first half of 2023. All this has already been factored in when preparing the 2023 Budget; forecasts indicate that the margins will hopefully gradually recover in the second half of the year.

Compared with the budgeted investment plan, certain expenditure in new facilities was postponed from 2022 to 2023, as already envisaged in the budget.

Lastly, despite the recent spike in interest rates, financial costs are expected to be partly offset by an IRS on the outstanding BPM mortgage loan.

Paper Division - Cartiere di Guarcino

The customer order book of Cartiere declined in fourth quarter 2022, continuing into first quarter 2023, as a result of general market trends, partly amplified by year-end destocking movements. This was taken into account in the preparation of the 2023 Budget. However, in light of the above comments on the domestic and international economic

environment, the future scenario should be taken with caution given the possible declines in sales, the extent of which cannot be predicted at this time.

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

Cartiere di Guarcino is in full operation, despite the absence of the co-generated energy provided by the power plant temporarily discontinued as of 1 April, for the above reasons, managing to alleviate the negative effects thanks to the continued tax credit for energy- and gas-intensive companies for second quarter 2023 too.

Research and development activities in the core area of decorative papers with focus on digital paper medium continue in 2023. Mention should be made that on 10/12/2020, the Company submitted an aid application under the "Circular Economy" call pursuant to Ministerial Decree 05/08/2020 and DD 11/06/2020 20/06/2013, regarding the project on the "Study and development of an innovative paper for food use". Upon the successful outcome of this research, the Company estimates an increase in sales from these two new product lines.

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

Energy Division - Bio Energia Guarcino

As for Bio Energia Guarcino, as a result of the new context related to maximization, and thanks to short hedges on the energy market and to long hedges on bioliquids for first quarter 2023, all three engines operated at full capacity throughout the first quarter. It should be noted that no incentives are expected in 2023 under the existing GRIN incentive scheme, as the incentive calculation formula is based on a starting energy price of 180 €/MWh from which the previous year's average energy price is subtracted. So it is inversely proportional to the price of energy.

As noted in detail above, effective 19 September 2022, a maximization scheme has been approved in favour of certain power plants that do not use gas providing for the reintegration of revenue, aimed specifically at encouraging the maximization of power generation. This scheme has been extended until 31 March 2024 and is based on the definition of recognized variable cost (RVC), the determination of which is still being discussed with ARERA.

Additionally, a point worth mentioning is that the conditions for a possible regulatory change in the incentive system have been set. If this were the case, it would have a positive impact on Bio Energia Guarcino, which, given the current incentive system, would see the incentive support period for bioliquid power plants end in June 2025.

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

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

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

Pending the above Implementing Decrees, ARERA issued Resolution no. 430 of 13 September 2022, to define the remuneration criteria, for electricity generation plants powered by fuels other than natural gas, pursuant to Article 5bis of LD no. 14/2022, which will allow on an emergency basis (until 31 March 2023 and extended until 31 March 2024), even for the Bio Energia Guarcino plant to apply a temporary incentive mechanism to reinstate variable costs.

On 31 March 2023, the MASE Minister issued a new guidance act in execution of the extension of the 12-month maximization plan until 31 March 2024, given also the favourable position of the European authorities (Law Decree no. 198 of 29 December 2022 in the State Gazette - General Series - no. 303 of 29 December 2022, coordinated with

Conversion Law no. 14 of 24 February 2023 in the State Gazette no. 49 of 27 February 2023). Pending the new MASE guidance plan, Bio Energia Guarcino has temporarily shut down the plants.

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



Condensed Consolidated Financial Statements at 31 March 2023



Consolidated income statement at 31 March 2023

(Euro thousands)	31 MARCH 2023	%	31 MARCH 2022	%	Chg.	% chg.
Revenue from sales and services	46,474	100.0%	49,229	100.0%	(2,755)	(5.6%)
Changes in work in progress, semi-finished and finished products	1,548	3.3%	3,250	6.6%	(1,702)	(52.4%)
Other revenue	2,876	6.2%	1,156	2.3%	1,720	148.8%
Value of Production	50,898	109.5%	53,635	109.0%	(2,737)	(5.1%)
Raw and ancillary materials and consum.	(33,837)	(72.8%)	(36,212)	(73.6%)	2,375	(6.6%)
Other operating expense	(8,073)	(17.4%)	(7,707)	(15.7%)	(366)	4.7%
Value Added	8,988	19.3%	9,716	19.7%	(728)	(7.5%)
Personnel expense	(5,279)	(11.4%)	(5,500)	(11.2%)	221	(4.0%)
EBITDA	3,709	8.0%	4,216	8.6%	(507)	(12.0%)
Amortization and depreciation	(2,217)	(4.8%)	(2,283)	(4.6%)	66	(2.9%)
Allocations	(28)	(0.1%)	(50)	(0.1%)	22	(44.0%)
EBIT	1,464	3.2%	1,883	3.8%	(419)	(22.3%)
Financial expense	(633)	(1.4%)	(1,627)	(3.3%)	994	(61.1%)
Financial income	177	0.4%	5,272	10.7%	(5,095)	(96.6%)
Profit/(loss) before tax	1,008	2.2%	5,528	11.2%	(4,520)	(81.8%)
Income tax	240	0.5%	(1,312)	(2.7%)	1,552	(118.3%)
Profit/(loss) for the year	1,248	2.7%	4,216	8.6%	(2,968)	(70.4%)

Consolidated statement of comprehensive income at 31 March 2023

(Euro thousands)	31 MARCH 2023	31 MARCH 2022
Profit/(loss) for the year	1,248	4,216
Other items of the comprehensive income statement		
Actuarial gains (losses) net of tax effect	(23)	107
Total items that will not be reclassified in the income statement for the year	(23)	107
Gains/(losses) on cash flow hedging instruments	(29)	148
Total items that will or may be reclassified in the income statement for the year	(29)	148
Total other items of the comprehensive income statement	(52)	255
Comprehensive income (loss) for the year	1,196	4,471
Comprehensive income for the period attributed to:		
Shareholders of the Parent	1,196	4,471
Non-controlling interests		
Earnings per share (in Euro):		
Basic	0.09	0.30
Diluted	0.09	0.30

Consolidated statement of financial position at 31 March 2023

Assets	31 MARCH 2023	%	31 DECEMBER 2022	%	Chg.	% chg.
<i>(Euro thousands)</i>						
Intangible assets	809	0.5%	827	0.5%	(18)	(2.2%)
Tangible assets	77,892	46.8%	78,617	46.6%	(725)	(0.9%)
Investments	0	0.0%	100	0.1%	(100)	(100.0%)
Other non-current assets	489	0.3%	528	0.3%	(39)	(7.4%)
Non-current financial receivables	445	0.3%	445	0.3%	0	0.0%
Deferred tax assets	1,683	1.0%	1,682	1.0%	1	0.1%
Non-current assets	81,318	48.9%	82,199	48.7%	(881)	(1.1%)
Inventory	42,548	25.6%	43,550	25.8%	(1,002)	(2.3%)
Trade receivables	27,312	16.4%	23,836	14.1%	3,476	14.6%
Receivables from tax consolidation	1,012	0.6%	813	0.5%	199	24.5%
Tax receivables	4,164	2.5%	5,043	3.0%	(879)	(17.4%)
Current financial receivables	0	0.0%	0	0.0%	0	0.0%
Other current receivables	4,458	2.7%	1,269	0.8%	3,189	251.3%
Cash funds	5,603	3.4%	12,043	7.1%	(6,440)	(53.5%)
Current assets	85,097	51.1%	86,554	51.3%	(1,457)	(1.7%)
Total assets	166,415	100.0%	168,753	100.0%	(2,338)	(1.4%)

Equity and liabilities	31 MARCH 2023	%	31 DECEMBER 2022	%	Chg.	% chg.
<i>(Euro thousands)</i>						
Share capital	18,804	11.3%	18,804	11.1%	0	0.0%
Share premium reserve	18,864	11.3%	18,864	11.2%	0	0.0%
Other reserves	22,353	13.4%	24,968	14.8%	(2,615)	(10.5%)
Prior years' profit (loss)	17,198	10.3%	6,201	3.7%	10,997	177.3%
Profit (loss) for the year	1,248	0.7%	8,437	5.0%	(7,189)	(85.2%)
Equity	78,467	47.2%	77,274	45.8%	1,193	1.5%
Provisions for risks and charges	808	0.5%	774	0.5%	34	4.4%
Deferred tax	6,170	3.7%	6,304	3.7%	(134)	(2.1%)
Post-employment benefits	2,101	1.3%	2,131	1.3%	(30)	(1.4%)
Non-current financial liabilities	26,623	16.0%	22,095	13.1%	4,528	20.5%
Non-current liabilities	35,702	21.5%	31,304	18.6%	4,398	14.0%
Trade payables	28,203	16.9%	33,693	20.0%	(5,490)	(16.3%)
Payables from tax consolidation	496	0.3%	469	0.3%	27	5.8%
Tax payables	884	0.5%	703	0.4%	181	25.7%
Current financial liabilities	17,608	10.6%	20,682	12.3%	(3,074)	(14.9%)
Other current payables	5,055	3.0%	4,628	2.7%	427	9.2%
Current liabilities	52,246	31.4%	60,175	35.7%	(7,929)	(13.2%)
Total equity and liabilities	166,415	100.0%	168,753	100.0%	(2,338)	(1.4%)

Consolidated statement of changes in equity at 31 March 2023

(Euro thousands)

	Attributable to the shareholders of the Parent								
	Share Capital	Hedging and translation reserves	Equity reserves	Other reserves	Treasury shares	Profit (loss) for the year	Equity	Non-controlling interests	Total equity
Balance at 01/01/2022	18,804	(155)	18,864	26,404	(140)	6,688	70,465	0	70,465
Other items of the comprehensive income statement	0	419	0	260	0	0	679	0	679
Profit for the year	0	0	0	0	0	8,437	8,437	0	8,437
Total comprehensive income/loss for the year	0	419	0	260	0	8,437	9,116	0	9,116
Dividend distribution	0	0	0	(1,978)	0	0	(1,978)	0	(1,978)
Allocation of prior year's profit (loss)	0	0	0	6,688	0	(6,688)	0	0	0
Other changes	0	0	0	(2)	(328)	0	(330)	0	(330)
Balance at 12/12/2022	18,804	264	18,864	31,372	(468)	8,437	77,274	0	77,274
Balance at 01/01/2023	18,804	264	18,864	31,373	(468)	8,437	77,274	0	77,274
Other items of the comprehensive income statement	0	(29)	0	(22)	0	0	(51)	0	(51)
Profit for the year	0	0	0	0	0	1,248	1,248	0	1,248
Total comprehensive income/loss for the year	0	(29)	0	(22)	0	1,248	1,197	0	1,197
Dividend distribution	0	0	0	0	0	0	0	0	0
Allocation of prior year's profit (loss)	0	0	0	8,437	0	(8,437)	0	0	0
Other changes	0	0	0	(4)	0	0	(4)	0	(4)
Balance at 31/03/2023	18,804	235	18,864	39,784	(468)	1,248	78,467	0	78,467

Consolidated statement of cash flows at 31 March 2023

(Euro thousands)	31 MARCH 2023	31 MARCH 2022
Profit (loss) for the year	1,248	4,216
Income tax	(104)	1,268
Deferred/(prepaid) tax	(135)	44
Interest expense/(interest income)	456	(3,639)
(Dividends received)	0	0
(Gains)/losses from disposal of assets	0	(3)
1 Profit (loss) for the year before income tax, interest, dividends and gains/losses from disposals	1,465	1,886
Adjustments for non-monetary items that had no balancing entry in net working capital:		
Allocation to post-employment benefits	18	59
Allocations to other provisions	52	50
Amortization and depreciation of fixed assets	2,217	2,283
Write-downs for impairment losses	0	0
Other adjustments for non-monetary items	110	(1,074)
2 Cash flow before changes in NWC	3,861	3,205
Changes in net working capital:		
Decrease/(increase) in receivables from customers	(3,489)	(3,640)
Decrease/(increase) in inventory	944	(4,354)
Increase/(decrease) in payables to suppliers	(5,513)	476
Decrease/(increase) in other receivables	(2,490)	(1,236)
Increase/(decrease) in other payables	478	1,815
Other changes in net working capital	0	0
3 Cash flow after changes in NWC	(6,208)	(3,734)
Other adjustments:		
Interest received/(paid)	(344)	(155)
(Income tax paid)	29	0
(Gains)/losses from disposal of assets	0	0
Dividends received	0	0
(Utilization of provisions)	18	(252)
(Utilization of provisions for post-employment benefits)	(81)	(128)
4 Cash flow after other adjustments	(6,585)	(4,268)
A Cash flow from operations	(6,585)	(4,268)
<i>Property, plant and equipment</i>	(1,385)	(2,402)
(Purchase)	(1,385)	(2,403)
Disposal	0	0
<i>Intangible fixed assets</i>	(95)	(45)
(Purchase)	(95)	(45)
Disposal	0	0
<i>Financial fixed assets</i>	0	0
(Purchase)	0	0
Disposal	0	0
<i>Current financial assets</i>	0	0
(Purchase)	0	0
disposal	0	0
<i>Proceeds from disposal of assets</i>	0	3

B Cash flow from investing activities	(1,480)	(2,444)
Liabilities	1,529	1,939
Increase (decrease) in short-term bank payables	(1,492)	3,396
New loans	5,000	0
Repayment of loan	(1,444)	(944)
Financial liabilities to other lenders	(535)	(514)
Change in financial receivables from other lenders	0	0
Equity	0	(208)
Share capital increase	0	0
Sale (purchase) of treasury shares	0	(208)
Other changes in equity	0	0
C Cash flow from financing activities	1,529	1,731
Increase (decrease) in cash funds (A ± B ± C)	(6,536)	(4,982)
Cash funds at 1 January 2022	12,139	13,491
Cash funds at 31 March 2023	5,603	8,509

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

(Euro thousands)	31 MARCH 2023	31 DECEMBER 2022	Chg.	31 MARCH 2022	Chg.
A. Cash funds	(5,603)	(12,042)	6,439	(8,509)	2,906
B. Cash and cash equivalents	0	0	0	0	0
C. Other current financial assets	0	0	0	0	0
D. Cash (A) + (B) + (C)	(5,603)	(12,043)	6,440	(8,509)	2,906
E. Current financial debt	11,714	13,489	-1,775	17,087	-5,373
F. Current portion of non-current debt	5,894	7,194	(1,300)	6,019	(125)
G. Current financial debt (E)+(F)	17,608	20,683	(3,075)	23,106	(5,498)
H. Net current financial debt (G)-(D)	12,005	8,640	3,365	14,597	-2,592
I. Non-current financial debt	26,623	22,095	4,528	16,702	9,921
J. Debt instruments	0	0	0	0	0
K. Trade payables and other non-current payables	0	0	0	0	0
L. Non-current financial debt (I)+(J)+(K)	26,623	22,095	4,528	16,702	9,921
M. Total financial debt (H)+(L)	38,628	30,735	7,893	31,299	7,329

Notes



Accounting standards and preparation criteria

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

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

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

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

Scope of consolidation

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

Company name	Registered office	Share Capital	Consolidation method	% held
Cartiere di Guarcino S.p.A.	Guarcino (IT)	10,000,000 €	Full	100%
Bio Energia Guarcino S.r.l.*	Guarcino (IT)	1,100,000 €	Full	100%
NDT energy S.r.l.	Casoli di Atri (TE)	100,000 €	Full	100%

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

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

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 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 31 March 2023 amounted to € 46,474 thousand, down by € -2,755 thousand, or -5.6% versus 31 March 2022 (€ 49,229 thousand). This decrease is attributable mainly to general market trends, partly amplified by destocking movements that started in late 2022. Sales volumes of backer papers, Unicolour base papers, and printed PVC experienced greater declines, while the sales of print and print base papers, laminate, and the new EOS anti-fingerprint product were steady. The markets suffering the greatest decline were America (-53.6%) and Europe (-7.4%). However, the reduction in sales is in line with the 2023 Budget forecasts.

For the Energy Division, the increase in revenue versus the first three months of 2022 (€ +1,592 thousand) is explained by the fact that the power plant operated at full capacity in view of the current maximization system. In first quarter 2023, the Bio Energia Guarcino S.r.l. plant worked 6,221 hours, up versus the same period of the prior year when it worked 5,556 hours, generating approximately 42,350 MWh of production versus 36,924 MWh (+15%) in the first quarter of the prior year. Energy fed into the grid totaled 31,238 MWh versus 24,070 MWh in the same period of 2022. Conversely, the energy sold to CDG was 9,673 MWh, down from 11,422 MWh in first quarter 2022, due to a decrease in the production regime at Cartiere di Guarcino, especially in January due to the completion of scheduled maintenance.

The decrease in *Change in Finished Products* of € -1,702 thousand is related mainly to the ongoing destocking activities from major customers.

Other revenue at 31 March 2023 amounted to € 2,876 thousand (€ 1,156 thousand at 31 March 2022), up by € 1,720 thousand, due primarily to the recognition and certification at 31 March 2023 of tax credits for the first quarter in the amount of € 2,406 thousand for energy- and gas-intensive companies to both Neodecortech and its subsidiary Cartiere di Guarcino, introduced by Article 15 of Law Decree no. 4/2022 and Law Decree no. 17/2022, and confirmed and extended for first quarter 2023 by Law no. 197/2022 of 29 December 2022.

Consumption of raw and ancillary materials decreased versus 31 March 2022 (-6.6% or € 2,375 thousand), which was more than proportional to the decrease of sales (-5.6%), accounting for 72.8% of revenue versus 73.6% at 31 March 2022. This trend is attributable mainly to the effect of lower prices of strategic raw materials, which was not fully transferred to end customers. Additionally, this trend is also affected by the decreases in Bio Energia Guarcino's fuels (palm oil and animal by-product), which are insufficient to offset the reduction in energy prices, as well as the GRIN incentives zeroed out compared to 2022, with a maximization subsidy calculated based on the best possible estimate with the currently available elements, i.e., based on the standard values set by ARERA and recognized fuels. The Company expects, in fact, a more favourable outcome once the RVC calculation model is approved with ARERA, presumably during second quarter 2023, given the objections sent to the Authority in the November 2022 communication, which highlighted the need to realign the variable plant cost based on specific fuel consumption, purchase cost of fuels (including palm oil and animal by-product from the processing of rendered fats, which are currently excluded from the regulations), and to redefine the self-consumption parameter.

Other operating expense increased (+4.7% or € 366 thousand) versus 31 March 2022, due mainly to the increase in energy and gas costs and other utilities (+17.0% or € 470 thousand). That said, the increase in the cost of electricity and gas was alleviated by the above tax credits, so the net effect is a decrease of -26.5%.

Personnel expense of € 5,279 thousand was down from € 5,500 thousand (-4.0% or € -221 thousand) at 31 March 2022, with employees in service at 31 March 2023 falling to 395, down from 400 at 31 December 2022.

EBITDA at 31 March 2023 stood at € 3,710 thousand, accounting for 8.0% of net sales, down slightly by -0.6 percentage points from 31 March 2022 (€ 4,216 thousand and 8.6%). 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 (€ -66 thousand and -3%), due to new expenditure made by the Group, amounting to € 1,480 thousand, and assets that have reached the end of their useful life.

Provisions amounted to € 28 thousand, of which € 12 thousand refers to an allocation to the provision for doubtful accounts specifically related to a non-performing position with a customer, while € 16 thousand refers to an allocation for supplementary agents' indemnity.

EBIT was down by € -418 thousand versus 31 March 2022, but down slightly from the same period last year (3.2% versus 3.8% at 31 March 2022).

With regard to *financial items*, the net decrease of € -4,101 thousand versus 31 March 2022 is due mainly to a positive non-recurring item of a financial nature, related to the write-off on 20 February 2022 of both the MICA payable of € 5,082 thousand (including principal and accrued interest) and the receivable from Andreotti Fotoincisioni S.p.A. of € 1,312 thousand (including principal and accrued interest) from the Parent Company's financial statements, as they had been finally time-barred on that date. The resulting impact (also net of tax, given the fiscal relevance of the items written off) amounts to a total of € 2,865 thousand. Otherwise, the Group's interest expense from the costs of mortgages, leases and short-term lines, continues to increase versus 31 March 2022 (up by € +112 thousand), as a result of rate increases by the ECB and the related Euribor rise, and resulting impact on the share of floating-rate debt (84%), despite the constant optimization of lines and improvement of conditions applied by the banking system, a strategy pursued since the beginning of 2022 and in 2023.

Group tax shows a negative tax balance for the period of € -240 thousand, with a theoretical Group tax rate of approximately -23%. This situation is determined mainly by income from tax consolidation with Finanziaria Valentini (€ 195 thousand), calculated on the tax losses in the period as a result of the non-taxability of tax credits accrued from energy and gas subsidies.

Net Profit amounted to € 1,248 thousand, making for 2.7% of revenue, down by € 2,968 thousand versus 31 March 2022, which included the effect of the net non-recurring positive financial item related to the write-off of the MICA Payable and the receivable from Andreotti, which were time-barred. Adjusted Net Profit at 31 March 2022, net of the non-recurring financial item, amounted to € 1,351 thousand (2.7% of revenue), in line with the figure at 31 March 2023.

Consolidated *net financial debt* at 31 March 2023 amounted to € 38,628 thousand (€ 30,735 thousand at 31 December 2022). The increase of € 7,893 thousand is attributable mainly to the net effect of:

- The increase in current financial debt by € +3,228 (also considering the portion within 1 year), related to the debt consolidation that took place at the beginning of 2023 for Neodecortech (unsecured loan of € 5,000 thousand signed with Banca Popolare di Sondrio), while Cartiere di Guarcino took out a loan at end 2022 (unsecured loan of € 10,000 thousand signed with MPS Capital Services with SACE guarantee under the SupportItalia measure);
- The reduction in the use of short-term credit lines (€ -1,775 thousand) was not fully offset by the increase in medium/long-term debt, due to the following factors: (i) to support working capital and procure strategic raw materials for Cartiere di Guarcino (titanium dioxide) in advance; (ii) to support working capital and the procurement in advance of palm oil and animal by-product in order to ensure the full operation of the Power Plant throughout first quarter 2023 against maximization incentives pending monetization; (iii) the growth also for Neodecortech of fixed assets in operating working capital.

Consolidated *net working capital* at 31 March 2023 amounted to € 44,856 thousand, while at 31 December 2021 it amounted to € 35,020 thousand. The main effects contributing to this increase of € 9,836 thousand are (i) the decrease in inventory of € -1,002 thousand, the combined effect of customer destocking activities and the need to procure strategic raw materials to cover production in the following months; (ii) the decrease in trade payables of € -5,491 thousand versus the same period of the prior year, related mainly to the procurement policy of Bio Energia Guarcino and Cartiere di Guarcino; (iii) the increase in trade receivables of € +3,476 thousand as the effect of an upswing in turnover in first quarter 2023, after an anemic fourth quarter 2022, which had led to a drop in receivables; (iv) the increase in tax credits of € 2,160 thousand, linked to accrued energy and gas tax credits, which will be used as offsets in second quarter 2023.

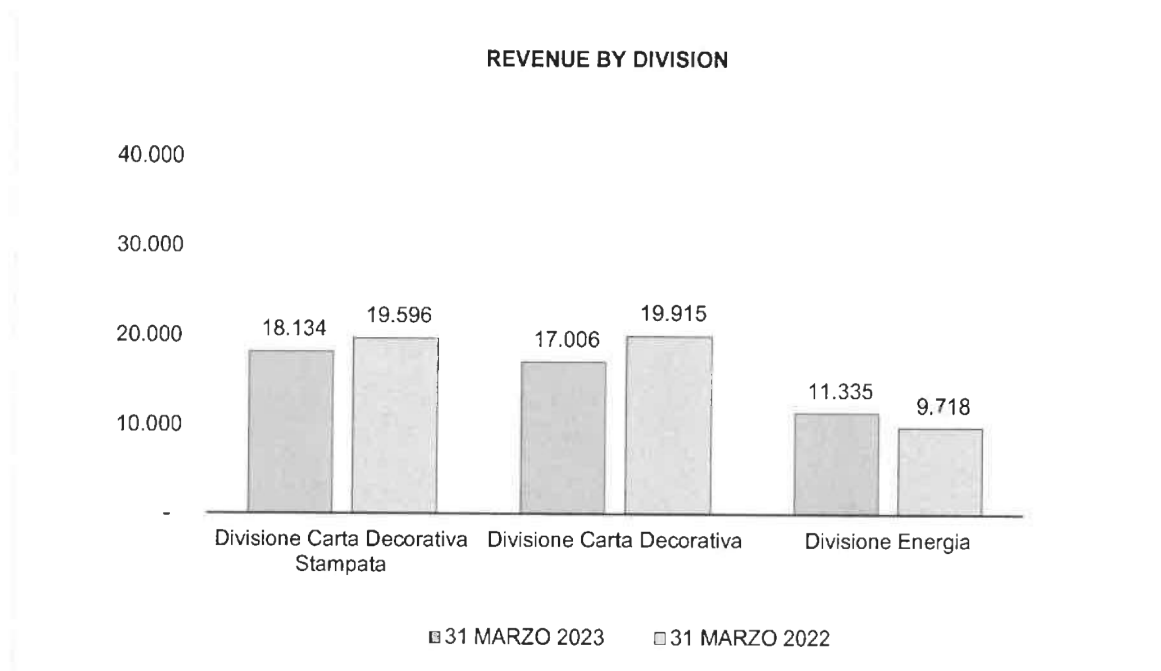
The change in *tangible and intangible fixed assets* is explained by the new capital expenditure made, net of amortization/depreciation. Capital expenditure in property, plant and equipment refers mostly to (i) new machinery and the upgrading of existing machinery in the parent company Neodecortech; (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 31 March 2023, capital expenditure in tangible and intangible fixed assets amounted to € 1,480 thousand. In the same period of 2022, capital expenditure amounted to € 2,444 thousand, down by € -964 thousand.

Consolidated *equity* at 31 March 2023 increased due mainly to the allocation of profit for the period.

Revenue by division, type of business and geographical area

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

(Euro thousands)	31 MARCH 2023	%	31 MARCH 2022	%	Chg.	% chg.
Printed Decorative Paper Division	18,134	39%	19,596	40%	(1,462)	(7.5%)
Decorative Paper Division	17,006	37%	19,915	40%	(2,909)	(14.6%)
Energy Division	11,335	24%	9,718	20%	1,617	16.6%
Total	46,474	100%	49,229	100%	(2,755)	(5.6%)



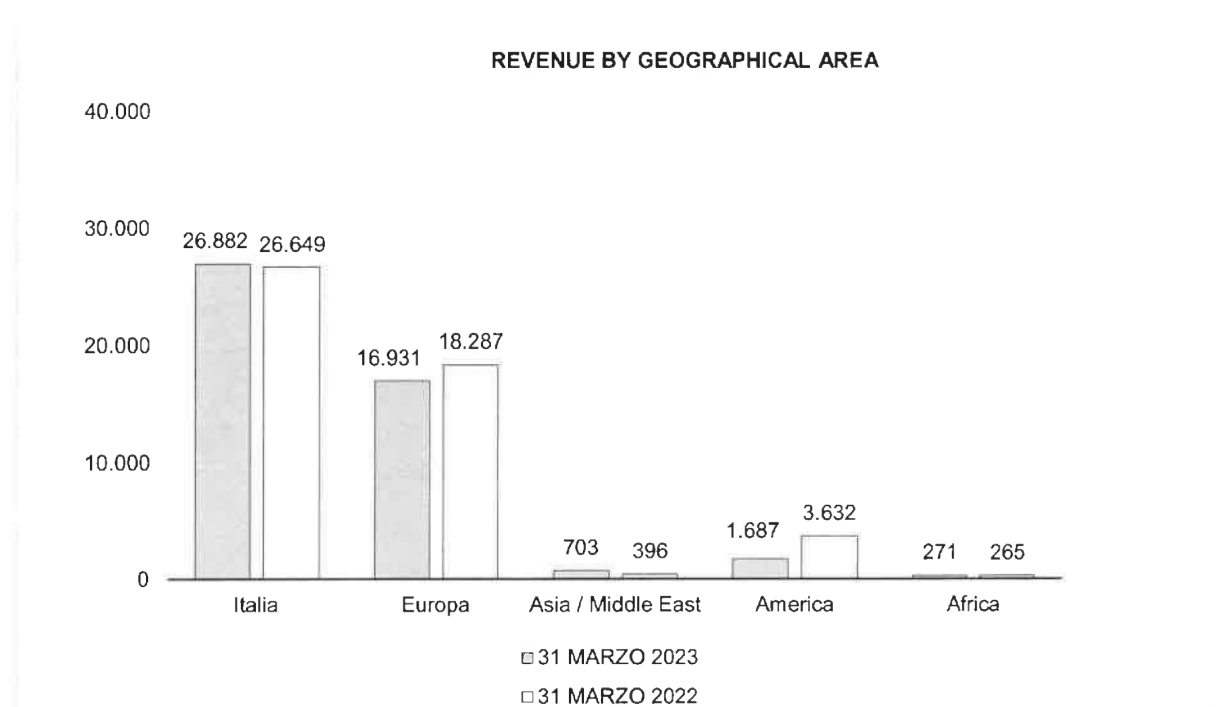
At 31 March 2023, the table below shows **consolidated revenue broken down by type of business**:

<i>(Euro thousands)</i>	Printed Decorative Paper Division	Decorative Paper Division	Energy Division	Consolidated
Revenue from the sale of goods	14,732	16,557	0	31,289
Revenue from services	3,402	449	0	3,851
Revenue from the sale of electricity and steam	0	0	8,383	8,383
Revenue from incentives	0	0	2,953	2,953
Total by segment	18,134	17,006	11,335	46,474

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

<i>(Euro thousands)</i>	31 MARCH 2023	%	31 MARCH 2022	%	Chg.	% chg.
Italy	15,547	33.5%	16,931	34.4%	(1,384)	(8.2%)
Europe	16,931	36.4%	18,287	37.1%	(1,356)	(7.4%)
Asia / Middle East	703	1.5%	396	0.8%	307	77.5%
America	1,687	3.6%	3,632	7.4%	(1,945)	(53.6%)
Africa	271	0.6%	265	0.5%	6	2.3%

Energy Division	11,335	24.4%	9,718	19.7%	1,617	16.6%
Total	46,474	100.0%	49,229	100.0%	(2,755)	(5.6%)



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.

The Company is not subject to the direction and coordination of the parent Finanziaria Valentini S.p.A..

It should be noted that transactions with subsidiaries are not shown as they are derecognized at the consolidation level, while transactions with related parties at 31 March 2023 are shown, the details of which are given below.

(Euro thousands)

	Trade receivables 31 March 2023	Financial receivables 31 March 2023	Trade payables 31 March 2023	Financial payables 31 March 2023
Finanziaria Valentini	0	1,012	0	496
ISRFE Srl in liquid.	0	444	0	0
Loma Srl	711	0	38	0
Total	711	1,456	38	496

(Euro thousands)

	Revenue and income 31 March 2023	Costs and expense 31 March 2023
Finanziaria Valentini	27	0
Loma Srl	526	(38)
Total	552	(38)

Regarding "Financial receivables" from Finanziaria Valentini S.p.A., amounting to € 1,012 thousand, these refer to the tax consolidation receivable from the subsidiary Bio Energia Guarcino S.r.l. for € 720 thousand and the subsidiary Cartiere di Guarcino S.p.A. for € 292 thousand. In addition to € 444 thousand for a receivable regarding the subsidiary Cartiere di Guarcino S.p.A. from the related party ISFRE in liquidation, which remained unchanged and for which a provision for risks of an equal amount was set up owing to collection difficulties.

"Financial payables" to Finanziaria Valentini S.p.A. amounting to € 496 thousand, relates to the payable for tax consolidation of the Parent Company.

Trade receivables include receivables for € 711 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 € 38 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 31 March 2023:

<i>(Euro thousands)</i>	
Subjects	Payable for fees 31 March 2023
Luigi Cologni	131
Massimo Giorgilli	108
Riccardo Bruno	5
Paolo Pietrogrande	3
Gianluca Valentini	0
Luca Peli	24
Pietro Zanini	6
Adriano Bianchi	0
Sara Bertolini	0
Ida Altimare	0
Cinzia Morelli	0
Vittoria Giustiniani	0
Fabio Zanobini	4
Stefano Santucci	9
Federica Manichetti	8
Stefano Zonca	10
Key management personnel	83
Total	391

<i>(Euro thousands)</i>	
Subjects	Fees 31 March 2023
Luigi Cologni	210
Massimo Giorgilli	153
Riccardo Bruno	5
Paolo Pietrogrande	3
Gianluca Valentini	6
Luca Peli	24
Pietro Zanini	6
Adriano Bianchi	8
Sara Bertolini	7
Ida Altimare	7
Cinzia Morelli	7
Vittoria Giustiniani	7
Fabio Zanobini	4
Stefano Santucci	6
Federica Manichetti	5
Stefano Zonca	5
Key management personnel	220
Total	681

Other supplementary information

Atypical and/or unusual transactions during the period

During the period up to 31 March 2023, the Group did not carry out any significant transactions qualifying as non-recurring, atypical and/or unusual.

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

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

Significant events after 31 March 2023

The Shareholders' Meeting held on 27 April 2023 of the Parent Company Neodecortech S.p.A. approved the Financial Statements at 31 December 2022, allocating profit for the year of € 8,437,296.73 as follows:

- € 421,865.00 to the legal reserve;
- € 3,524,149.32 to the non-distributable revaluation reserve for investments recorded pursuant to Legislative Decree no. 38/05 Article 6, paragraph 1;
- € 2,491,282.41 to the extraordinary reserve;
- remaining profit as a dividend on the no. 14,218,021 outstanding ordinary shares for a total of € 2,000,000.00.

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

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

At the same Shareholders' Meeting, the Board of Statutory Auditors of Neodecortech S.p.A. was renewed and will remain in office until the approval of the Financial Statements at 31 December 2025.

The Shareholders' Meeting, in addition, authorized the share buyback plan.

Treasury shares and shares of the Parent Company

Pursuant to Articles 2435-bis and 2428 of the Italian Civil Code, it should be noted that at 31 March 2023, the Company held 123,000 treasury shares (equal to 0.865% of the share capital) for a value of € 468,214 purchased under the

Share Buyback Programme that ended on 13 October 2022. The Shareholders' Meeting held on 27 April 2023 approved the additional purchase of ordinary shares of the Company, up to a maximum of 10% of the Company's share capital, equal to a maximum of no. 1,421,802 ordinary shares. The purchase of treasury shares may be made, in one or more tranches, within eighteen months.

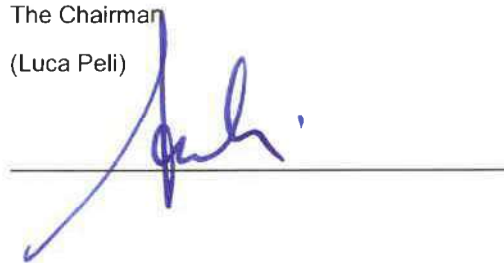
At 31 March 2023, the Company has not purchased shares of the parent Finanziaria Valentini S.p.A..

Filago (BG), 5 May 2023

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 31 March 2023 approved on 5 May 2023.

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

CERTIFY

Pursuant to Article 154 bis, paragraph two, Part IV, Title III, Chapter II, Section V-bis, of Legislative Decree no. 58 of 24 February 1998, that, to the best of my knowledge, the Interim Management Statement at 31 March 2023 corresponds to the underlying records, books and accounting entries.

Date: 5 May 2023

Marina Fumagalli
Financial Reporting Manager

