

Interim Report

31.12.2019

SALES: €702 MILLION

(COMPARED WITH €606 MILLION AS AT DECEMBER 31, 2018)

GROSS OPERATING PROFIT (EBITDA): €72.4 MILLION

(COMPARED WITH €63.1 MILLION AS AT DECEMBER 31, 2018)

OPERATING PROFIT (EBIT): €30.4 MILLION

(COMPARED WITH €39.3 MILLION AS AT DECEMBER 31, 2018)

NET RESULT: PROFIT OF €15.6 MILLION

(COMPARED WITH A PROFIT OF €28.4 MILLION AS AT DECEMBER 31, 2018)

NET FINANCIAL DEBT: €52 MILLION

(€66.8 MILLION AT DECEMBER 31, 2018)

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BOARD OF DIRECTORS AND AUDITORS

Board of Directors

Eric Laflamme	Chairman
Michele Bianchi	Chief Executive Officer
Allan Hogg	Director
Giulio Antonello	Director
Gloria Francesca Marino	Director
Laura Guazzoni	Director
Sara Rizzon	Director

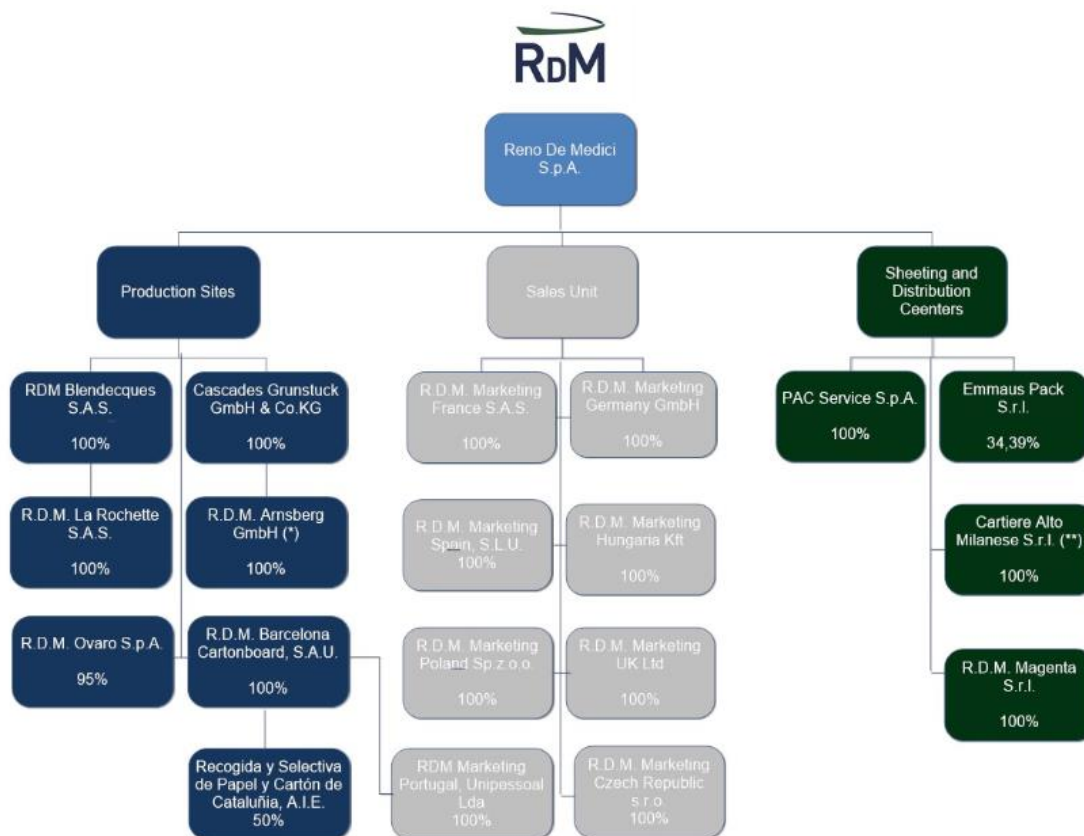
Board of Statutory Auditors

Giancarlo Russo Corvace	Chairman
Giovanni Maria Conti	Statutory Auditor
Tiziana Masolini	Statutory Auditor
Francesca Marchiori	Deputy Statutory Auditor
Domenico Maisano	Deputy Statutory Auditor

Independent Auditors

Deloitte & Touche S.p.A.

GROUP OPERATING COMPANIES AS AT DECEMBER 31, 2019



(*) Company owned 94% by Reno De Medici S.p.A. and 6% by Cascades Grundstück GmbH & Co.KG.

(**) Company in liquidation

DIRECTORS' REPORT ON OPERATIONS

The year that has just come to a close was marked by a significant weakening of the main European economies, which caused a decline in demand in the Group's main markets particularly in H1. However, a recovery in WLC demand in H2 allowed the Group to close the year with a demand slightly above that of the previous year.

The weak demand generated an overall pressure on selling prices, which declined more markedly in the second half of the year.

At the same time, the general economic situation resulted a further drop in the cost of raw materials and energy.

Within this general scenario, marked by the weakening of the Group's main markets, RDM closed the year with highly satisfactory results.

In 2019, gross operating profit (EBITDA) amounted to €72.4 million compared with €63.1 million for the previous year, while its ratio to sales was 10.3%, essentially in line with 10.4% for 2018, despite the decline due to the inclusion of Barcelona Cartonboard S.A.U. in the consolidation scope.

Net profit amounted to €15.6 million compared with €28.4 million for 2018. The apparent drop is a function of the completion of R.D.M. Barcelona Cartonboard S.A.U.'s Purchase Price Allocation of €1.2 million and a re-statement was recognized among equity investments in accordance with IFRS 3. The decline in net profit despite the increase in EBITDA was tied to several factors: the €3.2 million income from equity investments recorded in 2018; the greater incidence of depreciation and amortization; the higher finance expense chiefly attributable to Barcelona Cartonboard S.A.U.; and the write-downs of the La Rochette plant's fixed assets for a total of €9.5 million, mainly due to the new market conditions.

With reference to the aforementioned Bargain Purchase, it should be noted that, R.D.M. Barcelona Cartonboard S.A.U.'s Purchase Price Allocation was completed, leading to the increase of intangible assets (client list) and the reduction of the Goodwill of the Group. Accordingly, pursuant to IFRS 3 and IAS 8, the Income Statement and the Statement of Financial Position as at December 31, 2018 have been restated.

The following table shows a reconciliation between the restated Income Statement and Statement of Financial Position and the statements published in the previous year.

	31.12.2018	Adjusted	31.12.2018 restated
Depreciation, amortization and write-downs	(23.777)	(33)	(23.810)
Income (losses) from equity investments	3.192	1.222	4.414
Taxes	(12.914)	8	(12.906)
		0	
Profit (Loss) for the year	27.170	1.197	28.367
Goodwill	4.845	(456)	4.389
Other intangible assets	13.745	2.172	15.917
Total Assets	504.625	1.716	506.341
Total equity	194.818	1.173	195.991
Deferred tax liabilities	11.004	543	11.547
Total Equity and Liabilities	504.625	1.716	506.341

The results for 2019 include RDM Barcelona Cartonboard S.A.U., consolidated for the first time in the last two months of the fourth quarter of 2018, which contributed to the result with €8.2 million EBITDA and €0.5 million net loss.

In 2019, the RDM Group continued to implement and consolidate several projects launched during the previous financial year, aimed at mitigating the impact on the Group's profitability caused by the cyclic nature of the sector in which it operates. The most important initiatives are those concerning the optimization of the production mix, the efficiency-based allocation of orders amongst various plants, cost reductions especially for raw materials, as well as price policies applicable in various markets to increase the average value added. These initiatives, which had already yielded important benefits in 2018, continued to a significant extent in 2019 with positive results and will continue in the next year with the aim of achieving and consolidating significant structural profitability enhancements thus leading to an improved financial position.

The year 2019 also saw the start of the integration of RDM Barcelona Cartonboard S.A.U., which yielded significant synergies in the year and is expected to generate further benefits in 2020. The synergies identified relate to various areas, including sales volumes, selling prices, geographical areas per product served, purchases, production efficiency gains and overheads.

Net financial debt as at December 31, 2019 amounted to €52 million, down €14.8 million compared with December 2018 (€66.8 million).

This decrease was mainly attributable to the increased EBITDA and was achieved despite the application of the new IFRS 16, which had a negative impact of €12.5 million. Without this deduction, the RDM Group's net financial debt would have been €39.5 million, up €27.3 million compared with year-end 2018.

Gearing¹ improved from 0.26 to 0.20.

BUSINESS STRATEGY

The segment in which the RDM Group has traditionally operated, namely the WLC (White Lined Chipboard – paperboard coated packaging on a recycled base), which accounted for over 84% of consolidated turnover in 2019, recorded a 0.7% increase in total demand compared with the previous year. The increase was fully attributable to the second half of the year, whereas H1 had shown a 0.7% decrease. The change in volumes differed in the Group's various markets of operation. In European markets, volumes rose in Italy (+0.6%), Spain (+2.5%) and other minor markets, while declining quite markedly in France (-3.9%), the U.K. (-3.2%) and Germany (-2.5%). Demand in overseas markets was in line with the previous year. Net of the increase in volumes due to the inclusion of Barcelona Cartonboard in the consolidation scope, RDM's growth was slightly below the market's performance (+0.4%). Almost all RDM's paper mills either kept pace with the market or, as with Barcelona, Blendeques and Santa Giustina, over-performed it; the overall stronger drop was chiefly due to the Villa Santa Lucia and Arnsberg plants. Villa Santa Lucia experienced efficiency and quality issues at the beginning of the year. The problems were resolved in the first quarter of 2019 and volumes began to be recouped in the following quarters. Arnsberg was instead impacted by the weakness of the German market, where the RDM Group's modest share and the pricing stabilization strategy led to a decline in volumes exceeding that of the market. Mention should also be made of the increase in RDM's overseas volumes (+5.7%) compared with the market performance (+0.1%), thus validating the strategic decision to offset the decline in volumes against the markets of reference, above all for the Villa Santa Lucia plant. In order to both protect and increase margins, RDM continues to optimize its order backlog through its new sales organization and to pursue a pricing policy designed to preserve existing margins.

Gearing was calculated as the ratio between the net financial position / (net financial position + equity)

Turning to the main production factors, following the sharp decrease in prices started in September 2017 and the trough in March 2018 of the market's lowest level since the 2009 crisis, the price of paper for recycling did not change significantly in the subsequent quarters of 2018. In the first half of 2019, the price remained substantially stable with some downward trend. In the second half of 2019, prices again decreased. The downward trend in the price of recycled paper is due to the known restrictions imposed by the Chinese Government on imports of unsorted waste paper and the restrictions on the release of licenses that have created an excess of supply thereby causing a decline in prices. To date, there are no indications of policy changes by the Chinese authorities, who continue to drive towards the goal of zero imports starting from 2021.

The FBB segment (Folding Box Board – cartonboard for folding boxboard based on virgin fibers), which accounted for 16% of consolidated turnover, recorded a decline in market demand of 3.3%, compared with a reduction of 6.6% reported by the RDM Group. The EBITDA margin of the La Rochette plant (5.2% at December 2019) benefited from the price increase announced at the end of last year, together with the decrease in the cost of virgin raw materials. This allowed the FBB segment, which had been heavily penalized in 2018, to return to profit. Production volumes were slightly lower compared with the previous year. Volumes sold also declined (-6.6%), albeit improving in H2 2019 compared with H1 2019. The decrease in volumes was mainly due to a downturn in market performance combined with La Rochette's aggressive pricing policy implemented earlier in the year.

The prices for virgin cellulosic fibers reached their peak in June 2018 (approximately USD 1,230/TON) and stabilized during the subsequent quarters. Starting from December 2018, the prices of both types of virgin fibers began to move downwards and continued to decline in the first quarter of 2019. After relative stability in the second quarter of 2019, prices underwent a further sharp decline in the second half of the year. Short-term forecasts suggest substantial stability until June followed by price stabilization or a reversal of the trend, depending on global demand and economic performance.

The dynamics of selling prices and raw materials led to an average value added in the first nine months of 2019, and though this was far higher than for the same period in the previous year, it remains below the Group's average level.

After the substantial cost increases recorded in 2018 for natural gas, electricity, and coal, **energy costs** showed a turnaround starting in the last quarter of the previous year. Negative growth expectations led to a halt of the upward trend in the last quarter and to a substantial reduction in prices, especially for gas and coal, in the first nine months of 2019, with a further

significant decline in the fourth quarter. Thus, the positive impact in the first half of 2019 was weakened by the medium-term contracts agreed in the previous year. Encouraging trends emerged in the second half of 2019, with unchanged prospects for 2020.

CAPITAL EXPENDITURE

In 2019, the Group's **capital expenditure** amounted to €29.8 million, compared with €24.4 million in 2018. Among the main capital expenditure in 2019, mention should be made of the refurbishment of parts of the gas turbine and of the winder machine, as well as the new head box at the Barcelona plant, the new sheeter at the cutting center in R.D.M. Magenta, the fiber recovery system in Ovaro and Villa Santa Lucia, the winding machine refurbishment, the board machine and the finishing department in Santa Giustina. The implementation of the new ERP system continues.

NET FINANCIAL POSITION

Consolidated net financial debt at December 31, 2019 amounted to €52 million, down €14.8 million compared with €66.8 million at December 31, 2018.

As mentioned above, the new IFRS 16, which entered into effect on January 1, 2019, mandates the recognition of financial liabilities relating to the different accounting treatment of operating leases and resulted in an additional cost of €12.5 million.

Without this effect, net financial debt improved by €27.3 million compared with December 2018.

Net operating cash flow amounted to around €60 million thanks to the significant EBITDA reported in the year and the improved working capital compared with the previous year.

CONSOLIDATED RESULTS

The following table summarizes key Income Statement indicators at December 31, 2019 and 2018.

	31.12.2019	31.12.2018 (*)
(€ thousands)		
Sales	701,591	605,980
GROSS OPERATING PROFIT (EBITDA) (1)	72,355	63,113
OPERATING PROFIT (EBIT) (2)	30,418	39,303
Pre-tax income (3)	25,223	41,273
<i>Current and deferred taxes</i>	<i>(9,626)</i>	<i>(12,906)</i>
Profit (Loss) for the year	15,597	28,367

1) See "Gross operating profit (EBITDA)" in the Consolidated Financial Statements of the RDM Group.

2) See "Operating profit (EBIT)" in the Consolidated Financial Statements of the RDM Group.

3) See "Profit (Loss) for the year" – "Taxes" in the Consolidated Financial Statements of the RDM Group.

(*) Data include the effect generated by the completion of R.D.M. Barcelona Cartonboard S.A.U.'s Purchase Price Allocation.

Sales amounted to €701.6 million compared with €606 million of the previous year. Net of the consolidation of RDM Barcelona Cartonboard S.A.U. (+€110.9 million), sales decreased by €15.3 million compared with the previous year. The decrease is attributable to both the decline in selling prices within the WLC segment, particularly in the second half of the year, and the reduced FBB volumes.

The **tons sold** in 2019 by the RDM Group reached 1,174 thousand units, compared with 1,020 thousand sold during the year 2018. The change reflects, on the one hand, the tons sold by RDM Barcelona Cartonboard S.A.U., consolidated as of October 31, 2018, and on the other hand, the decrease in like-for-like volumes sold in 2018. This decrease is attributable to the aforementioned volume reduction recorded by La Rochette within the FBB segment.

Compared with 2018, the **average selling prices** showed a decrease in the WLC segment, only partially offset by a strong increase in prices in the FBB segment.

The following table provides a breakdown of sales of cartonboard by geographical area:

	31.12.2019	% of total	31.12.2018	% of total
(€ thousands)				
Italy	203,210	29%	200,105	33%
EU	401,228	57%	333,202	55%
Non-EU	97,153	14%	72,673	12%
Sales	701,591	100%	605,980	100%

Other sales amounted to €10.6 million, up €4.3 million compared with the previous year. The aforementioned improvement is mainly attributable to the increase in Energy Efficiency Certificates (also known as “White Certificates”) that the Italian plants received in 2019 compared with the previous year.

Cost for raw materials and services amounted to €533 million, an increase of €74 million compared with the previous year, as a result of the different scope of consolidation. Net of this effect, which had an impact of €90 million, the average cost of recycled paper, and virgin fibers in particular, was lower than in 2018. The only cost item that increased compared with the previous year was the cost of waste management, attributable to the rising prices.

Personnel costs amounted to €104.1 million, up €13.3 million compared with €90.8 million at December 31, 2018. The difference is mainly accounted for by the full consolidation of RDM Barcelona Cartonboard S.A.U.

GROSS OPERATING PROFIT (EBITDA) rose to €72.4 million at December 31, 2019 compared with €63.1 million of the previous year, and accounted for 10.3% of sales (10.4% in 2018).

OPERATING PROFIT (EBIT) amounted to €30.4 million compared with €39.3 million at December 31, 2018. Depreciation and amortization and asset write-downs increased by €18.1 million, due mainly to the write-downs of the La Rochette plant’s fixed assets for a total

of €9.5 million, mainly due to the new market conditions, and to the change in the scope of consolidation, as well as the effect of the new IFRS 16, starting January 1, 2019, which mandates that costs for rentals and leases be capitalized and depreciated.

Net financial expense was €5.4 million, up compared with €2.4 million for 2018, mainly due to the different scope of consolidation (+€2.4 million) and the financial expense recognized following the adoption of the new IFRS 16, which changed the accounting treatment of operating leases (+€0.5 million).

Income from equity investments amounted to €179 thousand compared with €4.4 million for 2018. The change is attributable to:

- €1.2 million associated with the bargain purchase recognized following the R.D.M. Cartonboard S.A.U.'s Purchase Price Allocation, in compliance with IFRS3;
- €3 million for the acquisition of the remaining shares of PAC Service S.p.A., which took place in 2018, with the consequent valuation at fair value of the investment previously held (33.33%) and valued using the equity method.

The amount allocated for **taxes** was €9.6 million, compared with €12.9 million at December 31, 2018. The change is attributable to a lower taxable income.

Consolidated net profit for the year was €15.6 million, a decrease compared with €28.4 million at December 31, 2018. The drop is accounted for by the write-downs of the La Rochette plant's fixed assets for a total of €9.5 million, the €3.2 million income from equity investments recorded in 2018, the higher financial expense reported in 2019, the bargain purchase amounting to €1.2 million and the lower provision for taxes.

FINANCIAL PERFORMANCE FOURTH QUARTER 2019

(€ thousands)	IV Q 2019	IV Q 2018	Change	% Change
Sales	164.985	161.218	3.767	2%
Other sales and income	2.009	1.731	278	16%
Change in inventories of finished goods	3.977	7.256	(3.279)	-45%
Cost of raw materials and services	(126.349)	(130.891)	4.542	-3%
Personnel costs	(27.013)	(24.542)	(2.471)	10%
Other operating costs	(1.342)	(1.448)	106	-7%
Gross operating profit (EBITDA)	16.267	13.324	2.943	22%
Depreciation, amortization and write-downs	(19.930)	(6.903)	(13.027)	189%
Operating profit (EBIT)	(3.663)	6.421	(10.084)	-157%
Net financial income/(expense)	(2.346)	(887)	(1.458)	164%
Income (losses) from equity investments	93	20	73	0%
Result before taxes	(5.916)	5.554	(11.470)	-207%
Taxes	(2.055)	(3.099)	1.044	-34%
Profit (Loss) for the period	(7.971)	2.455	(10.426)	-425%

The results for the fourth quarter of 2019 showed a marked improvement compared with the same quarter of the previous year and included R.D.M. Barcelona Cartonboard S.A.U., consolidated for the first time during the last two months of the fourth quarter of 2018.

Net of the effect of Barcelona Cartonboard S.A.U., sales totaled €133.5 million (down 4.2% compared with the same quarter of the previous year), EBITDA was €14.9 million (+3.1 million compared with the fourth quarter of 2018), and net profit amounted to -€4 million (down €6.1 million compared with the fourth quarter of 2018).

The sales decrease was essentially attributable to lower selling prices, whereas sales volumes remained substantially unchanged. The selling prices for the quarter were impacted by the weak demand that RDM Group's key markets recorded in 2019.

Sales volumes were in line with the fourth quarter of the previous year, which had already reported a decline compared with the previous quarters as a result of a weaker demand.

The improved EBITDA compared with the fourth quarter of 2018 was mainly a result of the higher value added, arising from the combined effect of lower selling prices and reduced raw material costs, also owing to the efficiencies achieved through the projects implemented

(which more than offset the selling prices), and higher volumes. In the fourth quarter of 2019, lower energy costs started to generate effects, with possible further benefits in the first part of 2020.

KEY EVENTS

There are no significant events to be reported.

SUBSEQUENT EVENTS

Since 7 February 2020, the cartonboard production at the Villa Santa Lucia mill has been temporarily stopped, following the seizure of the wastewater treatment plant of Cosilam consortium by the competent judicial authority. The stop has had no material impact so far, as in the meantime the Company has undertaken measures to meet clients' needs.

RDM Group has started a dialogue with the different involved parts for a prompt resolution.

OUTLOOK

The 2019 macroeconomic scenario featured the same elements of uncertainty that were pointed out in the Half-year Financial Report, i.e., the Brexit effect and its potential short-term impacts, China-US relations, and the geopolitical situation in some countries (Middle East and South America). This was further complicated by the situation in Turkey, which is one of the markets in which the RDM Group operates. It remains difficult to predict the medium-term impact of these elements on the economic trend in Europe, the main end market of the RDM Group.

RDM Group's short-term outlook remains positive in our core business **White Lined Chipboard** (WLC) thanks to a modest recovery in demand and lower costs of both raw materials and energy. These factors are grounds for positive expectations in terms of profitability despite a competitive and challenging market scenario, particularly with regard to the demand trend. As for our **Folding Boxing Board** (FBB) segment, we are more concerned about demand trend and profitability expectations due to a more competitive market environment.

After the further decline recorded in the fourth quarter, **wastepaper** prices are expected to remain stable despite the continuing import restrictions imposed by the Chinese government.

Following the further decline in prices in the fourth quarter, **virgin fibers** are expected to remain essentially stable in the first half of the year.

Tensions on **selling prices** in the **WLC** segment are expected to continue in the coming quarter, affected to a greater or lesser degree by the weakness of demand, which could lead to a further price decline in several markets. In the **FBB** segment, prices are expected to remain stable, and while the substantial drop in the price of the virgin raw materials may increasingly affect this trend, the segment is expected to continue to show margins far below the Group's average. A reverse trend would only be expected in the event of a significant growth recovery in the main markets in which the Group operates.

The significant decline in **energy prices** reported in 2019, mainly for gas and coal, and the hedging contracts that the Group has recently entered into will generate a far lower ratio of energy costs in the first half of 2020 compared with 2019.

In 2020, the **RDM Group** will continue to pursue its program of initiatives originally launched in 2018-2019. It will strengthen its market leadership, optimize production and improve customer service in order to ensure that the double-digit EBITDA margin achieved in 2018 is structurally stable over time. One part of the program will continue to leverage the multi-mill integration of RDM **Barcelona Cartonboard**.

CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2019

Consolidated Income Statement	31.12.2019	31.12.2018 (*)	
(€ thousands)			
Sales	701,591	605,980	
Other sales and income	10,604	6,319	
Change in inventories of finished goods	3,637	6,282	
Cost of raw materials and services	(533,446)	(459,415)	
Personnel costs	(104,132)	(90,847)	
Other operating costs	(5,899)	(5,206)	
Gross operating profit (EBITDA)	72,355	63,113	
Depreciation, amortization and write-downs	(41,937)	(23,810)	
Operating profit (EBIT)	30,418	39,303	
	<i>Financial expense</i>	(5,808)	(2,508)
	<i>Gains (losses) on foreign exchange</i>	123	23
	<i>Financial income</i>	311	41
Net financial income/(expense)	(5,374)	(2,444)	
Income (losses) from equity investments	179	4,414	
Taxes	(9,626)	(12,906)	
Profit (Loss) for the year	15,597	28,367	
Attributable to:			
Group's share of profit (loss) for the year	15,597	28,367	
Minority interest in profit (loss) for the year			

(*) Data include the effect generated by the completion of R.D.M. Barcelona Cartonboard S.A.U.'s Purchase Price Allocation.

Statement of Financial Position - ASSETS	31.12.2019	31.12.2018 (*)
(€ thousand)		
Non-current assets		
Property, plant and equipment	232,586	245,900
Right-of-use assets	12,371	
Goodwill	4,389	4,389
Other intangible assets	16,368	15,917
Equity investments	810	694
Deferred tax assets	389	678
Other receivables	5,518	8,710
Total non-current assets	272,431	276,288
Current assets		
Inventories	108,948	107,138
Trade receivables	77,129	79,969
Other receivables	16,552	11,766
Derivative instruments		
Cash and cash equivalents	40,382	31,180
Total current assets	243,011	230,053
TOTAL ASSETS	515,442	506,341

(*) Data include the effect generated by the completion of R.D.M. Barcelona Cartonboard S.A.U.'s Purchase Price Allocation.

Statement of Financial Position - EQUITY AND LIABILITIES	31.12.2019	31.12.2018 (*)
(€ thousands)		
Equity		
Equity attributable to the Group	205,478	195,991
Total equity	205,478	195,991
Non-current liabilities		
Payables to banks and other lenders	63,986	75,858
Derivative instruments	752	488
Other payables		104
Deferred tax liabilities	8,660	11,547
Employee benefits	36,410	32,778
Non-current provisions	4,221	4,634
Total non-current liabilities	114,029	125,409
Current liabilities		
Payables to banks and other lenders	25,610	20,354
Derivative instruments	2,211	296
Trade payables	141,209	130,409
Other payables	23,053	22,502
Current taxes	2,884	8,979
Current provisions	870	2,189
Employee benefits	98	212
Total current liabilities	195,935	184,941
TOTAL EQUITY AND LIABILITIES	515,442	506,341

(*) Data include the effect generated by the completion of R.D.M. Barcelona Cartonboard S.A.U.'s Purchase Price Allocation.

Net financial position	31.12.2019	31.12.2018	Change
(€ thousands)			
Cash, cash equivalents and short-term financial receivables	40,529	31,686	8,843
Short-term financial debt	(25,610)	(21,854)	(3,756)
Valuation of current portion of derivatives	(2,211)	(296)	(1,915)
Short-term net financial position	12,708	9,536	3,172
Medium-term financial debt	(63,986)	(75,858)	11,872
Valuation of non-current portion of derivatives	(752)	(488)	(264)
Net financial position	(52,030)	(66,810)	14,780

It should be noted that on January 1, 2019 the Group adopted a new regulation, IFRS 16 – *Leases*, which requires any lease payments relating to operations to be recognized as a financial liability. As a result of the adoption of the new standard, an increase in financial liabilities of €12.5 million was recognized at December 31, 2019; net of this effect, the Net Financial Position would have amounted to €39.5 million.

NOTES

The Interim Report of the RDM Group at December 31, 2019 was prepared on the basis of Article 82, paragraph 1, of the Issuers' Regulations adopted by Consob Resolution 11971 of May 14, 1999, as subsequently amended and supplemented.

This report therefore ensures compliance with the requirement set out in Article 154-*ter* of the Consolidated Financial Law.

This Interim Report has not been audited by the Independent Auditors.

ACCOUNTING PRINCIPLES

The Statement of Financial Position and the Income Statement were prepared in accordance with the recognition criteria established by the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission pursuant to the procedure set forth in Article 6 of Regulation (EC) No. 1606/2002 of the European Parliament of July 19, 2002.

The recognition and measurement criteria used to prepare the financial statements for the fourth quarter remain unchanged compared with those used to prepare the Consolidated Financial Statements at December 31, 2018, with the exception of the new IFRS 16, which entered into force on January 1, 2019.

The preparation of the IFRS-compliant Interim Report requires the use of estimates and assumptions based on historical operating data. This is a factor that has an impact on reported assets and liabilities and on the disclosure of contingent assets and liabilities at the reporting date. Final results may differ from the estimates made. Estimates are used to measure the contribution of discontinued operations, provisions for doubtful receivables, inventory obsolescence, depreciation and amortization, asset write-downs, employee benefits, restructuring funds, taxes, other provisions and funds, and the valuation of derivative instruments. Estimates and assumptions are reviewed periodically, and the impact of any change is reflected immediately in the Income Statement, with the exception of derivatives.

The Statement of Financial Position and the Income Statement are reported in thousands of Euros.

WORKFORCE

At December 31, 2019, the RDM Group's workforce numbered 1,766, compared with 1,744 at December 31, 2018.

STATEMENT OF THE EXECUTIVE RESPONSIBLE FOR THE PREPARATION OF THE COMPANY'S FINANCIAL REPORTS PURSUANT TO ARTICLE 154-BIS, PARAGRAPH 2, OF LEGISLATIVE DECREE 58/1998 (CONSOLIDATED FINANCIAL LAW)

Luca Rizzo, the executive responsible for the preparation of the Company's financial reports, hereby states that pursuant to Article 154-*bis*, paragraph 2, of the Consolidated Financial Law, the accounting information contained in the Interim Report at December 31, 2019 of Reno De Medici S.p.A. corresponds to the information contained in documents, ledgers and accounting entries.

Milan, February 14, 2020

Signed
Luca Rizzo