Interim Report

12.31.2020

SALES: €679 MILLION
(COMPARED WITH €702 MILLION AS AT DECEMBER 31, 2019)

GROSS OPERATING PROFIT (EBITDA): €83.8 MILLION
(COMPARED WITH €72.4 MILLION AS AT DECEMBER 31, 2019)

OPERATING PROFIT (EBIT): €47 MILLION
(COMPARED WITH €30.4 MILLION AS AT DECEMBER 31, 2019)

NET RESULT: PROFIT OF €33.6 MILLION
(COMPARED WITH A PROFIT OF €15.6 MILLION AS AT DECEMBER 31, 2019)

NET FINANCIAL DEBT: €8.9 MILLION
(€52 MILLION AT DECEMBER 31, 2019)

Reno De Medici S.p.A.
Viale Isonzo 25, Milan
Share capital €140,000,000
Tax code and VAT number 00883670150

CONTENTS

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

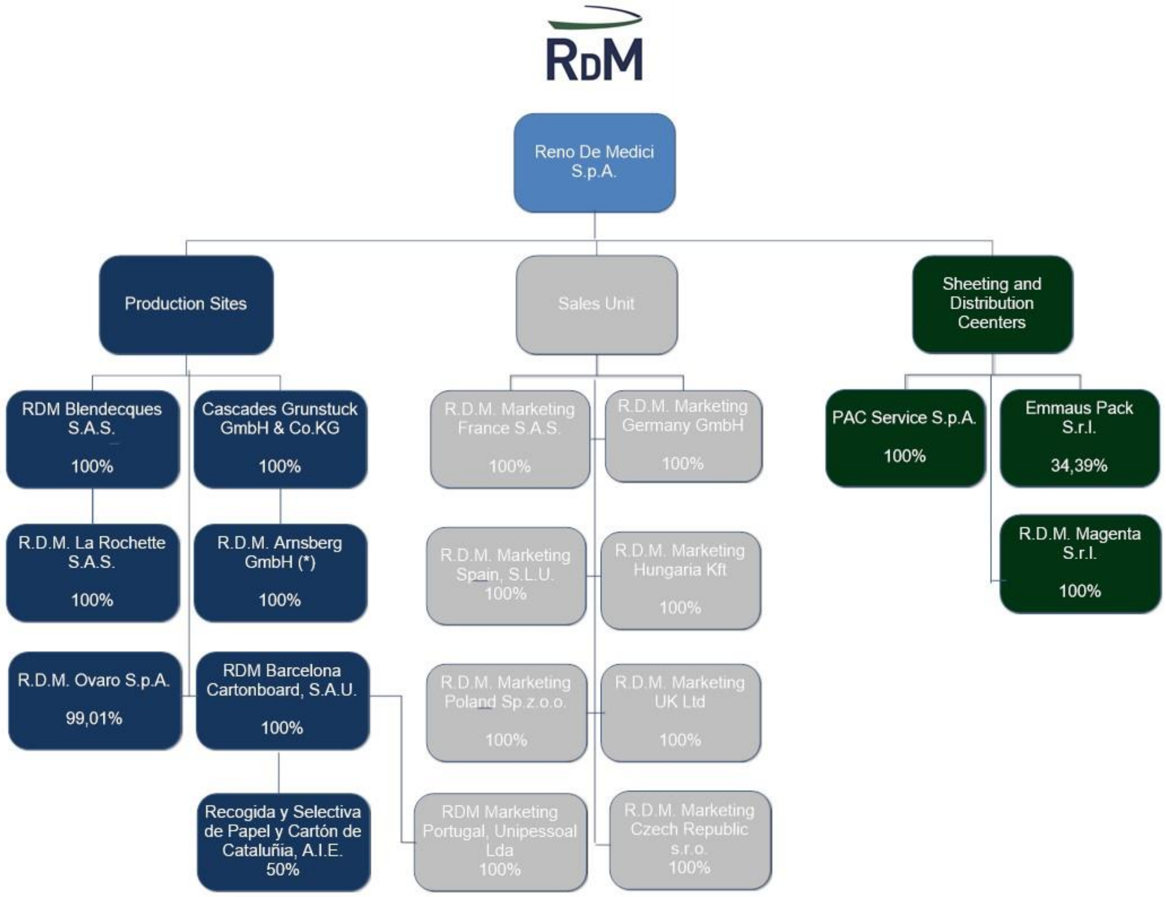
Board of Statutory Auditors

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, 2020



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

DIRECTORS' REPORT ON OPERATIONS

The year just ended, 2020, was undoubtedly characterized by the Covid-19 emergency, with two waves and the related restrictions more concentrated in the second and fourth quarters of the year. The pandemic emergency resulted in a significant deterioration of the macroeconomic scenario, and an inevitable recessionary effect swept over all the Group’s countries of operation.

Despite the critical nature of the general macroeconomic scenario, the RDM Group’s 2020 sales volumes were up slightly on the previous year, with diverging performances at the quarterly level. In the second quarter of the year, there was a sharp increase in demand tied to the expansion of inventories by customers in light of concerns of possible production stoppages, followed by a contrary effect in the third quarter. In the fourth quarter, when the second wave of the pandemic hit, volumes shipped did not change significantly, closing up slightly on the previous year.

The main explanation for the evolution of demand in 2020 is that most end users of the Group's products are concentrated in sectors — food and pharmaceuticals in particular — that have proved strategic in the emergency situation and that have shown essentially stable volumes, albeit with differing performances in the various quarters. It should be noted that, after a particularly negative first half of the year due to the Covid-19 emergency, the luxury packaging sector, in which the Ovaro paper mill operates, recovered in second half of 2020, thanks to the gradual recovery of Asian markets.

In this situation, the Group’s ability to maintain its level of production unchanged with all paper mills operating at full capacity was fundamental, particularly during the two pandemic waves, and ensured by implementing all measures necessary to protect the health and safety of the employees, which has always been the Group’s priority.

Financial year 2020 confirmed the strategic nature of the Group’s products and the markets it serves, in contrast with the very strong cyclical trends seen in the past, with the Group increasingly aiming at future expansions into the environmentally sustainable packaging sector.

In this particularly difficult general context, thanks to stable shipments in line with the previous year and the improved contribution margins, the RDM Group closed 2020 with excellent results.

In 2020, gross operating profit (EBITDA) amounted to €83.8 million compared with €72.4 million for the same period of the previous year, with a ratio to sales at 12.3%, significantly increasing compared with 2019 (10.3%).

Net profit for 2020 amounted to €33.6 million compared with €15.6 million for 2019. The increase was chiefly attributable to the improved EBITDA, whereas the other income statement items (amortization and depreciation, financial expense and taxes) were cumulatively in line with the same period of the previous year. Net profit was negatively impacted by the write-downs of the La Rochette plant's fixed assets and of the land located in Boffalora sopra Ticino (formerly Cartiera di Magenta) amounting to €3.7 million and €1.5 million, respectively. For more information on the two write-downs, please refer to section "Subsequent Events" hereinafter.

In light of the important benefits achieved in 2018 and 2019, in 2020 the RDM Group continued the initiatives aimed at achieving efficiencies and synergies to consolidate structural profitability enhancements, and thus leading to an improved financial position. These initiatives are designed to increase efficiency in production, cut costs and optimize sales at the level of price and value added. The initiatives have become even more important in the current scenario in order to respond to any adverse consequences of the Covid-19 emergency, and in particular to the effects associated with the negative economic growth forecasts.

In 2020, the Group forged ahead the process for integrating RDM Barcelona Cartonboard S.A.U. that yielded significant synergies in the previous year and is expected to generate further benefits in 2021. The synergies identified relate to various areas, including sales volumes, selling prices, geographical areas per product served, purchases, production efficiency gains and overheads. Synergies are essentially in line with the projections of the integration plans, with a negative effect attributable to the energy costs imposed by the Spanish authorities on electricity cogeneration plants.

Consolidated Net Financial Debt at December 31, 2020 amounted to €8.9 million, with a €43.2 million reduction compared with December 2019 (€52 million).

The debt decrease was mainly due to the high level of EBITDA and a lower level of working capital, mainly attributable to the reduction in inventories. In 2020, cash flows were impacted to a very marginal extent by non-payment or deferred payment by customers as a result of the Covid-19 emergency.

Gearing[1] improved from 0.20 to 0.04.

BUSINESS STRATEGY

The segment in which the RDM Group has been traditionally operating, namely the WLC (White Lined Chipboard – paperboard coated packaging on a recycled base), which accounted for over 83% of consolidated turnover in 2020, recorded an overall demand (-0.1%) in line with the previous year. As described above, the demand trend varied throughout the year as a result of the two different waves of the pandemic emergency. During the second wave in the fourth quarter of 2020, demand remained virtually stable, unlike the performance shown in the first phase of the emergency.

The change in volumes differed in the Group's various markets of operation. In the European markets, volumes rose in France (+5.8%), North Europe (+3.1%), Germany (+2.3%) and other minor markets, while declining quite markedly in Spain (-7.1%) and Italy (-5.1%). Overseas markets also shrank markedly (-9.1%) compared with the previous year, also as a result of the decrease in customers' insurance coverage due to the exposure of many countries to a higher risk. The RDM Group reported a modest growth in line with the market's performance (+0.2%), despite the halt of production at the Villa Santa Lucia paper mill from February 7 to March 1, following the seizure order applying to the Cosilam Consortium's purification plant rendered by the competent judicial authority due to reasons that are not attributable to the plant in any way. The effect of the halting of production was partially mitigated at the level of volumes shipped by the use of finished product inventories and the reassignment of orders to the Group's other mills. The other paper mill that saw weak demand in the first half of the year, with the resulting need to plan stoppages, was the Ovaro plant. The explanation lies in its lesser exposure to strategic sectors, operating for the most part in industries, such as luxury or school products, that essentially halted production during the most intensive phase of the emergency. In any event, the decrease in volumes was modest, and in the second half of the year it was lower than in the first half, as a result of the resumption of production in all sectors in which the Ovaro plant operates. It should be noted that RDM overperformed the market in term of volumes in its main markets of reference, namely Italy (+0.8%), Spain (-4.8%) and France (+6.7%).

[1] Gearing was calculated as the ratio between net financial position/(net financial position + equity).

In order to both protect and increase its margins, RDM continued to optimize its order backlog through its new sales organization and to pursue a pricing policy designed to preserve existing margins.

Turning to the main production factors, following the sharp decrease in prices reported in the two previous years, the price of paper for recycling further declined markedly in the first quarter of 2020. The downward trend in the price of paper for recycling is due to the known restrictions imposed by the Chinese Government on imports of unsorted paper for recycling 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. As of mid-March 2020, the Covid-19 emergency drove prices up sharply and steadily, mainly due to the decrease in supply as a result of the temporary shutdown of some sectors and the decrease in urban collection. This phenomenon was observed throughout Europe and then spread at the global level. The reopening of many industrial businesses, together with weak demand in many sectors of the paper industry, resulted in a new downtrend starting in July. However, in the fourth quarter of 2020, prices rose further, driven by the increase in demand mainly attributable to the Containerboard sector.

The FBB segment (Folding Box Board – cartonboard for folding boxboard based on virgin fibers), which accounted for 17% of consolidated turnover, recorded a 5% increase in market demand, compared with an improvement of 8.3% reported by the RDM Group. The increase in the market was mainly due to the same factors as set out above for the WLC segment, namely the essential nature of the products and the increase in demand after the previous year's decline. La Rochette paper mill reported a far higher-than-market increase in volumes in 2020. La Rochette plant's EBITDA margin improved compared with the previous year and continued to benefit from the selling price increase seen in 2019, along with the level of raw material cost after the previous year's sharp decreases. The good level of value added, along with the increase in volumes manufactured and sold, made it possible to achieve a result that reflects the best profitability typical of the plant in 2020, albeit still below the average for the Group.

In 2020, the purchase prices for virgin pulp, after the peak reached in 2018 and the subsequent sharp decline in 2019, were essentially stable as regard both types of virgin fibers.

After the substantial cost increases recorded in 2018 for the main energy sources (natural gas, electricity, and coal), **energy costs** showed a marked turnaround in 2019. However, it was not possible to benefit fully from the price reduction in 2019, since the Group generally procures much of its gas requirements — which is its main energy source — under medium-term contracts. The full benefit of the reduction in prices occurred in 2019 was achieved in 2020. In 2020, Covid-19 has resulted in a further decline in the prices of the main sources of procurement, with the exception CO_2. The benefit for the RDM Group in the first nine months of 2020 was, as usual, limited by the presence of the medium-term contracts still in effect, whereas a further positive impact was reported in the fourth quarter. The combined effect of the price trend and the Group's hedging policies resulted in a significant reduction in energy costs compared with the previous year.

CAPITAL EXPENDITURE

In 2020, the Group's **capital expenditure** amounted to €21.9 million, compared with €29.8 million in 2019. With respect to the same period of the previous year, capital expenditure was impacted by the Covid-19 emergency, and consequently slowed down due to the reduced mobility and not to financial factors. Major investments included pulp preparation and the work done on Villa Santa Lucia's gas turbine, the first step of the boiler at Santa Giustina and the upgrade of the water disposal system at La Rochette. It should be noted that the implementation of the new ERP system continued at all Group companies and, in particular, that the first milestone — the go-live on November 1 at the Ovaro plant — was reached.

NET FINANCIAL POSITION

Consolidated net financial debt at December 31, 2020 amounted to €8.9 million, down €43.2 million compared with €52 million at December 31, 2019.
The improvement in financial position was essentially due to the high EBITDA recorded, achieved with a marginal contribution from the decrease in working capital following the reduction in inventories, mainly of finished products. A €3 million negative impact has been recognized for the new lease contracts signed that fall within the purposes of IFRS 16. The financial situation — and in particular collections from clients — were only partially affected by the Covid-19 emergency, with a limited increase in the level of past-due accounts.
Among financial transactions, worth of notice are the payment of dividends (€3 million) and the purchase of Friulia S.p.A.'s stake in R.D.M. Ovaro S.p.A. (€0.7 million).

CONSOLIDATED RESULTS

The following table summarizes key Income Statement indicators at December 31, 2020 and 2019.

(€ thousands)	12.31.2020	12.31.2019
Sales	**679,461**	**701,591**
GROSS OPERATING PROFIT (EBITDA) (1)	**83,811**	**72,355**
OPERATING PROFIT (EBIT) (2)	**46,951**	**30,418**
Pre-tax income (3)	**45,991**	**25,223**
Current and deferred taxes	*(12,440)*	*(9,626)*
Profit (Loss) for the year	**33,551**	**15,597**

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.

Sales amounted to €679 million compared with €702 million of the previous year. Sales decreased by €22.1 million compared with the previous year was due to the decline in average selling prices both within the WLC and the FBB segment. **Tons sold** by the RDM Group at December 31, 2020 reached 1,184 thousand units compared with 1,174 thousand units sold in 2019.

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

	12.31.2020	% of total	12.31.2019	% of total
(€ thousands)				
Italy	201,973	30%	203,210	29%
EU	386,705	57%	401,228	57%
Non-EU	90,783	13%	97,153	14%
Sales	**679,461**	**100%**	**701,591**	**100%**

Other sales amounted to €12.7 million, up €2.1 million compared with the previous year. Said increase is chiefly attributable to higher contributions received by some foreign subsidiaries which support the competitiveness of industrial sites with high energy consumption, in accordance with their respective local regulations.

Cost for raw materials and services amounted to €485 million, a decline of €49 million compared with the previous year. This item was influenced by a lower average cost of recycled and virgin fibers compared with that reported in 2019. Energy costs declined sharply, in particular those of gas, which represents the main energy source used by the RDM Group.

Personnel costs amounted to €108 million, up €3.9 million compared with €104 million at December 31, 2019. This change was due to the contractual increases, the productivity improvement, as well as the accrual in the period of the 2020-2022 incentive plans for top management based on performance phantom shares and stock grants.

Gross Operating Profit (EBITDA) rose to €83.8 million at December 31, 2020 compared with €72.4 million of the previous year, and accounted for 12.3% of sales (10.3% in 2019).

Operating profit (EBIT) amounted to €47 million compared with €30.4 million at December 31, 2019. The higher increase compared with EBITDA was chiefly due to lower write-downs in 2020. In particular write-downs amounting to €5.2 million have recognized in 2020 of which: €1.5 million related to a land located in Boffalora sopra Ticino owned by Reno De Medici S.p.A. and € 3.7 million related to La Rochette plant's fixed assets. At December 31, 2019, EBIT included €10.3 million write-downs mainly due to the La Rochette plant's fixed assets (€9.5 million).

Net financial expense totaled €1.2 million, down compared with €5.4 million in 2019. The change was essentially due to the financial income recognized on the measurement at December 31, 2020 of the derivatives entered into by the Spanish subsidiary to hedge purchases of natural gas and energy sales. Although these contracts were entered into for hedging purposes, they were not accounted for according to the hedge accounting method.

Income from equity investments amounted to €271 thousand and refer to the write-up of the equity investment in Emmaus Pack, valued using the equity method.

The amount allocated for **taxes** was €12.4 million, compared with €9.6 million at December 31, 2019. The change was due to a greater taxable income generated by some companies that reported prior years' tax losses.

Consolidated net profit was €33.6 million, up compared with €15.6 million at December 31, 2019. The sharp increase is mainly attributable to the improved EBITDA and to the lower write-downs as at December 31, 2020.

FINANCIAL PERFORMANCE FOURTH QUARTER 2020

(€ thousands)	IVQ 2020	IVQ 2019	Change	% Change
Sales	161,246	164,985	(3,739)	-2%
Other sales and income	2,662	2,009	653	33%
Change in inventories of finished goods	2,166	3,977	(1,811)	-46%
Cost of raw materials and services	(121,322)	(126,349)	5,027	-4%
Personnel costs	(28,219)	(27,013)	(1,206)	4%
Other operating costs	(345)	(1,342)	997	-74%
Gross operating profit (EBITDA)	**16,188**	**16,267**	**(79)**	**0%**
Depreciation, amortization and write-downs	(13,415)	(19,930)	6,515	-33%
Operating profit (EBIT)	**2,773**	**(3,663)**	**6,436**	**-176%**
Net financial income/(expense)	182	(2,346)	2,528	-108%
Income (losses) from equity investments	271	93	178	191%
Result before taxes	**3,226**	**(5,916)**	**9,142**	**-155%**
Taxes	(3,572)	(2,055)	(1,517)	74%
Profit (Loss) for the period	**(346)**	**(7,971)**	**7,625**	**-96%**

The results for the fourth quarter of 2020 showed a level of profitability substantially in line with the previous year.

Despite the decline in revenues from sales (-2%), EBITDA amounted to €16.2 million, slightly decreasing compared with the same quarter of the previous year (€16.3 million). Net loss for the fourth quarter of 2020 was €0.3 million compared with net loss of €7.9 million for the same period of the previous year. Net loss for the fourth quarter of 2019 was more impacted by the asset write-down occurred in both the years.

The reduction in revenues was mainly due to the decrease in selling prices that began in the second half of 2020 as a result of a weak demand and the downward trend in raw materials.

Sales volumes increased by 0.9% compared with the same quarter of the previous year, chiefly driven by La Rochette and thus the FBB segment, whereas the WLC segment declined slightly.

The slight EBITDA decreased compared with the fourth quarter of 2019 is chiefly due to higher volumes, a contribution margin substantially in line despite a decline in selling prices offset by a reduced ratio of variable costs and a higher fixed costs.

KEY EVENTS

2020 was characterized by the Covid-19 emergency and the related containment measures imposed by EU and non-EU governments. The nature and impact of these measures varied widely from one sector of the economy to the next. In the case of the RDM Group, as already stated in the 2019 Annual Financial Report, under the Decree of the President of the Council of Ministers of March 22, 2020, its finished products were deemed essential as they are primarily used by the food and pharmaceutical industries. This resulted in the nearly full operation of the Group's paper mills in both the pandemic waves of the second and fourth quarter — with the exception of its Ovaro paper mill —, with margin levels that exceeded expectations. Despite the concerns of a decline in volumes, the fourth quarter as well saw a slight increase in volumes compared with the previous year, which, when combined with constantly good contribution margins, made it possible to achieve an excellent result. Even the Ovaro paper mill, despite recording a decline in volumes in the third quarter, is recovering compared with the first half of the year due to the reopening of its end markets.

Cash flow performance was positive in 2020, driving an improvement in Net Financial Position of €43.2 million. In light of the results achieved, although there continue to be elements of uncertainty regarding possible deferred financial effects of the Covid-19 emergency, there is currently no basis for projecting material adverse effects on cash flows in the short and medium term.

Within this environment, and in the light of the new emergency situation that emerged, the Directors continue to monitor the macro-economic environment and the evolution of the markets of reference. The scenarios prepared after the pandemic began are constantly updated to verify possible consequences in terms of volumes, any production stoppages and the level of profitability. The volume performance in the fourth quarter of 2020, during the second pandemic wave, makes it possible to rule out the emergence of severe critical elements in the short term, even in the event that new restrictions are imposed by the authorities following the new increase in cases.

In light of the foregoing, the additional information collected in 2020 and the different market environment in which the Ovaro paper mill operates, the Directors examined the 2021 budget figures and 2022-2023 plans and did not identify any elements classifiable as indicators of impairment of the cash-generating units and other assets as of December 31, 2020.

On February 7, the Villa Santa Lucia mill was forced to suspend production due to the seizure — not attributable to the plant in any way — of the Cosilam Consortium’s purification plant rendered by the competent judicial authority. On March 1, the mill was able to resume production after the seizure of the system was lifted, since the court of review granted the petition. The RDM Group is assessing all possible future alternatives with regard to water treatment and dependence on the Consortium's purification plant.

On 15 June 2020, Reno De Medici S.p.A., in application of the agreements entered into with Friulia S.p.A. in 2017, repurchased the final 5% stake held by Friulia S.p.A. in R.D.M. Ovaro S.p.A. for €692,682. Following this transaction, R.D.M. Ovaro S.p.A. is now fully owned by Reno De Medici S.p.A.

In order to continue the partnership with Friulia S.p.A., on 16 December 2020 the Shareholders' Meeting of R.D.M. Ovaro S.p.A. authorized a share capital increase to a total of €12,625,000 through the issuance of 125,000 preferred shares, subscribed for by Finanziaria Regionale Friuli-Venezia Giulia – Società per Azioni – FRIULIA S.p.A. ("Friulia"). As a result of this transaction, Friulia S.p.A. acquired a 0.99% interest in R.D.M. Ovaro S.p.A.

On September 30, 2020, the subsidiary RDM Barcelona Cartonboard S.A.U. signed four preliminary agreements to purchase 100% of the share capital of four companies incorporated under the laws of Spain. The acquisition involves one of the largest European players in the coated paperboard sector, Papelera del Principado S.A., and three minor companies. The provisional price agreed for the acquisition of the four companies is based on a total enterprise value of €31.2 million, calculated on the basis of a 2020 pro-forma EBITDA of €5.2 million and an estimated NFP of approximately €20 million. The closing of the transaction is expected by the first quarter of 2021 and is subject to several conditions precedent.

SUBSEQUENT EVENTS

On February 15, the Board of Directors of Reno De Medici S.p.A. favorably assessed an irrevocable offer received by its subsidiary RDM Blendecques S.A.S. for the sale of its 100% interest in R.D.M. La Rochette S.A.S. Therefore, on the same date, RDM Blendecques S.A.S. signed the relevant put option agreement to sell its fully owned subsidiary R.D.M. La Rochette S.A.S.

The signing of the afore-mentioned put option agreement entails the assumption by RDM Blendecques S.A.S. of the sole exclusivity obligation for the entire duration of the offer and the beginning of the employment law and trade union procedures provided for by the French

law, upon the conclusion of which a binding contract may be signed for the sale of 100% of La Rochette's equity interests. The signing of the binding contract is expected within the first half of 2021.
Under the afore-mentioned irrevocable offer, La Rochette's enterprise value has been set at €28.8 million, with a final purchase price (equity value) of €11 million, after deducting the Company's debt and other adjustments. The irrevocable offer also provides for an earn-out based on the excess EBITDA for the next three financial years, compared to an EBITDA of reference. As per the irrevocable offer, the final price will also be subject to adjustments at the closing date, based on the change in financial position and working capital compared to those agreed upon by the parties.
The transaction will have no material impact on our 2021 results as the carrying value of the La Rochette CGU was already valued on the base of its recoverable value and an impairment charge of €3.9 million was recorded in December 2020.

On February 11, a final transfer deed was signed for the sale and transfer of the land located in Boffalora sopra Ticino to the Vetropack Group. The selling price was set at €13 million. This transaction will have no material impact on 2021 results because of the carrying value of the land was already impaired in 2020 for an amount of €1.5 million.

OUTLOOK

The current situation is still characterized by the second wave of the health emergency. Its length and possible effects are obviously difficult to predict.
The new health emergency clearly makes it even more difficult to foresee the length of the recession triggered by the outbreak of the pandemic in March 2020 and its effects on the global economy. The positive impact arising from measures in support of the economy implemented by the European Community and their possible effects on the current recession is not yet clear.
Our good volume performance in 2020, mainly due to the essential nature of our products, the ability we have shown thus far to manage the emergency and ensure continuity of production and our positive volume performance in the fourth quarter of 2020 in the peak of the second wave allow us to exclude the negative effects in terms of volume in the first part of the year.

In the RDM Group's core business, **White Lined Chipboard** (WLC), the short-term outlook (first quarter 2021) is marked by the uncertainties linked to the evolution of selling prices and main variable costs. After rising sharply in the second quarter of 2020 as a result of lower collection, and decreasing in the third quarter of 2020, the prices of paper for recycling further grew in the last quarter of the year essentially due to higher demand relating to the launch of corrugated cardboard paper production capacity and the restart of growing economy activities in Asia. In January 2021 an increase in selling prices was announced in response to increases in the prices of paper for recycling and the main energy components. However, the effect of this selling prices increase will not begin to be seen until March 2021. The first quarter of 2021 could thus be adversely impacted by a lower level of value added than in 2020, but we are confident it will be recouped and offset over the course of the year due to the finished product price increases implemented.

The same considerations as for the WLC sector also apply to the **Folding Box Board** (FBB) sector, including with regard to raw material prices, which report increases in line with the inflation recorded in all commodities. The increase in raw material prices could also entail lower-then-expected value added for the FBB business. Accordingly, should it be necessary, it will be essential to revise the prices of finished products and continue to work on production efficiency.

After the fall in **energy prices** in 2019, and the further decline of the main energy sources used by the Group (electricity, natural gas and coal) in 2020, once again due to the Covid-19 emergency, which has resulted in the shutdown of many manufacturing industries and a decrease in the price of oil, the end of 2020 saw an overall increase. In any case, the negative effect will be partially mitigated through the hedging contracts regarding gas consumption, which represents the Group's main source of procurement.

The RDM Group will forge ahead its strategy, focusing on three specific lines of action, with the aim of improving its medium-to-long-term performance:

- Revision of the integration program of RDM Barcelona Cartonboard and of the announced acquisition of Paprinsa in Spain in order to fully benefit from the synergies of a multi-mill approach;
- Strengthening of operating efficiencies through Lean Manufacturing plans, including the customer service level;
- Implementation of the Group-wide digitalization plan.

Although the RDM Group did not suffer particular negative effects in 2020 as a result of non-payment by customers, it is nonetheless assessing all possible measures required to mitigate future effects on its net financial position, which continues to be very solid, and confirms its strong cash generation.

CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2020

Consolidated Income Statement	12.31.2020	12.31.2019
(€ thousands)		
Sales	679,461	701,591
Other sales and income	12,725	10,604
Change in inventories of finished goods	(10,464)	3,637
Cost of raw materials and services	(484,547)	(533,446)
Personnel costs	(108,016)	(104,132)
Other operating costs	(5,348)	(5,899)
Gross operating profit (EBITDA)	**83,811**	**72,355**
Depreciation, amortization and write-downs	(36,860)	(41,937)
Operating profit (EBIT)	**46,951**	**30,418**
Financial expense	(2,952)	(5,808)
Gains (losses) on foreign exchange	(575)	123
Financial income	2,296	311
Net financial income/(expense)	(1,231)	(5,374)
Income (losses) from equity investments	271	179
Taxes	(12,440)	(9,626)
Profit (Loss) for the year	**33,551**	**15,597**
Attributable to:		
Group's share of profit (loss) for the year	33,551	15,597
Minority interest in profit (loss) for the year		

Statement of Financial Position - ASSETS	12.31.2020	12.31.2019
(€ thousand)		
Non-current assets		
Property, plant and equipment	220,745	232,586
Right-of-use assets	15,166	12,371
Goodwill	4,389	4,389
Other intangible assets	16,749	16,368
Equity investments	950	810
Deferred tax assets	243	389
Other receivables	5,823	5,518
Total non-current assets	**264,065**	**272,431**
Current assets		
Inventories	102,231	108,948
Trade receivables	66,231	77,129
Other receivables	18,774	16,552
Derivative instruments	712	
Cash and cash equivalents	62,985	40,382
Total current assets	**250,933**	**243,011**
TOTAL ASSETS	**514,998**	**515,442**

Statement of Financial Position - EQUITY AND LIABILITIES	12.31.2020	12.31.2019
(€ thousands)		
Equity		
Equity attributable to the Group	234,127	205,478
Total equity	**234,127**	**205,478**
Non-current liabilities		
Payables to banks and other lenders	50,845	63,986
Derivative instruments	388	752
Other payables		
Deferred tax liabilities	7,231	8,660
Employee benefits	37,245	36,410
Non-current provisions	5,380	4,221
Total non-current liabilities	**101,089**	**114,029**
Current liabilities		
Payables to banks and other lenders	21,062	25,610
Derivative instruments	517	2,211
Trade payables	130,811	141,209
Other payables	23,306	23,053
Current taxes	2,447	2,884
Current provisions	1,526	870
Employee benefits	113	98
Total current liabilities	**179,782**	**195,935**
TOTAL EQUITY AND LIABILITIES	**514,998**	**515,442**

Net financial position	12.31.2020	12.31.2019	Change
(€ thousands)			
Cash, cash equivalents and short-term financial receivables	63,228	40,529	22,699
Short-term financial debt	(21,062)	(25,610)	4,548
Valuation of current portion of derivatives	195	(2,211)	2,406
Short-term net financial position	**42,361**	**12,708**	**29,653**
Medium-term financial debt	(50,845)	(63,986)	13,141
Valuation of non-current portion of derivatives	(388)	(752)	364
Net financial position	**(8,872)**	**(52,030)**	**43,158**

Consolidated net financial debt at December 31, 2020 amounted to €8.9 million, down €43.2 million compared with €52 million at December 31, 2019.

The improvement in financial position was essentially due to the high EBITDA recorded, achieved with a marginal contribution from the decrease in working capital following the reduction in inventories, mainly of finished products. A €3 million negative impact has been recognized for the new lease contracts signed that fall within the purposes of IFRS 16. The financial situation — and in particular collections from clients — were only partially affected by the Covid-19 emergency, with a limited increase in the level of past-due accounts.

Among financial transactions, worth of notice are the payment of dividends (€3 million) and the purchase of Friulia S.p.A.'s stake in R.D.M. Ovaro S.p.A. (€0.7 million).

NOTES

The Interim Report of the RDM Group at December 31, 2020 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, 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, 2020, the RDM Group’s workforce numbered 1,729, compared with 1,766 at December 31, 2019.

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, 2020 of Reno De Medici S.p.A. corresponds to the information contained in documents, ledgers and accounting entries.

Milan, February 15, 2021

Signed
Luca Rizzo