

ANNUAL FINANCIAL
STATEMENTS AS AT
DECEMBER 31, 2020

GRUPPO
SANFAUSTINO

BUSINESS COMMUNICATION / LABEL&PACKAGING / GED / E-PROCUREMENT / SERVIZI DI STAMPA

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GRUPPO **SANFAUSTINO**

CONSOLIDATED FINANCIAL STATEMENTS POLIGRAFICA S. FAUSTINO S.P.A. GROUP DECEMBER 31, 2020

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Management report

Financial Statements

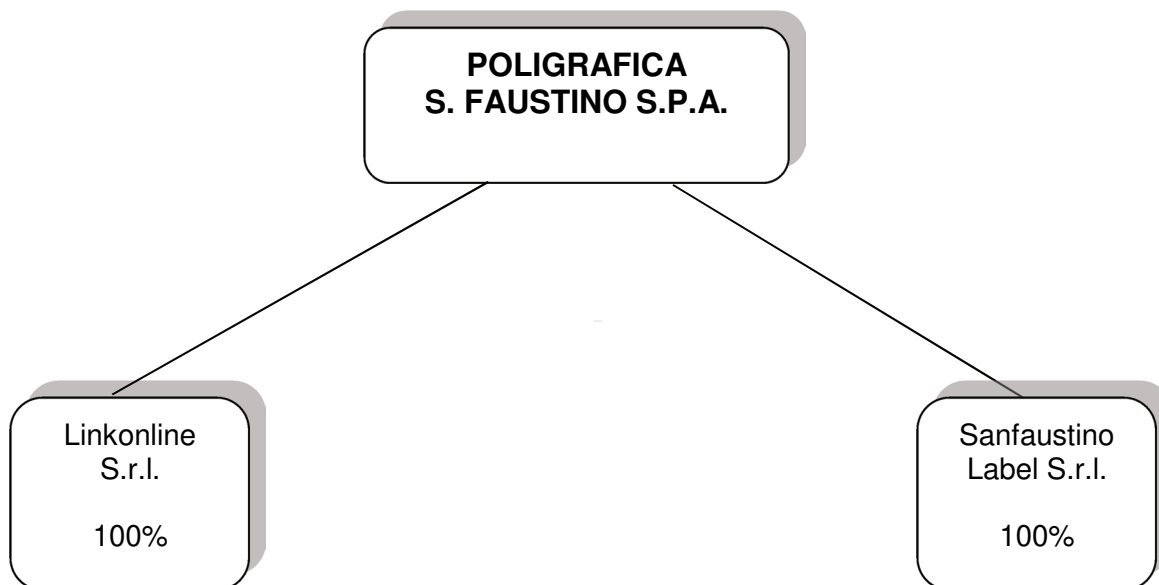
Detail of net financial position

Notes to the consolidated financial statements at 31.12.2020

Certification pursuant to art. 81-ter of CONSOB regulation no. 11971/99

MANAGEMENT REPORT

GROUP STRUCTURE



POLIGRAFICA S. FAUSTINO S.P.A. : the parent company, specialized in the world of printing, direct marketing, electronic document management, e-procurement and the creation of tools for games and competitions.

Linkonline S.r.l. : specialized in e-procurement for the supply of self-consumption materials for large-scale distribution.

Sanfaustino Label S.r.l. : specialized in the production of labels and packaging.

INFORMATION ON GROUP MANAGEMENT

SUMMARY OF THE PERFORMANCE OF THE YEAR

The breakdown of Group sales by production area is shown in the following table:

NET SALES (Euro million)	2020	%	2019	%
- Graphic products	33.54	67.8%	35.41	66.7%
- Commercial area	15.94	32.2%	17.65	33.3
Sales	49.48	100.0%	53.06	100.0%
(abroad)	(7.51)	(15.2%)	(5.60)	(10.5%)

The group business volume recorded a decrease both in the graphics sector and in the commercial sector. On the other hand, foreign turnover increased in absolute value and in terms of incidence, mainly in the label sector.

While acknowledging the aforementioned decline in volumes (reduction of -6.7% in group turnover), margins improved, both in terms of EBITDA and EBIT, despite the impact of higher depreciation related to significant investments in machinery (mainly carried out by Sanfaustino Label). These results, albeit affected by the difficulties of the period related to the pandemic, were obtained thanks to the efficiency of production processes and the strengthening of the commercial network.

This recovery of margins is attributable, in particular, to the label sector, specifically entrusted to Sanfaustino Label and, to a lesser extent, it is also attributable to the commercial sector entrusted to Linkonline and is attributable to greater efficiencies and reductions in operating costs (which in the past operation included extraordinary costs linked to the transfer of the logistics hub and additional procurement costs consequent to it).

The net result also improved, despite the impact of financial charges related to the financial commitments undertaken during the year by the Group.

Below are the summary results of the Group's consolidated financial statements at 31 December 2020:

CONSOLIDATED INCOME STATEMENT (Euro million)	31/12/20	%	31/12/19	%
Sales	49.48	100.0	53.06	100.0
Other operating income and revenues	0.32	0.6	0.48	0.9
Total operating revenues and income	49.80	100.6	53.54	100.9
Materials and change in inventory	(28.80)	(58.2)	(32.48)	(61.2)
Services	(11.17)	(22.6)	(11.27)	(21.2)
Payroll costs	(4.84)	(9.8)	(4.81)	(9.1)
Other net operating costs (revenues)	(1.78)	(3.6)	(2.19)	(4.1)
Total operating costs	(46.59)	(94.2)	(50.75)	(95.6)
EBITDA	3.21	6.4	2.79	5.3
Depreciation, amortization and gain/loss on non-current disposal	(2.02)	(4.1)	(1.90)	(3.6)
EBIT	1.19	2.3	0.89	1.7

Financial net income (cost)	(0.25)	(0.4)	(0.17)	(0.3)
Income before tax	0.94	1.9	0.72	1.4
Income taxes	(0.20)	(0.4)	(0.22)	(0.5)
Net result for the period	0.74	1.5	0.50	0.9
<i>Minority interest</i>			-	
<i>GROUP interest</i>	<i>0.74</i>	<i>1.5</i>	<i>0.50</i>	<i>0.9</i>

PRODUCTION SECTOR

(Euro/million)	2020	2019	Var.
Sales and other operating income	33.77	35.79	(2.02)
Purchases and inventory change	(16.39)	(18.63)	2.24
Services	(9.55)	(9.39)	(0.16)
Personnel costs	(3.85)	(3.74)	(0.11)
Other net operating revenues (expenses)	(1.16)	(1.57)	0.41
Total operating costs	(30.95)	(33.33)	2.38
EBITDA	2.82	2.46	0.36
Depreciation and amortization	(1.90)	(1.77)	(0.13)
EBIT	0.92	0.69	0.23
Net financial income (expense)	(0.19)	(0.16)	(0.03)
Before tax result	0.73	0.53	0.20
Tax	(0.11)	(0.12)	0.01
Net result	0.62	0.41	0.21
<i>Minority interest</i>	-	-	
<i>GROUP interest</i>	<i>0.62</i>	<i>0.41</i>	<i>0.21</i>

COMMERCIAL SECTOR

THE FOLLOWING DATA (ACCORDING TO IAS-IFRS CRITERIA) REFER TO THE SUBSIDIARY LINKONLINE S.R.L., SPECIALIZED IN THE COMMERCIAL SECTOR, AND ARE GROSS OF INTERCOMPANY ELIMINATIONS.

(importi in Euro/mln)	2020	2019	Var.
Sales and other operating income	16.02	17.75	(1.73)
Purchases and inventory change	(12.41)	(13.85)	1.44
Services	(1.61)	(1.88)	0.27
Personnel costs	(0.99)	(1.07)	0.08
Other net operating revenues (expenses)	(0.62)	(0.63)	0.01
Total operating costs	(15.63)	(17.43)	1.80
EBITDA	0.39	0.32	0.07
Depreciation and amortization	(0.12)	(0.12)	-
EBIT			
Net financial income (expense)	0.27	0.20	0.07
Before tax result	(0.06)	(0.01)	(0.05)
Tax	0.21	0.19	0.02
Net result	(0.09)	(0.10)	0.01
<i>(all attributable to the Group)</i>	0.12	0.09	0.03

MARKET EVOLUTION AND NEW STRATEGIC ORIENTATIONS

Poligrafica S. Faustino S.p.A. closed the 2020 financial year with a decline of 23.2% in turnover, as it was strongly affected by the difficulties in the promotional-advertising sector.

In 2021, the development of projects related to the Direct Marketing area will continue. The goal is to partially recover sales volumes in a segment where PSF has always had a great competitive advantage. In particular, great focus will be given to companies that can express medium volumes, in addition to traditional large players.

Sanfaustino Label S.r.l. closed the 2020 financial year with an increase in sales of 2.0% largely attributable to the good performances of the foreign sector which offset the decrease in sales on the local market to the wine sector.

As for Linkonline S.r.l., 2020 recorded a 10% decrease in turnover. This reduction is closely related to the slowdown in orders during the COVID 19 lockdown periods.

INVESTMENTS

During the 2020 financial year, investments in tangible and intangible assets, totaling € 2.06 million, concerned the implementation of application software and management platforms and tangible assets for € 0.13 million, with particular regard to interventions for the label sector for an amount of 1.69 million euros and others for 0.24 million euros. The changes in tangible assets include increases for rights of use of € 0.15 million.

RESEARCH AND DEVELOPMENT ACTIVITIES

During the 2020 financial year, the Group, with particular regard to the label sector, carried out development activities with internal resources.

In 2020, further activities continued aimed at strengthening the online platform to reduce the timing of order collection and optimize the delivery process.

PERSONNEL

The table below shows the breakdown of the Group's personnel at the end of the financial year.

	31/12/20	31/12/19
Managers	3	4
Clerical employees	70	65
Manual workers	42	38
Total	115	107

Linkonline S.r.l. has n. 20 employees (1 manager and 19 commercial employees) as of December 31, 2020 (unchanged from the end of the previous year).

The PSF Group in the graphic production sector (made up of the Parent Company and Sanfaustino Label) recorded a net increase in personnel of no. 8 units compared to the end of the previous year.

With reference to the measures taken by the Group in order to counter and avoid as much as possible the spread and effects of the Covid-19 pandemic, please refer to the comments in the following paragraph "IMPLICATIONS OF THE COVID-19 PANDEMIC" regarding the measures adopted in order to ensure an adequate level of safety.

CONSOLIDATED NET FINANCIAL POSITION

Euro/mln	2020	2019
Cash and banks	19.72	9.84
Short term bank and leasing loans	(6.28)	(7.93)
Short term debt for right of use (IFRS 16)	(0.19)	(0.23)
Total A) short term	13.25	1.68
Medium-long term bank and leasing loans	(19.39)	(8.21)
Debiti per diritti d'uso a M/L termine (IFRS 16)	(0.22)	(0.29)
Total B) medium/long term	(19.61)	(8.50)
Net financial position (A+B)	(6.36)	(6.82)

The table above shows a reduction in net debt despite the obtaining of new and significant loans with a consequent consolidation of medium / long-term positions.

The cash flow statement shows in detail the changes in the operating, investment and financing components that generated net positive and / or negative cash flows.

In the following table we report the analysis of the equity and financial structure

CONSOLIDATED	31-dic-20 Euro/mln	31-dic-19 Euro/mln	Variatz. Euro/mln
A) Net current assets			
Trade receivables	16.31	17.85	(1.54)
Inventory	3.37	3.36	0.01
Other current assets	2.03	1.56	0.47
Trade payables	(14.82)	(16.04)	1.22
Other current liabilities	(1.51)	(1.58)	0.07
A) Total net current assets	5.38	5.15	0.23
B) Net fixed assets			
Intangible assets	1.14	1.25	(0.11)
Tangible assets	8.71	8.56	0.15
Financial investments	-	-	
Other non-current assets	1.46	1.78	(0.32)
B) Total net fixed assets	11.31	11.59	(0.28)
C) Medium- and long-term liabilities	1.05	0.99	0.06
D) Invested capital (A+B-C)	15.64	15.75	(0.11)
Covered by:			
E) Net financial debt			
Short term loans	6.46	8.16	(1.70)
Cash and banks	(19.72)	(9.84)	(9.88)
Medium/long term debt	19.62	8.50	11.12
E) Net financial debt	6.36	6.82	(0.46)
F) Equity			
Capital stock	6.16	6.16	-
Reserves	3.12	2.77	0.35
	9.28	8.93	0.35
Minority interest	0	0	
F) Total Equity	9.28	8.93	0.35
G) Total coverage (E+F)	15.64	15.75	(0.11)

FINANCIAL RISK MANAGEMENT

The Parent Company and Sanfaustino Label S.r.l. operate in a graphic-advertising sector exclusively on order and, given the particular type of production, they must therefore adapt production and procurement policies to specific customer requests. The strong competition and the substantial lack of products with standardized price lists impose pricing policies that are often conditioned by the promotional-advertising budget made available by customers. In the past, the Group has therefore always dealt with a single reference market (promotional and advertising graphics), with a modest exception linked to the web agency activity of the subsidiary Psfinteractive S.r.l., which ended in 2019 following the incorporation and subsequent sale of the business unit. With the specific purpose of further diversifying the reference markets and, in order to limit the various types of risk, in 2008 the acquisition of Linkonline Srl, a company that operates in the sector of consumer products for information technology aimed at , in particular, to large retailers.

Each Group company has its own and autonomous commercial structure which nevertheless responds to logics and strategies defined centrally by the Parent Company's Management. In the current financial year 2020, being able to benefit from concessional regulations and state guarantees to cope with the emergency situation from COVID 19, significant medium / long-term loans were therefore obtained on all the companies of the group, largely guaranteed by M.C.C .. Although the treasury is not concretely channeled to the Parent Company, the cash flows of each Company are in any case managed and supervised by a centralized function. The financial management of the Parent Company, in addition to managing the relationship with the various and numerous credit institutions, also deals with the analysis of the various risks, favoring indications on credit risk, and in particular whenever there are contacts with new customers. Towards the end of 2017, the company Sanfaustino Label S.r.l. has stipulated an insurance coverage contract on a substantial part of the receivables due from customers.

The exchange risk, given the absolute irrelevance of transactions (active and passive) outside the Euro area, is practically non-existent. The raw material procurement market, in any case denominated in Euro, is not substantially affected by any indirect effects linked to the dollar.

As regards the credit risk, especially considering the relevant fragmentation of transactions and the important and selected clients, it is to be considered limited in any case. In this regard, it should be considered that the average unit amount of transactions is rather modest and the analysis of overdue and expiring credit positions is delegated to a central function on a fortnightly basis; also consider what is reported above on insurance coverage.

The analysis of the collectability of receivables did not show any particular critical issues even due to the pandemic.

As regards liquidity risk, the current financial structure, characterized by a relative debt in relation to capitalization, together with the existence of significant real estate values not encumbered by constraints or mortgages, constitute objective indicators of solidity that allow to guarantee adequate lines of credit.

In relation to the interest rate risk: it originates from short and long-term financial payables negotiated at both fixed and floating rates; some recently disbursed loans were related to specific hedging derivatives whose effects were recognized directly in equity.

As regards the covid-19 risk, please refer to the paragraph "Implications of the Covid-19 pandemic" of this Report.

RELATIONS WITH RELATED PARTIES

The Parent Company has a specific procedure, adopted in implementation of the provisions of art. 2391-bis of the Civil Code as well as the Consob Regulation approved with Resolution no. 17221/2010 and subsequent amendments, which determines the rules governing the identification, approval and execution of transactions with related parties

carried out by Poligrafica S. Faustino SpA, directly or through subsidiaries, in order to ensure the transparency and correctness of both the substantial and procedural aspects of the transactions themselves.

In referring to what is described below, it should be noted that during the year no atypical or unusual transactions were carried out with related parties and that the commercial transactions took place under normal market conditions.

Except for the remuneration paid to shareholders - directors, the Group has carried out significant transactions with the related company Etichette Nika S.r.l., the latter company which during the year was placed in liquidation phase, completed in 2020.

In particular, the following transactions were carried out during the year:

	amount Euro/000	Incidence %
Various purchase	(113)	irrelevant
Active rentals	0	
Various charge backs	0	

The following positions were also open at 31 December 2020:

	amount Euro/000	incidence %
Etichette NIKA (client)	0	-
Etichette NIKA (supplier)	0	-

Other minor transactions with related parties were the following:

	amount Euro/000	incidence %
receivables	6	irrelevant
debts	23	irrelevant
Consulting costs	(120)	irrelevant
sales	9	irrelevant

The aforementioned relations took place under market conditions with the companies Tonki S.r.l. and Agora 35 S.r.l ..

During the year, commercial transactions concluded under normal market conditions were carried out between the companies included in the consolidation area. These relationships have been eliminated in these Consolidated Financial Statements.

NOTES ON THE PERFORMANCE OF GROUP COMPANIES

Poligrafica S. Faustino S.p.A. (Parent company)

The turnover of the Parent Company (€ 7.98 million) recorded a decrease of 23.2% compared to the sales of the previous year (10.39). It should be remembered that since 2016 it has been fully delegated to the subsidiary Sanfaustino Label S.r.l. management of the label compartment. The overall data are therefore better assessed in the comparison tables referring to the entire graphic sector, as reported above, together with the comments on the performance of Sanfaustino Label developed below.

Finally, see what is reported in detail in the file on the separate financial statements of the Parent Company.

Subsidiaries

Below we summarize the activities carried out during the year by the subsidiaries, Sanfaustino Label S.r.l. (100%) and Linkonline S.r.l. (100%).

Sanfaustino Label S.r.l. with sole shareholder

Sanfaustino Label has as its object the production of labels.

The current year therefore recorded a turnover of 25.7 million euros, an increase (+ 2%) compared to the 2019 financial year (25.2 million). The cost of staff in force (equal to 69 units at 31 December 2020) is equal to 2.8 million euros. The company is still supported by the parent company both in terms of the use of the occupied spaces and the use of indirect labor and other common costs. The parent company, in fact, still bears a part of the general and common administrative costs which it recharges to the pro-quota subsidiary.

The results for 2020 are summarized in an EBITDA of € 2.13 million (it was 1.85 in 2019), an EBIT of € 0.50 (it was 0.40) million euros and a net result of 0.34 (was 0.24) million euros.

Linkonline S.r.l. with sole shareholder

Linkonline, a company specialized in the marketing of consumer products for information technology in favor of large retailers and highly qualified institutional customers: banks, insurance companies, large-scale distribution.

In the 2020 financial year, LOL achieved revenues and income of 16.05 million, down (-9.6%) compared to the previous year (17.76 million in 2019) and recorded an EBITDA (according to IAS-IFRS criteria) positive for 0.39 million (0.32 in 2019). The net final result is equal to a profit of 0.11 million (0.09 million in 2019).

FURTHER INFORMATION ON THE OWNERSHIP STRUCTURE

Based on the provisions of art. 123-bis, paragraph 3, of the Consolidated Law on Finance, the information referred to in paragraphs 1 and 2 of the aforementioned article has been included in a report separate from the management report (Report on corporate governance and ownership structures) always approved by the Board of Administration.

The aforementioned document is also available on the company's website www.psf.it / investor relations / corporate governance / relations at the following address:

http://investor.psf.it/it/page.asp?id_sez=48&id_sub=56&id_com=79

IMPLICATIONS OF THE COVID-19 PANDEMIC

During the period of maximum spread of the infections, the Group has put in place risk mitigation actions to protect employees which involved the increase of health and hygiene procedures and a reorganization of work by promoting, where possible, the functioning of agile and remote work. Attention to the evolution of the spread of infections remains high and the Group is ready to activate additional measures should the situation make it necessary. In the COVID emergency periods, the Group made use of social safety nets, as described in more detail in the paragraph "personnel costs" of the explanatory notes.

In consideration of the foregoing, even during the lockdown period no significant interruption was recorded either in the production activity or in the activities related to the supply chain, and therefore the strategies implemented by the Group and the measures adopted to cope with the pandemic made it possible to face the difficulties of the period by supporting the economic performance and preserving the financial and capital solidity of the Group.

Despite the difficulty in expressing forecasts and quantifying or evaluating their effects on the economic results and on the financial position of the Group, the company's ability to continue to establish a functioning economic complex is not considered to be affected.

In support of this consideration, the management has carried out assessments on the possible impacts deriving from the current crisis, reflecting these assessments on the forecast of economic situations. No critical issues emerged from these analyzes that could lead to the presumption of particular difficulties for the Group in pursuing its objectives and mission continuously.

Management will constantly monitor and evaluate the situation.

FORESEEABLE BUSINESS OUTLOOK

While waiting for more information on the possible economic consequences deriving from persistent global health problems (COVID19), to date some reduction effects have been found on orders from customers. Having said this, due to the uncertain evolution of the health emergency and the difficulty in predicting any regulatory measures and their consequences on the Group's reference business, it is not currently foreseeable to quantify or accurately assess their future effects, but we are confident that there are no significant impacts on the Group's equity and financial situation. In terms of turnover, in 2021 the goal is to recover part of the sales volumes reduced in 2020, and continue in the search for further optimization of margins.

In 2021, the growth strategies will remain focused on commercial activities related to the label & packaging world (wine & spirits, promotional, industrial-product), on additional special and exclusive products (twin label paper glue, high value wine labels and promotional multipages).

In this regard, investment commitments have been planned aimed at further strengthening the production lines for further efficiencies.

Furthermore, in 2021 the development of projects related to the Direct Marketing area will continue as described in the previous paragraph "Market evolution and new strategic orientations"

For the Board of Directors

President

Alberto Frigoli

CONSOLIDATED FINANCIAL STATEMENTS

BALANCE SHEET AND FINANCIAL SITUATION

Euro (000)	Note	31/12/20	31/12/19
ASSETS			
NON-CURRENT ASSETS			
Tangible fixed assets (included right of use IFRS 16)	1	8,708	8,559
Intangible assets	2	1,143	1,248
Equity investments	3	3	3
Non-current receivables	3	259	465
Deferred tax assets (prepaid taxes)	4	1,202	1,316
Total non-current assets		11,315	11,591
CURRENT ASSETS			
Inventories	5	3,376	3,362
Trade receivables	6	16,307	17,854
Tax receivables	7	1,173	645
Other current receivables	8	854	916
Current financial assets		0	0
Cash and banks	9	19,716	9,840
Total current assets		41,426	32,617
TOTAL ASSETS		52,741	44,208
NET EQUITY AND LIABILITIES			
NET EQUITY			
Share capital	10	6,162	6,162
Other reserves	10	(369)	(96)
Own shares	10	610	440
Retained earnings (loss)	10	2,877	2,428
<i>Total equity attributable to Holding Company</i>		<i>9,280</i>	<i>8,934</i>
<i>Minority interests</i>		<i>0</i>	<i>0</i>
Total Net Equity		9,280	8,934
NON-CURRENT LIABILITIES			
Loans	11	19,616	8,499
Employee severance indemnity and retirement reserves	12	950	881
Reserves for risks and contingencies		0	0
Deferred tax liabilities	13	104	110
Other non-current liabilities		0	0
Total non-current liabilities		20,670	9,490
CURRENT LIABILITIES			
Loans	11-14	6,462	8,158
Trade payables	15	14,815	16,040
Tax payables	16	318	422
Other payables	17	1,196	1,164
Total current liabilities		22,791	25,784
TOTAL NET EQUITY AND LIABILITIES		52,741	44,208

** of which payables for usage rights in m / l equal to 222 k euros

*** of which debts for short-term use rights equal to € 191k

COMPREHENSIVE INCOME STATEMENT

Euro (000)	Note	31/12/20	31/12/19
OPERATING REVENUES			
Sales	18	49,484	53,060
Other operating income and revenues	18	316	477
Total operating revenues and income		49,800	53,537
OPERATING COSTS			
Materials	19	(28,817)	(32,480)
Change in inventory	19	14	0
Services	20	(11,166)	(11,265)
Payroll costs	21	(4,838)	(4,809)
(less) Costs for capitalized in-house work	22	0	0
Other net operating costs (revenues)	23	(1,781)	(2,197)
Total operating costs		(46,588)	(50,751)
EBITDA		3,212	2,786
Depreciation and amortization (-)	24	(2,020)	(1,896)
Capital gains (losses) on disposal of non-current assets			
Write-downs/write backs of non-current assets			
Other provisions			
EBIT		1,192	890
Financial income	25	8	8
Financial expenses	25	(260)	(177)
BEFORE TAX RESULT		940	721
Income taxes	26	(204)	(225)
Net result for the period		736	496
Revenues referred to net equity	10		
Costs referred to net equity	10	(117)	(18)
Profit (loss) global		619	478
Profit (loss) for the period attributable to			
Net result for Group interest		619	478
Net result for minority			0

The other costs and / or income charged directly to equity, without passing through the income statement, in application of IAS 39 refer to the fair value adjustment of the derivative financial instruments of the IRS type for hedging on variable rate loans.

CONSOLIDATED FINANCIAL STATEMENTS POLIGRAFICA S. FAUSTINO S.P.A. GROUP DECEMBER 31, 2020

CASH FLOW STATEMENT - CONSOLIDATED

(indirect method)	2020	2019
A. Cash flows from operating activities		
Profit (loss) of the accounting year	736	496
Taxes	204	225
interest expense / (interest income)	252	169
(Gains)/ losses on the disposal of assets	(1)	(3)
1. Profit (loss) before income taxes, interest, dividends and capital gains / losses on disposal	1,191	887
Allocations to provisions	111	105
Amortisation of intangible assets	2,020	1,896
Adjustments for non-cash items that had no counterpart in the NWC	2,131	2,001
2. Cash flow before changes in NWC	3,322	2,888
Decrease / (increase) in inventories	(14)	-
Decrease / (increase) in trade receivables and to the Group	1,547	(1,208)
Increase / (decrease) in trade payables and to the Group	(1,225)	1,018
Other changes in net working capital	(487)	(120)
Variation of NWC	(179)	(310)
3. Cash flow after variation of NWC	3,143	2,578
Interest received / (paid)	(252)	(169)
(taxes paid)	(141)	(60)
Use of funds	(48)	(85)
Other adjustments	(441)	(314)
Cash flow of income management (A)	2,702	2,264
B. Cash flow of investments		
Property, plant and equipment		
(Investments)	(1,929)	(1,561)
Price of disinvestments	1	176
Intangible assets		
(Investments)		
Goodwill realization	(133)	(121)
	-	395
Shareholding and other non-current payables		
(Investments)		(64)
Price of disinvestments	206	-
Cash flow from investing activities (B)	(1,855)	(1,175)
C. Cash flow from financing		
Increase in short-term borrowings from banks	(389)	68
Opening of loans and payable for usage rights	17,335	10,297
Reimbursement of loans and payable for usage rights	(7,527)	(7,447)
Third's means	9,419	2,918
Sale (purchase) of owns shares	(273)	-
Other variations	(117)	(18)
equity	(390)	(18)
Net cash flow from financing activities (C)	9,029	2,900
Increase (decrease) in cash (a ± b ± c)	9,876	3,989
Cash and cash equivalents at beginning of the year	9,840	5,851
Cash and cash equivalents at the end of the year	19,716	9,840

STATEMENT OF CONSOLIDATED SHAREHOLDERS 'EQUITY Euro / 000

NET EQUITY	31/12/18	Destination result	Other Movements	Result	31/12/19
Capital Stock	6,162				6,162
Reserve Shares Premium	103				103
Own shares reserve	96				96
Own shares	(96)				(96)
Revaluation reserve	241				241
Legal reserve	225	2			227
Other and new reserves	1,284	439	(18)		1,705
Gain (loss) period	441	(441)		496	496
TOTAL Group equity	8,456	0	(18)	496	8,934
Minority reserves					
Minority result					
Total Minority Equity	0	0	0	0	0
TOTAL CONSOLIDATED	8,456	0	(18)	496	8,934

NET EQUITY	31/12/19	Destination result	Other Movements	Result	31/12/20
Capital Stock	6,162				6,162
Reserve Shares Premium	103		(103)		-
Own shares reserve	96		273		369
Own shares	(96)		(273)		(369)
Revaluation reserve	241				241
Legal reserve	227	3			230
Other and new reserves	1,705	493	(287)		1,911
Gain (loss) period	496	(496)		736	736
TOTAL Group equity	8,934	0	(390)	736	9,280
Minority reserves					0
Minority result					0
Total Minority Equity	0	0	0	0	0
TOTAL CONSOLIDATED	8,934	0	(390)	736	9,280

The change in equity recorded among other movements relates to the purchase of own shares together with the additional negative differential (117 K / euro) recorded at the end of the year in the fair value of hedging contracts on bank loans.

NET FINANCIAL POSITION DETAIL

CONSOLIDATED NET FINANCIAL POSITION	31 Dic 20	31 Dic 19
<i>Euro (000)</i>		
LIQUIDITY AVAILABLE	19,716	9,840
DEBTS TOWARDS BANKS (SHORT TERM)	(5,507)	(7,065)
DEBTS TOWARDS OTHERS (SHORT TERM)	(764)	(862)
DEBTS FOR RIGHT OF USE (SHORT TERM)	(191)	(231)
TOTAL POSITION AT SHORT TERM (A)	13,254	1,682
DEBTS TOWARDS BANKS BEYOND THE SHORT TERM.	(18,236)	(6,281)
DEBTS TOWARDS OTHERS BEYOND THE SHORT TERM.	(1,158)	(1,932)
DEBTS FOR RIGHT OF USE BEYOND THE SHORT TERM	(222)	(286)
TOTAL POSITION AT MEDIUM/LONG TERM (B)	(19,616)	(8,499)
NET FINANCIAL POSITION (A+B)	(6,362)	(6,817)

In the 2020 financial year, 14 new loans were taken out with credit institutions for a total of 17,140 / K euros. During the 2020 financial year, no new financial leasing contract was entered into, nor are there any further commitments already signed in this regard.

The debt for rights of use, in application from 1 January 2019 on the basis of IFRS 16, concerns numerous rental contracts (vehicles and equipment).

At the end of the year, no. 13 derivative contracts to hedge interest rates on bank loans (10) and on financial leasing (3). The fair value effects of these derivatives amounted to a total of 151 K / euro (negative) and were recorded among the shareholders' equity reserves at 31/12/2020. Compared to the end of the previous year, there is a negative integration of 117 K / Euro.

For a correct analysis of the financial dynamics, please refer to what is reported in more detail in the cash flow statement.

In order to better define the changes in the Group's net financial position, we report in detail the financial position specifically referred to Linkonline S.r.l. (commercial sector):

LINKONLINE	31 dic 20	31 dic 19
NET FINANCIAL POSITION	Euro (000)	Euro (000)
LIQUIDITY AVAILABLE	7,130	2,212
DEBTS TOWARDS BANKS (SHORT TERM)	(1,799)	(1,465)
DEBTS TOWARDS OTHERS (SHORT TERM)	-	-
DEBTS FOR RIGHT OF USE (SHORT TERM)	(53)	(60)
TOTAL POSITION AT SHORT TERM (A)	5,278	687
DEBTS TOWARDS BANKS BEYOND THE SHORT TERM,	(4,975)	(673)
DEBTS TOWARDS BANKS BEYOND THE SHORT TERM,	-	-
DEBTS FOR RIGHT OF USE BEYOND THE SHORT TERM	(89)	(82)
TOTAL POSITION AT MEDIUM/LONG TERM (B)	(5,064)	(755)
NET FINANCIAL POSITION (A+B)	214	(68)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31.12.2020**PREMISE****Declaration of compliance with IAS / IFRS international accounting standards**

The consolidated financial statements for the year 2020 were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The reference to IFRS also includes all the International Accounting Standards (IAS) in force. It is compared with data from the previous year drawn up in homogeneity of criteria. It consists of the statement of financial position, statement of comprehensive income, statement of cash flows, statement of changes in shareholders' equity and the notes. The consolidated financial statements have been drawn up on the basis of the historical cost principle except for some revaluations of tangible fixed assets in previous years.

Consolidated financial statements

The statement of financial position reports the essential content dictated by the international accounting standards and is based on the distinction between current and non-current assets and liabilities, according to their aptitude for realization within, or more than 12 months from the reference date.

The statement of comprehensive income is presented on the basis of a structure by nature of costs.

The statement of financial position does not include items representing the values relating to assets held for sale and assets and liabilities included in disposal groups held for sale as there are no such cases.

AREA AND CRITERIA OF CONSOLIDATION**Premise**

The consolidation area is unchanged compared to the end of the previous year and includes in detail the following companies:

Poligrafica S. Faustino S.p.A., the parent company, operates essentially in the following business areas:

- various printed matter (promotional-advertising, continuous forms and others);
- document management.

Sanfaustino Label S.r.l. : company specialized in the production of labels based in Castrezzato (BS). Poligrafica S. Faustino S.p.A. holds 100% of the stake.

Linkonline S.r.l. : trading company in the sector of the distribution of consumer products for information technology: Poligrafica S. Faustino S.p.A. has acquired 100% of the company shares since February 2008.

Holding	Head office	Capital Stock		
Poligrafica S. Faustino S.p.A.	Castrezzato	Euro 6,161,592.12		
Subsidiaries consolidated with integral method	Head office	Capital stock	control	
Sanfaustino Label S.r.l.	Castrezzato	Euro 20,000	100%	direct

Linkonline S.r.l.	Castrezzato	Euro 100,000	100%	direct
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There are no other subsidiaries excluded from the consolidation area.

CONSOLIDATION CRITERIA

The book value of the investments is eliminated against the relative net assets, against the assumption of the assets and liabilities of the subsidiaries according to the global integration method; the positive or negative difference that arises from the aforementioned elimination is evaluated and attributed to assets, liabilities and / or shareholders' equity on the basis of the specific elements that originated these differences. Any portions of shareholders' equity and profit for the year attributable to the minority shareholders of the subsidiaries are shown separately, respectively, under the items "capital and reserves of third parties" and "profit attributable to third parties".

The debit and credit items and those of cost and income between the companies included in the consolidation area (full method) are eliminated. In particular, profits and losses deriving from transactions between Group companies not yet realized with third parties are eliminated, if significant.

Sector information

The sector is a distinctly identifiable part of a Group that provides a set of homogeneous products and services (business sector) or that provides products and services in a specific economic area (geographical sector). Traditionally, the Poligrafica S. Faustino Group has always operated substantially in a single sector of activity, that of customized graphic products. Similarly, the reference market is manifested in a single geographical area (Euro area) with absolute national prevalence. After 2008, with the acquisition of the company Linkonline S.r.l., the Group expanded its business sectors also in the area of the distribution of consumer products for information technology. For data relating to sector information, please refer to the paragraph dedicated to the performance of the year.

ACCOUNTING PRINCIPLES AND VALUATION CRITERIA

Accounting schemes

The consolidated statement of financial position shows the essential content dictated by the international accounting standards and is based on the distinction between current and non-current assets and liabilities, according to their aptitude for realization within, or beyond 12 months from the reference date.

The consolidated income statement is presented on the basis of a structure by nature of costs.

The cash flow statement is prepared on the basis of the indirect method.

The statement of financial position does not include items representing the values relating to assets held for sale and assets and liabilities included in disposal groups held for sale as there are no such cases.

CHANGES IN ACCOUNTING PRINCIPLES

With regard to the new international accounting standards applied for the first time starting from 1 January 2018, the following is noted:

IFRS 15 "Revenues from contracts with customers": dictated rules for the recognition of revenues by introducing an approach that provides for the recognition of income only when complete fulfillment of contractual obligations occurs. In view of the analyzes carried out on the various forms and types of contracts, the adoption of this principle did not have any impact.

IFRS 9 “Financial instruments”: dictated new models for the classification and measurement of financial assets. Based on the analyzes carried out, the adoption of this principle did not identify quantitative impacts.

From 1 January 2019, the new IFRS 16 "Leasing" standard was applied, which replaces the previous IAS 17. For the companies and for the Group, the application of this standard has had effects on the different presentation and valuation with particular regard to operating leases and to passive leases. The contracts falling within the new scope of application indicated by IFRS 16 are attributable to operating lease agreements referring to company cars, industrial equipment.

On May 28, 2020, the IASB (International Accounting Standards Board) published an amendment to IFRS 16 to regulate the accounting by lessees of any amendments granted by lessors to the installments of operating leasing contracts. The amendment introduces a practical simplification for the accounting of these concessions when they are a direct consequence of the Covid-19 pandemic, avoiding the lessee to assess whether they involve a lease modification, but allowing him to account for them as a variable lease payment in the period in question. which the concession takes place.

The following principles and amendments entered into force on 1 January 2020:

- Amendments to IFRS 3: Definition of a business
 - Amendments to IFRS 7, IFRS 9 and IAS 39: Reform of the interest rate benchmark,
 - Amendments to IAS 1 and IAS 8: Definition of "material" and Conceptual Framework for Financial Reporting issued on March 29, 2018)
- they had no impact on the Group's consolidated financial statements.

ACCOUNTING STANDARDS AND AMENDMENTS NOT YET MANDATORY APPLICABLE AT 31 DECEMBER 2020

New and revised standards	Effective date envisaged by the standard
Amendments of IFRS4 - deferral of the application of IFRS 19	1 st January 2021
Amendment to IAS1 - classification of liabilities as current and non-current	1 st January 2022
Amendments to IFRS 3, IAS 16 and IAS 37	1 st January 2022
Annual updates 2018-2020	1 st January 2022
IFRS17 - insurance contracts	1 st January 2023

The Group has not adopted in advance new standards, interpretations or amendments that have been issued but not yet in force.

ACCOUNTING PRINCIPLES ADOPTED BY THE GROUP

The accounting principles and valuation criteria applied in preparing the data are reported below.

It should be noted that the sole subsidiary Linkonline S.r.l. draws up the financial statements in application of national accounting standards. Consequently, for the purposes of preparing the consolidated financial statements of Poligrafica S. Faustino SpA, the appropriate adjustments required by the IAS / IFRS were made to the financial statements of Linkonline Srl, drawn up according to national standards to make it consistent with that of the parent

company and proceed to aggregation of financial statements all drawn up on the basis of international accounting standards.

That said, the accounting principles and valuation criteria applied in the preparation of the consolidated data are reported below.

Property, plant and machinery

They are entered at the cost incurred or at the revalued cost (deemed cost) net of depreciation (with the exception of land which is not depreciated). The cost incurred corresponds to the purchase or manufacturing cost, including directly attributable costs and indirect costs relating to internal production. The cost of the buildings includes a revaluation carried out in accordance with the law and in any case does not exceed the market value.

The depreciation rates are determined with reference to the economic-technical criterion and are calculated on a straight-line basis on the basis of the residual possibility of use of the assets, periodically verified to take into account their technical-economic deterioration.

The estimated useful life in years is as follows:

Types	Useful life
Buildings	33
Light buildings	10
Plants	10
Particular plants and machineries	4-7
Other fixtures and fittings, tools and equipment	4-5
Forniture	8
Electronic Machines	5
Transport machines	4-5
Value increasing on third's goods	(according to duration of the allocation contract)

Leased assets and rights of use assets

Tangible fixed assets include the fixed assets acquired through financial leasing, as well as the internal and / or external incremental costs incurred for the same, at the purchase value decreased by the depreciation rates calculated on the basis of the same criteria used for owned fixed assets. The residual amounts of principal payable to the lessors are therefore recognized among the short and medium / long-term financial liabilities, while the financial charges for the period are recognized in the income statement. Assets for rights of use (IFRS 16), which concern leases on tangible assets, are depreciated based on the expected duration of the lease.

Goodwill

Goodwill represents the difference between the purchase price incurred for the purchase of equity investments and the corresponding current value of identifiable assets and liabilities on the date of acquisition. For acquisitions prior to the date of adoption of the IFRS, the Company has made use of the option not to adopt the retroactive method of IFRS 3; consequently, goodwill was recognized on the basis of the value determined by the previous accounting principles net of amortization booked up to 31/12/2003 and net of any losses in value considered permanent. From the transition date, goodwill, as an intangible asset with an indefinite life, is not amortized but periodically subjected to verification (impairment test) in order to identify any reductions in value, if the presence of indicators in this regard is recognized

Other intangible assets

The other intangible assets acquired or produced internally are recognized as assets (based on IAS 38) on the basis of a cost determined reliably if their use is expected to generate future economic benefits. During the year, the costs from third parties for further implementation of the various IT platforms and internal costs for development activities for technological innovation on projects that give impetus to the expansion of the production offer in the field of labels as well as other activities were capitalized for new technical and electronic control solutions on production. Purchase and / or production costs are amortized on a straight-line basis over their estimated useful life.

Impairment

With reference to tangible fixed assets and intangible assets on an annual basis, the existence of indications of impairment is verified; if such factors are present, on the basis of the recoverable value, the loss of value recognized in the income statement in the year of determination is determined.

Financial fixed assets

Investments in non-subsidiary or non-affiliated companies are recognized at purchase cost, adjusted if necessary to take account of lasting losses.

Long-term receivables are valued on the basis of their presumed realizable value.

Inventories

Inventories of raw materials and goods are recorded at the lower of the value inferable from market trends and the weighted average purchase cost. Work in progress and finished products, wholly on order, are valued at the lower of cost and the current value of the payments due for the percentages of completion.

Credits

Receivables are entered at their presumed realizable value.

The application of the amortized cost criterion has no effect in the case of trade receivables or other short-term assets or in reference to receivables of a financial nature when the effective interest rate is not significantly different from the market interest rate and / or not there are significant transaction costs.

In the event that the maturity of trade receivables and other current assets do not fall within the normal commercial terms and are not interest-bearing, a discounting process is applied, where deemed significant.

Current financial assets

Any financial assets that are not fixed assets and that are held for trading are recognized at fair value with the recognition of the economic effects among financial income or charges.

Own actions

The treasury shares held by the company at the end of the year are entered at the purchase cost. As required by the international reference standards, the total cost of treasury shares is recorded as a decrease under shareholders' equity. Similarly, positive and / or negative differentials deriving from transactions on the same treasury shares are recorded among the reserves.

Provisions for risks and charges

Provisions for risks and charges are intended only to cover losses or debts of a determined nature, of certain or probable existence, of which, however, at the end of the period either the amount or duration of occurrence is undetermined. The allocations are made only when there is a legal or constructive obligation, it is likely that the use of resources will be required to fulfill the same, and a reliably estimated amount can be determined.

Employee severance indemnity (Employee benefits)

The severance indemnity on the basis of the laws and employment contracts applicable to the individual companies covers the amounts to be paid and the reserves relating to the loans accrued at the end of the period, in favor of employees, net of any advances paid. In light of the regulatory changes imposed by the 2007 budget, an almost total devolution of the amounts accrued during the year, depending on the choices made by the employees of the various companies, in favor of supplementary pension schemes or in favor of the INPS Treasury significant, with regard to minor companies). As a result of this operation, except for the annual revaluation quota, the severance indemnity fund is destined to progressively decrease following resignations and / or advances paid. The application of the actuarial methodology required by IAS 19, the effects of which (however positive on equity) had already been previously assessed as insignificant, assumes less and less significance in light of the dynamics described above.

Debts

Payables, whose maturity falls within the normal commercial terms, are not discounted and are valued at amortized cost which, for non-interest bearing liabilities, effectively coincides with the nominal value.

Financing

Loans are valued at cost, net of accessory acquisition costs. This value is subsequently adjusted to take into account any difference between the initial cost and the reimbursement value.

Following initial recognition, financial liabilities are valued with the amortized cost criterion using the original effective interest rate method represented by the rate that makes the present value of the cash flows equal to the value at the time of initial recognition. of initial enrollment. Each profit or loss is recognized in the income statement when the liability is extinguished, as well as through the amortization process.

In cases where the transaction costs are not significant, the effective interest rate essentially coincides with the nominal rate and consequently the application of the amortized cost has no impact.

Revenue recognition

Revenues and income are recognized in the income statement when it is probable that economic benefits will flow to the Group and the relative amount can be reliably determined. In particular, the revenues from the sale of products are recognized when the risks and benefits associated with the ownership of the goods by the buyer have been transferred.

Income taxes

Taxes are determined on the basis of an analytical calculation of the payable charge, for each company, according to current tax legislation. Furthermore, in the event of temporal differences between the recognition of costs and revenues in the income statement (according to an accrual basis) and the moment of their deductibility / taxability for tax purposes, the related impacts were calculated and then entered in the income statement. deferred and / or prepaid tax. The future tax benefits associated with the reported tax losses are recognized and / or maintained taking into account the conditions for their reasonable realization. Finally, the effects, where applicable, of deferral and / or anticipation of time on taxes resulting from the adjustments made during the consolidation are determined.

Use of estimated values

The drafting of the consolidated financial statements and explanatory notes required the use of estimates and assumptions both in the determination of some assets and liabilities and in the valuation of potential liabilities. The a posteriori results that will derive from the occurrence of the events could therefore differ from these estimates.

The estimates and assumptions considered are reviewed on a continuous basis and the effects of any changes are consequently recorded in the financial statements.

Financial instruments

The Group only holds derivatives to hedge interest rates on financial payables (IRS). The aforementioned derivatives (for which the relationship between the derivative and the object of the hedge is satisfied and its effectiveness is formally documented) cover the risk of changes in the cash flows of the hedged elements (cash flow hedge).

The accounting treatment adopted by the Group provides that the change in fair value of the same is recognized directly in equity, while any ineffective portion is recognized directly in the income statement.

The amounts recognized directly in equity are presented in the comprehensive income statement.

Any implicit derivatives included in other contracts are treated as separate derivatives, when their risks and characteristics are not strictly related to those of the contracts that host them and the latter are not measured at fair value, with recognition of the relative profits and losses in the income statement.

The fair value of financial instruments listed on an active market is based on the market prices at the balance sheet date. The fair value of instruments not listed on an active market is determined using specific valuation techniques based on data provided by credit institutions.

EXPLANATORY NOTES ON THE CONSOLIDATED BALANCE SHEET AS AT 31.12.2020

NON-CURRENT ASSETS

1. Tangible assets and rights of use (DATA EXPRESSED IN THOUSANDS OF EURO)

Bilance at 31/12/20	8,708
Bilance at 31/12/19	8,559
variation	149
Lands	
Historical Cost	1,193
Revaluation	0
Devaluation	0
Balance at 31/12/19	1,193
Disposals	0
Balance at 31/12/20	1,193
Buildings	
Cost (413/91 revaluation included for Euro 249 thousand)	6,681
Accumulated depreciation	(3,817)
Balance at 31/12/19	2,864
Acquisitions / Increase	61
Disposals	-
Depreciation	(183)
Balance at 31/12/20	2,742
Plants and machinery	
Historical Cost	12,553
Accumulated depreciation	(8,738)

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Balance at 31/12/19	3,815
Increase	1,673
Disposals	(507)
Use funds	507
Depreciation	(1,292)
Balance at 31/12/20	4,196

Industrial and commercial facilities	
Historical cost	368
Accumulated depreciation	(348)
Balance at 31/12/19	20
Increase	10
Disposals	(87)
Use Funds	87
Depreciation	(12)
Balance at 31/12/20	18

Other tangible assets	
Historical cost	932
Accumulated depreciation	(779)
Balance at 31/12/19	153
Increase	40
Disposals	(65)
Use funds	65
Depreciation	(41)
Balance at 31/12/20	152

Right of use on proprieties	
Balance at 31/12/19	153
Increase	
Early extinctions	
Use funds	
Amortizations	(88)
Balance at 31/12/20	65

Right of use in other goods (vehicles)	
Balance at 31/12/19	362
Increase	147
Early extinctions	
Use funds	
Amortizations	(167)
Balance at 31/12/20	342

2. Intangible assets

Balance at 31/12/20	1,143
Balance at 31/12/19	1,248
variation	(105)

Description	Value at 31/12/19	increase	Amort.	Other variations	Value at 31/12/20
Goodwill	691				691
Development costs	489	72	(182)		379
Software	68	60	(55)		73
	1,248	132	(237)		1,143

As required by IFRS 3, goodwill, as an intangible asset with an indefinite useful life, is no longer amortized systematically, but is subject to impairment testing.

Since goodwill does not generate independent cash flows, nor can it be the subject of an autonomous sale, the individual units (companies) to which the goodwill refers have been identified as Cash Generating Units (C.G.U.).

The book value of the CGU (carrying value) referred to the consolidated book values as at 31/12/2020, is summarized in the following table. The values are indicated in thousands of Euros:

Company	Stake	Goodwill	Other tangible and intangible assets	Accounting amount of CGU in PSF as at 31 12 2020
Linkonline S.r.l.	100%	691	71	1,123

At 31 December 2020 the "impairment" analysis was updated and conducted by an independent expert using the cash flows inferable from the five-year economic-financial plans (2021-2025) approved by the Board of Directors of the subsidiary Linkonline S.r.l. on 01 March 2021 and based on reasonable and sustainable assumptions consistently with the best possible estimate.

For the Sanfaustino Label S.r.l. no impairment analysis was necessary, taking into account that the related goodwill value has already been eliminated in the financial statements as of 31/12/2012 following the results of the impairment test.

At the closing date of these financial statements, the verification of the recoverable value of the GCS to which the goodwill was allocated was then carried out by comparing the book value of these units with the value in use represented by the present value of the future cash flows which are estimated to derive from the continuous use of an asset and from its disposal at end of its useful life.

The flow projection time horizon used by Poligrafica S. Faustino S.p.A. is equal to the plan years (2021-2025). The expected cash flows within the aforementioned time frame were discounted at a rate of 9.4951%, gross of taxes, corresponding to the weighted average cost of capital (WACC). The company has estimated, at the end of the explicit time horizon of the plan, the terminal value representing the expected cash flows beyond the explicit period of the plan as perpetual capitalization of the cash flow of the last year of the plan (2025), determining the ratio between the latter and a WACC_{tv} of 11.7297% (prudently higher than the WACC used to discount the plan flows).

Taking into account the results achieved and the foreseeable results on the subsidiaries, no elements emerged from the impairment test that could constitute lasting losses in value.

The further increases in development (72) and software (60) costs mainly include the costs incurred for the construction and implementation of the IT platforms also used in the production management of graphic supports. The increases in the period therefore refer to the external costs of implementing new production and commercial technologies.

4 Equity investments and other non-current receivables

Financial investments	31/12/20	31/12/19
Equity investments in other companies	3	3
Other receivables	259	465
	262	468

Equity investments in other companies include the shareholdings in the Conai, Corepla and Comieco consortia. Receivables from others beyond the short term consist of supplier guarantee deposits for 1 thousand euros, for 15 thousand euros receivables from the tax authorities for requests for reimbursement, for 243 thousand euros from residual medium / long-term receivables due from companies third parties for the sale of tangible and intangible fixed assets and / or company branches with payment plans in installments.

5. Receivables for prepaid and / or deferred tax assets

Balance at 31/12/20	1,202
Balance at 31/12/19	1,316
Variations	(114)

Receivables for prepaid and / or deferred tax assets underwent the following changes:

Deferred tax assets as at 31.12.17	1,381
- reversal tax losses to compensation profits	(44)
- on 2018 fiscal loss	187
- on 2018 temporary differences	-
- of consolidation adjustments	(28)
- other reversal tax and other adjustments	(7)
Deferred tax assets as at 31.12.18	1,489
- reversal tax losses to compensation profits	(107)
- on 2019 fiscal loss	-
- on 2019 temporary differences	5
- of consolidation adjustments	(38)
- other reversal tax and other adjustments	(33)
Deferred tax assets as at 31.12.19	1,316
- reversal tax losses to compensation profits	(62)
- on 2020 fiscal loss (*)	-
- other reversal tax and other adjustments	(10)
- of consolidation adjustments	(42)
Deferred tax assets as at 31.12.20	1,202

(*) = prudently not recognized in 2019 and 2020 despite the fiscal losses of the subsidiary Sanfaustino Label as generated by hyper and super depreciation

The item includes the future benefit for reported tax losses. The total amount of this component is equal to 1,115 K / Euro and is made up of the book residue attributable to the Parent Company, amounting to 928 K / Euro in addition to the amount of 187 K / Euro for the tax loss achieved in 2018 by Sanfaustino Label.

The difference of 87 K / Euro is for 44 K / Euro referable to consolidation adjustments and the remaining 43 K / Euro to residual components on various temporary recoveries.

It should be noted that the future tax benefit for the Group presents an unrecognized latent positive differential of approximately € 0.83 million against reported tax losses.

The Directors believe that they can confirm the recoverability of the amount entered among the assets in these financial statements in light of the taxable income that can also be expected for the coming years.

CURRENT ASSETS

CURRENT ASSETS	31/12/20	31/12/19	variation
Inventories	3,376	3,362	14
Trade receivables	16,307	17,854	(1,547)
Tax receivables	1,173	645	528
Other receivables	854	916	(62)
Cash and banks	19,716	9,840	9,876
Total current assets	41,426	32,617	8,809

In particular, as at 31/12/20 Linkonline (**commercial sector**) shows the following balances:

LINKONLINE S.r.l.	31/12/20	31/12/19	Variazione
Inventories	1,267	1,451	(184)
Trade receivables	5,409	5,903	(494)
Tax receivables	43	43	-
Other receivables	45	31	14
Cash and banks	7,130	2,212	4,918
Total current assets	13,894	9,640	4,254

6. Inventories

Inventories	31/12/20	31/12/19
Raw materials	764	633
Finishing Products	527	432
Finished Products	2,085	2,297
	3,376	3,362

The item "Raw, ancillary and consumable materials" includes various types of paper, inks, plates and less important consumables. The item "Finished products and goods" includes articles of internal production exclusively on order as well as marketing articles and other goods to be marketed by Linkonline S.r.l ..

The item "Work in progress" includes work on order not yet completed as at 31 December.

7. Trade receivables

Balance at 31/12/20	16,307
Bilance at 31/12/19	17,854
Variation	(1,547)

Description	31/12/20	31/12/19
Toward client:		
Italy	15,419	17,228
CEE Area	1,167	911
Extra-CEE Area	24	4
(less) allowance for	(303)	(289)

doubtful accounts		
Total	16,307	17,854

The total credits devaluation fund was used during the year for € 25 thousand and adjusted for a total amount of € 39 thousand. The overall balance set aside by the individual companies is considered adequate to cover positions of doubtful realization, however scarcely significant. It should also be noted that since October 2017 a substantial part of trade receivables is covered by insurance policies.

8. Tax credits

Balance at 31/12/20	1,173
Balance at 31/12/19	645
Variation	528

Details of the item are shown below:

Receivable from the administrator	31/12/20	31/12/19
VAT receivable	1,130	545
D.L. 66/2014 receivables	24	16
R&D L.190/2014 receivables	0	34
Ires-Irap receivables	11	42
Other receivables from administration	8	8
	1,173	645

9. other tax credits

Balance at 31/12/20	854
Balance at 31/12/19	916
Variation	(62)

The breakdown of the item other current receivables is shown below:

Composition	31/12/20	31/12/19
Various credits	420	585
Prepayments and accrued income	434	331
	854	916

The most significant component recorded under miscellaneous receivables refers to advances to suppliers amounting to 306 K / Euro as at 31 December 2020.

Accrued income and prepayments are divided as follows:

Description	31/12/20	31/12/19
Others accrued income	130	56
Prepaid rental costs	56	39
Financial prepaid costs	104	207
Deferred on other expenses	144	29
	434	331

The various active rates include the portions of active contributions on Sabatini contracts . The most significant component of deferrals on miscellaneous expenses refers to deferred bank charges for Euro 82 K.

- Current financial assets
The Group has no trading financial assets.

10. Cash and cash equivalents

Descrizione	31/12/20	31/12/19
- bank and postal deposits	19,713	9,836
- checks	-	-
- cash and cash equivalents	3	4
	19,716	9,840

The balance represents cash and equivalents and the existence of values as of 31 December 2020. For a complete assessment of the financial dynamics, please refer to the cash flow statement.

NET ASSETS

11. Capital and reserves

Balance at 31/12/20	9,280
Balance at 31/12/19	8,934
Variation	346

The items that make up the consolidated shareholders' equity can be detailed as follows:

Equity	31/12/20	31/12/19
Capital stock	6,162	6,162
Share premium account	-	103
Own share buying reserve	369	96
Revaluation reserve	241	241
Reserves	610	440
Owns' shares	(369)	(96)
Legal reserve	230	227
Other reserves and retained earnings	1,911	1,705
Profits (loss) accumulated	736	496
Profit (loss) for the financial period	2,877	2,428
Total group equity	9,280	8,934
Capital and reserves of third parties	0	0
Period Profit (loss) of third parties	0	0
Minorities interests	0	0
Total group equity	9,280	8,934

During the year, the Parent Company carried out purchase transactions for no. 47.084 treasury shares for a total value of 273.052 euro. At the end of the financial year, therefore, the company

has no. 62,903 own shares (corresponding to 5.6% of the total of 1,123,483 shares making up the share capital) for a value of 369,337 euros at an average price of 5.871 euros.

The negative reserve on hedging derivatives valued at mark to market amounts to 151 K / Euro (it was negative by 34 K / Euro at the end of the previous year).

CONNECTION TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS

The reconciliation statement between the shareholders' equity and the result of the Parent Company and those emerging from the consolidation is shown below:

(Euro/000)	Result	Net equity
Holding	169	7,219
Subsidiary companies result (IAS)	458	458
Effect of elimination of holdings	-	(1,143)
Other consolidation adjustment	-	2,858
Net equity and result	109	(112)
Allocation to result and minorities' result	736	9,280
Net equity and Group's result	0	0
Holding	736	9,280

Earnings for share

Below we show the earnings per share calculated by dividing the Group's net profit for the period by the average number of shares in circulation:

Profit (loss) for share	2020	2019
Total ordinary shares	1,123,483	1,123,483
Total preference share	0	0
Average number of ordinary shares	1,123,483	1,123,483
Average number of preference shares	0	0
Net result Euro/000	736	496
Profit (loss) for share <i>(In Euro unit)</i>	0.6551	0.4415

We do not report any information on diluted earnings per share as the Company has not issued bonds convertible into financial instruments representing capital.

NON-CURRENT LIABILITIES

12. Financing

Balance at 31/12/20	19,616
Balance at 31/12/19	8,499
Variation	11,117

Description	31/12/20	31/12/19
- Amounts due to banks (medium/long term)	18,236	6,281
- Amounts due to Leasing company (medium/long term)	1,158	1,932
- Amounts due for right of use (medium/long term)	222	286
	19,616	8,499

The **total** outstanding loans to be borne by the Group are made up as follows:

- 23,113 thousand euros for loans with credit institutions, of which 18,085 thousand is the medium / long-term component (4,877 thousand at short-term); the fair value effect on derivatives of 151 thousand euros is added to the M / L share.
- 1,922 thousand euros on financial leases whose medium / long-term component amounts to 1,158 thousand euros (764 thousand in B / T)
- 412 thousand euros from debt for rights of use (on non-financial leases) of which 190 short-term and 222 in M / L.

In the 2020 financial year, some operations were carried out as summarized below:

- a) taking out 14 loans with credit institutions for a total of € 17,140 thousand.
- b) no opening of financial leases
- c) Start-up during the year of new lease contracts for 146 thousand euros;

There are no. 13 interest rate hedging derivative contracts valid until the expected maturity. The fair value effects of these derivatives were overall equal to 151 K / Euro (they were equal to about 34 K / Euro at the end of the previous year) and were included among the negative reserves of shareholders' equity at 31/12/2020 .

The expected duration of the new loans (17,140 k / euro) is broken down as follows by amounts:

Total financing	Duration
0	12 months
500 K/Euro	18 months
1,500 K/Euro	24 months
0	36 months
2,000 K/Euro	60 months
13,140 K/Euro	72 months

The debt for rights of use, in application from 1 January 2019 on the basis of IFRS 16, concerns numerous rental contracts (vehicles and equipment).

There are no covenants on financial debt that could lead to the loss of the benefit of the term.

13. Severance indemnity and pension funds

Balance at 31/12/20	950
Balance at 31/12/19	881
variation	69

Description	Balance at 31/12/19	Utilize/Decrease	Increase	Balance at 31/12/20
Employee severance indemnity	540	(42)	50	548
Agents' termination indemnity	341	-	61	402
	881	(42)	111	950

14. Deferred tax liabilities

Balance at 31/12/20	104
Balance at 31/12/19	110
variation	(6)

Liabilities for deferred taxes are made up for 18 thousand euros of deferred tax effects on the tax clean-up already carried out in previous years to which are added the deferred net tax effects that originate from the consolidation records and from the application of various accounting principles dictated by the IAS.

Deferred tax liabilities moved as follows during the year:

Deferred tax liabilities at 31.12.19	237
Return on amortizations and lands	(4)
Return on amortizations and lands accounting year and corresponding returns	1
Annulment goodwill formerly Psfinteractive	(124)
Deferred tax liabilities at 31.12.19	110
Return on amortizations and lands	(4)
Net fiscal effect on IAS revisions in the 2020 accounting year and corresponding returns	(2)
Deferred tax liabilities at 31.12.20	104

Other non-current liabilities

Bilance at 31/12/20	0
Bilance at 31/12/19	0
variations	0

At the end of the year, there are no debt positions beyond 12 months.

CURRENT LIABILITIES

Description	31/12/20	31/12/19	Variation
Loans (short term debt)	6,462	8,158	(1,696)
Trade payables	14,815	16,040	(1,225)
Tax payables	318	422	(104)
Other payables	1,196	1,164	32
Total current liabilities	22,791	25,784	(2,993)

The trend in short-term loans is consistent with what has already been described and takes into account the effects on cash flows highlighted in the specific consolidated financial statements.

Similarly to what is reported for current assets, below is the data specifically referable to current payables of the commercial sector (Linkonline S.r.l.):

LINKONLINE S.r.l.	31/12/20	31/12/19
Loans (short term debt)	1,799	1,465
Trade payables	5,113	5,512
Tax payables	83	135
Other payables	211	240
Total current liabilities	7,206	7,352

15. Loans (short-term portion)

Balance at 31/12/20		6,462
Balance at 31/12/19		8,158
variation		(1,696)
Description	31/12/20	31/12/19
- Owed to banks - short term loans	5,507	7,065
- Debts towards Leasing company in short term	764	862
- Debts for right of use in short term	191	231
	6,462	8,158

Due to banks within 12 months represent the current account liabilities and advances of the Group companies for a total of Euro 630 thousand to which is added the residual short-term portion of mortgages and loans equal to Euro 4,877 thousand.

For further considerations, please refer to what has already been reported previously.

16. Commercial debts

Balance at 31/12/20		14,815
Balance at 31/12/19		16,040
variation		(1,225)
Description	31/12/20	31/12/19
Trade payables:		
Italy	13,690	15,163
CEE Area	516	405
Area Extra-CEE	0	0
Towards clients of goods to deliver in different moments	609	472
Total	14,815	16,040

17. Tax payables

Balance at 31/12/20		318
Balance at 31/12/19		422
variation		(104)
Description	31/12/20	31/12/19
IRPEF (personal income tax)	292	305
VAT	0	78
IRES-IRAP (corporate income taxes)	26	39
	318	422

18.. Other current liabilities

Balance at 31/12/20		1,196
Bilance at 31/12/19		1,164

CONSOLIDATED FINANCIAL STATEMENTS POLIGRAFICA S. FAUSTINO S.P.A. GROUP DECEMBER 31, 2020

Variation	32
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Description	31/12/20	31/12/19
Owed to social institutes	349	382
Other payables	701	663
Accruals and deferred income	146	119
	1,196	1,164

Payables to others are largely made up of payables to employees for wages and salaries to be paid, additional months and holidays accrued but not taken and compensation to be paid to directors and other collaborators.

INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

Description	31/12/20	31/12/19	Var.
Operating revenues	49,800	53,537	(3,737)
Materials and change in inventory	(28,803)	(32,480)	3,677
Services	(11,166)	(11,265)	99
Personnel costs	(4,838)	(4,809)	(29)
Capitalization of internal costs	0	0	0
Other operating costs (net)	(1,781)	(2,197)	416
EBITDA	3,212	2,786	426
Depreciation and amortization	(2,020)	(1,896)	(124)
EBIT	1,192	890	302
Net financial income (expense)	(252)	(169)	(83)
BEFORE TAX RESULT	940	721	219
Income tax	(204)	(225)	21
NET RESULT	736	496	240

Consolidated revenues and income recorded a decline of 6.98% compared to the previous year's figure. Against the lower weight of consumption, there is an increase in the incidence of services and personnel costs. These effects are in any case mitigated by the decrease in the incidence of the other net operating components with consequent positive effects on the gross margin (EBITDA). A similar positive response is recorded on EBIT despite the impact of the significant increases in depreciation related to recent investments.

The data of the areas in which the Group operates are reported below.

Production Sector (Parent Company and Sanfaustino Label)

Description	31/12/20	%	31/12/19	%	Var. 19-20
Operating revenues	33,775	100.0	35,786	100.0	(2,011)
Materials and change in inventory	(16,390)	(48.5)	(18,630)	(52.0)	2,240
Services	(9,554)	(28.3)	(9,385)	(26.2)	(169)
Personnel costs	(3,847)	(11.4)	(3,741)	(10.5)	(106)
Capitalization of internal costs	0		0	0	0
Other operating costs (net)	(1,161)	(3.4)	(1,571)	(4.4)	410
EBITDA	2,823	8.4	2,459	6.9	364
Depreciation and amortization	(1,902)	(5.6)	(1,770)	(5.0)	(132)
EBIT	921	2.8	689	1.9	232
Net financial income (expense)	(188)	(0.6)	(158)	(0.4)	(30)
BEFORE TAX RESULT	733	2.2	531	0.15	202
Income tax	(111)	(0.3)	(124)	(0.04)	13
NET RESULT	622	1.9	407	0.11	215

The graphic production sector, as shown above, in 2020 recorded a decrease in revenues of 5.6% compared to the previous year, with particular regard to the sector of traditional graphic products (Parent Company).

As a further comment on the trend of the sector, the considerations already made for the consolidated results can be well confirmed in the data of the graphic sector; in this regard, in fact,

there was an improvement in all indicators, with the exception of personnel costs, with a further recovery on gross and net margins.

Commercial Sector (LINKONLINE)

INCOME STATEMENT (gross of intercompany eliminations)

Description	31/12/20	%	31/12/19	%	Var.
Sales and other operating income and revenue	16,025	100.0	17,751	100.0	(1,726)
Materials and change in inventory	(12,413)	(77.5)	(13,850)	(78.1)	1,437
Services	(1,612)	(10.0)	(1,880)	(10.6)	268
Personnel costs	(991)	(6.2)	(1,068)	(6.0)	77
Other operating costs (net)	(620)	(3.9)	(626)	(3.5)	6
EBITDA	389	2.4	327	1.8	62
Depreciation and amortization	(118)	(0.7)	(126)	(0.7)	8
EBIT	271	1.7	201	1.1	70
Net financial income (expense)	(64)	(0.4)	(11)	(0.1)	(53)
BEFORE TAX RESULT	207	1.3	190	1.0	17
Income tax	(93)	(0.6)	(101)	(0.5)	8
NET RESULT	114	0.7	89	0.5	25

Sales and income from the commercial sector decreased by 9.7%. Nonetheless, considering greater efficiencies on procurement which offset the impacts on other operating costs, the result on gross margin (EBITDA) improved both in absolute value and in percentage. This improvement is reflected in both EBIT and the final result.

19. Revenues and operating income

Accounting year 2020	49,800
Accounting year 2019	53,537
variation	(3,737)
variation %	(7.0)%

Operating revenues	2020	%	2019	%
- Graphic products	33,542	67.8	35,411	66.7
- commercial area	15,942	32.2	17,649	33.3
- Revenues on sales and performance	49,484	100.0	53,060	100.0
- Other revenues and proceeds	214		406	
- Regional contribution	102		71	
Other revenues and proceeds	316		477	
Total revenues and operative proceeds	49,800		53,537	

For details of operating grants, please refer to the following paragraph "Transparency in the system of public disbursements"

OPERATIVE COSTS

Accounting year 2020	46,588
Accounting year 2019	50,751
variation	(4,163)

variation % (8.2) %

20. Purchases and changes in inventories

Materials and change in inventories	2020	2019
Acquisitions of raw materials, consumable stock and goods	28,817	32,480
Change in inventories	(66)	462
Change in raw materials	52	(462)
	28,803	32,480
Sales incidence	58.2%	61.2%

The lower incidence of consumption on sales is essentially related to a diversification of the types of production and the related commercial strategies that have had an impact on sales prices. Conversely, it should be noted that this reduction was accompanied by a greater incidence of services, confirming various production strategies.

21 Services

Services	2020	2019
Outsourcing production	3,163	2,868
Motive power	303	329
Transports	1,637	1,875
Postal charges and services	1,532	1,512
Sales commissions	3,019	3,235
Consultant fees	538	497
Other costs	974	949
Total	11,166	11,265
Sales incidence	22.6%	21.2%

21. Personnel costs

Personnel costs	2020	2019
Wages and salaries	3,403	3,423
Social security costs	1,067	1,077
Provision for severance indemnity	244	239
Other costs	124	70
Total	4,838	4,809
Variation %	+0.6%	+4.5%
Sales incidence	9.8%	9.1%

The cost of personnel is inclusive of social security contributions, the cost of unused holidays, the thirteenth month's salary and the provisions required by law and by collective agreements.

During the year, in the COVID emergency periods, the Group made use of social safety nets on a total of 4,619 hours with an equivalent value of € 26 / K.

The workforce increased during the year by no. 8 units with an average of 2 units over the year, as shown below

Employment data	31/12/20	Media	31/12/19	Media
Staff	3	3	4	4
Managers	70	69	65	68
Employees	42	40	38	38

Total	115	112	107	110
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22. Costs for capitalized internal works

Costs for capitalized in-house work	2020	2019
(to deduce)	0	0
Totale	0	0

23. Other net operating costs and income

Other net operating costs (revenues)	2020	2019
Passive rents and rentals	27	28
Vehicle management	264	309
Managers' fees	1,398	1,409
Statutory auditors' fees	36	39
Contingent revenues (non-recurring)	(335)	(101)
Contingent expenses (non-recurring)	19	142
Loss on non-recurrent credits (non-recurring)	-	-
Other provisions	61	59
Other generic expenses	311	312
Total Other NET operating costs (revenues)	1,781	2,197

(*) = From the 2019 financial year in the face of the application of IFRS 16, the leases that meet certain temporal and / or significance requirements have been retracted among the assets for rights of use, debts, depreciation and interest expense.

There are 3 non-recurring active components:

- Insurance compensation for 145 K / Euro
- Compensation from suppliers for 60 K / euro
- Others, individually not relevant, for a total of 130 K / Euro

The directors' fees recorded in the financial statements relate only to the fixed component of the remuneration. As regards the variable component, please refer to what is reported in more detail in the "Report on corporate governance and ownership structure" available on the company's website www.psf.it / Investor Relations / Corporate Governance / Relations at the following address:

http://investor.psf.it/it/page.asp?id_sez=48&id_sub=56&id_com=79

24. Depreciation, realization and value adjustments

Depreciation, value adjustments and realized	2020	2019
Depreciation of tangible assets (-)	(1,528)	(1,365)
Amortization of right of use on tangible assets (-)	(255)	(272)
Amortisation of intangible assets (-)	(237)	(259)
Write-downs/write backs of non-current assets	-	-
Total	2,020	(1,896)

For further considerations, please refer to what is reported in the statements on changes in fixed assets.

25. Financial income and expenses

Financial income	2020	2019
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CONSOLIDATED FINANCIAL STATEMENTS POLIGRAFICA S. FAUSTINO S.P.A. GROUP DECEMBER 31, 2020

Bank interests receivable	-	1
Other financial income	8	7
Exchange gain	-	-
Total	8	8

Financial expenses	2020	2019
Bank interests payable	(5)	(7)
Interests on medium long term loans	(222)	(119)
Interests on financial leasing.	(24)	(38)
Interests expensive on operating leases (IFRS 16)	(9)	(10)
Other financial charges	-	(3)
Losses gain	-	-
Total	(260)	(177)
NET FINANCIAL INCOME AND EXPENSES	(252)	(169)

The impact of the net financial components is still insignificant compared to the overall economic data of the financial statements. The modest variations on the individual components are related to the opening of loans against the huge investments made.

Taxes	2020	2019
IRES	(97)	(98)
IRAP	(103)	(120)
Deferred taxes reversal included	(4)	(7)
NET Total	(204)	(225)

OTHE INFORMATION

Elements of exceptional magnitude or incidence

During the financial year in question, the Group did not report revenues / costs of exceptional size or incidence.

Positions or transactions deriving from atypical and / or unusual operations

Pursuant to Consob Communication no. 6064293 of 28 July 2006, it is specified that during the 2020 financial year the Group did not carry out atypical and / or unusual transactions, as defined in the Communication itself ("Atypical and / or unusual transactions are meant those transactions which significance / relevance, nature of the counterparties, subject of the transaction, methods of determining the transfer price and timing of the event may give rise to doubts as to: the correctness / completeness of the information in the financial statements, the conflict of interest, the of company assets, to the protection of minority shareholders").

Commitments, guarantees and potential liabilities not resulting from the balance sheet

The Group reports a liability for disputes and lawsuits when it deems it probable that a financial outlay will occur and when the amount of the resulting losses can be reasonably estimated. It is acknowledged that there are no further agreements that are not resulting from the balance sheet whose effects could expose the Company to significant risks or benefits, such as to have a

significant impact on the assessment of the equity and financial situation and on the economic result for the year. There are no guarantees and potential liabilities that are not resulting from the balance sheet as at 31 December 2020.

Transparency in the public funding system

In compliance with the transparency and publicity requirements provided for pursuant to Law no. 124 of 4 August 2017 art. 1 paragraphs 125-129, the following is specified:

Operating grants consist of:
 contributions to the Sabatini Law for 93 K / Euro
 contributions from Fondimpresa for 9 K / euro.

Remuneration of directors and statutory auditors

Based on the provisions of art. 123-ter of the Consolidated Law on Finance, the information relating to the company's policy on the remuneration of the members of the administrative bodies, general managers and executives with strategic responsibilities, the procedures used for the adoption and implementation of this policy as well as the remuneration of the aforementioned persons and of the members of the control body and general managers have been included in a separate report (Remuneration Report) always approved by the Board of Directors.

The aforementioned document is also available on the company's website www.psf.it / Investor Relations / Corporate Governance / Relations at the following address:

http://investor.psf.it/it/page.asp?id_sez=48&id_sub=56&id_com=79

INFORMATION PURSUANT TO ART. 149-DUODECIES OF THE CONSOB ISSUER REGULATION

This report drawn up pursuant to art. 149-duodecies of the Consob Issuers' Regulation shows the fees charged in the 2020 financial year for the auditing services and for those other than auditing rendered by the auditing companies as a whole to the Group companies, taking into account the renewal of the assignment to another company during the 'exercise.

(euro/000)	fees
Auditing	42
Other services	-
Total	42

SIGNIFICANT EVENTS OCCURRING AFTER THE END OF THE FINANCIAL YEAR

In November 2020, a takeover bid by the company Campi s.r.l was promoted on Poligrafica shares. The subscription period ended in January 2021 without success and the takeover bid has lost effect.

All documents relating to the takeover bid can be found on the company's website www.psf.it / Investor Relations / Public Purchase Offer Campi S.r.l. to the following address:

http://investor.psf.it/it/page.asp?id_sez=48&id_sub=209

At the date of this report, there are no further events that could have a significant impact on the valuation of the financial statements.

Certification of the consolidated financial statements pursuant to art. 81-ter of Consob Regulation no. 11971 of May 14, 1999 and subsequent amendments and additions

1. The undersigned Alberto Frigoli, Emilio Frigoli and Giuseppe Frigoli as managing directors and Maurizia Frigoli as executive in charge of preparing the corporate accounting documents of the company Poligrafica S. Faustino SpA, certify, also taking into account the provisions of art . 154-bis, paragraphs 3 and 4, of the legislative decree 24 February 1998, n. 58:

- The adequacy in relation to the characteristics of the company
- The actual application, of the administrative and accounting procedures for the preparation of the consolidated financial statements at 31 December 2020.

2. In this regard, no significant aspects emerged in relation to situations of particular managerial or strategic interest or the existence of problems / anomalies also found in the context of the effective application of the procedures.

3. It is also certified that:

3.1. the consolidated financial statements:

- a) have been prepared in compliance with the applicable international accounting standards recognized in the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council, of 19 July 2002;
- b) correspond to the results of the books and accounting records of the individual companies, taking into account the non-accounting consolidation records;
- c) is prepared in compliance with the International Financial Reporting Standards issued by the International Accounting Standards Board and, as far as is known, is suitable for providing a true and fair representation of the equity, economic and financial situation of the issuer and of the group of companies included in the Consolidation.

3.2 the report on operations includes a reliable analysis of the performance and operating result, as well as the situation of the issuer and of the group of companies included in the consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Castrezzato, March 5, 2021

The executive in charge of drafting
of corporate accounting documents
Maurizia Frigoli

.....

The Managing Directors

Alberto Frigoli

.....

Emilio Frigoli

.....

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**INDEPENDENT AUDITORS' REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE
No. 39 OF JANUARY 27, 2010 AND ARTICLE 10 OF THE EU REGULATION 537/2014**

To the Shareholders of
Poligrafica S. Faustino SpA

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Poligrafica S. Faustino SpA and its subsidiaries (also "Poligrafica S. Faustino Group"), which comprise the balance sheet as at December 31, 2020, the income statement and other components of the comprehensive income statement, the cash flow and changes in shareholders' equity for the year then ended, and notes to the consolidated financial statement, including a summary of significant accounting policies.

In our opinion the financial statements give a true and fair view of the balance sheet of the Group as at December 31, 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as the measures issued in implementation of art. 9 del D. Lgs. 28 February 2005, n. 38.

Basis for opinion

We conducted our audit in accordance with International Standard on Auditing (ISA Italia). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Poligrafica S. Faustino SpA in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon; therefore, we do not provide a separate opinion on these matters.

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Key audit matters	Audit procedures
<p>Impairment test on Goodwill of Linkonline srl</p> <p>Goodwill of Linkonline srl as of December 31, 2020 amounts to 691 thousand euro, equal to the 1,3% of the total assets in the consolidated financial statements.</p> <p>The Directors evaluate at least annually the presence of any impairment of goodwill subjecting it to the Impairment Test.</p> <p>We concluded that the impairment test process constitutes a key audit matter considering the subjectivity of estimates used to determine future cash flows, as well as the discount rate (WACC) and the growth rate. Impairment test on goodwill has been carried out by management with the support of an external appraiser asked to compare the book value of Goodwill plus tangible and intangible fixed assets of Linkonline, with the estimated recoverable value determined on their capability of generating future cash flows, net of the net financial position ("Equity value").</p> <p>Company's notes to the consolidated financial statements as of December 31, 2020 describes the Impairment test on Goodwill in the paragraph "Intangible assets".</p>	<p>In particular, we carried out the following procedures:</p> <ul style="list-style-type: none"> • Assessment of the reasonableness of main assumptions used to forecast the cash flows; • analysis of actual values, compared with the original plans, in order to understand the nature of variations and the reliability of the budgeting process; • assessment of the reasonableness of the discount rate (WACC) and the growth rate; • assessment of mathematical accuracy of the model used to determine estimated recoverable value of the participated companies; • assessment of the sensitivity analysis; • assessment of compliance with applicable accounting standards, of the procedures implemented by Management for the impairment test; • assessment of compliance with applicable accounting standards of the information disclosed by the Company with reference to the impairment test.
<p>Deferred tax asset recoverability</p> <p>Deferred tax assets as of December 31, 2020 amounts to 1.202 thousand euro, equal to the 2,3% of the total assets in the separated financial statements.</p> <p>We concluded that the analysis on the recoverability of the deferred tax assets constitutes a key audit matter considering the subjectivity of estimates used to determine future taxable income.</p> <p>Company's notes to the consolidated financial statements as of December 31, 2020 describes the recoverability assumptions on the deferred tax assets in the paragraph "Deferred tax assets".</p>	<p>In particular, we carried out the following procedures:</p> <ul style="list-style-type: none"> • Assessment of mathematical accuracy of the model and of the main assumptions used to forecast future taxable income; • analysis of actual values, compared with the original plans, in order to understand the nature of variations and the reliability of the budgeting process; • assessment of mathematical accuracy of the model used by the Directors;



Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by European Union, as well as the measures issued in implementation of art. 9 del D. Lgs. 28 February 2005, n. 38 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statement that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Directors are responsible for assessing the Poligrafica S. Faustino Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Poligrafica S. Faustino SpA or the termination of the business or have no realistic alternatives to such choices. The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Poligrafica S. Faustino Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. A part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. Moreover:

- We identified and assessed the risk of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Poligrafica S. Faustino Group's internal control.
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- We concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Poligrafica S. Faustino Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Poligrafica S. Faustino Group to cease to continue as a going concern.
- We evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Poligrafica S. Faustino Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Poligrafica S. Faustino Group's audit. We remain solely responsible for our audit opinion.



We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provided those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and we informed them about any relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards. From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Poligrafica S. Faustino SpA has appointed us on April 13, 2017 as auditors of the Poligrafica S. Faustino Group for the years from December 31, 2017 to December 31, 2025. We declare that we have not provided prohibited non-audit services referred to in art. 5 par.1 of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit. We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14, paragraph 2 (e), of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Poligrafica S. Faustino SpA are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structure of Poligrafica S. Faustino Group as at December 31, 2020, including its consistency with the related consolidated financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (ISA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the financial statements of Poligrafica S. Faustino Group as at December 31, 2020 and on its compliance with the law, as well as to make a statement about any eventual material misstatements.

In our opinion, the above-mentioned report on operation and some specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of Poligrafica S. Faustino SpA as at December 31, 2020 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the Company and of the related context acquired during the audit, we have nothing to report.

Brescia, Italy
March 25, 2021

fidital:

Fidital Revisione Srl

Signed by

Gianluca Pirola

(Partner)

This report has been translated into the English language solely
for the convenience of international readers

POLIGRAFICA S. FAUSTINO SPA
located in 25030 CASTREZZATO (Brescia), Via Valenca n. 15
Share capital Euro € 6.161.592,12
REA di Brescia n. 250377
Tax code and Company Register of Brescia n. 01251520175
VAT number. n. 00614280980

**REPORT OF THE BOARD OF STATUTORY AUDITORS
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
FINANCIAL YEAR ENDED 31.12.2020**

Dear shareholders,

the consolidated financial statements of the Poligrafica S. Faustino Group at 31 December 2020 were drawn up by the parent company Poligrafica S. Faustino S.p.a. in compliance with the International Financial Reporting Standards issued and is made up of the Balance Sheet, Income Statement, Cash Flow Statement, Statement of Changes in Shareholders' Equity and the commentary notes.

Our examination, which was carried out according to the principles of conduct of the Board set out by the National Council of Chartered Accountants and Accounting Experts and, in compliance with the laws governing the consolidated financial statements, interpreted and integrated by the correct accounting principles set out by the National Council of Chartered Accountants and Accounting Experts as well as by the IAS / IFRS international accounting standards in accordance with the legislative provision in execution of the European Union Regulation no. 1606 of 18 July 2002 as well as, again, according to the news of Legislative Decree No. 139 of 18 August 2015, containing changes in the financial statements and consolidated financial statements in implementation of Directive 2013/34 /.

The report drawn up by the Administrative Body on management adequately provides management information and any consideration on equity, financial and economic aspects.

The report contains a description of the Group's research and development activities, of the significant events that occurred after the close of the 2020 financial statements, as well as some reflections on the possible evolution of management for the year 2020 also in consideration of the current health situation determined by the Coronavirus epidemic. The Balance Sheet and the Income Statement have been compared with those of the 2019 Consolidated Financial Statements drawn up according to the same IFRS principles for homogeneity of criteria and values.

The Board of Statutory Auditors examined the documentation and found it to be correct and compliant with current civil law.

The Board of Statutory Auditors also acknowledges that the consolidated companies, of which the list containing the information pursuant to art. 39 of Legislative Decree 127/91, have been identified correctly and in accordance with the provisions of art. 26 of the aforementioned Legislative Decree.

REPORT OF THE BOARD OF AUDITORS TO CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Group reflect the data of the separate financial statements of the companies included in the consolidated statement, all closed at 31 December 2020 and approved by the respective corporate bodies.

The items in the financial statements are represented with the indication and motivation, for the most significant quantitative changes compared to the consolidated financial statements for the previous year.

It should be noted that no complaints have been received, pursuant to art. 2408 of the civil code, neither in the parent company nor in the subsidiaries or associates.

The principles adopted for the consolidation of the financial statements as at 31.12.2020 are those used for the previous year and have not changed.

In particular:

a) the equity investments in companies included in the consolidation have been eliminated against the fractions of their shareholders' equity, according to the global integration method, art. 31, paragraph 2, a);

b) any portions of the economic result and shareholders' equity of third-party investee companies are shown in specific items of the income statement and consolidated shareholders' equity, art. 31 paragraphs 3 and 4;

c) costs and revenues, receivables and payables between the companies included in the consolidation and the significant profits and losses resulting from transactions between the companies not yet realized at the balance sheet date have been eliminated, art. 31 paragraph 2 b), c) d);

d) any adjustments made to the financial statements to reverse tax items as well as other consolidation adjustments take into account their deferred tax effect.

The Board of Statutory Auditors, also on the basis of the contacts it had with the independent auditing firm Fidital Revisione srl, has no observations to make on the consolidated financial statements of the Poligrafica S. Faustino Group for the year 2020.

Brescia, March 16, 2021

For the Board of Statutory Auditors

Dr. Francesco Curone

A circular blue stamp of the Chamber of Commerce of Brescia (C.C.I.A.A. - Camera di Commercio Industria Artigianato Agricoltura - Brescia) is visible. Overlaid on the stamp is a handwritten signature in blue ink, which appears to be 'Francesco Curone'.

POLIGRAFICA SANFAUSTINO

SEPARATE FINANCIAL STATEMENTS OF POLIGRAFICA S. FAUSTINO S.P.A.

POLIGRAFICA S.FAUSTINO S.P.A.
25030 CASTREZZATO (BS) - Via Valenca, 15
Cap. Soc. i.v. Euro 6.161.592,12
Cd. Fisc e N. Iscr. Reg. Imprese di Brescia 01251520175
R.E.A. di Brescia n. 250377

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Certification pursuant to art. 81-ter of CONSOB regulation no. 11971/99

MANAGEMENT REPORT

MARKET EVOLUTION AND NEW STRATEGIC ORIENTATIONS

PERFORMANCE OF THE COMPANY

SALES	2020	2019	variation
(Figures in thousands of Euro)			
Revenue	7,979	10,397	(2,418)
(of which abroad)	(454)	(617)	(163)

It should be remembered that from the 2016 financial year it was delegated to the subsidiary Sanfaustino Label S.r.l. management of the label compartment. The above data therefore refer to promotional-advertising productions on order. The overall data of the entire production sector can be better assessed in the consolidated financial statements which shows the comparative sectoral data for the entire sector.

Below are the summary results of the financial statements of Poligrafica S. Faustino S.p.A. as at 31 December 2020, compared with the data of the previous year:

Poligrafica S. Faustino S.p.A.	31/12/20	%	31/12/19	%
INCOME STATEMENT Euro million				
Revenues from sales and services	7.98	100.0%	10.39	100.0%
Other income	1.38	17.3%	1.34	12.9%
Revenues and operating income	9.36	117.3%	11.73	112.9%
Purchases and var. inventories	(3.47)	(43.5%)	(4.88)	(47.0%)
Services	(3.79)	(47.5%)	(4.42)	(42.5%)
Other net operating costs and income	(0.36)	(4.5%)	(0.63)	(6.1%)
Personal	(1.05)	(13.1%)	(1.19)	(11.4%)
Total operating costs	(8.67)	(108.6%)	(11.12)	(107.0%)
EBITDA gross operating margin	0.69	8.7%	0.61	5.9%
Depreciation and write-downs	(0.42)	(5.3%)	(0.46)	(4.4%)
EBIT operating result	0.27	3.4%	0.15	1.5%
Financial income and expenses	(0.03)	(0.4%)	(0.02)	(0.2%)
Result before the taxes	0.24	3.0%	0.13	1.3%
Taxes	(0.07)	(0.9%)	(0.06)	(0.6%)
Net income	0.17	2.1%	0.07	0.7%

INVESTMENTS

Investments for the year totaling € 0.24 million related to modest interventions on plant, machinery for € 0.15 million, other assets for € 0.02 million, together with the implementation of application and management software (for 0.07 million euros). At the same time, assets were disposed of for an absolutely irrelevant value as they were largely scrapped.

RESEARCH AND DEVELOPMENT ACTIVITIES

In 2020, research and development activities focused on the development of projects related to the paper converting and direct marketing area, entirely charged to the income statement.

SAFETY, ENVIRONMENT, QUALITY

By means of the Safety Management System (SGS), a tool has been adopted which aims to:

- Maintain awareness of the consistency of the Company's mission with the principles of the Occupational Health and Safety Policy;
- Establish objectives consistent with the aforementioned policy;
- Ensure the availability of adequate resources to implement the Policy.

All employees, in particular executives, middle managers and persons in charge of their areas of competence, have the task of supervising and periodically ascertaining that the above principles are respected.

These objectives, from a dynamic point of view of the system, are constantly evolving and the commitment of the Board of Directors is to continuously improve the health and safety of workers in the workplace, in full compliance with the law.

On 26.08.2014 the company obtained the certification of the worker safety management system based on the OHSAS 18001: 2007 standard. On 25.08.2020 the certification was renewed for a further three years.

As part of a sustainable development policy, environmental protection is an objective of primary and constant importance for the company, which is committed to its continuous improvement in all its activities.

The main corporate functions, on the basis of the guidelines of the Board of Directors, are directly involved in the implementation of these commitments and in the definition of measurable objectives that allow the periodic verification of the Policy by all stakeholders, as well as the verification of adequacy of the resources allocated to them.

The main corporate functions, on the basis of the guidelines of the Board of Directors, are directly involved in the implementation of these commitments and in the definition of measurable objectives that allow the periodic verification of the Policy by all stakeholders, as well as the verification of adequacy of the resources allocated to them.

With this in mind, on 17.06.2011 the FSC certification was obtained (it is the inspection process conducted in forests or forest plantations to assess how these are managed with respect to a certain set of principles and criteria of good management) issued by the Forest Steward Council, a non-governmental, non-profit organization aimed at safeguarding and improving the environment and forest resources in the world. This certification was renewed on 11.27.2018 for a further five years.

Furthermore, on 27.01.2014, the certification of the Environmental Management System was obtained according to the UNI EN ISO 14001 standard. On 14.01.2020 the certification was renewed until 26.01.2023 and subsequently until 26.01.2023.

Through the Quality Management System (QMS) - certified since 2000 - an ever higher standard of efficiency is offered to meet the needs and expectations of customers, through a path of continuous improvement, in full compliance with current regulations.

On 26.03.2018 the certification of the QMS was renewed until 26.03.2021 according to the reference standard UNI EN ISO 9001, first issue of 01.03.2000.

A system was conceived which, through the standardization of business processes and their constant monitoring, represents an undeniable added value that enhances the organization and its resources.

PERSONNEL

The table below shows the breakdown of the personnel of Poligrafica S. Faustino S.p.A. at the closing date of the financial year:

	31/12/20	31/12/19
Senior executives	-	1
employees	23	22

SEPARATE FINANCIAL STATEMENTS OF POLIGRAFICA S. FAUSTINO S.P.A.

workers	3	3
total	26	26

With reference to the measures taken by the Group in order to counter and avoid as much as possible the spread and effects of the Covid-19 pandemic, please refer to the comments in the following paragraph "IMPLICATIONS OF THE COVID-19 PANDEMIC" regarding the measures adopted in order to ensure an adequate level of safety.

NET FINANCIAL POSITION

Euro/mln	2020	2019
Cash and banks	5.37	1.93
Short term bank and leasing loans	(0.75)	(1.15)
Total A)	4.62	0.78
Medium-long term bank and leasing loans	(5.55)	(1.07)
Total B)	(5.55)	(1.07)
Net financial position (A+B)	(0.93)	(0.29)

In the following table we report the analysis of the equity and financial structure

POLIGRAFICA S. FAUSTINO S.p.A.	31-dic-20	31-dic-19	variation.
	Euro/mln	Euro/mln	Euro/mln
A) Shareholders' equity of the year			
Trade receivables	4.99	5.10	(0.11)
Inventories	0.17	0.23	(0.06)
Other current receivables	0.24	0.26	(0.02)
Trade payables	(2.71)	(3.70)	0.99
Other payables	(0.48)	(0.54)	0.06
A) Total shareholders' equity	2.21	1.35	0.86
B) Net fixed assets			
Intangible assets	0.20	0.22	(0.02)
Tangible fixed assets	3.85	4.01	(0.16)
Financial fixed assets	1.15	1.15	-
Non- current receivable	1.22	1.39	(0.17)
B) Total fixed assets	6.42	6.77	(0.35)
C) Funds medium/long term and non-financial liabilities	0.48	0.49	0.01
D) Invested capital (A+B-C)	8.15	7.63	0.52
Covered by:			
E) Net financial indebtedness			
Financial debts in short run	0.75	1.15	(0.40)
Availability and financial loan in short run	(5.37)	(1.93)	(3.44)
Financial debts in medium/long run	5.55	1.07	4.48
E) Total borrowing (liquidity)	0.93	0.29	0.64
F) Owners' equity			
Share capital	6.16	6.16	-
Reserves	1.06	1.18	(0.12)
F) Total own resources	7.22	7.34	(0.12)
G) Total coverage (E+F)	8.15	7.63	0.52

MAIN RISKS AND UNCERTAINTIES AND FINANCIAL RISK MANAGEMENT

Entrepreneurial activity exposes the company to risks and uncertainties consistent with the size and complexity of its business. Credit, liquidity and market risks, the latter in its main components, such as exchange rate, rate and price risk, are constantly monitored to update and adapt management activities.

Uncertainties, defined as a possible event, have a potential impact attributable to one of the risk categories identified above, which cannot be determined at the moment and therefore cannot be quantified. The company management implements policies based on the utmost prudence to measure, monitor and control risks.

The company is able to cope with the current difficulties and therefore to confirm, except for events of an extraordinary nature that are currently unforeseeable, the conditions for its continuity.

The Company operates in a graphic-advertising sector exclusively on order and, given the particular type of production, must therefore adapt production and procurement policies to specific customer requests. The strong competition and the substantial lack of products with standardized price lists impose pricing policies that are often conditioned by the promotional-advertising budget made available by customers.

The Financial Management, in addition to managing the relationship with the various and numerous credit institutions, also deals with the analysis of the various risks, favoring indications on credit risk, and in particular whenever there are contacts with new customers.

The exchange rate risk, given the absolute irrelevance of transactions (active and passive) outside the Euro area, is practically nil. The raw material procurement market, however denominated in Euro, is not substantially affected by any indirect effects linked to the dollar.

As regards the credit risk, especially in the face of the considerable fragmentation of transactions and the important and selected clientele, it is to be considered limited in any case. In this regard, it should be considered that the average unit amount of transactions is rather modest and the analysis of overdue and expiring credit positions is delegated to a central function on a fortnightly basis. The analysis of the collectability of receivables did not show any particular critical issues even due to the pandemic.

With regard to liquidity risk: the ratio between equity and third party funds has always been balanced and, in particular, the net financial position of the Company has improved. Therefore, the current financial structure, characterized by a relative debt in relation to capitalization, together with the existence of significant real estate values not burdened by constraints or mortgages, constitute objective indicators of solidity that allow to guarantee adequate lines of credit.

In relation to the interest rate risk: the same originates from short and long term financial payables negotiated at a variable rate. On some loans raised in recent years, hedging derivatives have been activated which to date have not recorded significant impacts of a financial nature.

As regards the covid-19 risk, please refer to the paragraph "Implications of the Covid-19 pandemic" of this Report.

OWN ACTIONS

During the year, the Company carried out purchase transactions of no. 47,084 treasury shares for a total value of 273,052 euros. At the end of the financial year, therefore, the company no. 62,903 treasury shares (corresponding to 5.6% of the total of 1,123,483 shares making up the share capital) for a value of 369,337 euros at an average price of 5.871 euros

RELATIONS WITH GROUP COMPANIES AND RELATED PARTIES

The Company has a specific procedure, adopted in implementation of the provisions of art. 2391-bis of the Civil Code as well as the Consob Regulation approved with Resolution no. 17221/2010 and subsequent amendments, which determines the rules governing the identification, approval and execution of transactions with related parties carried out by Poligrafica S. Faustino SpA, directly or through subsidiaries, in order to ensure the transparency and correctness of both the substantial and procedural aspects of the transactions themselves.

In referring to what is described below, it should be noted that during the year no atypical or unusual transactions were carried out with related parties and that the commercial transactions took place under normal market conditions.

The following is the impact on the balance sheet and income statement items of transactions with related parties, with the exception of the remuneration of Directors, Statutory Auditors and executives with strategic responsibilities which are set out in the Remuneration Report.

The S. Faustino Poligrafica Group is characterized by significant production and commercial integrations in the field of graphic creations.

In particular, Poligrafica S. Faustino S.p.A. (Parent Company) carried out the following transactions with other Group companies:

Sanfaustino Label S.r.l .: sales for 7 thousand euros, recharging of services and miscellaneous expenses for 1,153 thousand euros. From Sanfaustino Label, charges were received for services and purchases for a total of 145 thousand euros.

Linkonline S.r.l .: sales for 2 thousand euros and re-debits for services and various expenses for 181 thousand euros; sundry purchases for 5 thousand euros and sundry charges for 3 thousand euros.

Other minor related party transactions are as follows:

	Euro/000	%
credits	3	Not significant
debts	-	Not significant
Other revenues	5	Not significant

The aforementioned relations were maintained on market conditions with the company Tonki Srl.

SHAREHOLDINGS HELD BY DIRECTORS, STATUTORY AUDITORS, GENERAL MANAGERS AND THEIR NON-LEGALLY SEPARATE SPOUSES AND MINOR CHILDREN

The information relating to the shareholdings held by directors, auditors, general managers and their spouses who are not legally separated and minor children, have been included in the report prepared pursuant to art. 123-ter of the Consolidated Finance Act (Remuneration Report) always approved by the Board of Directors.

The aforementioned document is also available on the company's website www.psf.it / Investor Relations / Corporate Governance / Relations at the following address:

http://investor.psf.it/it/page.asp?id_sez=48&id_sub=56&id_com=79

FURTHER INFORMATION ON THE OWNERSHIP STRUCTURE

Based on the provisions of art. 123-bis, paragraph 3, of the Consolidated Law on Finance, the information referred to in paragraphs 1 and 2 of the aforementioned article has been included in a report separate from the management report (Report on corporate governance and ownership structures) always approved by the Board of Administration.

The aforementioned document is also available on the company's website www.psf.it / Investor Relations / Corporate Governance / relations at the following address:
http://investor.psf.it/it/page.asp?id_sez=48&id_sub=56&id_com=79

SITES

The Company has not set up secondary offices.

SIGNIFICANT EVENTS OCCURRING AFTER THE END OF THE FINANCIAL YEAR

In November 2020, a takeover bid by the company Campi s.r.l was promoted on Poligrafica shares. The subscription period ended in January 2021 without success and the takeover bid has lost effect.

All documents relating to the takeover bid can be found on the company's website www.psf.it / Investor Relations / Public Purchase Offer Campi S.r.l. to the following address:
http://investor.psf.it/it/page.asp?id_sez=48&id_sub=209

At the date of this report, there are no further events that could have a significant impact on the valuation of the financial statements.

IMPLICATIONS OF THE COVID-19 PANDEMIC

During the period of maximum spread of the infections, the company has put in place risk mitigation actions to protect employees which involved the increase of health and hygiene procedures and a reorganization of work by promoting, where possible, the functioning of agile work and remotely. The attention to the evolution of the spread of infections remains high and the company is ready to activate additional measures should the situation make it necessary.

In consideration of the above written, even during the lockdown period no significant interruption was recorded either in the production activity or in the activities related to the supply chain, and therefore the strategies implemented by the Company and the measures adopted to deal with the pandemics made it possible to face the difficulties of the period by limiting the negative effect on economic performance and preserving financial and capital solidity.

Despite the difficulty in expressing forecasts and quantifying or evaluating their effects on the economic results and on the equity and financial situation of the Company, the company's ability to continue to build a functioning economic complex is not considered to be affected.

To support this, the management has carried out assessments on the possible impacts deriving from the current crisis, reflecting these assessments on the forecast economic situations (business plan for the next 5 years). No critical issues emerged from these analyzes that could lead to the presumption of particular difficulties for the company in pursuing its objectives and mission continuously.

Management will constantly monitor and evaluate the situation.

BUSINESS OUTLOOK

While waiting for more information on the possible economic consequences deriving from persistent global health problems (COVID19), to date there have been some reduction effects on customer orders. Having said this, due to the uncertain evolution of the health emergency and the difficulty in foreseeing any regulatory measures and the consequences of the same on the reference business of the company, at the moment it is not foreseeable to quantify or evaluate exactly their future effects, trusting that it is not possible to generate significant impacts on the equity and financial situation.

In 2021 the commercial action of Poligrafica S. Faustino S.p.A. will continue as a "Global Printing Company" that is a player who, thanks to a team of product specialists and a robust production network, represents the ideal partner for companies to entrust with the procurement and management processes of printable communication materials, consumables and of communication in general.

In addition, the development of projects related to the Direct Marketing area will continue, with the aim of partially recovering sales volumes in a segment where PSF has always had a great competitive advantage. In particular, great focus will be given to companies that can express medium volumes, in addition to traditional large players.

PROPOSAL IN ORDER TO THE DESTINATION OF THE RESULT FOR THE ACCOUNTING YEAR

The Board proposes to allocate the profit for the year of € 169,388 as for 5% to the legal reserve and the remainder to be carried forward.

For the Board of Directors
President
Alberto Frigoli

POLIGRAFICA S. FAUSTINO S.p.A.
SEPARATE BUDGET

**According to international accounting principles
(I.A.S./I.F.R.S)**

BUDGET SCHEMES

STATEMENT OF THE BALANCE SHEET - FINANCIAL SITUATION

Euro (unit)	Note	31/12/20	31/12/19
ASSETS			
NON CURRENT ASSETS			
Tangible fixed assets (included right of use IFRS 16)	1	3,853,794	4,011,662
Intangible assets	2	198,022	216,280
Equity investments	3	1,145,618	1,145,618
Non-current receivables	3	259,455	363,455
Deferred tax assets (prepaid taxes)	3	960,569	1,033,548
Total non-current assets		6,417,458	6,770,563
CURRENT ASSETS			
Inventories	4	175,925	230,305
Trade receivables	5	2,164,157	3,091,756
Receivables from subsidiaries	5	2,825,281	2,014,595
Tax receivables	6	32,175	15,603
Other current receivables	7	204,324	245,427
Current financial assets		-	-
Cash and cash equivalents	8	5,371,663	1,934,331
Total current assets		10,773,525	7,532,017
TOTAL ASSETS		17,190,983	14,302,580
NET EQUITY AND LIABILITIES			
NET EQUITY			
Share capital	9	6,161,592	6,161,592
Own shares (-)	9	(369,337)	(96,285)
Reserves	9	612,377	441,944
Retained earnings and net result for the period	9	814,037	837,212
Total Net equity		7,218,669	7,344,463
NON-CURRENT LIABILITIES			
Loans (medium/long term)	10	5,550,026	1,073,131
Employee severance indemnity and retirement reserves	11	373,400	382,135
Risks' fund		0	0
Deferred tax liabilities	12	103,509	108,080
Other non-current liabilities		0	0
Total non-current liabilities		6,026,935	1,563,346
CURRENT LIABILITIES			
Loans (short term)	10-13	749,987	1,151,047
Trade payables	14	2,659,644	3,616,493
Payables to subsidiaries	14	53,956	80,959
Tax payables	15	69,821	106,441
Other payables	16	411,971	439,831
Total current liabilities		3,945,379	5,394,771
TOTAL NET EQUITY AND LIABILITIES		17,190,983	14,302,580

* of which payables for usage rights in m / l equal to 69,695 euros

** of which debts for short-term use rights equal to 60,281 euros

SEPARATE FINANCIAL STATEMENTS OF POLIGRAFICA S. FAUSTINO S.P.A.

COMPREHENSIVE INCOME STATEMENT

Euro (unit)	Note	31/12/20	31/12/19
OPERATING REVENUES			
Sales	17	7,979,232	10,396,711
Other operating income and revenues	18	1,385,767	1,337,607
Total operating revenues and income		9,364,999	11,734,318
OPERATING COSTS			
Materials	19	(3,418,053)	(4,671,516)
Change in inventory	19	(54,379)	(209,542)
Services	20	(3,792,996)	(4,418,489)
Payroll costs	21	(1,052,103)	(1,192,870)
(less) Costs for capitalized in-house work		0	0
Other net operating costs (revenues)	22	(358,405)	(633,744)
Total operating costs		(8,675,936)	(11,126,161)
EBITDA		689,063	608,157
Depreciation and amortization (-)	23	(420,160)	(459,854)
Capital gains (losses) on disposal of non-current assets			
Write-downs/write backs of non-current assets			
Other provisions			
EBIT		268,903	148,303
Financial income	24	8,072	7,373
Financial expenses	24	(37,988)	(27,553)
BEFORE TAX RESULT		238,987	128,123
Income taxes	25	(69,599)	(63,547)
Net result for the period		169,388	64,576
Profits referred to net equity	9		359
Costs referred to net equity	9	(22,130)	-
Profit (Loss) global		147,258	64,935

The other costs and / or income charged directly to equity, without passing through the income statement, in application of IAS 39 refer to the fair value adjustment of the IRS hedging derivative financial instruments on three floating rate loans.

SEPARATE FINANCIAL STATEMENTS OF POLIGRAFICA S. FAUSTINO S.P.A.

**CASH FLOW STATEMENT
(indirect method)**

	2020	2019
A. Cash flows from operating activities		
Profit (loss) of the accounting year	169,388	64,576
Taxes	69,599	63,547
interest expense / (interest income)	29,916	20,180
(Gains)/ losses on the disposal of assets	(709)	94,779
1. Profit (loss) before income taxes, interest, dividends and capital gains / losses on disposal	268,194	243,082
Allocations to provisions	18,471	26,031
Merger funds increase	-	3,925
Amortisation of intangible assets (all)	420,160	459,854
Other	-	1,663
Adjustments for non-cash items that had no counterpart in the NWC	438,631	491,473
2. Cash flow before changes in NWC	706,825	734,555
Decrease / (increase) in inventories	54,380	208,819
Decrease / (increase) in trade receivables and to the Group	116,913	476,603
Increase / (decrease) in trade payables and to the Group	(983,852)	70,289
Other changes in net working capital	(3,653)	42,676
Variation of NWC	(816,212)	798,387
3. Cash flow after variation of NWC	(109,387)	1,532,942
Interest received / (paid)	(29,916)	(20,180)
(taxes paid)	(32,916)	(27,724)
Use of funds	(31,777)	(11,293)
Other adjustments	(94,609)	(59,197)
Cash flow of income management (A)	(203,996)	1,473,745
B. Cash flow of investments		
Property, plant and equipment (Investments)	(170,227)	(559,739)
Price of disinvestments	1,100	175,779
Intangible asset (Investments)	(74,198)	(78,895)
Shareholding and other non-current payables (Investments)		(7)
Price of disinvestments	104,000	
Cash flow from investing activities (B)	(139,325)	(462,862)
C. Cash flow from financing		
Increase in short-term borrowings from banks	(45,575)	(5,016)
Turning funding	5,179,236	969,949
repayment of loans	(1,057,826)	(1,340,947)
Third's means	4,075,835	(376,014)
Sale (purchase) of owns shares and other variation	(295,182)	62,333
Equity	(295,182)	62,333
Net cash flow from financing activities (C)	3,780,653	(313,681)
Increase (decrease) in cash (a ± b ± c)	3,437,332	697,202

SEPARATE FINANCIAL STATEMENTS OF POLIGRAFICA S. FAUSTINO S.P.A.

Cash and cash equivalents at beginning of the year	1,934,331	1,237,129
Cash and cash equivalents at the end of the year	5,371,663	1,934,331

STATEMENT OF CHANGES IN SHAREHOLDERS 'EQUITY

Euro (unità)

NET EQUITY	31/12/2018	Destination result	Other movements	Result of accounting year	31/12/2019
Capital Stock	6,161,592				6,161,592
Own shares (-)	(96,285)				(96,285)
Own share reserve	96,285				96,285
Reserve shares premium	102,619				102,619
Revaluation reserve	241,206				241,206
Legal reserve	224,764	2,462			227,226
Marger reserve			61,973		61,973
Other reserves	438,146	46,766	359		485,271
Gain (loss) period	49,228	(49,228)		64,576	64,576
TOTAL	7,217,555	0	62,332	64,576	7,344,463

NET EQUITY	31/12/2019	Destination result	Other movements	Result of accounting year	31/12/2020
Capital Stock	6,161,592				6,161,592
Own shares (-)	(96,285)		(273,052)		(369,337)
Own share reserve	96,285		273,052		369,337
Reserve shares premium	102,619		(102,619)		-
Revaluation reserve	241,206				241,206
Legal reserve	227,226	3,228			230,454
Merger reserve	61,973				61,973
Altre Riserve	485,271	61,348	(192,563)		354,056
Utile (perdita) periodo	64,576	(64,576)		169,388	169,388
TOTAL	7,344,463	0	(295,182)	169,388	7,218,669

The change in other reserves includes a negative impact of € 22,130 as a change in the fair value of the IRS hedges, in addition to the differential not covered by the share premium relating to the purchase of treasury shares.

NET FINANCIAL POSITION DETAIL

NET FINANCIAL POSITION

Euro (unit)

NET FINANCIAL POSITION	31 DEC.20	31 DEC. 19
LIQUIDITY AVAILABLE	5,371,663	1,934,331
DEBTS TOWARDS BANKS (SHORT TERM)	(689,706)	(1,068,447)
DEBTS TOWARDS OTHERS (SHORT TERM)	-	-
DEBTS FOR RIGHT OF USE (SHORT TERM)	(60,281)	(82,600)
TOTAL POSITION AT SHORT TERM (A)	4,621,676	783,284
DEBTS TOWARDS BANKS BEYOND THE SHORT TERM.	(5,480,331)	(958,010)
DEBTS TOWARDS OTHERS BEYOND THE SHORT TERM.	-	-
DEBTS FOR RIGHT OF USE BEYOND THE SHORT TERM	(69,695)	(115,121)
TOTAL POSITION AT MEDIUM/LONG TERM (B)	(5,550,026)	(1,073,131)
NET FINANCIAL POSITION (A+B)	(928,350)	(289,847)

In the 2020 financial year, 5 new loans were taken out with credit institutions for a total of 5,140 / K euro with a duration between 60 and 72 months, guaranteed by MCC. During the 2020 financial year, no new financial leasing contract was signed or further commitments have already been signed in this regard.

The debt for rights of use, in application from 1 January 2019 on the basis of IFRS 16, concerns numerous rental contracts (vehicles and equipment).

There are no. 3 interest rate hedging derivative contracts valid until the expiry date on the related loans. The fair value effects of these derivatives amounted to a total of 26,148 euros negative with a negative change of 22,130 compared to the previous year. These effects were included in the shareholders' equity reserves as at 31/12/2020.

For further dynamics of a financial nature, please refer to the information on the cash flow statement.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS AT 31.12.2020

ACCOUNTING PRINCIPLES AND VALUATION CRITERIA

Declaration of compliance with IAS / IFRS international accounting standards

The financial statements for the year 2020 were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The reference to IFRS also includes all the International Accounting Standards (IAS) in force. It is compared with data from the previous year drawn up in homogeneity of criteria. The financial statements consist of the statement of financial position, statement of comprehensive income, statement of cash flows, statement of changes in shareholders' equity and the notes. The financial statements of the Parent Company, similarly to what has already been done for the consolidated financial statements, were drawn up on the basis of the historical cost principle except for some revaluations of tangible assets in previous years.

Accounting schemes

The statement of financial position reports the essential content dictated by the international accounting standards and is based on the distinction between current and non-current assets and liabilities, according to their aptitude for realization within, or more than 12 months from the reference date.

The statement of comprehensive income is presented on the basis of a structure by nature of costs.

The statement of financial position does not include items representing the values relating to assets held for sale and assets and liabilities included in disposal groups held for sale as there are no such cases.

From 1.1.2019, the new IFRS 16 "Leasing" principle has been applied, replacing the previous IAS 17.

CHANGES IN ACCOUNTING PRINCIPLES

The following principles and amendments entered into force on 1 January 2020:

- v Amendments to IFRS 3: Definition of a business
- v Amendments to IFRS 7, IFRS 9 and IAS 39: Reform of the interest rate benchmark,
- v Amendments to IAS 1 and IAS 8: Definition of "material" and Conceptual Framework for Financial Reporting issued on March 29, 2018)

they had no impact on the company's statutory financial statements.

ACCOUNTING STANDARDS AND AMENDMENTS NOT YET MANDATORY APPLICABLE AT 31 DECEMBER 2020

New and revisited standards	Effective date envisaged by the standard
Amendment of IFRS4 - deferral of the application of IFRS 19	January 1, 2021
Amendment to IAS1 - classification of liabilities as current and non-current	January 1, 2022
Amendments to IFRS3 , IAS16 and IAS37	January 1, 2022
Annual updates 2018-2020	January 1, 2022

SEPARATE FINANCIAL STATEMENTS OF POLIGRAFICA S. FAUSTINO S.P.A.

IFRS17 - insurance contracts	January 1, 2023
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The company has not adopted in advance new standards, interpretations or amendments that have been issued but not yet in force.

ACCOUNTING PRINCIPLES ADOPTED BY THE GROUP

The accounting principles and valuation criteria applied in preparing the data are shown below:

Property, plant and machinery

They are entered at the cost incurred or at the revalued cost (deemed cost) net of depreciation (with the exception of land which is not depreciated). The cost incurred corresponds to the purchase or manufacturing cost, including directly attributable costs and indirect costs relating to internal production. The cost of the buildings includes a revaluation carried out in accordance with the law and in any case does not exceed the market value

The depreciation rates are determined with reference to the economic-technical criterion and are calculated on a straight-line basis on the basis of the residual possibility of use of the assets, periodically verified to take into account their technical-economic deterioration.

The estimated useful life in years is as follows:

Types	Useful life
Buildings	33
Light buildings	10
Plants	10
Particular plants and machineries	4-7
Other fixtures and fittings, tools and equipment	4-5
Forniture	8
Electronic Machines	5
Transport machines	4-5

Rights of use

Assets for rights of use (IFRS16) relating to leases on tangible assets are depreciated on the basis of the expected duration of the lease.

Leased assets

Tangible fixed assets include the fixed assets acquired through financial leasing, as well as the internal and / or external incremental costs incurred for the same, at the purchase value decreased by the depreciation rates calculated on the basis of the same criteria used for owned fixed assets. The residual amounts of principal payable to the lessors are therefore recognized among short and medium / long-term financial liabilities, while the financial charges for the period are recognized in the income statement.

Intangible assets

Intangible assets acquired or produced internally are recognized as assets (based on IAS 38) on the basis of a cost determined reliably if their use is expected to generate future economic benefits. In particular, intangible assets include costs for management software and development costs for new products / services. Purchase and / or production costs are amortized on a straight-line basis based on their estimated useful life, starting from the actual moment of their use and taking into account the related benefits.

Impairment

With reference to tangible fixed assets and intangible assets on an annual basis, the existence of indications of impairment is verified; if such factors are present, on the basis of the recoverable

SEPARATE FINANCIAL STATEMENTS OF POLIGRAFICA S. FAUSTINO S.P.A.

value, the loss of value recognized in the income statement in the year of determination is determined

Financial fixed assets

Equity investments in subsidiaries are entered at purchase cost, possibly adjusted to take into account lasting losses. The original cost is reinstated in subsequent years, with recognition in the income statement, if the reasons for the write-downs no longer apply.

Long-term receivables are valued on the basis of their presumed realizable value.

Inventories

Inventories of raw materials are recorded at the lower of the value inferable from market trends and the weighted average purchase cost. Work in progress and finished products, wholly on order, are valued at the lower of cost and the current value of the payments due for the percentages of completion.

Credits

Receivables are entered at their presumed realizable value.

The application of the amortized cost criterion has no effect in the case of trade receivables or other short-term assets or in reference to receivables of a financial nature when the effective interest rate is not significantly different from the market interest rate and / or is not there are significant transaction costs.

In the event that the maturity of the trade receivables and other current assets do not fall within the normal commercial terms and are not interest-bearing, a discounting process is applied, where deemed significant.

Current financial assets

Any financial assets that are not fixed assets and that are held for trading are recognized at fair value with the recognition of the economic effects among financial income or charges.

Own actions

The treasury shares held by the company at the end of the year are entered at the purchase cost. As required by the international reference standards, the total cost of treasury shares is recorded as a decrease under shareholders' equity.

Provisions for risks and charges

Provisions for risks and charges are intended only to cover losses or debts of a specific nature, of certain or probable existence, of which, however, at the end of the period, either the amount or duration of occurrence is undetermined. Allocations are made only when there is a legal or constructive obligation and a reliably estimated amount can be determined.

Employee severance indemnity (employee benefits)

The severance indemnity on the basis of the laws and employment contracts applicable to the individual companies covers the amounts to be paid and the reserves relating to the loans accrued at the end of the period, in favor of employees, net of any advances paid. In light of the regulatory changes imposed by the 2007 budget, a total devolution of the amounts accrued during the year is envisaged, depending on the choices made by the employees, in favor of supplementary pensions or in favor of the INPS Treasury. As a result of this operation, except for the annual revaluation quota, the severance indemnity fund is destined to progressively decrease following resignations and / or advances paid.

The application of the actuarial methodology provided for by IAS 19, previously assessed to an insignificant extent, assumes less and less importance in the face of the dynamics described above.

Debts

SEPARATE FINANCIAL STATEMENTS OF POLIGRAFICA S. FAUSTINO S.P.A.

Payables, whose due date falls within normal commercial terms, are not discounted and are valued at amortized cost which, for non-interest bearing liabilities, effectively coincides with the nominal value

Financing

Loans are valued at cost, net of accessory acquisition costs. This value is subsequently adjusted to take into account any difference between the initial cost and the reimbursement value.

Following initial recognition, financial liabilities are valued with the amortized cost criterion using the original effective interest rate method represented by the rate that makes the present value of the cash flows equal to the value at the time of initial recognition. of initial enrollment. Each profit or loss is recognized in the income statement when the liability is extinguished, as well as through the amortization process.

In cases where the transaction costs are not significant, the effective interest rate essentially coincides with the nominal rate and consequently the application of the amortized cost has no impact.

Revenue recognition

Revenues and income are recognized in the income statement when it is probable that economic benefits will flow to the Company and the relative amount can be reliably determined.

In particular, revenues from the sale of products are recognized when the risks and benefits associated with the ownership of the goods by the buyer have been transferred.

Income taxes

The allocation for the tax debt is determined on the basis of an analytical calculation of the payable charge for the year, in accordance with current tax legislation. Furthermore, in the event of significant temporal differences between the recognition of costs and revenues in the income statement (according to an accrual basis) and the moment of their deductibility / taxability for tax purposes, the related deferred and / or anticipated tax impacts, including any benefit for reported losses. Finally, the effects, where applicable, of deferral and / or anticipation of time on taxes resulting from the adjustments made in the application of IAS / IFRS accounting principles are determined.

Use of estimated values

The drafting of the separate financial statements and explanatory notes required the use of estimates and assumptions both in the determination of some assets and liabilities and in the valuation of potential liabilities. The a posteriori results that will derive from the occurrence of the events could therefore differ from these estimates.

The estimates and assumptions considered are reviewed on a continuous basis and the effects of any changes are consequently recorded in the financial statements.

Financial instruments

The company only holds derivatives to hedge interest rates on financial payables (IRS).

The aforementioned derivatives (for which the relationship between the derivative and the object of the hedge is satisfied and its effectiveness is formally documented) cover the risk of changes in the cash flows of the hedged elements (cash flow hedge).

The accounting treatment adopted by the Company provides that the change in fair value of the same is recognized directly in equity, while any ineffective portion is recognized directly in the income statement.

The amounts recognized directly in equity are presented in the comprehensive income statement.

Any implicit derivatives included in other contracts are treated as separate derivatives, when their risks and characteristics are not strictly correlated to those of the contracts that host them and the latter are not measured at fair value, with recognition of the relative profits and losses in the income statement. .

The fair value of financial instruments listed on an active market is based on the market prices at the balance sheet date. The fair value of instruments not listed on an active market is determined using specific valuation techniques with the support of data provided by credit institutions

EXPLANATORY NOTES TO THE INDIVIDUAL ITEMS OF THE SEPARATE FINANCIAL STATEMENTS

All data are expressed in thousands of Euros, unless otherwise and specifically indicated.

NON-CURRENT ASSETS

1. Tangible assets and rights of use

Balance at 31/12/20	3,854
Balance at 31/12/19	4,012
Variation	(158)
Lands	
Historical Cost	1,047
Devaluation	0
Balance at 31/12/19	1,047
Increase	0
Disposals	0
Balance at 31/12/20	1,047
Building	
Cost (413/91 revaluation included for Euro 249 thousand)	6,408
Accumulated depreciation	(3,817)
Balance at 31/12/19	2,591
Increase	-
Disposals	-
Depreciation	(174)
Balance at 31/12/20	2,417
Plants and machinery	
Historical Cost	6,851
Accumulated depreciation	(6,735)
Balance at 31/12/19	116
Increase	149
Net disposal	(507)
Used funds	507
Depreciation of the year	(47)
Balance at 31/12/20	218
Other fixtures, fittings, tools and equipment	
Historical cost	215
Accumulated depreciation	(215)
Balance at 31/12/19	0
Increase	-
Net disposal	(47)
Use funds	47
Depreciation of the year	-
Balance at 31/12/20	0

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Other tangible assets	
Historical Cost	641
Accumulated depreciation	(578)
Balance at 31/12/19	63
Increase	3
Net Disposal	(65)
Use funds	65
Depreciation	(17)
Saldo al 31/12/20	49

Right of use on plants and machinery	
Balance at 31/12/19	105
Increase	
Early extinctions	
Use funds	
Amortizations	(64)
Balance at 31/12/20	41

Right of use on other goods (vehicles)	
Balance at 31/12/19	89
Increase	17
Early extinctions	
Use funds	
Amortizations	(25)
Balance at 31/12/20	81

2. Intangible assets

Balance at 31/12/20	198
Balance at 31/12/19	216
Variation	(18)

Description	Value at 31/12/19	Increase	Amort.	Other variations	Value at 31/12/20
Development costs	210	72	(89)		193
Software	6	2	(3)		5
	216	74	(92)		198

Development costs include the costs incurred for the construction and implementation of the e-commerce IT platforms also used in the production management of graphic supports.

3. Equity investments and other non-current receivables

SEPARATE FINANCIAL STATEMENTS OF POLIGRAFICA S. FAUSTINO S.P.A.

	31/12/20	31/12/19
Investment in subsidiary companies	1,143	1,143
Investment in other companies	3	3
Other non-current receivable	259	363
Deferred tax assets	961	1,034
	2,366	2,543

Investment in subsidiary companies	Value at 31/12/20	Value at 31/12/19	Net variation
Sanfaustino Label S.r.l.	20	20	-
Linkonline S.r.l.	1,123	1,123	-
	1,143	1,143	-

MAIN DATA OF THE SUBSIDIARIES:

(Financial statement data prepared on the basis of Italian UCIs, to which the adjustments required by IAS / IFRS have been applied)

Subsidiaries

Sanfaustino Label S.r.l. sole proprietorship

Registered office: Castrezzato (BS) Via Valenca, 15

Share capital : Euro 20,000

Net Equity at 31/12/2020: Euro 1,159,515 (IAS)

Net result for 2020: Euro +344,096 (IAS)

Direct ownership: 100 %

Book value: Euro 20,000

Linkonline S.r.l. sole proprietorship

Registered office: Castrezzato (BS) Via Valenca, 15

Share capital: Euro 100,000

Net equity at 31/12/2020: Euro 1,466,594 (IAS)

Net result for 2020: Euro +114,326 (IAS)

Direct ownership: 100%

Book value: Euro 1,122,908

During the year, no write-downs were made to the value of the equity investments based on the results of the "impairment" analyzes conducted by an independent expert.

At 31 December 2020, the "impairment" analysis was updated and conducted by an independent expert using the cash flows inferable from the five-year economic-financial plans (2021-2025) approved by the Board of Directors of the subsidiary Linkonline S.r.l. on 01 March 2021 and based on reasonable and sustainable assumptions consistently with the best possible estimate.

Taking into account the results achieved and the foreseeable results on the subsidiary, no elements emerged from the impairment test that could constitute lasting losses in value.

Non-current receivables

Other non-current receivables consist of active guarantee deposits (1 thousand euros), receivables for tax refunds from 2012 requests (15 thousand euros) and medium / long-term receivables from third-party companies (243 thousand euros) in relation to the sale of assets and other fixed assets with payment plans in installments.

Credit for deferred tax assets

SEPARATE FINANCIAL STATEMENTS OF POLIGRAFICA S. FAUSTINO S.P.A.

Description	
Balance at 01.01.2019	1.131
Increase from merger (formerly PSFInteractive)	34
Reversal to use losses carried	(107)
Reversal on tax adjustments formerly PSFInteractive	(24)
Provision on taxed bad debt provision	-
Utilization of Taxed Account on funds credits	-
Balance at December 31, 2019	1,034
Tax benefit of allowance for doubtful accounts taxed	(1)
On reported fiscal losses	(62)
On others formerly PSF Interactive	(10)
Balance at December 31, 2020	961

In particular, this balance is set aside on:

Tax benefit on taxed credit devaluation fund	33
On reported tax losses	928
Balance at 31 December 20	961

It is considered appropriate to specify that the tax benefit deriving from previous losses, as resulting from the UNICO 2020 tax return (year 2019) would thus be formed also in light of the reprocessing at a rate of 24% as required by the 2016 Stability Law starting from financial year 2017:

	Useful fiscal losses	24% benefit
From "UNICO 2020"	6,004,284	
Use by counting the budget (*)	(258,137)	
Available residual	5,746,147	1,379,075

(*) = Based on the best estimate in the financial statements.

From the table above it can be seen that the accounting balance recorded under deferred tax assets in the financial statements is significantly lower than the actual tax benefit available.

It is recalled, in fact, that the relevant tax legislation, amended during the 2011 financial year, allows the carry-over of the benefit deriving from tax losses without time limits, with the sole limitation deriving from the compensability of losses up to a maximum of 80 % of the taxable income of each financial year.

Having said that, the directors believe they can confirm the recoverability of the amount entered among the assets in these financial statements in the light of the taxable income also foreseeable for the years to come.

CURRENT ACTIVITIES

Description	31/12/20	31/12/19	Variation
Inventories	176	230	(54)
Trade receivables	2,164	3,092	(928)

SEPARATE FINANCIAL STATEMENTS OF POLIGRAFICA S. FAUSTINO S.P.A.

Receivables from subsidiaries	2,825	2,015	810
Tax receivables	32	16	16
Other current receivables	204	245	(41)
Cash and liquidity	5,372	1,934	3,438
Total current assets	10,773	7,532	3,241

4. Inventories

Inventories are made up as follows:

Description	Value at 31/12/20	Value at 31/12/19	variation
Raw materials	6	12	(6)
Finishing Products	59	106	(47)
Finished Products	111	112	(1)
	176	230	(54)

5. Trade and receivables from Group companies

The balance of trade receivables from third parties is made up as follows:

Description	31/12/20	31/12/19
Toward client:		
Italy	2,241	3,114
Euro Area	73	138
Non-Euro Area	3	-
(less) Fund devaluated credits	(153)	(160)
Total	2,164	3,092

It should be noted that during the year, the bad debt provision recorded decreases for uses equal to 7 thousand euros; no further provisions were made on the same as the residual provision is considered to be adequate to cover bad debts.

The details of receivables from **subsidiaries** are as follows:

Subsidiary	Balance at 31/12/20	Balance at 31/12/19
Sanfaustino Label S.r.l.	2,731	1,926
Linkonline S.r.l.	94	89
	2,825	2,015

6. Tax credits

The balance of tax credits is made up as follows:

Description	31/12/20	31/12/19
VAT receivable	9	-
Treasury account held	-	-
Other receivables from administration	3	7
IRAP and IRES receivables	11	-
D.L. 66/2014 receivables	9	8
Total	32	15

SEPARATE FINANCIAL STATEMENTS OF POLIGRAFICA S. FAUSTINO S.P.A.

7. Other current receivables

The composition of the item other current receivables is shown below:

Composition	31/12/20	31/12/19
Other receivables	106	165
Accrued income and prepaid expenses	98	80
	204	245

The breakdown of other current receivables is shown below:

Description	31/12/20	31/12/19
Deferral of commissions and commercial	-	-
Discounts on rentals and leases different accrued income	17	16
Deferrals on miscellaneous expenses	81	64
	98	80

8. Cash and cash equivalents

Description	31/12/20	31/12/19
- Bank deposit	5,370	1,932
- Credit notes	-	-
- Cash	1	2
	5,371	1,934

The balance represents cash and cash equivalents and the existence of cash and values as of 31 December 2020. For a complete assessment of the financial dynamics, please refer to the cash flow statement.

9. SHAREHOLDERS 'EQUITY

In referring to the specific statement of changes in shareholders' equity, it is noted that in the course of the 2020 financial year, purchase operations were carried out on treasury shares for a total value of € 273,052.

Below is the prospectus relating to the usability of the reserves:

Description	Value at 31/12/2020 (result not included)	Utilization possibility	Free amount	Last 3 accounting year utilization
Euro unit				Loss coverage (result not included)
Capital stock	6,161,592		0	
Capital reserve				
Share premium account reserve	-	A, B; C	(a)	(b) (c)
Revaluation reserve	241,206	A, B, C	241,206	
Profit reserve				
Legal Reserve	230,454	B	0	

SEPARATE FINANCIAL STATEMENTS OF POLIGRAFICA S. FAUSTINO S.P.A.

Merger reserve	61,973	A, B, C		
IAS reserve	233,989	A, B, C		
hedging derivatives reserve	(26,148)			
earnings previous year and other reserves	146,215	A, B, C	0	(b)

Types:

A = for capital increase

B = to cover losses

C = for distribution to shareholders

(a) = pursuant to art. 2431 of the Italian Civil Code they cannot be distributed until the legal reserve has reached the limit of one fifth of the share capital. The share premium reserve was fully used in 2020 for the purchase of treasury shares.

(b) = In 2013 it was used to cover losses for the year 2012 for an amount equal to € 5,541,238. In 2013 other reserves were also used for € 793,729 against the 2012 loss component not already covered by the share premium reserve. In 2014, other reserves were used to smooth out the 2013 statutory loss of € 475,650. In 2016, other reserves were used to smooth out the 2015 statutory loss of € 35,209.

(c) = The share premium reserve was used in 2020 for € 102,619 against the purchase of treasury shares of the same amount.

A further negative difference of € 22,130 was generated by the fair value adjustment of existing hedging derivatives against specific loans.

Against the purchase of treasury shares, the reserve for previous years' results was used for an amount of 170 thousand euros (equal to the difference that was not covered by the share premium reserve).

NON-CURRENT LIABILITIES

Description	31/12/20	31/12/19	Variation
Loans (non-current quota)	5,550	1,073	4,477
Employee severance indemnity	144	169	(25)
Retirement reserves	229	213	16
Provisions for losses	104	108	(4)
Deferred tax liabilities	-	-	
Other non-current liabilities	-	-	
Total non-current liabilities	6,027	1,563	4,464

10. Medium-long term loans

Description	31/12/20	31/12/19	Variation
Bank loans (medium/long term)	5,480	958	4,522
Financial leasing (medium/long term)	0	0	
Debts for right of use (medium/long term)	70	115	(45)
Total non current liabilities	5,550	1,073	4,477

SEPARATE FINANCIAL STATEMENTS OF POLIGRAFICA S. FAUSTINO S.P.A.

The **total** of outstanding loans borne by the Company is made up as follows:

- 6,120 thousand euros for mortgages with credit institutions, of which 5,480 thousand is the medium / long-term component (including payables for derivatives equal to 26 thousand euros) while the short-term portion is equal to 640 thousand euros; the portion over 5 years amounts to 737 thousand euros.
- 130 thousand euros of debt for rights of use (on non-financial leases) of which 60 short-term and 70 to M / L.

In the 2020 financial year, some operations were carried out as summarized below:

- a) taking out 5 loans with credit institutions for a total of € 5,140 thousand, of which 1,000 repayable in 60 months and 4,140 with a maturity of 72 months;
- b) no initiation / termination of financial leases
- c) partial repayments of bank loans for € 973 thousand
- d) Start-up during the year of new lease agreements for use for 17 thousand euros;
- e) repayments of debts for rights of use for 85 thousand euros

There are no. 3 interest rate hedging derivative contracts to be valid until maturity on the related loans for a total amount of 4.5 million euros. The fair value effects of these derivatives amounted to a total of negative 26,148 euros with a negative change of 22,130 compared to the previous year. These effects were included in the shareholders' equity reserves as at 31/12/2020.

11. TFR and retirement funds

The change in the severance indemnity fund can be summarized as follows:

Description	Amount Euro/000
Balance at 31/12/2019	169
Paid for INPS	(1)
Amount of the year	2
Paid in advance	(12)
Resignations	(14)
Equivalent tax	-
Balance at 31/12/2020	144

The change in the agent retirement fund can be summarized as follows:

Description	Amount Euro/000
Balance at 31/12/2019	213
Provisions	16
Use	-
Balance at 31/12/2020	229

12. Deferred tax liabilities

The change in deferred tax liabilities can be summarized as follows:

Description	Amount Euro/000
Balance at 31/12/2019	108

SEPARATE FINANCIAL STATEMENTS OF POLIGRAFICA S. FAUSTINO S.P.A.

Provisions	-
Reversals	(4)
Balance at 31/12/2020	104

Liabilities for deferred taxes consist of deferred tax effects on the tax clean-up carried out in 2004 to which are added the deferred tax effects resulting from the application of various accounting principles dictated by the IAS / IFRS. The reprocessing effect at a rate of 24% (instead of 27.5%), although positive, was not accounted for as it was not considered relevant

CURRENT LIABILITIES

Description	31/12/20	31/12/19	variation
Loans (current quota)	750	1,151	(401)
Trade payables	2,659	3,616	(957)
Payables to subsidiaries	54	81	(27)
Tax payables	70	107	(37)
Other payables	412	440	(28)
Total current liabilities	3,945	5,395	(1,450)

13. Short-term financing

Description	31/12/20	31/12/19
- Owed to banks - short term loans	50	95
- Debts towards banks in short term	640	973
- Debts towards Leasing company in short term	-	-
- Debts for right of use in short term	60	83
Total short-term liabilities	750	1,151

Please refer to what has already been highlighted in the comments on medium / long-term liabilities.

14. Trade payables and payables to Group companies

The balance of trade payables is made up as follows:

Description	31/12/20	31/12/19
Trade payables:		
Italy	2,076	3,124
CEE Area	14	37
Area Extra-CEE	0	0
Towards clients of goods to deliver in different moments	569	455
Total	2,659	3,616

The balance of *payables to Group companies* is made up as follows:

Subsidiaries	31/12/20	31/12/19
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SEPARATE FINANCIAL STATEMENTS OF POLIGRAFICA S. FAUSTINO S.P.A.

Sanfaustino Label S.r.l.	52	71
Linkonline S.r.l.	2	10
Total	54	81

15. Tax payables

The details of the **tax payables** are as follows:

Description	Balance at 31/12/20	Balance at 31/12/19
VAT	0	10
Irpef (a)	70	89
Ires/irap	0	8
	70	107

(a) = of which € 14 thousand for withholding taxes on fees to professionals and agents, collaborators and employees for € 56 thousand.

16. Other current liabilities

Details of other **current liabilities**:

Description	Balance at 31/12/20	Balance at 31/12/19
To social security institutions	93	118
To personnel	110	129
To customers	3	26
To others	103	76
Accrued charges and deferred earnings	103	91
	412	440

INCOME STATEMENT

Description	31/12/20	31/12/19	Variation
Operating income and revenues	9,365	11,734	(2,369)
Materials and change in inventories	(3,472)	(4,881)	1,409
Services	(3,793)	(4,418)	625
Payroll costs	(1,052)	(1,193)	141
Other operating costs (revenues) -net	(359)	(634)	275
EBITDA	689	608	81
Depreciation and amortization	(420)	(460)	40
EBIT	269	148	121
Net financial income (expenses)	(30)	(20)	(10)
RESULT BEFORE TAX	239	128	111
Tax	(70)	(63)	(7)
NET RESULT	169	65	104

INFORMATION ON THE MAIN COMPONENTS OF THE INCOME STATEMENT

REVENUES AND OPERATING INCOME

Descrizione	31/12/20	31/12/19	Variation
Revenues from sales and services	7,979	10,397	(2,418)
Other income	1,386	1,337	49

SEPARATE FINANCIAL STATEMENTS OF POLIGRAFICA S. FAUSTINO S.P.A.

Total	9,365	11,734	(2,369)
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17. Revenues from sales and services

Description	2020	2019	variation
Graphic products	4,297	6,195	(1,898)
Documental management	1,322	1,410	(88)
Telephone printouts	826	895	(69)
Postal fees repayment	1,534	1,515	19
Revenues formerly PSFInteractive	-	382	(382)
Total	7,979	10,397	(2,418)

The Parent Company maintains the management of the printing and mailing service also related to document management.

Overall sales for the year 2020 recorded a decline of 23.2% compared to the sales of the previous year. The foreign turnover amounts to 0.45 million euros and is equal to 5.7% of sales (it was 0.62 million euros in 2019).

18. Other revenues and income

Description	2020	2019	variation
Charging services to subsidiaries	1,334	1,079	255
Charge back services to third parties	44	129	(85)
Ordinary gains on disposal	1	2	(1)
Award from suppliers	4	115	(111)
Other revenues	3	12	(9)
Total	1,386	1,337	49

19. Purchases and changes in inventories

Description	2020	2019	variation
Raw materials, goods and other purchases			
Increase (decrease) in raw material inventory	3,418	4,671	(1,253)
Increase (decrease) in finished goods and WIP inventory	6	7	(1)
Total	48	203	(155)
	3,472	4,881	(1,409)

The change in the purchase costs of raw materials, consumables and goods, albeit related to the change in inventories and turnover, reflects the direct procurement strategies of semi-finished products and goods for resale.

In particular, the purchases concerned:

- raw materials in various types for 68 thousand euros;
- consumables for 6 thousand euros;
- finished and semi-finished products for 3,173 thousand euros;
- other purchases for resale 171 thousand euros

SEPARATE FINANCIAL STATEMENTS OF POLIGRAFICA S. FAUSTINO S.P.A.

20. services

Description	31/12/20	31/12/19	variation
Outsourcing production	371	670	(299)
Motive power	246	261	(15)
Transports	141	158	(17)
Postal charges and services	1,532	1,512	20
Sales commissions	433	801	(368)
Other commercial costs	242	223	19
Consultant fees	423	373	50
Other costs	405	420	(15)
Total	3,793	4,418	(625)

21. personnel costs

Description	31/12/20	31/12/19	variation
Wages and salaries	752	855	(103)
Social security costs	232	267	(35)
Provision for severance indemnity	55	63	(8)
Other costs	13	8	5
Total	1,052	1,193	(141)

The item includes the entire cost of personnel including social security contributions, the cost of unused holidays, the thirteenth month's salary and the provisions required by law and collective agreements.

Employment data

	31/12/20	average	31/12/19	average
Managers	-	-	1	1
Clerical employees	23	23	22	24
Manual workers	3	3	3	4
Total	26	26	26	29

22. Other net operating costs and income

Description	31/12/20	31/12/19	variation
Rental costs (*)	0	0	0
Rental (*)	13	25	(12)
Losses on trade receivables	-	-	
Loss on operations (non-recurrent)	-	-	
Other provisions	16	22	(6)
Directors' fees	244	270	(26)
Statutory auditors' fees	10	13	(3)
Vehicle management	32	39	(7)
Other generic expenses	225	226	(1)

SEPARATE FINANCIAL STATEMENTS OF POLIGRAFICA S. FAUSTINO S.P.A.

Loss of alienation	-	97	(97)
Capitalization internal costs	-	-	-
Contingent revenues (non-recurring)	(191)	(99)	(92)
Contingent expenses (non-recurring)	9	41	(32)
Total	358	634	276

(*) = From the 2019 financial year in the face of the application of IFRS 16, the leases that meet certain time and / or significance requirements have been retracted among the assets for rights of use, debt, depreciation and interest expense.

The directors' fees recorded in the financial statements relate only to the fixed component of the remuneration. Any variable component relating to the three-year period 2019 - 2021 can be assessed at the end of the indicated period. For further details, please refer to the "Remuneration Report" available on the company's website www.psf.it / Investor relations / Corporate Governance / Relations at the following address:

http://investor.psf.it/it/page.asp?id_sez=48&id_sub=56&id_com=79

23. Depreciation, provisions and adjustments

Depreciation and amortization	31/12/20	31/12/19
Amortization of properties, plants, machineries and other goods	238	259
Amortization of assets for right of use (*)	89	105
Amortization of intangible assets	93	96
Total depreciation and amortization	420	460
Other provisions and adjustments	-	-
Total	420	460

24. Financial income and expenses

Financial income	31/12/20	31/12/19
Bank interests receivable	-	-
Interest income from Group companies	8	7
Other interest and exchange rate differences	8	7
Total financial income		
Financial expenses	31/12/20	31/12/19
Bank interests payable	-	-
Interests on medium long-term loans	(35)	(21)
Interests on financial leasing costs	-	-
Interests on operating leases (IFRS16)	(3)	(6)
Interests expenses and foreign exchange differences	-	-
Total financial expenses	(38)	(27)
NET Financial income and expenses	(30)	(20)

25. taxes

	31/12/20	31/12/19
IRES of the accounting year	(15)	(27)

SEPARATE FINANCIAL STATEMENTS OF POLIGRAFICA S. FAUSTINO S.P.A.

IRAP	(19)	(35)
Active IRES turnaround from tax losses	(63)	(107)
Tax reset of deferred tax liabilities on goodwill of the transferred business branch	-	124
Reversal of deferred tax assets formerly PsfInteractive	(10)	(24)
Other deferred tax income (cost) including	37	6
Total taxes	(70)	(63)

The link between the statutory result and the taxable income is shown below:

Table of reconciliation between result and fiscal purposes	2020
(Euro/000)	
Result before tax	238
Variation	
Write-off of depreciation (not acceptable for fiscal purposes)	17
Temporary differences on advance "FSC"	-
Other temporary differences	-
Return of temporary differences on advance "FSC"	(6)
Permanent differences (increase)	90
Permanent differences (reduction)	(16)
Total net variation	85
IRES Taxable income	323
Decrease for fiscal losses (80%)	(258)
Net IRES Taxable income	65
Fees (IRES) 24%	15
Taxable Income IRAP	481
IRAP (3.9%)	19

For further details and considerations, please refer to what is reported in the tables referring to changes in receivables and payables for deferred tax assets and liabilities.

EXPLANATORY NOTES - OTHER INFORMATION

Below is the additional information that must be provided by the directors pursuant to Article 2427 of the Civil Code. As regards the information regarding the nature of the company, the management trend and its foreseeable evolution and further information on relations with related parties, please refer to what is set out in the Management Report.

Elements of exceptional magnitude or incidence

During the financial year in question, the company did not report revenues / costs of exceptional size or impact.

Positions or transactions deriving from atypical and / or unusual operations

Pursuant to Consob Communication no. 6064293 of 28 July 2006, it is specified that during the 2020 financial year the Group did not carry out atypical and / or unusual transactions, as defined in the Communication itself ("Atypical and / or unusual transactions are meant those transactions which significance / relevance, nature of the counterparties, subject of the transaction, methods of determining the transfer price and timing of the event may give rise to doubts as to: the correctness / completeness of the information in the financial statements, the conflict of interest, the of company assets to the protection of minority shareholders")

SEPARATE FINANCIAL STATEMENTS OF POLIGRAFICA S. FAUSTINO S.P.A.

Commitments, guarantees and potential liabilities not resulting from the balance sheet

Poligrafica S. Faustino, as the Parent Company, is the custodian of umbrella credit lines that can be used by the same and / or by its subsidiaries.

Poligrafica has issued sureties, credit mandates and letters of patronage in favor of Group companies to guarantee loans and bank credit lines from credit institutions for the amounts indicated below:

amounts in Euro/000

Beneficiary	On financial leases	In leases	On credit lines	On suppli contracts
Sanfaustino Label S.r.l.	1,922	4,116	12,245	42
Linkonline S.r.l.	0	1,748	4,210	-

It is acknowledged that there are no further agreements not resulting from the balance sheet whose effects could expose the Company to significant risks or benefits, such as to have a significant impact on the assessment of the equity and financial situation and on the economic result for the year.

There are no contingent liabilities not resulting from the balance sheet as at 31 December 2020.

Disclosure on financial instruments

The Company has three derivative instruments for hedging interest rates related to loans of an original 4.5 million euro. The valuation of these derivatives corresponds to liabilities of approximately € 26 thousand charged to a decrease in equity reserves (there were 4 at the end of the previous year) with a contra entry to an increase in financial payables.

These instruments are used only with the intent of hedging, in order to reduce the rate risk.

Consistent with the provisions of IAS 39, derivative financial instruments can be accounted for in accordance with the methods established for "hedge accounting" only when, at the start of the hedge, there is formal designation and documentation of the hedge relationship and it is assumed that the hedge is highly effective at the initial time and during the various accounting periods.

During the year, no transactions were carried out with the use of derivative financial instruments for speculative purposes.

Transparency in the public funding system

During the year, the Company did not receive subsidies, contributions, paid assignments and in any case economic benefits referred to in Law 124/2017, Article 1, paragraph 25.

Transactions with related parties

In addition to what is reported in the paragraph "Relations with group companies and related parties", in order to represent the dynamics of the integrations at Group level, the economic transactions carried out by Poligrafica S. Faustino S.p.A. are summarized below. with its subsidiaries.

Revenues and other operating income	31/12/20	31/12/19
Sales, re-debts and service to:		
- Sanfaustino Label S.r.l.	1,159	922
- Linkonline S.r.l.	183	250

SEPARATE FINANCIAL STATEMENTS OF POLIGRAFICA S. FAUSTINO S.P.A.

total	1,342	1,172
<hr/>		
Operating costs	31/12/20	31/12/19
<hr/>		
Purchases and other charges from:		
- Sanfaustino Label S.r.l.	145	176
Purchases and other charges from:		
- Linkonline S.r.l.	8	20
<hr/>		
Total	153	196

To the related company Etichette Nika S.r.l. during the 2019 financial year no orders for processing are assigned as, since these are labels, the business relationship was transferred to the subsidiary Sanfaustino Label.

All transactions with subsidiaries and related companies are carried out according to market methods and conditions.

Remuneration of directors and statutory auditors

Based on the provisions of art. 123-ter of the Consolidated Law on Finance, the information relating to the company's policy on the remuneration of the members of the administrative bodies, general managers and executives with strategic responsibilities, the procedures used for the adoption and implementation of this policy as well as the remuneration of the aforementioned persons and of the members of the control body and general managers have been included in a separate report (Remuneration Report) always approved by the Board of Directors.

The aforementioned document is also available on the company's website www.psf.it / Investor Relations / Corporate Governance / Relations at the following address:

http://investor.psf.it/it/page.asp?id_sez=48&id_sub=56&id_com=79

INFORMATION PURSUANT TO ART. 149-DUODECIES OF THE CONSOB ISSUER REGULATION

This prospectus drawn up pursuant to art. 149-duodecies of the Consob Issuers' Regulation highlights the fees charged in the 2020 financial year for auditing services and for those other than auditing.

(euro/000)	fees
auditing	26
Other services	-
Total	26

SEPARATE FINANCIAL STATEMENTS OF POLIGRAFICA S. FAUSTINO S.P.A.

PROPOSAL IN ORDER TO THE DESTINATION OF THE RESULT FOR THE YEAR

The Board proposes to allocate the profit for the year of € 169,388 as for 5% to the legal reserve and the remainder to be carried forward.

SEPARATE FINANCIAL STATEMENTS OF POLIGRAFICA S. FAUSTINO S.P.A.

Certification of the financial statements pursuant to art. 81-ter of Consob Regulation no. 11971 of May 14, 1999 and subsequent amendments and additions

1. The undersigned Alberto Frigoli, Emilio Frigoli and Giuseppe Frigoli as managing directors and Maurizia Frigoli as executive in charge of preparing the corporate accounting documents of the company Poligrafica S. Faustino SpA, certify, also taking into account the provisions of art . 154-bis, paragraphs 3 and 4, of the legislative decree 24 February 1998, n. 58:

- The adequacy in relation to the characteristics of the company e
- The actual application,

of the administrative and accounting procedures for the preparation of the financial statements at 31 December 2019.

2. In this regard, no significant aspects emerged in relation to situations of particular managerial or strategic interest or the existence of problems / anomalies also found in the context of the effective application of the procedures.

3. It is also certified that the financial statements:

- a) have been prepared in compliance with the applicable international accounting standards recognized in the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council, of 19 July 2002 and subsequent variations;
- b) correspond to the results of the books and accounting records of the individual companies, taking into account the non-accounting consolidation records;
- c) is prepared in compliance with the International Financial Reporting Standards issued by the International Accounting Standards Board and, as far as is known, is suitable for providing a true and fair representation of the equity, economic and financial situation of the issuer and of the group of companies Consolidation.

3.1 The management report includes a reliable analysis of the performance and operating result, as well as the situation of the issuer and of the group of companies included in the consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Castrezzato, March 5, 2021

The executive in charge of drafting
of corporate accounting documents
Maurizia Frigoli

.....

The Managing Directors
Alberto Frigoli

.....

Emilio Frigoli

.....

Giuseppe Frigoli

.....



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INDEPENDENT AUDITORS' REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Poligrafica S. Faustino SpA

REPORT ON THE AUDIT OF THE SEPARATED FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Poligrafica S. Faustino SpA (also "Company"), which comprise the balance sheet as at December 31, 2020, the income statement and other components of the comprehensive income statement, the cash flow and changes in shareholders' equity for the year then ended, and notes to the financial statement, including a summary of significant accounting policies.

In our opinion the financial statements give a true and fair view of the balance sheet of the Company as at December 31, 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as the measures issued in implementation of art. 9 del D. Lgs. 28 February 2005, n. 38.

Basis for opinion

We conducted our audit in accordance with International Standard on Auditing (ISA Italia). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Poligrafica S. Faustino SpA in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon; therefore, we do not provide a separate opinion on these matters.

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Key audit matters**Impairment test on Investments**

Investment as of December 31, 2020 amounts to 1.146 thousand euro (equal to the 6,7% of the total assets in the separated financial statements) of which 1.123 thousand euro related to Linkonline Srl.

We concluded that the impairment test process constitutes a key audit matter considering the subjectivity of estimates used to determine future cash flows, as well as the discount rate (WACC) and the growth rate.

Impairment test on investments has been carried out by management with the support of an external appraiser asked to compare the *Carrying value* of the participated companies and the estimated recoverable value determined on their capability of generating future cash flows, net of the net financial position ("*Equity value*").

Company's notes to the separated financial statements as of December 31, 2020 describes the Impairment test on investments in the paragraph "Investments".

Deferred tax asset recoverability

Deferred tax assets as of December 31, 2020 amounts to 961 thousand euro, equal to the 5,6% of the total assets in the separated financial statements.

We concluded that the analysis on the recoverability of the deferred tax assets constitutes a key audit matter considering the subjectivity of estimates used to determine future taxable income.

Company's notes to the separated financial statements as of December 31, 2020 describes the recoverability assumptions on the deferred tax assets in the paragraph "Deferred tax assets".

Audit procedures

In particular, we carried out the following procedures:

- Assessment of the reasonableness of main assumptions used to forecast the cash flows;
- analysis of actual values, compared with the original plans, in order to understand the nature of variations and the reliability of the budgeting process;
- assessment of the reasonableness of the discount rate (WACC) and the growth rate;
- assessment of mathematical accuracy of the model used to determine estimated recoverable value of the participated companies;
- assessment of the sensitivity analysis;
- assessment of compliance with applicable accounting standards, of the procedures implemented by Management for the impairment test;
- assessment of compliance with applicable accounting standards of the information disclosed by the Company with reference to the impairment test.

In particular, we carried out the following procedures:

- Assessment of mathematical accuracy of the model and of the main assumptions used to forecast future taxable income;
- analysis of actual values, compared with the original plans, in order to understand the nature of variations and the reliability of the budgeting process;
- assessment of mathematical accuracy of the model used by the Directors;



Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by European Union, as well as the measures issued in implementation of art. 9 del D. Lgs. 28 February 2005, n. 38, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements

can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. Moreover:

- We identified and assessed the risk of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- We concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.
Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and we informed them about any relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We described these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Poligrafica S. Faustino SpA has appointed us on April 13, 2017 as auditors of the Company for the years from December 31, 2017 to December 31, 2025.

We declare that we have not provided prohibited non-audit services referred to in art. 5 par.1 of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14, paragraph 2 (e), of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Poligrafica S. Faustino SpA are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structure of Poligrafica S. Faustino SpA as at December 31, 2020, including its consistency with the related financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (ISA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the financial statements of Poligrafica S. Faustino SpA as at December 31, 2020 and on its compliance with the law, as well as to make a statement about any eventual material misstatements.

In our opinion, the above-mentioned report on operation and some specific information contained in the report on corporate governance and the ownership structure are consistent with the financial statements of Poligrafica S. Faustino SpA as at December 31, 2020 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the Company and of the related context acquired during the audit, we have nothing to report.

Brescia, Italy
March 25, 2021

Fidital Revisione Srl

REPORT OF THE AUDITING FIRM TO SEPARATE FINANCIAL STATEMENT

fidital:

Signed by

Gianluca Pirola

(Partner)

This report has been translated into the English language solely
for the convenience of international readers

POLIGRAFICA S. FAUSTINO SPA
Located in 25030 CASTREZZATO (Brescia), Via Valenca n. 15
Share capital € 6.161.592,12
REA di Brescia n. 250377
Tax code and Company Register of Brescia n. 01251520175
VAT number n. 00614280980

Report of the Board of Statutory Auditors on the Financial Statements closed on 31/12/2020
(pursuant to art. 153 of Legislative Decree 58/1998 and art. 2429, paragraph 3, of the civil code)

Dear Shareholders,

during the year ended on 31.12.2020 the Board of Statutory Auditors performed its supervisory duties within the terms provided for by current legislation and the CONSOB communication of 6 April 2001.

The financial year ended at 31.12.2020 showed, unlike the 2019 financial year, a level of investments of modest value (euro 0.24 million). Research and development activities focused on the development of projects related to both the paper converting area and that of direct marketing. With regard to the impact deriving from COVID-19, the company has implemented significant risk mitigation actions to protect employees, which involved an increase in health and hygiene procedures and a reorganization of work, promoting, where possible, the functioning of the agile and remote work. In consideration of the above, even during the lockdown period no significant interruption of the production activity was recorded, therefore the strategies implemented by the Company made it possible to face the difficulties of the period.

Transactions of particular importance

The other financial and commercial transactions considered significant carried out by the company and its subsidiaries have been correctly illustrated in the Management Report duly drawn up by the Administrative Body and also retrace what has now been set out in the premises of this accompanying report.

Significant events occurring after the end of the financial year

In November 2020, a takeover bid was launched on Poligrafica shares by the company Campi srl, whose subscription period lasted during the 2021 financial year ending at the end of January 2021 without success, so the Public Offer of Purchase has lost its effectiveness. As of today, there are no further events worthy of relevance and / or significant impact on the valuation of the financial statement data subject of this report.

Atypical or unusual operations

The undersigned Board did not experience any atypical or unusual transactions during the year ended 31.12.2020.

REPORT OF THE BOARD OF AUDITORS TO SEPARATE FINANCIAL STATEMENTS

Intra-group transactions or transactions with related parties

Intragroup transactions are of an ordinary nature and essentially consist of reciprocal administrative and / or commercial services.

Information required by the Consob Communication of 6 April 2001

During the year ended 12.31.2020, we monitored compliance with the law and the articles of association. As far as we are concerned, we have monitored the adequacy of the Company's organizational structure, compliance with the principles of proper administration and the adequacy of the instructions given to subsidiaries pursuant to art. 114, paragraph 2 of Legislative Decree 58/1998. All this through the collection of data and information requested from the managers of the administrative functions and through periodic meetings with the appointed Auditing Company, for the purpose of the mutual exchange of relevant data and information.

To this end, there are no particular observations to highlight.

The undersigned Board believes that it can be reasonably ensured that the actions resolved and implemented comply with the law and the Articles of Association and have not been manifestly imprudent, risky, in contrast with the resolutions adopted by the shareholders' meeting or such as to compromise the integrity of the corporate assets.

The control of the administrative-accounting system was carried out through the collection of information received from the heads of the respective functions, from the examination of company documents and the analysis of the results of the work carried out by the Independent Auditors, as well as checking the activities of the persons in charge to internal control.

The Supervisory Body (Legislative Decree 8 June 2001, no. 231) continued its activities, during which it did not find any anomalies or reprehensible facts, reporting its verification results in the preparation of specific internal reports .

In order to provide a complete picture of the corporate structure, it should be noted that directors and / or managers of the Parent Company are present on the Boards of Directors of the subsidiaries with operational powers, guaranteeing coordinated management and an adequate flow of news.

The Management Report, in relation to its contents, its form and its correct preparation, is compliant with current regulations, consistent with the resolutions of the administrative body and with the results of the financial statements; it contains, as already highlighted in the premises of this report, comprehensive information on the activity of the year ending on 31.12.2020 and on intra-group transactions.

During the year ended 31.12.2020, Fidital Revisione srl carried out the mandatory auditing activities for the companies of the group.

The Board of Statutory Auditors, also on the basis of the contacts it had with the independent auditing firm Fidital Revisione srl, has no observations to make on the Company's financial statements for the year 2020.

On the declaration of the Directors, there are no assignments to subjects linked to the company Fidital Revisione srl by ongoing relationships. Furthermore, no legal opinions have been issued by the Independent Auditors.

The company has adhered to the New Corporate Governance Code prepared by the Corporate Governance Committee of listed companies, promoted by Borsa Italiana S.p.A ..

The Board of Statutory Auditors has verified the correct application of the assessment criteria and procedures adopted by the board to annually assess the independence of its members, making known the outcome of these checks in its report to the assembly.

The supervisory activity of the Board, always carried out in the form of full collegiality, was noted in the reports of the meetings held during the entire 2020 financial year. We also took part to the

REPORT OF THE BOARD OF AUDITORS TO SEPARATE FINANCIAL STATEMENTS

meetings of the Board of Directors, as well as in those held of the internal committees set up. In carrying out its activities, the Board coordinated with the Control and Risks Committee by exchanging information, including with the head of the Internal Audit function.

Proposal to the Assembly - Financial statements as of 31/12/2020

The Board of Statutory Auditors expresses a favorable opinion on the approval of the financial statements as of 31.12.2020.

Brescia, March 16, 2021

For the Board of Statutory Auditors
Dr. Francesco Curone

A circular blue stamp with a grid pattern. The text inside the stamp reads: "CANTIERE COMMERCIALE SOCIETÀ PER AZIONI" at the top, "CANTIERE COMMERCIALE SOCIETÀ PER AZIONI" at the bottom, and "CANTIERE COMMERCIALE SOCIETÀ PER AZIONI" in the center. A handwritten signature in blue ink is written over the stamp.

GRUPPO
SANFAUSTINO

**REPORT ON CORPORATE GOVERNANCE
AND OWNERSHIP STRUCTURE**

(according to article 123-*bis* TUF)

(traditional administration and control model)

Issuer: POLIGRAFICA S. FAUSTINO S.P.A.

Website: www.psf.it

Exercise covered by the Report: 2020

Date of approval of the Report: March 5, 2021

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REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

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GLOSSARY

Code / Self-discipline Code: Self-discipline Code of quoted company approved on July 2018 by committee for corporate governance and approved by Borsa Italiana Sapa, Abi, Ania, Assogestioni, Assonime and Confindustria.

Cod. Civ. / C.C. : Civil Code.

Board: Board of Directors of Poligrafica S. Faustino S.p.A.

Issuer or Company: Poligrafica S. Faustino S.p.A.

Exercise: the accounting year covered by the report.

Group: Poligrafica S. Faustino Group.

Instructions to the Market Rules: the Instructions to the Regulations for Organized and Managed Markets by the Italian Stock Exchange S.p.A.

MAR: UE Regulation No. 596/2016 (Market Abuse Regulation)

Consob Issuer Regulation: Regulation issued by Consob with decision n. 11971/1999 in matter of issuers.

Consob Market Regulation: Regulation issued by Consob with decision n. 20249/2017 in matter of markets.

Regulation Correlated parts Consob: the regulation issued by Consob with deliberation n.17221 of 12 March 2010 (as next modified) in matter of correlated parts.

Report: Report on corporate governance relation and ownership structure as required by art. 123-*bis* TUF.

By-laws: By-laws of Poligrafica S. Faustino latest changed by Extraordinary Shareholders' meeting of 13.04.2017.

TUF: Italian Legislative Decree of February 24, 1998, n. 58 (*Testo Unico della Finanza*)

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

1. ISSUER'S PROFILE

Poligrafica S. Faustino S.p.A., company listed at the MTA – STAR Segment of the Italian Stock Exchange S.p.A., accepted the Code. The Governance Structure is based on the traditional organizing model and is formed by the following organs: Shareholders' meeting, Board of directors (operating through the executive Directors and is assisted by the control committee and risk and committee for the remuneration), Board of Auditors and Auditing Firm.

The **Shareholders Meeting** is the organ that, with its deliberations, expresses the shareholders' will. The decisions taken in conformity with the law and the Code are for all the shareholders, the agreeing and disagreeing included, except for the latter the recess right when permitted. The meeting is summoned according to the law dispositions that concern all companies with quoted titles in matters that the law reserve to them.

The **Board of Directors**, and the single delegated counsellors, have the function to define the strategic addresses of the company and of the Group to it related and has the responsibility to manage. For this they have the greatest powers to achieve all the acts that they consider opportune to reach the company's aims, with the only exception of those that are expressly reserved to the meeting.

The **Board of Auditors** watch over the law observance and of the By-laws and has control functions on the managing and has to watch on: respect of the principles of good administration; adequacy of the organized structure of the company; the modality of a concrete actuation of the Code; correctness of the operations with correlated parts; the connection of the dispositions imparted to the controlled in relation with the bounds of communication to the market of privileged information. It must not be concerned with the accounting control, which is under the responsibility of an Auditing Firm appointed by the Shareholders' meeting among those enlisted in the CONSOB list.

The **Auditing Firm** analyses the regularity of the accounts and the correct recording of the managing facts of the account's sheets and the consolidated balance sheet and that they are conformed to the norms. The revision company does also further services that have been given by the Board of directors, if they are not compatible with the accounting duties.

The Report illustrate corporate governance structure examined by Board on March 5, 2021 and give integrative information required by the law rules in matters of governance and ownership assets. In particular, the Holding thinks that the *Corporate Governance* System meets the needs and the recommendations of the Code and this considering the dimension and articulation of its own organs.

According to the art. 89-*bis* of Consob Issuers Regulation, in the following articles a detailed analysis is supplied on the respect of the conformity to the Code to which the company is part and the limited cases in which the Board of Directors has decided to accomplish or not to accomplish the applicative principles and criteria, giving the relative motivation.

The Issuer falls within the definition of PMI pursuant to art. 1, paragraph 1, lett. w-quater.1 of the TUF and art. 2-ter of the Issuers Regulation.

For the capitalization and turnover value, please refer to the list of SMEs that has been published on the Consob website pursuant to art. 2-ter, paragraph 2 of the Consob Issuers Regulation.

The Corporate Governance Report can be found at company's website (www.psf.it / Investor Relations / Corporate Governance / Reports).

In the section Investor Relations / Corporate Governance / By-laws, it is also available the By-laws updated versions.

2. INFORMATION ABOUT OWNERSHIP (pursuant art. 123-bis, paragraph 1, TUF) as at 31/12/2020

a) Composition of share capital (pursuant art. 123-bis, comma 1, letter a), TUF)

At the date of approval of this Report, the subscribed and fully paid-up share capital amounts to Euro 6,161,592.12, divided into n. 1,123,483 ordinary shares, without nominal value, corresponding, pursuant to Article 120, paragraph 1 and Article 7 of the By-laws, to n. 1,661,641 voting rights.

The structure of the share capital is detailed in Table 1, reported in the appendix to this Report. In this regard it is recalled that, as better specified under letter d) of this paragraph, the Extraordinary Shareholders' Meeting of April 24, 2015 resolved, pursuant to art. 127-quinquies of the Consolidated Law on Finance and of Law Decree 91/2014 converted into Law 116/2014, the introduction in the Company's Articles of Association of the mechanism for the increase of voting rights and that Article 120, paragraph 1 of the TUF, in the context of regulates the disclosure obligations of significant shareholdings, provides that in companies whose bylaws allow the increase of voting rights, by share capital is meant the total number of voting rights.

Such shares give right to vote in the ordinary and extraordinary assemblies of the company according to law and chart norms and give further administrative and patrimonial rights predicted by the law for vote right actions.

Issuer's share negotiates on MTA Market – STAR Segment of Italian Stock Exchange.

There are no incentives plans with a stock sharing base (stock option, stock gran, etc.) that imply increases, also free, of the social capital.

b) Restrictions to the transferring of shares (pursuant art. 123-bis, paragraph 1, letter b), TUF)

There are no restrictions to the transferring of shares.

c) Relevant participants to the Capital (pursuant art. 123-bis, paragraph 1, letter c), TUF)

Regarding the significant shareholdings please refer to Table n. 1 attached to this Report.

d) Special rights (pursuant art. 123-bis, paragraph 1, letter d), TUF)

The Extraordinary Shareholders' Meeting of 24.04.2015 amended Article 7 of the By-laws in order to introduce the so-called vote "Plus" in accordance with art. 127-quinquies of the TUF.

The shares of increased vote, also known by the term "loyalty share" have been introduced in Italy with Decree Law 91/2014, converted into Law 116/2014 (competitiveness decree). In this way, it has overcome the traditional principle of "one share - one vote", because it is possible to express, according to the Articles of By-law, a vote superior to one but not bigger than two, and this with reference to the actions that one shareholder has held for a consecutive period of not less than twenty-four months after inclusion in a special list.

Dimension of the benefit, vesting period and legitimizing real law.

The benefit of the increased vote is fully attributed of the law, i.e. a double vote per share exclusively in favour of the owner with the right to vote.

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

To enjoy the benefit the share must have belonged to the same shareholder for a continuous period of at least twenty-four months from the date of registration in the Special Register (i.e. the minimum period by art. 127-quinquies, paragraph 1, TUF) referred to below.

Establishment of a Special List, legitimacy to enlist and recognition to refuse the benefit.

A special list was set up - Special List - to be held in accordance with article 143-quater of the Issuers Regulation at the headquarters of the Company. The Board on 15.05.2015 has defined the criteria for its maintaining in compliance with the applicable regulations (the procedure for registration is available on the website www.psf.com / Investor Relations / Corporate Governance / Loyalty Share) and appointed the Account Manager responsible for the accounting document as the person in charge of keeping and managing the said Special List.

The appointee will provide the registration and updating of the list according to a monthly basis. All registration requests received each month, will be noted in the list on the 5th trading day of the month, and in any event within the record date envisaged by current regulations. These schedules will, however, be appropriate in any subsequent regulatory action in the matter.

The Shareholder requesting the registration in the Special List must present proper documentation and release a special certificate for more effective verification of the legitimacy assumptions.

The registered person can always request cancellation (total or partial) from the Special List, as can always give up the benefit of double voting that is eventually matured.

The cancellation, however, achieved when there are no more reasons for the increase of the vote.

Transfer (direct or indirect) of the real right of eligibility and of extraordinary operations of the Company (capital increase). Effects on the regulation of the benefit of double voting.

According to art. 127-d, paragraphs 3 and 4 of the TUF, the benefit of the vote plus is deleted if the share is transferred after payment or for free, as well as in case of direct or indirect sale of controlling stakes in companies or entities that hold shares of plus vote exceeding the limit provided by Article 120, paragraph 2, of the TUF.

The right to vote plus is kept in case of succession to the death while lapses in the case of merger and division of the owner of the shares. As regards, however, the assumptions of the capital increase, the benefit is extended proportionally much in the case of free capital increase, as in the case of capital increase with new contributions.

Effects of the increase of voting for the purpose of quorum of the meeting and for the exercise of minority rights.

The increase voting also computes to determine the constitutive and deliberative quorum that refer to the capital tax rates.

Otherwise, the voting increase has no effect on other rights accruing from voting under certain capital rates.

The Company will notify the public and Consob of the total amount of voting rights, pursuant to art. 85-bis, paragraph 4-bis of the Consob Issuers Regulation within the fifth market day open from the end of each calendar month during which it ascertained an increase or decrease in this amount as well as within the day following the date indicated in the article 83-sexies, paragraph 2, of the TUF (record date).

e) Employees shareholding: modality right to vote (pursuant art. 123-bis, paragraph 1, letter e), TUF)

There are no regulated systems of shareholding of the employees.

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

f) Restriction in the right to vote (pursuant art. 123-bis, paragraph 1, letter f), TUF)

There is no restriction in the vote right.

g) Shareholders' agreements (pursuant art. 123-bis, paragraph 1, letter g), TUF)

Issuer doesn't know agreements according to the art. 122 TUF.

h) Clauses of change of control (pursuant art. 123-bis, paragraph 1, letter h), TUF) and disposition concerning OPA (pursuant articles 104, paragraph 1-ter and 104-bis, paragraph 1)

The Issuer hasn't concluded significant agreements yet that acquire efficiency and that extinguish or that can be modified in case of a control of the signing society.

The company's By-laws doesn't involve:

- exceptions to the dispositions on passivity rule of art. 104, paragraph 1 and 1-bis of TUF;
- the application of the rules of neutralisation of art. 104-bis, paragraph 2 and 3 of TUF.

i) Appointment to increase the social capital and authorization to own share buying (pursuant art. 123-bis, paragraph 1, letter m), TUF)

The Board has not been delegated to increase the social capital as per art. 2443 of Cod. Civ. and cannot issue participative financial instruments.

Shareholders' meeting of Poligrafica S. Faustino S.p.A. of April 18, 2019 authorised, according to the art. 2357 of C.C., the acquirement of one or more solutions until the previous day in which the shareholders' meeting will approve the 2018 balance sheet and with a maximum period of 18 months, for a maximum of 224,696 ordinary shares, and in any case to such an extent that at any time the maximum number of treasury shares held in execution of this and other resolutions never exceeds the fifth part of the share capital, taking into account the treasury shares that the company already had in its portfolio and any shares held by the subsidiaries, for a unit price that is not less than the official stock price of the Poligrafica S. Faustino share on the day prior to the day on which the purchase transaction is made, reduced by 25% or more official stock exchange price on the day prior to the day on which the purchase transaction is made, increased by 25%, it being understood that:

- the unit price does not exceed the highest price between the price of the last independent transaction and the price of the highest current independent purchase offer in the location where the purchase is made;
- in terms of volumes, the daily purchase quantities cannot exceed 25% of the average daily volume of exchanges of the Poligrafica S. Faustino stock in the 20 trading days prior to the purchase dates.

For the actuation of the resolution it was given the Board of directors and the Chairman and his managing directors, separately or through specialized intermediaries, the permission to acquire the company shares under the above exposed conditions, with the steps that are approved by the company, according to ways indicated with the art. 132 of TUF and the 144-bis paragraph 1 of the Issuer Regulation and accepted market practice.

The Chairman and Managing Directors has been authorised, without time limits, following art. 2357-ter C.C., separately or through specialized intermediaries, to dispose in every moment, of all or of a part, in one or more solutions, also before having finished the acquisitions, of the own shares, acquired according to the present disposition, both through alienation of these in the

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Stock exchange or through institutional investors, both through an offer to the public, to the shareholders and to the employees. As both correspondence to the acquisition of shares in the company investments policy, giving to the Directors the possibility to decide, each time, within the norms, the terms, the ways and conditions that will be considered opportune. This considering that the minimum price won't have to be inferior to the minor or the buying prices of the shares already owned. The authorisation as in this point is granted without time limits.

The Issuer, as of 03.04.2020, had no. 62,903 treasury shares, corresponding to 5.6% of the share capital, consisting of no. 1,123,483 shares, recorded at an average unit value of € 5.871.

Following the COVID-19 emergency, in order to safeguard the possibility of accessing loans guaranteed by SACE spa until 31.12.2020, in compliance with the requirements as established by Legislative Decree 8 April 2020 n. 23 containing "Temporary measures to support the liquidity of companies", the Shareholders' Meeting, on April 17, 2020, resolved to waive the resolution authorizing the purchase and disposal of own shares.

1) Management and coordination (pursuant art. 2497 and subsequent C.C.)

The Issuer is not subject to management and coordination pursuant to article 2497 and following of the Civil Code.

The Company delivers activities of direction and coordination on the following companies:

- Sanfaustino Label S.r.l. sole proprietorship
- Linkonline S.r.l. sole proprietorship

We explain that:

- the information required by art. 123-*bis*, first paragraph, letter i) ("Agreements between the company and directors ... providing for compensation in case of resignation or dismissal without just cause or if their employment ceases because of a public offering purchase ") are explained in Report on Remuneration published pursuant the art. 123-*ter* of TUF;

- the information required by art. 123-*bis*, first paragraph, letter l) ("the rules governing the appointment and replacement of directors ... and the amendment of the By-laws, if different from the laws and regulations applicable in the alternative") are discussed in the section of the report devoted to the board of directors (Section 4.1.).

3. COMPLIANCE (pursuant art. 123-*bis*, paragraph 2, letter a), TUF)

The Issuer has adhered to the Corporate Governance Code by adopting the measures deemed necessary or appropriate for the adjustment of its Corporate Governance system and the organization according to the criteria set forth in the Code considering in particular the company dimensions and the shareholders' composition.

The Code is available on Borsa Italiana website:

<http://www.borsaitaliana.it/comitato-corporate-governance/codice/codice.htm>

The Issuer and its controlled with strategic relevance (Linkonline S.r.l. and Sanfaustino Label S.r.l.) are not subject to non-Italian law disposals that influence the structure corporate governance of the same issuer.

4. BOARD OF DIRECTORS

4.1. APPOINTMENT AND SUBSTITUTION (pursuant art. 123-*bis*, paragraph 1, letter l), TUF)

The Board of Directors is appointed according to lists given to the shareholders in which the

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candidates must be listed following a progressive number and in which the candidates that have the requisites of independence fixed by the law must be also listed.

Each shareholder and the members of the same group, and those tied by an agreement according to art. 122 of TUF, cannot offer, neither through a third person or company, more than a list and each candidate cannot be in only one list with the risk of ineligibility.

Each list must contain a number of candidates that is not bigger than that of the components of the administrative organ for which they cannot be nominated.

All the lists that include a number of candidates equal or superior to three must respect the division of the genres. For the first new Board of directors after one year from the beginning of validity of the Law 120/2011, the least represented genre must be equal to one fifth of the total of the components to be elected. For the second and third renewal after the above-mentioned term the least represented genre must be equal to one third of the components to be elected.

The right to form the lists can be made only by the shareholders that alone or with other shareholders represent at least the percentage of the social capital fixed by the law or Consob with own rules. With Consob Managerial Determination No. 28 of January 30, 2020 the percentage for Poligrafica S. Faustino must be 4.5%.

The lists, undersigned by the shareholders', must be registered at the legal matters' office at least 25 days before that fixed for the meeting in the first convocation correlated by:

- the professional and personal curricula of the candidates,
- the declarations with which the single candidates accept their nomination and stop, under their own responsibility, the non-presence of aspects prescribed by the law and by the rules for the members of the administrative organs and to possess the ability to qualify as independents according to the present norms;
- the information regarding the shareholders that have deposit them with the indication of the percentage totally taken off;
- the certification released by the intermediary according to the senses of the law normative, testing the quality of the shareholders and the legitimating of the accounting year of the social rights. This certification can also be produced after the filing of the lists provided by the deadline for publication of the same ones (21 days before the date of the Shareholders' meeting).

Every shareholder can introduce or concur to the presentation of a single list and vote a single list.

Shareholders vote on sheets on which is indicated the name of the shareholder.

At the end of the voting, the obtained votes on the lists are divided for progressive numbers from one to the number of the Directors to elect. The quotients so obtained are given to the candidates of each list, according to the order that is scheduled and disposed in a unique decreasing ranking.

The elects are those who, till the concurrence of the number of Directors to be elect, those who have obtained the highest quotients, considering that it will have to be appointed Director the candidate who is listed on the top of the list of minority that has obtained the bigger number of votes and that is not linked, even indirectly, with the partners who have prepared and voted a list that resulted first for number of votes. So, in case the candidate hasn't obtained the required quotient for being elected, he will be anyway nominated Director while the candidate of the first list that has obtained the lowest quotient won't be elected.

If the division of genres criterion is not respected, the members of the least represented genre that obtained bigger quota will be instead elected for the first renewal of the board after the beginning of validity of the law 120/2011, and will be one fifth of the components to be elected. For the second and third renewal after the above-mentioned term, the members of the least

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representative genre will be instead elected and will be one third of the total amount of the components to be elected.

At least one of the components of the Board of directors, or two in case the number of the Directors to be elected is superior to seven, must have the independence features that are fixed for the auditors at art. 148, paragraph 3 of TUF and by the Code.

All the lists must have the candidacy of at least one independent person, or two in case the Board is made of more than 7 members. In case no one of the candidates with the independence requisites reaches the necessary quotient for being elected, it will be appointed he or they who have the independence requisites and who have reported the highest quotient. In this last option, he who would have been elected according to the criteria exposed in the first part of the previous comma, won't be elected.

The Chairman will be the candidate that is listed at the first place who has obtained the biggest number of votes.

If more candidates have obtained the same quotient, the candidate of the list who has not elected any Director or that has elected the lowest number of candidates, will be elected. In case no one of the lists have elected an Director or all have elected the same number of Directors, the candidate of that list that has obtained the highest number of votes is elected. In case of equality of votes and in case of equality of quotation, a new election must be made, and the candidate that obtains the simple majority of the votes is the elected one.

In case more lists have been prepared and voted, the lists that haven't achieved a percentage of votes at least equal to the half of that required for the presentation of the lists selves will not take into consideration.

In case only one list has been prepared, the Shareholders' meeting votes on this list and if this obtains the relative majority, the candidates listed in progressive order are elected, till the number fixed by the meeting is reached. The candidate indicated at the first place of the list is elected president of the Board of Directors.

The Directors last three social years and precisely till the shareholders' meeting summoned for the approval of the last accounting year balance sheet for which they were appointed and are eligible.

If during the accounting year one or more Directors are missing, the solution to follow is in the art. 2386 of the C.C. in the respect of the criteria for representatively of the least represented genre in the cases happened after the first, second and third renewal of the board after one year of validity of law 120/2011.

Rules on the appointment and replacement of directors and the amendment of the By-laws, other than laws and regulations applicable in the alternative are not applicable.

Success plan [Non-adherence to criterion 5.C.2. of the Code]

The Board has not adopted any plan for the succession of executive directors since it did not consider that the identification of subjects to whom to assign such a role, or the adoption of criteria for the relative selection, can be made in advance of the time when replacement was necessary. The appointment of a new executive administrator demands, ad hoc valuations.

4.2. COMPOSITION (pursuant article 123-bis, paragraph 2, letter d), TUF)

The ordinary shareholders' meeting held on April 18, 2019 appointed the members of the Board of Directors whose members will remain in office until the approval of the financial statements for the 2021 financial year.

The Board was made up of thirteen directors, five of whom represented the less represented

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gender pursuant to Law 120/2011 (i.e. Ilaria Frigoli, Maurizia Frigoli, Elisa Frigoli, Maristella Pedrinelli and Francesca Cropelli).

On the occasion of the appointment, only a list was presented by Alberto Frigoli, Giuseppe Frigoli, Emilio Frigoli, Francesco Frigoli and Giovanni Frigoli who obtained 100% of the votes of the voting capital (100% voting capital of the capital present at the Shareholders' Meeting) . The following candidates for the office of director were indicated in the aforementioned list: Alberto Frigoli, Giuseppe Frigoli, Emilio Frigoli, Francesco Frigoli, Giovanni Frigoli, Alberto Piantoni, Carlo Alberto Carnevale Maffé, Andrea Collalti, Ilaria Frigoli, Maurizia Frigoli, Elisa Frigoli, Maristella Pedrinelli and Francesca Cropelli.

The curricula of the Board are available on the website of the Issuer (www.psf.it / Corporate Governance / Corporate Bodies / Board of Directors).

On 27.01.2020, Ms Maurizia Frigoli resigned from her position as director with effect from 31.01.2020. The shareholders' meeting of 17.04.2020, summoned to redetermine the number of members of the Board of Directors, resolved to reduce it to twelve.

During the financial year, the composition of the Board remained unchanged.

ALBERTO FRIGOLI

Born in Chiari (BS) on November 15, 1949 where he lives; he is married with 4 children.

In January 1981, he takes part to the setting up of Poligrafica S. Faustino S.r.l. of which he is appointed Chairman and director. In 1987 the Board of Directors appoints him managing director with full powers in ordinary and extraordinary administration. The extraordinary Shareholders' meeting of March 13, 1998, which approves development into a stock company, confirms him in all his functions. In April 2001 he was appointed managing director with full powers of ordinary and extraordinary administration. Which it has accomplished to date.

He is also non-executive Director in the subsidiaries companies Sanfaustino Label S.r.l., specialised in printing of labels and of Linkonline S.r.l., leader in distribution of consumer products for informatics.

GIUSEPPE FRIGOLI

Born in Chiari (BS) Chiari on August 6, 1951 where he lives; married with 3 children.

In January 1981, he takes part to the setting up of Poligrafica S. Faustino S.r.l. of which he is appointed director. In 1987 the Board of directors appoints him managing director with full powers in ordinary and extraordinary administration. The extraordinary shareholder meeting on March 13, 1998, which approves development into a stock company, confirms him in all his functions. In April 2001 he is appointed managing director with full powers in ordinary and extraordinary administration, which he has accomplished regularly so far.

In December 1997, he takes part to the setting up of the Company "BB S.r.l.", seated in Castrezzato, of which he is appointed director. Since March 28, 2001 is no longer Chairman but simply managing director. This company already holds "CASAROSSO" mark, trade in all its forms by means of an Internet site about all goods that are normally sold in a supermarket and as tables product I do XIV included. Since 2001, BB S.r.l. dedicated to the development of a new platform B2B called "CANTOALTO" Specifically dedicated to the field of graphic arts. After the Board's decision to put on solvability the company, a liquidator has been appointed.

He is also Chairman and CEO of subsidiary company Sanfaustino Label S.r.l. (specialised in printing of labels) and Linkonline S.r.l. (leader in distribution of consumer products for

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informatics).

EMILIO FRIGOLI

Born in Chiari on August 15, 1955 where he lives; he is married with 3 children.

In January 1981, he takes part to the setting up of Poligrafica S. Faustino S.r.l. of which he is appointed director. The extraordinary Shareholders meeting of March 13, 1998, which approves development into a stock company, confirms him in all his functions. In March 1999 he is appointed managing director for trade relation with customers. In April 2001 he is appointed managing director with full powers in ordinary and extraordinary administration, which he has accomplished regularly so far.

He is also Managing Directors of subsidiary company Sanfaustino Label S.r.l., specialised in printing of labels and Director of Linkonline S.r.l., leader in distribution of consumer products for informatics.

FRANCESCO FRIGOLI

Born in Chiari on June 3, 1953 and lives in Cologne (Bs); he is married with 2 children.

In December 1997, he takes part to the setting up of the Company BB S.r.l.", seated in Castrezzato, of which he is appointed director. This company already holds "CASAROSSO" mark, trade in all its forms by means of an Internet site about all goods that are normally sold in a supermarket and as tables product I do XIV included. Since 2001 BB S.r.l. dedicates itself to the development of a new B2B platform called "CANTOALTO" specifically dedicated to the graphic arts industry, which is still used by Poligrafica S. Faustino S.p.A.. In that company, he served as CEO until December 2011.

After being appointed Poligrafica S. Faustino S.p.A. adviser in November 1998, he is given the delegation for activities for the press and media sector in March 1999. From April 2001 to 2012 he has not held any executive office and has served on the Committee for Internal Control and the Remuneration Committee.

In April 2013 he received the delegation for research and development activities is obliged to report to CEOs about possible agreements to be concluded.

He is also Directors of subsidiary company Sanfaustino Label S.r.l., specialised in printing of labels and of Linkonline S.r.l., leader in distribution of consumer products for informatics.

GIOVANNI FRIGOLI

Born in Chiari (BS) on April 29, 1960 and lives in Coccaglio (BS); married with 3 children.

In November 1998 he is appointed director of "Poligrafica S. Faustino S.P.A.". In March 1999 Mr. Giovanni Frigoli is appointed managing director for marketing. Since April 2001 he is non-executive Director and from February 2012, he is Executive administrator with delegation to search for strategic suppliers/partners for the company. The delegation was confirmed following the renewal of the Board of Directors on 23.04.2013.

He participated to the establishment of the company Dedalus S.r.l. where he served as managing director until January 2011. The company took the production and wholesale and retail of paper items of any kind as well as the production of paper tissues called "Todo Modo."

In February 2008 he was appointed managing director of Linkonline S.r.l., a company leader in the distribution of consumer products for office. It holds that office without interruption until today.

Since November 2015 he served as Managing Director with powers of ordinary management in the contracted Sanfaustino Label S.r.l., specialized in the production of labels.

ALBERTO PIANTONI

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Born in Chiari (BS) on April 6, 1956; married with a son, he took a degree in Economical politics at the faculty of Economics of the University of Modena.

He is member of the Symbola committee for the PIQ definition (Internal Quality product) which is intended to become a measurement instrument of the Italian quality as combination of innovation, technology, research, creativity and territorial skills. On June 27, 2007 he is nominated *project manager* of third Project of industrial innovation of *Made in Italy* Sponsored by the Ministry of Economic Development.

From 2004 he has been independent Director of Poligrafica S. Faustino S.p.A. and, since April 2007, lead independent director.

He has been CEO of Bialetti Industrie S.p.A. (company quoted at the Italian Stock Exchange) and of different companies of the Bialetti Group, in Italy and Abroad, as Girmi S.p.A., Bialetti Industrie France sarl, Bialetti Spain S.I., Bialetti Deutschland GmbH till the beginning of April 2008. Since April 2008 he is non-executive director at Bialetti Industrie S.p.A. and is managing Director at Richard Ginori 1735 S.p.a. (Company quoted at the Italian Stock Exchange) until December 2009. From March 2010 until July 2011 he has been Managing Director of Revolution S.p.A. (formerly Gruppo Sistemi 2000 S.r.l.) of Ancona. From April 2010 until December 31, 2014 he was CEO of Missoni S.p.A..

In the month of November 2016, he was appointed Managing Director of the Mille Miglia S.r.l..

CARLO ALBERTO CARNEVALE MAFFE'

Born in Vigevano (PV) on September 9, 1961, married with a son.

Is Lecturer in Company Strategies at the Company Direction School of the Bocconi University.

He has taught in international programs at Columbia University's Graduate School of Business, New York University's Stern School of Business, Wharton School, University of Pennsylvania, HEC Paris, Steinbeis University Berlin, MISB Mumbai (India) and St. Mary's College of California.

He has collaborated with the Steering Committee "E-business Policies" of the European Commission DG Enterprise. He is a director at Poligrafica S. Faustino S.p.A. since April 2004 and United Ventures SGR S.p.A. from December 2015; both hold the role of Independent Director. He is the president of ASM Energia Spa, a company of the A2A group. He is an Independent Director of national and international companies in the Technology, Media and Finance sector. He works as a strategic advisor for leading national and international companies both in the industrial and financial sectors, and for CEFRIEL, Research Center of the Milan Polytechnic, with which he collaborates on technological innovation projects in the banking, industrial and ecosystem sector digital. He was a director of the ABI LAB (Italian Banking Association) Management Committee and member of the Scientific Committee of the Telecom Italia Foundation, ANIE Confindustria and Assodigitale. He is a member of the Editorial Board of Harvard Business Review Italy. He regularly contributes to various national and international newspapers and television, and is the conductor of an economic analysis broadcast on Radio Capital of the publishing group GEDI - La Repubblica.

ANDREA COLLALTI

Was born in Rome on November 22, 1966, married and graduated in Economics at Rome's University *La Sapienza* and is taking a further degree in law at the same university. He attended post-graduation courses about European fiscal norms and commercial laws at the Luiss Schhol of Management.

He is fiscal counsellor member of the Accounting revisors and member of the arbiters at the Consob. He owns a professional office for fiscal, commercial and administrative advice in Rome. He is a receiver at the court of Rome and is technical counsellor at the civil section.

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He works in the company, strategic, fiscal and financial counselling sector, in the company evaluations, in the managing of company relations with the public sector for the managing and inspection of infrastructure financing.

He is an expert in the starting up of dossiers for infrastructure financings at the Ministry of Economics, C.I.P.E., the Ministry of infrastructures and economic development.

He is an expert in International fiscal planning and worked for many national and International companies.

He currently holds the position of Chairman of the Board of Statutory Auditors of the film production company Fandango, of Acea Ato2 S.p.a. and Techrain S.p.A., as well as the statutory auditor of Gamenet S.p.A. (AAMS dealer for slot machines and gaming), Gamenet Scommese S.p.A. (AAMS dealer for online betting), Gamenet Entertainment S.p.A.

He is also an expert member of the Supervisory Committee of Eutelia S.p.A

in Extraordinary administration appointed by the Ministry of Economic Development, member of Board of Auditors of the Italian Federation of Sports on Ice and member of the Board of vigilance of Anas International.

He also holds the position of standing auditor of the company Fiera di Roma S.p.A. and Chairman of the board of statutory auditors of Areti S.p.A. (formerly Acea Distribuzione) as well as, since April 2012, an independent director of Poligrafica S. Faustino S.p.A ..

ILARIA FRIGOLI

Born in Ponte dell'Olio (PC) June 2, 1985 and living in Milan, has a degree in "Psychology of personality and interpersonal relationships" at the University of Padua and at the same University he received the degree in "social Psychology, work and communication", has passed the state exam in 2012 for the exercise of the profession of psychologist. In 2012 he attended a Master Inter between the University of Padova and the University of Brescia "Mediation as an operational tool within the areas of family, criminal, community, civil and commercial matters". She has specialized in psychotherapy since December 2018 and is a freelance psychologist and psychotherapist.

From 2011 to February 2013 he collaborated with the Department of Applied Psychology at the Faculty of Psychology of the University of Padua as a designer and analyst. In the same period he also worked with the company Pragmata S.r.l. of Padova, active in the field of consulting organizations, as a consultant entrepreneurial, administrative, managerial and business planning. From 2017 he worked as a freelance psychologist (private practice).

From the month of March 2013 is working with the company To Italy S.r.l. as a Project Manager.

In April 2013 was appointed counselor of Poligrafica S. Faustino S.p.A. where he serves as non-executive director and member of the control committee and risk and the remuneration committee.

MAURIZIA FRIGOLI

Born in Chiari (BS) December 12, 1984 where she lives.

In 2003, she obtained a diploma in accounting at the Technical Institute of Brescia Marco Polo. From 2010 to 2011 she collaborated with the company BB S.r.l. as an accounting office. Subsequently, from November 2011 till today she performs the same functions in Poligrafica S. Faustino S.p.A..

In April 2013 she was appointed counselor of Poligrafica S. Faustino S.p.A. where she serves as non-executive director.

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ELISA FRIGOLI

Born in Chiari (BS) December 5, 1983 and lives in Brescia, married with two children.

In 2002 she obtained a scientific degree at the Liceo Leonardo Brescia, and in 2008, she graduated from the University of Urbino in Communication Sciences.

From 2008 till 2010 she was owner of the workshop of digital printings Droplab in Brescia and since 2012 she is partner of P.I.N.A. S.a.s..

In April 2013 she was appointed counselor of Poligrafica S. Faustino S.p.A. where she serves as non-executive director.

Diversity policies (pursuant to article 123-bis, paragraph 2, letter d) -bis)

The Board has not adopted any diversity policy in relation to the composition of the administrative and management bodies in relation to aspects such as age, gender composition and training and professional development. The Issuer, in fact, pursuant to art. 123-bis, paragraph 5-bis, of the TUF has exercised the right to omit the publication of the aforementioned information since, at the closing date of the financial year, it did not exceed any of the following parameters:

- a) balance sheet total: € 20,000,000;
- b) total revenues from sales and services: € 40,000,000;
- c) average number of employees during the financial year equal to two hundred and fifty.

Limitation of charges

[Non-adherence to criterion 1.C.3. of the Code] The Board, after analyzing the positions held by individual directors, hasn't defined the general criteria about the number of positions in administration and control roles in other companies as it was considered that, even without a limitation, the role of the Director of the issuer has always been made in a proper way regarding the charge received from each director.

The Board can anyway anticipate in every moment some limitations if necessary.

Below we disclose the offices of director or auditor held in other listed companies, financial, banking, insurance or other large companies:

- Carlo Alberto Carnevale Maffè, United Ventures SGR S.p.A., independent director, and ASM Energia Spa, A2A group company, president;
- Andrea Collalti, Standing Auditor at Areti S.p.A. (ex Acea Distribuzione), Fiera di Roma S.p.A. and Gamenet Group S.p.A.

Induction Programme

The Board Chairman has deliberated that the administrators, after their appointment and during their term may take part to initiatives that are aimed to give them an adequate know how of the activity sector in which the Issuer operates, of the company dynamics and their evolution, the correct risk management principles, and their norm context.

Such initiatives, in particular, were possible during meetings with the Marketing director and commercial directors (also for the controlled companies) of the different business areas in which the company operates aimed to explain the business areas in which the company operates (business communication, label&packaging, documental electronic managing, printing and e-procurement), the new approach modalities with the real and potential clients and the offer of new products.

The quality manager, assisted where necessary by the company affair department, furthermore,

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also, in consultation with the Chairman, provided all Directors with adequate and exhaustive information about the changes to the regulatory framework of reference in the sector in which the Issuer operates.

4.3. ROLE OF THE BOARD OF DIRECTORS (pursuant art. 123-bis, paragraph 2, letter d), TUF)

During the Exercise, the Board of directors summoned eight times, with a medium duration of one hour and half. For the present accounting year seven meetings have been planned, one of which held on January 29, 2021.

The Chairman, through the Secretary of the Board (the role played by the head of corporate affairs) has assured timely and complete pre-meeting information, using appropriate methods to preserve the confidentiality of the data and information provided. Specifically, before each meeting it will be sent to all Directors a draft document to be approved together with information relating to the items on the agenda. Such documentation is delivered to the hands or sent via an e-mail notice of about 1 week, but not less than three days before the meeting date. During the Financial Year, this notice has always been respected, with one exception, relating to the meeting of November 27, 2020 for which urgent needs led to a compression of the notice, always in compliance, however, with the statutory provisions.

The meetings are conducted under the guidance and coordination of the Chairman who care that the items on the agenda are assured as long as necessary to allow a constructive debate. The Chairman encourages individual delegate directors that, each in his mandate, report about the activities carried out during the reporting period.

The meetings are open to the participation of parties outside the Board. All meetings of the year were attended, following an invitation of the Chairman, the head of corporate affairs and the manager responsible for preparing the financial reports.

Pursuant the art. 19 of By-laws, the administrative organ has plenty powers for the ordinary and extra ordinary managing of the company, without exceptions and has the faculty of making all the acts that he considers necessary for the achievement of the company goals, with the exclusion of those that are reserved by the law to the shareholders meeting. Considering what is written in the art. 2 and art. 23 of the By-laws, other functions of the administrative organ are the deliberations concerning:

- a) the merge, in the cases previewed by the articles 2505 and 2505-*bis* of the Civil Code;
- b) the reduction of the capital in case of withdrawal of one of the partners;
- c) the adjustment of the By-laws at normative disposals;
- d) the emission of ordinary bonds.

The Board's duties concern the examination and approval:

- the strategic, operational and financial Issuer, and the periodic monitoring of their implementation;
- the strategic, industrial and financial group of which the Issuer and the periodic monitoring of their implementation;
- of the issuer government system;
- of the structure of the Group.

The Board, at its meeting on March 6, 2020, examined the organizational, administrative and accounting structure of the Issuer and of the companies of strategic importance, particularly with regard to the internal control system. In that activity, the Board has made use:

- the support of the Control and Risk Committee of the head of the internal audit function for the

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organizational assessment;

- the Manager Responsible for preparing corporate accounting documents for the administrative set-valued and recorded.

The Shareholders' Meeting, on 18 April 2019, determined the number of members of the board of directors in thirteen, appointed the members of the board of directors for the three-year period 2019-2021 and determined the overall compensation due to the entire administrative body. The Board, which met on 10 May 2019, in accordance with the proposals of the Remuneration Committee and having heard the opinion of the Board of Statutory Auditors, determined the remuneration of the individual directors (fixed remuneration) as well as the parameters for the payment of the incentive remuneration in favor of the directors delegates and the related measure.

The assembly of 17 April 2020 determined the number of members of the Board at twelve and determined the overall compensation due to the entire administrative board. The Board, which met on 17 April 2020, in accordance with the proposals of the Remuneration Committee and having heard the opinion of the Board of Statutory Auditors, determined the remuneration of the individual directors (fixed remuneration) as well as the parameters for the payment of the incentive remuneration in favor of the directors delegates and their measure.

The Board has evaluated the general going of the managing, considering the information received from the delegated organs, and confronting quarterly the results obtained with those planned.

The Board has the power to review and approve the operations of the Issuer and its subsidiaries when these have a significant strategic, economic, equity or financial importance for the Issuer.

It is provided a reservation in favour of the Board, prior examination and approval of related party transactions of the Issuer and its subsidiaries in the cases mentioned in the Procedure for Related Party Transactions approved by the Board on November 12, 2010 and subsequently amended on March 6, 2020. During the Year, as verified by the Board upon approval of the 31.12.2020 budget draft, the operations carried out with related parties all fall within the scope of exclusion provided for by art. 4, lett. "E" (transactions with or between subsidiaries) and "F" (ordinary transactions concluded at conditions equivalent to market or standard conditions) of the "Procedure for transactions with related parties" currently in force (for more details see the following art.12 of this Report).

Not having considered it appropriate to establish general criteria for identifying transactions of significant strategic, economic, equity and financial importance for the Issuer, the Board has reserved the right to evaluate, from time to time and in the specific case, the identification of these operations for which, in any case, the Board is responsible for every decision in this regard.

During the accounting year, the Board met, as a matter of urgency on 27.11.2020, following the news relating to the Total Voluntary Public Tender Offer on the ordinary shares of Poligrafica S. Faustino S.p.a. announced to the market with a press release issued on 26.11.2020, after the close of trading, by Campi s.r.l., in concert with Mssrs Frigoli. The Board took note of the launch of the takeover bid and assessed what were the obligations required to the Company following the news of the takeover bid, proceeding to carry them out.

During the year, there are two transactions that the Board deemed of strategic importance: the merger by incorporation into Poligrafica S. Faustino S.p.A. of the wholly owned company Psfinteractive S.r.l. whose project was approved by the Board with resolution of 24 May 2019 and the sale of the "Digital Market Agency" business branch by Poligrafica approved with resolution of 28.10.2019

The Board, on November 6, 2020 has considered its dimension, composition and working of the Board itself and its committees, included the number of independent Directors equal to three (as per art. IA.2.13.6 of the Market Instructions) conforming to the social object and has also considered that, in consideration of the size and structure of the company, it does not deem it

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necessary to appoint a nomination committee or other committees other than those provided for in the Corporate Governance Code

For the purposes of self-assessment, the Board has made use of exclusively internal functions without resorting to the help of external consultants.

The Shareholders' meeting hasn't authorised, as a general rule, derogations to the prohibition of concurrence as in the art. 2390 C.C..

4.4. EXECUTIVE DIRECTORS

Managing Directors

With the Board resolution of April 18, 2019, the Chairman and the Directors Giuseppe Frigoli and Emilio Frigoli were granted proxies. The powers of ordinary and extraordinary administration have been attributed to them, , except for those expressly prohibited in art. 2381 C.C..

These are to be considered as the main responsible of the company (Chief Executive Officer):

- Giuseppe Frigoli (administrative manager, purchasing, personnel, production)
- Emilio Frigoli (sales manager)

The absence of limits for the delegation attributed is justified by the particular society asset and by the activity developed by them within the Issuer. The Board, anyway, can in every moment decide any kind of operation.

Interlocking directorate

[Non-adherence to criterion 2.C.5 of the Code] The Board has decided not to join the application criterion 2.C.5. of the Code, subject to evaluation from time to time and specifically the possible situation of interlocking directorate, taking account of potential conflicts of interest that may occur.

It should be noted, however, that at the date of this report the situation of interlocking directorate is not occurring.

Chairman of the Board of Directors

The Chairman, despite having received the delegation for the ordinary and extraordinary administration, is no longer to be considered, by virtue of performed function, the main responsible for the management of the Issuer.

He, in addition to the organization of the work of the Board and of liaison between executive and non-executive directors during the year, has been busy preparing and coordinating the activities of the managing directors and executives in the definition and elaboration of the main strategies business of the Company and the Group, with the help and support of executives in charge of specific areas of intervention.

Informative to the Board

The Chairman, assisted by the Lead Independent Director, shall ensure that all materials submitted to the Board be given in time to the documentation and information necessary for evaluation and conscious decision of the topics covered. Documents relating to agenda items, in particular, is immediately sent to the Directors, when available, by the manager responsible for preparing corporate accounting documents or the head of corporate affairs. Each Director has the right to request further information and additions deemed necessary and appropriate.

The Managing Directors have kept informed regularly the Board about the activities made quarterly.

4.5. OTHER EXECUTIVE DIRECTORS

Within the Board there is an executive director: Giovanni Frigoli.

He is to be considered as an executive director as Managing Director of the subsidiary Linkonline S.r.l. with powers of ordinary and extraordinary administration and Managing Director of the subsidiary Sanfaustino Label S.r.l., companies having strategic importance for the Group..

4.6. INDEPENDENT DIRECTORS

Pursuant the articles 147-ter, par. 4 and 148, paragraph 3 of TUF and according to art. 2.2.3, par. 3, letter m) of Rules of the Market and art. IA.2.10.6 of Rules of the Market Instruction and art. 3 of Code, there are three Independent Auditors in the Board (Prof. Carlo Alberto Carnevale Maffé, Dr. Alberto Piantoni and Dr. Andrea Collalti) who:

- a. don't controls, directly or indirectly, the issuer also through subsidiaries, trustees or through a third party, or is able to exercise over the issuer dominant influence;
- b. don't participates in a shareholders' agreement through which one or more persons may exercise a control or considerable influence over the Issuer;
- c. there haven't been in the previous 3 accounting years relevant figures (the Chairman, the legal representative, the Board chairman, a managing director or a manager with strategic responsibility) of the issuer or of one mutually controlled company or of one entity that together with others may control the Issuer or may strongly influenced it;
- d. don't have, and didn't have, directly or indirectly (for example trough controlled companies or where there are relevant people as per point c) as partner or consultant) a relevant commercial, financial and professional relation or subordinate relationships:
 - with the issuer, with one controlled and with relevant figures as indicated at point c) that precedes , the similar;
 - with a subject that, also together with others through a company agreement, may control the issuer, with other relevant figures as indicated at point c) that precedes, of the similar;
- e. considering what stated at the d) point, who don't have relationships of independent or subordinate work and other relationships of professional and patrimonial nature that may interfere with the independence:
 - with the Issuer, with its controlled and with companies mutually controlled;
 - with the directors of the issuer;
 - with figures that are linked with parental ties within the fourth grade of the company's Directors;
- f. they haven't receives, or haven't received in the preceding three fiscal years, from the issuer or a subsidiary or holding company of the issuer, a significant additional remuneration compared to the "fixed" remuneration of non-executive director of the issuer, including the participation in incentive plans linked to the company's performance, including stock option plans;
- g. they weren't a director of the Issuer for more than nine years in the last twelve years;
- h. they didn't vest with the executive director office in another company in which an executive director of the Issuer holds the office of director;
- i. they aren't shareholder or quota-holder or director of a legal entity belonging to the same network as the company appointed for the accounting audit of the issuer;
- j. they weren't a close relative of a person who is in any of the positions listed in the above paragraphs and there are no parents, relatives and other people within the 4th grade of the Directors of the Issuer, of the controlled companies, of the mutual controlled companies.

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* With reference to the requirement in sub letter g), it is to be indicated that the Board recognized that the directors Alberto Piantoni and Carlo Alberto Carnevale Maffé satisfy the requirements of independence, even if they are holding the office of directors of the Company for more than nine of the last twelve years, as a consequence of the in light of independent judgment and demonstrate their professional qualities.

The Board considers the existence and permanence of the above-mentioned requisites following the information that those who are concerned must give under their own responsibility and the information at disposal of the Board.

The requisites of independence of the art. 3 of the Code and art. 148, comma 3, lett. b) and c), of the TUF of the independent Directors have been examined by the Board in occasion of their appointment (06.03.2020) and during the Exercise (18.04.2019).

In making the above evaluations, the Board applied all the criteria provided by the Code and the TUF (except for what above indicated with reference to the requirement of letter "g").

During the Exercise, there haven't been situations that determined the disappearance of the above-mentioned requisites for the independent Directors.

The Board of Auditors has verified the correct application of the principles and procedures for the yearly evaluation of the independence of the independent directors, publishing the results in the report to the shareholders' meeting.

The independent directors met in the absence of the other directors in March 2020 to analyze the budget plan and in November 2020 to express and draw up the opinion containing the assessments on the offer and the adequacy of the consideration of the takeover bid launched by Campi s.r.l..

In accordance with Art. 5 of the Code, the directors who have indicated the suitability to qualify as independent are committed to maintain independence during the term of office and, where appropriate, to resign. This is without prejudice, however, the possibility for the Board to provide for the immediate co-optation of the same Director.

4.7. LEAD INDEPENDENT DIRECTOR

On 18.04.2019 the Board has confirmed Dr. Alberto Piantoni as lead independent director.

During the accounting Year, he has called the meeting of the independent directors to discuss issues from time to time considered of interest for the functioning of the Board or management of the company (for the concerned topics see art. 4.6 of the present Report).

He has also worked with the President to ensure that the directors were recipients of complete information flows and timely information regarding adoption of resolutions by the Board and its exercise of the powers of management, address and control of the Company and the Group.

5. TREATMENT OF CORPORATE INFORMATION

The transmission of communications and information out of the Company, and the price sensitive ones in particular, is made only by the Chairman and by the managing director and, by order of them, by Investor Relations Manager (Dr. Anna Lambiase) in cooperation with company affairs department.

The Chairman and the managing director make sure that information, complete and proper, pass promptly and fully to control organs, market and public.

Reserved information and register of the people who have access to the privileged information

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The Board, on August 29, 2008, has approved new procedure about management reserved information systems, treatment and disclosure as per articles 114 and 115-*bis* of TUF; art. 66, 152-*bis* and following ones of Issuer Regulation and art. 4 of Code. The procedure was updated on November 11, 2011, on 26.08.2016 to adapt the procedure to the provisions of art. 18 of MAR and most recently on 06.03.2020.

The essential aspects of the procedure are:

- definition and qualification of the privileged information;
- secrecy obligation for everybody who comes in contact with such information, following what is written in the ethical code;
- managing modality of information and data;
- prevision of an applicative procedure and different special procedures used in specific hypothesis;
- the Regulation of the Register of the persons with access to confidential information that records the people who, because of their working or professional activity or because of their duties, have access to confidential information (new version in force since 26.08.2016). The Register, kept in electronic format and prepared according to the template provided by the Implementing Regulation (EU) 2016/347, is structured into two distinct sections:
 - A - occasional Section (one for each of Privileged Information. A new section is added every time a new Privileged Information is detected).
 - B - Permanent Section (supplementary section in which the data of the people who always have access to all privileged information are reported);
- prevision of a report activity towards the Vigilance organ.

The responsible for the conservation and updating of the register is the Account Manager responsible for the accounting document.

Internal dealing

The Code of Conduct for Internal Dealing is intended to regulate the manner and timing of notification to Consob, the Company and the public about the transactions involving the Company's shares or other financial instruments linked to them by the relevant persons and persons closely associated with them within the rules of MAR, the Delegate Commission Regulation (EU) 2016/522 (hereinafter RE 522), the Execution Regulation (EU) 2016/523 (hereinafter RE 523) and Consob Communication n. 0061330 of 1st July 2016.

The Code, approved by the Board on 12.11.2008, was subsequently amended on 28.08.2012, 26.08.2016 and 06.03.2020:

The Code is developed as follows:

- definition of relevant people and shareholders and people connected to them;
- definition of financial instruments and its application fields;
- individuation of the person in charge of the receiving, managing and diffusion to the market of information on the operations in the person of the Account Manager responsible for the accounting document;
- determination of the modalities and communication timing of the operations;
- identification of a period of 30 calendar days (black-out period) preceding the board meeting called to approve the accounting data for the period - draft financial statements, abbreviated half-yearly report, interim management report during which it is prohibited for relevant persons and persons closely associated with them to carry out transactions on securities or any instruments related to the shares issued by the company (black-out period);
- possibility to adopt remedies in case of violation of the Code of Behaviour;
- prevision of a report activity towards the Vigilance Organ.

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The Code is available on the Issuer's website in the Investor Relations / Corporate Governance section at the following address:

http://investor.psf.it/it/page.asp?id_sez=48&id_sub=56&id_com=83

6. COMMITTEE WITHIN THE BOARD (pursuant art. 123-bis, paragraph 2, letter d), TUF)

The Board, during its meeting on November 6, 2020, in view of the size and organizational structure of the Company, has identified that it was unnecessary to establish an internal committee with proposing and consulting functions other than those covered by the Code.

7. APPOINTMENTS COMMITTEE

[Not adherence to principle 5.P.1. of the Code] The Board, in its meeting on November 6, 2020, due to its ownership of the company and its organizational structure does not see the need to establish, within it, a Appointments Committee.

This choice is related to the recognition of the Company as a system characterized by a low level of shareholders, and the presence of ownership structure concentrated in a few subjects.

Candidates for the office of Director are proposed by list vote in the manner prescribed in the By-laws, ensuring wide participation to all shareholders. It was therefore not considered appropriate to constitute the nomination committee.

8. REMUNERATION COMMITTEE

Following the appointment of the new Board of Directors by the Shareholders Meeting held on 18.04.2019, the Board, by resolution adopted on the same date, has appointed the following internal advisers as members of the Remuneration Committee (unchanged composition compared to the previous year):

- Carlo Alberto Carnevale Maffè - Chairman (independent)
- Alberto Piantoni (independent)
- Ilaria Frigoli (non-executive)

In accordance with the provisions of the Code, the Committee is therefore composed of non-executive directors, mostly independent.

Following the appointment, there were no changes in the composition of the Committee.

Directors Alberto Piantoni and Carlo Alberto Carnevale Maffè have experience in accounting and financial matters deemed appropriate by the Board at the time of appointment in the light of their previous professional experience.

The information relating to the role and functioning of the Committee are contained in the Remuneration Report published in art. 123-ter of TUF, to which reference is made.

9. REMUNERATION OF DIRECTORS

Information regarding directors' remuneration are set out in the Remuneration Report published pursuant to art. 123-ter of TUF, to which reference is made.

10. CONTROL AND RISK COMMITTEE

Composition and functioning of Control and Risk Committee (pursuant art. 123-bis, paragraph 2, letter d), TUF)

On 18.04.2019 members of the Control and Risk Committee were appointed hat, in accordance with the provisions of the Code, is composed of non-executive directors, a majority of

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independent directors:

- Carlo Alberto Carnevale Maffè – Chairman (independent director)
- Alberto Piantoni (independent director)
- Ilaria Frigoli (non-executive director)

During the Exercise the Committee has been collected three times, to them also the Chairman of the Board of Auditors and the responsible of internal audit took part and the manager of drafting the official documents were invited to attend for the issues they were of their concern.

The meetings had an average duration of about an hour and were reported. The Chairman, therefore, will give information on the first next Board of Directors.

For the current year three meetings were scheduled in an already held on March 6.

Functions of the control committee and risk

The Control and Risk Committee has been given the functions as at art. 7 of Code, beyond that of helping the board of directors in making the functions of the same Code.

In particular, the Committee has the following duties:

- provide the Board with an opinion prior to the performance of duties delegated to it by the Code regarding internal control and risk management (binding opinion in the case of decisions relating to appointment, dismissal, remuneration and allocation of resources of the responsible internal audit function);
- evaluate, together with the manager responsible for preparing the financial reports and, after auctioned the statutory auditor and the board of auditors, the correct application of accounting principles and, in the case of groups, their consistency for the purpose of preparing the consolidated financial statements;
- express opinions on specific aspects regarding the identification of key business risk;
- examine the periodic reports, relating to the evaluation of the system of internal control and risk management, and those of particular relevance prepared by the internal audit function;
- monitor the independence, adequacy, effectiveness and efficiency of the internal audit function;
- ask the internal audit function to perform some checks on specific operating areas, given notification to the chairman of the supervisory board;
- report to the Board, at least every six months, upon approval of the annual financial report and statements, about its activities and the adequacy of the system of internal control and risk management;
- express reasoned opinion binding to the Company in connection with the completion of related party transactions and the convenience and substantial correctness of the related conditions;
- support with adequate preparatory work the evaluations and decisions of the Board concerning the management of risks arising out of acts prejudicial to which the Board has become aware;
- perform the functions of a Vigilance Organism.

The Control and Risk Committee must fulfil its duties together with the Board of Auditors, with the person in charge of the internal control and the executive Director on charge of the internal control system.

During the Exercise, the Control and Risk Committee has fulfilled a monitoring action for the control system about:

- purchasing of the job plan of the responsible for the internal audit function;
- evaluation and monitoring of the adequacy of the accounting administrative procedures, the managing procedure for the managing, the treatment and communication to the external of the privileged information. In particular, it has a favourable opinion on the new administrative

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and accounting procedures prepared by the manager responsible for financial reporting pursuant the article 154-*bis* of TUF;

- the evaluation, together with the deputy Manager for the drafting of the accounting documents, of the correct use of the accounting principles and their homogeneity for the aims of the consolidated balance.
- activities concerning the role of Vigilance Organism.

During the meetings planned for the approval of the balance draft and the half-yearly survey, the Committee has informed the Board about the activity made and about the adequacy of the internal control system.

During the Committee meetings the Board of Auditors chairman has always taken part.

The control committee has the faculty to access to all the information and company functions necessary for the development of its duties and to use external advisors with what decide the Board if necessary.

A certain quantity of resources at disposal of the Board hasn't been determined; the chairman can require every moment that the executive Director monitor the internal control system, the production of resources that are necessary for the fulfilment of its duties. However, the expenditure maximum for the use of independent experts on the occasion of the release of the opinion requested by the Board in connection with related party transactions cannot be greater than € 30,000.00 for each operation.

11. INTERNAL CONTROL SYSTEM

It belongs to the Board the responsibility of the internal control system, understood as all processes aimed at monitoring the efficiency of business operations, the reliability of financial reporting, respect for legality and safeguards of company assets, and the measurement, managing and monitoring of the risk.

Issuer and the relevant subsidiary Sanfaustino Label S.r.l. work in the graphic-promotional sector exclusively on demand and, considering the particular productive typology, must adjust the production and the provisioning politics to the specific requests of the clients. The strong competitors and the lack of standard pricelist-products determine the necessity to have price politics that are often influenced by the promotional budget at the clients' disposal. Till the end of the previous accounting year, the Group has always had only one reference market (the promotional one), with a modest exception of the web agency activity of the subsidiary Psfinteractive S.r.l. moreover, it ended in 2019 following the incorporation and subsequent sale of the business unit.

With the precise goal to diversify the reference markets and, in order to the different risk typologies, in 2008 the Issuer acquired Linkonline S.r.l., company that operates in the consumables sector that are destined to the retail sector. Through such operation, Poligrafica S. Faustino has undertaken a development strategy that was aimed at the collecting of all possible synergies with particular attention to the commercial integration on loyal customers.

Each company of the Group is commercially autonomous but responds to strategies that are planned by the Direction of the Holding.

Similarly, each company has a financial autonomy; although the treasury is not correctly canalised on the Group, the financial fluxes of each company are managed by a central function. The financial direction of the Group manages the relations among different banks and analyses the different risks and offers indications about the credit risks, and in particular each time there are contracts with new clients.

The change risk, given the absolute irrelevance of the transactions (both passive and active) also beyond the Euro area, is equal to zero. The supplying market of raw materials isn't affected by

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indirect consequences bound to the dollar.

The credit risk, above all in front of the huge costs of the transactions and of the clients, is limited. It is to be considered that the medium unity amount of the transitions is modest, and the analysis of the credit positions already expired or soon to be expired are linked to a fortnight expiry date.

Furthermore, the subsidiary Sanfaustino Label signed an insurance policy against commercial credit risks with a leading insurance company

As regards liquidity risk, the current financial structure, characterized by a relative indebtedness in relation to the capitalization, together with the existence of significant real estate values not burdened by constraints or mortgages, constitute objective solidity indicators that allow to guarantee adequate lines of credit.

In relation to interest rate risk: the same originates from short and long term financial payables negotiated at both fixed and variable rates; some recently disbursed loans have been linked to specific hedging derivative instruments whose effects, however insignificant, have been directly recognized in equity.

The Board, also according information gave during the Exercise from the Control Committee and Risk, evaluated effectiveness and actual functioning of the internal control system and risk management with respect to the company and its risk profile, as well as its effectiveness. In particular, Giuseppe Frigoli CEO at the Board meeting of 06.11.2020 reported that as part of the legal aspects and compliance, with particular reference to the legal risk control and non-compliance, including the risk the commission of criminal offenses against or on behalf of the Issuer, during the year there were no particular issues or other circumstances worthy of note. The Board, therefore, on the occasion, assessed the correct functioning of the system of internal controls and risk management, both within the Company sustainability of the Company in the middle- long term; no relevant circumstances that require the adoption of specific measures for the protection of the Issuer and the information to the market were found.

System of risk management and internal controls involved in relation to the financial reporting process, including consolidated, if applicable (pursuant art. 123-bis, paragraph 2, letter b), TUF)

With reference to the preparation of financial statements and consolidated financial statements, the administrative and accounting procedures established by the manager responsible for preparing corporate accounting documents in accordance with accounting standards are applied. This management is to ensure the reliability, accuracy, reliability and timeliness of financial reporting itself through internal procedures valid for the parent and subsidiaries and to ensure an activity of regular monitoring regularly and checking the accounting information widespread to the market.

The internal control system is structured so as to ensure the analysis of economic and financial importance, and control over resources and their uses.

The instruments are designed to verify:

- the accuracy of accounting records, paying particular attention to the evaluation of trade receivables, tangible and intangible assets, participation in inventories and, in general, the criteria for assessing applications to the annual budget and other types of periodic financial reporting to provide a faithful image of the financial position, financial and economic performance of the company;
- Computer systems;
- approval of business operations by the parties responsible for their approval and proper recording in the books.

Prepaid are undertaken primarily through the inspection of documents and of the surveys and the

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obtaining of information by managers and executive directors.

For the impairment test, in particular, procedures to estimate rather articulate account of the estimated cash flows and earnings for future years are being developed on the base of the approved forecast by several boards of directors that have the responsibility to elaborate the plan about the course of the relative CGU, to which the starter to be evaluated is concerned.

Internal controls have been such as to avoid situations of risk assessment processes for the evaluation of claims and inventories.

The administrative function of the Group leader elaborates some economic/patrimonial situations with regularity about the salary course of the group leader and of the controlled companies that are subordinated to the attention of the executive Directors. The main purpose of monthly reports of the salaries is that to monitor the course of the turnover, the costs, the marginality in terms of EBITDA and EBIT, and to estimate the course of the net financial position and the medium incidence of the debts.

The data of the interim reports are confronted with the historical data. The abnormal, unexpected or mainly meaningful differences in terms of value are inquired by the manager responsible for the writing of accounting records and the outcomes are subordinated to the attention of the general executive manager.

On the approval of the quarterly, half-year report and the draft budget, the Board will assess the adequacy and effectiveness of the system of internal control based on information communicated by the executive in charge of internal control and the control of the provost Procedure. During the Exercise, this assessment has always given positive results.

Regarding the preparation of financial statements, as at 31.12.2020, the consolidation area (unchanged in comparison to the previous exercise) is so composed:

- Sanfaustino Label S.r.l. sole proprietorship
- Linkonline S.r.l. sole proprietorship

Sanfaustino Label S.r.l., starting from 2016, writes the accounting balance sheet in accordance with International IAS / IFRS. The subsidiary Linkonline S.r.l., however, prepare their financial statements in accordance with national accounting standards. For the subsequent preparation of financial statements of Issuer, these budgets are applied on a non-accounting adjustment required by the application of IAS / IFRS in order to aggregate all financial statements prepared by the same international principles. The accuracy of these corrections is verified through comparison with the corrections made in the previous period and analysis of individual budget items in order to identify further corrections.

The keeping of the subsidiaries of the administration is entrusted to the same structure of the parent at the headquarters of Castrezzato. The monitoring of the internal control system of the subsidiaries is consistent with that expected on Issuer, with the aim to provide the data required for the preparation of consolidated financial information reliable, accurate and timely.

DIRECTOR IN CHARGE OF INTERNAL CONTROL SYSTEM

The Board, on 19.04.2019, confirmed the attribution for the role of director in charge of overseeing the functioning of the internal control system to Mr. Giuseppe Frigoli.

Pursuant the applicative criterion 7.C.4. of Code, he:

- identified the main business risk, taking into account the characteristics of the activities; carried out by the issuer and its subsidiaries, and submit them periodically to the review of the Board;
- accomplished the guidelines defined in the board of administrators, taking care of the projects, realisation and inner control system managing and risk managing by verifying the adequacy and proficiency;

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- the adaptation of the system to changes in operating conditions and the legislative and regulatory framework;
 - has the power to ask the internal audit function to perform checks on specific areas of operation and about the compliance with the rules and procedures in the execution of business operations, given notification to the Chairman of the Board, the Chairman of the Control and Risk Committee and the chairman of the Board of Auditors;
 - communicated to the Board about the problems and critical points appeared during the developing of its activity or that has been acknowledged so that the Board can take its decisions.
- On 18.04.2019, the board also confirmed Mr. Giuseppe Frigoli as employer as per art. 2, paragraph 1, lett. b) of Legislative Decree no. 81/2008 (role since 29/08/2013).

11.1. RESPONSABLE FOR THE INTERNAL AUDIT FUNCTION

At its meeting on 09.11.2012, the Board appointed Massimiliano Frigoli (formerly Head of Internal Audit since 14.03.2005), responsible for the internal audit function on the proposal of the internal control system person and after evaluation of the requirements of professionalism, organization and independence (despite the relationship with the managing directors and executives) and with the approval of the Committee for Internal Control (now Control and Risk Committee) and after the consulting the board of auditors.

The above mentioned person is not responsible for any operating within the Issuer and does not report to the Council (works within the subsidiary Linkonline as responsible of the management control).

During the year the head of the internal audit function, in accordance with Art. 7.C.5. of the Code,

- he checked, both on an ongoing and in relation to specific needs and in compliance with international standards, the operation and the suitability of the system of internal control and risk management, through an audit plan, approved by the Board of Directors, based on a structured analysis and ranking of the main risk;
- he had direct access to all relevant information for the engagement;
- has periodically reported on the activities carried out, the methods used to manage the risks as well as compliance with the plans defined for their reduction, as well as an evaluation of the system of internal control and risk management and informed the chairman of the Board of Auditors, the Audit and Risk Committee and the Board as well as the administrator in charge of the system of internal control and risk management;
- he has occurred as part of the audit plan, the reliability of information systems including accounting systems.

He also carried out the following activities:

- the analysis of the timing and definition of the productive process;
- analysis of compliance on health and safety of workers at work;
- analysis of internal control processes;
- support to the technical office and the quality office of the analysis in performing risks with the goal of the HACCP manual installation and, therefore, the achievement of the BRC certification.

Since no events of particular relevance occurred during the Financial Year, no report was prepared by the person in charge of the internal audit function in this regard.

No precise amount of the financial resources has been planned at his disposal as he uses of the Issuer's company structures.

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11.2. MANAGING MODEL AS ITALIAN LEGISLATIVE DECREE No. 231/2001

On 19.03.2008 the Board has adopted the Organization, Managing and Control Model according to Legislative Decree no. 231/01 and the Ethic Code.

The Model was updated by the Board on 29.08.2008, 20.02.2009, 13.11.2009 and 14.11.2014.

The Model is made of a General Part in which, after having exposed the general guidelines of the Decree, the components of the model are illustrated with reference to the vigilance board, the personnel training and the Model and ethical code diffusion within the company, the discipline system and the measures adopted in case of failing observance of the prescriptions, the verifications that the Model and procedures will have to endure.

The special part takes into consideration the following kinds of offences

- offences against the Public Administration;
- company offences;
- market abuse;
- against the security on work;
- crimes of recycling, receiving, use of money and goods of illegal provenience;
- informatics crimes and illicit treatment of the data.
- accounting fraud;
- inducement not to make statements or to make false statements to the court;
- environmental crime.

The Board gave the function of Vigilance Organism to the Control and Risk Committee. Following the renewal of the Board on 18.04.2019, these assignments at the ends of the said Committee were confirmed, and did not consider the opportunity to give the supervisory body functions to the Board of Auditors.

Model and Ethic Code are available on Issuer website www.psf.it / Investor Relations / Corporate Governance:

http://investor.psf.it/it/page.asp?id_sez=48&id_sub=56&id_com=80 (Model)

http://investor.psf.it/it/page.asp?id_sez=48&id_sub=56&id_com=81 (Ethical Code)

The subsidiary Sanfaustino Label S.r.l. approved its code of ethics on 30.12.2015 and Model 231 on 27.12.2018.

Linkonline S.r.l., on the other hand, approved its ethical code on 10.03.2016.

11.3. AUDITING FIRM

On April 13, 2017, proposed by the Board of Auditors, was appointed for the audit of financial statements, consolidated financial statements and half year for the period 2017 – 2015 to Auditing Firm "Fidital Revisione S.r.l." seated in Milano, via Vittor Pisani No. 19.

11.4. MANAGER RESPONSIBLE FOR PREPARING THE COMPANY'S FINANCIAL AND OTHER ROLES AND FUNCTIONS OF BUSINESS

The Board, pursuant the art. 23 of By-laws, appoint, after a non-binding opinion of the Board of Auditors, the executive responsible for the preparation of the Company's account documents chosen among people of experience in the accounting and financial field and possessing the requisites of honourably required by the present norms for the control organ members. The board watches out that the deputy manager has the adequate powers and can accomplish his duties.

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The attributions and responsibilities of the deputy manager are determined by the law.

The Board, in order to get conformed to the art. 154-*bis* of the TUF and in conformity of By-laws, appointed during the meeting on 14.11.2006 Mrs. Cristina Capitanio Manager executive responsible for the preparation of the Company's accounting documents.

Following the resignation presented by Rag. Cristina Capitanio consequent to the achievement of retirement and with effect from 31.01.2020, the Board, having acquired the mandatory opinion of the Board of Statutory Auditors and verified the possession of the requirements of integrity and professionalism provided for by current legislation and by the company by-laws, resolved on 27.01.2020 to appoint Maurizia Frigoli to replace him with effect from 1 February 2020.

11.5. COORDINATION AMONG PEOPLE INVOLVED IN THE INTERNAL CONTROL SYSTEM AND RISK MANAGING

The coordination among the different roles involved in the internal control system and risk managing is accomplished with the help of the responsible of the company affairs office together with the manager for the issue of the accounting documents.

12. DIRECTORS' INTEREST AND TRANSACTION WITH RELATED PARTIES

On 12.11.2010 it was approved the "Procedure for transactions with related parties"(effective from the 1st January 2011) prepared as per art. 4 of the Regulation laying down rules on related party transactions adopted by Consob with resolution no. 17221 of March 12, 2010, as amended and Article 2391-*bis* of Civil Code and art. 9.C.1. of Code of Conduct. The Procedure was updated on 15.01.2018 and las modified on 06.03.2020.

The above procedure determines the rules governing the identification, approval and enforcement of related party transactions entered by the Company, directly or through subsidiaries, in order to ensure transparency and fairness in both substantively and procedural operations of the same.

In order to ensure the correct identification of the parties qualifying as Related Parties, the Company has set up a specific "Related Parties List" containing the indication of the parties qualified as Related Parties and of all the data useful for their identification.

The keeping and management of the List is entrusted to the Head of the Corporate Affairs Office who is responsible for the constant updating, also with the assistance of the Manager in charge of drafting the accounting documents and other company functions.

By January 30 of each year the subjects referred to in letters a) and d) of art. 2 - definition of a Related Party - inform the Corporate Affairs Office of any information regarding their quality as a Related Party by completing the attached template to the Procedure under the name "A" and they are required to promptly report any change related to the information already communicated

The Company, having the dimensional requirements contained in the definition of the small companies within the meaning of Consob Regulation 17221/2010, has used the facility to establish a simplified procedure which applies equally to the operations of major and minor importance, subject to the following grounds for exclusion:

- a. transactions for smaller amounts, i.e. those with a value less than Euro 120,000 provided it hasn't the risk factors related to the characteristics of the operation and on the assumption that these transactions may have a significant impact on the financial position

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- of the Company;
- b. compensation plans based on financial instruments approved by the Shareholders' meeting under art. 114-*bis* of the TUF and operations executive, especially considering the relevant shareholders' meeting and the strict reporting regime applicable;
 - c. Shareholders' meeting resolutions referred to in the art. 2389, paragraph 1 of the Civil Code relating to fees payable to members of the Board of Directors as well as decisions regarding the remuneration of directors charged with special powers that are included in the total amount determined in advance by the shareholders as per art. 2389, paragraph 3 of the Civil Code and the fees payable to members of the Board of Auditors;
 - d. resolutions on the remuneration of directors and advisers appointed to particular positions, other than resolutions mentioned under letter c), as well as management personnel, provided that:
 - the Company adopts a remuneration policy
 - the Board for the remuneration is involved in the definition of the above mentioned policy;
 - a report setting out the remuneration policy has been submitted to the advisory vote of the Shareholders' meeting;
 - the remuneration is coherent with such policy.
 - e. the transactions with or between controlled companies, controlled also jointly, by Poligrafica provided that in the controlled companies by the Issuer there are significant interest in the correlated parts of the company. The interests that come from the simple share of one or more Directors or managers with strategic responsibilities between Issuer and its subsidiary companies are not qualified as significant.
 - f. the ordinary operations, i.e. those that are within the operating activity and of the connected financial activity that are accomplished according to equal conditions to those of the market or standard.

The authority to decide on the related party transactions is up to the Board that must receive, in advance, timely and complete news in relation to the characteristic features of the transactions with related parties, such as the nature of the relationship, their executive modalities, their conditions, also economic, for their achievement, the interest, and the underlying reasons and potential risk for the Company.

The Board shall act on transactions with related parties, upon the reasoned opinion of the Control and Risk Committee of the Company for the transaction on the interest and convenience and fairness of its conditions.

In order to issue its opinion, the Control and Risk Committee must also receive adequate and complete information about the transactions and the elements characteristic of the operations. The Audit Committee may be assisted, at the expense of the Company, by one or more independent experts who are not related.

The Board and Board of Auditors should receive full disclosure at least quarterly on the execution of transactions with related parties.

If the transaction involves the interests of one of the Directors of Poligrafica, the Director who is in the condition of a related party of the operation shall immediately inform in detail the Board of the existence of the interest as per art. 2391 of the Civil Code and will not participate to the deliberations. Should the Board of Directors consider it desirable, however, to participate to the preparatory stage and to the deliberation of the Director, the same could allow, after hearing the Board of Auditors, the participation of the Director concerned, who however, should refrain from voting.

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The deliberations of the Board of Directors regarding transactions with related parties shall give the reasons to justify the interest of the Company, the reasons, convenience and fairness of the same operations for the Company and the Group.

13. APPOINTMENT OF AUDITORS

The appointment of the Board of Auditors is made according to lists introduced to the shareholders in which the candidates must not be more than the auditors to be elected and are listed following a progressive order. The list is formed by two sections:

- one for the candidates for the role of effective Auditor;
- the other for the candidates to the role of alternate Auditor.

All the lists that include a number of candidates equal or superior to three must respect the criterion of genres division.

For the first renewal of the Syndicate collegium after one year of validity of the Law 120/2011, the least represented genre must be equal to at least one fifth of the total of components to be elected.

For the second and third renewal after the above indicated term, the least represented genre must be equal to one third of the components to elect.

They have the right to present the lists only to the shareholders that, alone or together with others, are shareholders with vote right and who represent at least a percentage of the capital in the entity decided by Consob with a own regulation for the appointment of the organs of administration according to art. 147-ter of TUF. With Consob Managerial Determination (issue n. 28 of January 30, 2020) that the percentage for Poligrafica must be 4.5%.

Each shareholder and all the shareholders belonging to the same group and the partners that support a Shareholders' agreement that implies shares of the issuer cannot present, also through a third person, more than one list and vote different lists.

Each candidate can be present in only one list. The candidates that have already auditors functions in other five quoted companies cannot be elected as auditors. The same for those who are Directors in the controlled or controlling companies and who have roles of administration and control beyond the limits settled by the Consob with own regulation. The outgoing auditors are re-eligible.

The undersigned lists by the partner or by the partners that present them must be registered at the company seat at least 25 days before the fixed day for the Shareholders' meeting in first call and this will be mentioned in the summoning call. Together with each list, within the above-mentioned term, there are deposited:

- information concerning the identity of the partners who have presented the lists with indication of the percentage of participation totally held;
- a certification of the intermediaries in which the ownership of such partnership is shown. This certification can also be produced after the filing of the lists provided by the deadline for publication of the same ones (21 days before the date of the Shareholders' meeting).
- a declaration of the partners, different from those who hold a participation of control or of relative majority, which attests the absence of relationships of links with the latter ones as attested by the Consob;
- a fully detailed report about the personal and professional features of the candidates;
- the declarations with which the single candidates accept the appointment and attest, under their own responsibility, the insistence of causes for the ineligibility and incompatibility and the existence of the requisites settled by the norms for their positions.

The list for which the instructions here mentioned have not been observed is considered as if has not been presented.

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In case at the expiring date of the presentation of the lists, only one list has been deposited, i.e. only lists presented by partners linked by them as stated in the Consob norms, there can be presented lists till the 3rd day after such date. In such case the limits implied by the chart for the presentation of the lists are reduced to half.

Here are the procedures for the auditors' election:

1) two effective members and one deputy are elected from the list that that has collected most votes, following a progressive order;

2) the remaining effective member and the deputy member are elected in a progressive order from the second list that has obtained most votes in Shareholders' meeting, among the lists presented and voted by partners that are not linked even indirectly with reference partners, as in art.148 of TUF that have presented and voted the list which resulted first for number of votes.

The effective member taken from the second list that has obtained most votes is appointed chairman of the Board.

If the division of genres criterion is not respected, the members of the least represented genre that obtained bigger quota will be instead elected for the first renewal of the board after the beginning of validity of the law 120/2011, and will be one fifth of the components to be elected.

For the second and third renewal after the above mentioned term, the members of the least representative genre will be instead elected an will be one third of the total amount of the components to be elected.

If the application of the criterion of division between the genres doesn't offer a number of components to be reserved to the least represented genre, such number is rounded to the superior unity.

In case non one from this list has obtained a major number of votes than the others, or in case more lists have obtained the same number of votes, a new voting will be immediately made between the lists that have obtained the same number of votes.

In case of substitution of one auditor, the substitute belonging to the same list of the ceased one. When the Shareholders' meeting must appoint of effective and/or substitutive auditors, necessary for the integration in the Board of Auditors, here are the proceedings:

- in case there is the substitution of the auditors elected by the majority, the appointment happens through a relative majority without list restraint;
- in case the auditors elected in the minority must be substituted, the Shareholders' meeting will substitute them with a majority vote choosing them among the candidates in the minority list to which belonged the auditor to be substituted that is in the minority list that has reported the second entity of votes.

If the application of these proceedings won't allow, for every reason, the substitution of the minority appointed auditors, the Shareholders' meeting will proceed with the voting by relative majority.

The substitution must be accomplished according to the criteria as per bill 120/2011 for the presence of the least represented genre with the limitation of the cases that are present after the first, second and third renewal of the board after one year of the validity of the above mentioned law.

14. AUDITORS (pursuant art. 123-bis, paragraph 2, letter d), TUF)

The Shareholders' meeting on 18.04.2019 has appointed a new Board of Auditors to hold office until the approval of the budget for the year 2021.

In this occasion it was only presented a list by Alberto Frigoli, Giuseppe Frigoli, Emilio Frigoli, Francesco Frigoli and Giovanni Frigoli who got the 100% of the votes of the voting capital. Their

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curricula are available on the website of the Issuer ([www.psf.it/Corporate Governance/Company Organs/Board of Auditors](http://www.psf.it/Corporate%20Governance/Company%20Organs/Board%20of%20Auditors)). No changes in the composition of the Board of Auditors occurred during the year.

During the Exercise, the Auditors' Board was summoned 4 times with an average duration of about 4 hours for each meeting. For the current year were scheduled 4 meetings.

In the first meeting after the appointment (13.05.2019) the independence has been evaluated by using the same principles required by the code for the Directors. The remaining of the independence requisites for its members has been also taken into consideration during the Exercise by the Board on 06.03.2020.

With reference to the requirement sub letter. g) of the preceding Article. 4.6, it is reported that the Board of Auditors acknowledged that members Umberto Bisesti and Francesco Curone are in possession of the independence requirements, although holding the office of auditor of the Company for more than nine of the last twelve years, considering the autonomy of demonstrated judgment and their professional qualities.

In case the Auditor, by himself or by others, had an interest in a determined operation of the issuer, must inform quickly and exhaustively the other auditors and the chairman about the nature, origin and entity of his interest.

The Board of Auditors proposed the Shareholders' Meeting to confer the mandate for the revision of the financial statements, the consolidated financial statements and the half-yearly report to Fidital Revisione S.r.l. and monitored the independence of the same, verifying compliance with the relevant regulations. During the accounting year, no services other than accounting control were performed in favour of the Issuer or the subsidiaries by the auditing company.

These initiatives, in particular, were implemented by meetings with the Director of marketing and sales managers (including its subsidiaries) of the various areas aimed at explaining the business areas in which the Company operates (business communication, packaging & labels, electronic document management, printing and e-procurement), the new methods of approach with the current / potential customers and the offering of new products. The Auditors were also informed about the main aspects of the BRC certification obtained by Sanfaustino Label S.r.l. on 12.10.2017.

The corporate affairs manager, at last, in agreement with the Chairman, has provided all the suitable auditors some exhaustive information about the changes in the legal and regulatory framework of the sector in which the Issuer operates.

Diversity policies (pursuant to article 123-bis, paragraph 2, letter d) -bis)

The Board has not adopted any diversity policy in relation to the composition of the Board of Auditors in relation to aspects such as age, gender composition and training and professional development. The Issuer, in fact, pursuant to art. 123-bis, paragraph 5-bis, of the TUF has exercised the right to omit the publication of the aforementioned information since, at the closing date of the financial year, it did not exceed any of the following parameters:

- a) balance sheet total: € 20,000,000;
- b) total revenues from sales and services: € 40,000,000;
- c) average number of employees during the financial year equal to two hundred and fifty.

Personal and professional features of each Auditor (art. 144-decies of the Issuer Regulation)

FRANCESCO CURONE (Chairman)

Born in Lonigo (VI) on December 2, 1961 is seated in Sabbio Chiese (BS).

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He got his degree in economics at the University of Brescia in 1989 and is member of the Accounts order of Brescia since 1993 and of the Accounting auditors register since 1999.

Since 1991 he is auditor in different companies, two of which are Linkonline S.r.l. and Sanfaustino Label S.r.l..

UMBERTO BISESTI (Effective member)

Born in Palazzolo sull'Oglio (BS) on March 10, 1973 where he lives.

He got his degree in Accounting at the I.T.C Einaudi of Chiari and after that the qualification for the free profession of account. Since 1999 he is member of the register of the account auditors and private practice.

From 2001 to 2016 he collaborated as an associate with the "Studio Bisesti ed Associati" of Brescia. From 2007 to today he is a founding partner of "Bisesti & Partners". He also holds the office of Statutory Auditor at the subsidiaries Linkonline S.r.l. and Sanfaustino Label S.r.l, and sole auditor in the municipalities of Ossona (Mi), Castelletto di Branduzzo and Maleo.

In 2012 he obtained the qualification of mediator / civil conciliator pursuant to Legislative Decree no. 28/2010, since 2015 he has been qualified as auditor for local authorities, in 2021 he obtained the qualification in the Register at OCRI.

MARIAGRAZIA BISESTI (Effective member)

Born in Verolanuova (BS) on 31.12.1969 she lives in Brescia.

She got her degree in Accounting and Commercial at the ITC Don Primo Mazzolari Verolanuova and, subsequently, the qualification for the profession. Since 1995 she is registered in the Register of Auditors.

She is owner of "*Studio Bisesti ed Associati*" in Brescia which deals mainly of tax consultancy, accounting for ordinary artists and professionals, assistance and tax advice, administration of companies, financial statements, reclassifications and analysis, processing of tax forms, personnel administration, corporate restructuring.

15. RELATIONSHIP WITH THE SHAREHOLDERS

The Board is going to survey the shareholders' all the information and the administrative documents quickly. A continuous relationship with the market will be set out, considering the laws and norms for the communication of privileged information. The company is going to tend to avoid informative discrepancies in order to grant homogeneity in keeping the financial community informed. The Company offers its availability for all information for the financial community on the internet site www.psf.it in the area Investor Relations.

The Board on 06.03.2020 identified the Account Manager responsible for the accounting document as responsible of the relationship with the Shareholders. In carrying out its task, he will coordinate with Dr. Anna Lambiase, Investor Relations Manager of the Issuer.

16. SHAREHOLDERS' MEETING (pursuant art. 123-bis, paragraph 2, letter c), TUF)

Pursuant to Article 83-sexies of Legislative Decree No. 58/98 and art. 10 of By-laws, the right to participate in the Shareholders' meeting and the exercise of the voting right is established by a notice to the Company, carried out by the intermediary in accordance with his accounting records, in favour of the person who has the right to vote, according to the evidence at the end of the accounting day of the seventh trading day preceding the date of the Shareholders' Meeting; recordings made on credit and debit accounts after that time are not relevant to the legitimate exercise of the right to vote at the meeting. Those who are holders of shares of the Company only after that date will not be entitled to attend and vote at the Meeting. The

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communication of the above-mentioned intermediary must reach the company by the end of the third trading day preceding the date of the Shareholders' Meeting. The entitlement to attend and vote is legitimate if all communications are received by the Company beyond that date, provided that it happens by the beginning of the meeting of the single convocation.

Before the Covid emergency, those who had the right to attend the Shareholders' Meeting could be represented by written proxy pursuant to the current provisions of the law by signing the proxy form issued at the request of the entitled person by the authorized intermediaries or the form available at the legal headquarter or on the website at www.psf.it.

The proxy could be sent as registered letter with return receipt to the Company's registered office or by electronic notification to the certified mail address indicated in the notice of meeting.

Furthermore, on the occasion of each individual meeting, the Company had the right to designate, in accordance with art. 135-undecies of the TUF and art. 11, paragraph 2-bis of the By-laws, the Designated Representative as a subject to which the person entitled to vote, entitled by the law, may delegate for free with instructions to vote as long as it is received by the same person within the end of the second day of open market prior to the date of the Shareholders' Meeting, on first call. Any proxy given to Designated Representative shall not have effect with regard to those proposals, for which no voting instructions have been given. Within the same term, the proxy voting and the vote instructions are revocable. The proxy form is available at the Company's registered office as well as on the company website at www.psf.it.

With the advent of the pandemic, in 2020, pursuant to art. 106 of the Law Decree n. 18 (whose applicability was extended, first of all, by art.71 of Law Decree n.104 of 14 August 2020, by art.1, paragraph 3 of Law Decree n.125 of 7 October 2020 and, lastly, 3, paragraph 6, of Law Decree no.183 of 31 December 2020) in order to protect the health of all the people involved, PSF held the meeting behind closed doors, providing that the intervention at the meeting for shareholders was carried out exclusively through the institution of the designated representative (Rag. Maurizia Frigoli) pursuant to art. 135 undecies of the Legislative Decree 24 February 1998 n. 58 (TUF).

The same operation is also intended for the shareholders' meeting of April 16, 2021.

The Board strives to provide shareholders with adequate information necessary for them to take decisions issued by the Shareholders' Meeting. Pursuant the art. 127-ter of Legislative Decree. N. 58/98 and art. 11-bis of the By-laws, the shareholders have the right to propose questions related to the agenda, up to three days before the Meeting, by sending a registered letter at the registered office of the Company to the attention of Company Affairs, or by PEC to the email certified address affarisocietari@psfpec.it or by fax at 030.7049913, and the request must be accompanied with the information necessary to permit their identification. The questions received before the Meeting will be answered during the Meeting. It may be provided a single answer to questions with the same content.

[Non-adherence to criterion 9.C.3 of the Code] With reference to the precise Shareholders' Meeting operation, it is specified that the Company has not adopted regulations because the law and the By-laws as well as the normal procedural invitations to the shareholders from the Chairman was considered appropriate to ensure the efficient running of the meeting. The President directs the debate, giving the speech's turn to directors, auditors or survivors who have requested it. Each shareholder may intervene only once on each agenda item. To encourage the widest possible participation, the time available for each project must be in a not exceeding time-limit, as a rule, of five minutes. The last answers the Chairman of the Meeting declare the discussion closed.

Eight members of the Board of Directors participated in the only Shareholders' Meeting held during the financial year on April 18, 2019. On this occasion, the Board reported on the activities carried out and planned and took steps to ensure that shareholders have adequate information on the elements necessary for them to be able, with full knowledge of the facts, to take the

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decisions within the competence of the Shareholders' Meeting.

During the accounting year there are not been meaningful variations neither in the capitalization of the shares market of the Issuer nor in the composition of its social structure.

17. MORE CORPORATE GOVERNANCE PRACTICES (pursuant art. 123-bis, paragraph 2, letter d), TUF)

The Issuer does not apply additional corporate governance practices beyond those described in the preceding paragraphs of this Report.

18. CHANGE FROM THE ACCOUNTING YEAR'S CLOSURE

There haven't been changes in the structure of corporate governance from the closure of the Exercise.

19. CONSIDERATIONS ON THE LETTER OF DECEMBER 22, 2020 OF THE PRESIDENT OF THE CORPORATE GOVERNANCE COMMITTEE

The recommendations made by the Corporate Governance Committee by letter dated December 22, 2020 were brought to the attention of the Board of Directors at the meeting of January 29, 2021.

With reference to the three main areas on which the Committee called for better adhesion by the issuers, the Board highlighted the following:

1) Sustainability of business activity (recommendation 1):

The Sanfaustino Group considers the social aspect of the company and the responsibility that derives from it to be of great importance. This is why it operates with a view to safeguarding the health and safety of workers and turns its constant commitment to the observance of social responsibility. The corporate structure is firmly convinced of the importance of a correct and transparent management of its "human assets" and the awareness of management, suppliers, employees and external collaborators, to respect the principles of social responsibility. Having said this, the Board pays constant attention to the issue of the sustainability of business activities in defining strategies, the internal control and risk management system and the remuneration policy.

2) Pre-advising information (recommendation 2): the terms identified as appropriate by the Board are at least one week old and in any case never less than three days. These terms are specifically mentioned in the Corporate Governance Report. They have always been respected, except in cases of absolute urgency for which it was necessary to convene the Board in the previous twenty-four hours, as required by the Statute. The confidentiality requirements have been protected without compromising the completeness, adequacy and timeliness of information flows.

3) Application of the directors' independence criteria (recommendation 3): all the demands envisaged by the TUF, the Stock Exchange Regulations and the Corporate Governance Code were met, with the exception, for the independent directors Carlo Alberto Carnevale Maffé and Alberto Piantoni, of the demand that expects not to have held the office of director of the Issuer for more than nine years in the last twelve years. The Board of Statutory Auditors verified the correct application of the aforementioned independence criteria. The reasons and criteria on the basis of which the Board deems independence to exist even for offices over nine years are reported in the Corporate Governance Report.

4) Self-assessment by the administrative board (recommendation 4): the Board carries out its own self-assessment on an annual basis. For this examination, no external professionals have ever been used, nor is it intended to do so. It is the Board, in its entirety and with the contribution

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of the various professionals that make it up, to carry out the verification in question.

5) Appointment and succession of directors (recommendation 5): the Board deems it to depart from this recommendation as it concerns large companies and non-concentrated ownership. Situation very different from that of Poligrafica. The Board has never considered it necessary to set up a nomination committee nor it deems it necessary to express any guidelines on the optimal composition of the board or provide for a succession plan for executive directors.

6) Remuneration policies (recommendation 6): the Board considers the remuneration established in favor of non-executive directors and statutory auditors to be adequate, in light of the required and offered commitment and of the skills and professionalism. It does not consider it appropriate to provide for differentiated remuneration for the members of the committees. It does not foresee the possibility of giving sums not linked to predetermined parameters, nor does it provide for the assignment of end-of-office indemnities.

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TABLE 1 – INFORMATION ABOUT OWNERSHIP

CAPITAL STOCK STRUCTURE				
Type of shares	N. shares	% related to capital	Negotiate	Rights and obligation
Ordinary shares	1,123,483	100	MTA Market – STAR Segment of Italian Stock Exchange	Rights and obligations as per law and By-laws

RELEVANT PARTICIPANTS TO THE CAPITAL			
Declarant	Direct shareholder's	Amount % of ordinary capital	Amount % of voting capital
Alberto Frigoli	Alberto Frigoli	9.596	12.976
Giuseppe Frigoli	Giuseppe Frigoli	9.535	12.894
Emilio Frigoli	Emilio Frigoli	9.585	12.961
Francesco Frigoli	Francesco Frigoli	9.796	13.101
Giovanni Frigoli	Giovanni Frigoli	9.605	12.988
Andrea Collalti	Andrea Collalti	5.411	3.694

(*) Total number of ordinary shares: 1,123,483.

(**) Share capital expressed in n. of voting rights pursuant to art. 120, paragraph 1 of the TUF and the provisions of art. 7 of the Articles of Association: 1,661,641

(***) Shareholder who, since 11 July 2017, has received the increase in voting rights.

(****) Shareholder who, since 11 July 2017, has received the increase in voting rights limited to n. 107,629 shares.

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TABLE 2 – BOARD OF DIRECTORS AND COMMITTEES STRUCTURE

Position	Name	Year of birth	Date of 1 st appointment *	In charge from	In charge until	List **	Exec	Non exec	Indep	TUF Indep	Other charge ***	(*)	Control Committee and Risk		Remuneration Committee	
													(*)	(**)	(*)	(**)
Chairman And CEO	Alberto Frigoli	1949	13.03.1998	18.04.2019	Approval of 2021 fin. statements	M	X				-	9/9				
CEO ♦	Giuseppe Frigoli	1951	13.03.1998	18.04.2019	Approval of 2021 fin. statements	M	X				-	9/9				
CEO ♦	Emilio Frigoli	1955	13.03.1998	18.04.2019	Approval of 2021 fin. statements	M	X				-	9/9				
Exec. Director	Giovanni Frigoli	1960	14.11.1998	18.04.2019	Approval of 2021 fin. statements	M	X				-	9/9				
Exec. Director	Francesco Frigoli	1953	14.11.1998	18.04.2019	Approval of 2021 fin. statements	M	X				-	9/9				
Indepen. Director ■●	Alberto Piantoni	1956	21.04.2004	18.04.2019	Approval of 2021 fin. statements	M		X	X		-	9/9	4/4	M	2/2	M
Indepen. Director ●	Carlo Alberto Carnevale Maffé	1961	30.04.2004	18.04.2019	Approval of 2021 fin. statements	M		X	X		1	9/9	4/4	P	2/2	P
Indepen. Director	Andrea Collalti	1966	20.04.2012	18.04.2019	Approval of 2021 fin. statements	M		X	X		1	9/9				
Non exec Director	Ilaria Frigoli	1985	23.04.2013	18.04.2019	Approval of 2021 fin. statements	M		X			-	9/9	4/4	M	2/2	M

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●					2021 fin. statements													
Non exec Director	Elisa Frigoli	1983	23.04.2013	18.04.2019	Approval of 2021 fin. statements	M					X						9/9	
Non exec Director	Maristella Pedrinelli	1956	29.04.2016	18.04.2019	Approval of 2021 fin. statements	M					X						9/9	
Non exec Director	Francesca Cropelli	1974	29.04.2016	18.04.2019	Approval of 2021 fin. statements	M					X						9/9	

Quorum required for the presentation of lists by minority shareholders for the election of one or more members pursuant the art. 147-ter TUF:

4.5%

Number of meetings held during the year: 8

Control and Risk Committee: 3

Remuneration Committee: 2

- director in charge of internal control system and managing risks.
- ◆ CEO.
- Lead Independent Director (LID).
- * the date of first appointment of each director is the date in which the director has been appointed for the first time (ever) in the Issuer's Board of Directors (not considered periods prior to 13.03.1998, the date of conversion of the Company in SpA)
- ** This column shows the list from which it was derived each director ("M": majority slate; "m" minority slate; "Board": the list submitted by the Board).
- *** This column shows the number of positions as director or auditor held by the person in other companies listed on regulated markets, including foreign markets, in financial, banking, insurance or large companies.
- (*) This column shows the attendance of directors at meetings of the Board and Committees of the total number of meetings which he could participate.
- (**) This column shows the status of adviser within the Committee: "P": President; "M": member

Offices held in other company as at December 31, 2020

Name	Position	Company
Carlo Alberto Carnevale Maiffè	Independent Director	United Ventures SGR S.p.A.
	Chairman	ASM Energia S.p.A.
	Auditor	Fiera di Roma S.p.A.
Andrea Collalti	Auditor	Garnet Group S.p.A.
	Chairman of Auditor	Areti S.p.A.
	Chairman of Auditor	Acea Ato2 S.p.a.

TABLE 3 – BOARD OF AUDITORS STRUCTURE

Position	Name	Year of birth	Date first appointment*	In charge since	In charge until	List **	Indep. Of Code	Board's of auditor meeting	Other charges ***
Chairman	Francesco Curone	1961	13.03.1998	18.04.2019	Approval of 2021 fin. statements	M	X	4/4	6
Effective Member	Mariagrazia Bisesti	1969	23.04.2013	18.04.2019	Approval of 2021 fin. statements	M	X	4/4	0
Effective Member	Umberto Bisesti	1973	13.03.1998	18.04.2019	Approval of 2021 fin. statements	M	X	4/4	4
Alternate	Umberto Bisesti	1968	13.03.1998	18.04.2019	Approval of 2021 fin. statements	M	X	-	N.A.
Alternate	Annamaria Fontana	1977	29.04.2016	18.04.2019	Approval of 2021 fin. statements	M	X	-	N.A.

**Quorum required for the presentation of lists by minority shareholders for the election of one or more members pursuant the art. 148 TUF: 4,5%
Number of meetings held during the year: 4**

* the date of first appointment of each Auditor is the date in which the director has been appointed for the first time (ever) in the Issuer's Board of Auditors (not considered periods prior to 13.03.1998, the date of conversion of the Company in S.p.A.)

** This column shows the list from which it was derived each director ("M": majority slate; "m" minority list.

*** This column shows the number of charges held by the person in other companies pursuant the art. 148-bis TUF.

Office in other company as at December 31, 2020

Name	Position	Company
Bisesti Umberto (1973)	Auditor member	Linkonline S.r.l.
	Auditor member	Sanfaustino Label S.r.l.
	Sole Auditor	Comune of Ossona
	Auditor	Comune of Castelletto di Branduzzo
	Auditor	Comune of Maleo
Curone Francesco	Auditor member	Linkonline S.r.l.
	Auditor member	Sanfaustino Label S.r.l.
	Auditor member	Gedit S.p.A.
	Auditor member	Steltronic S.p.A.
	Auditor	Metalltrade S.r.l.
	Auditor	Mepa S.r.l.

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

GRUPPO **SANFAUSTINO**

REPORT ON REMUNERATION POLICY AND ON COMPENSATION PAID

Pursuant to art. 123-ter TUF and 84-quater Consob Issuers' Regulations

Issuer : POLIGRAFICA S. FAUSTINO S.P.A.

Website: www.psf.it

Date of approval: 05.03.2021

REPORT ON REMUNERATION POLICY AND ON COMPENSATION PAID

GLOSSARY

Meeting / Shareholders' Meeting: the shareholders' meeting of Poligrafica S. Faustino S.p.A

Code / Corporate Governance Code: the Corporate Governance Code for listed companies approved in January 2020 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.

Civil Code / C.C .: the civil code.

Board / Board of Directors: the Board of Directors of Poligrafica S. Faustino S.p.A ..

Issuer or Company: Poligrafica S. Faustino S.p.A ..

Financial year: the financial year to which the report refers.

Group: Poligrafica S. Faustino Group.

Consob Issuers' Regulation: the Regulation issued by Consob with resolution no. 11971 of 1999 (as subsequently amended) regarding issuers.

Consob Related Party Regulations: the Regulations issued by Consob with resolution no. 17221 of March 12, 2010 (as subsequently amended) on related party transactions.

TUF: Legislative Decree 24 February 1998, n. 58 (Consolidated Law on Finance).

REPORT ON REMUNERATION POLICY AND ON COMPENSATION PAID

PREMISE

The Remuneration Policy, which defines the objectives pursued and the principles underlying the determination of the remuneration of the administrative bodies, general managers and managers with strategic responsibilities, was approved by the Board of Directors on 5 March 2021 on the proposal of the Remuneration Committee met on the same date.

This Report on the Remuneration Policy and on the remuneration paid (**Report**) is divided into two sections:

- Section I: Remuneration Policy
- Section II: Compensation paid in 2020

The Report is drawn up pursuant to art. 123-ter of the TUF and art. 84-quater of the Consob Issuers' Regulation. It was drafted in accordance with art. 5 of the Code of Conduct.

As required by the Consob Related Party Regulations, as implemented in the procedure adopted by the Company on 12 November 2010, the approval of the Remuneration Policy by the Shareholders' Meeting exempts the Company from applying the aforementioned procedure for transactions with parties related in the resolutions regarding the remuneration of directors and executives with strategic responsibilities, provided that the latter are consistent with the Remuneration Policy.

The Report relating to the 2020 financial year, presented for information to the Shareholders' Meeting, provides a final balance on the subject of remuneration, highlighting its consistency with the Remuneration Policy approved by the Company in the previous year.

SECTION I

POINT 1)

a) Bodies or persons involved in the preparation, approval and possible revision of the remuneration policy;

b) Eventual intervention of a remuneration committee.

The main subjects and bodies involved in the preparation and approval of the Remuneration Policy are the Shareholders' Meeting, the Board of Directors, the Remuneration Committee and the Board of Statutory Auditors.

The Shareholders' Meeting:

- Determines the remuneration of the members of the Board of Directors, of the executive committee if appointed as well as of the Board of Statutory Auditors pursuant to article 2364, paragraph 1, no. 3) C.C. ;
- Deliberates on Section I of the Report with binding power in accordance with the provisions of art. 123, paragraph 3 ter of the TUF;
- Resolves on Section II of the Report, without binding power;
- Decides on any remuneration plans based on shares or other financial instruments intended for directors, employees and collaborators, including executives with strategic responsibilities, pursuant to Article 114-bis of the TUF.

The Board of Directors:

REPORT ON REMUNERATION POLICY AND ON COMPENSATION PAID

- Establishes an internal Remuneration Committee composed of non-executive directors, most of whom are independent; at least one member of the Committee must have adequate knowledge and experience in financial matters;
- Determines the remuneration of directors vested with particular offices, subject to the opinion of the Board of Statutory Auditors and on the proposal of the Remuneration Committee;
- Defines the Remuneration Policy on the proposal of the Remuneration Committee;
- Approves the Remuneration Report, prepared in accordance with the application criteria and principles referred to in art. 5 of the Corporate Governance Code, to be submitted to the Shareholders' Meeting;
- Prepares, with the help of the Remuneration Committee, eventual remuneration plans based on shares or other financial instruments intended for directors, employees and collaborators, including executives with strategic responsibilities, submits them to the approval of the Shareholders' Meeting pursuant to article 114-bis of the TUF and ensures its implementation.

The Remuneration Committee, established within the Board of Directors since 2001 in accordance with the provisions of the Corporate Code of Conduct , is composed exclusively of non-executive directors, most of whom are independent; at least one member of the Committee must have adequate knowledge and experience in financial matters.

Following the renewal of the administrative board, the Board of Directors, by resolution of April 18, 2019, appointed the following directors from among its members as members of the Remuneration Committee:

Carlo Alberto Carnevale Maffé - President (independent)

Alberto Piantoni (independent)

Ilaria Frigoli (non executive)

The composition remained unchanged compared to the previous year.

In accordance with the provisions of the Code, the Committee is therefore made up of non-executive directors, the majority of which are independent.

Following the appointment, there were no changes in the composition of the Committee.

Directors Alberto Piantoni and Carlo Alberto Carnevale Maffè have experience in accounting and finance that was deemed adequate by the Board of Directors at the time of their appointment in light of their previous professional experiences.

The Remuneration Committee meets whenever its Chairman deems it appropriate, or when requested by at least one member and, in any case, with an adequate frequency for the correct performance of his duties.

During the year, the Committee met twice. The meetings lasted about half an hour. Two meetings are planned for the 2021 financial year, one of which has already been held on March 5, 2021.

The remuneration committee:

- Formulates proposals to the Board of Directors regarding the remuneration of managing directors and of those who hold particular offices or to whom specific powers are assigned;
- Submits proposals to the Board of Directors on the remuneration of executive directors as well as on the correct identification and setting of performance objectives;
- Makes proposals to the Board of Directors on the adoption of the remuneration policy;

REPORT ON REMUNERATION POLICY AND ON COMPENSATION PAID

- Assists the Board of Directors in the preparation and implementation of any compensation plans based on shares or other financial instruments;
- Periodically assesses the adequacy, overall consistency and concrete application of the Remuneration Policy;
- Examines and submits to the Board of Directors the report on the remuneration paid to the members of the management and control bodies.

The Committee has the possibility to access the information and company functions necessary for the performance of its duties as well as to make use of external consultants, within the terms established by the Board of Directors, should the need be identified.

The documentation and information available (and, in any case, the necessary information) are sent to all the members of the Remuneration Committee sufficiently in advance to express with respect to the meeting.

For the meetings of the Remuneration Committee to be valid, the presence of the majority of the members in office is required and decisions are made by an absolute majority of the members present. The meetings of the Remuneration Committee can also be held by means of telecommunications and are duly minuted and transcribed in a specific book.

No financial resources have been allocated to the Committee as it makes use of the Issuer's corporate means and structures for the performance of its duties.

The Remuneration Policy was therefore outlined and approved by the Remuneration Committee and the Board of Directors.

The Board of Statutory Auditors expresses its opinion on the remuneration proposals of the executive directors, and more generally, of the directors vested with particular offices, verifying the consistency of the same proposals with the Remuneration Policy.

c) Compensation and working conditions of company employees

The remuneration policy takes into account the remuneration and working conditions of the employees of the company, based on the duties performed and the role covered, the degree of responsibility and the level of professional specialization.

d) Independent experts

The company did not make use of independent experts in determining the remuneration policy.

e) Purposes pursued with the Remuneration Policy, underlying principles, duration and any changes to the Remuneration Policy recently submitted to the Shareholders' Meeting.

The remuneration of directors, general managers and executives with strategic responsibilities is defined in such a way as to ensure an overall remuneration structure capable of recognizing the professional value of the individuals involved and allowing an adequate balance of the fixed and variable components with the objective to create sustainable value in the medium and long term and to guarantee a direct link between remuneration and specific performance objectives.

In particular, the guidelines underlying the remuneration policy are based on the following criteria:

- The fixed component and the variable component take into account the strategic objectives and related business risks assumed by the Company;
- The variable component provides for a maximum limit;

REPORT ON REMUNERATION POLICY AND ON COMPENSATION PAID

- The fixed component is sufficient to remunerate the performance of the interested party if the variable component is not paid due to failure to achieve the objectives assigned to it;
- In assessing the suitability of the fixed component to remunerate the performance of the person concerned, what may be received by the same in other Group companies is also taken into consideration;
- The performance objectives are predetermined, measurable and linked to the creation of value for the shareholders in the medium-long term;
- The payment of the variable component is deferred by an adequate period of time with respect to the time of accrual;
- The forecast of contractual agreements that allow the Company to request the restitution, in whole or in part, of components of the remuneration paid, determined on the basis of data which are subsequently proved to be manifestly incorrect;
- The amount of the incentive to be paid to each person involved is determined on base on the achievement of the results actually pursued.

The duration of this policy is annual.

Compared to the version approved during the previous year, the Policy has been revised in order to incorporate the changes introduced by the Corporate Governance Code and the regulatory legislation.

f) Description of the policies on fixed and variable components of remuneration with particular regard to the indication of the relative proportion within the overall remuneration and distinguishing between variable components in the short and medium-long term.

Chief Executive Officers

By resolution of the Board of Directors of April 18, 2019, the directors Alberto Frigoli, Giuseppe Frigoli and Emilio Frigoli were appointed as managing directors. They have been attributed the powers of ordinary and extraordinary administration, none excluded or excepted, except for those expressly prohibited by art. 2381 C.C ..

The remuneration of the Chief Executive Officers, determined on the basis of the size and structure of the Company, is made up as follows:

- A fixed component, determined to a significant extent, congruent with the required position and commitment and, in any case, such as to be sufficient to remunerate the service in the event that the variable component is not paid due to failure to achieve the objectives of which infra;
- A variable component correlated to the achievement of objectives - economic results - measured and linked to the creation of value for shareholders over a medium-term horizon, usually no less than 36 months.

The amount of the fixed and variable component is determined annually by the Board of Directors, on a proposal made by the Remuneration Committee, according to the actual achievement of the established objectives and the assigned tasks. For the assessment of the suitability of the fixed component to remunerate the managing directors if the variable component is not paid due to failure to achieve the assigned objectives, the fixed remuneration eventually received by the same in other Group companies must also be considered.

The variable component will be paid every three years upon achievement of the objectives set by the Board of Directors (based on the consolidated results of the Group) with deferred payment at the end of the accrual year.

REPORT ON REMUNERATION POLICY AND ON COMPENSATION PAID

The variable component cannot exceed 50% of the amount established for the fixed remuneration (taking as a reference the amount paid overall in the three-year period). In compliance with the aforementioned parameters indicated above, it is possible to envisage share-based remuneration plans.

The expenses incurred by the Chief Executive Officers for the performance of their duties are reimbursed by the Company.

Executive directors

There are no executive directors within the company.

In any case, Giovanni Frigoli is to be considered an executive director as the managing director of the subsidiaries Linkonline S.r.l. and Sanfaustino Label S.r.l. which are both considered strategically relevant to the Group.

The remuneration of executive Directors, determined on the basis of the size and structure of the Company, is made up as follows:

- A fixed component, determined to a significant extent, congruent with the required position and commitment and, in any case, such as to be sufficient to remunerate the service in the event that the variable component is not paid due to failure to achieve the objectives set out infra;
- A variable component correlated to the achievement of objectives - economic results - measured and linked to the creation of value for shareholders over a medium-term horizon, usually no less than 36 months.

The amount of the fixed and variable component is determined annually by the Board of Directors, on a proposal made by the Remuneration Committee, according to the actual achievement of the established objectives and the assigned tasks. For the assessment of the suitability of the fixed component to remunerate the managing directors in case the variable component is not paid due to failure to achieve the assigned objectives, the fixed remuneration eventually received by the same in other Group companies must also be considered.

The variable component will be paid every three years upon achievement of the objectives set by the Board of Directors (based on the consolidated results of the Group) with deferred payment at the end of the accrual year.

The variable component cannot exceed 30% of the amount established for the fixed remuneration (taking as a reference the amount paid overall in the three-year period). In compliance with the aforementioned parameters indicated above, it is possible to envisage share-based remuneration plans.

The expenses incurred by the executive Directors for the performance of their duties are reimbursed by the Company.

The Remuneration Policy does not provide for the payment of non-monetary benefits.

Non-executive directors

All non-executive Directors are paid only a fixed remuneration.

For the directors called to participate in the Control and Risks Committee and the Remuneration Committee, both made up of non-executive Directors, no additional compensation or attendance fee is envisaged.

The expenses incurred by the non-executive Directors for the performance of their duties are not reimbursed by the Company.

Remuneration of executives with strategic responsibilities

The remuneration of executives with strategic responsibility is established in accordance with

REPORT ON REMUNERATION POLICY AND ON COMPENSATION PAID

- An annual fixed component, determined to a significant extent, congruent with the required position and commitment and, in any case, such as to be sufficient to remunerate the benefit in the event that the variable component is not paid due to failure to achieve of the objectives mentioned below;

· A variable component related to the achievement of the objectives identified by the Company in the three-year period, a period deemed consistent with the objective of creating value for the shareholders in the medium-long term and with a correct risk management policy.

The variable component is equal to a predetermined percentage of the fixed gross annual remuneration, generally not less than 20% of said remuneration.

For Executives with strategic responsibilities, reimbursement of the expenses incurred for carrying out their duties is envisaged.

g) Policy followed with regard to non-monetary benefits.

The Remuneration Policy does not provide for the payment of non-monetary benefits.

h) Description of the financial and non-financial performance objectives, taking into account the criteria relating to corporate responsibility to which the variable components are assigned.

As illustrated in point f) of this Report, a variable component may be recognized by the Board of Directors for the managing directors, executive directors and managers with strategic responsibilities. At present, no incentive is envisaged for the Executive in Charge, considering the fixed remuneration due to him in any case sufficient and consistent with the tasks assigned. It is not considered that this choice will be changed in the course of 2021.

For 2021 it is not expected to deviate from the criteria used in previous years in quantitative terms, namely:

- for each managing director

Net income	Variable compensation
€ 3,500,000	€ 120,000
€ 4,000,000	€ 135,000
€ 4,500,000	€ 150,000
€ 5,000,000	€ 220,000

- for each executive director

Net income	Variable compensation
€ 3,500,000	€ 60,000
€ 4,000,000	€ 65,000
€ 4,500,000	€ 70,000
€ 5,000,000	€ 100,000

The data indicated above refer to the net profit that will be realized in the three-year period 2019 - 2021.

The net profit criterion is therefore the only one considered by the company.

i) Criteria used to assess the achievement of the performance objectives underlying the assignment of shares, options, other financial instruments or other variable components of the remuneration and measurement of the variable component which is expected to be paid according to the level of achievement

REPORT ON REMUNERATION POLICY AND ON COMPENSATION PAID

The company has not foreseen and does not foresee the assignment of shares, options or other financial instruments throughout the course of the 2021 financial year. Therefore this point i) is not applicable.

j) Information aimed at highlighting the contribution of the Remuneration Policy, in particular the Policy on variable components, to the corporate strategy, to the pursuit of the long-term interests of the company and to sustainability.

Please refer to what has already been expressed in the previous points.

k) Terms of vesting of rights (so-called vesting period) and any deferred payment systems and ex post correction mechanisms of the variable (malus or claw back).

Not applicable.

l) Information on the possible provision of clauses for maintaining the financial instruments in the portfolio after their acquisition.

Not applicable.

m) Policy relating to the treatment provided in the event of termination of office or termination of the employment relationship

In the event of termination of the existing relationship with the Group for reasons other than just cause, the Company's orientation is to find agreements to define the relationship in a consensual way. Having said this, the Company has not formalized a specific policy in this regard.

It is possible to provide for the Chief Executive Officers an indemnity in the event of termination of the directorship relationship, the amount of which, as a rule and except in exceptional cases, cannot exceed an amount corresponding to 40% of the relative fixed remuneration paid to them overall over the period of the mandate.

The payment of a specific indemnity may also be recognized, again after evaluation by the competent corporate bodies, in the following cases:

- resolution at the initiative of the Company not supported by just cause;
- termination at the initiative of the Director for just cause, meaning, by way of example, the substantial change in the role or the powers assigned and / or the cases of so-called Hostile takeover".

In the cases described above, the indemnity may be equal to two years of the gross annual remuneration (fixed component).

n) Information on the presence of any insurance coverage, or social security or pension coverage, other than the mandatory ones.

There is no insurance coverage, or social security or pension coverage other than the mandatory ones, with the exception of a Third Party Liability (RCT) and Work Providers (RCO) policy to cover the risks burdening the company as a result of civil liability towards third parties and employees connected to the performance of all the activities that constitute the corporate purpose.

o) Remuneration policy possibly followed with reference (i) to Independent Directors, (ii) to participation in committees; (iii) to carry out particular tasks.

The Company does not provide for a diversified remuneration policy in relation to independent directors, participation in committees and the performance of particular tasks

p) Any remuneration policies used as a reference.

REPORT ON REMUNERATION POLICY AND ON COMPENSATION PAID

In defining the remuneration policy, the Company did not use the remuneration policies implemented by other companies as a reference and did not avail itself of the collaboration of independent experts.

q) Exemptions due to exceptional circumstances.

To deal with exceptional circumstances, as indicated by art. 123 ter of the TUF, the Company will assess, from time to time, the appropriate strategy to be implemented in the specific case, in compliance with current legislation, the procedures adopted and its own Code of Ethics.

POINT 2

Compensation of the members of the board of statutory auditors.

The gross annual emolument due to the Board of Statutory Auditors was determined by the Shareholders' Meeting on the occasion of the appointment of the control board on 18 April 2019, taking into account the commitment required, the importance of the role held as well as the size and sectoral characteristics of the company, in proportion to the revenues from sales and services, i.e. in an amount equal to 0.050% of the aforementioned value for the Chairman and 0.033% for effective members.

SECTION II

This section is divided into two parts and illustrates by name, through the tables attached in the second part, the emoluments paid to the members of the administrative and control bodies during 2020.

PART I

1.1 Remuneration paid to the members of the management board and the supervisory board.

The shareholders' meeting, on the occasion of the approval of the Financial Statements as at 31.12.2018, had set the gross annual remuneration for the entire Board of Directors at a total of Euro 221.288 (fixed component) in addition to a variable component in favor of the directors executive linked to the economic results of the company and / or to the achievement of specific objectives, subject to the opinion of the Remuneration Committee.

During 2020 there were no changes in the remuneration policy, but the number of members of the Board of Directors was reduced to twelve (compared to the previous year) due to the resignation of Maurizia Frigoli on 31.01.2020. Therefore, the shareholders' meeting of 17 April 2020 reduced from the total amount approved in 2019 (Euro 221,288) the figure of Euro 12,911 (which was due to Maurizia Frigoli as non-executive director) in light of the reduction in the members of the board. The Shareholders' Meeting set the overall gross annual emolument due to the Board at € 208,377 with effect from 1 May 2020, which can be paid in installments, at the request of the interested parties, in monthly installments and also authorized the Board to provide for an additional remuneration for the executive directors linked to the economic results of the company and / or to the achievement of specific objectives, also by virtue of the provisions of art. 6 of the Corporate Governance Code and the company's remuneration policy.

The Board of Directors, in the meeting of April 17, 2020, set the fixed remuneration in the amount specified below (unchanged from the previous year) for each individual director:

- Alberto Frigoli (Chairman and CEO): € 118,000.00
- Alberto Piantoni, Carlo Alberto Carnevale Maffé, Andrea Collalti, Iaria Frigoli, Elisa Frigoli, Maristella Pedrinelli, Francesca Cropelli (non-executive directors): € 12,911.00.

No fixed remuneration has been determined for the directors Giuseppe Frigoli, Emilio Frigoli, Francesco Frigoli and Giovanni Frigoli in light of what they received as fixed remuneration from

REPORT ON REMUNERATION POLICY AND ON COMPENSATION PAID

In line with the provisions of the Remuneration Policy, part of the remuneration of the managing directors was linked to the economic results achieved by the Issuer. This variable part was determined by the Board of Directors on the proposal of the Remuneration Committee, as follows:

- for each managing director

Net income	variable remuneration
€ 3,500,000	€ 120,000
€ 4,000,000	€ 135,000
€ 4,500,000	€ 150,000
€ 5,000,000	€ 220,000

At present, it does not appear that these results have been achieved, but the evaluation has been postponed to the end of the three-year period 2019-2021.

During the year, the directors received the emoluments indicated in "Table 1 - Scheme 7-b" attached below.

No additional remuneration was paid for participation in committees.

Compensation paid to the supervisory board

As already expressed, the gross annual emolument due to the Board of Statutory Auditors was determined by the Shareholders' Meeting on the occasion of the appointment of the supervisory board on 18 April 2019, taking into account the commitment required, the importance of the role covered as well as the dimensional and sectoral characteristics of the company, in proportion to the revenues from sales and services, i.e. to an extent equal to 0.050% of the aforementioned value for the Chairman and 0.033% for effective members.

At the date of approval of this Report, there are no Executives with strategic responsibilities or General Managers within the Company.

1.2 Allocation of indemnities and / or benefits for the termination of office or for the termination of the employment relationship.

No agreements have been concluded between the Issuer and the directors that provide for indemnities and / or other benefits for the termination of office.

1.3 Exemptions applied to the Policy.

During 2020, no exceptions to the Remuneration Policy were applied.

1.4 Application of ex post correction mechanisms.

During 2020, no correction mechanisms for the variable part were applied.

REPORT ON REMUNERATION POLICY AND ON COMPENSATION PAID

1.5 Change in remuneration and comparison information.

The annual variation is taken into account:

i) Of the total remuneration of the members of the Board of Directors and of the Board of Statutory Auditors

	2016	2017	2018	2019	2020
Alberto Frigoli	0	0	+9.3%	0	0
Giuseppe Frigoli	0	- 100%	0	0	0
Emilio Frigoli	0	- 100%	0	0	0
Francesco Frigoli	0	- 100%	0	0	0
Giovanni Frigoli	0	- 100%	0	0	0
Maurizia Frigoli (*)	0	0	0	0	-91.66%
Ilaria Frigoli	0	0	0	0	0
Elisa Frigoli	0	0	0	0	0
Maristella Pedrinelli	0	0	0	0	0
Francesca Cropelli	0	0	0	0	0
Alberto Piantoni	0	0	0	0	0
Carlo Alberto Carnevale Maffè	0	0	0	0	0
Andrea Collalti	0	0	0	0	0
Francesco Curone	-7.1%	0	-4%	+8%	-27.77%
Umberto Bisesti	-7.1%	0	-4%	+8%	-27.77%
Mariagrazia Bisesti	-7,1%	0	-4%	+8%	-27,77%

(*) It should be noted that Maurizia Frigoli has resigned from the office of director with effect from 31.01.2020.

REPORT ON REMUNERATION POLICY AND ON COMPENSATION PAID

ii) of The results of the Company

	2020	2019	2018	2017	2016
EBITDA	+ 13.4%	+ 24.5%	-34.7%	-12.2%	+15.4%
EBIT	+81.4%	+12.5%	-63.3%	+1.6%	+96.7%
Net worth	-1.72%	+1.76%	-0.7%	+2.59%	+0.58%

iii) Of the gross annual remuneration, based on full-time employees (the gross annual remuneration was calculated by dividing the total salary by the number of employees):

Change in 2020: -11.9%

Change in 2019: + 18.23%

1.6 Vote expressed by the Shareholders' Meeting on this section II of the previous year.

The shareholders' meeting, held on April 17, 2020, expressed its opinion on Section II of the Remuneration Report for the 2019 financial year with no. 1,078,746 votes in favor; against 321, none abstained.

REPORT ON REMUNERATION POLICY AND ON COMPENSATION PAID

PART II
Table 1 Scheme 7-bis
Compensation paid to members of the administrative board

Name and Surname	Position	Office holder's period of service	Term of office expiry	Fixed remuneration	Committee membership remuneration	Variable non-equity remuneration Bonuses and other incent.	Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Severance indemnity for end of office or termination of employment
Alberto Frigoli	Chairman and CEO	01.01.2020 31.12.2020	Approval of 2021 Financial Statement	118					118		
Remuneration at the company drawing up the financial statements											
Remuneration at subsidiaries and affiliates											
Total											
Giuseppe Frigoli	CEO	01.01.2020 31.12.2020	Approval of 2021 Financial Statement	0					0		
Remuneration at the company drawing up the financial statements											
Remuneration at subsidiaries and affiliates											
Total											
Emilio Frigoli	CEO	01.01.2020 31.12.2020	Approval of 2021 Financial Statement	0					0		
Remuneration at the company drawing up the financial statements											
Remuneration at subsidiaries and affiliates											
Total											
Emilio Frigoli	CEO	01.01.2020 31.12.2020	Approval of 2021 Financial Statement	307.5					307.5		
Remuneration at the company drawing up the financial statements											
Remuneration at subsidiaries and affiliates											
Total											
Emilio Frigoli	CEO	01.01.2020 31.12.2020	Approval of 2021 Financial Statement	307.5					307.5		
Remuneration at the company drawing up the financial statements											
Remuneration at subsidiaries and affiliates											
Total											
Francesco Frigoli	Director	01.01.2020 31.12.2020	Approval of 2021 Financial Statement	0					0		
Remuneration at the company drawing up the financial statements											

REPORT ON REMUNERATION POLICY AND ON COMPENSATION PAID

Remuneration at subsidiaries and affiliates				130						130
Giovanni Frigoli	Director	01.01.2020 31.12.2020	Approval of 2021 Financial Statement	130						130
Remuneration at the company drawing up the financial statements				0						0
Remuneration at subsidiaries and affiliates				307.5						307.5
Alberto Piantoni	Director	01.01.2020 31.12.2020	Approval of 2021 Financial Statement	307.5						307.5
Remuneration at the company drawing up the financial statements				12.9						12.9
Remuneration at subsidiaries and affiliates				0						0
Carlo Alberto Carnevale Maffé	Director	01.01.2020 31.12.2020	Approval of 2021 Financial Statement	12.9						12.9
Remuneration at the company drawing up the financial statements				12.9						12.9
Remuneration at subsidiaries and affiliates				0						0
Andrea Collalti	Director	01.01.2020 31.12.2020	Approval of 2021 Financial Statement	12.9						12.9
Remuneration at the company drawing up the financial statements				12.9						12.9
Remuneration at subsidiaries and affiliates				0						0
Ilaria Frigoli	Director	01.01.2020 31.12.2020	Approval of 2021 Financial Statement	12.9						12.9
Remuneration at the company drawing up the financial statements				12.9						12.9
Remuneration at subsidiaries and affiliates				0						0
Maurizia Frigoli	Director	01.01.2020 31.01.2020	Approval of 2021 Financial Statement	12.9						12.9
Remuneration at the company drawing up the financial statements				1.075				29.8		30.8

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statements												
Remuneration at subsidiaries and affiliates						0		0			0	
						1.075		29.8			30.8	
Elisa Frigoli	Director	01.01.2020 31.12.2020	Approval of 2021 Financial Statement									
Remuneration at the company drawing up the financial statements						12.9					12.9	
Remuneration at subsidiaries and affiliates						0					0	
						12.9					12.9	
Maristella Pedrinelli	Director	01.01.2020 31.12.2020	Approval of 2021 Financial Statement									
Remuneration at the company drawing up the financial statements						12.9					12.9	
Remuneration at subsidiaries and affiliates						0					0	
						12.9					12.9	
Francesca Cropelli	Director	01.01.2020 31.12.2020	Approval of 2021 Financial Statement									
Remuneration at the company drawing up the financial statements						12.9					12.9	
Remuneration at subsidiaries and affiliates						0					0	
						12.9					12.9	

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Compensation paid to members of the supervisory board

Name and Surname	Position	Office holder's period of service	Term of office expiry	Fixed remuneration	Commitment remuneration	Variable non-equity remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Severance indemnity for end of office or termination of employment
						Bonus and other incentives.						
Francesco Curone	Chairman	01.01.2020 31.12.2020	Approval of 2021 Financial Statement									
Remuneration at the company drawing up the financial statements				3.9						3.9		
Remuneration at subsidiaries and affiliates				8						8		
				11.90						11.90		
Umberto Bisesti	Effective Member	01.01.2020 31.12.2020	Approval of 2021 Financial Statement									
Remuneration at the company drawing up the financial statements				2.6						3.6		
Remuneration at subsidiaries and affiliates				8.5						8.5		
				11.10						11.10		
Mariagrazia Bisesti	Effective Member	01.01.2020 31.12.2020	Approval of 2021 Financial Statement									
Remuneration at the company drawing up the financial statements				2.6						2.6		
Remuneration at subsidiaries and affiliates				0						0		
				2.6						2.6		