

# Financial Report

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## 09302021

**NET REVENUES: €544.1 MILLION**  
(COMPARED TO €429.9 MILLION AT 30 SEPTEMBER 2020)

**GROSS OPERATING INCOME (EBITDA): €28.6 MILLION**  
(COMPARED TO €59.7 MILLION AT 30 SEPTEMBER 2020)

**OPERATING INCOME (EBIT): €3.4 MILLION**  
(COMPARED TO €37.5 MILLION AT 30 SEPTEMBER 2020)

**NET PROFIT BEFORE DISCONTINUED OPERATIONS: €12.9 MILLION**  
(COMPARED TO A PROFIT OF €28.3 MILLION BEFORE DISCONTINUED  
OPERATIONS AT 30 SEPTEMBER 2020)

**NET PROFIT (LOSS) FOR THE PERIOD: PROFIT OF €15.5 MILLION**  
(NET PROFIT OF €33.9 MILLION AT 30 SEPTEMBER 2020)

**NET FINANCIAL POSITION: €165.1 MILLION**  
(€-8.9 MILLION AT 31 DECEMBER 2020)

Reno De Medici S.p.A.  
Milan, Viale Isonzo 25  
Share capital €140,000,000  
Tax Identification No. and V.A.T. No. 00883670150



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## 1. CORPORATE BODIES AND AUDITING FIRMS

### Board of Directors

Eric Laflamme	Chairman
Michele Bianchi	Chief Executive Officer
Giulio Antonello	Director
Laura Guazzoni	Director
Marc Becker	Director
Monta Ozolina	Director
Jordan Lubkeman	Director

### Board of Statutory Auditors

Diana Rizzo	Chairmain
Gian Carlo Russo Corvace	Statutory Auditor
Tiziana Masolini	Statutory Auditor
Domenico Maisano	Deputy Statutory Auditor
Alessandra Pederzoli	Deputy Statutory Auditor

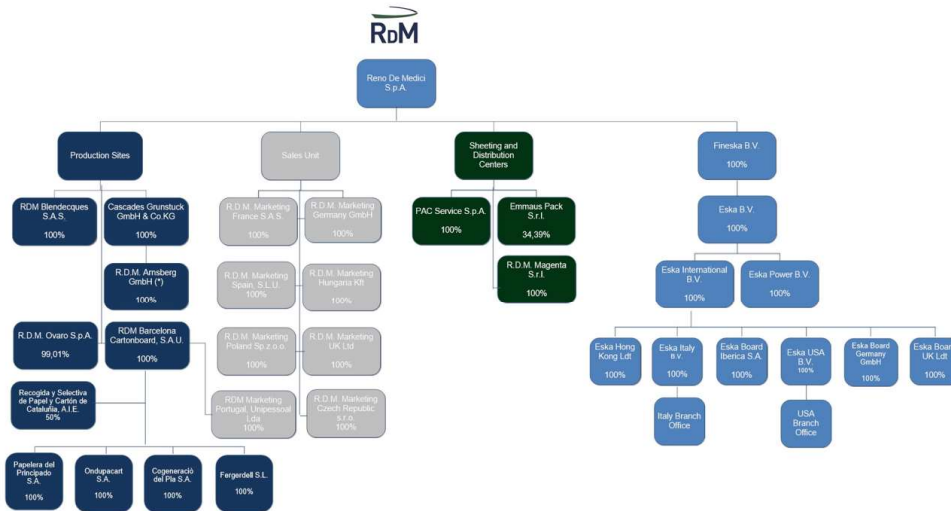
### Independent Auditing Firm

PricewaterhouseCoopers S.p.A.



## 2. GROUP-OWNED OPERATING COMPANIES AT 30 SEPTEMBER 2021

The following chart shows the companies in the Reno De Medici Group (“RDM Group” or “Group”).



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



### **3. Introduction**

This financial report at 30 September 2021 was drawn up pursuant to Legislative Decree No. 58/1998, as subsequently amended, and to the Issuers' Regulations issued by Commissione Nazionale per le Società e la Borsa (C.O.N.S.O.B., Italian stock exchange supervisory authority).

The Condensed Consolidated Financial Statements at 30 September 2021 were prepared in compliance with the International Accounting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and approved by the European Union and with all the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), including interpretations previously issued by the Standing Interpretations Committee, and were drawn up in accordance with IAS 34 - Interim Financial Reporting, adopting the same accounting standards as those adopted in the preparation of the Consolidated Financial Statements at 31 December 2020, except as may be described in the paragraph "New Accounting Standards, Amendments and IFRS and IFRIC Interpretations Already Approved by the European Union" in the Explanatory Notes.

Starting from July 2021 the newly acquired company Papelera del Principado S.A. and three smaller-sized subsidiaries operating in the same business sector, Ondupacart S.A, Cogeneracio del Pla S.A. e Fergerdell S.L. (hereinafter "Paprinosa") and the Eska Group were consolidated. The impact on the consolidated revenues, EBITDA and net result are showed below.

### **4. Main Significant Events**

On 1 July 2021, the RDM group finalized the purchase of 100% of the share capital of four companies incorporated under Spanish law on the part of the subsidiary RDM Barcelona Cartonboard S.A.U. The acquisition concerns one of the main European players in the lined cardboard sector, Papelera del Principado S.A., and three smaller-sized companies operating in related business sectors. The provisional acquisition price is based on an overall "Enterprise Value" of €30.4 million, calculated on the 2020 EBITDA of €5.1 million, and on a net financial debt of €18.9 million at 31 December 2020. An initial amount of €5.9 million was paid at the closing. The price was subject to adjustments provided for in the contract according to the level of NFP, working capital



and overall EBITDA of the four companies at the effective date of 1 July 2021 for a total of €3 million that will be paid during the fourth quarter. The acquisition was financed by the RDM Group using its own financial sources.

On 5 July 2021, Apollo Global Management, Inc. (NYSE: APO) announced that, through certain funds managed by its affiliates, it had signed the final contracts for the purchase of a majority stake in Reno De Medici S.p.A. (“**RDM**”). The Apollo Funds acquired on 26 October 2021 approximately 67% of the share capital of RDM from its two largest shareholders, namely Cascades Canada ULC and Caisse de dépôt et placement du Quebec, at a price of €1.45 per share, representing a premium of 24% compared to the weighted average price for volumes traded in the preceding 90 days. The completion of the transactions occurred on 26 October 2021. On that same day, Apollo submitted to CONSOB a bid document relating to the launch of a mandatory takeover bid on the remaining shares of RDM, aimed at RDM’s delisting. Following approval of the bid document by CONSOB, the tender offer period will commence.

On 13 July, Reno De Medici S.p.A. finalized the agreement for the purchase of 100% of the share capital of the Dutch company Fineska B.V., holding company of the “Eska” business group. The seller Andes C.V. is a special vehicle held by the US investment firm Andlinger & Co. The price for the acquisition of the Eska Group was based on an overall “Enterprise Value” of €155 million, calculated on a final 2020 EBITDA of €24.6 million. The final price paid, after all adjustments set forth in the agreement, amounted to €146.7 million, of which €7.1 million were paid into an escrow account to secure any contingent liabilities. No further price adjustments are scheduled. The acquisition was financed using third-party debt of €100 million in total (Banca Intesa and Unicredit) and, for the remaining part, using the cash available at the closing date.

The Eska group is a world leader in the production of solid boards, a segment in which the RDM group operates through the Ovaro paper mill. The segment is characterized by above-average profit margins. The strategic reasons for this transaction lie in the desire to become the market leader in a segment with higher profit margins, in the geographical coverage at European level of an area where the RDM Group has limited operations, in the significant operations of the Eska Group in the United States with possible synergies in the other business segments and with the Ovaro paper mill operating in the same segment.



## 5. Interim Report on Operations

The third quarter of 2021 followed the trend of the earlier quarters of the year, characterized by very strong and persistent demand for materials, resulting in meaningful increase in The Group's volumes sold and revenues. Health and safety of the Group's employees remains the key priority, alongside successfully maintaining production levels to continue to meet the demands of customers who, as a reminder, mainly operate in strategic sectors not affected by the COVID-19 emergency. Overall, the RDM Group reported above-market growth (+3.8%) with trends in line with the target markets and better performance in some geographic markets (e.g., the UK and "overseas").

The first three quarters of 2021 were also characterized by a strong input cost inflationary environment, common to most business sectors, which led to a temporary contraction in margins, particularly due to the increase in the prices of raw materials and energy. The Group reacted, and continues to react, to increases in cost components through targeted price increases to fully offset the inflationary effect. The Group has implemented four selling price increases, two in the first quarter, one in the second quarter and one in July 2021. A further price increase on shipments has also already been announced as of early November. The positive effect of the price increases is deferred by a temporary time lag relative to the impact of the cost inflation, thus the margins of the first three quarters of 2021 were negatively impacted by this temporary lag effect in the short term.

Note the representation of the Group's economic performance in the first three quarters of 2021 reflects the reclassification of the French subsidiary RDM La Rochette as "Discontinued Operations", as described in detail in the section "Main Significant Events".

EBITDA for the first three quarters, after the effect of Discontinued Operations regarding La Rochette, amounted to €28.6 million compared to €59.7 million in the same period of the previous financial year.

As mentioned above, the performance for the third quarter of 2021 includes the companies acquired in July, Paprinsa and the Eska Group. The transactions are



described in the section “Main Significant Events”. The newly acquired company contributed to the Group’s performance with revenues of €70.2 million, i.e. respectively €16.8 million and €53.4 million, EBITDA of €6 million, i.e. respectively €1.2 million and €4.8 million, and a net profit of €3.9 million, i.e. €0.8 million and €3.1 million respectively.

The Group’s net profit for the first three quarters amounted to €15.5 million, compared to €33.9 million in the same period of the previous financial year. The decrease is mainly due to the negative impact of the input cost inflation, partially offset by the positive impact of badwill (€8.9 million) deriving from the consolidation of the Paprinsa. Financial charges showed a decrease of €2 million compared to the previous financial year. The increase in interest expense deriving from a new loan (€100 million) taken out for the acquisition of the Eska Group was more than offset by the gains deriving from the energy hedging contract in place at the subsidiary Barcelona Cartonboard. The tax burden in the first three quarters of the year decreased significantly compared to the same period of the previous financial year as a consequence of the lower taxable gains realized.

The gains generated by discontinued operations amounted to €2.6 million, with a decrease of €3 million compared to financial year 2020.

In the first three quarters of 2021, the Group continued to consolidate the initiatives, implemented in previous financial years, aimed at obtaining efficiencies and synergies in all strategic areas of the Group. The implementation of new initiatives, such as the “Lean Project” and “Digital Transformation”, from which significant returns in terms of efficiency and margins are expected, also began in the first half of 2021.

With regard to new acquisitions, the process of integrating the newly acquired companies has begun and is progressing smoothly. This will lead to further synergies for the Group. In particular, the ongoing integration of the Paprinsa with Barcelona Cartonboard will enable the achievement of significant synergies in the Iberian Peninsula area.

The Consolidated Net Financial Debt at 30 September 2021 amounted to €165.1 million with an increase of €156.2 million compared to December 2020 (€8.9 million). The





increase is due to the acquisition of Eska and Paprinsa, respectively of €146.7 million and €5.9 million, and to the debt of the companies acquired at 30 September, i.e. €8.4 million for Eska and €20.2 million for Paprinsa.

Net of these extraordinary effects, the Group's financial position improved compared to the end of the previous financial year by €25 million in total. The positive effect deriving from the collection of the disposal of land located in Boffalora Sopra Ticino for an amount equal to €8 million and that deriving from the sale of the equity investment in La Rochette, which took place in April, for an amount equal to €5 million. Cash flow in the first three quarters was impacted by the dividend pay-out (€5.3 million).

Cash flow, in line with the previous financial year, was not negatively impacted by any customer non-collections or deferrals despite the Covid-19 pandemic.

## **BUSINESS STRATEGY**

The segment in which the RDM Group traditionally operates, i.e., Recycled Board, which, represented 100% of its consolidated revenues given the sale of RDM La Rochette SAS, reported an overall demand in the first three quarters of 2021 that was in line (+0.1%) with the same period in the previous financial year. Demand in the first three quarters of 2021 was strong, even when considering last year's peak during the first wave of the Covid-19 pandemic, linked to customers stocking up to avoid potential shortages. The change in volumes followed different trends in the markets in which the Group operates. The Group's main markets experienced increasing demand, in particular +3.4% in Italy and +5.1% in the Iberian Peninsula. Some markets representing smaller portion of the Group sales such as the UK and Turkey saw demand decreases of -7.9% and -2.6% respectively, both linked to macroeconomic factors. The "overseas" markets, which represent lower margin sales for the Group, recorded a significant decrease (-24%) compared to the previous financial year. Overall, the RDM Group reported above-market growth (+3.8%) with trends in line with the target markets and better performance in the UK and overseas. Nearly all RDM paper mills reported higher volume increases. It should be noted that Villa Santa Lucia had a substantial increase compared to the previous financial year when there was a production stop.



As mentioned above, the Group implemented four different price increases during the first three quarters of 2021, in January, March, May and July, in order to counteract the extraordinary inflationary input cost increases. In October, a further increase on shipments was announced, effective as of November. The effects of price increases are fully reflected in the Group's results with a temporary lag of approximately three months, which is why the full effect of all increases will only be reflected in the first quarter of 2022.

With regard to the main production inputs, after a continued decrease, with some increases, during the three previous financial years, the price of waste paper reported a strong increase starting from December 2020. The downward trend in the prices of recycled paper in recent financial years is due to the well-known restrictions imposed by the Chinese government on imports of unselected waste paper and to restrictions on the issuance of licenses. To date, there are no forecasts of policy changes on the part of the Chinese authorities, who will maintain the objective of cancelling imports starting from 2021. The current increase is due to a strong demand, mainly from the corrugated cardboard sector as a result of the expansion of e-commerce and of new production and collection capacities, especially in city areas, albeit still below pre-pandemic levels. After a significant increase in prices in the first half, the third quarter also reported an increase, although not as strong, especially in Italy where the effect was deferred due to auctions called by Consorzio Nazionale Recupero e Riciclo degli Imballaggi a base Cellulosica (COMIECO, National Consortium for Recovery and Recycling of Cellulose-based Packaging).

The cost of energy, namely natural gas, electricity, and coal showed an increase starting in December 2020. The increase was not in response to trends closely linked to the business sector to which the Group belongs. The Group's profitability in the first three quarters of 2021 was impacted by the increase in the cost of energy, particularly in the third quarter, despite the fact that the main source of supply, namely gas, was partially covered by the Group's production.

The trend in energy costs is one of the factors taken into consideration in setting pricing policies, to preserve profit margins.



## OPERATIONAL INVESTMENTS

During the first nine-month of 2021, the Group made operational investments of €18.5 million, compared with €13.4 million in 2020. The greater investments compared to the previous period are due to the reduction of making investments during the first pandemic wave of 2020 as a result of the restrictions imposed. Among the main investments in the first three quarters of 2021 were a new sheet formation box and a stock preparation “revamping” in Barcelona (€1.8 million), boiler house “revamping” and a gas turbine at Villa S. Lucia (€0.7 million) and a new steam boiler in Santa Giustina (€0.8 million). It should also be noted that following the first November 2020 ERP implementation in Ovaro, the implementation will continue for all the Group companies.

## CONSOLIDATED PERFORMANCE

The following table summary shows income statement items at 30 September 2021 and 2020.

(thousands of Euros)	09.30.2021	09.30.2020*
<b>Revenues from sales</b>	<b>544,090</b>	<b>429,871</b>
<b>Gross operating profit (EBITDA) (1)</b>	<b>28,612</b>	<b>59,696</b>
<b>Operating profit (EBIT) (2)</b>	<b>3,392</b>	<b>37,466</b>
<b>Profit (Loss) before taxes (3)</b>	<b>13,446</b>	<b>36,390</b>
<i>Current and deferred taxes</i>	<i>(565)</i>	<i>(8,114)</i>
<b>Profit (Loss) for the period before discontinued operations</b>	<b>12,881</b>	<b>28,276</b>
<i>Discontinued operations</i>	<i>2,633</i>	<i>5,623</i>
<b>Profit (Loss) for the period</b>	<b>15,514</b>	<b>33,899</b>

(\*) On 30 April 2021, 100% of the investment held in RDM La Rochette S.A.S. was sold. Therefore, in accordance with IFRS 5, the related business income was presented in the line “Discontinued Operations”. Consequently, the data at 30 September 2020 were reclassified in order to make them comparable with the data at 30 September 2021.

- 1) See RDM Group Consolidated Financial Statements, “Gross Operating Margin”
- 2) See RDM Group Consolidated Financial Statements, “Operating Income”
- 3) See RDM Group Consolidated Financial Statements, “Profit (loss) for the period” - “Taxes”

**Sales revenues** amounted to €544.1 million, compared to €429.9 million in the same period of 2020. The increase of €114.2 million is attributable, for €70.2 million, to the



changed scope of consolidation and, for the remaining €44 million, to the increase in volumes sold and initial effects of the increases in selling prices applied during the first three quarters of 2021 compared to the same period in the previous financial year.

The **tonnage** sold by the RDM Group in the Recycled Board segment at 30 September 2021 reached 919 thousand units compared to 792 thousand units in the first three quarters of 2020 (+16.1%), due to the expansion of the Group's scope of consolidation and the strong increased demand across the Group's key markets.

The following table shows the breakdown of net revenues originating from cardboard sales by geographical area of destination:

<b>RDM GROUP</b>	<b>09.30.2021</b>	<b>%</b>	<b>09.30.2020*</b>	<b>%</b>
<b>(thousands of Euros)</b>				
Italy	155,464	29%	142,510	33%
European Union	295,658	54%	221,646	52%
Rest of the world	92,968	17%	65,715	15%
<b>Total revenues from sales</b>	<b>544,090</b>	<b>100%</b>	<b>429,871</b>	<b>100%</b>

(\*) On 30 April 2021, 100% of the investment held in RDM La Rochette S.A.S. was sold. Therefore, in accordance with IFRS 5, the related business income was presented in the line "Discontinued Operations". Consequently, the data at 30 September 2020 were reclassified in order to make them comparable with the data at 30 September 2021.

The **cost of raw materials and services** amounted to €440.1 million, i.e. an increase of €142.4 million compared to the first three quarters of 2020 (€297.8 million), due to the larger scope of consolidation, increase in the prices of waste paper and, to a lesser extent, energy and other production inputs.

**Personnel costs** amounted to €79.7 million and increased compared to €66.7 million in the first three quarters of 2020, essentially due to the consolidation of the Eska Group and Paprinsa.

At 30 September 2021, the Group's **Earnings Before Income Taxes, Depreciation and Amortization (EBITDA)** amounted to €28.6 million compared to €59.7 million in the same period of 2020. The newly acquired companies contributed €6 million to the RDM Group's EBITDA.



The Group's **Earnings Before Income Taxes (EBIT)** amounted to €3.4 million, compared to €37.5 million at the end of September 2020 and reflect the contraction in gross operating margin and increase in Depreciation and Amortization.

Depreciation and amortization for the first three quarters of 2021 increased compared to the same period in 2020 (€25.2 million at 30 September 2021 compared to €22.2 million at 30 September 2020) due to the changed scope of consolidation.

At 30 September 2021, **Net Financial Income** was recognized for a value of €0.9 million against €1.1 million in net financial charges reported in the same period of the previous financial year.

The change is essentially due to higher financial income recognized following the valuation at 30 September 2021 of derivatives taken out by the Spanish subsidiary to hedge gas purchases and energy sales.

**Gains from equity investments** amounted to €9.1 million and essentially include the goodwill recognized following the acquisition of the Paprinsa, as further explained in the paragraph "Scope of Consolidation".

Provisions for **taxes** amounted to €0.6 million, compared to €8.1 million in the same period of 2020. The change is mainly related to the lower taxable income.

Net gains on Discontinued Operations amounted to €2.6 million and include the positive performance of RDM La Rochette S.A.S. for the first four months, equal to €4.3 million, after deducting the loss on disposal, equal to €1.7 million, reported at 30 April following the sale of the above company. For more details, see the paragraph "Main Significant Events".

**Consolidated Net Profit** reached €15.5 million, a decrease compared to €33.9 million reported at 30 September 2020. This decrease reflects a contraction in the operating margin of the Recycled Board segment while partially benefiting from lower income taxes, lower financial charges and recognition of goodwill.



## BUSINESS PERFORMANCE IN THE THIRD QUARTER 2021

<i>(thousands of Euros)</i>	IIIQ 2021	IIIQ 2020*	Change	%
Revenues from sales	232,504	139,815	92,689	66%
Other revenues and income	6,122	1,491	4,631	311%
Change in inventories of finished goods	946	(5,145)	6,091	-118%
Cost of raw materials and services	(193,254)	(96,060)	(97,194)	101%
Personnel costs	(34,009)	(21,338)	(12,671)	59%
Other operating costs	(1,106)	(1,377)	271	-20%
<b>Gross operating profit</b>	<b>11,203</b>	<b>17,386</b>	<b>(6,183)</b>	<b>-36%</b>
Depreciation, amortization and write-downs	(10,424)	(7,612)	(2,812)	37%
<b>Operating profit</b>	<b>779</b>	<b>9,774</b>	<b>(8,995)</b>	<b>-92%</b>
Net financial income (expense)	396	85	311	366%
Gains (losses) on investments	8,993	17	8,976	52800%
<b>Profit (loss) before taxes</b>	<b>10,168</b>	<b>9,876</b>	<b>292</b>	<b>3%</b>
Taxes	1,513	(2,033)	3,546	-174%
<b>Profit (losses) for the period before Discontinued Operations</b>	<b>11,681</b>	<b>7,843</b>	<b>3,838</b>	<b>49%</b>
<b>Discontinued operations</b>		<b>1,132</b>	<b>(1,132)</b>	<b>-100%</b>
<b>Profit (loss) for the period</b>	<b>11,681</b>	<b>8,975</b>	<b>2,706</b>	<b>30%</b>

(\*) On 30 April 2021, 100% of the investment held in RDM La Rochette S.A.S. was sold. Therefore, in accordance with IFRS 5, the related business income was presented in the line "Discontinued Operations". Consequently, the data at 30 September 2020 were reclassified in order to make them comparable with the data at 30 September 2021.

The performance in the third quarter of 2021 shows strong increase in sales volumes and revenues, however was impacted in the short-term by input cost inflation.

Sales volumes increased by 40.2% compared to the same quarter last year due to the consolidation of the Paprinsa and Eska Group. After this effect, the increase was nevertheless significant (+2%) due to the sustained demand and, to a lesser extent, the Ovaro paper mill Covid-19 closures in 2020 related to non-essential businesses.

The lower EBITDA level compared to the third quarter of 2020, as described above, was driven by the strong increase in the price of the main cost components during the quarter. The four price increases announced up to September 2021 and the additional increase announced as of November 2021 will have a deferred positive effect compared



to the increased costs, resulting in a return to profit margins in-line with expectations starting from the first quarter of 2022.

The decrease in financial charges is due to the positive effect deriving from the gas purchase and energy sale hedging contract of the Barcelona paper mill, partially offset by higher financial charges deriving from the acquisition of the Eska Group. The decrease in tax charges is linked to lower taxable income in the quarter.

### **Main Risks and Uncertainties to Which the Reno De Medici Group Is Exposed**

In the performance of its activities, the Reno De Medici Group is exposed to external risks and uncertainties deriving from outside factors connected to the general or specific macroeconomic environment of the operating sector where these activities are carried on, as well as to risks deriving from strategic choices and internal operating risks.

A detailed risk analysis is contained in paragraph 6.6.2 of the Explanatory Notes to which, together with the section “Business Outlook”, reference should be made.

### **Other Significant Events**

On 11 February, a final sale and purchase agreement was entered into for the transfer of the land located in Boffalora sopra Ticino to the Vetropack Group. The agreed transfer price was €13 million. This transaction did not have a significant impact on the performance at 30 September 2021, as a write-down of €1.5 million had been recognized in the financial statements at 31 December 2020 in order to align the book value with its realizable value.

On 30 April 2021, the RDM Group, through the subsidiary RDM Blendecques S.A.S., finalized the agreement for the sale of 100% of the share capital held in the French company RDM La Rochette S.A.S. to Bonaparte Holding S.A.S, wholly-owned by Mutares SE & Co. KgaA.

The terms established in the contract attributed to RDM La Rochette SAS an Enterprise Value of €28.8 million and set a final price, less financial debt and other adjustments, of approximately €11 million (equity value). The final price, which included post-closing adjustments, amounted to €12.3 million. The contract also provides for an “earn-out”, variable price component, on the higher EBITDA achieved compared to the reference one in the next three financial years.



The transaction will have no material impact on the RDM Group's performance for 2021 since the 2020 financial statements already included a write-down of €3.7 million in order to align the book value of La Rochette CGU with its realizable value. Although the final transfer price increased and an "earn-out" of €2.9 million was estimated, a further loss of €1.7 million was generated compared to the write-down made in the 2020 financial statements due to the increase in the investee's net assets being sold in the first four months of 2021 pertaining to the Group.

The Covid 19 emergency continues to characterize the global economic scenario. As emphasized above, and in line with the previous financial year, the pandemic has not affected the RDM Group either in terms of volumes and turnover or in financial terms. In any case, the Group continues to monitor the situation by preparing forecasts on a monthly basis in order to highlight potential critical issues and implement corrective actions, if necessary.

## **Other Information**

### Authorization to buy and sell treasury shares

Following the expiry of the term of the previous authorization granted by the Shareholders' Meeting of April 29, 2019, the Shareholders' Meeting of April 29, 2020, adopted the resolutions authorizing the purchase and sale of ordinary treasury shares pursuant to Articles 2357 and 2357-*ter* of the Italian Civil Code.

The main elements of the Plan authorized by the Shareholders' Meeting are described hereunder:

### **Rationale**

- Disposing of the treasury shares acquired, or held by the Company, also with regard to their assignment in service of the Stock Grant Plan reserved for the Company's Chief Executive Officer adopted by the Shareholders' Meeting on April 28, 2017 pursuant to Articles 114-*bis* of the CFA;
- disposing of the treasury shares acquired, or already held by the Company, servicing any further Stock Grant Plans — including the 2020-2022 Stock Grant





Plan — and any other remuneration plans based on financial instruments as referred to in Article 114-*bis* of the CFA, reserved for the Directors and/or employees of Reno De Medici S.p.A., as well as any possible plans for the free allocation of shares to the Shareholders;

- availing, where deemed strategically appropriate by the Board of Directors, of investment or divestment opportunities, including in relation to available liquidity.
- satisfying any obligations arising from financial instruments issued by the Company, its subsidiaries or third-parties; and
- carrying out activities to support market liquidity.

### **Duration**

Until the Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2020, and, in any event, for a period not exceeding 18 months from the date of the resolution approving the proposal.

The authorization to purchase and dispose of treasury shares is not subject to a time limit.

### **Maximum number of shares to be purchased**

The authorization refers to the purchase, in one or more tranches, of a maximum number of ordinary shares with no nominal value that — taking into account the treasury shares already held by the Company and any share that might be purchased by its subsidiaries — does not exceed, in total, 10% of the share capital.

Any purchase transactions would be conducted up to the distributable profits and available reserves resulting from the last financial statements approved at the time each transaction is executed.

### **Methods to purchase treasury shares and indication of minimum and maximum price**

Purchases will be made on regulated markets pursuant to Articles 132 of the Legislative Decree No. 58 dated February 24, 1998, and Article 144-*bis*, paragraph 1, letter b), of Consob Regulation No. 11971/99, in accordance with the operating methods established in the actual market organization and management regulations, which do not allow the direct matching of trading purchase proposals with fixed trading sales proposals.



The minimum and maximum purchase price is calculated as a unit price that cannot be more than 10% higher or lower than the reference price recorded on the Mercato Telematico Azionario (MTA) organized and managed by Borsa Italiana S.p.A. in the stock exchange session prior to each individual transaction.

The purchase prices and volumes will be identified in accordance with the conditions established by Delegated Regulation (EU) No. 1052 of March 8, 2016 and in particular:

- shares may not be purchased at a price exceeding the higher of the price of the last independent transaction and the price of the current highest independent purchase offer on the trading platform where the purchase is made; and
- in terms of volumes, the daily purchase quantities will not exceed 25% of the daily average volume of trading in Reno de Medici shares recorded in the 20 trading days preceding the dates of purchase.

Stock Grant Plan and Phantom Stock Grant Plan for the three-year period 2020/2021/2022 reserved for the CEO and the Company's Key Management Personnel. Verification of the achievement of the performance objectives for the 2020 financial year.

During the nine-month period of reference, with the support of the Remuneration Committee, the Board of Directors ascertained the achievement of the performance objectives set for the 2020 financial year in relation to the Stock Grant and Phantom Stock Grant Plan for the three-year period 2020/2021/2022 reserved for the CEO and the Company's Key Management Personnel, as established by the Shareholders' Meeting of April 29, 2020 pursuant to Article 114-*bis* of the TUF.

For more details on the objectives and the Plan, reference should be made to the Prospectus drafted pursuant to Article 84-*bis* of Consob's Issuers Regulation 11971/1999, which is available at [www.rdmgroup.com](http://www.rdmgroup.com) and via the authorized storage facility [eMarketStorage.com](http://eMarketStorage.com).



#### Purchase of treasury shares in the nine-month period of 2021

At September 30, 2021, Reno De Medici S.p.A. held a total of 2,070,000 treasury shares, or 0.55% of the share capital, thereby achieving the maximum number of shares that can be acquired.

In the nine-month period of 2021, Reno De Medici S.p.A. did not carry out any purchase or disposal of treasury shares and no Reno De Medici S.p.A. shares were purchased or disposed of by its subsidiaries.

#### **Business Outlook**

In the RDM Group's core business, Recycled Board, outlook remains very positive in terms of volumes. In terms of profitability, while the fourth quarter may be expected to be impacted by the recent increases in the cost of fibres and energy, there is a positive outlook for next year when the increased selling prices and new increases, if any, linked to the trend in energy costs will come into full effect. The positive outlook linked to the economic recovery remains, also stimulated by significant European and global recovery plans, with resulting increases in consumed volume translating into higher revenues for the Group. While the 2021 performance compared with the previous financial year has been temporarily impacted by the input cost inflation described in detail above, the RDM Group is, and will be, ready to take further pricing actions should the trend in costs make it necessary.

The RDM Group will also continue to pursue initiatives aimed at structurally increasing its profitability in the last part of financial year 2021, and subsequent ones, and expects further benefits from the integration of Paprinsa and Barcelona Cartonboard, the strengthening of the segment of specialities covered by the Ovaro and Eska Group paper mills, the start of the Lean Manufacturing programme including a pilot paper mill programme to be later rolled out to the rest of the group, as well as the digitization and automation programme.



### **Intercompany and Related-Party Transactions**

In implementation of Article 2391-bis of the Italian Civil Code and in accordance with the general principles set out in the “Regulation on Related Party Transactions” (the “RPT Regulation”) issued by Consob with resolution No. 17221 of March 12, 2010 as subsequently amended, and pursuant to the recommendations contained in the Corporate Governance Code adopted by the Corporate Governance Committee of Borsa Italiana S.p.A. and published on January 31, 2020, the Board of Directors of Reno de Medici approved the RPT Procedure on June 7, 2021, with the favorable opinion of the Related Party Transactions Committee. This RPT Procedure repeals the previous editions of November 4, 2019, August 3, 2011 and November 8, 2010. The RPT Procedure is available on the Company’s website ([www.rdmgroup.com](http://www.rdmgroup.com)), in the Governance section.

Including with regard to the provisions of Article 5, paragraph 8, of Consob Regulation, it should be noted that during the half-year under review:

- there were no transactions concluded with related parties qualifying as transactions of greater importance pursuant to the Reno de Medici Procedure in compliance with the Consob Regulation;
- no transactions were concluded with related parties, as defined by Article 2427, paragraph 2, of the Italian Civil Code, which had a considerable influence on the statement of financial position or the results of the Company;
- there were no changes or developments in the related party transactions described in the last annual report that had a material effect on the financial position or results of the company during the reporting period.

Information on related-party transactions, including the information required by the Consob Notice of July 28, 2006, is presented in Note 5.7 to the condensed consolidated half-year financial statements as at September 30, 2021.



# Reno De Medici Group

## Condensed Consolidated Financial Statements

at 30 September 2021



## 6. Condensed Consolidated Financial Statements at 30 September 2021

### 6.1. Consolidated Income Statement

	Note	09.30.2021	09.30.2020*
<b>(thousands of Euros)</b>			
Revenues from sales	1	544,090	429,871
- of which related parties		11,757	8,809
Other revenues and income		11,424	7,769
- of which related parties		56	65
Change in inventories of finished goods		(4,304)	(9,345)
Cost of raw materials and services	2	(440,112)	(297,752)
Personnel costs		(79,721)	(66,651)
Other operating costs		(2,765)	(4,196)
<b>Gross operating profit</b>		<b>28,612</b>	<b>59,696</b>
Depreciation and amortization		(25,220)	(22,230)
<b>Operating profit</b>		<b>3,392</b>	<b>37,466</b>
Financial expense		(2,495)	(575)
Gains (losses) on foreign exchange		217	(511)
Financial income		3,182	10
Net financial income (expense)		904	(1,076)
Gains (losses) on investments		9,150	
Taxes		(565)	(8,114)
<b>Profit (loss) for the period before discontinued operations</b>		<b>12,881</b>	<b>28,276</b>
Discontinued operations		2,633	5,623
<b>Profit (loss) for the period</b>		<b>15,514</b>	<b>33,899</b>
Total profit (loss) for the period attributable to:			
- Group		15,514	33,899
- Minority interests			

(\*) On 30 April 2021, 100% of the investment held in RDM La Rochette S.A.S. was sold. Therefore, in accordance with IFRS 5, the related business income was presented in the line "Discontinued Operations". Consequently, the data at 30 September 2020 were reclassified in order to make them comparable with the data at 30 September 2021.



## 6.2. Consolidated Statement of Comprehensive Income

	09.30.2021	09.30.2020
(thousands of Euros)		
<b>Profit (loss) for the period</b>	<b>15,514</b>	<b>33,899</b>
<b>Other components of comprehensive profit (loss)</b>		
<b>Other components that may be transferred to the income statement in subsequent financial years:</b>	<b>783</b>	<b>31</b>
<i>Change in fair value of cash flow hedges</i>	559	169
<i>Profit (loss) on translation of financial statements of foreign investee companies</i>	224	(138)
<b>Other components that will not be transferred to the income statement in subsequent financial years:</b>		
<i>Actuarial gain (loss) on employee benefits</i>		
<b>Total other components of comprehensive profit (loss)</b>	<b>783</b>	<b>31</b>
<b>Total comprehensive profit (loss)</b>	<b>16,297</b>	<b>33,930</b>
Total comprehensive profit (loss) attributable to:		
- Group	16,297	33,930
- Minority interests		

All figures in the table are shown after deducting the related tax effects.



### 6.3. Consolidated Balance Sheet

	Note	09.30.2021	12.31.2020
<b>(thousands of Euros)</b>			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Tangible fixed assets	3	287,970	220,745
Right-of-use asset	4	13,641	15,166
Goodwill	5	90,670	4,389
Intangible fixed assets	6	16,634	14,013
Intangible assets with an indefinite useful life	6	3,165	2,736
Equity investments		723	950
Deferred tax assets		3,796	243
Financial assets held for sale		374	
Trade receivables		230	
Other receivables		9,713	5,823
<b>Total non-current assets</b>		<b>426,916</b>	<b>264,065</b>
<b>Current assets</b>			
Inventories		116,010	102,231
Trade receivables		113,194	59,959
Receivables from associates and joint ventures		9,629	6,272
Other receivables		31,493	18,774
Other receivables from associates and joint ventures		1	
Derivative instruments		4,176	712
Cash and cash equivalents	7	25,357	62,985
<b>Total current assets</b>		<b>299,860</b>	<b>250,933</b>
<b>TOTAL ASSETS</b>		<b>726,776</b>	<b>514,998</b>





	Note	09.30.2021	12.31.2020
<b>(thousands of Euros)</b>			
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Shareholders' equity</b>			
Share capital		140,000	140,000
Other reserves		28,708	26,400
Retained earnings (losses)		61,563	34,176
Profit (loss) for the period		15,514	33,551
<b>Shareholders' equity attributable to the Group</b>		<b>245,785</b>	<b>234,127</b>
Minority interests			
<b>Total shareholders' equity</b>	8	<b>245,785</b>	<b>234,127</b>
<b>Non-current liabilities</b>			
Payables to banks and other lenders	7	136,949	50,845
Derivative instruments	7	138	388
Other payables		997	
Deferred taxes		8,121	7,231
Employee benefits		33,330	37,245
Non-current provisions for risks and charges	9	7,146	5,380
<b>Total non-current liabilities</b>		<b>186,681</b>	<b>101,089</b>
<b>Current liabilities</b>			
Payables to banks and other lenders	7	57,853	21,062
Derivative instruments	7	206	517
Trade payables		202,522	130,811
- of which related parties			1
Other payables		30,514	23,205
Other payables to associates and joint ventures		101	101
Current taxes		2,252	2,447
Employee benefits			113
Current provisions for risks and charges	9	862	1,526
<b>Total current liabilities</b>		<b>294,310</b>	<b>179,782</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>726,776</b>	<b>514,998</b>



#### 6.4. Changes in Consolidated Shareholders' Equity

	Share capital	Treasury shares reserve	Legal reserve	Other reserves	Retained earnings (losses)	Profit (loss) for the period	Hedging reserve	Reserve for "Actuarial gain/(loss)"	Total Shareholders' Equity (Group)	Total Shareholders' Equity (minority shareholders)	Total shareholder's equity
<b>(thousands of Euros)</b>											
<b>Shareholders' equity 12.31.2019</b>	<b>140,000</b>	<b>(1,060)</b>	<b>2,375</b>	<b>36,548</b>	<b>22,403</b>	<b>15,597</b>	<b>(887)</b>	<b>(9,498)</b>	<b>205,478</b>		<b>205,478</b>
Dividends distributed						(3,009)			(3,009)		(3,009)
Allocation of profit (loss) for the year			797		11,791	(12,588)					
Purchase of treasury shares less the shares assigned		(477)							(477)		(477)
Stock Grant Reserve				(671)					(671)		(671)
IFRS 9 Reserve											
Other movements					(10)				(10)		(10)
Profit (loss) for the period						33,899			33,899		33,899
Other components of comprehensive				(138)			169		31		31
Total comprehensive profit (loss)				(138)		33,899	169		33,930		33,930
<b>Shareholders' equity 09.30.2020</b>	<b>140,000</b>	<b>(1,538)</b>	<b>3,172</b>	<b>35,739</b>	<b>34,184</b>	<b>33,899</b>	<b>(718)</b>	<b>(9,498)</b>	<b>235,240</b>		<b>235,240</b>
<b>Shareholders' equity 12.31.2020</b>	<b>140,000</b>	<b>(1,539)</b>	<b>3,172</b>	<b>35,985</b>	<b>34,176</b>	<b>33,551</b>	<b>(548)</b>	<b>(10,670)</b>	<b>234,127</b>		<b>234,127</b>
Dividends distributed						(5,263)			(5,263)		(5,263)
Allocation of profit (loss) for the year			1,137		27,151	(28,288)					
Purchase of treasury shares less the shares assigned											
Stock Grant Reserve				388					388		388
IFRS 9 Reserve											
Other movements					236				236		236
Profit (loss) for the period						15,514			15,514		15,514
Other components of comprehensive				224			559		783		783
Total comprehensive profit (loss)				224		15,514	559		16,297		16,297
<b>Shareholders' equity 09.30.2021</b>	<b>140,000</b>	<b>(1,539)</b>	<b>4,309</b>	<b>36,597</b>	<b>61,563</b>	<b>15,514</b>	<b>11</b>	<b>(10,670)</b>	<b>245,785</b>		<b>245,785</b>



## 6.5. Consolidated Cash Flow Statement

	09.30.2021	09.30.2020
<b>(Euro thousand)</b>		
Profit (Loss) for the year	15,514	33,899
Taxes	565	8,869
Depreciation and amortization	25,220	23,444
Financial charges (income)	(904)	1,413
Write-downs (write-ups) of financial assets	(299)	
Capital losses (gains) on the disposal of fixed assets	(448)	5
Capital loss on the disposal of the RDM La Rochette business unit	1,665	
Badwill on the acquisition of Paprinsa business unit	(8,852)	
Changes in employee severance indemnities, other provisions including the allowance for doubtful accounts	(311)	1,778
Change in inventories	319	9,085
Change in receivables	(31,920)	(6,534)
- of which to related parties	(3,357)	
Change in payables	47,993	(21,175)
<b>Overall change in working capital</b>	<b>16,392</b>	<b>(18,624)</b>
<b>Gross cash flow</b>	<b>48,542</b>	<b>50,784</b>
Interest (paid) collected during the year	(1,297)	(1,702)
Taxes paid during the year	(7,415)	(6,904)
<b>Cash flow from operating activities</b>	<b>39,830</b>	<b>42,178</b>
Investments in other investee companies		(6)
Investments after divestments of tangible and intangible fixed assets	(16,120)	(13,348)
Dividends collected	189	138
Cash from the disposal of the RDM La Rochette business unit	5,000	
Change in consolidation	(155,564)	
<b>Cash flow from investing activities</b>	<b>(166,495)</b>	<b>(13,216)</b>
Dividends paid	(5,263)	(3,009)
Change in other financial assets and liabilities and short-term bank payables	91,220	(18,680)
Repayments of lease liabilities	(2,361)	(2,498)
<b>Cash flow from financing activities</b>	<b>83,596</b>	<b>(24,187)</b>
<b>Currency exchange differences</b>	<b>224</b>	<b>(103)</b>
<b>Change in unrestricted cash and cash equivalents</b>	<b>(42,845)</b>	<b>4,672</b>
<b>Unrestricted cash and cash equivalents at the beginning of the period</b>	<b>62,985</b>	<b>40,382</b>
<b>Cash transferred following the disposal of the RDM La Rochette business unit</b>	<b>(7,831)</b>	
<b>Cash transferred following the acquisition of Eska and Paprinsa business unit</b>	<b>13,048</b>	
<b>Unrestricted cash and cash equivalents at the end of the period</b>	<b>25,357</b>	<b>45,054</b>

## 6.6. Explanatory Notes

Reno De Medici S.p.A. is a legal entity organized according to the legal framework of the Italian Republic. The RDM Group mainly operates in Europe. The Group is engaged in the production and distribution of packaging cardboard made from recycled fibre. Following the sale of the equity investment in RDM La Rochette, which took place in April, the RDM Group has no operations in the virgin fibre segment any longer.

The registered office of Reno De Medici S.p.A. is in Milan, Italy.

Reno De Medici S.p.A. shares are listed on the Star segment of Borsa Italiana S.p.A. and on the Madrid stock exchange.

The RDM Group's condensed consolidated financial statements at 30 September 2021 were approved by the Board of Directors of RDM on 8 November 2021, which authorized the publication thereof.

### 6.6.1 Accounting Standards and Value Measurement Criteria

The condensed consolidated financial statements at 30 September 2021 were prepared on a going-concern basis.

The main recognition, classification and value measurement criteria and accounting standards adopted for the preparation of the Condensed Consolidated Financial Statements were the same as those adopted for the preparation of the Annual Consolidated Financial Statements, to which reference should therefore be made, with the exception of:

- a) income taxes, which were recorded according to IAS 34, i.e. by estimating the effective rate expected on an annual basis;
- b) standards and amendments set out in the following paragraph, possibly applicable with effect from 1 January 2021, as they have become mandatory following the completion of the related approval procedures by the competent authorities.

The Group did not adopt in advance any standards, interpretations or improvements, issued but not yet in force.

The preparation of interim financial statements requires senior management to make estimates and assumptions that may affect the values of revenues, costs, assets and

liabilities stated in the financial statements and the information relating to contingent assets and liabilities at the date of the interim financial statements. Should such estimates and assumptions, which are based on the senior management's best evaluation, become obsolete in the future due to a different evolution of the operating environment with respect to the forecasts, they would consequently be modified in the period in which the changes occur. For a more extensive description of the Group's most relevant value measurement processes, please refer to the chapter "Estimates and Special Valuations" of the Consolidated Financial Statements at 31 December 2020.

It should also be noted that some valuation processes, in particular more complex processes such as the computation of any impairment value of non-current assets, are generally carried out more thoroughly only when preparing the annual financial statements, as all detailed information is available at such time, or in the event that there are loss indicators that require an immediate assessment of permanent value impairment, if any.

The Group's equity, economic and financial position is presented in Euro thousand.

#### **NEW IFRS AND IFRIC ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS ALREADY APPROVED BY THE EUROPEAN UNION**

- Amendment to IFRS 4 - *Insurance contracts*
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - *Interest Rate Benchmark Reform*
- Amendment to IFRS 16 - *Leases: Covid-19-Related Rent Concessions*
- Amendment to IFRS 3 – Business Combinations.
- Amendment to IAS 16 - Property, Plant and Equipment.
- Amendment to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets.
- *Annual Improvements 2018-2020*

No impacts were booked in the condensed consolidated half-year financial statements following the introduction of the above standards and amendments.

#### **IFRS AND IFRIC ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET APPROVED BY THE EUROPEAN UNION**

- IFRS 17 - *Insurance Contracts*

- Amendment to IAS 1 - *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*
- Amendment to IAS 8 - *Accounting policies, Changes in Accounting Estimates and Errors*
- Amendment to IAS 12 - *Income taxes*

The Company is currently performing the qualitative analyses required to define the probable effects of application of the above standards.

#### 6.6.2 Financial Risk Management Policy

As all industrial companies, the Group is exposed to risks associated with the general macroeconomic environment.

Financial year 2021, just as financial year 2020 before, was characterized by the Covid-19 emergency which, especially in the first pandemic wave, caused the temporary closure of many production sectors and a resulting recessionary effect. Thanks to the high exposure of the sector in which the Group operates towards production sectors considered strategic, especially food and pharmaceuticals, financial year 2021 did not record negative trends in terms of volumes. The general economic situation and persistence of the health emergency in any case suggest not to rule out possible negative effects on volumes. Given that risk cannot be eliminated and is now in any case much lower than at the beginning of the emergency, the trend in selling prices and actions put in place by the Group will make it possible to mitigate the effects of this risk. With regard to raw materials, after the sharp price reductions in previous financial years, the year 2021 reported a very strong increase in the prices of all raw materials and, in particular, of recycled-based fibres. The reasons for this increase can be found in the strong demand for corrugated cardboard due to the expansion of e-commerce and collection even lower than pre-pandemic levels. The Group addressed the commodity price increase with four selling price increases and a further increase announced in October. The deferred effect of the increase in selling prices, also due to the high level of orders, did not allow the Group to recover margins in the short term but will allow it to return to margins in line with expectations in the following financial year. In terms of energy prices, they recorded a sharp decrease in 2020, especially of gas, electricity and coal, after they had reached a peak in recent years, i.e. 2018. In the first three quarters of 2021 on the other hand, there was a strong increase in the price of all energy components and in particular of gas and CO<sub>2</sub>. Further increases are also expected in the last quarter of

the financial year. In this scenario, the Group will continue its energy efficiency policies and investment policies aimed at reducing energy consumption. The strong increases in energy costs were, as usual, taken into consideration in the various selling price increases implemented in financial year 2021, for which reference should be made to the paragraph “Credit Risk”.

### **Risks associated with the Group’s performance**

It should be noted that there are no specific risks connected to the structure and/or nature of the RDM Group.

### **Risks associated with the demand for financial resources**

Currently, the Group has sufficient financial means to meet its reasonably foreseeable demand due to the Group’s financial situation, despite the recent acquisitions and credit market conditions, which are still very favourable despite the recent health emergency.

### **Interest rate risk**

The Group’s exposure to interest rate risk mainly concerns medium / long-term credit facilities, on which the Group’s financial funding is based today. At 30 September 2021, the Group had a net debt of €165.1 million due to the acquisitions of the Eska Group and the Paprinsa and the consolidation of their net financial positions at 30 September 2021. The Group started to use short-term facilities with favourable rates and continues to make use of programmes for the transfer of trade receivables without recourse (factoring without recourse). Medium / long-term debt amounted to €147.3 million at 30 September 2021; of these, €110.7 million were not hedged at variable rates. The increase in long-term debt is entirely due to the acquisition of the Eska Group with the resulting conclusion of a loan agreement for €100 million in total. Cash and cash equivalents amounted to €25.4 million at 30 September 2021.

In the Euro area, the expected evolution for 2021 promises to maintain interest rates at current levels at least until the end of the financial year.

### **Liquidity risk**

Liquidity risk is defined as the risk of being unable to fulfil obligations associated with one’s liabilities. Prudent management of liquidity risk requires maintaining adequate levels of available cash and the possibility to gain access to the necessary funding to support operating activities.

To cope with this risk, the Group's Treasury Department ensures the flexibility of funding by resorting to diversified debt sources. At 30 September 2021, the RDM Group had a negative net financial position of €165.1 million. However, this is not worrying if compared to the level of EBITDA generated in recent financial years.

### **Credit risk**

Credit risk is substantiated in the Group's exposure to its customers' insolvency. This risk is above all present in Italy, which remains one of the most fragile European economies, historically characterized by very long payment terms and consequently by high exposures to customers. Due to the situation generated following the spread of the Covid-19 (Coronavirus) epidemic, the Group cannot, according to information available, rule out that at least part of its customers may have to face financial tensions with repercussions, at least in the short term, on the timeliness of payments and credit quality, although this risk did not in fact come about throughout the year 2020 and up to September 2021. The RDM Group uses several tools to manage this risk effectively: insurance contracts were entered into with a leading credit insurance company; various contracts for the assignment of receivables without recourse were also signed. Any uninsured and/or non-insurable accounts are constantly monitored by the competent corporate departments, also with the support, as regards Italian customers, of external information and monitoring sources. To contain this risk, the Group adopts a policy of careful and accurate control of accounts considered at risk.

Even though the policies adopted so far have made it possible to contain credit losses, this risk cannot be completely ruled out.

### **Currency risk**

This risk consists in the Group's exposure to fluctuations in exchange rates for costs and revenues denominated in currencies other than the Euro. In regard of the Group, its exposure is mainly linked to US dollar fluctuations, the currency in which a significant part of its revenues from "Overseas" markets and, with regard to costs, the purchases of some raw materials and certain energy inputs are denominated. Given the expected volumes of costs and revenues denominated in US dollars, or whose evolution is in any case linked to the US dollar, it is believed that the Group's net exposure is not significant in relation to the overall size of its business.

### **Capital risk**

It is believed that the Group is adequately capitalized in relation to its target market and size.



### **Risks associated with climate change**

The paper production process is energy-intensive and contributes to the emission of greenhouse gases, the main cause of climate change. We have adopted energy management systems (ISO 50001) for various Group plants, certified by accredited third parties. We are particularly sensitive to these issues and therefore we have started a transition process towards production processes and energy sources with a lower environmental impact. The use of high thermal efficiency cogeneration plants, greater energy efficiency and the use of cleaner fuels will allow us to contain the risk of volatility in the purchase prices of emission permits within the Emission Trading System (EU-ETS). The presence of paper mills at locations potentially subject to events linked to climate change, such as the rise in river flows and increase in the frequency and intensity of storms, exposes us to the risk that our operations may be disrupted. To reduce impacts related to natural disasters, including fires, we have implemented a prevention programme that involves conducting third-party audits to assess exposure to this type of risk and identify specific action plans for each of the Group's paper mills.

### **Cyber security**

Cyber security has been a global priority for several years. Risks associated with cyber security may have a significant effect for us too and are thus subject to continuous monitoring. The migration of IT infrastructures to the cloud, as well as the extent of cyber attacks, the nature of which is constantly changing, not only affect the Group's IT infrastructure and business operations but may lead to possible breaches or theft of sensitive and personal data. To ensure business continuity, we have implemented an IT security management and control system to prevent the loss of the entire Group's relevant and personal data and information, including through backup systems and cloud servers, and we have adopted advanced systems to prevent unauthorized access to company databases.

### **Risks linked to epidemics and pandemics**

In recent years, the world has had to contend with an increasing number of epidemics and infectious diseases. In the absence of a true global response plan to possible emergencies, countries had to manage the initial phases of the Covid-19 crisis in a reactive way. The RDM Group responded promptly to government instructions, assessing risks, preparing all the protocols necessary for the prevention of infections and setting up supervisory committees on the correct adoption of internal procedures. Thanks to such Covid-19 emergency management, no Group plant or site witnessed outbreaks of the Coronavirus infection. The structured management of the emergency allowed the Group to define rules and emergency



procedures for possible future epidemiological or pandemic crises. The strict management of infectious risks allowed the RDM Group to reliably play the role of an “essential” operator by providing continuous support to the food and pharmaceutical chain, two key sectors in emergency management and the ones most served by the RDM Group’s paper mills.

### 6.6.3 Scope of Consolidation

The table below contains a list of fully consolidated subsidiaries with the related control percentages:

Business name	Registered office	Activities	Share capital (Eur/1000)	Control percentage			
				09.30.2021		12.31.2020	
				Direct	Indirect	Direct	Indirect
RDM Arnsberg GmbH	Arnsberg (D)	Industrial	5,113	94%	6%	94%	6%
RDM Blendecques S.A.S.	Blendecques (F)	Industrial	5,037	100%		100%	
Cascades Grundstück GmbH & Co. KG	Arnsberg (D)	Services	38	100%		100%	
RDM Magenta S.r.l.	Milan (I)	Industrial	3,700	100%		100%	
RDM Ovaro S.p.A.	Milan (I)	Industrial	12,625	99.01%		99.01%	
RDM La Rochette S.A.S.	La Rochette (F)	Industrial					100%
Barcelona Cartonboard S.A.U.	Barcelona (E)	Industrial	14,943	100%		100%	
Fineska B.V.	Hoogezand-Sappemeer (NL)	Industrial		100%			
Eska B.V.	Hoogezand-Sappemeer (NL)	Industrial	1,056		100%		
Eska Italy B.V.	Hoogezand-Sappemeer (NL)	Industrial			100%		
Eska USA B.V.	Hoogezand-Sappemeer (NL)	Industrial	21		100%		
Eska International B.V.	Hoogezand-Sappemeer (NL)	Industrial			100%		
Eska Power B.V.	Hoogezand-Sappemeer (NL)	Industrial	18		100%		
Eska Board Iberica S.A.	Gavà (E)	Industrial	270		100%		
Eska Board UK Limited	Northampton (UK)	Industrial			100%		
Eska Germany GmbH	Essen (D)	Industrial	26		100%		
Eska Hong Kong Ltd	Hong Kong (HK)	Industrial			100%		
Papelera del Principado S.A.	Mollerussa (E)	Industrial	419		100%		
Ondupacart S.A.	Mollerussa (E)	Industrial	166		100%		
Cogeneracio del Pla S.A.	Mollerussa (E)	Industrial	506		100%		
Fergerdell S.L.	Mollerussa (E)	Real estate	761		100%		
PAC Service S.p.A.	Vigonza (I)	Industrial	1,000	100%		100%	
RDM Marketing France S.A.S.	Saint – Denis (F)	Commercial	337	100%		100%	
RDM Marketing Germany GmbH	Krefeld (D)	Commercial	210	100%		100%	
RDM Marketing Spain S.L.U.	El Prat de Llobregat (E)	Commercial	26	100%		100%	
RDM Marketing UK Ltd	Wednesbury (UK)	Commercial		100%		100%	
RDM Marketing Czech Republic s.r.o.	Prague (CZ)	Commercial	20	100%		100%	
RDM Marketing Hungaria Kft.	Budapest (HU)	Commercial	17	100%		100%	
RDM Marketing Poland Sp. z o.o.	Warsaw (P)	Commercial	11	100%		100%	
RDM Marketing Portugal Unipessoal Lda	Lisbon (PT)	Commercial	3		100%		100%

The following equity investments in affiliated companies and companies subject to joint control were included in the condensed consolidated financial statements at 30 September 2021 according to the equity-based method:

Business name	Registered office	Activities	Share capital (Eur/1000)	Control percentage			
				09.30.2021		12.31.2020	
				direct	indirect	direct	indirect
<b>Affiliated companies</b>							
Emmaus Pack S.r.l.	Milan (I)	Industrial	200	34.39%		34.39%	
<b>Companies under joint control (Joint Ventures)</b>							
RECOG.SEL.PAP. Y CART. C., A.I.E.	Barcelona (E)	Industrial	3		50.00%		50.00%

It should be noted that at 30 September 2021 the scope of consolidation changed due to the completion of the following sales and acquisition transactions:

- On 1 July 2021, the RDM group finalized the purchase of 100% of the share capital in four companies incorporated under Spanish law on the part of the subsidiary RDM Barcelona Cartonboard S.A.U. The acquisition concerned one of the main European players in the glossy Cartonboard sector, Papelera del Principado S.A. and three small-sized companies operating in related businesses, Ondupacart S.A., Cogeneracio del Pla S.A., Fergerdell S.L. The final price was €8.9 million of which 3 million concerned to the adjustment price that will be paid during the fourth quarter. The acquisition was financed by the RDM Group using its own financial sources.

The net book value of assets may be broken down as follows:

(thousands of Euros)	Value at the acquisition date
Tangible fixed assets	29,707
Intangible fixed assets	1,407
Right-of-use assets	328
Financial fixed assets	35
Financial assets available for sale	663
Prepaid taxes	2,566
Trade receivables	230
Inventories	6,617
Trade receivables	14,047
Other receivables	390
Cash and cash equivalents	2,516
Payables to banks and other lenders (non-current part)	(7,124)
Deferred taxes	(361)
Provisions for long-term risks and charges	(797)
Payables to banks and other lenders (current portion)	(16,676)
Trade payables	(13,486)
Other payables	(2,285)
Current taxes	(21)
<b>Net value</b>	<b>17,756</b>
<b>Badwill</b>	<b>8,851</b>
<b>Total price paid</b>	<b>8,905</b>

The temporary badwill, amounting to €8.9 million, from the acquisition of the Paprinsa due to the difference between the price paid, i.e. €8.9 million, and the net assets acquired, i.e. €17.8 million, was recognized in the income statement under the item “Income and charges from equity investments”. Any adjustments deriving from the completion of the fair value measurement process of assets and liabilities were recognized within twelve months from the acquisition date.

The RDM Group incurred acquisition costs of €0.7 million for the purpose of the acquisition.

The breakdown of liquidity relating to the acquisition is provided below:

(thousands of Euros)	
Price paid for the acquisition	8,905
Liabilities acquired	
<b>Total price</b>	<b>8,905</b>

- On 13 July, Reno De Medici S.p.A. finalized the agreement for the purchase of 100% of the share capital of the Dutch company Fineska B.V., holding company of the “Eska” business group. The final price paid, after all adjustments set forth in the agreement, amounted to €146.7 million, of which €7.1 million were paid into an escrow account to secure any contingent liabilities. The acquisition was financed through third-party debt of €100 million in total and, for the remainder, using the available cash at the closing date.

The net book value of goods may be broken down as follows:

(thousands of Euros)	Value at the acquisition date
Tangible fixed assets	53,373
Intangible fixed assets	1,461
Right-of-use assets	3,486
Inventories	24,284
Trade receivables	20,556
Other receivables	5,469
Cash and cash equivalents	10,533
Payables to banks and other lenders (non-current part)	(11,803)
Other payables	(997)
Deferred taxes	(657)
Employee benefits	(204)
Payables to banks and other lenders (current portion)	(5,151)
Trade payables	(29,977)
Other payables	(8,632)
Current taxes	(1,364)
<b>Net value</b>	<b>60,377</b>
<b>Goodwill</b>	<b>86,282</b>
<b>Total price paid</b>	<b>146,659</b>

The temporary goodwill resulting from the acquisition, i.e. €86.3 million, is attributable to the high profitability of the acquired business and synergies that are expected to be achieved by the integration of Fineska B.V. into the existing group. Any adjustments deriving from the completion of the fair value measurement process of assets and liabilities were recognized within twelve months from the acquisition date.

For the purposes of the acquisition, the RDM Group incurred acquisition costs of €1.5 million.

The breakdown of liquidity relating to the acquisition is provided below:

<b>(thousands of Euros)</b>	
Price paid for the acquisition	46,659
Liabilities acquired	100,000
<b>Total price</b>	<b>146,659</b>

- On 30 April 2021, the RDM Group, through the subsidiary RDM Blendecques S.A.S., finalized the agreement for the sale of 100% of the share capital held in the French company RDM La Rochette S.A.S. to Bonaparte Holding S.A.S, wholly-owned by Mutares SE & Co. KgaA.

The final disposal price, already including post-closing adjustments, amounted to €12.3 million. Furthermore, the contract provides for an earn-out, variable price component, on the higher EBITDA that will be realized compared to the reference one in the next three financial years. The situation at 30 September 2021 includes the earn-out receivable of €2.9 million, of which €1.2 million represent the current portion and €1.7 million the non-current portion.

It should also be noted that part of the above final disposal price will be paid in the form of a loan (vendor loan) granted by the subsidiary RDM Blendecques S.A.S. to the aforementioned Bonaparte Holding S.A.S. The total value of the vendor loan measured at amortized cost, which will expire within three years from completion of the transaction, amounted to €6.5 million, of which €2.2 million represent the current portion and €4.3 million the non-current portion.

The final disposal price, including the estimated “earn-out”, resulted in a loss of €1.7 million at 30 September 2021, in addition to the write-down of €3.7 million, which had already been recorded in the financial statements at 31 December 2020 in order to align the book value of La Rochette CGU with its presumed realizable value.

It should be noted that the disposal of the company RDM La Rochette S.A.S. resulted in the RDM Group leaving the FBB - Folding Box Board segment (cardboard for folding cartons obtained with virgin fibres) and therefore the related business performance at 30 September 2021 and 30 September 2020 was reclassified in one line only of the income statement “Discontinued operations”.

Details of discontinued operations are as follows:

	09.30.2021
<b>(thousands of Euros)</b>	
Gain (loss) on RDM La Rochette S.A.S.	4,298
Capital loss on RDM La Rochette S.A.S.	(1,665)
<b>Discontinued operations</b>	<b>2,633</b>

The income statement, balance sheet and cash flow statement of RDM La Rochette S.A.S. are shown below:

	04.30.2021	09.30.2020
<b>(thousands of Euros)</b>		
Sales revenues	42,376	88,344
Other revenues	2,002	2,295
Change in inventories of finished products	(2,378)	(3,285)
Cost of raw materials and services	(30,227)	(65,472)
Personnel costs	(5,686)	(13,146)
Other operating costs	(500)	(807)
Depreciation and amortization	(587)	(1,214)
Net financial income (charges)	(71)	(321)
Taxes	(631)	(755)
<b>Discontinued operations</b>	<b>4,298</b>	<b>5,639</b>



04.30.2021

<b>(thousands of Euros)</b>	
Tangible fixed assets	13,164
Right-of-use assets	3,880
Equity investments	340
Other non-current receivables	2,073
<b>Total non-current assets</b>	<b>19,457</b>
Inventories	16,894
Trade receivables	8,207
Other receivables	2,415
Cash and cash equivalents	7,831
<b>Total current assets</b>	<b>35,347</b>
<b>Total assets</b>	<b>54,804</b>

04.30.2021

<b>(thousands of Euros)</b>	
Shareholders' equity	20,567
<b>Total shareholders' equity</b>	<b>20,567</b>
Payables to banks and other lenders	6,738
Provisions for risks and charges	28
Employee benefits	3,914
<b>Total non-current liabilities</b>	<b>10,680</b>
Payables to banks and other lenders	2,700
Trade payables	14,704
Other payables	5,564
Provisions for risks and charges	50
Current taxes	539
<b>Total current liabilities</b>	<b>23,557</b>
<b>Total Shareholders' equity and liabilities</b>	<b>54,804</b>

	04.30.2021	09.30.2020
<b>(thousands of Euros)</b>		
Cash Flow from operating activities	4,563	7,502
Cash Flow from investing activities (*)	4,273	(1,766)
Cash Flow from financing activities	(225)	(1,444)
<b>Net Cash Flow</b>	<b>8,611</b>	<b>4,292</b>

\* Investing activities include the cash generated from the disposal of the company RDM La Rochette S.A.S.

## Business Sector Disclosure Statement

Following the disposal of RDM La Rochette S.A.S., the RDM Group has no operations in the FBB, Folding Box Board, segment any longer and consequently the reports used internally by the directors show the Group's performance in the Recycled Board, operating sector only represented by the factories in France, Germany, Spain, the Netherlands and all the factories operating in Italy.

Economic information by geographic sector at 30 September 2021 and 30 September 2020 is given below:

Income statement 09.30.2021	Recycled Board	FBB	Other	Consolidated
<b>(thousands of Euros)</b>				
<b>Revenues from sales</b>	<b>542,600</b>		<b>1,490</b>	<b>544,090</b>
Intercompany by segment	15		(15)	
<b>Revenues from sales from third parties</b>	<b>542,615</b>		<b>1,475</b>	<b>544,090</b>
<b>Gross operating profit</b>	<b>28,577</b>		<b>35</b>	<b>28,612</b>
Depreciation and amortization	25,208		12	25,220
<b>Operating profit</b>	<b>3,369</b>		<b>23</b>	<b>3,392</b>
Net financial income (expense)	908		(4)	904
Gains (losses) on investments	9,150			9,150
Taxes	(539)		(26)	(565)
<b>Profit (loss) for the year before discontinued operations</b>	<b>12,888</b>		<b>(7)</b>	<b>12,881</b>
Discontinued operations		2,633		2,633
<b>Profit (loss) for the year</b>	<b>12,888</b>	<b>2,633</b>	<b>(7)</b>	<b>15,514</b>
Portions of profit or loss of equity-accounted investments	299			299

Income statement 09.30.2020	Recycled board	FBB	Other	Consolidated
<b>(thousands of Euros)</b>				
<b>Revenues from sales</b>	<b>429,871</b>			<b>429,871</b>
Intercompany by segment				
<b>Revenues from sales from third parties</b>	<b>429,871</b>			<b>429,871</b>
<b>Gross operating profit</b>	<b>59,696</b>			<b>59,696</b>
Depreciation and amortization	(22,230)			(22,230)
<b>Operating profit</b>	<b>37,466</b>			<b>37,466</b>
Net financial income (expense)	(1,076)			(1,076)
Taxes	(8,114)			(8,114)
<b>Profit (loss) for the year before discontinued operations</b>	<b>28,276</b>			<b>28,276</b>
Discontinued operations		5,623		5,623
<b>Profit (loss) for the year</b>	<b>28,276</b>	<b>5,623</b>		<b>33,899</b>
Portions of profit or loss of equity-accounted investments				

## Notes

### 1. Sales Revenues

The following table shows the breakdown of net revenues originating from cardboard sales, broken down by geographical area of destination.

	09.30.2021	09.30.2020*	Variation	%
<b>(thousands of Euros)</b>				
Italy	155,464	142,510	12,954	9%
European Union	295,658	221,646	74,012	33%
Rest of the world	92,968	65,715	27,253	41%
<b>Total revenues from sales</b>	<b>544,090</b>	<b>429,871</b>	<b>114,219</b>	<b>27%</b>

(\*) On 30 April 2021, 100% of the investment held in RDM La Rochette S.A.S. was sold. Therefore, in accordance with IFRS 5, the related business income was presented in the line "Discontinued Operations". Consequently, the data at 30 September 2020 were reclassified in order to make them comparable with the data at 30 September 2021.

**Sales revenues** amounted to €544.1 million, compared to €429.9 million in the same period of 2020. The increase of €114.2 million is attributable, for €70.2 million, to the changed scope of consolidation and, for the remaining €44 million, to the increase in volumes sold and initial effects of the increases in selling prices implemented during the first three quarters of 2021 compared to the same period in the previous financial year.

### 2. Cost of Raw Materials and Services

Details of the costs incurred for raw materials and services are shown below:

	09.30.2021	% Value of production (**)	09.30.2020*	% Value of production (**)
<b>(thousands of Euros)</b>				
Cost for raw materials	252,541	46.79%	163,799	38.95%
Cost for services	186,100	34.48%	133,305	31.70%
Cost for use of third-party assets	1,471	0.27%	648	0.15%
<b>Total</b>	<b>440,112</b>	<b>81.53%</b>	<b>297,752</b>	<b>70.80%</b>

(\*) On 30 April 2021, 100% of the investment held in RDM La Rochette S.A.S. was sold. Therefore, in accordance with IFRS 5, the related business income was presented in the line "Discontinued Operations". Consequently, the data at 30 September 2020 were reclassified in order to make them comparable with the data at 30 September 2021.

(\*\*) Value of production = Sales revenues plus change in inventories of finished products

The **cost of raw materials and services** amounted to €440.1 million, i.e. an increase of €142.4 million compared to the first three quarters of 2020 (€297.8 million), mainly due to the increase in the prices of waste paper and, to a lesser extent, energy and other production inputs, as well as to the larger scope of consolidation.

### 3. Tangible Fixed Assets

The following table shows the changes in tangible fixed assets:

	Lands	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction	Total
<b>(thousands of Euros)</b>							
Historical cost	45,134	91,533	733,289	1,583	15,719	11,632	898,890
Accumulated depreciation/write-downs	(1,515)	(63,793)	(597,008)	(1,407)	(14,422)		(678,145)
<b>Net book value as at 12.31.2020</b>	<b>43,619</b>	<b>27,740</b>	<b>136,281</b>	<b>176</b>	<b>1,297</b>	<b>11,632</b>	<b>220,745</b>
Increase	49	177	5,185	6	84	11,472	16,973
Decrease	(3,726)	(221)	(256)	(3)	(22)		(4,228)
Change in consolidation of the historical cost	3,883	50,230	160,225	12	7,082	7,258	228,690
Change in consolidation of the provision for acc. Depr./write-downs		(38,136)	(110,882)	(12)	(5,345)		(154,375)
Reclassification of cost	(100)	158	2,559		8	(2,625)	
Depreciation for the period		(2,192)	(19,399)	(24)	(199)		(21,814)
Decrease in provision for acc. Depr./write-downs	1,515	221	215	2	22		1,975
Exchange differences			3		1		4
<b>Value as at 09.30.2021</b>							
Historical cost	45,240	141,877	901,005	1,598	22,872	27,737	1,140,329
Accumulated depreciation/write-downs		(103,900)	(727,074)	(1,441)	(19,944)		(852,359)
<b>Net book value as at 09.30.2021</b>	<b>45,240</b>	<b>37,977</b>	<b>173,931</b>	<b>157</b>	<b>2,928</b>	<b>27,737</b>	<b>287,970</b>

(\*) The amount includes depreciation of RDM La Rochette S.A.S. up to 30 April 2021.

	Lands	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction	Total
<b>(thousands of Euros)</b>							
Historical cost	45,062	92,524	714,349	1,507	15,065	13,151	881,658
Accumulated depreciation/write-downs		(61,867)	(571,619)	(1,382)	(14,204)		(649,072)
<b>Net book value as at 12.31.2019</b>	<b>45,062</b>	<b>30,657</b>	<b>142,730</b>	<b>125</b>	<b>861</b>	<b>13,151</b>	<b>232,586</b>
Increase	80	276	3,081	7	347	8,587	12,378
Decrease			(18)		(13)		(31)
Reclassification of cost	19	1,899	10,468	191	158	(9,291)	3,444
Depreciation for the period		(2,219)	(17,180)	(17)	(162)		(19,578)
Decrease in provision for acc. Depr./write-downs			9		8		17
Reclassification of provision for acc. Depr./write-downs		(1,766)	(1,392)	(150)	(136)		(3,444)
<b>Value as at 09.30.2020</b>							
Costo storico	45,161	94,699	727,880	1,705	15,557	12,447	897,449
Fondo ammortamento/svalutazione		(65,852)	(590,182)	(1,549)	(14,494)		(672,077)
<b>Net book value as at 09.30.2020</b>	<b>45,161</b>	<b>28,847</b>	<b>137,698</b>	<b>156</b>	<b>1,063</b>	<b>12,447</b>	<b>225,372</b>

#### 4. Right-of-use assets

The following table shows the changes in right-of-use assets:

	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Software	Total
<b>(thousands of Euros)</b>						
Historical cost	13,401	5,261	46	1,194	1,058	20,960
Accumulated depreciation/write-downs	(2,847)	(1,819)	(11)	(454)	(663)	(5,794)
<b>Net book value as at 12.31.2020</b>	<b>10,554</b>	<b>3,442</b>	<b>35</b>	<b>740</b>	<b>395</b>	<b>15,166</b>
Increase	87	752	21	355	39	1,254
Decrease	(336)	(304)	11	(129)		(758)
Change in consolidation of the historical cost	(1,286)	(243)	51	191		(1,287)
Change in consolidation of the provision for acc. depr./write-downs	1,030	191	(1)	1		1,221
Depreciation for the period	(1,078)	(940)	(19)	(301)	(285)	(2,623)
Decrease in provision for acc. depr./write-downs	300	304	(11)	80		673
Other movements	(5)					(5)
<b>Value as at 09.30.2021</b>						
Historical cost	11,861	5,466	129	1,611	1,097	20,164
Accumulated depreciation/write-downs	(2,595)	(2,264)	(42)	(674)	(948)	(6,523)
<b>Net book value as at 09.30.2021</b>	<b>9,266</b>	<b>3,202</b>	<b>87</b>	<b>937</b>	<b>149</b>	<b>13,641</b>

(\*) The amount includes the depreciation of RDM La Rochette S.A.S. up to 30 April 2021.

	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Software	Total
<b>(thousands of Euros)</b>						
Historical cost	9,698	4,024	18	947	966	15,653
Accumulated depreciation/write-downs	(1,460)	(1,223)	(8)	(269)	(322)	(3,282)
<b>Net book value as at 12.31.2019</b>	<b>8,238</b>	<b>2,801</b>	<b>10</b>	<b>678</b>	<b>644</b>	<b>12,371</b>
Increase	333	1,906		351	92	2,682
Decrease	(51)	(374)		(125)		(550)
Depreciation for the period	(1,229)	(913)	(6)	(254)	(255)	(2,657)
Decrease in provision for acc. depr./write-downs	23	294		86		403
Other movements	(28)			(3)		(31)
<b>Value as at 09.30.2020</b>						
Historical cost	9,952	5,556	18	1,170	1,058	17,754
Accumulated depreciation/write-downs	(2,666)	(1,842)	(14)	(437)	(577)	(5,536)
<b>Net book value as at 09.30.2020</b>	<b>7,286</b>	<b>3,714</b>	<b>4</b>	<b>733</b>	<b>481</b>	<b>12,218</b>

#### 5. Goodwill

The item goodwill amounted to €90.7 million and refers to the company PAC Service S.p.A. for an amount equal to €4.4 million and to the company Fineska BV, for an amount equal to €86.3 million, in regard of which reference should be made to the contents of paragraph 6.6.3. Scope of Consolidation.

## 6. Intangible Fixed Assets

The following table shows the changes in intangible fixed assets:

	Concessions, licenses, trademarks and similar rights	Other	Assets under construction	Intangible assets with a definite useful life	Intangible assets with an indefinite useful life
<b>(thousands of Euros)</b>					
<b>Net book value as at 12.31.2020</b>	<b>4,380</b>	<b>2,483</b>	<b>7,150</b>	<b>14,013</b>	<b>2,736</b>
Increase	424		1,127	1,551	
Decrease	(9)	(8)		(17)	
Change in consolidation	294	2,146		2,440	429
Depreciations for the period	(1,213)	(157)		(1,370)	
Decrease in provision for acc. depr./write-downs	9	8		17	
<b>Net book value as at 09.30.2021</b>	<b>3,885</b>	<b>4,472</b>	<b>8,277</b>	<b>16,634</b>	<b>3,165</b>

	Concessions, licenses, trademarks and similar rights	Other	Assets under construction	Intangible assets with a definite useful life	Intangible assets with an indefinite useful life
<b>(thousands of Euros)</b>					
<b>Net book value as at 12.31.2019</b>	<b>4,195</b>	<b>2,674</b>	<b>6,763</b>	<b>13,632</b>	<b>2,736</b>
Increase	31	16	928	975	
Reclassification of cost	363		(363)		
Depreciations for the period	(1,053)	(155)		(1,208)	
<b>Net book value as at 09.30.2020</b>	<b>3,536</b>	<b>2,535</b>	<b>7,328</b>	<b>13,399</b>	<b>2,736</b>

## 7. Net Financial Position

Consolidated net financial debt at 30 September 2021 amounted to €165.1 million.

The Group's net financial debt includes the following:

	09.30.2021	12.31.2020	Variation
<b>(thousands of Euros)</b>			
Cash	15	13	2
Bank deposits	25,342	62,972	(37,630)
<b>A. Cash and cash equivalents</b>	<b>25,357</b>	<b>62,985</b>	<b>(37,628)</b>
Other financial receivables	3,446	243	3,203
Current derivative financial instruments	4,176	712	3,464
<b>B. Current financial receivables</b>	<b>7,622</b>	<b>955</b>	<b>6,667</b>
<i>1. Current payables to banks</i>	<i>28,561</i>		<i>28,561</i>
<i>2. Current portion of medium and long-term loans</i>	<i>20,500</i>	<i>17,498</i>	<i>3,002</i>
<i>3. Other current financial liabilities</i>	<i>4,897</i>	<i>617</i>	<i>4,280</i>
<i>4. Payables to other lenders for current Right-of-use asset</i>	<i>3,895</i>	<i>2,947</i>	<i>948</i>
Payables to banks and other lenders (1+2+3+4)	57,853	21,062	36,791
Other payables to other companies	2,968		2,968
Derivatives - current financial liabilities	206	517	(311)
<b>C. Current financial debt</b>	<b>61,027</b>	<b>21,579</b>	<b>39,448</b>
<b>D. Net current financial debt (C-A-B)</b>	<b>28,048</b>	<b>(42,361)</b>	<b>70,409</b>
<i>1. Non-current portion of medium and long-term loans</i>	<i>125,957</i>	<i>38,233</i>	<i>87,724</i>
<i>2. Other non-current financial liabilities</i>	<i>19</i>		<i>19</i>
Payables to banks and other lenders (1+2)	125,976	38,233	87,743
Derivatives - non-current financial liabilities	138	388	(250)
Payables to other lenders for non current Right-of-use asset	10,973	12,612	(1,639)
<b>E. Non-current financial debt</b>	<b>137,087</b>	<b>51,233</b>	<b>85,854</b>
<b>F. Net non-current financial debt</b>	<b>137,087</b>	<b>51,233</b>	<b>85,854</b>
<b>G. Net financial debt (D+F)</b>	<b>165,135</b>	<b>8,872</b>	<b>156,263</b>

In accordance with IAS 7 “Cash Flow Statement”, the changes in liabilities deriving from financing activities are shown below:

	12.31.2020	Cash flow (*)	Non-cash transactions		09.30.2021
			Exchange rate translation differences	Fair Value Variation	
<b>(thousands of Euros)</b>					
<b>Current financial receivables</b>	<b>955</b>	<b>3,203</b>		<b>3,464</b>	<b>7,622</b>
<b>Current financial debt</b>	<b>21,579</b>	<b>39,759</b>		<b>(311)</b>	<b>61,027</b>
<b>Non-current financial debt</b>	<b>51,233</b>	<b>86,104</b>		<b>(250)</b>	<b>137,087</b>
<b>Net liabilities from financing activities</b>	<b>71,857</b>	<b>122,660</b>		<b>(4,025)</b>	<b>190,492</b>
<b>Cash and cash equivalents</b>	<b>62,985</b>	<b>(37,628)</b>			<b>25,357</b>
<b>Net financial debt</b>	<b>8,872</b>	<b>160,288</b>		<b>(4,025)</b>	<b>165,135</b>

(\*) Cash flow shown in the cash flow statement.

The table below shows the outstanding medium- and long-term loans, broken down by due date and recognized at nominal value:



	within 12 months	more than 12 months	over 60 months	Total
<b>(thousands of Euros)</b>				
Banque Palatine 1067376	604	303		907
Banque Palatine 1067377	405	204		609
Intesa San Paolo		100,000		100,000
FRIE 1	414			414
FRIE 3	113	227		340
FRIE 4	136	545	68	749
FRIE 5	71	284	676	1,031
Banca Popolare Milano	2,857	1,429		4,286
Unicredit	7,000	14,000		21,000
Banca Intesa	1,667	2,500		4,167
Unicredit	76			76
Agence de L'eau	58	53		111
Be Spoken	2,001	990		2,991
Endesa Energia SAU	4			4
Friulia		512		512
Bankinter	419			419
Santander	306	77		383
Caixabank	442	103		545
Santander	380			380
Caixabank	122	31		153
Santander	58	132		190
Sabadel	378	254		632
Bankia	371	375		746
BBVA	95	82		177
Caixabank	622	878		1,500
BBVA	311	439		750
Caixabank	364	637		1,001
BBVA	308	445		753
Bankinter	331	560		891
Deudas	1,099			1,099
Sabadel		1,000		1,000
<b>Total nominal debt</b>	<b>21,012</b>	<b>126,060</b>	<b>744</b>	<b>147,816</b>
Amortized cost effect	(512)	(847)		(1,359)
<b>Total debt using the amortized cost method</b>	<b>20,500</b>	<b>125,213</b>	<b>744</b>	<b>146,457</b>

The Group's financial indebtedness mainly consists of medium- and long-term loans, which provide the Group with the stability of the necessary financial sources to adequately support its operations, and, in particular, capital expenditure, as well as possible projects to take advantage of strategic investment opportunities.

Some loans require certain financial covenants to be respected based on the following ratios:

- Net financial position/Shareholders' equity
- Net financial position/Gross operating profit
- Gross operating profit/Net financial expense
- Shareholders' equity/Medium-to-long-term debt
- Shareholders' equity/Shareholders' equity at December 31, 2016

The financial ratios are calculated half-yearly or annually, depending on the loan, based on the figures of the Group's consolidated financial statements. The half-year calculations of the Group's Gross operating profit and net financial expense are based on the 12-month period ending on the last day of the half-year concerned.

In the event of non-compliance with the financial covenants, the lending banks may terminate the loan agreements.

In terms of collateral, the Parent Company loan agreement requires RDM, *inter alia*, to provide mortgages on mills, in the total amount of €130.3 million and a pledge on Fineska shares.

In order to reduce the variability of borrowing charges, interest rate swaps have been taken out on the loans outstanding as at September 30, 2021.

The table below shows the main features of the IRS derivative instruments outstanding as at September 30, 2021:

Company	Counterparty	Currency	Due date	Notional value (€/000)	Interest	Liquidation of interest	Fair value of derivative (€/000)
Reno De Medici S.p.A.	Banca Popolare di Milano	Eur	12.30.2022	4,286	0,45% fisso	Half-yearly	(41)
					Euribor 6m		
Reno De Medici S.p.A.	Unicredit S.p.A.	Eur	07.31.2024	21,000	0,385% fisso	Half-yearly	(303)
					Euribor 6m		
							<b>(344)</b>

The table below shows the main features of the commodity swap outstanding as at September 30, 2021:

Company	Counterparty	Currency	Due date	Quantity (MT)	Contractual price	Spread settlement	Fair value of derivative (€/000)
R.D.M. Arnsberg GmbH	UniCredit S.p.A.	USD	12.31.2021	3,000	90,4	Monthly	312
USD/MT							
RDM Barcelona Cartonboard S.A.U.	Axpo Iberia S.L.	EUR	12.31.2021	813,312		Monthly	3,864
EUR/MWH							

Below is the hierarchy of levels for the measurement of the fair value of derivatives:

- level 1: inputs used in measurements are represented by quoted prices in active markets for identical assets and liabilities to those subject to measurement.
- level 2: inputs other than quoted prices included in level 1 that are observable for the financial asset or liability, both directly (prices) and indirectly (derived from prices);
- level 3: in the event that observable inputs are not available, and therefore market activity is modest or non-existent for the asset or liability subject to measurement, the inputs are non-observable.

Classification		09.30.2021	Fair value as at the date of the financial statements based on:		
			Level 1	Level 2	Level 3
<b>(thousands of Euros)</b>					
Derivative instruments on interest rates	Non-current derivative instruments	<b>(138)</b>		(138)	
Derivative instruments on interest rates	Current derivative instruments	<b>(206)</b>		(206)	
Derivative instruments on commodities	Current derivative instruments	<b>4,176</b>		4,176	

## 8. Shareholders' Equity

The Group's share capital, which amounted to €140 million at 30 September 2021, is as follows:

	Number	Overall value
Common shares	377,568,824	139,913,966
Saving shares	232,170	86,034
<b>Total</b>	<b>377,800,994</b>	<b>140,000,000</b>

## 9. Short and Long-Term Portions of Provisions for Risks and Charges

The balance at 30 September 2021 is as follows:

	12.31.2020	Change in scope of consolidation	Provision	Release	Utilization	Other movements	09.30.2021
<b>(thousands of Euros)</b>							
Provisions for supplementary agents' commissic	2,051	798	87	(14)	(21)		2,901
Non-current provision for future charges	3,329	(78)	1,197		(169)	(34)	4,245
<b>Total non-current provisions for risks and charges</b>	<b>5,380</b>	<b>720</b>	<b>1,284</b>	<b>(14)</b>	<b>(190)</b>	<b>(34)</b>	<b>7,146</b>
Provisions for supplementary agents' commissic	75				(75)		0
Current provision for future charges	1,451	(88)	122	(70)	(385)	(168)	862
<b>Total current provisions for risks and charges</b>	<b>1,526</b>	<b>(88)</b>	<b>122</b>	<b>(70)</b>	<b>(460)</b>	<b>(168)</b>	<b>862</b>
<b>Total</b>	<b>6,906</b>	<b>632</b>	<b>1,406</b>	<b>(84)</b>	<b>(650)</b>	<b>(202)</b>	<b>8,008</b>

## 10. Non-Recurring Transactions

The Group's economic, equity and financial position was not affected by significant non-recurring events and transactions as defined in C.O.N.S.O.B. Communication No. DEM / 6064293, with the exception of what is described in the paragraph "Main Significant Events".

## 11. Contingent Liabilities and Commitments and Other Guarantees Granted to Third Parties

With regard to the main disputes in progress, reference should be made to the contents of paragraph 6.8.

The following positions should be mentioned among commitments and guarantees granted to third parties:

- sureties of €5.3 million issued for the benefit of the Provincial Authorities of Belluno relating to a landfill located at the Santa Giustina (BL) plant;
- sureties of €9 million issued to the Comieco consortium;
- sureties of €67 thousand issued for the benefit of the Customs Department;
- surety of €450 thousand issued for the benefit of Terna S.p.A.;
- surety of €90 thousand issued for the benefit of the Provincial Authorities of Milan;
- sureties of €524 thousand issued for real estate lease agreements;
- surety of €400 thousand issued to Banca Intesa for the benefit of the former subsidiary RDM La Rochette S.A.

### 6.7 Related-Party Transactions

As already highlighted in section “Intra-group and related-party transactions”, there were no transactions with related parties or other parties that were atypical or unusual or extraneous to normal business operations or such as to cause harm to the Group’s income, financial position or cash flow.

In the condensed consolidated half-yearly financial statements, related-party transactions occurred with:

- the Parent Company;
- associates;
- joint ventures;
- other related parties.

Transactions between Reno De Medici S.p.A. and its consolidated subsidiaries were eliminated from the condensed consolidated half-year financial statements and are therefore not shown in these Notes.

Transactions carried out with the related parties identified above are part of normal business operations in the usual area of activity of each party involved from time to time and are governed under arm’s length conditions.

These transactions include commercial relations with the company Emmaus Pack S.r.l. for the sale of cardboard.

Pursuant to Consob Resolution No. 15519 of July 27, 2006, the transactions described above are shown in the tables below:

*Related-party receivables and payables*

09.30.2021  (thousands of Euros)	Current assets			Current liabilities		
	Trade receivables	Receivables from associates and joint ventures	Other receivables from associates and joint ventures	Trade payables	Payables to associates and joint ventures	Other payables to associates and joint ventures
Emmaus Pack S.r.l.		9,629				
Recogida Sel.Pap.YCart.C.A.I.E.						101
<b>Total</b>		<b>9,629</b>				<b>101</b>
<b>Impact on item total</b>		<b>100%</b>				<b>100%</b>

12.31.2020  (thousands of Euros)	Current assets			Current liabilities		
	Trade receivables	Receivables from associates and joint ventures	Other receivables from associates and joint ventures	Trade payables	Payables to associates and joint ventures	Other payables to associates and joint ventures
Emmaus Pack S.r.l.		6,272				
Recogida Sel.Pap.YCart.C.A.I.E.						101
<b>Total</b>		<b>6,272</b>				<b>101</b>
<b>Impact on item total</b>		<b>100%</b>				<b>100%</b>

*Related-party costs and revenues*

09.30.2021  (thousands of Euros)	Revenues from sales	Other revenues and income	Financial income
Emmaus Pack S.r.l.	11,757	56	
<b>Total</b>	<b>11,757</b>	<b>56</b>	
<b>Impact on item total</b>	<b>2.16%</b>	<b>0.49%</b>	

09.30.2020	Revenues from sales	Other revenues and income	Financial income
<b>(thousands of Euros)</b>			
Emmaus Pack S.r.l.	9,204	65	
<b>Total</b>	<b>9,204</b>	<b>65</b>	
<b>Impact on item total</b>	<b>1.80%</b>	<b>0.64%</b>	

09.30.2020	Cost of raw materials and services	Financial expense
<b>(thousands of Euros)</b>		
Cascades Canada Ulc	68	
<b>Total</b>	<b>68</b>	
<b>Impact on item total</b>	<b>0%</b>	

The fees due to the Directors and Statutory Auditors of Reno De Medici S.p.A. for the performance of their duties amounted respectively to €415 thousand and €173 thousand.

#### 6.8. Judicial and Arbitration Proceedings

##### *Risks and pending disputes*

Nothing to report

#### 6.9. Subsequent Events

On 26 October 2021, the disposal of approximately 66.68% of the share capital held in Reno De Medici S.p.A. from its two largest shareholders, namely Cascades Canada ULC and Caisse de dépôt et placement du Quebec was completed, as previously notified to the market on 5 July 2021, to a company, Rimini BidCo S.p.A., controlled by funds managed by subsidiary companies of Apollo Global Management Inc. Also on 26 October 2021, Rimini BidCo S.p.A. filed the offer document with CONSOB relating to the mandatory full takeover bid. Please refer to the press releases published for more details.

## **7. List of Equity Investments in Subsidiary and Associated Companies**

Pursuant to Article 126 of Consob Resolution No. 11971 of May 14, 1999, as subsequently amended and supplemented, below is the list of equity investments held at June 30, 2021 in companies with unlisted shares or in limited-liability companies, exceeding 10% of the capital.

### **LIST OF EQUITY INVESTMENTS IN SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS**

#### **Subsidiaries**

RDM Blendecques S.A.S.

Blendecques – France

Direct ownership percentage: 100%

R.D.M. Ovaro S.p.A.

Ovaro - Italy

Direct ownership percentage: 99,01%

R.D.M. Arnsberg GmbH

Arnsberg – Germany

Direct ownership percentage: 94%

Indirect ownership 6% (through Cascades Grundstück GmbH & Co.KG)

R.D.M. Magenta S.r.l.

Milan – Italy

Direct ownership percentage: 100%

Pac Service S.p.A.

Vigonza - Padua - Italy

Direct ownership percentage: 100%

R.D.M. Barcelona Cartonboard S.A.U.

Barcelona – Spain

Direct ownership percentage: 100%



Fineska B.V.

Sappemeer - Olanda

Direct ownership percentage: 100%

Papelera del Principado S.A.

Mollerussa - Spagna

Indirect ownership percentage: 100%

Ondupacart S.A.

Mollerussa - Spagna

Indirect ownership percentage: 100%

Cogeneracio del Pla S.A.

Mollerussa - Spagna

Percentuale di possesso diretto 100%

Fergerdell S.L.

Mollerussa - Spagna

Percentuale di possesso diretto 100%

Cascades Grundstück Gmbh & Co.KG

Arnsberg – Germany

Direct ownership percentage: 100%

R.D.M. Marketing Germany Gmbh

Krefeld – Germany

Direct ownership percentage: 100%

R.D.M. Marketing France S.A.S.

Paris – France

Direct ownership percentage: 100%

R.D.M. Marketing Spain S.L.U.

Prat de Llobregat – Barcelona – Spain

Direct ownership percentage: 100%

R.D.M. Marketing UK Limited  
Wednesbury – United Kingdom  
Direct ownership percentage: 100%

R.D.M. Marketing Czech Republic S.r.o.  
Prague – Czech Republic  
Direct ownership percentage: 100%

R.D.M. Marketing Hungaria KFT  
Budapest - Hungary  
Direct ownership percentage: 100%

R.D.M. Marketing Poland SP z.o.o.  
Warsaw - Poland  
Direct ownership percentage: 100%

R.D.M. Marketing Portugal Unipessoal Lda  
Lisbon – Portugal  
Indirect ownership percentage: 100% (through R.D.M. Barcelona Cartonboard S.A.U.)

#### **LIST OF EQUITY-ACCOUNTED INVESTMENTS**

Emmaus Pack S.r.l.  
Milan - Italy  
Direct ownership percentage: 34.39%

Recogida Sel. Pa. YCart. C. A.I.E.  
Barcelona – Spain  
Indirect ownership percentage: 50%

#### **LIST OF INVESTMENTS IN OTHER COMPANIES**

Cartonnerie Tunisienne S.A.  
Les Berges Du Lac – Tunis  
Direct ownership percentage: 5.274%

## **Consortiums**

Gas Intensive S.c.r.l.

Milan – Italy

Consortium share

Comieco

Milan – Italy

Consortium share

Conai

Milan – Italy

Consortium share

Consorzio Filiera Carta

Frosinone – Italy

Consortium share

C.I.A.C. S.c.r.l.

Valpenga (Turin) – Italy

Consortium share

Idroenergia S.c.r.l.

Aosta – Italy

Consortium share

Paper Interconnector

Milan - Italy

Consortium share

Università Carlo Cattaneo

Castellanza (Varese) – Italy

Consortium share

Interconnector Energy Italia S.C.p.A

Rome – Italy

Consortium share

## CERTIFICATION

### **of the condensed consolidated statements at September 30, 2021, pursuant to Article 81-ter of Consob Regulation No. 11971 of May 14, 1999, as amended and supplemented**

1. The undersigned, Michele Bianchi, as CEO, and Luca Rizzo, as the Financial Reporting Executive of Reno De Medici S.p.A., certify, considering the provisions of Article 154-bis, paragraphs 3 and 4, of Legislative Decree No. 58 of February 24, 1998:

- the suitability based on the characteristics of the business; and
- the actual implementation of the administrative and accounting procedures pertaining to the preparation of the condensed consolidated financial statements for the first nine-month of 2021.

2. No significant issues have emerged in this regard.

3. It is further certified that:

3.1 The condensed consolidated financial statements on September 30, 2021:

- a) were prepared in accordance with the applicable international accounting standards recognized in the European Union pursuant to Regulation (EC) 1606/2002 of the European Parliament and of the Council of July 19, 2002, and in particular IAS 34 - *Interim Financial Reporting*;
- b) are consistent with the figures reported in the relevant accounting books and records;
- c) provide a true and fair view of the financial position, results and cash flows of the issuer and of all of the companies whose accounts have been consolidated.

3.2. The financial report on operations includes a reliable analysis with reference to important events occurring during the first nine months of the year and their effect on the condensed consolidated financial statements on September 30, 2021, together with a description of the main risks and uncertainties for the remaining three months of the year. The financial report on operations also includes a reliable analysis of information on material related-party transactions.

Milan, November 8, 2021

Chief Executive Officer

Financial Reporting Executive

Michele Bianchi

Luca Rizzo