

# Fedrigoni Group Annual Report 2021

**FEDRIGONI**

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The Fedrigoni Group

Sustainability Report

Annual Financial  
Report

Fedrigoni is synonymous with excellence in specialty papers for luxury packaging and other creative solutions, as well as in premium labels and self-adhesive materials.

## Fedrigoni today

Founded in **1888**

**€1.6** Billion turnover 2021  
(+21.9% vs. 2020)

**€214.8** Million EBITDA 2021  
(+29% vs. 2020)

**More than 4.500** people  
in **27** countries

**48** production, slitting and  
distribution centres

**25.000** products

Distributing in **132** countries

## Our mission

We elevate the creativity of brands, designers, printers, converters, providing best-in-class product offering and service in the world of specialty papers for luxury packaging and other creative solutions, as well as in self-adhesive materials. We guarantee the same excellence at a global scale, thanks to the presence of offices and warehouses all over the world.

We are committed to the sustainable growth of the entire supply chain.

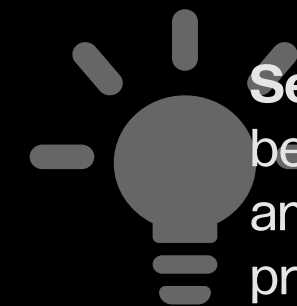
## Our strategy pillars



**Providing** premium and sustainable solutions, exploiting new adjacencies and mega-trends as Plastic to Paper and RFID.



**Offering** a superior experience and intimacy to our customers through a deep understanding of their needs and an excellent and personalized service.

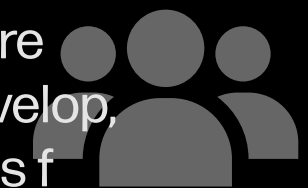


**Serving** customer needs through best-in-class operations leveraging an agile, efficient and flexible production footprint.

**Broadening** our global presence and product portfolio, through organic growth and acquisitions, to ensure the availability of our solutions globally and foster growth opportunities in adjacent market segments.



**Leading** the industry by taking care of our people: attract, engage, develop, recognize and boost opportunities for everyone to collectively make a difference.



**Pursuing** sustainable growth by valuing talent, implementing the best governance practices, innovating products adopting a circularity perspective, optimizing operations to reduce our carbon footprint, and managing waste and water responsibly.



# Highlights 2021

## Our sustainability journey

### Making *Progress*

At Fedrigoni, sustainability is about making progress every day. Our mission is to elevate brands and the creativity of designers, printers, converters. Our commitment is to elevate them sustainably, honestly sharing our daily progress, fostering circularity and partnership with the entire ecosystem.

### 2021 results

#### Environment

**325 kt** CO<sub>2</sub> emissions

**97%** clean water returned to the environment and zero cases of noncompliance

**86%** recovered waste

#### Social & Governance

**14** Injury frequency rate (number of injuries per 1,000,000 employee-hours worked)

**25%** women in managerial positions

**17%** people involved in individual development conversations

#### Product Development

**18%** volume of special papers with advanced ESG features

**37%** volume of self-adhesive material with advanced ESG features

**81%** suppliers also assessed according to ESG criteria

**100%** purchase of FSC® certified pulp

#### Transparency and Endorsement



### Our 2030 goals

#### Environment

**-30%** **240 kt** CO<sub>2</sub> emissions (330 kt in 2019)

**95%** clean water returned to the environment (92% in 2019)

**100%** industrial waste recovery (80% in 2019)

#### Social & Governance

**-67%** Injuries with an Injury frequency rate of 7 (21 in 2020)

**30%** women in managerial positions (22% in 2020)

**100%** people involved in individual development conversations (9% in 2020)

#### Product Development

**26%** volume of special papers with advanced ESG features (13% in 2019)

**70%** volume of self-adhesive material with advanced ESG features (35% in 2019)

**95%** suppliers also assessed according to ESG criteria (50% in 2020)

#### Transparency and Endorsement

ESG among the KPIs of individual performance assessment

Reporting according to GRI standards

Joining the UN Global Compact and ScienceBased Targets Initiative

ESG ratings by accredited firms

# Highlights 2021

Dear Stakeholders,

I am particularly proud to share with you our results from 2021, which has just ended. It was a year of great intensity, which saw moving forward on our strategic plan with determination to guarantee the full continuity of the business. We honoured our commitments with all customers and coped with both the ongoing global health emergency and the profound disruptions of the market due to the shortage and increase in the price of raw materials. We remain optimistic for the future, particularly due to the very positive results from the first quarter of 2022 where, despite the serious global tensions because of the war in Ukraine, we are continuing to grow our global presence without delay.

Our strategic plan has been implemented effectively and this can be seen in the extremely positive results that we have achieved: a turnover of €1.6 billion, with a total growth in revenue of over 20% and an EBITDA of €214.8 million. This is a growth of 30% compared to 2020. We have continued with the plan to attract talent to strengthen our team, with over 377 new people joining the Fedrigoni family worldwide - 900 new recruits in the last 3 years. We have continued to invest in growth and development of our people. We have extended our global presence in Europe, Latin America, the USA and Asia with the opening of new offices and warehouses in the UK, Poland, China, Indonesia, Philippines. We have also acquired three new companies: the Mexican Ri-Mark, the North American Acucote, in addition to 70% of a Newco - in a joint venture with the Italian Tecnoform - for the production of innovative solutions for thermoformed cellulose packaging. Thanks to the path we have taken until now, in 2021 we have become the first player at global level in both luxury packaging and premium labels for wines and the third worldwide player in self-adhesive solutions.

On the product portfolio side - one of the pillars of our strategy - an essential ingredient over the last three years has been the repositioning of both business units towards premium market sectors, where customers were able to absorb price increases to offset the overall increase in upstream costs. From the world of luxury packaging and other creative applications to labels for more sophisticated wines and more exclusive personal care products. The biggest challenge for our customers in the near future is undoubtedly sustainability, and Fedrigoni is at their side in this evolutionary path.

With a constant effort in research and development, we support our customers in the transition to replace plastic with ecological materials like paper; we are at their side from the creation of premium self-adhesive solutions realized with ever more recyclable raw materials to support the customers in managing their waste sustainably, according to a circular model, where waste is re-used as raw materials in new chains instead of being thrown away in disposal sites.

Creating a distinctive and effective experience for our customers is another fundamental pillar for us. This year, we have accelerated our digitalization journey aiming at making the relationship between Fedrigoni and its 30,000 customers worldwide easier, faster, and instant. For example, we have worked on our customer portal that guarantees up-to-date information in real time in all stages of the relationship - from order to delivery and up to management of claims and collection of feedbacks. Our customer-centred approach, pervading all our actions and daily decisions, starts with listening. We have implemented the Net Promoter Score in all the world markets in 2021: thanks to this we can now constantly collect comments and suggestions, feeding our process of continuous improvement. We are just at the beginning, and we have a clear roadmap in front of us which we will pursue over the next few years.

Excellence in the production process and procurement is another significant field for the solidity of our Group. The shortage of raw materials and the general increase in costs has put the world economy to a test, and many companies have interrupted production to limit damages. Gas price and electricity have respectively increased by 345% and 222%. Cellulose has undergone an increase of 49%, pallets 90%, product packaging 20%, chemical materials (adhesives, silicones, stabilizers) 20% and even transport and logistics have increased by between 15% and 20%. In this context, it was key for us to implement preventive operations to the whole supply chain, to make improvements in the planning of purchases and diversification of suppliers, to implement careful management of stocks and constant monitoring of transport to prevent slowdowns as much as possible.

Such an ambitious path starts with people and the over 4,500 Fedrigoni people, whose 65% work in production, are the most important resource for us. We have made consistent steps forward in health and safety. Thanks to a

widespread awareness programme on correct behaviour and the risks to avoid, we reduced the injury frequency index by 32%, getting closer to our goal of -67% in 10 years. We have worked to foster a culture increasingly based on excellence, internal collaboration, and partnership with customers. A culture that embraces transformation. We have introduced recurrent conversations between managers and employees, as well as trainings for people development. We have worked to create a diverse and equal environment, where every person can feel valued when expressing their talent and uniqueness, and we have involved all our managers in inclusive leadership development programmes.

With 8 acquisitions over the last 3 years, two of which in the first quarter of 2022, the M&A platform is a key accelerator in the Fedrigoni growth plan. Our strategy rests on three main directives: geographical expansion to strengthen our global position, increase the production capacity to meet a demand that is growing strongly and entry into adjacent and complementary markets to enrich our premium product portfolio. For us is fundamental to integrate all the companies that have become part of the Group, spreading the Fedrigoni culture and making new colleagues feel part of One Company.

Finally, the commitment to sustainability, which is part of our DNA and a goal for the whole Group, pervading our entire strategic plan, thanks to a widespread ESG strategy management model and a clear shared roadmap towards 2030. In the dedicated section of this Annual Report, we will describe our path to reduce the environmental impact of the Group and the initiatives for our people and the local communities. The most complex area of improvement - never to be taken for granted given the high amounts of energy our company consumes - is our effective contribution to the global challenge of climate crisis. We are working to reduce CO<sub>2</sub> emissions by 30% over the next 10 years (starting from 2020) and in 2021 we achieved a reduction of 1.5% in absolute CO<sub>2</sub> emissions against an increase in volumes of about 5%. We will continue to dedicate our work and investments in the effort towards the ecological transition, knowing that a collective intervention and an active role of the institutions are imperative for reaching the goal, all together.

On behalf of the management team, I would like to thank all my colleagues in Fedrigoni Group who, with passion,

commitment, and professionalism, have brought forward all the initiatives started, making the achievement of such important results possible.

And I would like to thank our customers and stakeholders, for giving us the reason to progress everyday: they are our indispensable travel companions on this journey to creating an ever more sustainable chain.

  
**Marco Nespolo**  
 CEO Fedrigoni Group



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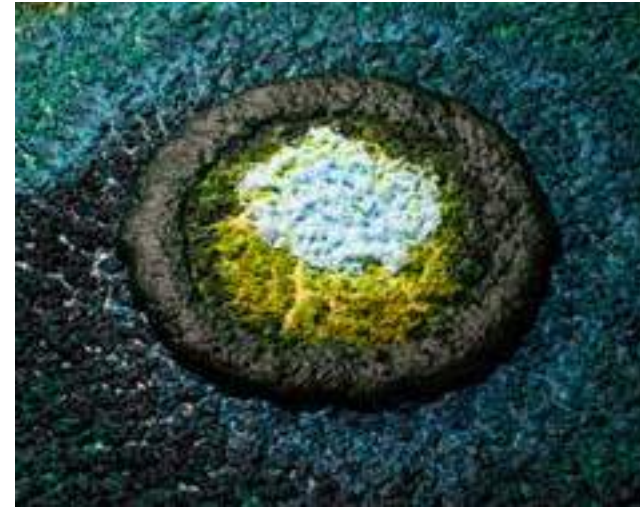
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### Our Group

Fedrigoni is synonymous with excellence in specialty papers for luxury packaging and other creative applications, as well as premium self-adhesive materials. Our story of growth, started in 1888, has been further accelerated in the last year thanks to significant acquisitions. In June 2021 the RIMARK slitting centre in Mexico City and Acucote in North America; in August the acquisition of 70% of a Newco, a joint venture with Tecnoform, producing thermoformed cellulose solutions.

Our Group closes 2021 with a revenue of more than €1.6 billion and an EBITDA adjusted of €221 million.

Today we are the global leader in wine labels and specialty papers for luxury packaging and the third player in the world in self-adhesive materials.

We count over 4,500 people worldwide, own 52 production plants and slitting centres, produce more than 25,000 products - in addition to 10,000 papers produced exclusively for major fashion and luxury brands - and distribute in over 130 countries.

Despite the uncertain global context and deep disruptions in the market - first with the Covid emergency, then with shortages and unprecedented price increases on all raw materials - Fedrigoni has guaranteed the full continuity of the business. We have strengthened the long-term sustainability of our business also thanks to the strategic repositioning of the Group towards premium market sectors.

During 2021 we took preventive measures on the entire supply chain, planning purchases and stocking up to meet the commitments with our customers, also thanks to the proprietary distribution network with warehouses located all over the world. Moreover, with the help of the well-known London agency Pentagram we have created and consolidated our global image. Elegant in its essentiality, it has contributed to convey a unified identity both within

the company and in the market. Fedrigoni Group today consists of the complementary worlds of Fedrigoni Self-Adhesives and Fedrigoni Paper.

Thanks to a constant teamwork, in 2021 we reached all our strategic goals in terms of acquisitions, optimization of processes, development, and innovation of products with circularity features. Following our Making Progress motto we have accelerated on actions to achieve our commitment to become an increasingly sustainable business, and we have reached a number of important results. From the creation of a more inclusive environment and a solid culture of safety at work in the Social area, to a responsible water management as well as recovery and recycling of our industrial waste in the Environmental field. We have also implemented a stronger and more structured Governance, also thanks to the review of our work by internationally accredited third parties.

Fedrigoni has always supported the creators of innovative products based on paper and self-adhesive materials, providing the best advice to bring to life any creative idea, in luxury packaging as well as in the most refined labels, or in art and publishing. Elevating Creativity is our mission: the staircase, symbol of the city of Verona, is our icon representing our desire to support our 30,000 customers worldwide in improving and elevating their brands sustainably. The journey of transformation to consolidate our global Group continues, doing our bit every day, redesigning and innovating, with sustainability as our beacon. We start by recognizing that we must act responsibly, always raising the bar in our industry, sharing our daily progress with transparency, and fostering circular models and partnerships with our customers, suppliers, and the entire ecosystem.



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# Corporate Bodies

## Board of Directors

Reference is made to the board of directors of Fedrigoni Holding Limited, parent company of Fedrigoni S.p.A.



**Ivano Sessa**  
Chair of the Board



**Chiara Mediolì Fedrigoni**  
Vice-chair of the Board and Chief Sustainability & Communication Officer



**Marco Nespolo**  
Chief Executive Officer & Board Member



**Giacomo Massetti**  
Board Member



**Halvor Meyer Horten**  
Board Member



**Charles Héaulmé**  
Board Member

## Board of Statutory Auditors of Fedrigoni S.p.A.

**Gilberto Ambrogio Arnaldo Comi**  
Chairman

**Andrea Vagliè**  
Standing Auditor

**Antonio Ferragù**  
Standing Auditor

**Cristiana Tironi**  
Supply Auditor

**Federico Ragazzini**  
Supply Auditor

## Independent Auditors of Fedrigoni S.p.A.

**Deloitte & Touche S.P.A**  
Independent Auditors



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### Paper (LPCS)\*

#### Luxury packaging

Specialty graphic paper for luxury packaging

#### Other creative applications

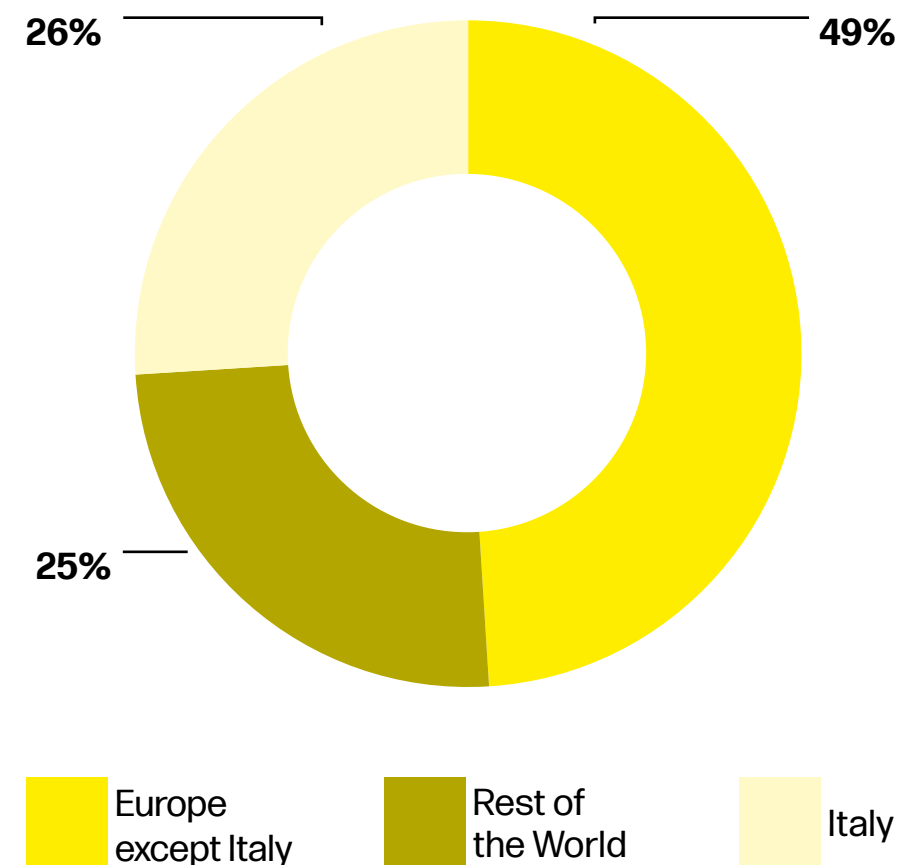
Premium coated and uncoated wood-free paper for graphics, school and office usage

### Self-Adhesives/Labels

Range of self-adhesive products for the production of labels for a wide range of consumer and industrial end markets

\* Luxury Packaging and Creative Solutions

### Adjusted Sales Revenues by geography



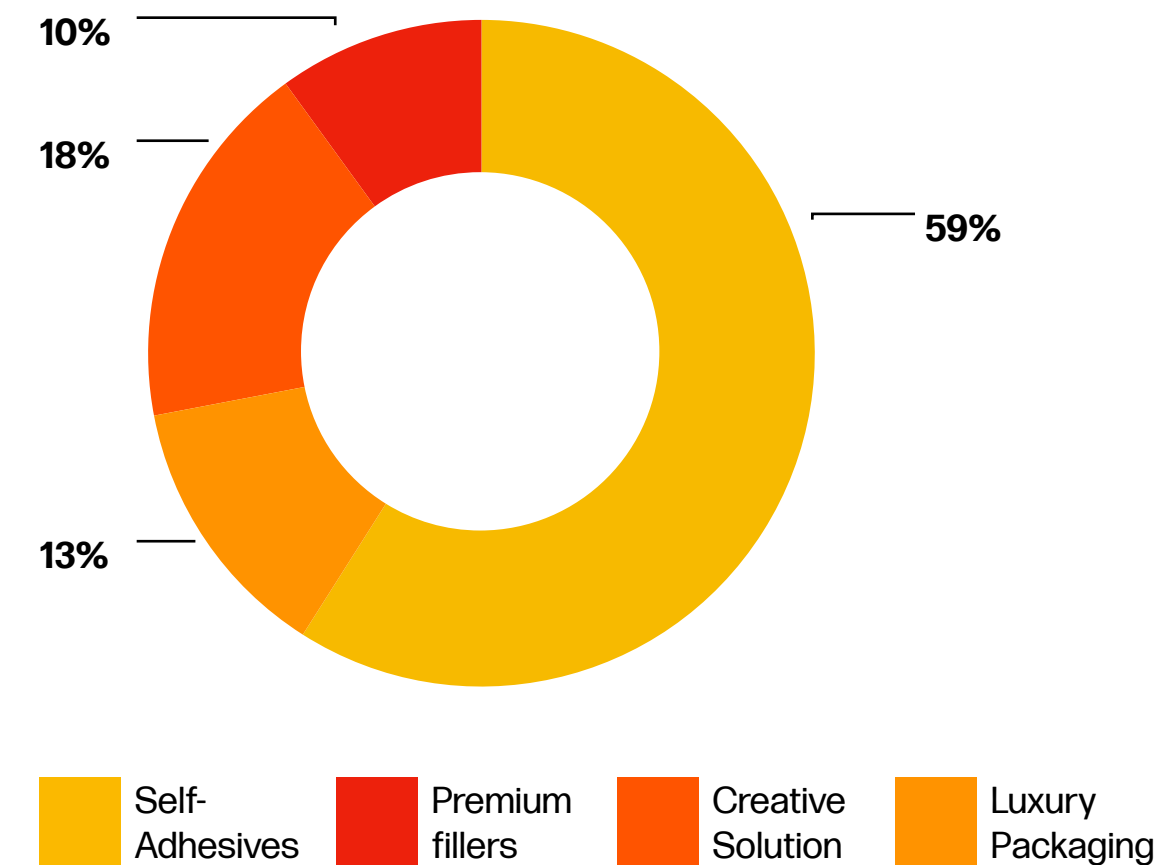
### Leading position in attractive premium niche markets

Product offering targeted primarily to attractive end markets.

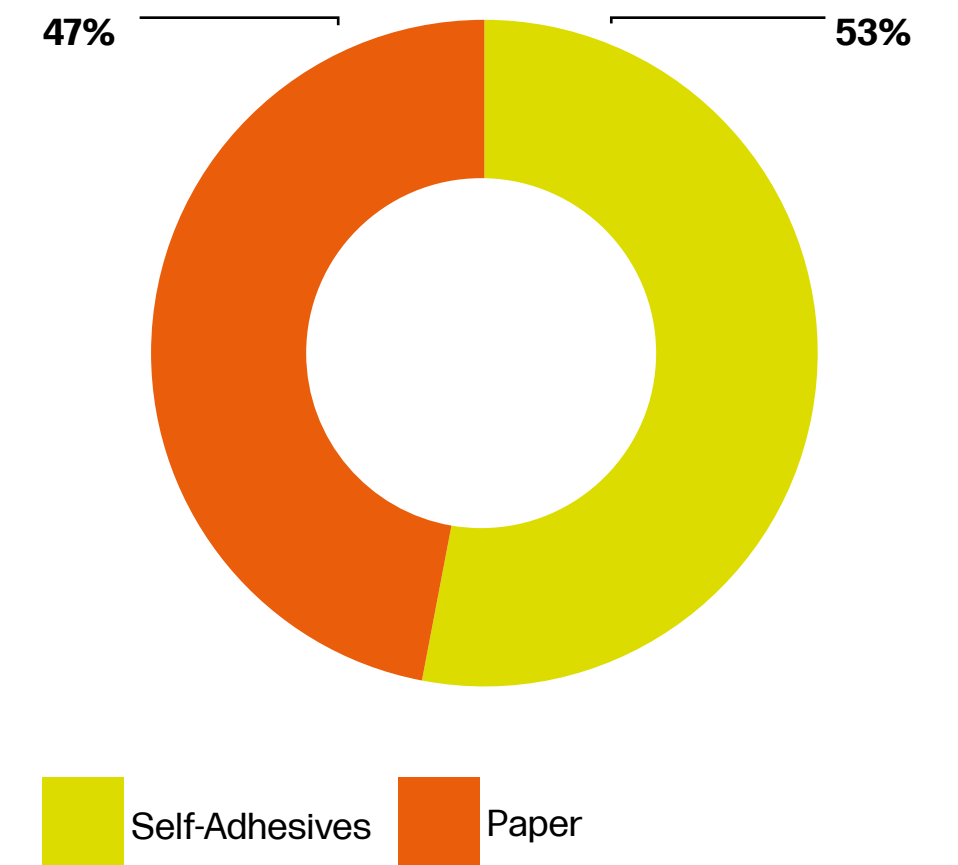
PRODUCT	END MARKET	MARKET POSITION		
<b>Self-Adhesives</b>	Wine and spirits, premium beers, food, cosmetics, pharma, chemicals	<b>1°</b> Global Wine	<b>3°</b> Global Self-Adhesives	<b>3°</b> LatAm Self-Adhesives
<b>Speciality graphic paper</b>	Luxury packaging, digital printing, fine stationary	<b>1°</b> Global Luxury packaging	<b>1°</b> Europe Fine Paper	<b>1°</b> LatAm Fine Paper
<b>Drawing/Art</b>	Students, Artists, Hobbyists	<b>2°</b> Global Drawing & Art		

Source: market positions taken from a leading paper industry consulting firm report.

### Adjusted Sales Revenues by business



### Adjusted EBITDA by segment



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## Where we are

### Self-Adhesives/Labels



**14**

Production Sites

**22**

Slitting Centers

**2**

Distribution Centers

**23**

Offices

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## Where we are

Paper (LPCS)\*



**USA**  
1 Distributor

### EUROPE

**UK**  
2 Offices  
1 Boutique  
1 Warehouse

**AUSTRIA**  
1 Office

**FRANCE**  
1 Office  
1 Warehouse

**SPAIN**  
2 Offices  
2 Warehouses

**PORTUGAL**  
1 Office

**BENELUX**  
1 Office  
1 Warehouse

**GERMANY**  
5 Offices  
2 Warehouses  
2 Boutiques

**ITALY**  
9 Production sites  
5 Offices  
2 Warehouses  
5 Boutiques

**CHINA**  
3 Offices  
6 Warehouses

**HONG KONG**  
1 Office  
1 Warehouse

**FILIPPINE**  
1 Office

**INDONESIA**  
2 Offices  
2 Warehouses

**BANGLADESH**  
2 Offices  
2 Warehouses

**9**

**Production Sites**

**20**

**Warehouses**

**8**

**Boutique**

**27**

**Offices**

**1**

**Distributor**

\*Luxury Packaging and Creative Solutions

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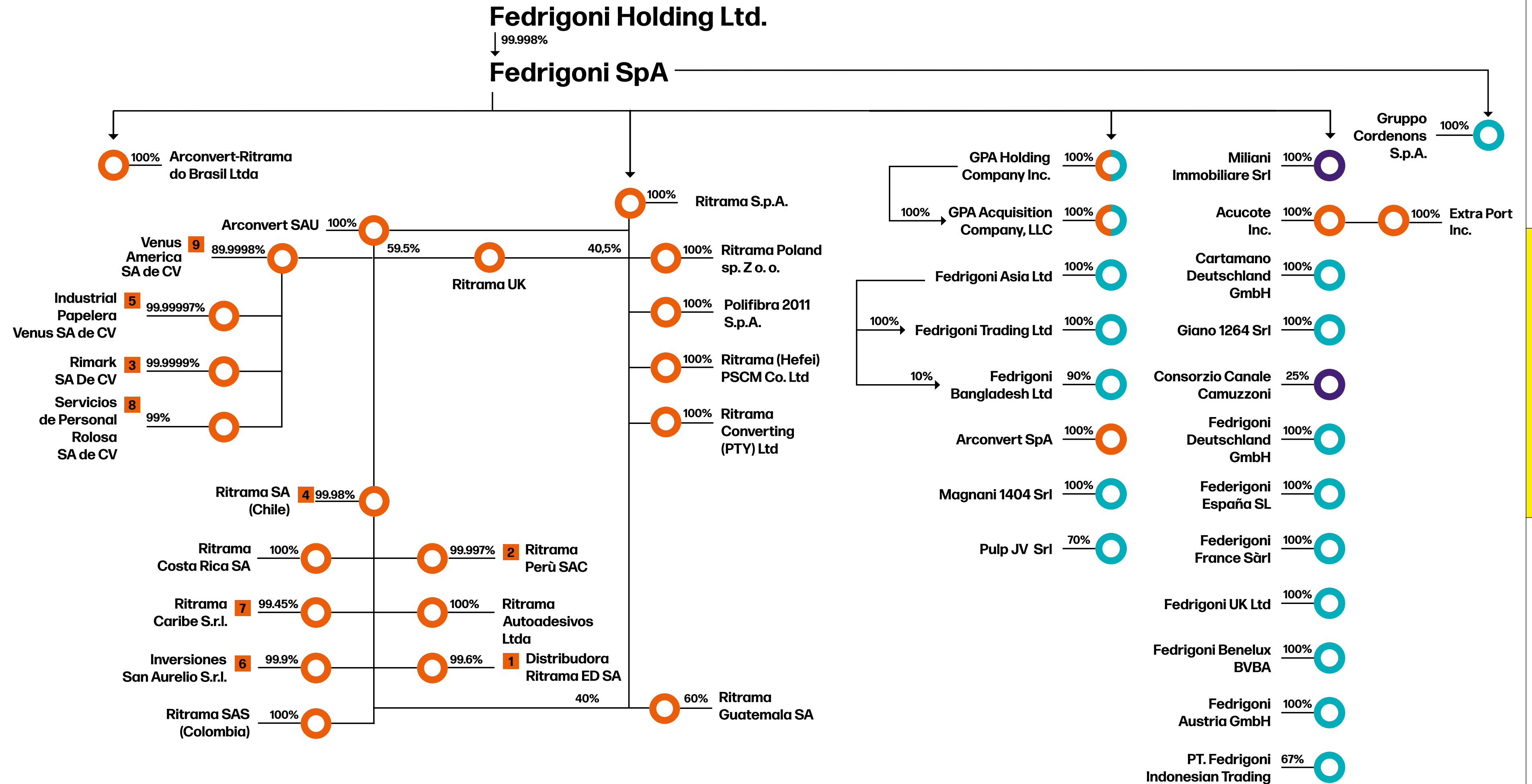
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1 - 0.4% owned by Ritrama S.p.A.  
 2 - 0.003% owned by Ritrama S.p.A.  
 3 - 0.001% owned by Arconvert SAU  
 4 - 0.02% owned by Ritrama S.p.A.  
 5 - 0.00003% owned by Arconvert SAU  
 6 - 0.1% owned by Arconvert SAU  
 7 - 0.55% owned by Arconvert SAU  
 8 - 0.1% owned by Arconvert SAU  
 9 - 0.0002% owned by Ritrama S.p.A.

\*Luxury Packaging and Creative Solutions

Paper/LPCS\*

Self-Adhesives/Labels

Other

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## Methodological Note

This Sustainability Report has been prepared in accordance with the GRI Standards of the Global Reporting Initiative (GRI), core option, and describes the business model, identified risks, policies, targets and environmental, social, and governance performance. Relevant and reportable issues and indicators were identified using the Materiality Matrix, which was updated this year to include key stakeholder groups, including customers, investors, and our Executive and Leadership Team. In addition, the reporting is based on the principles of stakeholder Inclusivity and completeness and presents the sustainability context in which the material issues are included.

For the first time, the document is subject to a limited assurance engagement (according to the criteria indicated in ISAE 3000 Revised) by Deloitte & Touche S.p.A. in accordance with the procedures indicated in the Independent Auditors' Report included in this document. The list of indicators can be found in the GRI Content Index which is available on the website.

During 2021, the acquisitions of Rimark SA DE CV in Mexico, Acucote Inc. in the USA, and Pulp JV S.r.l. in Italy (in which Fedrigoni holds a 70% stake) and the sale of the Paper plant in Salto, Brazil were finalised. In addition, the Bollate plant was sold, and with it the entire specialty banknote paper business of the Paper Business Unit. Finally, Fedrigoni Bangladesh LTD, PT Fedrigoni Indonesian Trading and Ritrama Poland were established, while Concept Couleurs Sàrl, CD Design GmbH and Ritrama A.G. were liquidated.

The data and information provided in this document refer to all companies in the Fedrigoni Group included in the Consolidated Financial Statements and are related to the period from 1 January 2021 to 31 December 2021.

Staff data is processed in the new Group HR database (implemented in 2021) and data from

companies currently not included in this database (Ritrama Polonia, GPA, Acucote, IP Venus and Polifibra) are tracked in Excel files that are updated monthly and counted in the reported data. In our internal definitions, Leaders are employees who are part of the Group's Executive Committee and/or Leadership Team, Managers are all employees in a leadership role managing a team, White collars are employees in an office position who do not manage people (individual contributors) and Blue collars are employees in a production position who do not manage people (individual contributors).

As far as qualitative information and quantitative data relating to environmental aspects are concerned, Group companies operating production sites are included, except for companies with only commercial activities and the slitting centres for the Self-Adhesive Business Unit, which have less impact than the rest of the Group's activities. The data reported in the Environment chapter is presented with reference to each business unit (Paper and Self-Adhesives) because of the specific environmental impacts of the two production activities.

The Report can be viewed and downloaded in the Sustainability section of [www.fedrigoni.com](http://www.fedrigoni.com)<sup>1</sup>

For further information, please contact:  
**Isabella Bussi**  
Head of Group Sustainability  
[isabella.bussi@fedrigoni.com](mailto:isabella.bussi@fedrigoni.com)

<sup>1</sup>In addition, the GRI content index is available in the website section.

## Our aim

At Fedrigoni we have been producing high quality specialty papers and self-adhesive materials for years with the aim of being the best supplier for the best customers, producing responsibly and making products that meet our customers' creative and technical needs and last over time. Sustainability is a living thing for us. It is the ability to progress on a daily basis, measurably and transparently, raising the bar in our industry and supply chain.

## Our products

Founded back in 1717 with a small plot of land just outside Rovereto (Italy) purchased by Giuseppe Fedrigoni, we now directly operate in 25 countries with our own plants and sales networks and are distributed in 132 countries worldwide. We are a leading player in the production and sale of paper for packaging, printing, graphics and art, as well as premium self-adhesive materials.

The two core bodies of our Group, the Paper (LPCS)\* Business Unit and the Self-Adhesive/Labels Business Unit, work together to provide our customers with the best products and the most extensive experience available on the market. The integration of speciality papers and self-adhesive materials means constant innovation between different industries and materials, enabling us to offer advanced, customised solutions to our customers.

\*Luxury Packaging and Creative Solutions

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**The Paper (LPCS)\* Business Unit is the World leader in luxury packaging and the European leader in specialty papers with a range of products from specialty graphic papers for packaging and printing to art and design papers, to natural and coated papers.**

**The Self-Adhesives/Labels Business Unit is number one in the world for wine labels and the third largest player in the world for self-adhesive materials used in the food, pharmaceutical, automotive, chemical and cosmetics industries and beyond.**

\*Luxury Packaging and Creative Solutions



## Our business units

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### Specialty papers

Paper has always been *special* to Fedrigoni: we produce it in Italy in 10 paper mills in Verona, Arco, Varone, Scurelle, Buttapietra, Castelraimondo, Cordenons, Pioraco, Rocchetta, and Fabriano. Over time we have mastered the technique and care in processing that make it possible for us to offer our customers and partners the best quality and most unique, innovative products every day. We have approximately 3,000 products in our catalogue, high quality papers in all grammages and colours. Our job is to help our customers find the best solution for their creative project and, when necessary, develop it together with them.

- Luxury Packaging Paper
- Printing & Publishing Paper
- Technical Paper
- Tailor-Made Paper

Fabriano, the oldest paper manufacturer, is part of this business unit and still works according to the three historical processes: hand-made papers, mould-made papers, and Fourdrinier-made papers. We are the only company in the world that still produces paper in all these three ways. Our master papermakers are trained for five years to learn the art of papermaking. This is mastery that perpetuates a timeless craft, an all-Italian production, characterised by constant innovation.

- Art and drawing
- Stationery
- Office

### Self-adhesive materials

The **Fedrigoni Self-Adhesives/Labels** business unit, involved in the design and production of self-adhesive materials, was created from the merger of some of the leading companies in the sector, such as Ritrama, Arconvert, Acucote and Manter. With 14 production plants (Italy, Spain, UK, Brazil, Chile, Mexico, USA, China) and 24 slitting and distribution centres (Italy, Spain, UK, Poland, China, USA, Dominican Republic, Brazil, Chile, Peru, Costa Rica, Guatemala, Colombia, Ecuador and Mexico)), we serve markets ranging from food labels to pharmaceuticals and visual communication. We provide our customers with the support in choosing the right type of paper or materials for their self-adhesive projects, including wine and spirits labels, gourmet food and premium cosmetics labels, designer labels, and special projects. A booming sector, where skills and creativity, communications, and technology converge.

- Self-adhesive labels
- Visual communication



### Our customers

Fedrigoni is synonymous with excellence for brands, printers, designers and converters and works every day with the aim of accelerating innovation, guaranteeing the highest quality of its products and developing solutions with increasingly advanced sustainability features.





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## Scenario 2021

Environment, climate, circularity, people, ethics, transparency, equity, innovation, community: these are the words that resonate in the ecological and digital transition that the world is facing everywhere. The goals set by the **2030 Agenda** can no longer be postponed and companies are playing an increasingly decisive role in the communities in which they operate through their actions and leadership.

**Fedrigoni has responsibly embraced this commitment** for a long time, which now is expressed in the acronym **ESG**. Environmental, Social, and Governance, the three key dimensions for verifying, measuring, monitoring, and supporting our sustainability commitment.

Through the Green Deal, the work on the European taxonomy and the new standards for **drawing up sustainability reports**, the European Union is pointing to a new economic policy approach that combines the objectives of competitiveness with those of sustainable development. In addition to this, the new Corporate Sustainability Reporting Directive will require companies to provide in-depth reporting on a broader range of data, including carbon emissions, which are key to addressing the climate crisis.

Fedrigoni is ready to take on these challenges and has been voluntarily providing stakeholders with reports on these figures, alongside financial ones, for over twenty years.

## Making Progress

This concept leads us in a transformation process involving the entire ecosystem - brands, printers, converters, graphic designers, and suppliers - encouraging the circularity of our products and the creation of partnerships with players who, like us, feel a sense of responsibility to change.

Making Progress is a profound concept, involving awareness and measurability, two crucial aspects when it comes to impact, sustainability, business, and people. These two aspects are also key when it comes to the sustainability report, the most effective tool to describe what we have done and what we will do to become a better company.

These last 12 months have required great efforts, during which we have expedited implementing the strategic lines of the 2030 plan. We aim to reduce CO<sub>2</sub> emissions by 30%, recover all waste without sending it to landfill, return 95% of clean water to the environment and have zero water pollution. We also aim to achieve 95% of suppliers who are also qualified according to ESG criteria and reduce injuries in the workplace by 67%. We want to raise the percentage of women in managerial positions to 30% compared with 2020 and to train 100% of our 4,000 employees on the Code of Ethics, which collects the principles that should influence our daily behavior.

We have worked on attracting talent, launched a new global image, stepped up our acquisition plan to expand our global presence and invested in increasingly sustainable and circular product innovation. We expect to achieve a 50% increase in the volume of products with advanced sustainability features: from 13% to 26% in the Paper Business Unit (where we already use only pulp from FSC certified forests and all products are recyclable) and from 35% to 70% in the Self-Adhesives Business Unit.

We have officially joined the United Nations Global Compact, an initiative created to encourage companies around the world to adopt sustainable policies and publish the results of their actions.

One of the things we are proud of in 2021 is that we received a Gold rating from Ecovadis - the internationally recognised Platform for Assessing Corporate Social Responsibility and Sustainable Procurement - whose score is based on policies, actions, and achievements in four key sustainability areas: Environment, Work and Human Rights, Business Ethics, and Sustainable Procurement. This rating places Fedrigoni in the top 5% of companies with the best sustainability performance in the world. We have been making progress, but we will continue to make even more as we aspire to reach Platinum level by 2024.



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2021 was a busy and intense year for Fedrigoni in which we carried out numerous initiatives that brought us closer to the ESG 2030 objectives, despite the delicate market context linked to the impact of Covid-19.

The company culture based on excellence, relationships and transformation, the strong drive to improve occupational safety, the acquisitions plan (some significant acquisitions being made in the area of replacing single-use plastics in packaging), product innovations to reduce the carbon footprint and encourage circularity, and the new global image. All these initiatives have contributed to achieving the first results compared with 2020 (described in detail in the relevant sections). Among the significant milestones, we reduced the injury frequency rate by 32%, initiated in-depth discussions on how to expedite the green transition (achieving -1.5% of absolute CO<sub>2</sub> emissions compared to a volume increase of around 5%, compared to base year 2019); accelerated R&D projects aimed at replacing single-use plastics with paper-based products for our packaging customers (launch of Paper Snap at the LuxePack trade fair in Munich).

#### Environment, People & Governance

Several initiatives were carried out in the three areas (environment, people, and governance). We drew up our **Sustainability Charter** and an initial mapping of climate change **risks** at our production sites around the world. Within the company, we put the safety of our **employees** and policies for an inclusive, stimulating working environment for everyone first. As one of the leading companies in our industry, we never forget to involve our **supplier** ecosystem in ESG strategies, through our Code of Conduct which is in line with the principles of our Code of Ethics, and our membership to the Ecovadis platform. Finally, we are proud to have had our carbon emissions reduction targets endorsed by the **Science Based Target initiative (SBTi)**, the most authoritative scientific initiative on combating climate change, promoted by the partnership formed by the Carbon Disclosure Project (CDP), UN Global Compact (UNGC), World Resource Institute (WRI), and WWF.

Here is a list of the initiatives we have planned and implemented globally:

#### Laying the foundation for an **inclusive work environment**

**inspiring for everyone through a policy based on diversity, equity, and inclusion.**

#### Promoting the **Sustainability Policy**

**which outlines 'how we work' regarding issues that are material to the company and our stakeholders, such as quality, safety, environment, supply chain, people and local communities.**

#### Our **Sustainability Charter**

**sets out simple, everyday rules for minimising possible risks in the workplace.**

#### The first in a series of **Sustainability Pills**

**that will allow us to present our views on key issues for the company and our stakeholders, starting with the recyclability, biodegradability, and compostability of our speciality papers.**

**The main initiatives planned and implemented in 2021**

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## Science Based Target initiative (SBTi)

has endorsed our CO<sub>2</sub> reduction target: the 30% reduction in absolute carbon dioxide emissions (Scope 1+2) is therefore in line with the goal set in Paris in 2015 to limit the earth's temperature increase to well below 2°C.

### The first Group-wide ESG database

with monthly aggregation by site of all environmental and social data, plus two new systems for human resources and purchasing data.

## Impact Eco-design Tool

(Life Cycle Assessment tool), verified by a third party, to calculate the water and energy balances and the carbon footprint of our specialty paper and self-adhesive materials product families throughout their life cycle (from Cradle to gate).

### The first Climate Change Risk Assessment

at our production sites worldwide with third-party support.

### Updating of the Materiality Matrix

through the direct involvement of relevant stakeholders: brands and customers, shareholders and investors, and the Leadership Team (50 Group managers, including the Executive Team).

### Updating of the Code of Ethics

(which the Group has had in place since 1998). The Code sets out the principles and duties regarding conduct at Fedrigoni, covering the most relevant Human Rights. Employee training activities are underway, with sessions focused on specific examples, provided in person at the factories and online for management and employees.

### New ESG package with Supplier Code of Conduct, Procurement Policy and General Purchasing Conditions

### Membership to the Ecovadis

platform for qualifying and managing suppliers.

## Acquisition of 70% of Pulp JV S.r.l. Tecnoform

to produce luxury packaging with innovative all-cellulose solutions as an alternative to plastics.

## We officially joined the United Nations Global Compact

an initiative created to encourage companies around the world to adopt sustainable policies and publish the results of their actions.

**The main initiatives planned  
and implemented in 2021**

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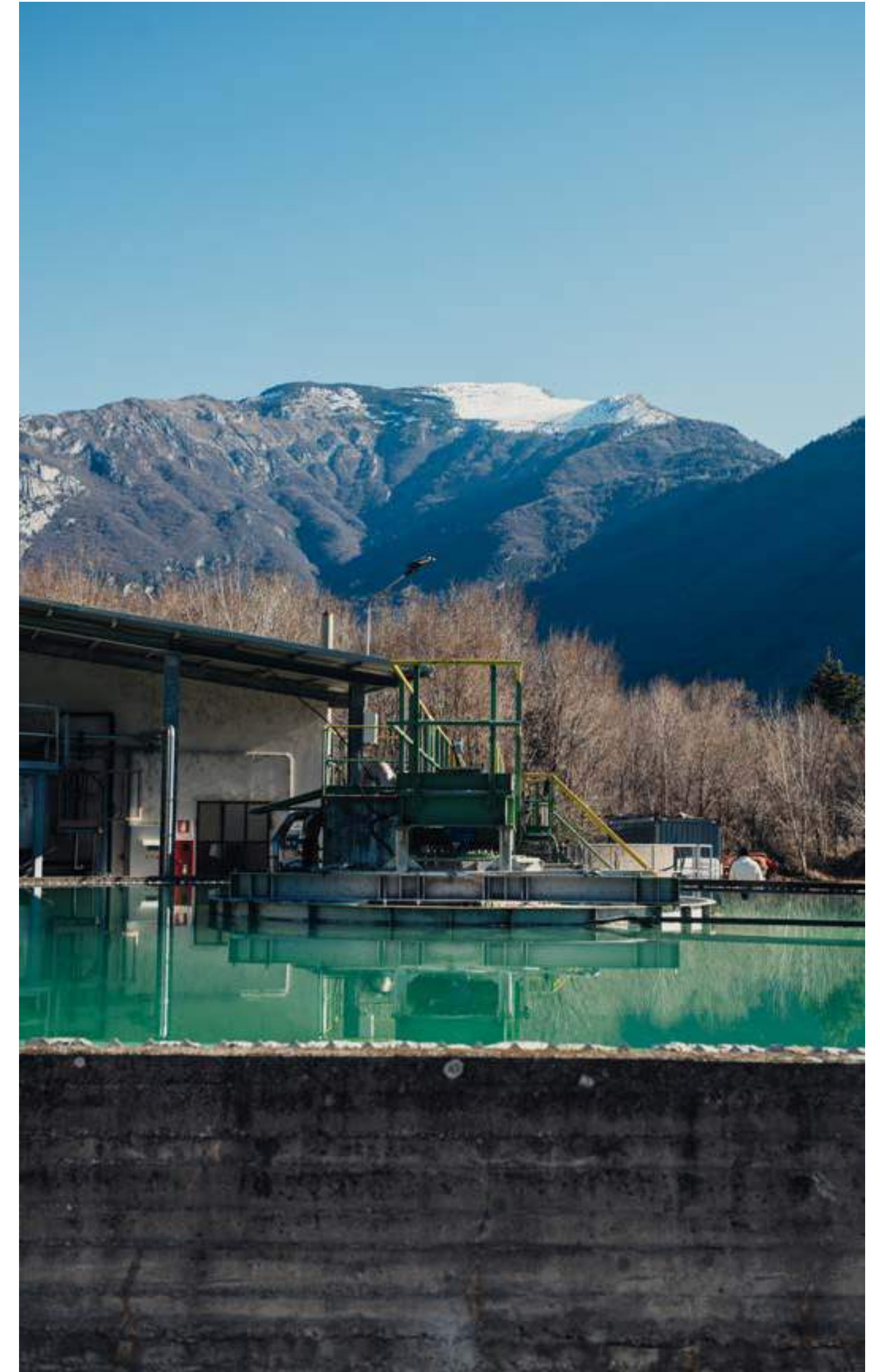
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We rely on tradition to ensure the quality and technical performance of our speciality papers and self-adhesive materials, and on our talents to deliver highly aesthetic, innovative content. We know how to meet the needs of our customers and designers in terms of:

- The quality and performance of our products.
- The sustainability of our supply chain.
- The sustainability of our production processes.

Fedrigoni's history is the guiding light that motivates us to work ever harder to be known as an 'Industry Champion', a value that today translates into wanting to outdo ourselves in reducing the environmental impact of our products. We want to achieve this through ambitious industrial decisions focusing on the circular economy and eco-design; by using only raw materials from responsibly managed forests (FSC certified) and by making the most of our process waste, as well as by working with qualified suppliers to find solutions that are in line with our philosophy. All this is based on the ever-developing skills of our people and an increasingly inclusive environment that values talent. People are the driving force behind our transformation.





Making Better

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**The industries we serve**  
 At Fedrigoni, every day we put all our efforts into being the first choice for so many brands, printers, designers and converters. We do this through innovation, quality and providing increasingly sustainable solutions for our customers.



**Fashion & Luxury**



**Jewelry & Watches**



**Beauty & Personal Care**



**Wine & Spirits**



**Food & Beverage**



**Hospitality**



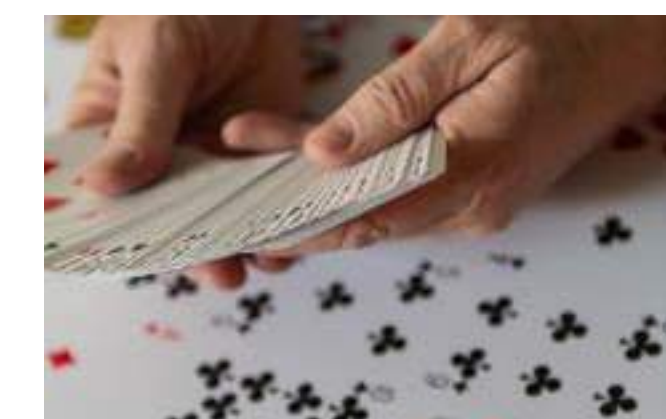
**Museum**



**Publishing**



**Art & Drawings**



**Games & Playing Cards**



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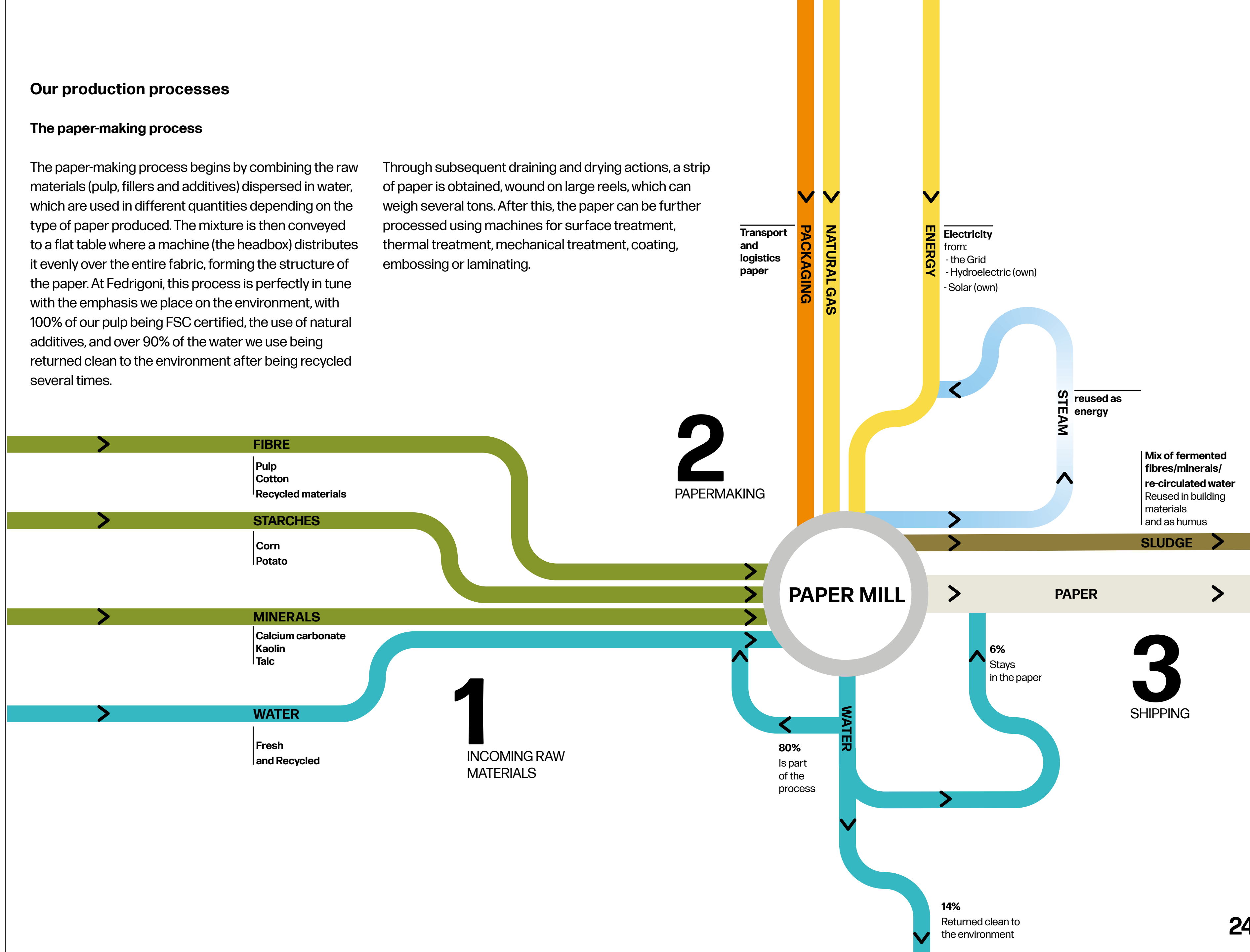
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### Our production processes

#### The paper-making process

The paper-making process begins by combining the raw materials (pulp, fillers and additives) dispersed in water, which are used in different quantities depending on the type of paper produced. The mixture is then conveyed to a flat table where a machine (the headbox) distributes it evenly over the entire fabric, forming the structure of the paper. At Fedrigoni, this process is perfectly in tune with the emphasis we place on the environment, with 100% of our pulp being FSC certified, the use of natural additives, and over 90% of the water we use being returned clean to the environment after being recycled several times.

Through subsequent draining and drying actions, a strip of paper is obtained, wound on large reels, which can weigh several tons. After this, the paper can be further processed using machines for surface treatment, thermal treatment, mechanical treatment, coating, embossing or laminating.





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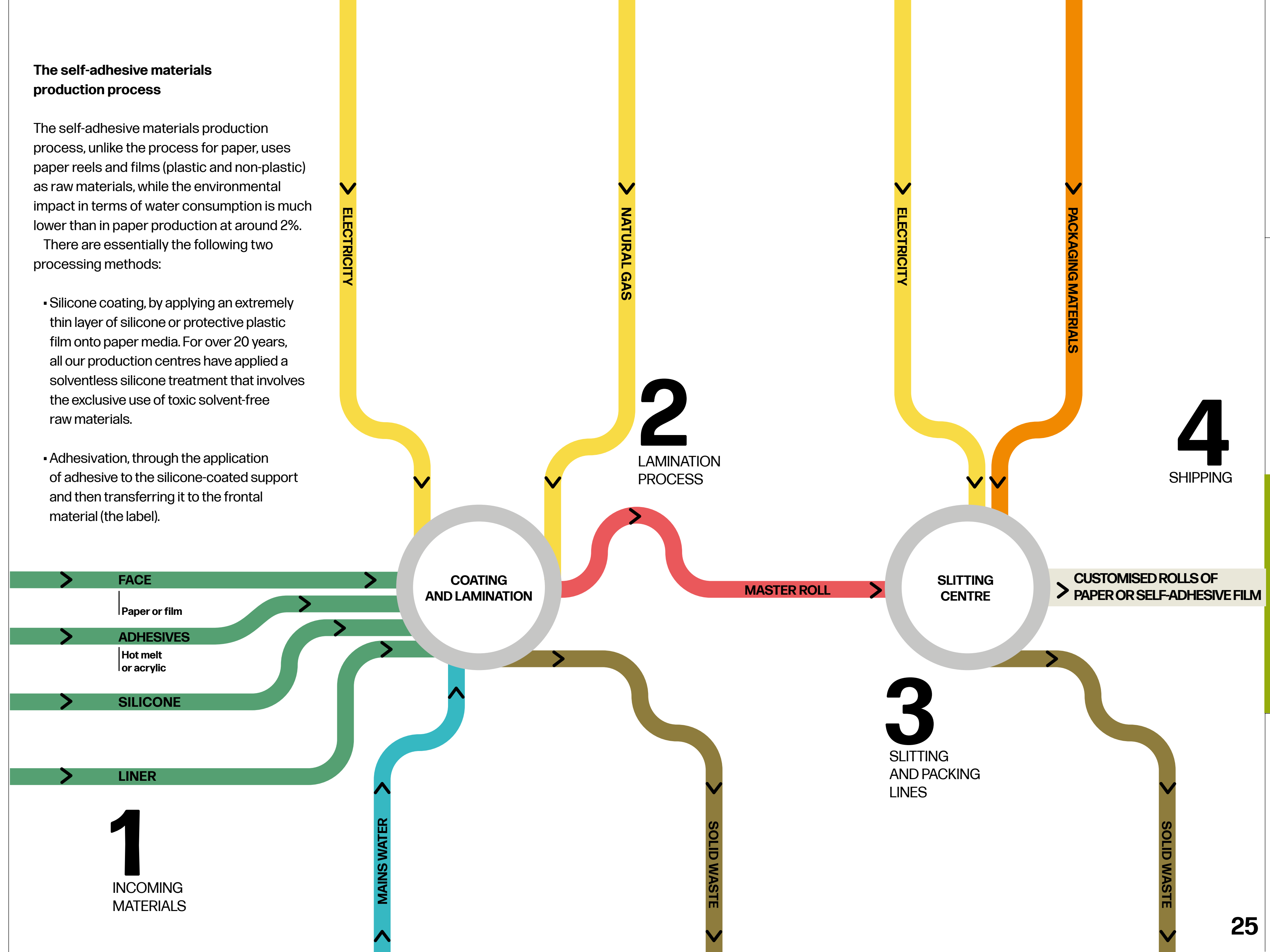
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#### The self-adhesive materials production process

The self-adhesive materials production process, unlike the process for paper, uses paper reels and films (plastic and non-plastic) as raw materials, while the environmental impact in terms of water consumption is much lower than in paper production at around 2%.

There are essentially the following two processing methods:

- Silicone coating, by applying an extremely thin layer of silicone or protective plastic film onto paper media. For over 20 years, all our production centres have applied a solventless silicone treatment that involves the exclusive use of toxic solvent-free raw materials.
- Adhesivation, through the application of adhesive to the silicone-coated support and then transferring it to the frontal material (the label).





**Making Again**

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### Our certifications

Our path to sustainability began 30 years ago and since then we have relied on tools that measure and verify our actions and progress.

We got our first certification in 1993 and since then we have operated in accordance with existing international standards, several of which are voluntary.



#### FSC - For the protection and preservation of forest heritage

The Forest Stewardship Council (FSC) created an internationally recognised forestry certification system to ensure proper forest management and traceability of forest products. 100% of our pulp is FSC certified.

**Fabriano has been a supporter of FSC Italy since 2021: a sign of the ever-increasing collaboration between them.**



#### EU Ecolabel - European Union Ecolabel

This label distinguishes products and services with high performance standards and low environmental impact throughout their life cycle. We have the Ecolabel for 13% of our Paper sites.



#### Re-made in Italy

Certification of the verification of recycled and by-product content in a material or product (even multi-material) is a traceability system which complies with the Procurement Code and CAM (Minimum Environmental Criteria). This is implemented at 7% of our Paper sites.



#### BRC - Global Standard for the safety of packaging in the food sector

Implemented at the Cordenons (Pordenone) paper mill and currently being implemented at the Arco (Trento) paper mill.



#### ISO 9001 - Quality Management Systems

100% of the Italian Paper sites are ISO 9001 certified.

100% of the Self-Adhesives sites have product and process quality management procedures that are aligned to ISO 9001 principles, without external certification.



#### ISO 14001 - Environmental Management Systems

67% of the Italian Paper sites and 77% of the Self-Adhesives production sites are ISO 14001 certified.



#### ISO 45001 - Occupational Health and Safety Management Systems

100% of the Italian Paper sites and 62% of the Self-Adhesives production sites are ISO 45001 certified.



#### ISO 50001 - Energy Management Systems

13% of the Italian Paper sites are ISO 50001 certified. 100% of the Self-Adhesives sites have energy management procedures that are aligned with ISO 50001 principles, without external certification.



#### WWF Environmental Paper Company Index

Voluntary participant since 2013.



UNE 166002 Management system for technological research, development and innovation



ISO 22000 for the quality of products for food use.



ISCC PLUS - specific certification for plastic film products.

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# Governance

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### Sustainability Governance: our widespread model

The Fedrigoni Group consists of the parent company Fedrigoni S.p.A. whose registered office is in Verona and 41 other companies in various countries around the world. Fedrigoni's governance model is based on the traditional model consisting of the following corporate bodies: the Board of Directors and the Board of Statutory Auditors.

The Board of Directors is composed as follows

Members	Gender	Age	Executive	Independent	Member since
Charles Michel Henri Heaulme	M	>50		X	30/06/2021
Halvor Meyer Horten	M	30-50		X	12/12/2017
Giacomo Massetti	M	30-50		X	14/10/2019
Chiara Mediolì	F	>50	X		16/04/2018
Marco Nespolo	M	30-50	X		15/11/2018
Ivano Sessa	M	30-50		X	12/12/2017

Fedrigoni's culture of sustainability translates into daily actions carried out with clarity, transparency, responsibility, and expertise. It requires the entire company being involved, at every level, and identifying a structure for sharing objectives, practices, critical issues and ideas. We have called our approach to sustainability governance the **'widespread model'**, as responsibilities are spread across all departments of our company.

Our Chief Executive Officer (CEO) is the prime sponsor of sustainability and through continuous teamwork, the **Chief Sustainability and Communication Officer** (CSO), who also serves as Vice-Chairman of the Board, reports to him. This combination ensures that ESG targets are always a top priority in the agendas of the Executive Committee and the Board of Directors.

In 2021, we added the position of **Head of Group Sustainability**, whose task is to support achieving the 2030 Goals and support building a long-term sustainability vision across all Group sites. CEOs, CSOs and Heads of Sustainability meet on a monthly basis at Sustainability Checkpoints to better integrate sustainability aspects into our daily business model. By constantly taking stock, it is possible to adapt sustainability policies to the ever-changing global needs.

The 'widespread model' of sustainability involves the **Leadership Team and the Sustainability Team**. The former is made up of some 50 Group managers, including the Executive Committee, selected to facilitate the implementation of our ESG strategy and the growth of our people in every business unit and sector of the company. The **Sustainability Team**, led by the Head of Group Sustainability, is more operational and broad-based, involving the key sustainability departments: health and safety, environment and energy, product development, reporting, purchasing, human resources and communications. The team meets once a month and is made up of 15 people chosen for their individual personality and the complementary nature of their skills and backgrounds. Together they are responsible for fostering a culture of sustainability and helping the Group to make progress towards achieving its ESG targets by 2030.

<sup>2</sup>The company Fedrigoni Holding Ltd. is not consolidated at Group level but it is the controlling company of Fedrigoni S.p.A.



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### Code of Ethics

Since 1998, the Code sets out the principles and requirements for conduct at Fedrigoni. In addition to rules on integrity, fairness and transparency in accounting and financial matters, it reiterates respect for Human Rights throughout the value chain. Issues such as child labour, forced labour, workplace harassment and discrimination of various kinds are social justice issues, and are deeply ingrained in our people-centred vision.

Training on the **Code of Ethics** for all employees started in 2021 and we are committed to reaching 100% of trained employees by 2022.

Since 2021, we have added a Code of Conduct to our **Code of Ethics**, because we want to ensure that human rights are also respected by all our suppliers and partners.

### Sustainability Policy and Sustainability Charter

The company's Sustainability Policy aims to integrate and balance our traditional range of products with the best technical and aesthetic performance whilst paying attention to environmental and social impacts. This is achieved because of the people who work with us, whose skills are crucial to efficiently managing the systems and recipes of our products (see section "The ESG features of our products").

Our Sustainability Policy:

- applies to all Fedrigoni Group sites, laboratories, offices, and locations.
- applies to employees, contractors, and third parties when dealing with us.
- commits us to ESG performance reporting.
- complements the **Code of Ethics**, a reference point for all our behaviour.
- is inspired by the Universal Declaration of Human Rights, the Conventions of the International Labour Organisation and the 10 Principles of the United Nations Global Compact.
- is translated, distributed to everyone, and published on our websites.

At Fedrigoni, we also recently developed our first Group Sustainability Charter. In addition to simple, everyday rules based on an assessment of the risks we are exposed to, the Charter is based on the understanding that we are the leader in the world of specialty papers and self-adhesive materials in terms of performance and aesthetics. This is also reflected in a great attention to detail, especially in the production world. The Charter makes us aware that we are the main agents of our own and others' safety and invites us to be open to change and learn from our own and others' experiences.



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### ESG targets by 2030

Our ESG strategy is divided into four action areas that represent our corporate identity and culture.

## Environment

We want to be the leader in our industry for reducing environmental impacts. We monitor our environmental performance and aim for continuous improvement, including through an increasingly selected supplier base according to sustainable procurement criteria.

## Product Development

Our customers increasingly demand sustainable and circular products. In the Paper Business Unit, we intend to make a significant contribution to the global 'Plastics to Paper' challenge with solutions that are plastic-like in performance (but with renewable raw materials) and recyclable downstream (examples: Paper Snap and the Materia Viva paper collection). In the Self-Adhesives Business Unit we are expanding our range of environmentally friendly self-adhesive solutions, especially in the Wine & Spirits segment (e.g. Core linerless solutions® and RIMove).

## Social and Governance

We strive to attract, develop and retain the best talent, adopting best practices related to safety culture, diversity, equity and inclusion, active employee engagement, and personal development management. When it comes to Corporate Governance, we have implemented Group practices on issues such as anti-bribery, anti-trust, privacy and personal data management.

## Transparency and Endorsement

The more we are all involved, the more attainable our goals are. That is why sustainability is everyone's responsibility and an essential part of individual performance assessments. We also ensure transparency to stakeholders by communicating measurable targets and results.



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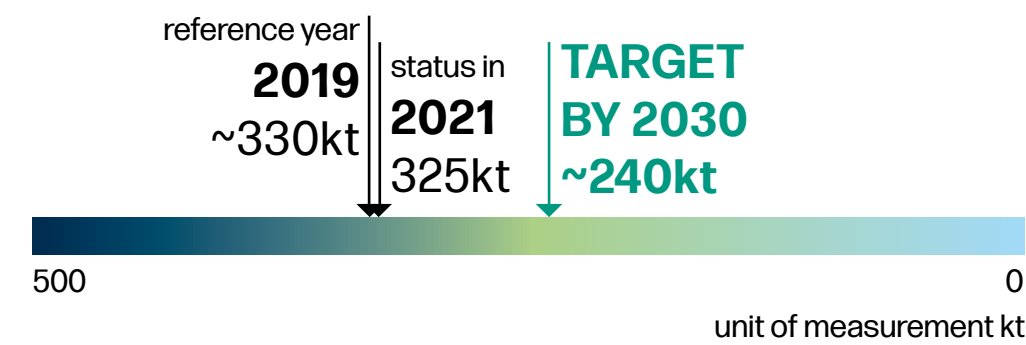
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Our goals by 2030: four pillars.

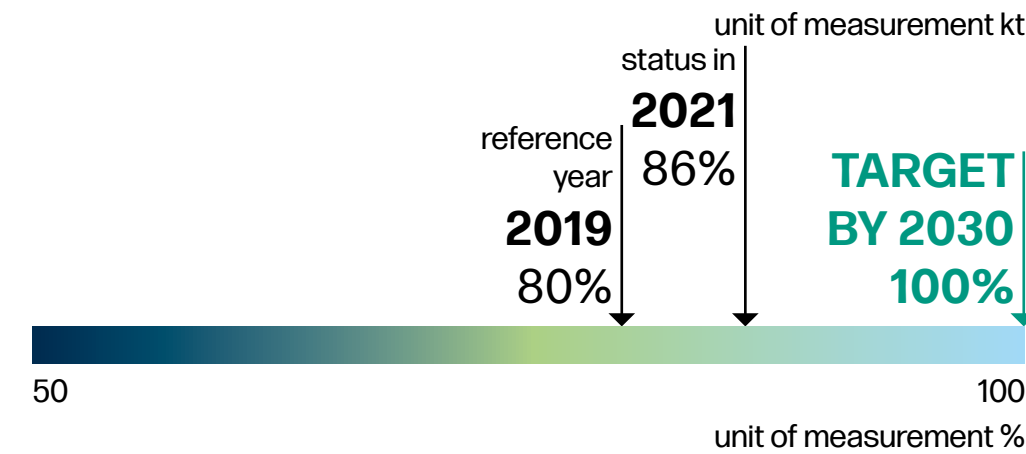
## Environment

### ESG targets by 2030

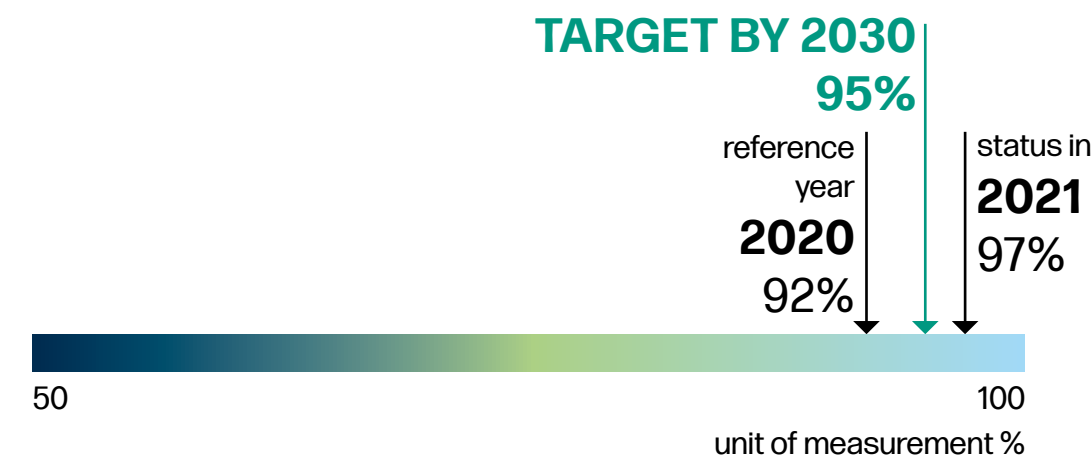
**A** -30% of absolute carbon dioxide emissions, Scope 1+2



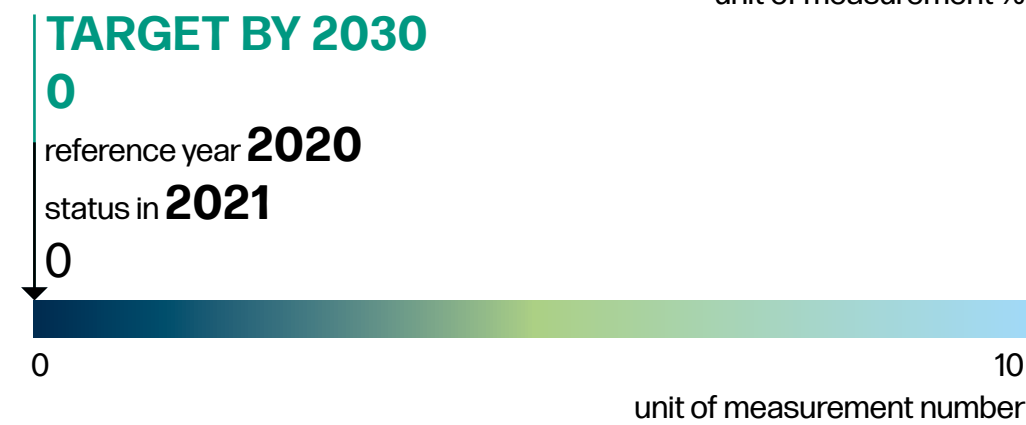
**B** 100% of waste sent for recovery and not sent to landfill



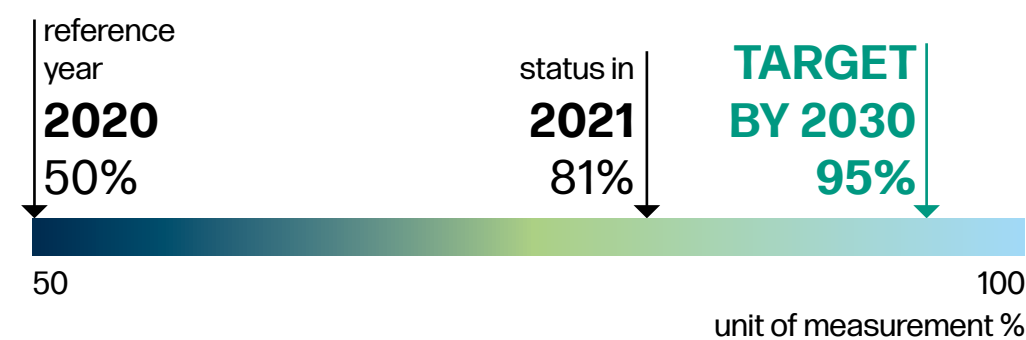
**C** 95% clean water returned to the environment



**D** Zero cases of water pollution



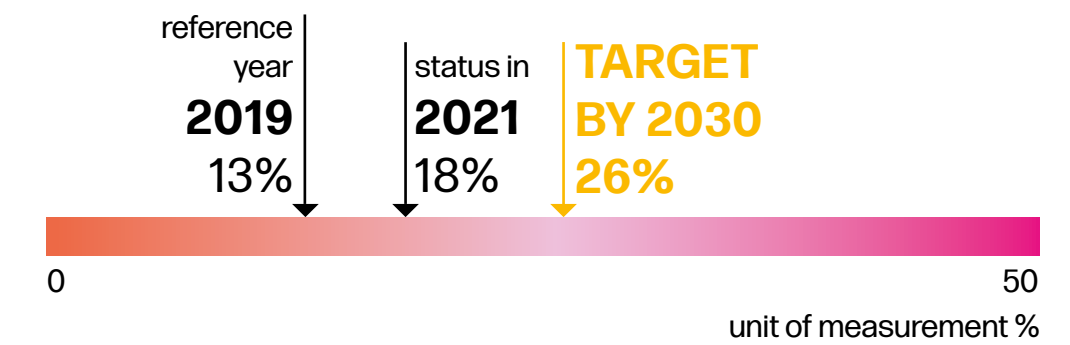
**E** 95% of the supplier base also qualified according to ESG criteria



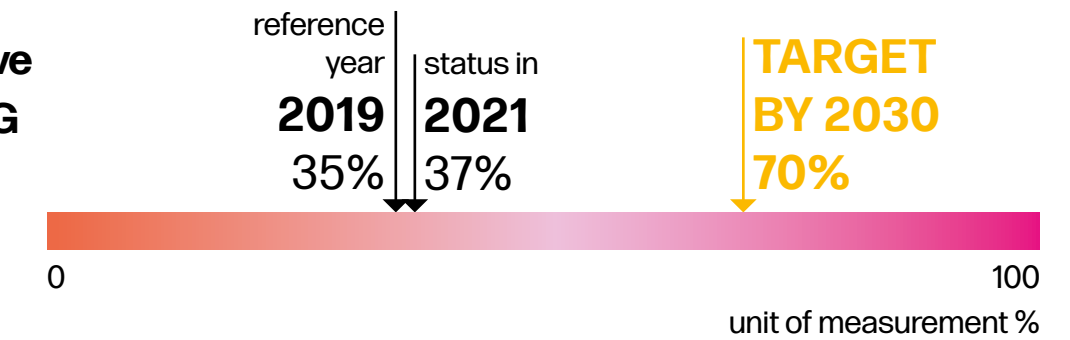
## Product Development

### ESG targets by 2030

**F** +50% volume of specialty papers with advanced ESG features (from 13% to 26%)



**G** +50% volume of self-adhesive materials with advanced ESG features (from 35% to 70%)



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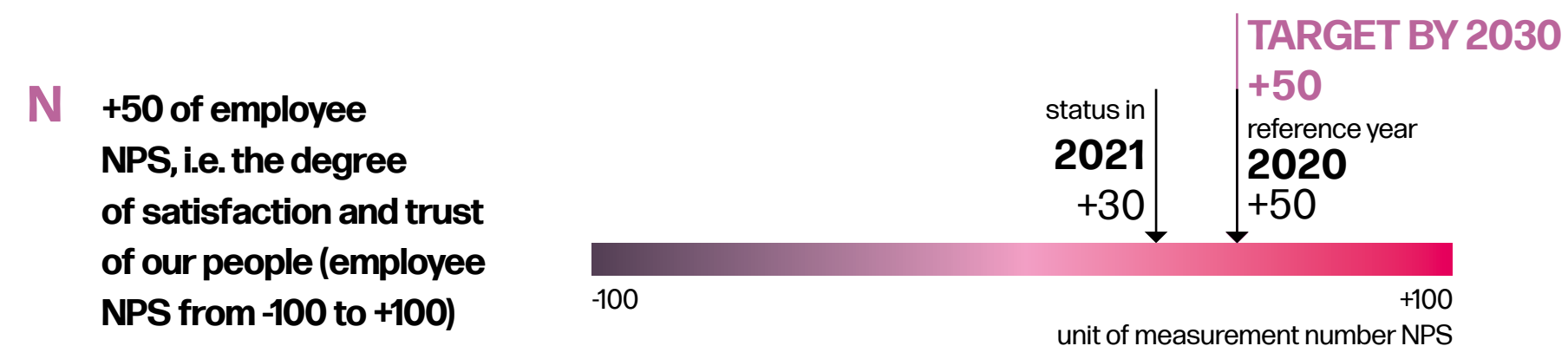
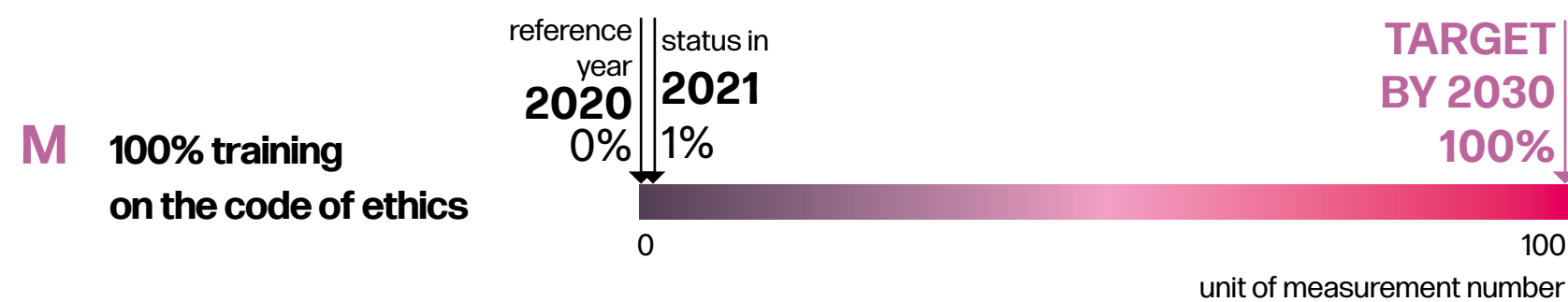
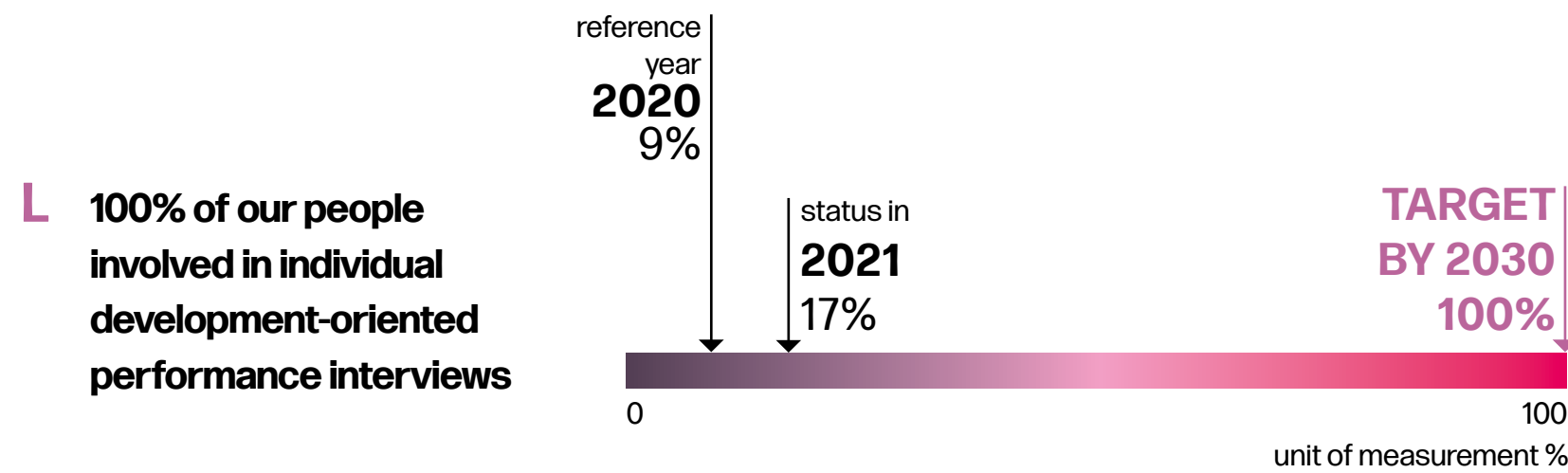
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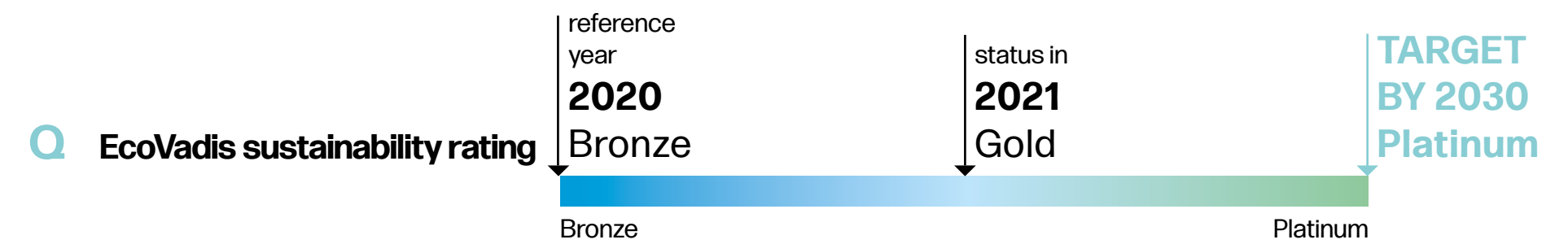
## Social and Governance

### ESG targets by 2030



## Transparency and Endorsement

### ESG targets by 2030



A wide-angle photograph of a large industrial factory interior. The ceiling is high with a corrugated metal structure and several rows of lights. The floor is a polished concrete. On the left, there are metal railings and walkways. In the center and right, there is a complex line of industrial machinery, including what appears to be a large blue machine on the right. A large, semi-transparent white arrow graphic points from the left towards the right, overlaid on the machinery. The text "Making Circular" is written in a bold, black, sans-serif font across the middle of the image, partially overlapping the arrow.

# Making Circular

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## Risk management, including water and climate change (TCFD)

In 2021, we began the process of adopting a structured, integrated risk management system that also reflects the guidance of the Task Force on Climate-related Financial Disclosures (TCFD) promoted in 2015 by the Financial Stability Board (FSB) to monitor the impact of climate change on financial markets and became, for all intents and purposes, part of Enterprise Risk Management.

The TCFD is a framework for identifying, assessing, managing, and monitoring risks and related methodological tools, which allows us to map potential risks related to achieving our strategic objectives. Risks have been identified with the support of the Group Risk Model and assessed in terms of probability of occurrence, impact, and maturity of the risk management system.

The main risks identified fall into the following four categories: Strategic Risks, Financial Risks, Legal and Compliance Risks, and Operational Risks.

The ESG issues were found to span across the above risk categories. The main sustainability challenges that emerged from the risk assessment relate to the following:

- Reducing CO<sub>2</sub> emissions
- Waste recovery
- Increasing customer focus on sustainable products
- Monitoring and adapting to regulatory changes in terms of ESG
- Managing extreme weather events and natural disasters

## ERM governance model

The ERM governance model has been established in line with the best global benchmarks. It assigns the task of coordinating and facilitating the ERM process to the Internal Audit & Compliance department, the role of supporting the CEO in decisions related to the ERM system to the Executive Committee, and the task of supporting the Board in developing risk control activities to the Audit & Risk Committee.

For Fedrigoni, risk management is part of the broader scenario of *Making Progress*, since every risk identified and managed becomes an opportunity for growth and achieving results that create an impact.

The table below summarises what we are doing with regard to the TCFD requirements on governance, strategy, risks, and metrics:

## TCFD requirements

### Fedrigoni's approach

#### Governance

- Our CEO is the prime sponsor of the risks and opportunities associated with climate change and the need for an affordable energy transition.
- The Executive Committee is responsible for developing and executing the ESG strategy by 2030, including the energy transition strategy with our contribution to reducing CO<sub>2</sub> emissions. Each quarter an in-depth section of the ExCo meeting is devoted to addressing ESG issues in greater depth.
- Monthly meetings (Sustainability Checkpoint) between the CEO, CSO, and Head of Group Sustainability.
- Monthly meetings (Transformation Review) with the entire Leadership Team to track ESG performance.
- Monthly Sustainability Team meetings to ensure that the ESG initiatives are implemented effectively.
- In 2022, we will hold two meetings dedicated to analysing the results of the Materiality Matrix update and our CO<sub>2</sub> emissions strategy.

#### Strategy

- We have adopted a medium-term strategy by 2030 (-30% absolute CO<sub>2</sub> emissions Scope 1 + 2) and a long-term strategy by 2050 (carbon neutrality).
- Both strategies are aligned with the commitments made in the Paris Agreement in 2015 and the Sustainable Development Goals (SDGs).
- We are working on our Scope 3 reduction target.

#### Risk management

- A new department to strengthen and manage compliance and audit issues: the Group Compliance Officer & Chief Internal Auditor, reporting directly to the CEO, contributes to supporting the Group's ESG activities in coordination with the other corporate departments.
- In 2021, we did our first Transition Risk mapping under the new Enterprise Risk Management.
- We have developed the first Physical Risk mapping related to climate change (Climate Change Risk Assessment) for our production sites.

#### Metrics and targets

- Our medium-term strategy by 2030 calls for a 30% reduction in absolute CO<sub>2</sub> emissions, Scope 1 + 2.
- Our long-term strategy by 2050 calls for carbon neutrality.
- In the short term we are also developing the Scope 3 emission reduction target that is aligned to the Science Based Target methodology (as was done for Scope 1 + 2).
- All metrics are reviewed every month (Transformation Review and Sustainability Checkpoint) with top management and the Board of Directors in order to most effectively monitor the projects and lines of action that will lead to the agreed reductions.
- ESG objectives are part of all managers' MBOs. The current weighting, between 5% and 10%, will be increased to 25% in 2022.

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## Mapping climate risks

In 2021, we mapped our physical risks related to climate change for the first time. The analysis is based on climatology data and is in line with TCFD guidelines and conducted with the support of a third party (sources: IPCC, NASA, World Meteorological Organization), environmental risks (sources: World Resource Institute, Acqueduct) and global economic data (sources: The World Bank, World Economic Forum, Trucost). The criteria for this analysis include detailed projections of change in extreme events such as rainfall intensity and frequency, high temperatures, historical tropical cyclone activity, coastal flooding, drought and water stress, and forest fire potential. The analysis focuses on extreme weather impacts (e.g. tropical cyclones) which occur today and other medium-term climate impacts. For each climate change risk category, five risk levels were taken into account (from no exposure to existing risk). Below are the first exposure results for our production sites (time horizon 2030-2040).

We are doing further site-specific mapping at all exposed locations with the support of local experts. We will spend 2022 exploring how to reduce exposure levels at our sites and assessing further analyses.

#### % of our production sites exposed to the various climate risks mapped

Heat waves	Floods	Water stress	Earthquakes	Fires	Hurricanes and typhoons	Sea level rise
59%	41%	35%	29%	18%	0%	0%

## European taxonomy

In 2020, the Technical Expert Group on Sustainable Finance (TEG) published the final report on the European Taxonomy, the new common EU-wide classification of economic activities that can be considered environmentally sustainable. At Fedrigoni, we are excluded from reporting which, for now, does not apply to companies that do not fall within the scope defined by Legislative Decree 254/2016. In the coming months, the progressive evolution of the European Regulation will be monitored for future reporting.

## Cybersecurity

Cybersecurity is a risk element that companies in all sectors face. Our focus on this issue has intensified in recent years, partly in response to the increasing complexity and frequency with which cyberattacks are being waged against national and international companies. Since 2019, we have established a cybersecurity strategy with the following aims:

- Creating an organisation-wide awareness of the importance of cybersecurity through communication campaigns on the main corporate channels (Workplace, email, monitors at plants).
- Identifying the main cybersecurity risks for the business.
- Assessing the maturity level of the cybersecurity control system in relation to the international framework (NIST).
- Identifying the areas of intervention and mitigation actions to reduce the risks of cyberattacks, drawing up a multi-year cybersecurity transformation plan.

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In 2021, we further bolstered our ability as a Group to respond to cyberattacks and took out an **insurance policy against cyber risks**.

At Fedrigoni, the Group IT Security Manager reports directly to the Group Chief Information Officer (who is a member of the Executive Committee).

Cybersecurity issues are periodically shared with the Board of Directors.

In order to cope with ever-increasing cyber risks, the actions of our cybersecurity reinforcement programme are reviewed and adapted annually, and focus on four main areas of action:

- **Culture:** raising awareness and training all employees on cybersecurity issues.
- **Organisation:** increasing the supervision of cybersecurity issues from the point of view of the number of dedicated resources and skills required.
- **Processes:** defining and structuring the governance of activities, processes, and procedures in the cyber sphere (examples: vulnerability management, incident management, and patch management).
- **Technologies:** adopting integrated technological security solutions (examples: SIEM, Endpoint Detection and Response, WAF) and improving the effectiveness of existing ones.

### Our stakeholders

At Fedrigoni we aim to facilitate interactions and relationships of trust with all our stakeholders. **Below are our standard ways of engaging** with each category of stakeholder.

First of all, there are our **employees** - the true soul and driving force of the company and the ambassadors of the Fedrigoni brand around the world - who are involved in creating an ever-improving working environment. Then there are the shareholders and the Board, i.e. the private equity fund and the family shareholders. They are constantly at our side to help us achieve our ESG performance targets. Our customers are fundamental: we maintain constant contact with them as we are linked by a mutually stimulating relationship and partnership to achieve common goals. Another key factor is our relationship with the **financial community** and investors to whom we regularly communicate our ESG performance and the material issues on which we intend to act. Likewise, we must not forget the **institutions and local communities** in which we operate. Finally, there are the **suppliers** who are increasingly essential players in helping us achieve ESG targets, including the energy transition.

### Initiatives with our stakeholders

#### Internal



#### Employees

- Business climate surveys;
- Opportunities for development plans;
- Involvement in the Sustainability Team;
- Two-way communication on company social networks;
- Environmental initiatives during working hours;
- Showrooms in corporate spaces displaying the finished products of customers who use our papers and labels.

#### External



#### Customers

- Regular meetings to boost our customers' creativity;
- Involvement in updating the materiality matrix;
- Net Promoter Score Paper customers (61/100 in 2021), third-party verified;
- Net Promoter Score Self-Adhesives customers (67/100 in 2021), third-party verified;
- Fedrigoni Boutique;
- Fedrigoni Top Award, since 2005 our biggest celebration of craftsmanship and creativity. This is the only award in the world dedicated to graphic designers, printers, and brands who win as members of a single project team.



#### Suppliers

- Workshops with suppliers of energy, materials, and machinery to find solutions with lower CO<sub>2</sub> impact.



#### Shareholders and the Board

- Quarterly disclosure of key ESG performance;
- Involvement in updating the materiality matrix.



#### Financial Community

- Quarterly disclosure of our key ESG performance;
- Involvement in updating the materiality matrix.



#### Institutions and local communities

- Environmental initiatives to support the community during working hours;
- Drawing Festival;
- All of the Fedrigoni Fabriano Foundation's activities;
- Partnership with InspirinGirls International, an international NGO that connects girls with female role models from different backgrounds who can encourage them to follow their own inspirations, free from stereotypes;
- Support to ProInfants, a Spanish non-profit organization for children active in India and South America.

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## The Materiality Matrix

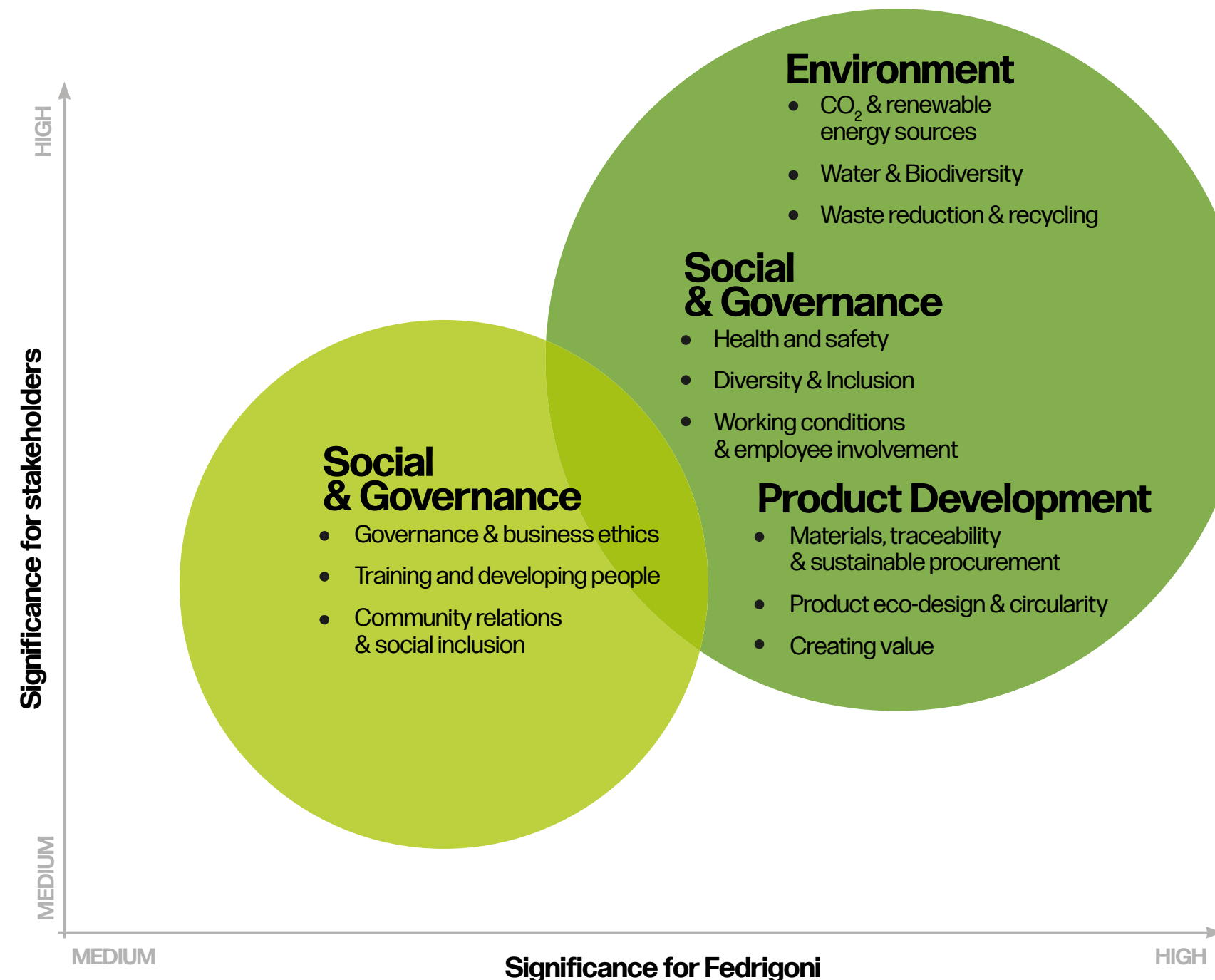
The Materiality Matrix is a representation, on a Cartesian plane, of the sustainable development issues most significant to us and our stakeholders. Presented on a Cartesian plane. The first Matrix was published in 2020 and updated at the end of 2021, directly involving our most relevant stakeholders, with third-party support to ensure the integrity of the process.

The methodology used to collect relevant information was different for the three reference clusters: the Leadership Team, the group of Fedrigoni managers including the Executive Committee; a selection of brands and customers representing sustainability issues; a selection of shareholders and investors interested in the Group's ESG progress.

In general, the input from the different groups was gathered through direct discussions during dedicated days or one-to-one meetings.

The results obtained have enabled us to update our Materiality Matrix, which confirms our ESG policies and objectives by 2030 and makes clearer the four focus areas on which we are going to concentrate our efforts: energy from renewable sources, traceability of materials, biodiversity, and social inclusion.

Stakeholders	Ways of involving stakeholders	Purpose	Emerging priorities
<b>Leadership Team</b> Around 50 Group managers, including the Executive Committee, selected to accelerate the implementation of the ESG strategy.	Discussions during two days of leadership training.	Measuring the level of internal knowledge about our strategies and their action priorities.	<ul style="list-style-type: none"> <li>• Climate change</li> <li>• Health and safety</li> <li>• Product life cycle</li> <li>• Water</li> <li>• Sustainable procurement</li> </ul>
<b>Brand and customers</b> Representative panel of brands and customers that are especially mature on sustainability issues.	Discussing our ESG 2030 strategy and initiatives in place to increase the advanced ESG features of our products.	Getting an insight into our strategy and confirming the challenges on which we need to accelerate.	<ul style="list-style-type: none"> <li>• Climate change and electricity from renewable sources</li> <li>• Water and biodiversity</li> <li>• Traceability of materials and circularity</li> <li>• Social inclusion</li> </ul>
<b>Shareholders and investors</b> Representative panel of shareholders interested in our ESG performance.	Comparing our ability to communicate our ESG 2030 strategy to the market and the progress we have made.	Receiving confirmation of short- and medium-term areas of interest for the world of finance.	<ul style="list-style-type: none"> <li>• Absolute CO<sub>2</sub> emissions data</li> <li>• Transparency and data quality</li> <li>• Social inclusion</li> </ul>



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### Global Compact: where we are making a difference

In 2021 Fedrigoni officially joined the United Nations Global Compact, the pact that put together the 2030 Agenda.

As a result of this membership, the Group now uses the SDG Action Manager, the UN Global Compact's tool for objectively measuring the company's commitment to social and environmental issues, stakeholder engagement and governance, supply chain management, tax and government affairs practices and, of course, the integration of the 17

Sustainable Development Goals (SDGs). The findings showed that Fedrigoni is positioned above the Italian average in its sector. The SDG Action Manager helped us to confirm the 6 SDGs, which also emerged from the Materiality Matrix update, where we want to make a difference through our direct contribution. We are committed to reporting regularly on the progress of all our initiatives.

For further information:  
[www.unric.org/it/agenda-2030](http://www.unric.org/it/agenda-2030)



### The breakdown of generated and distributed value

The generated and distributed value is the **direct economic value generated (revenues)** and the **distributed economic value** (operating costs, employee salaries and benefits, payments to capital providers, payments to the government per country and community investments), as defined by the Global Reporting Initiative (GRI). It is, therefore, the wealth that the company generates and redistributes in various forms to stakeholders. In 2021, we generated and distributed €1,582,830, allotted among the different corporate stakeholders as follows:

€	2020	2021
<b>Economic value generated</b>	1,356,186	1,689,896
<b>Economic value distributed</b>	1,325,504	1,582,830
Value allotted to employees	1,011,684	1,239,874
Value allotted to capital providers	208,589	249,218
Value distributed to capital providers	76,203	68,464
Value allotted to the public authorities	28,026	24,483
Value allotted to the shareholders	0	0
Value allotted to the community	1,002	791
<b>Value retained in the company</b>	<b>30,682</b>	<b>107,066</b>

No contributions were made to lobbies and/or political organisations.

<sup>3</sup>Following a refinement of the calculation methodology, the figures for 2020 have been restated with respect to those published in the previous Sustainability Report. It should be noted that costs of approximately €800,000 were incurred in 2021 for membership fees (approximately €200,00 in 2020). It should also be noted the following breakdown for corporate citizenship activities carried out in 2021: 75% commercial initiatives, 24% investments for the community and 1% donations.



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## The taxation

The Fedrigoni Group contributes through its activities to the tax revenues of various jurisdictions, thus promoting the economic and social development of these countries, operating in compliance with the principles of legitimacy in both form and substance with regard to fairness, compliance with the rules, transparency, clarity and truthfulness of accounting, production and management records, in accordance with the literal meaning and underlying rationale of the regulations in force and the company procedures designed to ensure their application and control over time, as well as the provisions of the Code of Ethics.

The Group ensures compliance with the principles of conduct aimed at guaranteeing (i) the integrity of the share capital, (ii) the protection of creditors and third parties who establish relations with the Group companies, (iii) the regular performance of the market, (iv) the exercise of the duties of public supervisory authorities and, in general, (v) the transparency and correctness of the activities carried out, both from an economic and financial point of view.

Fedrigoni pays careful attention to compliance with current tax regulations in order to adequately meet the expectations of its stakeholders, including the government, shareholders, employees, and the communities in which the Group operates.

Fedrigoni has adopted a tax strategy that illustrates all the approaches and objectives adopted by the Group to manage taxation, also aiming to ensure uniform tax management in all Group entities by issuing globally recognised principles. In addition, guidelines have been defined to ensure compliance with tax and fiscal regulations and to ensure the Group's capital and reputational integrity over time.

Specifically, the tax strategy pursues the following objectives:

- Managing the tax variable while protecting the interests of all stakeholders;
- Always operating in compliance with tax regulations with regard to both the literal meaning of the rules and the underlying rationale, monitoring and overseeing new legislation, including through regular consultations with tax consultants, as well as with the relevant institutions at national and international level, where necessary;
- Making decisions on tax matters in line with national and international best practices, as well as consistent with its strategic objectives and risk appetite;
- Promoting professional due diligence in handling tax-related activities and processes, as also set out in the Code of Ethics, and ensuring that the relevant procedures are appropriate;
- Providing appropriate technical training to all employees involved in handling tax-related obligations and activities;
- Establishing thorough, accurate information flows to management bodies and tax authorities;
- Encouraging the development of constructive, professional and transparent relations with the Tax Authorities based on the concepts of integrity, cooperation and mutual trust;
- Adopting a group transfer pricing policy based on the principles of normal value and free competition which is in line with the arm's length principle defined by the OECD guidelines, preparing the appropriate transfer pricing documentation in accordance with the OECD Transfer Pricing Guidelines (i.e. Master File, Local File, and Country-by-Country Report);

- Consistently and adequately assigning roles, responsibilities and powers to staff involved in processes that have tax implications so as to ensure proper management of tax risk and minimise the possibility of disputes;
- Not making investments in or through tax havens or low-tax jurisdictions for the sole purpose of obtaining undue tax advantages or structures designed for tax avoidance.

In the organisational model, the management of regulatory compliance and tax planning activities at local level is supervised and coordinated by the Parent Company's Tax Management department. This department also monitors the development of tax legislation in the various countries the Group operates in so as to minimise any material impact in terms of tax risk in accordance with the Group's Tax Strategy.

Finally, Fedrigoni is committed to maintaining a cooperative, transparent relationship with the tax authorities of the countries where it does business, ensuring that they have a full understanding of the facts underlying the interpretation/application of specific tax laws. The Board of Directors has approved the Group's tax strategy, assuming responsibility for ensuring that it is known and applied, in conjunction with the specific task of disseminating the culture and values underlying it.

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Country	Resident entity names	Main activities	No. of employees	Revenues from sales to third parties	Intra-group revenues	Pre-tax profit/loss	Tangible assets other than cash and cash equivalents	Income taxes paid (cash basis)	Income taxes accrued on gains/losses
				Euro/1,000	Euro/1,000	Euro/1,000	Euro/1,000	Euro/1,000	Euro/1,000
Italy	Fedrigoni SpA; Gruppo Cordenons SpA; Magnani 1404 Srl; Pulp JV; FASE Srl	Production and distribution of specialty graphic papers	1,515	467,674	164,646	-3,475	687,327	9,886	1,194
	Ritrama SpA; Polifibra 2011 SpA; Arconvert SpA;	Production and distribution of adhesive and anti-adhesive products	731	350,937	112,018	42,323	326,648	1,336	2,572
	Miliani Immobiliare Srl;	Property management	0	0	0	-231	1,915	28	0
Spain	Arconvert SAU;	Production and distribution of adhesive and anti-adhesive products	414	261,749	37,057	36,267	103,208	8,837	8,424
	Fedrigoni Espana SL	Distribution of specialty graphic papers	32	26,263	16	300	6,338	79	228
United Kingdom	Ritrama UK;	Production and distribution of adhesive and anti-adhesive products	78	55,092	5,869	2,719	25,055	499	720
	Fedrigoni UK LTD	Distribution of adhesive and anti-adhesive products	39	28,349	161	437	7,064	115	299
USA	GPA Holding company INC; GPA Acquisition company LLC;	Distribution of specialty graphic papers, adhesive and anti-adhesive products	127	90,894	0	875	56,283	190	646
	Acucote INC. Extra Port INC.	Production and distribution of adhesive and anti-adhesive products	136	33,886	0	2,440	43,851	500	93
Brazil	Arconvert-Ritrama do Brasil LTDA; Ritrama Autodesivos LTDA	Production and sale of adhesive and anti-adhesive products	157	74,254	2,215	3,275	52,465	1,529	1,669
Chile	Ritrama SA Chile	Production and distribution of adhesive and anti-adhesive products	156	33,598	36,962	4,414	32,910	925	801
Mexico	Venus America SA de CV; Rimark SA de CV;	Production and distribution of adhesive and anti-adhesive products	167	27,122	2,215	2,444	36,383	723	140
	Servicios de Personal Rolosa; Industrial Papelera Venus SA de CV.								
Germany	Fedrigoni Deutschland GMBH; Cartamano Deutschland GMBH.	Distribution of specialty graphic papers	51	31,980	1,431	378	9,072	82	255
France	Fedrigoni France Sarl	Distribution of specialty graphic papers	45	30,170	158	419	9,344	58	643
Austria	Fedrigoni Austria GMBH	Distribution of specialty graphic papers	2	0	41	39	22	2	2
Ecuador	Distribuidora Ritrama Ecuador Disritrec SA	Distribution of adhesive and anti-adhesive products	8	3,692	0	16	3,128	26	24
Peru	Ritrama Perù	Distribution of adhesive and anti-adhesive products	9	4,918	0	-83	4,581	157	0
Costa Rica	Ritrama Costa Rica	Distribution of adhesive and anti-adhesive products	13	2,486	201	17	1,905	-2	0
Colombia	Ritrama SAS	Distribution of adhesive and anti-adhesive products	15	5,660	0	-173	4,020	5	0
Guatemala	Ritrama Guatemala	Distribution of adhesive and anti-adhesive products	4	1,389	0	-23	783	0	0
Dominican Republic	Inversiones San Aurelio SRL; Ritrama CARIBE Srl	Distribution of adhesive and anti-adhesive products	15	5,697	1,357	176	4,867	21	15
China	Ritrama (Hefei) Pressure Sensitive Coated Materials Co.Limited	Production and distribution of adhesive and anti-adhesive products	95	25,453	2,795	-1,420	20,688	-975	0
	Fedrigoni ASIA LTD; Fedrigoni Trading CO LTD	Distribution of specialty graphic papers	43	13,796	196	64	9,680		0
South Africa	Ritrama Converting (PTY) LTD	Distribution of adhesive and anti-adhesive products	0	5,978	0	1,254	4,005	-94	0
Poland	Ritrama Poland	Distribution of adhesive and anti-adhesive products	24	13,048	0	77	6,582	23	106
Belgium	Fedrigoni Benelux BVBA	Distribution of specialty graphic papers	12	8,719	37	113	3,179	0	99
Bangladesh	Fedrigoni Bangladesh LTD	Distribution of specialty graphic papers	2	0	0	-5	0	0	0
Indonesia	PT Fedrigoni Indonesian Trading	Distribution of specialty graphic papers	3	55	0	-89	573	0	1
<b>Total</b>			<b>3,893</b>	<b>1,602,857</b>	<b>367,375</b>	<b>92,547</b>	<b>1,461,876</b>	<b>23,951</b>	<b>17,932</b>

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**Target E**  
**ESG 2030**  
**target E**

### Sustainable procurement

For us, sustainable procurement means ensuring that the products and services we buy have the lowest possible environmental impact and a positive social impact. At the heart of this we want a partnership relationship with our suppliers that is based on shared values and objectives and collaboration to develop shared areas for improvement based on specific, measurable initiatives.

We have dedicated our ESG 2030 target E to sustainable procurement, a theme that intersects with Governance and Environment.

#### The SDGs where we're making a difference



**E**  
**95% of the supplier base also qualified according to ESG criteria, starting at 50% (base year: 2020)**

The following tables show the expenditure trends for direct materials by type of supply and geographical area:

Expenditure by type of supply*	2019	2020	2021
Chemicals	23%	24%	25%
Pulp	32%	20%	22%
Paper (face and liner)	27%	32%	30%
Film (face and liner)	4%	15%	16%
Packaging	5%	4%	4%
Other	10%	6%	2%
Total	100%	100%	100%

\*The packaging category data for 2019 is a budget value, 2020 and 2021 are actual data. The following scope of consolidation is specified: in the reporting of data for the three-year period, the company GPA Holding Company Inc. is always excluded. In 2019 and 2020, the companies Arconvert Brazil and Fedrigoni Brazil (sold in 2021) are excluded. In 2021, IP Venus and the Bollate plant are excluded for the Security segment. From 2020, Ritrama is included in the data reporting scope following its acquisition. The change in the weight of the Pulp category from 2019 to 2020 and 2021 is attributable to the increase in total expenditures.

Expenditure by geographical area (consumer establishments)*	2019	2020	2021
Europe	100%	92%	88%
South America	-	5%	9%
Northe America	-	0%	0%
Asia	-	3%	2%
Total	100%	100%	100%

\*The following scope of consolidation is noted: in 2019 the data for Arconvert Brazil and Fedrigoni Brazil are not reported. GPA Holding Company Inc. is always excluded from the reporting of data for the three-year period.

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In terms of expenditure, in 2021 81% of expenditures have a sustainability score valid in the last 24 months (target of 95% in 2030).

In 2021, we introduced several changes in the steps of the procurement process. We report the most significant advances.

#### New supplier code of conduct

Supplier Code of Conduct: since 2021 we require 100% of our suppliers (through Purchase Orders) to adhere to the document that summarises our expectations in terms of conducting business and complying with the best regulations, policies, and sustainability initiatives. The Code takes into account the principles expressed by the UN Global Compact with a commitment by suppliers to:

- Adopt an environmental, social and governance performance management system.
- Respect human and workers' rights.
- Respect environmental and worker safety conditions in the workplace.
- Minimise the environmental impact of the business.
- Conduct business in an ethical manner.

In 2022, business continues with the suppliers of the companies acquired in the second half of 2021.

#### In all Group companies

▪ Introduction of the Group Sourcing Policy with specific sustainability requirements within the procurement process that requires the use of certified (FSC) fibrous raw materials (pulp, paper and cotton), and the fulfilment of certain requirements to measure the sustainability of our supply chain.

In 2022, business continues with the suppliers of the companies acquired in the second half of 2021.

▪ Revision of the **General Purchasing Conditions** containing a direct reference to the Suppliers' Code of Conduct and sustainability aspects in the way the supply is conducted. All orders and purchasing contracts are governed by the General Terms and Conditions.

In 2022, business continues with the suppliers of the companies acquired in the second half of 2021.

▪ New **Strategic Sourcing Process** with actions in the area of Business Requirements Analysis, Supply Base Assessment, Sourcing Strategy Development, Scouting & Benchmarking, Sourcing Execution, Negotiation & Business Award. ESG aspects such as volume allocation criteria, strategy evaluation criteria, and supplier evaluation criteria have been included in this document.

In 2022, business continues with the suppliers of the companies acquired in the second half of 2021.

▪ **Implementation of the Ecovadis Platform:** the "CSR ratings" enable a third-party assessment of a supplier's "ESG merit" in order to jointly define improvement plans. In terms of expenditures in 2021, 81% of expenditures have a valid sustainability score in the last 24 months.

In 2022 we will also implement the second module of the Ecovadis Procurement Platform which is called 'IQ'. This module allows us to assess the supplier's ESG risk in relation to the country and specific industry and then define the overall risk, also taking into account the supplier's strategic role within our company. These requirements will influence the choice of products and services to be purchased: all things being equal, the higher the ESG rating, the more likely Fedrigoni will choose that supplier.

The main initiatives planned and implemented in 2021 for a sustainable supply chain

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#### For all major product categories

- **Implementation of a quarterly monitoring system of the ESG coverage indicator** of expenditures, i.e. how many suppliers/associated expenditures have been covered by an ESG assessment. From 50% in 2020, we ended 2021 with 81% of Fedrigoni suppliers also assessed according to ESG criteria (all scoring above the Ecovadis average).

In 2022, we will define the thresholds for assessing supplier scores.

#### Training & workshops

- **Roundtables with more than 40 suppliers** in order to encourage their participation in the initiative led by **Ecovadis**, telling them about the benefits of the project and using the platform
- **Workshops** with the main suppliers of raw materials, energy (methane gas and electricity), and machinery for producing paper and self-adhesive materials in order to stimulate technically feasible and economically affordable solutions (29 suppliers involved, 15 product categories, 580 people for a total of 4,640 hours invested).
- **ESG training of the entire Procurement Team** in order to have buyers aware, trained, and sensitised to ESG issues and related risks and opportunities
- **5% of MBO linked to the achievement of sustainability targets** for the entire Procurement Team workforce with a Management by Objective (MBO) mechanism.

In 2022 we will continue with new workshops.

#### Supplier classification

- Since 2019, Fedrigoni Group suppliers are classified into 5 categories: Strategic, Preferred, Non Recurring, Commercial Supplier, and Intercompany. This provides visibility into the type of business relationship and its subsequent evolution.
- A second classification completes the picture from an expenditure point of view:
  - CO= Commodity Supply. Easily replaced, numerous competitors, low value of supply.
  - DU=Dual Sourced, several suppliers are qualified for the same supply, a change of supply can take effect immediately.
  - SI=Single Sourced, there are several suppliers in the market for the same product, however, only one supplier is approved for that specific product, a change of supply can take between 1 and 6 months.
  - SO= Sole Sourced, only one supplier is active and qualified, there are no alternatives available, a change of supply has a timeframe of more than 6 months.

#### At all Group sites

- Introduction of Impact, the **Eco-Design Tool** for calculating the water and energy balances and the carbon footprint of our product families throughout the life cycle (**Life Cycle Assessment**).
- **Measurement of the Group's Carbon Footprint** detailing our direct emissions (Scope 1), indirect emissions from electricity use (Scope 2), and indirect emissions related to the transport of raw materials, fuels, products, and people (Scope 3).

In 2022, we will also activate Green Sourcing initiatives for purchasing energy produced from renewable sources to offset our Scope 2, i.e. indirect energy emissions (methane gas and electricity) and paper and self-adhesive materials production machines in order to push solutions that are technically feasible and affordable.

Also in 2022, we will set up reward mechanisms and on-site audits of our suppliers to verify ESG compliance and define any necessary improvements.

The main initiatives planned and implemented in 2021 for a sustainable supply chain

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The paper industry is among the oldest in the world and has enabled ideas and knowledge to be spread which is the cornerstone of human progress. Even today, in the digital age, it continues to be an important multiuse material, which we have especially linked to the concept of creativity and exclusivity.

It is also an industry that has an important environmental impact, particularly in relation to the use of primary resources. This is why environmental issues are at the heart of corporate and social responsibility for a company like Fedrigoni. The environment is our biggest challenge, a key aspect of our way of doing business, requiring us to make choices every day in which we reaffirm our commitment to manufacture in an increasingly circular and sustainable way. We have identified four specific, material issues to which we are committed with clear initiatives and measurable targets. They are:

- Raw materials
- Water
- Energy and emissions
- Waste

The environment is also the focus of our first four ESG targets by 2030, which cover water management and our carbon footprint.

The SDGs where we're making a difference



**A**  
**-30% of absolute carbon dioxide emissions, Scope 1+2**

**B**  
**100% of waste sent for recovery and not sent to landfill**

**C**  
**95% clean water returned to the environment compared to base year 2019**

**D**  
**Zero cases of water pollution**

**Target**  
**ESG 2030**  
target A, B, C, D

# Material Progress



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### Raw materials

Producing **high quality** papers and self-adhesive materials means paying special attention at every stage of our processes, starting with the choice of the main raw materials, which are pulp, paper, chemicals and films. Nowadays, we believe that high quality cannot be achieved without reducing the environmental footprint in the production of all our products. The quantities used can be found in the section "Sustainable procurement" above.



The main types, used in different mixes based on the final features of the paper, are softwoods such as European or Canadian softwoods, hardwoods (eucalyptus, maple, birch, poplar, and hardwoods), and mixed fibres. The raw materials also include a small percentage of cotton used for art paper.

Fedrigoni owns no forests and has no direct access to pulp but buys from controlled and certified plantations, and our procurement system is only through **qualified, verified suppliers**.

For many years, the use of timber from forests has been subject to regulations and involves the reforestation of areas used for production. The production of paper is subject to certification showing that it comes from sources that are managed sustainably for the entire ecosystem, including animals and local communities. One of the most important certification systems is FSC (Forest Stewardship Council).

#### Currently, 100% of our pulp is FSC-certified.

- Since 2014 100% of our pulp is certified by FSC according to two different standards:
  - **Chain of Custody (COC)** is the certification that guarantees the traceability of materials from FSC-certified forests and is essential for applying FSC labels on products.
  - **Controlled Wood (CW)** is a material classified as Controlled Wood, which can be mixed with certified wood when making products labelled as FSC Mixed.
- In 2021 we used 87% COC and 13% CW. Our pulp comes from Brazil (about 50%) and the rest from Uruguay, Chile, Austria, Estonia, Finland, France, Canada, Spain and Sweden.

*In 2022, we will further increase the percentage of pulp from COC, the most stringent certification compared to CW.*

# Pulp



This is the "finished" paper purchased by the Self-Adhesives Business Unit that is not currently produced by the Paper Business Unit.

The two main sub-categories are:

- **Glassine:** These are the paper-based backings used as the backs to make the self-adhesive label material. It is the non-functional part that is subsequently removed and discarded by the end-user. **We have developed end-of-life glassine recovery solutions at our printer customers (details in the "Waste" section);**
- **Face papers:** These are the paper-based facings used as the "front faces" to make the self-adhesive label material. It is the part that is subsequently printed and used by the end-customer. There are different types of face papers such as coated papers, thermal papers, and specialty papers which are used for high value-added labels in the wine industry (these are purchased from Fedrigoni Paper).

# Paper

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These are all the chemicals used by the Self-Adhesives Business Unit and the Paper Business Unit. The main sub-categories are as follows:

- **Adhesives:** They represent the key know-how of the Self-Adhesives Business Unit. They can belong to different families (acrylic, hotmelt, solvent and UV-crosslinked) and be of different types (permanent, semi-permanent, removable and ultra-removable, including wash-off). They can be bought 'ready-to-use' or as raw materials to be 'formulated' at the Group's plants according to specific coating technologies and product quality requirements;
- **Silicones:** These are inorganic polymers that can be from different families (solvent-free, water-based solvents and UV-crosslinked) and, depending on the latter, undergo the "curing" process (polymerisation). They are used to make the backing non-stick, thus allowing the label to be dispensed;
- **Vegetable starches:** These are used both in the pulp and on the surface as binders to make paper and surface coatings, mainly obtained from maize and potatoes;
- **Dyes and pigments:** These are used both in the pulp (the main body of the paper) and on the surface for specialty papers coatings. They are one of the characteristic elements of specialty papers and are used to give the various colour and pearlescent effects to the paper;
- **Carbonates and kalins:** These are used for the coatings. They are one of the key components to ensure the correct application of the coating on the paper. Carbonates come from Italy and Austria when needed (due to plant downtime). Kaolins come from Germany and the US.

# Chemical products



Used in the Self-Adhesives Business Unit both as facestock and liner materials.

- **Liner films:** These are the plastic-based liners used as the backs to make the self-adhesive material for labels, which is the non-functional part that is later removed and discarded by the end-user. It is usually either new or recycled PET;
- **Face films:** These are the plastic-based film faces used as the "front faces" to make the self-adhesive labels; it is the part that is later printed and used by the end-customer. They are mainly made of polypropylene and polyethylene and there are various types with different surface finishes (matt, glossy, metallic). Our product range also offers solutions with recycled polypropylene.



These are the different minor categories used by both the Paper and the Self-Adhesives Business Unit, the main sub-categories are:

- **Security elements:** These are the raw materials used to create the security features (both for paper and self-adhesive material), among the most relevant are pigments, inks and holograms;
- **Packaging:** These are the elements used to package the papers and self-adhesive material, the main ones being pallets, boxes, crates and films.

# Films

# Other

A photograph of a water treatment facility. In the foreground, a concrete structure with a metal grate is visible, with water being aerated, creating a white foam. The background shows several large, circular aeration tanks with metal railings. A large, semi-transparent white arrow points from the left towards the right, overlaid on the image. The text "Water Progress" is written in white, bold, sans-serif font across the center of the arrow.

# Water Progress

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## Water

Our business would not exist without water. Paper production uses it at various stages and in various forms.

### Water

- Enables pulp fibres to be mixed, transported, and finally bonded to form the paper sheet.
- Provides process energy in the form of steam.
- Is used in sheet cooling and drying processes.

We approach managing this primary resource, which is important to us but also to the community and the environment, with the **principles of circularity, innovation, and efficiency.**

At paper mills, for example, water abstraction is not the same as consumption because most of the water is returned to the environment. In fact, **more than 90% of the water abstracted is returned to the environment after being recycled several times in the production process and purified of the organic and inorganic substances it contains** (because they are necessary for the process). A percentage of water remains in the sheet, about 6% of the total weight of the main body, and a small part evaporates.

Water consumption in the Self-Adhesives sector is far less important in terms of impact than in paper production. Water is mainly used in the washing stages of the cycles.

To achieve these targets we try to reduce waste by minimising the input of fresh water into production cycles, and to use state-of-the-art techniques in water treatment before reintroducing it into nature.

In order to achieve our targets:

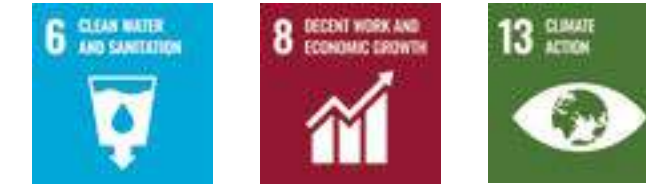
- We optimise fibre recovery treatments at every stage of the process to maximise the amount of water that can be reused in the production cycle.
- We constantly monitor consumption and take action to prevent waste.
- We use techniques such as filtration, sedimentation, and flotation to treat water. 100% of our mills have chemical and physical water treatment and 71% also have biological treatment.
- We manage risks related to regulatory changes (e.g. water rates, abstraction restrictions, discharge standards and discharge fees).

**100%**  
of our paper  
mills have  
chemical-  
physical water  
treatment

**71%**  
of our paper  
mills also have  
biological water  
treatment

**We returned 97%**  
of the water we  
withdrawn (in 2021)

The SDGs where we're making a difference



**C**  
**95% of water returned to the environment (compared to base year 2019)**

**D**  
**Zero cases of water pollution**

**Target**  
**ESG 2030**  
target C, D

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In **2021**, we made the different methodologies for accounting for water abstraction and consumption **more efficient and standardised** and now all our plants use the same procedure and metrics. We will monitor the indicator during 2022 and, if confirmed, we will re-set our target for 2030 next year.



**67% of the Italian Paper sites and 77% of the Self-Adhesives production sites are certified to ISO 14001, the standard for environmental management systems, including water management.**

In line with our 2030 ESG Goal, no water pollution was detected at our production sites in 2021 and there were no conflicts with local communities. In addition, there have been no water-related incidents with substantial impacts in the last four years (more than €10,000).

The table below shows the water abstraction for the Paper Business Unit:

		2019	2020	2021
% water returned to the environment	%	92	100	97
Specific freshwater abstraction*	m <sup>3</sup> /tons of paper	33.5	34.4	32.2
Total freshwater abstraction*	m <sup>3</sup>	16,356,000	14,243,000	15,615,000
Paper production	tons	488,024	413,966	484,575

\*100% fresh water

The table below shows the details of water abstraction in the Paper Business Unit by source (surface water body, well, or public waterworks):

% of total abstracted	2019	2020	2021
Surface water body	32	32	33
Well	68	68	67
Public waterworks	0	0	0

The table below shows the average value in 2021 of the quality of water discharges\* from the Paper Business Unit. This figure is in line with the values indicated by the Best Available Techniques (BAT):

	mg/l	kg/tons <sub>gross weight</sub>	Reference value (BAT no.50)
COD**	52.5	1.6	0.15-1.5 kg/tons <sub>gross weight</sub>

\* No absorbable organic halides (AOX) are generated or added via chemical additives and/or raw materials.

\*\* Chemical Oxygen Demand represents the amount of oxygen required for the complete chemical oxidation of organic and inorganic compounds in a water sample; the absolute COD figure in 2021 was 793.1 tons.

The last table shows the abstractions of the Self-Adhesives Business Unit, which are less significant than in the Paper Business Unit:

		2019	2020	2021
Specific water abstraction	m <sup>3</sup> /m <sup>2</sup> adhesive materials	0.141	0.127	0.128
Fresh water abstraction	m <sup>3</sup>	240,441	225,557	249,652

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## The main initiatives planned and implemented in 2021

As part of our timetable for achieving our ESG targets set for 2030, in 2021 we took several actions to improve our water management capacity, some affecting all our sites and facilities, others specific sites.

#### At all production sites

- In addition to simple, everyday rules that prevent us from taking risks, the Sustainability Charter is based on our pride in being the leading name in the world of specialty self-adhesive papers and materials in terms of performance and aesthetics; a pride that translates into an obsession for detail, especially in production, where we create our products.
- First mapping of climate change risks.
- New internal tool to **calculate the water balance** of our product families throughout their life cycle (from cradle to gate), based on internationally recognised methodologies and reporting standards.
- Project for installing **meters to measure water consumption** at individual process stages with the aim of having increasingly precise monitoring of the various flows extended to all Paper Business Unit plants.

#### Verona site

- The new biological purification plant supplements the purification capacity of the chemical-physical purification plant thus far, and considerably improves the water treatment of this plant. A project is being developed to build a plant for the treatment of paper broke i.e. paper from technical and quality waste in the various production stages, with the aim of reducing the levels of Chemical Oxygen Demand.

#### Arco site

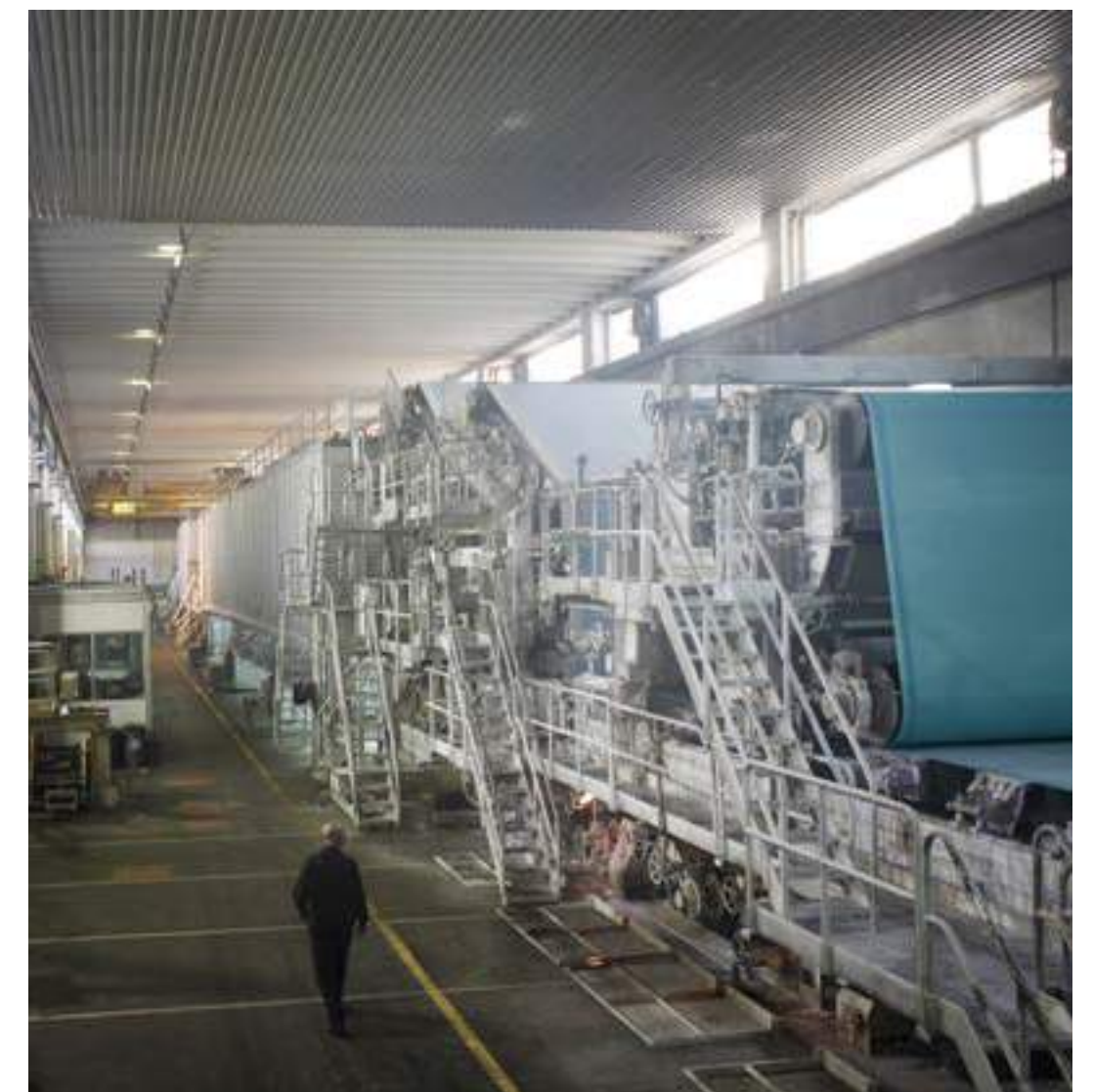
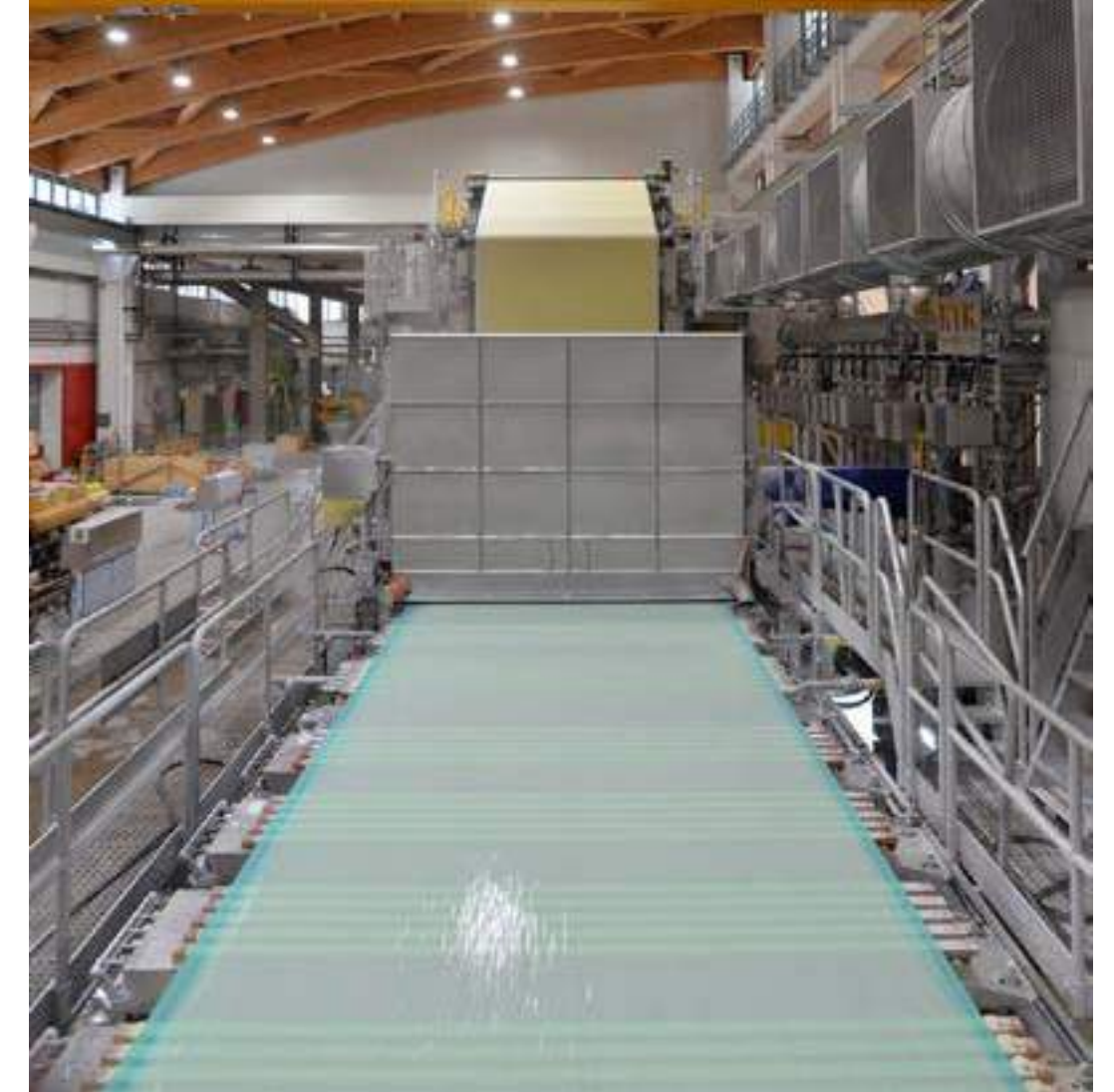
- An extension of the existing biological plant has been built, which will provide a better level of water treatment at the treatment plant.

#### Pioraco Site

- Thanks to the new solid/liquid separator for fibres, which significantly reduces the proportion of fibres released in the process and then conveyed to the purification plant, both the pollutant load and the quantity of sludge produced in the purification stage have been reduced.

#### Fabriano Site

- This historically rich site is now also aiming to be a leader in sustainability: in 2021 the project to install a new headbox on the paper machine will improve fibre retention and thus **reduce the load of pollutants on the process water**.



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## Energy

Along with pulp and water, energy is the key element in our production processes.

Our paper mills have sought to achieve the best possible efficiency by installing turbogas cogeneration machines with recovery boilers, where natural gas has so far been the industrial fuel with the lowest environmental impact. In addition, self-generated electricity enables zero-kilometre consumption, i.e. it is produced where it is consumed, saving the losses associated with transporting it by traditional power lines. The table below shows the consumption of thermal energy needed to produce our papers, which is currently obtained using methane gas in our cogenerators:

		2019	2020	2021
Thermal energy consumption*				
Paper	GJ	4,899,399	4,292,489	5,017,677
Self-Adhesives	GJ	442,405	445,638	513,860

\* Thermal energy net of natural gas combustion efficiencies (conversion rate \*34.9272)

The following table shows the electricity consumption for the two business units:

		2019	2020	2021
<b>Paper</b>				
Specific consumption of self-generated electricity	GJ/ton paper	2.36	2.44	2.36
Self-generated electricity consumption	GJ	1,152,780	1,010,566	1,145,847
Electricity consumption from the grid	GJ	68,208	78,716	43,142
<b>Self-Adhesives</b>				
Specific electricity consumption	GJ/ton adhesive material	0.68	0.67	0.64
Electricity consumption from the grid	GJ	183,140	190,965	183,094

The Group's total energy consumption in 2021 was 5,757,773 GJ (of which 1.1% was renewable energy).

13% of the Italian Paper sites are ISO 50001 certified, the internationally recognised standard for energy management. At 100% of the Self-Adhesives sites there are energy saving procedures in place without external certification.

Our contribution to the use of electricity from renewable sources amounted to approximately 62 GJ through two action levels:

- Self-generated electricity from hydroelectric power plants for internal consumption in Fabriano (San Vittore and Balzette), Pioraco (Pianicella, San Sebastiano, Palazzo), and Varone and self-generated by solar power plant in Verona.
- Electricity purchased through certificates of origin (GO).

In addition, there is a small amount of self-generated electricity from hydroelectric plants that supply the Scurelle plant and the Camuzzoni canal consortium, which is now sold to the grid.

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## The main initiatives planned and implemented in 2021

In 2021, we took steps to improve our ability to optimise energy at different sites.

#### Arco Site

- A new, high-efficiency cogeneration plant with a more efficient energy performance that consumes less methane.

#### The Arco, Fabriano, Pioraco, Rocchetta, and Varone sites

- We have installed LED lighting technology in 70% of our Paper plants. It is only recently that the market has made reliable technology available for very hot and humid microclimatic environments such as paper mills. The remaining sites (30%) will be completed in 2022.

#### Cordenons site

- Optimisation of the cogeneration system which reduced annual emissions by about 3 ktons CO<sub>2</sub>.

#### Fabriano Site

- Cogeneration plant modernisation project.

#### Verona site

- Cogeneration plant modernisation project.

#### All production sites

- New internal tool to calculate the energy balance of our product families throughout their life cycle (from cradle to gate), based on internationally recognised methodologies and reporting standards.
- Fabriano pilot project for directly measuring CO<sub>2</sub> emissions. The measurement will support the calculation and will be useful for assessing changes in CO<sub>2</sub> emissions at an early stage as a result of our energy efficiency initiatives.

In 2022 we will complete all Paper sites.

The purchasing department is committed to purchasing energy from renewable sources in 2022 (Green Sourcing). This will allow us to bring our Scope 2 emissions to zero.





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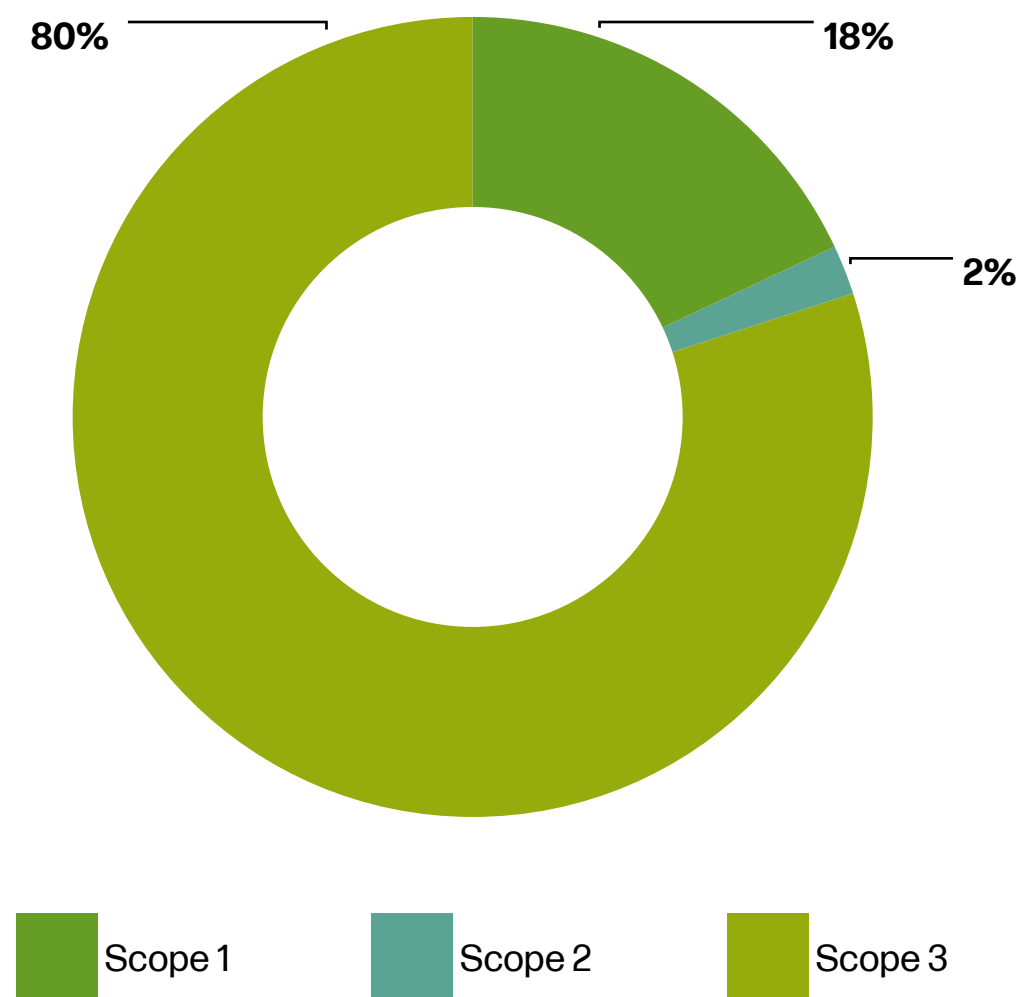
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## Carbon dioxide emissions

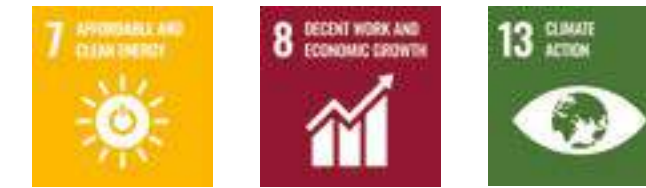
Carbon dioxide emissions (CO<sub>2</sub>) are internationally classified into 3 components (Scope 1, 2 and 3):

CO <sub>2</sub> Components	Definition
Scope 1	Direct emissions from the use of fossil fuels (in our case, natural gas).
Scope 2	Indirect emissions from the use of electricity produced from fossil fuels.
Scope 3	Other indirect emissions from the transport of raw materials, fuels, products, and people.

For the first time, we are publishing our carbon footprint with reference to 2019, the most representative year before the Covid-19 period and the year taken as the baseline for our 30% reduction target by 2030 (Scope 1+2). As can be seen from the pie chart, 18% of the carbon footprint comes from Scope 1, 2% from Scope 2, and the remaining 80% from Scope 3.



The SDGs where we're making a difference



**A**  
**-30% of absolute CO<sub>2</sub>, emissions, Scope 1 + 2, from ~330 kt to ~240 kt (compared to base year 2019)**

**Target**  
**ESG 2030**  
 target A

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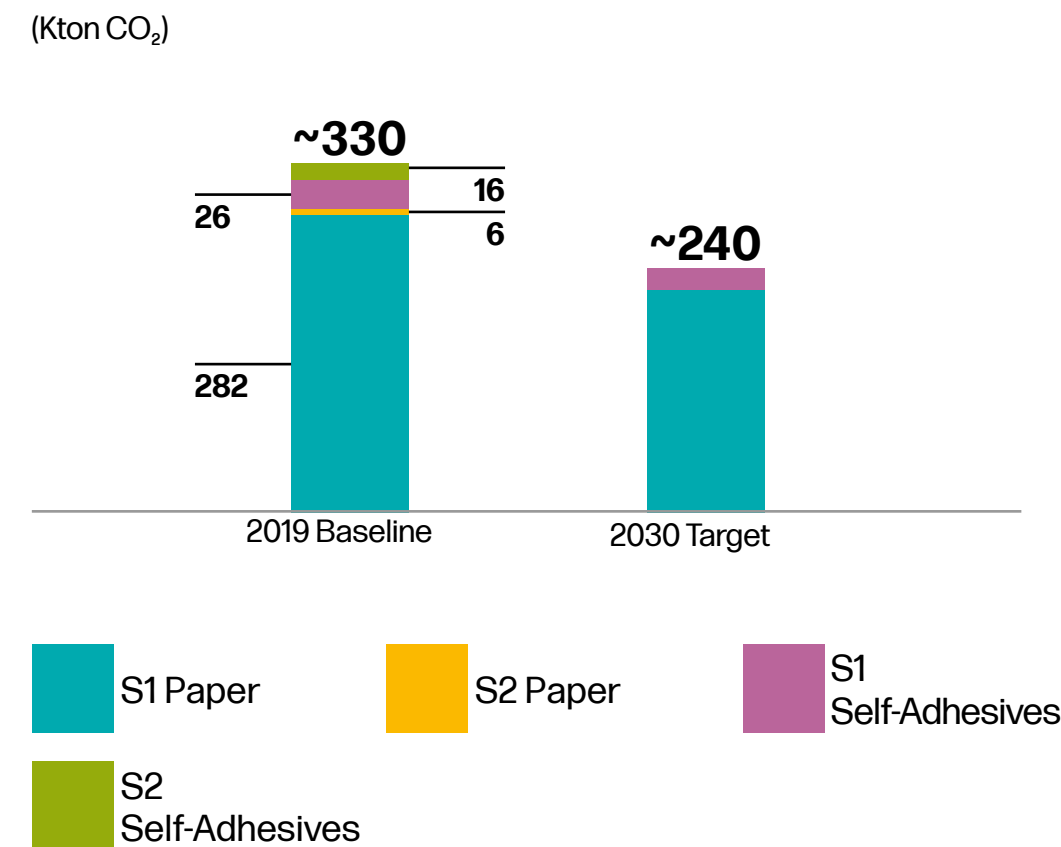
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# Target ESG 2030

In 2020, we communicated a target to reduce carbon dioxide emissions (CO<sub>2</sub>) scope 1 + 2 by 30% by 2030 (from ~330 kt to ~240 kt). In 2021, this target was approved by the **Science Based Target initiative (SBTi)**. This means that our target to reduce our absolute emissions by 30%, Scope 1+ 2, is in line with the objective set in Paris in 2015 to limit the increase in the earth's temperature to well below 2°C. The Group now has two years to develop the Scope 3 target as well, as per SBTi rules. This objective is linked to our managers' incentives (MBO).

The bar chart shows the emissions in 2019, the base year, and the SBTi target by 2030, highlighting the contributions of Scope 1 (S1 Paper) and Scope 2 (S2 Paper) of the Paper Business Unit, and Scope 1 (S1 SA) and Scope 2 (S2 SA) of the Self-Adhesives Business Unit:



**-30% of absolute CO<sub>2</sub>, emissions, Scope 1 + 2, from ~330 kt to ~240 kt (compared to base year 2019)**

The table below shows the levers we are exploring in order to reach the CO<sub>2</sub> reduction target (Scope 1+2) and contribute to the **energy transition**. All levers need strong, immediate collaboration with suppliers and regulators in order to facilitate technical solutions and the necessary financial support.

### Exploring initiatives to achieve carbon neutrality

	Ongoing	By 2030	Post 2030
Scope 1	<ul style="list-style-type: none"> <li>▪ Energy efficiency pushed to its maximum.</li> <li>▪ Discussions with institutions and regulators to access the Italian National Recovery and Resilience Plan for projects related to energy transition.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Alternative sources gradually replacing natural gas in our cogenerators.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Electrification projects* powered by electricity from renewable sources.</li> </ul>
Scope 2	<ul style="list-style-type: none"> <li>▪ Workshops with suppliers to discuss the available options of electricity from renewable sources at affordable prices.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Electricity from renewable sources at competitive economic conditions.</li> </ul>	-
Scope 3	<ul style="list-style-type: none"> <li>▪ Workshops with suppliers to discuss available raw materials and machinery with a lower environmental impact and equal or better performance.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Raw materials and machinery with a lower environmental impact.</li> </ul>	-

\* Electrification for the paper industry is beginning to offer technological options on the market, but the business case is for a very substantial investment (capex) and additional operating costs (opex) that cannot be tackled without real, timely support for the energy transition.

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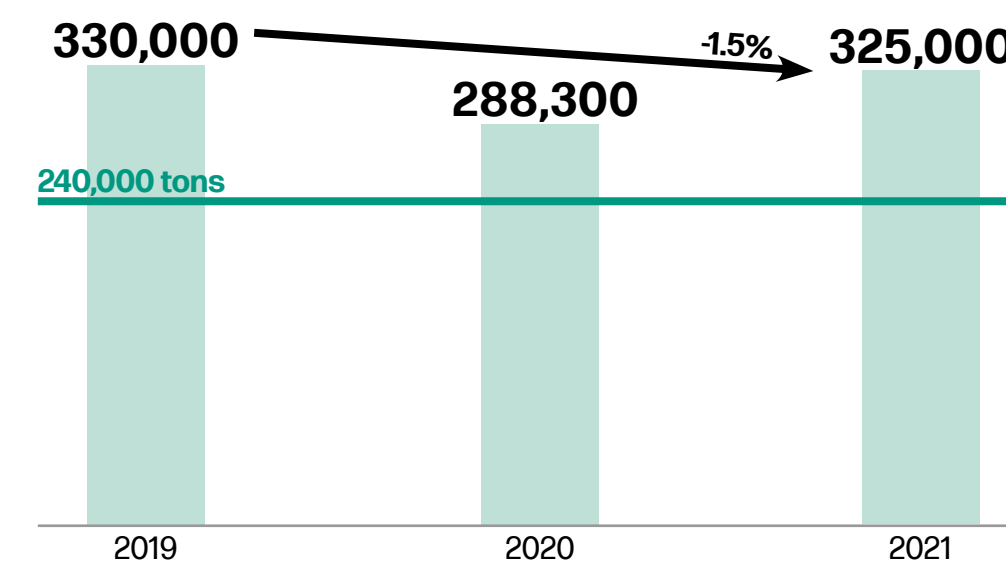
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Target  
ESG 2030

The new technological opportunities for energy efficiency and carbon neutrality (biomass, green hydrogen, and CO<sub>2</sub> capture) are currently difficult for the Italian paper industry to pursue. However, we are actively monitoring and contributing to the debate on innovation in this area with internal working groups dedicated to keeping technological, regulatory, and economic developments under review.

**Absolute CO<sub>2</sub> emissions, scope 1+2 (tons)**



**Absolute CO<sub>2</sub> emissions, to which our Science Based Target reduction is linked, decreased by 1.5% (base year: 2019) compared to an increase in production of around 5%.**

The improvement is most evident when looking at the CO<sub>2</sub> emissions rate related to production and shown in the table below (calculated as absolute CO<sub>2</sub> emissions/tons produced): the rate improved by 3.9% at the Group level compared to 2019, the base year for our 2030 target (-0.4% in the Paper Business Unit and -7.2% in the Self-Adhesives Business Unit). We were able to reduce our emissions thanks to the energy efficiency contribution we are encouraging in the Paper Business Unit's paper mills and the improved contribution of the new natural gas-fired cogenerator at the Self-Adhesives plant in Arco (Italy).

As of this year, we have added a new pilot metric: CO<sub>2</sub> emissions intensity to turnover (calculated as absolute CO<sub>2</sub> emissions/turnover). The new rate shows a Group-wide improvement of 7.4% compared to 2019 and 6.5% compared to 2020. We will use this new metric in the coming months in order to assess its effectiveness, comparability in the market and alignment with any relevant regulatory changes.

The table below shows the absolute and specific CO<sub>2</sub> emissions at the Group level and by the Paper and Self-Adhesives Business Units.

Scope		CO <sub>2</sub> Emissions	Unit of measurement	2019	2020	2021
Group	Scope 1+2*	Absolute emissions	tons	330,000	288,300	325,000
		Specific emissions	kg CO <sub>2</sub> /tons	427.0	418.2	410.3
Paper	Scope 1+2	Absolute emissions	tons	288,000	248,000	285,000
		Specific emissions	kg CO <sub>2</sub> /t carta	590	599	588
Self-Adhesives	Scope 1+2	Absolute emissions	tons	42,000	40,400	40,300
		Specific emissions	kg CO <sub>2</sub> /t mat. adesivo	158.1	146.7	131.0

\*For Scope 2 emissions, the market-based calculation method has been considered

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## The main initiatives planned and implemented in 2021

In 2021, we carried out several actions to reduce our CO<sub>2</sub> emissions into the atmosphere at all production sites:

- Calculation of the Group's **Carbon Footprint** detailing direct emissions (Scope 1), indirect emissions from electricity use (Scope 2), and other indirect emissions from the transport of raw materials, fuels, products, and people (Scope 3).
- Approval by the **Science Based Target initiative** (SBTi) of our target to reduce CO<sub>2</sub> emissions (Scope 1+2) by 2030.
- Workshops with major suppliers of energy (natural gas and electricity) and of paper mill machinery and self-adhesive materials equipment, to drive affordable and technically feasible solutions to reduce our CO<sub>2</sub> emissions.
- New internal tool called **Impact** to calculate the water and energy balances and the carbon footprint of our product families throughout their life cycle (from cradle to gate), based on internationally recognised methodologies and reporting standards.

In 2022 we will move forward in exploring the drivers to achieve carbon neutrality by 2050.



A hand in a blue sleeve holds a small cluster of yellow, spotted leaves. The background is a lush green field with a large, semi-transparent white arrow pointing downwards. The text 'Carbon Progress' is overlaid in white.

# Carbon Progress

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### Other atmospheric emissions

In addition to carbon dioxide (CO<sub>2</sub>) emissions, we monitor other atmospheric emissions, including nitrogen oxides (NOx). The quantity and quality of the NOx mixture varies depending on the substance being burned and the conditions under which combustion takes place. In order to limit and control these emissions, it is important that carburisation takes place uniformly, avoiding temperature peaks. The table below shows NOx emissions over the three-year period.

		2019	2020	2021
<b>Paper</b>				
NOx emissions	tons	284.1	248.9	291.0
<b>Self-Adhesives</b>				
NOx emissions	tons	25.7	25.8	29.8

**67% of the Paper production sites and 77% of the Self-Adhesives sites are ISO 14001 certified, the standard for environmental management systems, including atmospheric emissions.**

During 2021, there were no instances of non-compliance with regulations on atmospheric emissions.



### Waste

At the Paper Business Unit, the main waste is sludge from process water, which is purified through primary chemical-physical plants and secondary biological plants before being returned to the environment. In addition to this waste, there is also mixed packaging, wood, plastics, production waste containing silicones, solutions/dispersions/emulsions of substances derived from machine washing, waste oil, iron, and electrical equipment. Among these, hazardous waste represents a very small proportion of our total production, below 5%.

At the Self-Adhesives Business Unit, waste is the environmental aspect with the greatest impact. The main waste products are raw materials and semi-finished products (mixed waste) and the washing water used to clean the coating heads (both with water and solvents). All waste is collected, separated and, increasingly, sent for energy or material recovery, with zero waste going to landfills.

The SDGs where we're making a difference



**B**  
**100% of waste sent for recovery and not sent to landfill (compared to base year 2019)**

**Target**  
**ESG 2030**  
target B

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By 2021, we have achieved 86% recovery of our waste thanks to targeted initiatives involving both our business units:

- initiatives to reduce all packaging from procurement in conjunction with our suppliers.
- recovery of washing water at both the Paper and Self-Adhesives Business Units.
- new recoveries of sludge from paper mills, looking at other industrial sectors and improving their circularity (specifically agriculture and bio-construction).
- recovery of solvents from washing water at the Self-Adhesives Business Unit.
- circularity initiatives to offer customers a collection service for self-adhesive material waste with third-party support (siliconised glassine).
- first efforts to find solutions also for the matrix (semi-finished waste), which is currently an unused waste in the Self-Adhesives business unit.

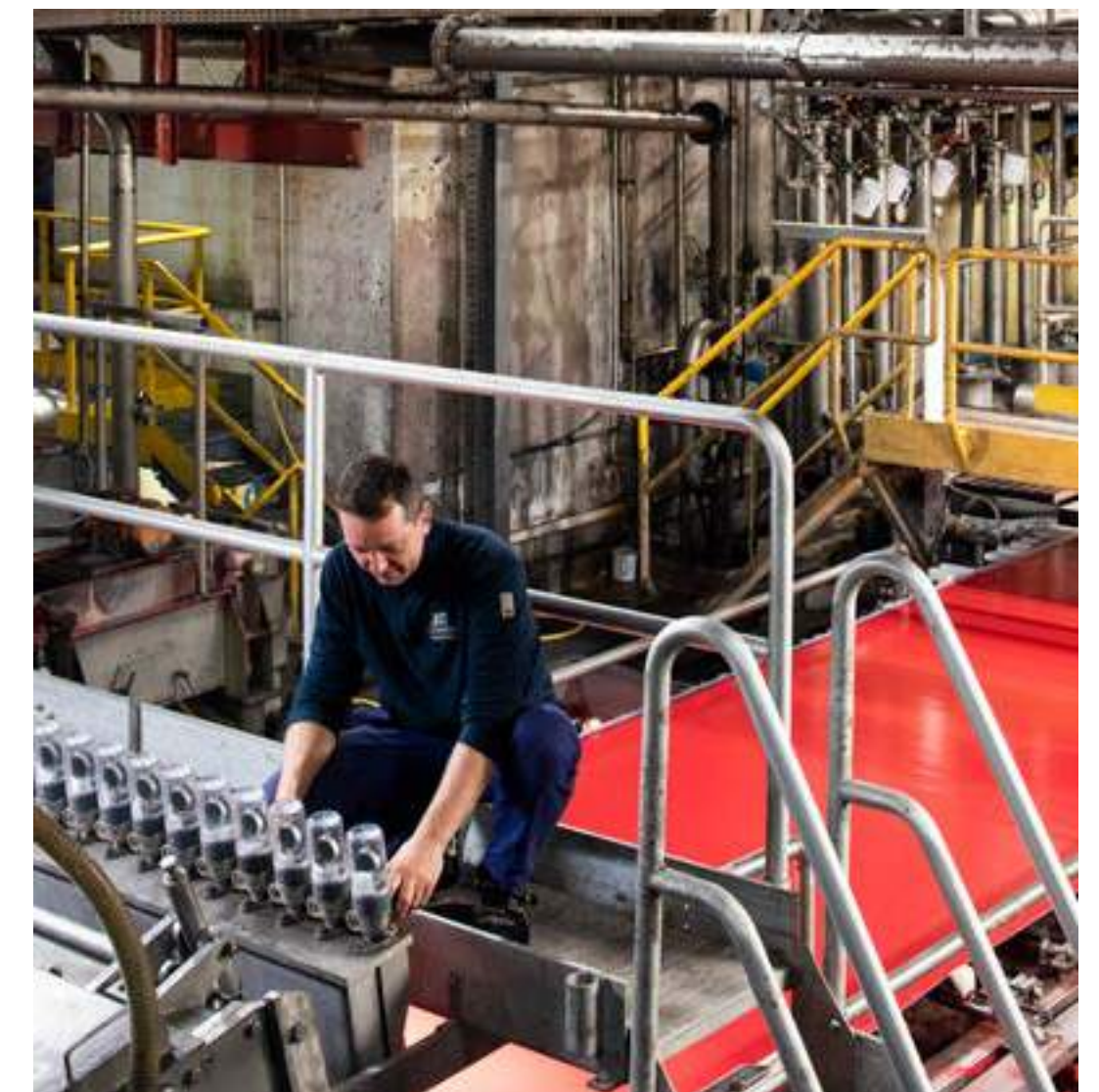
**67% of Italian Paper sites and 77% of Self-Adhesives production sites are ISO 14001 certified, the standard for environmental management systems, including water management.**



In 2021, no cases of violations of waste management regulations were found at our production sites.

The table below shows the waste production for the two business units.

		2019	2020	2021
Total waste recovered	%	80.1	78.8	86.2
<b>Paper Business Unit</b>				
Total waste	tons	28,248	27,241	30,354
Resulting sludge	tons	15,813	15,699	16,327
Resulting sludge	%	56.0	57.4	53.8
<b>Self-Adhesives Business Unit</b>				
Total waste	tons	28,397	28,750	30,395
Specific waste production	kg / tons	106,67	104,37	98,82
Mixed waste	tons	14,355	14,307	15,155
Specific mixed waste production	kg / tons	53.9	51.9	49.27
Liquid washing waste	tons	2,382	2,474	2,699
Specific production of liquid washing waste	kg / tons	8.9	9.0	8.8



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## The main initiatives planned and implemented in 2021

In addition to the above, in 2021 we carried out specific actions inspired by the principles of circularity to optimise our waste management capacity at several sites.

#### At all production sites

The Sustainability Charter guides us with simple rules on how best to manage our waste.

#### Verona site

- Innovative technology for drying sewage sludge with the aim of reducing the volume of sludge produced and making it available for recovery in other sectors.

In 2022, the project will be extended to the Arco and Fabriano plants.

#### At all Self-Adhesives sites

- Industry-wide circularity initiatives to use the self-adhesive material waste (siliconised glassine) generated by our customers, thanks to our network of partners in the circular economy.

#### Sassoferrato and Girona sites (Self-Adhesives)

- In order to promote waste recovery in Italy and Spain, we have diverted mixed waste streams destined for landfills to energy recovery. We will continue to look for mass recovery solutions instead of energy recovery solutions.

In 2022, we will continue to look for mass recovery solutions instead of energy recovery solutions.

#### Barberà and Basiano sites (Self-Adhesives)

- Reintroduction of the leftover film raw material generated by our production processes into our suppliers' production processes, thus favouring an integral circularity of this type of waste.

#### Sassoferrato Site (Self-Adhesives)

- Circular economy project consisting in the recovery of siliconised PET backing and film materials to be used for producing plastic pallets by an external partner. They are then used for inter-company Self-Adhesives shipments, thus reducing the consumption of wooden pallets (about 9,000 pallets/year).





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## The advanced sustainability features of our products

We asked ourselves what the sustainability of our products means at Fedrigoni. After months of discussion, we have drawn up a list of ESG features that we are confident we can work on effectively in order to offer the market an increasing number of solutions that respect the environment, preserve natural resources, and enable us to achieve our 2030 targets.

In the Paper sector, all speciality paper families are recyclable. All of them are also biodegradable and compostable except for coated papers which we are still working on. With the support of the factories, our R&D team is developing alternatives to plastic in packaging for the food, cosmetics, and luxury sectors in general. Our studies aim to reduce or phase out hazardous substances classified as such under the Reach Regulation in our products, to improve their performance and environmental impacts, and to offer paper solutions as a lower-impact alternative to single-use plastics.

In the Self-Adhesives sector sustainability means choosing to use paper where possible and plastic where necessary, avoiding what is called 'single use'. It means working on our waste, creating an ecosystem that enables more and more corporate customers to choose *linerless* solutions. It means reducing thickness and working towards easy removal. Working on packaging made of recycled material with the aim of achieving 100% recyclable packaging. The Research and Development Team is constantly looking for solutions to increase the use of materials with recycled content or alternative elements.

The SDGs where we're making a difference



**F**  
**+50% volume of specialty papers with ESG features, from 13% to 26% (base year: 2019)**

**G**  
**+50% volume of self-adhesive materials with ESG features, from 35% to 70% (base year: 2019)**

Target  
**ESG 2030**  
target F e G

Our paper-based products are, by their very nature, an environmentally friendly solution. At Fedrigoni, however, we have gone beyond the most common characteristics of sustainability, such as using pulp from FSC-certified forests, having a recycled content of less than 40% (pre/post-consumer) and containing by-products from other production processes. We have been striving to upgrade our products with more advanced ESG features, including: recycled content above 40% (pre/post-consumer), annual fibre content, alternative fibre content (cotton, linen), Ecolabel certified products and plastic-free packaging of our papers.

For our Self-Adhesives materials, we have identified the most advanced ESG features such as: FSC certified products, recycled content, products with reduced thickness for equal performance, bio-based films, no liner in our self-adhesive labels, PVC-free films, PFAS-free films and papers, the ability to remove them from products during the washing process, recyclable, biodegradable and bio-based plastics (certified).

In 2021, we sold 18% of Paper products and 37% of Self-Adhesives products with advanced ESG features. In the coming years, we are committed to doubling these volumes to 26% for Paper products and 70% for Self-Adhesives products as stated in our 2030 targets.

For the list of products with advanced ESG feature, go to page 81

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## The Life Cycle Assessment (LCA) of our products

The Life Cycle Assessment is the main operational tool of Life Cycle Thinking: it is an objective method for assessing and quantifying the environmental footprint associated with a product throughout its life cycle, a key issue for integrating the principles of the circular economy into production processes.

At European level, the strategic importance of adopting the LCA methodology is clearly expressed in the Green Paper on Integrated Product Policy and is also suggested in the European EMAS and Ecolabel Regulations.

In 2021, we developed **Impact, a twin tool (Eco-design Tool)** - third-party verified - to calculate the energy and water balances and the carbon footprint of our paper product families and self-adhesive materials. The tools are aligned with internationally recognised best practice (ISO 14040 series standards) and allow clear reporting of the three environmental indicators (energy, water, and CO<sub>2</sub> emissions) with a cradle-to-gate approach, i.e. from the extraction of raw materials until they leave our plants. For both tools, there is also the possibility of quantifying the end-of-life impact of the finished product as additional information.

## Biodiversity

Biodiversity is such an important environmental issue that it has recently led to an amendment of the Italian Constitution, which now expressly provides for its protection. We are conscious, active players in the duty of protecting biodiversity: although we do not own any forests, we purchase 100% of our pulp from FSC certified forests.

In concrete terms, our commitments take place directly in the territories where our production sites are located and along our supply chain:

- Since 2005, we have adopted the principles of the **FSC forestry scheme**, prohibiting the purchase of pulp from non-certified forest management. Since 2014, 100% of our pulp has been FSC certified.
- In line with the Sustainability Policy and the European Union's 2030 biodiversity strategy, the first **Fedrigoni Urban Forest** was planted in 2020 in Caponago (Milan) near one of our production facilities. In 2021, the first year of care, 40 employees were involved in its maintenance during working hours (section 'Creating value for the community'). Our aim is to take care of the forest until its fifth year. After that it will be entrusted to the local community, made up of many of our employees, who will continue to keep it thriving.

- Starting in 2020, we set a target of **zero water pollution per year** to protect local flora and fauna.
- In 2021, there were no conflicts with local communities over the management of biodiversity in the vicinity of our production facilities, and there were no instances of non-compliance with existing regulations on the protection and conservation of biodiversity.

- As of 2021, **we started selecting our suppliers using the additional ESG lens**, assessing the existence of biodiversity restoration and conservation projects in the forests we source from. Starting in 2022, we will also audit these suppliers.

*In 2022, we will evaluate a third party to conduct our first Biodiversity Impact Assessment to identify which sites are located adjacent to protected areas.*

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# Social

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With its own plants and sales networks, in 2021 **Fedrigoni operates directly in 25 countries and its products are distributed in 132 countries, including external distribution networks. We have approximately 4,000 employees.** In our work we deal with and collaborate daily with hundreds of customers whom we advise and guide, along with designers whom we help to develop creative projects.

We are a company that produces a highly technical, innovative material whose production process is partly automated, but our work is done for and with people.

Our 2030 ESG target plan has identified a number of areas for action in the Social sphere: from safety to inclusion, from continuous listening to individual development.

The issues to which we are committed with clear initiatives and measurable targets are:

- Safety culture
- Inclusion, the development of our people and their growth
- Creating value for the community

### Human rights

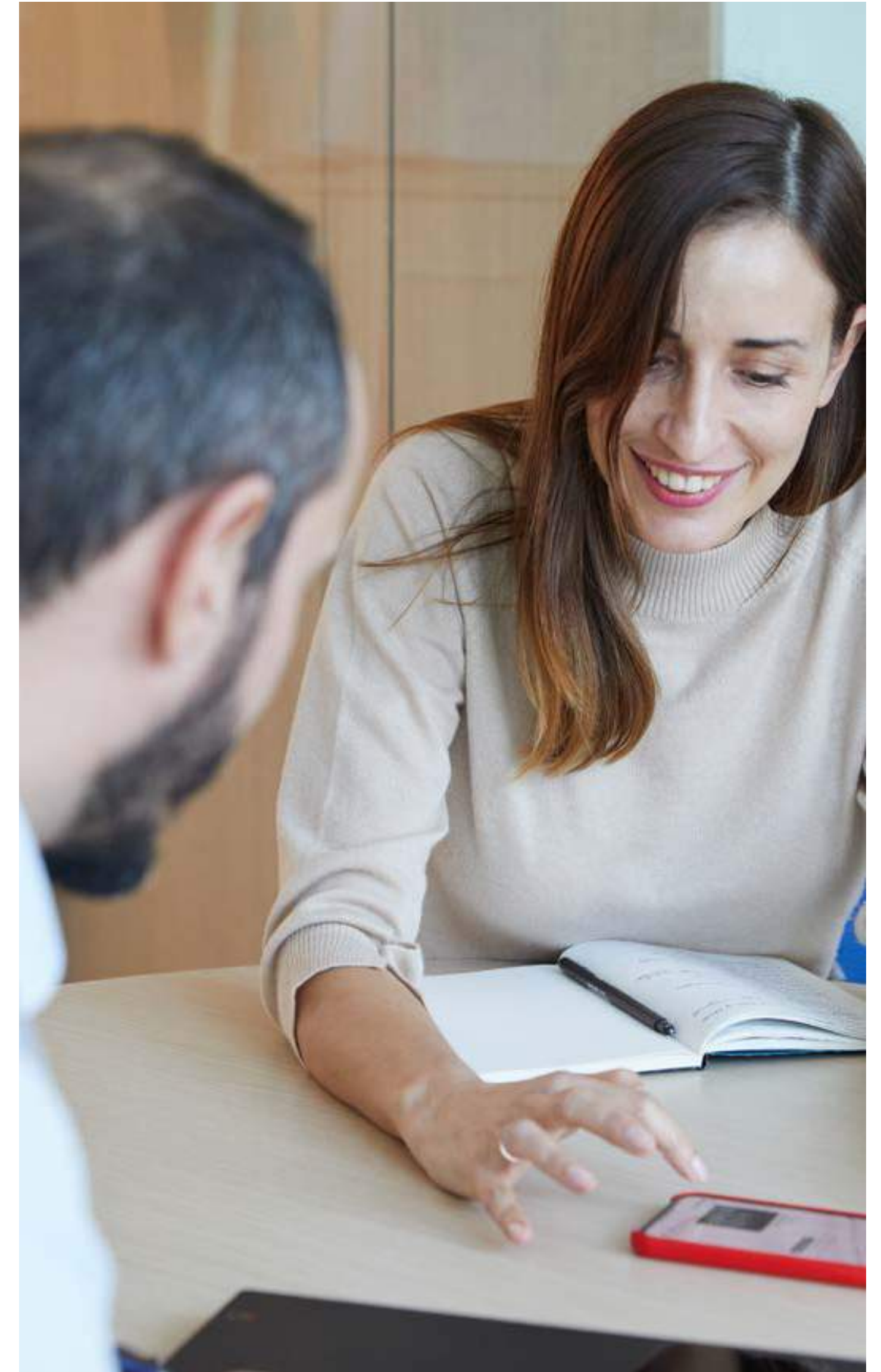
On 10 December 2021, we celebrated the International Human Rights Day to commemorate the adoption of the Universal Declaration of Human Rights in 1948 by the United Nations General Assembly.

The Fedrigoni ecosystem is made up of diverse, unique people: employees, members of the corporate bodies and management of the companies in our Group, external players such as representatives and collaborators. Our behaviour is strongly inspired by our **Code of Ethics** which is in line with the "UN Guiding Principles on Business and Human Rights" and defines the human rights we are committed to promoting among our people (details in the section "The development of our people"). The same rights have been set out in the new **Code of Conduct**, which we use to promote sustainability in our supply chain (details in the section "Sustainable procurement").

The updating of the Code of Ethics in 2021 also served to include references to the new **Fedrigoni Behaviours** and to our **Sustainability and Diversity, Equity, and Inclusion Policies**.

In 2021, there were no violations of the Code of Ethics received through the whistleblowing channel.

In 2022, we will evaluate a third party to conduct our first **Human Rights Impact Assessment**, although none of our projects have ever resulted in physical or economic resettlement of indigenous peoples in the regions where we operate, and none of our sites have ever required community consultation or resettlement programmes.



A group of approximately 15 people, mostly young adults, are running and cheering towards the camera. They are wearing matching teal t-shirts and dark jeans. Many have their arms raised in the air, and some are holding white caps. They are running on a paved path in front of a large, white, decorated booth. The booth has a wooden frame and is adorned with colorful cutouts of birds and leaves. The background shows a park-like setting with trees and other people. The text "Making Together" is overlaid in the center of the image.

# Making Together

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## Safety culture

For a company like ours, a sustainability policy also means making the workplace pleasant and safe. Our new Sustainability Policy guides us in promoting a culture of safety based on management and organisational choices aimed at ensuring safe equipment, facilities, and sites. It is only if our sites are safe that we can manage to reduce injuries and spread a safety culture among the people who work with us.

Starting in 2021, every steering committee of the Paper and Self-Adhesives Business Units and all monthly update meetings with top management start with a safety performance analysis.

Our approach is based on identifying risks in advance and involving the people and companies that work with us in order for everyone to take an active role in monitoring and reporting potential risks.

The **Sustainability Charter**, developed in 2021, helps us maintain the daily level of care and safety at our sites in accordance with our quality standards.

Thanks to the **Near Misses** procedure, each employee can report events that occurred that did not result in personal injury, but could potentially do so if they happened again. Near misses could result in an injury in the future and are signs of something that needs to be improved.

The **Safety Reports** allow each employee to make structured suggestions on aspects on which action should be taken in order to reduce and prevent injuries.

All events - injuries, safety reports and near misses - are analysed on a regular basis in order to:

- ascertain the primary cause of the incident
- identify and implement subsequent actions to prevent those events from reoccurring
- improve processes and related procedures and controls
- provide evidence to our people that reports have been addressed by site management

The SDGs where we're making a difference



**H**  
**-67% drop in total injury frequency rate from ~21 to ~7 (compared to base year 2020)**

**Target H**  
**ESG 2030**  
**Target H**

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Target  
ESG 2030

100% of the Paper sites and 62% of the Self-Adhesives sites are ISO 45001 certified, the internationally recognised standard for occupational health and safety management systems.

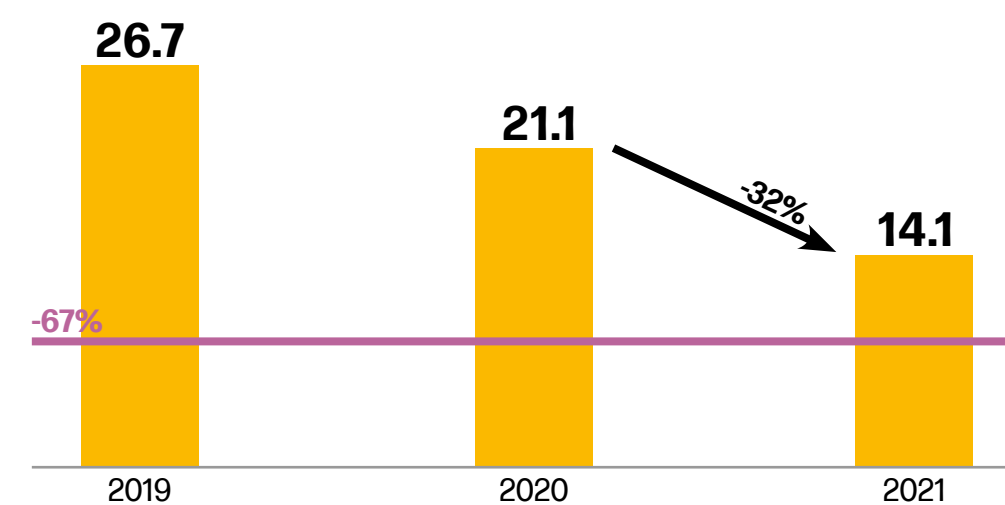
In 2021, we recorded **zero fatal injuries** at our production sites, both among our own employees and among the staff of companies working with us on a daily basis.

In addition, four of our production sites ended 2021 without any injuries: the Fabriano paper mill and three Self-Adhesives sites in the USA (Acucote), Poland and the UK.

In 2021, the Paper Business Unit improved by 43%, from 51 injuries in 2020 to 29. The Self-Adhesives Business Unit improved by 17%, from 54 injuries in 2020 to 45.

This improvement is reflected in our total injury frequency rate, which decreased by 32% (14.3 compared to 21.1 in 2020, the base year for our 2030 target). Notably, serious injuries also decreased by 30% (from 87 serious injuries in 2020 to 61 in 2021).

Total injury frequency rate



The table below shows the trends in all our data and indicators over the last three years.

		2019	2020	2021
Hours of training	number	-	-	18,287
Hours of training/ number of workers involved	rate	-	-	6.4
Near misses	number	-	-	673
which were "resolved" (85% of the total)	number	-	-	570
Safety reports	number	-	-	3,103
which were "resolved" (86% of the total)	number	-	-	2,676
Total injuries <sup>1</sup>	number	137	105	73
<b>Total Injury Frequency Rate<sup>2</sup> (TIFR)</b>	<b>rate</b>	<b>26.7</b>	<b>21.1</b>	<b>14.1</b>
Injuries resulting in absence from work <sup>3</sup>	number	113	87	60
<b>Injury frequency rate resulting in absence from work (LTI FR)</b>	<b>rate</b>	<b>22.0</b>	<b>17.4</b>	<b>11.6</b>
Severity rate <sup>4</sup>	rate	0.6	0.6	0.5

<sup>1</sup>The number of total injuries does not include commuting injuries on the way to and from work, injuries involving less than 3 days' absence and injuries involving external staff. These figures are expected to be added in future reports.  
<sup>2</sup>Frequency rate calculated as the number of injuries divided by the hours worked and multiplied by one million. The hours worked in 2019, 2020, and 2021 were respectively: 5,139,262, 4,985,912, 5,187,240.  
<sup>3</sup>Number of injuries linked to violent causes during work resulting in more than 3 days' absence.  
<sup>4</sup>Severity rate calculated as the number of days lost divided by the hours worked and multiplied by one thousand.

**-32%**  
of the total injury  
frequency rate

**85%**  
of the total injuries  
"resolved"

**86%**  
of the total safety  
reports "resolved"

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## The main initiatives planned and implemented in 2021

In 2021, we took steps to increase the safety culture at our sites by implementing the Sustainability Charter and setting up an integrated safety committee.

- At all production sites, the **Sustainability Charter** outlines simple, clear rules for all employees to follow in order to avoid risks, work to the best of their ability, know that they are part of a large company with a unique identity and make the working environment peaceful and engaging.

In addition, we have adopted the following at all production sites:

- The **Integrated Health & Safety Committee** - an integrated safety committee for the two business units (Paper & Self-Adhesives), with the aim of speeding up the dissemination of a shared safety culture and sharing good practices.
- The **Crash Program** - Adoption of the Near Misses and Safety Reporting procedures to collect reports of near misses.

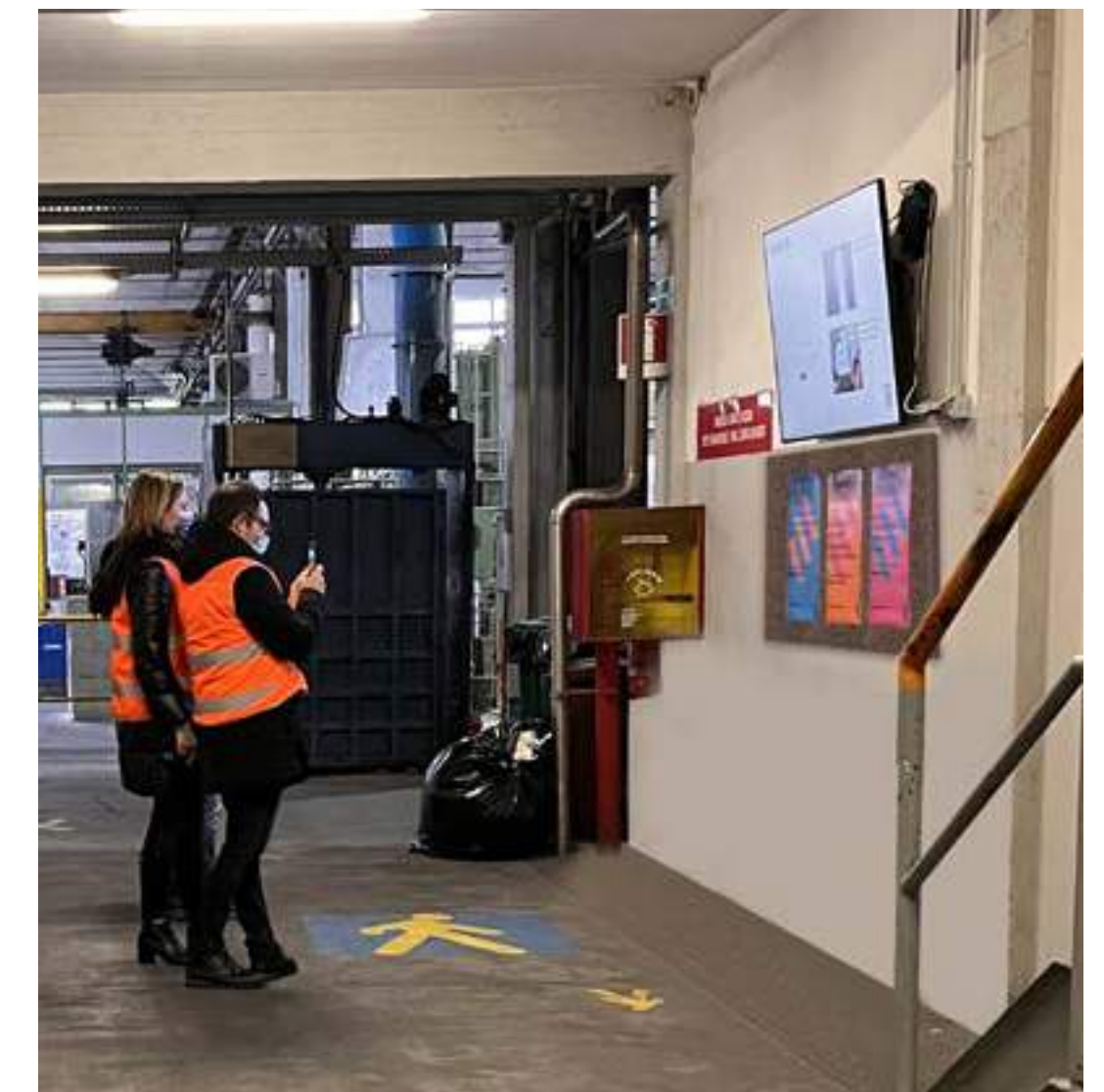
- **Internal visual communication with posters and monitors** at production sites to promote virtuous behaviour to be adopted in order to avoid injuries and hazards: the rules and procedures were shared through images and videos and the same message, in different languages, was conveyed to all Group companies.

Initiatives in place at Paper sites only:

- **Tech Assessment** - A project for identifying and analysing risks related to machines and production facilities. The Project includes the creation of summary files for risk assessment, based on homogeneous assessment criteria applicable to all the production sites with the aim of defining action priorities.

The project will also be extended to all Self-Adhesives sites by 2023.

In 2022, we will further reinforce our occupational safety practices at all production sites, we will extend the good practice of reporting (in our injury monitoring system), and we will also report the injury data of external companies working at our premises.





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## The development of our people

We strive for excellence, we foster partnership, we embrace transformation.

Since 2021, these are the three Behaviours that permeate everything we do, how we interact and how we navigate our transformation. This behavioural compass has become the guide to help us achieve our business and growth targets as a Group, promoting a working environment where everyone has the opportunity to grow and make a difference.

To facilitate the dissemination of the new corporate culture, we decided to start by directly involving our Leadership Team: a team of almost 50 managers from different countries and businesses, including the Executive Committee, identified to facilitate the implementation of our business and ESG strategy. In 2021, the Leadership Team met on six occasions to strengthen inclusive leadership, questioning themselves and defining together how to build a high performing, engaged team, valuing each person's talent and accountability.

The SDGs where we're making a difference



**I**  
**+50% more women in managerial positions from 22% to 30% (compared to base year 2020)**

**L**  
**100% of people involved in regular performance and individual development conversations**

**M**  
**100% of employees trained on the new Code of Ethics by 2030, ensuring that training is available to everyone by 2022**

**N**  
**+50 of employee NPS, i.e. the degree of satisfaction and trust of our people on an NPS scale from -100 to + 100 (in line with base year 2020)**

**Target**  
**ESG 2030**  
Target I, L, M e N

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The following tables show all the data relating to ESG targets and people in our Group.

##### Women in managerial positions\*

Year	Women	Total employees in managerial positions	% women
2021	106	423	<b>25.06%</b>
2020	81	363	<b>22.31%</b>

\*Managerial positions refer to employees in a leadership position (ExCo and Leadership Team) and employees managing teams and people. The percentage of women reflects the year-end composition of the Fedrigoni Group.

##### Employees with at least one performance conversation during the year

Year	No.	Total Employees	%
<b>2021</b>	643	3,893	<b>17%</b>
2020	337	3,800	9%

In 2020, the individual performance conversation took place in connection with setting targets and communicating MBO results. In 2021, we launched a more inclusive, extensive performance management process in addition to the MBO, dedicated to part of the population based on role. This performance process is open to all employees (initially launched on the non-productive staff) and is based on role. The process is based on regular, individual conversations between managers and employees focused on feedback, performance, and development actions, all mapped through the Workday platform. Counting only the eligible workforce to date (managerial and white-collar employees with Workday access), 43% of employees had at least one performance conversation during 2021.

##### Employees trained on the Group's Code of Ethics during the year (pilot training\*)

Year	No.	Total Employees	%
<b>2021</b>	40	3,893	<b>1%</b>

The Group's **Code of Ethics** was updated and approved by the Board of Directors of the Group in 2021 companies in 2021. **The revision project also included communication activities towards the entire corporate workforce.** In addition, an online training course was developed with examples pertaining to the Group's situation and tailored to the different levels of the organisation, to be launched in 2022. The course includes a series of videos introduced by top management in which some of our people talk about the proper behaviour to adopt and how to best handle unethical situations, by simulating scenes from everyday company life. During the year, pilot live training sessions were also carried out in different company contexts in order to raise awareness among the corporate workforce of the contents and internal regulations such as the Code of Ethics, Form 231 and other global Group Policies. These activities involved the sales office in Florence, the operating committee of the Paper BU and the production site in Arco in Trentino. These sessions will continue in 2022 at our sales offices and also production sites and offices abroad in conjunction with online training.

##### Employee involvement (measured by a listening survey)

Year	Participation rate	Involvement score	Employees' internal NPS
<b>2021</b>	68%	7.7 /10	<b>30</b>
2020	62%	8.2 / 10	50

Engagement is measured according to the methodology of our specialist partner Peakon, whereby the degree of employee engagement and satisfaction is expressed through a score (average of responses to engagement questions from 0 to 10) and internal NPS or employee NPS, a metric that follows the standard calculation of NPS applied to customers (difference between % promoters and % detractors, expressed on a scale of -100 to +100). In 2020, we conducted the Group's first global survey exercise for our employees through a comprehensive engagement survey. In 2021, we conducted a Pulse Check, a survey focused on the priority areas that emerged in the previous year, with the aim of continuing to listen especially to the critical issues where our people express the most desire for change, as indicated by the overall internal NPS. In this sense, the results of the pulse check are helping us to understand in even greater detail and precision what to act on, as we are already doing.

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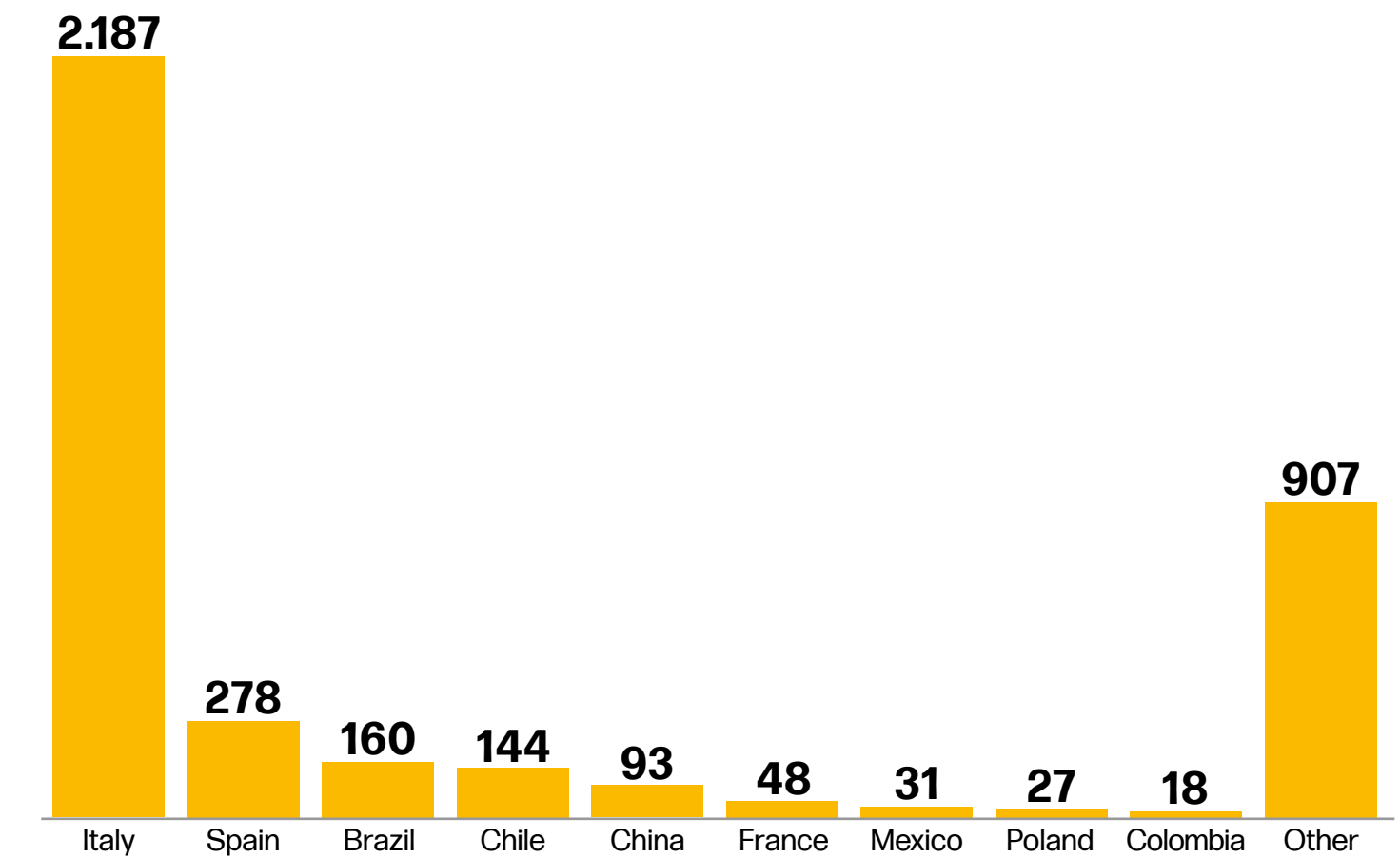
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	2021		
Professional category	Men	Women	Total
Employees	3,141	752	<b>3,893</b>
External staff	259	31	<b>290</b>
<b>Total</b>	<b>3,400</b>	<b>783</b>	<b>4,183</b>
Employment contract	Men	Women	Total
Fixed-term contract	86	52	138
Permanent contract	3,055	700	3,755
<b>Total</b>	<b>3,141</b>	<b>752</b>	<b>3,893</b>
Professional category employees	Men	Women	Total
Full-time	3,122	692	3,814
Part-time	19	60	79
<b>Total</b>	<b>3,141</b>	<b>752</b>	<b>3,893</b>
Professional category external staff	Men	Women	Total
Temporary staff	248	21	<b>269</b>
Interns/Trainees	5	4	<b>9</b>
Apprentices	2	3	<b>5</b>
Italian continuous collaboration contract	2		<b>2</b>
Consultant	2	3	<b>5</b>
<b>Total</b>	<b>259</b>	<b>31</b>	<b>290</b>

	2021			2020		
Professional category and gender	Men	Women	Total	Men	Women	Total
Leadership	34 (81%)	8 (19%)	<b>42</b>	29	8	<b>37</b>
Manager	283 (74%)	98 (26%)	<b>381</b>	253	73	<b>326</b>
White collar	670 (56%)	533 (44%)	<b>1,203</b>	#N/A	#N/A	#N/A
Blue collar	2,154 (95%)	113 (5%)	<b>2,267</b>	#N/A	#N/A	#N/A
<b>Total</b>	<b>3,141 (81%)</b>	<b>752 (19%)</b>	<b>3,893</b>	<b>282 (w/o #N/A)</b>	<b>81 (w/o #N/A)</b>	<b>363 (w/o #N/A)</b>

	2021				
Professional category and age group	<30	30 - 50	>50	N/A	Total
Leadership	0%	55%	45%	<b>0%</b>	<b>42</b>
Manager	3%	49%	47%	2%	<b>381</b>
White collar	11%	55%	32%	2%	<b>1,203</b>
Blue collar	12%	52%	36%	1%	<b>2,267</b>
<b>Total</b>	<b>11%</b>	<b>52%</b>	<b>36%</b>	<b>1%</b>	<b>3,893</b>

Employees by nationality



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Number of new recruitments 2021 *	<30	30 - 50	>50	N/A	Total
Men	80	155	25	1	261
Women	38	71	5	2	116
<b>Total</b>	<b>118</b>	<b>226</b>	<b>30</b>	<b>3</b>	<b>377</b>
<b>New recruitments rate (%)</b>	28%	11%	2%	6%	10%
Number of employees leaving in 2021 *	<30	30 - 50	>50	N/A	Total
Men	82	167	114	4	367
Women	16	46	35	2	99
<b>Total</b>	<b>98</b>	<b>213</b>	<b>149</b>	<b>6</b>	<b>466</b>
<b>Employee turnover rate (%)</b>	<b>23%</b>	<b>11%</b>	<b>11%</b>	<b>13%</b>	<b>12%</b>

\*net of acquisitions and demergers

Employees who filled an open position *	<30	30 - 50	>50	N/A	Total
Men	5	25	3	-	33
Women	4	5	1	-	10
<b>Total</b>	<b>9</b>	<b>30</b>	<b>4</b>	<b>-</b>	<b>43</b>

\* Positions filled internally at all levels: 1 Leadership, 11 Manager, 17 White Collar, 15 Blue Collar.

**The Group invested €1,228,928 in optional training for its employees worldwide during 2021.**

Employees involved in training*	Men		Women		Total	
	Number	%	Number	%	Number	%
Leadership	36 (2)	100%	10 (2)	100%	46 (4)	100%
Manager	211 (7)	72%	68 (2)	67%	279 (9)	71%
White collar	121 (3)	18%	95 (3)	17%	216 (6)	17%
Blue collar	5	0%	1	0%	6	0%
<b>Total</b>	<b>373 (12)</b>	<b>11%</b>	<b>174 (7)</b>	<b>22%</b>	<b>547 (19)</b>	<b>14%</b>

This is optional training in addition to the mandatory training required by national laws. The number of employees involved in training programmes includes 19 who resigned during the year which is indicated in brackets. The percentage figure represents the number of people involved in training programmes during the year, compared to the total number of employees, taking into account people in the workforce at the end of 2021.

Number of employees involved in training by age *	<30	30 - 50	>50	N/A
Men	14	191	163	5
Women	17	122	35	0
<b>Total</b>	<b>31</b>	<b>313</b>	<b>198</b>	<b>5</b>

This is optional training in addition to the mandatory training required by national laws.

Average hours of annual training* per employee	Men		Women		Total	
	No. of hours	Avg. hours	No. of hours	Avg. hours	No. of hours	Avg. hours
Leadership	2,435	68	601	60	3,036	66
Manager	5,199.5	25	1,781.5	26	6,981	25
White collar	3,256.5	27	3,332.5	35	6,589	31
Blue collar	109	22	2	2	111	18.5
<b>Total</b>	<b>11,000</b>	<b>29.5</b>	<b>5,717</b>	<b>33</b>	<b>16,717</b>	<b>30.5</b>
<b>Total training hours* per head across the organisation</b>	3.5		7.6		4.3	

This is optional training in addition to the mandatory training required by national laws. Per head training is intended for the entire workforce. Average hours of optional training is per employee involved in optional training.

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Employees with new performance management process based on manager-employee performance conversations	Men		Women		Total	
	Number	%*	Number	%*	Number	%*
Leadership	24	71%	6	75%	30	71%
Manager	123	43%	35	36%	158	41%
White collar	177	26%	193	36%	370	31%
Blue collar	82	4%	3	3%	85	4%
<b>Total</b>	<b>406</b>	<b>13%</b>	<b>237</b>	<b>32%</b>	<b>643</b>	<b>17%</b>

\* Percentage in relation to the total number of employees.

Employees with MBO objectives	2021		2020		2021		2020	
	Men Number	Women %*	Men Number	Women %*	Men Number	Women %*	Men Number	Women %*
Leadership	34	100%	8	100%	27	100%	7	100%
Manager	157	55%	39	40%	109	43%	19	26%
White collar	117	17%	61	11%	137	N/A	38	N/A
Blue collar	-	-	-	-	-	-	-	-
<b>Total by gender</b>	<b>308</b>	<b>10%</b>	<b>108</b>	<b>14%</b>	<b>273</b>	<b>N/A</b>	<b>64</b>	<b>N/A</b>
<b>Total</b>	<b>11%</b>		<b>9%</b>					

\* Percentage in relation to the total number of employees.

### MBO Targets 2021

CEO	ExCo		Leadership Team and other management roles (excluding Sales)		Sales Roles		
Target	Weight %	Target	Weight %	Target	Weight %	Target	Weight %
Group EBITDA	60%	Group / Business Unit EBITDA	55%	Group / Business Unit EBITDA	55%	Group / Business Unit EBITDA	35%
Group Cash Flow	15%	Group Cash Flow	15%	Group Cash Flow	15%	Group Cash Flow	10%
Individual/ESG targets*	25%	Individual targets	15%	Individual targets	15%	Individual targets	45%
		ESG targets*	10%	ESG targets*	10%	ESG targets*	5%
		Net Promoter Score	5%	Net Promoter Score	5%	Net Promoter Score	5%

\* ESG 2021 objectives: people-related aspects (diversity and inclusion, health and safety, compliance with Fedrigoni Behaviours), CO2 emissions, waste management, sale of products with advanced ESG features, suppliers also qualified according to ESG criteria. Beyond the annual MBO target, most of these targets have a medium- to long-term timeframe, tending to coincide with the 2030 time horizon.

### MBO Targets 2022

CEO	ExCO and Leadership Team		Other management roles (excluding Sales)		Sales Roles		
Target	Weight %	Target	Weight %	Target	Weight %	Target	Weight %
Group EBITDA	60%	Group / Business Unit EBITDA	55%	Group / Business Unit EBITDA	50%	Group / Business Unit EBITDA	30%
Group Cash Flow	15%	Group Cash Flow	20%	Group Cash Flow	20%	Group Cash Flow	15%
ESG targets*	25%	ESG targets*	25%	ESG targets*	20%	Individual targets	40%
				Individual targets	10%	ESG targets*	15%

\* ESG 2022 targets: same as 2021 targets, with the addition of ESG ratings and a greater focus on the people aspect (diversity, equity, inclusion, development and employee involvement, as measured by periodic internal engagement surveys).

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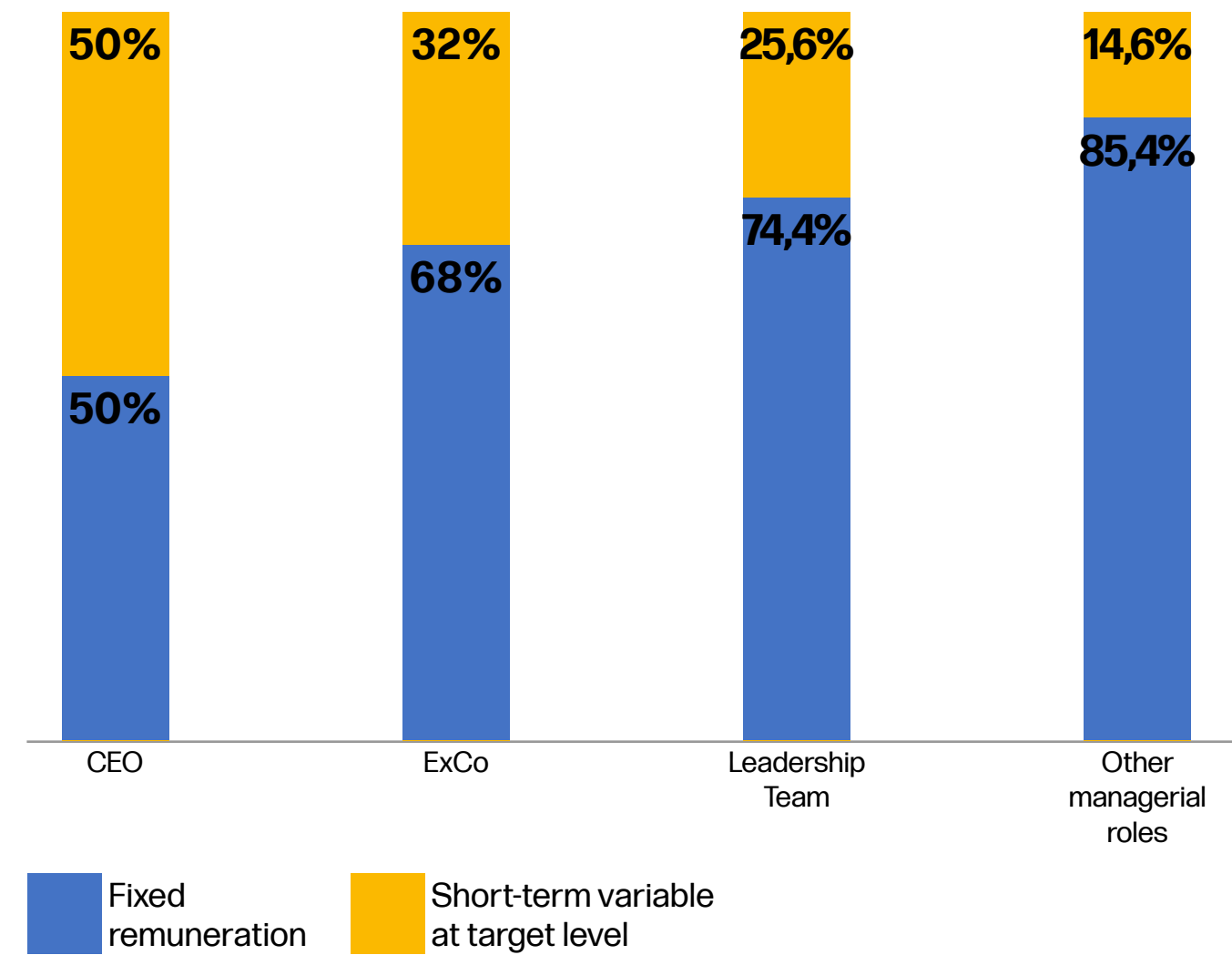
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Pay Mix by level\*



\*The "Pay Mix" is the percentage of fixed remuneration and short-term variable incentive paid at target level. It is essential to monitor this figure to ensure an appropriate, balanced relationship between fixed and variable components at different levels of the organisation.

	2021				2020			
	<30	30 - 50	>50	Total	<30	30 - 50	>50	Total
<b>Number of ExCo members</b>								
Men		6		6		6		6
Women			2	2		1	1	2
<b>Total</b>		6	2	8		7	1	8
<b>Percentage of ExCo members</b>								
Men		75%		75%		75%		75%
Women			12,5%	25%		12,5%	12,5%	25%
<b>Total</b>		75%	25%	100%		87,5%	12,5%	100%



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## Fedrigoni's initiatives for its people planned and implemented in 2021

Being part of the Fedrigoni ecosystem means not only working for an international brand, but also feeling part of a transformation, to which everyone can contribute with their skills and talents. All this in a corporate environment that promotes opportunities for development and continuous growth. There are many initiatives carried out in this sense in 2021, part of the "Employee journey" we've designed. You can find them listed below.

#### Global Group Initiatives

- **New Web and LinkedIn** pages to improve our presence and external communications, where we describe Fedrigoni's culture, objectives, data and the improvements we have achieved in the ESG area.
- Clear, transparent communication of the **recruiting process** to candidates in published positions, and the same approach by our search and recruiting partners. We ensure a special focus on gender diversity, identifying where possible an equal number of **male and female** candidates during our interviews and requiring the same approach from our recruiting partners.
- The new **Workday** platform where we manage the main HR processes as well as all data related to our people for the entire Fedrigoni Group, but above all the tool we use to focus even more on our people and their growth.
- **Fedrigoni survey** in November 2021 to listen to our people and measure their engagement. We recorded around 70% participation globally. The survey revealed three priority areas for action that we are already working on.

We continue to listen to our people in 2022 through a new survey.

- Launch, communication and training on **Fedrigoni Behaviours**, the guide to our behaviour that inspires how we to act, relate and deal with change inside and outside the organisation.
- **New performance management process between managers and employees**, focusing on performance-related feedback and development plans in line with the new Fedrigoni Behaviours.
- Setting **ESG targets within the MBO**, our target-based incentive system (between 5 and 10% depending on the workforce).

In 2022, we will increase the weighting (up to 25%) of the ESG component of our MBOs.

- New **process for identifying, discussing and developing key talent** at different levels within the organisation.
- Launch of **INK**, the digital space for internal mobility where open positions are published worldwide before being communicated to the market through the Website and LinkedIn.
- **Management development programmes** focusing on inclusive leadership
- Training programmes for language learning to foster collaboration within an international team, acquisition of technical and functional skills and prevention of harassment in the workplace.

- **Customer Academy**, a global development programme to increase the customer orientation and core skills of our sales team, thus support our transformation towards a *customer-focused* organisation.
- Updating, integrating and **communicating the Group Code of Ethics** to our people as well as informing them about the new reporting system in place.
- Launch of an **Equity, Diversity and Inclusion Policy** with a reporting system associated with the new **Whistleblowing Procedure**.
- Activation of an **e-mail account for all our employees** - including our plant colleagues - to facilitate inclusive communication, digitalisation and access to initiatives and tools.
- Launch of Group-wide procedures and policies to promote fairness and transparent, shared guidelines at the global level, in addition to local regulations and customs.

#### Italy and Spain

- Protocol on Violence and Harassment in the Workplace to reinforce the Group's commitment in Italy and Spain to create culture and awareness on the topic.

This will be extended to other Group countries in 2022.

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## Fedrigoni serving the community

Our strategy includes a number of initiatives to give back to the communities where we operate, all over the world. To name a few, the creation of Fedrigoni Woods near our factories (one realised and other planned for the future), the promotion of art and culture with the activities by the Fedrigoni Fabriano Foundation, the activation of over 200 guided activities accessible for free at the Festival del Disegno held every year in September - our event to celebrate the art of drawing around Italy. Fedrigoni has also begun collaborating with universities, schools, and associations such as its partnership with Inspiring Girls International, whose mission is to help girls between the ages of 10 and 15 to dream big and pursue their talents, free from gender stereotypes. The Fedrigoni Group also encourages and supports its employees who promote voluntary initiatives in the area.

In 2022, we will work on creating a more comprehensive Corporate Social Responsibility Policy aimed at fostering a culture of social responsibility within the Group and actively involving all our people.

## The main initiatives planned and implemented in 2021

### The Fabriano Fedrigoni Foundation (FFF) History, science and the art of paper

The Fedrigoni Fabriano Foundation's (FFF) mission is to contribute to promoting studies in the history of paper, filigranology (the study of watermarks) and related disciplines as well as the art of paper in its various forms. Our aim is to provide information about the history, science and the art of paper and keep it alive as well as to pass on a precious heritage of knowledge and culture to future generations.

Our Foundation was set up in Fabriano on 8 March 2011, dedicated to Gianfranco Fedrigoni, one of the most tenacious and enlightened entrepreneurs in the Italian and international paper industry, and is committed to enhancing the value of a priceless paper heritage, inherited in 2002 with the acquisition of the historic Cartiere Miliani Fabriano and enriched over the years with other important collections.

A unique heritage in terms of the quantity of works in its collection - with over 500 square metres of archives and books belonging to the Cartiere Miliani Fabriano Archives - it is **the first "business archive" in Italy** to be declared of considerable historical interest, with documents dating back to 1782.

It also includes 2,213 "**Fabriano antique papers**", a collection of papers dating from 1267 to 1798 by the filigranologist Augusto Zonghi (1840-1916), one of the most important in Europe, acquired by the Foundation in 2016; and **10,000 tools for hand and machine papermaking**, commissioned by historical Made in Italy companies (e.g. FIAT, Liquore Strega, Fernet Branca and Stabilimento Ricordi).

The projects and initiatives promoted by the Foundation stem from the wish to pass on an ancient and deep-rooted tradition by reviving and returning a historical papermaking heritage to the community that has given work, identity and culture to the territory for over seven hundred years. A tangible and intangible heritage to be protected and revived by giving new life to the "paper places" and experimenting with new ways of enjoying the tradition and culture of "paper".

The Foundation's main activities are as follows:

- Preserving and enhancing the historical paper heritage;
- Publishing the editorial series "Storia della Carta" (The History of Paper) and "L'Era del Segno" (The Era of the Sign) dedicated to paper;
- Organising conferences, seminars and research projects with experts of national and international prestige, which enable collaboration and cultural exchange with Italian and foreign institutions (universities, academies, museums, libraries, public and private historical archives);
- Providing historical, philological and filigranological opinions on Fabriano's historical papers for scholars, restorers and auction houses.

The annual donation from Fedrigoni varies according to the activities included in the Foundation's programme (in 2021, it amounted to around 200,000 euros).



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## The main initiatives planned and implemented in partnership with the Foundation in 2021

Through its involvement in the Foundation's activities, the Fedrigoni Group also demonstrates its commitment to culture as a fundamental element in the development of communities and local identities.

In 2021, we were able to carry out numerous projects in all four of the Foundation's areas of activity: research, conservation, enhancement, and publishing.

#### Research

- The research "Uses and customs of watermarks" aimed at identifying and analysing the watermarks of Augusto Zonghi after 1599 and those of the Luigi Tosti Duca di Valminuta Collection, mostly dated from 1782 to the present day.
- The research "Progetto Dante 1321-2021. La carta di Fabriano e l'opera dantesca" (Fabriano paper and Dante's works), conducted to celebrate the 700th anniversary of Dante Alighieri's death, has made it possible to trace and confirm the use of Fabriano paper in some of the most famous miniated works and incunabula of the Divine Comedy.

#### Conservation

- Completion of the identification, cataloguing and digitisation of the maps of the "Augusto Zonghi Collection", uploaded online in the Corpus Chartarum FABRIANO (3,465 records).
- Paper restoration of the Album of "I segni delle antiche cartiere fabrianesi" (Signs of the Ancient Cartiere Fabriano) (1882-1884) by Augusto Zonghi, authorised by the Soprintendenza Archivistica e Bibliografica dell'Umbria e delle Marche (the Archival and Bibliographic Superintendency of Umbria and the Marche).
- The reorganisation of the Verona Fedrigoni Archives (moulds, documents, etc.), now called "Casa Fedrigoni", was completed. All the Scientific and Technological Heritage (moulds, dancing rollers, canvases, punches, printing plates) was photographed.

#### Enhancement

- Renewal of the Foundation's video presentation to mark the anniversary of the Fedrigoni Fabriano Foundation (2011-2021).
- The Corpus Chartarum Fabriano (CCF) has joined the international platform for watermark consultation for the Bernstein Project. The watermarks of the CCF are now available in "The Memory of Paper" database.
- Promotion of the international workshop "Paper Production and Trade - People in Motion" with the aim of exploring the movement of ideas, people, paper and goods across the Mediterranean from the late Middle Ages to the modern era.
- Support for the candidature of the "Fabriano paper and watermark" as a UNESCO intangible cultural heritage.
- The Fabriano Paper Pavilion was chosen by the Fondo Ambiente Italiano (FAI) (National Trust of Italy) and, in collaboration with the Foundation, opened for visits during the FAI Spring Days, becoming part of the association's national programme.
- The "Hidden Treasures" format has been reintroduced in order to promote and make known the immense historical, cultural, and artistic heritage preserved by the Foundation through video interviews.
- The Corpus Chartarum Fabriano (CCF) was presented at the biennial International Paper Historians Congress, promoted by International Paper Historians (IPH) in collaboration with the Library of Congress, the National Gallery of Art and the National Archives and Record Administration in Washington (USA).
- Artist residency of the Spanish-born watercolourist Alberto Madrigal, promoted by the Fedrigoni Group in collaboration with the Foundation. Madrigal has produced a travel notebook containing the landscapes and emotions of those days, presented during the last edition of the Drawing Festival.
- Participation in the European Heritage Days 2021 with the special opening to visitors of the Fabriano Paper Pavilion.

- Presentation of the restoration and of the 1st printed edition of the Album "I segni delle antiche cartiere fabrianesi" by Augusto Zonghi during the European Heritage Days 2021 with the event Ti Presento Augusto Zonghi broadcast live via streaming.
- Collaboration on the project "Nel tempo di una storia" promoted by Museimpresa and Assolombarda, aimed at conveying the industrial and cultural heritage preserved in the museums and archives of Italian companies, through the story of Simone Bramante, aka Brahmino, one of the most popular photographers and influencers among Instagrammers.
- "The Grand Tour of Paper. 8 centuries of paper history, 10 years of the Foundation", an event promoted during the 20th Business Culture Week with the special opening of the Fabriano Paper Pavilion to the public.
- Inauguration of "Casa Fedrigoni", the Fedrigoni Group's corporate archives, open to guided tours for scholars and paper enthusiasts and collaborations with graphics and design universities and schools.

#### Publishing

- Publication of the inventory of the goods preserved in the Fedrigoni Archives in Verona (Casa Fedrigoni) in the series "Invenire" edited and directed by Giorgetta Bonfiglio Dosio (University of Padua) and published by Cleup.
- Publication of the book "Il senso di una comunità" (The sense of a community) five years after the earthquake of 26 October 2016, dedicated to the reconstruction of the Pioraco factory which was totally destroyed. The volume was printed in 700 copies and distributed to the 550 employees of the Marche Area of the Fedrigoni Group.

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### PAPER (LPCS)\* Business Unit

#### Fedrigoni

ARENA ECO 50	Uncoated, extra-white paper made with 50% recycled fibres. ECF Pulp guaranteed and FSC® certified, with a smooth finishing.	SAVILE ROW PINSTRIPE	Pulp-coloured uncoated papers and boards with a fabric effect. It is made with: 60% ECF woodfree pulp, 20% cotton fibres and 20% textile fibres and it is FSC® certified.
CENTURY COTTON LAID	Soft and refined wood-free laid and watermarked paper with 75% wood-free ECF pulp and 25% cotton content, FSC® certified. Versions available with watermark.	SAVILE ROW PLAIN	Pulped-coloured uncoated papers and boards with a fabric effect. It is made using 60% ECF wood-free pulp, 20% cotton fibres and 20% textile fibres, and it is FSC® certified.
CENTURY COTTON WOVE	Premium Quality uncoated papers and boards, FSC® certified, with a velvety surface. Made with 75% ECF pulp and 25% cotton fibre. Versions available with watermark.	SAVILE ROW TWEED	Pulped-coloured uncoated papers and boards with a fabric effect. It is made using 60% ECF wood-free pulp, 20% cotton fibres and 20% textile fibres, and it is FSC® certified.
COTTAGE	Uncoated papers and boards, FSC® certified. Made with 75% ECF pulp and 25% cotton fibre. Felt-marked on both sides.	SYMBOL FREELIFE E/E	Environmentally friendly ECF papers and boards FSC® certified. High content of selected recycled material (minimum quantity guaranteed 40%). Triple blade coated on both sides with a Satin finish.
FREELIFE CENTO	High quality recycled papers with a smooth finish, made with 100% FSC® certified recycled fibre.	SYMBOL FREELIFE GLOSS	Environmentally friendly ECF papers and boards. FSC® certified. High content of selected recycled material (minimum quantity guaranteed 40%). Triple blade coated on both sides with a Gloss finish.
FREELIFE KENDO	High quality papers and boards, finely mottled, with 5% hemp fibre, 40% recycled material FSC® certified, and 55% pure environmentally friendly fibre certify FSC®.	SYMBOL FREELIFE SATIN	Environmentally friendly ECF papers and boards, FSC® certified. High content of recycled material (minimum quantity guaranteed 40%). Triple blade coated on both sides with satin finish.
FREELIFE MERIDA	High quality recycled papers and boards, pulp coloured, with 55% pure environmentally friendly FSC® certified fibres, 40% recycled fibres, and 5% cotton fibres. Felt-marked on both sides.	SYMBOL CARD ECO 100	Boards made with 100% recycled fibres, FSC® certified. Double blade coated on one side with a satin finishing.
FREELIFE VELLUM	High quality recycled papers and boards, with 55% pure environmentally friendly FSC® certified fibres, 40% recycled fibres, and 5% cotton fibres.	SYMBOL CARD ECO 50	Boards made with 50% recycled fibres, FSC® certified. Double blade coated on one side with a satin finishing.
FREELIFE OIKOS	High quality papers and boards with recycled content, finely mottled on both sides. Made with 50% pure environmentally friendly FSC® certified fibres and 50% recycled fibres.	SYMBOL FREELIFE MATT PLUS	Environmentally friendly ECF papers and boards, FSC® certified. High content of recycled material (minimum quantity guaranteed 40%). Triple blade coated on both sides with matt finish.
LIFE	High white recycled papers and boards FSC® certified. Made with 80 % recycled fibre and 20% pure environmentally friendly FSC® certified fibres.	SYMBOL FREELIFE PEARL	FSC® certified triple-coated papers and boards on both sides with pearlescent finish, composed of pure ECF cellulose and a high selected recycle content.
LIFE ECO100 (FSC RECYCLED)	High white recycled papers and boards, with 100% recycled fibres, FSC® certified.	WOODSTOCK	Recycled uncoated papers and boards with 80% recycled fibres and 20% ECF virgin fibres, FSC® certified, smooth finishing. Pulp coloured.
MATERICA	Natural papers and boards with a coarse finish, made from 25% ECF-guaranteed pulp, 25% recovered fibre, 40% CTMP pulp and 10% FSC® certified cotton fibre.		
OLD MILL ECO40	Uncoated papers and boards made with FSC® certified, environmentally friendly ECF pulp, with 40% of recycled content. Felt-marked on both sides.		

\*Luxury Packaging and Creative Solutions

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### Cordenons

AROMATIQUE	Papers and boards made from cotton linters and pure ECF virgin pulp fibres. Recyclable or recoverable as energy. En71 safety of toys (migration of certain elements). 94/62/EC (below permitted heavy metal threshold)
BLU&GREEN ASTROPACK	Papers and boards with natural, uncoated surface, excellent stiffness and strength, high degree of whiteness, good light fastness, excellent surface sizing, with the added advantage of being an FSC® recycled product in varying percentages between pre-consumer and post-consumer.
CANALETTO	<p>Papers and boards made from 20% cotton and 80% pure ECF virgin pulp fibres. It is a felt-marked paper on both sides. The percentage of cotton in the mix gives it an extremely natural appearance and a velvety smooth feel.</p> <p>It has very good strength, bulk and stiffness, excellent resistance to folding and creasing, good light fastness and high surface adhesion with natural gelatine. FSC® certified.</p> <p>Canaletto envelopes are produced with the same features and are FSC® certified.</p>
CANALETTO GRANA GROSSA	<p>Papers and boards made from 20% cotton and 80% pure ECF virgin pulp fibres. It is a felt-marked paper on both sides.</p> <p>It has a good percentage of cotton in the main body which gives it a natural appearance and an extremely velvety smooth feel.</p> <p>It has very good strength, bulk and stiffness, excellent resistance to folding and creasing, good light fastness and high surface adhesion with natural gelatine. Recyclable or recoverable as energy.</p> <p>Canaletto Grana Grossa envelopes are produced with the same features.</p>
FLORA	<p>Partially recycled papers and boards featuring clearly visible "slivers" on the surface, made with 30% de-inked pure pulp secondary fibres, 60% pure ECF virgin pulp fibres and 10% cotton linters fibre. The Gardenia colour variant, unlike the others, is free of inclusions.</p> <p>The use of cotton in the main body makes it particularly soft to the touch. FSC® certified.</p> <p>Flora envelopes are produced with the same features, FSC® certified</p>
FORMOSA Recy	Pulp-coloured papers and boards made from 100% recycled fibres in varying percentages between pre-consumer and post-consumer. It has a natural, even surface, which makes it suitable for papermaking and ensures good printability. FSC® certified recycled
FORMOSA RecyPack	<p>Coloured papers and boards specifically designed for the packaging industry. Two pulp colours, the classic Havana and Black, a wide range of grammages up to 480 gsm, and it is produced with 100% recycled fibres in a variable percentage between pre-consumer and post-consumer. It has a natural surface which makes it suitable for papermaking and ensures good printability. FSC® certified recycled.</p> <p>The black version is produced without the use of Carbon Black pigments.</p>

KINGDOM LAID + WM	Papers and boards made from pure ECF virgin pulp fibres featuring a refined, classic pattern inspired by traditional writing paper. Contains 15% cotton fibres, various shades, FSC® certified mix (FSC-CO12975). Also available in a watermarked version in 100 gms. Kingdom Laid envelopes in five types, same features, FSC® certified.
KINGDOM LAID WM RECY	Papers made from pure ECF virgin pulp fibres and 100% recycled fibres in varying percentages of pre-consumer and post-consumer, featuring the refined classic pattern inspired by traditional writing paper, watermarked in 100 gsm. Colour Recy White. FSC® certified recycled.
KINGDOM WOVE +WM	<p>Papers and boards made from pure EFC virgin pulp fibres give it a pleasant feel like a soft fabric. Contains 15% cotton fibres, various shades, FSC® certified mix. Also available in a watermarked version in 100 gms.</p> <p>Kingdom Wove envelopes in five types, same features, FSC® certified.</p>
KINGDOM WOVE RECY + WM RECY	<p>Papers made from pure ECF virgin pulp fibres and 100% recycled fibres in varying percentages of pre-consumer and post-consumer, featuring the pleasant feel of a soft fabric. Colour Recy White. FSC® certified recycled</p> <p>Also available in a watermarked version in 100 gms.</p> <p>Kingdom Wove envelopes in five types, same features, Recy White colour, FSC® certified recycled</p>
KINGDOM XT-S + WM	<p>Papers and boards made from pure ECF virgin pulp fibres stand out for their particularly smooth surface. Contains 15% cotton fibres, various shades, FSC® certified mix.</p> <p>Also available in a watermarked version in 100 gms.</p> <p>Kingdom XT-S envelopes in five types, same features, FSC® certified.</p>
KINGDOM XT-S RECY + WM RECY	<p>Papers made from pure ECF virgin pulp fibres and 100% recycled fibres in varying percentages of pre-consumer and post-consumer, featuring a particularly smooth surface. Colour Recy White. FSC® certified recycled</p> <p>Also available in a watermarked version in 100 gms.</p> <p>Kingdom XT-S envelopes in five types, same features, Recy White colour, FSC® certified recycled</p>
NATURAL GREEN EVOLUTION	<p>Papers and boards made from 100% recycled fibres in varying percentages between pre-consumer and post-consumer. Both surfaces are treated off-line with a special matt coating that allows high Ink Hold Out for brilliant images with high detail and contrast. Textured surface, very good strength, bulk greater than 1.4, very good opacity, very good resistance to creasing and folding</p> <p>It has a natural surface and guarantees excellent offset printing results. FSC® certified recycled.</p>
PAPERMILK	Papers and boards made from up to 10% milk fibres, 40% cotton linters and pure ECF virgin pulp fibres. FSC® certified

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RECYCO	Premium white paper made from 100% recycled fibres in varying percentages of pre and post-consumer and pure virgin ECF pulp fibres. FSC® certified recycled It has a natural white colour and is available in a wide range of grammages.
SO..SILK	Papers and boards made from pure ECF pulp fibres and silk fibres. The special surface finish makes the paper extremely silky, smooth and soft to the touch. The colour is slightly iridescent. FSC® certified.  So..Silk envelopes are produced with the same features and are FSC® certified.
SO..WOOL	Papers and boards made from pure ECF virgin pulp fibres and fibres from recovered residues from wool and cotton textile production.  FSC® certified.  So..Wool envelopes are produced with the same features and are FSC® certified (FSC-CO12975).
STARDREAM 2.0	Papers and boards made from pure ECF virgin pulp fibres, consisting of 40% post-consumer fibres (PCW). The 110 g/m² grammage is one-side coated, while 200 g/m² and 340 g/m² are two-side coated.  FSC® certified.

TASTY	Luxury papers and boards suitable for food contact.  It complies with the most important Italian and international regulations.  It is produced in two versions:  Tasty Moist & Fatty undergoes a special treatment that makes it ideal for use in food packaging and wet-fat food applications.  Available in the Wild and Modigliani ranges, it is particularly versatile and can also be used for applications created for dry foods.  Available in White, but also in three Wild colours: Sand, Brown, and Black. FSC® certified.  Tasty DRY has been formulated exclusively for direct contact with dry, non-wet-fat foods. It is produced in the Astropack and Modigliani ranges in the colour White. FSC® certified.
TRES AROMATIQUE	Boards made from cotton fibres and pure ECF virgin pulp fibres, without fillers. Naturally coloured, they allow excellent absorption and evaporation of the liquid at the desired temperature. Contains cotton.
WILD	Papers and boards made from 35% cotton and 65% pure ECF virgin pulp fibres. A paper with an extraordinarily natural surface and a neutral, slightly changing colour.  A light surface treatment is applied to improve runnability and printability. FSC® certified.
WILD NATURAL	Boards made from 35% cotton and 65% pure ECF pulp fibres. It is a natural surface board, characterised by a high thickness (2,000 micron - 850 gsm).  FSC® certified

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### Fabriano

COPY1	EU ECOLABEL certified white photocopy paper, made of 100% FSC® certified pure E.C.F. (Elemental Chlorine Free) pulp. Reams with plastic-free wrapping.
COPY BIO	White photocopy paper produced using hydroelectric power, EU ECOLABEL certified, made from 100% pure T.C.F. pulp. (Total Chlorine Free) FSC® certified. Reams with plastic-free wrapping.
COPY LIFE	White photocopy paper produced using hydroelectric power, EU ECOLABEL certified, made from 85% post-consumer recycled pulp and 15% pure E.C.F. pulp. (Elemental Chlorine Free) certified FSC®. Reams with plastic-free wrapping.
ESPORTAZIONE	Esportazione is a handmade paper for all drawing techniques (and especially for watercolour and tempera). Four uncut edges, 100% cotton, totally chlorine-free (TCF).
ROMA	Roma is a handmade paper made from 100% cotton and is totally chlorine-free (TCF). This handmade laid and watermarked paper has all its edged deckled and is particularly suitable for deluxe editions, fine printing, bookbinding and drawing.
ARTISTICO	Watercolour paper made from 100% TCF (Total Chlorine Free) cotton fibres that is mould-made. Vegan Friendly product due to its special double starch coating.
FABRIANO 5	Mould-made watercolour paper made from a high-quality blend of 50% TCF (Total Chlorine Free) cotton and ECF (Elemental Chlorine Free) pulp fibres.
WATERCOLOUR	Watercolour paper made using hydroelectric power, consisting of a high-quality lignin-free blend of cotton and pulp: 25% cotton and 75% ECF (Elemental Chlorine Free) pulp, FSC® certified.
ACCADEMIA	Fabriano Accademia drawing paper is produced using hydroelectric power and 100% ECF (Elemental Chlorine Free) pulp, FSC® certified.
DISEGNO ECOLOGICO PER ARTISTI	Disegno Ecologico per Artisti paper is produced using hydroelectric power FSC® certified post-consumer recycled pulp. Slightly marked surface with a high degree of whiteness, higher than that of a standard recycled paper.
TONED PAPER	Ideal paper for drawing using shading and highlighting techniques, made from 15% cotton and 85% ECF (Elemental Chlorine Free) pulp.
TIZIANO	This drawing paper contains cotton and is made from ECF (Elemental Chlorine Free) pulp, FSC® certified. Available in 40 highly lightfast colours.

AETERNUM COTTON PHOTO CONSERVATION	100% cotton paper with TCF (Total Chlorine Free) fibres that is mould-made. Certified Long Life ISO 9706 and PAT ISO 18916, its absolute stability and durability makes it particularly suitable for making folders or cases for storing photographic documents.
DUREVOLE CONSERVATION COTTON	Natural white mould-made storage cardboard from 100% totally chlorine-free cotton fibres (T.C.F.). The product is free of wood pulp and optical brightening agents and is acid free with an alkaline reserve and anti-fungus treatment to guarantee long shelf life. It is Long Life ISO 9706 and PAT ISO 18916 certified.
TIEPOLO	Mould-made paper made from 100% totally chlorine-free cotton (T.C.F.), this board is suitable for all art printing techniques.
ROSASPINA	Mould-made paper made from 40% totally chlorine-free cotton (T.C.F.) and 40% ECF (Elemental Chlorine Free) pulp. This board is suitable for all fine art printing techniques.
FABRIANO UNICA	Fabriano Unica paper is suitable for all art printing techniques. Paper produced using hydroelectric power from 50% TCF cotton and 50% ECF pulp.
FABRIANO DISEGNO 2	Albums, pads or sheets for school. Paper produced using hydroelectric power using 100% ECF (Elemental Chlorine Free) pulp, FSC® certified.
FABRIANO DISEGNO 4	Albums, pads or sheets for school. Paper produced using hydroelectric power using 100% ECF (Elemental Chlorine Free) pulp, FSC® certified.
ELLE ERRE	Coloured boards produced using hydroelectric power, made of 100% ECF (Elemental Chlorine Free) pulp, FSC® certified.
FABRIANO COLORE	Coloured boards produced using hydroelectric power, made of 100% ECF (Elemental Chlorine Free) pulp, FSC® certified.
FABRIANO ISPIRA	Stitched binding notebooks produced in Italy using 100% pure T.C.F. pulp paper. (Total Chlorine Free) FSC® certified.
FABRIANO ECOQUA	Collection of exercise books and notebooks entirely produced in Italy using 100% pure T.C.F. pulp paper. (Total Chlorine Free) FSC® certified.

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### SELF-ADHESIVES/LABELS Business Unit

BAGASSE MERINGUE ULTRA WS	White wood-free paper with a smooth textured surface and with an Ultra WS treatment. Made exclusively from annual plants, 95% bagasse (by-product from the transformation of sugar cane) and 5% linen and hemp crops. 100% recyclable.	FREELIFE MERIDA CREAM ULTRA WS FSC™	Premium quality uncoated recycled paper, felt-marked on both sides, made with pure ECF fibers (55%), cotton (5%) and recycled fiber (40%) and with an Ultra WS treatment. Due to the nature of the raw material used, there may be the small impurities and/or slight variations in tone and appearance which are normal in a natural product.
BEREBER SAND ULTRA WS FSC™	Premium quality recycled paper (30% post consumer fibers) with a smooth finish and an Ultra WS treatment. Due to the nature of the raw material used, there may be the small variations in colour and look.	FREELIFE MERIDA KRAFT FSC™	Premium quality uncoated recycled paper, felt-marked on both sides, made with fibers ECF (55%), pure ECF fibers (55%), cotton (5%) and recycled fiber (40%). Due to the nature of the raw material used, there may be the small impurities and/or slight variations in tone and appearance which are normal in a natural product.
COTONE BIANCO ULTRA WS	Natural 100% cotton paper with an ULTRA WS and anti-fungus treatment. Due to the nature of the raw material used, there may be the small impurities and/or slight variations in tone and appearance which are normal in a natural product.	FREELIFE MERIDA WHITE FSC™	Premium quality uncoated recycled paper, felt-marked on both sides, made with pure ECF fibers (55%), cotton (5%) and recycled fiber (40%). Due to the nature of the raw material used, there may be the small impurities and/or slight variations in tone and appearance which are normal in a natural product.
COTONE BIANCO WS BARRIER	Natural felt-textured white 100% cotton wet strenght paper. Barrier construction.	FREELIFE MERIDA WHITE ULTRA WS FSC™	Premium quality uncoated recycled paper, felt-marked on both sides, made with pure ECF fibers (55%), cotton (5%) and recycled fiber (40%) and with an Ultra WS treatment. Due to the nature of the raw material used, there may be the small impurities and/or slight variations in tone and appearance which are normal in a natural product.
COTONE EXTRA WHITE ULTRA WS	Natural 100% cotton paper with a high degree of whiteness, ULTRA WS and anti-fungus treatment. Due to the nature of the raw material used, there may be the small impurities and/or slight variations in tone and appearance which are normal in a natural product.	GREEN VALLEY CORK ULTRA WS FSC™	Layer of natural cork laminated with paper and ULTRA WS treatment. Due to the nature of the raw material used, there may be small impurities and/or slight variations in tone and appearance which are normal in a natural product.
COTONE NERO FELT WS	Tree-free uncoated felt-marked deep black pulp-coloured paper produced with 100% pure cotton fibbers.	KRAFT NATURAL PEFC	Long fibre laid Kraft paper. Due to the raw material nature, there may be small variations in colour and look.
COTONE NERO FELT WS BARRIER	Natural felt-textured black 100% cotton wet strenght paper. Barrier construction.	MATERICA GESSO ULTRA WS FSC™	Natural paper, made with pure ECF fibers (25%), CTMP fibres (40%), cotton (15%), recycled fibre (20%) and pure cellulose with an Ultra WS treatment. Due to the nature of the raw material used, there may be the small impurities and/or slight variations in tone and appearance which are normal in a natural product.
COTONE NERO INTENSE WS	Tree-free uncoated deep black pulp-coloured paper produced with 100% pure cotton fibbers.	MATERICA KRAFT ULTRA WS FSC™	Natural paper, made with pure ECF fibers (25%), CTMP fibres (40%), cotton (15%), recycled fibre (20%) and pure cellulose with an Ultra WS treatment. Due to the nature of the raw material used, there may be the small impurities and/or slight variations in tone and appearance which are normal in a natural product.
COTONE NERO INTENSE WS BARRIER	Natural 100% cotton wet strenght black paper. Barrier construction.	MATERICA LIMESTONE ULTRA WS FSC™	Natural paper, made with pure ECF fibers (25%), CTMP fibres (40%), cotton (15%), recycled fibre (20%) and pure cellulose with an Ultra WS treatment. Due to the nature of the raw material used, there may be the small impurities and/or slight variations in tone and appearance which are normal in a natural product.
COTTAGE IVORY FSC™	Natural, pure chlorine-free (ECF 75%) cellulose paper mixed with natural cotton fibers (25%), felt-marked on both sides. Due to the nature of the raw material used, there may be the small impurities and/or slight variations in tone and appearance which are normal in a natural product.	MATERICA PITCH ULTRA WS FSC™	Natural paper, made with pure ECF fibers (25%), CTMP fibres (40%), cotton (15%), recycled fibre (20%) and pure cellulose with an Ultra WS treatment. Due to the nature of the raw material used, there may be the small impurities and/or slight variations in tone and appearance which are normal in a natural product.
COTTAGE PREMIUM WHITE FSC™	Natural, pure chlorine-free (ECF 75%) cellulose paper mixed with natural cotton fibers (25%), felt-marked on both sides. Due to the nature of the raw material used, there may be the small impurities and/or slight variations in tone and appearance which are normal in a natural product.		
COTTAGE PREMIUM WHITE ULTRA WS FSC™	Natural, pure chlorine-free (ECF 75%) cellulose paper mixed with natural cotton fibres (25%), felt marked on both sides and an Ultra WS treatment. Due to the nature of the raw material used, there may be the small impurities and/or slight variations in tone and appearance which are normal in a natural product.		
COUTURE WHITE WS BARRIER FSC™	Uncoated embossed paper featuring a textile finish. Barrier Construction.		
COUTURE WHITE WS FSC™	Uncoated embossed paper featuring a textile finish.		
EDEN FSC™	Natural paper with grass fibers. FSC certified.		
FREELIFE MERIDA CREAM FSC™	Premium quality uncoated recycled paper, felt-marked on both sides, made with pure ECF fibers (55%), cotton (5%) and recycled fiber (40%). Due to the nature of the raw material used, there may be the small impurities and/or slight variations in tone and appearance which are normal in a natural product.		

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MATERICA VERDIGRIS ULTRA WS FSC™	Natural paper, made with pure ECF fibers (25%), CTMP fibres (40%), cotton (15%), recycled fibre (20%) and pure cellulose with an Ultra WS treatment. Due to the nature of the raw material used, there may be the small impurities and/or slight variations in tone and appearance which are normal in a natural product.
MINERAL PAPER	Paper made with a mixture of calcium carbonate and polyethylene, renewable and recyclable.
NATURAL CORK ULTRA WS FSC™	Layer of natural cork laminated with paper and ULTRA WS treatment. Due to the nature of the raw material used, there may be small impurities and/or slight variations in tone and appearance which are normal in a natural product.
NATURAL COTTON BARRIER	Natural felt-textured white 100% cotton wet strenght paper.
RED RIVER CORK ULTRA WS FSC™	Layer of natural cork laminated with paper and ULTRA WS treatment. Due to the nature of the raw material used, there may be small impurities and/or slight variations in tone and appearance which are normal in a natural product.
ROCK FOREST CORK ULTRA WS FSC™	Layer of natural cork laminated with paper and ULTRA WS treatment. Due to the nature of the raw material used, there may be small impurities and/or slight variations in tone and appearance which are normal in a natural product.
SAVILE ROW TWEED CAMEL FSC™	Pure cellulose paper embossed off-machine in a textile design, made from an ecological chlorine-free (ECF 60%), cotton fibres (20%), textile fibres (20%) and pulp coloured. Due to the nature of the raw material used, there may be small impurities and/or slight variations in tone and appearance which are normal in a natural product.
SAVILE ROW TWEED DARK GREY FSC™	Pure cellulose paper embossed off-machine in a textile design, made from an ecological chlorine-free (ECF 60%), cotton fibres (20%), textile fibres (20%) and pulp coloured. Due to the nature of the raw material used, there may be small impurities and/or slight variations in tone and appearance which are normal in a natural product.
SAVILE ROW TWEED EXTRA WHITE FSC™	Pure cellulose paper embossed off-machine in a textile design, made from an ecological chlorine-free (ECF 60%), cotton fibres (20%) and textile fibres (20%). Due to the nature of the raw material used, there may be the small impurities and/or slight variations in tone and appearance which are normal in a natural product.
SAVILE ROW TWEED WHITE FSC™	Pure cellulose paper embossed off-machine in a textile design, made from an ecological chlorine-free (ECF 60%), cotton fibres (20%) and textile fibres (20%). Due to the nature of the raw material used, there may be the small impurities and/or slight variations in tone and appearance which are normal in a natural product.
SAVILE ROW TWEED WHITE ULTRA WS EXT FSC™	Pure cellulose paper embossed off-machine in a textile design, made from an ecological chlorine-free (ECF 60%), cotton fibres (20%), textile fibres (20%) and with an ULTRA WS treatment. Due to the nature of the raw material used, there may be the small impurities and/or slight variations in tone and appearance which are normal in a natural product.
WHITE MOUNTAIN CORK ULTRA WS FSC™	Layer of natural cork laminated with paper and ULTRA WS treatment. Due to the nature of the raw material used, there may be small impurities and/or slight variations in tone and appearance which are normal in a natural product.

WILD ROOTS CORK ULTRA WS FSC™	Layer of natural cork and fennel laminated with paper and ULTRA WS treatment. Due to the nature of the raw material used, there may be small impurities and/or slight variations in tone and appearance which are normal in a natural product.
WOODSTOCK BETULLA FSC™	Finely mottled ecological paper made with a highly recycled fiber content (80%) . Due to the raw material nature, there may be small variations in color and look.
WOODSTOCK SUGHERO FSC™	Finely mottled ecological paper made with a highly recycled fiber content (80%) . Due to the raw material nature, there may be small variations in color and look.
BAGASSE MERINGUE ULTRA WS	White wood-free paper with a smooth textured surface and with an Ultra WS treatment. Made exclusively from annual plants, 95% bagasse (by-product from the transformation of sugar cane) and 5% linen and hemp crops. 100% recyclable.
BEREBER SAND ULTRA WS FSC™	Premium quality recycled paper (30% post consumer fibers) with a smooth finish and an Ultra WS treatment. Due to the nature of the raw material used, there may be the small variations in colour and look. Facestock FSC™ certified according to chain of custody FSC Mix Credit AEN-COC-0000015 and license number FSC®-C104042. By choosing this product you are supporting the responsible forest management worldwide.
COTONE BIANCO ULTRA WS	Natural 100% cotton paper with an ULTRA WS and anti-fungus treatment. Due to the nature of the raw material used, there may be the small impurities and/or slight variations in tone and appearance which are normal in a natural product.
COTONE BIANCO WS BARRIER	Natural felt-textured white 100% cotton wet strenght paper. Barrier construction.
COTONE EXTRA WHITE ULTRA WS	Natural 100% cotton paper with a high degree of whiteness, ULTRA WS and anti-fungus treatment. Due to the nature of the raw material used, there may be the small impurities and/or slight variations in tone and appearance which are normal in a natural product.
COTONE NERO FELT WS	Tree-free uncoated felt-marked deep black pulp-coloured paper produced with 100% pure cotton fibbers.
COTONE NERO FELT WS BARRIER	Tree-free uncoated felt-marked deep black pulp-coloured paper produced with 100% pure cotton fibbers. Barrier Construction.
COTONE NERO INTENSE WS	Tree-free uncoated deep black pulp-coloured paper produced with 100% pure cotton fibbers.
COTONE NERO INTENSE WS BARRIER	Natural 100% cotton wet strenght black paper. Barrier construction.
COTTAGE IVORY FSC™	Natural, pure chlorine-free (ECF 75%) cellulose paper mixed with natural cotton fibers (25%), felt-marked on both sides. Due to the nature of the raw material used, there may be the small impurities and/or slight variations in tone and appearance which are normal in a natural product.
MODI WHITE RECYCLED WS FSC™	Natural, felt textured white paper, 100% recycled fibers from post-consumer waste (PCW). Wet strength.
SOROLLA RECYCLED H+O WS FSC™	100 % Recycled felt-textured white, high opacity, wet strength paper. FSC certified.



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TINTORETTO GESSO RECYCLED H+O WS FSC™	Pure ECF pulp recycled paper, 100% recycled fibers from pre-consumer and post-consumer waste, with an special treatment that ensures a high opacity in wet conditions. Wet strength.
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MODI WHITE RECYCLED NECK LABEL WS FSC™	Natural, felt textured white paper, 100% recycled fibers from post-consumer waste (PCW). Wet strength.
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FREELIFE MERIDA WHITE IDP FSC™	Felt-marked ecological paper, surface treated for INDIGO digital printing. Due to the nature of the raw material used, there may be the small impurities and/or slight variations in tone and appearance which are normal in a natural product.
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FREELIFE MERIDA WHITE IDP ULTRA WS FSC™	Felt-marked ecological paper, surface treated for INDIGO digital printing and with an ULTRA WS treatment. Due to the nature of the raw material used, there may be the small impurities and/or slight variations in tone and appearance which are normal in a natural product.
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COATED 80 RECYCLED FSC™	Semi-gloss coated paper with 100% of recycling fiber from post consumer. Due to the nature of the raw material used, there may be the small impurities and/or slight variations in tone and appearance which are normal in a recycled product.
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VELLUM RECYCLED FSC™	White calendered, 100 % post consumer recycled paper. FSC certified.
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#### THIN MATERIALS

THERMAL ECO BPA FREE 65 FSC™	A non top coated paper with a high sensitivity thermal coating produced without the use of bisphenol A (BPA).
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#### LINERLESS

ROLL DTL TOP PROTECTED	ROLL DTL PP WHITE
	CORE LINERLESS CLEAR TC
	CORE LINERLESS WHITE TC
	CORE LINERLESS SILVER TC
	CORE LINERLESS PP CAVITATED GLOSS WHITE TC

#### RI-MOVE RANGE

RI-MOVE PET/PP CLEAR GLOSS TC 50	Gloss clear top coated polypropylene. Product designed for labelling recyclable polyester bottles. The material is removed from the ground polyester bottle without leaving adhesive residues on the polyester flakes under hot caustic conditions.
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RI-MOVE PET/PP TC WHITE GLOSS CAV60	Gloss white top coated cavitated polypropylene. Product designed for labelling recyclable polyester bottles. The material is removed from the ground polyester bottle without leaving adhesive residues on the polyester flakes under hot caustic conditions.
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RI-MOVE PET/PP TCX CLEAR GLOSS 50	Gloss clear top coated polypropylene. Product designed for labelling recyclable polyester bottles where a "no label look" is desired. The material is removed from the ground polyester bottle without leaving adhesive residues on the polyester flakes under hot caustic conditions.
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RI-MOVE PET/CORE LINERLESS PP CAVITATED GLOSS WHITE TC	Gloss white top coated cavitated polypropylene. Thin construction allowing in a spcifyc pprocess to create a linerless construction using PET12my backing as overlaminate film. The material is removed from the ground polyester bottle without leaving adhesive residues on the polyester flakes under hot caustic conditions.
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RI-MOVE GLASS/ PET TC8 GLOSS CLEAR 45	Pet clear film top coated. The material is designed to detach from glass bottles without leaving any adhesive residue on the bottle or in the washing bath.
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#### FILMS WITH RECYCLED CONTENT

rPE TC8 GLOSS WHITE 85	Gloss white top coated polyethylene film with 30% of recycling from post-consumer and 55-60% of recycling from post-industrial. As recycled film it could contain gels. The quantity of gels is not subject to specification.
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rPP ADVANCED TC8 GLOSS CLEAR 50	Gloss clear top coated polypropylene that includes high quality Recycled Post Consumer Waste (PCR-PP) in very high percentage (90%).
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rPP ADVANCED TC8 GLOSS CLEAR 50 ISCC+	Gloss clear top coated polypropylene that includes high quality Recycled Post Consumer Waste (PCR-PP) in very high percentage (90%), certified according to the requirements of the International Sustainability and Carbon Certification (ISCC PLUS).
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rPP ADVANCED TC8 GLOSS WHITE CAV 60	Gloss white top coated cavitated polypropylene that includes high quality Recycled Post Consumer Waste (PCR-PP) in very high percentage (85%).
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rPP ADVANCED TC8 GLOSS WHITE CAV 60 ISCC+	Gloss white top coated cavitated polypropylene that includes high quality Recycled Post Consumer Waste (PCR-PP) in very high percentage (85%), certified according to the requirements of the International Sustainability and Carbon Certification (ISCC PLUS).
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rPP TC8 GLOSS CLEAR 50	Gloss clear top coated polypropylene that includes high quality Recycled Post Consumer Waste (30 % PCR-PP).
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rPP TC8 GLOSS CLEAR 50 ISCC+	Gloss clear top coated polypropylene that includes high quality Recycled Post Consumer Waste (30 % PCR-PP), certified according to the requirements of the International Sustainability and Carbon Certification (ISCC PLUS).
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rPP TC8 GLOSS WHITE CAV 60	Gloss white top coated cavitated polypropylene that includes high quality Recycled Post Consumer Waste (30% PCR-PP).
----------------------------	--

rPP TC8 GLOSS WHITE CAV 60 ISCC+	Gloss white top coated cavitated polypropylene that includes high quality Recycled Post Consumer Waste (30% PCRPP), certified according to the requirements of the International Sustainability and Carbon Certification (ISCC PLUS).
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# Deloitte.

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#### INDEPENDENT AUDITOR'S REPORT ON THE SUSTAINABILITY REPORT

To the Board of Directors of  
Fedrigoni S.p.A.

We have carried out a limited assurance engagement on the Sustainability Report of Fedrigoni Group (hereinafter also "Group") as of December 31, 2021.

#### Responsibility of the Directors for the Sustainability Report

The Directors of Fedrigoni S.p.A. are responsible for the preparation of the Sustainability Report in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" established by GRI - Global Reporting Initiative (hereinafter "GRI Standards"), as stated in the paragraph "Methodological note" of the Sustainability Report.

The Directors are also responsible, for such internal control as they determine is necessary to enable the preparation of the Sustainability Report that is free from material misstatement, whether due to fraud or error.

The Directors are also responsible for the definition of the Fedrigoni Group's objectives in relation to the sustainability performance, for the identification of the stakeholders and the significant aspects to report.

#### Auditor's Independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the *International Ethics Standards Board for Accountants*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our auditing firm applies *International Standard on Quality Control 1* (ISQC Italia 1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona  
Sede Legale: Via Tortona, 25 - 20144 Milano | Capitale Sociale: Euro 10.328.220,00 Liv.  
Codice Fiscale/Registro delle Imprese di Milano Monza Brianza Lodi n. 03049560166 - R.E.A. n. MI-1720239 | Partita IVA: IT 03049560166

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### Auditor's responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the Sustainability Report with the GRI Standards. We conducted our work in accordance with the criteria established in the *"International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information"* (hereinafter *"ISAE 3000 Revised"*), issued by the *International Auditing and Assurance Standards Board* (IAASB) for limited assurance engagements. The standard requires that we plan and perform the engagement to obtain limited assurance whether the Sustainability Report is free from material misstatement.

Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised (*"reasonable assurance engagement"*), and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures performed on the Sustainability Report are based on our professional judgement and included inquiries, primarily with Company personnel responsible for the preparation of information included in the Sustainability Report, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically we carried out the following procedures:

- 1) analysis of the process relating to the definition of material aspects disclosed in the Sustainability Report, with reference to the methods used for the identification and prioritization of material aspects for stakeholders and to the internal validation of the process results;
- 2) comparison between the economic and financial data and information included in the paragraph *"Direct economic value generated and distributed"* of the Sustainability Report with those included in the Group's Financial Statements;
- 3) understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the Sustainability Report.

In particular, we carried out interviews and discussions with the management of Fedrigoni S.p.A. and with the personnel of Ritrama S.p.A. and we carried out limited documentary verifications, in order to gather information about the processes and procedures, which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of the Sustainability Report.

## Deloitte.

In addition, for material information, taking into consideration the Group's activities and characteristics:

- at the parent company's and subsidiaries' level:
  - a) with regards to qualitative information included in the Sustainability Report, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
  - b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data;
- for the following companies and sites, Verona (VR) site and production plant for Fedrigoni S.p.A. and Caponago (MI) production plant for Ritrama S.p.A., which we selected based on their activities, their contribution to the performance indicators at the consolidated level and their location, we carried out site visits, during which we have met the management and have gathered supporting documentation on a sample basis with reference to the correct application of procedures and calculation methods used for the indicators.

### Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the Sustainability Report of the Fedrigoni Group as of December 31, 2021 is not prepared, in all material aspects, in accordance with the GRI Standards as stated in the paragraph *"Methodological note"* of the Sustainability Report.

### Other matters

The data for the years ended December 31, 2020 and December 31, 2019 presented for comparative purposes in the Sustainability Report have not been subject to a limited or to a reasonable assurance engagement.

DELOITTE & TOUCHE S.p.A.

Signed by  
**Silvia Dallai**  
Partner

Bologna, Italy  
May 6, 2022

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



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## Introduction

We present in this annual financial report (this “Annual Financial Report”) certain financial and other information of Fedrigoni S.p.A. (the “Issuer” and, together with its subsidiaries, the “Group”). Capitalized terms not otherwise defined in this Annual Financial Report shall have the meanings assigned to such terms in the Listing Particulars (as defined herein).

## COVID-19 Update

The Group has implemented certain health and safety measures and activated business continuity and profit protection plans in reaction to the continuing COVID-19 pandemic. All employees who can work remotely have been given appropriate IT equipment and are working remotely where necessary to ensure a safe working environment in our offices and factories.

Our FSA Segment recorded growing sales across all product lines despite a constricted supply chain leading to significantly higher material costs and challenges to fully satisfy demand. We recorded strong improvements in the volumes of industrial products during the year. Our Graphics business has levelled off as the business environment for this kind of products in many parts of the world is weaker than in the first half of the year. Our diversified portfolio in the FSA Segment exposes us to markets which are currently experiencing increased demand, such as the wine & spirits, food & beverage, home & personal care and healthcare markets as well as automotive and white good products. Almost all our production facilities in the FSA Segment have kept operating at full capacity in order to meet the strong demand for our products. We consider the current financial performance of our FSA Segment to be very good and continue to work on integrating our newest acquisitions with synergy achievement on track to exceed expectations.

In Italy, our Specialty Paper (LPCS)<sup>1</sup> Segment recorded a recovery, partially offset by a reduction in the Security Business disposed at the end of 2021. In Europe and in the Rest of the World, we recorded a recovery in the Specialty Paper (LPCS) Segment. We recorded a recovery of volumes in our Specialty Paper (LPCS) Segment, particularly in the packaging sector that recorded a higher sales increase compared to the paper printing sector. The increase in Specialty papers for packaging was also due to (i) growing environmental sensitivity which has led to a reduction in the use of plastic products and (ii) the impact of the COVID-19 pandemic on supply chain reliability, which resulted in the relocation of part of the production from Asia to Europe. We experienced only a partial recovery in the Specialty papers for the printing sector since the complete recovery was delayed due to the adverse impact of the COVID-19 pandemic. We also continue to implement certain procurement and operational efficiency initiatives to further optimize our operations.

Finally, we consider our liquidity position to remain robust. See also “*Listing Particulars–Risk Factors*” as well as our annual report for the year ended December 31, 2021 and our interim reports.

<sup>1</sup> Luxury Packaging and Creative Solutions

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### Key Financial Information

The following table provides an overview of our key results for the year ended December 31, 2021 as well as for the year ended December 31, 2020, in each case giving effect to the Transactions (as defined in the Listing Particulars). This Annual Financial Report should be read in conjunction with the section titled “*Listing Particulars–Summary Historical Financial and Other Information–Other Financial Information, Segment and Geographic and Operating Data*” including the footnotes thereto.

(€ million)	Year ended December 31,	
	2020	2021
Sales Revenues	1,315.2	1,602.9
Adjusted EBITDA <sup>(1)</sup>	166.4	214.8
Adjusted EBITDA Margin <sup>(2)</sup>	12.7%	13.4%
Normalized Capital Expenditures <sup>(3)</sup>	33.9	55.6
Adjusted Sales Revenues <sup>(4)</sup>		1,615.9
Pro Forma Adjusted EBITDA <sup>(1)</sup>		221.0
Pro Forma Adjusted EBITDA Margin <sup>(2)</sup>		13.7%
Pro Forma Net Financial Debt <sup>(5)</sup>		592.6
Pro Forma Cash Interest Expense <sup>(6)</sup>		33.3
Ratio of Pro Forma Net Financial Debt to Pro Forma Adjusted EBITDA		2.68x
Ratio of Pro Forma Adjusted EBITDA to Pro Forma Cash Interest Expense		6.64x

(1) We define Adjusted EBITDA as net profit before depreciation, amortization and impairment losses, income taxes, finance costs, finance income and certain income and costs that management does not consider to be representative of the underlying operations of the business because they either (a) relate to actions taken in relation to transformation projects in connection with certain acquisitions, (b) are not expected to recur within the next two years or (c) are costs associated with business combinations that are expensed as incurred. We define Pro Forma Adjusted EBITDA as Adjusted EBITDA, adjusted for certain specified items as set forth below.

Set forth below is a reconciliation of our net profit to Adjusted EBITDA and Pro Forma Adjusted EBITDA, respectively, for the year ended December 31, 2020 and for the year ended December 31, 2021:

(€ million)	Year ended December 31,	
	2020	2021
Net profit/(loss).	(7.9)	36.5
Net profit from discontinued operations	26.0	-
Depreciation, amortization and impairment losses	73.7	76.9
Income taxes	(26.7)	24.0
Finance costs	76.2	68.5
Income from equity-accounted investments in associates	0.0	(0.4)
Finance income	(22.2)	(23.7)
Non-recurring and certain M&A income and costs <sup>(A)</sup>	47.3	33.0
<b>Adjusted EBITDA</b>	<b>166.4</b>	<b>214.8</b>
Fedrigoni accounting adjustments <sup>(B)</sup>		(1.3)
Fedrigoni run rate cost savings <sup>(C)</sup>		2.0
<b>Pro Forma Adjusted EBITDA (Fedrigoni)</b>		<b>215.5</b>
Run rate cost savings related to the IP Venus Acquisition <sup>(D)</sup>		0.7
Acucote Acquisition and accounting adjustments <sup>(E)</sup>		2.8
Run rate cost savings related to the Acucote Acquisition <sup>(F)</sup>		0.5
Rimark Acquisition and accounting adjustments <sup>(G)</sup>		0.1
Divipa Acquisition and accounting adjustments <sup>(H)</sup>		1.4
<b>Pro Forma Adjusted EBITDA</b>		<b>221.0</b>

(A) Represents adjustments related to (a) in respect of the year ended December 31, 2021, (i) €6.1 million of lay-off and reorganization costs, (ii) €21.5 million of costs related to transformation projects, (iii) €4.9 million of costs mainly incurred in relation to Acucote Acquisition and Rimark Acquisition (as defined below), (iv) €3.0 million related to an insurance reimbursement received by Ritrama Converting in relation to certain riots and raids in South Africa in 2021, (v) €2.4 million of other non-recurring costs mainly related to the impairment of Ritrama Converting assets in relation to the 2021 riots and raids in South Africa, (vi) €0.2 million of losses on disposal of capital assets, (vii) €1.2 million deriving from the realignment in 2021 of the accounting method adopted by Ritrama S.p.A. for the allocation of the 2020 MBO (Management By Objectives) to the Group's method and the bonuses due and allocated in connection with M&A transactions, (viii) €1.5 million of stock provision related to previous years and only accounted for in 2021, (ix) €1.9 million of gain in relation to the disposal of the remaining business concerning the production and distribution of special security products and (x) €0.1 million of other non-recurring costs, and (b) in respect of the year ended December 31, 2020, (i) €6.1 million of lay-off and reorganization costs, (ii) €6.4 million of losses on disposal of an old cogeneration system, (iii) €22.0 million of costs related to transformation projects, (iv) €12.2 million of costs mainly incurred in relation to the Ritrama Acquisition and the IP Venus Acquisition (as defined below), (v) €0.2 million related to an insurance reimbursement received by Miliani Immobiliare S.r.l. in relation to the 2016 earthquake in Castelraimondo, Italy and (vi) €0.8 million of other non-recurring costs.

(B) Represents accounting adjustments related to net realized operating losses in connection with fluctuations in exchange rates in an amount of €1.3 million in connection with commercial transactions.

(C) Represents the estimated run-rate effect on Adjusted EBITDA of cost savings that we expect to realize from estimated annualized run-rate and consisting of (i) cost savings of approximately €11.3 million per year arising from procurement initiatives, (ii) cost savings of approximately €5.8 million per year arising from reorganization and efficiency projects in operations, (iii) estimated annualized run rate cost increases of approximately €10.4 million per year due to human capital investment such as new talent hiring and (iv) €4.7 million of negative impact on Adjusted EBITDA as consequence of the disposal of the remaining business concerning the production and distribution of special security products.

(D) Represents the estimated run-rate effect on Adjusted EBITDA of cost savings that we expect to realize from (i) estimated annualized run-rate cost savings of approximately €0.1 million per year arising from technological improvements which will result in reduction in waste and increase in production efficiency, (ii) estimated annualized run-rate procurement savings of approximately €0.2 million per year arising from an alignment in the purchase of raw materials (e.g. pulp, film and liners) common to the Group and IP Venus and suppliers rationalization, (iii) estimated annualized run-rate cost savings of approximately €0.2 million per year arising from capacity optimization synergies across the Group, (iv) estimated annualized run-rate cost savings of approximately €0.1 million per year arising from cost savings related to

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the rationalization of IP Venus's internal functions, reducing personnel overlaps, (v) run-rate synergies of approximately €0.1 million per year arising from improved commercial practices and cross selling.

(E) On June 21, 2021, we acquired the entire share capital of Acucote Inc. and its subsidiary (including the real estate company Extra Port Inc.) (the "Acucote Acquisition"). The Acucote Acquisition and accounting adjustments related thereto represents €2.8 million run-rate Adjusted EBITDA contribution of the Acucote Acquisition, as if Acucote had been acquired on January 1, 2021.

(F) Represents the estimated run-rate effect on Adjusted EBITDA of cost savings that we expect to realize from estimated annualized run-rate procurement savings of approximately €0.5 million per year arising from an alignment in the purchase of raw materials (e.g. pulp, film and liners) common to the Group and Acucote and suppliers rationalization.

(G) On June 08, 2021, we acquired the entire share capital of Rimark S.A. de C.V. (the "Rimark Acquisition"). The Rimark Acquisition adjustments represents €0.1 million run-rate Adjusted EBITDA contribution of the Rimark Acquisition, as if Rimark had been acquired on January 1, 2021.

(H) On February 16, 2022 we acquired the entire share capital of Distribuidora Vizcaina de Papeles S.L. (the "Divipa Acquisition"). The Divipa Acquisition adjustments represents €1.4 million run-rate Adjusted EBITDA contribution of the Divipa Acquisition, as if Divipa had been acquired on January 1, 2021.

(2) Adjusted EBITDA Margin represents Adjusted EBITDA divided by sales revenues for the periods presented. Pro Forma Adjusted EBITDA Margin is defined as Pro Forma Adjusted EBITDA divided by Adjusted Sales Revenues for the periods presented.

(3) Normalized Capital Expenditures is defined as investments in intangible assets and property, plant and equipment, net of disposals of property, plant and equipment and intangible assets and excluding Extraordinary Capital Expenditures, that are not incurred in the ordinary course of business.

The table below sets forth the calculation of Normalized Capital Expenditures for the years ended December 31, 2020 and 2021:

(€ million)	Year ended December 31,	
	2020	2021
Investments in intangible assets	9.6	15.5
Investments in property, plant and equipment	39.1	52.4
Disposals of property, plant and equipment and intangible assets	(1.7)	(1.3)
Extraordinary Capital Expenditures (A)	(13.1)	(11.0)
<b>Normalized Capital Expenditures</b>	<b>33.9</b>	<b>55.6</b>

(A) Represents capital expenditures that are not considered by management to have been incurred in the ordinary course of business related to the installation of a new cogeneration system, a business intelligence software and an HR management software.

(4) Adjusted Sales Revenues represents sales revenues adjusted to include estimated net sales for the twelve months ended December 31, 2021 generated by (i) Acucote, in an amount of €26.9 million, (ii) Rimark, in an amount of €4.0 million, and (iii) Divipa, in an amount of €24.3 million and to exclude net sales for the twelve months ended December 31, 2021 generated by the remaining business concerning the production and distribution of special security products disposed at the end of 2021 in an amount of €42.2 million. Net sales of Rimark have been prepared in accordance with Mexican GAAP. Mexican GAAP differ in certain respects from IFRS, and so the adjustments representing the contribution of Rimark may differ if Rimark's contributions had been calculated on the basis of IFRS. Net sales of Acucote have been prepared in accordance with US GAAP. US GAAP differ in certain respects from IFRS, and so the adjustments representing the contribution of Acucote may differ if Acucote's contributions had been calculated on the basis of IFRS. Net sales of Divipa have been prepared in accordance with Spanish GAAP. Spanish GAAP differ in certain respects from IFRS, and so the adjustments representing the contribution of Divipa may differ if Divipa's contributions had been calculated on the basis of IFRS.

(5) Pro Forma Net Financial Debt represents non-current liabilities due to banks and other lenders plus current liabilities due to banks and other lenders, minus €265.3 million of cash and cash equivalents, on an as adjusted basis after giving effect to the Transactions as if they had occurred on January 1, 2021. Pro Forma Net Financial Debt (i) includes €520.0 million of the issuance of the 2024 Notes outstanding as of December 31, 2021, (ii) includes €225.0 million of 2026 Notes outstanding as of December 31, 2021 and (iii) excludes the fair value of the interest rate swap at December 31, 2021.

(6) Pro Forma Cash Interest Expense does not account for interest expense on Senior Notes redeemed during the period. Pro Forma Cash Interest Expense has been presented for illustrative purposes only and does not purport to represent what our interest expense would actually have been had the Transactions occurred on January 1, 2021, nor does it purport to project our interest expense for any future period or our financial position at any future date.



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The following operating and financial review is based on the audited condensed consolidated financial statements of the Issuer as of and for the year ended December 31, 2021 as well as of and for the year ended December 31, 2020 (the “Annual Financial Statements”), which are included elsewhere in this Annual Financial Report.

### Results of Operations

#### Financial Statements

The following table provides an overview of the results of operations of the Issuer for the years ended December 31, 2020 and 2021.

(€ million)	Year ended December 31,	
	2020	2021
Sales revenues	1,315.2	1,602.9
Other operating income	13.1	32.4
Cost of materials	(732.3)	(925.6)
Cost of services	(263.0)	(305.7)
Cost of personnel	(208.6)	(249.2)
Other costs	(11.0)	(3.6)
Depreciation, amortization and impairment losses	(73.7)	(76.9)
Change in inventories of work in progress, semi-finished goods and finished products	3.9	29.1
Cost of capitalized in-house work	1.7	1.5
<b>Operating income</b>	<b>45.4</b>	<b>104.8</b>
Financial income	22.2	23.7
Finance costs	(76.2)	(68.5)
<b>Net financial income/(costs)</b>	<b>(54.0)</b>	<b>(44.7)</b>
Share of profits of associates	0.0	0.3
<b>(Loss)/Profit before tax</b>	<b>(8.6)</b>	<b>60.4</b>
Income tax	26.7	(24.0)
Net profit/(loss) from continuing operations	18.1	36.5
Net profit/(loss) from discontinued operations	(26.0)	
<b>Net profit/(loss)</b>	<b>(7.9)</b>	<b>36.5</b>
Net profit/(loss) attributable to owners of the parent	(7.6)	36.4
Net profit/(loss) attributable to minority interests	(0.3)	0.0

### Discussion of the Group

#### Results of Operations

##### Sales Revenues

*Sales Revenues by Reporting Segment and Business Line*

Sales revenues increased by €287.7 million, or 21.9%, to €1,602.9 million for the year ended December 31, 2021 from €1,315.2 million for the year ended December 31, 2020. Sales revenues increased in both the Specialty Paper (LPCS) Segment and the FSA Segment. The table below shows Group's total sales by reporting segment for the years ended December 31, 2020 and 2021:

(€ million)	Year ended December 31,	
	2020	2021
<b>Specialty Paper (LPCS) Segment</b>	<b>570.1</b>	<b>700.2</b>
<b>FSA Segment</b>	<b>776.9</b>	<b>937.6</b>
<b>Interdivision eliminations</b>	<b>(31.8)</b>	<b>(34.9)</b>
<b>Sales revenues</b>	<b>1,315.2</b>	<b>1,602.9</b>

Sales revenues in the Specialty Paper (LPCS) Segment increased by €130.1 million, or 22.8%, to €700.2 million for the year ended December 31, 2021 from €570.1 million for the year ended December 31, 2020, primarily due to an increase in sales revenues in the Specialty Paper (LPCS) Business partially offset by a decrease in the Security Business disposed at the end of 2021.

The increase was primarily due to (i) an increase in sales revenues primarily in the Specialties sector during 2021 particularly for packaging products due to growing environmental sensitivity which has led to a reduction in the use of plastic products, and (ii) an increase of sales price due to a partial pass through of increasing raw materials costs. The comparative period was also impacted by the effect of the COVID-19 pandemic on sales volumes that started negatively impacting the Specialty Paper (LPCS) Segment only from the second half of March 2020. This increase was partially offset by a decrease in the security products primarily due to the disposal, on October 29, 2021, of a company branch related to the security business unit.

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Sales revenues in the FSA Segment increased by €160.7 million, or 20.7%, to €937.6 million for the year ended December 31, 2021 from €776.9 million for the year ended December 31, 2020. This increase was primarily due to an increase in sales volumes as a result of (i) the consolidation of IP Venus Group and Acucote starting from 2021, (ii) an increased demand for wine & spirits products and (iii) a recovery of industrial products for white goods and automotive as well as of the graphics product ranges for outdoor advertising and signage for which the comparative period was negatively impacted by the effect of the COVID-19 pandemic. Sales prices had to be increased during 2021 to pass through large portions of the increases in raw materials, packaging material and freight costs.

#### Sales Revenues by Geographic Area

The following tables show the Group's sales by country and respective reporting segment for the years ended December 31, 2020 and 2021:

(€ million)	Year ended December 31,	
	2020	2021
<b>Italy</b>	<b>325.6</b>	<b>393.5</b>
<i>Specialty Paper (LPCS) Segment</i>	197.0	242.8
<i>FSA Segment</i>	137.5	164.3
<b>Rest of Europe</b>	<b>645.3</b>	<b>752.2</b>
<i>Specialty Paper (LPCS) Segment</i>	244.9	301.2
<i>FSA Segment</i>	423.3	471.9
<b>Rest of World</b>	<b>344.3</b>	<b>457.2</b>
<i>Specialty Paper (LPCS) Segment</i>	128.2	156.2
<i>FSA Segment</i>	216.1	301.4
<b>Total</b>	<b>1,315.2</b>	<b>1,602.9</b>

(\*) Sales revenues by segment include interdivision sales.

Sales revenues in Italy increased by €67.9 million, or 20.9%, to €393.5 million for the year ended December 31, 2021 from €325.6 million for the year ended December 31, 2020. This increase was primarily due to an increase in sales volumes in both the Specialty Paper (LPCS) Segment and the FSA Segment. During 2021, we experienced a recovery in volumes of our sales revenues in Italy in the Specialty Paper (LPCS) Segment while the comparative period was negatively impacted by the COVID-19 pandemic. In the FSA Segment the increase was due particularly to the wine & spirits as well as the industrial and offset sheets sectors. The increase was partially offset by lower volumes of security products due to the disposal on October 29, 2021, of a company branch related to the security business unit.

Sales revenues in the Rest of Europe increased by €106.9 million, or 16.6%, to €752.2 million for the year ended December 31, 2021 from €645.3 million for the year ended December 31, 2020. This increase was primarily due to an increase in sales volumes in both the Specialty Paper (LPCS) Segment and the FSA Segment. During 2021, we experienced a recovery in volumes of our sales revenues in the Specialties Product Line in our Specialty Paper (LPCS) Segment compared to 2020 that was negatively impacted by the COVID-19 pandemic. In the FSA Segment we experienced increasing demand in the wine sector due to a recovery in the hospitality and leisure channel, higher demand for self-adhesive labels in the food & beverage and the home & personal care sectors and a recovery in the industrial sector. The increase was partially offset by lower volumes of security products due to the disposal on October 29, 2021, of a company branch related to the security business unit.

Sales revenues in the Rest of World increased by €112.9 million, or 32.8%, to €457.2 million for the year ended December 31, 2021 from €344.3 million for the year ended December 31, 2020. This increase was primarily due to (i) an increase in sales volumes in

the FSA Segment due to higher demand in the wine & spirits, the food & beverage and the home & personal care sectors and the graphics product range as well as the contribution of the consolidation of IP Venus and Acucote and (ii) an increase in sales volumes in the Specialty Paper (LPCS) Segment. The increase was partially offset by lower banknote sales volumes and lower volumes of security elements due to the disposal on October 29, 2021, of a company branch related to the security business unit.

#### Other Operating Income

Other operating income increased by €19.3 million, or 147.3%, to €32.4 million for the year ended December 31, 2021 from €13.1 million for the year ended December 31, 2020. This increase was mainly due to an increase in electrical energy assignments due to investments in energy efficiency in 2020 and to an indemnity generated from the natural gas demand-side management granted for the first time during 2021 as well as the insurance indemnity received for our slitting center in Durban (South Africa) that was attacked and heavily damaged in July 2021, including burning on the inside, following protests in South Africa, with riots and raids in many parts of the country.

#### Cost of Materials

Cost of materials increased by €193.3 million, or 26.4%, to €925.6 million for the year ended December 31, 2021 from €732.3 million for the year ended December 31, 2020. This increase was due to (i) an increase in sales volumes of finished products in both the Specialty Paper (LPCS) Segment and the FSA Segment, (ii) an increase in the raw materials costs, including packaging material costs, and (iii) an increase in the FSA Segment due to the consolidation of IP Venus entities, Rimark and Acucote. Cost of materials accounted for 57.7% of our sales revenues for the year ended December 31, 2021 from 55.7% for the year ended December 31, 2020.

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#### **Cost of Services**

Cost of services increased by €42.7 million, or 16.2%, to €305.7 million for the year ended December 31, 2021 from €263.0 million for the year ended December 31, 2020. The increase was primarily due (i) an increase in transport costs, in both the Specialty Paper (LPCS) Segment and the FSA Segment, due to higher volumes, increased costs and the growth of sales in the Rest of the World, and (ii) an increase in the FSA Segment due to the consolidation of IP Venus entities, Rimark and Acucote. This increase was partially offset by (i) a decrease in costs for consulting services mainly related to transformation projects and to debt incurred in relation to the Ritrama Acquisition during the prior year, and (ii) a reduction in commissions paid. Cost of services accounted for 19.1% of our sales revenues for the year ended December 31, 2021 from 20.0% for the year ended December 31, 2020.

#### **Cost of Personnel**

Cost of personnel increased by €40.6 million, or 19.5%, to €249.2 million for the year ended December 31, 2021 from €208.6 million for the year ended December 31, 2020. This increase was primarily due (i) to a new management team appointed to continue our transformation process and costs incurred in relation to personnel turnover, (ii) to an increase in production in both the Specialty Paper (LPCS) Segment and the FSA Segment, (iii) to the use during the year ended December 31, 2020 of the Italian Supplemental Unemployment Benefit Fund (also known as “Cassa Integrazione”), (iv) to higher bonuses accrued and (v) to an increase in the costs generated by the FSA Segment due to the consolidation of IP Venus, Ritrama Polonia Sp. zoo, Rimark and Acucote. Cost of personnel accounted for 15.5% of our sales revenues for the year ended December 31, 2021 from 15.9% for the year ended December 31, 2020.

#### **Other Costs**

Other costs decreased by €7.4 million, or 67.3%, to €3.6 million for the year ended December 31, 2021 from €11.0 million for the year ended December 31, 2020. This decrease was primarily due the release of risks provisions related to warranties products partially offset by an increase in sundry risks allowances. Other costs accounted for 0.2% of the Group's sales revenues for the year ended December 31, 2021 from 0.8% for the year ended December 31, 2020.

#### **Depreciation, Amortization and Impairment Losses**

Depreciation, amortization and impairment losses increased by €3.2 million, or 4.3%, to €76.9 million for the year ended December 31, 2021 from €73.7 million for the year ended December 31, 2020. The increase in the depreciation, amortization and impairment losses for the year ended December 31, 2021 was primarily due to (i) the consolidation of IP Venus, Ritrama Poland, Rimark and Acucote and (ii) the impact on the depreciation of our offices in Milan and Verona whose impact on the prior period started after the first three months 2020.

#### **Net Financial Income/(Costs)**

Net financial costs decreased by €9.3 million, or 17.2%, to €44.7 million for the year ended December 31, 2021 from €54.0 million for the year ended December 31, 2020. This decrease was primarily due to exchange rate fluctuations, primarily between the Euro and the Brazilian real partially offset by an increase of interest costs related to the bond issued in February 2020.

#### **Income Taxes**

Income taxes increased by €50.7 million, or 189.9%, to €24.0 million of cost for the year ended December 31, 2021 from €26.7 million of income for the year ended December 31, 2020. The increase of the income taxes for the twelve months ended December 31, 2021 compared to the same period in 2020 was driven mainly by the increased profit before tax for the current period.

#### **Key Earning Figures**

##### *Operating Income*

Operating income increased by €59.4 million, or 130.8%, to €104.8 million for the year ended December 31, 2021 from €45.4 million for the year ended December 31, 2020. This increase was primarily due to (i) an increase in sales volumes in both the Specialty Paper (LPCS) Segment and the FSA Segment, (ii) a better mix in products sold, (iii) higher sales price due to the partial pass through of increasing pulp and other raw material costs, (iv) an increased profit margin in the FSA Segment resulting in operational efficiency improvements and tight price control management, especially in the first half of the year as cost inflation headwinds have impacted the FSA Segment since then, and (v) an increase in other operating revenues. The increase was partially offset by higher raw material and service costs.

##### *Adjusted EBITDA*

Adjusted EBITDA increased by €48.4 million, or 29.1%, to €214.8 million for the year ended December 31, 2021 from €166.4 million for the year ended December 31, 2020. This increase was primarily due to (i) an increase in sales revenues, (ii) an increase in other operating revenues and (iii) a reduction of the incidence of operating expenses on sales revenues, as a result of transformation projects which resulted in improvements in pass through of costs and optimization in procurement.

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Adjusted EBITDA in the Specialty Paper (LPCS) Segment increased by €14.7 million, or 18.2%, to €95.6 million for the year ended December 31, 2021 from €80.9 million for the year ended December 31, 2020. This increase was primarily due to a recovery in sales volumes compared to the comparative period which was negatively impacted by the restrictions due to the COVID-19 pandemic.

Adjusted EBITDA in the FSA Segment increased by €37.3 million, or 42.5%, to €125.1 million for the year ended December 31, 2021 from €87.8 million for the year ended December 31, 2020. This increase was primarily due to (i) an increase in sales volumes, (ii) a better mix in products sold and higher demand in the wine sector as well as for graphics and industrial products, (iii) lower costs incidence primarily due to the impact of transformation projects, (iv) the consolidation of IP Venus, Ritrama Poland, Rimark and Acucote and, (v) following the changes in the consolidation perimeter and in the operating model, the adaptation of our transfer pricing policy Group-wise in 2021. The increase was partially offset with higher raw materials, packaging materials and freight costs.

#### Liquidity and Capital Resources

##### Overview

The principal sources of the Group's liquidity are cash flows from operating activities, bank credit lines and other forms of indebtedness, including the Revolving Credit Facility. The primary needs for liquidity are to fund working capital, repay debt and make investments to develop our business. The Group believes that the current cash flow from operating activities and existing bank financing will provide it with sufficient liquidity to meet current working capital needs.

#### Cash Flows

The table below sets forth a summary of the Group's condensed consolidated statements of cash flows for the years ended December 31, 2020 and 2021:

(€ million)	Year ended December 31,	
	2020	2021
Cash flow from operating activities	209.2	189.9
Cash flow used in investing activities	(185.2)	(104.5)
Cash flow (used in) /from financing activities	106.2	(96.5)
<b>Increase in cash and cash equivalents</b>	<b>130.2</b>	<b>(11.1)</b>
Cash and cash equivalents at the beginning of the period	145.2	273.3
Effects of exchange rate changes on the balance of cash held in foreign currencies	(2.0)	3.0
<b>Cash and cash equivalents at the end of the period</b>	<b>273.3</b>	<b>265.3</b>

In the year ended December 31, 2021, operating activities generated a cash flow of €189.9 million, offset primarily by (i) €37.7 million used for the Acucote Acquisition, (ii) €4.4 million used for the Pulp Acquisition<sup>2</sup> and (iii) €67.7 million used to acquire new tangible and intangible assets net of financial income received. Financing activities used a cash flow of €96.5 million mainly related to (i) €60.0 million for the redemption of €60.0 million in aggregate principal amount of our 2024 Notes and (ii) €32.1 million of interests paid on the Notes, with an overall cash generation of €265.3 million.

<sup>2</sup> In November 2021, the Group completed the acquisition of 70% of Pulp JV S.r.l., a pulp luxury packaging company.

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## Business

As of the date of this Annual Financial Report, there have been no material changes to our business as described in “*Listing Particulars–Business*” other than as disclosed in this Annual Financial Report, in the Annual Financial Statements and in the financial report for the year ended December 31, 2021. See also “–*COVID-19 Update*”.

## Risk Factors

In March 2022, the Italian tax police reopened its investigation into transactions that occurred directly or indirectly with a longtime business partner operating in the Indian market of paper money and security items. After completing its investigation, in April 2022 the Italian tax police claimed additional unpaid taxes in an amount of €5.8 million, plus penalties and interest for the period from 2015 to 2017. All ties with the business partner in question had already been severed in 2020, as a result of a similar investigation, and we suspended all payments to such business partner at that time. Related costs have not been deducted from 2018 onwards for prudential purposes. In March 2022, due to the said suspension of the relationship with the now former business partner, the latter initiated a civil lawsuit before the Italian judiciary demanding payment of Euro 18.7 million in aggregate allegedly owed by us. We intend to challenge this claim and are preparing a response. For further details see Section 3.4.10 (*Subsequent Events*) of the report on operations annexed hereto, as well as the notes to our consolidated financial statements.

Other than as described above, as of the date of this Annual Financial Report, there have been no material changes to our risk factors as described in “*Listing Particulars–Risk Factors*,” in the financial report annexed hereto, our consolidated financial statements or in previous annual or interim financial reports or statements.

## Management

As of the date of this Annual Financial Report, there have been no material changes to our management team as described in “*Listing Particulars–Management*”.

## Principal Shareholders

As of the date of this Annual Financial Report, there have been no material changes to our shareholding as described in “*Listing Particulars–Principal Shareholders*”.

## Related Party Transactions

As of the date of this Annual Financial Report, there have been no material changes to our affiliate transactions as described in “*Listing Particulars–Certain Relationships and Related Party Transactions*,” except as disclosed in the audited financial statements.

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### Indebtedness

As of the date of this Annual Financial Report, our Revolving Credit Facility was undrawn. On July 19, 2021, we redeemed €60.0 million in aggregate principal amount of 2024 Notes. Other than in connection with such redemption, there have been no other material changes to our indebtedness as described in “Listing Particulars–Description of Other Indebtedness” or in our annual report for the year ended December 31, 2021. Following the financial year-end, on February 15, 2022, we redeemed €40.0 million in aggregate principal amount of 2024 Notes. We or an affiliate may, from time to time, depending on market conditions and other factors, repurchase or acquire an interest in our outstanding indebtedness, whether or not such indebtedness trades above or below its face amount, for cash and/or in exchange for other securities or other consideration, in each case in open market purchases and/or privately negotiated transactions or otherwise.

### Certain Definitions

Unless expressly defined otherwise, all capitalized terms used in this Annual Financial Report have the meaning assigned to these terms in the section titled “*Certain Definitions*” of the Listing Particulars.

### Glossary of Selected Terms

For a glossary of certain selected terms related to the paper industry used in this Annual Financial Report, please refer to the Listing Particulars.

### Industry, Ranking and Other Data

For a discussion of the limitations applicable to the industry, ranking and other data included in this Annual Financial Report, please refer to the section titled “Industry and Market Data” in the Listing Particulars. Estimates, market-information and other data included in the Listing Particulars have been presented based on available information at the time of its formulation and prior to the outbreak of the COVID-19 pandemic, therefore, no consideration has been given to the social and economic impact of COVID-19 on the industry and its future landscape. As a result, the estimates, market-information and other data included in the Listing Particulars may not remain accurate.

### Presentation of Financial and Other Information

This Annual Financial Report includes (i) the Annual Financial Statements, and (iii) certain pro forma financial information as of and for the year ended December 31, 2021, giving pro forma effect to certain accounting adjustments, run-rate cost savings relating to our existing operations, the run rate cost savings of the IP Venus Acquisition, the run rate effect of the Acucote Acquisition and the Rimark Acquisition. Unless otherwise stated, the financial information as of and for the year ended December 31, 2020 and 2021 presented in this Annual Financial Report has been prepared in accordance with IFRS.

The Annual Financial Statements and various other numbers and percentages set forth in this Annual Financial Report are presented in Euro, rounded to the nearest hundred thousand, unless otherwise noted. Therefore, discrepancies in the tables between totals and the sums of the amounts listed may occur due to such rounding.

The income statements of the Group have been prepared using the “nature of expense” rather than the “cost of sales” method. In the nature of expense method, expenses are classified in the income statement according to their nature (for example, cost of materials and personnel expenses) and not among various functions within the entity. As a result, income statements presented in accordance with the nature of expense method do not show gross profit. Income statements presented in accordance with the cost of sales method, by contrast, classify expenses according to their function as part of cost of sales (for example, the costs of distribution or administrative activities). Profit, however, is unaffected regardless of whether the nature of expense or cost of sales method is chosen.

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### Pro Forma Financial Information

In this Annual Financial Report, we present Pro Forma Adjusted EBITDA to give effect to certain accounting adjustments, run-rate effects of certain cost savings that we expect to realize, the run-rate contribution of the Ritrama Acquisition and the estimated run-rate effect of other cost savings that we expect to realize. The audited adjustments to our Adjusted EBITDA are based on currently available financial information and certain assumptions that we believe are reasonable and factually supportable.

Neither the pro forma financial information nor the Pro Forma Adjusted EBITDA included herein has been prepared in accordance with the requirements of Regulation S-X of the U.S. Securities Act or any generally accepted accounting standards. Neither the assumptions underlying the pro forma financial information nor the Pro Forma Adjusted EBITDA have been audited or reviewed in accordance with any generally accepted accounting standards. Any reliance you place on this information should fully take this into consideration.

### Non-IFRS Financial Measures

In this Annual Financial Report, we present certain financial measures that are not recognized by IFRS or any other generally accepted accounting principles and that may not be permitted to appear on the face of our financial statements or footnotes thereto. The primary non-IFRS financial measures (our “Non-IFRS Measures”) used in this Annual Financial Report include Adjusted EBITDA, Adjusted EBITDA Margin, Pro Forma Cash Interest Expense, Pro Forma Net Financial Debt, Ratio of Pro Forma Net Financial Debt to Pro Forma Adjusted EBITDA, Ratio of Pro Forma Adjusted EBITDA to Pro Forma Cash Interest Expense, Pro Forma Adjusted EBITDA and Pro Forma Adjusted EBITDA Margin.

Our Non-IFRS Measures are defined as follows:

- “Adjusted EBITDA” is defined as net profit before depreciation, amortization and impairment losses, income taxes, finance costs, finance income and certain income and costs that management does not consider to be representative of the underlying operations of the business because they either (a) relate to actions taken in relation to transformation projects in connection with the Acquisitions, (b) are not expected to recur within the next two years or (c) are costs associated with business combinations that are expensed as incurred;
- “Adjusted EBITDA Margin” is defined as Adjusted EBITDA divided by sales revenues for the periods presented;
- “Adjusted Sales Revenues” is defined as sales revenues adjusted to include estimated net sales for the year ended December 31, 2021 generated by (i) Acucote, in an amount of €26.9 million, (ii) Rimark, in an amount of €4.0 million and (iii) Divipa, in an amount of €24.3 million and to exclude net sales for the twelve months ended December 31, 2021

generated by the remaining business concerning the production and distribution of special security products disposed at the end of 2021 in an amount of €42.2 million.

- “Normalized Capital Expenditures” is defined as investments in intangible assets and property, plant and equipment, net of disposals of property, plant and equipment and intangible assets and excluding Extraordinary Capital Expenditures, that are not incurred in the ordinary course of business;
- “Pro Forma Adjusted EBITDA” is defined as Adjusted EBITDA, adjusted for certain specified items: accounting adjustments, run-rate cost savings and the run-rate effect on Adjusted EBITDA of the Ritrama Acquisition and the IP Venus Acquisition;
- “Pro Forma Adjusted EBITDA Margin” is defined as Pro Forma Adjusted EBITDA divided by Adjusted Sales Revenues for the periods presented;
- “Pro Forma Cash Interest Expense” is defined as the estimated cash interest expense of the Issuer on an as adjusted basis for the year ended December 31, 2021, after giving pro forma effect to the Transactions as if they had occurred on January 1, 2021. Pro Forma Cash Interest Expense has been presented for illustrative purposes only and does not purport to represent what our interest expense would actually have been had the Transactions occurred on January 1, 2021, nor does it purport to project our interest expense for any future period or our financial position at any future date;
- “Pro Forma Net Financial Debt” is defined as non-current liabilities due to banks and other lenders plus current liabilities due to banks and other lenders, minus €265.3 million of cash and cash equivalents, on an as adjusted basis after giving effect to the Transactions as if they had occurred on January 1, 2021. Pro Forma Net Financial Debt (i) includes €520.0

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million of 2024 Notes outstanding as of December 31, 2021 (the “**2024 Notes**”), (ii) includes €225.0 million of 2026 Notes outstanding as of December 31, 2021 (the “**2026 Notes**” and, together with the 2024 Notes, the “**Notes**”) and (iii) excludes the fair value of the interest rate swap at December 31, 2021;

- “Ratio of Pro Forma Adjusted EBITDA to Pro Forma Cash Interest Expense” is calculated by dividing Pro Forma Adjusted EBITDA by Pro Forma Cash Interest Expense;
- “Ratio of Pro Forma Net Financial Debt to Pro Forma Adjusted EBITDA” is calculated by dividing Pro Forma Net Financial Debt by Pro Forma Adjusted EBITDA. By eliminating potential differences in results of operations between periods or companies caused by factors such as depreciation and amortization, historical cost and age of assets, financing and capital structures and taxation positions or regimes, we believe EBITDA-based measures and other Non-IFRS Measures can provide a useful additional basis for comparing the current performance of the underlying operations being evaluated. For these reasons, we believe EBITDA-based measures and other Non-IFRS Measures are regularly used by the investment community as a means of comparison of companies in our industry.

Different companies and analysts may calculate EBITDA-based measures and other Non-IFRS Measures differently, so comparisons among companies on this basis should be done carefully. EBITDA-based measures and other Non-IFRS Measures are not measures of performance under IFRS and should not be considered in isolation or construed as substitutes for operating profit or net profit as an indicator of our operations in accordance with IFRS.

Our Non-IFRS Measures and ratios are not measurements of our performance or liquidity under IFRS and should not be considered as alternatives to

performance measures derived in accordance with IFRS or any other generally accepted accounting principles. Each of our Non-IFRS Measures is defined and reconciled to its closest comparable IFRS measure. Our Non-IFRS Measures may not be comparable to other similarly titled measures of other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results as reported under IFRS. Some of the limitations of Non-IFRS Measures are that:

- they do not reflect our cash expenditures or future requirements for capital investments or contractual commitments;
- they do not reflect changes in, or cash requirements for, our working capital needs;
- they do not reflect the significant interest expense or cash requirements necessary to service interest or principal payments on our debt;
- they do not reflect any cash income taxes that we may be required to pay;
- they are not adjusted for all non-cash income or expense items that are reflected in our consolidated income statement;
- they do not reflect the impact of earnings or charges resulting from certain matters we consider not to be indicative of our ongoing operations;
- assets are depreciated or amortized over differing estimated useful lives and often have to be replaced in the future, and these measures do not reflect any cash requirements for such replacements; and
- other companies in our industry and analysts may calculate these measures differently than we do, limiting their usefulness as comparative measures. Because of these limitations, our Non-IFRS Measures should not be considered as measures of discretionary cash available to us to invest in the growth of our business or as measures of cash that will be available to us to meet our obligations. You

should compensate for these limitations by relying primarily on our Financial Statements and using these Non-IFRS Measures only as a supplement to evaluate our performance.

Certain key performance indicators and other non-financial operating data included in this Annual Financial Report are derived from management estimates, are not part of our Financial Statements or our accounting records, and have not been audited or otherwise reviewed by outside auditors, consultants or experts. Our use or computation of these measures may not be comparable to the use or computation of similarly titled measures reported by other companies. Any or all of these measures should not be considered in isolation or as an alternative measure of performance under IFRS.

### Forward-Looking Statements

This Annual Financial Report may contain and may refer to certain forwardlooking statements with respect to our financial condition, results of operations and business. Forwardlooking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. Forwardlooking statements include, among others, statements concerning the potential exposure to market risks and statements expressing management's expectations, beliefs, plans, objectives, intentions, estimates, forecasts, projections and assumptions. All statements other than statements of historical fact are, or may be deemed to be, forwardlooking statements.



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This Annual Financial Report contains forward-looking statements, including statements about market consolidation and our strategy, investment program, future operations, industry forecasts, expected acquisitions, transactions and investments, and target levels of leverage and indebtedness. Forward-looking statements provide our current expectations, intentions or forecasts of future events. Forward-looking statements include statements about expectations, beliefs, plans, objectives, intentions, assumptions and other statements that are not statements of historical fact. Words or phrases such as “anticipate,” “believe,” “continue,” “estimate,” “expect,” “intend,” “may,” “ongoing,” “plan,” “potential,” “predict,” “project,” “seek,” “target” or similar words or phrases or the negatives of those words or phrases, may identify forward-looking statements, but the absence of these words does not necessarily mean that a statement is not forward-looking. Forward-looking statements are subject to known and unknown risks and uncertainties and are based on potentially inaccurate assumptions that could cause actual results to differ materially from those expected or implied by the forward-looking statements. Any forward-looking statements are qualified in their entirety by reference to the factors discussed throughout this Annual Financial Report. There are important risks, uncertainties and other factors that could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements made in this Annual Financial Report by us or on our behalf. Therefore, you should not place undue reliance on any of these forward-looking statements.

Furthermore, any forward-looking statement speaks only as of the date on which it is made, and the Group does not undertake any obligation to update any forward-looking statement to reflect events or

circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events. New factors will emerge in the future, and it is not possible for the Group to predict such factors. In addition, the Group cannot assess the impact of each factor on its business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those described in any forward-looking statements. All future written and oral forward-looking statements attributable to the Group, or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section and contained in the listing particulars dated as of February 11, 2020, relating to the issuance by the Issuer of the 2026 Notes (the “*Listing Particulars*”, posted on the website of the Irish Stock Exchange), including the cautionary statements set forth under the sections “*Risk Factors*” and “*Management's Discussion and Analysis of Financial Condition and Results of Operations*” thereof as well as the cautionary statements set forth in our prior financial reports. In light of these risks, the actual results of the Group could differ materially from any forward-looking statements contained in this Annual Financial Report. None of the information contained on the Group's website is incorporated by reference into or otherwise deemed to be linked to this Annual Financial Report.

The risks described in this Annual Financial Report, in the section titled “*Risk Factors*” of the Listing Particulars and in our prior financial reports should not be construed as exhaustive. Other sections of the Listing Particulars, including the sections titled “*Management's Discussion and Analysis of Financial Condition and Results of Operations*,” “*Industry*” and “*Business*” as well as the Issuer's financial reports released from time to time may describe additional risk factors and you should review these discussions

for a more complete view of the factors that could affect our future performance and the industry in which we operate. You should not place undue reliance on forward-looking statements. Each forward-looking statement speaks only as of the date of the particular statement. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All forward-looking statements are expressly qualified in their entirety by the cautionary statements referred to in this section and contained elsewhere in this Annual Financial Report or the Listing Particulars, including those described under “*Listing Particulars–Risk Factors*”. In light of these risks, our results could differ materially from any forward-looking statements contained in this Annual Financial Report.

#### Notice

This Annual Financial Report constitutes a public disclosure of inside information by the Group under Regulation (EU) 596/2014 (16 April 2014).

#### FEDRIGONI S.P.A.

Headquarters in Verona (VR), Italy

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### Introduction

The year ended December 31, 2021 was characterized by overall robust domestic and international economic recovery, with diverse trends for the various countries across the globe.

The decline in industrial production caused by the pandemic and the spread of new variants of the Covid-19 virus led to, in the second half of the year, an economic scenario marked by uncertainty and inflationary pressures stemming mainly from raw material shortages and the consequent rise in commodity prices.

Notwithstanding the persisting global macroeconomic instability, the Fedrigoni Group (also referred to herein as the "Group") confirmed its resilience, continuing to take over market share from its main competitors and pursuing its ambitious transformation and reorganization objectives.

The Group, whose parent is Fedrigoni S.p.A. (also referred to herein as the "Company", incorporated and domiciled in Italy and organized under Italian law), produces and sells specialty paper (in the Specialty Paper (LPCS) Segment) and premium self-adhesive labels and materials (in the Fedrigoni Self-Adhesives/Labels or "FSA" Segment, formerly known as the Pressure Sensitive Label or "PSL" Segment).

Specifically, the Group produces, converts and distributes worldwide specialty paper with a high added value, including coated and uncoated graphic paper for the luxury packaging sector in particular and for other creative applications for commercial and personal use, technical and industrial use, office use, and artistic and scholastic use. Its primary brands in this Segment are *Fedrigoni*, *Fabriano* and *Cordenons*.

In 2021 the Group completed the sale of the business unit that included the Bollate plant, a producer of security items (security threads and holograms), and opted to sell some plant and equipment (present at the Fabriano plant) used principally to make banknotes; the sale of these should conclude in 2022.

The Group also produces, converts and distributes worldwide premium self-adhesive labels and materials. The Group's primary brands in this Segment are *Arconvert*, *Ritrama*, *Manter* and *Acucote* (the last one acquired in June 2021).

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## 1. The specialty paper industry in 2021

In 2021 the global economy rebounded from the public health and socio-economic crisis caused by the Covid-19 pandemic.

In this scenario, the paper industry demonstrated the positive role of its products both in managing the pandemic and limiting the environmental impact of plastic.

These two factors magnified the divergence of the production trends for graphic paper and packaging paper.

According to preliminary data currently available, the total consumption of paper and cardboard in Confederation of European Paper Industries (CEPI) countries increased by 5% compared with 2020.

The pandemic has accelerated consumption patterns changes and has led to more demand for packaging grades of paper and cardboard.

Packaging paper has benefited from demand relating to the substitution of fossil-based materials, the relocation of some production from Asia to Europe, and e-commerce growth.

The 2021 production of packaging grades, still reported as an estimate in the leading industry reports, increased by 7.1% compared with 2020 (2.1% compared to 2019).

The demand for newsprint was adversely affected in 2021 by the decline in demand for printing and publishing products.

The Group operates mainly in the graphic part of the packaging sector, and especially in the niche market of specialty paper designated for premium printing and luxury packaging.

The growth of this market, where the Group is top-ranked in Europe, has outpaced that of the global paper industry and is expected to continue to do so.

## 2. Label and Self-Adhesives industry in 2021

“The current challenge that pressure-sensitive label markets are facing is a shortage in supply of raw materials, which has led to significant price increases. Additionally, disruptions in supply chains, high freight costs, and unanticipated high demand in some segments have all led to challenges in supplying demand. At the start of 2021, companies remained optimistic that supply issues would be resolved within the year. However, the most optimistic projections put things stabilizing some time by mid-2022”.<sup>3</sup>

In its latest report, AWA, a firm specialized in paper, label and packaging sector studies, projects a post-Covid-19 2020-2023 compound annual growth rate (CAGR) of 3.7% for the global pressure-sensitive label market.<sup>4</sup>

The pressure-sensitive markets in which Fedrigoni is present include self-adhesive labels, self-adhesive graphic materials and specialty tape products. The markets for self-adhesive labels span a number of industries ranging from food and beverage, wine & spirits, home and personal care, retail & advertising, logistics and pharmaceuticals. Self-adhesive graphic materials are used for indoor/outdoor advertising, vehicle graphics, architectural graphics and general signage. The specialty tapes products are used in automotive, durables, industrial and chemical industries.

For this reason, global GDP is the most important growth driver of volumes in the industry along with the increase in per capita consumption.

The second most important driver is the technological replacement of traditional labels with self-adhesive ones, which enable faster application, better print effects and a wider range of manageable supports.

The third driver is niche marketing (e.g. premium food vs food), which enables to operate with a different logic from that of mass markets (commodities).

<sup>3</sup> AWA Pressure-Sensitive Market Data Transcripts – Fourth Quarter 2021

<sup>4</sup> AWAreness™ Report Global Pressure-Sensitive Label Market 2021

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## 3. The Group

### 3.1 The Business

Entities owned	City or Foreign State	Currency	Share capital	Net profit/(loss) for the period	Equity	%	Owner entity
Acucote Inc.	Graham, North Carolina - U.S.A.	Euro	4,874,683	1,873,251	18,360,041	100	Fedrigoni S.p.A.
Arconvert-Ritrama do Brasil Ltda	S.Paolo - Brasil	Euro	4,589,849	2,427,220	6,678,593	100	Fedrigoni S.p.A.
Arconvert S.p.A.	Arco (TN) - Italy	Euro	4,000,000	12,285,312	82,254,835	100	Fedrigoni S.p.A.
Cartamano Deutschland GmbH	Munich - Germany	Euro	100,000	(37,004)	379,117	100	Fedrigoni S.p.A.
Gruppo Cordenons S.p.A.	Milan (MI) - Italy	Euro	15,000,000	4,107,848	64,406,897	100	Fedrigoni S.p.A.
Distribuidora Ritrama Ecuador Disitrec S.A..	Quito - Ecuador	Euro	22,254	(8,188)	9,927	100	Ritrama S.A. Chile
Extra Port Inc.	Graham, North Carolina - U.S.A.	Euro	2,094	108,322	(616)	100	Acucote Inc.
Fedrigoni Asia Ltd	Hong-Kong	Euro	48,824	208,242	(309,804)	100	Fedrigoni S.p.A.
Fedrigoni Austria GmbH	Vienna - Austria	Euro	35,000	36,795	33,377	100	Fedrigoni S.p.A.
Fedrigoni Bangladesh	Dhaka	Euro	149,983	(5,119)	147,835	90	Fedrigoni S.p.A.
Fedrigoni Benelux B.V.	Bruxelles - Belgium	Euro	500,000	113,120	404,406	100	Fedrigoni S.p.A.
Fedrigoni Trading (Shanghai) Company Limited	Shanghai - China	Euro	515,640	(144,309)	(551,686)	100	Fedrigoni Asia Ltd
Fedrigoni Deutschland GmbH	Oberhaching Munich - Germany	Euro	600,000	333,335	8,801,805	100	Fedrigoni S.p.A.
Fedrigoni Espana SL	Madrid - Spain	Euro	1,000,000	222,252	2,674,925	100	Fedrigoni S.p.A.
Fedrigoni France Sarl	Ivry sur Sein - France	Euro	500,000	371,748	13,652,020	100	Fedrigoni S.p.A.
Fedrigoni Indonesia	Jakarta - Indonesia	Euro	210,710	(89,704)	129,451	67	Fedrigoni S.p.A.
Fedrigoni UK Ltd	Northampton - United Kingdom	Euro	10,969,235	329,680	9,107,149	100	Fedrigoni S.p.A.
Giano 1264 S.r.l.	Verona (VR) - Italy	Euro	3,000	-	3,000	100	Fedrigoni S.p.A.
GPA Holding Company Inc	McCook - Illinois	Euro	48,162,543	692,462	45,472,233	100	Fedrigoni S.p.A.
Inversiones San Aurelio Srl	Santo Domingo - Dominican Republic	Euro	79,681	51,529	224,167	100	Ritrama S.A. Chile
Venus America S.A. de C.V.	Tlalnepantla - Mexico	Euro	5,139,166	(319)	6,510,163	90	Arconvert S.A.U.
Servicios de Personal Rolosa S.A. de C.V.	Tlalnepantla - Mexico	Euro	2,048	110,865	15,931	99	Venus America S.A. de C.V.
Industrial Papelera Venus S.A. de C.V.	Tlalnepantla - Mexico	Euro	3,061,591	1,432,618	4,307,875	100	Venus America S.A. de C.V.
Magnani 1404 S.r.l.	Massa e Cozzile (PT) - Italy	Euro	80,000	(76,631)	(19,389)	100	Fedrigoni S.p.A.
Arconvert S.A.U.	Sant Gregori Girona - Spain	Euro	1,250,000	27,164,569	175,605,584	100	Ritrama S.p.A.
Miliani Immobiliare S.r.l.	Verona (VR) - Italy	Euro	2,080,000	(88,329)	1,538,556	100	Fedrigoni S.p.A.
Polifibra 2011 S.p.A.	Agrate Brianza (MB) - Italy	Euro	120,000	1,217,421	4,262,095	100	Ritrama S.p.A.
PULP JV S.r.l.	Parma - Italy	Euro	400,000	(55,605)	1,014,754	70	Fedrigoni S.p.A.
Ritrama Autoadesivos Ltda	Jundiaí - Brasil	Euro	10,700,483	(745,857)	(160,124)	100	Ritrama S.A. Chile
Ritrama Caribe Srl	Santo Domingo - Dominican Republic	Euro	871,668	103,704	112,361	100	Ritrama S.A. Chile
Ritrama S.A. Chile	Curauma, Valparaíso - Chile	Euro	21,212,004	3,342,599	29,749,808	100	Arconvert S.A.U.
Ritrama (Hefei) Pressure Sensitive Coated Materials Co. Limited	Hefei - China	Euro	30,014,336	(453,023)	10,300,833	100	Ritrama S.p.A.
Ritrama S.A.S	La Estrella, Antioquia - Colombia	Euro	1,646,426	(177,810)	697,715	100	Ritrama S.A. Chile
Ritrama Costa Rica S.A.	Heredia - Costa Rica	Euro	170,769	16,774	923,912	100	Ritrama S.A. Chile
Ritrama Guatemala S.A.	Ofibodega - Guatemala	Euro	237,835	(22,564)	(150,417)	60	Ritrama S.p.A.
Rimark S.A. de C.V.	Ciudad de México - Mexico	Euro	2,230,961	50,153	2,749,364	100	Venus America S.A. de C.V.
Ritrama Perú SAC	Lima - Perú	Euro	890,416	(243,997)	177,316	100	Ritrama S.A. Chile
Ritrama Poland Sp. Z.o.o.	Dobroszyce - Poland	Euro	99,730	54,625	152,141	100	Ritrama S.p.A.
Ritrama Converting (PTY) LTD	Durban - South Africa	Euro	1,999,316	1,345,509	3,000,914	100	Ritrama S.p.A.
Ritrama S.p.A.	Caponago (MB) - Italy	Euro	9,000,000	22,013,682	102,858,035	100	Fedrigoni S.p.A.
Ritrama UK Ltd	Dukinfield - United Kingdom	Euro	364,363	2,246,743	15,494,842	60	Arconvert S.A.U.

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The Group currently operates in the following business sectors:

Production, conversion and distribution of graphic paper, both coated and uncoated, for the packaging (especially premium packaging) sector, the premium press sector, and the converting applications for commercial and personal use, technical and industrial use, office use, artistic use and scholastic use.

The companies operating in this sector are: Fedrigoni S.p.A., Gruppo Cordenons S.p.A., Pulp JV S.r.l., Magnani 1404 S.r.l. and the distribution companies Fedrigoni Deutschland GmbH, Fedrigoni Austria GmbH, Fedrigoni Benelux B.V., Fedrigoni Espana SL, Fedrigoni France S.a.r.l., Fedrigoni UK Ltd, Fedrigoni Trading Company, Fedrigoni Asia Ltd, Fedrigoni Bangladesh Ltd, Fedrigoni Indonesia Trading, Giano 1264 S.r.l. and GPA Holding Company Inc.

Production and distribution of self-adhesive labels and materials at Acucote Inc., Arconvert S.p.A., Arconvert S.A.U., Arconvert-Ritrama do Brasil Ltda, Extra Port Inc., Ritrama S.p.A., Ritrama UK Ltd, Ritrama Poland Sp. Z.o.o., Ritrama S.A. (Chile), Ritrama (Hefei) PSCM Col Ltd, Ritrama Converting PTY Ltd, Ritrama Autoadesivos Ltda, Ritrama S.A.S. (Colombia), Ritrama Costa Rica S.A., Ritrama Guatemala S.A., Ritrama Caribe Srl, Inversiones San Aurelio Srl, Distribuidora Ritrama ED S.A., Ritrama Peru SAC, Industrial Papelera Venus S.A. de C.V., Venus America S.A. de C.V., Servicios De Personal Rolosa S.A. de C.V., Rimark S.A. de C.V. and GPA Holding Company Inc.

Production and distribution of electrical insulators, technical materials for the construction and photovoltaic sectors and technical applications at Polifibra 2011 S.p.A.

Distribution of gift and office items, through the points of sale of Fedrigoni S.p.A., Fedrigoni UK Ltd, Fedrigoni France S.a.r.l. and Cartamano Deutschland GmbH.

In the final quarter of the year, Fedrigoni sold its remaining business concerning the production and distribution of special security products, i.e. the business unit that included the Bollate plant, a producer of security items (security threads and holograms). Moreover, in December Fedrigoni opted to sell the remaining plant and equipment present at the Fabriano plant used for banknote production. The sale of such assets should conclude in 2022.

In addition, a property management company is part of the Group: Miliani Immobiliare S.r.l., based in Verona.

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### 3.2 The Organization

Production, marketing and administrative activities are performed at the plants, distribution centers and offices listed in the following table

Production and conversion of graphic paper			
Fedrigoni S.p.A.	Headquarters:	Verona	
		Milan	
	Plants:	Arco	Trento
		Riva del Garda	Trento
		Verona	
		Fabriano	Ancona
		Pioraco	Macerata
		Castelraimondo	Macerata
		Ospiate di Bollate	Milan
Gruppo Cordenons S.p.A.	Headquarters:	Milan	
	Plants:	Cordenons	Pordenone
		Scurelle	Trento
Magnani 1404 S.r.l.	Headquarter and Plant	Chiesina Uzzanese	Pistoia
Production of pressure sensitive labels			
Arconvert S.p.A.	Headquarter and Plant	Arco	Trento
Ritrama S.p.A.	Headquarter and Plant	Caponago	Monza and Brianza
	Plants:	Sassoferrato	Ancona
		Basiano	Milan
Polifibra 2011 S.p.A.	Headquarter and Plant	Agrate Brianza	Monza and Brianza
Arconvert S.A.U.	Headquarter and Plant	Gerona	Spain
	Headquarter and Plant	Barberá del Vallés	Spain
Ritrama UK Ltd	Headquarter and Plant	Dukinfield	United Kingdom
Ritrama Poland Sp. Z.o.o.	Plant	Dobroszyce	Poland
Arconvert-Ritrama do Brasil Ltda	Headquarter and Plant	Jundiaí	Brasil
Ritrama Autoadesivos Ltda	Plant	Jundiaí	Brasil
Ritrama S.A. Chile	Headquarter and Plant	Valparaiso	Chile
Industrial Papelera Venus S.A. de C.V.	Headquarter and Plant	Tlalnepantla	Mexico
Rimark S.A. de C.V.	Plant	Mexico, DF	Mexico
Ritrama (Hefei) Pressure Sensitive Coated Materials Co.Limited	Headquarter and Plant	Hefei	China
Ritrama Converting (PTY) Ltd	Plant	Durban	South Africa
Distribuidora Ritrama Ecuador Disitrec S.A.	Plant	Quito	Ecuador
Ritrama Peru SAC	Plant	Lima	Peru

Ritrama Caribe Srl	Plant	Santo Domingo	Dominican Republic
Ritrama S.A.S. (Colombia)	Plant	La Estrella. Medellin	Colombia
Ritrama Costa Rica S.A.	Plant	Heredia	Costa Rica
Acucote Inc.	Headquarter and Plant	Graham	North Carolina
GPA Holding Company Inc	Plant	Los Cerritos	California
Graphic and packaging paper distribution in Italy			
Fedrigoni S.p.A.			
Logistics Center		Buttapietra	Verona
		Rocchetta	Ancona
Branches with warehouses:	Veneto and Trentino A.A.	Verona	
	Friuli Est	Muggia	Trieste
	Campania, Molise, Sicily and Calabria	Melito	Naples
Branches:	Emilia Romagna	Bologna	
	Lombardy	Milan	
	Lazio	Rome	
	Tuscany	Scandicci	Florence
	Umbria, Marche and Abruzzo	Corciano	Perugia
International graphic and packaging paper distribution			
<i>Companies with warehouses</i>			
Germany: Fedrigoni Deutschland GmbH	Headquarters and branch	Oberhaching	Munich
	Warehouses:	Dortmund	
		Dresden	
		Cologne	
		Stuttgart	
		Berlin	
		Hamburg	
	Sales offices:	Dusseldorf	
		Nuremberg	
		Berlin	
		Hamburg	
Austria: Fedrigoni Austria GmbH	Headquarters and branch	Vienna	

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Spain: Fedrigoni Espana SL	Headquarters and branch	Getafe	Madrid
	Branch	Barcelona	
France: Fedrigoni France S.a.r.l.	Headquarters and branch	Choisy Le Roi	Paris
Belgium: Fedrigoni Benelux B.V.	Headquarters and branch	Overijse	
United Kingdom: Fedrigoni UK Ltd	Headquarters and branch	Northampton	
	Sales offices:	London	
China: Fedrigoni Asia Ltd	Headquarters and branch	Hong Kong	
Fedrigoni Trading Ltd	Headquarters and branch	Shangai	
Bangladesh: Fedrigoni Bangladesh Ltd	Headquarters and branch	Dhaka	
Indonesia: Fedrigoni Indonesian Trading	Headquarters and branch	Jakarta	
USA: GPA Ltd	Headquarters and branch	McCook	Illinois
		Los Angeles	California
		Hartford	Connecticut
		Atlanta	Georgia

#### International pressure sensitive label distribution

##### Companies with warehouses

USA: Acucote Inc.	Warehouse	Ontario	Canada
	Warehouse	Garland	Texas
	Warehouse	Fairfield	Ohio
	Warehouse	Montgomeryville	Pennsylvania
	Warehouse	Middleton	Wisconsin
USA: GPA Ltd	Headquarters and branch	McCook	Illinois
		Los Angeles	California
		Hartford	Connecticut
		Atlanta	Georgia
Inversiones San Aurelio Srl	Headquarter	Santo Domingo	Dominican Republic
RITRAMA Guatemala S.A.	Headquarter	Ofibodega	Guatemala
Distribution of gift items and stationery			
Fedrigoni S.p.A.	Headquarter	Rome	
	Warehouse	Rocchetta	Ancona
	Stores:	Rome	
		Milan	
		Florence	
		Venice	
		Verona	
Cartamano Deutschland GmbH	Headquarters and Store	Munich Airport	
	Stores	Berlin Airport	
Fedrigoni UK Ltd	Store	London	



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### 3.3 Group Situation

#### 3.3.1 General Information

##### 3.3.1.1 - Production and conversion of graphic paper and paper for luxury packaging

During the year, the Group companies operating in this business line reported substantial growth thanks to a recovery in volumes produced and sold compared with those of 2020, which had been severely impacted by the Covid-19 pandemic.

The segment benefited from market share gained from the main competitors in the specialty paper business as well as higher demand for packaging paper, especially in the luxury packaging niche. The excellent performance of the latter stemmed from the growing tendency to replace fossil-based materials (such as plastic) with more environmentally friendly products, like paper.

This trend enabled the Group to improve its sales mix substantially, with specialty paper, particularly for packaging, constituting a much larger proportion of it. In this scenario, the Group was able to keep up its margins despite the higher raw material prices, thanks in part to determined efforts to manage the selling prices.

##### 3.3.1.2 - Production and distribution of security products

In the last quarter of the year, Fedrigoni sold its remaining business in this segment, i.e. the business unit that included the Bollate plant, a producer of security items (security threads and holograms). Moreover, in December Fedrigoni opted to sell the remaining plant and equipment present at the Fabriano plant that had been used for banknote production. The sale of such assets should conclude in 2022.

##### 3.3.1.3 - Production of self-adhesive-free labels and materials (Fedrigoni Self-Adhesives/Labels: "FSA")

On a comparable consolidation basis, the FSA segment had higher volumes and a different sales mix, influenced by the effects of the pandemic.

In this segment, the Group has benefited from strong demand across all product categories but has had to manage the difficulties of a very constricted supply chain to satisfy the demand. Additionally, significant raw material, packaging material and freight cost increases have forced the Group to pass through large portions with higher prices. Despite these challenges and the ongoing disruptions from the Covid-19 pandemic, the Group was able to grow more than the industry.

Thanks to all such actions and strong efforts to enhance the manufacturing and procurement operations, the results of this segment improved in 2021.

#### 3.3.2 Results Of Operations

In 2021 the Fedrigoni Group finalized three important acquisitions in the luxury packaging specialty paper and self-adhesive material sectors.

In June 2021, the Group purchased Acucote Inc. and its subsidiary Extra Port Inc. in the United States, a specialty producer of self-adhesive materials. In the same month, it purchased 70% of Rimark S.A. de C.V., a self-adhesive material distributor based in Mexico in which it had previously owned a 30% stake.

In November, it purchased 70% of Pulp JV S.r.l., a pulp luxury packaging company.

The effect of these acquisitions limits the comparability of the 2021 results with those of 2020.

During the year, the sale of the residual security business unit that includes the Bollate plant dedicated to the production of security items was completed.

##### Income Statement highlights

The Group reports the following results for 2021:

- sales revenues of Euro 1,602.9 million, compared with the Euro 1,315.2 million of 2020;
- adjusted EBITDA of Euro 214.8 million (13.4% of sales), compared with the Euro 166.4 million of 2020 (12.7% of sales);
- operating income of Euro 104.8 million (6.5% of sales), compared with the Euro 45.4 million of 2020 (3.5% of sales);
- a net profit of Euro 36.5 million (2.3% of sales), compared with the Euro 7.9 million net loss of 2020 (-0.6% of sales).

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The Consolidated Income Statement is set forth below:

<i>(In million of Euros)</i>	Year ended December 31,	
	2021	2020
Sales revenues	1,602.9	1,315.2
Other operating income	32.4	13.1
Cost of materials	(925.6)	(732.3)
Cost of services	(305.7)	(263.0)
Cost of personnel	(249.2)	(208.6)
Other costs	(3.6)	(11.0)
Depreciation, amortization and impairment losses	(76.9)	(73.7)
Change in inventories of work in progress, semi-finished goods and finished products	29.1	3.9
Cost of capitalized in-house work	1.5	1.7
<b>Operating income</b>	<b>104.8</b>	<b>45.4</b>
Financial income	23.7	22.2
Finance costs	(68.5)	(76.2)
<b>Net financial income/(costs)</b>	<b>(44.7)</b>	<b>(54.0)</b>
<b>Share of profits of associates</b>	<b>0.3</b>	<b>0.0</b>
<b>(Loss)/Profit before tax</b>	<b>60.4</b>	<b>(8.6)</b>
Income tax	(24.0)	26.7
Net profit/(loss) from continuing operations	36.5	18.1
Net profit/(loss) from discontinued operations		(26.0)
<b>Net profit/(loss)</b>	<b>36.5</b>	<b>(7.9)</b>
Net profit/(loss) attributable to owners of the parent	36.5	(7.6)
Net profit/(loss) attributable to minority interests	0.0	(0.3)

The consolidated revenues increased by Euro 287.7 million to Euro 1,602.9 million in 2021, from the Euro 1,315.2 million of 2020. The sales performance reflects an overall increase in sales revenues offset in part by a decrease in revenues from the Security Segment. In the Specialty Paper (LPCS) Segment, the revenue gain is attributable to higher packaging paper sales, in a market characterized by growing awareness of environmental sustainability and thus focused on reducing the use of plastics. Moreover, the increase in revenues is attributable to the marking up of selling prices due to the higher cost of sales.

The increase in FSA revenues is primarily the result of the higher sales volumes, especially in the wine & spirits, automobile, and signage and advertising graphics industries. The consolidation of the IP Venus Group and Acucote contributed to the revenue boost.

Costs of materials rose by Euro 193.3 million to Euro 925.6 million in 2021, from the Euro 732.3 million of 2020. The increase in these costs is attributable mainly to greater production volumes in the Specialty Paper (LPCS) and FSA Segments and to much higher raw material prices in 2021. It is also due in part to the consolidation of the IP Venus Group, Rimark and Acucote.

The cost of services rose from Euro 263.0 million in 2020 to Euro 305.7 million in 2021. The increase refers largely to greater freight costs in both the Specialty Paper (LPCS) and FSA Segments due to higher volumes, higher costs, and sales growth in the Rest-of-World market.

The increase in the FSA Segment is attributable in part to the consolidation of the IP Venus Group, Rimark and Acucote. It was offset in part by a decrease in the costs of consulting services, regarding mainly Group transformation plans and costs incurred in the prior year for the Ritrama acquisition, and by a reduction in commission expense.

The cost of personnel rose by Euro 40.6 million, from Euro 208.6 million to Euro 249.2 million. The difference refers to the increase in costs to bolster the Group's middle management in order to usher in new competencies as per the new strategic objectives, the assignment of bonuses to employees for achieving significantly better production results than in the previous year (which had been adversely affected by the pandemic), the increase in production in both the Specialty Paper (LPCS) and the FSA Segments, additional costs deriving from the consolidation of the IP Venus Group, Acucote, Rimark and the establishment of the new company in Poland, Ritrama Poland Sp. Z.o.o. It should also be considered that in 2020 the Group had used the Italian "Cassa Integrazione" system (wage supplements).

The extremely good performance in both Segments made the Group's Adjusted EBITDA (defined as net profit before tax, financial income and costs, the share of income from equity-accounted investments, depreciation, amortization, impairment losses, and any non-recurring income and costs) rise considerably from the 2020 amount, despite the increase in all the lines of cost.

Depreciation, amortization and impairment losses rose from Euro 73.7 million to Euro 76.9 million. The increase is attributable primarily to the consolidation of the IP Venus Group, Ritrama Poland Sp. Zo.o., Rimark and Acucote, and to the depreciation of the Milan and Verona offices, which in 2020 had affected the accounts only from the second quarter of the year.

Net finance costs fell from Euro 54.0 million for 2020 to Euro 44.7 million for 2021; the difference relates mainly to the exchange rate fluctuations of 2020, particularly between the Euro and the Brazilian Real.

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The finance costs for the Notes remained unchanged, because the cost reduction of the prior year deriving from a shorter period of interest accrual for the 2026 Notes was matched by a cost reduction caused by the July 19, 2021 redemption of 2024 Notes for an aggregate principal amount of Euro 60.0 million.

The 2021 income taxes represent an expense of Euro 24.0 million, versus income of Euro 26.7 million for 2020. The difference originates primarily from the decision to use from 2020 for the Italian companies Gruppo Cordenons S.p.A., Arconvert S.p.A. and Ritrama S.p.A. the possibility of realigning the tax bases to the higher values of the assets recognized in the financial statements, under Decree Law 104/2020, Article 110, paragraphs 8 and 8-bis.

In addition, parent Fedrigoni S.p.A. opted to apply tax relief in 2020, under Decree Law 185/2008, to the excess accounting values emerging from the downstream merger with Fabric (BC) S.p.A. and to some values regarding intangible assets recognized in the consolidated financial statements.

All the deductions deriving from such transactions generated corporate income tax (IRES) and regional business tax (IRAP) benefits, recognized at December 31, 2020 as accruals of Euro 10.8 million of deferred tax assets and as releases of Euro 38.7 million of deferred tax liabilities, for a total amount of Euro 49.5 million.

Moreover, the income taxes include Euro 4.2 million regarding the accrual of previous period taxes, as explained in the comments in the section on current tax liabilities in the Notes to the Consolidated Financial Statements.

### Segment reporting

The criteria used to identify Segments are consistent with the way in which the Group is managed. The division into Segments for reporting purposes corresponds to the structure of the reports periodically examined by management. The following tables present the 2020 and 2021 Income Statements, showing the adjusted EBITDA by Segment, reconciled with the Group net profit.

2021:

<i>(in thousands of Euros)</i>	Year ended December 31, 2021				
	Specialty Paper (LPCS)	FSA	I/C Eliminations	Other	Total
<b>Revenues from sales</b>					
to third Parties	667,760	935,097	-	-	1,602,857
to other Group companies	32,409	2,493	(34,902)	-	-
Total sales revenues	700,169	937,590	(34,902)	-	1,602,857
Other operating income	28,738	7,921	(4,304)	-	32,355
Operating expenses	(632,287)	(821,889)	39,168	(38,470)	(1,453,478)
Transformation costs	-	-	-	32,543	32,543
Other non-recurring expenses / income	(1,066)	1,527	18	-	479
Adjusted EBITDA (*)	95,554	125,149	(20)	(5,927)	214,756
Other non-recurring expenses / income	1,066	(1,527)	(18)	-	(479)
Transformation costs	-	-	-	(32,543)	(32,543)
Depreciation, amortization and impairment losses					(76,906)
<b>Operating income</b>					<b>104,828</b>
Income from equity-accounted investments in associates					349
Financial income					23,724
Finance costs					(68,464)
<b>Profit/(loss) before tax</b>					<b>60,437</b>
Income taxes					(23,950)
Net profit from continuing operations					36,487
<b>Net profit/(loss)</b>					<b>36,487</b>

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2020:

(in thousands of Euros)	Year ended December 31, 2020				
	Specialty Paper (LPCS)	FSA	I/C Eliminations	Other	Total
<b>Revenues from sales</b>					
to third Parties	540,465	774,777	-	-	1,315,242
to other Group companies	29,610	2,183	(31,793)	-	-
Total sales revenues	570,075	776,960	(31,793)	-	1,315,242
Other operating income	11,823	2,370	(1,048)	-	13,145
Operating expenses	(507,214)	(692,320)	32,844	(42,680)	(1,209,370)
Transformation costs	-	-	-	40,306	40,306
Other non-recurring expenses / income	6,206	822	-	-	7,028
<b>Adjusted EBITDA (*)</b>	<b>80,890</b>	<b>87,832</b>	<b>3</b>	<b>(2,374)</b>	<b>166,351</b>
Other non-recurring expenses / income	(6,206)	(822)	-	-	(7,028)
Transformation costs	-	-	-	(40,306)	(40,306)
Depreciation and amortization					(73,661)
<b>Operating income</b>					<b>45,356</b>
Income from equity-accounted investments in associates					39
Financial income					22,188
Finance costs					(76,203)
<b>Profit/(loss) before tax</b>					<b>(8,620)</b>
Income taxes					26,721
Net profit from continuing operations					18,101
Net loss from discontinued operations					(25,992)
<b>Net loss</b>					<b>(7,891)</b>

(\*) Adjusted EBITDA is defined by the Group as net profit before net profit/(loss) from discontinued operations, income taxes, financial income and costs, the share of income from equity-accounted investments, depreciation, amortization, impairment losses, and any non-recurring income and costs. Adjusted EBITDA is not identified as an accounting measurement in IFRS and should therefore not be considered as alternative to the disclosures provided in the financial statements for the purpose of assessing the Group's performance. The Company believes that Adjusted EBITDA is an important variable for evaluating the Group's performance, allowing it to be monitored in a more analytical fashion. Because this information is not a measurement governed by the accounting standards followed in the Group's financial statements, the criteria used to determine it may not be consistent with those used by other groups and it should therefore not be compared with similar figures presented by such groups.

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Shared unallocated costs (“Other”) are a marginal amount referring to the Group’s operating structure. Each Segment has a complete and independent structure, able to fulfill its own functions. Most eliminations (“intercompany eliminations” in the tables above) refer to inter-Segment margins eliminated during the aggregation phase. Transactions between the Segments are conducted at arm’s length.

“Other non-recurring expenses/income” include costs of Euro 1,207 thousand deriving from the realignment in 2021 of the accounting method adopted by Ritrama S.p.A. for the allocation of the 2020 MBO (Management By Objectives) to the Group’s method and the bonuses due and allocated in connection with M&A transactions, Euro 3,035 thousands related to an insurance reimbursement received by Ritrama Converting in relation to certain riots and raids in South Africa in 2021, Euro 2,400 thousand of other non-recurring costs mainly related to the impairment of Ritrama Converting assets in relation to the 2021 riots and raids in South Africa, Euro 261 thousands of losses on disposal of capital assets, Euro 1,502 thousands of stock provision related to previous years and only accounted for in 2021, Euro 1,972 thousands of gain in relation to the disposal of the remaining business concerning the production and distribution of special security products and Euro 116 thousands of other non-recurring costs.

“Transformation costs” refer to the total costs incurred for consulting services and other clearly identified costs fundamentally instrumental in transforming the new Group. Such costs regard specifically the continuance of projects intended to create a new organizational structure capable of attracting new talent and optimizing the pre-existing departments (financial, operations, purchasing, sales) or are attributable to the extraordinary merger and acquisition transactions aimed to define the Group’s structure. The new organization aims to accelerate long-lasting and sustainable growth for the Group and create efficiencies.

#### 3.3.3 Financial Position

The following table summarizes the Group’s Consolidated Statement of Financial Position as at December 31, 2021 and December 31, 2020, with presentation of the invested capital and net financial debt.

<i>(In million of Euros)</i>	<b>At December 31,</b>	
	<b>2021</b>	<b>2020</b>
Intangible assets	369.9	337.0
Investment property, Property, plant and equipment	416.7	404.5
Other net non-current assets (liabilities)	22.2	16.1
<b>Non current assets</b>	<b>808.8</b>	<b>757.6</b>
Net working capital	80.5	146.3
Other net current assets (liabilities)	(36.2)	(64.1)
<b>Invested Capital</b>	<b>853.1</b>	<b>839.8</b>
<hr/>		
Total equity	231.3	182.6
Provisions for risks and charges and benefits to employees	44.1	55.0
Net financial position	577.7	602.2
<b>Invested Capital</b>	<b>853.1</b>	<b>839.8</b>

The figures above were obtained from the financial statements. Some items have been modified and/or aggregated as follows:

The net working capital is the sum of “inventories” and “trade receivables” less “trade payables”.

The net financial debt is the sum of “cash and cash equivalents” and “current financial assets”, less “current and non-current payables and other financial liabilities” and “non-current trade and other payables”, which includes interest-free debt with a material component of implicit or explicit financial debt.

The Group’s net financial debt is Euro 577.7 million at the end of 2021, versus Euro 602.2 million at the end of 2020, and includes Euro 507.6 million relating to Euro 520.0 million in aggregate principal amount of 2024 Notes outstanding as of December 31, 2021, and Euro 218.0 million relating to Euro 225.0 million in aggregate principal amount of 2026 Notes outstanding as of December 31, 2021.

According to the Listing Particulars distributed at issuance of the Notes, the pro-forma financial indebtedness disclosed in the “Annual Financial Report” is defined as the sum of “cash and cash equivalents” and “current financial assets”, less the “current and non-current payables and other financial liabilities”, in which the note debt is included at its nominal amount excluding the effects of applying the amortized cost method.

The pro-forma financial indebtedness amounted to Euro 592.6 million at the end of 2021, versus Euro 626.6 million at the end of 2020.

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### 3.4 Business Trends

#### 3.4.1 Rawmaterial and energy trends

In 2021 pulp prices, like those of other major raw materials, were heavily affected by high demand after the long pandemic period. The demand was not adequately met by the supply chain or by the production system in general, which had been based on expectations of much less growth, with inventory and production capacity well below the demand levels, straining the market and causing prices to surge from the initial months of the year. Moreover, the rising number of Covid-19 infections and the inadequate vaccination response led to the postponement of new production capacity in South America, stressing the market and causing prices to soar relentlessly from the initial months of the year. In merely eight months, prices for short fibers rose from 680 \$/ton in December 2020 to 1,140 \$/ton in August 2021 (+460 \$/ton), and prices for long fibers rose from 875 \$/ton to 1,340 \$/ton (+465 \$/ton) in the same period. The tension lasted for the entire year, due in part to exceptional demand (still present) for pulp from the printing and writing industry.

The Fedrigoni Group succeeded in mitigating all the potential supply risks thanks to long-term contracts and constant monitoring by the business risk management system.

In general, the prices of the main chemical raw materials used by the Group rose substantially in 2021. The strong recovery following the pandemic generated a massive disruption in logistics that aggravated, at a global level, the instability in all major markets and led to raw material scarcity.

In 2021, the natural gas at the Title Transfer Facility (TTF) in the Netherlands, Europe's natural gas trading hub, reported a record high value with a year-on-year increase of approximately 400%. The Italian Virtual Trading Point (PSV) reported a similar increase.

The post-pandemic economic recovery has caused demand to rise across the European markets, where

however supply has fallen largely as a result of reduced Russian exports, especially in the fourth quarter.

Forecasts predict additional price hikes for 2022, at least in the first half of the year, due to the widening gap between supply and demand, with geopolitical tensions on the border between Russia and Ukraine likely to cause additional price and supply shocks.

The economic effects of inflation in the markets were mitigated by transfer pricing policies.

#### 3.4.2 Investments

In 2021 the most significant investments regarded:

- a new headbox for the F3 continuous machine at the Fabriano plant for Euro 2.7 million;
- work on the biological wastewater treatment plants at Arco and Verona for Euro 3.7 million;
- energy efficiency projects for Euro 4.8 million;
- a new embosser and a new broke handling system at the Verona plant for Euro 2.8 million;
- a new cutting line and a coating machine at the Arco plant for Euro 1.9 million;
- specific investments in research and development for the industry 4.0 technology investment program for Euro 0.8 million;
- the implementation of new Business Intelligence systems for Euro 2.1 million;
- the purchase of two new slitters and revamping of several slitters already in use for Euro 1.5 million;
- investment in off-line top coating production in Italy allowing to increase capacity and to optimize the production footprint for Euro 1.3 million;
- the installation of a dehumidifier for one of the coaters and PVC gloss improvements in another coater for Euro 1.0 million;
- Health & Safety improvements across our self-adhesives plants for Euro 1.4 million;
- the acquisition of a patent to produce semi-rigid labels for mono-material packaging.

Moreover, plans to improve the flexibility and efficiency of existing plants and machines and to maintain and improve safety levels were developed at all the facilities.

#### 3.4.3 Personnel

The Group's personnel headcount at the end of 2021 was 3,893 units.

We believe that our most important strengths lie in our employees, who contribute to our success every day with their talent, passion and ethics.

To achieve our goals, in 2021 we invested in recruiting and developing our people. We welcomed 377 new employees to the Fedrigoni Group at our factories and offices throughout the world. The new hires reflect our diversity, inclusion and merit objectives.

In terms of development, we launched the three Fedrigoni Behaviors, which permeate everything we do, how we relate to each other and how we navigate our transformation: 1. We strive for excellence; 2. We accelerate relationships; 3. We make change our own.

This behavioral compass has become a guide to help us attain our business and growth targets as a Group, by promoting a work environment where everyone has the opportunity to thrive and make a difference. It is a performance culture centered on the individual.

We have also introduced a more inclusive and extensive performance management process, accessible to all employees. The process is based on one-on-one, regular dialogue between the manager and the worker, focusing on performance feedback and development plans to improve everyone's job, in line with the new Fedrigoni Behaviors (mapped with the Workday platform).

We came up with a new process to identify, discuss and develop key talents at various levels within the organization and we continued with the programs aimed to hone leadership and managerial skills.

We introduced the Customer Academy, a global career program that will enhance the customer orientation

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and key competencies of our sales force in order to accelerate our shift to a customer centric organization.

We also continued with safety and environmental training, *ad hoc* individual technical and functional training, and on-the-job training for factory workers and technicians, providing 18,287 training hours.

We continued to give all our employees a voice in 2021 through a Global Engagement Survey, from which we could collect feedback and opinions that can help us to constantly improve the organization and formulate effective initiatives geared toward the engagement and satisfaction of our employees.

To assist all these activities and our transformation process, we continued to structure the HR organization with stronger and new competencies while harmonizing and simplifying the practices and processes at a Group level.

#### 3.4.4 Quality, safety and the environment

All the Group's manufacturing companies ensure the constant monitoring of plant and machinery operation, and their continuous upgrading in order to assure full compliance with safety and environmental laws. Many training and informational initiatives regarding safety and environmental protection were implemented for staff. The main quality, safety and environmental protection certifications held by the Group companies are listed below:

For Fedrigoni S.p.A.:

- Maintenance of the following certifications comprising the Integrated Management System:
- ISO 9001/2015 (quality management system);
- ISO 14001:2015 (environmental management system);
- FSC-STD-40-003/V2-1 (Chain of Custody Certification of Multiple Sites),
- FSC-STD-40-004/V3-0 (Chain of Custody Certification),

- FSC-STD-40-007/V2-0 (Sourcing reclaimed material for use in FSC Product Groups or FSC Certified Projects);
- Three-year renewal of the ISO 45001:2018 certification of the occupational health and safety management system;
- Maintenance of the ECOLABEL for some series of office paper produced at the Fabriano and Pioraco plants;
- Maintenance of Authorised Economic Operators (AEOF) certification;
- Obtainment of REMADE IN ITALY mark for some types of paper of the Pioraco plant.

For the Gruppo Cordenons S.p.A.:

- Maintenance of certification of the Quality Management System under the UNI EN ISO 9001/2015 standard;
- Renewal of the Certification of Environmental Management System under the UNI EN ISO 14001:2015 standard;
- Renewal of certification of the Occupational Health and Safety Management System under the ISO 45001:2018 standard;
- Certification of the Energy Management System under the ISO 50001:2011 standard;
- One-year renewal of SC-STD-40-004 v3-0 and FSC-STD-40-007 V2-0 certifications;
- Renewal of the BRCGS Packaging Materials Global Standard certification (Ed.6) with Grade A (for the Cordenons plant).

For Arconvert Ritrama do Brasil Ltda:

- Certification of the Quality Management System under the UNI EN ISO 9001/2015 standard;
- Certification of FSC® CoC according to FSC-STD-40-004.

For Arconvert S.p.A.:

- Certification of the Quality Management System under the UNI EN ISO 9001/2015 standard;
- Certification of the Environmental Management System under the UNI EN ISO 14001/2015 standard;
- certification of the Occupational Health and Safety Management System under the UNI ISO 45001:2018 standard;
- Certification of FSC® CoC according to FSC-STD-40-004.

For Arconvert S.A.U.:

- Certification of the Quality Management System under the UNI EN ISO 9001/2015 standard;
- Certification of the Environmental Management System under the UNI EN ISO 14001/2015 standard for the Basiano and Sassoferrato sites;
- Certification of the Occupational Health and Safety Management System under the UNI EN ISO 45001/2018 standard;
- Certification of FSC® CoC according to FSC-STD-40-004 and FSC-STD-40-003;
- Certification of PEFC® CoC ST 2002;
- ISCC PLUS certification (for the Girona and Barberà plants).

For Ritrama S.p.A.:

- Certification of the Quality Management System under the UNI EN ISO 9001/2015 standard;
- Certification of the Quality Management System under the IATF 16949/2016 standard;
- Certification of the Environmental Management System under the UNI EN ISO 14001/2015 standard;
- Certification of the Occupational Health and Safety Management System under the UNI EN ISO 45001/2018 standard;
- Certification of FSC® CoC according to FSC-STD-40-004 and FSC-STD-40-003;
- ISCC PLUS certification (Sassoferrato plant).

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For Ritrama Poland Sp. Z.o.o.:

- Certification of FSC® CoC according to FSC-STD-40-004 and FSC-STD-40-003.

For Ritrama UK Ltd:

- Certification of the Quality Management System under the UNI EN ISO 9001/2015 standard;
- Certification of the Environmental Management System under the UNI EN ISO 14001/2015 standard;
- Certification of FSC® CoC according to FSC-STD-40-004 and FSC-STD-40-003.

For Ritrama (Hefei) PSCM Co Ltd:

- Certification of the Quality Management System under the UNI EN ISO 9001/2015 standard;
- Certification of the Environmental Management System under the UNI EN ISO 14001/2015 standard;
- Certification of the Occupational Health and Safety Management System under the UNI EN ISO 45001/2018 standard;
- Certification of FSC® CoC according to FSC-STD-40-004 and FSC-STD-40-003.

For Ritrama S.A. (Chile):

- Certification of the Quality Management System under the UNI EN ISO 9001/2015 standard;
- Certification of FSC® CoC according to FSC-STD-40-004 and FSC-STD-40-003.

For Industrial Papelera Venus S.A. de C.V.:

- Certification of the Quality Management System under the UNI EN ISO 9001/2015 standard;
- Certification of the Environmental Management System under the UNI EN ISO 14001/2015 standard;
- Certification of the Occupational Health and Safety Management System under the UNI EN ISO 45001/2018 standard.

For Acucote Inc.:

- Certification of FSC® CoC according to FSC-STD-40-004.

Additional information is provided in the Sustainability Report.

#### 3.4.5 Research and development

In 2021 the Group's manufacturing companies continued to carry out their research and development activities in pursuit of creating new products, improving existing products and coming up with new, more efficient production and organizational processes.

#### 3.4.6 Other business initiatives

During the year, the Specialty Paper (LPCS) business unit ("BU") participated in:

- Luxepack Paris;
- Luxepack Shanghai;
- Luxepack Montecarlo;
- Packaging Premiere - Milan;
- Packaging Innovation - UK;
- Torino Graphic Days;
- Big Buyer Bologna;
- Paperworld Dubai;
- Shanghai Stationery Fair.

To surmount the limitations imposed by the pandemic, the Specialty Paper (LPCS) BU organized some digital events such as:

- Packaging Premier digital edition;
- Torino Graphic Days;
- The Paper Box Experience online event in October;
- Sirio Color & Digital online launch.

During the year, the FSA BU participated in:

- Packaging Premiere, Milan - tradeshow - Italy;
- Luxepack Montecarlo - tradeshow - France;
- Identity week London - tradeshow - U.K.;
- Top Award Milan - Italy;
- Packaging Innovation - U.K.;
- Go Wipes - digital event;
- WOW Conference - U.S.A.;
- Sitevinitech - Argentina;
- Olio Officina - Italy;
- Best Beer Label - Italy;
- Insuperlabel event - Italy;
- Beer Convention - online - Italy;
- FLAG Annual Meeting & Sponsorship - U.S.A.;
- PSDA CEO Summit - U.S.A.;
- P2P Annual Convention - U.S.A.;
- TLMI Annual Meeting & Sponsorship - U.S.A.;
- WIN Expo - U.S.A.;
- ADI (American Distilling Institute) - U.S.A.;
- Unified Wine & Grape Symposium - U.S.A.



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#### 3.4.7 – Risk management objectives and policies

The risk management objectives and policies are described hereunder.

- **Raw material and energy risks:** The Group companies buy raw materials (fibrous raw materials in particular) on international markets whose prices are affected by global demand, and thus the prices are the same for all businesses in the industry. In previous periods the Group started up a project aimed to equip the sales structure with systems and the proper tools for maintaining margins where price tension exists for raw materials. It is uncertain whether raw material price increases are fully recoverable though product price increases. In 2021 the Group decided to stipulate two swap transactions to cover the risk of pulp price fluctuations. In order to reduce the risk deriving from price increases of natural gas, an important raw material for the paper industry, significant investments were made to cut consumption, business relationships were developed with major suppliers and long-term supply agreements were stipulated.
- **Cash flow risk:** The Group's credit lines are more than adequate for its cash flow needs. The cash flows generated by the companies, rigorous treasury management, and the Parent company's monitoring activities ensure effective, efficient cash management.
- **Foreign exchange risk:** All the Group companies exposed to significant foreign exchange risk, deriving from raw material purchases and product sales in U.S. dollars and British pounds sterling, have applied hedges through currency forwards.

- **Credit risk:** All the main companies are covered by specific insurance policies on domestic and foreign trade receivables and have implemented systematic credit management procedures.
- **Interest rate risk:** The Group's bank indebtedness exposes it to the risk of fluctuating interest rates. The variable-rate loans are exposed to the risk of fluctuating cash flows. The Group assesses regularly its exposure to interest rate risk and in 2018 decided to stipulate two interest rate swaps (IRS) to hedge part of the risk on the notes issued. The Notes to the Consolidated Financial Statements provide more detailed information.
- **Cybersecurity risk:** the risk of cyber attacks is a growing threat globally and as such requires the Group to constantly protect its information assets, both the internal information and the client database. The Group mitigates this risk through plans that require prevention and monitoring activities and verification of the effective implementation.
- **Climate change risks:** climate change risks are an important current issue. Nearly all industries are facing the impacts of this phenomenon, with varying degrees of severity. In recent years the Group has implemented measures to help limit global warming, such as energy efficiency at the mills and conscientious electricity use. The Group is monitoring carefully the evolving situation and its considerations are reflected in the planning of the expected results.

#### 3.4.8 Related-party transactions

The Company's transactions with Group companies and with the Parent company, and the Group's transactions with related parties, are primarily of a trade and financial nature and are conducted at arm's length. Such transactions are described in the Notes to the Consolidated Financial Statements.

#### 3.4.9 Treasury shares

At the end of the year the Company did not own, either directly or indirectly through third parties, any of its own shares or the Parent company's shares, and no transactions were initiated to purchase such shares.

#### 3.4.10 Subsequent events

On February 15, 2022, Fedrigoni redeemed Euro 40.0 million in aggregate principal amount of its 2018 Notes (the "February 2022 Redeemed Notes"). The redemption price for the February 2022 Redeemed Notes consisted of (i) 100.00% of the aggregate nominal amount of the February 2022 Redeemed Notes and (ii) accrued unpaid interest on the February 2022 Redeemed Notes up to but not including the redemption date.

Subsidiary Ritrama Autoadesivos Ltda is currently a party to an administrative dispute initiated pursuant to a tax audit notified to the company on October 18, 2021 by the Brazilian tax authorities regarding some imports originating from our subsidiary Ritrama S.A. Chile, during the period from January 2017 to December 2020 (the "Tax Audit"). The Fedrigoni Group routinely exports products from Chile to Brazil through these subsidiaries and these exports generally benefit from special tax treatment under the Southern Common Market (Mercosur) Free Trade Agreement - Economic Complementation Agreement (ACE) n. 35

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("Mercosur FTA Special Tax Regime"). The special tax regime applies to exported products containing at least 60% of raw materials originating from countries participating in the Mercosur free trade agreement ("Mercosur Origin Requirement") and that content percentage is demonstrated by certificates of origin issued by the Chilean authorities. Within the scope of the Tax Audit, the Brazilian tax authorities claimed that our subsidiary, Ritrama Brazil, had inappropriately benefited from the Mercosur FTA Special Tax Regime from January 2017 to December 2020 because some certificates of origin indicated that certain products exported from Ritrama S.A. Chile to Ritrama Autoadesivos Ltda did not comply with the Mercosur Origin Requirement.

In this regard, pursuant to the Share Purchase Agreement signed on October 29, 2019, as subsequently amended, by Rink Holding S.r.l. (the "Seller"), Tomas Federico Rink, Ricardo Rink, Ronald Rink and Gianmario Forzatti as one party, and Fabric (BC) S.p.A. (now Fedrigoni S.p.A.), the Buyer, as the other party (the "Share Purchase Agreement"), under which on January 30, 2020 we purchased the entire share capital of Ritrama S.p.A. and its subsidiaries ("Subsidiaries"), the Seller (i) issued a series of representations and warranties ("Representations and Warranties") undertaking to indemnify and hold harmless us and/or the Subsidiaries from any loss resulting from untruths and/or inaccuracies in the Representations and Warranties and (ii) gave a bank guarantee ("Bank Guarantee") to Fedrigoni S.p.A. guaranteeing the punctual and precise fulfillment of all the Seller's obligations under the Share Purchase Agreement.

Considering that the underlying circumstances of the Tax Audit constitute a breach of the Representations and Warranties and that, therefore, Fedrigoni S.p.A. could be entitled to indemnification from the Seller for a material portion of the liabilities

that might be incurred in connection with the Tax Audit and the related administrative dispute, on November 10, 2021 we sent to the Seller a claim for damages in accordance with the Share Purchase Agreement (the "Brazil Claim for Tax Damages") that was followed by a procedure initiated between Fedrigoni S.p.A. and the Seller to reach an agreement on the matter. In this context, on February 10, 2022 Fedrigoni S.p.A. and the Seller stipulated an Escrow Agreement, which will remain in effect until the Brazil Claim for Tax Damages is definitively settled, and, concurrently, they set up an escrow account in which Euro 5,000,000.00 was deposited, which could be released to Fedrigoni S.p.A. if it should be established unequivocally that all or part of that amount is due by the Seller.

In March 2022 the Italian Tax Police (*Guardia di Finanza*) resumed its inspection activities at Fedrigoni S.p.A. relating to the tax audit initiated in 2019, focusing its attention on the transactions occurring from 2015 to 2017 between Fedrigoni S.p.A. and some foreign entities directly or indirectly linked to a longtime business partner of Fedrigoni S.p.A. operating in the Indian market of paper money and security items. More specifically, the *Guardia di Finanza* focused its attention on certain consulting services and licensing agreements stipulated between Fedrigoni S.p.A. and the aforementioned foreign entities, which provided for the payment by Fedrigoni S.p.A. of royalties for the exclusive use of a specific method patent regarding a security item registered in the name of and used by Fedrigoni S.p.A. and the related intellectual property rights. The audit was concluded in early April 2022 with the notification of a new Tax Audit Report (*Processo Verbale di Constatazione* or "PVC"), by which the *Guardia di Finanza* - reporting in substance the alleged impossibility of identifying evidence of the inventive contribution given by the aforementioned foreign companies to the patent in the name of and used by Fedrigoni S.p.A. - alleged that there were

some substantial violations regarding direct taxes and regional business tax (IRAP) which, in terms of additional taxes, would result in a claim of Euro 5,752 thousand, plus penalties and interest against Fedrigoni S.p.A.. With respect to such matter, pending the said tax audit, in 2020 Fedrigoni S.p.A.'s directors severed all ties with the contractual counterparties and effectively suspended all royalty payments, while accounting for - in accordance with correct accounting principles - trade payables due on invoices to be received. Such costs were prudently made non-deductible from the 2018 tax year, for the purpose of not exposing Fedrigoni S.p.A. to the risk of additional claims from the Italian tax authorities, until the proceedings in progress have ended. In this manner, the corporate boards intended to freeze the existing situation, on one hand accounting for the costs relating to the royalties without however providing for their payment, and on the other hand not deducting the related costs for tax purposes. In March 2022, due to the suspension of relations as referred to above, the aforementioned companies linked to Fedrigoni S.p.A.'s business partner initiated a civil lawsuit before the Italian Civil Court requesting the payment by Fedrigoni S.p.A. of the royalties allegedly due under the said licensing agreements, which were quantified in Euro 18.2 million, plus general expenses and damages apparently incurred due to the non-payment of such royalties, bringing the total amount requested to Euro 18.7 million. Based on preliminary assessments, Fedrigoni S.p.A. intends to oppose such civil claim including by grounding its defense on the evidences that emerged from the said tax investigation. If the Civil Court should confirm that Fedrigoni S.p.A. owes the said royalties payment to the mentioned companies, the amount claimed in such civil lawsuit would not meet the calculation criteria adopted by Fedrigoni S.p.A. in the years concerned which are based on the sales data regarding the marketing of

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the patented products at issue as per underlying contracts; such criteria would result in a considerably lower amount due if compared to the one claimed in the said civil lawsuit against Fedrigoni S.p.A., and such lower amount has been recognized prudently among the trade payables until the Civil Court establishes whether or not the amounts are due.

Therefore, on one hand Fedrigoni S.p.A. has received the Tax Audit Report disputing the contribution given by the aforementioned companies to the development of the patent stated (supporting the claim with various factual elements and testimonies given), and on the other hand it is being sued by those companies which, in contrast, are demanding payment of royalties for the contribution given in the development of the patent (using as evidence, among others, a testimony having the opposite contents compared to those obtained by the *Guardia di Finanza*). In light of such contradictory historical reconstructions, Fedrigoni S.p.A.'s management, which is completely new compared with the one present in the organization when the patent was being developed and thus is not in a position to factually reconstruct what happened at the time of the events, considered it necessary, pending the tax audit, to carry out in-depth internal and external investigations to verify which and how many activities were performed by the contractual counterparties with regard to the patented idea to which the licensing agreements refer. However, at the date of these financial statements, also considering the contents of the Tax Audit Report, Fedrigoni S.p.A. does not believe that such investigations have currently revealed certain and decisive facts on the matter (save what should emerge during additional

analyses that might be conducted in view of the evidence enclosed with the Tax Audit Report). For the reasons explained, Fedrigoni S.p.A. has decided to adopt the most prudent approach possible, maintaining unchanged the amount of the payables due to the suppliers referred to, considering that if the counterparties should win the civil lawsuit, the related amount recognized in the financial statements would be adequate, whereas a contingent gain would emerge if Fedrigoni S.p.A. should win the case. Meanwhile, Fedrigoni S.p.A. has decided to increase the risk provision regarding tax liabilities in light of the recently notified Tax Audit Report, bringing the total amount of the tax liabilities for the period from 2014 to 2017 to Euro 8,828 thousand. Such amount was determined on the basis of a preliminary assessment of the potential outcomes of the discussions during the proceedings currently underway with the Italian Revenue Agency, and also taking into account the indemnification obligations undertaken by Fedrigoni S.p.A.'s previous majority shareholder pursuant to the contractual agreements entered into in connection with this matter.

On February 16, 2022, Fedrigoni S.p.A. completed the acquisition of Distribuidora Vizcaina de Papeles S.L., a Spanish company that develops, manufactures and distributes self-adhesive materials. The purchase price is Euro 12,746 thousand.

On March 25, 2022, Fedrigoni S.p.A. stipulated an agreement regulating the acquisition of a controlling (50.1%) interest in Eonys SAS, a French company that owns the entire share capital of Tageos SAS, a company operating in the design, manufacturing and distribution of radio-frequency identification (RFID)

inlays and tags (with the possibility of later purchasing the entire share capital of Eonys SAS through put and call options). The acquisition is expected to be completed in the second quarter of 2022.

The Russo-Ukrainian conflict that began at the end of February 2022 has provoked a humanitarian crisis unprecedented in Europe since World War II and is inflicting an additional shock to a global economy still coping with supply chain problems and a widespread rapid increase in prices.

According to the most updated authoritative economic surveys, the effects of the conflict could generate additional imbalances in manufacturing activity in the upcoming months, worsening the scarcity of some commodities and risking to undermine the growth and benefits expected from the economic and manufacturing recovery.

While these events have brought economic uncertainty to the global environment in which the Fedrigoni Group operates, the Group is not materially exposed to the countries directly involved in the conflict.

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#### 3.4.11 - Business outlook

In the initial months of 2022, the paper sales mix continued to improve thanks to booming demand, greater penetration in the packaging market and expansion of the specialty paper market share.

To date, this market situation has enabled the Group to sustain its margins by transferring the cost impacts to our selling prices.

We are convinced that the results of the specialty paper product line are achievable through continuous expansion of market share gained from our main competitors and growth in demand from luxury packaging producers, which are ever more inclined to replace plastic materials with paper.

The promising sector of self-adhesive labels and materials, which is showing remarkable resilience even during challenging economic times such as those of the pandemic, will be able to benefit from the positive effects of the strategic acquisitions carried out, which will not only increase the product range with attractive segments and expand the global presence, but will also make it possible to increase the production capacity to meet the growing demand and create numerous production and procurement synergies.

The Group is confronting the uncertainty and new economic shocks generated by the current conflict at the European Union border with moderate optimism, in view of the capacity demonstrated over recent months to deal with situations characterized by inflationary tensions and supply chain strains.

In addition to recovering volumes and managing some contingent restrictions in the supply chain, the Group faces the challenge of considerably higher raw material prices, particularly of pulp and energy, which at least in the short and medium term could be exacerbated by a possible escalation of the conflict in Ukraine.

These developments require the entire business structure to make important and necessary efforts to maintain margins through careful management of pricing policies.

Verona; April 28, 2022

on behalf of the Board of Directors  
Chairman  
Marco Nespolo

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#### INDEPENDENT AUDITOR'S REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Shareholders of  
Fedrigoni S.p.A.

#### REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

#### Opinion

We have audited the consolidated financial statements of Fedrigoni S.p.A. and its subsidiaries (the "Fedrigoni Group"), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Fedrigoni Group as at December 31, 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

#### Basis for Opinion

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

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

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Fedrigoni Group's ability to continue as a going concern, disclosing, as applicable, matters related to

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going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of Fedrigoni S.p.A. or the termination of the business or have no realistic alternatives to such choices.

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

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

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

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

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

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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Fedrigoni Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Fedrigoni Group audit. We remain solely responsible for our audit opinion.

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

#### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

##### Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/2010

The Directors of Fedrigoni S.p.A. are responsible for the preparation of the report on operations of the Fedrigoni Group as at December 31, 2021, including its consistency with the related consolidated financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations, with the consolidated financial statements of the Fedrigoni Group as at December 31, 2021 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations is consistent with the consolidated financial statements of the Fedrigoni Group as at December 31, 2021 and is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/2010, made on the basis of the knowledge and understanding of the Fedrigoni Group and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by  
**Pier Valter Azzoni**  
Partner

Verona, Italy  
April 29, 2022

*This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.*



# Consolidated Financials

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### Consolidated Balance Sheet

<i>(in thousands of Euros)</i>		At December 31,	
	Note	2021	Restated 2020 (*)
<b>Non-current assets</b>			
Property, plant and equipment	6	416,404	404,179
Intangible assets	7	369,949	336,970
Investment property	8	250	283
Equity-accounted investments in associates	9	2,096	2,854
Tax credits	10	12,348	11,826
Deferred tax assets	11	45,029	43,324
Other non-current assets	13	5,280	1,369
<b>Total non-current assets</b>		<b>851,356</b>	<b>800,805</b>
<b>Current assets</b>			
Inventories	12	371,191	291,588
Trade receivables	14	177,473	165,772
Tax credits	10	6,011	7,696
Other current assets	13	47,554	25,873
Cash and cash equivalents	15	265,272	273,342
Derivatives	16	5,806	1,604
<b>Total current assets</b>		<b>873,307</b>	<b>765,875</b>
Non-current assets held for sale	6	2,484	
<b>Total assets</b>		<b>1,727,147</b>	<b>1,566,680</b>
Share capital		40,000	40,000
Reserves and retained earnings/losses		187,632	142,241
<b>Equity attributable to owners of the parent</b>	<b>17</b>	<b>227,633</b>	<b>182,241</b>
<b>Non-controlling interests</b>		<b>3,645</b>	<b>311</b>
<b>Total equity</b>		<b>231,278</b>	<b>182,552</b>
<b>Non-current liabilities</b>			
Due to banks and other lenders	18	769,414	818,487
Employee benefits	19	19,432	21,595
Provisions for risks and charges	20	24,672	33,504
Deferred tax liabilities	11	40,581	38,560
Other non-current liabilities	21	2,001	3,263
Derivatives	16	1,467	1,467
<b>Total non-current liabilities</b>		<b>856,100</b>	<b>916,876</b>
<b>Current Liabilities</b>			
Due to banks and other lenders	18	73,510	56,992
Trade payables	21	468,191	311,033
Tax liabilities	22	15,474	34,570
Other current liabilities	21	81,822	63,125
Derivatives	16	772	1,532
<b>Total current liabilities</b>		<b>639,769</b>	<b>467,252</b>
<b>Total liabilities</b>		<b>1,495,869</b>	<b>1,384,128</b>
<b>Total equity and liabilities</b>		<b>1,727,147</b>	<b>1,566,680</b>

(\*)The amounts of 2020 were restated pursuant to IFRS 3 as described in "Significant events of the year".

### Consolidated Income Statement

<i>(in thousands of Euros)</i>		Year ended December 31,	
	Note	2021	2020
Sales revenues	23	1,602,857	1,315,242
Other operating income	24	32,355	13,145
Cost of materials	25	(925,563)	(732,346)
Cost of services	26	(305,663)	(263,036)
Cost of personnel	27	(249,218)	(208,589)
Other costs	28	(3,645)	(10,971)
Depreciation, amortization and impairment losses	29	(76,906)	(73,661)
Change in inventories of work in progress, semi-finished goods and finished products		29,118	3,898
Cost of capitalized in-house work		1,493	1,674
<b>Operating income</b>		<b>104,828</b>	<b>45,356</b>
Financial income		23,724	22,188
Finance costs		(68,464)	(76,203)
Net financial income/(costs)	30	(44,740)	(54,015)
<b>Share of profits of associates</b>		<b>349</b>	<b>39</b>
<b>Profit/(loss) before tax</b>		<b>60,437</b>	<b>(8,620)</b>
Income tax	31	(23,950)	26,721
Net profit/(loss) from continuing operations		36,487	18,101
- attributable to owners of the Parent		36,445	18,392
- attributable to non-controlling interests		42	(291)
Net profit/(loss) from discontinued operations	32		(25,992)
- attributable to owners of the Parent			(25,992)
- attributable to non-controlling interests			
<b>Net profit/(loss)</b>		<b>36,487</b>	<b>(7,891)</b>
Attributable to:			
- owners of the Parent		36,445	(7,600)
- non-controlling interests		42	(291)
Earnings/(loss) per share (in Euros): - basic and diluted	33	0.46	(0.09)
Earnings/(loss) per share (in Euros): - basic and diluted from continuing operations		0.46	0.23
Earnings/(loss) per share (in Euros): - basic and diluted from discontinued operations			(0.32)



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## Consolidated Statement of Comprehensive Income

<i>(in thousands of Euros)</i>	Year ended December 31,	
	2021	2020
<b>Net profit/(loss) for the year</b>	<b>36,487</b>	<b>(7,891)</b>
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified subsequently to profit or loss:</b>		
Actuarial gains/(losses) on defined benefit plans	597	(909)
Income tax relating to actuarial losses	(162)	140
	<b>435</b>	<b>(769)</b>
<b>Items that will be reclassified subsequently to profit or loss:</b>		
Exchange differences on translating foreign operations	7,652	(20,089)
Effective portion of gains/(losses) on hedging instruments (cash flow hedge)	5,040	735
Income tax relating to cash flow hedge	(1,451)	(217)
	<b>11,241</b>	<b>(19,571)</b>
Other comprehensive income/(loss) for the period, net of income tax	11,676	(20,340)
Comprehensive income/(loss) for the year	48,163	(28,231)
Income/(loss) attributable to owners of the Parent	48,096	(27,859)
Income/(loss) attributable to non-controlling interests	67	(372)

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### Consolidated Statement of Cash Flows

<i>(in thousands of Euros)</i>	<b>At December 31</b>	
	<b>2021</b>	<b>2020</b>
<b>Profit/(loss) before tax</b>	<b>60,437</b>	<b>(8,620)</b>
<i>Adjustment for:</i>		
Depreciation of property, plant and equipment	54,515	54,485
Amortization of intangible assets	19,703	19,138
Depreciation of investment property	33	38
Impairment losses on tangible and intangible assets	2,655	
Charge to provision for severance indemnities	316	152
(Releases from)/charges to risk provisions	(4,069)	(3,271)
(Gains)/Losses on disposals of property, plant and equipment	(1,972)	6,433
Charges to provision for doubtful debts	1,347	1,507
Income from equity-accounted investments in associates	(349)	(39)
Net financial costs/(income)	45,502	54,015
Derivatives fair value adjustment	(762)	(94)
Cash flow from operating activities before movements in working capital and income taxes paid - discontinued operations		6,888
<b>Cash flow from operating activities before movements in working capital and income taxes paid</b>	<b>177,356</b>	<b>130,632</b>
Change in trade receivables	(11,594)	118,466
Change in trade payables	150,532	(7,002)
Change in inventories	(79,552)	(1,833)
Use of provisions for risks	(4,637)	(4,423)
Use of provisions for personnel	(2,246)	(2,359)
Change in other assets / liabilities	(22,041)	756
Cash generated by/(used in) operations before income taxes paid - discontinued operations		(14,464)
<b>Cash generated by operations before income taxes paid</b>	<b>207,818</b>	<b>219,773</b>
Income taxes paid	(17,932)	(10,585)
<b>Net cash generated by operating activities</b>	<b>189,886</b>	<b>209,188</b>

<i>(in thousands of Euros)</i>	<b>At December 31</b>	
	<b>2021</b>	<b>2020</b>
Investments in intangible assets	(15,519)	(9,604)
Investments in property, plant and equipment	(52,384)	(39,136)
Disposals of property, plant and equipment and intangible assets	1,314	1,675
Acquisition of subsidiaries or business units net of cash and cash equivalents	(41,520)	(148,286)
Sale of subsidiaries or business units net of cash and cash equivalents	5,637	10,359
New loans to Parent Company	(2,198)	
Financial income received	173	508
Net cash generated by/(used in) investing activities - discontinued operations		(713)
<b>Net cash generated by/(used in) investing activities</b>	<b>(104,497)</b>	<b>(185,197)</b>
Dividends paid		(4,500)
Finance costs paid	(41,271)	(41,039)
Increase in securities/notes		215,619
New short-term bank loans raised	36,084	173,372
Repayment of securities/notes	(60,000)	
Repayment of short-term bank loans	(19,240)	(227,933)
Repayment of financing from leasing companies	(12,046)	(9,281)
Net cash generated by/(used in) financing activities from discontinued operations		(52)
<b>Net cash generated by/(used in) financing activities</b>	<b>(96,473)</b>	<b>106,186</b>
<b>Net increase/(decrease) in cash and cash equivalents for the period</b>	<b>(11,084)</b>	<b>130,177</b>
Cash and cash equivalents at the beginning of the period	273,342	145,186
Effects of exchange rate changes on the balance of cash held in foreign currencies	3,014	(2,021)
<b>Cash and cash equivalents at the end of the period</b>	<b>265,272</b>	<b>273,342</b>

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## Consolidated Statement of Changes In Equity

<i>(in thousands of Euros)</i>	Share capital	Share premium reserve	Other reserves	Profit/(loss) of the year	Equity attributable to owners of the Parent	Capital and reserves attributable to non-controlling interests	Consolidated Net Equity
<b>Balance at January 1, 2020</b>	1,000	194,461	4,577	14,658	214,696	39	214,735
<b>Net result of the period</b>				(7,600)	(7,600)	(291)	(7,891)
Actuarial gains/(losses)			(769)		(769)		(769)
Cash Flow Hedge net of the tax effect			518		518		518
Exchange rate difference			(20,008)		(20,008)	(81)	(20,089)
<b>Other items of Comprehensive income</b>			(20,259)	(7,600)	(27,859)	(372)	(28,231)
Dividends distributed		(4,500)			(4,500)		(4,500)
Other changes			(61)		(61)		(61)
Allocation of profit			14,658	(14,658)			
Area Changes	39,000	(129,719)	90,684		(35)	644	609
<b>Balance at December 31, 2020</b>	<b>40,000</b>	<b>60,242</b>	<b>89,599</b>	<b>(7,600)</b>	<b>182,241</b>	<b>311</b>	<b>182,552</b>
<b>Balance at January 1, 2021</b>	<b>40,000</b>	<b>60,242</b>	<b>89,599</b>	<b>(7,600)</b>	<b>182,241</b>	<b>311</b>	<b>182,552</b>
<b>Net result of the period</b>				36,445	36,445	42	36,487
Actuarial gains/(losses)			435		435		435
Cash Flow Hedge net of the tax effect			3,589		3,589		3,589
Exchange rate difference			7,627		7,627	25	7,652
<b>Other items of Comprehensive income</b>			11,651	36,445	48,096	67	48,163
Increases			(156)		(156)	737	581
Other changes			(26)		(26)		(26)
Allocation of profit			(7,600)	7,600			
Area Changes			(2,522)		(2,522)	2,530	8
<b>Balance at December 31, 2021</b>	<b>40,000</b>	<b>60,242</b>	<b>90,946</b>	<b>36,445</b>	<b>227,633</b>	<b>3,645</b>	<b>231,278</b>

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## Notes to the Consolidated Financial Statement

### Introduction

On April 16, 2018, Fabric (BC) S.p.A. purchased the entire share capital of Fedrigoni S.p.A. (the "Company" or "Fedrigoni"), a leading international company in the production and sale of various types of paper, security products and self-adhesive items. Fedrigoni S.p.A. is the Parent Company of Fedrigoni Group, whom included subsidiary entities operating in both the Specialty Paper (LPCS) Segment and the Self-Adhesive/Labels Segment ("Fedrigoni Group" or "Group").

On July 11, 2018, Fabric (BC) S.p.A., with a view toward strategic consolidation in the Paper and Security Segment, purchased the entire share capital of the Gruppo Cordenons S.p.A. ("Cordenons") through Bianco (BC) S.p.A ("Bianco"), which was then absorbed by Cordenons.

On January 31, 2020, pursuant to Fedrigoni's business plan, the Company purchased the entire share capital of Ritrama S.p.A. and the subsidiaries thereof (excluding Ritrama Holdings, Inc. and Ritrama Inc.), Eurotac S.p.A. and Coating Ricofin S.p.A. (the "Ritrama Group"). On March 13, 2020, the absorption merger of Eurotac S.p.A. and Coating Ricofin S.p.A. into Ritrama S.p.A. was approved. The Ritrama Group produces and distributes at a worldwide level adhesive and adhesive-free paper and materials and is a top-ranked producer of labels for the industrial market.

The acquisition was in part financed through the issuance by Fabric (BC) S.p.A. (now Fedrigoni S.p.A.) of senior secured floating rate notes for an aggregate principal amount of Euro 225,000 thousand.

During 2020, the downstream merger of parent Fabric (BC) S.p.A. into Fedrigoni S.p.A. took place with a notarial deed dated December 10, 2020 drawn up by Notary Public Mariella of Milan, rep. 44,544, conn. 14,634 registered on December 11, 2020. Pursuant to such operation, the Company's direct parent is the

English company, Fedrigoni Holding Ltd.

The merger, intended to simplify the organizational and administrative structure of the "Fedrigoni Group", was carried out with the unanimous approval of all the shareholders through the direct redistribution to the shareholders of the acquiree, Fabric (BC) S.p.A., of the shares of the acquirer, Fedrigoni S.p.A., and the issuance of 846 new Fedrigoni S.p.A. shares to non-controlling shareholders (other than those of Fabric), without involving any capital increases of the acquirer and without any adjusting cash consideration. The merger deed states expressly that the accounting and financial effects, with the acquiree's transactions incorporated into the acquirer's financial statements, shall take effect on January 1, 2020, with the tax effects of the merger backdated to the same date.

On December 1, 2020 the Company purchased on its own and through its subsidiary, Arconvert S.A.U., the entire share capital of Venus America S.A. de C.V. and the subsidiaries thereof ("IP Venus Group"). The IP Venus Group, established in Mexico, produces and distributes adhesive and adhesive-free materials.

On October 28, 2020 the Brazilian subsidiary, Fedrigoni Brasil Papeis Ltda, was divested through a carve-out of the self-adhesive product business unit remaining among the Group's operations.

### Significant events of the year

In 2021 the Fedrigoni Group finalized three important acquisitions in the segment of premium self-adhesive labels and materials (the "FSA - Fedrigoni Self-Adhesives/Labels" Segment, formerly known as the "Pressure Sensitive Labels" Segment and renamed in 2021) and in the segment of specialty paper (the "Specialty Paper (LPCS)<sup>5</sup>" Segment, formerly known as the "Paper and Security" Segment and renamed in 2021).

On June 21, 2021, the Company purchased Acucote Inc. and its subsidiary Extra Port Inc., a producer and

<sup>5</sup> Luxury Packaging and Creative Solutions

seller of adhesive materials, in the United States.

In the same month, it purchased 70% of Rimark S.A. de C.V., a self-adhesive material distributor in Mexico of which it had previously owned a 30% stake. The purchase price of Rimark was fully offset by the subscription price of the new shares issued by Venus America SA to Rimark. The new shares owned by the Rimark sellers represent 10% of Venus America SA's share capital.

In November 2021, Pulp JV S.r.l., a pulp packaging company, was purchased.

During the year Fase S.r.l. was established, into which the business unit that included the Bollate plant dedicated to the production of security items (security threads and holograms) was transferred. On November 2, 2021 the Group finalized the sale of its investments in Fase S.r.l. and also opted to sell some plant and equipment (present at the Fabriano plant) used principally to make banknotes; the sale of these should conclude in 2022.

In addition, the consolidated information of the prior year has been restated to recognize the definitive amounts of the IP Venus Group purchase price allocation. In accordance with IFRS 3, the 2020 consolidated statement of financial position has been restated by reclassifying Euro 2,933 thousands from provisions for risks and charges to inventories for Euro 1,666 thousands and to trade receivables for Euro 1,267 thousands; the restatement has been recorded in order to adjust the amount of the inventories and the trade receivables to their fair value.

On July 19, 2021, Fedrigoni redeemed Euro 60.0 million in aggregate principal amount of 2018 Notes. The aggregate redemption price of the Redeemed Notes consisted of 100.00% of the aggregate nominal amount of the Redeemed Notes and accrued unpaid interest on the Redeemed Notes up to but not including the Redemption Date.

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## 1. General information

Fedrigoni S.p.A. is a company incorporated and domiciled in Italy and organized under Italian law.

The Company, whose registered office is located at Via Enrico Fermi, 13/F - Verona, was incorporated on August 5, 1999 under the name Papelco S.r.l. It changed its name to Fedrigoni Cartiere S.p.A. on December 18, 1999 and then to Fedrigoni S.p.A. on January 1, 2011.

Fedrigoni Holding Ltd. (the "Parent company"), an English company whose registered office is located in London at 1 Bartholomew Lane, has a controlling interest in Company, with 99.99% of the voting rights.

The Fedrigoni Group (the "Group") produces and sells specialty paper with a high added value ("*Specialty Paper (LPCS)*") and premium self-adhesive labels and materials ("*FSA - Fedrigoni Self-Adhesives/Labels*"). Specifically, it produces, converts and distributes worldwide coated and uncoated graphic papers for the general and specialized press and for publishing, bookbinding, packaging, finishing and converting applications for commercial and personal use, technical and industrial use, office use, and artistic and scholastic use. In addition, the Group produces, converts and distributes worldwide premium self-adhesive labels and materials. The Group's main brands are Fedrigoni, Fabriano and Cordenons in the *Specialty Paper (LPCS)* Segment, and Arconvert, Ritrama, Manter and IP Venus in the *Fedrigoni Self-Adhesives/Labels* Segment.

The consolidated financial statements were approved by the Company's Board of Directors on April 28, 2022.

## 2. Summary of accounting standards

Provided below are the main accounting standards and principles applied in the preparation of the Group's consolidated financial reports.

### 2.1 Basis of preparation

The Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board and adopted by the European Union, and with the provisions issued in enactment of Italian Legislative Decree n. 38/2005, Article 9. The term "EU-IFRS" means the International Financial Reporting Standards (IFRS), all International Accounting Standards (IAS), and all Interpretations of the International Financial Reporting Interpretations Committee (IFRIC, previously known as the Standing Interpretations Committee, or SIC) which, as of the date of approval of the Consolidated Financial Statements, have been endorsed by the European Union in accordance with the procedures established by Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of July 19, 2002. The Consolidated Financial Statements have been prepared according to the best knowledge of the EU-IFRS and taking into consideration the best doctrine applicable. Any future changes in interpretation or orientation will be reflected in subsequent periods as established at the time by applicable accounting standards.

The Consolidated Financial Statements have been prepared on a going concern basis, as the Directors have verified the Group's ability to meet its obligations in the foreseeable future and specifically in the next 12 months.

A description of how the Group manages financial risk, including both liquidity and equity risk, is provided in Note 3 regarding the management of financial risks.

The Consolidated Financial Statements are presented in Euros, the currency used in the economies in which the Group primarily operates; the figures are rounded off to the thousands, except where stated otherwise. The rounding off could cause discrepancies in the tables between the total amounts and the sums presented.

Below is a description of the financial statements and related classification criteria adopted by the Group as envisaged in IAS 1 - Presentation of Financial Statements:

- The consolidated statement of financial position has been prepared by classifying assets and liabilities as either current or non-current;
- The consolidated income statement has been prepared by classifying operating costs by their nature;
- The consolidated statement of comprehensive income includes both the net profit for the period as shown in the consolidated income statement and the other changes in equity resulting from transactions not entered into with shareholders of the Company;
- The consolidated statement of cash flows has been prepared by showing the cash flows resulting from operations by way of the "indirect approach".

The Consolidated Financial Statements have been prepared under the historical cost convention, except for financial assets measured at fair value through other comprehensive income, financial assets measured at fair value through profit and loss, and derivative financial instruments, which have been measured at fair value. The carrying amounts of hedged assets and liabilities have been adjusted to reflect the fair value changes for the hedged risks (fair value hedge).

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## 2.2 Basis and method of consolidation

Described below are the criteria adopted by the Group in determining the companies to be consolidated in terms of subsidiaries and associates and their respective consolidation methods.

### Consolidated companies

#### *Subsidiaries*

The Consolidated Financial Statements include those of the Company and companies over which, in accordance with IFRS 10, Fedrigoni S.p.A. exercises control either directly or indirectly by virtue of direct or indirect ownership of the majority of voting rights or the exercise of dominant influence in terms of the power to make decisions about the financial and operating policies of the companies/entities, obtaining the related benefits, regardless of the ownership interest. All subsidiaries are included in the consolidation perimeter from the date on which they are acquired until the date on which control over the subsidiary ceases.

Subsidiaries are consolidated on a line-item basis as described below:

- the assets and liabilities, income and expenses are consolidated line by line, with non-controlling interests allocated their share of equity and net profits as shown separately in the statement of changes in equity, consolidated income statement, and consolidated statement of comprehensive income;

- business combinations which, during the period under review, result in acquiring control over an entity are recognized using the acquisition method under IFRS 3. The acquisition cost is the fair value, at the control transfer date, of assets acquired, liabilities assumed, and equity instruments issued. Transaction costs are recognized through profit or loss on the date on which the related services are provided. The assets, liabilities and contingent liabilities acquired are recognized at their fair value at the acquisition date. The difference between the acquisition cost and the fair value of the assets and liabilities acquired is recognized, if positive, among intangible assets as goodwill or, if negative and after verifying the proper measurement of the fair value of the assets and liabilities acquired and their acquisition cost, through profit or loss. If the fair value of the identifiable assets and liabilities acquired can be determined only provisionally, the business combination is recognized using the provisional values. Any adjustments resulting from the measurement process are recognized within twelve months from the acquisition date, and the comparative figures are remeasured;
- the acquisition of non-controlling interests related to entities in which there is already control, or the sale of non-controlling interests that do not result in a loss of control, are considered equity transactions. This means that, in the event of acquisition or sale of non-controlling interests that result in control being maintained, any difference between the acquisition/sale cost and the related share of equity acquired/sold is recognized in equity;

- receivables, payables, income and expenses between the consolidated companies as well as significant profits and losses and related tax effects resulting from transactions conducted between companies and not yet realized with other parties are eliminated, with the exception of unrealized losses, which are not eliminated if the transaction provides evidence of an impairment loss of the business transferred. Also eliminated, if material, are reciprocal receivables and payables, revenues and expenses, financial income and finance costs;
- profits or losses resulting from the sale of equity interests in consolidated companies that results in a loss of control over that entity are recognized through profit or loss in an amount equal to the difference between the selling price and the corresponding share of the equity sold.

The financial statements of subsidiaries are prepared with reporting periods ending on December 31, which is the same reporting date for the Consolidated Financial Statements, and have been prepared and approved by the boards of directors of the respective entities and adjusted, as necessary, to ensure uniformity in the accounting standards adopted within the Group.

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#### *Associates*

Associates are companies over which the Group exercises significant influence, which is the power to contribute to determining the financial and operating policies of the entity without having either control or joint control. Significant influence is assumed to exist when at least 20% of the exercisable voting rights is held either directly or indirectly through subsidiaries. When determining the existence of significant influence, potential voting rights that are actually exercisable or convertible are also taken into account. Investments in associates are measured using the equity method and initially recognized at the cost incurred for their acquisition. A description of the equity method is provided hereunder:

- the carrying value of these investments is aligned with the equity held and adjusted, as necessary, in application of the EU-IFRS; this includes the recognition of the greater value attributed to the assets and liabilities and any goodwill established at the time of acquisition;
- profit or loss attributable to owners of the parent company is recognized from the date on which significant influence began until the date on which it ceases; if realized losses of a company measured at equity should result in negative equity, the carrying value of the investment is eliminated, and any excess attributable to the owners of the parent is recognized in a specific reserve if the parent has undertaken to meet the associate's legal or other constructive obligations; changes in equity for companies measured at equity that are not related to net profits are recognized as a direct adjustment to equity reserves;

- significant unrealized profits and losses generated on transactions between the Company, its subsidiaries and equity-accounted associates are eliminated based on the value of the equity interest that the Group owns in the associate; unrealized losses are eliminated, with the exception of cases in which such losses represent an impairment loss.

A list of subsidiaries and associates, which includes information on their headquarters and the respective ownership interests, is provided in Annex 1.

#### **Translation of foreign currency balances**

The financial statements of subsidiaries and associates are prepared using the currency of the primary economy in which they operate (i.e. the "functional currency"). The rules for translating financial statements expressed in a currency other than the Euro are as follows:

- assets and liabilities are translated using the exchange rates in effect at the end of the reporting period;
- income and expenses are translated at the average exchange rate for the reporting period;
- the translation reserve shown in the statement of comprehensive income includes both the exchange rate differences generated by the translation of balances at a different rate from that of the closing date and those generated by the translation of opening equity balances at a different rate from that of the reporting date;

- the goodwill and fair-value adjustments relating to the acquisition of foreign entities are treated as assets and liabilities of the foreign entity and translated at the end-of-period exchange rate.

The companies in the consolidation perimeter at December 31, 2021 whose functional currency differs from the Euro are Fedrigoni UK Ltd (GBP), Fedrigoni Asia Ltd (HKD), Arconvert-Ritrama do Brasil Ltda (BRL), GPA Holding Company Inc. (USD), Fedrigoni Trading (Shanghai) Company Limited (CNY), Concept Couleurs Sàrl<sup>(1)</sup> (CHF), Ritrama A.G.<sup>(1)</sup> (CHF), Distribuidora Ritrama Ecuador Disritrec S.A. (USD), Inversiones San Aurelio Srl (DOP), Ritrama Autoadesivos Ltda (BRL), Ritrama Caribe Srl (DOP), Ritrama S.A. Chile (USD), Ritrama (Hefei) Pressure Sensitive Coated Materials Co.Limited (CNY), Ritrama S.A.S. (COP), Ritrama Costa Rica S.A. (CRC), Ritrama Guatemala S.A. (GTO), Ritrama Perù SAC (USD), Ritrama Converting (PTY) LTD (ZAR), Ritrama UK Ltd (GBP), Venus America, S.A. de C.V. (MXN), Industrial Papelera Venus, S.A. de C.V. (MXN), Servicios De Personal Rolosa, S.A. de C.V. (MXN), Ritrama Poland Sp. Z.o.o. (PLN), Rimark S.A. de CV (MXN), Acucote Inc. (USD), Extra Port Inc. (USD) Fedrigoni Indonesian Trading (IDR) and Fedrigoni Bangladesh (BDT).

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The exchange rates used to translate the financial statements of companies with a different functional currency from the Euro are reported in the following table:

Currency	Average for 12 months ended December 31,		At December 31,	
	2021	2020	2021	2020
BDT	100.6313	96.9355	97.1771	104.0605
BRL	6.3779	5.8943	6.3101	6.3735
CHF	1.0811	1.0750	1.0331	1.0802
CNY	7.6282	7.8747	7.1947	8.0225
COP	4,429.4793	4,217.0600	4,598.6800	4,202.3400
CRC	734.9250	668.7550	727.1065	750.5557
DOP	67.5229	64.6052	64.9469	71.4411
GBP	0.8596	0.8897	0.8403	0.8990
GTQ	9.1517	8.8227	8.7414	9.5650
HKD	9.1932	8.8587	8.8333	9.5142
IDR	16,920.7162	16,627.3687	16,100.4200	17,240.7600
MXN	23.9852	24.5194	23.1438	24.4160
PLN	4.5652	4.4430	4.5969	4.5597
USD	1.1827	1.1422	1.1326	1.2271
ZAR	17.4766	18.7655	18.0625	18.0219

<sup>(1)</sup> Concept Couleurs Sàrl and Ritrama A.G. were closed during 2021.

#### **Translation of foreign currency items**

Transactions in a currency other than the functional currency are recognized at the exchange rate in effect on the date of the transaction. Monetary assets and liabilities denominated in a currency other than the Euro are subsequently adjusted at the exchange rate in effect at the end of the reporting period. Non-monetary assets and liabilities denominated in a currency other than the Euro are recognized at historical cost using the exchange rate in effect when the transaction was initially recognized. Any currency differences arising from such translation are recognized in the consolidated income statement.

### 2.3 Accounting policies

#### **Property, plant and equipment**

Property, plant and equipment are measured at purchase or production cost net of accumulated depreciation and any impairment losses. The purchase or production cost includes any charges incurred directly to bring the assets to working condition for their intended use, as well as any charges for disposal and removal that should be incurred as a result of contractual obligations that require restoring the asset to its original condition. Finance costs directly attributable to the purchase or construction of qualified assets are capitalized and depreciated over the useful life of the related asset.

Expenditure incurred for routine and/or cyclical maintenance and repairs is fully recognized directly in the income statement of the period in which they are incurred. Costs related to the expansion, modernization or improvement of structural components of owned assets are capitalized when such components meet the requirements for separate classification as assets or part of an asset in application of the component approach, which establishes that each component subject to separate determination of its useful life and related value must be treated individually.

Depreciation is recognized monthly on a straight-line basis based on rates that enable the asset to be fully depreciated by the end of its useful life.

The useful lives estimated by the Group for the main categories of fixed assets are reflected in the following depreciation rates:

Land	Not depreciated
Buildings	2.5%
Plant and machinery	5-10%
Equipment	7-12.5%
Other tangible assets	7-20%

The useful lives of property, plant and equipment and the residual value of such assets are reviewed and updated as necessary at the end of each year. Land is not depreciated.

#### *Leases*

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease, i.e., whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group adopts a single recognition and measurement model for all leases, excluding short-term leases and leases of low-value assets. The Group recognizes the liabilities referring to lease payments and the right-of-use asset, which represents the right to use the underlying asset in the lease.

#### *Right-of-use asset*

The Group recognizes the right-of-use assets at the commencement date of the lease (the date on which the underlying asset is available for use). The right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment losses, adjusted by any remeasurements of lease liabilities. The cost of the right-of-use asset comprises the amount of lease liability recognized, the initial direct costs incurred, and any lease payments made at or before the commencement date, less any lease incentives received. The right-of-use asset is depreciated on a straight-line basis from the commencement date to the end of the useful life of the underlying asset or, if earlier, to the end of the lease term.

If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term, or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the



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lessee depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset.

The right-of-use assets are subject to impairment testing. More information is provided in the section on impairment testing.

#### *Lease liability*

At the commencement date of the lease, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments due include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. The lease payments also include the exercise price of a purchase option if the Group is reasonably certain to exercise that option and the payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

Variable lease payments that do not depend on an index or a rate are recognized as costs in the period in which the event or condition that generated the payment occurs.

In calculating the present value of the lease payments due, the Group uses the incremental borrowing rate at the commencement date if the implicit interest rate cannot be determined easily. After the commencement date, the lease liability is increased to reflect interest on the lease liability and reduced to reflect the lease payments made. Moreover, the carrying amount of the lease liability is remeasured to reflect any lease modifications or revised contractual terms for payment modifications; it is also remeasured to reflect any changes in the assessment of whether the option to purchase the underlying asset is reasonably certain to be exercised or modifications in future payments deriving from a change in the index or rate used to determine such payments.

#### *Short-term leases and leases of low-value assets*

The Group applies the exemption for recognizing short-term leases (those that, at the commencement date, have a term of 12 months or less and do not contain a purchase option). The Group also applies the exemption for leases with low-value assets mainly to leases for office equipment considered to have a low value. The payments on short-term leases and low-value leases are recognized as costs on a straight-line basis over the lease term.

#### **Intangible assets**

Intangible assets are identifiable, non-monetary items without physical substance, which generate future economic benefits. Goodwill is included when acquired for valuable consideration. Intangible assets are recognized at purchase and/or production cost including any directly attributable expenses incurred to prepare the asset for use and net of accumulated amortization and any impairment losses. Any interest expense accrued during and for the development of intangible assets is considered part of the purchase cost.

Amortization begins when the asset is available for use and is recognized systematically in relation to the remaining useful life of the asset.

Intangible assets with a finite useful life are amortized on a straight-line basis over their useful life, i.e. the estimated period in which such assets will be used by the Group. Intangible assets with a finite useful life are tested for impairment in order to determine whether those assets have suffered a loss in value (impairment loss) whenever there is any indication thereof.

Intangible assets with an indefinite useful life are not depreciated, but they are tested for impairment at least annually). The impairment test is described in the section on "impairment losses".

When part or all of a previously acquired business is sold, and goodwill had emerged on the acquisition, the corresponding residual value of goodwill is taken into account in determining the capital gain or capital loss on the sale.

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#### *(a) Industrial patents and intellectual property rights*

Patents and intellectual property rights are amortized on a straight-line basis over their useful life.

#### *(b) Concessions, licenses and trademarks*

Concessions, licenses and trademarks are amortized on a straight-line basis over their respective term except for the Fedrigoni, Fabriano and Cordenons brands, emerging when accounting for the Fedrigoni Group and Cordenons Group acquisitions, which are measured using the royalty method and are not amortized because they have indefinite useful lives, but are tested annually for impairment.

Costs for software licenses, including expenses incurred in order to make the software ready for use, are amortized on a straight-line basis over a period of 3 years.

Costs related to software maintenance are expensed as incurred.

#### *(c) Customer relationships*

"Customer relationships" (emerging when accounting for the Fedrigoni Group, Gruppo Cordenons S.p.A., Ritrama Group, IP Venus Group and Acucote Inc. acquisitions), included among the "other intangible assets", represents the total contractual relationships (supply agreements, service agreements, etc.) and non-contractual relationships with customers, and is measured with the discounted cash flow method (under the income approach). The assets are amortized over their useful life, estimated as six years for the Fedrigoni Group, twelve years for the Gruppo Cordenons S.p.A., eighteen years for the Ritrama Group, sixteen years for the IP Venus Group and nineteen years for Acucote Inc.

With respect to the allocation regarding the recent acquisition of Acucote Inc., the Group considers the process of identification of the fair value of the assets acquired and of the related useful lives to be complete.

#### *(d) Research and development costs*

Research costs are expensed as incurred, whereas development costs are recognized as intangible assets when all the following conditions are met:

- the project is clearly identified and the related costs can be reliably identified and measured;
- the technical feasibility of the project has been demonstrated;
- the intention to complete the project and to sell the intangible assets generated has been demonstrated;
- a potential market exists or, in the event of internal use, the utility of the intangible asset to produce the intangibles generated by the project has been demonstrated;
- the technical and financial resources needed to complete the project are available.

The amortization of any development costs recognized as intangible assets begins on the date on which the project becomes marketable.

In an identified internal project for the creation of an intangible asset, if the research stage is indistinguishable from the development stage, the cost of this project is fully recognized through profit or loss as if there had only been a research stage.

#### **Impairment of property, plant, equipment and intangible assets**

At each reporting date, a review is performed to determine whether there is any indication that assets have suffered an impairment loss. Both internal and external sources of information are taken into account for the impairment testing. Internal sources include: the obsolescence or physical deterioration of the asset, any significant changes in the use of the asset, and the financial performance of the asset compared to expectations. External sources of information

include: trends in the market price of the asset; any technological, market or legislative changes; trends in market interest rates or in the cost of capital used to measure the value of the investment.

If any such indication exists, the recoverable value of the asset is estimated, and any impairment loss compared to the current carrying value is recognized in the income statement. The recoverable value of an asset is its fair value less any costs to sell or its value in use (i.e. the present value of estimated future cash flows generated by the asset), whichever is greater. To determine value in use, the present value of expected future cash flows is calculated using a pre-tax discount rate that reflects the current market values of the cost of money based on the investment period and the risks specific to the asset. For an asset that does not generate sufficiently independent cash flows, the recoverable value is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognized when the carrying value of the asset or of the related cash-generating unit exceeds its recoverable value. Impairment of cash-generating units is initially recognized as a reduction of the carrying value of any goodwill attributed to it and subsequently as a reduction of the other assets proportionate to their carrying values and to the extent of their respective recoverable values. If the conditions for a previous impairment loss should cease to exist, the carrying value of the asset is reinstated and recognized in the income statement to the extent of the net carrying value that the asset would have had if it had not been written down and all related depreciation or amortization had been recognized.

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#### Investment property

Investment property is property owned for the purpose of receiving rent payments, realizing a capital gain on the investment, or both, which generates cash flows that are largely independent of the other assets. Investment property follows the same measurement, recognition and depreciation criteria applied for property, plant and equipment.

#### Trade receivables and other financial assets

Trade receivables and other financial assets are initially recognized at fair value and subsequently at amortized cost in accordance with the effective interest rate approach, net of any write-downs. Trade receivables and other financial assets are included among current assets, excluding those contractually due after twelve months from the reporting date, in which case they are classified as non-current assets.

Impairment losses on receivables are recognized when there is objective evidence that the Group will not be able to collect the amount from the counterparty based on the terms of the related agreement.

- Objective evidence includes events such as:
- significant financial difficulty of the issuer or debtor;
  - pending legal disputes with the debtor concerning the receivables;
  - likelihood that the debtor will declare bankruptcy or will initiate other such financial restructuring procedures.

The amount of the writedown is measured as the difference between the carrying value of the asset and the present value of the future cash flows and is recognized in the income statement under "other costs". Uncollected receivables are eliminated from the statement of financial position and recognized in a provision for doubtful debts. If the reasons for a previous writedown should cease to exist in future

periods, the value of the asset is reinstated at the value of its amortized cost without the writedown.

Financial assets are written off when the right to receive cash flows from them ceases or is transferred, or when the Group has substantially transferred all risks, rewards and control associated with the financial instrument to a third party.

#### Derivatives and hedge accounting

The Group uses derivatives to hedge against risks of variability in:

- interest rates with respect to the note issuance through Interest Rate Swaps;
- the price of greenhouse gas emission permits (referred to hereinafter as CO2 permits) on the European Union Allowances (EUA) market through Call Options;
- the price of pulp through Swap contracts;
- foreign exchange rates through forward contracts.

The use of derivatives is regulated by the Group's policies approved by the management bodies, which lay down precise written procedures on the use of derivatives in keeping with the Group's risk management strategies. Derivative agreements were stipulated with some of the most financially solid counterparties in order to reduce to a minimum the risk of contractual breach. The Group does not use derivatives for trading purposes, but to hedge against identified financial risks. A description of the criteria and methods used to manage financial risks is contained in the "Financial risk management" section.

Derivatives are initially measured at their fair value, in accordance with IFRS 13, and the attributable transaction costs are recognized in profit and loss as incurred. Subsequent to initial recognition, the changes in fair value are recognized in profit and loss if the derivatives do not qualify for hedge accounting

due either to their type or to the Group's decision not to perform effectiveness testing. Derivatives are designated as hedging instruments when formal documentation of the hedging relationship exists and the hedge effectiveness, tested periodically, is high, under IFRS 9.

Hedge accounting differs according to the purpose of the hedge: hedging of the exposure to variability in future cash flows (cash flow hedge) or of changes in fair value (fair value hedge):

- *Cash flow hedge*: the changes in the fair value of the derivatives that are designated, or are effective, for hedging future cash flows regarding probable transactions are recognized directly in other comprehensive income and other reserves, while the ineffective portion is recognized immediately in profit or loss. The amounts, which had been recognized directly in the Statement of Comprehensive Income and accumulated in equity, are included in profit or loss when the hedged transactions affect profit or loss.
- *Fair value hedge*: for effective hedging of exposure to changes in fair value, the hedged item is adjusted by the fair value changes attributable to the risk hedged with a balancing item in the income statement. Gains and losses deriving from measurement of the derivative are also recognized in profit or loss. Fair value changes of derivatives that do not qualify for hedge accounting are recognized in profit or loss as they occur.

In the absence of quoted prices on active markets, the fair value is the amount resulting from appropriate valuation techniques that take into account all factors adopted by market participants and the prices obtained in an actual market transaction. The fair value of the interest rate swaps is determined by discounting the future cash flows to their present value.

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#### Derivatives qualified as trading instruments

Derivative instruments are used for strategic and financial hedging purposes. However, since some derivatives do not meet conditions set by EU-IFRS for hedge accounting, those derivatives are recognized as trading instruments. Accordingly, the derivatives are initially recognized at fair value, and subsequent changes in fair value are recognized as components of financial income and finance costs for the period.

The fair value of financial instruments not listed on an active market is determined using valuation approaches based on a series of methods and assumptions related to the market conditions at the reporting date.

The fair value classification of financial instruments is set forth below based on the following hierarchical levels:

- Level 1: fair value determined based on quoted (non-adjusted) prices in active markets for identical financial instruments;
- Level 2: fair value determined using valuation techniques based on inputs that are observable in active markets;
- Level 3: fair value determined using valuation techniques based on unobservable inputs in active markets.

Given the short-term nature of trade receivables and payables, we believe that the carrying value is a good approximation of their fair value.

For more information on the valuation of financial instruments at *Fair Value* based on this hierarchy, see Note 3.5.

#### Inventories

Inventories are recognized at the lower of purchase or production cost and net realizable value, i.e. the amount that the Group expects to receive on their sale under normal business conditions, less costs to sell. The cost of inventories of raw and ancillary materials, consumables and finished products is determined by using the weighted average cost method.

The cost of finished products and semi-finished goods includes the costs of raw materials, direct labor and other production costs (based on normal operating capacity). Finance costs are not included in the measurement of inventories because the conditions for their capitalization are not present.

#### Cash and cash equivalents

Cash and cash equivalents include available bank deposits and other forms of short-term investment with a maturity not exceeding three months. At the reporting date, bank overdrafts are classified as current financial liabilities in the statement of financial position. The items included in cash and cash equivalents are measured at fair value, and subsequent changes are recognized through profit or loss.

#### Trade payables and other liabilities

Trade payables and other liabilities are initially recognized at fair value net of directly attributable costs and are subsequently measured at amortized cost using the effective interest rate method.

#### Financial liabilities

Financial liabilities, which relate to loans, leases and other payment obligations, are initially recognized at fair value net of transaction costs and are subsequently recognized at amortized cost using the effective interest rate method. In the event of changes in the expected cash flows, the value of the liability is recalculated in order to reflect such change based on the present value of the new expected cash flows and using the initially determined internal rate of return. Financial liabilities are classified among current liabilities, excluding those with a contractual maturity of twelve months after the reporting date and excluding those for which the Group has the unconditional right to defer payment for at least twelve months from such date.

Purchases and sales of financial liabilities are recognized on the transaction settlement date.

Financial liabilities are eliminated from the statement of financial condition when paid in full and/or when the Group has transferred all risks and charges related to the instrument.

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#### Employee benefits

Short-term benefits include wages, salaries, related social security charges, compensation for unused vacation time, and incentives and bonuses payable within twelve months of the reporting date. These benefits are recognized as components of the cost of personnel during the period of service.

#### *Pension funds*

The companies of the Group have both defined-contribution and defined-benefit plans.

The defined-contribution plans are managed by external fund managers in relation to which there are no legal or other obligations to pay further contributions if the fund should have insufficient assets to meet the obligations toward employees. For those defined-contribution plans, the Group gives voluntary or contractually set contributions to both public and private pension funds. The contributions are recognized as costs of personnel on an accruals basis. Advance contributions are recognized as an asset to be reimbursed or used to offset any future payments due.

A defined-benefit plan is one that cannot be classified as a defined-contribution plan. In defined-benefit plans, the amount of the benefit to be paid to the employee is quantifiable solely upon termination of employment and is tied to one or more factors, such as age, seniority, and salary level. As such, the obligations of a defined-benefit plan are determined by an independent actuary using the projected unit credit method. The present value of a defined-benefit plan is determined by discounting the future cash flows at an interest rate that is equal to that of high-quality corporate bonds issued in the currency in which the liability is to be settled and which takes into account the term of the related pension plan. Actuarial gains or losses resulting from these adjustments are shown in the statement of comprehensive income as a component of such income. The Group manages solely one defined-benefit plan, which is the fund

for employee severance indemnities (or "TFR"). This fund, which is a form of deferred remuneration, is mandatory for Italian companies in accordance with Article 2120 of the Italian Civil Code and is correlated to the length of employment and the salary received throughout the period of service. On January 1, 2007, Italian law no. 296 of December 27, 2006 ("2007 Financial Law"), and subsequent law decrees and regulations introduced significant changes as to how this fund is to be handled, including the right for employees to choose whether their benefit is accumulated in a supplemental pension fund or in the "treasury fund" managed by INPS. As a result, the obligation toward INPS and the contributions to supplementary pension funds have, in accordance with IAS 19 - Employee Benefits, become defined-contribution plans, whereas the amounts contributed to the TFR fund as at January 1, 2007 maintain their status as defined-benefit plans.

#### Provisions for risks and charges

Provisions for risks and charges are recognized for certain or probable losses and other charges of a given nature, but for which the amount and/or timing cannot be determined. The provision for agency termination represents amounts that could be due as a result of the termination of agency relationships in effect at the reporting date.

Provisions are recognized only when there is a present obligation (legal or constructive) for a future outflow of economic resources that has arisen as a result of past events and when it is probable that such outflow will be required to settle the obligation. The amount allocated represents the best estimate of the amount required to settle the obligation. The discount rate used to determine the present value of the liability reflects current market values and takes into account the specific risk associated with each liability.

Where the effect of the time value of money is material and the payment dates of the obligations can be estimated reliably, the provisions are measured at the present value of the outflow expected using a rate that reflects current market conditions, the change in the time value of money, and the risks specific to the liability. Any increases in value of the provision attributable to changes in the time value of money are recognized as interest expense.

Risks for which a liability is only possible are disclosed in the section on contingent liabilities, and no provision is allocated for them

#### Recognition of revenues

##### *Sales revenues*

Sales revenues are recognized when the control over the good is transferred to the customer, which normally coincides with the sending or delivery of the good and receipt of it by the customer. The good has been transferred when the customer obtains control over it, i.e. when the customer has the capacity to make decisions about the use of the asset and to obtain benefits from it.

Within this framework, sales revenues and the costs for purchasing goods are measured at the fair value of the consideration received or due, taking into account any returns, rebates, sales discounts and quantity premiums.

The Group grants discounts to some customers when the product quantities they purchase during the period exceed the threshold established in the contract. Only when the threshold is exceeded, the discount is granted and accounted for as a reduction of the revenues.

In accordance with IFRS 15, the Group checks whether there are any contractual terms that represent separate performance obligations to which the transaction price must be allocated (such as

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guarantees), and effects deriving from the presence of variable consideration, significant financing components or non-monetary exchanges that must be paid to the customer.

#### *Interest income*

Interest income is recognized in the consolidated income statement based on the effective rate of return. It refers primarily to interest earned on bank accounts

#### **Government grants**

When formally authorized and when the right to their disbursement is deemed definitive based on reasonable certainty that the Group will meet the underlying conditions and that the grants will be received, government grants are recognized based on the matching concept of income and expenses.

#### *Grants relating to assets*

Government grants relating to fixed assets are recognized as deferred income among "other liabilities", either current for short-term portions or non-current for long-term portions. Deferred income is recognized in the income statement as "other operating income" on a straight-line basis over the useful life of the asset for which the grant is received.

#### *Grants for operating expenses*

Grants other than those relating to assets are recognized on the income statement under "other operating income".

#### **Recognition of expenses**

Expenses are recognized when relating to goods or services acquired or consumed during the period or when systematically allocated.

#### **Income taxes**

Current income taxes are calculated based on the taxable income for the period at the tax rates in effect on the reporting date.

Deferred taxes are calculated for differences emerging between the tax base of an asset or liability and its related carrying value, with the exception of goodwill and differences related to investments in subsidiaries when the timing of such differences is subject to control by the Group and it is probable that they will not be recovered in a reasonably foreseeable time frame. Deferred tax assets, including those concerning accumulated tax losses, for the portion not offset by deferred tax liabilities, are recognized to the extent to which it is probable that there will be sufficient future taxable earnings to recover the deferred taxes. Deferred tax assets and liabilities are measured based on the tax rates expected to apply in the period in which the differences will be realized or settled.

Current and deferred taxes are recognized in the income statement under "income taxes", excluding those related to items shown in the consolidated statement of comprehensive income other than net profits and items recognized directly in equity. In the latter cases, deferred taxes are recognized under "income taxes related to other comprehensive income" in the consolidated statement of comprehensive income and directly in equity. Income taxes are offset when they are assessed by the same fiscal authority, there is a legal right to such offsetting, and the net balance is expected to be settled.

Other taxes unrelated to income, such as indirect taxes and other duties, are included with "other costs".

#### **Earnings per share**

##### *Earnings per share - basic*

Basic earnings per share is calculated by dividing the Group's net profit (from continuing operations and discontinued operations) by the weighted-average number of ordinary shares in circulation during the year, excluding treasury shares.

##### *Earnings per share - diluted*

Diluted earnings per share is calculated by dividing the Group's net profit (from continuing operations and discontinued operations) by the weighted-average number of ordinary shares in circulation during the year, excluding treasury shares. To calculate diluted earnings per share, the weighted-average number of shares in circulation is adjusted by assuming the exercising of all rights that could potentially have a dilutive effect, and the Group's net profit is adjusted to take into account any effect, net of taxes, of exercising such rights.

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#### Recently issued accounting standards

Adoption of the following accounting standards and amendments to accounting standards issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union has become mandatory for annual periods beginning on or after January 1, 2021:

#### Amendments to IFRS 16 - Leases: Covid-19-Related Rent Concessions

On March 31, 2021, the IASB published an amendment called "Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)", which extended by one year the applicability of the amendment to IFRS 16 issued in 2020, which had provided lessees with an exemption from assessing whether a Covid-19-related rent concession is a lease modification as defined by IFRS 16. Lessees that used such exemption in 2020 accounted for the effects of rent concessions in the profit or loss of the period in which the concession became effective. The 2021 amendment, available only for entities that had adopted the 2020 amendment, is effective for annual reporting periods beginning on or after April 1, 2021 and earlier application is permitted.

The adoption of the amendment did not affect the Group's consolidated financial statements because the exemption was not applied in 2020.

#### Interest Rate Benchmark Reform

On August 27, 2020, after the reform of an interest rate benchmark (IBOR), the IAS published "Interest Rate Benchmark Reform—Phase 2", which contains amendments to the following standards:

- IFRS 9 Financial Instruments;
- IFRS 39 Financial Instruments: Recognition and Measurement;
- IFRS 7 Financial Instruments: Disclosures;
- IFRS 4 Insurance Contracts; and
- IFRS 16 Leases.

All the amendments took effect on January 1, 2021. The adoption of the amendments did not have any effect on the Group's consolidated financial statements.

#### Accounting standards, amendments, and interpretations endorsed by the European Union, not effective yet and not applied in advance by the Group

At the reporting date, adoption of the following accounting standards and amendments to accounting standards endorsed by the European Union had not become mandatory yet and were not adopted early by the Group.

#### Amendments to IFRS 3, Business Combinations, IAS 16, Property, Plant and Equipment, IAS 37, Provisions, Contingent Liabilities and Contingent Assets, and Annual Improvements 2018-2020

On May 14, 2020 the IASB published the following amendments:

- **Amendments to IFRS 3 Business Combinations:** the amendments update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements of IFRS 3.

#### • **Amendments to IAS 16 Property, Plant and**

**Equipment:** the amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced during the testing phase of the asset. Instead, such sales proceeds and related costs are to be recognized in profit or loss.

#### • **Amendments to IAS 37 - Provisions, Contingent**

**Liabilities and Contingent Assets:** the amendment clarifies that the estimated cost of fulfilling a contract must comprise all costs that relate directly to the contract. Therefore, the estimated cost of fulfilling a contract includes not only incremental costs (for example, the cost of materials directly used in processing), but also all other costs that cannot be avoided due to the stipulation of the contract (for example the share of the depreciation charge of the machines used in fulfilling the contract).

- **Annual Improvements 2018-2020:** amendments have been made to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture, and the Illustrative Examples accompanying IFRS 16 Leases.

All the amendments will become effective on January 1, 2022. The Directors are currently evaluating the possible effects of the introduction of the amendments on the Group's consolidated financial statements.

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#### IFRS 17, Insurance Contracts

On May 18, 2017, the IASB published **IFRS 17 – Insurance Contracts**, which shall supersede IFRS 4 – *Insurance Contracts*. The objective of the new standard is to ensure that an entity provides relevant information that faithfully represents the rights and obligations deriving from insurance contracts issued. IASB developed the standard to eliminate inconsistencies and weaknesses of existing practices through a single principle-based framework to account for all insurance contracts, including reinsurance contracts.

The new standard also has presentation and disclosure requirements to improve comparability among insurance entities.

The standard is effective for annual periods beginning on or after January 1, 2023 but earlier application is permitted if IFRS 9 “Financial Instruments” and IFRS 15 “Revenue from Contracts with Customers” have also been applied.

The Directors do not expect the adoption of this standard to materially affect the Group's consolidated financial statements.

#### IFRS Accounting standards, amendments, and interpretations not yet endorsed by the European Union

As of this writing, the European Union authorities have not yet completed the endorsement process needed for the adoption of the following amendments and standards.

- On January 23, 2020, the IASB issued “Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current”. The document intends to clarify whether to classify payables and other liabilities as current or non-current. The amendments are effective for annual periods beginning on or after January 1, 2023; earlier application is permitted.

The Directors are currently evaluating the potential effects of adopting this amendment on the Group's consolidated financial statements.

- On February 12, 2021 the IASB published two amendments: “Disclosure of Accounting Policies– Amendments to IAS 1 and IFRS Practice Statement 2” and “Definition of Accounting Estimates– Amendments to IAS 8”. The amendments aim to improve accounting policy disclosures to provide more useful information to investors and to other primary users of financial statements, and to help companies to distinguish between changes in accounting estimates and changes in accounting policies. The amendments are effective for annual periods beginning on or after January 1, 2023; earlier application is permitted.

The Directors are currently evaluating the potential effects of adopting this amendment on the Group's consolidated financial statements.

- On May 7, 2021, the IASB published “Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities Arising from a Single Transaction”. The amendments clarify how to account for deferred tax on some transactions that can give rise to equal amounts of assets and liabilities, such as leases and decommissioning obligations. The amendments are effective for annual periods beginning on or after January 1, 2023; earlier application is permitted. The Directors are currently evaluating the potential effects of adopting this amendment on the Group's consolidated financial statements.

- On December 9, 2021, the IASB published “Amendments to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information”. The amendment is a transition option regarding the comparative information about the financial assets presented when applying IFRS 17 for the first time. The amendment aims to avoid temporary accounting mismatches between financial assets and insurance contract liabilities and, therefore, will improve the usefulness of comparative information for the financial statement readers. The amendments are effective for annual periods beginning on or after January 1, 2023; earlier application is permitted.

The Directors do not expect the adoption of the amendment to have a material impact on the Group's consolidated financial statements.



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### 3. Financial risk management

The Group's business is exposed to various types of risk: market risk, credit risk and liquidity risk. The Group's risk management strategy focuses on market unpredictability and aims to minimize the potential adverse effects on the Group's financial performance. Some types of risk are mitigated through the use of derivatives.

Risk management is centralized with the Treasury Management function, which identifies, assesses and hedges financial risks by working closely with the Group's business units. The Treasury Management function provides policies and guidelines for monitoring risk management particularly with respect to foreign exchange risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments and ways to invest excess cash.

#### 3.1 Market risk

In performing its business activity, the Group is exposed to various market risks, particularly the risk of fluctuations of interest rates, foreign exchange rates, the price of CO2 permits, and pulp and natural gas prices.

To contain such risks within the risk management limits set at the start of the year, derivatives are stipulated for risks on interest rates, the price of CO2 permits, pulp prices and foreign exchange.

#### Interest rate risk

As a result of the debt refinancing transaction concluded in May and July 2018, whereby two previous bridge facilities were repaid, and the acquisition of the Ritrama Group, the Group's financial structure uses variable borrowing rates based on the issuance of "Floating Rate Notes", subscribed for a total nominal amount of Euro 805 million and redeemed in 2021 for a nominal amount of Euro 60 million. The yield of the Notes is linked to the three-month Euribor rate (with a 0.00% floor), plus a 4.125% contractually set spread.

For the purpose of reducing the market interest rate risk on the *Floating Rate Notes*, the Group stipulated Interest Rate Swaps (for a nominal amount of Euro 305 million) maturing on August 31, 2022, applying a partial term hedge.

To demonstrate the effects of changes in interest rates on the consolidated income statement and equity, below are the results of a sensitivity analysis, in line with IFRS 7, applying positive and parallel shifts to the zero curve of market interest rates. The shifts of the zero curve were equal to +/- 50 basis points.

<i>(in thousands of Euros)</i>	December 31		December 31	
	2021		2020	
	-0.50%	+0.50%	-0.50%	+0.50%
Changes to Income Statement	-	-	-	(122)
Changes to Equity	(2)	136	(10)	937

#### Foreign exchange risk

The Group conducts business on an international level, so it is exposed to the foreign exchange risk deriving from the different currencies in which it operates (prevalently the U.S. Dollar, British Pound Sterling and Brazilian Real).

The foreign exchange risk originates from sales transactions that have not occurred yet and from assets and liabilities that are already recognized in the financial statements in different currencies from the functional currency of the individual entities. To hedge against risks associated with assets and liabilities already recognized in the financial statements in currencies other than the Company's functional currency, in some instances currency forwards are used. The currency forward contracts usually have a maximum term of twelve months.

#### Price risk

The Group is exposed to price risk primarily on its cellulose and energy procurement, whose costs are subject to market volatility.

The Group controls the exposure to raw material and energy commodity price changes by monitoring the costs incurred against the budget, with activities aimed to reduce costs and volatility risk through negotiations with suppliers, whenever possible.

To reduce the risk of changes in pulp prices, the Group stipulated Swaps (for a total volume of 7,880 tons) maturing on July 31, 2022.

In addition, to reduce the risk of changes in CO2 permit prices, the Group stipulated Call Options (for 43,000 permits) maturing on March 24, 2022 and (for 50,000 permits) on December 14, 2022.

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To demonstrate the effects of price changes on the consolidated income statement and consolidated equity, below are the results of sensitivity analysis, as required by IFRS 7, applying positive and negative parallel shifts to the market price of CO2 permits and pulp. The price shifts were equal to +/- 1,000 basis points.

<i>(in thousands of Euros)</i>	December 31		December 31	
	2021		2020	
	-10%	+10%	-10%	+10%
Changes to Equity	(720)	726	(420)	421

#### Accounting for derivatives

The Group holds derivatives exclusively for hedging purposes.

However, although some derivatives are designated to hedge interest rate risk and foreign exchange risk, they are embedded with optional components that make them ineligible for hedge accounting: therefore, the changes in fair value of these derivatives follow the general rule observed for trading derivatives, i.e. they are recognized directly in profit and loss and affect the result for the period.

The tables below set forth the notional amounts of the derivatives at December 31, 2021 and December 31, 2020, according to their type.

<i>(in thousands of Euros)</i>	At December 31,	
	2021	2020
COP forward purchase	172,559	
GBP forward sale	415	5,200
USD forward purchase	29,082	29,800
USD forward sale	7,019	5,500

The tables below set forth the fair values of the derivatives according to their type.

<i>(in thousands of Euros)</i>	At December 31,		At December 31,	
	2021	2020	2021	2020
	Negative Fair Value	Positive Fair Value	Negative Fair Value	Positive Fair Value
Commodity Derivatives	27	5,399		614
Interest Rate Derivatives	668		1,467	
Currency Derivatives	77	407	1,532	990
<b>Total</b>	<b>772</b>	<b>5,806</b>	<b>2,999</b>	<b>1,604</b>

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#### *Sensitivity analysis*

A sensitivity analysis is set forth below, in which the impact of an increase/decrease in the exchange rates of the currencies in which the Group primarily operates on the profit or loss for the period is presented:

	<i>(in thousands of Euro)</i>											
	Year ended December 31, 2021											
	USD		GBP		JPY		CNY		BRL		OTHER	
	10%	-10%	10%	-10%	10%	-10%	10%	-10%	10%	-10%	10%	-10%
Trade receivables	11,629	(14,213)	2,636	(3,222)			768	(939)	1,002	(1,225)	2,319	(2,835)
Trade payables	(13,273)	16,223	(1,090)	1,332	(40)	49	(514)	628	(615)	751	(2,811)	3,435
Financial receivables	2,270	(2,775)	1,184	(1,447)							700	(856)
Financial payables	(4,619)	5,645	(1,524)	1,863			(508)	621			(729)	891
Cash and cash equivalents	4,587	(5,606)	2,362	(2,887)			201	(246)	57	(70)	386	(472)
Currency derivatives	(2,887)	3,560	(42)	58								
<b>Total</b>	<b>(2,293)</b>	<b>2,834</b>	<b>3,526</b>	<b>(4,303)</b>	<b>(40)</b>	<b>49</b>	<b>(53)</b>	<b>64</b>	<b>444</b>	<b>(544)</b>	<b>(135)</b>	<b>163</b>

	<i>(in thousands of Euro)</i>											
	Year ended December 31, 2020											
	USD		GBP		JPY		CNY		BRL		OTHER	
	10%	-10%	10%	-10%	10%	-10%	10%	-10%	10%	-10%	10%	-10%
Trade receivables	2,947	(3,601)	922	(1,127)	-	-	683	(835)	1,146	(1,400)	1,304	(1,594)
Trade payables	(4,023)	4,918	(236)	288	(22)	27	(367)	449	(606)	741	(641)	784
Financial receivables	-	-	6	(7)	-	-	-	-	-	-	-	-
Financial payables	(144)	176	-	-	-	-	(320)	391	-	-	(99)	121
Cash and cash equivalents	3,423	(4,184)	1,259	(1,538)	13	(16)	151	(185)	291	(356)	110	(135)
Currency derivatives	(3,640)	2,173	(521)	649	-	-	-	-	-	-	-	-
<b>Total</b>	<b>(1,437)</b>	<b>(518)</b>	<b>1,430</b>	<b>(1,735)</b>	<b>(9)</b>	<b>11</b>	<b>147</b>	<b>(180)</b>	<b>831</b>	<b>(1,015)</b>	<b>674</b>	<b>(824)</b>

### 3.2 Credit risk

The credit risk essentially coincides with the amount of trade receivables recognized at the reporting dates. The Group has no significant concentration of credit risk and no customers that alone account for more than 1.10% of the Group's sales revenues.

All the same, procedures are in place to ensure that the sales of products and services are conducted with customers that have shown to be reliable in the past; moreover, insurance policies are stipulated to cover any unexpected losses. The Group also checks constantly its outstanding receivables, and monitors their collection within the established time limits.

The parties that handle cash and financial resource management are restricted to high-profile, reliable partners. There are two stages for recognizing expected credit losses ("ECLs"):

- Where the credit risk has not increased significantly since initial recognition, the expected credit losses are recognized on the basis of the estimated risk of default over the next twelve months ("12-month ECL").
- Where the credit risk has increased significantly since initial recognition, the expected credit losses are recognized on the basis of the remaining life of the past-due receivable regardless of the time at which default is expected to occur ("Lifetime ECL").

For trade receivables and contract assets, the Group uses a simplified approach to calculate expected losses; the Group monitors changes in credit risk using a simplified approach based on brackets of shared credit risk characteristics and past-due days. Therefore, the Group discloses the full amount of expected credit losses at each reporting date. The Group has defined a provision matrix based on historical experience, adjusted for forward-looking information about specific types of debtors and their economic environment, as a tool for determining expected credit losses.

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The Group uses non-recourse assignments of trade receivables. As a result of such assignments, which provide for the substantially total and unconditional transfer to the purchaser of the risks and rewards of the receivables transferred, such receivables are derecognized.

The following table sets forth an aging analysis of the trade receivables at December 31, 2021 and December 31, 2020, stating separately the provision for doubtful debts:

<i>(in thousands of Euros)</i>							
At December 31, 2021							
	Expiring	Expired				Provision for doubtful debts	Total
		0-30	31-60	61-90	more than 90		
Trade receivables	151,546	26,182	4,598	1,765	5,723	(12,341)	177,473
<b>Total</b>	<b>151,546</b>	<b>26,182</b>	<b>4,598</b>	<b>1,765</b>	<b>5,723</b>	<b>(12,341)</b>	<b>177,473</b>

<i>(in thousands of Euros)</i>							
At December 31, 2020							
	Expiring	Expired				Provision for doubtful debts	Total
		0-30	31-60	61-90	more than 90		
Trade receivables	128,045	21,024	10,548	6,234	12,124	(12,203)	165,772
<b>Total</b>	<b>128,045</b>	<b>21,024</b>	<b>10,548</b>	<b>6,234</b>	<b>12,124</b>	<b>(12,203)</b>	<b>165,772</b>

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### 3.3 Liquidity risk

Liquidity risk concerns the ability to meet obligations arising on financial liabilities. Prudent management of the liquidity risk stemming from the Group's ordinary operating activities entails keeping up sufficient levels of cash holdings, short-term securities and funding available through adequate credit lines. The Group must have adequate stand-by credit lines in order to finalize contracts and collect invoices, to an extent that ensures financial flexibility. Management monitors the projections of cash turnover, including undrawn credit lines, and available cash and cash equivalents, on the basis of expected cash flows.

At December 31, 2021, the Group had stipulated committed credit lines of Euro 234,194 thousand, of which Euro 226,726 thousand was undrawn.

The following tables set forth a maturity analysis of the financial liabilities at December 31, 2021 and December 31, 2020. The maturities are based on the period from the reporting date to the contractual maturity date of the obligations.

<i>(in thousands of Euros)</i>	At December 31, 2021					Total recognized
	On Demand	Within 1 year	In 1 to 5 years	Due after 5 years	Total	
Interest rate derivatives - net balance		(668)			(668)	(668)
Currency derivatives - net balance		(1)			(1)	(1)
Leasing liabilities		(13,078)	(33,548)	(7,980)	(54,606)	(54,606)
Other financing		(57,821)	(2,270)		(60,091)	(60,091)
Bond		(2,610)	(507,578)	(218,039)	(728,227)	(728,227)
Trade payables		(468,175)		(16)	(468,191)	(468,191)
<b>Total</b>		<b>(542,353)</b>	<b>(543,396)</b>	<b>(226,035)</b>	<b>(1,311,784)</b>	<b>(1,311,784)</b>

<i>(in thousands of Euros)</i>	At December 31, 2020					Total recognized
	On Demand	Within 1 year	In 1 to 5 years	Due after 5 years	Total	
Interest rate derivatives - net balance			(1,467)		(1,467)	(1,467)
Currency derivatives - net balance		(542)			(542)	(542)
Leasing liabilities		(10,891)	(27,133)	(10,722)	(48,746)	(48,746)
Other financing		(43,281)	(140)		(43,421)	(43,421)
Bond		(2,820)	(563,757)	(216,735)	(783,312)	(783,312)
Trade payables		(311,033)			(311,033)	(311,033)
<b>Total</b>		<b>(368,567)</b>	<b>(592,497)</b>	<b>(227,457)</b>	<b>(1,188,521)</b>	<b>(1,188,521)</b>

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### 3.4 Equity risk

The Group's objective in the area of equity risk management is primarily to maintain the going concern status in order to assure returns to shareholders and benefits to other stakeholders. The Group also has the objective of maintaining an optimal capital structure in order to reduce the cost of debt.

Net invested capital is calculated as the sum of equity attributable to the shareholders and net financial debt.

Below is the breakdown of the Group's net financial debt at December 31, 2021, determined in accordance with Committee of European Securities Regulators (CESR) Recommendation n. 05/054b, Paragraph 127, for implementation of EC Regulation n. 809/2004, and the gearing ratios at December 31, 2021:

		<i>(in thousands of Euros)</i>	
		At December 31,	
		2021	2020
A	Cash	144	235
B	Cash equivalents	264,903	273,077
C	Other current financial assets	225	30
<b>D</b>	<b>Liquidity (A+B+C)</b>	<b>265,272</b>	<b>273,342</b>
E	Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)	17,311	6,875
F	Current portion of non-current financial debt	56,199	50,117
<b>G</b>	<b>Current financial indebtedness (E+F)</b>	<b>73,510</b>	<b>56,992</b>
<b>H</b>	<b>Net current financial indebtedness (G-D)</b>	<b>(191,762)</b>	<b>(216,350)</b>
I	Non-current financial debt (excluding current portion and debt instruments)	43,797	37,995
J	Debt instruments	725,617	780,492
K	Non-current trade and other payables		
<b>L</b>	<b>Non-current financial indebtedness (I+J+K)</b>	<b>769,414</b>	<b>818,487</b>
<b>M</b>	<b>Total financial indebtedness (H+L)</b>	<b>577,652</b>	<b>602,137</b>
	Net operating invested capital	805,285	784,378
	<b>Gear ratio</b>	<b>71.73%</b>	<b>76.77%</b>

### 3.5 Financial assets and financial liabilities by category

The following table presents the financial assets and liabilities aggregated by category with their fair values stated.

<i>(in thousands of Euros)</i>	At December 31, 2021		
	Fair value through profit or loss	Fair value through comprehensive income	Amortized Cost
Financial assets			
<b>Non current assets</b>			
Trade receivables			177,473
Other assets			26,837
Financial assets			
Cash and cash equivalents			265,272
Current derivatives	5,806		
<b>Current assets</b>	<b>5,806</b>		<b>469,582</b>
Non-current amounts due to banks and other lenders			769,414
Non current derivatives			
<b>Non current liabilities</b>			<b>769,414</b>
Trade payables			468,191
Other liabilities			64,858
Current amounts due to banks and other lenders			73,510
Current derivatives	772		
<b>Current liabilities</b>	<b>772</b>		<b>606,559</b>

The fair value of the derivatives was determined using valuation techniques based on observable inputs in active markets (Level 2).

<i>(in thousands of Euros)</i>	At December 31, 2020		
	Profit and loss fair value	Fair value through comprehensive income	Amortized Cost
Financial assets			
<b>Non current assets</b>			
Trade receivables			165,772
Other assets			11,289
Financial assets			
Cash and cash equivalents			273,342
Current derivatives	1,604		
<b>Current assets</b>	<b>1,604</b>		<b>450,403</b>
Non-current amounts due to banks and other lenders			818,487
Non current derivatives		1,467	
<b>Non current liabilities</b>		<b>1,467</b>	<b>818,487</b>
Trade payables			311,033
Other liabilities			49,708
Current amounts due to banks and other lenders			56,992
Current derivatives	1,532		
<b>Current liabilities</b>	<b>1,532</b>		<b>417,733</b>

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## 4. Use of estimates and assumptions

The preparation of financial statements requires management to apply accounting policies and methodologies that, in some cases, depend upon difficult or subjective assessments and estimates based on experience and assumptions deemed reasonable and realistic given the specific circumstances involved. Application of such estimates and assumptions affects the figures reported in the Consolidated Financial Statements, including the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows, and the related explanatory notes. The final results of the items for which such estimates and assumptions have been made may vary from those reported in the financial statements that show the effects of the occurrence of the event subject to the estimate, due to the uncertainty that characterizes the assumptions and the conditions on which the estimates were based.

The following is a brief description of the accounting policies that entail the greatest extent of management subjectivity in calculating estimates, and for which a change in the underlying conditions and assumptions could have a significant impact on the consolidated financial information.

#### *(a) Provision for inventory obsolescence*

The provision for inventory obsolescence reflects management's best prudent estimate of the losses expected by the Group, determined on the basis of past experience, past trends and expected market trends.

Slow-moving raw materials and finished products are analyzed regularly on the basis of past statistics and the possibility to sell them at a lower price than that in a normal market transaction. If the analysis results in the need to write down the inventory value, an inventory provision is recognized.

#### *(b) Provision for warranty claims*

The provision recognized for product warranty claims represents management's best estimate at the reporting date. The estimate entails making assumptions that depend on factors that may vary over time and may have a significant impact with respect to the current estimates made by management for the preparation of the Group's financial statements.

#### *(c) Goodwill and fixed assets*

Goodwill and fixed assets recognized in the Consolidated Financial Statements are tested for impairment by calculating the value in use of the cash generating units ("CGU") to which goodwill has been allocated. Using different methods for the different business segments, the Group conducted testing in which goodwill was allocated to a group of CGU that benefit from the synergies of the specific business combination (in accordance with IAS 36, paragraph 80).

The CGU/groups of CGU were identified, consistently with the Group's organizational and business structure, as uniform combinations able to generate cash flows independently from the continuing use of the assets allocated to them; the structures were grouped together at a regional level to identify the benefits deriving from the synergies.

Value in use was measured as the present value of the estimated future cash flows for each CGU in its current condition, excluding estimated future cash flows that could derive from future restructuring plans or other structural changes.

The Discounted Cash Flow (DCF) model was used, which requires future cash flows to be discounted with a risk-adjusted discount rate.

More information on the methodology used is reported in Note 7.

The business plan prepared by the Group's management on the basis of projections of the 2021 financial performance prepared by the subsidiaries' management and approved by the Group's management, used for the impairment testing, is based on variables controllable by the Group's management and theoretical changes in exogenous variables not directly controllable or manageable by the Group's management.

If the main estimates and assumptions used to prepare the business plans should change, the value in use and the calculation of the recoverable value of the assets could change. Therefore, the Group is not able to assure that the assets disclosed in the financial statements at December 31, 2021 will not suffer an impairment loss in the future.

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## 5. Segment reporting

The criteria used to identify Segments are consistent with the way in which the Group is managed. The division into Segments for reporting purposes corresponds to the structure of the reports periodically examined by the key management as defined in Note 36 who is considered the chief operating decision maker.

The Group's operations are split into two dedicated segments: the Specialty Paper (LPCS) Segment and the Fedrigoni Self-Adhesives/Labels (FSA) Segment. The Group's management evaluates the performance these Segments, using the following as indicators:

- Adjusted EBITDA;
- revenues by Segment, on the basis of where the products are sold, not where the billing company's head office is located;
- investments in property, plant and equipment.

The following tables break down Adjusted EBITDA by Segment, reconciled with the Group net profit.

(\*) Adjusted EBITDA is defined by the Group as net profit before the net result from discontinued operations, income taxes, financial income and costs, the share of income from equity-accounted investments, depreciation, amortization, impairment losses, and any non-recurring income and costs. The Company believes that Adjusted EBITDA is an important variable for evaluating the Group's performance, allowing it to be monitored in a more analytical fashion. Because this information is not a measurement governed by the accounting standards followed in the Group's financial statements, the criteria used to determine it may not be consistent with those used by other groups and it should therefore not be compared with similar figures presented by such groups.

2021:

<i>(in thousands of Euros)</i>	Year ended December 31, 2021				
	Specialty Paper (LPCS)	FSA	I/C Eliminations	Other	Total
<b>Revenues from sales</b>					
to third Parties	667,760	935,097	-	-	1,602,857
to other Group companies	32,409	2,493	(34,902)	-	-
Total sales revenues	700,169	937,590	(34,902)	-	1,602,857
Other operating income	28,738	7,921	(4,304)	-	32,355
Operating expenses	(632,287)	(821,889)	39,168	(38,470)	(1,453,478)
Transformation costs	-	-	-	32,543	32,543
Other non-recurring expenses / income	(1,066)	1,527	18	-	479
<b>Adjusted EBITDA (*)</b>	<b>95,554</b>	<b>125,149</b>	<b>(20)</b>	<b>(5,927)</b>	<b>214,756</b>
Other non-recurring expenses / income	1,066	(1,527)	(18)	-	(479)
Transformation costs	-	-	-	(32,543)	(32,543)
Depreciation, amortization and impairment losses					(76,906)
<b>Operating income</b>					<b>104,828</b>
Income from equity-accounted investments in associates					349
Financial income					23,724
Finance costs					(68,464)
<b>Profit/(loss) before tax</b>					<b>60,437</b>
Income taxes					(23,950)
Net profit from continuing operations					36,487
<b>Net profit/(loss)</b>					<b>36,487</b>

2020:

<i>(in thousands of Euros)</i>	Year ended December 31, 2020				
	Specialty Paper (LPCS)	FSA	I/C Eliminations	Other	Total
<b>Revenues from sales</b>					
to third Parties	540,465	774,777	-	-	1,315,242
to other Group companies	29,610	2,183	(31,793)	-	-
Total sales revenues	570,075	776,960	(31,793)	-	1,315,242
Other operating income	11,823	2,370	(1,048)	-	13,145
Operating expenses	(507,214)	(692,320)	32,844	(42,680)	(1,209,370)
Transformation costs	-	-	-	40,306	40,306
Other non-recurring expenses / income	6,206	822	-	-	7,028
<b>Adjusted EBITDA (*)</b>	<b>80,890</b>	<b>87,832</b>	<b>3</b>	<b>(2,374)</b>	<b>166,351</b>
Other non-recurring expenses / income	(6,206)	(822)	-	-	(7,028)
Transformation costs	-	-	-	(40,306)	(40,306)
Depreciation, amortization and impairment losses					(73,661)
<b>Operating income</b>					<b>45,356</b>
Income from equity-accounted investments in associates					39
Financial income					22,188
Finance costs					(76,203)
<b>Profit/(loss) before tax</b>					<b>(8,620)</b>
Income taxes					26,721
Net profit from continuing operations					18,101
Net loss from discontinued operations					(25,992)
<b>Net profit/(loss)</b>					<b>(7,891)</b>



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The shared unallocated costs ("other" in the tables above) are referred to the Group's operation and they relate largely to corporate activities. Each Segment has a complete and independent structure, able to fulfill its own functions. Most eliminations ("intercompany eliminations" in the tables above) refer to inter-Segment margins eliminated during the aggregation phase. Transactions between the Segments are conducted at arm's length.

"Other non-recurring expenses/income" include costs of Euro 1,207 thousand deriving from the realignment in 2021 of the accounting method adopted by Ritrama S.p.A. for the allocation of the 2020 MBO (Management By Objectives) to the Group's method and the bonuses due and allocated in connection with M&A transactions, Euro 3,035 thousands related to an insurance reimbursement received by Ritrama Converting in relation to certain riots and raids in South Africa in 2021, Euro 2,400 thousand of other non-recurring costs mainly related to the impairment of Ritrama Converting assets in relation to the 2021 riots and raids in South Africa, Euro 261 thousands of losses on disposal of capital assets, Euro 1,502 thousands of stock provision related to previous years and only accounted for in 2021, Euro 1,972 thousands of gain in relation to the disposal of the remaining business concerning the production and distribution of special security products and Euro 116 thousands of other non-recurring costs.

"Transformation costs" refer to the total costs incurred for consulting services and other clearly identified costs primarily instrumental in transforming the new Group. Such costs regard the continuance of projects intended to create a new organizational structure capable of attracting new talent and optimizing the pre-existing departments (financial, operational, purchasing, sales) or are attributable to extraordinary merger and acquisition transactions aimed to define the Group's structure. The new

organization aims to accelerate the Group's growth and create operating efficiency.

Below is the breakdown by Segment of the investments in property, plant and equipment:

<i>(in thousands of Euros)</i>	Year ended December 31,	
	2021	2020
Specialty Paper (LPCS) Segment	44,881	44,463
Fedrigoni Self-Adhesive/Labels Segment	25,223	11,615
<b>Total</b>	<b>70,104</b>	<b>56,078</b>

Revenues are broken down below by geographical area:

<i>(in thousands of Euros)</i>	Year ended December 31,	
	2021	2020
Italy	393,494	325,596
Rest of Europe	752,220	645,365
Rest of World	457,143	344,281
<b>Total</b>	<b>1,602,857</b>	<b>1,315,242</b>

No single customer accounts for more than 10% of total revenues, and no single country besides Italy accounts for more than 10% of total revenues.

The non-current assets (excluding deferred tax assets) are broken down below by geographical area:

<i>(in thousands of Euros)</i>	Year ended December 31,	
	2021	2020
Italy	647,686	653,235
Rest of Europe	49,775	44,126
Rest of World	108,866	60,120
<b>Total</b>	<b>806,327</b>	<b>757,481</b>

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## 6. Property, plant and equipment

The changes in this item are detailed below.

<i>(in thousands of Euros)</i>	Land and buildings	Plant and machinery	Equipment	Other fixed assets	Work in progress and advances	Rights of use	Total
<b>Balance at January 1, 2020</b>							
Historical cost	266,929	797,749	20,899	22,156	20,407	38,822	1,166,962
Accumulated depreciation	(116,346)	(620,333)	(17,125)	(18,909)		(8,181)	(780,894)
<b>Net value</b>	<b>150,583</b>	<b>177,416</b>	<b>3,774</b>	<b>3,247</b>	<b>20,407</b>	<b>30,641</b>	<b>386,068</b>
Business Combination	17,758	17,873	4,136	1,821	495	22,363	64,446
Investments	4,619	26,777	591	821	6,328	16,942	56,078
Disposals	(110)	(5,701)	14	(114)	(2,180)	(2,064)	(10,155)
Depreciation	(8,726)	(30,089)	(2,120)	(1,124)		(12,426)	(54,485)
Exchange rate difference	(4,085)	(7,969)	(283)	(266)	(639)	(1,293)	(14,535)
Reclassifications	4,233	13,717	140	113	(14,296)	(4,197)	(290)
Other changes		(408)	(11)	(25)		95	(349)
Area Changes	(5,418)	(15,417)	(28)	(324)	(1,256)	(156)	(22,599)
<b>Balance at December 31, 2020</b>	<b>158,854</b>	<b>176,199</b>	<b>6,213</b>	<b>4,149</b>	<b>8,859</b>	<b>49,905</b>	<b>404,179</b>
Of which:							
Historical cost	290,142	832,067	32,663	24,655	8,859	113,243	1,301,629
Accumulated depreciation	(131,288)	(655,868)	(26,450)	(20,506)		(63,338)	(897,450)
<b>Balance at January 1, 2021</b>							
Historical cost	290,142	832,067	32,663	24,655	8,859	113,243	1,301,629
Accumulated depreciation	(131,288)	(655,868)	(26,450)	(20,506)		(63,338)	(897,450)
<b>Net value</b>	<b>158,854</b>	<b>176,199</b>	<b>6,213</b>	<b>4,149</b>	<b>8,859</b>	<b>49,905</b>	<b>404,179</b>
Business Combination	305	2,620	2,690	205			5,820
Investments	4,908	26,296	912	822	19,446	17,720	70,104
Disposals	(65)	(1,123)	(1)	(16)		(1,042)	(2,247)
Depreciation	(8,376)	(29,926)	(2,403)	(1,280)		(12,530)	(54,515)
Impairment		(2,598)	(57)				(2,655)
Exchange rate difference	699	632	323	103	19	977	2,753
Reclassifications	759	14,015	936	1,449	(10,716)	142	6,585
Other changes		(594)	297	(109)		9	(397)
Area Changes	(5,256)	(5,835)	(24)	(25)	(2,083)		(13,223)
<b>Balance at December 31, 2021</b>	<b>151,828</b>	<b>179,686</b>	<b>8,886</b>	<b>5,298</b>	<b>15,525</b>	<b>55,181</b>	<b>416,404</b>
Of which:							
Historical cost	288,210	805,053	48,856	29,180	15,525	126,910	1,313,734
Accumulated depreciation	(136,382)	(625,367)	(39,970)	(23,882)		(71,729)	(897,330)

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The following table presents the changes in the right-of-use asset in leases at the respective reporting dates:

<i>(in thousands of Euros)</i>	Right of use Land and buildings	Right of use Plant and machinery	Right of use Equipment	Right of use Other fixed assets	Total
<b>Balance at January 1, 2020</b>					
Historical cost	31,998			6,824	38,822
Accumulated depreciation	(6,097)			(2,084)	(8,181)
<b>Net value</b>	<b>25,902</b>			<b>4,740</b>	<b>30,641</b>
Business Combination	16,911	3,038		2,414	22,363
Investments	10,985	7	242	5,708	16,942
Disposals	(1,041)	(977)		(46)	(2,064)
Depreciation	(8,005)	(534)	(78)	(3,809)	(12,426)
Exchange rate difference	(1,224)		5	(74)	(1,293)
Reclassifications	(4,197)				(4,197)
Other changes	(42)			137	95
Area Changes				(156)	(156)
<b>Balance at December 31, 2020</b>	<b>39,288</b>	<b>1,534</b>	<b>169</b>	<b>8,914</b>	<b>49,905</b>
Of which:					
Historical cost	66,539	32,013	242	14,449	113,243
Accumulated depreciation	(27,251)	(30,479)	(73)	(5,535)	(63,338)
<b>Balance at January 1, 2021</b>					
Historical cost	66,539	32,013	242	14,449	113,243
Accumulated depreciation	(27,251)	(30,479)	(73)	(5,535)	(63,338)
<b>Net value</b>	<b>39,288</b>	<b>1,534</b>	<b>169</b>	<b>8,914</b>	<b>49,905</b>
Investments	13,493		100	4,127	17,720
Disposals	(944)			(98)	(1,042)
Depreciation	(7,993)	(363)	(136)	(4,038)	(12,530)
Exchange rate difference	936		7	34	977
Reclassifications		(2)	144		142
Other changes				9	9
<b>Balance at December 31, 2021</b>	<b>44,780</b>	<b>1,169</b>	<b>284</b>	<b>8,948</b>	<b>55,181</b>
Of which:					
Historical cost	78,023	32,013	481	16,393	126,910
Accumulated depreciation	(33,243)	(30,844)	(197)	(7,445)	(71,729)

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With respect to the main items comprising the change in property, plant and equipment, "business combinations" reflects increases in tangible assets, due to the 2021 acquisitions, of Euro 3,235 thousand for Acucote, Euro 2,042 thousand for Pulp JV and Euro 543 thousand for Rimark. "Area changes" reports the decrease in tangible assets resulting from the October 29, 2021 sale of the business unit that included the Bollate plant dedicated to the production of security items, and a consequent reclassification to "assets held for sale" of assets under an options contract exercised in December 2021 for the sale of some plant and machinery for banknote and passport paper production at the Fabriano plant (Euro 2,484 thousand).

The investments of Euro 70,104 thousand for the year ended December 31, 2021 refer largely to the completion of energy efficiency projects such as work on the biological wastewater treatment plants in Arco and Verona, the new headbox for the F3 continuous machine at the Fabriano plant, the new embosser and a new broke handling system at the Verona plant, the new cutting line and the coating machine at the Arco plant, and other minor projects aimed at improving energy efficiency at the various plants. The right-of-use asset includes the investments made in relation to the new business offices in a Milan, the Specialty Paper (LPCS) Segment sales branches in Florence and Naples, and new warehouses managed by our subsidiaries abroad.

Moreover, the plans intended to maintain and improve the flexibility and efficiency of existing plant and equipment and to maintain and improve safety continued to be implemented at all the facilities.

At December 31, 2021, excluding the assets under leases, no property, plant or equipment was put up as collateral on loans received by the Group.

## 7. Intangible assets

The changes in this item are detailed below.

<i>(in thousands of Euros)</i>	Development costs	Patent and intellectual property rights	Concessions, licenses and trademarks	Other intangible assets	Goodwill	Work in progress and advances	Total
<b>Balance at January 1, 2020</b>	53	5,762	77,356	56,270	72,608	228	212,277
Business Combination		443	9,463	80,521	47,930	44	138,401
Investments	707	1,912	218	(2)	122	6,647	9,604
Disposals		(18)				1	(17)
Amortization	(429)	(2,192)	(2,748)	(13,767)		(2)	(19,138)
Writedowns		(18)		18			
Exchange rate difference		(14)	(752)	(1,172)		(1)	(1,938)
Reclassifications	290	129	68	69		(266)	290
Area Changes		59	(981)	(1,587)			(2,509)
<b>Balance at December 31, 2020</b>	<b>621</b>	<b>6,081</b>	<b>82,625</b>	<b>120,332</b>	<b>120,660</b>	<b>6,651</b>	<b>336,970</b>
<b>Balance at January 1, 2021</b>	<b>621</b>	<b>6,081</b>	<b>82,625</b>	<b>120,332</b>	<b>120,660</b>	<b>6,651</b>	<b>336,970</b>
Business Combination		13	158	21,482	14,964		36,617
Investments	970	6,571	341	93		7,544	15,519
Disposals				(74)		(35)	(109)
Amortization	(1,066)	(2,370)	(1,692)	(14,575)			(19,703)
Exchange rate difference	2	4	277	628		1	912
Reclassifications	1,491	3,857	369	6		(5,356)	367
Area Changes		(213)			(318)	(93)	(624)
<b>Balance at December 31, 2021</b>	<b>2,018</b>	<b>13,943</b>	<b>82,078</b>	<b>127,892</b>	<b>135,306</b>	<b>8,712</b>	<b>369,949</b>

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Similarly to what is described above in Note 6, “business combinations” reflects increases in intangible assets, due to the 2021 acquisitions, of Euro 21,099 thousand for Acucote, Euro 9 thousand for Pulp JV and Euro 545 thousand for Rimark. The item also includes the result of the related purchase price allocation (“PPA”) process.

“Area changes” reports the decrease in intangible assets resulting from the October 29, 2021 sale of the business unit that included the Bollate plant dedicated to the production of security items. The investments in intangible assets made during the year ended December 31, 2021 amount to Euro 15,519 thousand and regard primarily the cost of implementing new business intelligence systems and external costs incurred to purchase and customize software.

The goodwill allocated is set forth below by business segment:

<i>(in thousands of Euros)</i>	<b>Year ended December 31.</b>			
	<b>2021</b>		<b>2020</b>	
<b>Cash Generating Unit (CGU)</b>				
Europe Specialty Paper (LPCS)	16,436		12,783	
Cordenons Specialty Paper (LPCS)	27,889		27,889	
USA Specialty Paper (LPCS)	741		741	
<b>Total Specialty Paper (LPCS)</b>	<b>45,066</b>	<b>33%</b>	<b>41,413</b>	<b>34%</b>
Italy Fedrigoni Self-Adhesive/Labels	6,772		6,772	
Spain Fedrigoni Self-Adhesive/Labels	23,183		23,183	
USA Fedrigoni Self-Adhesive/Labels	11,990		1,362	
Ritrama Europe and other countries Fedrigoni Self-Adhesive/Labels	35,208		35,236	
Ritrama Americas Fedrigoni Self-Adhesive/Labels	13,087		12,694	
<b>Total Fedrigoni Self-Adhesive/Labels</b>	<b>90,240</b>	<b>67%</b>	<b>79,247</b>	<b>66%</b>
<b>Total</b>	<b>135,306</b>	<b>100%</b>	<b>120,660</b>	<b>100%</b>

### Impairment testing

As required by IAS 36, the Fedrigoni Group tested the carrying amounts of the tangible and intangible assets recognized in its Consolidated Financial Statements at December 31, 2021 with respect to their recoverable amounts. Goodwill and trademarks with an indefinite useful life are tested for impairment at least annually, even when no indications of impairment losses are present.

In accordance with IAS 36, the Fedrigoni Group identified the CGU representing the smallest identifiable group of assets able to generate largely independent cash inflows within the Consolidated Financial Statements. CGU were identified by taking into account the organizational structure, the type of business and the methods with which control is exercised over the operation of the CGU.

The CGU identified by the Group to monitor goodwill operate and/or coincide with the legal entities to which the goodwill was allocated upon acquisition.

The CGU in which goodwill is recognized/allocated, on which the impairment testing was based, are as follows:

- Fedrigoni S.p.A. and distribution companies, Pulp JV S.r.l. - Europe Specialty Paper (LPCS) CGU;
- Gruppo Cordenons S.p.A. - Cordenons Specialty Paper (LPCS) CGU;
- Arconvert S.p.A. - Italy FSA CGU;
- Arconvert S.A.U. - Spain FSA CGU;
- GPA Holding Inc. - USA Specialty Paper (LPCS) CGU;
- GPA Holding Inc. and Acucote Inc. - USA FSA CGU;
- Ritrama Europe and Asia companies - Ritrama Europe and other countries FSA CGU;
- Ritrama in the Americas, IP Venus Group and Rimark S.A. de CV - Ritrama Americas FSA CGU.

The assets were tested for impairment by comparing the carrying amount attributed to the CGU, including goodwill, with its recoverable amount (value in use). The value in use is the present value of the estimated future cash flows to be derived from continuing use of the assets referring to the cash generating units and the terminal value allocated to them.

In conducting the impairment test, the Fedrigoni Group used the most recent forecasts for the financial and business performance envisioned for 2022 (as described in the section on “estimates and assumptions”), presuming that the assumptions and targets would be met. In preparing its projections, management made assumptions based on past experience and expectations about the developments in the business segments in which the Group operates.

The terminal value was calculated by using a growth (G) rate in line with the average inflation expected in the long term (2026) for the main countries where the CGU operate, weighted with the respective revenues (2021). The discount rate used (WACC) reflects current market assessments of the time value of money and the risks specific to the asset. Below are the details:

<b>CGU</b>	<b>G rate</b>	<b>Pre-tax WACC</b>	<b>Post-tax WACC</b>
Europe Specialty Paper (LPCS)	2.2%	7.5%	7.2%
Cordenons Specialty Paper (LPCS)	1.9%	7.5%	7.2%
FSA Italy	1.9%	7.5%	7.2%
FSA Spain	1.9%	6.8%	6.4%
USA Specialty Paper (LPCS)	2.3%	7.2%	6.8%
USA Fedrigoni Self-Adhesive/Labels	2.3%	7.2%	6.8%
FSA Ritrama Europe and other countries	2.1%	7.3%	7.0%
FSA Ritrama Americas	2.9%	11.4%	11.0%

No impairment loss emerged from the impairment test, which was approved by the Board of Directors on April 21, 2022.

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Since the recoverable amount is determined on the basis of estimates, the Group is not able to assure that goodwill will not suffer an impairment loss in future periods.

The operating cash flow estimate was taken from the 2022-2024 Business Plan. The estimated cash flows are based on the Directors' assumptions, which are cohesive with the Group's strategy in each business and market where it operates, and they depend on exogenous variables beyond management's control, such as the performance of currency exchange and interest rates, the infrastructural investments of the countries where the Group operates, and macro-policy or social factors having a local or global impact. In accordance with IAS 36, such exogenous variables were estimated on the basis of information known when the business plans were drawn up and examined, and consider the effects of the global duration of the Covid-19 pandemic, which however are currently hard to quantify.

In addition, the Group performed a first-scenario sensitivity analysis using deteriorated variables of the impairment test, WACC and G rate. The discount rate was raised by one percent, and the g rate of the terminal value was reduced by one percent. No impairment loss emerged, even in deteriorating market conditions, from the sensitivity analysis conducted for the CGU tested except for the "FSA USA" CGU, which would suffer impairment in the event of a 0.5% worsening of the WACC or G rate. The post-tax WACC of indifference, i.e. the discount rate that reduces the headroom to zero for each CGU, is reported in the following table:

CGU	Post-tax WACC of indifference
Europe Specialty Paper (LPCS)	11.4%
Cordenons Specialty Paper (LPCS)	14.3%
FSA Italy	26.9%
FSA Spain	36.9%
USA Specialty Paper (LPCS)	17.9%
USA Fedrigoni Self-Adhesive/Labels	7.3%
FSA Ritrama Europe and other countries	n/m
FSA Ritrama Americas	24.2%

In a second scenario, sensitivity analysis was carried out on the margins of each CGU with respect to the 2022-2024 Business Plan, to identify the decrease rate that would cause a substantial correlation between the carrying amount of each CGU and the recoverable amount. In this case, with reference to the CGU with less headroom, a decrease in the Adjusted EBITDA (as defined in Note 5) exceeding 3.2%, for all the years of the Business Plan would lead to a substantial alignment of the carrying amount with the recoverable amount of the assets for some CGU.

### Allocation of goodwill from business acquisitions

As noted, in June 2021 the Fedrigoni Group completed the acquisitions of Rimark S.A. de CV and Acucote Inc., respectively, and in November 2021 the Group completed the acquisition of 70% of Pulp JV S.r.l.; these are presented as business combinations in accordance with IFRS 3 - "Business Combinations".

The revenues and net result for 2021 of the entities acquired after the acquisition date, which are included in the consolidated statement of income for the year ended December 31, 2021, are shown in the table below.

(in thousands of Euros)	Year ended December 31, 2021		
	Acucote Inc.	Rimark SA de C.V.	Pulp JV S.r.l.
Revenues	33,886	4,557	233
Net income/ (loss)	1,873	50	(56)

The revenue and net result for the year 2021 of the target entities assuming that the acquisitions had occurred on January 1, 2021 (*pro forma information*) are detailed in the table below.

(in thousands of Euros)	Pro forma revenues and net result for the year ended December 31, 2021		
	Acucote Inc.	Rimark SA de C.V.	Pulp JV S.r.l. (*)
Revenues	63,192	8,033	n/a
Net income/ (loss)	4,886	104	n/a

(\*) Pulp JV S.r.l. was established and acquired in November 2021.

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The excess of the purchase price over the fair value of the net assets and liabilities acquired of Rimark S.A. and Pulp JV S.r.l. was recognized as goodwill and was quantified as Euro 685 thousand and Euro 3,652 thousand, respectively. During the PPA process, the non-controlling interests were measured as a pro-quota fair value of the net assets acquired.

As mentioned in Note 2.3, with respect to the acquisition of Acucote Inc., the purchase price allocation was provisionally determined with the assistance of independent advisers in order to identify the fair value of the assets acquired, liabilities assumed and goodwill. The excess of the purchase price over the fair value of the net assets and liabilities acquired was recognized as goodwill and was quantified as Euro 10,627 thousand.

Under IFRS 3, if the initial accounting for a business combination cannot be definitively determined by the end of the first reporting period, because the fair values to be assigned to the assets and liabilities acquired can be determined only provisionally, the accounting must use provisional amounts, and within 12 months from the acquisition date the adjustments to the provisional amounts must be recognized, effective retrospectively, thus determining the definitive balances of the acquisition.

The fair value measurement of the assets and liabilities acquired (excluding the deferred tax assets and liabilities, employee benefits and non-current assets held for sale, recognized in accordance with the applicable accounting standards) and the price paid are set forth below:

<i>(in thousands of Euro)</i>	Acucote Inc.	Rimark SA de CV	Pulp JV	Total	
<b>Non-current assets</b>					
Property, plant and equipment		3,235	543	2,042	5,820
Intangible assets		21,099	545	9	21,653
Deferred tax assets		1,437			1,437
Other non-current assets			24		24
<b>Total non-current assets</b>		<b>25,771</b>	<b>1,112</b>	<b>2,051</b>	<b>28,934</b>
<b>Current assets</b>					
Inventories		3,379	1,756	249	5,384
Trade receivables		4,166	1,780	779	6,725
Tax credits			33		33
Other current assets		212	41		253
Cash and cash equivalents		33	409	120	562
<b>Total current assets</b>		<b>7,790</b>	<b>4,019</b>	<b>1,148</b>	<b>12,957</b>
<b>Total assets (A)</b>		<b>33,561</b>	<b>5,131</b>	<b>3,199</b>	<b>41,891</b>
<b>Non-current liabilities</b>					
Due to banks and other lenders				1,261	1,261
Employee benefits				13	13
Provisions for risks and charges		832	19		851
Deferred tax liabilities			164		164
<b>Total non-current liabilities</b>		<b>832</b>	<b>183</b>	<b>1,274</b>	<b>2,289</b>
<b>Current Liabilities</b>					
Due to banks and other lenders		2,035	467	598	3,100
Trade payables		3,086	1,172	232	4,490
Tax liabilities			5		5
Other current liabilities		555	282	24	861
<b>Total current liabilities</b>		<b>5,676</b>	<b>1,926</b>	<b>854</b>	<b>8,456</b>
<b>Total liabilities (B)</b>		<b>6,508</b>	<b>2,109</b>	<b>2,128</b>	<b>10,745</b>
Price paid for the acquisition (C)		37,680	3,707	4,402	45,789
Fair value of net assets acquired (D=A-B)		27,053	3,022	1,071	31,146
Non-controlling interests (E)				321	321
<b>Goodwill (C-D+E)</b>		<b>10,627</b>	<b>685</b>	<b>3,652</b>	<b>14,964</b>

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## 8. Investment property

The changes in this item are detailed below:

<i>(in thousands of Euros)</i>	<b>Land and buildings</b>
<b>Balance at January 1, 2020</b>	
Historical cost	1,014
Accumulated depreciation	(693)
<b>Net value</b>	<b>321</b>
Depreciation	(38)
<b>Balance at December 31, 2020</b>	
Of which:	
Historical cost	1,014
Accumulated depreciation	(731)
<b>Balance at January 1, 2021</b>	
Historical cost	1,014
Accumulated depreciation	(731)
<b>Net value</b>	<b>283</b>
Depreciation	(33)
<b>Balance at December 31, 2021</b>	
Of which:	
Historical cost	1,014
Accumulated depreciation	(764)

## 9. Equity-accounted investments in associates

This item, amounting to Euro 2,096 thousand (Euro 2,043 thousand in 2020), represents the investment in Consorzio Canale Industriale G. Camuzzi S.c.a.r.l. in Verona, an entity that produces hydroelectric power, in which the Group owns a 25% stake. In 2021, the Group acquired a 100% stake in Rimark S.A. de CV, in which it had previously owned a 30% stake; accordingly, the consolidation method for such company was changed. At the time of preparation of the Consolidated Financial Statements, the financial statements of Consorzio Canale Industriale G. Camuzzi S.c.a.r.l. for the year ended December 31, 2021 had not yet been approved at its General Meeting.

The key data of the approved financial statements at December 31, 2020 is set forth below:

<b>Consorzio Canale Camuzzi S.c.a.r.l.</b>		
<i>(in thousands of Euros)</i>	<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>
Assets	14,753	14,094
Equity	13,004	10,521
Liabilities	1,749	3,573
Revenues	3,046	3,317
Net profit	57	35

## 10. Tax credits

This item is detailed below:

<i>(in thousands of Euros)</i>	<b>At December 31, 2021</b>			<b>At December 31, 2020</b>		
	<b>Non current</b>	<b>Current</b>	<b>Total</b>	<b>Non current</b>	<b>Current</b>	<b>Total</b>
Tax Credits	12,348	6,011	18,359	11,826	7,696	19,522
<b>Total</b>	<b>12,348</b>	<b>6,011</b>	<b>18,359</b>	<b>11,826</b>	<b>7,696</b>	<b>19,522</b>

The non-current tax credits of Euro 12,348 thousand refer mainly to the recognition in Fedrigoni S.p.A.'s separate financial statements of tax credits arising on the tax relief, under Decree Law 185/2008, for the excess values regarding intangible assets (goodwill and customer list) recognized in the consolidated financial statements.

The current tax credits result primarily from the advance tax payments of the year ended December 31, 2021.



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## 11. Deferred tax assets and liabilities

This item is detailed below:

<i>(in thousands of Euros)</i>	Year ended December 31,	
	2021	2020
Deferred tax assets	45,029	43,324
<b>Total deferred tax assets</b>	<b>45,029</b>	<b>43,324</b>
Deferred tax liabilities	(40,581)	(38,560)
<b>Total deferred tax liabilities</b>	<b>(40,581)</b>	<b>(38,560)</b>
<b>Total net deferred tax assets/ (liabilities)</b>	<b>4,448</b>	<b>4,764</b>

The composition of these balances is shown below:

<i>(in thousands of Euros)</i>	December 31 2020	Effect on Income Statement	Exchange of rate difference	Business combination	Variation on area	Effect on statement of comprehensive income	Reclassifications	December 31 2021
Elimination of capital gains on intercompany sales of trademarks and land	1,464	(382)					689	1,771
Inventory valuation	8,307	1,671	9		(339)		(243)	9,405
Valuation of trade receivables	2,363	(523)	16				(374)	1,482
Writedown of property, plant and equipment	1,356	708						2,064
Provisions for risks	6,692	(1,834)	42				1,483	6,383
Difference between fiscal and statutory values of tangible and intangible assets	7,681	477	32		(121)		(73)	7,996
PPA allocation	8,788	(1,377)		1,437				8,848
Derivative fair values	435					(285)	(2)	148
Foreign exchange and other differences	712	(689)					14	37
Actualization of employee benefits	944	84	4			(162)	(277)	593
Tax losses	2,907	766	225				318	4,216
Other	1,675	(356)	94	40			633	2,086
<b>Total deferred tax assets</b>	<b>43,324</b>	<b>(1,455)</b>	<b>422</b>	<b>1,477</b>	<b>(460)</b>	<b>(447)</b>	<b>2,168</b>	<b>45,029</b>

<i>(in thousands of Euros)</i>	December 31 2020	Effect on Income Statement	Exchange of rates difference	Business combination	Variation of area	Effect on statement of comprehensive income	Reclassifications	December 31 2021
Valuation of tangible and intangible assets	(5,291)	(1,161)	(382)				(1,044)	(7,878)
Effect of leaseback transaction	(8,175)	381	(96)				20	(7,870)
Provisions for risks	(140)	(28)					(288)	(456)
Recognition of leases	(2,440)	(17)						(2,457)
Actualization of social security liabilities		(30)					(67)	(97)
Foreign exchange and other differences		(111)					(13)	(124)
Derivative fair values		2				(1,166)	(33)	(1,197)
IFRS 16	(123)	(398)	(4)				(3)	(528)
PPA allocation	(22,391)	3,406		(164)			(645)	(19,794)
Other		(58)	(5)				(117)	(180)
<b>Total deferred tax liabilities</b>	<b>(38,560)</b>	<b>1,986</b>	<b>(487)</b>	<b>(164)</b>		<b>(1,166)</b>	<b>(2,190)</b>	<b>(40,581)</b>

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## 12. Inventories

This item is detailed below:

<i>(in thousands of Euros)</i>	Year ended December 31,	
	2021	2020
Raw materials	158,037	111,483
Work in progress and semi-finished goods	91,188	65,651
Finished products	121,966	114,454
<b>Total</b>	<b>371,191</b>	<b>291,588</b>

The increase in inventories is primarily the result of higher prices of raw materials and consumables and of stocking up at the end of the year in view of the current difficulties in obtaining materials in the market. Secondly, the inclusion in the consolidation scope of the companies acquired during the year contributed to the increase.

Inventories are shown net of the provision for inventory obsolescence as detailed below:

<i>(in thousands of Euros)</i>	Provision for raw material obsolescence	Provision for obsolescence of finished and work in progress products	Total
<b>Balance at January 1, 2020</b>	<b>6,119</b>	<b>15,753</b>	<b>21,872</b>
Business Combination	327	6,109	6,436
Charge	462	3,662	4,124
Use	(820)	(2,592)	(3,412)
Exchange rate difference	(157)	(445)	(602)
Other changes		(27)	(27)
Area Changes	(163)	(416)	(579)
<b>Balance at December 31, 2020</b>	<b>5,768</b>	<b>22,044</b>	<b>27,812</b>
<b>Balance at January 1, 2021</b>	<b>5,768</b>	<b>22,044</b>	<b>27,812</b>
Business Combination		1,988	1,988
Charge	370	7,028	7,398
Use	(930)	(3,660)	(4,590)
Exchange rate difference	5	261	266
Other changes	(82)	(230)	(312)
<b>Balance at December 31, 2021</b>	<b>5,131</b>	<b>27,431</b>	<b>32,562</b>

No inventories were put up as collateral to guarantee loans received by the Group.

## 13. Other assets

The other assets are stated in the financial statements net of the related provisions:

<i>(in thousands of Euros)</i>	At December 31,	
	2021	2020
Other assets-gross	54,813	28,303
Provision for other doubtful debts	(1,979)	(1,061)
<b>Other assets-net</b>	<b>52,834</b>	<b>27,242</b>

The item is detailed below:

<i>(in thousands of Euros)</i>	At December 31,	
	2021	2020
- Sundry receivables	18,645	4,927
- Sundry tax credits	4,105	3,465
- Prepaid expenses and accrued income	5,984	5,372
- VAT credit	15,908	7,116
- Credits for contributions to be received	5,693	3,989
- Security deposits	1,688	1,056
- Due from social security entities	442	491
- Due from employees	369	826
<b>Total other assets</b>	<b>52,834</b>	<b>27,242</b>
Of which: non-current	5,280	1,369

The most significant amounts comprising the sundry receivables include Euro 6,059 thousand due for Fedrigoni S.p.A.'s white certificates and the remaining receivable due from the buyer on the sale of the business unit that included the Bollate plant dedicated to the production of security items. White certificates are awarded by the respective authorities for the achievement of energy savings through the use of energy-efficient technology and systems. White certificates are tradable instruments giving proof of the achievement of specific energy savings percentages.

The increase in VAT credit is attributable mainly to the *Imposto sobre Circulação de Mercadorias e Serviços* ("ICMS" or Tax on Commerce and Services) receivables due to Arconvert-Ritrama do Brazil Ltda (Euro 9,720 thousand at December 31, 2021), for which that company applied for use of the tax credit offsetting regime. To date, the company is still awaiting the outcome of the related authorization process.

The amount due from employees consists largely of loans and advances given to employees and agents. The table below presents the changes in the provision for other doubtful debts:

<i>(in thousands of Euros)</i>	Provision for obsolescence of other receivables
<b>Balance at January 1, 2020</b>	<b>2,428</b>
Business Combination	198
Exchange rate difference	(456)
Area Changes	(1,109)
<b>Balance at December 31, 2020</b>	<b>1,061</b>
<b>Balance at January 1, 2021</b>	<b>1,061</b>
Other changes	918
<b>Balance at December 31, 2021</b>	<b>1,979</b>

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## 14. Trade receivables

<i>(in thousands of Euros)</i>	<b>At December 31,</b>	
	<b>2021</b>	<b>2020</b>
Gross trade receivables	189,814	177,975
Provision for doubtful debts	(12,341)	(12,203)
<b>Net trade receivables</b>	<b>177,473</b>	<b>165,772</b>

The increase in trade receivables is due mainly to the growth in sales and higher selling prices, as well as to the inclusion of Acucote and Rimark in the consolidation scope. It was offset in part by the reduction of trade payables obtained from a project intended to optimize trade working capital.

The table below presents the changes in the provision for doubtful debts:

<i>(in thousands of Euros)</i>	<b>Provision for doubtful debts</b>
<b>Balance at January 1, 2020</b>	<b>11,777</b>
Business Combination	4,069
Charge	1,507
Use	(1,946)
Exchange rate difference	(603)
Other changes	(2,251)
Area Changes	(350)
<b>Balance at December 31, 2020</b>	<b>12,203</b>
<b>Balance at January 1, 2021</b>	<b>12,203</b>
Business Combination	3,623
Charge	1,347
Use	(3,994)
Exchange rate difference	116
Other changes	(954)
<b>Balance at December 31, 2021</b>	<b>12,341</b>

As explained in Notes 6 and 7, "business combinations" reflects the effects of the 2021 acquisitions of Acucote and Rimark.

The other changes refer primarily to the release of provisions of Euro 954 thousand deemed in excess given the situation of the receivables analyzed for the purpose of these financial statements and the expected developments thereof.

## 15. Cash and cash equivalents

This item is detailed below:

<i>(in thousands of Euros)</i>	<b>At December 31,</b>	
	<b>2021</b>	<b>2020</b>
Bank deposits	264,903	273,077
Checks outstanding	225	30
Cash and cash equivalents on hand	144	235
<b>Total</b>	<b>265,272</b>	<b>273,342</b>

At December 31, 2021, the payment obligations deriving from the Original Note Issue, Tap Note Issue, New Note Issue, Revolving Credit Facility and Hedging Arrangements, among others, were secured by a pledge over some of Fedrigoni S.p.A.'s bank accounts.

## 16. Derivatives

The balance derives from the fair value measurement of Interest Rate Swaps (IRS) stipulated by the Group to manage interest rate risk on part of the notes issued and from hedging derivatives on exchange rates.

In August 2018 the Company entered into two fixed-for-floating IRS with HSBC Bank PLC and BNP Paribas, for a total notional value of Euro 305 million and with a maturity date of August 31, 2022.

At December 31, 2021 the net receivable regarding the derivatives traded by the Company was Euro 5,034 thousand (net debt of Euro 1,395 thousand at December 31, 2020), attributable to:

- Euro 5,806 thousand allocated to current assets (Euro 1,604 thousand at December 31, 2020), referring to the fair value change of foreign exchange derivatives recognized directly in profit or loss;
- Euro 772 thousand allocated to current liabilities (Euro 1,532 thousand at December 31, 2020), referring to the fair value change of foreign exchange derivatives recognized directly in profit or loss;
- There were no derivatives classified as non-current liabilities (Euro 1,467 thousand at December 31, 2020) referring to the fair value change recognized directly in equity in "other reserves" and presented in the statement of comprehensive income among items that will be reclassified subsequently to profit and loss.

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## 17. Equity

The equity of the Group at December 31, 2021 and December 31, 2020 is set forth below:

<i>(in thousands of Euros)</i>	At December 31,	
	2021	2020
Share capital	40,000	40,000
Share premium reserve	60,242	60,242
Legal reserve	8,000	8,000
Other reserves	82,946	81,599
Profit/ (loss) for the year	36,445	(7,600)
<b>Equity</b>	<b>227,633</b>	<b>182,241</b>

The share capital at December 31, 2021 was Euro 40,000 thousand and consisted of 80,001,286 ordinary shares with a par value of Euro 0.50 per share.

## 18. Due to banks and other lenders

This item is detailed below:

	Interest Rate	Current portion	At December 31, 2021					Total
			Portion with due after 12 months					
			2023	2024	2025	2026	Afterward	
Current financial debt	Variable	57,320						<b>57,320</b>
Non Current financial debt	Variable		6	3				<b>9</b>
Lease liability	Variable	13,078	10,760	9,192	7,625	5,972	7,979	<b>54,606</b>
Notes issued - principal portion	Variable				507,578		218,039	<b>725,617</b>
Notes issued - interest portion	Variable	2,610						<b>2,610</b>
Other financing	Variable	502	535	598	600	527		<b>2,762</b>
<b>Total</b>		<b>73,510</b>	<b>11,301</b>	<b>9,793</b>	<b>515,803</b>	<b>6,499</b>	<b>226,018</b>	<b>842,924</b>

	Interest Rate	Current portion	At December 31, 2020					Total
			Portion with due after 12 months					
			2023	2024	2025	2026	Afterward	
Current financial debt	Variable	43,281						<b>43,281</b>
Non Current financial debt	Variable		11					<b>11</b>
Lease liability	Variable	10,891	9,431	7,100	5,763	4,839	10,722	<b>48,746</b>
Notes issued - principal portion	Variable				563,757		216,735	<b>780,492</b>
Notes issued - interest portion	Variable	2,820						<b>2,820</b>
Other financing	Variable		129					<b>129</b>
<b>Total</b>		<b>56,992</b>	<b>9,571</b>	<b>7,100</b>	<b>569,520</b>	<b>4,839</b>	<b>227,457</b>	<b>875,479</b>

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#### Current financial debt

The “current financial debt” of Euro 57,320 thousand at December 31, 2021 refers primarily to the recognition of the recourse portion regarding a plan to optimize trade working capital. It also includes bank overdrafts, financial instruments used by Group companies to manage short-term working capital requirements, and the interest expense accrued on Interest Rate Swaps (IRS) at the reporting date of these financial statements.

#### Lease liability

The Euro 54,606 thousand at December 31, 2021 is the remaining balance on leases stipulated by the Group.

#### Note issuance

“Notes issued - principal portion” at December 31, 2021 has a balance of Euro 725,617 thousand and refers to the Company's issuance of senior secured floating rate notes.

On May 11, 2018 the Company issued Euro 455,000 thousand in aggregate principal amount of senior secured floating rate notes due 2024 (the “Initial 2018 Notes”), which, among other uses, provided the funding needed to repay the short-term bridge financing drawn to finance a portion of the purchase price of the acquisition of Fedrigoni S.p.A.. On July 25, 2018, the Company issued an additional Euro 125,000 thousand in aggregate principal amount of senior secured floating rate notes under the same indenture pursuant to which the Initial 2018 Notes were issued (the “Additional 2018 Notes” and, together with the Initial 2018 Notes, the “2018 Notes”), which, among other uses, enabled the repayment of a short-term bridge facility drawn to indirectly finance the acquisition of the Gruppo Cordenons S.p.A. The 2018

Notes are listed on the multilateral trading facility of the Irish Stock Exchange and have a maturity date of November 30, 2024 and a variable interest rate calculated on the three-month Euribor (subject to a 0% floor) plus a spread of 412.5 basis points, with quarterly interest payments.

On February 12, 2020, the Company issued Euro 225,000 thousand in aggregate principal amount of senior secured floating rate notes due 2026 (the “2020 Notes” and, together with the 2018 Notes, the “Notes”) which, among other uses, provided the Company with the funding needed to repay the bridge financing used to acquire the Ritrama Group.

The 2020 Notes are listed on the multilateral trading facility of the Irish Stock Exchange and have a maturity date of August 26, 2026 and a variable interest rate calculated on the three-month Euribor (subject to a 0% floor) plus a spread of 412.5 basis points, with quarterly interest payments.

The Notes were subscribed only by “qualified institutional buyers”, thus excluding placement with the general public and in exemption from the relevant European Union and Italian rules for public offerings in each country.

The costs incurred for issuing the Notes are accounted for as Financing Fees deducted from the nominal debt, under the amortized cost method.

On July 19, 2021, Fedrigoni redeemed Euro 60.0 million in aggregate principal amount of 2018 Notes (the “Redeemed Notes”). The aggregate redemption price of the Redeemed Notes consisted of 100.00% of the aggregate nominal amount of the Redeemed Notes and accrued unpaid interest on the Redeemed Notes up to but not including the Redemption Date.

“Notes issued - interest portion” at December 31, 2021 has a balance of Euro 2,610 thousand and refers to the interest expense accrued on the Notes, paid in February 2022.

## 19. Employee benefits

The changes in this item are presented below:

<i>(in thousands of Euros)</i>	<b>Employee benefits</b>
<b>Balance at January 1, 2020</b>	<b>17,343</b>
Business Combination	5,663
Finance costs	132
Actuarial gains/(losses)	909
Use	(2,359)
Charge	12
Exchange rate difference	(145)
Other changes	40
<b>Balance at December 31, 2020</b>	<b>21,595</b>
<b>Balance at January 1, 2021</b>	<b>21,595</b>
Business Combination	13
Finance costs	93
Actuarial gains/(losses)	(597)
Use	(2,246)
Charge	218
Exchange rate difference	258
Other changes	98
<b>Balance at December 31, 2021</b>	<b>19,432</b>

The actuarial assumptions used to determine the obligation for employee benefits are detailed below:

	December 31,	
	2021	2020
<b>Economic assumptions</b>		
Inflation rate	1.8%	1.0%
Discount rate	0.7%	0.2%
Salary increment	1.4%	1.3%
“TFR” (provision for severance indemnities) rate of increase	2.8%	2.3%
<b>Demographic assumptions</b>		
Probability of resignations/dismissals	7.7%	6.6%
Probability of advance payouts	2.7%	3.0%

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## 20. Provisions for risks and charges

This item is detailed below:

<i>(in thousands of Euros)</i>	At December 31,	
	2021	2020
Provision for agency termination	3,541	3,815
Provision for environmental risk	4,083	3,694
Provision for sundry risks	17,048	25,995
<b>Total</b>	<b>24,672</b>	<b>33,504</b>

The changes in this item are presented below:

<i>(in thousands of Euros)</i>	At December 31,	
	2021	2020
<b>Opening Balance</b>	<b>33,504</b>	<b>38,444</b>
Business Combination	851	6,215
Increases	6,469	3,295
Use	(4,637)	(4,423)
Exchange differences and other changes	(11,474)	(7,727)
Area Changes	(41)	(2,300)
<b>Closing balance</b>	<b>24,672</b>	<b>33,504</b>

<i>(in thousands of Euros)</i>	Provision for agency termination	Provision for environmental risk	Provision for litigation risks	Provisions for warranty claims	Provisions for exit incentives	Other provisions	Total
<b>Balance at January 1, 2020</b>	<b>3,722</b>	<b>3,038</b>	<b>3,502</b>	<b>21,564</b>	<b>1,450</b>	<b>5,168</b>	<b>38,444</b>
Business Combination	293	1,355	100		67	4,400	6,215
Charge	321		1,649		169	1,156	3,295
Use	(489)		(149)	(675)	(1,459)	(1,651)	(4,423)
Exchange rate difference					(6)	(1,116)	(1,122)
Other changes	(32)	(699)		(5,865)	16	(25)	(6,605)
Area Changes						(2,300)	(2,300)
<b>Balance at December 31, 2020</b>	<b>3,815</b>	<b>3,694</b>	<b>5,102</b>	<b>15,024</b>	<b>237</b>	<b>5,632</b>	<b>33,504</b>
<b>Balance at January 1, 2021</b>	<b>3,815</b>	<b>3,694</b>	<b>5,102</b>	<b>15,024</b>	<b>237</b>	<b>5,632</b>	<b>33,504</b>
Business Combination				42		809	851
Charge	348	404	4,220	1,256		241	6,469
Use	(385)	(15)	(1,492)	(952)	(172)	(1,621)	(4,637)
Exchange rate difference				2	6	44	52
Other changes	(237)		(668)	(9,816)	(71)	(734)	(11,526)
Area Changes						(41)	(41)
<b>Balance at December 31, 2021</b>	<b>3,541</b>	<b>4,083</b>	<b>7,162</b>	<b>5,556</b>	<b>-</b>	<b>4,330</b>	<b>24,672</b>

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The provision for agency termination is the estimated liability due for agency severance benefits.

The provision for environmental risks refers to outlays that the Group estimates could be incurred to clean up some of the land it owns. The 2021 increase is attributable to provisions allocated for the Gruppo Cordenons S.p.A. use of excess CO2 permits over those available.

The decrease in provisions for sundry risks is attributable largely to the release of part of the provision for product warranty claims, offset only in part by the fair value recognition of the liabilities measured in the purchase price allocation process for the acquisition of Acucote Inc.

The provision for sundry risks consists of the following:

- The provision for warranty claims (Euro 5,556 thousand) consists of costs that could be incurred in the event of claims regarding the supply of banknotes, security products (concerning sales occurring before the transfer of the security business to Fase S.r.l.) and other paper products. During the year Euro 9,816 thousand was released as a result of the calculation of the difference between new risks and the cessation of previous period risks, especially in the security segment, so that the provision could represent the presumable amount of risk. Risky situations relate particularly to the sales volume of security products realized in recent years, whose segment features greater product complexity and warranty terms that are longer than those for normal paper products. In addition to covering specific situations, for which negotiations to settle claims are in progress, the provision serves to cover costs that are reasonably expected to be incurred, on the basis of past experience, to satisfy the warranty obligations.

- The provision for litigation risks (Euro 7,162 thousand) and other provisions (Euro 4,330 thousand) refer to liabilities that could ensue from pending lawsuits, disputes, business arrangements entered into by the Group, the purchase price allocation process and risks relating to the refund of the amount collected from the sale of white certificates in previous periods. Even though the white certificates, which are recognized for an innovative investment program from which energy savings may derive, are initially considered qualified to produce such savings and are accounted for with inclusion of the energy efficiency title ("TEE") payments, they are subject to review while they are in effect. The related provision accounts for the risk on those projects for which the relevant authorities have reconsidered the previously assigned qualification. The 2021 decrease in "other provisions" includes Euro 800 thousand for the use of risk provisions allocated during the purchase price allocation process for the acquisition of the Fedrigoni Group, regarding the dispute between Fedrigoni S.p.A. and the Italian tax authorities concerning the payment of electricity consumption taxes, Euro 362 thousand for the use of risk provisions allocated during the purchase price allocation process for the acquisition of the Ritrama Group, regarding a tax dispute of the Chinese subsidiary, and Euro 456 thousand for the use of risk provisions allocated during the purchase price allocation process for the acquisition of the Ritrama Group, regarding a dispute involving defects in products sold by the British subsidiary. During the year, the "provision for litigation risks" was increased by Euro 4,220 thousand due to Fedrigoni S.p.A.'s allocation for risks mainly on uncontracted distributors abroad and disputes with suppliers. In the previous year a request for compensation was submitted by a distributor abroad for an alleged breach of a distribution agreement, so

a provision was allocated to cover such situation of probable risk. That provision was increased in 2021 to take into account the developments of the case and to include additional situations of probable risk concerning other distributors abroad. The increase was offset in part by the use of Euro 1,492 thousand for the settlement of previous litigation, whereas Euro 668 thousand was released due to the elimination of some sources of risk.

- The provision allocated at December 31, 2020 had included the risk for probable legal actions contemplated by Legislative Decree 268/2005, Article 7 that could be initiated by subcontracted carriers against Fedrigoni S.p.A., as the purchaser, due to the difficult financial situation in which the main freight service provider found itself because the Company, as a co-obligor, allegedly should have met the provider's obligations given the persisting situation of insolvency. In 2021 Euro 918 thousand was paid in a co-obligor capacity to the subcontracted carriers, so the provision allocated was reclassified as a reduction of the receivable due from the bankrupt supplier following the payment in a co-obligor capacity of its debts. The provision originally allocated, net of the amount reclassified as a direct reduction of the receivable due from the bankrupt supplier, and increased by the part of the allocation for the year, represents an additional probable cost of the Company deriving from the supplier's bankruptcy.

Fedrigoni S.p.A. stipulated an 8-year lease for the new headquarters at via Fermi 13/F in Verona with a right of withdrawal, after the initial period, upon payment of compensation of Euro 200 thousand. The compensation refers to customization costs incurred by the owner and acknowledged by the Company. The amount of any compensation to be paid is reflected in the provision for litigation risks.

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Fedrigoni has a long-standing dispute pending with the Italian tax authorities concerning diverging application and payment criteria for electricity consumption taxes.

With respect to the dispute regarding years 1993 to 1997, since Fedrigoni S.p.A. considers the tax claims to be unjustified both on their merits and by law, it filed an appeal with the Italian Supreme Court to overturn the Ancona Appellate Court's decision with which the lower court denied the previous appeal. Pursuant to that decision, the contested amount of Euro 511 thousand was paid. On February 28, 2019 the Italian Supreme Court rebutted the appeal, ruling in favor of the Ministry of Finance Customs Department and the Ancona technical office for direct taxes.

The Italian tax authorities, which by then considered the tax payment criteria to be definite, served a notice of payment for years 2008 to 2013 regarding electricity consumption at the Rocchetta plant, and another notice of payment for years 2008 to 2012 regarding electricity consumption at the Castelraimondo plant. Fedrigoni, which continues to maintain its position based on the groundlessness and illegitimacy of the claims, filed appeals at the Ancona and Macerata Provincial Tax Commissions. The

Commissions met with each other, and although the Macerata Provincial Tax Commission fully accepted the appeal, the Ancona Provincial Tax Commission accepted only part of it and reduced the penalties imposed considerably, but denied the grounds regarding the calculation of the taxes. Fedrigoni filed for appeal and opposed the demands of the other party. The Italian tax authorities, encouraged by the new ruling, served notices of payment for 2014, 2015 and 2016 limited however to the portion of electricity consumption of the plant located in the Province of Ancona. Fedrigoni lodged appeals against these claims as well at the Ancona Provincial Tax Commission. With respect to the 2014 and 2015 disputes, the Commissions were joined with results clearly similar to the previous ones. In 2019, in view of a possible statute of limitations for issuing measures, the authorities served payment notices for the 2013 electricity consumption at the Castelraimondo plant. Payment notices have not been served yet for the years 2017, 2018 and 2019. Fedrigoni, conscious of the validity of its arguments, which are also backed up by opinions of external consultants, will lodge appeals and oppose the demands of the other party. On March 9, 2014 the Italian tax authorities filed an appeal at the

Italian Supreme Court restricted to a residual part of the decision issued by the Marche Regional Tax Commission, which had fully accepted the appeal filed regarding direct taxes of 2000 and 2001. Nevertheless, the Company decided to oppose it and notified a counterclaim at the Attorney General's Office.

In 2021, Euro 800 thousand was added to the provision following the Marche Regional Tax Commission's adverse ruling notified in January 2022. The probable cost of the dispute is included in the provision.

A request for compensation was submitted by a distributor outside Europe for an alleged breach of a distribution agreement. The proceedings are at the preliminary stage. The risk of compensation of damages is reflected in the provision.

The provision covers costs that could be incurred by Fedrigoni S.p.A. pursuant to an agreement reached with the trade unions for the voluntary, incentivized termination of employment contracts, under agreements stipulated with the workers involved by the presentation date of the draft financial statements.

The provision also covers other marginal situations of risk.



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## 21. Trade payables and other liabilities

This item is detailed below:

<i>(in thousands of Euros)</i>	<b>At December 31,</b>	
	<b>2021</b>	<b>2020</b>
Trade payables	468,191	311,033
Other liabilities:		
- Due to employees	39,429	25,878
- Accrued expenses and deferred income	4,901	4,293
- Social security	12,463	10,769
- Withholding taxes	5,773	6,229
- Sundry payables	9,589	10,067
- Due to supplementary pension fund	1,963	1,816
- Advances	1,330	1,068
- VAT due	5,975	4,194
- Due to Directors and Statutory Auditors	84	110
- Sundry tax liabilities	2,316	1,964
<b>Other liabilities</b>	<b>83,823</b>	<b>66,388</b>
<b>Total</b>	<b>552,014</b>	<b>377,421</b>
Of which non-current	2,001	3,263

The increase in “trade payables” relates primarily to increases in raw material prices and other costs associated with production and to the stocking up of raw materials at the end of 2021 to manage the procurement difficulties characterizing the market. Secondly, the increase is attributable to the consolidation of Acucote and Ritrama.

The trade payables include the allocation of invoices to be received in an amount of Euro 12.6 million from some foreign entities directly or indirectly associated with a longtime business partner of Fedrigoni S.p.A. operating in the Indian market of paper money and security items, with which Fedrigoni S.p.A. had stipulated licensing agreements for the use of a specific method patent regarding a security item registered in the name of and used by Fedrigoni S.p.A. and the related intellectual property rights.

As explained in the section on “subsequent events”, due to the audit initiated by the *Guardia di Finanza* in 2019, Fedrigoni S.p.A.’s directors severed all ties with the contractual counterparties and effectively suspended all royalty payments, while accounting for -- in accordance with correct accounting principles -- trade payables due on invoices to be received. In this manner, the corporate boards intended to freeze the existing situation, on one hand accounting for the costs relating to the royalties without however providing for their payment, and on the other hand not deducting the related costs for tax purposes. In March 2022, due to the suspension of relations as referred to above, the aforementioned companies linked to Fedrigoni S.p.A.’s business partner initiated a civil lawsuit before the Italian Civil Court demanding the payment by Fedrigoni S.p.A. of the royalties allegedly due under the licensing agreements, which were quantified in Euro 18.2 million, plus general expenses and damages apparently incurred due to the non-payment of such royalties, bringing the total amount to Euro 18.7 million. Based on preliminary assessments, Fedrigoni S.p.A. intends to oppose the action, arguing its case by including evidence that emerged from the *Guardia di Finanza*’s investigation. If the Civil Court should confirm that Fedrigoni S.p.A. owes the royalties to those companies, the amount claimed in the lawsuit would not meet the calculation criteria adopted by Fedrigoni S.p.A. in the years concerned and based on the sales data regarding the marketing of the patented products in question as per underlying contracts; such criteria would result in a considerably lower amount due than the one claimed in the civil lawsuit, and such lower amount has been recognized prudently among the trade payables until the civil court establishes whether or not the amounts are due.

Therefore, on one hand Fedrigoni S.p.A. has received the Tax Audit Report disputing the contribution given by the aforementioned companies to the development

of the patent stated (supporting the claim with various factual elements and testimonies given), and on the other hand it is being sued by those companies which, in contrast, are demanding royalty payments for the contribution given in the development of the patent (using as evidence, among others, a testimony having opposite contents compared to those obtained by the *Guardia di Finanza*). In light of such contradictory historical reconstructions, Fedrigoni S.p.A.’s management, which is completely new compared with the one present in the organization when the patent was being developed and thus is not in a position to factually reconstruct what happened at the time of the events, considered it necessary, pending the tax audit, to carry out in-depth internal and external investigations to verify which and how many activities were performed by the contractual counterparties with regard to the patented idea to which the licensing agreements refer. However, at the date of these financial statements, given the contents of the Tax Audit Report, Fedrigoni S.p.A. does not believe that the investigations have currently revealed certain and decisive facts on the matter (save what should emerge during additional analyses that might be conducted in view of the evidence enclosed with the Tax Audit Report). For the reasons explained, Fedrigoni S.p.A. has decided to adopt the most prudent approach possible, maintaining unchanged the amount of the payables due to the suppliers referred to, considering that if the counterparties should win the civil lawsuit, the related amount recognized in the financial statements would be adequate, whereas a contingent gain would emerge if Fedrigoni S.p.A. should win the case.

The increase in “other liabilities” refers largely to the increase in the amount due to employees for bonuses and performance-related pay. The Directors consider that the carrying amount of the trade payables is approximately their fair value.

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## 22. Current tax liabilities

On June 12, 2019 the *Guardia di Finanza*, Verona Finance Unit began an audit at the offices of Fedrigoni S.p.A. regarding tax years 2014, 2015, 2016 and 2017. The audit focused on the relationships between Fedrigoni S.p.A. and some foreign entities directly or indirectly linked to a longtime business partner of Fedrigoni S.p.A. operating in the Indian market of paper money and security items. On October 19, 2019 the *Guardia di Finanza* notified a dated Tax Audit Report reporting solely violations identified for the year 2014 and postponed the inspections regarding the years from 2015 to 2017. As a consequence, on December 31, 2019, the Italian Revenue Agency - Veneto Regional Directorate notified the assessment notices for the 2014 corporate income tax (IRES) and regional business tax (IRAP), confirming the *Guardia di Finanza's* findings and claiming additional IRES and IRAP due totaling Euro 6,247 thousand (including penalties). On February 17, 2020, Fedrigoni S.p.A., assisted by qualified tax advisers, presented a tax settlement proposal. The proposal was not accepted by the tax authorities, so on August 27 and 28 Fedrigoni S.p.A. lodged an appeal against the IRES and IRAP assessment notices and formally initiated the proceedings. Both appeals are currently pending at the Venice Provincial Tax Commission.

In March 2022 the *Guardia di Finanza* resumed its inspection activities mentioned above. The *Guardia di Finanza* evaluated certain consulting services and licensing agreements stipulated between Fedrigoni S.p.A. and the aforementioned foreign entities, which provided for the payment by Fedrigoni S.p.A. of royalties for the exclusive use of a specific method patent regarding a security item registered in the name of and used by Fedrigoni S.p.A. and the related intellectual property rights. The audit concluded in

early April 2022 with the notification of a new Tax Audit Report by which the *Guardia di Finanza* - reporting in substance the alleged impossibility of identifying evidence of the inventive contribution given by the aforementioned foreign companies to the patent used by Fedrigoni S.p.A. - alleged that there were some substantial violations regarding direct taxes and regional business tax (IRAP) which, in terms of additional taxes, would translate into a claim of Euro 5,752 thousand, plus penalties and interest. Therefore, Fedrigoni S.p.A. decided to increase the tax liabilities in light of the recently notified Tax Audit Report, bringing the total amount of the tax liabilities for the period from 2014 to 2017 to Euro 8,828 thousand. Such amount was determined on the basis of a preliminary assessment of the potential outcomes of the discussions during the proceedings currently underway with the Italian Revenue Agency, and taking into account also the indemnification obligations undertaken by Fedrigoni S.p.A.'s previous majority shareholder pursuant to the contractual agreements entered into in connection with the matter at hand.

With respect to such matter, pending the tax audit, in 2020 Fedrigoni S.p.A.'s directors severed all ties with the contractual counterparties and effectively suspended all royalty payments, while accounting for - in accordance with correct accounting principles - trade payables due on invoices to be received. Such costs were prudently made non-deductible from the 2018 tax year, for the purpose of not exposing Fedrigoni S.p.A. to the risk of additional disputes from the tax authorities, until the proceedings in progress have ended.

Additional details on the actions taken and the civil lawsuit in progress are contained in the sections on "Trade and other liabilities" and "Subsequent events".

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## Notes to the Income Statement

### 23. Sales revenues

This item is detailed below:

<i>(in thousands of Euros)</i>	<b>Year ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Revenues from sales of product	1,610,171	1,320,292
Awards for customers	(12,508)	(8,887)
Other sales revenues	5,194	3,837
<b>Total</b>	<b>1,602,857</b>	<b>1,315,242</b>

The consolidated revenues increased by Euro 287.7 million to Euro 1,602.9 million in 2021, from the Euro 1,315.2 million of 2020.

The sales performance reflects an overall increase in sales revenues offset in part by a decrease in revenues from the Security segment. In the Specialty Paper (LPCS) segment, the revenue gain is attributable to higher sales with the packaging industry, which is characterized by a growing awareness of environmental sustainability and thus is focused on reducing the use of plastics. Moreover, the increase in revenues is attributable to higher selling prices as a result of the higher cost of sales.

The increase in revenues from the FSA Segment is primarily the result of the higher sales volumes, especially in the wine & spirits, automobile, and signage and advertising graphics industries. The consolidation of the IP Venus Group and Acucote contributed to the revenue boost.

### 24. Other operating income

This item is detailed below:

<i>(in thousands of Euros)</i>	<b>Year ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Other revenues	22,057	8,705
Sundry non-financial income	6,603	3,263
Contingent gains and unrealized costs	373	468
Grants for operating expenses	757	429
Other revenues and operating income	2,565	280
<b>Total</b>	<b>32,355</b>	<b>13,145</b>

“Other revenues” derive primarily from the sale of electricity by the manufacturing companies and the sale of white certificates (Euro 19,057 thousand in 2021 and Euro 7,624 thousand in 2020). The increase compared with the previous year is attributable to the compensation for the gas system's interruptible service which was received for the first time in 2021, and the insurance compensation received for the cutting center in Durban (South Africa), whose interiors were damaged by fire in July 2021 during the escalation of protests in South Africa, with riots and raids in many areas of the county.

### 25. Cost of materials

This item is detailed below:

<i>(in thousands of Euros)</i>	<b>Year ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Raw materials purchases	973,915	735,262
Purchases of ancillary materials and consumables	9,855	6,928
Change in raw material inventories	(58,207)	(9,844)
<b>Total</b>	<b>925,563</b>	<b>732,346</b>

The 2021 “raw material purchases” show a higher amount due to the considerable increase in the prices of raw materials and materials used in production, as well as the increase in sales over those of the prior year. The increase is also partly attributable to the inclusion in the consolidation scope of the companies acquired during 2021 and of the IP Venus Group, which fully contributed to the income statement from the beginning of 2021.

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## 26. Cost of services

This item is detailed below:

<i>(in thousands of Euros)</i>	Year ended December 31,	
	2021	2020
Freight	119,423	87,898
Natural gas	36,447	33,831
Passive commissions	17,418	18,431
Maintenance	15,699	13,606
Use of third-party assets	9,493	6,392
Electricity	9,524	9,966
Consulting services (administrative, legal, tax, technical)	38,998	39,614
Advertising and publicity	5,284	4,015
Outsourced production	9,221	5,888
Insurance	6,945	6,211
Travel expenses	4,113	2,789
Waste disposal	5,871	6,032
Outsourced labor	7,328	6,729
Telephone expenses	1,189	1,289
Water	374	335
Directors and Statutory Auditors	2,413	1,929
Other services	15,923	18,081
<b>Total</b>	<b>305,663</b>	<b>263,036</b>

The costs for services rose mainly as a result of the increase in freight costs caused by increases both in the unit costs and in sales. The “third-party assets” include payments under short-term and low-value leases, which rose from Euro 3,578 thousand in 2020 to Euro 7,598 thousand in 2021. The increase was offset in part by a reduction of royalties, accounted for as “use of third-party assets” under an agreement of Fedrigoni S.p.A. regarding the rights to use security threads. More information on royalties is provided in the sections on trade and other liabilities and subsequent events.

The costs for services also rose as a result of the increase in costs for participating in trade fairs and similar promotional events and an increase in business travel expenses, which had previously fallen due to the restrictions to contain the Covid-19 pandemic.

## 27. Cost of personnel

This item is detailed below:

<i>(in thousands of Euros)</i>	Year ended December 31,	
	2021	2020
Wage and salaries	186,326	154,605
Social security contributions	46,330	41,068
Accrual for defined contribution and defined benefit plans	9,756	8,751
Other personnel costs	6,806	4,165
<b>Total</b>	<b>249,218</b>	<b>208,589</b>

The increase in the cost of personnel relates largely to the increase in costs to bolster the Group's management with new competencies in keeping with the new strategic objectives, the consolidation of Acucote, Rimark and the IP Venus Group, the production increase in 2021 and the increase in bonuses assigned to employees.

The increase in these costs was also affected by the use in 2020 of the Italian “Cassa Integrazione” system (wage supplements) and other initiatives intended to contain the financial effects of the pandemic, such as the planning of some production shutdowns at some factories.

The Group's employee headcount numbers at the reporting date are shown below:

	Year ended December 31,	
	2021	2020
Management	166	132
White-collar employees	1,413	1,375
Blue-collar employees	2,314	2,243
<b>Total</b>	<b>3,893</b>	<b>3,750</b>

## 28. Other costs

This item is detailed below:

<i>(in thousands of Euros)</i>	Year ended December 31,	
	2021	2020
Writedowns of receivables and other assets	848	74
Contingent losses and unrealized income	48	1,687
Indirect taxes	3,543	4,115
Membership dues	734	887
Allowances/(releases) of provisions	(5,794)	(6,333)
Other costs	4,266	10,541
<b>Total</b>	<b>3,645</b>	<b>10,971</b>

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“Indirect taxes” include Euro 2,863 thousand in property taxes on buildings owned (Euro 2,739 thousand in 2020).

“Allowances/(releases) of provisions” comprise mainly amounts charged net of the amounts released from risk provisions during the period. The item refers primarily to the release of risk provisions (for Euro 9,033 thousand) as a result of the calculation of the difference between new risks and the cessation of previous period risks, especially in the security segment, partially offset by the allowances for the provision for litigation risks largely relating to Fedrigoni S.p.A. (Euro 4,252 thousand).

The decrease in “other costs” is prevalently due to the loss generated in 2020 by the sale of cogeneration turbines (Euro 6,433 thousand), recognized previously among property, plant and equipment and sold after the new equipment was installed.

### 29. Depreciation and amortization

This item is detailed below:

<i>(in thousands of Euros)</i>	<b>Year ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Depreciation of property, plant and equipment	54,515	54,485
Amortization of intangible assets	19,703	19,138
Depreciation of investment property	33	38
Impairment of tangible and intangible assets	2,655	
<b>Total</b>	<b>76,906</b>	<b>73,661</b>

Depreciation and amortization include the additional amounts originating from the new, higher values allocated to assets in the purchase price allocation process, of Euro 2,771 thousand and Euro 14,861 thousand, respectively (Euro 2,826 thousand and Euro 13,793 thousand in 2020), and the Euro 12,530 thousand depreciation of the right-of-use assets under leases pursuant to IFRS 16.

The impairment of Euro 2,655 thousand refers to the impairment of fixed assets reclassified as non-current assets held for sale.

### 30. Net financial income/(costs)

This item is detailed below:

<i>(in thousands of Euros)</i>	<b>Year ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Interest income	164	531
Foreign exchange gains	22,698	20,789
Fair value measurement of derivatives	833	796
Other financial income	29	72
<b>Total financial income</b>	<b>23,724</b>	<b>22,188</b>
Bank interest expense	(568)	(2,330)
Interest expense on leases	(2,365)	(2,519)
Foreign exchange losses	(21,910)	(29,490)
Fair value measurement of derivatives	(71)	(702)
Interest costs on employee benefits	(93)	(132)
Other finance costs	(43,457)	(41,030)
<b>Total finance costs</b>	<b>(68,464)</b>	<b>(76,203)</b>
<b>Total</b>	<b>(44,740)</b>	<b>(54,015)</b>

“Other finance costs” include Euro 32,087 thousand (Euro 32,204 thousand in 2020) in interest expense on the bond notes and Euro 5,125 thousand (Euro 4,807 thousand in 2020) for the amortized cost related to the bond notes.

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## 31. Income taxes

This item is detailed below:

<i>(in thousands of Euros)</i>	<b>Year ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Current taxes	24,481	28,026
Deferred taxes	(531)	(54,747)
<b>Total</b>	<b>23,950</b>	<b>(26,721)</b>

The table below presents the reconciliation of the theoretical tax rate (the tax rate in effect in the countries of the Group companies) and the effective tax rate:

<i>(in thousands of Euros)</i>	<b>Year ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Profit before tax	60,437	(8,620)
Theoretical tax rate	24.00%	24.00%
<b>Theoretical income taxes</b>	<b>14,505</b>	<b>(2,069)</b>
Profits not subject to taxes	(3,340)	(2,041)
Use of tax losses carried forward		(26)
Non-deductible taxes	3,535	1,864
Non-deductible interests expenses	12,190	16,061
Other decreases	(14,537)	(40,087)
<b>IRAP allocated by Italian companies</b>	<b>2,440</b>	<b>1,389</b>
Tax effects of foreign subsidiaries and other	9,157	(1,812)
<b>Effective income taxes</b>	<b>23,950</b>	<b>(26,721)</b>

The increase relates mainly to the tax relief of 2020, under Decree Law 185/2008, applied to the excess accounting values emerging from the Ritrama Group acquisition and the realignment of the tax bases to the higher values of the assets recognized in the financial statements, under Decree Law 104/2020, Article 110, paragraphs 8 and 8 bis, which had generated benefits in terms of the release of deferred tax liabilities and the recognition of deferred tax assets.

The item also includes the accrual of additional tax liabilities of Euro 4,168 thousand for possible costs resulting from the notification in April 2022 of a Tax Audit Report regarding the tax years from 2015 to 2017. More information is provided in the section on current tax liabilities.

## 32. Net loss from discontinued operations

Within the context of an increasing focus on the production of special paper and products pertaining to the Fedrigoni Self-Adhesive/Labels Segment, in September 2020 the Group decided to discontinue the Paper business unit operated by Fedrigoni Brasil Papéis Ltda.

The loss recognized includes a loss on disposal of Euro 19,050 thousand.

The net loss from discontinued operations included in the Consolidated Income Statement for the year ended December 31, 2020 is detailed below:

<i>(in thousands of Euros)</i>	<b>December, 31 2020</b>
Sales revenues	34,922
Other operating income	54
Cost of materials	(16,839)
Cost of services	(6,385)
Cost of personnel	(6,207)
Other costs	(397)
Depreciation, amortization and impairment losses	(3,586)
Change in inventories of work in progress, semi-finished goods and finished products	1,740
<b>Operating income</b>	<b>3,302</b>
Financial income	2,034
Finance costs	(11,811)
<b>Net financial income/(costs)</b>	<b>(9,777)</b>
<b>Loss before taxes</b>	<b>(6,475)</b>
Income taxes	(467)
<b>Net loss</b>	<b>(6,942)</b>
Loss on disposals of assets	(19,050)
<b>Net loss from discontinued operations</b>	<b>(25,992)</b>

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### 33. Earnings per share

Earnings per share was calculated by dividing: i) the profit or loss attributable to ordinary equity holders by ii) the number of ordinary shares. There are no anti-dilutive shares, so the diluted earnings per share is the same as the basic earnings per share.

<i>(in thousands of Euros)</i>	Year ended December 31	
	2021	2020
Net profit attributable to owners of the Parent	36,445	(7,600)
Weighted average of shares (in thousand)	80,001	80,001
<b>Basic earnings per share (in Euros)</b>	<b>0.46</b>	<b>(0.09)</b>
<b>Diluted earnings per share (in Euros)</b>	<b>0.46</b>	<b>(0.09)</b>

### 34. Contingent liabilities

Various legal and tax proceedings originating over time in the normal course of the Group's business operations are pending. According to management, none of these proceedings are likely to result in significant liabilities for which provisions do not already exist in the Consolidated Financial Statements.

### 35. Commitments

*(a) Commitments to purchase property, plant and equipment*

The contractual commitments undertaken with third parties at December 31, 2021 regarding investments in property, plant and machinery not yet recognized in the financial statements amount to Euro 10,325 thousand.

*(b) Other commitments*

The following collateral has been put up:

- pledge over Fedrigoni S.p.A. shares granted originally by Fabric (BC) S.p.A. (now absorbed by Fedrigoni S.p.A.) on April 16, 2018, as subsequently confirmed and last extended on January 11, 2021 by Fedrigoni Holding Limited, to secure the payment obligations deriving from the Original Note Issue, Tap Note Issue, New Note Issue, Revolving Credit Facility and Hedging Arrangements, among others;
- security assignment over the receivables originating from an intercompany loan stipulated originally by Fabric (BC) S.p.A. (now absorbed by Fedrigoni S.p.A.), as lender, and Bianco (BC) S.p.A. (now absorbed by the Gruppo Cordenons S.p.A.), as borrower, granted originally by Fabric (BC) S.p.A. on July 10, 2018, as subsequently confirmed and last extended on January 11, 2021 by Fedrigoni S.p.A., to secure the payment obligations deriving from the Original Note Issue, Tap Note Issue, New Note Issue, Revolving Credit Facility and Hedging Arrangements, among others;
- pledge over Gruppo Cordenons S.p.A. shares granted originally by Fabric (BC) S.p.A. (now absorbed by Fedrigoni S.p.A.) on July 11, 2018, as subsequently confirmed and last extended on January 11, 2021 by Fedrigoni S.p.A., to secure the payment obligations deriving from the Original Note Issue, Tap Note Issue, New Note Issue, Revolving Credit Facility and Hedging Arrangements, among others;

- pledge over the material bank accounts of the Gruppo Cordenons S.p.A. granted by the Gruppo Cordenons S.p.A. on May 10, 2019, to secure the payment obligations deriving from the Original Note Issue, Tap Note Issue, Revolving Credit Facility subscribed on April 11, 2018 and Hedging Arrangements, among others;
- pledge over Arconvert S.p.A. shares granted by Fedrigoni S.p.A. on December 16, 2019, as subsequently confirmed and extended on January 11, 2021, to secure the payment obligations deriving from the Original Note Issue, Tap Note Issue, New Note Issue, Revolving Credit Facility and Hedging Arrangements, among others;
- pledge over Arconvert S.A.U.'s share capital granted originally by Fedrigoni S.p.A. and Arconvert S.p.A. on December 16, 2019, as subsequently confirmed and extended on January 11, 2021, by Ritrama S.p.A., to secure the payment obligations deriving from the Original Note Issue, Tap Note Issue, New Note Issue, Revolving Credit Facility and Hedging Arrangements, among others;
- pledge over the material bank accounts of Fedrigoni S.p.A. granted by Fedrigoni S.p.A. on December 16, 2019, as subsequently confirmed and extended on January 11, 2021, to secure the payment obligations deriving from the Original Note Issue, Tap Note Issue, New Note Issue, Revolving Credit Facility and Hedging Arrangements, among others;
- pledge over the receivables originating from an intercompany loan stipulated by Fedrigoni S.p.A., as lender, and Ritrama S.p.A., as borrower, granted by Fedrigoni S.p.A. on February 21, 2020, as subsequently confirmed and extended on January 11, 2021, to secure the payment obligations deriving from the Original Note Issue, Tap Note Issue, New Note Issue, Revolving Credit Facility and Hedging Arrangements, among others;

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- pledge over Ritrama S.p.A. shares granted by Fedrigoni S.p.A. on February 21, 2020, as subsequently confirmed and extended on January 11, 2021, to secure the payment obligations deriving from the Original Note Issue, Tap Note Issue, New Note Issue, Revolving Credit Facility and Hedging Arrangements, among others;
- pledge over the material bank accounts of Arconvert S.A.U. granted by Arconvert S.A.U. on March 10, 2020, to secure the payment obligations deriving from the Original Note Issue, Tap Note Issue, New Note Issue, Revolving Credit Facility and Hedging Arrangements, among others;
- pledge over the material bank accounts of Arconvert S.p.A. granted by Arconvert S.p.A. on March 10, 2020, to secure the payment obligations deriving from the Revolving Credit Facility, among others;
- pledge over the material bank accounts of Ritrama S.p.A. granted by Ritrama S.p.A. on March 10, 2020, to secure the payment obligations deriving from the Revolving Credit Facility, among others; and special lien granted by Fedrigoni S.p.A. on January 11, 2021, to secure the payment obligations deriving from the Revolving Credit Facility, among others.

## 36. Related-party transactions

The following tables set forth the transactions and balances of the Group with related parties for the years ended December 31, 2021 and December 31, 2020.

#### Statement of Financial Position balances

<i>(in thousands of Euros)</i>						
At December 31, 2021						
	Assets			Liabilities		
	Financial receivables	Trade receivables	Tax receivables	Tax liabilities	Commercial payables	Financial payables
Bain Capital Private Equity, LP						40
Fedrigoni Holding Ltd	2,348					63
Consorzio Canale Industriale G. Camuzzoni S.c.ar.l.			695			663
Fabric (BC) Investor S.a.r.l.						
Nerea S.p.A.			1			
Rimark S.A. de C.V.						
<b>Total</b>	<b>2,348</b>		<b>696</b>			<b>766</b>
As a % of F/S item	52.69%	0.00%	3.79%	0.00%	0.16%	0.00%

<i>(in thousands of Euros)</i>						
At December 31, 2020						
	Assets			Liabilities		
	Financial receivables	Trade receivables	Tax receivables	Tax liabilities	Commercial payables	Financial payables
Bain Capital Private Equity, LP						24
Fedrigoni Holding Ltd	150					62
Consorzio Canale Industriale G. Camuzzoni S.c.ar.l.		1,294				
Fabric (BC) Investor S.a.r.l.						
Nerea S.p.A.						
Rimark S.A. de C.V.						
<b>Total</b>	<b>150</b>	<b>1,294</b>				<b>86</b>
As a % of F/S item	0.6%	0.78%	0.00%	0.00%	0.03%	0.00%



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#### Income Statement transactions

<i>(in thousands of Euros)</i>					
<b>At December 31, 2021</b>					
	<b>Income</b>			<b>Expenses</b>	
	<b>Sales revenues</b>	<b>Other revenues</b>	<b>Interest income</b>	<b>Costs for services</b>	<b>Interest expense</b>
Bain Capital Private Equity, LP				3,185	
Fedrigoni Holding Ltd			58	240	
Consorzio Canale Industriale G. Camuzzoni S.c.ar.l.				633	
Fabric (BC) Investor S.a.r.l					
Nerea S.p.A.				4	
Rimark S.A. de C.V.					
<b>Total</b>			<b>58</b>	<b>4,062</b>	
As a % of F/S item	0.00%	0.00%	35.16%	1.33%	0.00%

<i>(in thousands of Euros)</i>					
<b>At December 31, 2020</b>					
	<b>Income</b>			<b>Expenses</b>	
	<b>Sales revenues</b>	<b>Other revenues</b>	<b>Interest income</b>	<b>Costs for services</b>	<b>Interest expense</b>
Bain Capital Private Equity, LP				1,683	
Fedrigoni Holding Ltd				391	
Consorzio Canale Industriale G. Camuzzoni S.c.ar.l.				214	
Fabric (BC) Investor S.a.r.l					
Nerea S.p.A.					
Rimark S.A. de C.V.					
<b>Total</b>				<b>2,288</b>	
As a % of F/S item	0.00%	0.00%	0.00%	0.87%	0.00%

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Description of the Group's related parties

#### Bain Capital Private Equity LP

The Group has a Consulting Service Agreement in effect with Bain Capital Private Equity LP, stipulated on April 16, 2018 by Fabric, Fedrigoni Holding Ltd and Bain Capital Private Equity LP.

#### Fedrigoni Holding Ltd

The Group incurred some costs with Fedrigoni Holding Ltd, Fedrigoni S.p.A.'s parent company, for the recharging of some marketing costs.

#### Nerea S.p.A.

Nerea S.p.A. is a real estate agency considered a related party because it is controlled by a shareholder of the parent company. The Group had a lease in effect with Nerea S.p.A. for the building in Verona in which the parent company's headquarters were previously located and the adjoining parking lot.

#### Consorzio Canale Industriale G. Camuzzoni di Verona S.c.ar.l.

Consorzio Canale Industriale G. Camuzzoni S.c.ar.l. in Verona is a 25%-owned company, and thus an associate, which operates in the power generation industry.

#### Rimark S.A. de C.V.

Rimark S.A. de C.V. is a company based in Mexico, 30%-owned in 2020 and thus an associate, which operates in the *Fedrigoni Self-Adhesives/Labels* segment. As previously reported, the entire company was purchased in 2021.

#### **Key management personnel compensation**

The following positions are considered to comprise the Group's key management personnel: i) Group Chief Executive Officer; ii) General Manager of Fedrigoni Self-Adhesives/Labels division; iii) Group Chief Procurement Officer; iv) Corporate Development Director; v) Group Chief Human Resources Officer; vi) Group Chief Financial Officer; vii) Group Chief Sustainability and Communication Officer; viii) Group Technology Infrastructure Director.

The gross compensation paid to the key management personnel in 2021 totaled Euro 3,600 thousand.

### 37. Subsequent events

On February 15, 2022, Fedrigoni redeemed Euro 40.0 million in aggregate principal amount of its 2018 Notes (the "February 2022 Redeemed Notes"). The redemption price for the February 2022 Redeemed Notes consisted of (i) 100.00% of the aggregate nominal amount of the February 2022 Redeemed Notes and (ii) accrued unpaid interest on the February 2022 Redeemed Notes up to but not including the redemption date.

Brazilian subsidiary Ritrama Autoadesivos Ltda (Ritrama Brazil) is currently a party to an administrative dispute initiated pursuant to a tax audit notified to the company on October 18, 2021 by the Brazilian tax authorities regarding some imports originating from our subsidiary Ritrama S.A. Chile, during the period from January 2017 to December 2020 (the "Tax Audit"). The Fedrigoni Group routinely exports products from Chile to Brazil through these subsidiaries and these exports generally benefit from special tax treatment under the Southern Common Market (Mercosur) Free Trade Agreement - Economic Complementation Agreement (ACE) n. 35 ("Mercosur FTA Special Tax Regime"). The special tax regime applies to exported products containing at least 60% of raw materials originating from countries participating in the Mercosur Free Trade Agreement ("Mercosur Origin Requirement") and that content percentage is demonstrated by certificates of origin issued by the Chilean authorities. Within the scope of the Tax Audit, the Brazilian tax authorities claimed that our subsidiary, Ritrama Brazil, had inappropriately benefited from the Mercosur FTA Special Tax Regime from January 2017 to December 2020 because some certificates of origin indicated that certain products exported from Ritrama S.A. Chile to Ritrama Autoadesivos Ltda did not comply with the Mercosur Origin Requirement.

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In this regard, pursuant to the Share Purchase Agreement signed on October 29, 2019, as subsequently amended, by Rink Holding S.r.l. (the "Seller"), Tomas Federico Rink, Ricardo Rink, Ronald Rink and Gianmario Forzatti as one party, and Fabric (BC) S.p.A. (now Fedrigoni S.p.A.), the Buyer, as the other party (the "Share Purchase Agreement"), under which on January 30, 2020 we purchased the entire share capital of Ritrama S.p.A. and its subsidiaries ("Subsidiaries"), the Seller (i) issued a series of representations and warranties ("Representations and Warranties") undertaking to indemnify and hold harmless us and/or the Subsidiaries from any loss resulting from untruths and/or inaccuracies in the Representations and Warranties and (ii) gave a bank guarantee ("Bank Guarantee") to Fedrigoni S.p.A. guaranteeing the punctual and precise fulfillment of all the Seller's obligations under the Share Purchase Agreement.

Considering that the underlying circumstances of the Tax Audit constitute a breach of the Representations and Warranties and that, therefore, Fedrigoni S.p.A. could be entitled to indemnification from the Seller for a material portion of the liabilities that might be incurred in connection with the Tax Audit and the related administrative dispute, on November 10, 2021 we sent to the Seller a claim for damages in accordance with the Share Purchase Agreement (the "Brazil Claim for Tax Damages") that was followed by a procedure initiated between Fedrigoni S.p.A. and the Seller to reach an agreement on the matter. In this context, on February 10, 2022 Fedrigoni S.p.A. and the Seller stipulated an Escrow Agreement, which will remain in effect until the Brazil Claim for Tax Damages is definitively settled, and, concurrently, they set up an escrow account into which Euro 5,000,000.00 was deposited, which could be released to Fedrigoni S.p.A. if it should be established unequivocally that all or part of that amount is due by the Seller.

In March 2022 the Guardia di Finanza resumed its inspection activities at Fedrigoni S.p.A. relating to the tax audit initiated in 2019, focusing its attention on the transactions occurring from 2015 to 2017 between Fedrigoni S.p.A. and some foreign entities directly or indirectly linked to a longtime business partner of the Parent company operating in the Indian market of paper money and security items. More specifically, the Guardia di Finanza evaluated certain consulting services and licensing agreements stipulated between Fedrigoni S.p.A. and the aforementioned foreign entities, which provided for Fedrigoni S.p.A.'s payment of royalties for the exclusive use of a specific method patent regarding a security item in the name of and used by Fedrigoni S.p.A. and the related intellectual property rights. The audit concluded in early April 2022 with the notification of the Tax Audit Report (*Processo Verbale di Constatazione* or "PVC"), in which the Guardia di Finanza - reporting in substance the alleged impossibility of identifying evidence of the inventive contribution given by the aforementioned foreign companies to the patent used by Fedrigoni S.p.A. - alleged that there were some substantial violations regarding direct taxes and regional business tax (IRAP) which, in terms of additional taxes, would translate into a claim of Euro 5,752 thousand, plus penalties and interest. With respect to such matter, pending the tax audit, in 2020 Fedrigoni S.p.A.'s directors severed all ties with the contractual counterparties and effectively suspended all royalty payments, while accounting for -- in accordance with correct accounting principles -- trade payables due on invoices to be received. Such costs were prudently made non-deductible from the 2018 tax year, for the purpose of not exposing Fedrigoni S.p.A. to the risk of additional disputes from the tax authorities, until the proceedings in progress have ended. In this manner, the corporate boards intended to freeze the existing situation,

on one hand accounting for the costs relating to the royalties without however providing for their payment, and on the other hand not deducting the related costs for tax purposes. In March 2022, due to the suspension of relations as referred to above, the aforementioned companies linked to Fedrigoni S.p.A.'s business partner initiated a civil lawsuit before the Italian judiciary demanding Fedrigoni S.p.A.'s payment of the royalties allegedly due under the licensing agreements, which were quantified as Euro 18.2 million, plus general expenses and damages apparently incurred due to the non-payment of such royalties, bringing the total amount to Euro 18.7 million. Based on preliminary assessments, Fedrigoni S.p.A. intends to oppose the action, arguing its case by including evidence that emerged from the Guardia di Finanza's investigation. If the civil court should confirm that Fedrigoni S.p.A. owes the royalties to those companies, the amount claimed in the lawsuit would not meet the calculation criteria adopted by Fedrigoni S.p.A. in the years concerned and based on the sales data regarding the marketing of the patented products in question as per underlying contracts; the criteria would result in a considerably lower amount due than the one claimed in the civil lawsuit, whose amount has been recognized prudently among the trade payables until the civil court establishes whether or not the amounts are due.

Therefore, on one hand Fedrigoni S.p.A. has received the Tax Audit Report disputing the contribution given by the aforementioned companies to the patent stated (supporting the claim with various factual elements and testimonies given), and on the other hand it is being sued by those companies which, in contrast, are demanding royalty payments for the contribution given in the development of the patent (using as evidence, among others, testimony from the opposite side of those obtained by the Guardia di Finanza). In light of such contradictory historical

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reconstructions, Fedrigoni S.p.A.'s management, which is completely new compared with the one present in the organization when the patent was being developed and thus is not in a position to factually reconstruct what happened at the time of the events, considered it necessary, pending the tax audit, to carry out in-depth internal and external investigations to verify which and how many activities were performed by the contractual counterparties with regard to the patented idea to which the licensing agreements refer. However, at the date of these financial statements, and given the contents of the Tax Audit Report, Fedrigoni S.p.A. does not believe that the investigations have currently revealed certain and decisive facts on the matter (save what should emerge during additional analyses that might be conducted in view of the evidence enclosed with the Tax Audit Report). For the reasons explained, the Group has decided to adopt the most prudent approach possible, maintaining unchanged the amount of the payables due to the suppliers referred to, considering that if the counterparties should win the civil lawsuit, the related amount recognized in the financial statements would be adequate, whereas a contingent gain would emerge if Fedrigoni S.p.A. should win the case. Meanwhile, Fedrigoni S.p.A. has decided to increase the accrual regarding tax liabilities in light of the recently notified Tax Audit Report, bringing the total amount of the tax liabilities for the period from 2014 to 2017 to Euro 8,828 thousand.

Such amount was determined on the basis of a preliminary assessment of the potential outcomes of the discussions during the proceedings currently underway with the Italian Revenue Agency, and on the basis of the indemnification obligations of the Fedrigoni S.p.A.'s previous shareholder of reference in view of the contractual agreements entered into regarding the matter.

On February 16, 2022, Fedrigoni S.p.A. completed the acquisition of Distribuidora Vizcaina de Papeles S.L., a Spanish company that develops, manufactures and distributes self-adhesive materials. The purchase price is Euro 12,746 thousands.

On March 25, 2022, Fedrigoni S.p.A. stipulated an agreement regulating the acquisition of a controlling (50.1%) interest in Eonys SAS, a French company that owns the entire share capital of Tageos SAS, a company operating in the design, manufacturing and distribution of radio-frequency identification (RFID) inlays and tags (with the possibility of later purchasing the entire share capital of Eonys SAS through put and call options). The acquisition is expected to be completed in the second quarter of 2022.

On February 24, 2022 the conflict between Russia and Ukraine escalated into an act of war that has led to the imposition of heavy sanctions, especially economic ones, and a general scenario of uncertainty at a global level. From an accounting standpoint, the conflict is considered a non-adjusting event as defined by IAS 10, so it was not taken into account

in the valuation of the items reported in the Group's consolidated financial statements for the year ended December 31, 2021.

The Russo-Ukrainian conflict that began at the end of February 2022 has provoked a humanitarian crisis unprecedented in Europe since World War II and is inflicting an additional shock to a global economy still coping with supply chain problems and a widespread rapid increase in prices.

According to the most updated authoritative economic surveys, the effects of the conflict could generate additional imbalances in manufacturing activity in the upcoming months, worsening the scarcity of some commodities and risking to undermine the growth and benefits expected from the economic and manufacturing recovery.

While these events have brought economic uncertainty to the global environment in which the Fedrigoni Group operates, the Group is not materially exposed to the countries directly involved in the conflict, which are not significant target markets or supply markets for the Group.

The Fedrigoni Group is monitoring the developments of the situation day by day and will continue to assess the risks and consequences on its business operations, so that it can act promptly with the actions deemed most appropriate when the situation becomes clearer.

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### ANNEX 1 - List of Subsidiaries and Associates

Name	Headquarters	Group's ownership
<b>Directly controlled subsidiaries</b>		
<b>At December 31, 2021</b>		
Arconvert-Ritrama do Brasil Ltda	Jundiaí - Brazil	100.00%
Gruppo Cordenons S.p.A.	Milan (MI) - Italy	100.00%
RITRAMA S.p.A.	Caponago (MB) - Italy	100.00%
Arconvert S.p.A.	Arco (TN) - Italy	100.00%
Fedrigoni Deutschland GmbH	Munich - Germany	100.00%
Fedrigoni Espana SL	Madrid - Spain	100.00%
Fedrigoni France Sarl	Paris - France	100.00%
Fedrigoni UK Ltd	Northampton - United Kingdom	100.00%
Cartamano Deutschland GmbH	Munich - Germany	100.00%
Miliani Immobiliare S.r.l.	Verona (VR) - Italy	100.00%
Fedrigoni Austria GmbH	Vienna - Austria	100.00%
Fedrigoni Benelux B.V.	Brussels - Belgium	100.00%
Fedrigoni Asia Ltd	Hong Kong - China	100.00%
GPA Holding Company Inc	McCook, Illinois - U.S.A.	100.00%
Magnani 1404 S.r.l.	Massa e Cozzile (PT) - Italy	100.00%
Acucote Inc.	Graham, North Carolina - U.S.A.	100.00%
Fedrigoni Bangladesh	Dhaka - Bangladesh	100.00%
Giano 1264 S.r.l.	Verona (VR) - Italy	100.00%
Fedrigoni Indonesian Trading	Jakarta - Indonesia	70.00%

Name	Headquarters	Group's ownership
<b>Indirectly controlled subsidiaries</b>		
Arconvert S.A.U.	Sarrià del Ter Gerona - Spain	100.00%
Fedrigoni Trading (Shanghai) Company Limited	Shanghai - China	100.00%
POLIFIBRA 2011 S.p.A.	Agrate Brianza (MB) - Italy	100.00%
Ritrama (Hefei) Pressure Sensitive Coated Materials Co.Limited	Hefei - China	100.00%
RITRAMA UK Ltd	Dukinfield - United Kingdom	100.00%
INVERSIONES SAN AURELIO Srl	Santo Domingo - Dominican Republic	100.00%
RITRAMA CONVERTING (PTY) LTD	Durban - South Africa	100.00%
RITRAMA S.A. CHILE	Curauma, Valparaíso - Chile	100.00%
RITRAMA AUTOADESIVOS Ltda	Jundiaí - Brazil	100.00%
DISTRIBUIDORA RITRAMA ECUADOR DISRITREC S.A.	Quito - Ecuador	100.00%
RITRAMA POLAND Sp. Z.o.o.	Dobroszyce - Poland	100.00%
RITRAMA PERU' SAC	Lima - Peru	100.00%
RITRAMA Caribe Srl	Santo Domingo - Dominican Republic	100.00%
RITRAMA S.A.S	La Estrella, Antioquia - Colombia	100.00%
RITRAMA Costa Rica S.A.	Heredia - Costa Rica	100.00%
RITRAMA Guatemala S.A.	Ofibodega - Guatemala	60.00%
Venus America S.A. de C.V.	Tlalnepantla - Mexico	90.00%
Servicios de Personal Rolosa S.A. de C.V.	Tlalnepantla - Mexico	90.00%
Industrial Papelera Venus S.A. de C.V.	Tlalnepantla - Mexico	90.00%
Rimark S.A. de C.V.	Mexico City - Mexico	90.00%
Extra Port Inc.	Graham, North Carolina - U.S.A.	100.00%
<b>Associates</b>		
Consorzio Canale Industriale G. Camuzzoni S.c.ar.l.	Verona (VR) - Italy	25.00%

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