Fedrigoni Group

Annual Report 2022

FEDRIGONI

FEDRIGONI

Highlights

Fedrigoni is synonymous with excellence in the world of specialty papers for luxury packaging, graphics, high-end publishing, fine arts, premium labels, and self-adhesive materials. We guarantee the same quality and service level everywhere, thanks to our offices and warehouses all over the world.

Fedrigoni today

Founded in **1888**

€2.211 Billion Adjusted Turnover 2022* (+37% vs. 2021)

€340 Million Pro Forma Adjusted EBITDA 2022* (+54% vs. 2021)

5,000 people in **28** countries

68 between production sites, slitting, and distribution centers

25,000 products

Distributing in **132** countries

*Data refer to pro forma adjusted data included in the Consolidated Annual Report of Fiber Bidco S.p.A., including 12 months contribution of Tageos, Guarro Casas, Zuber Rieder, Unifol and exclude Banknotes business.

Our Purpose: why we exist

Elevating creativity. Make materials a source of creative possibilities for brands everywhere.

Our Mission: what we do

To be the partner of choice of brands, creatives, converters, and printers by providing sustainable premium products and superior customer experiences.

Our Vision: what we aim at

We strive to become the global leader in sustainable and innovative labels, self-adhesives, and specialty papers for premium packaging and creative solutions.

Our Culture

Discover Extraordinary Every Day

Our Strategy: how we get there

Distinctive and premium product offering
Deliver the best premium and sustainable solutions. Continue to innovate and create opportunities both in existing and new markets.

Operational excellence
Continually improve our industry-leading operations, supply chain, and sourcing. Maintain agility, efficiency, and flexibility in our production as we scale.

Recognised industry consolidator
Acquire and integrate companies to expand globally, add capabilities and technologies, and enter adjacent/new markets.

Superior customer intimacy and experience
Build unique relationships with customers and end-users. Understand and respond to their needs and provide an outstanding yet personalised service and experience.

Performance culture and people growth accelerator
Lead the industry by caring for our people. Attract, engage, develop, recognise, and boost opportunities for everyone to collectively make a difference.

ESG informs everything we do
Deliver growth sustainably. Lead the transformation of our industry, by leveraging diverse talents, managing our business ethically, innovating with cutting-edge, environmentally friendly solutions, and constantly reducing our footprint on carbon, waste, and water.

FEDRIGONI

Our sustainability journey

Making *Progress*

In Fedrigoni Group, sustainability means making progress every day. Our mission is to elevate the brands and creativity of designers, converters, and printers. Our commitment is to do it in a sustainable way, sharing progress transparently and promoting circularity and partnership with the entire ecosystem.

2022 results

Environment

323 kt CO_2 emissions

45% suppliers by spend, covering purchased good and services and capital goods, with science-based targets

89% recovered waste

Product Development

87% suppliers also assessed according to ESG criteria

100% purchase of FSC COC and CW certified pulp

Social & Governance

-37% of Injury Frequency Rate (from 21.1 to 13.3)

25% of women in managerial positions

31% people involved in Performance Conversations

Transparency and Endorsement

Our 2030 ESG targets

Environment

-30% absolute scope 1 and 2 GHG emissions

90% of suppliers by spend, covering purchased goods and services and capital goods, will have science-based targets by 2027

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

-10% of freshwater withdrawal

Social & Governance

-85% of work-related injury rate (from 21 to 3)

35% of women in managerial positions

100% of people involved in Performance Conversations

Product Development

100% of products designed for optimal end-of-life recycling and recovery, with LCA on demand (and based on FSC pulp only, where applicable)

95% of supplier spending base qualified also according to ESG criteria

Transparency and Endorsement

Adhesion to United Nations Global Compact (UNGC)

Inclusion of ESG goals in the variable compensation evaluation

Platinum Sustainability Rating by Ecovadis

Highlights

Dear Stakeholder,

2022 was another year of profitable and responsible growth for Fedrigoni. Our agile business model, focus on innovation, constant transformation, and engagement of our people around the world have enabled us to strengthen our position as the world's number-one manufacturing company in wine labels and specialty papers for luxury packaging. Beyond financial results and value creation, our purpose – to elevate creativity and make materials a source of endless possibility for brands everywhere – is the reason we exist.

We made progress in all areas of our strategic plan, as can be seen in our remarkable results*: an adjusted turnover of €2.211 Billion (+37% vs. 2021) and Pro Forma Adjusted EBITDA of €340 million (+54% on 2021). Despite the unstable geopolitical context and supply chain disruption, we have been relentless in our transformation journey, making leaps forward on each of our five pillars. First, we accelerated our product innovation process to create an increasingly distinctive and premium offering, while supporting our customers in tackling their ecological transition with plastic-to-paper solutions, self-adhesives made with increasingly recyclable materials, and circular solutions that allow the re-use of waste as raw materials in new value chains. Second, we further improved the customer intimacy and experience along each touchpoint of our customer journey, by boosting our digital transformation process and accelerating skills in our sales team. Third, we invested in improving our supply chain and sourcing, increasing our production capacity and enhancing the agility and adaptability of our operations, which are key factors in a fast-changing market. Fourth, we pushed ahead with our acquisitions plan aimed at geographic expansion with 6 deals completed in 2022 in the United States, Turkey, Spain, and France. And fifth, we took huge step towards creating an inclusive and safe learning environment, where everyone can grow and make a difference, because we lead the industry by caring for our people. In this regard, I'm particularly proud of our new people promise that we are launching this year, which was developed by listening to our employees: at Fedrigoni, we Discover Extraordinary Every Day.

Commitment to sustainability underpins the group's entire strategy, and our materiality matrix helps us keep track of our priorities in the reduction of CO_2 emissions, water consumption, waste management, sustainable product innovation, reduction of injuries in the workplace, inclusive work environment, and collaboration with the communities around us. Our approach, which we label Making Progress, is transparent, fact-based and shared by the entire leadership team.

We ended the year with the arrival of a new private equity fund, BC Partner, which joined Bain Capital on Fedrigoni's growth path for the next 5 years. The entire leadership team also reinvested in the company. Over the past 4 years, Fedrigoni has undertaken a comprehensive, successful transformation in terms of product portfolio, geographic footprint, go-to-market, operating model, culture, and governance. This has been possible thanks to our fantastic partnership with Bain Capital. We are thrilled and honored to continue this ambitious journey with an additional, significant investor.

Looking to the nearer future, we know that the quarters ahead will be tough, and the slowdown in volumes in the first quarter has proven this. Demand continues to be extremely volatile due to the destocking of our customers and the macroeconomic environment. On the other hand, energy and raw material costs are finally coming down, the end markets we serve (luxury, wine & spirits, pharmaceuticals, etc.) are performing well, and Fedrigoni continues to gain market share in all sectors, so we remain optimistic that the economic situation will gradually recover in the coming months. The direction is clear: our long-term strategy will guide us as we pursue our growth path to become the global leader in sustainable and innovative labels, self-adhesives and specialty papers for luxury packaging and creative solutions, with a focus on accelerating our expansion in the U.S. and Asia, and continuing consolidation in Europe, as well as providing sustainable packaging solutions and RFID to an outstanding set of global luxury and consumer brands.

The excellent 2022 results were achieved thanks to our 5,000 people, who passionately and professionally brought our many strategic initiatives to life. I'd also like to thank our strategic suppliers who are at our side in the never-ending drive to innovate our products and processes. Ultimately, none of this would have been possible without the trust that our 30,000 customers place in us. You are the utmost priority for us, and we will continue to improve every day to better meet your needs and be an increasingly solid partner of choice in your growth trajectory.

Marco Nespolo
CEO Fedrigoni Group

*Data refer to pro forma adjusted data included in the Consolidated Annual Report of Fiber Bidco S.p.A., including 12 months contribution of Tageos, Guarro Casas, Zuber Rieder, Unifol and exclude Banknotes business

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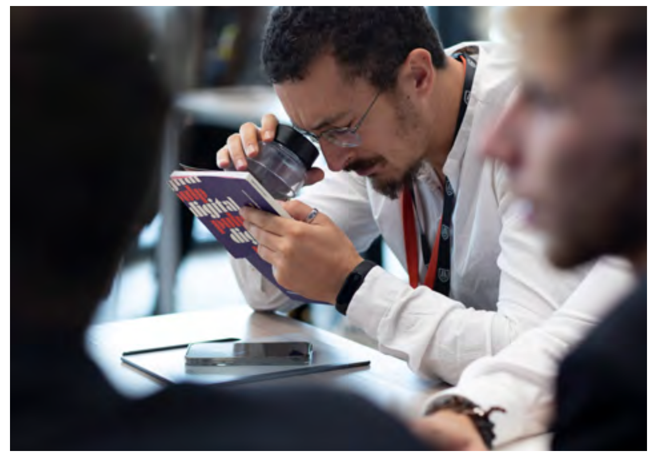
Fedrigoni Group

Sustainability Report



Annual Financial Report

Fedrigoni Group

Our Group

Fedrigoni is synonymous with excellence in the world of specialty papers for luxury packaging, graphics, high-end publishing, fine arts, premium labels, and self-adhesive materials.

Beyond financial results and value creation, the reason why we exist is ELEVATING CREATIVITY. We want to make materials a source of creative possibilities for brands everywhere.

Behind us more than 130 years of rich heritage and passion for paper. Alongside us, are over 5,000 leading experts, specialists, and dedicated people from all over the world. Ahead of us, is a strong ambition to amaze the world by transforming our industry, achieving new levels of innovation, elevating creativity, and building a sustainable future while growing rapidly.

Our story of growth started in 1888, and has been further accelerated thanks to significant acquisitions, with 12 deals finalised in the last four years. In 2022, the Group finalised six acquisitions that strengthened our presence in both the self-adhesives market - through the addition of Divipa and Unifol, and the paper market - with the industrial partnership with Mohawk, and the acquisitions of Guarro Casas and Zuber Rieder. Furthermore, the acquisition of Tageos enabled Fedrigoni to venture into the smart labels and RFID technologies segment.

Our Group closed 2022* with an adjusted turnover of €2.211 billion and Pro Forma Adjusted EBITDA of €340 million.

Today we are the global leader in wine labels and specialty papers for luxury packaging, the second player in fine art and drawing, and the third player in the world of self-adhesive materials. We count over 5,000 people worldwide, own 68 production plants and slitting centers, produce more than 25,000 products - in addition to 10,000 papers produced exclusively for major fashion and luxury brands - and distribute in 132 countries.

Globally, 2022 was a very tumultuous year with war scenarios on Europe's doorstep and skyrocketing gas and raw material prices. Despite the uncertain global context, Fedrigoni guaranteed the full continuity of its business and reconfirmed itself as a leading player in the production and sale of paper for luxury packaging, printing, graphics, art, and premium self-adhesive materials. The two business units, Paper (LPCS) and Self-Adhesive/Labels, work together to provide our customers with the best products and the most extensive experience available on the market. The integration of specialty papers and self-adhesive materials enables constant innovation between different industries and materials, allowing us to offer advanced, customized solutions to our customers.

Thanks to constant teamwork, in 2022, we achieved all our strategic goals in terms of new acquisitions, optimisation of our operations, improvement of supply chain management, people attraction and development, and innovation of products for optimal end-of-life recycling and recovery. Following our "Making Progress" approach, we accelerated our actions to achieve our commitment to becoming an increasingly sustainable business. "Making Progress" is a profound concept that involves awareness and measurability, two crucial aspects when it comes to impacting business, people, and nature. This transformation process involves the entire ecosystem - brands, printers, converters, graphic designers, and suppliers - and encourages the creation of partnerships with players who, like us, feel a sense of responsibility to make a difference.

* Data refer pro forma adjusted data included in the Consolidated Annual Report of Fiber Bidco S.p.A., including 12 months contribution of Tageos, Guarro Casas, Zuber Rieder, Unifol and exclude Banknotes business.

Corporate Bodies

Board of Directors

Reference is made to the board of directors of Fiber JVCo S.p.A, holding company of Fedrigoni S.p.A.

Ivano Sessa
Chair of the Board & Partner at Bain Capital

Marco Nespolo
Chief Executive Officer & Board Member

Giacomo Massetti
Board Member & Managing Director at Bain Capital

Stefano Ferraresi
Board Member & Partner at BC Partners

Piero Leporelli
Board Member & Principal at BC Partners

Maurizio Mussi
Board Member & Partner at Bain Capital

Falco Sebastian Pichler
Board Member & Managing Director at BC Partners

Board of Statutory Auditors of Fiber JVCo S.p.A

Andrea Vagliè
Chairman

Francesco Facchini
Standing Auditor

Antonio Ferragù
Standing Auditor

Massimiliano Altomare
Supply Auditor

Federico Ragazzini
Supply Auditor

External Auditors of Fedrigoni S.p.A.

Deloitte & Touche S.P.A
Independent Auditor

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

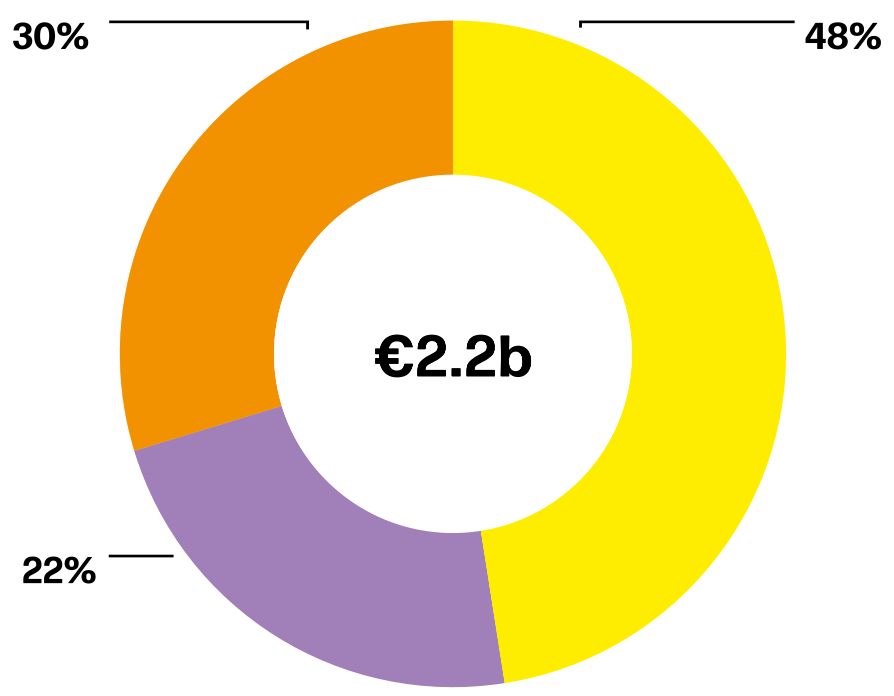
Leading position in attractive premium niche markets

Product offering targeted primarily to attractive end markets.

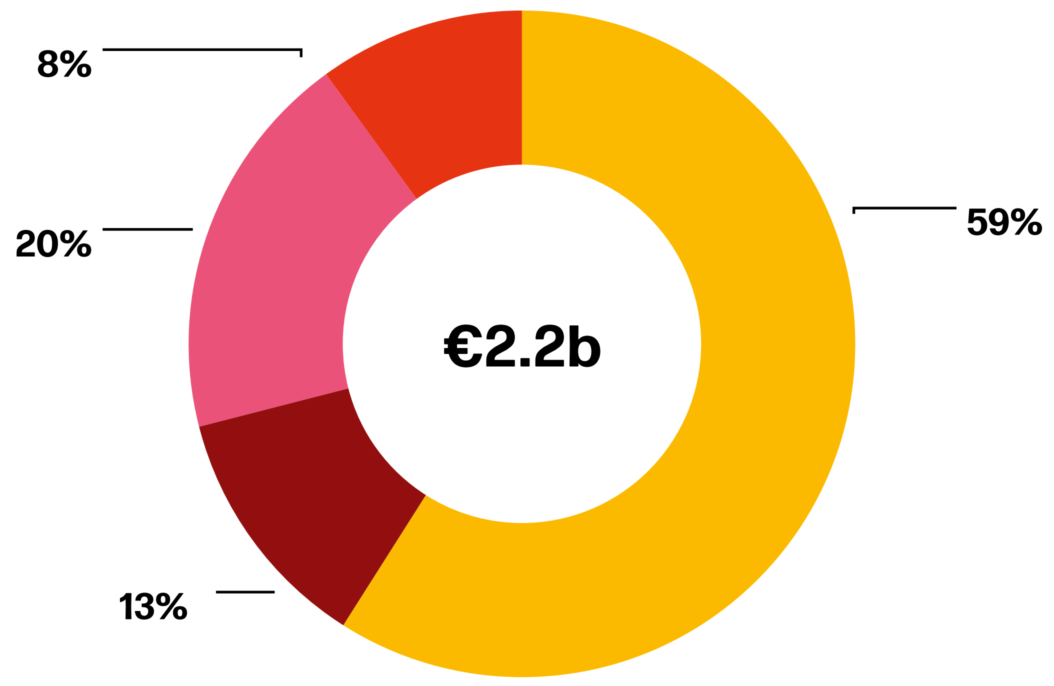
PRODUCT	END MARKET	MARKET POSITION		
Self-Adhesives	Wine and spirits, premium beers, food, cosmetics, pharma, chemicals	1° Global Wine	3° Global Self-Adhesives	3° LatAm Self-Adhesives
Speciality graphic paper	Luxury packaging, digital printing, fine stationary	1° Global Luxury packaging	1° Europe Fine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

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

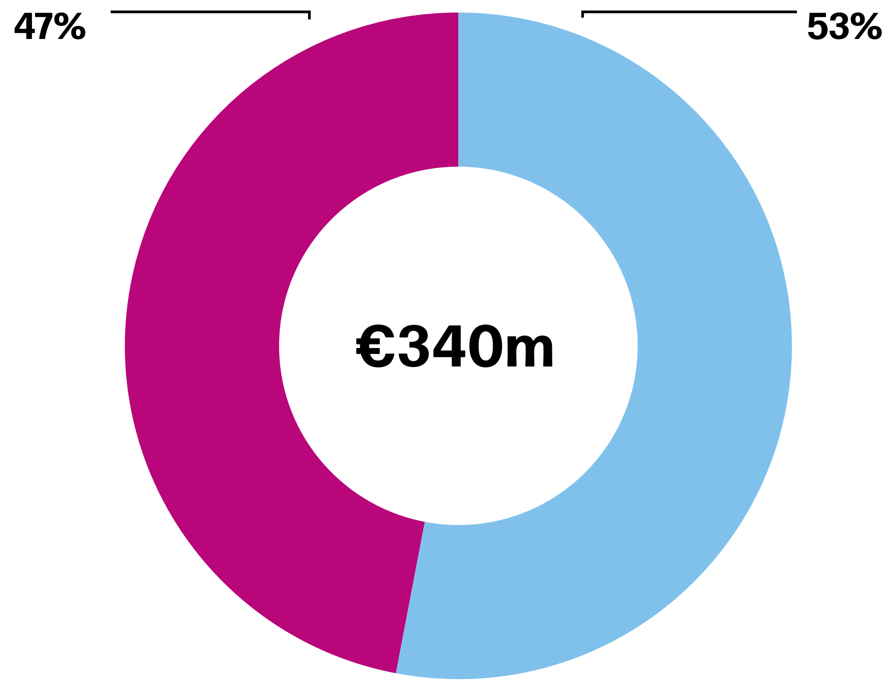
Pro Forma Adjusted Sales Revenues* by geography



Pro Forma Adjusted Sales Revenues* by business



Pro Forma Adjusted EBITDA* by segment



FY 2022 Adjusted Sales Revenues *: €2.210 m
FY 2022 Pro-Forma Adjusted EBITDA*: €340m (15% margin)

* Luxury Packaging and Creative Solutions
*Pro forma adjs. Include 12 months contribution of Tageos, Guarro Casas, Unifol and exclude Banknotes business

Where we are

Self-Adhesives/Labels

16 Production Sites

23 Slitting Centers

4 Distributors

24 Offices

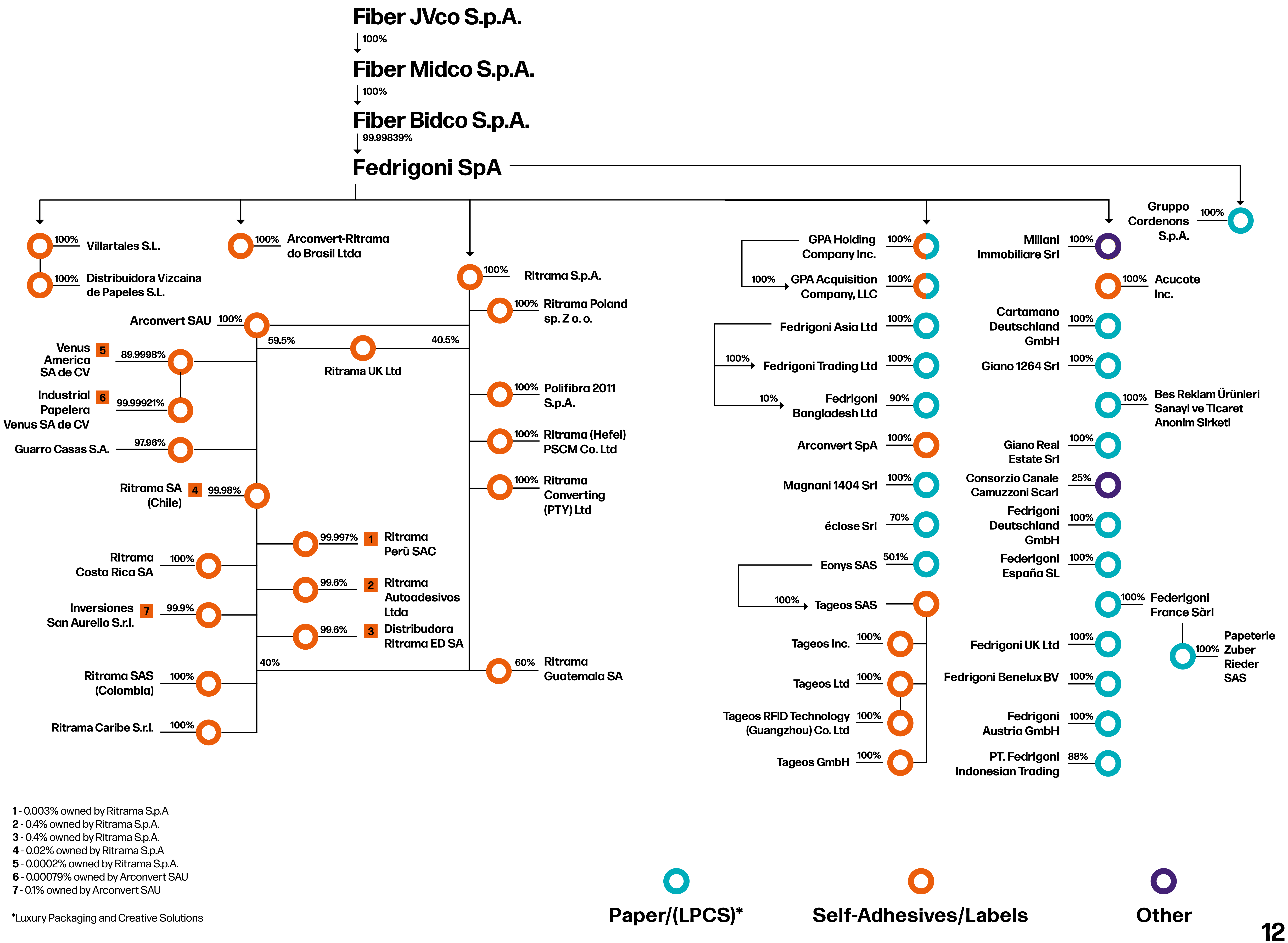
2 R&D Lab

Where we are

Paper (LPCS)*

11	19	9	36	16	2	3
Production Sites	Warehouses	Boutiques	Offices	Distributors	R&D Lab	Manufacturing Partnership

*Luxury Packaging and Creative Solutions



1 - 0.003% owned by Ritrama S.p.A
2 - 0.4% owned by Ritrama S.p.A.
3 - 0.4% owned by Ritrama S.p.A.
4 - 0.02% owned by Ritrama S.p.A
5 - 0.0002% owned by Ritrama S.p.A.
6 - 0.00079% owned by Arconvert SAU
7 - 0.1% owned by Arconvert SAU

*Luxury Packaging and Creative Solutions

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Sustainability Report

Methodological Note

Fedrigoni has reported in accordance with Global Reporting Initiative (GRI) Standards for the period from 1 January 2022 to 31 December 2022. The Sustainability Report of Fedrigoni S.p.A. and its subsidiaries (hereinafter "Fedrigoni Group" or "Group") describes the business model, sustainability strategy, identified risks and opportunities, Policies, Targets and environmental, social and governance (ESG) performance. The Report is based on the principles of stakeholder inclusiveness and completeness and presents the context of sustainability.

The topics and indicators subject to reporting were identified through the materiality analysis which, in 2022, was updated taking into consideration the "Double Materiality" framework.

Since 2021, the Sustainability Report has been subject to a limited assurance engagement (according to criteria of ISAE 3000 Revised) by Deloitte & Touche S.p.A. according to the procedures indicated in the Independent Auditors' Report included in this document. The list of indicators is available in the GRI Content Index, at the end of this document. Fedrigoni has started the process to align to all requirements of the new Corporate Sustainability Reporting Directive (CSRD).

The data and information provided in this document refer to all companies in the Fedrigoni Group included in the Consolidated Financial Statements of Fedrigoni S.p.A., with the exception of the companies acquired during the year, and are related to the period from 1 January 2022 to 31 December 2022. In particular financial information refers to the information included in the Consolidated Financial Statements of Fedrigoni S.p.A..

With regards to qualitative information and quantitative data relating to social and environmental aspects, the scope of reporting includes the companies fully consolidated in the Consolidated Financial Statements of Fedrigoni S.p.A..

Scope limitations and restatement of previously published data are indicated in the text.

In 2022 we closed the following acquisitions: Guarro Casas (October 2022) and Zuber Rieder (December 2022) in Paper division and Divipa (February 2022), Tageos (April 2022) and Unifol (October 2022) in Self-Adhesives Materials division. In 2023, the new acquisitions will be included in the Group ESG data collection process.

People data is processed in the new Group HR database (implemented in 2021). 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).

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 our two production activities. Qualitative information and quantitative data relating to environmental aspects are referred to Group production sites (exclusion of only commercial activities and slitting centers for the Self-Adhesive Business Unit, having much lower impacts than production sites).

The Report is available under the Sustainability section of **www.fedrigoni.com**

The reporting frequency will be annual.

For further information, please contact:

Isabella Bussi
Head of Group Sustainability
isabella.bussi@fedrigoni.com

Our purpose

Fedrigoni recently defined its Purpose: Elevating Creativity - make materials a source of creative possibilities for brands everywhere, and ESG informs everything we do. We deliver growth, we lead the transformation of our industry, by leveraging talents managing our business ethically, and innovation with cutting-edge, environmentally friendly solutions and constantly reducing our footprint on carbon waste and water. Fedrigoni prides itself as a responsible producer of high-quality special papers and self-adhesive materials. We aim to be the best supplier for the best customers. We want to create long-lasting products that meet the creativity and technical requirements of each customer. Sustainability is a living matter to us.

It is the ability to progress daily, measurably and transparently, raising the bar in our industry and supply chain.

Our products

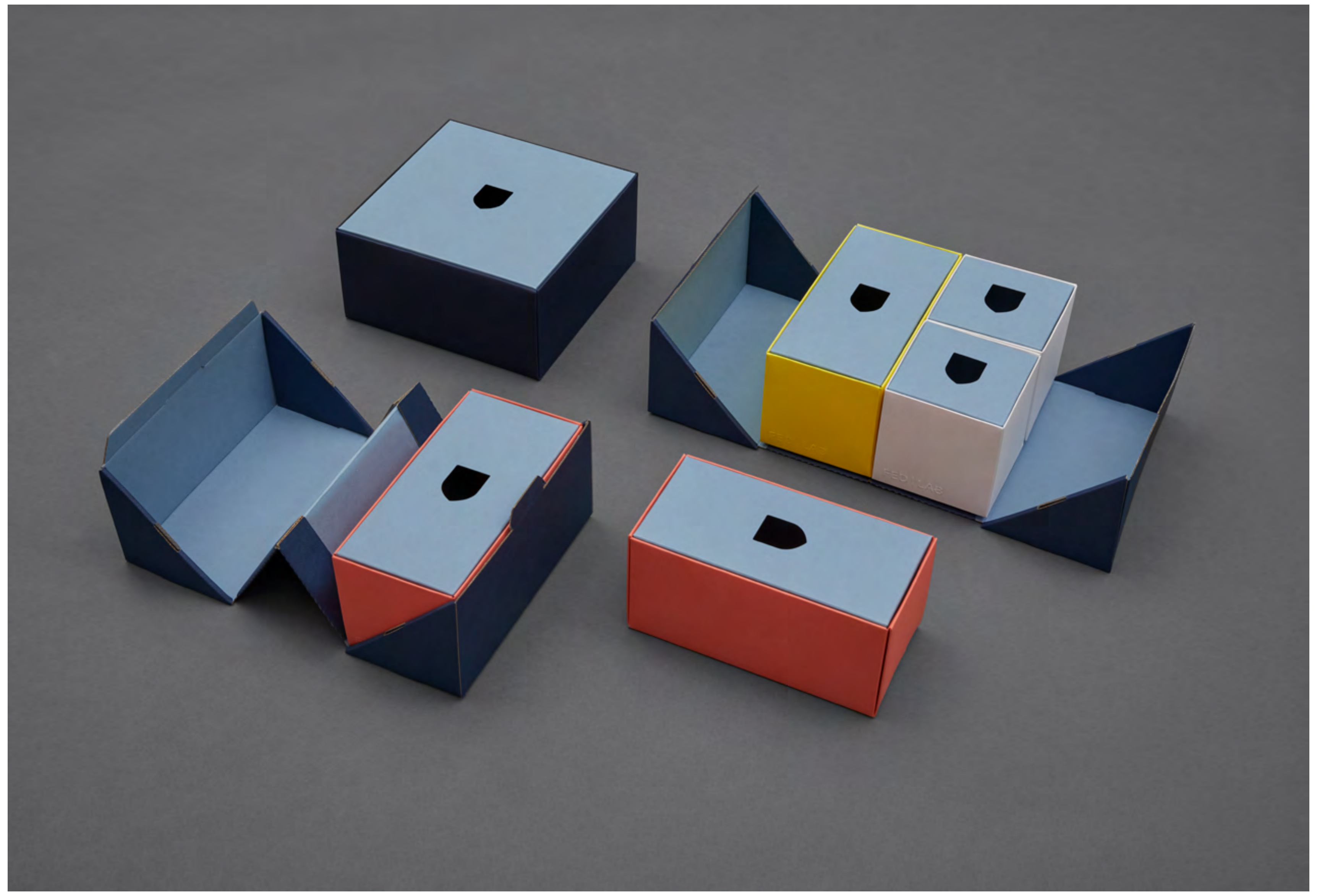
Founded way back in 1717 by Giuseppe Fedrigoni with a small plot of land on the outskirts of Rovereto (Italy), today our plants and sales networks cover 28 countries, and our distribution reaches 132 countries worldwide. We are a leading player in the production and sale of paper for packaging, printing, graphics and art, as well as premium self-adhesive materials. The two core elements of our Group, the Paper (LPCS)* Business Unit and the Self-Adhesive/Labels Business Unit, offer our customers the best products and the most extensive experience on the market. The integration of specialty papers and self-adhesive materials means consistent innovation among different industries and materials, to offer advanced and tailored solutions to our customers.

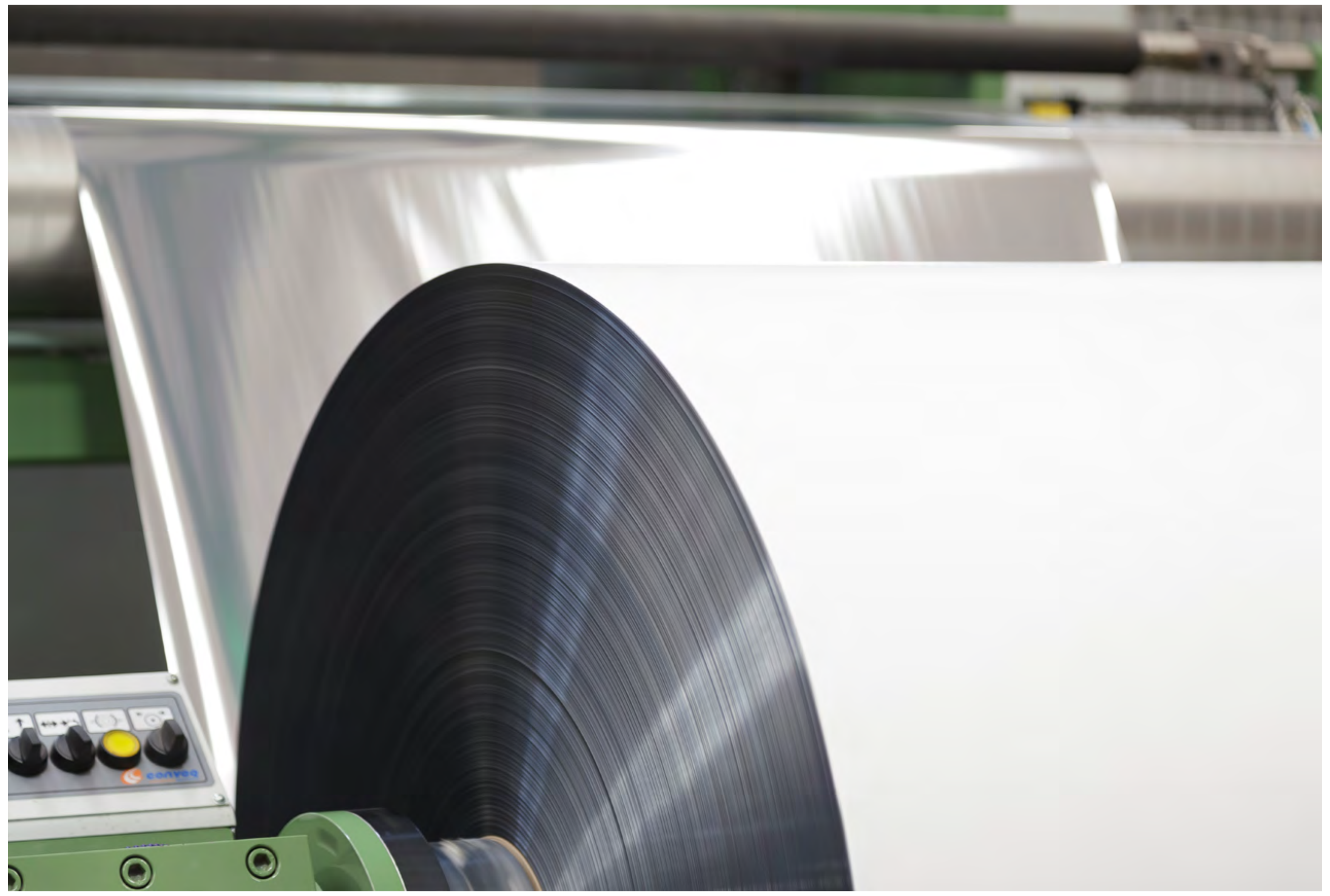
*Luxury Packaging and Creative Solutions

Our business units

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 the world leader for wine labels and the third largest global player for self-adhesive materials for food, pharmaceutical, automotive, chemical and cosmetics industries and beyond.





*Luxury Packaging and Creative Solutions

Specialty papers

Paper has always been special to Fedrigoni: it is produced in Italy with 9 plants in Verona, Arco, Varone, Scurelle, Castelraimondo, Cordenons, Pioraco, Rocchetta, and Fabriano. Moreover, Zuber Rieder and Guarro Casas have recently joined the Group. Over time we have mastered techniques and procedures to offer our customers and partners the best quality and most innovative products every day. There are around 3000 products available, high quality papers in all grammages and colours. Our commitment is to help our customers figure out the best solution for their creative project and, when necessary, develop it together.

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

Fabriano, the long-standing 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. A mastery that furthers a timeless craft; an all-Italian production hallmarked by 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 16 production plants (Italy, France, Spain, UK, Brazil, Chile, Mexico, USA, China) and 27 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 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. This is a booming sector, where skills and creativity, communications, and technology converge.

- Self-adhesive labels
- Visual communication.

Our customers

Fedrigoni means excellence for brands, printers, designers and converters and every day focuses on accelerating innovation, delivering the highest quality of its products and developing solutions with increasingly advanced sustainability features.

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Making Progress concept

The Making Progress concept leads us in a transformation process engaging the entire ecosystem - brands, printers, converters, graphic designers, and suppliers. It encourages a valuable end-of-life of our products and the creation of partnerships with players who, like us, feel the responsibility to make the difference. The Making Progress concept is far-reaching, involving awareness and measurability, two crucial aspects when it comes to impact business, people and nature.

The last 12 months have required great efforts to accelerate our ESG plan to 2030: reduce CO_2 emissions by 30%, eliminate waste to landfills, 10% reduction of our freshwater withdrawal, 100% of products designed for optimal end-of-life recycling and recovery (and with LCA on demand), 95% of qualified suppliers also according to ESG criteria and further reduction (from 67% to 85%) of workplace injuries. We have set a new target to achieve an employee NPS in the top 5% compared to the other manufacturing companies and in the top 10% in the cross-sector benchmark and we aim to effectively train 100% of our 5,000 employees on the Code of Ethics, where we collect the principles that must influence our daily behaviour. We have worked to attract talent and to expand our global presence on our acquisition plan.

Since 2021, we have been part of the United Nations Global Compact (UNGC), the global initiative created to encourage companies worldwide to implement sustainable policies and make the results of their actions public. For information, please refer to our public Communication on Progress (COP).

Among other progress, in 2022 we received two important recognitions by ESG ratings:

- Rating of 88/100 (Platinum level) by Ecovadis, a rating recognised by our customers. The score is based on policies, actions and results achieved in four key areas: Environment, Labor and Human Rights, Ethics and Sustainable Procurement. This recognition places Fedrigoni in the top 1% of companies with the best sustainability performance in the world.
- Rating of 59/100 by Standard & Poor (top 12% of the Paper & Forest Products sector, average score of 27) a rating of interest especially for investors; in this case the rating evaluates the level of integration of ESG factors in policies and practices to mitigate risks and discover opportunities.

1. Ecovadis Platinum: Sustainability Rating

Committing to sustainability entails, for a company, having clear and measurable targets going forward over time. This means having monitoring tools and being audited by third-party entities which strictly certify its progress from the standpoint of environmental, social and governance performance.

Like EcoVadis, the international rating agency behind the first platform in the world for companies to monitor the sustainability performance of their suppliers, across 150 industries and 110 countries. By doing so, companies are prompted to improve their environmental and social best practices by leveraging the influence of global logistics chains.

In June 2022, our Group was awarded the highest achievement, Platinum, ranking in the top 1% of the world's best companies in the same industry for ESG performance. An achievement acknowledging the remarkable results that the path we are on is yielding: a clear roadmap, a structured and proactive approach to sustainability, tangible and measurable policies and actions. Extensive reporting and all company managers fostered toward achieving the 2030 targets. This outcome is not an ending but a starting point: our path is still long, we are going to keep making headway every day to improve.

Let's talk about it in this Bit on Sustainability

2030 ESG Targets

By 2030 we want to be the reference for sustainability in our sector, and beyond. Our ESG strategy is focused on four areas of action:

Environment

We want to be the leader in our industry in reducing our environmental footprint. We are improving our performance also thanks to an increasingly selected supplier base according to sustainable procurement criteria.

Product Development

Circularity is an increasing demand from customers. Our Paper Business Unit is providing solutions to the global 'Plastics to Paper' challenge with solutions that are plastic-like in performance but with renewable raw materials and downstream valuable end-of-life (Paper Snap and the Materia Viva II paper collections). The Self-Adhesives Business Unit is expanding its range of environmentally-friendly, self-adhesive solutions, especially in the Wine & Spirits segment (Core linerless solutions® and RIMove e RePlay).

Social and Governance

We strive to attract, develop and retain the best talent, adopting best practices related to safety culture, diversity, equity and inclusion. We have Group best practices in place on anti-bribery, antitrust, cybersecurity, privacy and personal data management.

Transparency and Endorsement

The more we are all involved, the more we can accelerate our progress. That is why ESG is part of individual performance assessments. We also ensure transparency to stakeholders by clearly communicating our targets and results.

Here are our 2030 ESG targets and 2022 results:

Environment

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

unit of measurement CO_2e kt

2019 2022 2030
330 323 240

90% of suppliers by spend, covering purchased good and services and capital goods, with science-based targets

unit of measurement %

Baseline 2022 2030
NEW!
45 90

-10% of freshwater withdrawal

unit of measurement %

Baseline 2022 2030
NEW
0 10

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

unit of measurement %

2019 2022 2030
80 89 100

Product Development

100% of products designed for optimal end-of-life recycling and recovery, with LCA on demand (and based on FSC pulp only, where applicable)

unit of measurement %

Baseline 2022 2030
NEW!
0 100

95% of supplier spending base qualified also according to ESG criteria

unit of measurement %

2020 2022 2030
50 87 95

Social and Governance

-85% of accident frequency index (from 21 to 3)

unit of measurement number

2020 2022 2030
21 13 3

35% of women in managerial positions

unit of measurement %

2020 2022 2030
22 25 35

100% of people involved in performance conversation

unit of measurement %

2020 2022 2030
9 32 100

Transparency and Endorsement

Inclusion of ESG goals in the variable compensation evaluation

2020 2022 Result 2030 Target
ESG aspects covered and increased

Adhesion to United Nations Global Compact (UNGC)

2020 2022 Result 2030 Target
UNGC adhesion

EcoVadis sustainability rating

2020 2022 Result 2030 Target
BRONZE PLATINUM

2022 Scenario

In a very tumultuous post-Covid-19 year, with war scenarios on Europe's doorstep and skyrocketing gas and raw material shock-prices, climate and biodiversity are confirmed as the keywords of the ecological and energy transition. The targets set by the 2030 United Nations Agenda can no longer be postponed and Fedrigoni wants to play an ever more decisive role, with leadership skills and business results.

At Fedrigoni we are accelerating all our actions to achieve the objectives of our ESG (Environmental, Social, and Governance) plan by 2030. Among the significant milestones:

- Accident frequency rate **reduction by 37%** (since 2020)
- Absolute CO_2 emissions **reduction by 2.5% against an increase in volumes of approximately 15%** (compared to the base year 2019)
- R&D projects acceleration to replace single-use plastic with paper-based products, (launch of the **Materia Viva II paper collections and** éclose, the revolutionary solution made with thermoformed cellulose which makes it possible to create three-dimensional interiors for boxes and cases of perfumes, creams, high quality products and objects, today made of disposable plastic) particularly important for our packaging customers and for customers in the wine world (**LinerLess RIMove and RePlay**).

The main initiatives planned and implemented in 2022

1. In 2022 we redefined some of our EGS targets to make them even more challenging.

- **People.** in addition to raising our female managers target to 35%, we set the new target of achieving an employee NPS in the top 5% compared to the other manufacturing companies and in the top 10% in the cross-sector benchmark. With this new target we aim to be best in class in employee satisfaction.
- **Accidents.** The new target for 2030 is 3 (as injury frequency index per million hours worked) instead of 7, as set before. This change is to push us towards the best business performance in the world.
- **Water.** The target of returning at least 95% of the water withdrawn was met (97% in 2021). In 2022, we decided to keep the target of returning at least 95% of the water withdrawn and to record zero cases of water pollution; we then added a new target of reducing our freshwater withdrawal by 10%.
- **Products.** After listing the ESG characteristics of our products, we further looked into what the world is demanding: more "circular" products. Accordingly, we set the new goal of having 100% of products designed for optimal end-of-life recycling and recovery, with LCA on demand.

2. Global Policies: "Diversity, equity and inclusion Policy" and "Good practices for respect at the workplace".

3. First Human Rights risk mapping at 100% of our production sites and first ethical audits on our suppliers covering 18% of the expenditure of direct materials.

4. New "People and Nature Commitment: make business work for people and nature" to address the interactions and interdependencies between our social, economic, and environmental systems.

5. New Double Materiality, the evolution of Materiality Matrix - the map of our ESG impacts - with inclusion of the risk assessment component (Enterprise Risk Management).

6. Science Based Target initiative (SBTi) approved our new CO_2 Scope 3 reduction target as it had already done in 2021 for our CO_2 Scope 1+2 target (reference: well below 2°C scenario).

7. Progress for training on Code of Ethics (present in the Group since 1998 and updated in 2021). 40% of employees successfully trained.

8. The series of Sustainability Pills which allows us to present most material topics for Fedrigoni and its stakeholders (recycle content, recyclability, CO_2 emissions offsetting, greenwashing, sustainable printing, FSC®, alternatives to single-use plastic, waste hierarchy and Planetary Boundaries).

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Our business

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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:

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

It is Fedrigoni's history that leads and inspires us to work ever harder to be acknowledged as an 'Industry Champion', a value today embodied by outdoing ourselves in reducing the environmental impact of our products. We aim to achieve this result through challenging industrial choices, geared towards circular economy and eco-design; using only raw materials from responsibly managed forests (100% FSC COC and CW certified, from now on FSC) and making the most of our process waste, also thanks to qualified suppliers seeking solutions in line with our philosophy. All this relies on the ever-developing skills of our people and an increasingly inclusive environment that values talent. People are the driving factor behind our transformation.

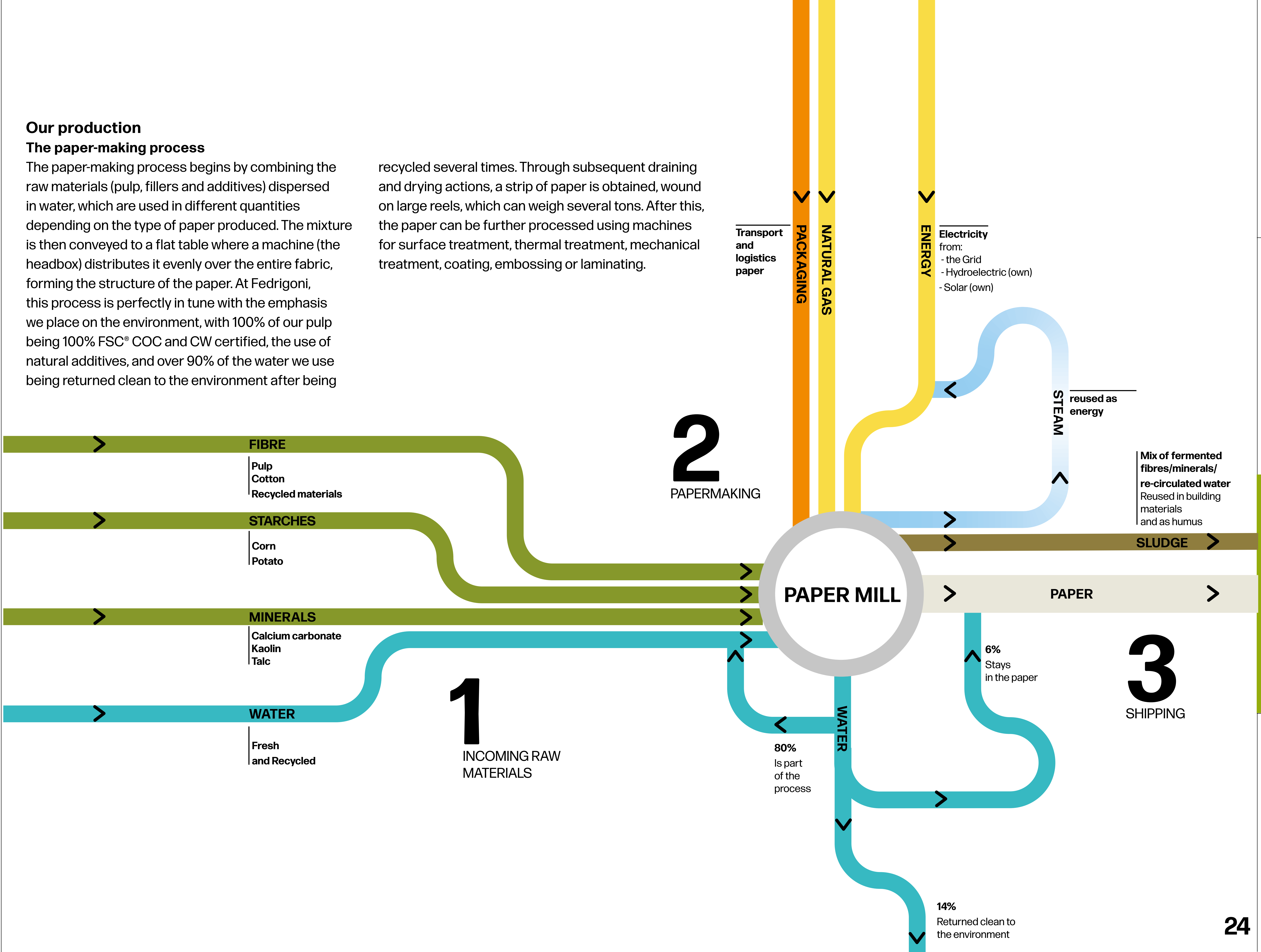
Every day we put all our efforts into being the first choice for so many brands, printers, designers and converters. We do this through innovation, quality and providing increasingly sustainable solutions for our customers.


Making **Better**
FEDRIGONI

Our production

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 100% FSC® COC and CW 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.

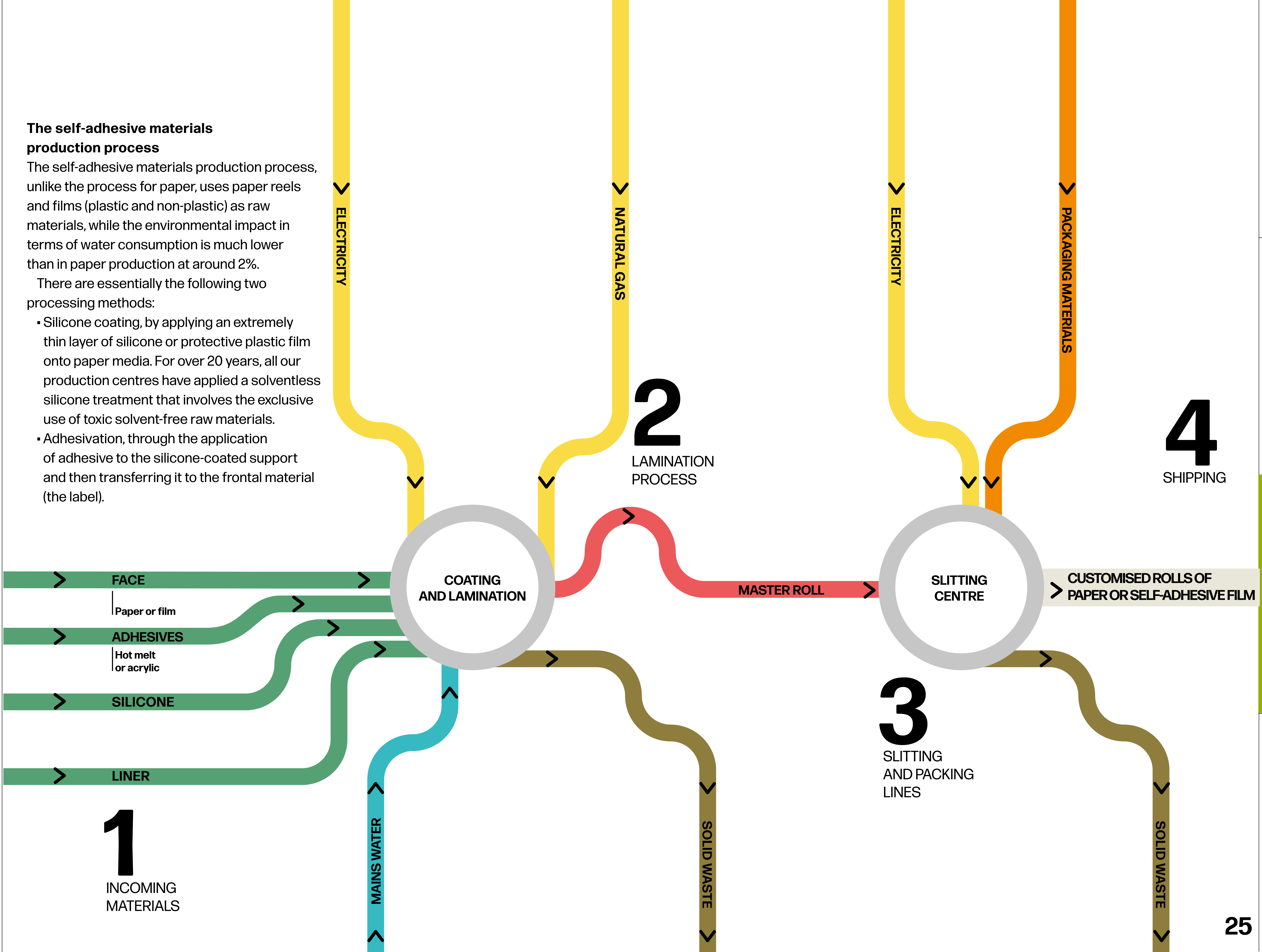


The self-adhesive materials production process

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**

Our certifications

FSC® - For the protection and preservation of forest heritage
The Forest Stewardship Council (FSC®) created an internationally recognized forestry certification system to ensure proper forest management and traceability of forest products. Fabriano has been a supporter of FSC® Italy since 2021: a sign of the ever-increasing collaboration between them. 100% of our pulp is 100% FSC® COC and CW certified.

EU Ecolabel - European Union Ecolabel
This label stands for products and services with high performance standards and low environmental impact throughout their life cycle. We have Ecolabel for 30% of our Paper sites.

Re-made in Italy
Certification verifying the recycled and by-product content in a material or product (even multi-material) is a traceability system compliant with the Procurement Code and CAM (Minimum Environmental Criteria).
This is implemented at 10% of our Paper sites.

BRC – Global Standard for the safety of packaging in the food sector
Implemented at the Cordenons (Italy) paper mill. In addition, Arco mill (Italy) recently certified according to ISO 15593, ensuring the compliance with the applicable legal requirements for packaging material intended for food industries.

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
100% of the Italian Paper sites and 65% 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 53% of the Self-Adhesives production sites are ISO 45001 certified.

ISO 50001 - Energy Management Systems
20% 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.

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

Sustainability Governance: our widespread model

Fedrigoni Group consists of the parent company Fedrigoni S.p.A. whose registered office is in Verona and 54 other companies based around the world. The Fedrigoni governance model is based on the traditional model consisting of the following corporate bodies: the Board of Directors and the Board of Statutory Auditors. Following the entry of the new shareholder BC Partners, the new Board of Directors of Fedrigoni[1] was appointed on November 30th 2022, with Marco Nespolo as Chief Executive Officer and Chief Sustainability Officer:

Member	Gender	Age category	Executive	Non Executive	Independent	Member from
Sessa Ivano**	M	30-50		X		30 Nov 2022
Nespolo Marco	M	30-50	X			30 Nov 2022
Pichler Falco Sebastian	M	30-50		X		30 Nov 2022
Massetti Giacomo	M	30-50		X		30 Nov 2022
Leporelli Piero	M	30-50		X		30 Nov 2022
Ferraresi Stefano	M	>50		X		30 Nov 2022
Mussi Maurizio	M	30-50		X		30 Nov 2022

*Board of Directors of Fiber JVCo S.p.A, holding company of Fedrigoni S.p.A. Starting from April 2023, the Group intends to appoint at least one female independent director.
**Chairman of the Board of Directors.

The members of the Board of Directors are elected individually. Each mandate lasts three years and each member can be reappointed. In 2022 the Board of Directors met 2 times with an attendance rate of 100%.

All board members are selected for their skills and experience, including risk management.

The Board of Directors is the governing body that ensures the strategic guidance of our Group, including the sustainability strategy, exercising the powers of ordinary and extraordinary administration of the Group for the achievement of corporate purposes.

[1] The company Fedrigoni Holding Ldt. is not consolidated at Group level but it is the controlling company of Fedrigoni S.p.A.

Regarding remuneration, the CEO's compensation is composed of a fixed and a variable component. The variable compensation, being as high as 100% of fixed compensation, is based on the following metrics: Group EBITDA, Group Cash, Flow and ESG targets. To ensure long term performance alignment, the CEO has been given access to a significant co-investment program within the company, represented by shares he/she can purchase at the outset of his/her mandate.

The Audit & Risk Committee coordinates the development of the Internal Control System, the Compliance Program and promotes integrated management of company risks at Group level.

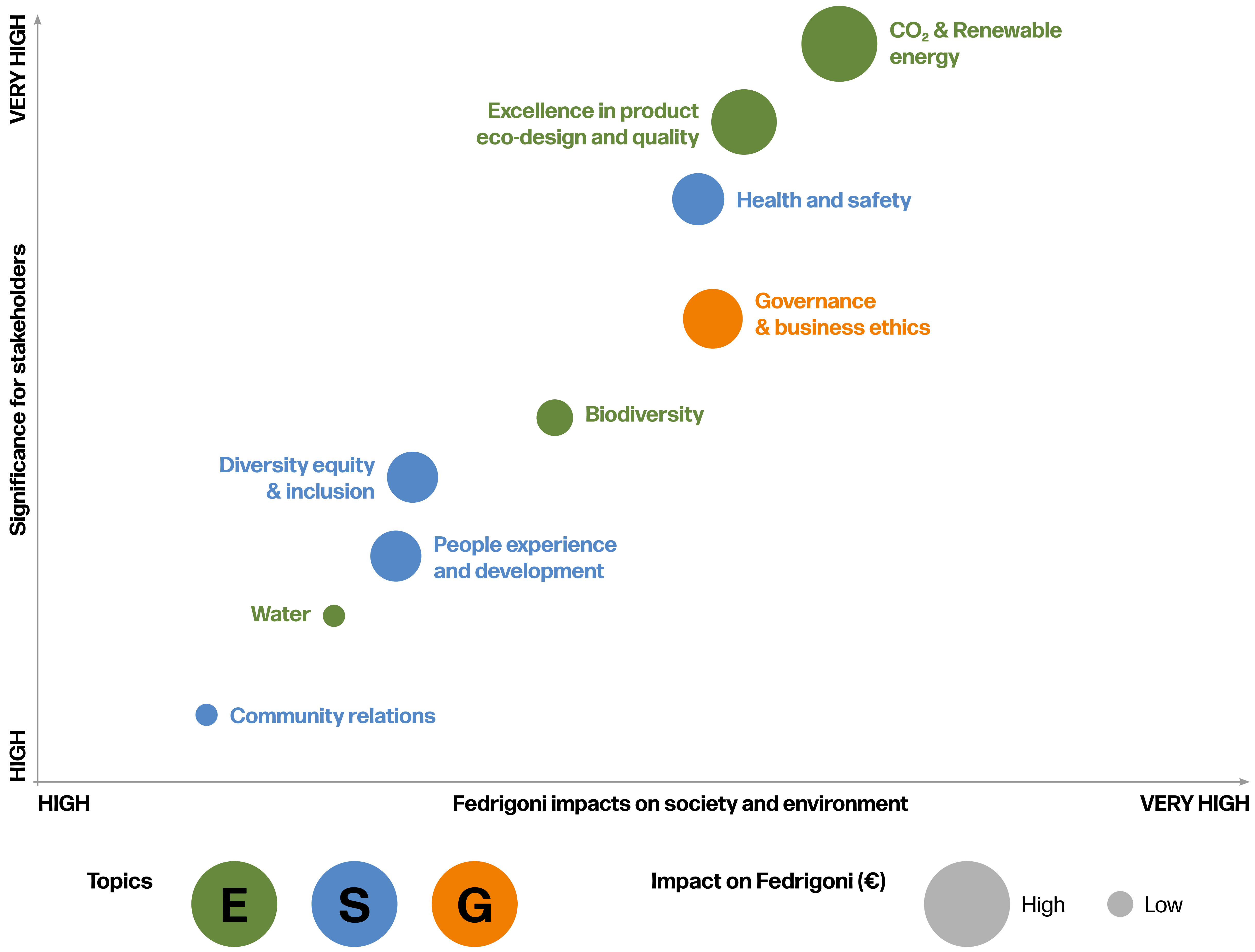
Since December 2022, our Chief Executive Officer has held interim responsibilities as Chief Sustainability Officer. Reporting directly to the CEO, the Head of Group Sustainability is in charge of implementing the ESG 2030 Plan.

The "widespread model" of sustainability includes the Leadership Team and the Sustainability Team. The former consists of around 50 Group managers, including the Executive Committee, appointed to support the implementation of our ESG strategy and the growth of our people in every division and sector of the company. The latter, led by the Head of Group Sustainability, is more operational and cross-functional involving the key sustainability functions: health and safety, environment and energy, product development, reporting, purchasing, human resources and communication. The team, meeting once a month, features 17 people chosen for their personal backgrounds, skills and expertise. Together they are tasked with fostering the dissemination of a sustainability culture and supporting the Group in accelerating progress towards achieving 2030 ESG targets.

Materiality Matrix and SDGs

In 2021 we updated our materiality analysis - the process of identifying the most impactful ESG issues - with external stakeholders (relevant investors and customers) and our internal business leaders.
For the first time in 2022, we adopted the concept of Double Materiality: in addition to measuring impacts generated by the Group on society and environment and the relevance for our stakeholders, we added the possible financial impact caused by risks and opportunities for each topic. For the latter we relied on the Enterprise Risk Management assessment to measure the financial risk and opportunity of each topic.

This matrix confirms our 2030 ESG priorities. Compared to the previous one, the following updates have been made: "Water & Biodiversity" was divided into two distinct topics to better explain each respective impact. The new topic "Excellence in product eco-design and quality" brings together previous topics "Waste reduction & recycling", "Materials, traceability & sustainable procurement", "creating value" and "Product eco-design & circularity". The topic "People experience and development" is the union of "Working conditions & employee involvement" and "Training and developing people".



The Materiality analysis, in combination with the SDG Action Manager tool by UN Global Compact allowed us to identify Sustainable Development Goals (SDGs) on which we want to make the difference:

Material topic	SDGs
CO_2 and renewable energy	13 CLIMATE ACTION
Excellence in product eco-design and quality	8 DECENT WORK AND ECONOMIC GROWTH; 13 CLIMATE ACTION; 15 LIFE ON LAND
Biodiversity	15 LIFE ON LAND
Water	6 CLEAN WATER AND SANITATION
Governance and business ethics	8 DECENT WORK AND ECONOMIC GROWTH
Health and safety	3 GOOD HEALTH AND WELL-BEING
Diversity, equity and inclusion	5 GENDER EQUALITY
People experience and development	8 DECENT WORK AND ECONOMIC GROWTH
Community relations	8 DECENT WORK AND ECONOMIC GROWTH


People Progress

Code of Ethics

The **Code of Ethics**, adopted in 1998 and updated in 2021, defines the principles of behaviour that inspires our activities. It applies to all companies of the Group and, in 2022, we trained 40% of our people, with 80% of white collars.

The Code of Ethics is the main pillar of our governance and sets out conduct principles with third parties, Public Administration, customers, and suppliers, market competition issues, and potential conflict of interest. The Code of Ethics also presents the ***Fedrigoni Behaviours***, namely the rule book governing our actions and how we approach transformation in Fedrigoni.

A set of **Global Policies** was adopted during 2022, which, by developing the principles of the Code of Ethics, contributed to the Group Compliance Program. These Global Policies, inspired by relevant best practice, provide guidelines in the areas of anti-corruption, antitrust, international sanctions, whistleblowing, third-party screening, gift and hospitality management.

With reference to the **Group Compliance Program**, Fedrigoni, Gruppo Cordenons, Ritrama and Arconvert updated their Organization, Management, and Control **Models** in 2021-2022, according to Italian Legislative Decree No. 231/2001, which regulate sensitive areas in relation to corporate liability. These documents provide control principles and behaviour guidelines for the prevention of crimes listed in Italian Legislative Decree No. 231/2001.

Issues in terms of compliance are shared with the A&R Committee and relevant functions, with reference to Corporate Liability, GDPR, Antitrust, etc. As regards compliance, IAR&C manages **heterogeneous activities** with varying levels of **granularity**, involving colleagues at different levels (from top management to blue collar), across **different geographical areas**. IAR&C also monitors, studies, and analyses the applicability of laws, measures, and directives relevant to the Group, serving as a **filter** for the organisation by providing the business with operational guidelines, specific business support, compliance advice, a risk & compliance newsletter, and support to the international sanctions regime.

In line with 2021, during 2022 the Internal Audit, Risk & Compliance Function planned and carried out an **Ethics & Compliance training and awareness program** aimed at all Group employees.

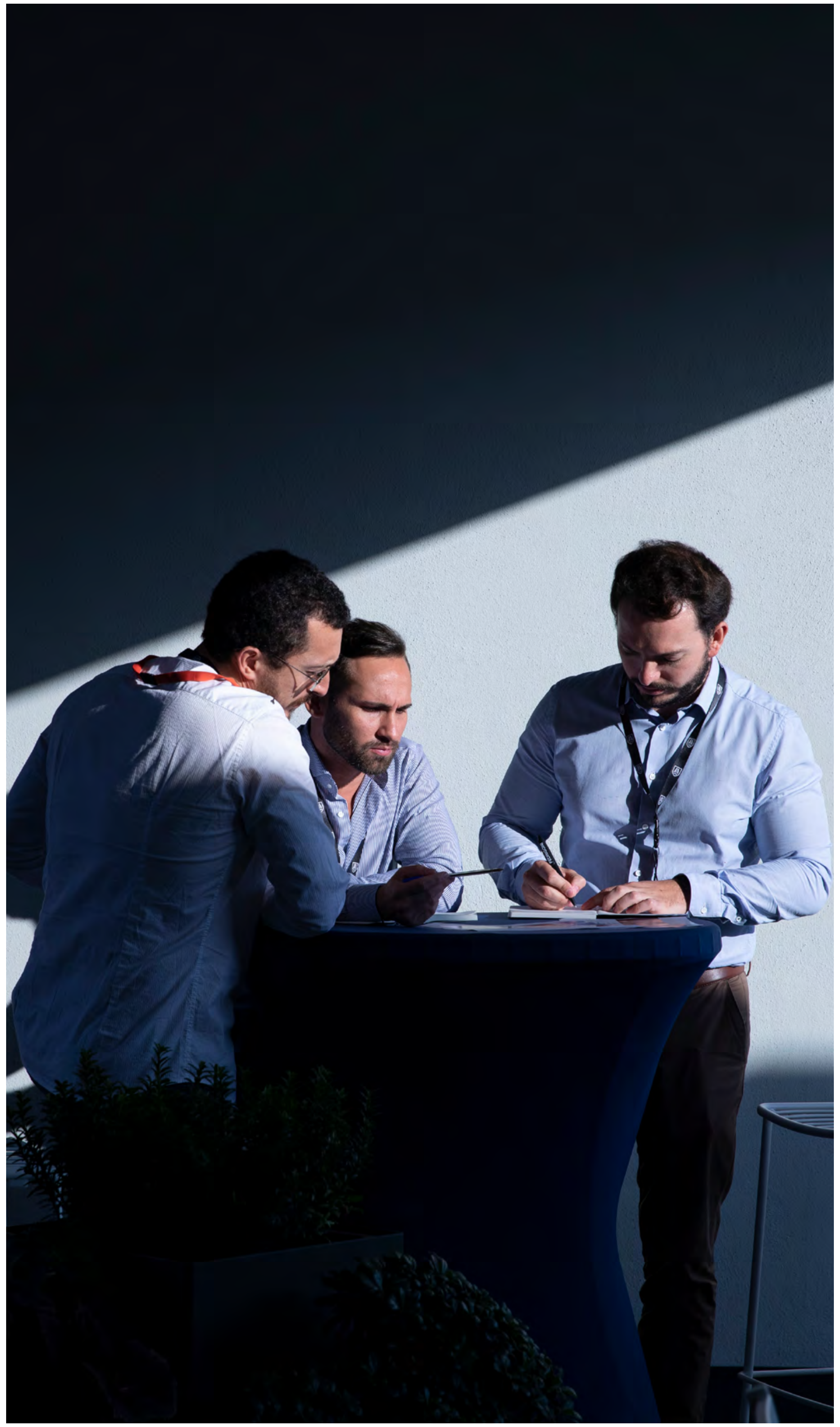
Aiming at raising awareness within the organisation on issues related to the Code of Ethics and effectively spreading it, the Internal Audit, Risk & Compliance Function promoted the creation of a **video course** with the participation of the CEO and other members of the Top Management. The course, mandatory for all employees, is available on our intranet.

A large number of training initiatives related to the principles of behaviour and conduct set forth in the Code of Ethics and the Global Policies were also carried out. Such **workshops** were held both in person at Group premises and plants and via e-learning and involved white and blue collar. Thirteen workshops were held in 2022 by the Internal Audit, Risk & Compliance Function, involving more than a hundred colleagues trained with live sessions.

The Internal Audit, Risk & Compliance Function also carries out **communication and information activities** related to compliance issues through periodic newsletters and ad hoc information for the Leadership Team or selected groups of interested parties.

Furthermore, compliance aspects are linked to employee compensation and the performance appraisal system also integrates such aspects.

In 2022, we recorded no breach of the Code of Ethics. We received two reports from our employees but after internal investigations no violations were found.



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Internal Audit

According to the reference standards, the Internal Audit, Risk & Compliance Function submitted the **Audit Mandate** to the Audit & Risk Committee, which approved it for the first time in February 2022. This mandate defines the responsibilities of the function in ensuring the improvement of the Internal Control System, periodically verifying its adequacy and effectiveness.

The Audit Mandate describes the responsibilities of the Internal Audit, Risk & Compliance Function, including:

- setting up a periodic follow-up process to monitor corrective actions identified through audit activities;
- monitoring the outcomes of Enterprise Risk Management activities as input for defining a risk-based Audit Plan;
- defining, implementing and maintaining proper processes, tools and methodologies to address business risks, supporting their identification, evaluation, and management.

According to industry standards, the Internal Audit, Risk & Compliance Function submits the Audit Plan for approval to the Audit & Risk Committee and to the CEO. The Audit Plan is developed using a methodology that includes the following objective parameters for selecting processes and legal entities to be audited:

- results of the Group Enterprise Risk Management assessments;
- results of previous audit activities;
- five risk drivers developed according to audit best practice.

The results of the audit activities are shared with the relevant functions, as well as with the CEO and the Audit & Risk Committee.

At the end of each audit cycle, IAR&C shares the Annual Report on the performed audit with the Statutory Auditor, External Auditors, and Supervisory Body of the parent company.

Enterprise Risk Management

In March 2022 the Group approved the Enterprise Risk Management (ERM) Policy, which defines the ERM Governance Model setting out the responsibilities of the involved Functions.

The ERM governance model, in line with international benchmark references, promotes proactive risk management at Group level, ensuring appropriate risk management strategies are defined and enforced to address the main risks and improving the Group capabilities to anticipate and/or respond to business changes and uncertainties.

According to the ERM Policy, the Internal Audit, Risk & Compliance Function ensures the identification, evaluation, management, and monitoring of the Group's main risks, in coordination with the risk owners. Moreover, the Internal Audit, Risk & Compliance Function is responsible for defining, implementing, and updating processes, tools, and methodologies for enterprise risk management.

The Executive Committee supports the CEO in ERM system-related decisions, and the Audit & Risk Committee supports the Board in risk control activities. The Internal Audit, Risk & Compliance Functions is structurally independent from the business lines, since the Group Compliance Officer & Chief Internal Auditor reports directly to the CEO. The Group Compliance Officer & Chief Internal Auditor is also a member of the Audit & Risk Committee, where he periodically reports on the progress of risk management, compliance, and internal audit projects and activities.

ERM activities help to ensure that top management is aware of the challenges related to achieving goals and the necessary actions to be implemented to mitigate the resulting risks. Therefore, continuing the path started in 2021 and in line with the ERM Policy, the second exercise of Risk Assessment was conducted in 2022 to update the Group's risk profile considering the goals set in the 2022-26 Strategic Plan.

The Top management was involved in this activity to identify and evaluate the main risks related to achieving the goals set in the Strategic Plan. The evolution of the Group's risk profile reflects the major changes in the external and business environment: new or accelerated risks have emerged and previously mapped risks have been confirmed.

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Energy & Raw material shortage & price increase

The pandemic at first and then the outbreak of the Russia-Ukraine war caused severe shocks along the supply chain with impacts on raw material and energy prices. In the next years the context may remain unstable, causing further uncertainties around prices, cyclical shortages of various commodities and low viability of gas and power.

How to mitigate the risk

- Sourcing of new suppliers and alternative materials
- Recovery plans in case of gas rationing measures
- Hedging policies

Carbon Neutrality & Energy Transition

CO_2 emission reduction & energy transition is one of the most relevant challenges. Expected increase in production volumes in the coming years and the current low availability of green energy on the market due to delays of EU / Italy in the transition from gas to green sources may impact the Carbon Neutrality Pathway.

How to mitigate the risk

- Defined roadmap for the reduction of for scope 1, 2 and 3 emissions
- Resource efficiency and adoption of low carbon technologies and products

Health & Safety Issues

Group operations are exposed to risks of occupational health and safety. A major incident may cause physical injury to employees and a temporary shutdown of one or more plants.

How to mitigate the risk

- HSE policy and procedures and periodic staff training
- Machines equipped with passive and active protection
- Continuous improvement and development of safety programmes and regular management review

People Attraction & Talent retention

The pandemic led to structural changes in the work environment, including shifts to hybrid work, needs for new skills, changes in the expectations of employees in terms of work-life balance, social priorities related to inclusion, diversity and equity especially with respect to the younger generations. This context, may negatively affect the attraction and retention of talents and skilled people and the development of talent mobility.

How to mitigate the risk

- HR Roadmap aimed at enhancing People Experience, Performance Culture & People Growth Acceleration, People Development, IDE initiatives

Our financial incentive program for employees incorporates key risk management metrics to ensure alignment with our overall risk management strategy, including senior executives and managers.

Risk management training is implemented throughout the organisation to ensure that all employees are aware of their relevant risk: for example, risk management modules are included in mandatory training related to Health and Safety, Cybersecurity, Privacy and GDPR, Corporate liability and ethics. In 2022, 100% of people participated in at least one training session concerning risks.

Risk management criteria are part of the HR review process for employee evaluations.

Our people are the first line of defence against risks, and we have implemented various mechanisms that empower employees to report potential incidents based on their experience and observations.

Our approach is based on striving to innovate and implement best practices to foster a sound risk culture within the organisation.

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TCFD disclosure

This section aims at providing clear and forthright disclosure regarding climate change issues, according to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The subsequent paragraphs summarise how Fedrigoni is addressing both the risks and opportunities presented by climate change in the areas of governance, strategy, risk management, metrics, and targets. Fedrigoni is dedicated to continually enhancing our environmental governance, strategy, metrics, and goals, in line with best practices and inspired by TCFD guidelines.

Governance

The governance of climate change risks and opportunities is a top priority for our company. Our CEO is a strong advocate for addressing both the risks and opportunities posed by climate change and the need for a financially accessible energy transition, as confirmed by our recent People and Nature commitment. Moreover, our CEO has taken the position of Chief Sustainability Officer. The Executive Committee is responsible for developing and executing our ESG strategy through 2030, which includes our energy transition strategy and our efforts to reduce CO_2 emissions. The Executive Committee Each quarter has an in-depth section devoted to addressing ESG issues in greater detail. To keep us always on track, our CEO and the Head of Group Sustainability hold monthly sustainability checkpoints, and the entire Leadership Team holds monthly Transformation Reviews to monitor our ESG performance. The monthly meetings of our Sustainability Team are also critical to ensuring that our ESG initiatives are implemented effectively.

Strategy

Our strategy for managing climate change involves a comprehensive approach to reducing our carbon footprint. A thorough assessment of our emissions is carried out over the entire life cycle of our products; new solutions and innovative technologies to replace fossil fuels at our plants are being extensively investigated. Our strategy aligns with the targets set by the Paris Agreement in 2015 and the Sustainable Development Goals (SDGs).

Our paper production plants are subjected to the European Union Emissions Trading System (EU-ETS). We set an internal Carbon Price equal to the price of the ETS allowances to drive energy efficiency and low-carbon investments. Moreover, we have a dedicated budget for emission-reduction related activities.

Our aim is to reduce our reliance on fossil fuels. Many alternatives and their technological feasibility are being examined for such a purpose. Together, with suppliers and other stakeholders, we are studying and developing viable solutions in the short, medium and long term.

Risk management

Our risk management approach plays a crucial role in driving our business forward and is integral to the successful realisation of our long-term business plan. We adopt an integrated approach to risk management, with risk and opportunity assessment being a central focus of the leadership team's agenda.

Climate change risks and opportunities are integrated into the Group Enterprise Risk Management program (ERM) covering all types/sources of risks and opportunities. Our risk management includes **physical and transitional risks related to climate change**. We have developed a mapping of physical risks associated with climate change at our production sites through our Climate Change Risk Assessment. Our commitment to understanding and managing the potential impacts of climate change on our operations is embodied in this initiative. We have mapped our physical risks related to climate change. Criteria for this analysis include detailed forecasts of changes 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 which occur today and other medium-term climate impacts.

% of our production sites exposed to the various climate risks mapped	
Heat waves	59%
Floods	41%
Water stress	35%
Fires	18%
Hurricanes and typhoons	0%
Sea level rise	0%

Metrics and targets

We collect our Scope 1 and Scope 2 emissions monthly. All metrics (Transformation Reviews and Sustainability Checkpoints) are reviewed with top management every month to monitor the projects and streams of ongoing actions in the most effective way. We are improving our Scope 3 emissions data collection.

We have set Scope 1,2 and 3 targets that have been approved by the Science-Based Target Initiatives. Our long-term goal is to achieve Carbon Neutrality by 2050, considering our entire carbon footprint.

ESG objectives are part of all managers' MBOs (25% weight in 2022).

TCFD	Fedrigoni's approach
Governance	▪ Our CEO is also the Group Chief Sustainability Officer. ▪ 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_2 emissions. ▪ 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.
Strategy	▪ We have adopted a medium-term strategy by 2030 and a long-term strategy by 2050 to reach Carbon Neutrality. We set emissions reduction target approved by SBTi. ▪ Continuous scouting and collaboration with different stakeholders to find feasible technological solutions to reduce our carbon footprint.
Risk Management	▪ Transition Risk mapping under the Group Enterprise Risk Management. ▪ Physical Risk mapping related to climate change (Climate Change Risk Assessment) for our production sites.
Metrics and targets	▪ Scope 1, 2 and 3 inventory in our Sustainability Report. ▪ Fedrigoni commits to reduce absolute **Scope1 and 2** GHG emissions 30% by 2030 from a 2019 base year. Fedrigoni also commits to reduce absolute **Scope 3** GHG emissions from fuel and energy related activities 30% within the same time frame. Fedrigoni further commits that 90% of its suppliers by spend, covering purchased goods and services, and capital goods, will have science-based targets by 2027.

Cyber Security

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 organisational-wide cybersecurity awareness 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.

In 2022, 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.

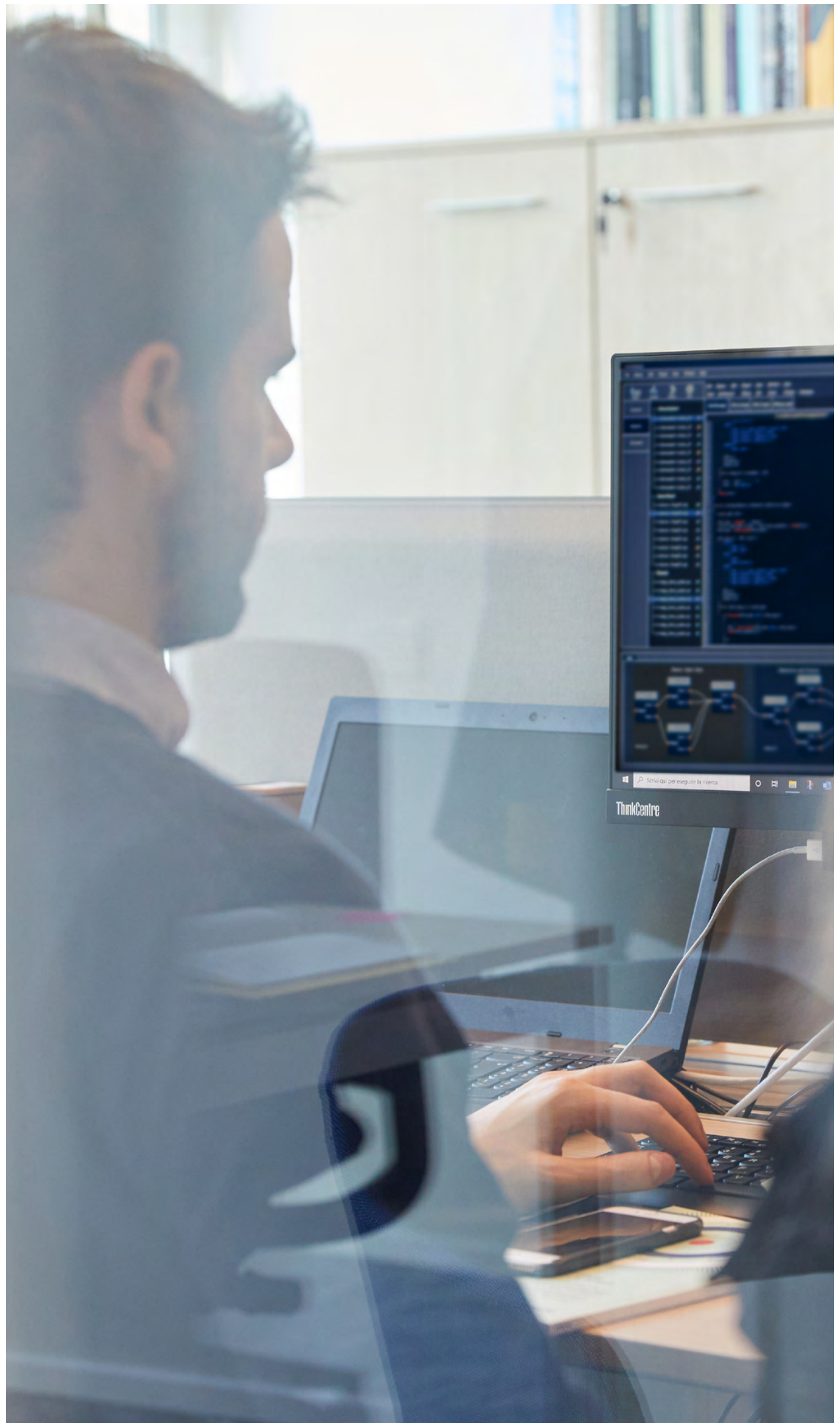
In order to cope with ever-increasing cyber risks, the actions of our cybersecurity reinforcement program are reviewed and adapted annually, and focus on four main areas of action:

- Culture: multi-channel awareness and training to all employees; with mandatory cyber courses (i.e.: Phishing, Vishing, CEO Fraud, escalation/ notification process, etc.) and phishing simulations to all employees with IT equipment. The level of cyber awareness for each employee (based on the results of phishing and training) is periodically surveyed and evaluated.

Organisation: increasing the supervision of cybersecurity issues from the point of view of the number of dedicated resources and skills required; there is a specific team (consisting of internal and dedicated external consultants) in addition to external services dedicated to 24x7 threat monitoring and response.

Processes: defining and structuring the governance of activities, processes, and procedures in the cyber sphere; Our Information Security Policy shared to all employees, as well as processes (tested periodically) for vulnerability management (involving Vulnerability Assessment and Penetration Testing), security incident management, and digital identity management.

Technologies: adopting integrated technological security solutions (examples: SIEM, Endpoint Detection and Response, WAF) and improving the effectiveness of existing ones.



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Our stakeholders

Below is described how we engage with each category of stakeholders on a regular basis.

Internal

Employees

- Employee satisfaction surveys;
- NEXT, development program for young talents;
- Sustainability breakfasts, informal meetings to promote the ESG strategy and action plan towards 2030 (reaching 386 people in 2022);
- Involvement in the Sustainability Team;
- Two-way communication on company social networks;
- Environmental initiatives during working hours;
- Open showrooms with our beautiful products to relax and enjoy.

Shareholders and the Board

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

External

Customers

- Regular meetings to boost our customers' creativity;
- Involvement in updating the materiality matrix;
- Net Promoter Score Paper customers of 63 in 2022 (67 in 2021), third-party verified;
- Net Promoter Score Self-Adhesives customers of 51 in 2022 (61 in 2021), third-party verified;
- Fabriano 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.

Financial Community

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

Institutions and local communities

- 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;
- Festival del Disegno (Drawing Festival);
- Fedrigoni Fabriano Foundation's activities.

Suppliers

- Workshops with suppliers of energy, materials, and machinery to find solutions with lower CO_2 impact.

Value generated and distributed

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). It is, therefore, the wealth that the company generates and redistributes in various forms to stakeholders. In 2022, we generated and distributed € 2.3B, distributed among the different corporate stakeholders as follows:

€/1000	2022	2021
Economic value generated	2,351,588	1,689,896
Economic value distributed	2,196,478	1,582,830
Value distributed to suppliers	1,758,867	1,239,874
Value distributed to employees	280.729	249,218
value distributed to providers of capital	128,337	68,464
Value distributed to Public Administration	27,537	24,483
Value distributed to Shareholders	0	0
Value distributed to the community*	1,008	791
Economic value retained by the Group	155,110	107,066

*in 2022, € 100k have been donated for philantropic activities

No contributions were made to lobbies and/or political organisations. Fedrigoni is a member of various trade associations including Assocarta and Assolombarda. In 2022 € 800k were paid for membership fees.

Tax management

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 recognized 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.

Sustainable procurement

We manage our supply chain based on collaboration and partnership.

Target ESG 2030

SDG where we want to make the difference

8 DECENT WORK AND ECONOMIC GROWTH

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

In 2022 we had 795 suppliers, for a total expenditure of € 1,089B of direct materials.

In terms of expenditure, in 2022 87% of expenditure of direct materials has a sustainability score valid in the last 24 months (target of 95% in 2030).

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

Expenditure by type of supply*	2022	2021	2020
Chemicals	24%	25%	24%
Pulp	22%	22%	20%
Paper (face and liner)	33%	30%	32%
Film (face and liner)	15%	16%	15%
Packaging	5%	4%	4%
Other	1,7%	2%	6%
Total	100%	100%	100%

*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 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 2020 to 2021 is attributable to the increase in total expenditures.

Expenditure by geographical area (plant of consumption)*	2022	2021	2020
Europe	82%	89%	92%
South America	9%	9%	5%
North America	7%	0%	0%
Asia	2%	2%	3%
Total	100%	100%	100%

*The following scope of consolidation is noted: GPA Holding Company Inc. is always excluded from the reporting of data for the three-year period

Supplier code of conduct
All our suppliers are required to adhere to our Supplier code of conduct.

In 2022, the business continued with the suppliers of the companies acquired in 2021 and, in 2023, the activity will be extended to the suppliers of companies acquired in 2022.

Sourcing Policy
In 2022, the dissemination activity continued

We are planning to amend the document in 2023, further detailing some key aspects, such as: implementation of a mechanism of periodic review of the performance of our suppliers, presentation of our ESG KPIs and definition of improvement plans, in order to make the document fully in line with the sustainability report.

Furthermore, we are planning to continue the business with commodity managers and with suppliers of the companies acquired in 2022.

- 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 2023, business continues with the suppliers of the companies acquired in the second half of 2022.
- **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, we completed the document, defined and detailed all the relevant areas related to the process. We also shared the process with the Procurement function and with the interested functions.
The following areas have been included:
  - Onboarding of new suppliers and ESG ratings valid for new supplier qualification;
  - RACI matrix;
  - ESG criterion, as a favourable element in volume allocation.
  In 2023 we will continue with the activities of training of the Procurement Team and the new acquired companies.

- **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 2022, 87% had a valid sustainability score in the last 24 months. In 2022 we implemented 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. Suppliers rated below a minimum threshold will be classified as "high risk" and will need to develop and share an improvement plan.
In 2022, we reached the following target in terms of performance:
  - Average score of Fedrigoni suppliers 59.5 vs an average 44.9;
  - 93 suppliers were added to our network in almost 1 year.

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- **Implementation of a quarterly monitoring system of the ESG indicators for all major product categories:**
  - Spend covered by suppliers with an ESG assessment: 87% of direct material spend in 2022.
  - Spend with suppliers classified as "high risk" according to ESG criteria: 6% of direct material spend in 2022.

Training & workshops

- **Roundtables with more suppliers** to encourage their participation in our Sustainability program telling them about the benefits of the project.

- **Workshops** with the main suppliers of raw materials, energy (methane gas and electricity), and machinery for producing paper and self-adhesive materials to stimulate technically- feasible and economically-affordable solutions (62 suppliers involved, 10 product categories, 360 people for a total of 229 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** specific for the entire Procurement Team workforce with a Management by Objective (MBO) mechanism, on top of the Group ESG target.

In 2023 we will continue with new workshops and with the activation of the Academy EcoVadis for the entire Procurement Team.

Audit on site

- We carried out 4 Ethical audits at our suppliers' site, covering 18% of the expenditure of direct materials.. Within the audit, topics related to ethics and human rights were also discussed. The average score was 9.9/10 and therefore no critical issues emerged.

In 2023 we aim to cover 25% of the expenditure of direct materials with this type of audit.

Supplier classification

- 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.

In 2023 we will implement initiatives to monitor the risk management for tier-2 suppliers.

- In 2022 we continued with the implementation of Green Sourcing initiatives for purchasing energy produced from renewable sources to **reduce** our Scope 2 emissions.

Environment


Material Progress

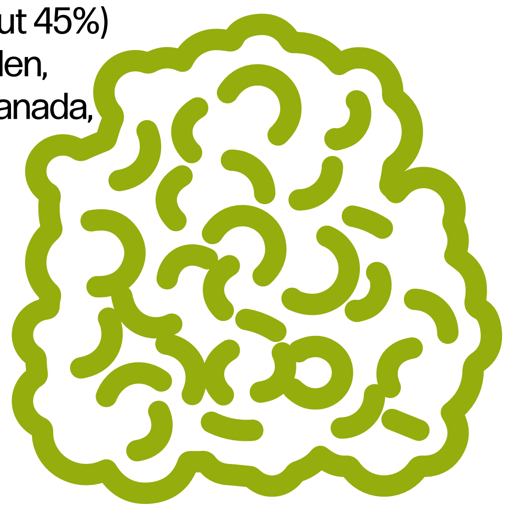
Raw materials

Pulp

The main types, used in different mixes based on the final features of the paper, are softwoods such as European softwoods, hardwoods (eucalyptus and mixed hardwoods), and BCTMP. 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). Since 2014, we set the target of having 100% of our pulp 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 2022 we used 96% COC and 4% CW. Our pulp comes from Brazil (about 45%) and the rest from Uruguay, Sweden, Finland, Estonia, Spain, France, Canada, Chile, Austria and Croatia.



Paper

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);

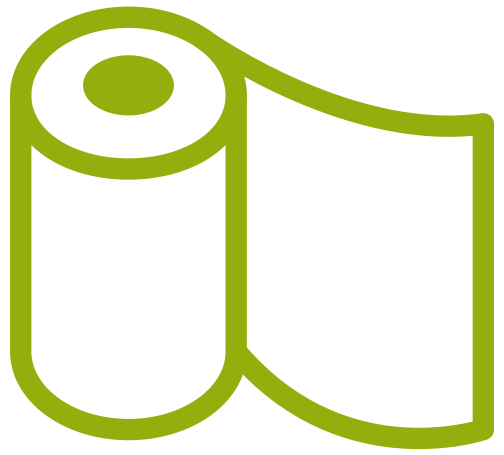
- **Face papers**: These are the paper-based facings used as the "front faces" to make the self-adhesive label material. It is the part that is subsequently printed and used by the end-user. There are different types of face papers such as coated papers, thermal papers, and specialty papers which are used for high value-added labels in the wine industry (these are purchased from Fedrigoni Paper).

Films

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.



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Chemical products

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

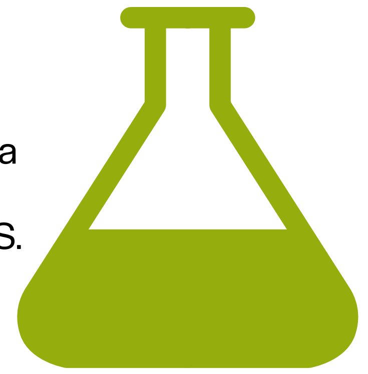
- **Adhesives**: They represent the key know-how of the Self-Adhesives Business Unit. They can belong to different families (acrylic, hotmelt, solvent and UV-crosslinked) and be of different types (permanent, semi-permanent, removable and ultra-removable, including wash-off). They can be bought 'ready-to-use' 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 paper 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 kaolins**: These are used for 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.



Other

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.

- **Cotton**: for some special papers we use cotton. The cotton used is a by-product of the textile industry (second cut linters: fibres too short to be used for textile production, which remain attached to the seed after ginning).


Water Progress

Water

Paper would not exist without water. More than 90% of the water is returned to the environment after being recycled several times in the production process and purified of the organic and inorganic substances it contains (that 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.

SDG where we want to make the difference

6 CLEAN WATER AND SANITATION

8 DECENT WORK AND ECONOMIC GROWTH

-10% of freshwater withdrawal

In parallel, we still keep our other two targets:

95% of water returned to the environment (baseline 2019)

Zero cases of water pollution

Target ESG 2030

To achieve our targets, we:
- streamline fibre recovery treatments to maximise water reuse in the production cycle.
- monitor consumption and take action to prevent waste.
- apply processes such as filtration, sedimentation and flotation to treat water.
- manage risks related to regulatory changes (water rates, extraction restrictions, discharge standards and fees).

100%
of our mills have chemical and physical water treatment and 75% also have biological treatment.

100%
of the Italian Paper sites and 65% of the Self-Adhesives production sites are certified to ISO 14001, the standard for environmental management systems, including water management.

Zero cases
of water pollution were detected in 2022 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 (over € 10,000).

The table below shows the water withdrawal by Group and Business Units:

Million Litres (ML)	2022 Water stress areas	2022 All areas*	2021 Water stress areas	2021 All areas*
Paper				
Surface water body	1,612.4	5,166.1	1,563.5	6,689.5
Well	2,236.3	10,563.5	2,301.2	8,921.4
Third-party water	7.3	13.0	0	0
Total Paper	3,856.1	15,742.5	3,864.7	15,610.9
Self-Adhesives				
Surface water body	0	0	0	0
Well	0	0	0	0
Third-party water	543.2	804.6	28.4	249.7
Total Self-Adhesives	543.2	804.6	28.4	249.7
Total Group withdrawal	**4,399.3**	**16,547.2**	**3,893.1**	**15,860.6**

*including water stress areas. Source for water stress: WRI, aqueduct

The index that compares the water withdrawal of the paper division compared to the tons of paper produced is 31.5 m^3/t (**down by 2.2%** compared to 32.2 in 2022).

The table below shows the water discharges for the Group:

Million Litres (ML)	2022 Water stress areas	2022 All areas*	2021 Water stress areas	2021 All areas*
Paper				
Surface water	3,293.4	14,804.9	3,214.1	14,691.3
Groundwater	0	0	0	0
Third-party water	0	4,0	0	0
Total Paper	**3,293.4**	**14,808.9**	**3,214.1**	**14,691.3**
Self-Adhesives				
Surface water	0	0	0	0
Groundwater	0	0	0	0
Third-party water	543.2	804.6	28.4	249.7
Total Self-Adhesives	**543.2**	**804.6**	**28.4**	**249.7**
Totale Group water discharge	**3,836.6**	**15,613.5**	**3,242.5**	**14,941.0**

*including water stress areas

In 2022 we returned 94.4% of the water withdrawn.

The table below shows the water consumptions for the Group:

Million Litres (ML)	2022 Water stress areas	2022 All areas	2021 Water stress areas	2021 All areas
Paper consumption	562.6	933.7	650.6	919.6
Self-Adhesives consumption	0	0	0	0
Group total water consumption	**562.6**	**933.7**	**650.6**	**919.6**

*including water stress areas

The table below shows the average value of the quality of water discharges* from the Paper Business Unit in 2022. Figures are in line with values indicated by the Best Available Techniques (BAT):

COD**	mg/l	kg/ton $_{\text{gross weight}}$	Reference value (BAT n.50)
2021	52.5	1.6	0.15-1.5 kg/ton $_{\text{gross weight}}$
2022	43.2	1.3	

*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 2022 was 670.3 tons.

Energy

Along with pulp and water, energy is the key element in our production processes. The table below shows the consumption of thermal energy needed for our production, which is obtained using natural gas in our cogenerators and electricity, more and more from renewable resources:

(GJ)	2022	2021
Paper		
Natural Gas	5,096,496	5,017,677
Electric energy purchased	28,806	43,142
Of which from renewable sources (%)	88%	0%
Electricity self-produced for consumption (hydroelectric and solar)	57,191	56,261
Energy sold (from cogenerator)	238,701	219,527
Total Paper	4,943,792	4,897,553
Index energy consumption Paper (GJ/ton paper)	9.9	10.1
Self-Adhesives		
Natural Gas	554,385	513,860
Electric energy purchased	210,294	183,094
Of which from renewable sources (%)	77%	10%
Electricity self-produced for consumption (Hydroelectric and solar)	24,478	23,193
Energy sold (from cogenerator)	32	47
Total Self-Adhesives	789,125	720,100
Index energy consumption Self-Adhesives (GJ/ton adhesive material)	2.2	2.3
Total Group energy consumption	5,732,917	5,617,653
Of which from renewable sources (%)	4.7%	1.7%

*the 2021 figure has been restated following an improvement in the calculation methodology

The Group's total energy consumption in 2022 was 5,732,917 GJ, up by 2.1% compared to the previous year. Use of electricity from renewable sources rose to 4.7% of the overall consumption (1.7% in 2022), thanks to two levels of action:

- Electricity purchased through certificates of origin (GO). In 2022, all European plants purchased renewable electric energy.
- Electricity self-produced by hydroelectric plants for internal consumption in Fabriano, Pioraco Scurelle and Varone and self-produced by a photovoltaic plant in Verona.

Several energy efficiency initiatives, such as the replacement of infrared ovens, water turbine revamping, installation of a thermal energy recovery system and other projects generated energy savings quantified in 151,899 GJ, in line with the ENEA (Italian National Agency for New Technologies, Energy and Sustainable Economic Development) methodology and in accordance with the Italian law decree 102/2014.

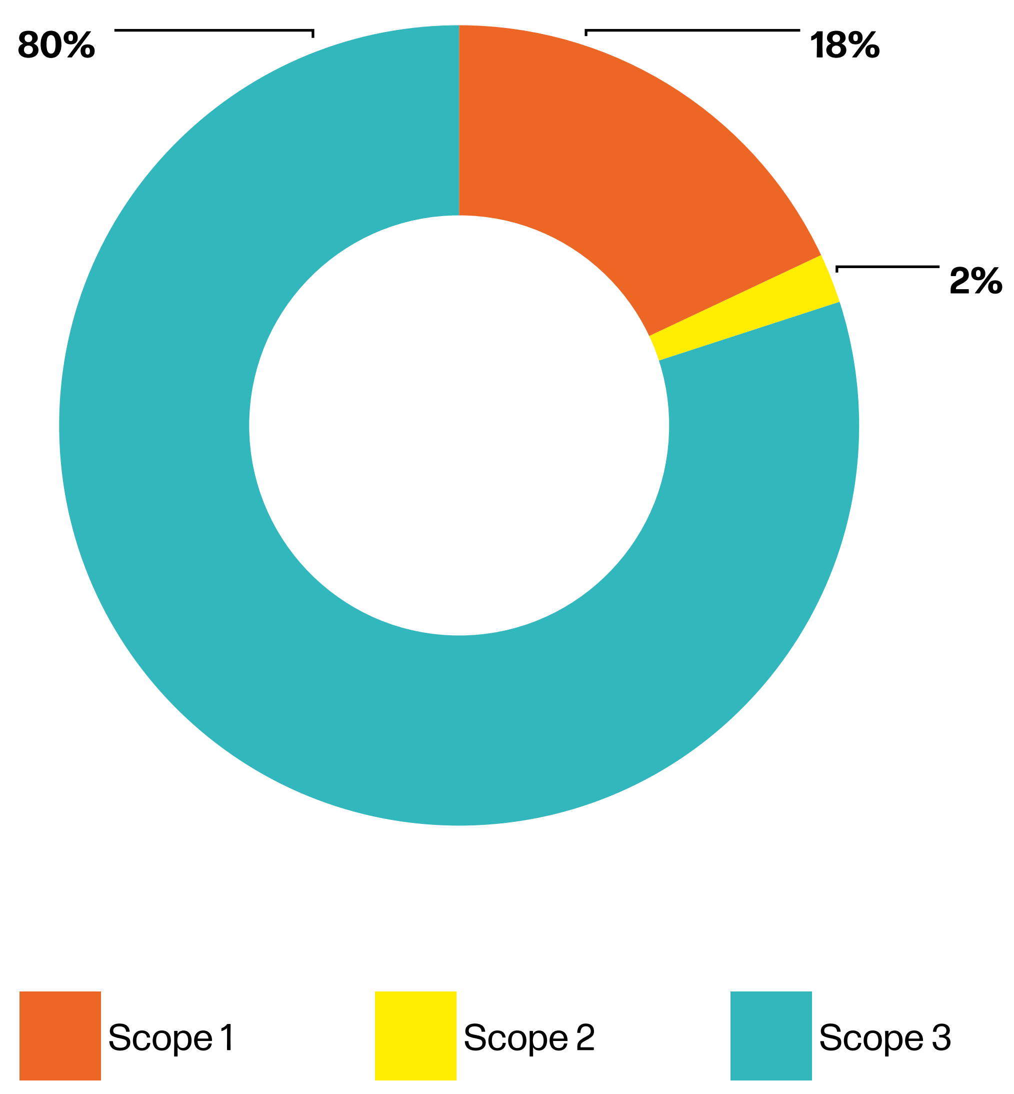
20% of Paper Italian sites are ISO 50001 certified, the internationally recognized standard for energy management. In 100% of Self-Adhesives sites there are energy saving procedures, without external certification.

Carbon dioxide emissions and energy transition towards carbon neutrality

Carbon dioxide emissions (CO_2) are classified into 3 components (Scope 1, 2 and 3):

CO_2 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 purchased electricity
Scope 3	Other indirect emissions from raw materials, fuels, products, and transportation

The graph below* shows the weight of these three types of emissions on the total carbon footprint of the Group.



*based on 2019 data.


Carbon Progress

The table below shows the incidence of the individual categories of Scope 3 emissions:

Cat 1: Purchased goods and services	67%
Cat 2: Capital goods	2%
Cat 3: Fuel- and Energy-Related Activities	4%
Cat 4: Upstream transport	1%
Cat 5: Waste generated in operations	1%
Cat 6: Business travel	0%
Cat 7: Employee commuting	0%
Cat 8: Upstream leased assets	0%
Cat 9: Downstream transport	1%
Cat 10: Processing of sold products	14%
Cat 11: Use of sold products	0%
Cat 12: EoL of sold products	10%
Cat 13: Downstream leased assets	0%
Cat 14: Franchises	0%
Cat 15: Investments	0%

Target ESG 2030

SDG where we want to make the difference

8 DECENT WORK AND ECONOMIC GROWTH

13 CLIMATE ACTION

Scope 1+2 (approved by SBTi): -30% by 2030 from a 2019 base year.

Scope 3 (approved by SBTi): -30% of emissions from fuel and energy related activities by 2030 from a 2019 base year

90% of its suppliers by spend, covering purchased goods and services and capital goods, with science-based targets by 2027

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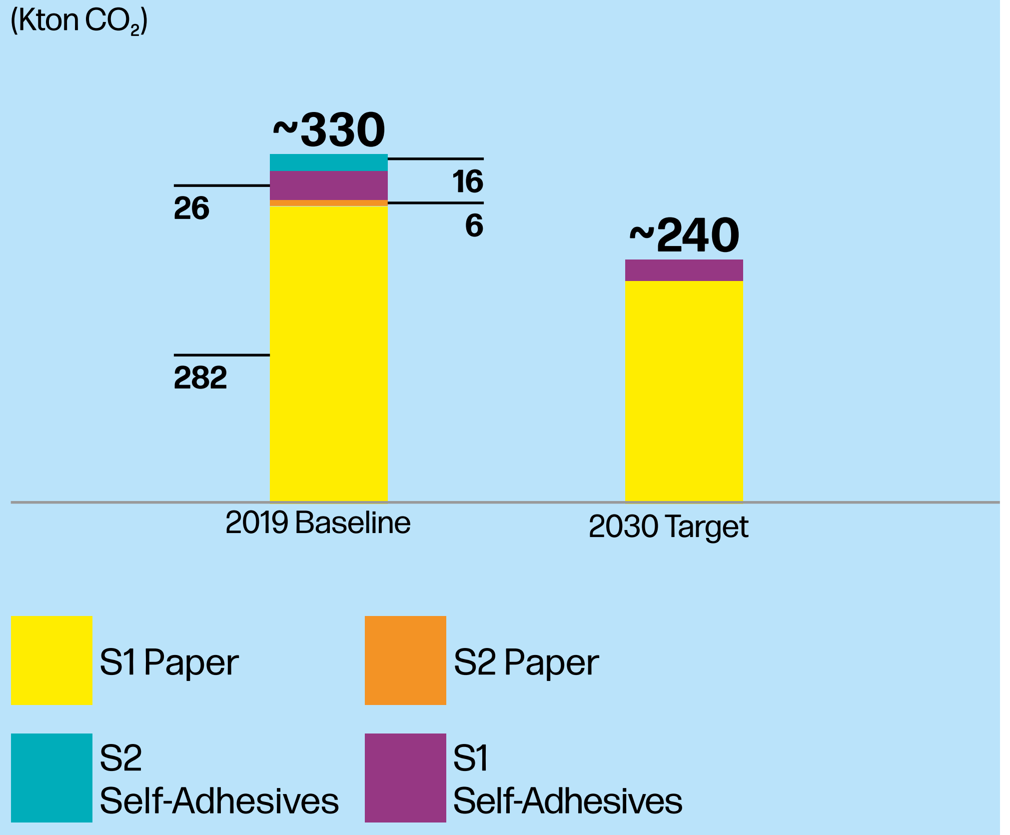
In 2021, **SBTi approved the target of reducing scope 1+2** carbon dioxide (CO_2) emissions by 30% by 2030 (from 330 kt to 240 kt). This objective is linked to the incentives (MBO) of our managers. **Moreover in early 2023, SBTi also approved the Scope 3 reduction target.** Furthermore, we are committed to achieving carbon neutrality by 2050. This means that Fedrigoni is aligned with the goal set in Paris in 2015 to limit the increase in the earth's temperature to well below 2°C.

The bar graph shows the emissions of 2019, the reference year, and the SBTi target for 2030, highlighting the contributions of Scope 1 (S1 Paper) and Scope 2 (S2 Paper) of the Paper Division, and of Scope 1 (S1 SA) and Scope 2 (S2 SA) of the Self-Adhesives division:

Target ESG 2030



-30% of absolute CO_2, emissions, Scope 1 + 2, from ~330 kt to ~240 kt (compared to base year 2019)

The below table shows the levers we are exploring to accelerate energy transition. All levers need strong, immediate collaboration with suppliers and regulators to facilitate technical solutions and the necessary financial support.

Exploring initiatives to achieve carbon neutrality

	Ongoing	By 2030	Post 2030
Scope 1	• Energy efficiency pushed to its maximum. • Access the Italian National Recovery and Resilience Plan for projects related to energy transition.	• Alternative sources are gradually replacing natural gas in our cogenerators.	• Electrification projects* powered by electricity from renewable sources.
Scope 2	• From 2022 on, purchase of 100% electricity from renewable sources.	• Electricity from renewable sources at competitive economic conditions.	-
Scope 3	• Workshops with suppliers to discuss available raw materials and machinery with a lower environmental impact and equal or better performance.	• Raw materials and machinery with low environmental impact.	-

*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. The new technological opportunities for energy efficiency and carbon neutrality (green hydrogen and CO_2 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.

2. CO_2 offsetting, the pathways to carbon neutrality

Absorbing all the CO_2 we are globally releasing, 1.6 billion hectares of land would require to be replanted, an amount equal to 5 times the size of India. Yet there is not enough land to do so; to achieve carbon neutrality by 2050, we must first reduce CO_2 emissions and, ultimately, offset incompressible ones (latest report by Science-Based Target initiative).

Offsetting CO_2 emissions through reforestation projects is not alone enough to achieve carbon neutrality and cannot replace measures to reduce emissions. Offsetting efforts should be planned while also paying attention to their social purposes, regeneration of natural assets, and proper land use.

Let's talk about it in this Bit on Sustainability

The table below shows the absolute and specific CO_2 emissions at Group level and by Paper and Self-Adhesives division.

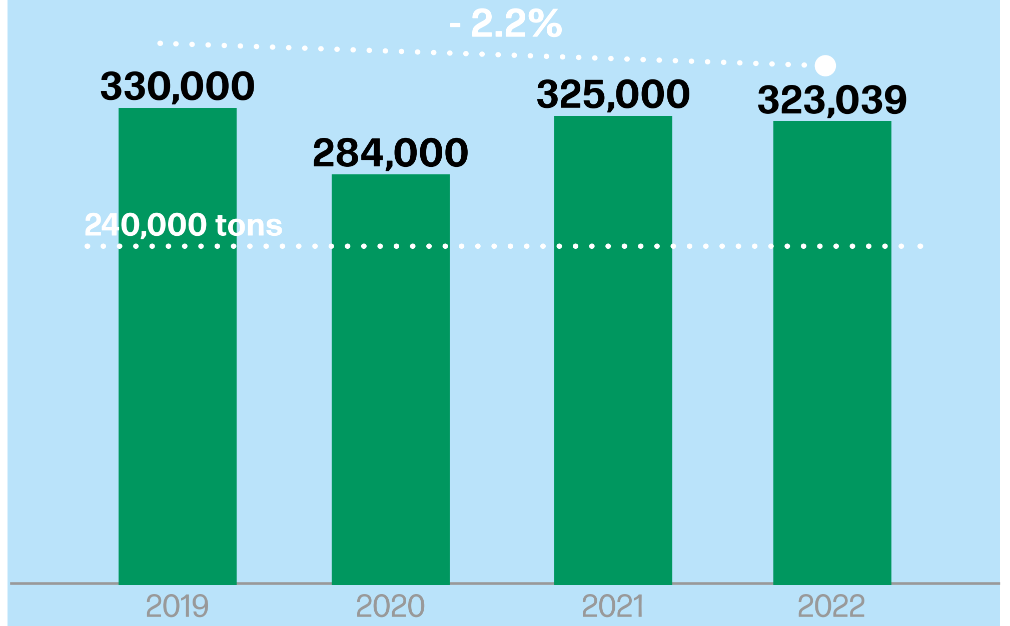
CO_2 emissions (t CO_2e)	2022	2021
Paper		
Scope 1	286,453	280,300
Scope 2 market based	426	4,450
Total Paper (scope 1 + scope 2 market based)	286,880	284,750
Emission ratio Paper (t of CO_2 on t of production)	0.57	0.59
Self-Adhesives		
Scope 1	31,160	28,710
Scope 2 market based	5,000	11,580
Total Self-Adhesives (scope 1 + scope 2 market based)	36,160	40,290
Emission ratio Self-Adhesives (t of CO_2 on t of production)	0.10	0.13
Total emissions Group (scope 1 + scope 2 market based)	**323,040**	**325,040**

*Total Scope 2 location-based emissions in 2022: 20,052 t CO_2e (20,321 t CO_2e in 2021)
**Scope 1 emission were calculated using emission factors indicated in "Ministero dell'ambiente – tabella parametri standard nazionali 2022". Market-based Scope 2 emissions, measured in tons of CO_2eq, were calculated using the Residual Mix emission factors indicated in "2022 European Residual Mixes, V.1.0", published by AIB. Location-based Scope 2 emissions were calculated using the emission factor indicated in "Confronti internazionali; 2019", published by Terna.

Absolute CO_2 Scope 1+2 emissions decreased by 2.2% versus the 2019 baseline (-1.1% in the Paper Business Unit and -10.1% in the Self-Adhesives Business Unit) against an increase in volumes of approximately 14.9% thanks to energy efficiency and purchase of electricity from renewable sources. Moreover, our CO_2 intensity decreased by 15.1% from 2019 at Group level (-3.5% in the Paper Business Unit and -36.9% in the Self-Adhesives Business Unit).

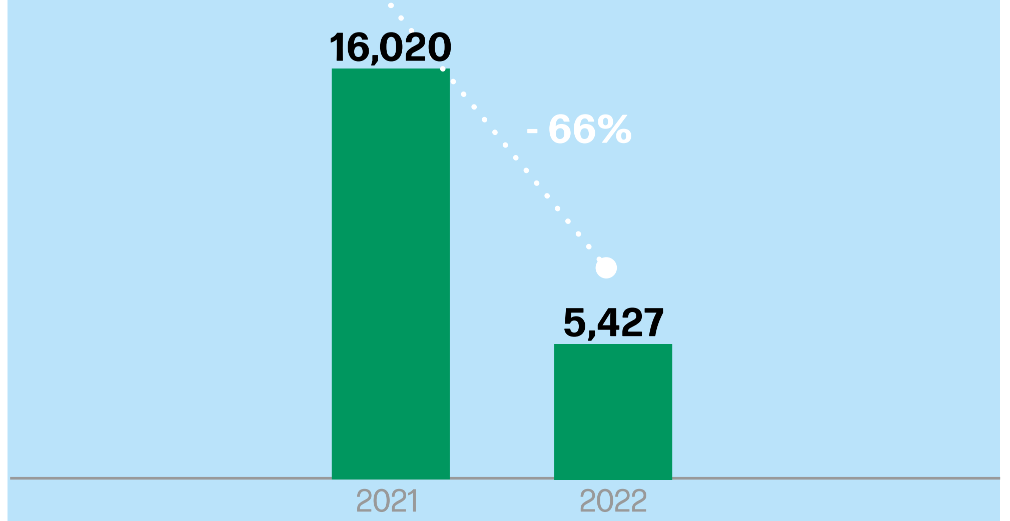
From 2021, we also added the metric "CO_2 emissions intensity to turnover" (calculated as absolute CO_2 emissions/turnover). The rate shows a Groupwide improvement of 25% compared to 2021 and 46.5% compared to 2019.

CO_2 emissions Scope 1 + 2



-2.2% in CO_2 emissions while increasing volumes production by +15% (since 2019).

Scope 2 emissions



-66% reduction of our Scope 2 emissions in 2022 thanks to purchase of electricity from renewable sources.

Target ESG 2030

Other atmospheric emissions

In addition to carbon dioxide (CO_2) emissions, we monitor other atmospheric emissions, including nitrogen oxides (NOx), particulate matter (PM) and volatile organic compounds (VOCs). The quantity and quality of the NOx mixture varies depending on the substance being burned and the conditions under which combustion takes place. To limit and control these emissions, it is important that combustion takes place uniformly, avoiding temperature peaks. The table below shows NOx emissions the paper division over the two-year period.

Emissions (tons)	2022	2021
NOx *	90.2	99.4
PM	2.6	4.2
VOC	11.0	11.5

*As a result of a process of improving the reporting system, the 2021 figures have been revised from those published in the previous Sustainability Report.

No other significant types of polluting emissions into the atmosphere are recorded.

ISO 14001:2015

100% of the Paper production sites and 65% of the Self-Adhesives sites are ISO 14001 certified, the standard for environmental management systems, including atmospheric emissions.

In 2022, we set the new reduction target of 10% of NOx emissions by 2030. In 2022 there were zero cases of non-compliance with current regulations on emissions to the atmosphere.

Biodiversity and no deforestation

SDG where we want to make the difference

15 LIFE ON LAND

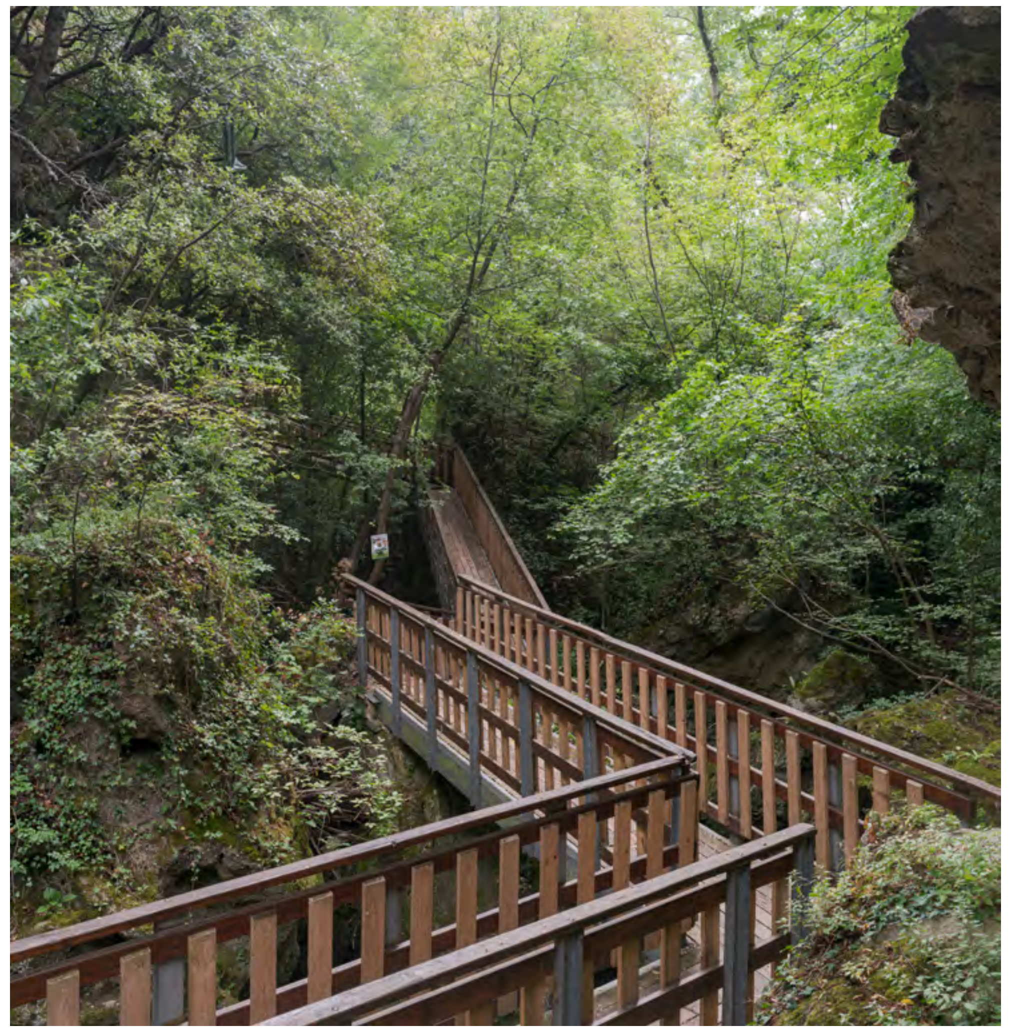
As in our recent commitment "People & Nature: Making business work for people and nature", social and environmental challenges require prompt action to mitigate and adapt to climate change, halt and reverse biodiversity loss, ensure safe, fair, and equitable working conditions for all. We are all in this together, and Fedrigoni is committed to playing its part as outlined in its Sustainability Strategy 2030.

Together with a third party we did our first Biodiversity Impact Assessment, whose first step was to carry out a proximity analysis of our paper mills to check their location in relation to protected areas of biodiversity interest. All of our paper mills are located within 5 km of an area of biodiversity interest.

The biodiversity impact assessment highlighted four main activities likely to cause direct impacts on biodiversity: land use of production facilities, water withdrawal, water discharge, and operational activities.

Fedrigoni's main indirect impacts are concentrated in its pulp supply chain. For this reason, we purchase only FSC® Chain of Custody (CoC) or Controlled Wood (CW) certified pulp. In 2022, Fedrigoni sourced 96% of its materials from FSC® CoC-certified pulp and 4% from CW pulp.

That is why we also included a target of no deforestation or conversion of natural ecosystems in the part of our fibre supply chain that falls inside and outside the EU. More details on the website.



Waste and circular economy

We apply the so-called "waste hierarchy": first we implement initiatives to prevent and reduce the production of waste, then we favour their recycling and recovery. In fact, we set the target of zero waste to disposal in landfills.

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, around 6%.

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

Whenever a self-adhesive is used, the back of the label, the silicone paper called glassine, is usually discarded. However, it is a high-quality support, composed of very pure fibres with important mechanical characteristics. A waste of resources and value that prompted Fedrigoni Self-Adhesives to study solutions, which materialised with the range of **Re-play™ labels** (launched during 2022). The siliconed glassine is, in fact, recovered by the end users and collected by Fedrigoni itself, thus involving the end customer in a conscientious process: the material re-enters the production phase as part of the adhesive front, to create new high-quality labels.
A perfect example of upcycling, where material can have a second life superior to the first one. A real revolution.

Fedrigoni and the circular economy

In true Cinderella style our siliconized wine label liner has gone from being a waste product to becoming a new resource. Re-Play is a dream come true. Glassine paper is recovered and recycled in a closed-loop recycling system and then used to produce new face materials for luxury labels. This is a major innovation for the wine industry. Every brand can now choose to reuse its waste material in the new Re-Play line of papers and make labels with a lower environmental impact.

This innovative range of self-adhesive materials is the **first example of upcycling** in the self-adhesive industry within a closed-loop recycling system. Through a program for the recovery of siliconized glassine paper discarded by printers or end producers (especially in the wine sector) and thanks to an exclusive partnership with Les Papeteries de Clairefontaine.

For additional information scan the QR code

SDG where we want to make the difference

8 DECENT WORK AND ECONOMIC GROWTH

100% waste recovery and not to landfill (compared to base year 2019)

Target ESG 2030

The table below shows the production of waste for the two business divisions.

Waste (t)		2022	2021	2020
Group total waste		68,650	60,749	55,991
Waste recovered	%	88.9	86.2	78.8
Hazardous waste	%	6	5	5
Paper division				
Total waste	tons	33,094	30,354	27,241
Total waste/production ratio	kg / tons	66.2	62.7	65.8
Sludges	tons	17,231	16,327	15,699
Sludges percentage	%	52.1	53.8	57.4
Self-Adhesives division				
Total waste	tons	35,556	30,395	28,750
Total waste/production ratio	kg / tons	97.1	98.8	104.4
Mixed waste	tons	17,733	15,155	14,307
Mixed waste/ production ratio	kg / tons	48.4	49.3	51.9
Liquid washing waste	tons	2,955	2,699	2,474
Liquid washing waste/ production ratio	kg / tons	8.1	8.8	9.0

By 2022, we achieved 89% recovery of our waste (86% in 2021) thanks to the following initiatives:
- packaging reduction;
- recovery of washing water;
- circularity of sludge from paper mills into other industrial sectors (agriculture and bio-building materials);
- recovery of solvents from washing water;
- circularity initiatives to offer customers a collection service for self-adhesive material waste with third-party support (RePlay);
- initial efforts to also find solutions for the matrix (semi finished waste), which is currently an unused waste in the Self-Adhesives business unit.

ISO 14001:2015

100% of the Paper production sites and 65% of the Self-Adhesives sites are ISO 14001 certified, the standard for environmental management systems, including atmospheric emissions.

In 2022, no cases of violations of regulations related to waste management were recorded in our production plants.

3. The hierarchy of waste

What is the difference between disposal and recycling? Waste management is a cumbersome activity, its ultimate purpose being to reduce the impact of human activities on the planet while limiting the exploitation of natural resources and enhancing the value of waste materials.

In the hierarchy of waste, each word has a clear meaning and a different, non-interchangeable position that can be represented as an upturned pyramid where disposal should be a residual activity.

Fedrigoni turns waste into a new resource: by 2030 the goal is to have 100% of waste materials recovered, without landfilling them.

Let's talk about it in this Bit on Sustainability

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Making Circular

Life Cycle Assessment

The Life Cycle Assessment measures the environmental footprint associated with a product throughout its life cycle. 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.

Since 2021, we have been developing Impact, a twin tool (Eco-design Tool) - third-party verified - to calculate (on demand) the energy, water and carbon footprints of our product families. The tools are aligned with internationally recognized best practices (ISO 14040 series standards) and with a cradle-to-gate approach (i.e. from the extraction of raw materials until they leave our plants). Both tools also have the possibility to quantify the end-of-life impact of the finished product.

4. Recycling, biodegradation and compostability. How to choose?

The paper supply chain in Italy is one of the best examples of circular economy: in 2019, the recycling rate reached 81 % of the amount released for consumption, exceeding the 75% target set for 2025, and in line with the 85% target set for 2030.

For years at Fedrigoni the production of all specialty paper families has been made in such a way as to make them recyclable. Given that cellulose fiber is the main element composing each type of paper, recycling is the first and most sustainable procedure to recover this fiber and produce new paper, under an outstanding model of circular economy.

All Fedrigoni papers are also biodegradable and compostable; except for the coated papers where our R&D team is working on.

So what is the difference between recycling, biodegradation and compostable? Let's talk about it in this Bit on Sustainability!

5. How many times can paper be recycled? The role of virgin fibers for paper recyclability.

One of the cornerstones of the circular economy is the recycling of materials to encourage a reduction in the consumption of raw materials.

Paper, unlike other materials such as aluminum, cannot be endlessly recycled. Indeed, repeated paper recycling processes alter the mechanical and chemical properties of the fibers. While some of these fibers are lost in the converting process, a large proportion of such fibers can be recycled up to 7 times; progressively, however, the performance is reduced, fibers shorten, and eventually weaken. To ensure the highest possible quality and keep its cycle renewable, recycled paper needs virgin fibers, i.e., those obtained directly from trees.

Fedrigoni uses only FSC-certified cellulose from sustainably managed forests to obtain this raw material.


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6. Pre- and post-consumer waste: a different impact

Measuring the life-cycle environment footprint of a product is quite crucial for companies committed to circular economy principles. When it comes to the carbon footprint of products with recycled content two definitions usually spring to mind: pre-consumer waste recycling (PRE-cw); and post- consumer waste recycling (PCW).

The former are the discarded or unused material that never reaches the final consumer – for example, in our sector, scraps from paper production. The latter, on the other hand, are the materials discarded after use.

This distinction is relevant to the ultimate carbon footprint of a product, resulting from the very recycling process the waste undergoes to be used, which in the case of post-consumer waste is a mandatory step.

Fedrigoni has always promoted an approach favoring PRE-cw (as opposed to POST-cw) recycling within its papers. Why? Not only to protect papers' technical performance, but also because PRE-cw, being reused without undergoing any treatment aimed at recycling, does not count towards the carbon footprint of the product.

7. FSC, a landmark paper brand

FSC® is likely to be one of the most widespread labels met in our industry when it comes to sustainability, being placed on all products containing wood or cellulose from properly and responsibly managed forests according to strict environmental, social and economic standards.

The acronym stands for Forest Stewardship Council, an international nonprofit organization founded in the 1990s by the efforts of several environmental associations. The association has grown a great deal over time and is now among the most committed to the pursuit of Goal 15.2 of the United Nations 2030 Agenda (progress towards sustainable forest management, halt deforestation, restore degraded forests and increase reforestation and afforestation).

Fedrigoni is committed to using only 100% FSC-labeled pulp.

8. Why the "plastic to paper" transition is a must-have

Plastic packaging alone accounts for 26% of the total volume of plastic produced and used worldwide. Although it offers direct and indirect economic benefits (particularly the level of merchandise storage and fuel consumption for transport due to the reduced weight of the packaging), its low level of recycling makes it a threat to the oceans and the Planet.

There is a need to develop sustainable alternatives to disposable plastics.The transition from plastic to paper provides a way to address the problem.Why paper in particular? Paper-based products are mainly recyclable and have a lower environmental impact from an end-of-life perspective.Fedrigoni strongly supports a key role for paper in reducing single-use plastic: we are creating paper solutions to replace plastic ones while striving to deliver a similar technological performance.The luxury packaging sector, where more circular design must meet the delivery of a sophisticated and exclusive top-quality aesthetic and sensory experience, can lead the entire industry in this green transition.

We work responsibly toward this goal, innovating creatively from our expertise. We always use 100% FSC-certified cellulose and keep making progress to prove that paper can evolve and replace plastic for manifold needs, including packaging.



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End-of-life of our products

At Fedrigoni we list the ESG features of our paper products, such as using 100% of pulp from FSC COC and CW certified forests, having a recycled content, containing by-products from other production processes, alternative fiber content (cotton, linen), Ecolabel certification and plastic-free packaging.

For our Self-Adhesives materials, the following ESG features were identified: FSC® certified products, recycled content, less thickness for equal performance, bio-based films and plastic (certified), PVC-free films, PFAS-free films and papers, the ability to remove them from products during the washing process, recyclability, and biodegradability.

Being designed for optimal end-of-life recycling and recovery (and LCA available on demand) is the seemingly simple but common feature of all products and is key in facilitating the recovery and recycling of finished products.

SDG where we want to make the difference

8 DECENT WORK AND ECONOMIC GROWTH

Target ESG 2030

100% of products designed for optimal end-of-life recycling and recovery, with LCA on demand (baseline 2022)

The previous Group target is built upon two sub-targets, tailored to our businesses and based on recognized external certifications:

- Paper: 100% of recyclable products with a third-party recyclability certification
- Self-Adhesive: 100% of our standard product portfolio available in a solution enabling recyclability or reuse of packaging (recyclable, compostable, wash-off)*

* excluding pharma, graphics and technical materials

9. Greenwashing, how to detect it

Nowadays, the quest for a good green reputation drives companies to highlight their sustainability features in communication and marketing, although in many cases this occurs in unclear and not fully transparent fashion. Thus, specific claims can be misleading, and it turns out difficult to disentangle between greenwashing and reliable statements. Came into being in 1983 by green activist Jay Westerveld, the word "greenwashing" refers to the idea of "a brushstroke of green paint passed over" that is, giving a green veneer to actions disguising not so truly righteous features.

So how can the veracity of some claims be verified? There are several signs that can be picked up: in this Bit on Sustainability we have highlighted seven of them.

Fedrigoni pays extreme attention to transparently disclosing its products and their identity, including their sustainability features. We only state what can be proven and measured, progress after progress.

10. The limits of the planet: which have already been exceeded

Climate change, biodiversity, exploitation in land use. These are three out of nine "planetary boundaries" we have already breached. Such limits were identified in 2009 by the Stockholm University's resilience and sustainability science research center.

Planetary boundaries set out no-return thresholds beyond which life on the planet may become unsustainable, even impossible for humans. The underlying research has involved dozens of scientists since 2009 making the model a benchmark for sustainable development and environmental protection, proving how balance on our planet is based on the mutually connected nature of many inputs.

With its People and Nature Commitment, Fedrigoni aims at a tangible commitment towards such issues.


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Social

Behind us, more than 130 years of rich heritage and passion for our Industry.

Alongside us, over 5000 leading experts, specialists and dedicated people across the globe.We are present in 28 countries and operate a commercial network in 132 countries.

Ahead of us, a strong ambition to amaze the world – by transforming our industry, achieving new levels of innovation, elevating creativity and building a sustainable future while growing rapidly. We want to reinvent the boundaries of what our Industry can do and become the global number one. It's a thrillingly big ask. Getting there will take all our passion, entrepreneurial spirit and expertise.
We think big because we aim high. We work collaboratively, because together we're stronger. We move and change fast, with agility, because we want to go beyond.

The journey we are on throws up endless opportunities to learn, develop, transform, reinvent and do what has never been done before.

At Fedrigoni, **we discover extraordinary every day**. To support this ambition, our 2030 ESG goals (Plan) include a series of areas of interventions which we are working on with clear and concrete actions:

- Human Rights protection and respect
- People experience and life at Fedrigoni
- People growth and distinctive competencies
- Inclusion, diversity and equity
- Performance culture and open dialogue
- Safety culture
- Social dialogue [industrial relations]
- Fedrigoni for the community

11. Our commitment to promoting well-being in the company

Great resignation and *quiet quitting* are two terms often heard in connection with different work and employment environments. Both are related to the post-pandemic, but also to the cultural and social evolution characterized by people greater pursuit of well-being and values even in their own work-life balance.

For a company, taking care of its people, creating a relaxed, engaging, stimulating work environment, is today not only an 'ethical' issue, but the only strategy for retaining talent. The first preconditions of employee well-being are therefore already created in the environment where they work.

In this Bit on Sustainability, we discuss the 6 crucial factors for improving the well-being of people in the company and the initiatives Fedrigoni is putting in place to this end.

Let's talk about it in this Bit on Sustainability

Making **Together**

Human rights

Fedrigoni is committed to respecting human rights in line with the *United Nations Guiding Principles on Business and Human Rights, International Bill of Human Rights,* the principles of the *International Labour Organization's Declaration on Fundamental Principles and Rights at Work*. In addition, from 2021 Fedrigoni has been part of the United Nations Global Compact. In 2023 we made public our People and Nature Commitment: "making business work for people and nature".

In 2022, Fedrigoni carried out a human rights assessment to verify the level of human rights protection in the Group's production plants. The due diligence process is being implemented according to following steps, defined by the UN Guiding Principles on Human Rights (UNGP):

- Risk Mapping,
- Prevention and mitigation
- Monitoring and communication

In 2022 Fedrigoni conducted an initial risk mapping on 100% of its production sites. The analysis revealed no human rights violations in the plants analysed. In some plants, which account for 21% of the total employees of the Group, potential points of improvement emerged to further protect certain issues. Many of the plants in this category are new acquisitions, which still have to be fully onboard with the Group's policies and approach.

In 2023 Fedrigoni will move to the next phase: prevention and mitigation. These additional steps will allow us to investigate the results of the first phase and to identify any mitigation measures that are in place or to be implemented. In addition, the due diligence project has been extended to the supply chain.

Safety

Our Sustainability Policy promotes leadership as a powerful factor to rapidly share a safety culture and to support team members to work safely and return home healthy.

From 2021, each Operational committee and all monthly update meetings with top management start with a safety review.

Our Sustainability Decalogue, developed in 2021, helps us in maintaining the daily level of care and safety and housekeeping at our sites according to our quality standards.

Thanks to the **Near Misses** procedure, each employee can report an unplanned event that has the potential to cause, but does not actually result in human injury, environmental or equipment damage, or an interruption to normal operation.

The **Safety Alerts** procedure allows employees to make suggestions to prevent accidents.

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

a) ascertain the primary cause of the incident (root cause analysis)
b) identify and implement subsequent actions to prevent those events from reoccurring
c) provide evidence to our people that reports have been addressed by site management.

100% of the Paper sites and 53% of the Self-Adhesives sites are ISO 45001 certified, the internationally recognized standard for occupational health and safety management systems. Since 2022, we have been publishing data related to the accident frequency index of our contractors (external companies working on our premises).In 2022, we recorded zero fatalities at employees and contractors' levels. Moreover, 4 of our sites recorded zero accidents in 2022: Pioraco, Castelraimondo e Scurelle paper mills in Italy and Acucote for Self-Adhesives in the US.

SDG where we want to make the difference

3 GOOD HEALTH AND WELL-BEING
8 DECENT WORK AND ECONOMIC GROWTH

-85% drop in total injury frequency rate from ~21 to ~3 (compared to base year 2020)

Target ESG 2030

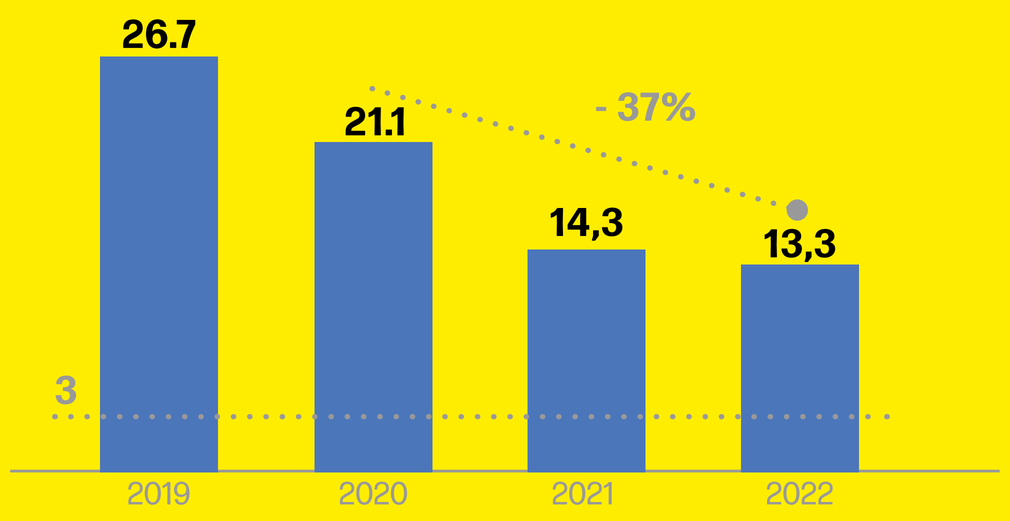
The table below shows trends of our data and indicators over the last four years.

Employees safety data		2019	2020	2021	2022
Hours of training	number	-	-	18,287	32,773
Hours of training/ number of workers involved	%	-	-	6.4	9.8
Near misses	number	-	-	673	630
Of which resolved	%	-	-	*85%*	*87%*
Safety reports	number	-	-	3,103	5,569
Of which resolved	%	-	-	*86%*	*87%*
Total Recordable Injury [1]	number	137	105	74	83
Total Recordable Injury frequency rate[3]	**Ratio**	**26.7**	**21.1**	**14.3**	**13.3**
Loss time injuries [2]	number	113	87	60	61
Lost-time injury frequency rate[3]	Ratio	22.0	17.4	11.6	9.8
Severity rate[4]	Ratio	0.6	0.6	0.5	0.2
Fatalities employees	number	0	0	0	0

[1] Any work-related injury or non work-related that occur in the company premises;
[2] Any work-related injury or non work-related that occur in the company premises that results in the employee not being able to return to work the next scheduled work day;
[3] Frequency rate calculated as the number of injuries divided by the hours worked and multiplied by one million. The hours worked in 2019, 2020,2021 and 2002 were respectively: 5.139.262, 4.985.912, 5.187.240 and 6.232.694;
[4] Severity rate calculated as the number of days lost divided by the hours worked and multiplied by one thousand.

Target ESG 2030

Total recordable injury frequency rate



87% of near misses successfully resolved in 2022.

Contractors safety data		2022
Total Recordable Injury	number	24
Loss time injuries	number	14
Total Recordable Injury frequency rate[5]	**Ratio**	26.6
Lost-time injury frequency rate[5]	Ratio	16.6
Fatalities contractors	Number	0

[5] Frequency rate calculated as the number of injuries divided by the hours worked and multiplied by one million. The hours by external workers in 2022 were 901,715.

At Group level, we decreased our frequency rate by 37% from 2020 (baseline of our 2030 target). Notably, serious injuries also decreased by 30% (from 105 injuries in 2020 to 83 in 2022).

In the Paper units the number of injuries decreased by 31%, from 29 to 20 thanks to a significant decrease occurred in those plants where in the previous years higher numbers of injuries were recorded. Making progress in the right direction.

Instead, the Self-Adhesives units worsened by 40% from 45 in 2021 to 63 in 2022, in part, in relation to the enlargement of the scope due to new acquisitions.

People experience and life at Fedrigoni

At Fedrigoni, we believe together is the only way to go further and beyond. That is why we focus on building purposeful relationships grounded in respect, cooperation and a shared vision. Everyone here is united by their passion for what they do and supported and empowered to reach their goals. Everyone has an essential role to play to help us reach our ambitions. We are all team members and colleagues. Contributors and collaborators. Our voices are heard. Our opinions count. This is what helps to create an amazing team spirit. We strive together, solve together, innovate together, deliver together.

Thanks to our Fedrigoni Survey, a Global initiative started in 2020 and carried out on a yearly basis, we are able to track and measure our people's employee experience and engagement and identify our key strengths and areas of improvement. In 2020, almost 3,000 people filled out the survey and based on their answers, we identified relevant actions to be taken at Group and local level. We strive to achieve an employee NPS (eNPS) ranking in the top 5% of other manufacturing companies and in the top 10% of sectors: this year our eNPS was 32, mid-range of the benchmark. Such a performance is in line with company engagement trends. Despite a decline across all sectors in 2021, we recovered with both an increase in participation and engagement in 2022.

Results are analysed and reported by a complete set of personnel demographics i.e. gender, age, tenure, level, country, location. Starting from 2022, as part of our Inclusion, Diversity and Equity commitment, we have integrated a section focused on inclusiveness, diversity and non discrimination drivers in the Fedrigoni People Engagement Survey. This will help us to fine tune our IDE roadmap and develop a dedicated action plan, also taking into account the experiences of People minorities within the Fedrigoni Group. Moreover, the survey includes a self-identification section allowing Fedrigoni employees to voluntarily and anonymously identify with categories related to ethnicity, religion, gender, sexual orientation, caring responsibilities as well as disabilities.

To continue to promote and foster a positive and collaborative work environment at Fedrigoni, the Group has been relying on both in-person and remote working. Live events have included Fedrigoni Momentum, two global offsites for the 250-300 top managers of the organisation aimed at discussing and reflecting together on the Group strategy, and Open Days to welcome our friends and relatives (families and friends) at our plants, with a focus on education and sustainability.

Furthermore, we benefit from a wide range of online tools that support and enable us to work together across countries and functions. These include our email for all, encompassing plant and production colleagues, our internal communication and social collaboration platform Workplace, and our employee management system. Our learning platform Workday has been implemented in all countries over the last years. This is continuously evolving by expanding its perimeter, improving communication and adoption, and launching new modules and features tailored to our people's needs.

People Engagement (measured through Fedrigoni Survey)

Year	*Participation Rate*	*Engagement Score**	*eNPS (employee internal NPS)**	*Distribution compared to True Benchmark*
2022	73%	7,7 / 10	32	Middle Range
2021	68%	7,7 /10	30	Middle Range
2020	62%	8,2 / 10	50	Top 25%

* The measurement of engagement follows the methodology of the specialized partner Peakon, with an engagement score (average of the answers to the questions of engagement from 0 to 10) and internal NPS or employee NPS, a measure which follows the standard calculation of the NPS (difference between % promoters and % detractors, expressed on a scale from -100 to +100).

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People growth and distinctive skills

Working at Fedrigoni, every day is different. We're always looking forward to the next challenge, the next trend, the next area of expansion. And as the company grows, we do too. Around every corner, there are new markets to explore, new projects to get involved in, and new opportunities to do what's never been done before. Working at Fedrigoni is a non-stop learning experience.

In 2022, we trained over 2.000 colleagues, for a total of almost 30.000 hours delivered (on non-mandatory learning and development) - resulting in almost four times larger than last year's numbers. Fedrigoni's investment in learning and development is continuous, and strives to make it more accessible to our People as well as fully embedded in our culture - across all levels, functions and locations.

The Group invested 1.47 million euros on non-mandatory learning and development experiences in 2022, ca. 240k more than last year.

Training and development experiences were offered to employees through online, in person and on the job formats. When it comes to online learning, we launched a global e-learning platform, Fedrigoni UP, made accessible to all employees. Fedrigoni UP provides our employees with a space to learn, improve and develop on a variety of topics: productivity, collaboration tools, language learning (individual tutoring, group classes and online academies), company processes, soft and hard skills development, sustainability, inclusion and non-discrimination topics, health and safety, cybersecurity as well as functional upskilling and teamwork development. About **6,300** online **courses** were completed by **1,730 employees** on Fedrigoni UP.

By launching Fedrigoni UP - our online learning platform - we were able to reach all of our employees with the importance of compliance and our company's Code of Ethics. This offered the tools and opportunities to all Fedrigoni people to take responsible actions towards themselves, their colleagues and the Group, with full respect towards our people and human rights guidelines. The Code of Ethics course and test was successfully completed by 1.671 employees worldwide, corresponding to 41% of the overall company population (87% excluding plant and production workers).

With the goal of leveraging on the exchange of knowledge and experiences between people, we created a diverse set of workshops and in-person training programs. Some examples of initiatives include: inclusive leadership and management workshops and courses (including plant and operations managers); Customer Academy for all our sales workforce around the world; Fedrigoni Next, a 9-month, high-level, business project and development experience offering young skilled professionals from all over the world and functions, the opportunity to boost their learning, growth and development within the Group.

At Fedrigoni, every day is an opportunity for growth, no matter the role or function. This is what inspires us day by day to work in a challenging, demanding and meaningful environment. We make it happen through tailor-made development plans for all our employees, regular manager check-ins as well as an exclusive development focus on the employee's future career path.

With the aim of creating and fostering the best possible conditions for learning, growth and development at work, Fedrigoni has launched a range of different initiatives with the goal of helping all our people grow, develop and reach their full potential - namely, Coaching with third-party certified leadership and management professionals, with applicable learning needs.

Moreover, in 2022, Fedrigoni launched an internal pilot Mentorship Program aiming to leverage the experience of senior colleagues by sharing their knowledge, skills and expertise with other employees - guiding them through their personal challenges and development. The pilot project is yielding positive results, for both mentors and mentees, and therefore will be scaled up in 2023.

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Inclusion, Diversity and Equity (IDE)

SDG where we want to make the difference

5 GENDER EQUALITY

The diversity of shapes, colours and textures is what makes our product range so unique. We believe similarly that it is the diversity of our people's cultures, backgrounds and identities that makes us so successful. Here at Fedrigoni, we are on a journey to elevate inclusion, celebrate diversity and drive equity in our working environment, with our customers, our partners, our community and with our people. We believe Inclusion is what makes us learn from one another. Diversity is what brings better answers. Equity is how we make sure all our voices are heard. We are committed to ensure that every person feels connected, that their uniqueness is valued and celebrated and that everyone feels that they belong. This will help us make better decisions together and make our working environment more creative, engaging, exciting and irresistible for everyone.

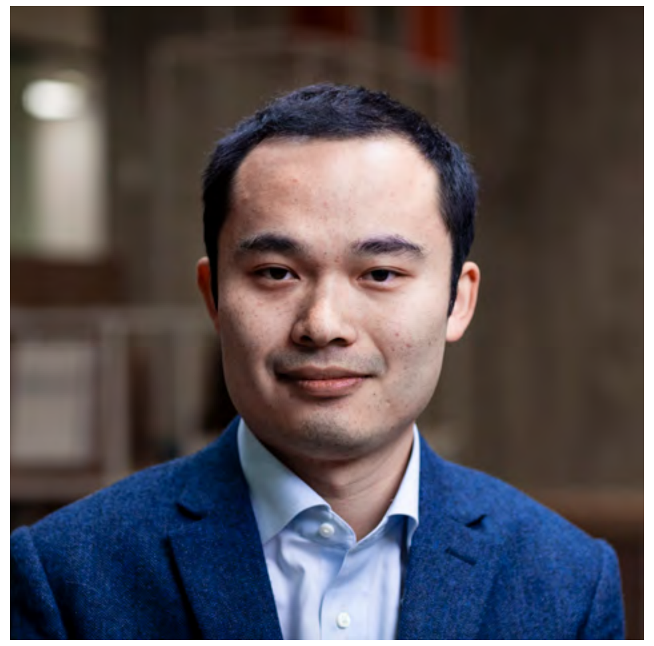
This is why, in 2022, the Fedrigoni Group decided to embark on a journey to boost the ways we facilitate and implement Inclusion, Diversity and Equity within our company. Through a first series of initiatives and programs we will kickstart our IDE journey for our employees for the years to come.

When looking for and welcoming new colleagues, we are aware that great ideas can come from anyone and anywhere: that's why we are committed to recruit people from different cultures, backgrounds, personalities, experiences and abilities and embrace the diversity of our perspectives, skills and expertise. This results in a range of specific and tangible actions. We always ask external recruiters to commit to an equal number of female and male candidates for each position. We use gender neutral wording in our Job posts to foster a wider pool of applicants. Our recruitment process and the relevant procedures for each job post are clearly and seamlessly disclosed. We have diversity-focused managerial dashboards to raise awareness and improve decision-making. We look at people's behaviours and attitudes more than degrees and qualifications.

This also includes new colleagues joining the Group through previous mergers and acquisitions. Our aim and priority is to grow as a global company by understanding, respecting and valuing the culture of the new companies joining us. We want to support all of our new colleagues to succeed and feel they belong in Fedrigoni. Our key drivers include: onboarding to all Group platforms, professional training, events, company policies, processes and procedures as well as internal working methods. Local needs and other relevant differences must be taken into account at the early stages along with creation of a cross-functional team (made up of Group and local members) to support integration of people. This is a key priority in successful and progressive global growth.





Over the last 2 years, Fedrigoni has committed to increase internal equity and transparency through Global Group-wide policies and procedures - across all roles, companies, countries and levels. The topics are related to work life and services, from travel, expenses and company cars to remote working and flexible hours; from antitrust, anti-corruption and business risk to whistleblowing, with a new and improved reporting pipeline launched in 2022. During the same year, we also reviewed and improved our Inclusion, Diversity and Equity policy. The latter has been enhanced with a policy on best practices for respect in the workplace, with guidelines on positive and acceptable behaviour for a safe, supportive and discrimination- and harassment-free professional work environment. Everyone can feel relevant, respected and protected, confident that the Group will handle all reports appropriately. The reporting procedure and the handling of reports are clearly outlined in the policy. In 2022, there were no cases of discrimination and harassment. These policies are communicated and stored in our internal communication platform Workplace, easily accessible to all. Training on these topics took place online and in person, with a focus on our **Code of Ethics**, policies, whistleblowing and reporting procedure (**1,671 employees trained**), as well as a pilot training campaign specifically covering bias awareness and reduction as well as diversity topics (37 people trained), which will be expanded in 2023.

In 2022, the Group kickstarted the Inclusion, Diversity and Equity focused roadmap with two key moments. The first one was the participation of Fedrigoni's management team in an Inclusive Leadership Program. This will continue throughout 2023 with a higher focus on developing and fostering psychological safety in the workplace and include a top down approach, promoting inclusive behaviour role models throughout the whole organisation. The second was the creation of an IDE manifesto for Fedrigoni Group based on tailored, bottom up approaches. The development process was implemented in the last quarter of 2022 by including an IDE section in Fedrigoni's People Survey. This enables us to gather insights from our own people on diversity, inclusion and employees' sense of belonging, non-discrimination, fair opportunities as well as responsiveness of the Group with further discussion in dedicated focus groups and workshops. Our 2023 IDE roadmap will focus on raising awareness on the importance of this topic, creating a unified common language and promoting positive behaviours at all levels. Communication and training campaigns will run alongside ongoing KPI monitoring in key company processes, performance, and talent management, as well as recruiting, promotions and compensation.

The implementation of the ongoing monitoring of our Gender Diversity ESG target, to reach 35% of women in management positions (leadership roles and people managers) by 2030, is one of the many examples. Today, we stand at 25.5%. We are on a journey to further improve this number via two main activities: talent attraction and recruitment (employer branding, career site, university partnerships, 50/50 candidates, headhunters and IDE recruiters partnerships) as well as talent scouting and inclusive leadership (talent scouting within our functions and regions, ad-hoc initiatives for talent acceleration and inclusive culture).

Women in managerial positions*

Year	*Women*	*Total employees in managerial positions*	*% Women*
2022	119	467	**25,48%**
2021	106	423	**25,06%**
2020	81	363	**22,31%**

*Managerial position is defined as leadership position (ExCo and Leadership Team) and employees who manage teams and people. The percentage of women reflects the composition of the Fedrigoni Group at the end of the year.

Fedrigoni aims to keep close monitoring of the gender pay mix, further strengthened with the mapping and classification of the organizationals roles project started in 2022. This will be implemented in 2023 with the aim of increasing the number of equivalent roles in the organisation held by men and women.

Fedrigoni takes care of its employees by offering a structured corporate welfare system that meets the needs and demands of employees and their families, aiming to improve their quality of life. The services offered are:

- Taking care of our employees' health and safety is our priority. This is why, within the Health & Pension area, all employees have access to insurance coverage and pension schemes, according to local regulations and standards. In addition, an anti-flu vaccination campaign is available in some of our operating countries.
- Flexibility is in our DNA. When it comes to working hours, employees have access to an "Agile Working" policy and flexible hours / part time work are an option whenever possible.
- To facilitate the mobility of our employees, Fedrigoni offers company commuter buses where public transport services are poor.
- All our employees have access to meal vouchers or canteen areas within the working place.
- We are our biggest fans. This is why we offer a discount to our employees on all Fabriano products in stores around the world and online.
- Our Flexible Benefits System ensures that the drive, passion and dedication of our people is recognised and rewarded and that each person is empowered to be at their best. That is why we choose to view our compensation and benefits holistically. These benefits reflect our culture, values and the way we work with each other. No matter the role, seniority or location of our people, we strive to provide global benefits that are adaptable to the local area our people live and work in. This Benefits system allows the purchasing power of employees who participate to increase, either transforming a portion, or up to the entire amount, of the participation bonus (PDR in Italy) or converting a portion of the salary (Spain) into welfare credit for the purchase of services to support health, school and training, cultural and sports activities, travel, mobility and supplementary pension plans for themselves and their families.

By strengthening the process already started in the past few years, the company has enlarged the possibility to convert part of the salary (Spain) or part of the profit share (PDR in Italy) into welfare to increase the spending power of the employees, within personal and family services, ludic-recreational fields, public transport season tickets, sustainable mobility, training and development.

Performance Culture & Open Dialogue

Everyone at Fedrigoni is ambitious and committed, all supporting each other and the company's achievements. We have planet-sized ambitions – and we all play a part in achieving them. As a business, we aim to redefine what's possible with our industry and drive our status as the global leader. As individuals, we're empowered to make that happen. Taking responsibility. Taking ownership. Taking risks. Yes, the journey can be challenging, yet we are supported and empowered to perform. We are trusted to be accountable and responsible for our decisions. It's about striking the right amount of bold and humble. Always learning from our mistakes with courage and fearless determination to bravely explore the opportunities around us. Everyone gets to push their potential to the full. Everyone of us is trained, supported and encouraged to be **extraordinary**. Together, we ensure Fedrigoni is a place where people with the best ideas can do the best work of their careers.

How? We foster a culture that recognises and rewards performance and is fueled by open dialogue. This is possible thanks to our Fedrigoni Behaviours. Our Behaviours are more than just words on a page. They are our north star. They guide and inform each decision we make. They remind us each day on how Fedrigoni does business, how leaders lead, and how we keep our people, partners and our customers at the centre of our decisions.

Fedrigoni currently has an annual incentive system (MBO) for Key positions (11,9% of the full population; 28,3% of white collars) based on Group and individual financial indicators, qualitative indicators and Group and functional ESG objectives, the weight of which was increased in 2022 up to 25%. For the entire segment of the population not covered by MBO, performance incentives are covered by profit shares related to economic performance and other indicators differentiated accordingly by country. Among these, the PDR in Italy, and various profit shares such as in Mexico, Brazil, the UK and France.

MBO Objectives 2022

CEO		ExCO e Leadership Team		Other managerial roles (Sales excluded)		Sales	
Objective	Weight	Objective	Weight	Objective	Weight	Objective	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%
Objectives ESG*	**25%**	**Objectives ESG***	**25%**	**Objectives ESG***	**20%**	Individual Objectives	40%
				Individual Objectives	10%	**Objectives ESG***	**15%**

*ESG 2022 targets: people-related aspects (diversity and inclusion, health and safety, compliance with Fedrigoni Behaviours), CO_2 emissions, waste management, sale of products with advanced ESG characteristics, suppliers also qualified according to ESG criteria. Beyond the annual MBO target, most of these objectives have a medium-long term time perspective, tending to coincide with the 2030 horizon. This year, the weight of ESG objectives has been increased, with a greater focus on the people dimension (diversity, equity, inclusion, development and employee engagement, as measured by periodic internal listening surveys).

Everyone at Fedrigoni has access to our Performance Management System - a development tool based on regular, open, quality conversations with managers - ranging from 1 to 4 times per year. These conversations allow managers to provide feedback on performance as well as enabling employees to share their career and professional aspirations and interests. This system serves to develop and monitor our employees' personalised development plans and track them transparently through our HR Management System Workday. This initiative was first launched in 2021 and increasingly adopted in 2022, with **32% of the overall people** and **84% of the in-scope people** (white collars of integrated companies) who have completed at least one conversation during the year. Survey data shows that performance conversations had a significant positive impact on people's engagement and satisfaction, in particular within the areas of openness, mutual respect and care in the workplace. In 2023, the successful deployment of performance conversations will also be part of the individual MBO objectives for people managers.

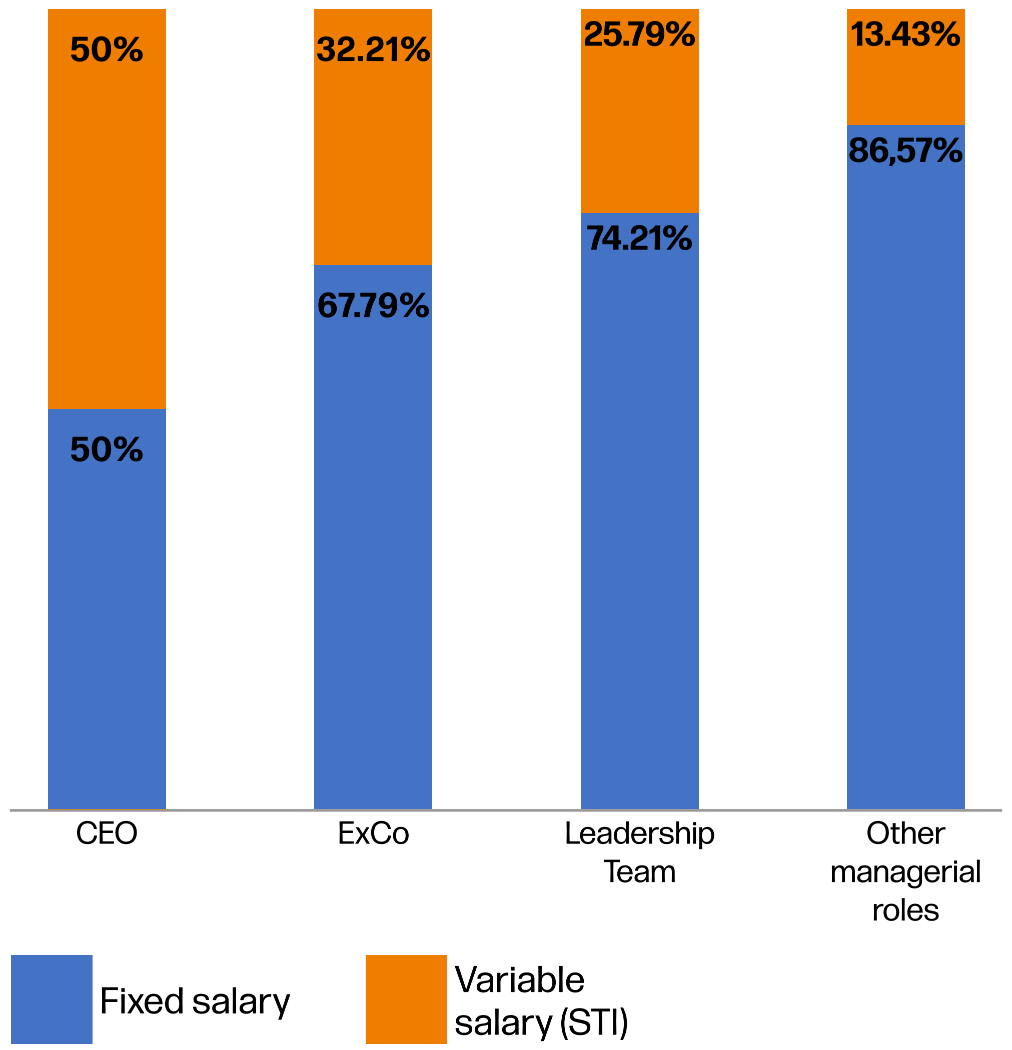
People involved in performance conversation

Year	*N*	*Total population*	*%*
2022	**1.328**	**4115**	**32%**
2021	643	3893	17%
2020	337	3800	9%

In addition, this year Fedrigoni asked its leadership and managers to carry out internal reviews to identify how to best support the growth and development of talents throughout the company, staying in line with their ambitions as well as with the company needs and priorities. This initiative, paired with Fedrigoni Internal Job Posting Platform INK, led to 124 in-house job relocations and coverage of open positions (including international levels). This resulted in 81 more than the previous year, demonstrating a clear positive outcome of Fedrigoni's commitment to People Growth.

Fedrigoni Group performance culture is also based on a pay mix structure, whereby greater exposure to variable pay is granted to higher levels of the workforce and to roles with a strong impact on business performance.

Pay Mix by level*



*The 'Pay Mix' is the percentage of fixed and variable short-term incentive remuneration paid at the target level. It is essential to monitor these data in order to ensure an appropriate and balanced relationship between fixed and variable remuneration components at the different levels of the organisation.

Social dialogue and industrial relations

The Industrial Relations policy adopted by the Group is based on respect, constructive dialogue and reciprocal fairness, in full compliance with art. 13 of the Fedrigoni Group Code of Ethics governing relations with parties, trade unions and associations:

The Group abstains from any direct or indirect pressure to political or trade union exponents and does not contribute directly or indirectly and in any form, to political and trade union parties, movements, committees and organisations, to their exponents and candidates, except those due under specific regulations. Relations with parties, movements, committees and political and trade union organisations are strictly and exclusively entertained by the corporate functions delegated for this purpose in compliance with the corporate organisation.

Relations and negotiations with trade unions are always managed in compliance with the law, national and/or company collective agreements, customs and practices in force in each country. Furthermore, in the Fedrigoni Group there is an extensive 2nd level agreement, which regulates, in a more favourable condition compared to the labour law, various aspects of working conditions, including the payment of overtime and compensatory time off for overtime work on the day of rest.

In addition, the company carefully guarantees the possibility of taking the annual leave necessary for the psycho-physical recovery of its employees and respects the weekly day off.

The local agreement (or the second level agreement) is supported by the role played by the central function, which coordinates activities and ensures that the above principles are uniformly observed throughout the Group.

In compliance with the principle of fair and responsive dialogue with employees, in any events of company reorganisation and restructuring, employees and their representatives are informed in advance, with timescales ranging from country to country in full compliance with local legislation, collective and trade union agreements in force.

During 2022, the Company had to deal with the effects of the difficult macroeconomic environment resulting from the war in Ukraine, which made the outlook for the rest of 2022 and for 2023 more uncertain. To deal with the situation, the Company focused on the operational agility considering the volumes produced: in first three quarters of 2022, also considering the risks related to the energy crisis, Fedrigoni quickly implemented close-cycle shifts to accelerate the production of volumes; in the fourth quarter of the year, in Italy and Spain, the Company activated welfare support provisions to interrupt production and manage the inventory. In these cases, the situation was also managed through trade union agreements in which the company granted employees better conditions than those provided by law, for example the National Protocol for the Management of wages guarantee fund.

In 2022 Fedrigoni also signed The National Agreement for Solidarity Holidays in Italy to promote and support solidarity among employees, especially in cases of colleagues in distress due to illnesses related to children and/or spouse, and the National Agreement on Agile Work, which allows a better work-life balance.

Another initiative finalised in 2022 is the Global Policy 'Good Practices of Respect in the Workplace', which incorporates the fundamental principles of our Code of Ethics.

Over the years, constructive dialogue and relations based on the principles of fairness and mutual transparency have been established with all trade unions in the Group.

This has been confirmed, for example, by the signing in Italy of the National Protocol of Industrial Relations, a trade union agreement that gathers and specifies shared rules for taking dialogue with trade union organisations to an even higher and more structured level.

During 2022, thanks to the careful management of relations with trade union representatives, no hours of strike were recorded.

In the course of 2023, the establishment of a European Work Council is planned, with the aim of increasingly ensuring that all employees are consulted and informed.

At Group level, the main KPIs for Industrial Relations are as follows:

INDUSTRIAL RELATIONS (% on total active employees)	Unit	2022	2021
Employees under collective agreements	%	83%	83%
Employees who have elected union representatives	%	78%	78%

Fedrigoni and the community

Inspiring Girls International

Fedrigoni is a partner of **Inspiring Girls International,** an organisation dedicated to raising the aspirations of girls around the world by connecting them with female role models from all walks of life. They introduce girls (10-15 years old) to the full variety of careers and options in life, inspiring them to aim high. Until mid-February 2023, already 18 Fedrigoni female role models played in 3 Countries.

Fedrigoni for people.
Dream to the great with Inspiring Girls

The partnership with NGO Inspiring Girls International started in 2021. A project created to help raise awareness of their talent in female adolescents, freeing them from the gender stereotypes that often curb ambition. How? Making them dialogue with female role models and joining creative workshops. Indeed, knowing successful female role models is important for rethinking personal aspirations, regaining self-confidence and the possibility of building their own future. After the first pilot experience in 2021 in two classes of second and third grade of a school in Milan, this year we reached a total of 110 young girls and boys in Italy and Brasil, more than double compared to the previous year. One of the 2022 events took place outside the classroom: at the Castello Sforzesco in Milan as part of the Festival del Disegno by Fabriano. The role model was the youtuber and illustrator Fraffrog who guided the young participants in a creative workshop to imagine and draw a narrative of their life highlighting their own qualities and differences as strengths.

Now we are working to expand our reach even more in 2023, by tailoring workshops for students of elementary, middle and high schools in Spain, France, Brazil, Chile, and Italy.

Inspiring young people and elevating their creativity, especially girls, is a purpose that Fedrigoni is committed to keep pursuing in every country where the company exists, through activities held in schools or at special events.

Festival del Disegno (Drawing Festival)

Held every year in September - our event to celebrate the art of drawing around Italy. It all starts with the festival-event in Milan: from the Indro Montanelli gardens to the Castello Sforzesco. After Milan, the Festival moves along the entire peninsula, feeding on the local creativity of individual genius loci. Associations, institutions, schools, museums, libraries from all over Italy organize creative workshops. Some numbers about the 2022 edition (fabriano.com/festival-del-disegno/):

- Weekend in Milan with + 15000 people, + 1130 participants to the workshops, and + 200 participants to the final live performance
- Around Italy with + 300 Events, + 90 Italian cities involved, and + 100 small local businesses, artists, cultural associations, museums, academies, art institutes and schools.

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Fedrigoni Wood

Near our plant in Caponago (Italy) covering 0.75 hectares with 1.500 plants. Every year we organise volunteering activities during working time to plant new trees and take care of existing ones. Nonetheless, 2022 was dramatic because of drought; that is why we are internally discussing how to pursue these kinds of initiatives in a future of climate change.

In mid-February 2023, we looked after our wood by involving 15 employees plus the Sustainability Team in re-plantation activities, during working time.

Fondazione Gianfranco Fedrigoni - Fabriano (FFF).

The Foundation, dedicated to Gianfranco Fedrigoni, was founded in Fabriano on 8th of March 2011. Unique heritage in the world for the quantity of assets preserved - with over 500 square metres of archival assets and books belonging to the Archive of the Miliani Fabriano paper mills - it is the first Company archive in Italy declared historically interesting with documents dating from 1782. The historical heritage also includes 2,212 Fabriano antique papers, a collection of papers dated 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 to produce the hand-made and machine-made paper, commissioned by historical Made in Italy companies (e.g. FIAT, Liquore Strega, Fernet Branca, Stabilimento Ricordi). The annual Fedrigoni donation varies according to the activities included in the Foundation's program (in 2022, it amounted to around 250,000 euros). Details on 2022 initiatives of Fondazione Fedrigoni Fabriano are available here: www.fondazionefedrigoni.it

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ESG Targets

Women in managerial positions*

Year	*Women*	*Total managers*	*% women*
2022	119	467	25.48%
2021	106	423	25.06%
2020	81	363	22.31%

*Managerial position is defined as leadership position (ExCo and Leadership Team) and employees who manage teams and people. The percentage of women reflects the composition of the Fedrigoni Group at the end of the year.

People Engagement (measured through Fedrigoni Survey)

Year	*Participation Rate*	*Engagement Score**	*eNPS (employee internal NPS)*	*Distribution compared to True Benchmark*
2022	**73%**	**7.7 / 10**	**32**	**Middle Range**
2021	68%	7.6 /10	30	Middle Range
2020	62%	8.2 / 10	50	25%

Employees trained on the Group Code of Ethics during the year

Anno	*N*	*Total Employees*	*%*
2022	**1,671**	**4,115**	**41%**
2021	40	3,893	1%

Engagement

People Engagement by Level

Level	*Participation Rate*	*Engagement Score**	*eNPS (employee internal NPS)**	*eNPS compared to True Benchmark*
Leadership	100%	9.4 / 10	93	Top 5%
Manager	98%	8.0 /10	45	Top 25%
White Collar	88%	7.7 / 10	31	Middle range
Blue Collar	60%	7.5 / 10	24	Middle range
Total	**73%**	**7.7 / 10**	**32**	**Middle range**

People Engagement by Gender

Gender	*Participation Rate*	*Engagement Score**	*eNPS (employee internal NPS)**	*eNPS compared to True Benchmark*
Female	92%	7.8 / 10	35	Middle range
Male	69%	7.6 /10	30	Middle range
Total	**73%**	**7.7 / 10**	**32**	**Middle range**

Learning

Methodological note: Here we include additional, non-mandatory training, in addition compared to the cumpolsory trainings mandated by local and national legislation. *Blank* indicates that the Learner has left the Company during the year and/or is part of a recently acquired company and the information is not fully collected and verified.

Learning by Age Group - 2022

Age Group	Average Hours per capita	Number of employees who completed min. 1 course	% on total employees	Number of completed courses	Total training hours
<30	10.9	313	71%	4,860	3,398.86
30-50	14.2	1,112	49%	4,264	15,834.78
>50	15.4	636	47%	2,549	9,809.28
Exits in the year / Contingent	2.9	4	-	14	11.74
Total	14.1	2,065	50%	7,959	29,054.66

Learning by Gender - 2022

Gender	Average of training hours per capita	Number of employees who completed min. 1 course	% on total Employees by Gender	Number of completed courses	Total training hours
Male	14.8	1,350	41%	4,860	19,939.01
Female	12.9	703	87%	3,077	9,060.83
Exits in the year / Contingent	4.6	12	-	22	54.82
Total	14.1	2,065	50%	7,959	29,054.66

Learning by Level - 2022

Professional Category	Average of training hours per capita	Number of employees who completed min. 1 course	% on total Employees by Level	Number of completed courses	Total training hours
Leadership	25.8	42	95%	207	1,085.27
Manager	27.6	395	93%	2,008	10,920.37
White Collar	13.7	1,054	84%	4,843	14,458.33
Blue Collar	3.2	452	19%	629	1,466.91
Exits in the year / Contingent	9.2	122	-	272	1,123.78
Total	14.1	2,065	50%	7,959	29,054.66

Learning by Nationality - 2022

Nationality	Average of training hours per learner	Number of employees who completed min. 1 course	Number of completed courses	Total training hours
Italy	17.1	1,101	4,678	18,845.43
Spain	13.6	107	405	1,453.46
Brazil	9.1	78	256	708.12
China	6.6	66	177	433.66
France	9.8	49	167	481.98
Chile	15.4	48	159	739.47
United Kingdom	5.4	38	177	204.21
Poland	7.1	15	64	106.42
Other (nationality with <15 learners or N/A)	10.8	563	3,716	6.081,91
Total	14.1	2,065	7,959	29,054,66

In 2021, we trained 566 people (of which 19 exited during the year), for a total of 16717 hours of training delivered (30,5 per learner on average).

Employees involved in Training 2021*

	Male		*Female*		*Total*	
	Number	***%***	***Number***	***%***	***Number***	***%***
Leadership	36	100%	10	100%	**46**	**100%**
Manager	211	72%	68	67%	**279**	**71%**
White collar	121	18%	95	17%	**216**	**17%**
Blue collar	5	0%	1	0%	**6**	**0%**
Total	**373**	**11%**	**174**	**22%**	**547**	**14%**

*This is optional training in addition to the mandatory training required by national laws. 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 2021

	<30	*30 – 50*	*>50*
Male	14	191	163
Female	17	122	35
Total	**31**	**313**	**198**

Average hours of annual training* per employee2021

	Male		*Female*		*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
Total	**11,000**	**29.5**	**5,717**	**33**	**16,717**	**30.5**
Total training hours* per head across the organisation	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.

Performance

Employees with at least one Performance Conversation

Anno	***N***	***Total dipendenti***	***%***
2022	**1,328**	**4,115**	**32%**
2021	643	3,893	17%
2020	337	3,800	9%

Performance Conversations by Level - 2022

Level	**Employees with at least a Performance Conversation**	**% on total population**
Leadership	30	68%
Manager	333	79%
White Collar	872	70%
Blue Collar	93	4%
Total	**1,328**	**32%**

Performance Conversations by Gender - 2022

Gender	**Employees with at least a Performance Conversation**	**% on total population**
Female	503	62%
Male	825	25%
Total	1,328	32%

	2022				*2021*			
Employees with MBO	***Male***		***Female***		***Male***		***Female***	
	Number	***%****	***Number***	***%****	***Number***	***%****	***Number***	***%****
Leadership	37	100%	7	100%	34	100%	8	100%
Manager	179	58%	67	60%	157	55%	39	40%
White collar	127	19%	72	12%	117	17%	61	11%
Blue collar	-	-	-	-	-	-	-	-
Total per gender	**343**	**10%**	**146**	**18%**	**308**	**10%**	**108**	**14%**
Total	***12%***					***11%***		

* Percentage on total active employees.

Workforce breakdowns

	2022			*2021*		
Worker Type	***Male***	***female***	***Total***	***Male***	***Female***	***Total***
Employee	3,303	812	4,115	3,141	752	**3,893**
External collaborator	286	59	345	259	31	**290**
Total	***3,589***	***871***	***4,460***	**3,400**	**783**	**4,183**
Type of contract	***Male***	***Female***	***Total***	***Male***	***Female***	***Total***
Temporary	112	67	179	86	52	138
Permanent	3,191	745	3,936	3,055	700	3,755
Total	***3,303***	***812***	***4,115***	**3,141**	**752**	**3,893**
Time Type	***Male***	***Female***	***Total***	***Male***	***Female***	***Total***
Full-time	3,275	739	4,014	3,122	692	3,814
Part-time	28	73	101	19	60	79
Total	***3,303***	***812***	***4,115***	**3,141**	**752**	**3,893**
Type of external contracts	***Male***	***Female***	***Total***	***Male***	***Female***	***Total***
External agency	270	37	307	248	21	**269**
Intern	12	15	27	5	4	**9**
Apprentices	2	1	3	2	3	**5**
Co.Co.Co	1		1	2		**2**
Consultant	1	6	7	2	3	**5**
Total	***286***	***59***	***345***	**259**	**31**	**290**

*éclose s.r.l. not included in the HR data

	2022			2021		
Professional category per gender	***Male***	***Female***	***Total***	***Male***	***Female***	***Total***
Leadership	37 (84%)	7 (16%)	**44**	34 (81%)	8 (19%)	**42**
Manager	311 (74%)	112 (26%)	**423**	283 (74%)	98 (26%)	**381**
White collar	669 (53%)	583 (47%)	**1,252**	670 (56%)	533 (44%)	**1,203**
Blue collar	2,286 (95%)	110 (5%)	**2,396**	2,154 (95%)	113 (5%)	**2,267**
Total	**3,303 (80%)**	**812 (20%)**	**4,115**	**3,141 (81%)**	**752 (19%)**	**3,893**

In addition, we report the percentage of women in the following additional professional categories in 2022: Junior manager 26%, revenue generating functions 39%, STEM-related positions 21%

	2022				*2021*				
	< 30	*30 - 50*	*> 50*	*Grand Total*	*<30*	*30 – 50*	*>50*	*N/A*	*Total*
Leadership	(0%)	27 (61%)	17 (39%)	**44 (100%)**	0%	55%	45%	**0%**	**42**
Manager	6 (1%)	236 (56%)	181 (43%)	**423 (100%)**	3%	49%	47%	2%	**381**
White Collars	151 (12%)	739 (59%)	362 (29%)	**1,252 (100%)**	11%	55%	32%	2%	**1,203**
Blue Collars	296 (12%)	1,308 (55%)	792 (33%)	**2,396 (100%)**	12%	52%	36%	1%	**2,267**
Grand Total	***453 (11%)***	***2,310 (56%)***	***1,352 (33%)***	4,115 (100%)	11%	52%	36%	1%	3,893

Employees by nationality 2022

Nationality	**Number of employees**	**%**
Italy	2,291	56%
Spain	500	12%
United States of America	268	7%
Brazil	161	4%
Chile	153	4%
Mexico	142	3%
China	131	3%
United Kingdom	95	2%
Poland	55	1.3%
Germany	53	1.3%
France	46	1.1%
Colombia	20	0.5%
Ecuador	17	0.4%
Other	183	4%

In "Other" are included the countries with a number of employees below 15. It includes: Dominican Republic, Belgium, Romania, Argentina, Peru, Philippines, Moldova, Morocco, Portugal, Hong Kong, Costa Rica, Venezuela, Indonesia, Bangladesh, Nicaragua, Malaysia, Switzerland, Albania, Czechia, Lithuania, Ukraine, Hungary, Tunisia, Slovakia, Austria, Canada, El Salvador, Senegal, Netherlands, Sri Lanka, UK, Honduras, Georgia, Ghana, Guinea, Latvia, Korea, Republic of, Serbia, Greece, Guatemala, Nigeria, Uruguay, Finland, Cameroon, Bosnia and Herzegovina.

Employees by demographics self-identification

In this year's Fedrigoni People Survey, employees had the option to self-identify on a voluntary and anonymous basis in a series of categories through a third party survey platform (Peakon), with the aim for the Group of better understanding the lived experiences of different groups in order to plan dedicated actions and initiatives through the analysis of employee feedback and sentiment also by these segments.

Employees self-identification Ethnicity	Number	%
Ethnic majority	1,327	32%
Etnic minority	87	2%
Other	106	3%
Preferred not to answer	2,595	63%

Employees self-identification Religion	Number	%
Christian	1,212	29%
Atheist	208	5%
Non-religiously spiritual	140	3%
Agnostic	104	3%
Other	101	2%
Buddhist	26	1%
Muslim	16	0%
Jewish	5	0%
Preferred not to answer	2,303	56%

Employees self-identification Caring responsibilities	Number	%
No caring responsibilities	874	21%
Caring responsibilities for a child or children	499	12%
Caring responsibilities for an adult family member	186	5%
Caring responsibilities for a child or children as well as an adult family member	187	5%
Other caring responsibilities	43	1%
Preferred not to answer	2,326	57%

Employees self-identification Sexual Orientation	Number	%
Straight / Heterosexual	1,687	41%
Gay / Lesbian	13	0%
Bisexual	17	0%
Other	21	1%
Preferred not to answer	2,377	58%

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Turnover

	2022				*2021*				
Number of new hires 2022 *	*<30*	*30 - 50*	*>50*	*Total*	*<30*	*30 - 50*	*>50*	*N/A*	*Total*
Male	137	225	31	**393**	80	155	25	1	**261**
Female	35	96	12	**143**	38	71	5	2	**116**
Total	**172**	**321**	**43**	**536**	**118**	**226**	**30**	**3**	**377**
(%)	**39%**	**14%**	**3%**	**13%**	28%	11%	2%	6%	10%

	2022				*2021*				
Turnover 2022 *	*<30*	*30 - 50*	*>50*	*Total*	*<30*	*30 - 50*	*>50*	*N/A*	*Total*
Male	66	158	90	**314**	82	167	114	4	367
Female	19	58	20	**97**	16	46	35	2	99
Total	**85**	**216**	**110**	**411**	**98**	**213**	**149**	**6**	**466**
Turnover rate (%)	**19%**	**9%**	**8%**	**10%**	**23%**	**11%**	**11%**	**13%**	**12%**

*excluding new acquisition and merge

Internal Mobility

	2022				*2021*			
Employees covering an internal open position	*Male*		*Female*		*Male*		*Female*	
	Number	*%**	*Number*	*%**	*Number*	*%**	*Number*	*%**
Leadership	2	5%	0	0%	1	3%	0	0%
Manager	23	7%	9	8%	7	2%	3	3%
White collar	19	3%	12	2%	10	1%	7	1%
Blue collar	58	3%	1	1%	15	1%	0	0%
Total per gender	**102**	**3%**	**22**	**3%**	**33**	**1%**	**10**	**9%**
Total	*124 employees, 3%*				*43 employees, 1%*			

ExCo composition

	2022				**2021**			
Number of ExCo	*<30*	*30 - 50*	*>50*	*Total*	*<30*	*30 - 50*	*>50*	*Total*
Male		6	1	7		6		**6**
Female			1	1			2	**2**
Total		**6**	**2**	**8**		**6**	**2**	**8**

% ExCo	*<30*	*30 - 50*	*>50*	*Total*	*<30*	*30 - 50*	*>50*	*Total*
Male		75%	12.5%	87.5%		75%		**75%**
Female			12.5%	12.5%			25%	**25%**
Total		**75%**	**25%**	**100%**		**75%**	**25%**	**100%**

Tax management

Country	Resident entity names	Main activities	Nr. 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; Giano 1264 Srl; Giano Real Estate; éclose SRL Gruppo Cordenons SpA; Magnani 1404 Srl;	Production and distribution of specialty graphic papers	1,629	542,467	265,352	18,803	795,816	9,009	3,984
Italy	Ritrama SpA; Polifibra 2011 SpA; Arconvert SpA;	Production and distribution of adhesive and anti-adhesive products	752	447,445	153,077	38,075	302,862	2,411	(1,332)
Italy	Miliani Immobiliare Srl;	Property management	0	0	0	(366)	1,729	0	27
Spain	Arconvert SAU; DIVIPA; Villartales	Production and distribution of adhesive and anti-adhesive products	498	369,629	46,820	42,890	123,369	10,932	9,720
Spain	Fedrigoni Espana SL; Guarro Casas	Distribution of specialty graphic papers	178	40,137	315	(143)	38,187	179	(1)
United Kingdom	Ritrama UK;	Production and distribution of adhesive and anti-adhesive products	76	68,480	9,453	2,863	19,664	77	532
United Kingdom	Fedrigoni UK LTD	Distribution of adhesive and anti-adhesive products	42	45,003	158	477	4,757	240	243
USA	GPA Holding company INC; GPA Acquisition company LLC;	Distribution of specialty graphic papers, adhesive and anti-adhesive products	122	152,138	0	11,443	70,678	4,373	2,765
USA	Acucote INC.	Production and distribution of adhesive and anti-adhesive products	146	90,444	1,450	6,398	60,730	1,007	2,527
Brazil	Arconvert-Ritrama do Brasil LTDA; Ritrama Autodesivos LTDA	Production and sale of adhesive and anti-adhesive products	158	81,263	8,608	7,299	66,490	2,126	1,351
Chile	Ritrama SA Chile	Production and distribution of adhesive and anti-adhesive products	161	39,614	32,167	(4,049)	39,356	963	(759)
Mexico	Venus America SA de CV; Industrial Papelera Venus SA de CV.	Production and distribution of adhesive and anti-adhesive products	142	49,882	1,635	3,641	43,785	2,253	2,125
Germany	Fedrigoni Deutschland GMBH; Cartamano Deutschland GMBH.	Distribution of specialty graphic papers	59	43,525	56	443	9,074	126	155
France	Fedrigoni France Sarl	Distribution of specialty graphic papers	46	45,671	142	624	83,026	68	179
Austria	Fedrigoni Austria GMBH	Distribution of specialty graphic papers	1	0	0	75	74	2	2

Country	Resident entity names	Main activities	Nr. 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
Ecuador	Distribuidora Ritrama Ecuador Disritrec SA	Distribution of adhesive and anti-adhesive products	8	2,299	0	(16)	422	0	67
Perù	Ritrama Perù	Distribution of adhesive and anti-adhesive products	9	5,201	0	276	3,524	0	94
Costa Rica	Ritrama Costa Rica	Distribution of adhesive and anti-adhesive products	12	4,617	0	44	3,283	34	49
Colombia	Ritrama SAS	Distribution of adhesive and anti-adhesive products	18	7,746	0	(878)	4,615	45	44
Guatemala	Ritrama Guatemala	Distribution of adhesive and anti-adhesive products	1	384	63	(254)	195	0	0
Dominican Repubblic	Inversiones San Aurelio SRL; Ritrama CARIBE Srl	Distribution of adhesive and anti-adhesive products	14	5,263	1,460	244	1,554	24	22
China	Ritrama (Hefei) Pressure Sensitive Coated Materials Co.Limited	Production and distribution of adhesive and anti-adhesive products	102	30,007	8,012	908	19,683	0	523
	Fedrigoni ASIA LTD; Fedrigoni Trading CO LTD	Distribution of specialty graphic papers	50	17,603	109	170	9,251	0	0
South Africa	Ritrama Converting (PTY) LTD	Distribution of adhesive and anti-adhesive products	1	1,023	0	(543)	17	19	124
Poland	Ritrama Poland	Distribution of adhesive and anti-adhesive products	47	29,802	(41)	332	11,043	134	81
Belgium	Fedrigoni Benelux BVBA	Distribution of specialty graphic papers	12	12,434	605	(34)	1,224	0	4
Bangladesh	Fedrigoni Bangladesh LTD	Distribution of specialty graphic papers	2	0	379	234	224	0	0
Indonesia	PT Fedrigoni Indonesian Trading	Distribution of specialty graphic papers	3	635	0	(152)	1,172	0	0
Turkey	Bes Reklam Ürünleri Sanayi ve Ticaret A.Ş.	Distribution of adhesive and anti-adhesive products	80	1,605	0	241	23,044	0	176
Totale			4,369	2,134,317	529,821	129,046	1,738,846	34,023	22,702

Table of the location of Fedrigoni paper mills in relation to protected areas or areas of natural interest

	Arco	Cordenons	Fabriano	Pioraco	Scurelle	Varone	Verona
Type of plant	Paper mill	Paper mill	Paper mill	Paper mill	Paper mill	Paper mill	Paper mill
Surface (ha)	12.41	6.20	8.93	3.18	0.55	4.65	5.84
Nearest protected area or area of natural interest	Biotopo Monte Brione	Risorgive del Vinchiaruzzo	Faggeto di San Silvestro	Valle Scurosa. Piano di Montelago e Gola di Pioraco	Val Campelle	Biotopo Monte Brione	Fiume Adige tra Verona est e Badia Polesine
Distance in km to the protected area or area of natural interest	0.33	1.33	0.83	0.00	3.73	2.65	1.66
Number of protected areas or areas of natural interest within a radius of 20 km	55	12	33	31	47	59	13

U.N. Global Compact reference table

Category	Global Compact Principles	2022 Sustainability Report paragraph	GRI Indicator
Human Rights	**Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights	Our certifications, Code of Ethics,2030 ESG targets, Human Rights, Safety, Inclusion, Diversity and Equity	403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-9, 405-1, 406-1, 413-1,
	Principle 2: Businesses should make sure that they are not complicit in human rights abuses	Code of Ethics,2030 ESG targets, Sustainable procurement, Human Rights	414-1, 414-2
Labour	**Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	2030 ESG targets, Human Rights, Social Dialogue and industrial relations	2-30
	Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour	Code of Ethics, Sustainable procurement, Human Rights	414-1, 414-2
	Principle 5: : Businesses should uphold the effective abolition of child labour	Code of Ethics, Sustainable procurement, Human Rights	414-1, 414-2
	Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation	Code of Ethics, Sustainable procurement, Human Rights, Safety, Inclusion, Diversity and Equity, Social Dialogue and industrial relations	2-7, 2-8, 404-1, 404-2, 404-3, 405-1, 406-1
Environment	**Principle 7:** Businesses should support a precautionary approach to environmental challenges	Code of Ethics,2030 ESG targets, Enterprise Risk Management, Sustainable procurement, Raw materials, Water, Energy, Carbon dioxide emissions and energy transition, Other atmospheric emissions, Biodiversity and no deforestation, Waste and circular economy, Life Cycle Assessment, End-of-life of our products	302-1, 302-3, 303-1, 303-2, 303-3, 305-1, 305-2, 305-3, 305-4, 305-5, 306-1,306-2, 306-3
	Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility	2030 ESG targets, Raw materials, Water, Energy, Carbon dioxide emissions and energy transition, Other atmospheric emissions, Biodiversity and no deforestation, Waste and circular economy, Life Cycle Assessment, End-of-life of our products	302-1, 302-3, 303-1, 303-2, 303-3, 305-1, 305-2, 305-3, 305-4, 305-5, 306-1,306-2, 306-3
	Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies	2030 ESG targets, Raw materials, Water, Energy, Carbon dioxide emissions and energy transition, Other atmospheric emissions, Biodiversity and no deforestation, Waste and circular economy, Life Cycle Assessment, End-of-life of our products	302-1, 302-3, 303-1, 303-2, 303-3, 305-1, 305-2, 305-3, 305-4, 305-5, 306-1,306-2, 306-3
Anti-Corruption	**Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery	Code of Ethics	2-26, 2-27

Scope and impacts of material topics:

Material topic	Scope	Role of Fedrigoni	Type of impacts
CO_2 & renewable energy	Fedrigoni and Suppliers	Caused by Fedrigoni Directly linked through business relationship	GHG emissions and energy consumption
Excellence in product eco-design and quality"	Fedrigoni and Suppliers	Caused by Fedrigoni Directly linked through business relationship	Quality and safety impacts of products
Water	Fedrigoni and Suppliers	Caused by Fedrigoni Directly linked through business relationship	Water withdrawl, consumption and discharge
Biodiversity	Fedrigoni and Suppliers	Caused by Fedrigoni Directly linked through business relationship	Direct and indirect Impact on biodiversity
Health and Safety	Fedrigoni	Caused by Fedrigoni	Work-related injuries
Diversity, Equity and Inclusion	Fedrigoni	Caused by Fedrigoni	Discrimination and non-inclusive practices in the workplace
Governance & business ethics	Fedrigoni	Caused by Fedrigoni	Unethical conduct of business; creation and distribution of value
People experience and development	Fedrigoni	Caused by Fedrigoni	People skills development and well being
Social inclusion & Community relations	Fedrigoni	Caused by Fedrigoni	Local development and community relations

SASB

Topic	Accounting metric	Unit of measurement	Code	Response	Paragraph
Greenhouse Gas Emissions	Gross global Scope 1 emissions	Metric tons (t) CO_2-e	RR-PP-110a.1	316,363 t CO_2e	"Carbon dioxide emissions and energy transition towards carbon neutrality"
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets		RR-PP-110a.2		"TCFD disclosure" "Carbon dioxide emissions and energy transition towards carbon neutrality"
Air Quality	Air emissions of the following pollutants: (1) NOx (excluding N2O), (2) SO2, (3) volatile organic compounds (VOCs), (4) particulate matter (PM), and (5) hazardous air pollutants (HAPs)		RR-PP-120a.1		"Other atmospheric emission"
Energy Management	(1) Total energy consumed (2) percentage grid electricity, (3) percentage from biomass, (4) percentage from other renewable energy	GJ or %	RR-PP-130a.1	(1) 5,674,252 GJ (2) 3.6% (3) 0% (4) 4.2%	"Energy"
Water Management	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress		RR-PP-140a.1	Water	"water"
	Description of water management risks and discussion of strategies and practices to mitigate those risks		RR-PP-140a.2		"water"
Supply Chain Management	Percentage of wood fiber sourced from (1) third-party certified forestlands and percentage to each standard and (2) meeting other fiber sourcing standards and percentage to each standard		RR-PP-430a.1	100% of purchased pulp with FSC® certification (96% COC and 4% CW).	"Sustainable procurement"
	Amount of recycled and recovered fiber procured		RR-PP-430a.2	4,657 ton	"Raw materials" "Sustainable procurement"
Activity metric	Pulp production		RR-PP-000.A	0	"Our business"
	Paper production		RR-PP-000.B	499,993 ton	"Our business"

GRI: content index

Fedrigoni has reported in accordance with the GRI Standards for the period 1st January 2022 to 31st December 2022.

GRI Standard	Disclosure	Page	Note
The organization and its reporting practices			
GRI 2: General Disclosures 2021	**2-1** Organizational details	14	
	2-2 Entities included in the organization's sustainability reporting	Fedrigoni Group p.12	
	2-3 Reporting period, frequency and contact point	14	
	2-4 Restatements of information	14; 51	
	2-5 External assurance	14; 95-96	
Activities and workers			
GRI 2: General Disclosures 2021	**2-6** Activities, value chain and other business relationships	7-11; 15-17; 22-25; 41-43	
	2-7 Employees	83	
	2-8 Workers who are not employees	83	
Governance			
GRI 2: General Disclosures 2021	**2-9** Governance structure and composition	29; Fedrigoni Group p.8	
	2-10 Nomination and selection of the highest governance body	29	
	2-11 Chair of the highest governance body	29	
	2-12 Role of the highest governance body in overseeing the management of impacts	29	
	2-13 Delegation of responsibility for managing impacts	29	
	2-14 Role of the highest governance body in sustainability reporting	29	
	2-15 Conflicts of interest	29; 33-34	
	2-16 Communication of critical concerns	29	
	2-17 Collective knowledge of the highest governance body	29	
	2-18 Evaluation of the performance of the highest governance body	29	The performance is self-assessed by each Board Member every two years, in respect to the activity of the last 12 months, with the help of an external qualified third party to run the process.
	2-19 Remuneration policies	74-75	
	2-20 Process to determine remuneration	74-75	
	2-21 Annual total compensation ratio		CEO to median employee compensation ratio: 56 in 2022. It was calculated considering fixed and variable remuneration that is represented by base salary and actual production bonus paid in 2023. Since CEO's compensation did not change in the last year, the ratio of the percentage increase is zero

GRI Standard	Disclosure	Page	Note
Strategy, policies and practices			
GRI 2: General Disclosures 2021	**2-22** Statement on sustainable development strategy	Fedrigoni Group p.4	
	2-23 Policy commitments	17; 20; 67	
	2-24 Embedding policy commitments	29; 67	
	2-25 Processes to remediate negative impacts	19; 29-30; 33; 90	
	2-26 Mechanisms for seeking advice and raising concerns	33	
	2-27 Compliance with laws and regulations		In 2022 no cases of non compliance occurred.
	2-28 Membership associations	40	
Stakeholder engagement			
GRI 2: General Disclosures 2021	**2-29** Approach to stakeholder engagement	39	
	2-30 Collective bargaining agreements	76	

MATERIAL TOPICS			
3 Material topics (2021)	**3-1** Process to determine material toics	30	
	3-2 List of material topics	30; 90	
Governance			
Governance & business ethics			
3 Material topics (2021)	**3-3** Management of material topics	29; 33-35; 40-41	
201: Economic performance (2016)	**201-1** Direct economic value generated and distributed	40	
205: Anti-corruption (2016)	**205-3** Confirmed incidents of corruption and actions taken	-	In 2022 no confirmed incidents of corruption occurred.
206: Anti-competitive behavior (2016)	**206-1** Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	-	In 2022 no legal actions for anti-competitive behavior, anti-trust and monopoly practices were recorded.
207: Tax (2019)	**207-1** Approach to tax	40-41	
	207-2 Tax governance, control, and risk management	40-41	
	207-3 Stakeholder engagement and management of concerns related to tax	40-41	
	207-4 Country-by-country reporting	86-87	

GRI Standard	Disclosure	Page	Note
SOCIAL			
Health and safety			
3 Material topics (2021)	**3-3** Management of material topics	67-68	
403: Occupational health and safety (2018)			
	403-1 Occupational health and safety management system	67-68	
	403-2 Hazard identification, risk assessment, and incident investigation	67-68	
	403-3 Occupational health services	67-68	
	403-4 Worker participation, consultation, and communication on occupational health and safety	67-68; 76	
	403-5 Worker training on occupational health and safety	67-68	
	403-6 Promotion of worker health	67-68	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	67-68	
	403-9 Work-related injuries	68	
Diversity, Equity and Inclusion			
3 Material topics (2021)	**3-3** Management of material topics	71-73	
405: Diversity and equal opportunity (2016)	**405-1** Diversity of governance bodies and employees	29; 83	
406: Non-discrimination (2016)	**406-1** Incidents of discrimination and corrective actions taken	-	In 2022 no incidents of discrimination occurred.
People experience and development			
3 Material topics (2021)	**3-3** Management of material topics	69-75	
401: Employment (2016)	**401-1** New employee hires and employee turnover	85	
404: Training and education (2016)	**404-1** Average hours of training per year per employee	81-82	
	404-2 Programs for upgrading employee skills and transition assistance programs	70	
	404-3 Percentage of employees receiving regular performance and career development reviews	82	
Community relations & social inclusion			
3 Material topics (2021)	**3-3** Management of material topics	77-78	
413: Local communities (2016)	**413-1** Operations with local community engagement, impact assessments, and development programs	77-78	

GRI Standard	Disclosure	Page	Note
ENVIRONMENT			
CO_2 & renewable energy			
3 Material topics (2021)	**3-3** Management of material topics	36-37; 51-55	
302: Energy (2016)	**302-1** Energy consumption within the organization	51	
	302-3 Energy intensity	51	
	302-4 Reduction of energy consumption	51	
305: Emissions (2016)	**305-1** Direct (Scope 1) GHG emissions	55	
	305-2 Energy indirect (Scope 2) GHG emissions	55	
	305-3 Other indirect (Scope 3) GHG emissions	53	
	305-4 GHG emissions intensity	55	
	305-5 Reduction of GHG emissions	54-55	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	56	
Biodiversity			
3 Material topics (2021)	**3-3** Management of material topics	56	
304: Biodiversity (2016)	**304-1** Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	88	
306: Waste 2020	**306-1** Waste generation and significant waste-related impacts	57-58	
	306-2 Management of significant waste-related impacts	57-58	
	306-3 Waste generated	58	
Water			
3 Material topics (2021)	**3-3** Management of material topics	49-50	
303: Water and effluents (2018)	**303-1** Interactions with water as a shared resource	49-50	
	303-2 Management of water discharge-related impacts	49-50	
	303-3 Water withdrawal	50	
	303- 4 Water discharge	50	
	303-5 Water consumption	50	
Excellence in product eco-design and quality			
3 Material topics (2021)	**3-3** Management of material topics	14-16; 60-62	
416: Customer Health and Safety (2016)	**416-2** Incidents of non-compliance concerning the health and safety impacts of products and services		No cases non-compliance concerning the health and safety impacts of products and services occurred in 2022

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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 the Fedrigoni Group (hereinafter also "Group") as of December 31, 2022.

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.

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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 "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 Arconvert S.A.U. 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.

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;

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- for the following companies and sites, Pioraco (MC) production plant for Fedrigoni S.p.A., Sassoferrato (AN) production plant for Ritrama S.p.A. and Girona (Spain) production plant for Arconvert S.A.U., 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 or remote meetings, 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, 2022 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 as 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.

Silvia Dallai

Silvia Dallai
Partner

Bologna, Italy
May 16, 2023

FEDRIGONI
Annual Report 2022

Annual Financial Report

Management discussion and analysis

Introduction

We present in this annual financial report (this "Annual Financial Report"):

1. certain financial and other information of Fedrigoni S.p.A. ("Fedrigoni" and, together with its subsidiaries, the "Fedrigoni Group") as of and for the years ended December 31, 2022 and 2021 (the "Fedrigoni results");
2. certain financial and other information of Fiber Bidco S.p.A. ("Fiber Bidco" and, together with its subsidiaries, the "Fiber Group") from its date of incorporation as Fiber Bidco S.r.l. on August 29, 2022, to and as of December 31, 2022 (the "Fiber Bidco results");
3. certain pro forma financial and other information as of and for the year ended December 31, 2022 consisting of (i) certain financial and other information of Fedrigoni S.p.A. as of and for the year ended December 31, 2022 *plus* (ii) certain financial and other information of Fiber Bidco S.p.A. from its date of incorporation as Fiber Bidco S.r.l. on August 29, 2022 to and as of December 31, 2022 (the "pro forma results"); and
4. Pro Forma Adjusted EBITDA, which consists of our Adjusted EBITDA, adjusted for certain specified items as set forth herein.

The Acquisition

On July 26, 2022, Bain Capital Private Equity signed a definitive agreement with BC Partners for the joint ownership of Fedrigoni Group (the "Acquisition"). The Acquisition closed on November 30, 2022 with the acquisition by Fiber Bidco of 99.99% of the share capital of Fedrigoni Group. At closing of the Acquisition, Bain Capital and BC Partners each owned, indirectly, a 45.6% stake in Fedrigoni, with the remaining 8.8% being held by certain management and minority co-investors.

Pro Forma Results

The Fiber Bidco results only include the results of Fedrigoni and its subsidiaries from November 30, 2022, the closing date of the Acquisition. To facilitate comparison of our results between periods, we have prepared our pro forma results.

The period-to-period discussion included herein primarily discusses our pro forma results for the year ended December 31, 2022, compared with the Fedrigoni results for the year ended December 31, 2021.

Key Financial Information

The following table provides (i) for the year ended December 31, 2022, our pro forma results, and (ii) for the year ended December 31, 2021, the Fedrigoni results.

(€ million)	Year ended December 31,	
	Fedrigoni Group	Pro forma Fiber Group
	2021	2022
Sales Revenues	1,602.9	2,134.3
Adjusted EBITDA[1]	214.8	298.5
Adjusted EBITDA Margin[2]	13.4%	14.0%
Normalized Capital Expenditures[3]	55.6	63.3
Adjusted Sales Revenues[4]		2,210.7
Pro Forma Adjusted EBITDA[1]		339.9
Pro Forma Adjusted EBITDA Margin[2]		15.4%
Pro Forma Net Financial Debt[5]		1,024.8
Pro Forma Cash Interest Expense[6]		105.3
Ratio of Pro Forma Net Financial Debt to Pro Forma Adjusted EBITDA		3.02x
Ratio of Pro Forma Adjusted EBITDA to Pro Forma Cash Interest Expense		3.23x

(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 ended December 31, 2021 Fedrigoni Group and 2022 Pro forma Fiber Group:

(€ million)	Year ended December 31,	
	Fedrigoni Group	Pro forma Fiber Group
	2021	2022
Net profit	36.5	41.8
Depreciation, amortization and impairment losses	76.9	85.2
Income taxes	24.0	24.5
Finance costs	68.5	149.5
Income from equity-accounted investments in associates	(0.3)	0.5
Finance income	(23.7)	(56.6)
Non-recurring and certain M&A income and costs[A]	32.9	53.6
Adjusted EBITDA	**214.8**	**298.5**
Fedrigoni accounting adjustments[B]		(1.7)
Fedrigoni run rate cost savings[C]		19.6
Pro Forma Adjusted EBITDA (Fedrigoni)		**316.4**
Run rate cost savings related to the Acucote Acquisition[D]		2.9
Run rate cost savings related to the Divipa Acquisition[E]		2.2
Tageos Acquisition and accounting adjustments[F]		5.2
Run rate cost savings related to the Tageos Acquisition[G]		1.6
Unifol Acquisition and accounting adjustments[H]		2.5
Run rate cost savings related to the Unifol Acquisition[I]		4.3
Guarro Acquisition and accounting adjustments[J]		3.8
Run rate cost savings related to the Guarro Acquisition[K]		1.0
Pro Forma Adjusted EBITDA		**339.9**

(A) Represents adjustments related to (a) in respect of the year ended December 31, 2022, (i) €5.1 million of lay-off and reorganization costs, (ii) €21.5 million of costs related to transformation projects, (iii) €27.6 million in costs mainly incurred in relation to the Divipa Acquisition, the Tageos Acquisition, the Unifol Acquisition, the Guarro Acquisition, the Zuber Acquisition and the joint ownership transaction between Bain Capital and BC Partners, (iv) €2.9 million in sundry taxes on energy sales recharged to Fedrigoni S.p.A. by associate Consorzio Canale Camuzzoni, (v) €5.6 million in income from a settlement agreement between Fedrigoni S.p.A. and Rink Holding S.r.l. regarding a tax audit notified by the Brazilian tax authorities concerning some imports originating from our subsidiary Ritrama S.A. Chile and pursuant to which the parties settled the Brazil Claim for Tax Damages, (vi) €0.2 million in legal expenses of our Brazilian subsidiaries partially incurred on the claim described above, (vii) €1.5 million stock provision related to the elimination of specific SKU's, (viii) €0.8 million arising from some accounting estimations in 2021 corrected in 2022, (ix) €0.2 million in Divipa agent termination fees, (x) €1.5 million of gain on disposals of Divipa assets referring to the sale of an industrial building, (xi) €0.8 million in losses on disposals of Fedrigoni S.p.A. assets, (xii) €0.1 million in other non-recurring costs, and (b) 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 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.

(B) Represents accounting adjustments related to net realized operating losses in connection with fluctuations in exchange rates in an amount of €1.7 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 €15.4 million per year arising from procurement initiatives, (ii) cost savings of approximately €11.4 million per year arising from operational improvements through reorganization and efficiency of the production process, (iii) the €1.6 million positive impact to exclude a loss making contract terminated and connected to the carve out of our banknotes business, minus (iv) estimated annualized run rate cost increases of approximately €8.8 million per year to enable business growth through human capital investment such as new talent hiring.

(D) In 2021 we acquired Acucote Inc. ("Acucote") (the "Acucote Acquisition"), an American developer, manufacturer and distributor of self-adhesive materials. This adjustment represents the estimated run-rate contribution to Adjusted EBITDA of (i) cost savings that we expect to realize from estimated annualized run-rate procurement savings of approximately €0.9 million arising from an alignment in the purchase of raw materials common to the Fedrigoni Group and Acucote and supplier rationalizations and (ii) commercial synergies due to cross-selling of Fedrigoni's labels to Acucote's customers of approximately €2.0 million.

(E) On February 16, 2022 we acquired the entire share capital of Distribuidora Vizcaina de Papeles S.L. ("Divipa") (the "Divipa Acquisition"), a Spanish manufacturer and distributor of carbonless papers, post-it notes, wine making products, cardboards, and office supplies. This adjustment represents the run-rate effect on Adjusted EBITDA of synergies deriving from the utilization of Divipa's unused and available capacity to supply Fedrigoni's customers.

(F) On April 26, 2022, we entered into an agreement for the acquisition of Tageos SAS ("Tageos") (the "Tageos Acquisition"), a French company operating in the design, manufacturing and distribution of RFID inlays and tags, indirectly through the acquisition of a 50.1% interest in Tageos's holding company. The Tageos Acquisition adjustment represents the run-rate effect on Adjusted EBITDA of Tageos, as if Tageos had been acquired on January 1, 2022.

(G) Represents the estimated run-rate effect on Adjusted EBITDA of commercial synergies due to cross-selling of Tageos' RFID labels to Fedrigoni's customers base.

(H) On October 25, 2022 we acquired the entire share capital of Bes Reklam Ürünleri Sanayi ve Ticaret Anonim Şirketi ("Unifol") (the "Unifol Acquisition"), a company incorporated under the laws of Turkey, operating in the production, distribution and sale of self-adhesive monomeric, PVC, polymeric PVC, and cast PVC films including vehicle wrapping solutions. The Unifol Acquisition adjustment represents the run-rate effect on Adjusted EBITDA of Unifol, as if Unifol had been acquired on January 1, 2022.
(I) Represents the estimated run-rate effect on Adjusted EBITDA of synergies deriving from the utilization of Unifol's available capacity to supply Fedrigoni Self-Adhesives customers.

(J) On October 19, 2022 we acquired the entire share capital of Guarro Casas ("Guarro") (the "Guarro Acquisition"), a Spanish manufacturer of quality fine papers mainly for binding and creative applications. The Guarro Acquisition adjustment represents the run-rate effect on Adjusted EBITDA of Guarro as if Guarro had been acquired on January 1, 2022.

(K) Represents the estimated run-rate effect on Adjusted EBITDA of logistic synergies due to cross-selling of Guarro products to Fedrigoni's customers base.

(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 Normalized Capital Expenditures to Sales ratio decreased to 2.97% for the year ended December 31, 2022 from 3.47% for the year ended December 31, 2021.

The table below sets forth the calculation of Normalized Capital Expenditures for the years ended December 31, 2021 Fedrigoni Group and 2022 Pro forma Fiber Group:

	Year ended December 31,	
	Fedrigoni Group	**Pro forma Fiber Group**
	2021	**2022**
Investments in intangible assets	15.5	11.7
Investments in property, plant and equipment	52.4	65.2
Disposals of property, plant and equipment and intangible assets	(1.3)	(7.7)
Extraordinary Capital Expenditures (A)	(11.0)	(5.9)
Normalized Capital Expenditures	**55.6**	**63.3**

(A) Represents capital expenditures that are not considered by management to have been incurred in the ordinary course of business related to a business intelligence software, a new biological wastewater treatment system and an innovation hub in Verona headquarter.

(4) Adjusted Sales Revenues represents sales revenues adjusted to include estimated net sales for the twelve months ended December 31, 2022 generated by (i) Tageos, in an amount of €40.2 million, (ii) Guarro, in an amount of €32.0 million, (iii) Unifol, in an amount of €8.9 million and to exclude net sales for the twelve months ended December 31, 2022 generated by the remaining business concerning the production and distribution of special security products disposed at the end of 2021 in an amount of €4.7 million. Net sales of Tageos have been prepared in accordance with French GAAP. French GAAP differ in certain respects from IFRS. Net sales of Guarro have been prepared in accordance with Spanish GAAP. Spanish GAAP differ in certain respects from IFRS. Net sales of Unifol have been prepared in accordance with Turkish GAAP. Turkish GAAP differ in certain respects from IFRS. As such, so the adjustments representing the contribution of Tageos, of Guarro and of Unifol may differ had they been calculated on the basis of IFRS. A previously published draft version of this Annual Financial Report included Adjusted Sales Revenues of €2,266.1 million, which included €55.4 million of sales revenues generated by Zuber.

(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 €122.7 million of cash, on an as adjusted basis after giving effect to the Transactions as if they had occurred on January 1, 2022. Pro Forma Net Financial Debt (i) includes €364.9 million of the issuance Senior Secured Fixed Rate Notes due 2027 outstanding as of December 31, 2022, (ii) includes €735.1 million of Senior Secured Floating Rate Notes due 2027 outstanding as of December 31, 2022, (iii) includes the positive effect of amortized cost calculated on the Notes and accounted for in an amount of €134.5 and (iv) includes the fair value of the hedge derivatives at December 31, 2022. Pro Forma Net Financial Debt includes Tageos.

(6) Pro Forma Cash Interest Expense does not account for interest expense on Existing Fedrigoni Notes redeemed during the period. Pro Forma Cash Interest Expense has been presented for illustrative purposes only on the basis of the Notes and does not purport to represent what our interest expense would actually have been had the offering of Notes and their use of proceeds occurred on January 1, 2022, nor does it purport to project our interest expense for any future period or our financial position at any future date. Pro Forma Cash Interest Expense includes Tageos.

Results of Operations

Financial Statements

The following table provides an overview of the results of operations of Fedrigoni Group for the year ended December 31, 2021 and of the pro forma results of operations of the Issuer for the year ended December 31, 2022.

(€ million)	Year ended December 31,				
	2021	2022			
	Fedrigoni Group	Pro forma Fedrigoni Group	Fiber Bidco S.p.A.	Intercompany eliminations	Pro forma Fiber Group
Revenues from sales					
to third Parties	1,602.9	2,134.3	-	-	2,134.3
to other Group companies	-	-	-	-	-
Total sales revenues	**1,602.9**	**2,134.3**	**-**	**-**	**2,134.3**
Other operating income	32.4	79.8	-	-	79.8
Operating expenses	(1,453.5)	(1,956.1)	(13.0)	-	(1,969.1)
Transformation costs	32.5	41.2	13.0	-	54.2
Other non-recurring expenses / income	0.5	(0.7)	-	-	(0.7)
Adjusted EBITDA	**214.8**	**298.5**	**-**	**-**	**298.5**
Other non-recurring expenses / income	(0.5)	0.7	-	-	0.7
Transformation costs	(32.5)	(41.2)	(13.0)	-	(54.2)
Depreciation, amortization and impairment losses	(76.9)	(85.2)	-	-	(85.2)
Operating income	**104.8**	**172.8**	**(13.0)**	**-**	**159.8**
Income from equity-accounted investments in associates	0.3	(0.5)	-	-	(0.5)
Financial income	23.7	55.3	5.5	(4.2)	56.6
Finance costs	(68.5)	(127.8)	(25.9)	4.2	(149.5)
Profit/(loss) before tax	**60.4**	**99.7**	**(33.4)**	**-**	**66.3**
Income taxes	(24.0)	(26.7)	2.2	-	(24.5)
Net profit from continuing operations	36.5	73.1	(31.2)	-	41.8
Net profit/(loss)	**36.5**	**73.1**	**(31.2)**	**-**	**41.8**

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Discussion of our Results of Operations

(€ million)	Year ended December 31,	
	2021	2022
	Fedrigoni Group	Pro forma Fiber Group
Sales revenues	1,602.9	2,134.3
Other operating income	32.4	79.8
Cost of materials	(925.6)	(1,309.9)
Cost of services	(305.7)	(450.5)
Cost of personnel	(249.2)	(280.7)
Other costs	(3.6)	(16.0)
Depreciation, amortization and impairment losses	(76.9)	(85.2)
Change in inventories of work in progress, semi-finished goods and finished products	29.1	84.4
Cost of capitalized in-house work	1.5	3.5
Operating income	**104.8**	**159.7**
Financial income	23.7	56.6
Finance costs	(68.5)	(149.5)
Net financial income/(costs)	(44.7)	(92.9)
Share of profits of associates	**0.3**	**(0.5)**
Profit before tax	**60.4**	**66.3**
Income tax	(24.0)	(24.5)
Net profit/(loss) from continuing operations	36.5	41.8
- attributable to owners of the Parent	36.5	41.3
- attributable to non-controlling interests	-	0.5
Net profit/(loss)	**36.5**	**41.8**
Attributable to:		
- owners of the Parent	36.5	41.3
- non-controlling interests	-	0.5

Sales Revenues

Sales Revenues by Reporting Segment and Business Line

Sales revenues increased by €531.4 million, or 33.2%, to €2,134.3 million for the year ended December 31, 2022 from €1,602.9 million for the Luxury Packaging and Creative Solutions Segment and the FSA Segment. The table below shows our total sales by reporting segment for the Fedrigoni Group, for the year ended December 31, 2021 and for the Pro forma Fiber Group, for the year ended December 31, 2022:

(€ million)	Year ended December 31,	
	Fedrigoni Group	Pro forma Fiber Group
	2021	2022
Luxury Packaging and Creative Solutions Segment	**700.2**	**903.0**
Fedrigoni Self-Adhesives Segment	**937.6**	**1,266.5**
Interdivision eliminations	**(34.9)**	**(35.2)**
Sales revenues	**1,602.9**	**2,134.3**

Sales revenues in the Luxury Packaging and Creative Solutions Segment increased by €202.8 million, or 29.0%, to €903.0 million for the year ended December 31, 2022 from €700.2 million for the year ended December 31, 2021, primarily due to (i) a decrease in sales volumes in this segment's market during the last quarter 2022, more than offset by the improvement in the mix due to the increase in the luxury packaging and creative solutions product line, as a result of the estimated increased market share and due to the growing demand of paper products as a result of heightened environmental awareness, which has led to a reduction in the use of plastic products in packaging, and to (ii) an increase in sales prices due to the improved mix of products sold and to a partial pass through of increasing raw materials and energy costs. This increase was partially offset by a decrease from the special security products production and

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distribution business that we disposed of at the end of 2021.

Sales revenues in the Fedrigoni Self-Adhesives Segment increased by €328.9 million, or 35.1%, to €1,266.5 million for the year ended December 31, 2022 from €937.6 million for the year ended December 31, 2021. This increase was primarily due to an increase in sales volumes as a result of (i) the consolidation of Acucote and Rimark starting from the second half 2021, (ii) the consolidation of Divipa starting from 2022 and (iii) increased demand for wine & spirits, food & beverage and home & personal care products. In the last quarter 2022, the demand started to cool down due to generalized destocking along the entire value chain and across geographies.

In response to inflationary pressure, we further increased sales prices to pass through large portions of increases price of raw materials, energy costs, packaging materials and freight costs.

Sales Revenues by Geographic Area

The following tables show our total sales by country and respective reporting segment for the Fedrigoni Group, for the year ended December 31, 2021 and for the Pro forma Fiber Group, for the year ended December 31, 2022:

(€ million)	**Year ended December 31,**	
	Fedrigoni Group	**Pro forma Fiber Group**
	2021	**2022**
Italy	**393.5**	**508.5**
Luxury Packaging and Creative Solutions Segment (*)	242.8	288.9
Fedrigoni Self-Adhesives Segment (*)	164.3	234.5
Rest of Europe	**752.2**	**982.2**
Luxury Packaging and Creative Solutions Segment (*)	301.2	388.2
Fedrigoni Self-Adhesives Segment (*)	471.9	613.3
Rest of World	**457.2**	**643.6**
Luxury Packaging and Creative Solutions Segment (*)	156.2	225.9
Fedrigoni Self-Adhesives Segment (*)	301.4	418.7
Total	**1,602.9**	**2,134.3**

(*) Sales revenues by segment include interdivision sales.

Sales revenues in Italy increased by €115.0 million, or 29.2%, to €508.5 million for the year ended December 31, 2022 from €393.5 million for the year ended December 31, 2021. This increase was primarily due to an increase in sales volumes in the Fedrigoni Self-Adhesives Segment and to an improved products mix sold in the Luxury Packaging and Creative Solutions Segment. In the Luxury Packaging and Creative Solutions Segment, the increase was due to the improved mix of products sold and to a partial pass through of increasing raw materials and energy costs, which was partially offset by a decrease in sales volumes. In the Fedrigoni Self-Adhesives Segment the increase was due particularly to the wine & spirits, food & beverage and home & personal care sectors and a partial pass through of increasing raw materials and variable costs. In the last quarter 2022, the demand in the FSA Segment started to cool down due to generalized destocking along the entire value chain and across geographies.

Sales revenues in the Rest of Europe increased by €230.0 million, or 30.6%, to €982.2 million for the year ended December 31, 2022 from €752.2 million for the year ended December 31, 2021. This increase was primarily due to an increase in sales volumes in both the Luxury Packaging and Creative Solutions Segment and the Fedrigoni Self-Adhesives Segment. We experienced an increase in volumes of our sales revenues in the Luxury Packaging and Creative Solutions Segment, an improved mix of products sold and a partial pass through of the increasing raw materials and energy costs. This increase was partially offset by a decrease from the special security products production and distribution business that we disposed at the end of 2021. In the Fedrigoni Self-Adhesives Segment we experienced (i) increasing demand in the wine sector, (ii) higher demand for self-adhesive labels in the food & beverage and the home & personal care sectors and a recovery in the industrial sector, (iii) a partial pass through of increasing raw materials and variable costs and (iv) an increase in sales volumes due to the consolidation of Divipa and Unifol starting from February and October 2022 respectively. In the last quarter 2022, the demand in the FSA Segment started to cool down due to generalized destocking along the entire value chain and across geographies.

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Sales revenues in the Rest of World increased by €186.4 million, or 40.8%, to €643.6 million the year ended December 31, 2022 from €457.2 million for the year ended December 31, 2021. In the Luxury Packaging and Creative Solutions Segment this increase was primarily due to an increase in sales prices due to the improved mix of products particularly due to the estimated increased market share heightened environmental awareness which has led to a reduction in the use of plastic products in packaging sold and to a partial pass through of increasing raw materials and energy costs. This increase was partially offset by (i) a decrease in sales volumes due to a weak demand in the last quarter 2022 and (ii) a decrease from the special security products production and distribution business that we disposed at the end of 2021. In the Fedrigoni Self-Adhesives Segment the increase was primarily due to (i) an increase in sales volumes due to higher demand in the offset sheet sector, (ii) a partial pass through of increasing raw materials and variable costs and to (iii) the contribution of the consolidation of Acucote and Rimark that started only in the second half 2021. In the last quarter 2022, the demand in the FSA Segment started to cool down due to generalized destocking along the entire value chain and across geographies.

Other Operating Income

Other operating income increased by €47.4 million, or 146.2%, to €79.8 million for the year ended December 31, 2022 from €32.4 million for the year ended December 31, 2021. This increase was mainly due to (i) a price increase and to the higher volumes of electricity sold, (ii) the gas tax credits granted by the Italian governments and (iii) €5.6 million in income from a settlement agreement between Fedrigoni S.p.A. and Rink Holding S.r.l. regarding a tax audit notified by the Brazilian tax authorities concerning some imports originating from our subsidiary Ritrama S.A. Chile and pursuant to which the parties settled the Brazil Claim for Tax Damages.

Cost of Materials

The cost of materials increased by €384.3 million, or 41.5%, to €1,309.9 million for the twelve months ended December 31, 2022 from €925.6 million for the year ended December 31, 2021. This increase was due to (i) the improved mix of products sold, (ii) an increase in the raw materials costs, including pulp costs, and (iii) an increase in the Fedrigoni Self-Adhesives Segment due to the consolidation of Acucote and Rimark only starting from the second half 2021 and the consolidation of Divipa and Unifol which we acquired in 2022. Costs of materials accounted for 61.4% of our sales revenues for the year ended December 31, 2022 from 57.7% for the year ended December 31, 2021.

Cost of Services

Cost of services increased by €144.8 million, or 47.4%, to €450.5 million for the year ended December 31, 2022 from €305.7 million for the year ended December 31, 2021. The increase was primarily due (i) an increase in transport costs, in both the Luxury Packaging and Creative Solutions Segment and the FSA Segment, the growth of sales in the Rest of the World and higher volumes in the FSA Segment, (ii) an increase in the utility costs, (iii) an increase in the consultancy fees due to M&A activities, (iv) an increase in the commissions paid and (v) an increase in the third parties processing. Cost of services accounted for 21.1% of our sales revenues for the year ended December 31, 2022 from 19.1% for the year ended December 31, 2021.

Cost of Personnel

Cost of personnel increased by €31.5 million, or 12.7%, to €280.7 million for the year ended December 31, 2022 from €249.2 million for the year ended December 31, 2021. This increase was primarily due to (i) a new management team appointed to continue our transformation process and costs incurred in relation to personnel turnover, (ii) an increase in production in both the Luxury Packaging and Creative Solutions Segment and the Fedrigoni Self-Adhesives Segment, (iii) an increase in the bonuses accrued and (iv) an increase in the costs generated by the Fedrigoni Self-Adhesives Segment due to the consolidation of Acucote that contributed to the result starting from the second half 2021 and the consolidation of Divipa starting from 2022. Cost of personnel accounted for 13.2% of our sales revenues for the year ended December 31, 2022 from 15.5% for the year ended December 31, 2021.

Other Costs

Other costs increased by €12.4 million, or 344.6%, to €16.0 million for the year ended December 31, 2022 from €3.6 million for the year ended December 31, 2021. The increase is mainly due to the released of the risk provision in 2021 related to the cessation of risks especially in the security business. Other costs accounted for 0.7% of the Group's sales revenues for the year ended December 31, 2022 from 0.2% for the year ended December 31, 2021.

Depreciation, Amortization and Impairment Losses

Depreciation, amortization and impairment losses increased by €8.3 million, or 10.8%, to €85.2 million for the year ended December 31, 2022 from €76.9 million for the year ended December 31, 2021. The increase in the depreciation, amortization and impairment losses for the year ended December 31, 2022 was primarily due to (i) the consolidation of Acucote which contributed starting from the second half 2021, (ii) the consolidation of Divipa starting from 2022, (iii) the impact on the amortization of new software capitalized during 2021 and on the depreciation of new leases related to buildings and (iv) the impairment of tangible asset related to the loss of the recoverable amount emerging during an intragroup business transfer.

Net Financial Income/(Costs)

Net financial costs increased by €48.2 million, or 107.9%, to €92.9 million for the year ended December 31, 2022 from €44.7 million for the year ended December 31, 2021. This increase was primarily due to the 2024 and 2026 Notes amortized costs expensed in 2022 as consequence of the complete redemption during November 2022, an increase in the interest costs arising from the Notes issued by Fiber Bidco S.p.A. and to an increase in the losses on the derivatives financial instruments partially offset by the increase in gains on net exchange rate fluctuations.

Income Taxes

Income taxes increased by €0.5 million, or 2.1%, to €24.5 million of cost for the year ended December 31, 2022 from €24.0 million of income for the year ended December 31, 2021. The increase of the income taxes for the twelve months ended December 31, 2022 compared to the same period in 2021 was driven mainly by the increased profit before tax for the current period.

Key Earning Figures

Operating Income

Operating income increased by €54.9 million, or 52.4%, to €159.7 million for the year ended December 31, 2022 from €104.8 million for the year ended December 31, 2021. This increase was primarily due to (i) an increase in sales volumes in the Fedrigoni Self-Adhesives Segment, (ii) a better mix in products sold in both the Luxury Packaging and Creative Solutions Segment and Fedrigoni Self-Adhesives Segment, (iii) an increase in other operating revenues and (iv) the contribution of the new entities acquired during the second half 2021 and during 2022. The increase was partially offset by higher raw material and service costs.

Adjusted EBITDA

Adjusted EBITDA increased by €83.7 million, or 39.0%, to €298.5 million for the year ended December 31, 2022 from €214.8 million for the year ended December 31, 2021. This increase was primarily due to (i) an increase in sales revenues due to higher volumes and a better product mix sold, (ii) an increase in other operating revenues, (iii) the contribution of the new entities acquired during the second half 2021 and during 2022 and (iv) 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.

The following tables show our Adjusted EBITDA by reporting segment for the Fedrigoni Group for the year ended December 31, 2021 and for the year ended December 31, 2022:

(€ million)	Year ended December 31, 2021	
	Fedrigoni Group	
	LPCS	FSA
Sales to third Parties	667.8	935.1
Sales to other Group companies	34.4	2.5
Total sales revenues	**700.2**	**937.6**
Other operating expense / income	(628.8)	(878.2)
Transformation costs	20.4	12.2
Other non-recurring expenses / income	(1.1)	1.5
Adjusted EBITDA	**90.7**	**124.1**

(€ million)	Year ended December 31, 2022	
	Fedrigoni Group	
	LPCS	FSA
Sales to third Parties	871.1	1.263,2
Sales to other Group companies	31.8	3.3
Total sales revenues	**903.0**	**1,266.5**
Other operating expense / income	(778.4)	(1,124.9)
Transformation costs	29.0	12.1
Other non-recurring expenses / income	(8.5)	(0.1)
Adjusted EBITDA	**145.0**	**153.6**

Adjusted EBITDA in the Luxury Packaging and Creative Solutions Segment increased by €54.3 million, or 59.9%, to €145.0 million for the year ended December 31, 2022 from €90.7 million for the year ended December 31, 2021. This increase was primarily due to (i) an increase in sales revenues, (ii) a better mix of products sold and (iii) an increase in other operating revenues. The increase was partially offset by an higher incidence of the operating costs on sales revenues.

Adjusted EBITDA in the Fedrigoni Self-Adhesives Segment increased by €29.5 million, or 23.8%, to €153.6 million for the year ended December 31, 2022 from €124.1 million for the year ended December 31, 2021. This increase was primarily due to (i) an increase in sales volumes, (ii) a better mix of products sold and higher demand in the wine sector, (iii) the consolidation of Rimark and Acucote starting from the second half 2021 and (v) the consolidation of Divipa starting in 2022. The increase was partially offset by higher raw materials, energy costs, packaging materials and freight costs.

Liquidity and Capital Resources

Overview

Our principal sources of liquidity are cash flows from operating activities, bank credit lines and other forms of indebtedness, including our Revolving Credit Facility. Our primary needs for liquidity are to fund working capital, repay debt and make investments to develop our business. We believe that the current cash flow from operating activities and existing bank financing provides us with sufficient liquidity to meet current working capital needs.

Cash Flows

The table below sets forth a summary of the condensed consolidated statements of cash flows of (i) the Fedrigoni Group, for the year ended December 31, 2021, (ii) the Fedrigoni Group, for the year ended December 31, 2022 and (iii) our pro forma results, for the year ended December 31, 2022.

(€ million)	Year ended December 31,		
	Fedrigoni Group	Fedrigoni Group	Pro forma Fiber Group
	2021	2022	2022
Cash flow from operating activities	189.9	239.3	(87.3)
Cash flow used in investing activities	(104.5)	(232.6)	(1,872.2)
Cash flow used in financing activities	(96.5)	(168.1)	2,077.8
Increase/(decrease) in cash	**(11.1)**	**(161.4)**	**118.2**
Cash at the beginning of the period	273.3	265.3	
Effects of exchange rate changes on the balance of cash held in foreign currencies	3.0	1.0	(0.7)
Cash at the end of the period	**265.3**	**104.8**	**117.5**

In the year ended December 31, 2022, operating activities used a cash flow of €87.3 million, primarily resulting from advisory costs related to the Acquisition.

The Acquisition and the acquisition of Zuber accounted for the majority of the €1,872.2 cash outflows resulting from investing activities. €18.6 million of cash outflows resulting from investing activities were used to acquire new tangible and intangible assets net of disposals and financial income received.

Financing activities generated a cash flow of €2,077.8 million primarily consisting of (i) €1,386.7 million resulting from an equity contribution in connection with the Acquisition, (ii) €1,100.0 of Notes and (iii) €308.0 million in the form of shareholder loans entered into in connection with the acquisition, primarily offset by (iv) €615.4 for the redemption of the Existing Fedrigoni Notes.

Trade Working Capital

The table below sets forth a summary of the change in trade working capital of (i) the Fedrigoni Group, for the year ended December 31, 2021, (ii) the Fedrigoni Group, for the year ended December 31, 2022 and (iii) our pro forma results, for the year ended December 31, 2022.

(€ million)	Year ended December 31,		
	Fedrigoni Group	Fedrigoni Group	Pro forma Fiber Group
	2021	**2022**	**2022**
Change in trade receivables	(11.6)	80.2	40.5
Change in trade payables	150.5	72.1	(124.7)
Change in inventories	(79.5)	(74.0)	18.0
Change in Trade Working Capital	**59.4**	**78.3**	**(66.2)**

Indebtedness

In connection with the Acquisition, Fiber Bidco issued €300,000,000 in aggregate principal amount of 11.00% Senior Secured Notes due 2027 (the "Fiber Fixed Rate Notes") and €577,967,696 Senior Secured Floating Rate Notes due 2027 (the "Fiber Floating Rate Notes"). In addition, Fiber Bidco entered into a private exchange pursuant to which Fiber Bidco issued €147,032,304 in aggregate principal amount of Senior Secured Floating Rate Notes (the "Exchanged Notes"), having substantially the same terms as the Fiber Floating Rate Notes, to certain holders of Fedrigoni's existing senior secured notes, in exchange for such senior secured notes. The Exchanged Notes were exchanged for additional Fiber Floating Rate Notes in an equal aggregate principal amount issued on the closing date of the Acquisition.

On November 9, 2022, Fiber Bidco issued €56,349,000 in aggregate principal amount of additional Fiber Fixed Rate Notes. In addition, Fiber Bidco privately placed €8,564,000 million in aggregate principal amount of additional Fiber Fixed Rate Notes and €10,087,344 in aggregate principal amount of additional Fiber Floating Rate Notes in a private placement.

In connection with the Acquisition, Fiber Bidco also entered into a revolving credit facility (the "Revolving Credit Facility"), with availability of up to €150.0 million. As of December 31, 2022, our Revolving Credit Facility was undrawn. During the first months 2023 the Revolving Credit Facility of €150.0 million was allocated to ancillary facility for €11.250 million and the remainder drawn for €71.0 million, making the related amount available in the Group's cash holdings.

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.

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Other Disclosures

As of the date of this Annual Financial Report, there have been no material changes to our business, risk factors, management and related-party transactions since November 30, 2022, other than as disclosed herein.

Accounting Standards

Unless otherwise stated, the financial information presented herein 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.

Our income statements 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.

Disclaimers

Pro Forma Results

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 and the estimated run-rate effect of other cost savings that we expect to realize. The unaudited 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.

The pro forma financial and other information presented in this Annual Financial Report is the mathematical sum of its components, has been prepared for illustrative purposes only and has not been calculated on the basis of IFRS or any other recognized accounting standards.

Non-IFRS 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 (our "Non-IFRS Measures"), including information provided under "Key Financial Information," and may have been derived from management estimates and have not been audited or otherwise reviewed by outside auditors, consultants or experts.

Our Non-IFRS Measures are calculated as described in the footnotes to the table included under Key Financial Information above. 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.

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. As such, you should be relying primarily on our Financial Statements and using these Non-IFRS Measures only as a supplement to evaluate our performance.

Forward-Looking Statements

Certain information contained in this Annual Financial Report may constitute “forward-looking statements,” which may be identified by the use of forward-looking terminology such as “will,” “would,” “expect,” “project,” “estimate,” “intend,” “maintain,” or “continue” or the negatives thereof or other variations thereon or comparable terminology or other forms of projections. By their nature, forward-looking statements involve risks and uncertainties. You are cautioned that forward-looking statements are not guarantees of future performance and that due to various risks and uncertainties, actual events or results or the actual performance may differ materially from those reflected or contemplated in such forward-looking statements or projections. All forward-looking statements, projections, objectives, estimates and forecasts contained in this presentation apply only as of the date hereof and we do not undertake any obligation to update this information, whether as a result of new information, future events or otherwise, except as may be required by applicable law.

Notice

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

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INDEPENDENT AUDITOR'S REPORT

To the Sole Shareholder of
Fiber Bidco S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Fiber Bidco S.p.A. and its subsidiaries (the "Fiber Group"), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the period between August 29, 2022 to December 31, 2022, 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 Fiber Group as at December 31, 2022, and of its consolidated financial performance and its consolidated cash flows for the period between August 29, 2022 to December 31, 2022 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 Fiber Bidco 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.

Other aspects

This auditors' report is not issued for Italian statutory purposes, due to the fact that Fiber Bidco S.p.A. has opted for the exemption foreseen by Art. 27, n° 3, of Italian Legislative Decree 127/1991 and has prepared the consolidated financial statements on a voluntary basis.

Responsibilities of the Directors 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

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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 Fiber Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of Fiber Bidco S.p.A. or the termination of the business or have no realistic alternatives to such choices.

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 Fiber 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 Fiber 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 Fiber 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 Fiber Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Fiber 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.

DELOITTE & TOUCHE S.p.A.

Luca Lorenzetti
Partner

Verona, Italy
April 28, 2023

Consolidated Financials

Consolidated Statement of Financial Position

(in thousands of Euros)	**At December 31,**	
	Note	**2022**
Non-current assets		
Property, plant and equipment	6	543,947
Intangible assets	7	2,175,070
Investment property	8	223
Equity-accounted investments	9	126,059
Tax credits	10	17,426
Deferred tax assets	11	56,621
Other non-current assets	13	15,540
Derivatives	16	1,268
Total non-current assets		**2,936,154**
Current assets		
Inventories	12	447,217
Trade receivables	14	118,793
Tax credits	10	4,505
Other current assets	13	104,783
Cash	15	117,548
Total current assets		**792,846**
Non-current assets held for sale	6	1,296
Total assets		**3,730,296**
Share capital		40,000
Reserves and retained earnings/losses		1,250,359
Equity attributable to owners of the parent	17	**1,290,359**
Non-controlling interests		**2,323**
Total equity		**1,292,682**
Non-current liabilities		
Due to banks and other lenders	18	1,013,863
Due to controlling shareholder	19	299,155
Employee benefits	20	15,112
Provisions for risks and charges	21	31,979
Deferred tax liabilities	11	246,468
Other non-current liabilities	22	13,669
Total non-current liabilities		**1,620,246**
Current liabilities		
Due to banks and other lenders	18	119,825
Due to controlling shareholder	19	3,337
Trade payables	22	573,013
Tax liabilities	23	14,423
Other current liabilities	22	92,035
Derivatives	16	14,735
Total current liabilities		**817,368**
Total liabilities		**2,437,614**
Total equity and liabilities		**3,730,296**

Consolidated Income Statement

(in thousands of Euros)	**Period ended December 31,**	
	Note	**2022**
Sales revenues	*24*	126,352
Other operating income	*25*	20,655
Cost of materials	*26*	(73,195)
Cost of services	*27*	(50,031)
Cost of personnel	*28*	(19,949)
Other costs	*29*	(236)
Depreciation, amortization and impairment losses	*30*	(9,758)
Change in inventories of work in progress, semi-finished goods and finished products		(9,572)
Cost of capitalized in-house work		2,609
Operating Loss		**(13,125)**
Financial income		8,320
Finance costs		(56,090)
Net financial costs	*31*	(47,770)
Share of losses of associates		**(880)**
Loss before tax		**(61,775)**
Income tax	*32*	15,864
Net loss from continuing operations		(45,911)
- attributable to owners of the Parent		*(45,882)*
- attributable to non-controlling interests		*(29)*
Net loss		**(45,911)**
Attributable to:		
- owners of the Parent		*(45,882)*
- non-controlling interests		*(29)*
Loss per share (in Euros): - basic and diluted	*33*	(1.15)
Loss per share (in Euros): - basic and diluted from continuing operations		(1.15)

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Consolidated Statement of Comprehensive Income

(in thousands of Euros)	**Period ended December 31, 2022**
Loss for the year	**(45,911)**
Other comprehensive income	
Items that will not be reclassified subsequently to profit or loss:	
Actuarial gains on defined benefit plans	2,107
Income tax relating to actuarial losses	(128)
	1,979
Items that will be reclassified subsequently to profit or loss:	
Exchange differences on translating foreign operations	(3,974)
Effective portion of losses on hedging instruments (cash flow hedge)	(64,529)
Income tax relating to cash flow hedge	18,357
	(50,146)
Other comprehensive loss for the period, net of income tax	**(48,167)**
Comprehensive loss for the year	**(94,078)**
Loss attributable to owners of the Parent	*(93,976)*
Loss attributable to non-controlling interests	*(102)*

Consolidated Statement of Cash Flows

(in thousands of Euros)	**Period ended December 31**
	2022
Loss before tax	**(61,775)**
Adjustment for:	
Depreciation of property, plant and equipment	5,886
Amortization of intangible assets	3,753
Depreciation of investment property	2
Impairment losses on tangible and intangible assets	117
Charge to provision for severance indemnities	189
(Releases from)/charges to risk provisions	(88)
(Gains)/Losses on disposals of property, plant and equipment	15
Charges to provision for doubtful debts	1,010
Income from equity-accounted investments in associates	880
Net financial costs/(income)	33,401
Derivatives fair value adjustment	14,369
Cash flow from operating activities before movements in working capital and income taxes paid	**(2,241)**
Change in trade receivables	40,543
Change in trade payables	(124,695)
Change in inventories	17,960
Use of provisions for risks	(313)
Use of provisions for personnel	(1.055)
Change in other assets / liabilities	(17,462)
Cash generated by operations before income taxes paid	**(87,263)**
Income taxes paid	-
Net cash generated by operating activities	**(87,263)**

(in thousands of Euros)	**Period ended December 31**
Investments in intangible assets	(6,373)
Investments in property, plant and equipment	(20,243)
Disposals of property, plant and equipment and intangible assets	6,473
Acquisition of subsidiaries or business units net of cash	(1,853,483)
Financial income received	1,381
Net cash generated/(used) investing activities	**(1,872,245)**
Share capital established	40,000
Share premium reserve	1,346,660
Finance costs paid	(116,853)
Increase in securities/notes	1,100,000
New medium/long-term bank loans raised	313,226
New short-term bank loans raised	11.419
Repayment of securities/notes	(615,415)
Repayment of financing from leasing companies	(1,283)
Net cash generated/(used) financing activities	**2,077,754**
Net increase/(decrease) in cash for the period	**118,246**
Cash at the beginning of the period	-
Effects of exchange rate changes on the balance of cash held in foreign currencies	(698)
Cash at the end of the period	**117,548**

Consolidated Statement of Changes In Equity

(in thousands of Euros)	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
Balance at August 29, 2022	-	-	-	-	-	-	-
Net result of the period				**(45,882)**	**(45,882)**	**(29)**	**(45,911)**
Actuarial gains/(losses)			1,979		1,979		1,979
Cash Flow Hedge net of the tax effect			(46,172)		(46,172)		(46,172)
Exchange rate difference			(3,901)		(3,901)	(73)	(3,974)
Other items of Comprehensive income			**(48,094)**	**(45,882)**	**(93,976)**	**(102)**	**(94,078)**
Increases	40,000	1,345,392	250		1,385,642		1,385,642
Other changes			(571)		(571)		(571)
Area Changes			(736)		(736)	2,425	1,689
Balance at December 31, 2022	**40,000**	**1,345,392**	**(49,151)**	**(45,882)**	**1,290,359**	**2,323**	**1,292,682**

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Notes to the Consolidated Financial Statements

Introduction

Fiber Bidco S.p.A. (the "Company") prepares its financial statements in accordance with the relevant provisions of the Italian Civil Code, which regulates their preparation, as interpreted by the accounting principles issued by the Organismo Italiano di Contabilità ("Italian GAAP"). Fiber Bidco S.p.A. used the exemption provided by Italian Legislative Decree 127/1991, Article 27, paragraph 3 and prepared Consolidated Financial Statements as at December 31, 2022 and for the period ended December 31, 2022 on a voluntary basis in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Union (EU-IFRS).

On November 30, 2022 (the "Acquisition Closing Date"), Fiber Bidco S.p.A. ("Fiber Bidco" and, together with its subsidiaries, the "Fiber Group") completed the acquisition (the "Acquisition") of 99.99% of the share capital of Fedrigoni S.p.A. (the "Company" or "Fedrigoni"), a leading manufacturer of pressure sensitive products and premium packaging materials. The Fiber Group operates across two business segments: Fedrigoni Self-Adhesives ("FSA") and Luxury Packaging and Creative Solutions ("LPCS").

In connection with the Acquisition, on October 25, 2022, Fiber Bidco (the "Issuer") issued Euro 300,000,000 in aggregate principal amount of 11.00% Senior Secured Notes due 2027 (the "Fiber Fixed Rate Notes") and Euro 577,967,696 Senior Secured Floating Rate Notes due 2027 (the "Fiber Floating Rate Notes"). In addition, Fiber Bidco entered into a private exchange pursuant to which Fiber Bidco issued Euro 147,032,304 in aggregate principal amount of Senior Secured Floating Rate Notes (the "Exchanged Notes"), having substantially the same terms as the Fiber Floating Rate Notes, to certain holders of Fedrigoni's existing senior secured notes, in exchange for such senior secured notes. The Exchanged Notes were exchanged for additional Fiber Floating Rate Notes in an equal aggregate principal amount issued on the Acquisition Closing Date.

On November 9, 2022, Fiber Bidco issued Euro 56,349,000 in aggregate principal amount of additional 11.00% Senior Secured Notes due 2027 (the "Fiber Tap Notes"). In addition, Fiber Bidco privately placed Euro 8,564,000 million in aggregate principal amount of additional 11.00% Senior Secured Notes due 2027 (the "Fiber Private Fixed Rate Notes") and Euro 10,087,344 in aggregate principal amount of additional Senior Secured Floating Rate Notes due 2027 in a private placement (the "Fiber Private Floating Rate Notes" and, together with the Fiber Private Fixed Rate Notes, the "Fiber Private Notes").

In connection with the Acquisition, Fiber Bidco also entered into a revolving credit facility (the "Fiber Revolving Credit Facility"), with availability of up to Euro 150,000,000.

Significant events of the year

On July 26, 2022, Bain Capital Private Equity signed a definitive agreement with BC Partners for the joint ownership of Fedrigoni. The Acquisition closed on November 30, 2022 with the acquisition by Fiber Bidco of 99.99% of the share capital of Fedrigoni. At closing of the Acquisition, Bain Capital and BC Partners each owned, indirectly, a 45.6% stake in Fedrigoni, with the remaining 8.8% being held by certain management and minority co-investors.

In connection with the Acquisition, Fiber Midco S.p.A. ("Midco"), the direct parent of the Issuer, issued €300.0 million in notes (the "Vendor Notes") that were subscribed by a fund affiliated with the seller as part of the consideration for the Acquisition. In addition, a minority co-investor lent €8.0 million to Midco as part of the consideration for the Acquisition (the "Minority Vendor Loan").

The proceeds of the Vendor Notes, net of certain fees, and of the Minority Vendor Loan were on-lent by Midco to the Issuer through a subordinated shareholder loan. The Vendor Notes and Minority Vendor Loan are solely obligations of Midco and have no recourse to the Issuer or its subsidiaries. The Vendor Notes and the Minority Vendor Loan will mature in 2028, and interest on these instruments may be paid in kind at the sole election of Midco.

On December 15, 2022, we acquired, indirectly through our subsidiary Fedrigoni France Sarl, the entire share capital of Papeterie Zuber Rieder, a European specialty label paper producer focusing on the European wine and spirits segment (the "Zuber Acquisition"). With the Zuber Acquisition, we aim to strengthen our offering of premium papers for wine and spirits.

1. General information

Fiber Bidco, was originally incorporated as a *società a responsabilità limitata* (limited liability company) under the laws of Italy on August 29, 2022, and effective as of August 31, 2022, and was converted into a *società per azioni* (joint stock company) on September 9, 2022, and effective as of September 13, 2022.

Fiber Bidco's registered office is located at Via Alessandro Manzoni, 38 - Milano.

Fiber JVCo S.p.A. (the "Parent Company"), an Italian company whose registered office is located in Milan at Via Alessandro Manzoni, 38, has an indirect controlling interest in the Company through the subsidiary Fiber Midco S.p.A., with 99.99% of the voting rights.

The Fiber Group (the "Group") produces and sells specialty paper with a high added value ("*LPCS – Luxury Packaging and Creative Solutions*") and premium self-adhesive labels and materials ("*FSA – Fedrigoni Self-Adhesives*"). 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, Cordenons and Guarro Casas in the *Luxury Packaging and Creative Solutions* Segment, and Arconvert, Ritrama, Manter, and Acucote in the *Fedrigoni Self-Adhesives* Segment.

The consolidated financial statements were approved by the Company's Board of Directors on April 27, 2023

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 the 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 nearest thousand, 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, considering the December month contribution of Fedrigoni Group (from the Acquisition date), and the full impact of Fiber Bidco S.p.A. (from the inception date);
- 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, considering the December month contribution of Fedrigoni Group (from the Acquisition date), and the full impact of Fiber Bidco S.p.A. (from the inception date);
- The consolidated statement of cash flows has been prepared by showing the cash flows resulting from operations by way of the "indirect approach", considering the December month contribution of Fedrigoni Group (from the Acquisition date), and the full impact of Fiber Bidco S.p.A. (from the inception date).

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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).

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.

a) Consolidated companies

i) Subsidiaries

The Consolidated Financial Statements include those of the Company and companies over which, in accordance with IFRS 10, Fiber Bidco 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 consolidated 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 the 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 the acquisition or sale of non-controlling interests that results 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 the 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, and financial income and finance costs;
- profits or losses resulting from the sale of equity interests in consolidated companies that result 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 as 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.

ii) 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.

b) 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, 2022 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), 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. (GTQ), 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), Ritrama Poland Sp. Z.o.o. (PLN), Acucote Inc. (USD), P.T. Fedrigoni Indonesian Trading (IDR), Fedrigoni Bangladesh Ltd (BDT) and Bes Reklam Ürünleri Sanayi ve Ticaret Anonim Şirketi (TRY).

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:

	Average for one month ended December 31,	**At December 31,**
Currency	**2022**	**2022**
BDT	110.4509	112.6596
BRL	5.5589	5.6386
CHF	0.9865	0.9847
CNY	7.3859	7.3582
COP	5,075.7367	5,172.4700
CRC	625.8598	631.4485
DOP	58.6144	59.9444
GBP	0.8695	0.8869
GTQ	8.3325	8.3707
HKD	8.2434	8.3163
IDR	16,503.2962	16,519.8200
MXN	20.7608	20.8560
PLN	4.6832	4.6808
TRY	19.7613	19.9649
USD	1.0589	1.0666
ZAR	18.3036	18.0986

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c) 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 it is 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 on a yearly basis:

Land	Not depreciated
Buildings	2.5-10 %
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 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 by 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, 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.

(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; the brands are measured using the royalty method.

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” (which emerged when accounting for the Fedrigoni Group acquisition), 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 between seventeen and thirty years for Luxury Packaging and Creative Solutions (“LPCS”) cash generating unit, between six and thirty years for Fedrigoni Self-Adhesives Europe (“FSA Europe”) cash generating unit and between twelve and thirty years for Fedrigoni Self-Adhesives America (“FSA USA”) cash generating unit.

With respect to the allocation regarding the recent acquisition of Fedrigoni Group, since the process of measuring the assets acquired has not been completed yet and since the measurement period envisioned by IFRS 3 has not been exceeded, the allocation reflected in the financial statements is considered provisional, and the definitive identification of the fair value of the assets acquired and of the related useful lives is postponed to the next reporting period.

(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 the 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.

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". Uncollectable 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.

Derivatives qualified as trading instruments
Derivative instruments are used for strategic and financial hedging purposes. However, since some derivatives do not meet some 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.

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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

Cash include available bank deposits. At the reporting date, bank overdrafts are classified as current financial liabilities in the statement of financial position. The items included in cash 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.

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 plans 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. Contributions paid in advance 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

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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 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/(loss) per share – basic

Basic earnings/(loss) 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/(loss) per share – diluted

Diluted earnings/(loss) 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/(loss) is adjusted to take into account any effect, net of taxes, of exercising such rights.

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, 2022:

- **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 became effective on January 1, 2022. The adoption of the amendments did not have material effects 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.

- **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.
- 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.

- 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.

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 September 22, 2022, the IASB issued "Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback". The document requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognizing in profit or loss any gain or loss relating to the partial or full termination of a lease. The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted.

The Directors are currently evaluating the potential effects of adopting this amendment on the Group's consolidated financial statements.

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 CO_2 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 CO_2 permits, pulp prices and foreign exchange.

Interest rate risk
As a result of the Acquisition concluded in November 2022 pursuant to which Fiber Bidco S.p.A acquired the Fedrigoni Group, the Fiber Group's financial structure has changed with the issuance of a Euro 364.9 million in aggregate principal amount of 11.00% Senior Secured Notes due 2027 (the "Fiber Fixed Rate Notes") and the issuance of Euro 735.1 million Senior Secured Floating Rate Notes due 2027 (the "Fiber Floating Rate Notes") with yield linked to the three-month Euribor rate (with a 0.00% floor), plus a 6.00% contractually set spread.

For the purpose of mitigate the risk of increase in interest rate on the Floating Rate Notes, the Group entered into a Interest Rate Cap (for a nominal amount of Euro 550 million) contract maturing on December 31, 2025 to hedge any increase in the future interest expenses Euribor beyond 4.00%.

To demonstrate the effects of changes in interest rates on the consolidated income statement and consolidated 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.

(in thousands of Euros)	**December 31**	
		2022
	-0.50%	**+0.50%**
Changes to Income Statement	(2,769)	2,769
Changes to Equity	(688)	1,236

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. Although 2022 was characterized by rising volatility in exchange rates, the Group has not suffered of any relevant negative effects caused by rate fluctuations. The exposure to exchange rate fluctuations did not negatively impacted the costs and revenues of the Group as a whole. The sensitivity analysis is under the section "Accounting for derivatives" here beneath.

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 36,000 tons) maturing on January 8, 2024.

In addition, the Group has assessed the increases in natural gas commodity prices as a risk factor as they can have a negative impact on business results. To reduce this risk, the Group entered into some derivatives to hedge natural gas costs (for a total volume of 1,113,000 MWh) maturing on December 31, 2023 and (for a total volume of 252,986 MWh) maturing on December 31, 2024.

To demonstrate the effects of price changes on 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 gas and pulp. The price shifts were equal to +/- 1,000 basis points.

(in thousands of Euros)	**December 31**	
		2022
	-10%	**+10%**
Changes to Equity	(11,398)	10,997

Accounting for derivatives
The Group holds derivatives exclusively for hedging purposes.

However, although some derivatives are designated to hedge commodity price 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 fair values of the derivatives according to their type.

(in thousands of Euros)	**At December 31,**	
	2022	
	Negative Fair Value	**Positive Fair Value**
Commodity Derivatives	14,735	
Interest Rate Derivatives		1,268
Currency Derivatives		
Total	**14,735**	**1,268**

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:

(in thousands of Euro)	**Year ended December 31, 2022**											
	USD		**GBP**		**JPY**		**CNY**		**BRL**		**OTHER**	
	10%	**-10%**	**10%**	**-10%**	**10%**	**-10%**	**10%**	**-10%**	**10%**	**-10%**	**10%**	**-10%**
Trade receivables	5,994	(7,326)	1,508	(1,843)	-	-	610	(746)	1,033	(1,262)	2,308	(2,821)
Trade payables	(14,950)	18,272	(727)	888	(23)	28	(594)	726	(1,438)	1,758	(1,055)	1,290
Financial receivables	7,647	(9,347)	6,036	(7,377)	-	-	-	-	42	(51)	412	(503)
Financial payables	(8,672)	10,599	(6,338)	7,747	-	-	(127)	155	(23)	28	(701)	857
Cash	5,364	(6,557)	1,790	(2,187)	-	-	389	(476)	437	(534)	305	(372)
Currency derivatives	-	-	-	-	-	-	-	-	-	-	-	-
Total	**(4,617)**	**5,641**	**2,269**	**(2,772)**	**(23)**	**28**	**278**	**(341)**	**51**	**(61)**	**1,269**	**(1,549)**

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 2.25% 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. 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.

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, 2022, stating separately the provision for doubtful debts:

(in thousands of Euros)	At December 31, 2022						
	Current	**Past-due**				**Provision for doubtful debts**	**Total**
		0-30 days	**31-60 days**	**61-90 days**	**more than 90 days**		
Trade receivables	97,787	21,850	3,667	1,447	7,180	(13,138)	118,793
Total	**97,787**	**21,850**	**3,667**	**1,447**	**7,180**	**(13,138)**	**118,793**

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, on the basis of expected cash flows.

At December 31, 2022, the Group had stipulated committed credit lines of Euro 289,332 thousand, of which Euro 230,955 thousand was undrawn.

The following tables set forth a maturity analysis of the financial liabilities at December 31, 2022. The maturities are based on the period from the reporting date to the contractual maturity date of the obligations.

(in thousands of Euros)	At December 31, 2022					
	On Demand	**Within 1 year**	**In 1 to 5 years**	**Due after 5 years**	**Total**	**Total recognized**
Commodity derivatives - net balance		(14,735)			(14,735)	(14,735)
Lease liabilities		(13,177)	(38,506)	(7,011)	(58,694)	(58,694)
Other financing		(92,010)	(2,852)	(299,155)	(394,017)	(394,017)
Bond		(17,975)		(965,494)	(983,469)	(983,469)
Trade payables		(573,013)			(573,013)	(573,013)
Total		**(710,910)**	**(41,358)**	**(1,271,660)**	**(2,023,928)**	**(2,023,928)**

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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.

Below is the breakdown of the Group's net financial debt at December 31, 2022:

	(in thousands of Euros)	At December 31, 2022
A	Cash	86
B	Cash equivalents	117,462
C	Other financial assets	28,863
D	**Liquidity (A+B+C)**	**146,411**
E	Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)	70,969
F	Current portion of non-current financial debt	63,591
G	**Current financial indebtedness (E+F)**	**134,560**
H	**Net current financial indebtedness (G-D)**	**(11,851)**
I	Non-current financial debt (excluding current portion and debt instruments)	48,369
J	Debt instruments	965,494
K	Non-current trade and other payables	
L	**Non-current financial indebtedness (I+J+K)**	**1,013,863**
M	**Total financial indebtedness (H+L)**	**1,002,012**
	Net operating invested capital	2,292,371
	Gear ratio	**43.71%**
N	Shareholder loan	302,492
O	**Total financial indebtedness and shareholder loan (M+N)**	**1,304,504**
	Net operating invested capital incl. shareholder loan	**2,594,863**
	Gear ratio incl. shareholder loan	**50.27%**

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.

(in thousands of Euros)	At December 31, 2022		
	Fair value through profitor loss	**Fair value through other comprehensive income**	**Amortized cost**
Financial assets			9,118
Non current assets	**-**	**-**	**9,118**
Trade receivables			118,793
Other assets			27,826
Financial assets			19,745
Cash			117,548
Current derivatives	1,268		-
Current assets	**1,268**	**-**	**283,912**
Non-current amounts due to banks and other lenders			1,013,863
Non-current amounts due to controlling shareholder			299,155
Non current liabilities	**-**		**1,313,018**
Trade payables			573,013
Other liabilities			70,324
Current amounts due to banks and other lenders			119,825
Current amounts due to controlling shareholder			3,337
Current derivatives	14,735		
Current liabilities	**14,735**	**-**	**766,499**

The fair value of the derivatives was determined using valuation techniques based on observable inputs in active markets (Level 2).

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 market 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 2022 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, 2022 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 personnel as defined in Note 36 which is considered the chief operating decision maker.

The Group's operations are split into two dedicated segments: the Luxury Packaging and Creative Solutions (LPCS) Segment and the Fedrigoni Self-Adhesives (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.*2022:*

(in thousands of Euros)	Period ended December 31, 2022				
	LPCS	**FSA**	**Total reportable segments**	**Intercompany eliminations**	**Total**
Revenues from sales					
to third parties	54,598	71,754	126,352	-	126,352
to other Group companies	1,026	25	1,051	(1,051)	
Total sales revenues	55,624	71,779	127,403	(1,051)	126,352
Other operating income	22,279	1,363	23,642	(2,987)	20,655
Operating expenses	(82,909)	(71,379)	(154,288)	3,914	(150,374)
Transformation costs	16,375	4,737	21,112	69	21,181
Other non-recurring expenses / income	310	850	1,160	-	1,160
Adjusted EBITDA (*)	**11,679**	**7,350**	**19,029**	**(55)**	**18,974**
Other non-recurring expenses / income	(310)	(850)	(1,160)	-	(1,160)
Transformation costs	(16,375)	(4,737)	(21,112)	(69)	(21,181)
Depreciation, amortization and impairment losses					(9,758)
Operating loss					**(13,125)**
Income from equity-accounted investments in associates					(880)
Financial income					8,320
Finance costs					(56,090)
Loss before tax					**(61,775)**
Income taxes					15,864
Loss from continuing operations					(45,911)
Loss					**(45,911)**

(*) Adjusted EBITDA is defined by the Group as net profit, 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.

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 Euro 310 thousand in sundry taxes on the energy sales recharged by our associate Consorzio Canale Camuzzoni, Euro 33 thousand in legal expenses of our Brazilian subsidiaries partially incurred on the claim, Euro 822 thousand in bonuses granted to customers arising from a short estimation in the 2021, Euro 163 thousand in Divipa agents termination fees, Euro 200 thousand in income arising from the reversal of the allowance for stock damages deriving from the fire occurred at Barberà del Valles site and Euro 32 thousands in other non-recurring expenses.

"Transformation costs" refer to the total costs incurred for consulting services and other clearly identified costs primarily instrumental in transforming the new Group, the item includes Euro 13,064 thousand in costs incurred by Fiber for the Fedrigoni Group acquisition. 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 intended 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:

(in thousands of Euros)	**Period ended December 31, 2022**
Luxury Packaging and Creative Solutions Segment	23,720
Fedrigoni Self-Adhesives Segment	5,783
Total	**29,503**

Revenues are broken down below by geographical area:

(in thousands of Euros)	**Period ended December 31, 2022**
Italy	**44,096**
Luxury Packaging and Creative Solutions Segment (*)	28,524
Fedrigoni Self-Adhesives Segment (*)	15,933
Rest of Europe	**44,020**
Luxury Packaging and Creative Solutions Segment (*)	20,216
Fedrigoni Self-Adhesives Segment (*)	24,557
Rest of World	**38,236**
Luxury Packaging and Creative Solutions Segment (*)	6,884
Fedrigoni Self-Adhesives Segment (*)	31,289
Total	**126,352**

(*) Revenues by Segment include interdivision sales

No single customer accounts for more than 10% of total revenues, and no single country besides Italy, USA and the Chile accounts for more than 10% of total revenues.

The non-current assets, excluding goodwill (disclosed separately in Note 7) and deferred tax assets, are broken down below by geographical area:

(in thousands of Euros)	**At December 31, 2022**
Italy	1,150,655
Rest of Europe	196,265
Rest of world	212,195
Total	**1,559,115**

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6. Property, plant and equipment

The changes in this item are detailed below.

(in thousands of Euros)	Land and buildings	Plant and machinery	Equipment	Other fixed assets	Work in progress and advances	Right-of-use asset	Total
Balance at August 29, 2022	-	-	-	-	-	-	-
Business Combination	197,508	232,394	11,773	4,004	30,948	50,858	527,485
Investments	1,581	15,521	305	232	2,678	9,186	29,503
Disposals		(5,759)	(2)	(19)	(681)	(208)	(6,669)
Depreciation	(228)	(3,612)	(258)	(161)		(1,627)	(5,886)
Impairment				(17)			(17)
Exchange rate difference	(395)	(324)	(828)	(44)	(21)	(506)	(2,118)
Reclassifications	95	2,180	780	(2)	(1,656)		1,397
Other changes	166	12	80	30	(36)		252
Balance at December 31, 2022	**198,727**	**240,412**	**11,850**	**4,023**	**31,232**	**57,703**	**543,947**
Of which:							
Historical cost	308,750	902,171	58,701	27,751	31,232	95,762	1,424,367
Accumulated depreciation	(110,023)	(661,759)	(46,851)	(23,728)		(38,059)	(880,420)

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The following table presents the changes in the right-of-use asset in leases at the respective reporting dates:

(in thousands of Euros)	Right of use Land and buildings	Right of use Plant and machinery	Right of use Equipment	Right of use Other fixed assets	Total
Balance at August 29, 2022	-	-	-	-	-
Business Combination	40,996	231	125	9,506	50,858
Investments	2,189		116	6,881	9,186
Disposals	(173)			(35)	(208)
Depreciation	(1,079)		(93)	(455)	(1,627)
Exchange rate difference	(467)		(2)	(37)	(506)
Balance at December 31, 2022	**41,466**	**231**	**146**	**15,860**	**57,703**
Of which:					
Historical cost	68,876	2,015	466	24,405	95,762
Accumulated depreciation	(27,410)	(1,784)	(320)	(8,545)	(38,059)

With respect to the main items comprising the change in property, plant and equipment, "Business Combinations" reflects the Fedrigoni Group acquisition on November 30, 2022 and the result of the related purchase price allocation ("PPA") process.

The investments of Euro 29,503 thousand for the year ended December 31, 2022 refer largely to (i) the new coating machine at the Sassoferrato plant, (ii) the new water treatment system in the Pioraco mill, (iii) development of the block line at the Castelraimondo mill and (iv) other minor projects aimed 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. The disposals of Euro 6,669 thousand for the month ended December 31, 2022 refer mainly to sale and leaseback of laminators in the Arco and Sassoferrato mills.

At December 31, 2022, excluding the assets under leases, no property, plant or equipment was put up as collateral on loans received by the Group.

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7. Intangible assets

The changes in this item are detailed below.

(in thousands of Euros)	Development costs	Patent and intellectual property rights	Concessions, licenses and trademarks	Other intangible assets	Goodwill	Work in progress and advances	Total
Balance at August 29, 2022	-	-	-	-	-	-	-
Business Combination	1,900	14,128	127,424	700,962	1,320,418	9,023	2,173,855
Investments	136	3,455	102	56		2,624	6,373
Disposals		(12)					(12)
Amortization	(140)	(607)	(683)	(2,323)			(3,753)
Writedowns						(100)	(100)
Exchange rate difference	(5)	(5)	(98)	(180)			(288)
Reclassifications	397	711		30		(1,753)	(615)
Other changes	(438)	11		37			(390)
Balance at December 31, 2022	**1,850**	**17,681**	**126,745**	**698,582**	**1,320,418**	**9,794**	**2,175,070**

Similarly to what is described above in Note 6, “Business Combinations” reflects increases in intangible assets due to the 2022 Fedrigoni Group acquisition and the result of the related purchase price allocation (“PPA”) process.

The investments in intangible assets made during the year ended December 31, 2022 amount to Euro 6,373 thousand and regard primarily regard primarily the development costs and the cost incurred to purchase and customize ERP and inventory management software.

The goodwill allocated is set forth below by business segment:

(in thousands of Euros)	**Period ended December 31, 2022**	
Cash Generating Unit (CGU)		
LPCS	517,146	
Total LPCS	***517,146***	***39%***
FSA Europe	750,518	
FSA America	52,754	
Total FSA	***803,272***	***61%***
Total	**1,320,418**	**100%**

Impairment testing

As required by IAS 36, the Fiber Group tested the carrying amounts of the tangible and intangible assets recognized in its Consolidated Financial Statements at December 31, 2022 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 Fiber 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 in which goodwill is recognized/allocated, on which the impairment testing was based, are as follows:

- LPCS;
- FSA Europe;
- FSA America.

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 Fiber Group used the most recent forecasts for the financial and business performance envisioned for 2023 (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 (2027) for the main countries where the CGU operate, weighted with the respective revenues (2022). 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:

CGU	G rate	Pre-tax WACC	Post-tax WACC
LPCS	2.2%	8.9%	8.1%
FSA Europe	2.1%	8.9%	8.2%
FSA America	2.4%	11.0%	10.0%

No impairment loss emerged from the impairment test.

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 2022-2027 Fiber Group Business Plan for the period 2023 – 2025 and from the 2023 Budget. 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.

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 1.5%, and the G rate of the terminal value was reduced by 1.0%. No impairment loss emerged, even in deteriorating market conditions, from the sensitivity analysis conducted for the CGU tested except for the "FSA America" CGU, which would suffer impairment in the event of a combined 1.0% worsening of the WACC and 1.0% worsening of the 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
LPCS	10.5%
FSA Europe	11.5%
FSA America	11.7%

In a second scenario, sensitivity analysis was carried out on the margins of each CGU with respect to the 2023-2025 explicit period, 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 (FSA America), a decrease in the Adjusted EBITDA (as defined in Note 5) exceeding 11.9%, 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 November 2022, Fiber Bidco S.p.A. completed the Fedrigoni Group acquisition which is presented as business combinations in accordance with IFRS 3 – "Business Combinations".

The 2022 revenues and the net results of the entities acquired after the acquisition date, which are included in the consolidated income statement for the period ended December 31, 2022, are presented in the table below.

(in thousands of Euros)	**Period ended December 31, 2022**
	Fedrigoni Group
Revenues	126,352
Net income/(loss)	(14,582)

The revenue and net result for the year 2022 of the target entities assuming that the acquisitions had occurred on January 1, 2022 (*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, 2022**
	Fedrigoni Group
Revenues	2,134,317
Net income/(loss)	73,015

As a result of the acquisition of the Fedrigoni Group, the Company recognized a goodwill of Euro 1,320,418 thousand. 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 Fedrigoni Group, 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.

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.

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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:

(in thousands of Euro)	**Fedrigoni Group**
Non-current assets	
Property, plant and equipment	527,485
Intangible assets	853,437
Investment property	225
Tax receivables	21,425
Deferred tax assets	53,227
Equity-accounted investments in associates	53,215
Other non-current assets	11,718
Total non-current assets	**1,520,732**
Current assets	
Inventories	465,177
Trade receivables	160,203
Tax credits	9,154
Other current assets	103,005
Cash	240,815
Derivatives	66,169
Total current assets	**1,044,523**
Non-current assets held for sale	1,290
Total assets (A)	**2,566,545**

(in thousands of Euro)	**Fedrigoni Group**
Non-current liabilities	
Due to banks and other lenders	43,143
Employee benefits	19,307
Provisions for risks and charges	32,421
Tax liabilities	-
Deferred tax liabilities	263,531
Other non-current liabilities	13,704
Total non-current liabilities	**372,107**
Current Liabilities	
Due to banks and other lenders	723,599
Due to controlling shareholder	-
Trade payables	633,617
Tax liabilities	30,065
Other current liabilities	103,840
Provisions for risks and charges	-
Derivatives	737
Total current liabilities	**1,491,858**
Total liabilities (B)	**1,863,965**
Price paid for the acquisition (C)	2,020,574
Fair value of net assets acquired (D=A-B)	702,580
Non-controlling interests (E)	2,424
Goodwill (C-D+E)	1,320,418

8. Investment property

The changes in this item are detailed below:

(in thousands of Euros)	**Land and buildings**
Balance at August 29, 2022	-
Business Combination	225
Depreciation	(2)
Balance at December 31, 2022	**223**
Of which:	
Historical cost	1,014
Accumulated depreciation	(791)

9. Equity-accounted investments

This item, amounting to Euro 126,059 thousand, represents the investment in Consorzio Canale Industriale G. Camuzzoni S.c.ar.l. in Verona, an entity that produces hydroelectric power, in which the Group owns a 25% stake, the investment in Eonys SAS, a French company that owns the entire share capital of Tageos SAS and its subsidiaries (collectively the Tageos Group), that operate in the design, manufacturing and distribution of radio-frequency identification (RFID) inlays and tags, in which the Group owns a 50.1% stake, and the investment in Papeterie Zuber Rieder, a European specialty label paper producer focusing on the European wine and spirits segment.

For the investment in Eonys SAS, acquired by Fedrigoni Group on April 26, 2022 and accounted for as Euro 50,148 thousand, the Group entered into a shareholder agreement which regulated the joint venture between the Group and the other shareholders.

For the investment in Papeterie Zuber Rieder, acquired, indirectly through our subsidiary Fedrigoni France Sarl, on December 15, 2022 and accounted for Euro 73,724 thousand, the Group, in accordance with the purchase agreement signed with the Sellers, started to control the managing body ("*Strategic Committee*") of Papeterie Zuber Rieder only at the beginning of 2023, while the former managing director remained as *President* of the company for at least the first six months following the completion of the acquisition.

At the time of preparation of the Consolidated Financial Statements, the financial statements of Consorzio Canale Industriale G. Camuzzoni S.c.a.r.l. for the year ended December 31, 2022 had not yet been approved at its General Meeting.

The key data of the approved financial statements of Consorzio Canale Industriale G. Camuzzoni S.c.a.r.l. at December 31, 2021 is set forth below:

(in thousands of Euros)	**Consorzio Canale Camuzzoni S.c.a.r.l.**	
	December 31,	
	2021	**2020**
Assets	14,822	14,753
Equity	13,065	13,004
Liabilities	1,757	1,749
Revenues	3,453	3,046
Net profit	61	57

With respect to the Tageos Group, the summarized financial information included in the tables below represents the amounts of the joint venture's consolidated financial statement prepared in accordance with IFRS Standards.

The main information included in the condensed consolidated statement of financial position of Eonys SAS and its subsidiaries after the acquisition date, accounted for using the equity method is shown in the table below.

(in thousands of Euros)	**Eonys SAS and its subsidiaries**
	At December 31, 2022
Non-current assets	28,690
Current assets	21,574
Non-current liabilities	19,823
Current liabilities	23,062
The above assets and liabilities include the following:	
- Cash	*5,107*
- Current financial liabilities (excluding trade and other payables and provisions)	*5,272*
- Non-current financial liabilities (excluding trade and other payables and provisions)	*18,996*

The main information included in the consolidated statement of income of Eonys SAS and its subsidiaries after the acquisition date, accounted for using the equity method, is shown in the table below.

(in thousands of Euros)	**Eonys SAS and its subsidiaries**
	Period ended December 31, 2022
Revenues	28,108
Profit/(loss) from continuing operation	(1,370)
Profit/(loss) for the period	(1,370)
Other comprehensive income attributable to the owners of the Company	(190)
Total comprehensive profit	(1,560)
The above profit/(loss) for the period include the following:	
- Depreciation and amortization	*(2,845)*
- Interest income	*806*
- Interest expense	*(2,131)*
- Income tax expense (income)	*(76)*

The carrying amount of the Group's interest in the joint venture recognized in the consolidated financial statements on the basis of the above summarized financial information is shown in the table below.

(in thousands of Euros)	**Eonys SAS and its subsidiaries**
	Period ended December 31, 2022
Net assets of Eonys SAS and its subsidiaries	7,379
Fedrigoni's % of the investment	50.1%
Goodwill	46,451
Carrying amount of Fedrigoni's interest in the joint venture	50,148

With respect to Papeterie Zuber Rieder, the summarized financial information included in the tables below represents the amounts of the entity's consolidated financial statement prepared in accordance with IFRS Standards.

The main information included in the statement of financial position of Papeterie Zuber Rieder after the acquisition date, accounted for using the equity method, is shown in the table below.

(in thousands of Euros)	**Papeterie Zuber Rieder**
	At December 31, 2022
Non-current assets	10,609
Current assets	28,919
Non-current liabilities	909
Current liabilities	7,083
The above assets and liabilities include the following:	
- Cash	*7,473*
- Current financial liabilities (excluding trade and other payables and provisions)	*348*
- Non-current financial liabilities (excluding trade and other payables and provisions)	*0*

The carrying amount of the Group's interest in the joint venture recognized in the consolidated financial statements on the basis of the above summarized financial information is shown in the table below

(in thousands of Euros)	**Papeterie Zuber Rieder**
	Period ended December 31, 2022
Net assets of Papeterie Zuber Rieder	31,536
Fedrigoni's % of the investment	100.0%
Goodwill	42,188
Carrying amount of Fedrigoni's interest in Papeterie Zuber Rieder	73,724

10. Tax credits

This item is detailed below:

(in thousands of Euros)	**At December 31, 2022**		
	Non current	**Current**	**Total**
Tax Credits	17,426	4,505	21,931
Total	**17,426**	**4,505**	**21,931**

The non-current tax credits of Euro 17,426 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, 2022.

11. Deferred tax assets and liabilities

This item is detailed below:

(in thousands of Euros)	**At December 31, 2022**
Deferred tax assets	56,621
Total deferred tax assets	**56,621**
Deferred tax liabilities	(246,468)
Total deferred tax liabilities	**(246,468)**
Total net deferred tax assets/(liabilities)	**(189,847)**

The composition of these balances is shown below:

(in thousands of Euros)	August 29, 2022	Effect on Income Statement	Exchange of rate difference	Business combination	Effect on statement of comprehensive income	Reclassifications	December 31 2022
Inventory valuation		4,522	(3)	13,464			17,983
Valuation of trade receivables		627	(8)	1,456			2,075
Writedown of property, plant and equipment		(2)		2,256			2,254
Provisions for risks		268	(9)	6,966		2	7,227
Difference between fiscal and statutory values of tangible and intangible assets		707	(9)	430			1,128
PPA allocation		(7,978)		21,801			13,823
Derivative fair values					102		102
Foreign exchange and other differences		107		37			144
Actualization of employee benefits		(387)	(3)	488	(43)	113	168
Tax losses		2,208	15	4,746		10	6,979
IFRS 16		113					113
Other		3,660	(68)	1,583		(550)	4,625
Total deferred tax assets	-	**3,845**	**(85)**	**53,227**	**59**	**(425)**	**56,621**

(in thousands of Euros)	August 29, 2022	Effect on Income Statement	Exchange of rates difference	Business combination	Effect on statement of comprehensive income	Reclassifications	December 31 2022
Valuation of tangible and intangible assets		(587)	127	(21,631)		1,446	(20,645)
Effect of leaseback transaction		51	38	(1,386)			(1,297)
Provisions for risks		22		(481)			(459)
Recognition of leases		(5)		(391)		66	(330)
Actualization of employee benefits					(86)	(113)	(199)
Actualization of social security liabilities		17		(96)			(79)
Foreign exchange and other differences		(11)		(170)			(181)
Derivative fair values				(18,255)	18,256		1
IFRS 16		(222)	8	(666)			(880)
PPA allocation		544		(219,805)			(219,261)
Other		(963)	5	(650)		(1,530)	(3,138)
Total deferred tax liabilities	-	**(1,154)**	**178**	**(263,531)**	**18,170**	**(131)**	**(246,468)**

12. Inventories

This item is detailed below:

(in thousands of Euros)	At December 31, 2022
Raw materials and goods	209,497
Work in progress and semi-finished goods	128,048
Finished products	109,672
Total	**447,217**

Inventories are shown net of the provision for inventory obsolescence as detailed below:

(in thousands of Euros)	Provision for raw material obsolescence	Provision for obsolescence of finished and work in progress products	Total
Balance at August 29, 2022	-	-	-
Business Combination	8,895	76,711	85,606
Charge	2,588	1,342	3,930
Use	(492)	(2,413)	(2,905)
Exchange rate difference	(9)	(158)	(167)
Other changes	(377)	(673)	(1,050)
Balance at December 31, 2022	**10,605**	**74,809**	**85,414**

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:

(in thousands of Euros)	At December 31, 2022
Other gross assets	123,471
Provision for other doubtful debts	(3,148)
Other net assets	**120,323**

The item is detailed below:

(in thousands of Euros)	At December 31, 2022
- Sundry receivables	23,406
- Sundry tax credits	31,693
- Prepaid expenses and accrued income	7,219
- VAT credit	24,722
- Other financial credits and credits for contributions	29,916
- Security deposits	2,514
- Due from social security entities	235
- Due from employees	618
Total other assets	**120,323**
Of which: non-current	15,540

The most significant amounts comprising the sundry receivables include Euro 7,211 thousand due for Fedrigoni S.p.A.'s white certificates and the remaining receivable due from the buyer on the sale in 2021 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 tax credits are mainly related to Italian government's tax credits of Euro 16,988 thousand granted in 2022 to cope with rising costs of gas, and a Euro 4,815 thousand for the tax credit deriving from an extraordinary and solidarity income tax paid by Fedrigoni S.p.A. that was considered no longer due and applicable.

The VAT credit is attributable mainly to the *Imposto sobre Circulaçao de Mercadorias e Serviços* ("ICMS" or Tax on Commerce and Services) receivables due to Arconvert-Ritrama do Brazil Ltda (Euro 13,804 at December 31, 2022), 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 other financial credits and credits for contributions mainly relates to Euro 10,350 thousand in cash collateral and related bank guarantees accounted for in connection with the Commodity Swaps stipulated by Fedrigoni Group in April 2022, the Euro 10,731 thousand of loan made available by the Group to Mohawk Fine Papers Holding Co., Inc. in relation to a second lien loan, security and guarantee agreement dated August 2022 and Euro 4,000 thousand in financial receivables of Tageos Group.

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:

(in thousands of Euros)	Provision for other doubtful debts
Balance at August 29, 2022	-
Business Combination	3,148
Balance at December 31, 2022	**3,148**

14. Trade receivables

(in thousands of Euros)	At December 31, 2022
Gross trade receivables	131,931
Provision for doubtful debts	(13,138)
Net trade receivables	**118,793**

The table below presents the changes in the provision for doubtful debts:

(in thousands of Euros)	Provision for doubtful debts
Balance at August 29, 2022	-
Business Combination	12,306
Charge	1,010
Use	(24)
Exchange rate difference	(35)
Other changes	(119)
Balance at December 31, 2022	**13,138**

As explained in Notes 6 and 7, "business combinations" reflects the effects of the 2022 Fedrigoni Group acquisition.

15. Cash

This item is detailed below:

(in thousands of Euros)	At December 31, 2022
Bank deposits	117,462
Cash on hand	86
Total	**117,548**

16. Derivatives

The balance derives primarily from the fair value measurement of Commodity Swaps stipulated by the Group to hedge against price swings for certain product inputs.

During 2022, Fedrigoni S.p.A. entered into fixed-for-floating commodity swaps for a total notional value of 1,130 thousand MWh of gas and in December 2022 the Group stipulated commodity swaps for a total notional value of 36,000 tons of pulp, reducing the risk associated with changes in pulp prices.

At December 31, 2022 the net payable regarding the derivatives traded by the Company was Euro 14,735 thousand, attributable to current liabilities, mainly referring to the current portion of commodity derivatives 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.

At December 31, 2022 the net receivable regarding the derivatives traded by the Company was Euro 1,268 thousand and derived from the fair value measurement of Interest Rate Cap (IRC) entered into by the Group to manage interest rate risk on the *Floating Rate Notes*, applying a partial term hedge with an interest rate cap of the Euribor set at 4.00%.

17. Equity

The equity of the Group at December 31, 2022 is set forth below:

(in thousands of Euros)	At December 31, 2022
Balance at August 29, 2022	-
Share capital	40,000
Share premium reserve	1,345,392
Legal reserve	
Other reserves	(49,151)
(Loss) of the year	(45,882)
Equity	**1,290,359**

The share capital at December 31, 2022 was Euro 40,000 thousand and consisted of 40,000,000 ordinary shares issued and fully paid with a par value of Euro 1.00 per share. The share premium reserve refers to the amount received in excess of its face value. The other reserves include actuarial gain/loss, cash flow hedge and exchange rate differences.

18. Due to banks and other lenders

This item is detailed below:

(in thousands of Euros)	At December 31, 2022							
	Interest Rate	**Current portion**	**Portion with due after 12 months**					**Total**
			2024	**2025**	**2026**	**2027**	**Afterward**	
Financial debt	Variable	30,033	1,133	813	663	243		**32,885**
Lease liabilities	Variable	13,177	13,070	10,840	8,480	6,116	7,011	**58,694**
Notes issued - principal portion fixed	Fixed						329,250	**329,250**
Notes issued - principal portion floating	Variable						636,244	**636,244**
Notes issued - interest portion fixed	Fixed	10,727						**10,727**
Notes issued - interest portion floating	Variable	7,248						**7,248**
Other financing	Variable	58,640						**58,640**
Total		**119,825**	**14,203**	**11,653**	**9,143**	**6,359**	**972,505**	**1,133,688**

Financial debt
The "financial debt" of Euro 32,885 thousand at December 31, 2022 includes bank overdrafts, at the reporting date of these financial statements.

Lease liability
The Euro 58,694 thousand at December 31, 2022 is the remaining balance due on leases stipulated by the Group.

Notes
"Notes issued - principal portion fixed" at December 31, 2022 has a balance of Euro 329,250 thousand and consists of the Fiber Fixed Rate Notes, the Fiber Tap Notes and the Fiber Private Fixed Rate Notes.

"Notes issued - principal portion floating" at December 31, 2022 has a balance of Euro 636,244 thousand and consists of the Fiber Floating Rate Notes and the Fiber Private Floating Rate Notes.

"Notes issued - interest portion fixed" at December 31, 2022 has a balance of Euro 10,727 thousand and refers to the interest expense accrued on the Fiber Fixed Rate Notes, the Fiber Tap Notes and the Fiber Private Fixed Rate Notes.

"Notes issued - interest portion fixed" at December 31, 2022 has a balance of Euro 7,248 thousand and refers to the interest expense accrued on the Fiber Floating Rate Notes and the Fiber Private Floating Rate Notes.

Other financing
The "current other financing" of Euro 58,640 thousand at December 31, 2022 refers primarily to the recognition of the recourse portion regarding a plan to optimize trade working capital.

19. Due to controlling shareholders

The "Non current financing due to Controlling Shareholders" of Euro 299,155 thousand at December 31, 2022 refers to the principal portion of the subordinated shareholder loan granted by Fiber Midco.

"Current financing due to Controlling Shareholders" at December 31, 2022 has a balance of Euro 3,337 thousand and refers to the interest expense accrued on the subordinated shareholder loan granted by Fiber Midco (see "Significant events of the year").

20. Employee benefits

The changes in this item are presented below:

(in thousands of Euros)	**Employee benefits**
Balance at August 29, 2022	-
Business Combination	19,307
Finance costs	(61)
Actuarial gains/(losses)	(2,107)
Use	(1,055)
Charge	189
Exchange rate difference	(100)
Other changes	(1,061)
Balance at December 31, 2022	**15,112**

The actuarial assumptions used to determine the obligation for employee benefits are detailed below:

	At December 31, 2022
Economic assumptions	
Inflation rate	2.5%
Discount rate	3.6%
Salary increment	1.0%
"TFR" (provision for severance indemnities) rate of increase	2.7%
Demographic assumptions	
Probability of resignations/dismissals	7.7%
Probability of advance payouts	2.7%

21. Provisions for risks and charges

This item is detailed below:

(in thousands of Euros)	**At December 31, 2022**
Provision for agency termination	3,453
Provision for environmental risk	4,005
Provision for sundry risks	24,521
Total	**31,979**

The changes in this item are presented below:

(in thousands of Euros)	**At December 31, 2022**
Balance at August 29, 2022	-
Business Combination	32,421
Increases	1,750
Use	(313)
Exchange differences and other changes	(1,879)
Balance at December 31, 2022	**31,979**

(in thousands of Euros)	Provision for agency termination	Provision for environmental risk	Provision for litigation risks	Provisions for warranty claims	Provisions for exit incentives	Other provisions	Total
Balance at August 29, 2022	-	-	-	-	-	-	-
Business Combination	3,395	3,796	10,061	4,775		10,394	32,421
Charge	171	314	400	156		709	1,750
Use	(113)	(105)		(66)		(29)	(313)
Exchange rate difference			(20)	(3)		(18)	(41)
Other changes			(1,838)				(1,838)
Balance at December 31, 2022	**3,453**	**4,005**	**8,603**	**4,862**		**11,056**	**31,979**

The provision for agency termination is the estimated liability due for agency severance benefits.

The provision for environmental risks mainly refers to outlays that the Group estimates could be incurred to clean up some of the land it owns. The 2022 charge is attributable to the provisions allocated for Gruppo Cordenons S.p.A.'s use of CO_2 permits in excess of those available.

The provision for sundry risks consists of the following:

- The provision for warranty claims (Euro 4,862 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 period the provision was reduced 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 8,603 thousand) and other provisions (Euro 11,056 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 "provision for litigation risks" includes the Fedrigoni S.p.A.'s allocation for risks mainly on uncontracted distributors abroad and disputes with suppliers.

The provision allocated by Fedrigoni S.p.A. 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., 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. The provision allocated 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.

Fedrigoni S.p.A. 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. During the year, procedures were initiated to arrive at a settlement of the various lawsuits pending with the Customs Agencies of Civitanova, Marche and Ancona. The probable cost of the dispute is included in the provision.

In the previous year a request for compensation was submitted by a distributor outside Europe 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 and 2022 to take into account the developments of the case and to include additional situations of probable risk concerning other distributors abroad.

The provision includes costs that the Company could incur as a result of incentivized voluntary termination of employment, under the agreements stipulated with the employees involved within the date of presentation of the draft financial statements.

The provision also covers other marginal situations of risk.

22. Trade payables and other liabilities

This item is detailed below:

(in thousands of Euros)	At December 31, 2022
Trade payables	**573,013**
Other liabilities:	
- Due to employees	43,257
- Accrued expenses and deferred income	4,968
- Social security	13,701
- Withholding taxes	7,751
- Sundry payables	9,781
- Due to supplementary pension fund	1,894
- Advances	1,616
- VAT due	8,733
- Due to Directors and Statutory Auditors	75
- Sundry tax liabilities	13,928
Other liabilities	**105,704**
Total	**678,717**
Of which: non-current	13,669

Mainly to facilitate easy access to credit for its suppliers, the Group has agreed in selective cases to back the supplier on factoring arrangements. Based on these agreements, the supplier has the discretionary option to sell receivables due from the Group to a factor and receive the amount owed before the due date less a percent discount. That discount is generally less than the trade discount for early payment commonly used in the market. The Group will pay the factor for the full invoice amount on the scheduled payment date as required by the invoice. As the arrangement does not permit the Group to extend finance by paying later than the Group would have paid its supplier, the Group classifies the payables referring to the reverse factoring transactions as "trade payables".

The trade payables include the allocation of invoices to be received in an amount of Euro 12,644 thousand 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" of Fedrigoni Group consolidated financial statements for the year ended December 31, 2021, 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 18,200 thousand, plus general expenses and damages apparently incurred due to the non-payment of such royalties, bringing the total amount to Euro 18,782 thousand. In turn, in June 2022, Fedrigoni filed its statement of defense and counterclaims ("*Comparsa di costituzione e risposta con domande riconvenzionali*") in the aforementioned civil lawsuit pending before the Court of Verona challenging the Court's territorial jurisdiction, resisting all plaintiffs' claims, and raising counterclaims. On June 29, 2022, the Court of Verona upheld the Company's objection of lack of jurisdiction in favor of the Court of Venice. In October 2022, the case was resumed by the aforementioned companies before the Court of Venice and the next hearing is scheduled around end of September 2023.

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 revealed certain and decisive facts on the matter. 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 "other liabilities" refer 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.

23. Current tax liabilities

This item amounts to Euro 14,423 thousand at December 31, 2022.

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.

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 settlement discussions 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.

In May 2022 Fedrigoni resumed its discussions with the tax authorities for a possible settlement of the tax disputes referring to fiscal years 2014-2017. Specifically, Fedrigoni filed, on May 16, 2022, petitions for tax settlements (*Istanze di accertamento con adesione*) for the years 2015-2017, which were followed by invitations to appear by the tax authorities. After several meetings, also to take advantage of the 2023 Budget Law that provided for the possibility of settling the pending disputes with a reduction of penalties to 1/18, on February 15, 2023, Fedrigoni executed with the tax authorities (i) a judicial conciliation (*Conciliazione giudiziale*) for the year 2014 and (ii) the settlement agreement deeds (*Atti di accertamento con adesione*) for the years 2015-2017. The overall tax liability (2014-2017) was reduced to Euro 8,828 thousand (including interest). On March 2, 2023, Fedrigoni paid to the tax authorities the amounts due under the judicial conciliation and settlement agreements for the fiscal years 2014–2017. On March 14, 2023, Fedrigoni's previous majority shareholder paid to Fedrigoni an amount of Euro 2,200 thousand, pursuant to the indemnification obligations set forth in the contractual agreements entered into in connection with the matter at hand.

Additional details on the actions taken and a related civil lawsuit in progress are contained in the sections on "Trade payables and other liabilities" and "Subsequent events".

Notes to the Income Statement

24. Sales revenues

This item is detailed below:

(in thousands of Euros)	**Period ended December 31, 2022**
Revenues from sales of product	128,959
Awards for customers	(2,894)
Other sales revenues	287
Total	**126,352**

25. Other operating income

This item is detailed below:

(in thousands of Euros)	**Period ended December 31, 2022**
Other revenues	397
Sundry non-financial income	1,506
Contingent gains and unrealized costs	1,473
Grants for operating expenses	17,259
Gains from assets disposal	20
Total	**20,655**

"Other operating income" mainly consist of other revenues, primarily generated by sales of energy to third-parties, sundry non-financial income, contingent gains and unrealized costs as well as grants for operating expenses.

26. Cost of materials

This item is detailed below:

(in thousands of Euros)	**Period ended December 31, 2022**
Raw materials and goods purchases	66,916
Purchases of ancillary materials and consumables	1,100
Change in raw material inventories and goods	5,179
Total	**73,195**

The 2022 "raw material and goods purchases" reflect the prices of raw materials used in production and are mainly attributable to pulp costs.

27. Cost of services

This item is detailed below:

(in thousands of Euros)	**Period ended December 31, 2022**
Freight	9,225
Natural gas	3,624
Passive commissions	2,007
Maintenance	2,260
Use of third-party assets	1,077
Electricity	1,131
Consulting services (administrative, legal, tax, technical)	23,443
Advertising and publicity	173
Outsourced production	434
Insurance	967
Travel expenses	1,366
Waste disposal	640
Outsourced labor	637
Telephone expenses	110
Water	74
Directors and Statutory Auditors	215
Other services	2,648
Total	**50,031**

"Cost of services" mainly consist of cost of transportation, natural gas, commissions paid, maintenance, consulting services, use of third-party assets and electricity. The consulting services include Euro 13,064 thousand in costs incurred during the year by Fiber for the Fedrigoni Group acquisition.

28. Cost of personnel

This item is detailed below:

(in thousands of Euros)	**Period ended December 31, 2022**
Wage and salaries	15,110
Social security contributions	3,403
Accrual for defined contribution and defined benefit plans	145
Other personnel costs	1,291
Total	**19,949**

The Group's employee headcount numbers at the reporting date are shown below:

	As of December 31, 2022
Management	133
White-collar employees	1,605
Blue-collar employees	2,631
Total	**4,369**

29. Other costs

This item is detailed below:

(in thousands of Euros)	**Period ended December 31, 2022**
Writedowns of receivables and other assets	891
Contingent losses and unrealized income	10
Indirect taxes	440
Membership dues	64
Allowances/(releases) of provisions	(2,007)
Other costs	838
Total	**236**

“Writedowns of receivables and other assets” mainly refers to bad debt provision and losses on trade receivables.

“Allowances/(releases) of provisions” comprise mainly amounts charged net of the amounts released to the product warranty and environmental provision.

30. Depreciation and amortization

This item is detailed below:

(in thousands of Euros)	**Period ended December 31, 2022**
Depreciation of property, plant and equipment	5,886
Amortization of intangible assets	3,753
Depreciation of investment property	2
Impairment of tangible assets	17
Impairment of intangible assets	100
Total	**9,758**

31. Net financial income/(costs)

This item is detailed below:

(in thousands of Euros)	**Period ended December 31, 2022**
Interest income	1,402
Foreign exchange gains	6,905
Fair value measurement of derivatives	
Other financial income	13
Totale financial income	**8,320**
Bank interest expense	(33)
Interest expense on leases	(282)
Foreign exchange losses	(6,899)
Fair value measurement of derivatives	(14,369)
Interest costs on employee benefits	(61)
Other finance costs	(34,446)
Total financial costs	**(56,090)**
Total	**(47,770)**

“Other finance costs” include Euro 17,975 thousand of interest expense on the Bond Notes, Euro 3,759 thousand as amortized cost on the Bond Notes, Euro 3,337 thousand in interest expense on the Shareholder Loan, and Euro 395 thousand as amortized cost on the Shareholder Loan.

32. Income taxes

This item is detailed below:

(in thousands of Euros)	**Period ended December 31, 2022**
Current taxes	(13,173)
Deferred taxes	(2,691)
Total	**(15,864)**

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:

(in thousands of Euros)	**Period ended December 31 2022**
Loss before tax	(61,775)
Theoretical tax rate	24.00%
Theoretical income taxes	**(14,826)**
Profits not subject to taxes	(6,142)
Use of tax losses carried forward	
Non-deductible taxes	(4,822)
Non-deductible interests expenses	13,422
Other decreases	3,861
IRAP allocated by Italian companies	**425**
Tax effects of foreign subsidiaries and other	(7,782)
Effective income taxes	**(15,864)**

33. Earnings/(Loss) per share

Earnings/(loss) 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/(loss) per share.

(in thousands of Euros)	**Period ended December 31 2022**
Loss attributable to owners of the Parent	(45,882)
Weighted average of shares (in thousand)	40,000
Basic earnings/(loss) per share (in Euros)	**(1.15)**
Diluted earnings/(loss) per share (in Euros)	**(1.15)**

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, 2022 regarding investments in property, plant and machinery not yet recognized in the financial statements amount to Euro 12,082 thousand.
(b) Other commitments
The following collateral has been put up:
- pledge over Fiber Bidco S.p.A. shares granted by Fiber Midco S.p.A. on November, 30, 2022, as subsequently confirmed and extended on January 23, 2023, to secure the payment obligations deriving from, *inter alia*, the RCF Agreement, the Original Notes, the Tap Notes, the Private Notes, the Exchanged Notes and the Hedging Agreements;
- pledge over Fedrigoni S.p.A. shares granted originally by Fiber Bidco S.p.A. on November, 30, 2022, as subsequently confirmed and last extended on January 23, 2023, to secure the payment obligations deriving from, *inter alia*, the RCF Agreement, the Original Notes, the Tap Notes, the Private Notes, the Rollover Notes and the Hedging Agreements;

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- pledge over the material bank accounts of Fiber Bidco S.p.A. granted by Fiber Bidco S.p.A. on November, 30, 2022, as subsequently confirmed and last extended on January 23, 2023, to secure the payment obligations deriving from, *inter alia*, the RCF Agreement, the Original Notes, the Tap Notes, the Private Notes, the Rollover Notes and the Hedging Agreements;
- security assignment over the intercompany receivables granted originally by Fiber Bidco S.p.A. on November, 30, 2022 as subsequently confirmed and last extended on January 23, 2023, to secure the payment obligations deriving from, *inter alia*, the RCF Agreement, the Original Notes, the Tap Notes, the Private Notes, the Rollover Notes and the Hedging Agreements; and
- security assignment over the intercompany receivables granted originally by Fiber Midco S.p.A. on November, 30, 2022 as subsequently confirmed and last extended on January 23, 2023, to secure the payment obligations deriving from, *inter alia*, the RCF Agreement, the Original Notes, the Tap Notes, the Private Notes, the Rollover Notes and the Hedging Agreements.

36. Related-party transactions

The following tables set forth the transactions and balances of the Group with related parties for the period ended December 31, 2022.

Statement of Financial Position balances

(in thousands of Euros)	At December 31, 2022					
		Assets			Liabilities	
	Financial receivables	Trade receivables	Tax receivables	Tax liabilities	Trade payables	Financial payables
Consorzio Canale Industriale G. Camuzzoni S.c.ar.l.					1,805	
Tecnoform S.p.A.		16			318	
Tageos Group	4,012					
Papeterie Zuber Rieder SAS					975	
Fiber MidCo S.p.A.						311,337
Total	**4,012**	**16**			**3,098**	**311,337**
As a % of F/S item	13.90%	0.01%	0.00%	0.00%	0.54%	21.68%

Income Statement transactions

(in thousands of Euros)	Period ended December 31, 2022				
		Income		Expenses	
	Sales revenues	Other revenues	Interest income	Costs for services	Interest expense
Bain Capital Private Equity, LP				550	
Fedrigoni Holding Ltd		17		11	
Consorzio Canale Industriale G. Camuzzoni S.c.ar.l.				385	
Tecnoform S.p.A.	51			923	
Tageos Group	2		12		
Papeterie Zuber Rieder SAS				954	
Fiber MidCo S.p.A.					3,337
Total	**53**	**17**	**12**	**2,823**	**3,337**
As a % of F/S item	0.04%	0.08%	0.86%	5.64%	9.60%

Description of the Group's related parties

Fiber MidCo S.p.A.
The Group incurred some costs with Fiber Midco S.p.A., Fiber Bidco S.p.A.'s parent company, for the recharging of interest costs connected with the Shareholder Loan from Fiber Midco S.p.A. and used by Fiber Bidco S.p.A. to complete the Fedrigoni Group acquisition.

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 mainly some costs with Fedrigoni Holding Ltd, Fedrigoni S.p.A.'s former parent company, for the recharging of some marketing costs.

Tageos Group
The Tageos Group is an equity accounted investments in associates acquired by the Group on April 26, 2022.

Papeterie Zuber Rieder SAS
Papeterie Zuber Rieder SAS is an equity accounted investments in associates acquired by The Group on December 15, 2022 in which the Group started to control the managing body only from January 2023.

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.

Tecnoform S.p.A.
Tecnoform S.p.A. is a minority technical partner of the Group dedicated to the development of innovative packaging products to replace plastic with thermoformed cellulose. The Group had established a joint venture "E'Close S.r.l." (formerly known as Pulp JV S.r.l.) with Tecnoform S.p.A. which retains the 30% of the capital.

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 division; iii) General Manager of Fedrigoni Luxury Packaging and Creative Solutions division, iv) Group Chief Procurement Officer; v) Corporate Development Director; vi) Group Chief Human Resources Officer; vii) Group Chief Financial Officer; viii) Group Chief Sustainability and Communication Officer; ix) Group Technology Infrastructure Director.

The gross compensation paid to the key management personnel for the period ended December 31, 2022 totaled Euro 214 thousand.

37. Subsequent events

On December 30, 2022, Arconvert S.A.U., an indirect subsidiary of Fiber Bidco S.p.A., exercised its call option to purchase 10% of Venus America S.A. de C.V., a Mexican company already controlled by Arconvert S.A.U. (the "Venus Minority Shares"), pursuant to the put and call option agreement signed on June 8, 2021 by and between Arconvert S.A.U., on one side, and Jorge Alanis Castillo and Mextran S.A. de C.V., on the other side (jointly, the "Venus Minorities"). Completion of the acquisition of the Venus Minority Shares is scheduled to occur during the second quarter of 2023. Following this acquisition, the Group will control 100% of the share capital of Venus America S.A. de C.V.

In January 2023, the Group implemented a strategic partnership with Arjowiggins HKK3 Limited ("Arjo China"), by way of:

(a) the issuance of a bond by an investment vehicle owned by certain managers of Arjo China (the "Managers' Vehicle"), subscribed by Fedrigoni UK Limited, a fully owned subsidiary of Fedrigoni S.p.A.;
(b) the Managers' Vehicle applied the proceeds of the bond only to pay the initial consideration due for the acquisition of the shares of Arjo China;
(c) the Managers' Vehicle granted to Fedrigoni UK Limited a call option (exercisable within the end of 2026) to purchase, directly or indirectly, the shares of Arjo China for a price equal to any outstanding amount under the bond at the option exercise date, which shall be satisfied by way of set off against any outstanding amounts owed to Fedrigoni UK Limited.

On February 2023, the Group acquired a dedicated research and development center in Grenoble, France, including employees, as well as the machines and equipment, patents, and brands, with the related Powercoat brand.

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On February 15, 2023, after several meetings held in the context of the tax settlement procedure with regard to the tax liabilities emerging from the Tax Audit Report notified in April 2022 by the *Guardia di Finanza* regarding fiscal years 2015-2017 (see section "Current Tax Liabilities"), Fedrigoni executed with the Tax Authority the settlement agreement deeds (*Atti di accertamento con adesione*) for the years 2015-2017, also to take advantage of the 2023 Budget Law that provided for the possibility of settling the pending disputes with a reduction of penalties to 1/18. On the same day, Fedrigoni signed with the tax office also a judicial conciliation (*Conciliazione giudiziale*) for the pending litigation on 2014. The overall tax liability (2014-2017) was reduced to Euro 8.8 million (including interest). On March 2, 2023, Fedrigoni paid to the tax authorities the amounts due under the judicial conciliation and settlement agreements for the fiscal years 2014–2017. On March 14, 2023, Fedrigoni's previous majority shareholder paid to Fedrigoni an amount of Euro 2.2 million, pursuant to the indemnification obligations set forth in the contractual agreements entered into in connection with the matter at hand.

On April 4, 2023, Fedrigoni S.p.A. entered into a settlement agreement with Portals Technology Limited, Portals International Limited and Fase S.r.l. in order to settle and close any outstanding amounts and mutual obligations of the parties, which result from (a) the sale by Fedrigoni S.p.A. to Portals International Limited of the security business run by Fase S.r.l., which closed on October 29, 2021, and (b) the subsequent exercise by Fedrigoni S.p.A. of a put option to sell to Portals International Limited certain machineries located in Fabriano (Ancona, Italy).

During 2023, the Fedrigoni Group started to control the managing body ("*Strategic Committee*") of Papeterie Zuber Rieder by electing its representatives to the Board of Directors of the company acquired through the subsidiary Fedrigoni France Sarl, on December 15, 2022.

During the first months 2023 the Revolving Credit Facility of Euro 150 million was allocated to ancillary facility for Euro 11.3 million and the remainder drawn for Euro 71 million, making the related amount available in the Group's cash holdings.

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ANNEX 1 - List of Subsidiaries and Associates

Name	Headquarters	Group's ownership
Directly controlled subsidiaries		**At December 31, 2022**
Fedrigoni S.p.A.	Verona (VR) - Italy	99.99%
Indirectly controlled subsidiaries		
Arconvert-Ritrama do Brasil Ltda	Jundiaí - Brazil	99.99%
Gruppo Cordenons S.p.A.	Milan (MI) - Italy	99.99%
RITRAMA S.p.A.	Caponago (MB) - Italy	99.99%
Arconvert S.p.A.	Arco (TN) - Italy	99.99%
Fedrigoni Deutschland Gmbh	Munich - Germany	99.99%
Fedrigoni Espana SL	Madrid - Spain	99.99%
Fedrigoni France Sarl	Paris - France	99.99%
Fedrigoni UK Ltd	Northampton - United Kingdom	99.99%
Cartamano Deutschland Gmbh	Munich - Germany	99.99%
Miliani Immobiliare S.r.l.	Verona (VR) - Italy	99.99%
Fedrigoni Austria GmbH	Vienna - Austria	99.99%
Fedrigoni Benelux B.V.	Brussels - Belgium	99.99%
Fedrigoni Asia Ltd	Hong Kong - China	99.99%
GPA Holding Company Inc	McCook, Illinois - U.S.A.	99.99%
Magnani 1404 S.r.l.	Massa e Cozzile (PT) - Italy	99.99%
Acucote Inc.	Graham, North Carolina - U.S.A.	99.99%
Fedrigoni Bangladesh Ltd	Dhaka - Bangladesh	99.99%
Giano Real Estate S.r.l.	Verona (VR) - Italy	99.99%
Giano 1264 S.r.l.	Verona (VR) - Italy	99.99%
Villartales S.L.	Bilbao - Spain	99.99%
Bes Reklam Ürünleri Sanayi Ve Ticaret Anonim Şirketi	Istanbul (Turkey)	99.99%
Papeterie Zuber Rieder Sas	Boussieres - France	99.99%
P.T. Fedrigoni Indonesian Trading	Jakarta - Indonesia	88.19%
E'close S.r.l.	Colorno (PR) - Italy	69.93%
Arconvert S.A.U.	Sarrià del Ter Gerona - Spain	99.99%
Fedrigoni Trading (Shanghai) Company Limited	Shanghai - China	99.99%
Polifibra 2011 S.p.A.	Agrate Brianza (MB) - Italy	99.99%

Name	Headquarters	Group's ownership
Ritrama (Hefei) Pressure Sensitive Coated Materials Co.Limited	Hefei - China	99.99%
Ritrama Uk Ltd	Dukinfield - United Kingdom	99.99%
Inversiones San Aurelio Srl	Santo Domingo - Dominican Republic	99.99%
Ritrama Converting (Pty) Ltd	Durban - South Africa	99.99%
Ritrama S.A. Chile	Curauma, Valparaíso - Chile	99.99%
Ritrama Autoadesivos Ltda	Jundiaí - Brazil	99.99%
Distribuidora Ritrama Ecuador Disritrec S.A.	Quito - Ecuador	99.99%
Ritrama Poland Sp. Z.O.O.	Dobroszyce - Poland	99.99%
Ritrama Peru' Sac	Lima - Peru	99.99%
Ritrama Caribe Srl	Santo Domingo - Dominican Republic	99.99%
Ritrama S.A.S	La Estrella, Antioquia - Colombia	99.99%
Ritrama Costa Rica S.A.	Heredia - Costa Rica	99.99%
Ritrama Guatemala S.A.	Ofibodega - Guatemala	99.99%
Distribuidora Vizcaina de Papeles S.L.	Derio - Spain	99.99%
Guarro Casas S.A.	Gelida - Spain	97.94%
Venus America S.A. de C.V.	Tlalnepantla - Mexico	89.91%
Industrial Papelera Venus S.A. de C.V.	Tlalnepantla - Mexico	89.91%
Associates		
Consorzio Canale Industriale G. Camuzzoni S.c.ar.l.	Verona (VR) - Italy	24.99%
Direct joint ventures		
Eonys SAS	Montpellier - France	50.09%
Indirect joint ventures		
Tageos SAS	Montpellier - France	50.09%
Tageos Gmbh	Bad Nauheim - Germany	50.09%
Tageos RFID (Guangzhou) Co., Ltd.	Guangzhou - China	50.09%
Tageos Ltd.	Hong Kong - China	50.09%
Tageos Inc.	Wilmington, Delaware - U.S.A.	50.09%

FEDRIGONI

Are part of the Fedrigoni Group:

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