Fedrigoni Group

Annual Report **2023**

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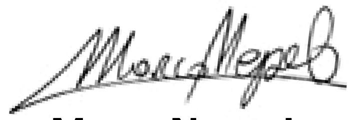
Dear Stakeholders,

2023 was a year of great volatility driven by the combination of geopolitical instability, significant overstocking across many relevant value chains and unfavorable macro-economic environment. Despite this challenging context, we continued to gain market shares across most sectors and geographies and proved – once more – the quality and outstanding resiliency of our business model: revenues to 1.8 billion euros of pro forma turnover, slightly declined by 11% compared to the same perimeter of an incredibly strong 2022, but with 338 million euros of pro forma Ebitda, up 8% compared to 314 million euros of 2022, going from 15.4% to 18.7% Ebitda Margin.
Our agility, our continued focus on innovation, on product premiumness and on the acquisition of new competences and technologies, underpinned by the experience, passion, and dedication of our people, allowed us to further reinforce our leading position globally, as number-one player in wine labels and special papers for luxury packaging, and number-three player into pressure sensitive labels market.
Beyond financial results and value creation, we kept focusing (and investing) on the implementation of our long-term ambitious strategy.
We made significant progresses on each one of the five key pillars of our strategy: distinctive, premium, innovative, and sustainable product offering, superior customer intimacy and experience, procurement and operating excellence, inorganic growth, and performance culture and people growth.
Sustainability permeates our entire strategy, and we granularly and transparently track our progresses in reducing CO_2 emissions, water consumption, waste management, in accelerating our sustainability-focused innovation, in preventing injuries, in fostering an inclusive and learning environment, in collaborating with the communities we operate in.
Our "Making Progress" approach is transparent, fact-based, third-party certified, and fully embraced by the entire Fedrigoni team, with a shared responsibility to achieve our ambitious 2030 ESG goals.
Looking at 2024, the first quarter began with volume and market share growth in both our business units and a better market momentum versus 2023 in many of our businesses.
But we are still in a highly volatile market environment, where agility and adaptability remain crucial.
Initial easing of monetary policy as inflation tends to stabilize should favor a gradually improving macro environment and global growth, but geopolitical instability continues to create uncertainty and pose challenges to several supply chains. Just as one example, the Red Sea crisis is currently impacting on flows between Europe and Asia in terms of both lead times and costs.
As a result of our continued single-minded focus on our growth plan and on the initiatives to finance that, between last quarter of 2023 and the first months of 2024 we completed four acquisitions in three continents and two transactions which further improved our already strong capital structure. On the acquisitions front, we consolidated the R&D Center in Voiron and the Arjo China plant focused on translucent papers (both formerly part of Arjowiggins), we bought certain assets of Mohawk (a leading player in special fine papers in North America) and we acquired a minority stake in SharpEnd, a software player focused on Radio Frequency Identification (RFID) and Internet of Things (IoT) solutions.
On the capital structure front, at the beginning of this year we completed a successful and highly oversubscribed refinancing of our € 665 million floating rate note at far more favorable conditions; the same happened in May with all other outstanding notes, for approximately € 730 million. Coupled with the Asset Sale and Lease Back of some of our facilities, these initiatives significantly improved the cost of our capital structure and further increased liquidity available to grow our business both organically and through acquisitions.
After another very intense year, I would like to wholeheartedly thank our over 5,500 people around the world, whose passion and dedication allowed Fedrigoni to successfully face challenges and to make material progresses on our ambitious growth and transformation journey. I'd also like to thank our strategic suppliers, who are at our side in our continuous improvements and innovation mindset on any area of our business. And of course, none of our progress would have been possible without the trust of our over 30,000 customers across all continents: we'll keep treasuring your constant feedback to improve and to remain your partner of choice everywhere in the world.



Marco Nespolo
CEO Fedrigoni Group

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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, RFID and connected solutions. 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 5,500 leading experts, specialists, and dedicated people from all over the world.
In 2023, the Group finalised one acquisition and one manufacturing partnership that strengthened our presence in both the self-adhesives market and the special papers market . Furthermore, the acquisition of Tageos enabled Fedrigoni to venture into the smart labels and RFID technologies segment. Our Group closed 2023* with Pro Forma Sales Revenues of € 1.8billion and Pro Forma Adjusted EBITDA of € 338million.
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 most significant player in the pressure sensitive labels market.
We count over 5,500 people worldwide, own 73 production plants, slitting centers, and distributors, 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, 2023 was another very tumultuous year, with the continuation of the war in Europe and new clashes in the Middle East, all this together with prices of energy and raw materials remaining at elevated levels. Despite the uncertain global context, Fedrigoni guaranteed the full continuity of its business thanks to an agile operating model, 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, **Special Papers** and **Self-Adhesives**, work together to provide our customers with the best products and the most extensive experience available on the market. The progressive integration of specialty papers and self-adhesive materials - mixed to the acquired know-how on RFID and connected products – enables constant innovation between different industries and materials, allowing us to offer advanced, customized solutions to our customers.
Following our "Making Progress" approach, we further accelerated our actions to achieve our commitment to becoming an increasingly sustainable business. "Making Progress" is a tangible 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.

**Pro forma adjustments include the 12-month contribution of Tageos and Arjowiggins China and exclude the office business.*

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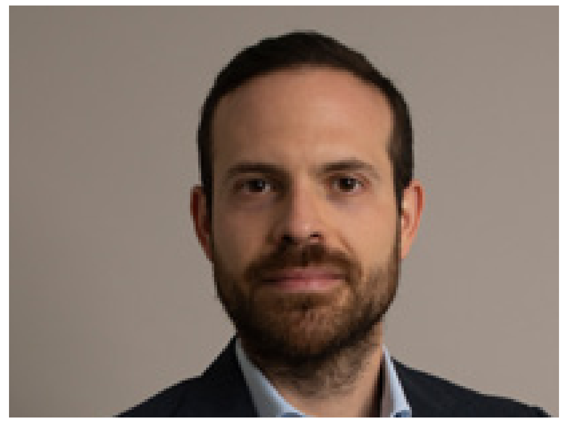
CORPORATE BODIES

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



Giacomo Massetti
Board Member & Managing Director at Bain Capital

Marco Nespolo
Chief Executive Officer
& Board Member

Falco Sebastian Pichler
Board Member & Managing Director at BC Partners

Piero Leporelli
Board Member
& Principal at BC Partners

Michaela Castelli
Board Member
& Chairman at Nexi

Maurizio Mussi
Board Member
& Partner at Bain Capital

Andrea Bertoni
Board Member
& Principal at BC Partners

Stefano Ferraresi
Board Member
& Partner at BC Partners

Board of Statutory Auditors of Fiber JVCo S.p.A
Andrea Vagliè, Chairman
Antonio Ferragù, Standing Auditor
Federico Ragazzini, Supply Auditor
Francesco Facchini, Standing Auditor
Massimiliano Altomare, Supply Auditor

External Auditors of Fedrigoni S.p.A.
Deloitte & Touche S.P.A , Independent Auditor

2023 GROUP TURNOVER & BUSINESS PROFILE

SELF-ADHESIVES

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

SPECIAL PAPERS

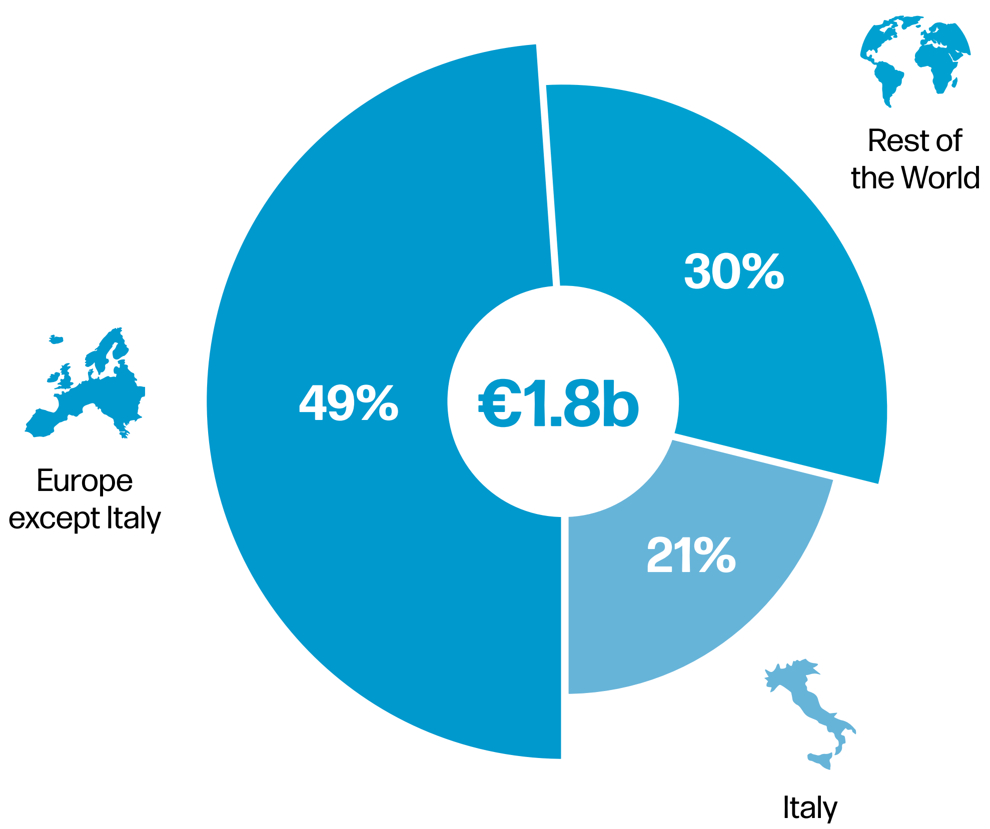
Luxury packaging
Specialty graphic paper for luxury packaging.

Other creative applications
Premium coated and uncoated wood-free paper for graphics, school and office usage.

Source
Financial Statement 2023 (excluded Office business):
Pro Forma Sales Revenues €1.8b
Pro Forma Adjusted EBITDA: €338m

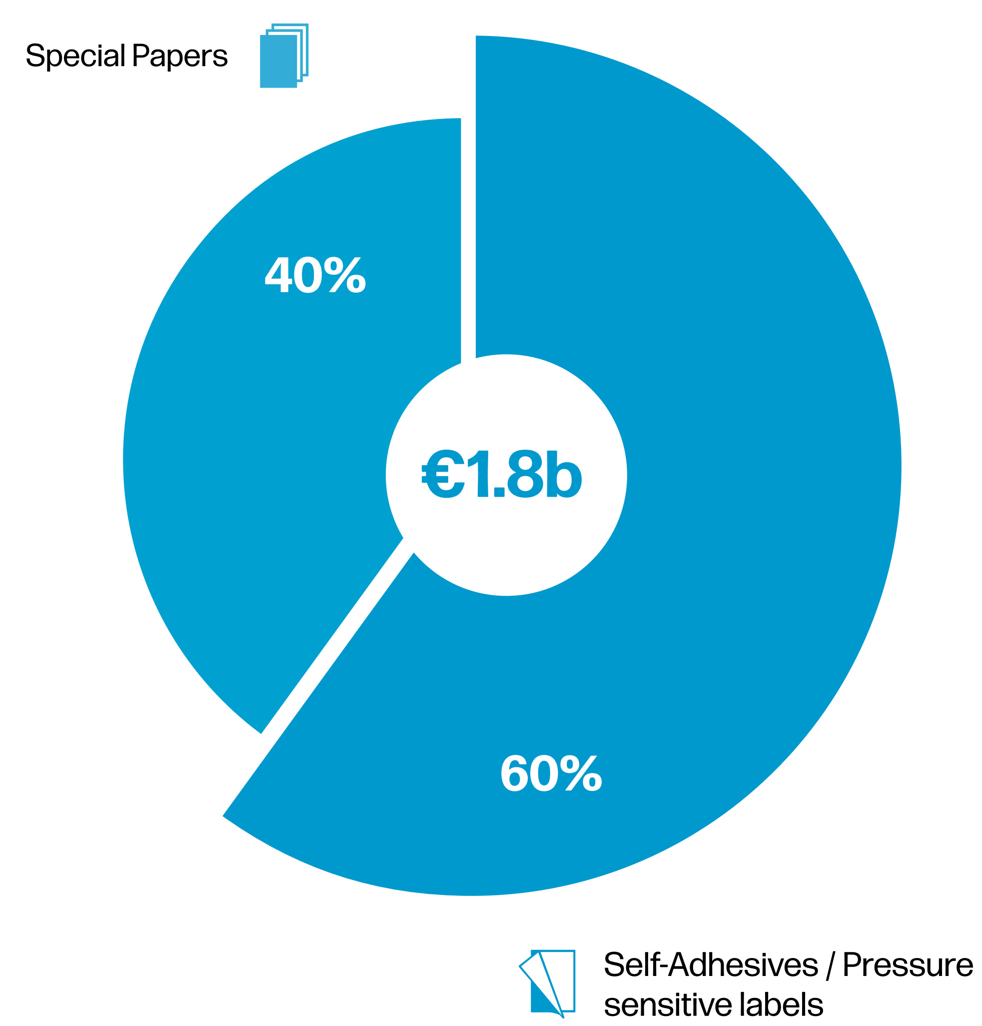
Pro Forma Sales Revenues* by geography

**Assuming Tageos selling 100% in rest of EU and Arjo in Rest of world.*



Pro Forma Sales Revenues* by business

**Assuming Tageos selling 100% in rest of EU and Arjo in Rest of world.*



LEADING POSITION

LEADING POSITION IN ATTRACTIVE PREMIUM NICHE MARKETS

Product offering targeted primarily to attractive end markets.

Self-Adhesives / Pressure sensitive labels

End Market: Wine and spirits, premium beers, food, cosmetics, pharma, chemicals

1 — **Global** Wine

3 — **Global** Pressure sensitive labels market

Special Papers

End Market: Luxury packaging, Digital printing, Fine stationary

1 — **Global** Luxury packaging

Drawing/Art

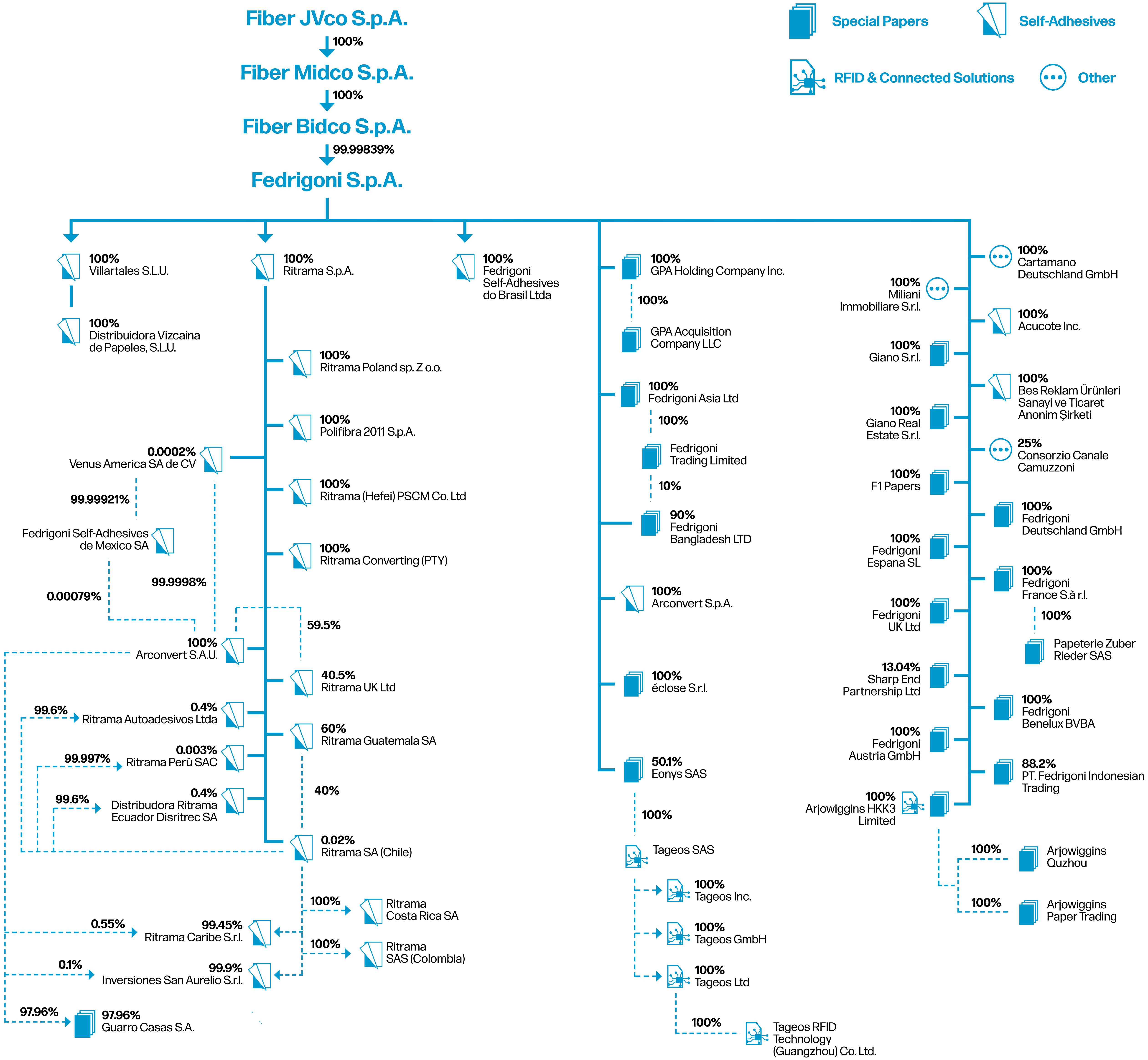
End Market: Students, Artists, Hobbyists

2 — **Global** Drawing & Art


STIR BEFORE USE
AGITAR ANTES DE USAR

THE GROUP STRUCTURE

UP TO DECEMBER 2023



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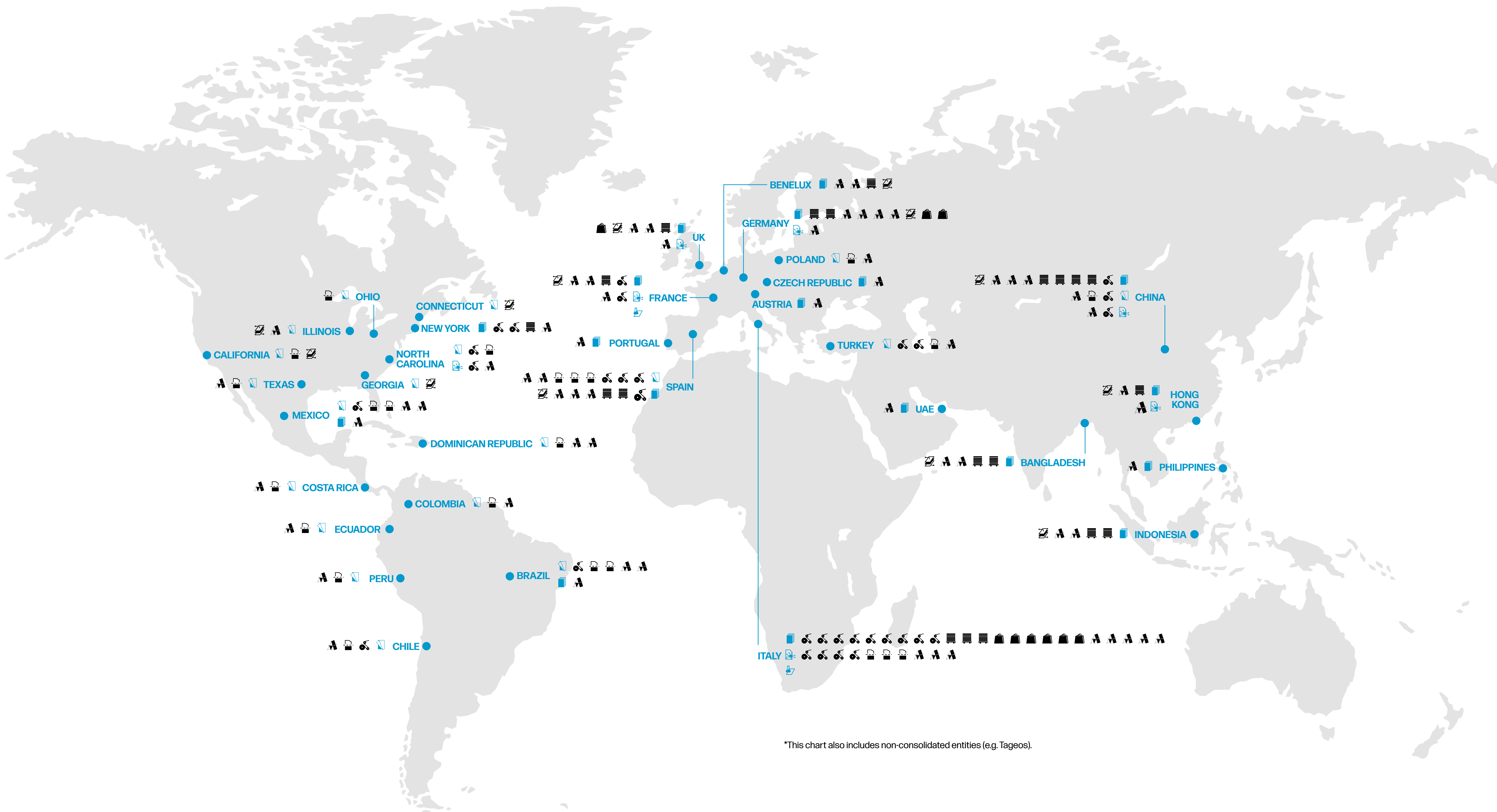
WHERE WE ARE

Up to March 2024*



*This chart also includes non-consolidated entities (e.g. Tageos).

SPECIAL PAPERS
- 14 PRODUCTION SITES
- 20 WAREHOUSES
- 34 OFFICES
- 11 DISTRIBUTORS
- 9 BOUTIQUES

SELF-ADHESIVES
- 15 PRODUCTION SITES
- 25 SLITTING CENTERS
- 22 OFFICES
- 5 DISTRIBUTORS

RFID & CONNECTED SOLUTIONS
- 3 PRODUCTION SITES
- 6 OFFICES

2 INNOVATION CENTERS

Sustainability Overview

OUR PURPOSE

Fedrigoni defined its Purpose: Elevating Creativity – make materials a source of creative possibilities for brands everywhere. We deliver growth, we lead the transformation of our industry, by leveraging talents, managing our business ethically, innovating with cutting-edge solutions, and constantly reducing our footprint on carbon, waste, and water. Fedrigoni prides itself as a responsible producer of high-quality special papers, self-adhesive materials, and RFID solutions. 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, brand, printer, designer, and converter. Sustainability is the ability to progress daily, measurably, and transparently, raising the bar in our industry and supply chain.

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 life cycle approach to the design 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 based on measurability, challenges, and impacts, three crucial aspects when it comes to make business work for people and nature.

FEDRIGONI BEHAVIORS

Fedrigoni Behaviors are our guiding light, informing every decision we make. They serve as daily reminders of how Fedrigoni conducts business, how our leaders guide, and how we place our people, partners, and customers at the heart of our decisions.

STRIVE FOR EXCELLENCE

Drive to excel by raising the bar, making well considered decisions and getting things done.

Drive and initiative
Deliver results
Think clever

FOSTER PARTNERSHIP

Connect the broader community and enable people growth.

Work together
Champion customer focus
Develop others

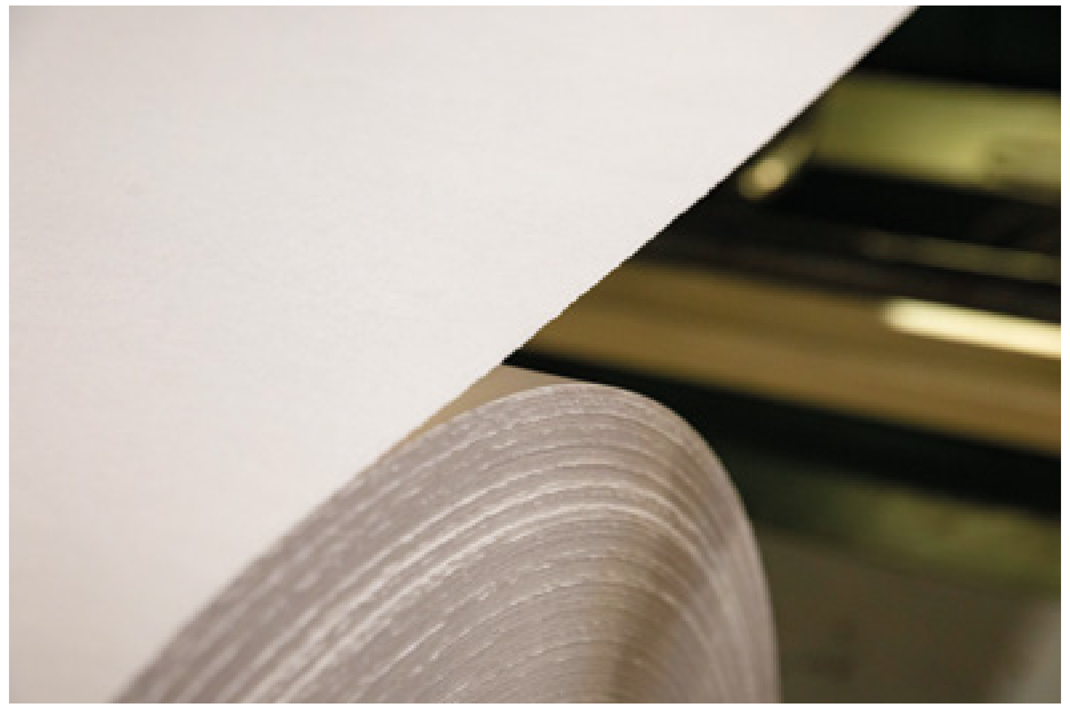
EMBRACE TRANSFORMATION

Promote opportunities to accelerate Fedrigoni transformation.

Maximize business opportunities
Cultivate agility
Growth mindset

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, RFID and connected solutions. The two core elements of our Group, the Special Papers Business Unit and the Self-Adhesives Business Unit, offer our customers the best products and the most extensive experience on the market. The integration of specialty papers, self-adhesive materials, and RFID technology means consistent innovation among different industries and materials, to offer advanced and tailored solutions to our customers. We aim to become "Industry Champion" 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.



SPECIALTY PAPERS

Paper has always been special to Fedrigoni: it is produced in Italy with 8 plants in Verona, Arco, Varone, Scurelle, Castelraimondo, Cordenons, Pioraco and Fabriano, and in Spain and France. 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 to figure out the best solution for their creative project and, when necessary, develop it together.
The offering of the Fedrigoni Special Papers division embraces all brands acquired (Fedrigoni, myCordenons, Guarro Casas, Éclose, Zuber Rieder, Arjowiggins China) and revolves around **4 main pillars**:

LUXURY ECOSYSTEM

A wide range of specialty papers for top brands in the luxury sector for packaging and communication.

CREATIVE COMMUNICATION

A vertical dedicated to high-end applications and quality publishing.

TECHNICAL SOLUTIONS

All the most innovative solutions from RFID to smart papers, from special papers that replace plastic in many applications to playing cards, gift cards, and paper for labels.

ART AND DRAWING

Linked to the world of Fabriano creative papers.

We are the only company in the world that still produces paper according to the three historical processes: hand-made papers, mould-made papers, and fourdrinier-made papers. Our master papermakers are trained in Fabriano for five years to learn the art of papermaking. A mastery that furthers a timeless craft; an all-Italian production hallmarked by innovation.

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SELF-ADHESIVE MATERIALS

The Fedrigoni Self-Adhesives 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 Arconvert, Manter, Ritrama, IP Venus, Acucote and Rimark, Divipa, Tageos, and Unifol. With 15 production plants (Italy, France, Spain, UK, Turkey, Brazil, Chile, Mexico, USA, China) and 25 slitting and distribution centres (Italy, Spain, UK, Poland, China, USA, Dominican Republic, Brazil, Chile, Peru, Costa Rica, 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. Moroever, thanks to the production of RAIN, RFID (UHF) and NFC products we are able to offer customers applications ranging from traceability to customer engagement, with numerous opportunities also for the specialty papers business, especially for the luxury packaging segment. This is a booming sector, where skills and creativity, communications, and technology converge.

ROLL LABEL

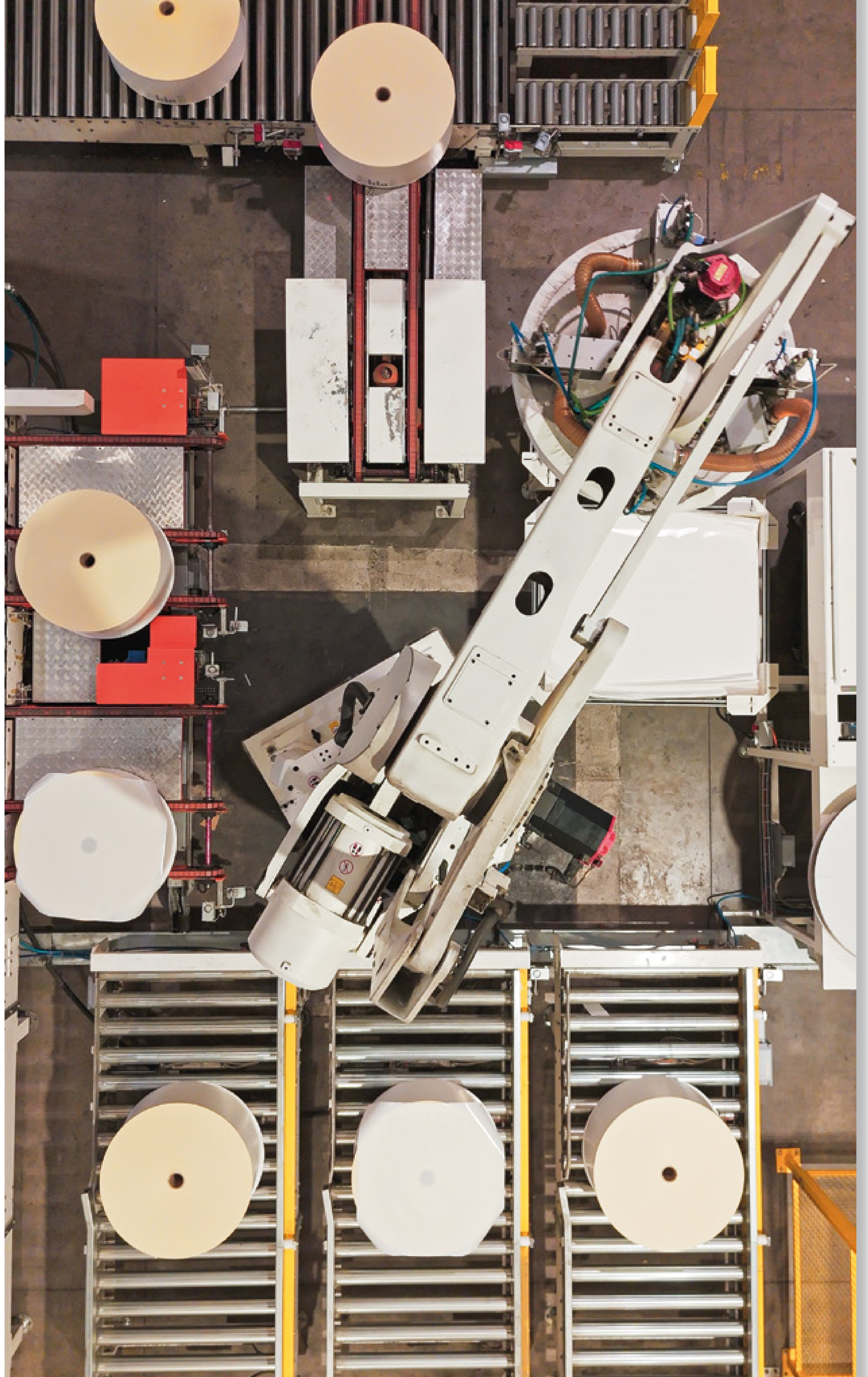
SPECIALTY TAPES

SHEETS

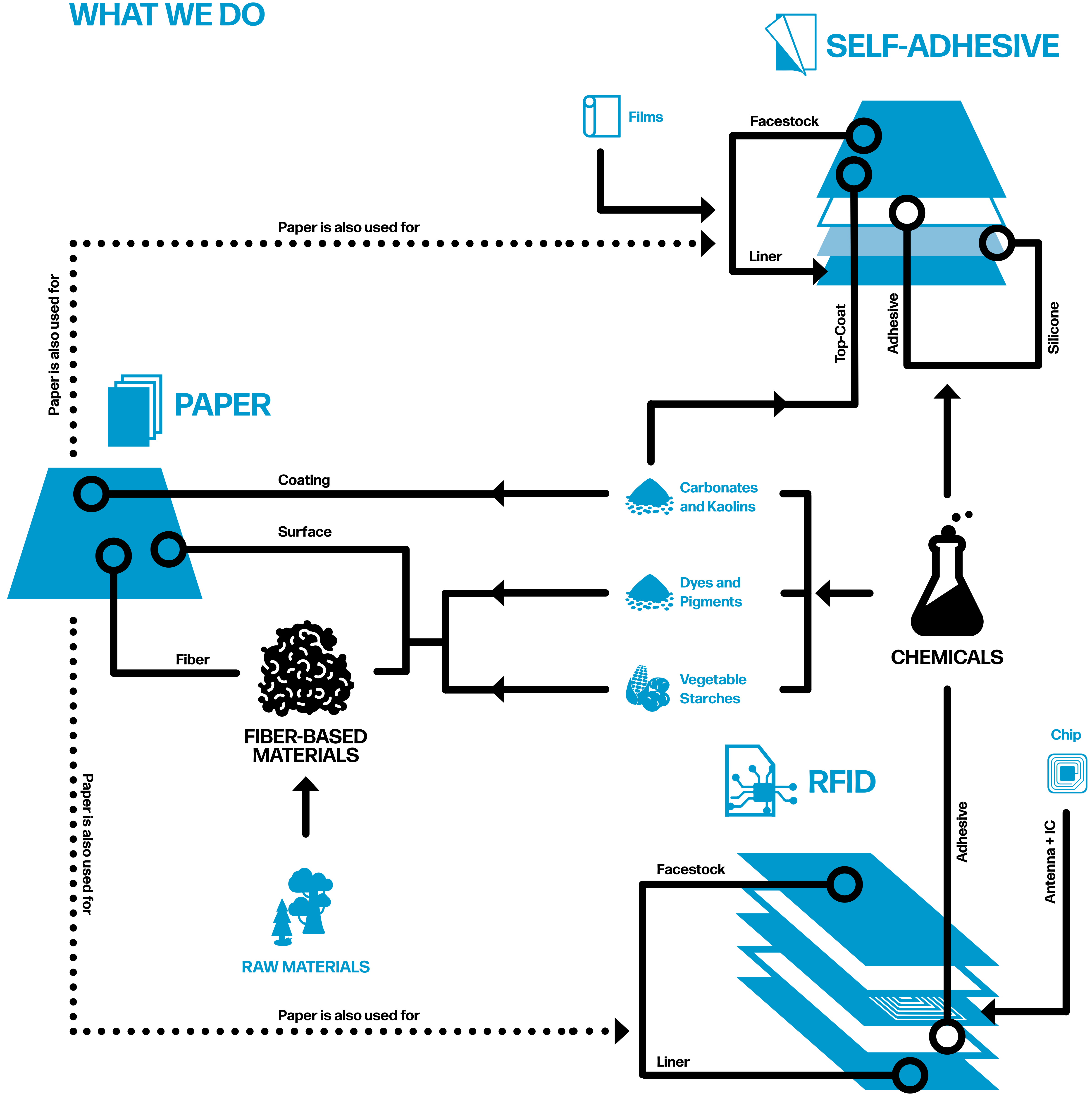
GRAPHICS

RFID & CONNECTED SOLUTIONS

Radio Frequency Identification (RFID) is the wireless non-contact use of radio frequency waves to transfer data: a technology unlocking the "Internet of Things" by connecting the physical and digital worlds. RFID systems usually comprise of an RFID tag, a reader and software. The tag (often small and battery less) is capable to provide data (incl. its unique digital identity) to either dedicated readers (in business applications) or common smartphones (in consumer applications). There are two major RFID technologies: UHF (Ultra High Frequency) and HF (High Frequency) / NFC (Near Field Communication) enabling a wide range of use cases, including tracking over complex supply chains, anti-counterfeiting and unique customer experiences.



WHAT WE DO



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OUR VALUE CHAIN

1 PROCUREMENT

Acquisition of both raw materials to turn into semi-finished products and semi-finished products to be processed.

2 INBOUND LOGISTICS

Inbound logistics, starting from the transportation of raw material to us by the supplier and including functions such as receiving, warehousing, and inventory management.

3 OPERATIONS

Operations, including processes for converting raw materials into a finished product.

4 OUTBOUND LOGISTICS

Outbound logistics, including activities to distribute a semi-finished product to the converter, printer, others.

5 CONVERTING

Converting and printing of our products into packaging, labels, and other goods.

6 SELLING

The final product is ready to be sold to the end consumer.

SUSTAINABILITY GOVERNANCE: OUR WIDESPREAD MODEL

Since February 2024, Fulvio Capussotti is appointed as Executive Vice President RFID & Innovation and Chief Sustainability Officer. Reporting directly to the CEO, he 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. Overall, all people in Fedrigoni are involved and can actively contribute to achieving our ESG targets.

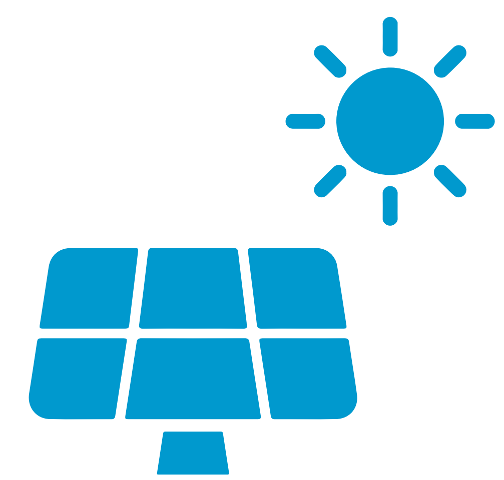
ENTERPRISE RISK MANAGEMENT

The Enterprise Risk Management (ERM) Policy 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.

In 2023, in line with the previous years, we conducted the third exercise of risk assessment to update the Group's risk profile considering the goals set in the 2024-2027 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.

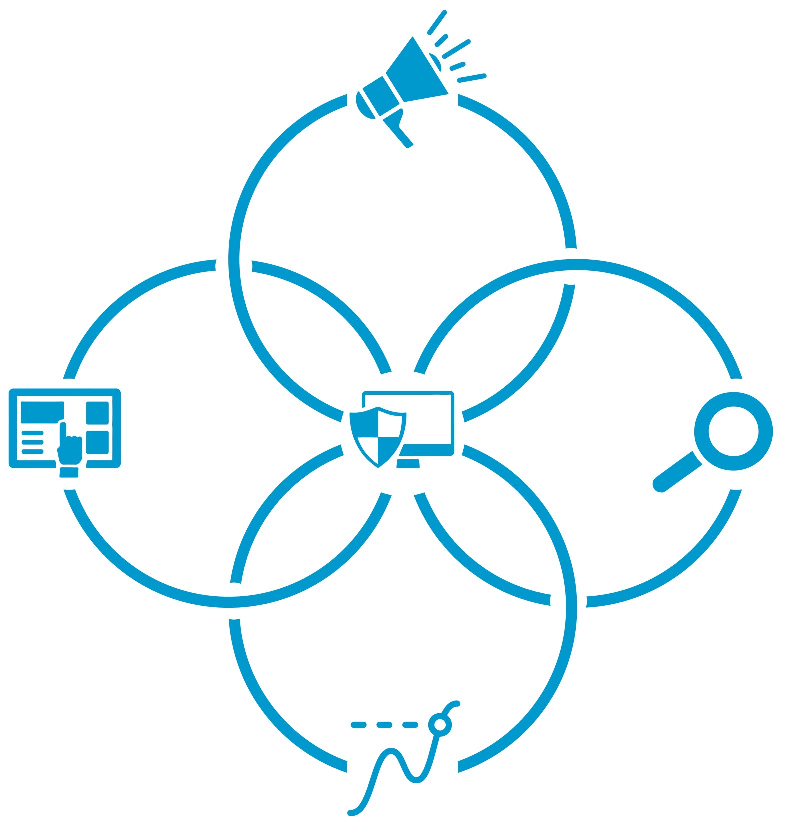
Carbon Neutrality & Energy Transition



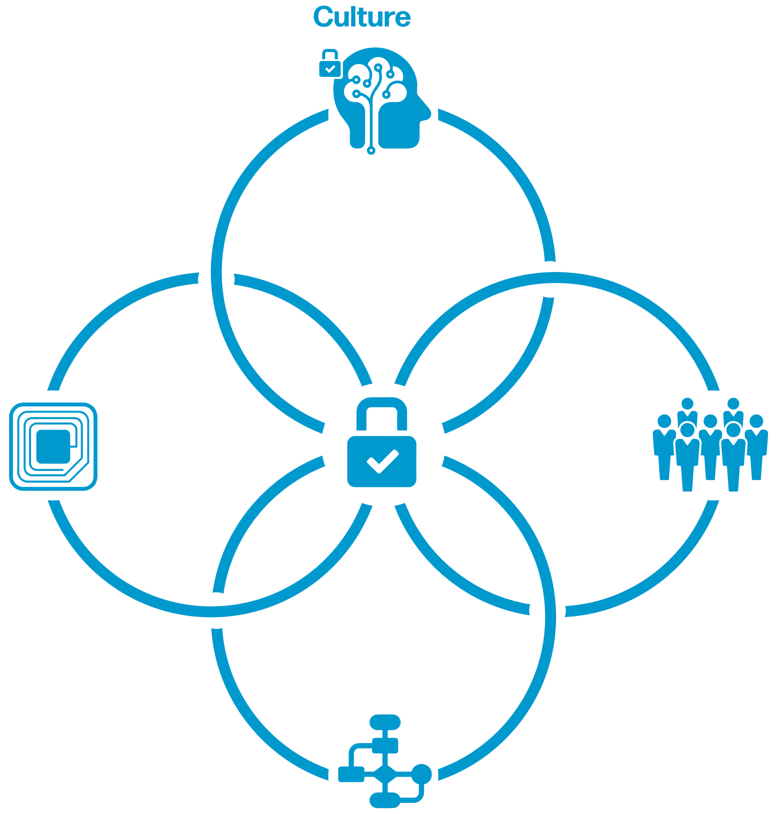
Cybersecurity

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:



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:



HUMAN RIGHTS

In 2022, Fedrigoni carried out our first 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 the following steps, defined by the UN Guiding Principles on Human Rights (UNGP):

- Risk Mapping
- Prevention and mitigation
- Monitoring and communication

This initial risk mapping **included 100% of our 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 on board with the Group's policies and approach. The risk mapping and identification is carried out also in new acquisitions and yearly reviewed.
In 2023, Fedrigoni developed a mitigation and remediation procedure, applied to all sites, which defines the guidelines and timeline for all the activities concerning the assessment, prevention, and remediation actions on human rights. Regarding the assessment, every 3 years a full assessment covering all sites and all the list of human rights is carried out, while on a yearly basis ad hoc activity, like internal audits are carried out on specific sites and on specific topics. Other mitigation activities also include the dissemination of our **Code of Conducts**, and specific training sessions also on our grievance mechanisms. In case of a violation of Human Rights we defined a set of remediation actions, that include financial or non-financial compensation and punitive sanctions. **In 2023, there were no violations of Human Rights** directly caused or contributed by Fedrigoni.

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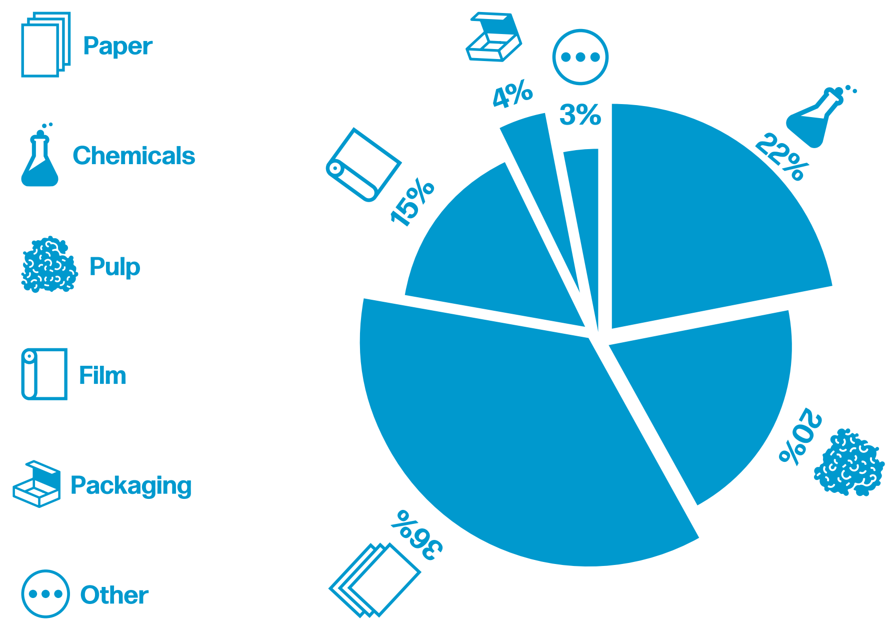
SUSTAINABLE PROCUREMENT

We manage our supply chain based on collaboration and partnership. In 2023 we had 837 suppliers, for a total expenditure € 879,7m of direct materials purchased during the year. In terms of expenditure, in 2023 91% of expenditure of direct materials has a sustainability score valid in the last 24 months (target of 95% in 2030). The following table shows the expenditure trends for direct materials by type of supply.

EXPENDITURE BY TYPE OF SUPPLY (2023)



SUPPLIER CODE OF CONDUCT

All our suppliers are required to adhere to our Supplier Code of Conduct.

SOURCING POLICY

In 2023 we updated the document, we further detailed some key aspects, such as: implementation of a mechanism of periodic review of the performance of our suppliers, explanation of our Supplier screening approach, presentation of our ESG KPIs and definition of High risk supplier and improvement plans.

SUPPLIER ASSESSMENT AND DEVELOPMENT

Our Board of Directors oversees and approves the overall sustainability strategy, that also includes our actions and targets related to our supply chain.
The Executive Committee is responsible for defining the suppliers' ESG program and its operating guidelines. We adopted the Ecovadis Platform for supplier assessment, this includes third-party assessment of suppliers, improvement actions, and access to training resources.

AUDIT ON SITE

In 2023 we carried out 4 Ethical audits at our suppliers' site with an independent accredited auditing body (3rd party assessment), covering 31% of the expenditure of direct materials. In 2024, we will continue our ethical audit campaign of our suppliers.

TRAINING & WORKSHOPS

We are taking various initiatives to encourage our suppliers in developing their sustainability strategy, including roundtables, workshops, and training activities.

MEMBERSHIPS

Since 2021 Fedrigoni has been part of the United Nation Global Compact, whose mission is to accelerate and scale the global collective impact of business by upholding the Ten Principles and delivering the SDGs through accountable companies and ecosystems that enable change.

We are members of Ellen MacArthur Foundation, a non-profit organisation whose mission is to accelerate the transition to a circular economy.

We are founding members of CELAB. Founded in 2020, it includes approximately 35 industry-leading companies representing the entire value chain that have come together to create a sustainable pressure sensitive labeling industry by offering solutions and providing education to enable matrix and liner recycling.

We are members of RECYCLASS, a non-profit, cross-industry initiative advancing recyclability, bringing transparency to the origin of plastic waste and establishing a harmonized approach toward recycled plastic calculation & traceability in Europe.

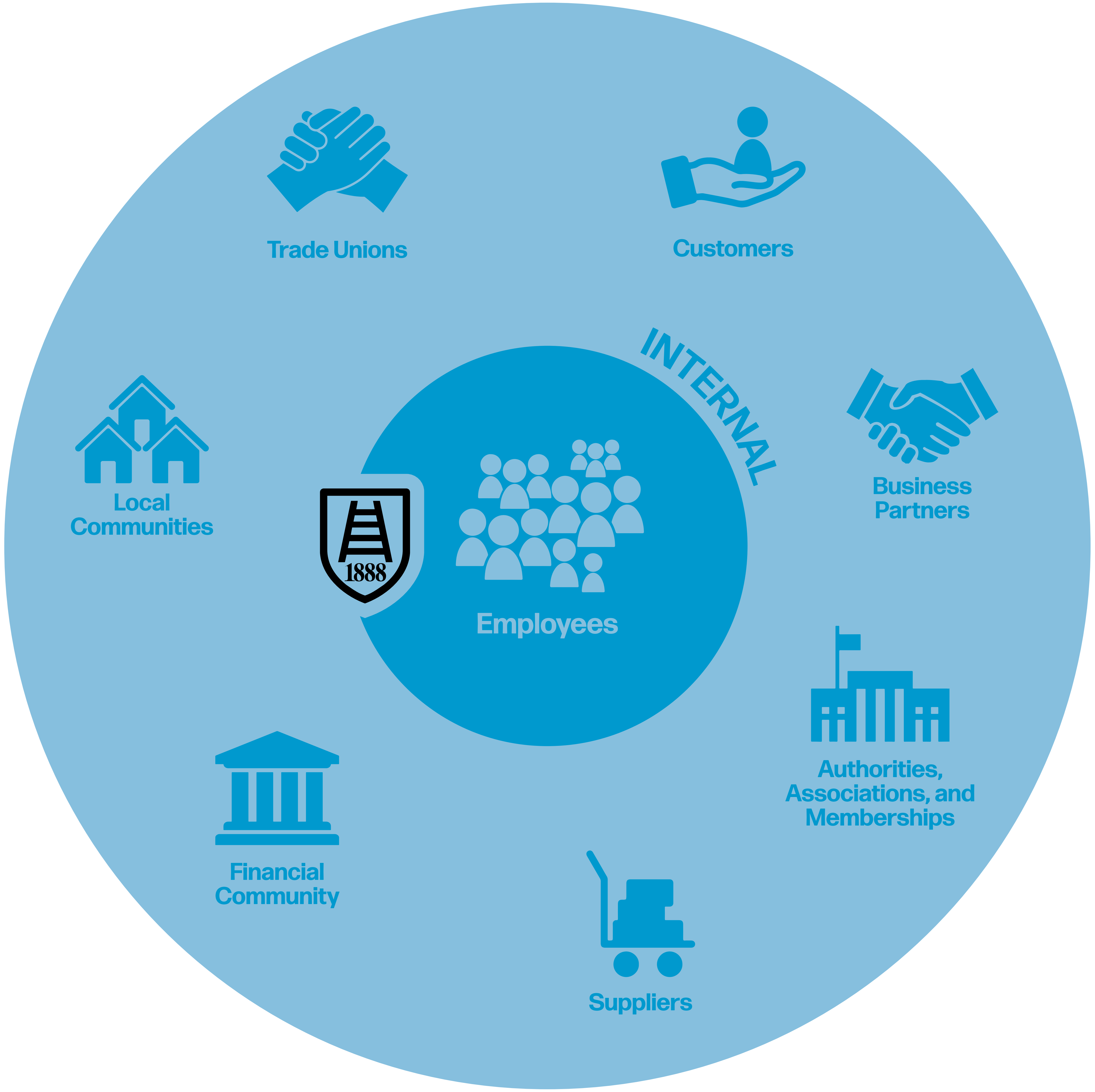
RATINGS

EcoVadis awarded us the Platinum Medal for our commitment to ESG. This recognition places us in the top 1% of the best companies in our industry worldwide in terms of attention to the environment and social responsibility. Moreover, in 2023 we became Leader in the Carbon category, awarded as a company with the best-in-class GHG management system and strong decarbonization ambition with approved science-based targets.

For the first time we have been included in the 2024 S&P Global's Sustainability Yearbook, with a score of 61/100 placing us in the top 15% of our industry. The main improvements recognized are in risk management, emissions reduction targets, product design and innovation, human rights, and inclusion, diversity, and equity actions.

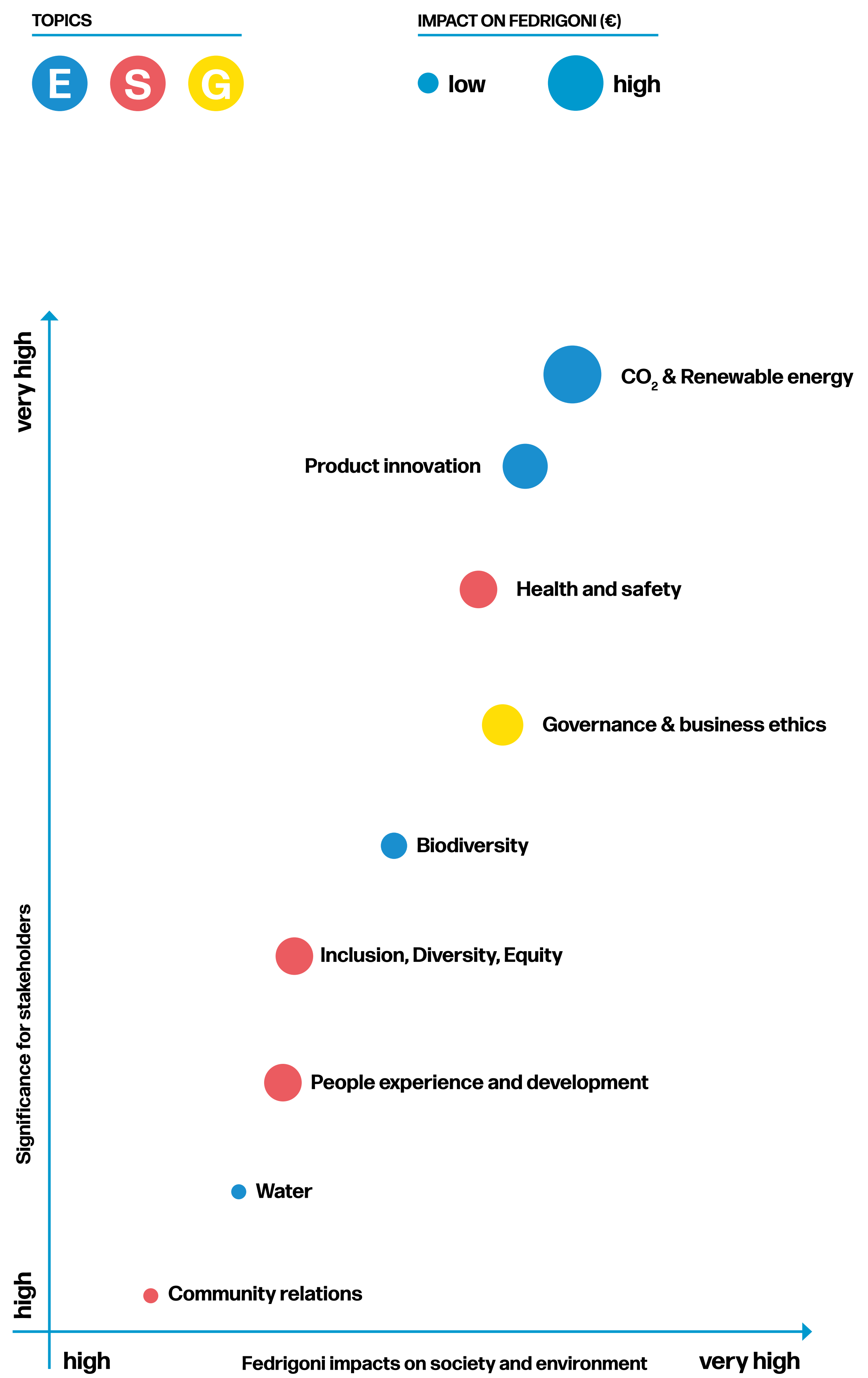
OUR STAKEHOLDERS

We engage with the following categories of stakeholders on a regular basis.



MATERIALITY ANALYSIS

Through the framework of the Double Materiality we measure both the impacts generated by the Group on society and environment and the relevance for our stakeholders, and 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. In 2023 we confirmed the results that are in line with our 2030 ESG priorities.



SDGs

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

OUR PEOPLE & NATURE COMMITMENT

In 2023 we published our People & Nature Commitment: Make business work for people and nature, that embodies our vision of 'environment' and 'people' as deeply interconnected and inseparable concepts. It includes goals, targets, and actions relating to relating to Human Rights, Emissions, Circularity, Waste, Water, Pollution and Biodiversity. It takes into account not only the impact we directly cause through our plants, but also the impact along our entire supply chain.

2030 ESG TARGETS AND 2023 RESULTS

By 2030 we want to be the reference for sustainability in our sector, and beyond. Here are our 2030 ESG targets and 2023 results:

ENVIRONMENT

330 kt 2019 — 231 kt 2030
280 kt 2023
-30% absolute carbon dioxide **EMISSIONS**, Scope 1+2

45% 2022 — 90% 2030
50% 2023
90% of **SUPPLIERS BY SPEND**, covering purchased good and services and capital goods, with **SCIENCE-BASED TARGETS**

16.5 m³/1000 2022 — 14.85 m³/1000 2030
14.6 m³/1000 2023
-10% of **FRESHWATER** withdrawal

Start 2023 — 100% 2030
24% 2023

Start 2023 — 100% 2030
17% 2023

100% of products designed for optimal **END-OF-LIFE** recycling and recovery, with **LCA** on demand

Self-Adhesives: 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

Special Papers: 100% of recyclable products with a third-party recyclability certification

80% 2019 — 100% 2030
90% 2023
100% of **WASTE** sent for recovery

SOCIAL

22% 2020 — 35% 2030
26% 2023
35% of managerial positions held by **WOMEN**

21 2020 — 3 2030
11 2023
-85% **INJURY** frequency rate

9% 2020 — 100% 2030
33% 2023
100% of people involved in **PERFORMANCE CONVERSATIONS**

START 2020 — 5% 2030
IN THE TOP **25%** 2023
in the top 5% for **EMPLOYEE NPS** (eNPS) compared to other manufacturing companies

GOVERNANCE

50% 2020 — 95% 2030
91% 2023
95% of **SUPPLIER SPENDING BASE** qualified also according to ESG criteria

1% 2020 — 100% 2030
43% 2023
100% of people trained on our **CODE of ETHICS**

Environment Social Governance

Environment

CO_2 & RENEWABLE ENERGY

TARGETS BY 2030:

- 30% of absolute Scope 1+2 CO_2 emissions

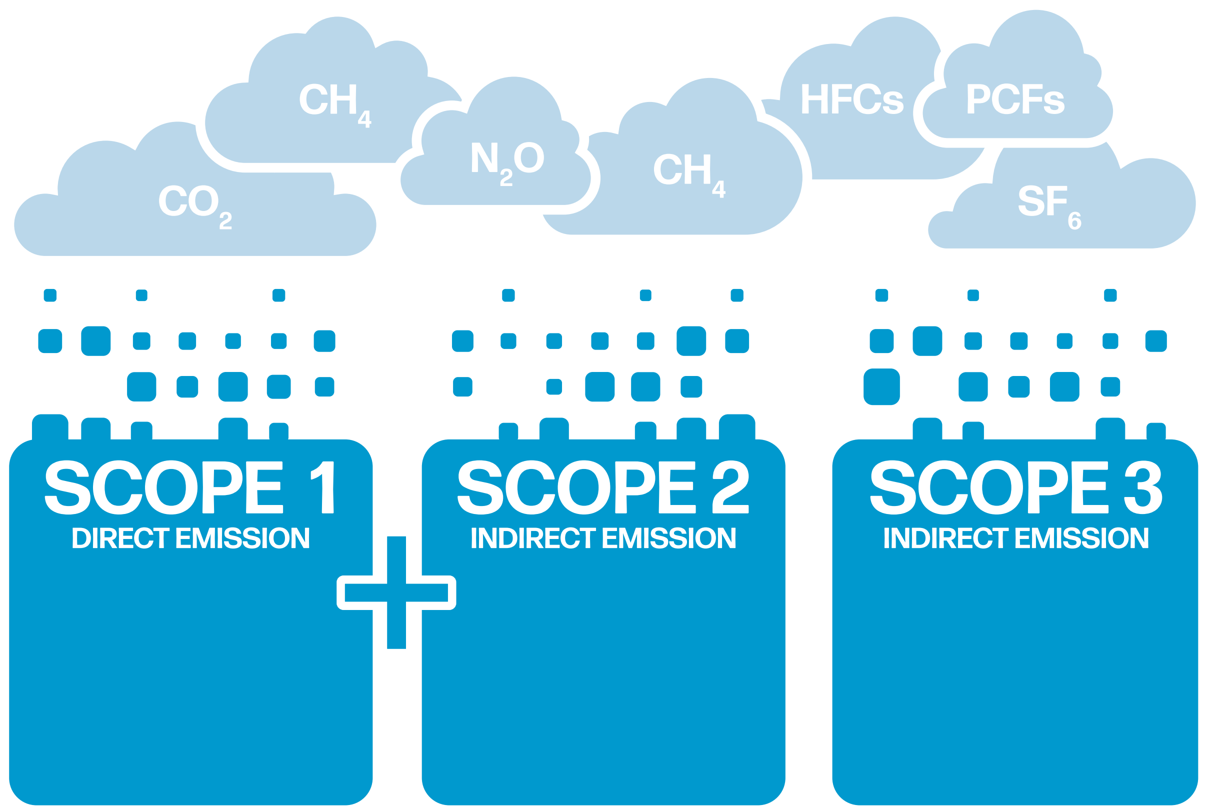
90% of suppliers by spend, covering purchased good and services and capital goods, with science-based targets by 2027

-30% of emissions from fuel and energy related activities (Scope 3)

SDGs WHERE WE WANT TO MAKE A DIFFERENCE

13 CLIMATE ACTION

8 DECENT WORK AND ECONOMIC GROWTH



-30%
CO_2 EMISSIONS

-30%
CO_2 EMISSIONS FROM FUEL AND ENERGY RELATED ACTIVITIES

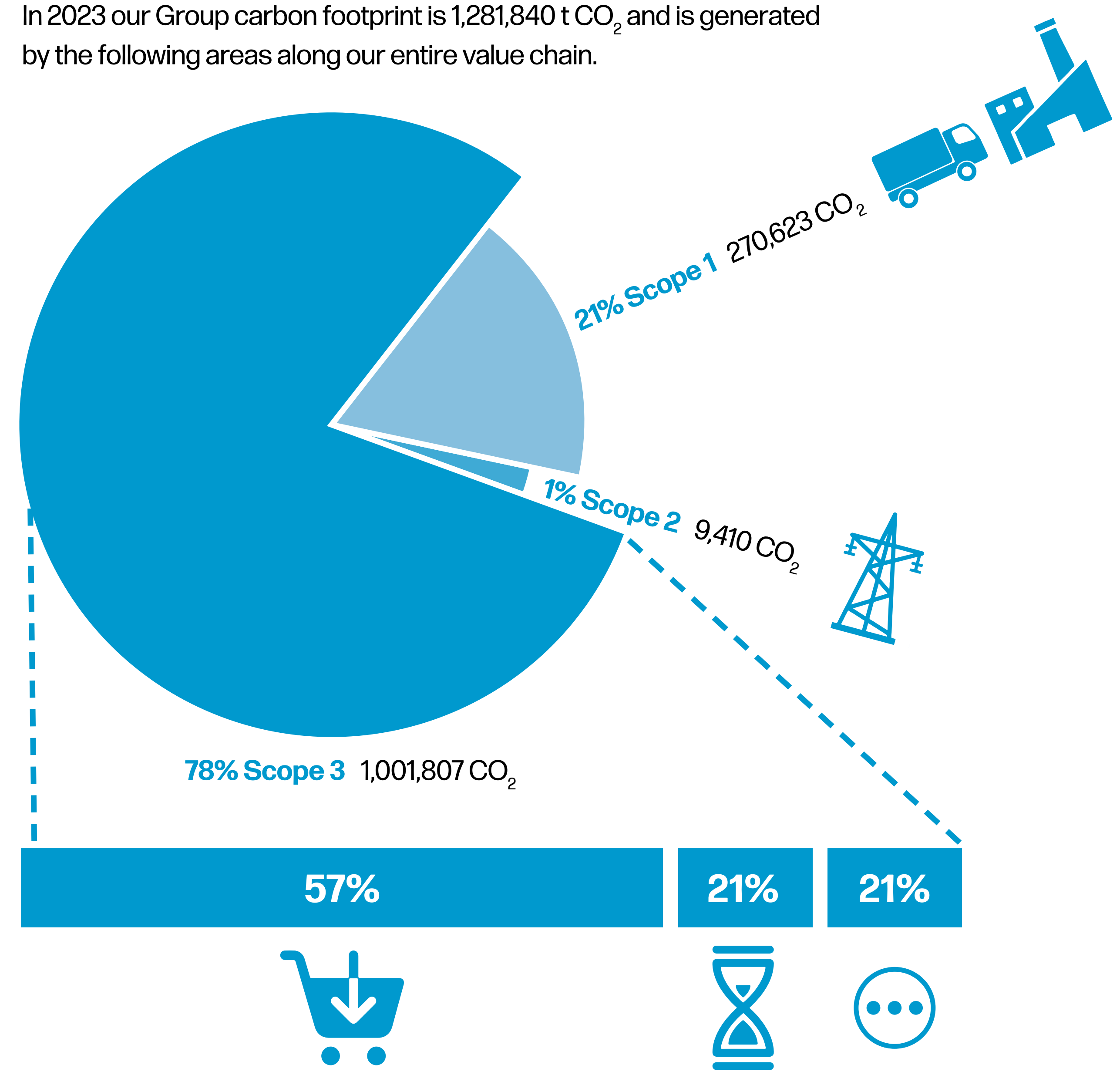
90%
SUPPLIERS BY SPEND WITH SCIENCE-BASED TARGETS

SCOPE 1 emissions are direct greenhouse (GHG) emissions that occur from sources that are controlled or owned by an organization

SCOPE 2 emissions are indirect GHG emissions associated with the purchase of electricity, steam, heat, or cooling

SCOPE 3 emissions are the result of activities from assets not owned or controlled by the reporting organization, but that the organization indirectly affects in its value chain

In 2023 our Group carbon footprint is 1,281,840 t CO_2 and is generated by the following areas along our entire value chain.



57% Purchased goods and services
21% End of Life of sold products
21% Others

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

All our short term (2030) emission reduction targets have been approved by Science Based Target initiative (SBTi) within the well below 2°C scenario

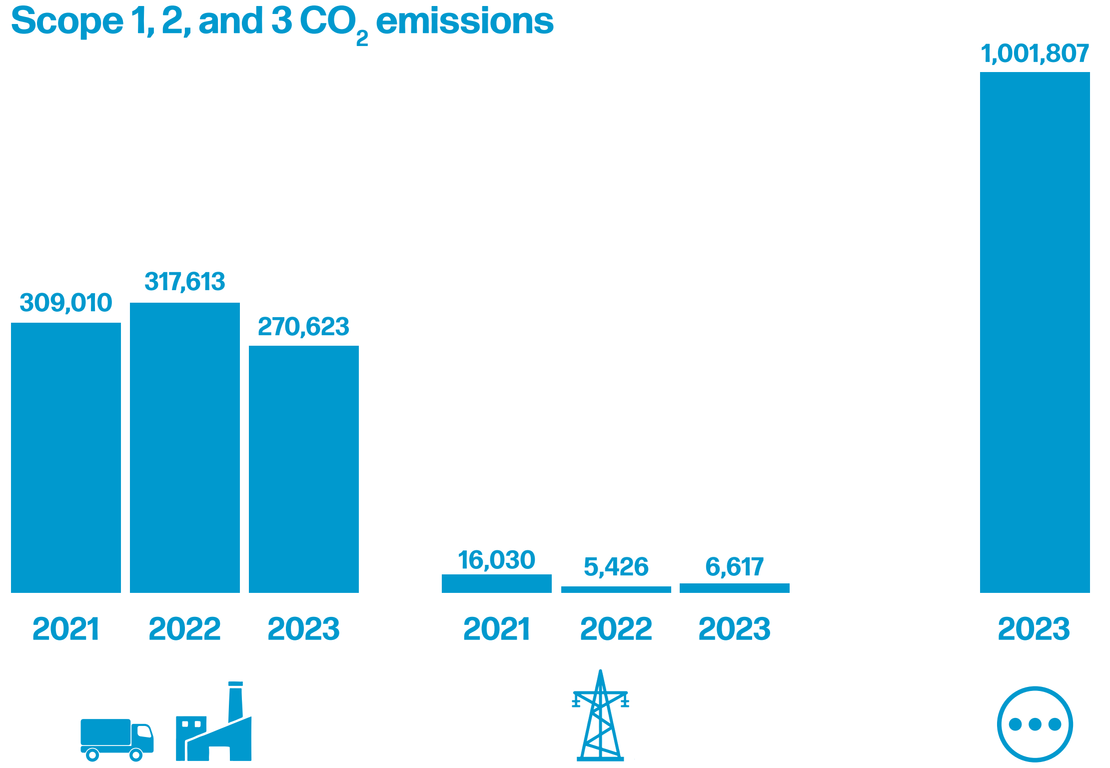
The below table shows the levers we are exploring to accelerate energy transition. All levers need strong, immediate collaboration with suppliers and regulators to facilitate technical solutions and the necessary financial support.

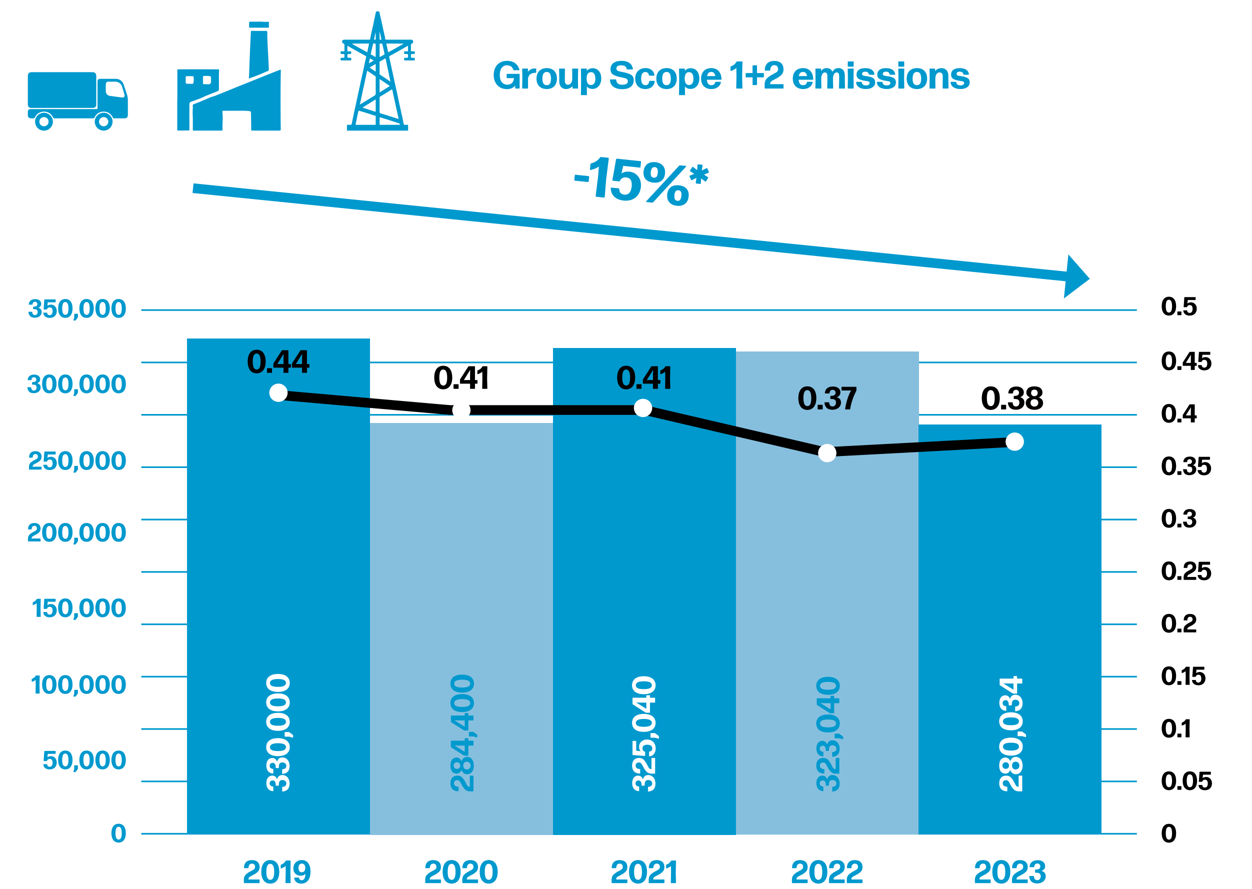
Initiatives to accelerate energy transition and achieve carbon neutrality by 2050

	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	In 2023, purchase of 80% electricity from renewable sources.	Purchase of 100% 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.	

The table below shows the absolute and specific CO_2 emissions at Group level.

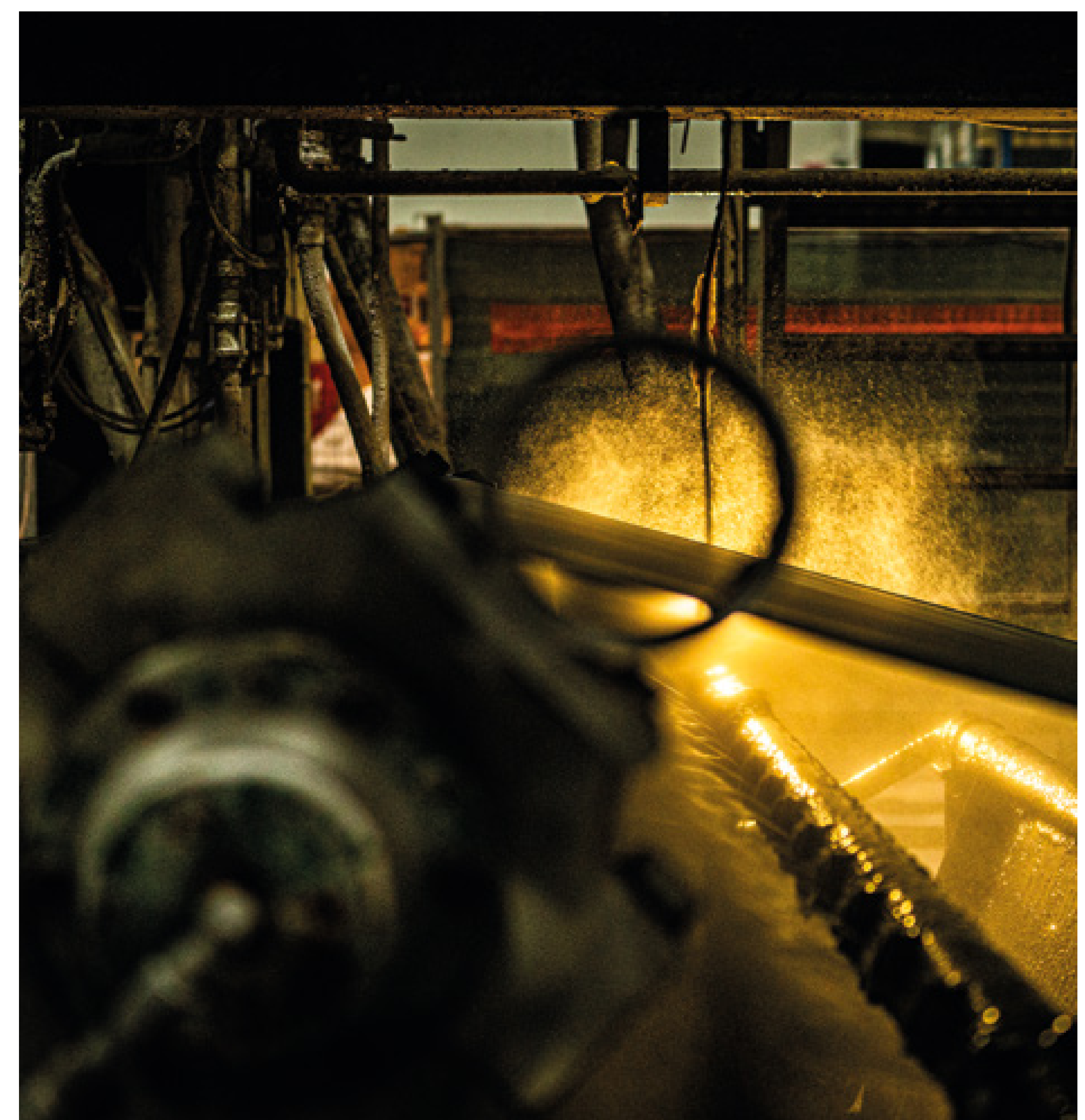
Scope 1, 2, and 3 CO_2 emissions





Absolute CO_2 Scope 1+2 emissions decreased by 15% versus the 2019 baseline (-16% in the Special Papers Business Unit and -11% in the Self-Adhesives Business Unit) against a decrease in volumes of approximately -1.9% mainly thanks to energy efficiency and purchase of electricity from renewable sources. Moreover, our CO_2 intensity rate, calculated as absolute CO_2 emissions on tons produced, decreased by 14% from 2019 at Group level.

*This figure has been calculated in accordance with the following calculation methodology: for Scope 2 market-based emissions we also included the emissions related to the purchase of electricity from renewable sources for two production plants, due to lack of information on its origin.



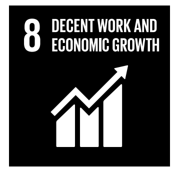
PRODUCT INNOVATION

TARGETS BY 2030

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

100% of waste sent for recovery

SDG WHERE WE WANT TO MAKE THE DIFFERENCE



100% PRODUCTS DESIGNED FOR OPTIMAL EoL

100% WASTE SENT FOR RECOVERY

END-OF-LIFE OF OUR PRODUCTS AND CIRCULAR ECONOMY

Our 2030 target related to the end of life of our products is to have 100% of products designed for optimal end-of-life recycling and recovery, with LCA on demand (baseline 2022). This target is built upon two sub-targets, tailored to our businesses and based on recognized external certifications:

Special Papers	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

For **Special Papers** we are conducting recyclability assessments according to the Aticelca framework.
For **Self-Adhesives** we are participating in **Recyclass** activities to help design guidelines for the optimal recyclability of plastic containers. We are assessing all applicable products to this framework and some solutions with a third party for the compostability of our solutions, dedicated mainly to food applications. **Wash off** refers to the ability of a label to be easily and cleanly removed from the primary container in order to guarantee its reusability or optimal recyclability.

Re-play™
Whenever a self-adhesive label is applied, glassine, is usually discarded. However, it is a high-quality support, composed of very high-quality fibers with important mechanical characteristics. A waste of resources and value that prompted Fedrigoni Self-Adhesives to study solutions, which materialized with the range of Re-play™ (launched during 2022). The siliconized glassine is, in fact, recovered and collected from the end users, thus involving the end customer in a circular process: the material re-enters the production phase as part of the composition of the paper stock, to create new high-quality face material. **A perfect example of upcycling, where material can have an enhanced second life compared to the first one.**

LIFE CYCLE ASSESSMENT

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

LCA methodology is also a guiding principle of our approach to innovation.
In 2023 we developed two new projects related to packaging plastic to paper transition: éclose and Paper Snap® ideal for creating high quality packaging. In our **Graphics division** we developed the new F-Jet Natural Fibers, our solutions to replace plastic face films from products dedicated to indoor short-term advertising. Measured with our LCA tools, this new product presents also an improvement in the environmental-footprint indicators.

In 2023 we unveiled our **new Innovation Center in Verona**. A 3,000 square meter space where open innovation between companies and universities and the Customer Academy will give space to ideas and projects that will transform the industry landscape.

BIODIVERSITY

TARGETS BY 2030

No net deforestation in our operations and supply chain

100% of pulp purchased with FSC® certification

Implementing initiatives to improve and restore biodiversity in our sites

SDG WHERE WE WANT TO MAKE THE DIFFERENCE

15 LIFE ON LAND

NO NET DEFORESTATION

CERTIFIED PULP

IMPROVE & RESTORE BIODIVERSITY

In 2023 we published our **"People & Nature Commitment: Make business work for people and nature"**, that embodies our vision of 'environment' and 'people' as deeply interconnected and inseparable concepts.
Starting from the results of our first Biodiversity Impact Assessment, in which we carried out a proximity analysis of our paper mills to check their location in relation to protected areas of biodiversity interest, we implemented initiatives to restore biodiversity in seven of our Italian paper mills, starting from Pioraco that is located inside a national park. The aim of these initiatives is to increase the well-being of the natural area and the people who enjoy it. The activities include the installation of birdhouses and bat boxes on trees and suitable buildings to facilitate the nesting of birds of prey such as kestrels, owls, and tawny owls; sowing of wildflowers of different species and colors that bloom in different seasons (spring, summer, autumn) in order to attract as many species of insects as possible (bees, butterflies, etc.), whose fundamental task for the integrity of biodiversity is to ensure pollination; creation of biodiversity oases, consisting, for example, of low-maintenance flower meadows. The conservation of birds of prey and insectivorous birds is a key issue in the protection of biodiversity. Both play a crucial role in maintaining the balance of prey populations and regulating food chains, thanks to their privileged position in the ecosystem. They are often considered indicators of the health status of the habitats in which they live.

These projects cover an overall area of 22,415 square meters

In 2023, we started to engage our pulp suppliers to assess on zero-deforestation, traceability and biodiversity topics. This assessment revealed that around 55% of our current pulp suppliers have already established a clear commitment on zero deforestation and biodiversity. The remaining part, have all already started specific projects on these topics.

WATER

TARGETS BY 2030

10% reduction in water withdrawals

Return 95% of annual water withdrawn to the environment in environmentally appropriate condition

Zero cases of water pollution

SDG WHERE WE WANT TO MAKE THE DIFFERENCE

6 CLEAN WATER AND SANITATION

-10% WATER WITHDRAWAL

+95% RETURNED WATER TO ENVIRONMENT

0 CASE OF WATER POLLUTION

Water is a fundamental element in the production of paper. At the end of the production cycle, around 95% of the water is returned to the environment after being recycled several times in the process and purified of the organic and inorganic substances it contains (that are necessary for the process). A small percentage of water remains in the sheet, about 6 % of the total weight of the main body, and another 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.
We set targets both on water withdrawals and water discharges.
To achieve our targets, we:

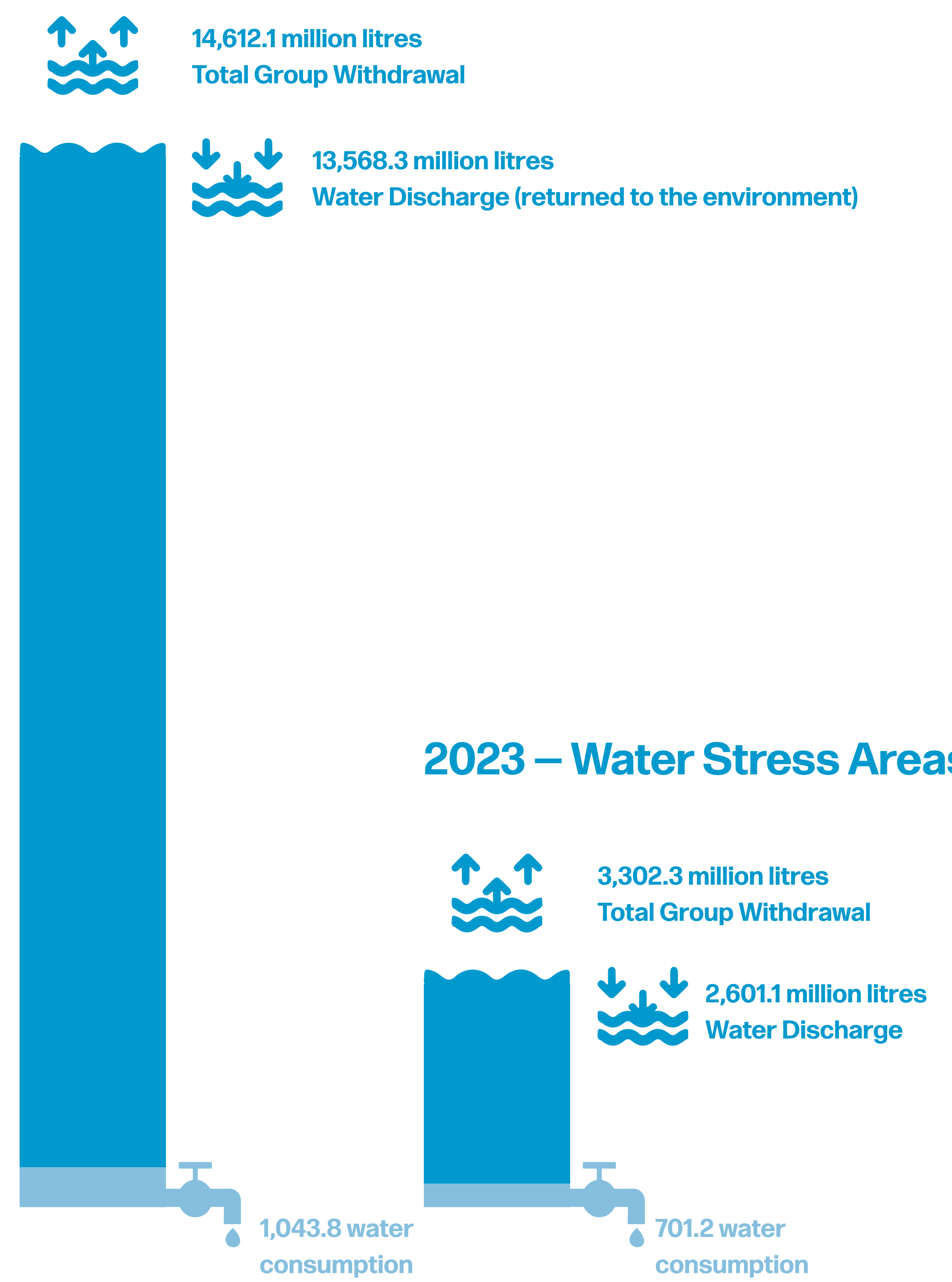
- streamline fibre recovery treatments to maximise water reuse in the production cycle;
- monitor consumption and take action to prevent waste;
- apply processes such as filtration, sedimentation and flotation to treat water;
- manage risks related to regulatory changes (water rates, extraction restrictions,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

100% OF OUR MILLS HAVE CHEMICAL AND PHYSICAL WATER TREATMENT AND 70% ALSO HAVE BIOLOGICAL TREATMENT

ZERO CASES OF WATER POLLUTION WERE DETECTED IN 2023

	2023		2022		2021	
Million Litres	Water stress areas	All areas*	Water stress areas	All areas*	Water stress areas	All areas*
Total Group withdrawal	3,302.3	14,612.1	4,399.3	16,547.2	3,893.1	15,860.6
Total Group water discharge	2,601.1	13,568.3	3,836.6	15,613.5	3,242.5	14,941.0
Total Group water consumption	**701.2**	**1,043.8**	**562.6**	**933.7**	**650.6**	**919.6**

2023 – All Areas



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FEDRIGONI GROUP
SUSTAINABILITY OVERVIEW
ENVIRONMENT-SOCIAL-GOVERNANCE
ANNUAL FINANCIAL REPORT

Social

HEALTH AND SAFETY

TARGET BY 2030
-85% of accident frequency index

SDG WHERE WE WANT TO MAKE THE DIFFERENCE

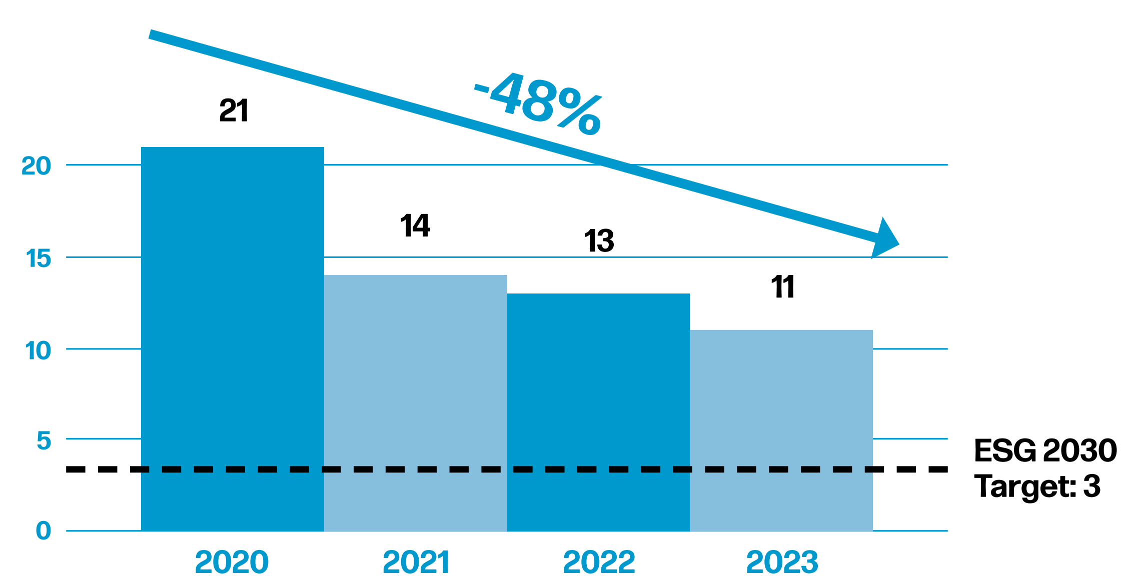
8 DECENT WORK AND ECONOMIC GROWTH

We recently updated our **Health and Safety Policy** and it was approved by our Board of Directors. It promotes leadership as a powerful factor to rapidly share a safety culture and to support team members to work safely and return home healthy.
Our **Sustainability Decalogue** 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. In 2023, we recorded zero fatalities at employees and contractors' levels.

Trends of our data and indicators over the last four years.
Employees safety data.

		2023	2022	2021
Hours of training	Number	27,819	21,899	18,287
Hours of training / number of workers involved	Ratio	6,8	5.8	6.4
Near misses	Number	479	630	673
Of which resolved	*Ratio*	*88%*	*87%*	*85%*
Safety reports	Number	7,630	5,569	3,103
Of which resolved	*Ratio*	*86%*	*87%*	*86%*

Total recordable Injury frequency rate



PEOPLE EXPERIENCE AND DEVELOPMENT

HOW WE ARE BUILDING A PERFORMANCE CULTURE AND ACCELERATING OUR PEOPLE GROWTH

At Fedrigoni, we have 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 strategic pillars, particularly the fifth one, emphasize our **commitment to nurturing our people**. We strive to **attract, engage, and develop, recognize, and boost opportunities for everyone at Fedrigoni, empowering us all to collectively make a difference**.

ENGAGING OUR PEOPLE FROM THE VERY FIRST INTERACTION

We want everyone to feel engaged and to have all the resources they need to work at their best, on the plant line, in the office and, more and more, on digital platforms. We have undertaken key initiatives, designed with the aim of fostering and amplifying engagement among our team members and rooted in the principle of continuous, open dialogue with every individual in our organization.

Our **annual engagement survey** represents a tool that fosters open dialogue and collects feedback to understand how to continuously improve our employee experience and engagement. Based on this feedback, every year, we implement improvements at both global and local levels. In September 2023, the fourth **annual engagement survey** involved all employees. In the months leading to the launch, internally we started the "It all starts with YOU" campaign to encourage participation in the survey and to highlight how each perspective counts. **We registered a +2 improvement in eNPS to 34 and we are one point away from being in the Top 25% Manufacturing Industry benchmark compared to the previous year while we are in the Top 25% across industries, 6 points away from the top 10%.** The results were then shared company-wide and used to prepare a detailed action plan for 2024. Across the entire organization people recognize they are **free to express their opinion, they feel listened to in open discussions, and they are aware that they are learning new things at work every day**.

Initiatives have been designed and launched to ensure every employee has **access to Workplace**, our internal communication platform. It provides a glimpse into our organization and encourages active participation. **As of December 2023, we have started a digitalization process in our plants and, as of december 2023, 100% of our colleagues in offices and 41% of our plant colleagues have activated their Workplace accounts, accessible via mobile devices or plant terminals.**

ELEVATING OUR PEOPLE COMPETENCIES AND SKILLS ACROSS THE ORGANIZATION

At Fedrigoni, we create the conditions for everyone to thrive with their unique talent. We are committed to continuous learning and personal growth, launching targeted initiatives to support individual needs:

MANAGERIAL TRAINING	LEADERSHIP	DEVELOPMENT IN PLANTS	CUSTOMER ACADEMY
LANGUAGE LEARNING	INCLUSIVE LEADERSHIP TRAINING	EXECUTIVE COACHING	MENTORING

In 2023 we provided 35,948 hours of training, resulting in 7.9 average hours on the total population (7.1 in 2022).

We are also focusing on enhancing plant colleagues' competencies and creating accessible learning resources to further enable our cultural transformation.

RECOGNIZING OUR PEOPLE FOR THEIR CONTRIBUTION

We implement an annual incentive system (MBO) for key positions, based on financial indicators, qualitative indicators, and ESG objectives. Performance incentives for the rest of the population are provided through profit shares. **ESG ratings are a crucial part of the MBO for various teams**, ensuring our commitment to ESG principles is grounded in real outcomes.

BOOSTING OPPORTUNITIES FOR EVERYONE TO COLLECTIVELY MAKE A DIFFERENCE

Our initiatives aim to empower our colleagues to achieve their goals and contribute to our company objectives.

- Our Internal Job Posting Platform, INK, helped facilitate **in-house job relocations** and fill open positions at global level, marking a threefold increase in vacancies covered by existing colleagues from the previous year.
- In June 2023, we concluded the first wave of the **Next program**, our internal talent accelerator for early-stage career colleagues, with 27 people from 8 countries working on business impactful projects. They participated in various training opportunities and workshops and were guided and sponsored by business leaders, to then present the results of their project directly in front of the Fedrigoni Executive Committe. In July, we welcomed a new group of 33 Nexters from 8 countries, selected from 73 applicants received across the organization. The program kicked off in October 2023 with a 4-day workshop, where Nexters were grouped to work on new real business challenges with experienced colleagues as coaches.
- We launched '**Performance Conversations**' in 2021 to foster open dialogues for professional development. This tool, drives individual growth and continuous learning through regular dialogue between managers and employees, enabling tailor-made development plans for all. It is now available to all employees, and it was promoted among desk workers in 2023, with plans for expansion among plant colleagues in 2024. The conversation and acceleration actions that result from them, are tracked via our HR Management System, Workday. lIn 2023, 82% of our colleagues in offices participated in these conversations.

ATTRACTING PEOPLE WITH THE BEST IDEAS TO DO THE BEST WORK OF THEIR CAREERS

In 2023, Fedrigoni launched several new initiatives to attract and inspire people who could resonate with our culture and bring to the table a unique blend of relevant skills, a spirit of collaboration, and a driven and curious attitude, both among future colleagues and existing teams.

Our first podcast, '**Life at Fedrigoni: The Podcast**'. By December 2023, we published three episodes, resonating with over 900 global listeners.

Spotlighting our people on **LinkedIn**. As of December 2023, we have about 53,000 followers, an increase of 4,400 since July of the same year. Monthly traffic to our page increased by 88% from January to October 2023. Analysis shows that 36% of our engaged followers and 44% of our page visitors are women, surpassing peer averages. (Source: LinkedIn data).

The launch of @we_are_fedrigoni, a **people-centric Instagram channel**. As of December 2023, it has 1,300 followers and over 100 pieces of content.

The creation of Fedrigoni's "**Extraordinary Stories" platform** to share narratives of our diverse team members across digital platforms. By December 2023, we've shared three narratives, reaching an audience of 9,500.

The enhancement of our **Glassdoor presence** with the clear goal of ensuring transparency and local relevance in our communication.

The establishment of **long-term partnerships with local schools and international academic institutions** to guide future generations. As of December 2023, we've partnered with several institutions including Università Commerciale Luigi Bocconi and Università Cattolica in Milan, IESEG in Paris and ITS Fabriano, meeting more than 400 students both online and in person.

The revamp of our **career website**, launched in June 2023, to showcase our promise to our people, both present and future colleagues. Since its June 2023 launch, the site has had 10,000 visitors, about 30% of total group website traffic.

The revamp of our **job descriptions** to provide clear details about each role, its expectations, and the impact it can have.

The adoption of the **Workday recruiting module**. As of December 2023, 45% of the 5,179 applicants for positions posted on our website, LinkedIn, and Indeed are women.

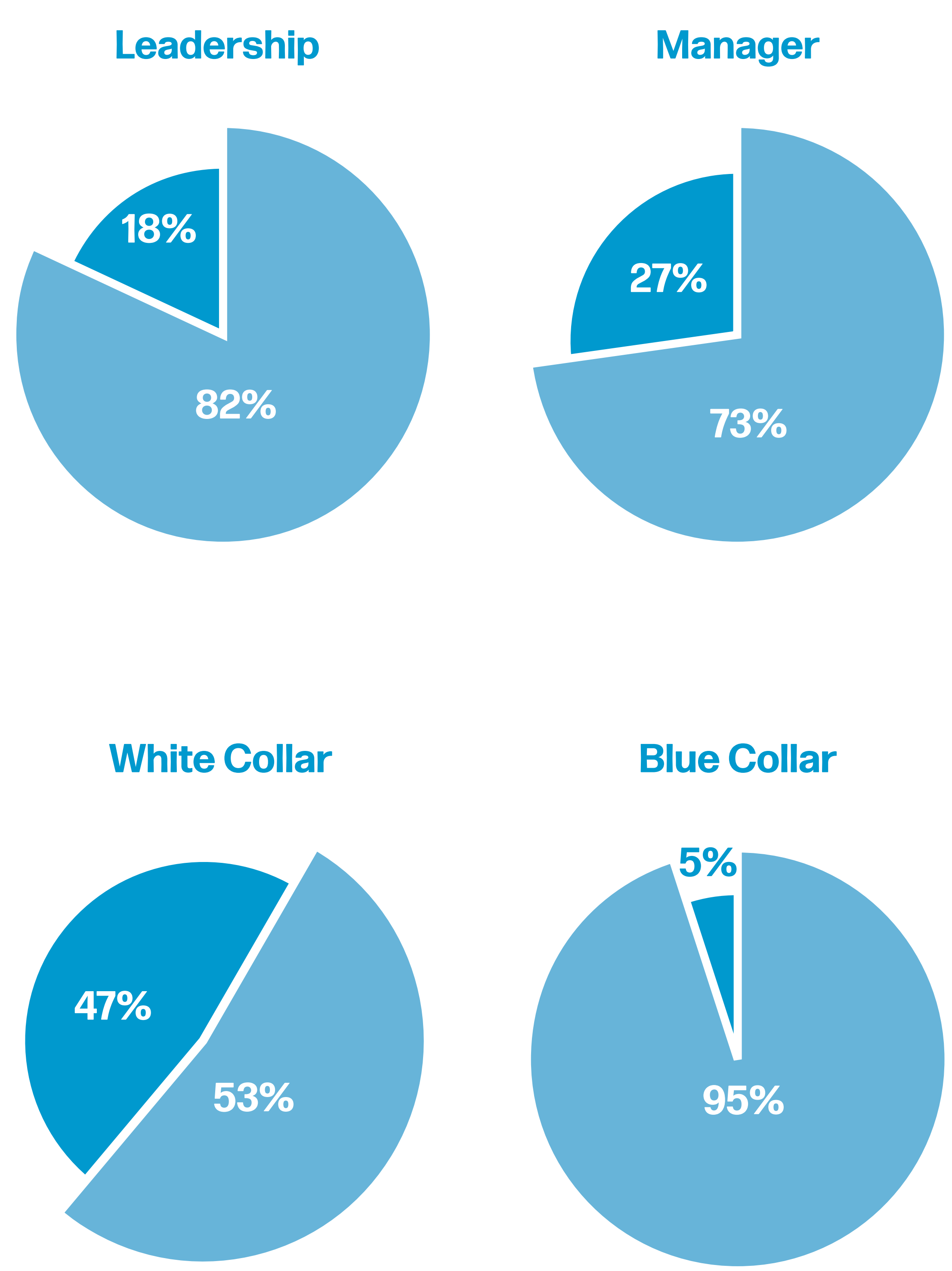
INCLUSION, DIVERSITY AND EQUITY (IDE)

TARGET BY 2030

35% of managerial positions held by women

SDG WHERE WE WANT TO MAKE THE DIFFERENCE

2023 Professional Category per Gender

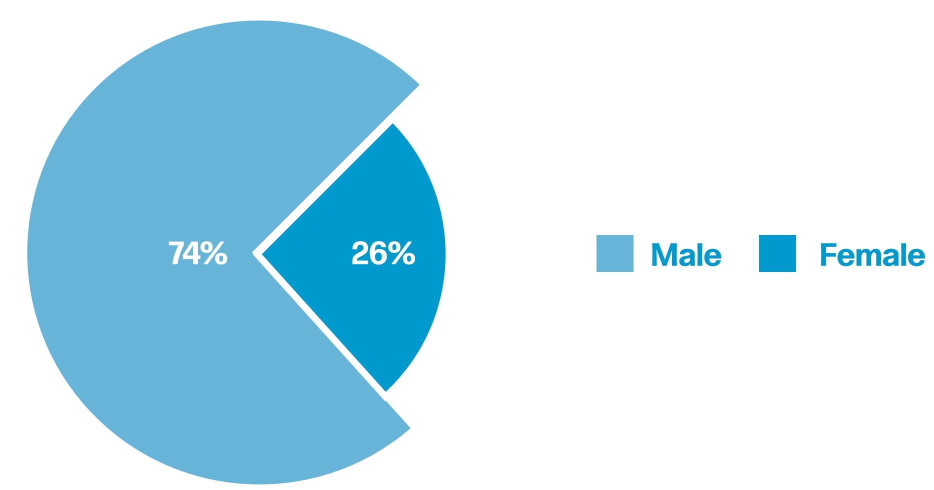


Here at Fedrigoni, we are on a journey to elevate inclusion, celebrate diversity and drive equity in our working environment, with our customers, our partners, our community and with our people. Below is an overview of the Inclusion, Diversity and Equity initiatives carried out throughout 2023.

Our **Leadership Team** participated in three sessions to enhance understanding and promote role modeling of Inclusion, Diversity, and Equity (IDE). We also trained our 50+ HR Community on IDE. Additionally, we assigned an IDE project to a group of early-career colleagues as part of the Next program, with sponsorship from Business leaders, aiming to launch concrete, dedicated initiatives, boost IDE awareness and measure impact.
Our annual **People Survey includes 13 questions on Inclusion**, **Diversity, and Equity (IDE)**, helping us gauge progress and identify areas for improvement. We collected voluntary self-identification demographic information to understand collective needs and focus areas, to foster change in Fedrigoni. The increased participation, with over **5000+ comments** and 75% of respondents completing self-identification demographics, underscores the growing importance of IDE among our people.

We're targeting 35% managerial positions held by women by 2030, monitored monthly. The trend in 2023 shows a steady increase due to inclusive practices and workforce trends. The percentage of new women hires in managerial roles is rising (28.6% in 2023). Our LinkedIn and Workday data show balanced activity between genders, with women making up 44% of page visitors and 52% of job viewers. As of December 2023, 45% of the 5,179 applicants are women. We are consistently refining the language used on our social media platforms, career portal, and job postings to guarantee that it remains clear and welcoming to all. We're focusing on areas needing improvement, like inclusive practices and promoting women role models.

2023 – Managerial positions held by women



Managerial positions held by women*

	Women	Total managers	% Women
2023	137	529	26%
2022	119	467	25%
2021	106	423	25%
2020	81	363	22%

**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.*

We're continuously implementing policies for an equitable workplace worldwide. Our **Inclusion, Diversity and Equity policy**, enhanced in 2022, and our positive work environment policy, provide guidelines for a respectful, safe, and supportive work environment.

SOCIAL DIALOGUE AND INDUSTRIAL RELATIONS

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

- We inform employees and their representatives in advance about acquisitions or restructuring and in 2023, we started dialogues with local trade unions in France and Spain.
- We also ensure employees can enjoy annual holidays for psycho-physical recovery.
- In 2023, due to market difficulties, we used the Wage Integration Fund in Italy and ERTE in Spain, improving employee conditions through union agreements.
- We renewed the Result Bonus Agreement for 2024 and the National Agreement for Supportive Holidays in Italy.
- The National Agreement on Agile Work was fully implemented, improving work-life balance.
- We consolidated the National Industrial Relations Protocol in Italy, fostering dialogue with trade unions. No local strikes occurred in 2023.
- Negotiations began for a European Works Council in 2024.
- Our "Good practices for respect at the Workplace" policy remains in place.

COMMUNITY RELATIONS

Inspiringgirls

Fedrigoni collaborates with **Inspiring Girls International** to empower girls around the world to break free from gender stereotypes. Through workshops, we connect young girls (and boys) with female role models, fostering their aspirations, self-confidence, and creativity within a global framework. Since 2021, we've influenced the dreams and future outlook of over **600 young individuals** across Italy, France, Brazil, and Chile, with **450 impacted in 2023**. Our passionate internal role models – 35 women – have played a pivotal role in this expansion. Fedrigoni actively participated in the #ThisLittleGirlIsMe campaign on social media. 33 women professionals and leaders working at Fedrigoni shared their stories, inspiring girls and boys worldwide to explore diverse careers beyond gender norms.

Festival del Disegno

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 at 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 2023 edition:

- Weekend in Milan with **+ 15,000 people** over the weekend, **+ 1,000 participants** to the workshops, and + 300 participants to the final live performance
- All Around Italy with **+ 300 Events**, **+ 90 Italian cities** involved, and **+ 100 small local businesses**, artists, cultural associations, museums, academies, art institutes and schools.

Il Fiore del Deserto
Progetto Accoglienza

Fedrigoni* (Fedrigoni For) is how we commit to supporting tangible projects that can have an impact not only on business, but also on the people and communities around us. In 2023 we supported **Il Fiore del Deserto E.T.S.,** born in Rome as family home for the support of young women victims of domestic abuse. Fedrigoni commissioned the organization to produce 5,600 soaps as year-end gifts for all its people. Additionally, seven Fedrigoni volunteers were in Rome to assist 15 girls in packaging the soaps using packaging made from Fedrigoni Special Papers.

FFF

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 annual Fedrigoni donation since 2023 it was fixed to 250,000 euros. Among the main initiatives of 2023 promoted by the Foundation:

- the opening of the "Laboratory of Conservation and Restoration of paper" in Fabriano in which it was organized the first edition of a professional international workshop for the restorers on the application of nanomaterials in the paper restoration.
- the residence of artist with an italian visual artist from Germany who worked to transform in art the work gestures of paper production.

Governance


FEDRIGONI

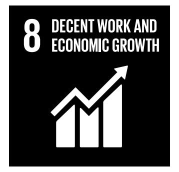
GOVERNANCE

TARGETS BY 2030

95% suppliers assessed also according to ESG criteria

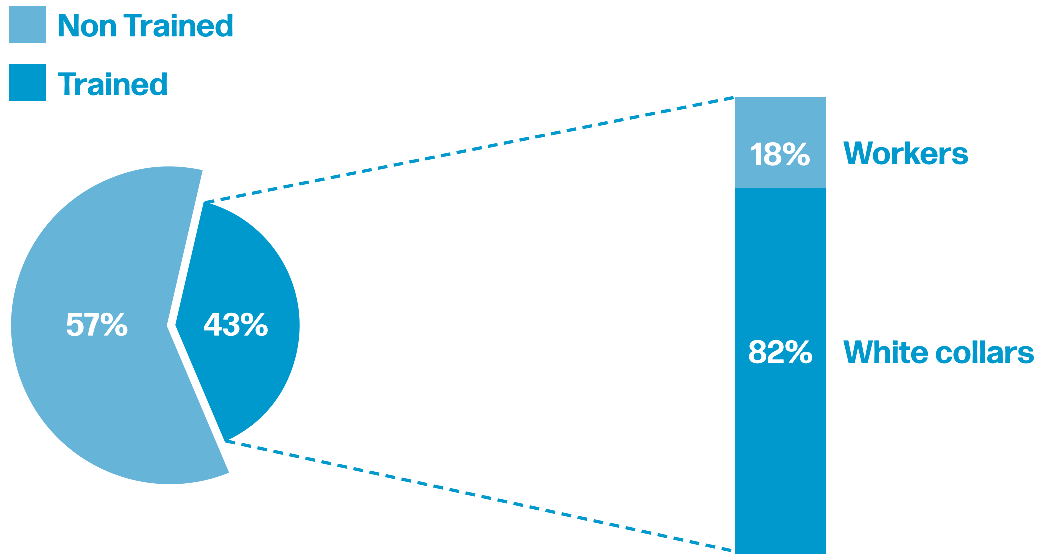
100% of people trained on our Code of Ethics

SDG WHERE WE WANT TO MAKE THE DIFFERENCE



The Code of Ethics, adopted in 1998 and updated in 2021, defines the principles of behavior that inspires our activities and applies to all companies of the Group. **In 2023, we trained 43% of our people, with 82% of white collars**.

2023 People Trained



CODE OF ETHICS

The Code of Ethics, adopted in 1998 and updated in 2021, defines the principles of behavior that inspires our activities. It applies to all companies of the Group and we effectively trained our people through learning courses specifically tailored on our business and geographies and videos played by our people.

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 behaviors, namely the rule book governing our actions and how we approach transformation in Fedrigoni.

GLOBAL POLICIES

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. In 2023 we also updated our Whistleblowing Global Policy and Gift and Entertainment Global Policy with reference to the Group Compliance Program.

WHISTLEBLOWING

In 2023, we updated the Whistleblowing global policy to comply with EU Directive. In 2023, we received 11 reports through our grievance mechanisms. After analyzing the received reports, five breaches of Code of Ethics have been identified, involving violations of our Fedrigoni behaviors, like imprudent conducts that may endanger the health and safety of the workers. A case of sexual harassment occurred, leading to the dismissal of the individual responsible.

The Group is committed to further disseminating the principles of Diversity, Equity, and Inclusion (DEI) & Code of Ethics to raise awareness among all employees. This will include initiatives to heighten awareness about workplace harassment and promote a culture that values diversity and ensures equity and inclusion for everyone in the organization.

CORPORATE LIABILITY

In 2023, Polifibra, Giano and JVCo adopted their organizational module according to Italian Legislative Decree No. 231/2001, which regulate sensitive areas in relation to corporate liability. These documents provide control principles and behavior 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.

OTHER ACTIVITIES

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 organization by providing the business with operational guidelines, specific business support, compliance advice, a risk & compliance newsletter, and support to the international sanction's regime.
In 2023 we structured a framework regarding third-party screening and verification for international sanctions. This process involves all third parties at various levels of due diligence, and we utilize industry-specific databases to ensure the absence of any sanction-related cases. Additionally, we performed a comprehensive screening to ensure knowledge of our agents collaborating with the Group, in line with our Global Policy. The due diligence was carried out by our designated provider for the screening of clients and other intermediaries. We established a screening process tailored to the nature of the third party and the jurisdictions involved, ensuring compliance with UN, EU, US, and UK sanction regimes as part of our governance framework. This structured approach enables us to uphold international sanctions while meeting our compliance obligations.

TRAINING

On a yearly basis, the Internal Audit, Risk & Compliance Function planned and carried out several training initiatives and awareness programs targetting all Group employees. Aiming at raising awareness within the organization 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 internal social platform. Several training initiatives related to the principles set forth in the Code of Ethics and the Group Global Policies were also carried out, both in person and via e-learning, involving white and blue collar. In detail, in 2023 the Internal Audit, Risk & Compliance Function held nine workshops, involving more than a hundred colleagues trained among Chile, US, China, Spain, France, Germany, and Italy. The impact of our training initiatives underscores our commitment to develop a culture of ethics and compliance at all organizational levels. We have additionally coordinated four workshops specifically designed for Sales & Marketing Personnel, focusing on antitrust risks considering our Group positioning. These workshops were conducted in collaboration with specialized antitrust attorneys, facilitating a comprehensive understanding of the legal landscape.
We introduced two supplementary workshops: one tailored for Fabriano and Guarro Casas sales personnel and agents, focusing on mitigating risks inherent in our Security Paper business, and the other exclusively dedicated to Board members. The latter aimed to deepen their understanding of Board responsibilities and associated risks, ensuring robust governance across the organization.

COMMUNICATION

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. In 2023, eight newsletters were addressed to strengthen sensitive topics at Group or department level. Furthermore, compliance aspects are linked to employee compensation and the performance appraisal system also integrates such aspects.
We launched the "Compliance Ambassadors Program", a train the trainer program aimed at fostering an enduring culture of Ethics and Compliance throughout the Group. These appointed ambassadors, after strategically located across our subsidiaries, facilitated a series of eight workshops held in key regions such as Spain, Brazil, and Mexico.
Also, the function promoted a compliance communication campaign aimed at spreading our Group's Global Policies into simplified infographics summarizing the key regulations. These infographics were strategically disseminated via the company's internal social platform and actively promoted by our committed compliance ambassadors. Leveraging their efforts, these infographics were prominently displayed throughout our facilities, including on screens in various plant locations, ensuring widespread visibility and understanding among employees.

INTERNAL AUDIT

According to the reference standards, the Internal Audit, Risk & Compliance Function submitted the Audit Mandate to the Audit & Risk Committee. 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.
- Corporate Liability Risks

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. In 2023, the audit plan targeted foreign subsidiaries: Italy, Spain, Chile, Brazil, Mexico, England, and China were key areas examined. This focus aimed to mitigate previous vulnerabilities and strengthen the overall control framework for consistent risk management across international subsidiaries. Overall, we conducted a total of ten, with physical presence in 21 facilities spanning across 10 different states, amounting to a cumulative total of 350 man-days. This comprehensive audit initiative encompassed 27 legal entities across more than 10 countries. Additionally, it included more than 100 interviews, ensuring a thorough examination of our operations.

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 (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") as of December 31, 2023, and 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. as of December 31, 2023, and 2022 (the "pro forma results"). The results are also affected by the decision taken by Fiber Group in the month of December 2023 to proceed with the sale of a majority interest in the share capital of its fully owned subsidiary Giano S.r.l., an Italian company operating in the office paper business segment, a separate vertical within the Special Papers business. Consequentially, both periods are presented showing the effect of the contribution of the discontinued operation;
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 the Fiber Group results for the year ended December 31, 2023, compared with our pro forma results for the year ended December 31, 2022.

KEY FINANCIAL INFORMATION

The following table provides (i) for the year ended December 31, 2023, our proforma results, and (ii) for the year ended December 31, 2022, the Fedrigoni results.

(€ million)	Year ended December 31	
	Pro forma Fiber Group	Fiber Group
	2022	2023
Sales Revenues	1,960.4	1,735.3
Adjusted EBITDA[1]	272.9	281.9
Adjusted EBITDA Margin[2]	13.9%	16.2%
Normalized Capital Expenditures[3]	63.3	37.6
Adjusted Sales Revenues[4]		1,808.3
Pro Forma Adjusted EBITDA[1]		337.7
Pro Forma Adjusted EBITDA Margin[2]		18.7%
Pro Forma Net Financial Debt[5]		1,043.4
Pro Forma Cash Interest Expense[6]		111.1
Ratio of Pro Forma Net Financial Debt to Pro Forma Adjusted EBITDA		3.09x
Ratio of Pro Forma Adjusted EBITDA to Pro Forma Cash Interest Expense		3.04x

1 We define Adjusted EBITDA as net profit/(loss) before depreciation, amortization and impairment losses, income taxes, finance costs, finance income, results from discontinued operations 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.

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Set forth below is a reconciliation of our net profit to Adjusted EBITDA and Pro Forma Adjusted EBITDA, respectively, for the year ended December 31, 2022, and for the year ended December 31, 2023:

(€ million)	Year ended December 31	
	2022	2023
Net profit/(loss)	41.8	(109.5)
Net profit from discontinued operations	(13.6)	2.0
Depreciation, amortization and impairment losses	77.9	112.7
Income taxes	21.6	(13.2)
Finance costs	147.7	295.4
Income from equity-accounted investments in associates	0.5	6.9
Finance income	(56.6)	(39.2)
Non-recurring and certain M&A income and costs[A]	53.6	26.8
Adjusted EBITDA	**273.0**	**281.9**
Fedrigoni accounting adjustments(B)		(0.1)
Fedrigoni run rate cost savings(C)		35.2
Pro Forma Adjusted EBITDA		**317.0**
Run rate cost savings and run-rate commercial synergies related to the Acucote Acquisition(D)		2.7
Run rate commercial synergies related to the Divipa Acquisition(E)		2.0
Tageos Acquisition and accounting adjustments(F)		6.5
Run rate commercial synergies related to the Tageos Acquisition(G)		1.4
Run rate cost savings related to the Unifol Acquisition(H)		3.9
Run rate cost savings related to the Guarro Acquisition(I)		1.0
Arjowiggins China Acquisition and accounting adjustments(J)		3.2
Pro Forma Adjusted EBITDA		**337.7**

(A) Represents adjustments related to (a) in respect of the year ended December 31, 2023, (i) €3.6 million of income resulting from a settlement agreement to close any outstanding amounts and mutual obligation deriving from the sale by Fedrigoni S.p.A. of the security business, deal closed on October 29, 2021, (ii) €13,5 million of cost related to extraordinary one-off items including exceptional events and special claims, partially compensated by some insurance refund, (iii) €12.3 million gains on asset disposals (including Sales and lease-back transaction), (iv) €9.2 million of gains arising from the acquisition of Arjowwings China, (v) €2.8 million of other one-off items and non-recurring costs, (vi) €16.3 million of costs related to transformation projects, (vii) €13.7 million of lay-off and reorganization costs, and (viii) €1.8 million of M&A fees related to acquisition occurred in 2023, (ix) €3.8 million of shareholding costs, and (b) 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 against the payment by Rink Holding S.r.l. of an aggregate amount of Euro 5,600 thousand to Fedrigoni S.p.A., (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, and (xii) €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 €0.1 million in connection with certain commercial transactions.

(C) Represents the estimated run-rate effect on Adjusted EBITDA of certain cost savings that we identified and that we expect to realize in the next 18 months and consisting of (i) cost savings of approximately €27.5 million per year arising from procurement initiatives primarily related to cost negotiation activities and to different projects to reduce production costs, including value engineering and design-to-value projects, and (ii) cost savings of approximately €10.9 million per year arising from certain operational improvements driven by the reorganization and streamlining of production processes, *minus* and (iii) estimated annualized run rate cost increases of approximately €3.2 million per year that we expect to enable business growth though human capital investments 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) estimated cost savings that we expect to realize from procurement savings of approximately €0.7 million arising from the alignment of the purchase of raw materials between Fedrigoni Group and Acucote as well as from supplier rationalizations and (ii) and estimated €2.0 million form commercial synergies resulting from the cross-selling of Fedrigoni's labels to Acucote's.

(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 estimated run-rate effect on Adjusted EBITDA of expected synergies deriving from the utilization of Divipa's unused and available capacity to supply Fiber Group 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 and consolidated into our results on January 1, 2023. As of the date of this annual report, Tageos is not consolidated into our results.

(G) Represents the estimated run-rate effect on Adjusted EBITDA of expected commercial synergies resulting from cross-selling of Tageos' RFID labels to the customers base of Fiber Group.

(H) Represents the estimated run-rate effect on Adjusted EBITDA of expected synergies deriving from the utilization of Unifol's available capacity to supply customers in the Group's Fedrigoni Self-Adhesives segment.

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

(J) On November 19, 2023, we acquired the entire share capital of Arjowiggins HKK3 Limited ("Arjowiggins China") (the "Arjowiggins Acquisition"), owner of the Arjowiggins China Group, leader in the production of translucent papers. The Arjowiggins Acquisition adjustment represents the run-rate contribution to Adjusted EBITDA of Arjowiggins China (which was consolidated into our results in December 2023) to the extent not already reflected in the Group's Adjusted EBITDA, as if Arjowiggins China had been acquired on January 1, 2023

(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 2.17% for the year ended December 31, 2023, from 3.23% for the year ended December 31, 2022.

	Year ended December 31	
	Pro forma Fiber Group	Fiber Group
	2022	2023
Investments in intangible assets	11.7	16.5
Investments in property, plant and equipment	65.2	58.0
Disposals of property, plant and equipment and intangible assets	(7.7)	(35.1)
Extraordinary Capital Expenditures (A)	(5.9)	(1.8)
Normalized Capital Expenditures	**63.3**	**37.6**
Extraordinary Capital Disposal (B)		(103.4)
Normalized Capital Expenditures (at net of the effect of Extraordinary Capital Disposal)		**(65.8)**

(A) Represents capital expenditures that are not considered by management to have been incurred in the ordinary course of business and includes expenses related to (A) for the year ended December 31, 2022, the installation of (i) a business intelligence software, (ii) a new biological wastewater treatment system, and (iii) an innovation hub being developed at our Verona headquarters, and (B) for the year ended December 31, 2023, (i) the installation of a business intelligence software, (ii) the installation of a new biological wastewater treatment system, (iii) the installation of a major cogeneration turbine overhauling at our Arco plant and (iv) the reorganization of our office paper business.

(B) Represents capital disposals that are not considered by management to have been incurred in the ordinary course of business, consisting of the one-time transformational disinvestment such as sale and lease back transaction concerning some plants previously owned and operated by the Fedrigoni group across Italy, Spain and Germany. In the context of the S&LB Transaction, which was aimed at improving the capital structure, the plants have been sold to a real estate investment fund and simultaneously leased back to the Fedrigoni Group, which will continue to run its production as it used to be prior to the S&LB Transaction.

(4) Adjusted Sales Revenues represents Sales Revenues adjusted to include the estimated net sales for the year ended December 31, 2023, generated by (i) Tageos, in an amount of €55.5 million and (ii) Arjowiggins China, in an amount of €18.6 million. And to exclude net sales generated during the period by the office paper business operated by Giano S.r.l.. Net sales of Tageos have been prepared in accordance with French GAAP and net sales of Arjowwings China have been prepared in accordance with Hong Kong GAAP. French GAAP and Hong Kong GAAP differ in certain respects from IFRS. AS such, the adjustments representing the contribution of Tageos and Arjowiggins China may differ had they been calculated on the basis of IFRS.

(5) Pro Forma Net Financial Debt represents non-current liabilities due to banks and other lenders plus current liabilities due to banks and other lenders, minus €242.3 million of cash and cash equivalents, on an as adjusted basis after giving effect to the Transactions as if they had occurred on January 1, 2023. Pro Forma Net Financial Debt (i) includes €364.9 million in aggregate principal amount if Senior Secured Fixed Rate Notes due 2027 (the "SSNs"), outstanding as of December 31, 2023, (ii) includes €735.1 million in aggregate principal amount of Senior Secured Floating Rate Notes due 2027 (the "FRNs" and together with the SSNs, the "Notes"), outstanding as of December 31, 2023, (iii) includes the positive effect of amortized cost calculated on the Notes and accounted for in an amount of €113.0 million. Pro Forma Net Financial Debt includes Tageos.

(6) Pro Forma Cash Interest Expense does not account for interest expense on (i) €450.0 million in aggregate principal amount of Senior Secured Floating Rate Notes due 2024 and (ii) €225.0 million in aggregate principal amount of Senior Secured Floating Rate Notes due 2026, both 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, 2023, nor does it purport to project our interest expense for any future period or our financial position at any future date.

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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, 2023, and of the proforma results of operations of the Issuer for the year ended December 31, 2022.

(€ million)	Year ended December 31				
	2022				2023
	Proforma Fedrigoni Group	Fiber Bidco S.p.A.	Inter-company eliminations	Total Proforma Fiber Group	Fiber Group
Revenues from sales					
to third Parties	1,960.4	-	-	1,960.4	1,735.3
to other Group companies	-	-	-	-	-
Total sales revenues	**1,960.4**	**-**	**-**	**1,960.4**	**1,753.3**
Other operating income	74.2	-	-	74.2	133.3
Operating expenses	(1,802.2)	(13.0)	-	(1,815.3)	(1,613.5)
Transformation costs	41.2	13.0	-	54.2	25.7
Other non-recurring expenses / income	(0.6)	-	-	(0.6)	1.1
Adjusted EBITDA (*)	**273.0**	**-**	**-**	**273.0**	**281.9**
Other non-recurring expenses / income	0.6	-	-	0.6	(1.1)
Transformation costs	(41.2)	(13.0)	-	(54.2)	(25.7)
Depreciation, amortization and impairment losses	(77.9)	-	-	(77.9)	(112.7)
Operating income	**154.5**	**(13.0)**	**-**	**141.5**	**142.4**
Income from equity-accounted investments in associates	(0.5)	-	-	(0.5)	(6.9)
Financial income	55.3	5.5	(4.2)	56.6	39.2
Finance costs	(126.0)	(25.9)	4.2	(147.7)	(295.4)
Profit/(loss) before tax	**83.3**	**(33.5)**	**-**	**49.8**	**(120.7)**
Income taxes	(23.8)	2.2	-	(21.6)	13.2
Net profit from continuing operations	59.5	(31.3)	-	28.2	(107.5)
Net loss from discontinued operations	13.6	-	-	13.6	(2.0)
Net profit/(loss)	**73.1**	**(31.3)**	**-**	**41.8**	**(109.5)**

DISCUSSION OF THE GROUP RESULTS OF OPERATIONS

(€ million)	Year ended December 31	
	2022	2023
	Pro forma Fiber Group	Fiber Group
Sales revenues	1,960.4	1,735.3
Other operating income	74.2	133.3
Cost of materials	(1,226.1)	(999.6)
Cost of services	(409.5)	(332.0)
Cost of personnel	(266.8)	(262.4)
Other costs	(13.5)	(13.9)
Depreciation, amortization and impairment losses	(77.9)	(112.7)
Change in inventories of work in progress, semi-finished goods and finished products	97.2	(12.4)
Cost of capitalized in-house work	3.5	6.8
Operating income	**141.5**	**142.4**
Financial income	56.6	39.2
Finance costs	(147.7)	(295.4)
Net financial income/(costs)	(91.1)	(256.2)
Share of profits /(loss) of associates	**(0.5)**	**(6.9)**
Profit/(loss) before tax	**49.8**	**(120.7)**
Income tax	(21.6)	13.2
Net profit/(loss) from continuing operations	**28.2**	**(107.5)**
- attributable to owners of the Parent	27.7	(107.6)
- attributable to non-controlling interests	0.5	0.1
Net profit/(loss) from discontinued operations	13.6	(2.0)
- attributable to owners of the Parent	13.6	(2.0)
Net profit/(loss)	**41.8**	**(109.5)**
Attributable to:		
- owners of the Parent	41.3	(109.6)
- non-controlling interests	0.5	0.1

SALES REVENUES

Sales Revenues by Reporting Segment and Business Line

Sales revenues decreased by €225.1 million, or 11.5%, to €1,735.3 million for the year ended December 31, 2023, from €1,960.4 million with respect to year ended December 31, 2022. The table below shows our total sales by reporting segment for the year ended December 31, 2022, of the Fedrigoni Group and for the year ended December 31, 2023, of the Fiber Group:

(€ million)	Year ended December 31	
	Pro forma Fiber Group	Fiber Group
	2022	2023
Luxury Packaging and Creative Solutions Segment	729.1	716.3
Fedrigoni Self-Adhesives Segment	1,266.5	1,046.8
Interdivision eliminations	(35.2)	(27.8)
Sales revenues	1,960.4	1,735.3

Sales revenues in the Luxury Packaging and Creative Solutions Segment decreased by €12.8 million, or 1.8%, to €716.3 million for the year ended December 31, 2023, from €729.1 million for the year ended December 31, 2022.
Sales revenues in the Fedrigoni Self-Adhesive Segment decreased by €219.7 million, or 17.3%, to €1,046.8 million for the year ended December 31, 2023, from €1,266.5 million for the year ended December 31, 2022. This decrease was primarily due to the continued destocking across the self-adhesives value chain, partially compensated by an increased selling price.
We also increased our sales prices to pass through large portions of inflationary price increases price of raw materials, energy costs, packaging materials and freight costs.

Sales Revenues by Geographic Area

The following tables show our sales by geographic area and respective reporting segment for the Fedrigoni Group, for the year ended December 31, 2022, and for the Fiber Group, for the year ended December 31, 2023:

(€ million)	Year ended December 31	
	Pro forma Fiber Group	Fiber Group
	2022	2023
Italy	**334.6**	**364.8**
Luxury Packaging and Creative Solutions Segment (*)	115.0	193.1
Fedrigoni Self-Adhesives Segment (*)	234.5	180.7
Rest of Europe	**982.2**	**842.2**
Luxury Packaging and Creative Solutions Segment (*)	388.2	340.1
Fedrigoni Self-Adhesives Segment (*)	613.3	520.1
Rest of World	**643.6**	**528.3**
Luxury Packaging and Creative Solutions Segment (*)	225.9	183.1
Fedrigoni Self-Adhesives Segment (*)	418.7	346.0
Total	**1,960.4**	**1,735.3**

(*) Sales revenues by segment include interdivision sales.

Sales revenues in Italy increased by €30.2 million, or 9.0%, to €364.8 million for the year ended December 31, 2023, from €334.6 million for the year ended December 31, 2022. This increase was primarily due to a recovery of sales in the Luxury Packaging and Creative Solutions Segment in the domestic market, partially offset by the exclusion of sales revenues generated from the office paper business operated by Giano S.r.l..

Sales revenues in the Rest of Europe decreased by €140.0 million, or 14.3%, to €842.2 million for the year ended December 31, 2023, from €982.2 million for the year ended December 31, 2022. This decrease was primarily attributable to a lower demand in Fedrigoni Self-Adhesives Segment due to the destocking across the self-adhesive value chain partially offset by the increases in sales revenues in the Luxury Packaging and Creative Solutions Segment mainly related to (i) the higher product average selling prices and (ii) the consolidation of Papeterie Zuber and Guarro.

Sales revenues in the Rest of World decreased by €115.3 million, or 17.9%, to €528.3 million for the year ended December 31, 2023, from €643.6 million for the year ended December 31, 2022. This decrease was primarily due to customer destocking trends and the macroeconomic environment affecting both segments, Fedrigoni Self-Adhesives and Luxury Packaging and Creative Solutions Segment partially offset by (i) the positive impact of higher average selling prices in the Luxury Packaging and Creative Solutions Segment, (ii) the consolidation of Zuber and Guarro in the Luxury Packaging and Creative Solutions Segment and (iii) the consolidation of Unifol in the Fedrigoni Self-Adhesive Segment.

Other Operating Income

Other operating income increased by €59.1 million, or 79.6%, to €133.3 million for the year ended December 31, 2023, from €74.2 million for the year ended December 31, 2022. This increase was mainly due to (i) the income from a settlement agreement with Portals Technology Limited, the purchaser of the security business sold by Fedrigoni in 2021, settling any outstanding amounts and mutual obligations in relation to the sale, (ii) the increased sale of white certificates, (iii) compensation received for the gas system operating interruptedly, (iv) the sale of excess CO2 permits, and (v) an insurance indemnity received in relation to the June 2022 fire at Barberà del Vallès site of Arconvert, (vi) the capital gain from a real estate sales and lease-back operation, and (vii) the purchase gains deriving from the acquisition of Arjowiggins China.

Cost of Materials

The cost of materials decreased by €226.5 million, or 18.5%, to €999.6 million for the year ended December 31, 2023, from €1,226.1 million for the year ended December 31, 2022. This decrease was primarily attributable to (i) the slow-down of the production as a consequence of the decrease in sales volumes due to customer destocking after a period of overstocking created in 2022, (ii) a decrease in the raw materials costs, including pulp costs, (iii) partially offset by increased costs of materials due to the consolidation of Guarro and Unifol only starting from the December 2022 onwards and the consolidation of Zuber and Arjowiggins China from April and December, 2023, respectively. Costs of materials accounted for 57.6% of our sales revenues for the year ended December 31, 2023, from 62.5% for year ended December 31, 2022.

Cost of Services

Cost of services decreased by €77.5 million, or 18.9%, to €332.0 million for the year ended December 31, 2023, from €409.5 million for the year ended December 31, 2022. The decrease was primarily due to (i) decreased in the transportation costs in connection with a decline in sales volumes, (ii) a reduction in commissions paid, (iii) a reduction in third parties processing, (iv) a decrease in the consultancy fees related to M&A activities, and (v) a decrease in utility costs. Cost of services accounted for 19.1% of our sales revenues for the year ended December 31, 2023, from 20.9% for the year ended December 31, 2022.

Cost of Personnel
Cost of personnel decreased by €4.4 million, or 1.6%, to €262.4 million for the year ended December 31, 2023, from €266.8 million for the year ended December 31, 2022. This decrease was primarily due to changes in business trend, a decrease in personnel bonuses that were accrued on certain business-related targets partially offset by an increase due to the consolidation of Guarro and Unifol only starting from the December 2022 and the full consolidation of Zuber in 2023. Cost of personnel accounted for 15.1% of our sales revenues for year ended December 31, 2023, from 13.6% for the year ended December 31, 2022.

Other Costs
Other costs increased by €0.4 million, or 3.0%, to €13.9 million for the year ended December 31, 2023, from €13.5 million for the year ended December 31, 2022. This increase was primarily due to (i) an increase of other risk allowances and provision for warranty claims, (ii) partially offset by a decrease in trade receivables write-down. Other costs accounted for 0.8% of the Group's sales revenues for the year ended December 31, 2023, from 0.7% for the year ended December 31, 2022.

Depreciation, Amortization and Impairment Losses
Depreciation, amortization and impairment losses increased by €34.8 million, or 44.7%, to €112.7 million for the year ended December 31, 2023, from €77.9 million for the year ended December 31, 2022. The increase in the depreciation, amortization and impairment losses for the year ended December 31, 2023 was primarily due to (i) the impact on the customer list and trademarks amortization deriving from purchase price allocation determined with respect to the acquisition of the Fedrigoni Group, (ii) the full consolidation of Papeterie Zuber Rieder starting from 2023, and (iii) the impact on the depreciation of new specific plants and machinery and of new leases related to machinery and buildings.

Net Financial Income/(Costs)
Net financial costs increased by €165.1 million, or 181.2%, to €256.2 million for the year ended December 31, 2023, from €91.1 million for the year ended December 31, 2022. This increase was primarily due to (i) interest costs arising from the Fiber Floating Rate Notes and the Fiber Fixed Rate Notes issued by Fiber Bidco S.p.A. in 2022 and the related amortized costs, (ii) interest expense on the shareholder loan entered into by Fiber Bidco S.p.A. with Fiber Midco S.p.A and the related amortized costs, (iii) an increase in bank financial charges and (iv) the increase of interest expenses on new leases related to machineries and buildings.

Income Taxes
Income taxes decreased by €34.8 million, or 161.1%, to €13.2 million of income for the year ended December 31, 2023, from €21.6 million of costs for the year ended December 31, 2022. The decrease in the year ended December 31, 2023, compared to 2022 was driven mainly by the decreased profit before tax for the current period.

Key Earning Figures
Operating Income
Operating income increased by €0.9 million, or 0.6%, to €142.4 million for the year ended December 31, 2023, from €141.5 million for the year ended December 31, 2022. This increase was primarily due to (i) a decrease in sales revenues in the Fedrigoni Self-Adhesives Segment and Luxury Packaging and Creative Solutions Segment, more than compensated by (i) an increase in other operating income mainly related to the income from a settlement agreement with Portals Technology Limited, the purchaser of the security business sold by Fedrigoni in 2021, (ii) a decrease in the cost of materials strictly related to slow-down of the production as a consequence of the decrease in sales volumes due to customer destocking after a period of overstocking in 2022.

Adjusted EBITDA
Adjusted EBITDA increased by €8.9 million, or 3.3%, to €281.9 million for the year ended December 31, 2023, from €273.0 million for the year ended December 31, 2022. This increase was primarily due to (i) a decrease of material and service costs which overcompensated the reduction in volumes and (ii) the contribution of the new entities acquired during the second half 2022 and 2023.
The following takes show our Adjusted EBITDA by reporting segment for the Fedrigoni Group for the year ended December 31, 2022, and for the Fiber Group year ended December 31, 2023:

(€ million)	Year ended December 31, 2022	
	Fedrigoni Group	
	LPCS	FSA
Sales to third Parties	697.2	1,263.2
Sales to other Group companies	31.8	3.3
Total sales revenues	**729.0**	**1,266.5**
Other operating expense / income	(630.1)	(1,124.9)
Transformation costs	29.0	12.1
Other non-recurring expenses / income	(8.5)	(0.1)
Adjusted EBITDA	**119.4**	**153.6**

(€ million)	Year ended December 31, 2023	
	Fiber Group	
	LPCS	FSA
Sales to third Parties	690.9	1,044.5
Sales to other Group companies	25.5	2.3
Total sales revenues	**716.4**	**1,046.8**
Other operating expense / income(*)	(569.3)	(938.8)
Transformation costs	15.6	10.7
Other non-recurring expenses / income	(11.2)	11.7
Managerial Adjusted EBITDA(*)	**151.5**	**130.4**

(*) Other operating expense and income also include a managerial adjustment to better reflect the impact of certain energy and pricing elements across the segments.

Managerial Adjusted EBITDA in the Luxury Packaging and Creative Solutions Segment increased by €32.1 million, or 26.9%, to €151.5 million for the year ended December 31, 2023, from €122.2 million for the year ended December 31, 2022. This increase was primarily due to (i) an increase in other operating income and (ii) the positive contributions of the Guarro and Zuber acquisitions from December 2022 and January 2023, respectively.
Managerial Adjusted EBITDA in the Fedrigoni Self-Adhesive Segment decreased by €23.2 million, or 15.1%, to €130.4 million for the year ended December 31, 2023, from €153.6 million for the year ended December 31, 2022. This decrease was primarily due to the continued destocking across the self-adhesives value chain and a worse mix of products sold.

Liquidity and Capital Resources

Overview

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

Cash Flows

The table below sets forth a summary of the condensed consolidated statements of cash flows of (i) the Fiber Group pro forma results, for the year ended December 31, 2022, and (ii) the Fiber Group results, for the year ended December 31, 2023:

(€ million)	Year ended December 31,		
	Fedrigoni Group	Pro forma Fiber Group	Fiber Group
	2022	2022	2023
Cash flow from operating activities	239.3	(87.3)	118.4
Cash flow used in investing activities	(232.6)	(1,872.2)	61.5
Cash flow used in financing activities	(168.1)	2,077.8	(56.8)
Increase/(decrease) in cash	**(161.4)**	**118.2**	**123.1**
Cash at the beginning of the period	265.3		117.5
Effects of exchange rate changes on the balance of cash held in foreign currencies	1.0	(0.7)	(1.3)
Cash at the end of the period	**104.8**	**117.5**	**239.4**

In the year ended December 31, 2023, operating activities generated a cash inflow of €118.4 million, also thanks to the contribution of a positive change in trade working capital.
Investing activities generated a cash inflow of €61.5 million due to (i) cash flow in from the first closing of a sale and lease back transaction (the "S&LB Transaction"), that involved some plant of Fiber Group, partially offset by (ii) cash outflow from new tangible and intangible assets.
Financing activities used a cash flow of €56.8 million mainly related to interest paid in the period, partially compensated by the positive effect of new financing activities.

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, 2022, (ii) pro forma results of Fiber Group for the year ended December 31, 2022, and (iii) our results, for the year ended December 31, 2023.

(€ million)	Year ended December 31		
	Fedrigoni Group	Pro forma Fiber Group	Fiber Group
	2022	2022	2023
Change in trade receivables	80.2	40.5	59.0
Change in trade payables	72.1	(124.7)	(116.0)
Change in inventories	(74.0)	18.0	150.8
Change in Trade Working Capital	**78.3**	**(66.2)**	**93.8**

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 the Issuer 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 an 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 agreement (the "Revolving Credit Facility Agreement"), with availability of up to €150.0 million (the "Revolving Credit Facility"). As of the date of this Interim Financial Report, our Revolving Credit Facility was undrawn.
During the third quarter of 2023, we repaid €46,000 million of amounts drawn under our Revolving Credit Facility, which were outstanding on June 30, 2023.
On January 22, 2024, Fiber Bidco issued €665,000,000 in an aggregate principal amount of Senior Secured Floating Rate Notes due 2030 (the "Existing FRNs"). Proceeds from the offering of the Existing FRNs were used, together with cash on hand and certain proceeds from the S&LB Transaction, to redeem €735,087,344 in aggregate principal amount outstanding under the Fiber Floating Rate Notes.
Other than in connection with such repayments, there have been no other material changes to our indebtedness since our previous financial reporting.
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.

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 December 31, 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.
The income statements of the Group have been prepared using the "nature of expense" rather than the "cost of sales" method. In the nature of expense method, expenses are classified in the income statement according to their nature (for example, cost of materials and personnel expenses) and not among various functions within the entity. As a result, income statements presented in accordance with the nature of expense method do not show gross profit. Income statements presented in accordance with the cost of sales method, by contrast, classify expenses according to their function as part of cost of sales (for example, the costs of distribution or administrative activities). Profit, however, is unaffected regardless of whether the nature of expense or cost of sales method is chosen.

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).

Deloitte.

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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, 2023, 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 year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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, 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the 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, paragraph 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 the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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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 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, 2024

Consolidated Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Euros)	Note	At December 31, 2023	2022
Non-current assets			
Property, plant and equipment	6	491,778	543,947
Intangible assets	7	2,197,887	2,175,070
Investment property	8	203	223
Equity-accounted investments	9	51,882	126,059
Tax credits	10	13,135	17,426
Deferred tax assets	11	72,766	56,621
Other non-current assets	13	28,892	15,540
Derivatives	16	-	1,268
Total non-current assets		**2,856,543**	**2,936,154**
Current assets			
Inventories	12	345,904	447,217
Trade receivables	14	83,864	118,793
Tax credits	10	10,666	4,505
Other current assets	13	97,913	104,783
Cash and cash equivalents	15	239,384	117,548
Total current assets		**777,731**	**792,846**
Non-current assets held for sale	17	44,012	1,296
Total assets		**3,678,286**	**3,730,296**
Share capital		40,000	40,000
Reserves and retained earnings/losses		1,136,432	1,250,359
Equity attributable to owners of the parent	**18**	**1,176,432**	**1,290,359**
Non-controlling interests		**325**	**2,323**
Total equity		**1,176,757**	**1,292,682**
Non-current liabilities			
Due to banks and other lenders	19	1,159,151	1,013,863
Due to controlling shareholder	20	330,876	299,155
Employee benefits	21	12,304	15,112
Provisions for risks and charges	22	28,664	31,979
Deferred tax liabilities	11	233,507	246,468
Other non-current liabilities	23	14,712	13,669
Derivatives	16	1,884	-
Total non-current liabilities		**1,781,098**	**1,620,246**
Current liabilities			
Due to banks and other lenders	19	109,379	119,825
Due to controlling shareholder	20	-	3,337
Trade payables	23	461,264	573,013
Tax liabilities	24	4,475	14,423
Other current liabilities	23	85,372	92,035
Derivatives	16	16,049	14,735
Total current liabilities		**676,539**	**817,368**
Liabilities associated with assets held for sale	17	43,892	-
Total liabilities		**2,501,529**	**2,437,614**
Total equity and liabilities		**3,678,286**	**3,730,296**

CONSOLIDATED INCOME STATEMENT

(in thousands of Euros)	Note	Year ended December 31, 2023	Period from August 22, to December 31, 2022
Sales revenues	25	1,735,344	111,859
Other operating income	26	133,252	20,180
Cost of materials	27	(999,623)	(65,926)
Cost of services	28	(331,960)	(46,617)
Cost of personnel	29	(262,376)	(18,790)
Other costs	30	(13,957)	(23)
Depreciation, amortization and impairment losses	31	(112,676)	(9,150)
Change in inventories of work in progress, semifinished goods and finished products		(12,446)	(8,474)
Cost of capitalized in-house work		6,847	2,609
Operating income/loss		**142,405**	**(14,332)**
Financial income		39,191	8,320
Finance costs		(295,372)	(55,934)
Net financial income/(costs)	32	(256,181)	(47,614)
Share of losses of associates		**(6,890)**	**(880)**
Loss before tax		**(120,666)**	**(62,826)**
Income tax	33	13,153	16,157
Net loss from continuing operation		**(107,513)**	**(46,669)**
Discontinued operations			
Net loss after income tax from discontinued operations	34	(2,027)	758
Net loss		**(109,540)**	**(45,911)**
Attributable to:			
- owners of the Parent		(109,592)	(45,882)
- non-controlling interests		52	(29)
Loss per share (in Euros): - basic and diluted	35	(2.74)	(1.13)
Loss per share (in Euros): - basic and diluted from continuing operations		(2.69)	(1.13)
Loss per share (in Euros): - basic and diluted from discontinued operations		(0.05)	(0.02)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands of Euros)	At December 31,	
	2023	2022
Loss for the year	**(109,540)**	**(45,911)**
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss:		
Actuarial gains on defined benefit plans	249	2,107
Income tax relating to actuarial losses	7	(128)
	256	**1,979**
Items that will be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	(4,082)	(3,974)
Effective portion of losses on hedging instruments (cash flow hedge)	(4,026)	(64,529)
Income tax relating to cash flow hedge	695	18,357
	(7,413)	**(50,146)**
Other comprehensive loss for the period, net of income tax	**(7,157)**	**(48,167)**
Comprehensive loss for the year	**(116,697)**	**(94,078)**
Loss attributable to owners of the Parent	(116,946)	(93,976)
Loss attributable to non-controlling interests	249	(102)

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of Euros)	December 31,	
	2023	2022
Profit/(loss) before tax	**(120,666)**	**(61,775)**
Adjustment for:		
Depreciation of property, plant and equipment	67,199	5,886
Amortization of intangible assets	45,339	3,753
Depreciation of investment property	20	2
Impairment losses on tangible and intangible assets	118	117
Charge to provision for severance indemnities	1,635	189
(Releases from)/charges to risk provisions	(3,645)	(88)
(Gains)/Losses on disposals of property, plant and equipment	(20,703)	15
Charges to provision for doubtful debts	2,069	1,010
Income from equity-accounted investments in associates	6,890	880
Net financial costs/(income)	256,181	33,401
Derivatives fair value adjustment	16,665	14,369
Cash flow from operating activities before movements in working capital and income taxes paid	**251,101**	**(2,241)**
Change in trade receivables	59,026	40,543
Change in trade payables	(116,019)	(124,695)
Change in inventories	150,805	17,960
Use of provisions for risks	(6,469)	(313)
Use of provisions for personnel	(1,856)	(1,055)
Change in other assets / liabilities	(221,961)	(17,462)
Cash generated by/(used in) operations before income taxes paid - discontinued operations	24,197	-
Cash generated by/(used in) operations before income taxes paid	**138,824**	**(87,263)**
Income taxes paid	(20,450)	-
Net cash generated by/(used in) operating activities	**118,374**	**(87,263)**
Investments in intangible assets	(16,458)	(6,373)
Investments in property, plant and equipment	(58,041)	(20,243)
Disposals of property, plant and equipment and intangible assets	150, 518	6,473
Acquisition of subsidiaries or business units net of cash and cash equivalents	7,164	(1,853,483)
Financial income received	3,662	1,381
Net cash generated by/(used in) investing activities - discontinued operations	(25,344)	-
Net cash generated by/(used) investing activities	**61,501**	**(1,872,245)**
Share capital established	-	40,000
Share premium reserve	-	1,346,660
Finance costs paid	(220,546)	(116,853)
Increase in securities/notes	-	1,100,000
New medium/long-term bank loans raised	177,073	313,226
New short-term bank loans raised	120,827	11,419
Repayment of securities/notes	-	(615,415)
Repayment of short-term bank loans	(108,753)	-
Repayment of financing from leasing companies	(26,392)	(1,283)
Net cash generated by (used in) financing activities - discontinued operations	1,027	-
Net cash generated by/(used in) financing activities	**(56,765)**	**2,077,754**
Net increase/(decrease) in cash and cash equivalents for the year	**123,110**	**118,246**
Cash and cash equivalents at the beginning of the period	117,548	-
Effects of exchange rate changes on the balance of cash held in foreign currencies	(1,274)	(698)
Cash and cash equivalents at the end of the year	**239,384**	**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) net of the tax effect			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
Balance at January 1, 2023	40,000	1,345,392	(49,151)	(45,882)	1,290,359	2,323	1,292,682
Net result of the year				(109,592)	(109,592)	52	(109,540)
Actuarial gains/(losses) net of the tax effect			256		256		256
Cash Flow Hedge net of the tax effect			(3,331)		(3,331)		(3,331)
Exchange rate difference			(4,279)		(4,279)	197	(4,082)
Other items of Comprehensive income			(7,354)	(109,592)	(116,946)	249	(116,697)
Increases		1,500	826		2,326		2,326
Other changes			(1,050)		(1,050)		(1,050)
Allocation of losses			(45,882)	45,882			
Area Changes			1,743		1,743	(2,247)	(504)
Balance at December 31, 2023	40,000	1,346,892	(100,868)	(109,592)	1,176,432	325	1,176,757

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

INTRODUCTION

On November 30, 2022 (the "Acquisition Closing Date"), Fiber Bidco S.p.A. ("Fiber Bidco" and, together with its subsidiaries, the "Fiber Group") closed 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 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 thousand.

SIGNIFICANT EVENTS OF THE YEAR

On 30 November 2023, Fedrigoni S.p.A. and certain of its subsidiaries have met all the conditions to complete the first portion of a sale and lease back transaction concerning some plants previously owned and operated by the Fiber Group across Italy, Spain and Germany (for approximately half of the overall portfolio, the other half was completed in January 2024, the "S&LB Transaction"). In the context of the S&LB Transaction, which was aimed at improving the capital structure, the plants have been sold to a real estate investment fund and simultaneously leased back to the Fedrigoni Group, which will continue to run its production as it used to be prior to the S&LB Transaction.
In 2023, the Fiber Group finalized two acquisitions in the Special Papers and RFID businesses.
In December 2023, the Fiber Group acquired Arjowiggins HKK3 Limited ("HKK3"), who is operating a paper mill in Quzhou and with whom the Company already entered into an agreement since January 2023. With its first paper mill in China, Fedrigoni can now strengthen its geographic footprint in the Asian market, with applications ranging from industrial design and graphic applications to packaging for food, consumer electronics and luxury products.
In December 2023, the Fiber Group also acquired a minority stake (equal to 13.04% of the share capital, to be increased to 20% in April 2024 and with the possibility to further increase its interest in the future) in SharpEnd, an Internet of Things (IoT) solutions and consulting English company. This deal expands the presence of the Group in the world of connected products, which is increasingly strategic for the Fiber Group, and highly synergic with Tageos and the expanding RFID business.
During the fiscal year 2023, the Fiber Group started to fully consolidate Papeterie Zuber Rieder, acquired at the end of 2022. The change was a consequence of Fedrigoni starting to control the managing body of the company by electing its representatives to the Strategic Committee, which triggered the full consolidation of the subsidiary.
In December 2023, Fiber Group decided to proceed with the sale of a majority interest in the share capital of its fully owned subsidiary Giano S.r.l., an Italian company operating in the office paper business segment, a separate business line within the Luxury Packaging and Creative Solutions business. The sale, for which due diligence activities and negotiations started in early 2023, is expected to be completed in 2024. As such, the company is still part of the consolidation perimeter, although reported as "held for sale".

1. GENERAL INFORMATION

Fiber Bidco was originally incorporated as a *società a responsabilità limitata* under the laws of Italy on August 29, 2022, and effective as of August 31, 2022, and was converted into a *società per azioni* 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 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, Guarro Casas and Papeterie Zuber Rieder 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 28, 2024.

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 thousands, except where stated otherwise. The rounding off could cause discrepancies in the tables between the total amounts and the sums presented.
Below is a description of the financial statements and related classification criteria adopted by the Group as envisaged in IAS 1 – Presentation of Financial Statements:

- The consolidated statement of financial position has been prepared by classifying assets and liabilities as either current or non-current;
- The consolidated income statement has been prepared by classifying operating costs by their nature;
- The consolidated statement of comprehensive income includes both the net profit for the period as shown in the consolidated income statement and the other changes in equity resulting from transactions not entered into with shareholders of the Company;
- The consolidated statement of cash flows has been prepared by showing the cash flows resulting from operations by way of the "indirect approach".

The Consolidated Financial Statements have been prepared under the historical cost convention, except for financial assets measured at fair value through other comprehensive income, financial assets measured at fair value through profit and loss, and derivative financial instruments, which have been measured at fair value. The carrying amounts of hedged assets and liabilities have been adjusted to reflect the fair value changes for the hedged risks (fair value hedge).

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

1. 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 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.

2. 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, 2023 whose functional currency differs from the Euro are Fedrigoni UK Ltd (GBP), Fedrigoni Asia Ltd (HKD), Fedrigoni Self-Adhesive 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), Fedrigoni Indonesian Trading (IDR), Fedrigoni Bangladesh (BDT), Bes Reklam Ürünleri Sanayi ve Ticaret Anonim Şirketi (TRY), Arjowiggins HKK3 Limited (CNY), Arjowiggins (Quzhou) Specialty Papers Co., LTD (CNY) and Arjowiggins Paper Trading (Shanghai) Co., Ltd (CNY).

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 12 months ended December 31,	Average for one month ended December 31,	At December 31,	
Currency	2023	2022	2023	2022
BDT	117.2519	110.4509	121.5500	112.6596
BRL	5.4010	5.5589	5.3618	5.6386
CHF	0.9718	0.9865	0.9260	0.9847
CNY	7.6600	7.3859	7.8509	7.3582
COP	4,675.0006	5,075.7367	4,267.5200	5,172.4700
CRC	586.9402	625.8598	575.5614	631.4485
DOP	60.5374	58.6144	64.1828	59.9444
GBP	0.8698	0.8695	0.8691	0.8869
GTQ	8.4701	8.3325	8.6444	8.3707
HKD	8.4650	8.2434	8.6314	8.3163
IDR	16,479.6156	16,503.2962	17,079.7100	16,519.8200
MXN	19.1830	20.7608	18.7231	20.8560
PLN	4.5420	4.6832	4.3395	4.6808
TRY	25.7597	19.7613	32.6531	19.9649
USD	1.0813	1.0589	1.1050	1.0666
ZAR	19.9551	18.3036	20.3477	18.0986

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 base:

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.

Lease-back transactions
A sale and leaseback transaction involves the transfer of an asset by an entity (the seller-lessee) to another entity (the buyer-lessor) and the leaseback of the same asset by the seller-lessee. Both the seller-lessee and the buyer-lessor are required to apply IFRS 15 to determine whether to account for a sale and leaseback transaction as a sale and purchase of an asset.
When determining whether the transfer of an asset should be accounted for as a sale or purchase, both the seller-lessee and the buyer-lessor apply the requirements in IFRS 15 on when an entity satisfies a performance obligation by transferring control of an asset. If control of an underlying asset passes to the buyer-lessor, the transaction is accounted for as a sale or purchase of the asset and a lease.
If the transfer of the underlying asset by the seller-lessee qualifies as a sale, in accordance with IFRS 16, the right-of-use asset arising from the leaseback is measured at the proportion of the previous carrying amount of the asset that relates to the right of use retained and only the amount of gain or loss that relates to the rights transferred is recognised.
If the seller-lessee determines that the transaction does not qualify as a sale, it continues to recognise the underlying asset and recognises a financial liability equal to the transfer proceeds.

INTANGIBLE ASSETS
Intangible assets are identifiable, non-monetary items without physical substance, which generate future economic benefits. Goodwill is included when acquired for valuable consideration. Intangible assets are recognized at purchase and/or production cost including any directly attributable expenses incurred to prepare the asset for use, and net of accumulated amortization and any impairment losses. Any interest expense accrued during and for the development of intangible assets is considered part of the purchase cost.
Amortization begins when the asset is available for use and is recognized systematically in relation to the remaining useful life of the asset.
Intangible assets with a finite useful life are amortized on a straight-line basis over their useful life, i.e. the estimated period in which such assets will be used by the Group. Intangible assets with a finite useful life are tested for impairment in order to determine whether those assets have suffered a loss in value (impairment loss) whenever there is any indication thereof.
Intangible assets with an indefinite useful life are not depreciated, but they are tested for impairment at least annually. The impairment test is described in the section on "impairment losses".
When part or all of a previously acquired business is sold, and goodwill had emerged on the acquisition, the corresponding residual value of goodwill is taken into account in determining the capital gain or capital loss on the sale.

(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, between fifteen and nineteen years for Fedrigoni Self-Adhesives Latin America cash generating unit and between twelve and thirty years for Fedrigoni Self-Adhesives North America ("FSA America") cash generating unit.

(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.

ASSET AND LIABILITIES HELD FOR SALE

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Non-current assets held for sale, current and non-current assets related to disposal groups and liabilities directly associated are reported in the balance sheet separately from other assets and liabilities of the company. Immediately before the classification as held for sale, non-current assets and/or assets and liabilities included in a disposal group are measured according to the accounting principles applicable to them. Subsequently, non-current assets held for sale are not subject to depreciation and are measured at the lower of carrying amount and fair value less costs to sell.
Non-current assets classified as held for sale and disposal groups constitute a discontinued operation if, alternatively: (i) they represent a significant autonomous branch of activity or a significant geographic area of activity; (ii) they are part of a disposal program of a significant autonomous branch of activity or a significant geographic area of activity; or (iii) they are a subsidiary acquired exclusively for the purpose of its sale. The results of the discontinued operations, as well as any gain/loss realized as a result of the disposal, are shown separately in the income statement in a specific item, net of related tax effects; the economic values of the discontinued operations are also indicated for the years compared.

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 gas through fixed-for-floating commodity swaps;
- 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.
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 labour and other production costs (based on normal operating capacity). Finance costs are not included in the measurement of inventories because the conditions for their capitalization are not present.

CASH AND CASH EQUIVALENTS
Cash and cash equivalents include available bank deposits and other forms of short-term investment with a maturity not exceeding three months. At the reporting date, bank overdrafts are classified as current financial liabilities in the statement of financial position. The items included in cash and cash equivalents are measured at fair value, and subsequent changes are recognized through profit or loss.

TRADE PAYABLES AND OTHER LIABILITIES
Trade payables and other liabilities are initially recognized at fair value net of directly attributable costs and are subsequently measured at amortized cost using the effective interest rate method.

FINANCIAL LIABILITIES

Financial liabilities, which relate to loans, leases and other payment obligations, are initially recognized at fair value net of transaction costs and are subsequently recognized at amortized cost using the effective interest rate method. In the event of changes in the expected cash flows, the value of the liability is recalculated in order to reflect such change based on the present value of the new expected cash flows and using the initially determined internal rate of return. Financial liabilities are classified among current liabilities, excluding those with a contractual maturity of twelve months after the reporting date and excluding those for which the Group has the unconditional right to defer payment for at least twelve months from such date.
Purchases and sales of financial liabilities are recognized on the transaction settlement date.
Financial liabilities are eliminated from the statement of financial condition when paid in full and/or when the Group has transferred all risks and charges related to the instrument.

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 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. We estimate the return on sales by considering historical data and relevant factors impacting returns, such as product type, customer demographics, and market conditions.

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.

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/(LOSS) 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, 2023:

- 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. The amendments are effective for annual periods beginning on or after January 1, 2023. The adoption of this standard did not materially affect 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. The adoption of this standard did not materially affect 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. The adoption of this standard did not materially affect the Group's consolidated financial statements.
- On May 23, 2023, the IASB issued "Amendments to IAS 12 Income taxes: International Tax Reform - Pillar Two Model Rules". The document introduces a temporary exception to the recognition and disclosure requirements for deferred tax assets and liabilities related to the Pillar Two Model Rules and provides for specific disclosure requirements for entities affected by the relevant International Tax Reform. The mandatory temporary exception - the use of which is required to be disclosed - applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

The adoption of this standard did not materially affect 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:

- On January 23, 2020, the IASB issued "Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current" and on October 31, 2022, the IASB issued "Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants". The document intends to clarify whether to classify payables and other liabilities as current or non-current. The amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments are effective for annual 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.
- 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 subse-

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quently 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.

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 May 25, 2023, the IASB issued "Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements". The document requires an entity to provide additional disclosures about reverse factoring arrangements that enable users of financial statements to evaluate how financial arrangements with suppliers may affect the entity's liabilities and cash flows and to understand the effect of those arrangements on the entity's exposure to liquidity risk. The amendments will be effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. The Directors are currently evaluating the potential effects of adopting this amendment on the Group's consolidated financial statements.
- On August 15, 2023, the IASB issued "Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability". The IASB's amendments to IAS 21 require to specify when a currency is exchangeable into another currency and when it is not and, when it is not possible, specify how an entity determines the exchange rate to apply when a currency is not exchangeable. An entity applies the amendments for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted. The Directors do not expect the adoption of this standard to materially affect the Group's consolidated financial statements.
- On January 30, 2014, the International Accounting Standards Board issued IFRS 14 - Regulatory Deferral Accounts to ease the adoption of International Financial Reporting Standards (IFRS) for rate-regulated entities. The interim standard provides first-time adopters of IFRS with some relief from derecognising rate-regulated assets and liabilities until a comprehensive project on accounting for such assets and liabilities has been completed by the IASB. Since the Group is not a first time adopter, the adoption of this standard will not affect 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 CO2 permits, and pulp and natural gas prices.

To contain such risks within the risk management limits set at the start of the year, derivatives are stipulated for risks on interest rates, the price of CO2 permits, pulp and natural gas prices and foreign exchange.

Interest rate risk

As a result of the Acquisition concluded in November 2022 pursuant which Fiber Bidco S.p.A acquired the Fedrigoni Group, the Fedrigoni 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 a 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 reducing the market interest rate risk on the Floating Rate Notes, the Group stipulated Interest Rate Cap (for a nominal amount of Euro 550 million) maturing on December 31, 2025, applying a partial term hedge with an interest rate cap of the Euribor set at 4.00%.

To demonstrate the effects of changes in interest rates on the consolidated income statement and equity, below are the results of a sensitivity analysis, in line with IFRS 7, applying positive and parallel shifts to the zero curve of market interest rates. The shifts of the zero curve were equal to +/- 50 basis points.

(in thousands of Euros)	December 31		December 31	
	2023		2022	
	-0.50%	0.50%	-0.50%	0.50%
Changes to Income Statement	(3,686)	3,686	(2,769)	2,769
Changes to Equity	-	(309)	(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 2023 was characterized by rising volatility in exchange rates, the Group minimized any negative effects caused by rate fluctuations through careful management of commercial and financial transactions without having to resort to hedging instruments. The exposure to exchange rate fluctuations did not negatively impact 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.

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 financial derivative contracts to hedge the purchase of 100,000 EUA (European Emission Allowance) units maturing on March 14, 2024 and 10,000 EUA units maturing on March 11, 2026 and for speculative purposes to profit from expected market trends in the cost of natural gas (for a total volume of 262,454 MWh) maturing on June 30,2024 and (for a total volume of 560,974 MWh) maturing on December 31, 2024.

To demonstrate the effects of price changes on the consolidated income statement and consolidated equity, below are the results of sensitivity analysis, as required by IFRS 7, applying positive and negative parallel shifts to the market price of gas and pulp. The price shifts were equal to +/- 1,000 basis points.

(in thousands of Euros)	December 31		December 31	
	2023		2022	
	-10%	10%	-10%	10%
Changes to Equity	(2,584)	4,508	(11,398)	10,997

Accounting for derivatives

The Group holds derivatives for hedging and speculative purposes.

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)	December 31		December 31	
	2023		2022	
	Negative Fair Value	Positive Fair Value	Negative Fair Value	Positive Fair Value
Commodity Derivatives	16,010		14,735	
Interest Rate Derivatives	1,884			1,268
Currency Derivatives	39			
Total	**17,933**		**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, 2023											
	USD		GBP		JPY		CNY		BRL		OTHER	
	10%	-10%	10%	-10%	10%	-10%	10%	-10%	10%	-10%	10%	-10%
Trade receivables	3,947	(4,824)	2,297	(2,808)	0	0	2,009	(2,456)	2,232	(2,728)	2,298	(2,809)
Trade payables	(3,845)	4,699	(2,405)	2,940	0	0	(2,095)	2,560	(2,064)	2,522	(2,569)	3,140
Financial receivables	2,591	(3,167)	8,663	(10,589)	0	0	679	(830)	0	0	88	(108)
Financial payables	(4,489)	5,486	(4,327)	5,289	0	0	(890)	1,087	(1,881)	2,299	(992)	1,212
Cash and cash equivalents	478	(585)	75	(91)	0	0	775	(947)	193	(236)	349	(427)
Currency derivatives	4	(4)	0	0	0	0	0	0	0	0	0	0
Total	**(1,314)**	**1,605**	**4,303**	**(5,259)**	**0**	**0**	**478**	**(586)**	**(1,520)**	**1,857**	**(826)**	**1,008**

(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)	0	0	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)	0	0	0	0	42	(51)	412	(503)
Financial payables	(8,672)	10,599	(6,338)	7,747	0	0	(127)	155	(23)	28	(701)	857
Cash and cash equivalents	5,364	(6,557)	1,790	(2,187)	0	0	389	(476)	437	(534)	305	(372)
Currency derivatives	0	0	0	0	0	0	0	0	0	0	0	0
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, 2023, and December 31, 2022, stating separately the provision for doubtful debts:

(in thousands of Euros)	At December 31, 2023						
	Current	Past-due				Provision for doubtful debts	Total
		0-30 days	31-60 days	61-90 days	more than 90 days		
Trade receivables	75,082	6,824	2,569	1,448	5,295	(7,354)	83,864
Total	**75,082**	**6,824**	**2,569**	**1,448**	**5,295**	**(7,354)**	**83,864**

(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		
97,787	97,787	21,850	3,667	1,447	7,180	(13,138)	118,793
97,787	**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 and cash equivalents, on the basis of expected cash flows.
At December 31, 2023, the Group had stipulated committed credit lines of Euro 365,244 thousand, of which Euro 256,463 thousand was undrawn.
The following tables set forth a maturity analysis of the financial liabilities at December 31, 2023, and 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, 2023					
	On Demand	Within 1 year	In 1 to 5 years	Due after 5 years	Total	Total recognized
Commodity derivatives - net balance		(16,010)			(16,010)	(16,010)
Interest rate derivatives – net balance			(1,884)		(1,884)	(1,884)
Currency derivatives – net balance				(39)	(39)	(39)
Lease liabilities		(14,035)	(60,193)	(90,026)	(164,254)	(164,254)
Other financing		(85,308)	(349,284)	(1,312)	(435,904)	(435,904)
Bond		(10,035)	(987,950)	(1,263)	(999,248)	(999,248)
Trade payables		(461,264)			(461,264)	(461,264)
Total		**(586,652)**	**(1,399,311)**	**(92,640)**	**(2,078,603)**	**(2,078,603)**

(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)**

3.4 EQUITY RISK

The Group's objective in the area of equity risk management is primarily to maintain the going concern status in order to assure returns to shareholders and benefits to other stakeholders. The Group also has the objective of maintaining an optimal capital structure in order to reduce the cost of debt.
Net invested capital is calculated as the sum of equity attributable to the shareholders and net financial debt and shareholder loan.
Below is the breakdown of the Group's net financial debt at December 31, 2023:

(in thousands of Euros)		At December 31,	
		2023	**2022**
A	Cash	86	86
B	Cash equivalents	239,298	117,462
C	Other financial assets	63,910	28,863
D	**Liquidity (A+B+C)**	**303,294**	**146,411**
E	Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)	(46,419)	(70,969)
F	Current portion of non-current financial debt	(79,009)	(63,591)
G	**Current financial indebtedness (E+F)**	**(125,428)**	**(134,560)**
H	**Net current financial indebtedness (G-D)**	**177,866**	**11,851**
I	Non-current financial debt (excluding current portion and debt instruments)	(169,939)	(48,369)
J	Debt instruments	(989,213)	(965,494)
K	Non-current trade and other payables		
L	**Non-current financial indebtedness (I+J+K)**	**(1,159,152)**	**(1,013,863)**
M	**Total financial indebtedness (H+L)**	**(981,286)**	**(1,002,012)**
	Net operating invested capital	2,157,718	2,292,371
	Gear ratio	**45.48%**	**43.71%**
N	Shareholder loan	(330,876)	(302,492)
O	**Total financial indebtedness and shareholder loan (M+N)**	**(1,312,162)**	**(1,304,504)**
	Net operating invested capital incl. shareholder loan	**2,488,594**	**2,594,863**
	Gear ratio incl. shareholder loan	**52.73%**	**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, 2023		
	Fair value through profit or loss	**Fair value through other comprehensive income**	**Amortized Cost**
Financial assets			14,015
Non current assets	**-**	**-**	**14,015**
Trade receivables			83,864
Other assets			23,142
Financial assets			45,485
Cash and cash equivalents			239,384
Current assets	**-**	**-**	**391,875**
Non-current amounts due to banks and other lenders			1,159,151
Non-current amounts due to controlling shareholder			330,876
Non current derivatives		1,884	
Non current liabilities	**-**	**1,884**	**1,490,027**
Trade payables			461,264
Other liabilities			66,373
Current amounts due to banks and other lenders			109,379
Current derivatives	14,810	1,239	
Current liabilities	**14,810**	**1,239**	**637,016**

(in thousands of Euros)	At December 31, 2022		
	Fair value through profit or 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 and cash equivalents			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).
The derivatives accounted in the column "Fair value through other comprehensive income" have been stipulated for hedging purpose.

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 analysed 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 2023 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, 2023, will not suffer an impairment loss in the future.

5. SEGMENT REPORTING

The criteria used to identify Segments are consistent with the way in which the Group is managed. The division into Segments for reporting purposes corresponds to the structure of the reports periodically examined by the key management as defined in Note 36 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.

(in thousands of Euros)	Year ended December 31, 2023				
	LPCS	FSA	Total reportable segments	Intercompany eliminations	Total
Revenues from sales					
to third Parties	690,854	1,044,490	1,735,344	-	1,735,344
to other Group companies	25,529	2,290	27,819	(27,819)	-
Total sales revenues	716,383	1,046,780	1,763,163	(27,819)	1,735,344
Other operating income	122,660	23,044	145,704	(12,452)	133,252
Operating expenses	(676,022)	(977,768)	(1,653,789)	40,274	(1,613,515)
Transformation costs	15,560	10,715	26,275	(560)	25,715
Other non-recurring expenses / income	(11,190)	11,681	491	618	1,109
Adjusted EBITDA (*)	**167,393**	**114,452**	**281,844**	**61**	**281,905**
Other non-recurring expenses / income	11,190	(11,681)	(491)	(618)	(1,109)
Transformation costs	(15,560)	(10,715)	(26,275)	560	(25,715)
Depreciation, amortization and impairment losses					(112,676)
Operating income/(loss)					**142,405**
Share of losses of associates					(6,890)
Financial income					39,191
Finance costs					(295,372)
Profit/(loss) before tax					**(120,666)**
Income taxes					13,153
Net profit from continuing operations					(107,513)
Net loss from discontinued operations					(2,027)
Net profit/(loss)					**(109,540)**

(*) Adjusted EBITDA is defined by the Group as net profit/(loss) before net loss from discontinued operations, income taxes, financial income, finance costs, share of losses of associates, depreciation, amortization, impairment losses, transformation costs and other non-recurring expenses / income.

(in thousands of Euros)	Year 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 income/(loss)					**(13,125)**
Share of losses of associates					(880)
Financial income					8,320
Finance costs					(56,090)
Profit/(loss) before tax					**(61,775)**
Income taxes					15,864
Net profit from continuing operations					(45,911)
Net profit/(loss)					**(45,911)**

(*) Adjusted EBITDA is defined by the Group as net profit/(loss) before net loss from discontinued operations, income taxes, financial income, finance costs, share of losses of associates, depreciation, amortization, impairment losses, transformation costs and other non-recurring expenses / income.

Each Segment has a complete and independent structure, able to fulfil 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 3,568 thousand as income resulting from a settlement agreement to close any outstanding amounts and mutual obligation deriving from the sale by Fedrigoni S.p.A. of the security business, deal closed on October 29, Euro 2,218 thousand expenses in finish product stock devaluation incurred as a consequence of damages caused by extreme weather conditions in the Cordenons and North Carolina mills, Euro 9,208 thousand of gain on a bargain purchase of Arjowiggins Group, Euro 10,172 thousand of extraordinary one-off discounts and bonuses and Euro 1,547 thousand of 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. Such costs regard the continuance of projects intended to create a new organizational structure capable of attracting new talent and optimizing the pre-existing departments (financial, operational, purchasing, sales) or are attributable to extraordinary merger and acquisition transactions aimed to define the Group's structure. The new organization aims to accelerate the Group's growth and create operating efficiency.

The "Transformation costs" at the year ended December 31, 2023, include for Euro 11,043 thousand, the gain from the real estate sales and lease-back transaction, already disclosed in the section of "Significant events of the year".

Below is the breakdown by Segment of the investments in property, plant and equipment:

(in thousands of Euros)	Year ended December 31	
	2023	2022
Luxury Packaging and Creative Solutions Segment	99,232	23,720
Fedrigoni Self-Adhesives Segment	63,265	5,783
Total	**162,497**	**29,503**

Revenues are broken down below by geographical area:

(in thousands of Euros)	Year ended December 31	
	2023	2022
Italy	**364,781**	**44,096**
Luxury Packaging and Creative Solutions Segment(*)	193,126	28,524
Fedrigoni Self-Adhesives Segment(*)	180,679	15,933
Rest of Europe	**842,232**	**44,020**
Luxury Packaging and Creative Solutions Segment(*)	340,131	20,216
Fedrigoni Self-Adhesives Segment(*)	520,134	24,557
Rest of World	**528,331**	**38,236**
Luxury Packaging and Creative Solutions Segment(*)	183,126	6,884
Fedrigoni Self-Adhesives Segment(*)	345,967	31,289
Total	**1,735,344**	**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 and USA 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)	Year ended December 31	
	2023	2022
Italy	964,561	1,150,655
Rest of Europe	168,103	196,265
Rest of world	292,350	212,195
Total	**1,425,014**	**1,559,115**

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)
Balance at January 1, 2023							
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)
Net value	**198,727**	**240,412**	**11,850**	**4,023**	**31,232**	**57,703**	**543,947**
Business Combination	3,555	10,513	26	306	392		14,792
Investments	18,778	18,437	964	946	18,916	104,458	162,499
Disposals	(118,935)	(12,814)	(659)	(29)	(6,127)	(1,249)	(139,813)
Depreciation	(8,592)	(35,473)	(3,160)	(1,347)		(18,627)	(67,199)
Impairment		(20)		(4)			(24)
Exchange rate difference	(782)	312	(185)	(49)	27	(76)	(753)
Reclassifications	3,642	17,394	1,555	293	(21,936)	(136)	812
Other changes	167	(21,591)		64	(1,100)	(23)	(22,483)
Balance at December 31, 2023	**96,560**	**217,170**	**10,391**	**4,203**	**21,404**	**142,050**	**491,778**
Of which:							
Historical cost	169,628	867,747	60,338	26,289	21,404	189,808	1,335,214
Accumulated depreciation	(73,068)	(650,577)	(49,947)	(22,086)		(47,758)	(843,436)

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	Right-of-use asset
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)
Balance at January 1, 2023					
Historical cost	68,876	2,015	466	24,405	95,762
Accumulated depreciation	(27,410)	(1,784)	(320)	(8,545)	(38,059)
Net value	**41,466**	**231**	**146**	**15,860**	**57,703**
Investments	75,374	23,303	1,244	4,537	104,458
Disposals	(277)	(786)		(186)	(1,249)
Depreciation	(9,794)	(4,497)	(1,198)	(3,138)	(18,627)
Exchange rate difference	(108)	(5)	(1)	38	(76)
Reclassifications		9,142	1,929	(11,207)	(136)
Other changes	(23)				(23)
Balance at December 31, 2023	**106,638**	**27,388**	**2,120**	**5,904**	**142,050**
Of which:					
Historical cost	140,390	34,034	4,195	11,189	189,808
Accumulated depreciation	(33,752)	(6,646)	(2,075)	(5,285)	(47,758)

The investments of Euro 162,499 thousand as of the year ended December 31, 2023 refer for Euro 104,458 to investments of right-of-use related to sale and leaseback of (i) the first tranche of the transaction already mentioned in other part of this document, which involved 11 plants located in Italy, Spain and Germany, (ii) a top-coater machine in Sassoferrato mill, (iii) a laminator machine in Arco mill, (iv) a new cutter line in Castel Raimondo mill, and (v) a new water treatment system in the Pioraco mill.

The disposal of Euro 139,779 thousand mainly refers to the Sale and Lease back transaction already mentioned in the Significant Events section, which involved eleven plants around Italy, Spain and Germany. In evaluating the sale and lease-back agreement and the transfer of controls on the assets, based on the assessment and in accordance with the requirements of IFRS 15.33 and IFRS 15.38, we considered the transaction having all the requirements to be accounted as a sale of assets for the consolidated financial statement.

The other changes of Euro 22,483 thousand mainly refer to a contribution in kind from Fedrigoni S.p.A. to Giano S.r.l., which is now reported as held for sale.

At December 31, 2023, excluding the assets under leases, no property, plant or equipment was put up as collateral on loans received by the Group.

7. INTANGIBLE ASSETS

The changes in this item are detailed below.

(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**
Balance at January 1, 2023	**1,850**	**17,681**	**126,745**	**698,582**	**1,320,418**	**9,794**	**2,175,070**
Business Combination		370	3,688	9,956	40,228		54,242
Investments	281	8,948	877	9		6,342	16,457
Disposals					(493)		(493)
Amortization	(1,352)	(5,796)	(8,061)	(30,129)			(45,338)
Writedowns		(21)	(43)				(64)
Exchange rate difference	(5)	9	(97)	(191)			(284)
Reclassifications	1,931	672	14	(178)		(2,648)	(209)
Other changes		(45)		9	(1,390)	(68)	(1,494)
Balance at December 31, 2023	**2,705**	**21,818**	**123,123**	**678,058**	**1,358,763**	**13,420**	**2,197,887**

The investments in intangible assets made during the year ended December 31, 2023, amount to Euro 16,457 thousand and regard primarily the development costs and the cost incurred to purchase and customize ERP and inventory management software.
The other changes in goodwill refer primarily to (i) an increase of Euro 3,870 thousand as consequence of a provision for inventory obsolescence set aside during the purchase price allocation measurement period to cover any costs that could be incurred in the event of a claim regarding supplies of specialty paper products, and (ii) to a decrease of Euro 5,260 thousand as consequence of a purchase price adjustment received as a special indemnity during 2023 for the Fedrigoni Group acquisition. On February 28, 2023, Fedrigoni's previous majority shareholder paid directly to Fedrigoni S.p.A. on behalf of Fiber Bidco S.p.A. an amount of Euro 5,260 thousand, pursuant to the indemnification obligations set forth in the contractual agreements entered into in connection with the tax liabilities emerging from the Tax Audit Report notified in April 2022 by the *Guardia di Finanza* regarding fiscal years 2015-2017.
The goodwill allocated is set forth below by business segment:

(in thousands of Euros)	December 31,			
	2023		2022	
Cash Generating Unit (CGU)				
LPCS	550,644		517,146	
Total LPCS	**550,644**	**41%**	**517,146**	**39%**
FSA Europe	755,363		750,518	
FSA America	52,754		52,754	
Total FSA	**808,117**	**59%**	**803,272**	**61%**
Total	1,358,761	100%	1,320,418	100%

Impairment testing

As required by IAS 36, the Fedrigoni Group tested the carrying amounts of the tangible and intangible assets recognized in its Consolidated Financial Statements at December 31, 2023, 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 Fedrigoni Group used the most recent forecasts for the financial and business performance envisioned for 2024 (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 (2030) for the main countries where the CGU operate, weighted with the respective revenues (2023). The discount rate used (WACC) reflects current market assessments of the time value of money and the risks specific to the asset. Below are represented the details of G and WACCs, in comparison with previous impairment test assumptions:

CGU	G rate	Pre-tax WACC	Post-tax WACC	G rate (12.2022)	Pre-tax WACC (12.2022)	Post-tax WACC (12.2022)
LPCS	2.0%	10.8%	8.5%	2.2%	8.9%	8.1%
FSA Europe	2.0%	10.8%	8.6%	2.1%	8.9%	8.2%
FSA America	2.7%	14.3%	11.7%	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 2024-2030 Business Plan. The estimated cash flows are based on the Directors' assumptions, which are cohesive with the Group's strategy in each business and market where it operates, and they depend on exogenous variables beyond management's control, such as the performance of currency exchange and interest rates, the infrastructural investments of the countries where the Group operates, and macro-policy or social factors having a local or global impact. In accordance with IAS 36, such exogenous variables were estimated on the basis of information known when the business plans were drawn up and examined.

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. 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	11.1%
FSA Europe	10.9%
FSA America	13.1%

In a second scenario, sensitivity analysis was carried out by considering growth in line with what expected by the market and 75% of the assumed savings with respect to the 2024-2030 Business Plan. Even this scenario does not give evidence of impairment losses.

Allocation of goodwill from business acquisitions

Starting from January 2023 the Fiber Group 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 and, consequently, Zuber is presented as business combinations in accordance with IFRS 3 - "Business Combinations".
The revenues and net income/(loss) result for the period of the entity acquired after the acquisition date, which is included in the consolidated statement of income for the year ended December 31, 2023, are shown in the table below.

(in thousands of Euros)	Year ended December 31, 2023
	Papeterie Zuber Rieder SAS
Revenues	34,110
Net income/(loss)	2,335

In December 2023, the Fiber Group acquired Arjowiggins HKK3 Limited which holds full ownership of the manufacturing entity Arjowiggins (Quzhou) Specialty Papers Co. LTD and of the trading company Arjowiggins Paper Trading (Shanghai) Co. LTD. (referred as Arjowiggins Group).
Arjowiggins Group, in accordance with IFRS 3 - "Business Combination" is presented as business combinations.
The revenues and net income/(loss) for the period of the entity acquired after the acquisition date, which is included in the consolidated statement of income for the year ended December 31, 2023, are shown in the table below.

(in thousands of Euros)	Year ended December 31, 2023
	Arjowiggins Group
Revenues	2,918
Net income/(loss)	44

The revenue and net result/(loss) for the year 2023 of the entities acquired during the year assuming that the acquisition had occurred on January 1, 2023 (*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, 2023
	Arjowiggins Group
Revenues	20,411
Net income/(loss)	301

As a result of Zuber acquisition, the Group recognized a goodwill (allocated to the LPCS Segment) of Euro 38,848 thousand. With respect to the Zuber acquisition, the purchase price allocation was determined with the assistance of independent advisers in order to identify the fair value of the assets acquired, liabilities assumed and goodwill.
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)	**Papeterie Zuber Rieder SAS**
Non-current assets	
Property, plant and equipment	9,997
Intangible assets	14,001
Equity-accounted investments in associates	2,718
Other non-current assets	75
Total non-current assets	**26,791**
Current assets	
Inventories	3,895
Trade receivables	13,715
Other current assets	462
Cash and cash equivalents	7,473
Total current assets	**25,545**
Total assets (A)	**52,336**
Non-current liabilities	
Employee benefits	294
Provisions for risks and charges	6,804
Deferred tax liabilities	3,993
Total non-current liabilities	**11,091**
Current Liabilities	
Due to banks and other lenders	24
Trade payables	3,360
Tax liabilities	252
Other current liabilities	2,731
Total current liabilities	**6,367**
Total liabilities (B)	**17,458**
Fair Value of the previous investment held (C)	73,724
Fair value of net assets acquired (D=A-B)	(34,878)
Non-controlling interests (E)	-
Goodwill (C-D+E)	**38,846**

In December 2023, as a result of the acquisition of the remaining 30% of E'Close share capital, the Group recognized an additional goodwill of Euro 1,380 thousand.

With respect to the Arjowiggins Group acquisition, the aggregate amount of the consideration transferred at the acquisition date exceeds the purchase price resulting in Euro 9,096 thousand as bargain purchase. The gain on the bargain purchase has been recognized after the reassessment that all assets acquired, and all liabilities assumed reflect their fair values at the acquisition date. This business combination resulted from the financial distressed situation of the previous shareholders.
The gain on the bargain purchase has been accounted as Other Operative Income.
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)	**Papeterie Zuber Rieder SAS**
Non-current assets	
Property, plant and equipment	4,795
Intangible assets	13
Deferred tax assets	483
Other non-current assets	830
Total non-current assets	**6,121**
Current assets	
Inventories	1,646
Trade receivables	6,906
Tax credits	20
Other current assets	1,937
Cash and cash equivalents	4,231
Total current assets	**14,740**
Total assets (A)	**20,861**
Non-current liabilities	
Employee benefits	-
Provisions for risks and charges	-
Deferred tax liabilities	-
Total non-current liabilities	**-**
Current Liabilities	
Trade payables	3,833
Other current liabilities	5,119
Total current liabilities	**8,952**
Total liabilities (B)	**8,952**
Price paid for the acquisition (C)	2,813
Fair value of net assets acquired (D=A-B)	(11,909)
Non-controlling interests (E)	-
Gain on bargain purchase (C-D+E)	**(9,096)**

8. INVESTMENT PROPERTY

The changes in this item are detailed below:

(in thousands of Euros)	Land and buildings
Balance at August 22, 2022	-
Business Combination	225
Depreciation	(2)
Balance at December 31, 2022	**223**
Of which:	
Historical cost	1,014
Accumulated depreciation	(791)
Balance at January 1, 2023	
Historical cost	1,014
Accumulated depreciation	(791)
Net value	**223**
Depreciation	(20)
Balance at December 31, 2023	**203**
Of which:	
Historical cost	1,014
Accumulated depreciation	(811)

9. EQUITY-ACCOUNTED INVESTMENTS IN ASSOCIATES

This item, amounting to Euro 51,882 thousand, represents (i) 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, (ii) 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 (iii) the investment in Sharp End Partnership Ltd, an Internet of Things (IoT) solutions and consulting English company, acquired by Fedrigoni Group on December 27, 2023, in which the Group owns a 13.04% stake.

For the investment in Eonys SAS, acquired by Fedrigoni Group on April 26, 2022, and accounted for Euro 47,937 thousand, the Group entered into a shareholder agreement which regulated the joint venture between the Group and the other shareholders.

The decrease of the equity-accounted investments compared to December 31, 2022, relates to the investment in Papeterie Zuber Rieder, acquired, indirectly through our subsidiary Fedrigoni France Sarl, on December 15, 2022 and accounted as an associate at December 31, 2022 in accordance with the purchase agreement signed with the Sellers which stated to start controlling the managing body ("Strategic Committee") of Papeterie Zuber Rieder only at the beginning of 2023. In 2023 the Fiber Group started to control the managing body ("Strategic Committee") of Papeterie Zuber Rieder by electing its representatives to the Board of Directors and consequently becoming subsidiary.

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, 2023, 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, 2023, is set forth below:

(in thousands of Euros)	Consorzio Canale Camuzzoni S.c.a.r.l.	
	December 31,	
	2023	2022
Assets	16,634	17,950
Equity	11,173	13,064
Liabilities	4,298	3,688
Revenues	4,494	13,413
Net profit	10	(1)

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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 consolidated statement of financial position of Eonys SAS and its subsidiaries is shown in the table below.

(in thousands of Euros)	Eonys SAS and its subsidiaries	
	At December 31, 2023	At December 31, 2022
Non-current assets	51,347	28,690
Current assets	39,236	21,574
Non-current liabilities	32,487	19,823
Current liabilities	55,083	23,062
The above amounts of assets and liabilities include the following:		
- Cash and cash equivalents	2,987	5,107
- Current financial liabilities (excluding trade and other payables and provisions)	32,331	5,272
- Non-current financial liabilities (excluding trade and other payables and provisions)	32,200	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, 2023	Period from August 22, to December 31, 2022
Revenues	55,455	28,108
Profit/(loss) from continuing operation	(2,932)	(1,370)
Profit/(loss) for the period	(2,932)	(1,370)
Other comprehensive income attributable to the owners of the Company	(23)	(190)
Total comprehensive income	(2,955)	(1,560)
The above profit/(loss) for the period include the following:		
- Depreciation and amortization	(5,870)	(2,845)
- Interest income	2,269	805
- Interest expense	(4,110)	(2,131)
- Income tax expense (income)	(85)	(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, 2023	Period ended December 31, 2022
Net assets of Eonys SAS and its subsidiaries	3,013	7,379
Fedrigoni's % of the investment	50,10%	50,10%
Other intercompany amount related to transactions with the Parent and other equity adjustments	(23)	-
Goodwill	46,451	46,451
Carrying amount of Fedrigoni's interest in the joint venture	**47,937**	**50,148**

The key data of the approved financial statements of Sharp End Partnership Ltd. at December 31, 2023, is set forth below:

(in thousands of Euros)	Sharp End Partnership Ltd.
	December 31,
	2023
Assets	2,859
Equity	1,665
Liabilities	1,194
Revenues	3,321
Net loss	(876)

10. TAX CREDITS

This item is detailed below:

(in thousands of Euros)	At December 31, 2023			At December 31, 2022		
	Non current	Current	Total	Non current	Current	Total
Tax Credits	13,135	10,666	23,801	17,426	4,505	21,931
Total	**13,135**	**10,666**	**23,801**	**17,426**	**4,505**	**21,931**

The non-current tax credits of Euro 13,135 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 increase in current tax credits mainly refers to the local tax credit generated by the real estate gain of sale and lease back transaction and from the advance tax payments of the year ended December 31, 2023.

11. DEFERRED TAX ASSETS AND LIABILITIES

This item is detailed below:

(in thousands of Euros)	Year ended December 31,	
	2023	2022
Deferred tax assets	72,766	56,621
Total deferred tax assets	**72,766**	**56,621**
Deferred tax liabilities	(233,507)	(246,468)
Total deferred tax liabilities	**(233,507)**	**(246,468)**
Total net deferred tax assets/(liabilities)	**(160,741)**	**(189,847)**

The composition of these balances is shown below:

(in thousands of Euros)	December 31, 2022	Effect on Income Statement	Exchange of rate difference	Business combination	Variation on area	Effect on statement of comprehensive income	Reclassifications	December 31 2023
Inventory valuation	17,260	(2,186)	21	172			(441)	14,826
Valuation of trade receivables	2,074	(318)	(5)	3				1,754
Writedown of property, plant and equipment	1,501	843	(6)					2,338
Provisions for risks	7,227	(3,773)	12	148				3,614
Difference between fiscal and statutory values of tangible and intangible assets	667	600	(24)					1,243
PPA allocation	13,823			2,207	1,497			17,527
Derivative fair values	102					674	22	798
Foreign exchange and other differences	144	(226)	1					(81)
Actualization of employee benefits	167	(29)	13	73				224
Tax losses	6,978	15,713	(151)					22,540
Leases		1,346	(26)				796	2,116
Other	4,629	687	(43)	598	(4)			5,867
Total deferred tax assets	**54,572**	**12,657**	**(208)**	**3,201**	**1,493**	**674**	**377**	**72,766**

(in thousands of Euros)	December 31, 2022	Effect on Income Statement	Exchange of rates difference	Business combina-tion	Variation of area	Effect on statement of com-prehensi-ve income	Reclassifi-cations	December 31 2023
Valuation of tangible and intangible assets	(24,608)	485	127					(23.996)
Effect of leaseback transaction	(1,288)	4,861	17					3,590
Provisions for risks	(123)	52						(71)
Actualization of employee benefits	(95)	16				41		(38)
Actualization of social security liabilities	(79)	79				(13)		(13)
Foreign exchange and other differences	(182)	(91)	(13)					(286)
Leases	(1,210)	(955)	28				(796)	(2,933)
PPA allocation	(215,307)	15,571		(3,410)				(203,146)
Other	(3,137)	(2,950)	(14)	(583)			69	(6,615)
Total deferred tax liabilities	**(246,029)**	**17,068**	**145**	**(3,993)**		**28**	**(727)**	**(233,507)**

12. INVENTORIES

This item is detailed below:

(in thousands of Euros)	At December 31, 2023	At December 31, 2022
Raw materials and goods	131,325	209,497
Work in progress and semi-finished goods	102,627	128,048
Finished products	111,952	109,672
Total	**345,904**	**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 22, 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**
Balance at January 1, 2023	**10,605**	**74,809**	**85,414**
Business Combination	770	2,293	3,063
Charge	5,398	5,367	10,765
Use	(3,378)	(39,921)	(43,299)
Exchange rate difference	(20)	(104)	(124)
Other changes	(4,782)	(6,512)	(11,249)
Balance at December 31, 2023	**8,593**	**35,932**	**44,525**

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, 2023	At December 31, 2022
Other gross assets	128,914	123,471
Provision for other doubtful debts	(2,109)	(3,148)
Other net assets	**126,805**	**120,323**

The item is detailed below:

(in thousands of Euros)	At December 31, 2023	At December 31, 2022
- Sundry receivables	10,859	23,406
- Sundry tax credits	8,195	31,693
- Prepaid expenses and accrued income	10,544	7,219
- VAT credit	24,898	24,722
- Other financial credits and credits for contributions	66,927	29,916
- Security deposits	4,677	2,514
- Due from social security entities	367	235
- Due from employees	338	618
Total other assets	**126,805**	**120,323**
Of which: non-current	28,892	15,540

The most significant amounts comprising the sundry receivables include Euro 4,603 thousand due for Fedrigoni S.p.A.'s white certificates. 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 significant decrease in sundry tax credits is attributable to the Italian government's tax credits granted in 2022 to cope with rising costs of gas compensated primarily with other tax liabilities and social security contribution during the first half 2023.
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 15,653 thousand at December 31, 2023), 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 5,400 thousand for the insurance indemnity received for a fire occurred at Arconvert's Barberà del Vallès site in June 2022, the Euro 11,448 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, the Euro 12,000 thousand as Escrow for the real estate sell and lease back operation and Euro 32,097 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 22, 2022	**-**
Business Combination	3,148
Balance at December 31, 2022	**3,148**
Balance at January 1, 2023	**3,148**
Charge	7
Use	(848)
Other changes	(198)
Balance at December 31, 2023	**2,109**

14. TRADE RECEIVABLES

(in thousands of Euros)	At December 31, 2023	At December 31, 2022
Gross trade receivables	91,218	131,931
Provision for doubtful debts	(7,354)	(13,138)
Net trade receivables	**83,864**	**118,793**

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

(in thousands of Euros)	Provision for other doubtful debts
Balance at August 22, 2022	**-**
Business Combination	12,306
Charge	1,010
Use	(24)
Exchange rate difference	(35)
Other changes	(119)
Balance at December 31, 2022	**13,138**
Balance at January 1, 2023	**13,138**
Business Combination	531
Charge	1,539
Use	(1,050)
Exchange rate difference	37
Other changes	(6,841)
Balance at December 31, 2023	**7,354**

15. CASH

This item is detailed below:

(in thousands of Euros)	At December 31, 2023	At December 31, 2022
Bank deposits	239,298	117,462
Cash and cash equivalents on hand	86	86
Total	**239,384**	**117,548**

There are no material restrictions on the use of the cash and cash equivalents balance.

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. In 2023, Fedrigoni S.p.A. entered into a new fixed-for-floating commodity swaps for a total notional value of 823 thousand MWh of gas. In the third quarter 2023, the Fedrigoni Group stipulated a Call Options to buy 110,000 thousand permits, hedging the risk of changes in CO2 permit prices.
At December 31, 2023, the net payable regarding the derivatives traded by the Company was Euro 17,933 thousand, mainly attributable to:

- Euro 1,884 thousand allocated to non-current liabilities referring to 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% 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;
- Euro 16,009 thousand allocated to current liabilities mainly referring to the current portion of commodity derivatives recognized directly in equity in "other reserves" for Euro 1,198 thousand and for Euro 14,882 thousand directly through profit and loss.

17. ASSETS AND LIABILITIES HELD FOR SALE

This item is detailed below:

(in thousands of Euros)	At December 31, 2022	At December 31, 2023
Tangible and Intangible assets	1,296	25,343
Tax credits and deferred tax assets		3,010
Inventories		11,285
Trade receivables and other assets		4,374
Total assets classified as held for sale	**1,296**	**44,012**
Provisions for risks and charges		89
Employees benefit		1,644
Payables due to banks and other lenders		4
Trade payables and other liabilities		41,981
Tax liabilities and deferred tax liabilities		174
Total liabilities associated with assets classified as held for sale		**43,892**
Net assets classified as held for sale	**1,296**	**120**

As already mentioned in "Significant events", in December 2023, Fiber Group decided to proceed with the sale of a majority interest in the share capital of its fully owned subsidiary Giano S.r.l., an Italian company operating in the office paper business segment, a separate business line within the Special Papers business. Consequently, even though the company is still part of the consolidation perimeter, it is reported as "held for sale".
The amount reported in December 2022 refers to a building owned by a subsidiary, subsequently sold during 2023 and machineries linked to security business.

18. EQUITY

The equity of the Group at December 31, 2023, is set forth below:

(in thousands of Euros)	At December 31, 2023	At December 31, 2022
Share capital	40,000	40,000
Share premium reserve	1,346,892	1,345,392
Legal reserve		
Other reserves	(100,868)	(49,151)
Loss for the year	(109,592)	(45,882)
Equity	**1,176,432**	**1,290,359**

The share capital at December 31, 2023, was Euro 40,000 thousand and consisted of 40,000,000 ordinary shares with a par value of Euro 1.00 per share.

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19. DUE TO BANKS AND OTHER LENDERS

This item is detailed below:

(in thousands of Euros)	At December 31, 2023							
	Interest Rate	Current portion	Portion with due after 12 months					Total
			2025	2026	2027	2028	Afterward	
Bank loans	Variable	55,319	7,075	4,565	2,393	1,478		70,831
Lease liabilities	Variable	14,035	29,554	12,984	10,419	7,236	90,026	164,254
Notes issued - principal portion	Variable	126	253	253	253	253	1,263	2,400
Notes issued - principal portion fixed	Fixed				334,631			334,631
Notes issued - principal portion floating	Variable				652,308			652,308
Notes issued - interest portion fixed	Fixed	10,035						10,035
Other financing	Variable	29,864	650	697	747	801	1,312	34,071
Total		**109,379**	**37,532**	**18,499**	**1,000,751**	**9,768**	**92,601**	**1,268,530**

(in thousands of Euros)	At December 31, 2022							
	Interest Rate	Current portion	Portion with due after 12 months					Total
			2025	2026	2027	2028	Afterward	
Bank loans	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**

Bank loans

The "Bank loans" of Euro 70,831 thousand at December 31, 2023, refers to bank accounts, including bank overdrafts, and financial instruments used by Group companies to manage short-term cash flow requirements at the reporting date of these consolidated final statements.

Lease liability

The Euro 164,254 thousand at December 31, 2023, is the remaining balance due on leases stipulated by the Group.

Notes

"Notes issued - principal portion" at December 31, 2023, has a balance of Euro 2,400 thousand and consists of the Notes issued by a subsidiary of the Group.

"Notes issued - principal portion fixed" at December 31, 2023, has a balance of Euro 334,631 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, 2023, has a balance of Euro 652,308 and consists of the Fiber Floating Rate Notes and the Fiber Private Floating Rate Notes.

"Notes issued - interest portion fixed" at December 31, 2023, has a balance of Euro 10,035 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.

Costs incurred in relation to the offering of the 2022 fixed and floating Notes are accounted for as financing fee, are deducted from nominal debt, and are amortized under the effective interest rate method from October 25, 2022, to October 25, 2027.

Other financing

The "current other financing" of Euro 34,071 thousand at December 31, 2023, refers primarily to the recognition of the recourse portion regarding a plan to optimize trade working capital and to financial instruments used by Group companies to manage short-term working capital requirements.

20. DUE TO CONTROLLING SHAREHOLDERS

The "Non current financing due to Controlling Shareholders" of Euro 330,876 thousand at December 31, 2023, refers to the principal portion of the subordinated shareholder loan granted by Fiber Midco.

21. EMPLOYEE BENEFITS

The changes in this item are presented below:

(in thousands of Euros)	Employee benefits
Balance at August 22, 2022	-
Business Combination	19,307
Finance costs	(61)
Actuarial gains/(losses) net of the tax effect	(2,107)
Use	(1,055)
Charge	189
Exchange rate difference	(100)
Other changes	(1,061)
Balance at December 31, 2022	**15,112**
Balance at January 1, 2023	**15,112**
Business Combination	294
Finance costs	532
Actuarial gains/(losses) net of the tax effect	(249)
Use	(1,856)
Charge	1,635
Exchange rate difference	17
Other changes	(3,181)
Balance at December 31, 2023	**12,304**

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

(in thousands of Euros)	December 31,	
	2023	**2022**
Economic assumptions		
Inflation rate	2.5%	2.5%
Discount rate	3.1%	3.6%
Salary increment	1.0%	1.0%
"TFR" (provision for severance indemnities) rate of increase	3.4%	2.7%
Demographic assumptions		
Probability of resignations/dismissals	6.9%	7.7%
Probability of advance payouts	3.0%	2.7%

22. PROVISIONS FOR RISKS AND CHARGES

This item is detailed below:

(in thousands of Euros)	At December 31, 2023	At December 31, 2022
Provision for agency termination	3,248	3,453
Provision for environmental risk	1,321	4,005
Provision for sundry risks	24,095	24,521
Total	**28,664**	**31,979**

The changes in this item are presented below:

(in thousands of Euros)	At December 31, 2023	At December 31, 2022
Opening Balance	**31,979**	-
Business Combination	6,804	32,421
Increases	8,074	1,750
Use	(6,468)	(313)
Exchange differences and other changes	(11,725)	(1,879)
Ending Balance	**28,664**	**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 22, 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)
Area Changes							
Balance at December 31, 2022	**3,453**	**4,005**	**8,603**	**4,862**		**11,056**	**31,979**
Balance at January 1, 2023	**3,453**	**4,005**	**8,603**	**4,862**		**11,056**	**31,979**
Business Combination						6,804	6,804
Charge	611		1,732	371	245	5,115	8,074
Use	(424)	(103)	(1,778)	(886)		(3,277)	(6,468)
Exchange rate difference			(42)	(12)		49	(5)
Other changes	(392)	(2,581)	(5,008)	(515)		(3,224)	(11,720)
Area Changes							
Balance at December 31, 2023	**3,248**	**1,321**	**3,507**	**3,820**	**245**	**16,523**	**28,664**

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 other changes relate to the release of those estimated cost after the real estate sell and lease back operations and the estimation during 2022 of CO2 permits price defined and classified as payables in the year 2023.

The provision for sundry risks consists of the following:

- The provision for warranty claims (Euro 3,820 thousand) consists of costs that could be incurred in the event of claims regarding 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. 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 3,507 thousand) and other provisions (Euro 16,523 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 charge of Euro 1,732 thousand pertains to the dispute regarding the purchase price of the minority interest in E'Close. The dispute was settled, and the charge was reversed within the same fiscal year subsequent to the attainment of an agreement and the ultimate acquisition of the entire share capital of the aforementioned entity in December 2023.
  In addition to the release of the aforementioned charge, the other changes include the elimination of the potential risk of revocation from Arjowiggins, subsequent to the purchase of Guarro Casas, after to acquisition of Arjo Group in December 2023 and the termination of the previous ownership.

The use of "other provisions" refer mainly to write-down of the credit for sale of equity investment arising following 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 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. Other provision also covers other marginal situations of risk.

23. TRADE PAYABLES AND OTHER LIABILITIES

This item is detailed below:

(In thousands of Euros)	At December 31, 2023	At December 31, 2022
Trade payables	**461,264**	**573,013**
Other liabilities:		
- Due to employees	25,720	43,257
- Accrued expenses and deferred income	5,951	4,968
- Social security	11,448	13,701
- Withholding taxes	6,912	7,751
- Sundry payables	24,763	9,781
- Due to supplementary pension fund	2,123	1,894
- Advances	2,225	1,616
- VAT due	7,276	8,733
- Due to Directors and Statutory Auditors	94	75
- Sundry tax liabilities	13,572	13,928
Other liabilities	**100,084**	**105,704**
Total	**561,348**	**678,717**
Of which: non-current	14,712	13,669

The decrease in "trade payables" is mainly reflecting the slow-down of production and the connected reduction of input costs as a consequence of the decrease in sales volumes due to our customer destocking after the overstocking created in 2022. The decrease is partially offset by the consolidation of Zuber Rieder and Arjowiggins Group starting from the fiscal year 2023.
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 (commercial due date). There are some arrangements that permits the Group to extend finance by paying later than the Group would have paid its supplier, the Group classifies the payables referring the finance extension of the reverse factoring transactions as "Financial payables", meanwhile the portion due to factor within the commercial due date is classified 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 long-time 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 for the year ended December 31, 2021, due to an audit initiated by the *Guardia di Finanza*, Fedrigoni S.p.A.'s directors severed all ties with such companies and effectively suspended all payments to them, while accounting for – in accordance with correct ac-

counting principles – trade payables due on invoices to be received. In March 2022, due to the suspension of relations as referred to above, the companies linked to Fedrigoni S.p.A.'s business partner (the "Claimants") 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 defence and counterclaims ("Comparsa di costituzione e risposta con domande riconvenzionali") in the civil lawsuit pending before the Court of Verona challenging the Court's territorial jurisdiction, resisting all Claimants' claims, and filing counterclaims. On June 29, 2022, the Court of Verona upheld the Company's objection of lack of jurisdiction in favour of the Court of Venice. In October 2022, the case was reinstated by the Claimants before the Court of Venice. Fedrigoni made its appearance in the reinstated proceedings on February 7, 2023, and at the first hearing, held on March 4, 2023, the Judge authorized the Claimants to join to the proceedings as co-defendant, Fase S.r.l., a company to which Fedrigoni had previously transferred its security business. The last hearing was held on February 14th, 2024, without any updates at the merit level while the next hearing has still to be scheduled.
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, 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 decrease in "other liabilities" refers largely to a deferred income arising from the sale of excess CO_2 permits by Fedrigoni S.p.A. and to decrease of the payables due to employee for bonuses, partially compensated by the consolidation of Zuber Rieder and Arjowiggins Group starting from the year 2023.
The Directors consider that the carrying amount of the trade payables is approximately its fair value.

24. CURRENT TAX LIABILITIES

This item amounts to Euro 4,475 thousand at December 31, 2023.
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 totalling Euro 6.2 million (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 also considering 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 has resumed its discussions with the tax authorities for a possible settlement of the tax disputes referred 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 8.8 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.
Additional details on the actions taken and a related civil lawsuit in progress are contained in the sections on "Trade payables and other liabilities".

NOTES TO THE INCOME STATEMENT

25. SALES REVENUES

This item is detailed below:

(in thousands of Euros)	Year ended December 31, 2023	Period from August 22, to December 31, 2022
Revenues from sales of product	1,753,976	114,466
Awards for customers	(23,538)	(2,894)
Other sales revenues	4,906	287
Total	**1,735,344**	**111,859**

26. OTHER OPERATING INCOME

This item is detailed below:

(in thousands of Euros)	Year ended December 31, 2023	Period from August 22, to December 31, 2022
Other revenues	71,081	397
Sundry non-financial income	21,808	1,506
Contingent gains and unrealized costs	6,943	1,473
Grants for operating expenses	12,400	16,784
Gains from assets disposal	21,020	20
Total	**133,252**	**20,180**

"Other operating income" mainly consists of other revenues, primarily generated by the gas tax credit granted by the Italian governments, the sales of energy to third-parties, the sale of white certificates, the compensation for the gas system's interruptible service, the insurance indemnity received for a fire occurred at Arconvert's Barberà del Vallès site in June 2022, grants given to intensive energy companies and the capital gain from a real estate sales and lease-back operation and the gain on the bargain purchase deriving from the acquisition of Arjo Group. Other operating income accounted for 7.7% of our sales revenues for the period ended December 31, 2023, and 18.0% for the period ended at December 31, 2022.

27. COST OF MATERIALS

This item is detailed below:

(in thousands of Euros)	Year ended December 31, 2023	Period from August 22, to December 31, 2022
Raw materials and goods purchases	921,996	59,647
Purchases of ancillary materials and consumables	11,453	1,100
Change in raw material inventories and goods	66,174	5,179
Total	**999,623**	**65,926**

For the period ended December 31, 2023, "raw material and goods purchases" reflect the prices of raw materials used in production and are mainly attributable to pulp costs. Cost of materials accounted for 57.6% of our sales revenues for the year ended December 31, 2023, and 58.9% of our sales revenues for the period ended December 31, 2022.

28. COST OF SERVICES

This item is detailed below:

(in thousands of Euros)	Year ended December 31, 2023	Period from August 22, to December 31, 2022
Freight	105,072	9,225
Natural gas	44,650	3,624
Passive commissions	18,400	2,007
Maintenance	22,234	2,260
Use of third-party assets	7,767	1,077
Electricity	15,981	1,131
Consulting services (administrative, legal, tax, technical)	43,796	20,029
Advertising and publicity	7,700	173
Outsourced production	9,961	434
Insurance	10,258	967
Travel expenses	9,967	1,366
Waste disposal	6,742	640
Outsourced labour	6,678	637
Telephone expenses	1,347	110
Water	531	74
Directors and Statutory Auditors	1,331	215
Other services	19,545	2,648
Total	**331,960**	**46,617**

"Cost of services" mainly consist of cost of transportation, natural gas, commissions paid, maintenance, consulting services mainly related to the consultancy fees due to M&A activities, use of third-party assets and electricity. Cost of services accounted for 19.1% of our sales revenues for the period ended December 31, 2023, and for 41.7% for the period ended December 31, 2022.

29. COST OF PERSONNEL

This item is detailed below:

(in thousands of Euros)	Year ended December 31, 2023	Period from August 22, to December 31, 2022
Wage and salaries	193,521	14,333
Social security contributions	48,119	3,021
Accrual for defined contribution and defined benefit plans	10,706	145
Other personnel costs	10,030	1,291
Total	**262,376**	**18,790**

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

	Year ended December 31, 2023	Period from August 22, to December 31, 2022
Management	154	133
White-collar employees	1,775	1,605
Blue-collar employees	2,740	2,631
Total	**4,669**	**4,369**

30. OTHER COSTS

This item is detailed below:

(in thousands of Euros)	Year ended December 31, 2023	Period from August 22, to December 31, 2022
Writedowns of receivables and other assets	(977)	891
Contingent losses and unrealized income	-	10
Indirect taxes	4,415	440
Membership dues	1,006	64
Allowances/(releases) of provisions	(6,092)	(2,007)
Other costs	15,605	625
Total	**13,957**	**23**

"Allowances/(releases) of provisions" comprise mainly amounts charged net of the amounts released to the other and environmental provision.
Other costs accounted for 0.8% of our sales revenues for the period ended December 31, 2023, and 0.02% of our sales revenues for the period ended December 31, 2022.

31. DEPRECIATION AND AMORTIZATION

This item is detailed below:

(in thousands of Euros)	Year ended December 31, 2023	Period from August 22, to December 31, 2022
Depreciation of property, plant and equipment	67,199	5,278
Amortization of intangible assets	45,339	3,753
Depreciation of investment property	20	2
Impairment of tangible assets	54	17
Impairment of intangible assets	64	100
Total	**112,676**	**9,150**

32. NET FINANCIAL INCOME/(COSTS)

This item is detailed below:

(in thousands of Euros)	Year ended December 31, 2023	Period from August 22, to December 31, 2022
Interest income	3,630	1,402
Foreign exchange gains	35,528	6,905
Fair value measurement of derivatives	1	-
Other financial income	32	13
Total financial income	**39,191**	**8,320**
Bank interest expense	(3,534)	(33)
Interest expense on leases	(5,418)	(282)
Foreign exchange losses	(35,080)	(6,899)
Fair value measurement of derivatives	683	(14,369)
Interest costs on employee benefits	(532)	(61)
Other finance costs	(251,491)	(34,290)
Total financial costs	**(295,372)**	**(55,934)**
Total	**(256,181)**	**(47,614)**

"Other finance costs" for the period ended December 31, 2023, include (i) Euro 107,300 thousand of interest expense on the Bond Notes, (ii) Euro 21,445 thousand as amortized cost on the Bond Notes, (iii) Euro 42,387 thousand in interest expense on the Shareholder Loan, and (iv) Euro 4,740 thousand as amortized cost on the Shareholder Loan.

33. INCOME TAXES

This item is detailed below:

(in thousands of Euros)	Year ended December 31, 2023	Period from August 22, to December 31, 2022
Current taxes	16,572	(13,466)
Deferred taxes	(29,725)	(2,691)
Total	**(13,153)**	**(16,157)**

Refer to Note 11 for Deferred taxes details. 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)	Year ended December 31, 2023	Period from August 22, to December 31, 2022
Loss before tax	(120,666)	(62,826)
Theoretical tax rate	24.00%	24.00%
Theoretical income taxes	**(28,960)**	**(15,078)**
Profits not subject to taxes	(2,458)	(6,142)
Use of tax losses carried forward	(161)	
Non-deductible taxes	(3,293)	(4,822)
Non-deductible interests' expenses	32,466	13,422
Other decreases	(8,123)	3,820
IRAP allocated by Italian companies	**(2,604)**	**425**
Tax effects of foreign subsidiaries and other	(20)	(7,782)
Effective income taxes	**(13,153)**	**(16,157)**

The Global Anti-Base Erosion (GloBE) Rules approved by the OECD/G20 Inclusive Framework on 14 December 2021 (hereinafter "Pillar Two model rules") provide for a coordinated system of taxation intended to ensure that large multinational enterprise groups pay a minimum level of tax on the income arising in each of the jurisdictions where they operate. In that regard, at the end of 2023, domestic legislation reproducing Pillar Two model rules (hereafter "Pillar Two legislation") has been enacted or substantively enacted in several Jurisdictions in which the Group operates.
In this respect, IAS 12 – as recently amended – provides that, for periods in which Pillar Two legislation is enacted (or substantively enacted) but not yet in effect, a group subject to that legislation must disclose known or reasonably estimable information that helps users of the financial statements to understand the group's exposure to Pillar Two taxes arising from it.
In particular, since the Fiber Group is in scope and meets the dimensional requirements of Pillar Two model rules, under paragraphs 88C and 88D of IAS 12 it is bound to disclose information about its exposure to Pillar Two taxes at the end of 2023.
An assessment of the potential exposure to Pillar Two taxes has been carried out based on the most recent tax filings, country-by-country reporting and financial statements for the constituent entities of the Group. On the basis of this assessment, the Fiber Group does not expect any material exposure to Pillar Two taxes in the Jurisdictions in which it operates in the next financial period.

Finally, it is still unclear whether Pillar Two legislation shall create any temporary differences and whether (and to what extent) it shall require remeasuring deferred tax assets and liabilities. In this respect the amended IAS 12 introduces a temporary exception under which groups do not recognize and disclose information on deferred tax assets and liabilities related to the Pillar Two model rules.
The Fiber Group applied the temporary exception at 31 December 2023.

34. NET LOSS FROM DISCONTINUED OPERATIONS

As mentioned, in December 2023 Fiber Group decided to proceed with the sale of a majority interest in the share capital of its fully owned subsidiary Giano S.r.l., an Italian company operating in the office paper business segment, a separate vertical within the Special Papers business. Even though the company is still part of the consolidation perimeter, although reported as "held for sale".
The net loss from discontinued operations included in the Consolidated Income Statement for the year ended December 31, 2023, and as if Giano would have been reclassified as held for sale also for the period from August 22, to December 31, 2022, is detailed below:

(in thousands of Euros)	Period from August 22, to December 31, 2022	Year ended December 31, 2023
Sales revenues	14,493	129,062
Other operating income	475	(23,326)
Cost of materials	(7,269)	(53,023)
Cost of services	(3,414)	(40,502)
Cost of personnel	(1,159)	(10,852)
Other costs	(212)	5,151
Depreciation, amortization and impairment losses	(608)	(4,582)
Change in inventories of work in progress, semi-finished goods and finished products	(1,098)	(4,194)
Cost of capitalized in-house work from discontinued operations	-	9
Operating income(loss)	**1,207**	**2,977**
Financial income	-	922
Finance costs	(156)	(869)
Net financial income/(costs)	**(156)**	**(53)**
Loss before taxes	**1,051**	**2,925**
Income taxes	(293)	(897)
Net loss from discontinued operations	**758**	**2,027**

35. 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)	Year ended December 31, 2023	Period from August 22, to December 31, 2022
Net Loss attributable to owners of the Parent	(109,592)	(45,124)
Weighted average of shares (in thousand)	40,000	40,000
Basic loss per share (in Euros)	**(2.74)**	**(1.13)**
Diluted loss per share (in Euros)	**(2.74)**	**(1.13)**

36. 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.

37. COMMITMENTS

(a) Commitments to purchase property, plant and equipment
The contractual commitments undertaken with third parties at December 31, 2023, regarding investments in property, plant and machinery not yet recognized in the financial statements amount to Euro 11,356 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 and on February 23, 2024, to secure the payment obligations deriving from, *inter alia*, the RCF Agreement, the Additional Facility Notice, the Senior Secured Fixed Rate Notes, the Private Fixed Rate Notes, the Tap Notes and the Senior Secured Floating Rate Notes;
- pledge over Fedrigoni S.p.A. shares granted by Fiber Bidco S.p.A. on November 30, 2022, as subsequently confirmed and extended on January 23, 2023 and February 23, 2024, to secure the payment obligations deriving from, *inter alia*, the RCF Agreement, the Additional Facility Notice, the Senior Secured Fixed Rate Notes, the Private Fixed Rate Notes, the Tap Notes and the Senior Secured Floating Rate Notes;
- 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 extended on January 23, 2023 and January 22, 2024, to secure the payment obligations deriving from, *inter alia*, the RCF Agreement, the Additional Facility Notice, the Senior Secured Fixed Rate Notes, the Private Fixed Rate Notes, the Tap Notes and the Senior Secured Floating Rate Notes;
- pledge over Arconvert, S.A.U. shares granted by Ritrama S.p.A. on March 30, 2023, as subsequently confirmed and extended on April 5, 2024, to secure the payment obligations deriving from, *inter alia*, the RCF Agreement, the Additional Facility Notice, the Senior Secured Fixed Rate Notes, the Private Fixed Rate Notes, the Tap Notes and the Senior Secured Floating Rate Notes;
- security assignment over the intercompany receivables granted by Fiber Bidco

S.p.A. on November 30, 2022, as subsequently confirmed and extended on January 23, 2023 and January 22, 2024, to secure the payment obligations deriving from, *inter alia*, the RCF Agreement, the Additional Facility Notice, the Senior Secured Fixed Rate Notes, the Private Fixed Rate Notes, the Tap Notes and the Senior Secured Floating Rate Notes;

- security assignment over the intercompany receivables granted by Fiber Midco S.p.A. on November 30, 2022, as subsequently confirmed and extended on January 23, 2023 and January 22, 2024, to secure the payment obligations deriving from, *inter alia*, the RCF Agreement, the Additional Facility Notice, the Senior Secured Fixed Rate Notes, the Private Fixed Rate Notes, the Tap Notes and the Senior Secured Floating Rate Notes;
- security assignment over the intercompany receivables granted by Fedrigoni S.p.A. on December 21, 2023, as subsequently confirmed and extended on April 5, 2024, to secure the payment obligations deriving from, *inter alia*, the RCF Agreement, the Additional Facility Notice, the Senior Secured Fixed Rate Notes, the Private Fixed Rate Notes, the Tap Notes and the Senior Secured Floating Rate Notes;
- pledge over Ritrama S.p.A. shares granted by Fedrigoni S.p.A. on December 21, 2023, as subsequently confirmed and extended on April 5, 2024, to secure the payment obligations deriving from, *inter alia*, the RCF Agreement, the Additional Facility Notice, the Senior Secured Fixed Rate Notes, the Private Fixed Rate Notes, the Tap Notes and the Senior Secured Floating Rate Notes;
- pledge over GPA Acquisition Company, LLC shares granted by GPA Holding Company, Inc. on December 21, 2023, to secure the payment obligations deriving from, *inter alia*, the RCF Agreement, the Additional Facility Notice, the Senior Secured Fixed Rate Notes, the Private Fixed Rate Notes, the Tap Notes and the Senior Secured Floating Rate Notes;
- pledge over Acucote, Inc. shares granted by Fedrigoni S.p.A. on December 21, 2023, to secure the payment obligations deriving from, *inter alia*, the RCF Agreement, the Additional Facility Notice, the Senior Secured Fixed Rate Notes, the Private Fixed Rate Notes, the Tap Notes and the Senior Secured Floating Rate Notes;
- all-asset pledge over substantially all assets of GPA Acquisition Company, LLC and Acucote, Inc. located in the United States of America, granted by GPA Acquisition Company, LLC and Acucote, Inc. on December 21, 2023 to secure the payment obligations deriving from, *inter alia*, the RCF Agreement, the Additional Facility Notice, the Senior Secured Fixed Rate Notes, the Private Fixed Rate Notes, the Tap Notes and the Senior Secured Floating Rate Notes.

38. RELATED-PARTY TRANSACTIONS

The following tables set forth the transactions and balances of the Group with related parties for the period ended December 31, 2023, and December 31, 2022.

Statement of Financial Position balances

(in thousands of Euros)	At December 31, 2023					
	Assets			Liabilities		
	Financial receivables	Trade receivables	Tax receivables	Tax liabilities	Trade payables	Financia payable
Bain Capital Private Equity, LP					60	
Consorzio Canale Industriale G. Camuzzoni S.c.ar.l.					1,781	
Tageos Group	32,098	1				
Fiber JVCo S.p.A.		282	1,267	1,222		
Fiber MidCo S.p.A.						334,794
Total	**32,098**	**283**	**1,267**	**1,222**	**1,841**	**334,79**
As a % of F/S item	50.22%	0.34%	5.32%	37.57%	0.40%	20.93%

(in thousands of Euros)	At December 31, 2022					
	Assets			Liabilities		
	Financial receivables	Trade receivables	Tax receivables	Tax liabilities	Trade payables	Financia 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)	At December 31, 2023						
	Income				Expenses		
	Sales revenues	Other revenues	Interest income	Tax Consolidation income	Costs for services	Interest expense	Tax Consolidation expense
Bain Capital Private Equity, LP					3,406		
Consorzio Canale Industriale G. Camuzzoni S.c.ar.l.					876		
Tecnoform S.p.A.	45				985		
Tageos Group			1,127				
BC Partners LLP					82		
Fiber JVCo S.p.A.		1,321		1,189			1,222
Fiber MidCo S.p.A.						42,387	
Total	**45**	**1,321**	**1,127**	**1,189**	**5,349**	**42,387**	**1,222**
As a % of F/S item	0.00%	0.99%	31.05%	100.00%	1.61%	20.75%	100.00%

(in thousands of Euros)	At December 31, 2022						
	Income				Expenses		
	Sales revenues	Other revenues	Interest income	Tax Consolidation income	Costs for services	Interest expense	Tax Consolidation expense
Bain Capital Private Equity, LP					550		
Consorzio Canale Industriale G. Camuzzoni S.c.ar.l.		17			11		
Tecnoform S.p.A.					385		
Tageos Group	51				923		
BC Partners LLP	2		12				
Fiber JVCo S.p.A.					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 was 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 di Verona 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 retained the 30% of the capital until the end of December 2023.

Sharp End Partnership Ltd
Sharp End Partnership is a connected solutions pioneer offering an industry-leading SaaS (software as a service) platform and creative services. The Group acquired a minority shareholding at December 27, 2023.

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 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, 2023, totalled Euro 5,313 thousand.

39. SUBSEQUENT EVENTS

On January 22, 2024, Fiber BidCo S.p.A. completed the issuance of a Euro 665 million secured, non-convertible, non-subordinated, floating rate senior bond expiring in 2030, mainly aimed at refinancing the existing floating rate notes issued in November 2022. In the context of such refinancing, the Fiber Group also increased up to Euro 180 million the maximum principal amount of the existing RCF loan agreement signed in November 2022.
On January 24, 2024, Fedrigoni S.p.A. signed a loan agreement with a pool of banks up to a maximum amount equal to Euro 90 million, 80% guaranteed by SACE S.p.A. (with the application of a variable interest rate equal to 3 months Euribor + 250bp), having a term of 5 years with a grace period of 18 months. The loan is mainly aimed at permitting additional investments and increasing working capital availability.
On January 30, 2024, Fedrigoni S.p.A. and certain of its subsidiaries have met all the conditions to complete the second portion of a sale and lease back transaction concerning some plants previously owned and operated by the Fedrigoni group across Italy (for approximately half of the overall portfolio, the other half of which closed in November 2023, the "S&LB Transaction"). In the context of the S&LB Transaction, which was aimed at improving the capital structure, the plants have been sold to a real estate investment fund and simultaneously leased back to the Fedrigoni group, which will continue to run its production as it used to be prior to the S&LB Transaction.
On February 21, 2024, Fedrigoni S.p.A. purchased, through newly incorporated subsidiaries in the United States, certain assets of Mohawk Fine Papers, Inc., a company active in manufacturing, distributing and selling paper products throughout the United States, Canada, parts of Europe (including the United Kingdom), and parts of Asia (including Hong Kong).
On April 6, 2024, Fedrigoni S.p.A. purchased an additional interest into SharpEnd, a UK connected solutions pioneer offering an industry-leading SaaS (software as a service) platform and creative services, thus owning 20% of the share capital of the company.

ANNEX 1 - LIST OF SUBSIDIARIES AND ASSOCIATES

Name	Headquarters	Group's ownership
Directly controlled subsidiaries		At December 31, 2023
Fedrigoni S.p.A.	Verona (VR) - Italy	99.99%
Indirectly controlled subsidiaries		
Fedrigoni Self-Adhesives 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%
Acucote Inc.	Graham, North Carolina - U.S.A.	99.99%
Fedrigoni Bangladesh	Dhaka - Bangladesh	99.99%
Giano Real Estate	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%
Fedrigoni Indonesian Trading	Jakarta - Indonesia	88.19%
E'close S.r.l.	Colorno (PR) - Italy	99.99%
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%
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	99.99%
Industrial Papelera Venus S.A. de C.V.	Tlalnepantla - Mexico	99.99%
F1 Papers SAS	Paris – France	99.99%
ARJOWIGGINS HKK 3 LIMITED	Hong Kong - China	99.99%
Arjowiggins (Quzhou) Specialty Papers Co., LTD	Quzhou - China	99.99%
ARJOWIGGINS PAPER TRADING (SHANGHAI) CO., LTD	Shanghai - China	99.99%
Associates		
Consorzio Canale Industriale G. Camuzzoni S.c.ar.l.	Verona (VR) - Italy	24.99%
Sharp End Partnership Ltd	London - United Kingdom	13.04%
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%

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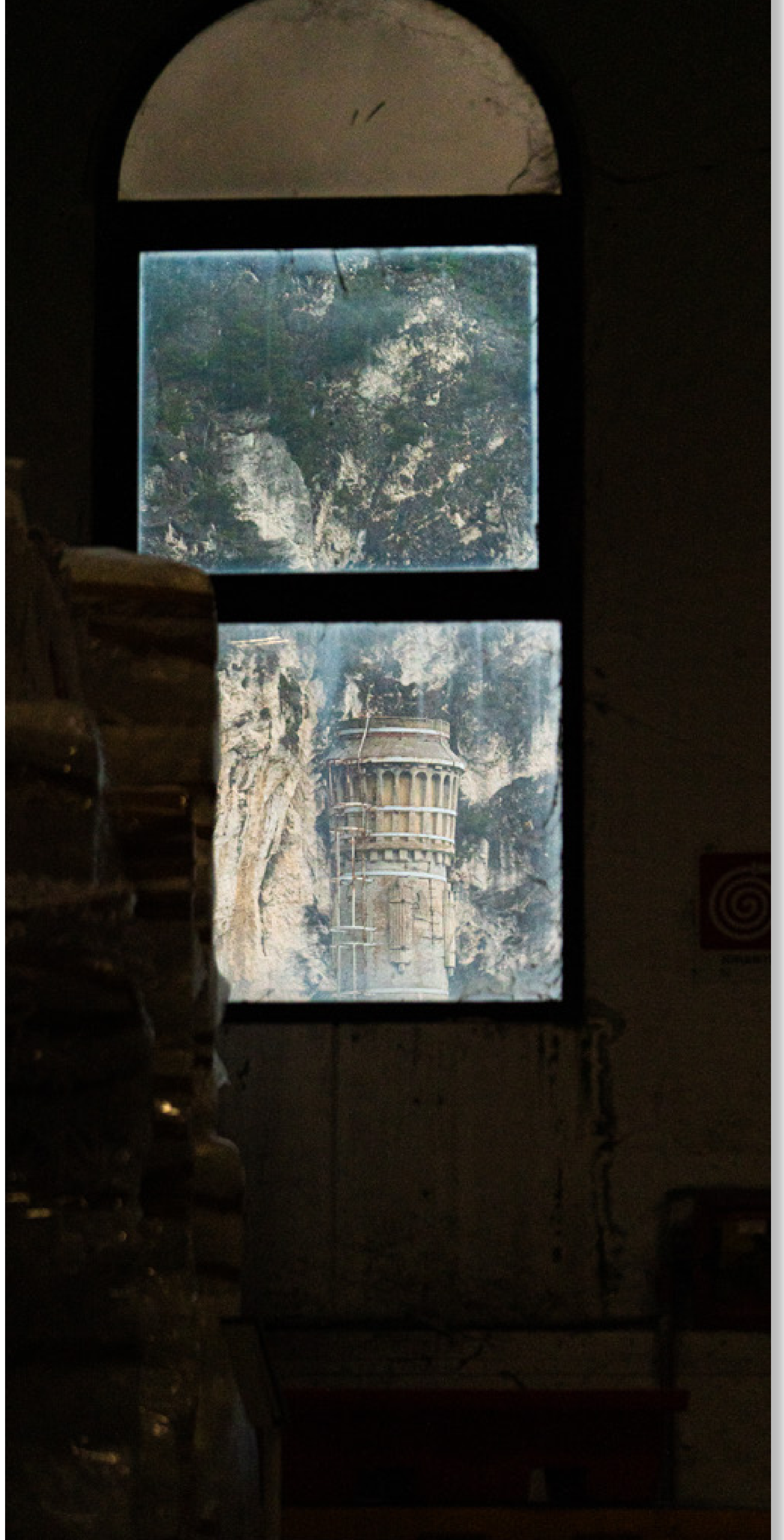

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