FEDRIGONI

2023 Annual Report

(extended version)

INDEX

CEO'S LETTER

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

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 – through the addition of Divipa and Unifol, and the special papers market – with the industrial partnership with Mohawk, and the acquisitions of Guarro Casas and Zuber Rieder. Furthermore, the acquisition of Tageos enabled Fedrigoni to venture into the smart labels and RFID technologies segment. Our Group closed 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 forluxury 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.

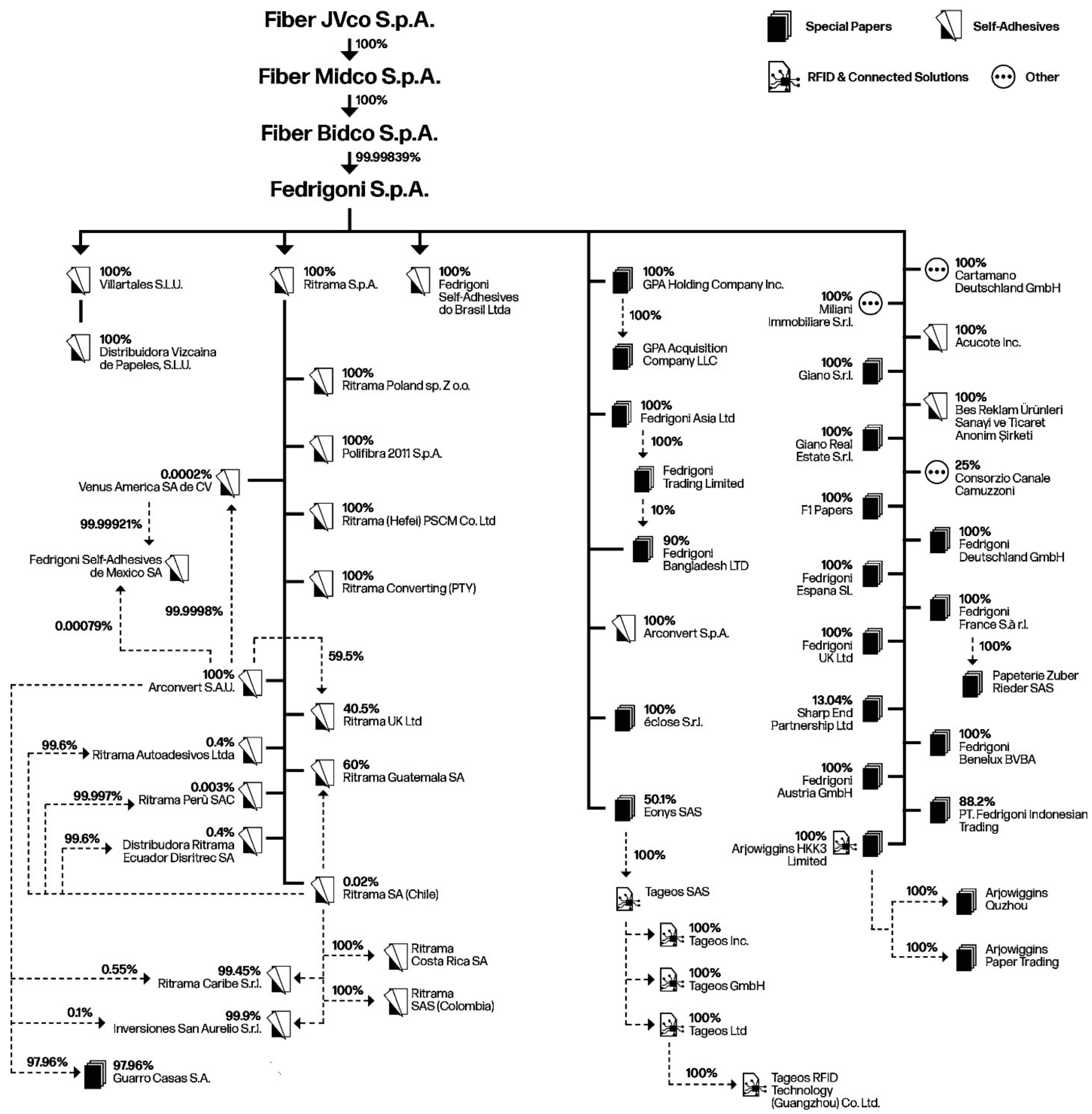
Globally, 2023 was another very tumultuous year, with the continuation of the war in Europe and new clashes in the Middle East, all this together with prices of energy and raw materials remaining at elevated levels.. Despite the uncertain global context, Fedrigoni guaranteed the full continuity of its 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.

THE GROUP STRUCTURE

UP TO DECEMBER 2023



SUSTAINABILITY STATEMENT

Methodological Note

Fedrigoni has reported in accordance with Global Reporting Initiative (GRI) Standards for the period from 1 January 2023 to 31 December 2023. The Sustainability Statement of Fiber Bidco S.p.A and its subsidiaries (hereinafter "Fedrigoni Group" or "Group") describes the business model, sustainability strategy, identified risks and opportunities, Policies, Targets and environmental, social and governance (ESG) performance. The Sustainability Statement is based on the principles of stakeholder inclusiveness and completeness and presents the context of sustainability.

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

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

With regards to qualitative information and quantitative data relating to financial, social and environmental aspects, the scope of reporting includes the companies fully consolidated in the Consolidated Financial Statements of Fiber Bidco S.p.A.. Compared to the previous year the following companies are part of the scope of reporting: Guarro Casas, Zuber Rieder, Unifol and Divipa, whose acquisitions were closed in 2022.The data reported in the Environment chapter is presented with reference to each business unit (Special Papers and Self-Adhesives materials) because of the specific environmental impacts of our two production activities. Qualitative information and quantitative data relating to environmental aspects are referred to Group production sites (exclusion of only commercial activities and slitting centers for the Self-Adhesive Business Unit, having much lower impacts than production sites). In relation to significant changes in the Group's sectors, value chain and other business relationships compared to the previous reporting period, it should be noted that in December 2023, the Group acquired Arjowiggins HKK3 Limited ("HKK3"), who is operating a paper mill in Quzhou (China) and which is not part of the scope of reporting.

This document aims to not only provide the ESG results obtained in past years but also to offer a forward-looking view of our future impacts and actions. Therefore, we have decided to present the 2023 data in two different views: "2023" data including all companies in the Fedrigoni Group as of December 31st, 2023, and the other, labeled "2023 Pro Forma" not including data from the office paper business transferred to Giano S.r.l, which is recorded as held for sale in our financial statements as of and for the year ended December 31, 2023. Scope limitations and restatement of previously published data, if any, are indicated in the text.

In our internal definitions, Leaders are employees who are part of the Group's Executive Committee and/or Leadership Team, Managers are all employees in a leadership role managing a team, White collars are employees in an office position who do not manage people (individual contributors) and Blue collars are employees in a production position who do not manage people (individual contributors).

The reporting frequency is annual.

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

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Sustainability Governance: our widespread model

Fedrigoni Group consists of the ultimate parent company Fiber JVCo S.p.A that indirectly control Fedrigoni S.p.A and its subsidiaries.

The Fedrigoni governance model is based on the traditional model consisting of the following corporate bodies: the Board of Directors and the Board of Statutory Auditors. Following the entry of the new shareholder BC Partners, the new Board of Directors of Fedrigoni was appointed on November 30th 2022, and subsequently integrated on June 23 with Marco Nespolo as Chief Executive Officer:

Member	Gender	Age category	Executive	Non-Executive	Independent[1]	Member from
Sessa Ivano*	M	30-50		X	X	30 Nov 2022
Nespolo Marco	M	>50	X			30 Nov 2022
Pichler Falco Sebastian	M	30-50		X	X	30 Nov 2022
Massetti Giacomo	M	30-50		X	X	30 Nov 2022
Leporelli Piero	M	30-50		X	X	30 Nov 2022
Ferraresi Stefano	M	>50		X	X	30 Nov 2022
Mussi Maurizio	M	30-50		X	X	30 Nov 2022
Michaela Castelli	F	>50			X	24 Jul2023
Andrea Bertoni	M	30-50			X	24 Jul 2023

Board of Directors of Fiber JVCo S.p.A, holding company of Fedrigoni S.p.A. *Chairman of the Board of Directors. All Board members have 4 or less other mandates. All Board members have practical work experience, by way of been part of functions in the management or consulting in financial and industrial sectors.

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

The members of the Board of Directors are elected individually. Each mandate lasts three years and each member can be reappointed. In 2023, the Board of Directors met 6 times with an attendance rate of 98%. All board members are selected for their skills and experience, including risk management.

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1 Independence criteria according to S&P CSA: Independent directors are non-executive directors that are independent by meeting at least 4 of the 9 criteria (of which at least 2 of the 3 first criteria) listed here:

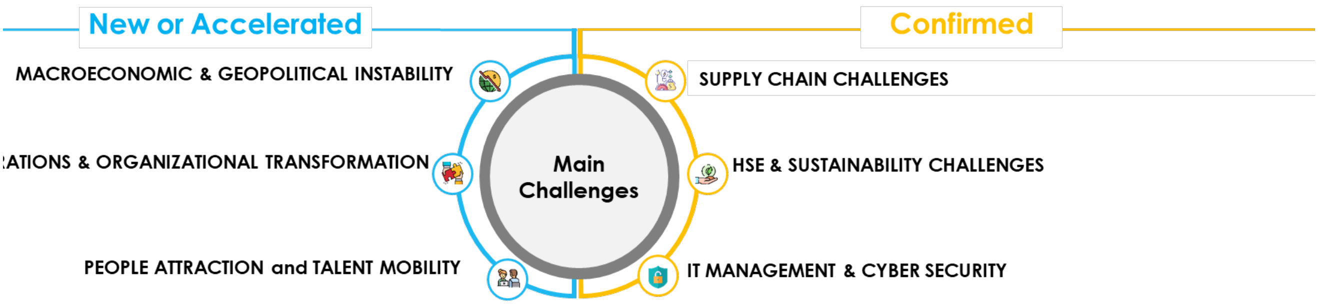
1. The director must not have been employed by the company in an executive capacity within the last year.
2. The director must not accept or have a “Family Member who accepts any payments from the company or any parent or subsidiary of the company in excess of $60,000 during the current fiscal year”, other than those permitted by SEC Rule 4200 Definitions, including i) payments arising solely from investments in the company's securities; or ii) payments under non-discretionary charitable contribution matching programs. Payments that do not meet these two criteria are disallowed.
3. The director must not be a “Family Member of an individual who is [...] employed by the company or by any parent or subsidiary of the company as an executive officer.”
4. The director must not be (and must not be affiliated with a company that is) an adviser or consultant to the company or a member of the company’s senior management.
5. The director must not be affiliated with a significant customer or supplier of the company.
6. The director must have no personal services contract(s) with the company or be a member of the company’s senior management.
7. The director must not be affiliated with a not-for-profit entity that receives significant contributions from the company.
8. The director must not have been a partner or employee of the company’s outside auditor during the past year.
9. The director must not have any other conflict of interest that the board itself determines to not be considered independent.

Regarding remuneration, the CEO's compensation is composed of a fixed and a variable component. The variable compensation, being as high as 100% of fixed compensation, is based on the following metrics: Group EBITDA, Group Cash, Flow and ESG targets. To ensure long term performance alignment, the CEO has been given access to a significant co-investment program within the company, represented by shares he/she can purchase at the outset of his/her mandate. There are no share ownership requirements for our CEO and other members of the Executive Committee. The Audit & Risk Committee coordinates the development of the Internal Control System, the Compliance Program and promotes integrated management of company risks at Group level. The newly nominated Executive Vice President RFID & Innovation and Chief Sustainability Office, reporting directly to the CEO, 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.

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. Moreover, the Internal Audit, Risk & Compliance Function is responsible for defining, implementing, and updating processes, tools, and methodologies for enterprise risk management. The Executive Committee supports the CEO in ERM system-related decisions, and the Audit & Risk Committee supports the Board in risk control activities. The Internal Audit, Risk & Compliance Functions is structurally independent from the business lines, since the Group Compliance Officer & Chief Internal Auditor reports directly to the CEO. The Group Compliance Officer & Chief Internal Auditor is also a member of the Audit & Risk Committee, where he periodically reports on the progress of risk management, compliance, and internal audit projects and activities. ERM activities help to ensure that top management is aware of the challenges related to achieving goals and the necessary actions to be implemented to mitigate the resulting risks. 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 2024-27 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. The review of our risk exposure is carried out on a yearly basis.



Carbon Neutrality & Energy Transition

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

HOW TO MITIGATE THE RISK

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

Cybersecurity

Cybersecurity risk refers to the potential harm or damage that can result from unauthorized access, use, disclosure, disruption, modification, or destruction of information systems and data. These risks can stem from various sources, including malicious actors or unintentional actions or errors by employees or third parties. Common cybersecurity risks include data breaches, malware infections, phishing attacks, ransomware incidents, and insider threats. The consequences of cybersecurity breaches can be severe, ranging from financial losses and reputational damage to legal liabilities and regulatory penalties.

HOW TO MITIGATE THE RISK

Organizational-wide cybersecurity awareness. Identifying the main cybersecurity risks for the business. Assessing the maturity level of the cybersecurity control system. Identifying the areas of intervention and mitigation actions to reduce the risks.

Our financial incentive program for employees incorporates key risk management metrics to ensure alignment with our overall risk management strategy, including senior executives and managers. Risk management training is implemented throughout the organization to ensure that all employees are aware of their relevant risk: for example, risk management modules are included in mandatory training related to Health and Safety, Cybersecurity, Privacy and GDPR, Corporate liability and ethics. In 2023, 100% of people participated in at least one training session concerning risks. Risk management criteria are part of the HR review process for employee evaluations. Our people are the first line of defense against risks, and we have implemented various mechanisms that empower employees to report potential incidents based on their experience and observations. Our approach is based on striving to innovate and implement best practices to foster a sound risk culture within the organization.

Alongside risks, new and emerging risks that could generate from geopolitical, technological, economical, social or environmental areas are monitored. The following are two examples of risks that could emerge in the next future and affect our Company:

- Rapid development in Artificial Intelligence, and especially in generative AI, in the next years could exacerbate the risk of spreading of misinformation and disinformation. In such a case our brand reputation could be damaged and consequently our revenues decrease if customers perception of our Company is worsened due to the effect of an improper use of artificial intelligence. This risk is not included in our top risk but has been identified as an arising risk.
- An emerging environmental risk is related to the loss of biodiversity that in the long term could generate severe consequences for the environment, humankind and economic activity due to destruction of natural capital. In such a case we could incur in higher costs or in the reduction of the supply of key raw materials for our products. At the moment this risk is not included in our ERM system due to low probability and impact but is monitored at sustainability and procurement level.

These and other emerging risks are being gradually integrated within our current risk management activities.

Cyber security

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

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

At Fedrigoni, the Group IT Security Manager reports directly to the Group Chief Information Officer (who is a member of the Executive Committee). Cybersecurity issues are periodically shared with the Board of Directors. Moreover, in 2024 we established a cybersecurity risk committee at board level to increase the oversight of this topic. Cybersecurity, given its increasing relevance, it is also discussed during risk committee meetings.
In order to cope with ever-increasing cyber risks, the actions of our cybersecurity reinforcement program are reviewed and adapted annually, and focus on four main areas of action:

- Culture: multi-channel awareness and training to all employees; with mandatory cyber courses (pe: Phishing, Vishing, CEO Fraud, escalation/notification process, etc.) and phishing simulations to all employees with IT equipment. The level of cyber awareness for each employee (based on the results of phishing and training) is periodically surveyed and evaluated. Additionally in order to increase security culture of executive members and other key area manager on main cybersecurity trends a Table Top Exercise was put in place.
- Organization: consolidated the supervision of cybersecurity issues from the point of view of the number of dedicated resources and skills required; there is a specific team (consisting of internal and dedicated external consultants) in addition to external services dedicated to 24x7 threat monitoring and response.
- Processes: defining and structuring the governance of activities, processes, and procedures in the cyber sphere; Our Information Security Policy shared to all employees, as well as processes (tested periodically) for vulnerability management (involving Vulnerability Assessment and Penetration Testing), security incident management, and digital identity management.
- Technologies: adopting integrated technological security solutions (examples: SIEM, Extended Detection and Response, WAF) and improving the effectiveness of existing ones. Our infrastructure is in part internally managed and in part externally outsourced. Overall considering all elements that constitute our infrastructure, around 15% is part of a management system with ISO 27001 certification.

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 had a sustainability score valid in the last 24 months (target of 95% in 2030). The following tables show the expenditure trends for direct materials by type of supply and geographical area:

Expenditure by type of supply*	2023 pro forma	2023	2022	2021
Chemicals	22%	22%	24%	25%
Pulp	15%	20%	22%	22%
Paper (face and liner)	39%	36%	33%	30%
Film (face and liner)	17%	15%	15%	16%
Packaging	4%	4%	5%	4%
Other	3%	3%	2%	2%
Total	**100%**	**100%**	**100%**	**100%**

Expenditure by geographical area (plant of consumption)*	2023 pro forma	2023	2022	2021
Europe	80%	82%	82%	89%
South America	12%	11%	9%	9%
North America	5%	5%	7%	0%
Asia	2%	2%	2%	2%
Total	**100%**	**100%**	**100%**	**100%**

Supplier code of conduct

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

We updated the supplier code of conduct, enlarging and focus on specific environmental topics also including pollution prevention, waste management, Greenhouse gas emissions and LCA, energy consumption, hazardous substances, Biodiversity and no deforestation or land conservation and Resource efficiency.

Sourcing Policy

In 2023, we updated the document, by further detailing 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.

General Purchasing Conditions contains a direct reference to the Suppliers' Code of Conduct and sustainability aspects in the way the supply is conducted. In 2023, 100% of orders and purchasing contracts were governed by the General Terms and Conditions, as in 2021 and 2022.

We updated sourcing process and guidelines to improve the relevance of ESG criteria in our assessment and selection/awarding processes of the suppliers, considering them as favorable element in volume allocation.

Supplier's ESG risk screening

We define the supplier's ESG risk screening as a systematic desk research of the risk of negative impact related to environmental, social and governance topics of the suppliers, by using a specific tool and methodology.

We perform the supplier's ESG specific risk screening, also in relation to the country, sector and commodity, also taking into account the supplier's business relevance within our company.

Environmental, Social and Governance areas object of screening are as follows: Forced Labour, Freedom of Association, Health, Safety Hygiene, Children young workers, Regular Employment, Wages, Working Hours, Discrimination, Gender, Business Ethics, Biodiversity, Energy & Emissions, Water and Waste & Pollution.

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 use mainly the Ecovadis Platform for the following scopes:

a) Supplier desk assessment with systematic verification of evidence: the "CSR ratings" enable a third-party assessment of a supplier's "ESG merit";
b) Remote Supplier support on implementation of corrective/improvement actions and capacity building on ESG topics: this includes recommendations on specific improvement plans in order to improve their score and the access to Ecovadis academy, for supplier training purpose;
c) Supplier access to ESG benchmarks against peers.

In terms of expenditures of direct materials in 2023, 91% had a valid sustainability score in the last 24 months.

Audit on site

In 2023 we carried out 4 Ethical audits at our suppliers' site with an independent accredited auditing body (third-party assessment), currently covering 31% of cumulated expenditure of direct materials.

Once some not conformities have been found, corrective actions are already agreed and put in places jointly with the suppliers.

Within the audit, topics related to environmental, social and governance have been discussed.

The overall average score in considering 2022 and 2023 is 9.4.

Below, results of the last 3 years are highlighted.

	Cum FY 2023	Cum FY 2022	Cum FY 2021
N. of Suppliers assessed	8	4	0
Spend Covered	31%	18%	0%
Average value	9.4/10	9.9/10	N/A

In 2024, we will continue our ethical audit campaign of our suppliers also fine tuning a multi-year target.

The ESG requirements will influence the choice of products and services to be purchased: all things being equal, the higher the ESG rating, the more likely Fedrigoni will choose that supplier.

Suppliers rated below a minimum threshold will be classified as "high risk" and need to develop and share an improvement plan.

Suppliers that do not achieve a minimum threshold within 2 years, will be evaluated for contract excluding.

Starting from 2023, we initiated to jointly define improvement plans with suppliers.

Our Purchasing practices are continuously and regularly reviewed and updated to ensure alignment to our supplier code of conduct and responsible sourcing policy. On average, the update take place each 2 years, or in case of relevant events.

Results

- **Spend covered by suppliers with an ESG desk assessment:** 91% of direct material spend in 2023.
- **Spend with suppliers classified as "high risk" according to ESG criteria**: 6% of direct material spend in 2023.
- **Assessed High risk spend engaged in Improvement plans:** 25% of direct material spend in 2023

In 2023, we started to put in place actions designed to advance diversity in the supply chain by collaborating with a supplier that specifically aims to give opportunities to people more at risk of marginalization and workplace discrimination in Italy.

Since 2023, We are part of Sedex AB membership, to endorse the community related to sustainable procurement issues and topics and to use the related tools available in the platform.

KPIs

	2023 pro forma	2023	2022	2021
Direct Material spend with an ESG assessment*	91%	91%	87%	81%
Direct Material High risk spend**	6%	6%	6%	N/A
Assessed High risk spend engaged in Improvement plans ***	23%	25%	0%	0%
Average Score	65	65	64	N/A

*Valid in the last 24 months

**Includes all non-respondent and suppliers with low score

*** refers only to suppliers with low ESG score.

Others KPIs and results:

Supplier Screening	2023 pro forma	2023
Total number of Tier-1 suppliers	828	837
Total number of significant suppliers in Tier-1	172	172
% of total spend on significant suppliers in Tier-1	95	95
Total number of significant suppliers in non-Tier-1	0	0
Total number of significant suppliers (Tier-1 and non-Tier-1)	172	172

Supplier Assessment	2023 pro forma	2023
Total number of suppliers assessed via desk assessments/on-site assessments	173	173
of which significant *	144	143
Number of suppliers assessed with substantial actual/potential negative impacts *	13	13
% of suppliers with substantial actual/potential negative impacts with agreed corrective action/improvement plan *	31%	31%
Number of suppliers with substantial actual/potential negative impacts that were terminated	0	0

Corrective action plan and support	2023 pro forma	2023

Total number of suppliers supported in corrective action plan implementation *	13	13
% of the suppliers assessed with substantial actual /potential negative impacts supported in corrective action plan implementation	100%	100%

Capacity Building programs	2023 pro forma	2023
Total number of suppliers in capacity building programs *	13	13
% of significant suppliers in capacity building programs	8%	8%

*Data refers to 95% of direct material spend

Training & workshops

We continue to perform roundtables with our suppliers to encourage their participation in our Sustainability program telling them about the benefits of the project. As part of our regular business routine with strategic suppliers, ESG topics are also part of the meeting agenda. Special focus for 2023 was the European Deforestation-free products Regulation (EUDR); from 2022, also energy transition is on our common agendas and action plans.

In 2023, the entire procurement team have been engaged in the Ecovadis Academy and have received training on general ESG topics and on specific sustainable procurement topics.

In 2023, Procurement completed 1019 courses for a total of 650 hours of training on ESG topics.

In 2024 we will continue with training of procurement team on ESG topics.

In 2023, 5% of MBO linked to the achievement of sustainability targets specific for the entire Procurement Team workforce with a Management by Objective (MBO) mechanism, on top of the Group ESG target.

Supplier Classification

Fedrigoni Group suppliers are classified into 3 categories: Strategic, Preferred and Commercial Supplier. This classification provides visibility into the type of business relevance and its subsequent evolution. We apply different approach based on the different level of business relevance of the supplier.

In 2024, we will publish some different initiatives to monitor the risk management for tier-2 suppliers.

Our stakeholders

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

Internal	Employees	Employee satisfaction surveys; Bi-annual update by our CEO on Workplace, the collaborative platform for internal communication; Second edition of NEXT, development program for young talents; Sustainability breakfasts, informal meetings to promote the ESG strategy and action plan towards 2030 (reaching 488 people in 2023, ~10% of our global population); Open Days with families and friends in plants; Initiatives on biodiversity at site (paper mills); Daily updates on Workplace, our collaborative communication platform.
	Shareholders and the Board	Quarterly disclosure of key ESG performance; Involvement in updating the materiality matrix.
External	Customers	Regular meetings to boost our customers' creativity; Involvement in updating the materiality matrix; Net Promoter Score Special Papers customers of 66 in 2023 (63 in 2022 and 67 in 2021), third-party verified; Net Promoter Score Self-Adhesives customers of 54 (51 in 2022 and 61 in 2021), third-party verified; Fedrigoni Top Award, since 2005 our biggest celebration of craftsmanship and creativity. This is the only award in the world dedicated to graphic designers, printers, and brands who win as members of a single project team.
	Financial Community	Quarterly disclosure of our key ESG performance; engagement in updating the materiality matrix.
	Suppliers	Weekly dialogue to boost suppliers' creativity and accelerate innovation, to lower the environmental impacts (in particular, energy transition and No Deforestation)
	Business partners	Quarterly dialogue to boost converters' creativity and accelerate innovation, to lower the environmental impacts with Life Cycle Assessment approach
	Authorities, associations and memberships	Active engagement with local and national authorities to comply with current regulations and anticipate future requirements; Bi-annual meeting at the Ellen MacArthur Foundation promoting circular economy and responsible production.
	Local communities	Partnership with InspirinGirls International, an international NGO that connects girls with female role models from different backgrounds who can encourage them to follow their own inspirations, free from stereotypes; Annual Festival del Disegno (Drawing Festival); Bi-annual Fedrigoni Fabriano Foundation's activities.

Human rights

In 2023 we published our People and Nature Commitment: "make business work for people and nature", in which we described our approach to Human Rights, our targets and actions.

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 following steps, defined by the UN Guiding Principles on Human Rights (UNGP):

- Risk Mapping,

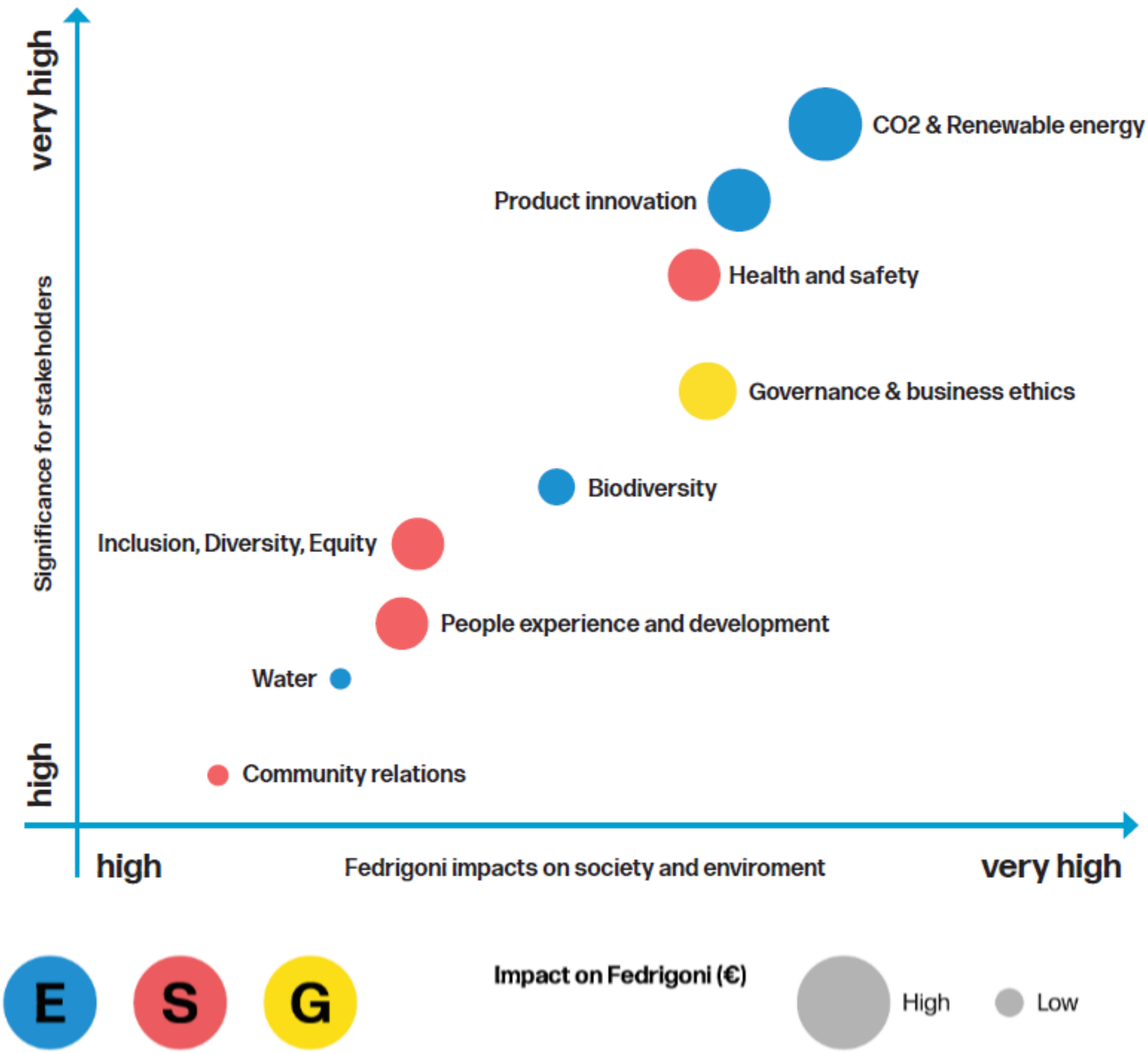
- Prevention and mitigation
- Monitoring and communication

This initial risk mapping included 100% of our production sites. The list of human rights considered in this first analysis includes forced and child labor, modern slavery and human trafficking, discrimination, freedom of association and collective bargaining, occupational health and safety, working conditions and hours, equal remuneration, vocational training, privacy, right to disconnect, impacts on biodiversity and the local community. Given that many of the human rights in question are linked to workers' rights, particular attention has been paid to employees and seasonal workers. In addition, other vulnerable groups have been considered, including women, children, people with disabilities and local communities.
The analysis revealed no human rights violations in the plants analyzed. In some plants, which account for 21% of the total employees of the Group, potential points of improvement emerged to further protect certain issues. Many of the plants in this category are new acquisitions, which still have to be fully onboard with the Group's policies and approach. 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 activities, 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 by Fedrigoni.

Materiality analysis

In 2022 we updated our materiality analysis, adopting for the first time the framework of the Double Materiality: in addition to measuring impacts generated by the Group on society and environment and the relevance for our stakeholders, we added the possible financial impact caused by risks and opportunities for each topic. For the latter we relied on the Enterprise Risk Management assessment to measure the financial risk and opportunity of each topic. In 2023, after updating our risks and impact analysis we confirmed the results of the previous year that remain in line with our 2030 ESG priorities. This materiality analysis has been approved by the Board of Directors, is third party verified and is updated annually.



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

Material topic	SDGs
CO_2 and renewable energies	13 CLIMATE ACTION
Excellence in product eco-design and quality	8 DECENT WORK AND ECONOMIC GROWTH; 13 CLIMATE ACTION; 15 LIFE ON LAND
Biodiversity	15 LIFE ON LAND
Water	6 CLEAN WATER AND SANITATION
Governance and business ethics	8 DECENT WORK AND ECONOMIC GROWTH
Health and safety	8 DECENT WORK AND ECONOMIC GROWTH
Inclusion Diversity and Equity	5 GENDER EQUALITY
People experience and development	8 DECENT WORK AND ECONOMIC GROWTH
Community relations	8 DECENT WORK AND ECONOMIC GROWTH

2030 ESG Targets

By 2030 we want to be the reference for sustainability in our sector, and beyond.

Here are our 2030 ESG targets and 2023 results:

Pillar	Topic	2030 ESG targets	Baseline	2023 result
Environment	CO_2 and renewable energies	-30% of absolute carbon dioxide emissions, Scope 1+2	330 (kt CO_2e, 2019)	280 (-15%)
		90% of suppliers by spend, covering purchased good and services and capital goods, with science-based targets by 2027	45% (2022)	50%
		-30% of emissions from fuel and energy related activities	79.8 (kt CO_2e, 2019)	51.7
		-10% of nitrogen oxides (NOx)	99.7 (t)	109.5
	Product innovation	100% of products designed for optimal end-of-life recycling and recovery, with LCA on demand: - 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)[2]	Special Papers 17%, Self-Adhesives 24% (2023)	Special Papers 17%, Self-Adhesives 24%
		100% of waste sent for recovery instead of landfill	80% (2019)	90.0%
	Biodiversity	100% of pulp purchased with FSC certification	94% (2019)	96.5%
		No net deforestation in our operations and our supply chain	New target	New target
		Implementing initiatives to improve and restore biodiversity in our sites	6 initiatives (2023)	6 initiatives

[2] excluding pharma, graphics and technical materials

	Water	10% reduction in water withdrawals by 2030	16.5 (Ml, 2022)	14.6 (-12%)
		Return 95% of annual water withdrawn to the environment in environmentally appropriate condition	92% (2020)	93%
		Zero cases of water pollution	0 (2020)	0
Social	Health and safety	-85% of accident frequency index	21 (2020)	11 (-48%)
	Inclusion Diversity and Equity	35% managerial positions held by women	22% (2020)	26%
	People experience and development	Top 5% for employee NPS (eNPS) compared to other manufacturing companies	8.2 (2020, top 25%)	7.7 (-1 from Top 25%)
		100% of people involved in performance conversation	9% (2020)	33%
	Community relations	One activity per year in each country where we operate	1 (2023)	1
Governance	Governance and business ethics	100% of people trained on our Code of Ethics	1% (2021)	43%
		95% of supplier spending base qualified also according to ESG criteria	50% (2020)	91%

Our certifications, ratings, endorsements and memberships

CERTIFICATIONS

FSC® - For the protection and preservation of forest heritage
The Forest Stewardship Council (FSC®) created an internationally recognized forestry certification system to ensure proper forest management and traceability of forest products. 100% of our paper mills are managed under FSC CoC certification and in 2023 96.5% of the pulp purchased was FSC certified and 3.5% FSC Controlled Wood.

EU Ecolabel - European Union Ecolabel
This label stands for products and services with high performance standards and low environmental impact throughout their life cycle. We have Ecolabel certification for 25% of our Special Papers sites.

Re-made in Italy
Certification verifying the recycled and by-product content in a material or product (even multi-material) is a traceability system compliant with the Procurement Code and CAM (Minimum Environmental Criteria). We have one site certified (8% of the total paper sites).

Food safety certifications – BRCGs and UNI EN 15993
Arco (Italy) paper mill is certified according to UNI EN 15593, ensuring the compliance with the applicable legal requirements for packaging material intended for food industries. Cordenons (Italy) paper mill is certified according to BRCGs

ISO 9001 - Quality Management Systems
100% of the Special Papers sites are ISO 9001 certified. 94% of the Self-Adhesives sites are ISO 9001 certified.

ISO 14001 - Environmental Management Systems
100% of the Special Papers sites and 75% of the Self-Adhesives production sites are ISO 14001 certified.

ISO 45001 - Occupational Health and Safety Management Systems
82% of the Special Papers sites and 63% of the Self-Adhesives production sites are ISO 45001 certified.

ISO 50001 - Energy Management Systems
27% of the Special Papers sites are ISO 50001 certified. 100% of the Self-Adhesives sites have energy management procedures that are aligned with ISO 50001 principles, without external certification.

ISO 22000 for the quality of products for food use
Self-adhesives site of Girona is certified ISO 22000, for the conformity of the Food Safety Management System standard.

ISCC PLUS - specific certification for plastic film products
62% of the Self-Adhesives production sites are ISCC PLUS certified.

ASSOCIATIONS AND ENDORSMENTS

UN Global compact: 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.

Ellen Mac Arthur Foundation - we are member of Ellen Mac Arthur Foundation, a non-profit organisation whose mission is to accelerate the transition to a circular economy.

CELAB – we are founding member 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.

RECYCLASS – we are member 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. RecyClass established Recyclability Certifications for plastic packaging, Recycling Process Certification and Recycled Plastics Traceability Certification for plastic products.

Assocarta: we are member of Assocarta, the trade organisation regrouping and working on behalf of the Italian Paper Industry representing pulp, paper and board manufacturing companies in Italy. Assocarta is a member of Confindustria and is the effective voice of the Italian paper industry towards the leading political and administrative institutions, including parliament, the Government, trade unions and other social partners. Under the umbrella of the Confederation of European Paper Industries (CEPI) Assocarta ensures a constant monitoring of EU policies and actions affecting the paper industry.

Aticelca: we are member of Aticelca, the Association of technicians and experts working in the paper industry. Established in 1967, Aticelca aims to provide its members with technical and scientific know-how to enhance methods for papermaking and raw materials for paper industry. In particular Aticelca has developed the ATICELCA® 501 UNI 11743 Method which, through an analysis that simulates in the laboratory the conditions under which paper is recycled in paper mills, allows the level of recyclabilitỳ of any product made of paper and cardboard to be measured, including printed, glued, laminated or laminated products.

ESG RATINGS

S&P CSA - 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.

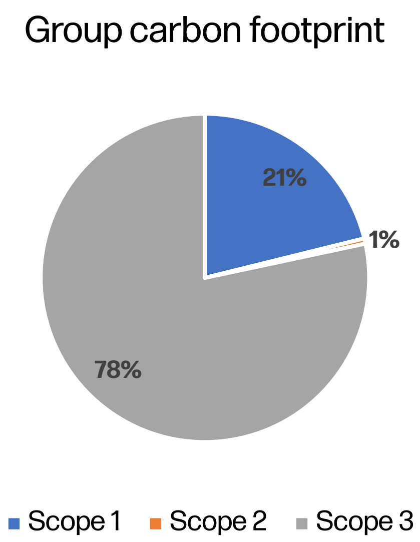
ECOVADIS - In 2023, EcoVadis re-evaluated our performance. Once again we attained the Platinum medal, scoring 88/100. The most significant step forward was to become "Leader" in the Carbon category, awarded as a company with the best in class GHG management system and strong decarbonization ambition.

ENVIRONMENT

CO_2 & Renewable energy (including TCFD)

Why the topic is material	**Impact on society and environment**: climate is the most pressing environmental issue at global level, affecting all current and future generations. As science tells us, reversing climate change if we overcome some threshold of temperature increase will not be reversible. **Financial impact on Fedrigoni**: Climate change presents both financial risks and opportunities. Risks include possible damage to the plants due to extreme weather events to transitional risks related to the adoption of new technology for the energy transition, market risks related to customer purchase decision, regulatory current and upcoming legislation. The main opportunities are related to anticipating competition in finding solution to offer low carbon products to the market. **Significance for stakeholders**: Especially for our customers and investor climate change is usually the most important topic: For our customer the engagement of their suppliers is fundamental to meet their emission reduction targets and meet the expectations of their final customers, in particular of younger generations that are placing more importance to environmental topic in their purchasing decisions. For investors, climate change has established as an investment risk so having transparency in data and information is paramount in order to manage this risk.
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)
SDG and targets where we want to make the difference	8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high value added and labour-intensive sectors; 8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-Year Framework of Programmes on Sustainable Consumption and Production, with developed countries taking the lead; 13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries; 13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning
Business case:	An example of impact on revenues can be referred to the ability to offer to our customers low-carbon products: Many customers, especially from younger generations are placing more importance to GHG emission of the products during their purchasing decision: If we are able to meet their expectations our revenues would be positively impacted, otherwise if we are not we will suffer a decrease in revenues.

In early 2024 we updated our Environment Policy and it was approved by our Board of Directors.
In 2023 we updated our entire Group carbon footprint. It is constituted by the following areas along our entire value chain:



t CO2e	2023 pro forma	2023	2022	2021
Scope 1	197,362	270,623	317,616	309,020
Scope 2 (market based)	9,410	9,410	5,427	16,020
Scope 3*	884,694	1,001,807	/	/

*Scope 3 calculated on 2019 data was 1,804,731 t CO_2e

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

Scope 3 category	t CO_2e	%
Cat 1: Purchased goods and services	568,603	57%
Cat 2: Capital goods	19,182	2%
Cat 3: Fuel- and Energy-Related Activities	51,724	5%
Cat 4: Upstream transport	61,055	6%
Cat 5: Waste generated in operations	4,787	0%
Cat 6: Business travel	5,362	1%
Cat 7: Employee commuting	7,710	1%
Cat 8: Upstream leased assets	0	0%
Cat 9: Downstream transport	45,775	5%
Cat 10: Processing of sold products	26,032	3%
Cat 11: Use of sold products	0	0%
Cat 12: EoL of sold products	207,735	21%
Cat 13: Downstream leased assets	0	0%
Cat 14: Franchises	0	0%
Cat 15: Investments	3,843	0%

	2023	2022
% of suppliers by spend, covering purchased good and services and capital goods, with science-based targets	50%	45%

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

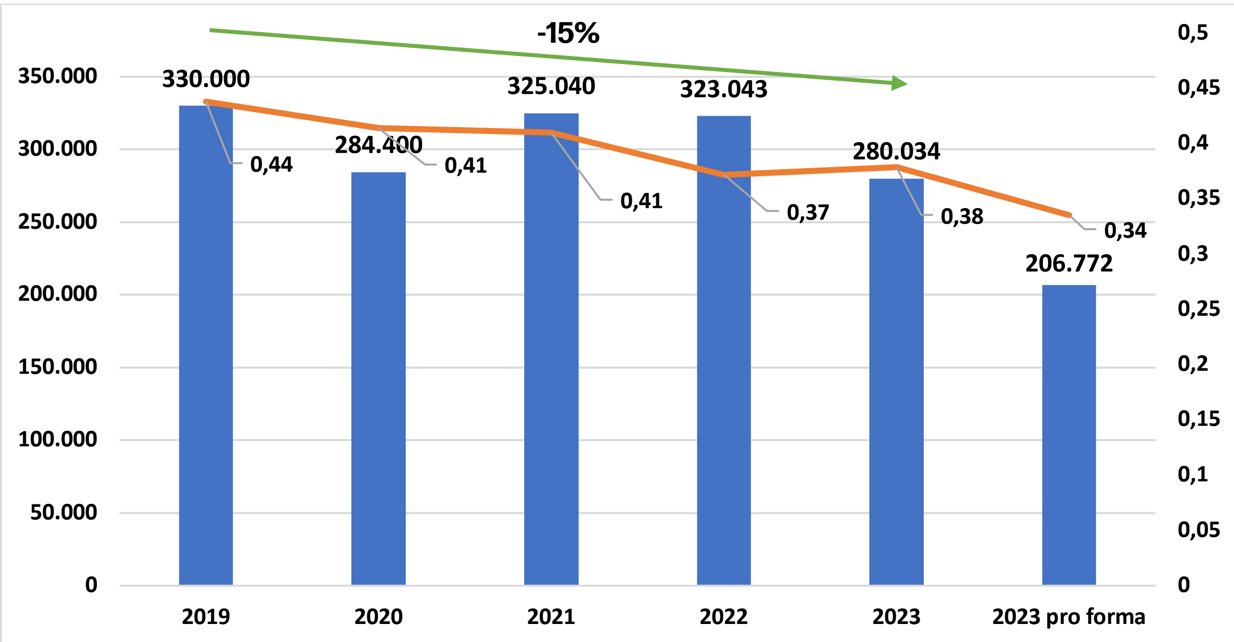
The below table shows the levers we are exploring to accelerate energy transition. All levers need strong, immediate collaboration with suppliers and regulators to facilitate technical solutions and the necessary financial support.

	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 to gradually replace 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 at competitive economic conditions.	-

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

CO_2 emissions (t CO_2e)	2023 pro forma	2023	2022	2021
Special Papers				
Scope 1	167,453	240,715	286,453	280,300
Scope 2 market based	3,696	3,696	426	4,450
Total Paper (scope 1 + scope 2 market based)	171,150	244,411	286,880	284,750
Emission ratio Paper (t of CO_2 on t of production)	0.60	0.60	0.57	0.59
Self-Adhesives				
Scope 1	29,909	29,909	31,160	28,710
Scope 2 market based	5,714	5,714	5,000	11,580
Total Self-Adhesives (scope 1 + scope 2 market based)	35,623	35,623	36,160	40,290
Emission ratio Self-Adhesives (t of CO_2 on t of production)	0.11	0.11	0.10	0.13
Total Group Scope 1 emissions	197,362	270,623	317,616	309,020
Total Group Scope 2 emissions	9,410	9,410	5,427	16,020
Total emissions Group (scope 1 + scope 2 market based)	206,772	280,034	323,043	325,040

*Total Scope 2 location-based emissions in 2023: 23,184 t CO_2e (20,052 t CO_2e in 2022 and 20,321 t CO_2e in 2021)
**Scope 1 emission were calculated were calculated using emission factors indicated in “Ministero dell'ambiente - tabella parametri standard nazionali 2023”. Market-based Scope 2 emissions, measured in tons of CO2eq, were calculated using the Residual Mix emission factors indicated in “2022 European Residual Mixes, V.1.0”, published by AIB. Location-based Scope 2 emissions were calculated using the emission factor indicated in “Confronti internazionali; 2020”, published by Terna.



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 per tons produced, decreased by 14% from 2019 at Group level.
From 2021, we also added the metric "CO_2 emissions intensity to turnover" (calculated as absolute CO_2 emissions/turnover). In 2023, the rate shows a Groupwide improvement of 40% compared to 2021 and 58% compared to 2019.
*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.

TCFD

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

Governance

The governance of climate change risks and opportunities is a top priority for our company. The Board of Directors ensures the strategic guidance related to climate change and energy transition and oversight its application. We do not have a specific committee but the whole Board is involved in climate change issues. At least annually climate change related topics are discussed during Board meetings. The newly nominated Executive Vice President RFID & Innovation and Chief Sustainability Officer, reporting directly to the CEO, is in charge of implementing the ESG 2030 Plan, including the energy transition. The Executive Committee is responsible for developing and executing our ESG strategy through 2030, which includes our energy transition strategy and our efforts to reduce CO_2 emissions. The Executive Committee Each quarter has an in-depth section devoted to addressing ESG issues in greater detail. To keep us always on track, our CEO, our Executive Vice President RFID & Innovation and Chief Sustainability Officer and our Head of Group Sustainability hold monthly sustainability checkpoints, and the entire Leadership Team holds monthly Transformation Reviews to monitor our ESG performance. The monthly meetings of our Sustainability Team are also critical to ensuring that our ESG initiatives are implemented effectively.

Strategy

Our strategy for managing climate change involves a comprehensive approach to reducing our carbon footprint. A thorough assessment of our emissions is carried out over the entire life cycle of our products; new solutions and innovative technologies to replace fossil fuels at our plants are being extensively investigated. Our strategy aligns with the targets set by the Paris Agreement in 2015 and the Sustainable Development Goals (SDGs). Our paper production plants are subjected to the European Union Emissions Trading System (EU-ETS). We set an internal Carbon Price equal to the price of the ETS allowances to drive energy efficiency and low carbon investments. Moreover, we have a dedicated budget for emission-reduction related activities. Our aim is to reduce our reliance on fossil fuels. Many alternatives and their technological feasibility are being examined for such a purpose. Together, with suppliers and other stakeholders, we are studying and developing viable solutions in the short, medium and long term.

In 2023 a Climate Change Risk Assessment (CCRA) process has been conducted, aiming at evaluating the resilience of the business and its financial exposure over different timeframes, encompassing both the potential consequences of climate-related threats and the strategies for adaptation or mitigation. This analysis has been based on two different climate change scenarios with three distinct time horizons: predictions out from 2023 to 2026, 2030 and 2050 to comprehensively evaluating the company's exposure to physical risks and identifying the potential risks and opportunities derived from the transition to a low-carbon economy. The scenario adopted to assess the physical risks follows the Representative Concentration Pathway (RCP) 8.5 of the International Panel on Climate Change (IPCC). The transitional risks and opportunities has followed the Net Zero Emissions (NZE) 2050 of the International Energy Agency (IEA). The results obtained from the analysis of physical and transitional risks played a crucial role in the identification of potential adaptation strategies, which have been developed in response to the risks that have been deemed as most critical. These scenarios laid the groundwork, offering an indispensable comprehension of prospective trajectories within energy markets, climate dynamics, and social transformations. The list of topics encompassed an extensive spectrum, including Market Dynamics, Policy & Legal Frameworks, Technological Advancements, and Reputational Factors.

Risk management

Our risk management approach plays a crucial role in driving our business forward and is integral to the successful realization of our long-term business plan. We adopt an integrated approach to risk management, with risk and opportunity assessment being a central focus of the leadership team's agenda. Climate change risks and opportunities are integrated into the Group Enterprise Risk Management program (ERM) covering all types/sources of risks and opportunities. Our risk management includes physical and transitional risks related to climate change. We have developed a mapping of physical risks associated with climate change at our production sites through our Climate Change Risk Assessment. The physical risks analysis has been focused on each physical risk event interested by the climate change that could impact all Fedrigoni sites in the three different time horizons. The analysis included the plants of both Group business units and both the risk exposure to the physical events and the consequent potential damages to Fedrigoni's assets and business. Criteria for this analysis include detailed forecasts of changes in extreme events such as river and pluvial flood, hurricanes, cyclones and tornados, hailstorm, landslide, bush fire, windstorm and water stress and droughts. The results of this risk analysis have been shared during operational committee with all plants managers and subsequently each plant is developing a specific plan to address its priorities.

Metrics and targets

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

In 2023 we updated our Scope 3 emissions data.

	2023	2022	2021
Scope 1	270,623	317,616	309,020
Scope 2 (market based)	9,410	9,410	16,020
Scope 3	1,001,807	/	/

We have set Scope 1, 2 and 3 targets that have been approved by the Science-Based Target Initiatives: Fedrigoni commits to reduce absolute **Scope 1 and 2** GHG emissions 30% by 2030 from a 2019 base year. Fedrigoni also commits to reduce absolute **Scope 3** GHG emissions from fuel and energy related activities 30% within the same time frame. Fedrigoni further commits that 90% of its suppliers by spend, covering purchased goods and services, and capital goods, will have science-based targets by 2027. Our long-term goal is to achieve Carbon Neutrality by 2050, considering Scope 1, 2 and 3 emissions.
ESG objectives are part of all managers' MBOs (25% weight in 2023).

TCFD	Fedrigoni's approach
Governance	a) The Board of Directors ensures the strategic guidance related to climate change and energy transition b) Our Group Chief Sustainability Officer is in charge of implementing the ESG 2030 Plan c) The Executive Committee is responsible for developing and executing the ESG strategy by 2030, including the energy transition strategy with our contribution to reducing CO_2 emissions. d) Monthly meetings (Transformation Review) with the entire Leadership Team to track ESG performance. e) Monthly Sustainability Team meetings to ensure that the ESG initiatives are implemented effectively.
Strategy	f) We have adopted a medium-term strategy by 2030 and a long-term strategy by 2050 to reach Carbon Neutrality. We set emissions reduction target approved by SBTi g) Continuous scouting and collaboration with different stakeholders to find feasible technological solutions to reduce our carbon footprint.
Risk Management	h) Transition Risk mapping under the Group Enterprise Risk Management. i) Physical Risk mapping related to climate change (Climate Change Risk Assessment) for our production sites.
Metrics and targets	j) Scope 1, 2 and 3 inventory in our Sustainability Report. k) Scope 1, 2 and 3 targets approved by SBTi.

Energy

The table below shows the consumption of energy needed for our production, which is mainly obtained using natural gas in our cogenerators and electricity purchased form the grid or self-produced through solar or hydropower plants:

(GJ)	2023 pro forma	2023	2022	2021
Special Papers				
Natural Gas	2,962,771	4,258,992	5,096,496	5,017,677
Electric energy purchased	110,920	120,596	28,806	43,142
Of which from renewable sources (%)	41%	46%	88%	0%
Electricity self-produced for consumption (hydroelectric and solar)	3,593	71,160	57,191	56,261
Energy sold (from cogenerator)	91,445	207,164	238,701	219,527
Total Paper	2,985,839	4,243,584	4,943,792	4,897,553
Index energy consumption Paper (GJ/ton paper)	10.5	10.4	9.9	10.1
Self-Adhesives				
Natural Gas	529,179	529,179	554,385	513,860
Electric energy purchased	191,611	191,611	210,294	183,094
Of which from renewable sources (%)	71%	71%	77%	10%
Electricity self-produced for consumption (Hydroelectric and solar)	23,726	23,726	24,478	23,193
Energy sold (from cogenerator)	63	63	32	47
Total Self-Adhesives	744,453	744,453	789,125	720,100
Index energy consumption Self-Adhesives (GJ/ton adhesive material)	2.2	2.2	2.2	2.3
Total Group energy consumption	3,730.293	4,988,039	5,732,917	5,617,653
Of which from renewable sources (%)	5.6%	5.7%	4.7%	1.7%

The Group's total energy consumption in 2023 was 4,998,037 GJ, down by 13.0% compared to the previous year.
Use of electricity from renewable sources rose to 5.7% of the overall consumption (4.7% in 2022), thanks to two levels of action:

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

In 2023, the energy efficiency initiatives, such as the automatic modulation of turbogas and other projects generated energy savings quantified in 31,728 GJ, in line with the ENEA (Italian National Agency for New Technologies, Energy and Sustainable Economic Development) methodology and in accordance with the Italian law decree 102/2014.

In 2023 €5.4 million have been spent in Capital Investments and Operating Expenses in projects that reduce our environmental footprint.
In the last four fiscal years we have not paid any significant fines related to environmental issue.

Air emission

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

Emissions (tons)	2023 pro forma	2023	2022	2021
NOx *	86.4	109.5	90.2	99.4
PM	2.8	4.8	2.6	4.2
VOC	19.6	20.4	11.0	11.5

*in 2023, there was an improvement in the data collection process

No other significant types of polluting emissions into the atmosphere are recorded.
We conduct at least annual monitoring of these parameters, following the timelines and procedures set forth by the relevant authority. We adopt various technologies such as filters and capture systems in order to minimize this emissions into the atmosphere.

In 2023, no cases of violations of regulations related to air emissions were recorded in our production plants.

Product innovation

Why the topic is material	**Impact on society and environment**: the choice of raw materials we use as input in our products can generate different impact not only on the environment (e.g. deforestation) but also on society (e.g. human rights). During the production phase the impact is connected to the waste generated and their method of disposal. In the end of life of our products the positive impact related to the possibility of recovering and reusing the raw materials while the negative impacts are generated if our product ends to landfill or worst directly in the environment. **Financial impact on Fedrigoni**: Regarding the end of life of our products we are receiving increasing scrutiny both from our customer and from the legislators. If we are able to provide the market with products with an optimal end of life it would have hugely financial benefit, otherwise it could create financial risks. **Significance for stakeholders**: For our client having the possibility to offer their final customers a product with an optimal end of life is of increasing importance. For local communities the impact is relate to the decrease in the amount of waste going to landfill and increasing their recycling rates.
Target 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
SDG and targets where we want to make the difference	8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors; 8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-Year Framework of Programmes on Sustainable Consumption and Production, with developed countries taking the lead.
Business case:	An example of impact on revenues can be referred to the ability to offer to our customers products with lower environmental impacts. Many customers, especially from younger generations are placing more importance to the environmental footprint of the products during their purchasing decision: If we are able to meet their expectations our revenues would be positively impacted, otherwise if we are not we could suffer a decrease in revenues.

Raw materials

Pulp

The main types, used in different mixes based on the final features of the paper, are softwoods such as European softwoods, hardwoods (eucalyptus and mixed hardwoods), and BCTMP. The raw materials also include a small percentage of cotton used for art paper. Fedrigoni owns no forests and has no direct access to pulp but buys from controlled and certified plantations, and our procurement system is only through qualified, verified suppliers. For many years, the use of timber from forests has been subject to regulations and involves the reforestation of areas used for production. The production of paper is subject to certification showing that it comes from sources that are managed sustainably for the entire ecosystem, including animals and local communities. One of the most important certification systems is FSC® (Forest Stewardship Council). Since 2014, we set the target of having 100% of our pulp certified by FSC® according to two different standards:

- Chain of Custody (COC) is the certification that guarantees the traceability of materials from FSC® certified forests and is essential for applying FSC® labels on products.
- Controlled Wood (CW) is a material classified as Controlled Wood, which can be mixed with certified wood when making products labelled as FSC® Mixed.

In 2023 *96.5% of the pulp purchased was FSC certified and 3.5% FSC Controlled Wood*. Our pulp comes from Brazil (about 45%) and the rest from Uruguay, Sweden, Finland, Estonia, Spain, France, Canada, Chile, Austria and Croatia.

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

Chemicals

Vegetable starches: These are used both in the pulp and on the surface as binders to make paper and surface coatings, mainly obtained from maize and potatoes;

- Dyes and pigments: These are used both in the pulp (the main body of the paper) and on the surface for specialty paper coatings. They are one of the characteristic elements of specialty papers and are used to give the various colour and pearlescent effects to the paper;
- Carbonates and kaolins: These are used for coatings. They are one of the key components to ensure the correct application of the coating on the paper. Carbonates come from Italy and Austria when needed (due to plant downtime). Kaolins come from Germany and the US.

Self-Adhesives products are composed of a top coat, a face material, an adhesive, a silicon and a liner:

Top Coat

It's a layer applied on top of the face material in order to provide better printability of the filmic label with various printing techniques and to increase its durability enabling a wider range of applications.

Face Material

- Face films: These are the plastic-based film faces used as the "front faces" to make the self-adhesive labels; it is the part that is later printed and used by the end-customer. They are mainly made of polypropylene, polyethylene, PET and PVC, with different surface finishes (matt, glossy, metallic). Our product range also offers solutions with recycled solutions.

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

Adhesives

Adhesives represent the key know-how of the Self-Adhesives Business Unit. They can belong to different families (acrylic, hotmelt, solvent and UV-crosslinked) and be of different types (permanent, semi-permanent, removable and ultra-removable, including wash-off). They can be bought ‘ready-to-use’ or as raw materials to be ‘formulated’ at the Group’s plants according to specific coating technologies and product quality requirements.

Silicones

Silicones are inorganic polymers that can be from different families (solvent-free, water-based solvents and UV-crosslinked) and, depending on the latter, undergo the “curing” process (polymerisation). They are used to make the backing non-stick, thus allowing the label to be dispensed. In our plants the silicon is mainly applied in line in order to have to complete control of the process.

Liners

Glassine liners: These are the paper-based backings used as the backs to make the self-adhesive label material. It is the non-functional part that is subsequently removed and discarded by the end user. We developed our **Re-play™** program to address this waste generating issue (more on End-of-life of our products and circular economy” paragraph)

Liner films: These are the plastic-based liners used as the backs to make the self-adhesive material for labels, which is the non-functional part that is later removed and discarded by the end-user. It is usually either new or recycled PET;

Clay Coated Kraft Papers: it is an adaptable released base paper with an efficient converting performance. It is used for reel and sheet, fanfolding and other applications. It displays high lay-flatness and dimensional stability.

Other

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

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

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)[3]

For paper products we are conducting recyclability assessments according to the Aticelca framework, while 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. We are assessing some solutions with a third party for the compostability of our products, 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.

In 2023, 17% of the Special Papers products have received a third-party certification of recyclability. In 2024 we will increase the share of products that will be tested according to the Aticelca protocol. In 2023, 24% of standard portfolio of Self-Adhesives products was available in a solution enabling recyclability or reuse of packaging.

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 and Innovation

The Life Cycle Assessment measures the environmental footprint associated with a product throughout its life cycle. At European level, the strategic importance of adopting the LCA methodology is clearly expressed in the Green Paper on Integrated Product Policy and is also suggested in the European EMAS and Ecolabel Regulations.

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

This methodology allows us to better understand which phases account for the most environmental impacts of our products. Both for Special Papers and Self Adhesives products the majority of the impacts are in our supply chain for the production of raw materials and semi-finished products. That's why we are working very closely with our suppliers to receive raw materials and semi-finished goods with lower environmental impacts. In order to reduce the impact of our production process phase we are pushing energy efficiency at its maximum, assessing solutions to replace natural gas in our plants and purchasing renewable energy from the grid.

[3] excluding pharma, graphics and technical materials

Fedrigoni makes sure that our products are manufactured in compliance with main international regulations related to dangerous substances (e.g., Regulation EC n. 1907/2006 REACH), in particular for paper products without using chlorine (using TCF and/or ECF pulp) and is committed to prevent and avoid the use of all hazardous substances from its processes and products.

In the development of each product a risk analysis is carried out to assess the compliance with all applicable laws and the impacts on customers' health and safety. We intend to move away from forms of self-declaration on issues that it considers fundamental for our ESG strategy, such as the PFAS content in our products. For this reason, we want to obtain a third-party certification to confirm the eventual presence or absence of PFAS, progressively testing our products. Moreover, we decide to go beyond and to evaluate our products also from a TOF (Total Organic Fluorine) perspective, in line with the last updates of the Californian Proposition 65 and its future restrictions.

LCA methodology is also a guiding principle of our approach to innovation (daily collaboration between Innovation and Sustainability at Group level).

Innovation

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

Within the innovation center there are dedicated spaces for exchanging and transfer of ideas, cross pollination, open innovation dedicated to students, academies, graphic and marketing agencies, genius etc. where they can meet and

After the completion of the Innovation Center in Verona, Fedrigoni met the Municipal Administration of the City to highlight that the growth of the Company is embedded with the opportunities and development offered by the territory on which it is located and that the territory-company synergies are positive and worth.

In 2023 we added two new projects related to packaging plastic to paper transition to our product portfolio: éclose and Paper Snap®.

Resulting from the joint venture between Fedrigoni and Tecnoform, éclose is the groundbreaking solution created with eco-friendly thermoformed pulp, offering three-dimensional interiors for boxes and cases of perfumes, cosmetics, products and high-end items, currently made of disposable plastic. A paper solution based on innovation and collaboration capable of meeting the needs of consumers in today's contemporary market and luxury brands. Thanks to cutting-edge technologies, the pulp is molded following the customer's design to create elegant different types of inner packaging for boxes, cases, mainly for luxury items, perfumery and cosmetics. A variety of custom designs can be made, giving wide leeway for creativity and inspiration.

Paper Snap® is a single-dose packaging made with Fedrigoni recyclable paper, for liquid and semi-liquid products. The design, created in partnership with Easysnap®, is human-centred. The packaging is accessible to everyone because it can be opened one-handed by folding in half. or this project, Fedrigoni Group developed a paper with a specific fiber directionality that guarantees:

- perfectly centred incision and scoring (if the incision were too deep, the liquid would flow out; if the scoring were not clean, the package would be difficult to open);
- excellent surface printability for information on brand and product content;
- a suitable solution for contact with food.

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. At the moment, on the market around 95% of these applications are made with monomeric PVC films and the remaining 5% are made with PO and PET films. Our product developed by our R&D team managed to find a solution with a paper face that provides a high level of printability and adhesive anchorage. Measured with our LCA tools, this new product presents also an improvement in the environmental-footprint indicators.

In early 2024 we updated our internal organization by adding a new Group Innovation function.

Waste

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

At the Special Papers Business Unit, the main waste is sludge from process water, which is purified through primary chemical-physical plants and secondary biological plants before being returned to the environment. In addition to this waste, there is also mixed packaging, wood, plastics, production waste containing silicones, solutions/dispersions/emulsions of substances derived from machine washing, waste oil, iron, and electrical equipment. Among these, hazardous waste represents a very small proportion of our total production, around 3%, and are all responsibly managed according to best available internationally recognized practices.

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

Waste (t)		2023 pro forma	2023	2022	2021
Group total waste		80,513	86,608	68,650	60,749
Waste recovered	%	89.3%	90.0%	88.9%	86.2%
Hazardous waste	%	3%	3%	6%	5%
Special Papers division					
Total waste	tons	42,112	48,207	33,094	30,354
Total waste/production ratio	kg / tons	148.1	118.3	66.2	62.7
Sludges	tons	14,145	18,059	17,231	16,327
Sludges percentage	%	33.6	37.5	52.1	53.8
Self-Adhesives division					
Total waste	tons	38.401	38.401	35,556	30,395
Total waste/production ratio	kg / tons	116.5	115.6	97.1	98.8
Mixed waste	tons	17,515	17,515	17,733	15,155
Liquid washing waste	tons	2,836	2,836	2,955	2,699

By 2023, we achieved 90.0% recovery of our waste (88.9% in 2022) thanks to the following initiatives:

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

In 2023, no cases of violations of regulations related to waste management were recorded in our production plants.
In early 2024 we updated our Environment Policy and it was approved by our Board of Directors.

Biodiversity

Why the topic is material	**Impact on society and environment**: the choice of raw materials, especially in the case of cellulose, if not accurately selected could generate negative impact on the biodiversity. Our direct impacts are related to the position of our sites in relation to the local biodiversity. **Financial impact on Fedrigoni**: Our key raw materials are dependent on nature and disruption in the supply chain could generate important financial risks. Brand reputation in connection of the protection of biodiversity is also of increasingly importance. **Significance for stakeholders**: For our customers the possibility to protect their brand reputation by providing the full traceability of the raw materials is of vital importance.
Targets by 2030	• 100% of pulp purchased with FSC certification • Implementing initiatives to improve and restore biodiversity in our sites
SDG and targets where we want to make the difference	15.1 By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements; 15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally.

In 2023 we published our new commitment "People & Nature: Make business work for people and nature" and it embodies our vision of 'environment' and 'people' as deeply interconnected and inseparable concepts. It includes all our goals targets and action relating to Human Rights, Emissions, Circularity, Waste, Water, Pollution and Biodiversity, considering not only our direct impact caused by our plants but also in our supply chain.

Our first Biodiversity Impact Assessment outlined that all of our paper mills are located within 5 km of an area of biodiversity interest and that four main activities are likely to cause direct impacts on biodiversity: land use of production facilities, water withdrawal, water discharge, and operational activities. Starting from the results of this assessment, in 2023, 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 (at our production site level, we have 4% of natural areas compared to the overall industrialized ones).

In 2023 we carried out with a third party a specific project related to the traceability of our pulp supply chain and biodiversity risks. The WWF Biodiversity Risk Filter was applied in order to identify and assess material risks - both physical and reputational - of the sourcing locations. The goal of this project was also to assess traceability and location-specific upstream biodiversity risk in
Fedrigoni pulp supply chains in anticipation of the requirements set under the new EUDR.
This assessment revealed the following risks: deforestation, wildfire hazard, soil condition, landslides, pollination, herbicide resistance and water scarcity. Moreover, Additional dependencies with high and medium risks associated with biodiversity are related to timber and wild flora and fauna availability, water and ecosystem condition, extreme heat and impact on land use change.

We adopted the “Mitigation Hierarchy” to guide our actions on biodiversity: the first step is to avoid any unnecessary negative impact. For example, we avoid converting green areas in our plants or we avoid buying pulp with no certification related to forest management. We then aim to reduce our impacts of those actions that cannot be entirely avoided. For example, we reduce the amount of water withdrawal by adopting water treatment technologies that allow us to use the same water for longer cycles reducing the amount of freshwater needed in our production plants. As we do not own any forest, regenerative actions will take place in our pulp supply chain. We have started engaging our suppliers on their biodiversity strategy to work together on projects related to nature regeneration.
In our paper mills we have started small restoration projects that include planting trees, sowing of wildflowers and installation of birdhouses and bat boxes.

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 project on these topics.

100% of our paper mills are managed under FSC CoC certification and in 2023 96.5% of the pulp purchased was FSC certified and 3.5% FSC Controlled Wood.

	2023	2022	2021
Pulp certification	*96.5% FSC certified, 3.5% CW*	*96% FSC certified, 4% CW*	*87% FSC certified, 13% CW*

The results of Biodiversity Impact Assessment of our plants and of the Biodiversity Risk assessment in our supply chain have been integrated into our Group risk management activities and included in the update of our materiality analysis.

Water

Why the topic is material	**Impact on society and environment**: Paper production requires a relevant amount of freshwater of high quality. At the end of the production process water is discharged in the environment and without proper treatment it could cause a damage in the receiving body. The level of impact of water withdrawals can vary depending on the season and location. **Financial impact on Fedrigoni**: without water paper production is not possible today. Any difficult in the amount and quality of water withdrawals could cause an interruption in the production process. **Significance for stakeholders**: Especially for local communities and activities dependent on water, the reliability and quality of water availability is of high importance.
Targets by 2030	• 10% reduction in water withdrawals by 2030 • Return 95% of annual water withdrawn to the environment in environmentally appropriate condition • Zero cases of water pollution
SDG and targets where we want to make the difference	6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally;

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 fiber 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 and there were no conflicts with local communities. In addition, there have been no water-related incidents with substantial impacts in the last four years (over € 10,000).

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

	2023 pro forma		2023		2022		2021	
Million Liters	Water stress areas	All areas*	Water stress areas	All areas*	Water stress areas	All areas*	Water stress areas	All areas*
Special Papers								
Surface water body	976.2	4,144.6	1,276.6	4,445.0	1,612.4	5,166.1	1,563.5	6,689.5
Groundwater		7,468.1	1,977.7	9,445.9	2,236.3	10,563.5	2,301.2	8,921.4
Third-party water	1.0	4.9	6.3	10.1	7.3	13.0	0	0
Total Paper	**977.2**	**11,617.6**	**3,260.6**	**13,901.0**	**3,856.1**	**15,742.5**	**3,864.7**	**15,610.9**
Self-Adhesives								
Surface water body	0	0	0	0	0	0	0	0
Groundwater	0	0	0	0	0	0	0	0
Third-party water	41.7	711.0	41.7	711.0	543.2	804.6	28.4	249.7
Total Self-Adhesives	41.7	711.0	41.7	711.0	543.2	804.6	28.4	249.7
Total Group withdrawal	**1,018.9**	**12,328.7**	**3,302.3**	**14,612.1**	**4,399.3**	**16,547.2**	**3,893.1**	**15,860.6**

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

In 2023, water withdrawal decreased by 25%, mainly due to the deconsolidation of the office business Giano S.r.l. which is classified as assets held for sale in our financial statements as of and for the year ended December 31, 2023, and a decrease in production. In Varone paper mill we have started the project of the new biological water treatment plant that will help us to reduce also water withdrawal and achieve the Group target of reducing by 10% the water withdrawal by 2030.

The index that compares the water withdrawal of the paper division compared to the tons of paper produced is 25.8 m^3/t (up by 7% compared to 2022).

The table below shows the water discharges for the Group:

	2023 pro forma		2023		2022		2021	
	Water stress areas	All areas*	Water stress areas	All areas*	Water stress areas	All areas*	Water stress areas	All areas*
Special Papers								
Surface water	946.4	11,244.2	2,559.4	12,857.2	3,293.4	14,804.9	3,214.1	14,691.3
Groundwater	0	0	0	0	0	0	0	0
Third-party water	0	0	0	0	0	4,0	0	0
Total Special Papers	**946.4**	**11,244.2**	**2,559.4**	**12,857.2**	**3,293.4**	**14,808.9**	**3,214.1**	**14,691.3**
Self-Adhesives								
Surface water	0	0	0	0	0	0	0	0
Groundwater	0	0	0	0	0	0	0	0
Third-party water	41.7	711.0	41.7	711.0	543.2	804.6	28.4	249.7
Total Self-Adhesives	**41.7**	**711.0**	**41.7**	**711.0**	**543.2**	**804.6**	**28.4**	**249.7**
Total Group water discharge	**988.1**	**11,955.3**	**2,601.1**	**13,568.3**	**3,836.6**	**15,613.5**	**3,242.5**	**14,941.0**

*Including water stress areas

In 2023, we returned 92.9% of the water withdrawn.

The table below shows the water consumptions for the Group:

	2023 pro forma		2023		2022		2021	
	Water stress areas	All areas	Water stress areas	All areas	Water stress areas	All areas	Water stress areas	All areas
Special Papers consumption	30.8	373.4	701.2	1043.8	562.6	933.7	650.6	919.6
Self-Adhesives consumption	0.0	0.0	0.0	0.0	0	0	0	0
Group total water consumption	**30.8**	**373.4**	**701.2**	**1,043.8**	**562.6**	**933.7**	**650.6**	**919.6**

*Including water stress areas

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

COD**	mg/l	kg/ton $_{\text{gross weight}}$	Reference value (BAT n.50)
2021	52.5	1.6	0.15-1.5 kg/ton $_{\text{gross weight}}$
2022	43.2	1.3	
2023	43.4	1.4	

* No absorbable organic halides (AOX) are generated or added via chemical additives and/or raw materials.
** Chemical Oxygen Demand represents the amount of oxygen required for the complete chemical oxidation of organic and inorganic compounds in a water sample; the absolute COD figure in 2023 was 488.1 t (670.3 t in 2022 and 718.14 4t in 2021).

Our water-related risks management activities include addressing regulatory changes and potential shifts in pricing structures. At the site level, we maintain a keen awareness of evolving regulations governing water usage, withdrawal restrictions, discharge standards, and associated tariffs. Through ongoing monitoring and engagement with regulatory bodies, we assess the potential impacts of future changes, in order to anticipate shifts in policies and pricing models. Our approach includes conducting scenario analyses to assess the potential implications of regulatory or tariff adjustments on our operations at the local level.

In early 2024 we updated our Environment Policy and it was approved by our Board of Directors.

SOCIAL

Health and Safety

Why the topic is material	**Impact on society and environment**: every accident determines negative direct consequence on the person involved and potential negatives impacts on the family and close ones. **Financial impact on Fedrigoni**: a high injury frequency rate could pose a risk of production continuity and to people attraction and retention. Moreover, if a severe case happen, the authority could impose the suspension of the production activity of the plant. **Significance for stakeholders**: Being a manufacturing company, health and safety is the most relevant topic for our employees.
Targets by 2030	• -85% of accident frequency index
SDG and targets where we want to make the difference	8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment

In early 2024 we 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.

All our plants have a Health and Safety management system that is based on risk and hazard identification and assessment. Each site has a specific action plan dedicated to minimize risks and achieve the targets to limit injuries occurrence. All plans include internal inspections as well as third party audits.

In 2023, in the FSA Business Unit we started the “Gemba walks” project, an internal inspection with a specific checklist and engagement with employees.

Regular meetings with H&S representatives of all sites are carried out to share best practice among different plants.

Each Operational committee and all monthly update meetings with top management start with a safety review.

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

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

All events – injuries, safety reports and near misses – are analyzed on a regular basis to:

a) ascertain the primary cause of the incident with a root cause analysis adopting the 5 WHYs approach
b) identify and implement subsequent actions to prevent those events from reoccurring
c) provide evidence to our people that reports have been addressed by site management.

100% of the Special Papers sites and 53% of the Self-Adhesives sites are ISO 45001 certified, the internationally recognized standard for occupational health and safety management systems.

In 2023, we recorded zero fatalities at employees and contractors' levels. Moreover, Rocchetta plant in Italy and Acucote for Self-Adhesives in the US recorded zero accidents in 2023.

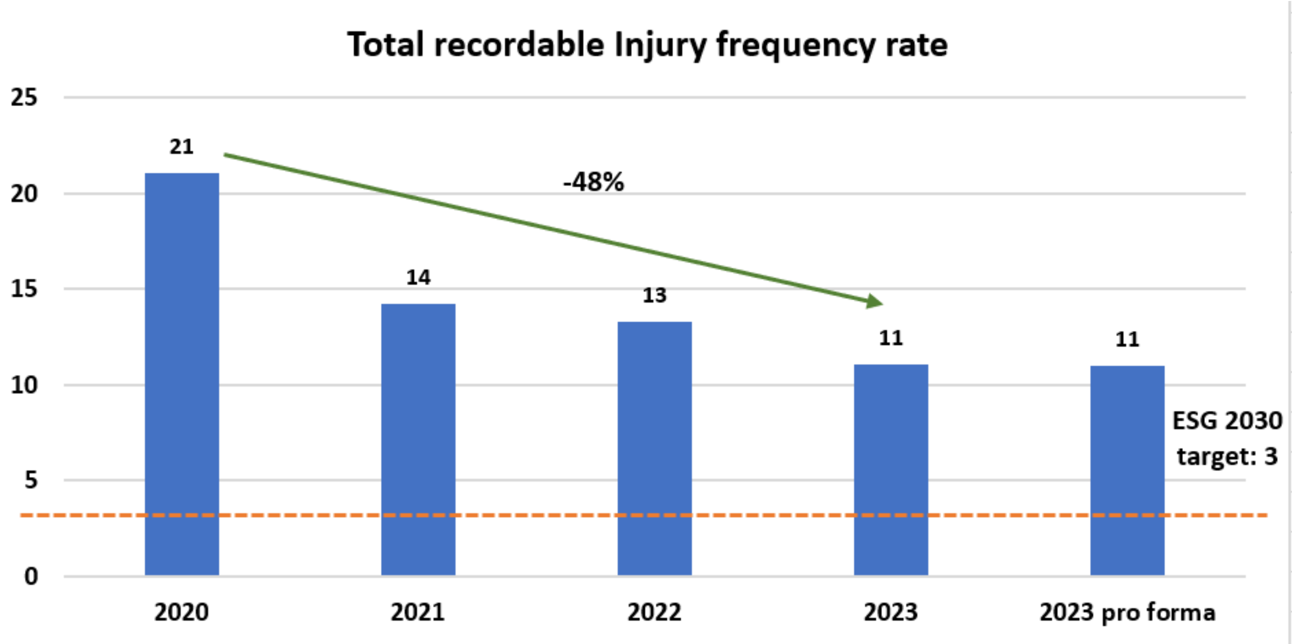
The table below shows trends of our data and indicators over the last four years.

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 [1]	number	81	83	74
Total Recordable Injury frequency rate[2]	**Ratio**	**11.0**	**13.3**	**14.3**
Loss time injuries [3]	number	79	61	60
Lost-time injury frequency rate	Ratio	10.7	9.8	11.6
Severity rate[4]	Ratio	0.35	0.2	0.5
Fatalities employees	Number	0	0	0

1 Any work-related injury or non-work-related that occur in the company premises that results in the employee not being able to return to work the next scheduled work shift. In 2023 4 injuries are considered "high-consequence work-related injuries" according to GRI definition.
2 Frequency rate calculated as the number of injuries divided by the hours worked and multiplied by one million. The hours worked in 2021, 2022 and 2023 were respectively:5.187.240, 6.232.694 and 7,336,579
3 Any work-related injury that occurs in the company premises that results in the employee not being able to return to work the next scheduled work shift.
4 Severity rate calculated as the number of days lost divided by the hours worked and multiplied by one thousand

Contractors' safety data		2023	2022
Total Recordable Injury	Number	14	24
Loss time injuries	Number	14	14
Total Recordable Injury frequency rate[5]	**Ratio**	24.9	26.6
Lost-time injury frequency rate[5]	Ratio	24.9	16.6
Fatalities contractors	Number	0	0

[5] Frequency rate calculated as the number of injuries divided by the hours worked and multiplied by one million. The hours by external workers in 2023 were 563,347;



At Group level, we decreased our frequency rate by 48% from 2020 (baseline of our 2030 target).

In the Special Papers division the number of injuries increased by 130%, from 20 to 46. Instead, in the Self-Adhesives division the of injuries decreased by 44% from 63 in 2022 to 35 in 2023. The following plants recorded zero injuries in 2023: Ritrama Poland, Acucote and Rocchetta.

People experience & development

Why the topic is material	**Impact on society and environment**: A workforce that is continuously learning and growing is better equipped to adapt to changing market dynamics and technological advancements. People who are encouraged to think creatively and share ideas contribute to a culture of innovation. **Financial impact on Fedrigoni**: people experience and development directly impacts the ability to attract talent, engage employees, foster innovation, and maintain a competitive edge in the market. Engaged people experiences lower absenteeism, higher job satisfaction, lower turnover and better overall performance. A positive reputation as an employer of choice can attract also resources from investors, contributing to long-term success. **Significance for stakeholders**: For Fedrigoni People the possibility to experience a meaningful, growing and satisfactory working environment is of paramount importance. For our investor as well, the ability to attract and retain talents has a high importance in their investment decision.
Targets by 2030	• Being in the top 5% for employee NPS (eNPS) compared to other manufacturing companies
SDG and targets where we want to make the difference	8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value

Engaging our people from the moment they sign with us

Improving employees engagement and productivity in a positive, hybrid work environment, supporting a shared sense of purpose is one of the HR imperatives of our people strategy. We are proud to present our 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.

- The fourth edition of our annual companywide survey.
- A newly designed onboarding experience for new joiners in our offices.

Proactively Monitoring and Responding to Our People's Engagement through our annual companywide survey

People Engagement (measured through Fedrigoni Survey)

Year	*Participation Rate*	*Engagement Score**	*eNPS (employee internal NPS)**	*Distribution compared to True Benchmark*
2023	**69%**	**7.7 / 10**	**34**	High middle range (-1 from Top 25%)
2022	73%	7.7 / 10	32	Middle Range
2021	68%	7.7 /10	30	Middle Range
2020	62%	8.2 / 10	50	Top 25%

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

At Fedrigoni we promote an open and ongoing value. In September 2023, we launched the fourth edition of our annual engagement survey, involving all our employees, including those from our recently integrated companies in Spain, France, and Turkey. Our mission is to monitor and assess the employee experience and engagement levels within our organization. We achieve this through a platform that fosters open dialogue and encourages feedback, creating a culture of continuous listening, learning and acting on the answers collected. This invaluable feedback allows us to pinpoint our strengths and areas of growth each year, enabling us to craft a robust and tailored action plan at both the group and local levels.

Throughout 2023, we have taken a proactive approach to enhance our work environment and employee well-being, guided by the valuable feedback from our 2022 survey. Our actions have been implemented at both global and local levels to ensure comprehensive improvements.

Global Initiatives:

- We have upgraded common workspaces and break areas in all our plants across the globe, fostering a more comfortable and collaborative atmosphere.
- We have enhanced the application of the remote working policy by mobilizing all our managers to ensure their teams are well informed and the policy is correctly applied.
- We have designed and conducted focus groups on well-being, leading to the implementation of promotional tools to enhance it like online training courses available on Fedrigoni UP. Learning by doing is confirmed as the most powerful training ever.

Local Initiatives:

At the local level, we have selected more than 250 actions tailored to the unique needs of different functions, teams, and locations.
This year, to increase understanding about the importance of the survey as a platform to share open and relevant feedback that will be listened to and acted upon, we launched the "It all starts with YOU" campaign. We encourage our people to participate in the survey and express candidly their thoughts, needs, and aspirations. The campaign was socialized via our internal digital channel, Workplace, and through flyers distributed globally in every office and plant, translated into the local language to ensure message clarity.

As part of the communication campaign, the CHRO and the Head of Talent Acquisition and Development posted directly on Workplace to emphasize the importance of survey participation. There was a strong focus on the demographic section, as its completion can assist the company in defining and pursuing more targeted initiatives aimed at fostering a more inclusive environment.

Our aim is to achieve an Employee Net Promoter Score (eNPS) ranking in the top 5% of other manufacturing companies and in the top 10% across sectors. This year, we are proud to report an eNPS of 34, marking a +2-improvement compared to 2022, placing us just below the top 10% Manufacturing True Benchmark. Across our entire organization we registered a 69% participation rate and 22.000 open comments and feedback.

The insights collected from the 2023 survey highlights how 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. Additionally, we have identified different priorities for plants and for offices in terms of actions to be taken throughout 2024.

The results were then shared at a high level on Workplace with the entire company, and the CEO addressed them during a live chat with all employees, answering their questions directly. The results have since been segmented and analyzed to prepare a concrete action plan, which has been cascaded by business leaders to their respective teams. The cascading process happens both top down and bottom up: every people manager with more than 5 resources has access to the results of the team, empowering them to focus the conversation based on these results, facilitating the planning of actions at local and team level while protecting and ensuring privacy and anonymity as results are analyzed at aggregate level.

A newly designed onboarding experience to empower and care for our new joiners in our offices.

At Fedrigoni, we believe that a warm welcome begins the moment a new colleague signs their engagement letter. To ensure this, in 2023, we have designed and launched a comprehensive onboarding process at group level, focusing primarily on colleagues based in offices. Throughout 2024 we will design and roll out the onboarding process for new joiners in our plants to ensure it considers the characteristics of their work environment.

Onboarding is the first impression a new employee has of Fedrigoni, and it's the moment our EVP promises come to life. Our objectives are clear:

- **Reinforce the Decision**: We aim to reaffirm the new colleague's decision to join Fedrigoni.
- **Create a Wow Factor:** We strive to amaze the new colleague, making Fedrigoni an irresistible place to work.
- **Smooth Transition:** We ensure a seamless transition into Fedrigoni.
- **Empowerment**: We equip the new joiner with all the necessary tools and information to be an active part of the team and the company.
- **Accelerate Performance and Growth**: We aim to fast-track the performance and growth of our new colleagues.

Our project was based on a thorough analysis and data collection as follows:

- Feedback from new joiners.
- Feedback from the 2022 Engagement Survey from new joiners (up to 1 year at Fedrigoni).
- Analysis of the existing processes.
- Benchmarking with external best practices.
- Two workshops with HRBPs from both Business Units.

We have then crafted a comprehensive journey that accompanies our new colleagues from the moment they sign up to their first year at the company. The process includes an automatic email campaign and a welcome kit for New Joiners, a guide for Hiring Managers, and a Buddy Program to aid new joiners' transition, to reaffirm the decision to join Fedrigoni, create a wow factor, ensure a smooth transition, empower new joiners, and accelerate their performance and growth The effectiveness of this process will be evaluated based on feedback, data points, and turnover comparison.

Several initiatives have been designed and launched to ensure all workers have access to Workplace, our internal communication platform. It provides a glimpse into our organization and encourages active participation. As of December 2023, 59% of our workers have activated their Workplace accounts, accessible via mobile devices or plant terminals.

Making our workers feel part of a greater organization by making Workplace and emails accessible for all.

In our ongoing commitment to foster a vibrant and connected community among our workers, we have launched initiatives to ensure seamless access to Workplace, our dedicated platform for internal communication and social collaboration.

This platform serves as a digital window into the everyday life of our organization, offering snapshots of various work-related activities. It represents also the go-to-place for important resources, such as performance conversations guides, Fedrigoni behaviors, INK! - our internal job posting group accessible to all, our strategy and all the governance, compliance and policies related documents.

As of December 2023, we are pleased to report that 59% of our workforce have activated their Workplace accounts. These accounts can be conveniently accessed via mobile devices, or the terminals provided in our plants, all through the company account.

Elevating our people competencies and skills across the organization

Year	Average training hours per learner	Number of employees who completed min. 1 course	% on total Employees	Number of completed courses	Total training hours
2023	13.9	2.584	57%	9,421	35,948
2022	14,1	2.065	50%	7,959	29,055
2021	30.5	547	14%	N/A	16,710

Our commitment to fostering a culture of continuous learning is unwavering, and we aim to make it universally accessible, bridging the gap across roles, functions, or locations, ensuring inclusivity beyond leadership tiers.

This year we have strategically concentrated our efforts on amplifying the competencies of our plant colleagues, a move designed to further enable our cultural transformation. Our focus has been on enhancing managerial capabilities, efficacy, quality, and health and safety standards. This journey started with training sessions targeted at plant managers from both business units and different countries, followed by sessions targeted for team leaders and supervisors.

In collaboration with our plant colleagues, we have created educational pills on the topic of safety, a series we plan to extend to include quality and efficiency in 2024. This resource has been made accessible on Fedrigoni UP, our digital learning platform, and has been showcased during ad hoc events at our plants. Our colleagues can access these learning resources via mobile devices and workstations. This comprehensive and far-reaching initiative represents a distinctive approach within the manufacturing industry, setting us apart in fostering continuous learning and development among our plant colleagues. As a result of these efforts, we've seen a significant increase in the access to learning experiences and online resources compared to last year: the overall number of plant colleagues who completed at least one course has increased by 10%, now covering 29% of the entire plant colleague population.

We aim to strengthen our company's collective intelligence by utilizing the diverse experiences, skills and knowledge already present within our team, directly contributing to business agility and responsiveness. Two examples of this approach are the RFID training program targeted to our sales colleagues and our mentorship programs, two initiatives that leverage on internal expertise shared across businesses, geographies and levels.

Throughout 2023, we kept investing in learning and development, training over 2,584colleagues and delivering nearly 35.948 hours of non-mandatory instruction. This marked a 21% increase in training hours from the previous year.

Our Group invested 1.7 million euros in non-mandatory learning and development experiences in 2023, an increase of approximately 230k euros from the previous year.

We offered an enhanced variety of training and development non mandatory experiences to our employees, utilizing online, in-person, and on-the-job formats. We launched a promotional campaign targeted at all our employees as well as an ad hoc editorial plan in a dedicated group on Workplace to inspire even more colleagues to use and explore Fedrigoni UP, our global e-learning platform accessible to everybody, both in offices and plants. This platform empowers our employees to enhance their skills and knowledge in a wide range of areas, including productivity, collaboration tools, team and self-effectiveness, language learning, Ethical Code, company strategy and processes, product and production for our Self-Adhesives Business Unit, soft and hard skills development, sustainability, inclusion, non-discrimination, health and safety, cybersecurity, functional upskilling, and wellbeing. Fedrigoni UP recorded the completion of 7,161 online courses by 2,117 employees, marking a 20.2% increase compared to the number of employees who completed online courses last year.

In the dynamic environment we operate in, we are continually faced with new challenges. This reality drives our approach to learning and development at Fedrigoni, specifically designed to support individual needs and foster personal growth. Recognizing that targeted growth drives our collective success, we have launched several initiatives, including:

- **Managerial Training for New Leaders**: specifically designed for individuals assuming managerial roles in Fedrigoni for the first time, focusing on foundational management skills.
- **Leadership Development in Plants**: concentrating on nurturing leadership qualities within our manufacturing environments, emphasizing responsibility and operational excellence, preparing them to feel accountable for and execute key strategic priorities for Fedrigoni Group.
- **Customer Academy**: we have globally rolled out this program across our entire sales workforce, deepening our understanding of and connection with customers, and enhancing our ability to build meaningful partnerships.
- **Performance Conversations Enhancement:** providing the tools for managers and individual contributors to engage in effective and meaningful discussions.
- **Individualized Language Learning**: Offering one-on-one and self-paced training in a variety of languages to strengthen global communication capabilities in [number] languages to foster accessibility to information.
- **Technological Advancements Preparedness**: Preparing our teams for the evolving technological landscape with focused training.
- **Team-Specific Workshops**: organizing ad hoc sessions for teams, working on implementation of operating models and in boosting team dynamic effectiveness.
- **Inclusive Leadership Training for Leadership Team:** offering sessions conducted by an external expert to enhance the understanding of Inclusion, Diversity, and Equity (IDE) and the fostering of an inclusive working environment as managers, leaders and role models.
- **Functional upskilling programs:** Strengthening our teams functionals capabilities through the design and offer of capabilities academy, self-development initiatives, access to dedicated learning resources and ad hoc training programs.
- **Coaching:** at Fedrigoni coaching ai defined as a partnership between a coach and a coachee who supports the achievement of challenging results, focusing on the skills and actions needed for

excellence in performance and leadership. The coaching objectives are co-created by the coach, the coachee and the manager.

- **Mentoring:** Building upon the positive feedback received from our 2022 pilot and the insights gathered through our internal talent reviews and the manager-collaborator performance conversations, in 2023 we have initiated a new phase which has now expanded to include also colleagues outside of the Leadership Team of the Group.

The "Being a Team Leader – Operations Journey (BATL OPS)" program was created to develop the leadership skills of production assistants, who are responsible for managing and coordinating the work of around 2,700 operators across two business units. The program was piloted in 2023 to employees in Italy and Spain, with 140 assistants in Italy and 34 employees in Spain participating in the program. These countries were identified as priorities because they account for 65% and 15% of the production population respectively. The program aims to hone the skills of assistants as team coordinators by defining the expectations of their role and preparing them to execute key strategic priorities for Fedrigoni Group, such as safety, quality, and sustainability. By aligning the learning objectives and outcomes with the strategic priorities of Fedrigoni Group, the program helps the company meet its overall performance goals and strategic targets. The program equips participants with the tools, mindsets, and skills to manage, inspire, and engage their teams, drive change, and contribute to the success of Fedrigoni Group. The program has several key performance indicators (KPIs) that are designed to have a direct impact on the company's overall business performance. These KPIs are divided into three main categories: managerial skills and people centricity, safety, and quality and efficiency. For managerial skills and people centricity, the program aims to increase the overall engagement score (eNPS) for workers and assistants, as monitored by the annual engagement survey, (specifically in drivers like Management support, Growth, Communication, and Goal setting). The 2023 survey will be considered as the baseline to assess improvements and changes to the assistant's managerial impact after the leadership journey. We expect that the improved employee engagement will result in increased productivity, reduced turnover, and improved business performance. For safety, the program aims to decrease the frequency and severity index, decrease near misses, increase the number of signalling, and increase the completion of safety video. This could lead to reduced accidents and injuries, and reduced costs associated with accidents and injuries. For quality and efficiency, the program aims to decrease the number of technical claims, decrease the amount of claim value relative to total revenue, and increase productivity, leading to reduced costs and increased revenue. Furthermore, on the safety topic the upskilling action plan was directed to the entire plant population, including workers.

At Fedrigoni, every day presents an opportunity for growth, regardless of one's role or function. This is what fuels our daily inspiration to work in a challenging, demanding, and meaningful environment. We actualize this through the tool of performance conversations, to enable tailor-made development plans for all our employees, regular manager check-ins, and a keen focus on the employee's future career path.

Recognizing our people for their contribution

At Fedrigoni, we cultivate a culture that acknowledges and rewards outstanding performance, fueled by transparent communication. This is made possible by our Fedrigoni Behaviors, which are more than mere words on paper. They serve as 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.

Depending on the role and the position, we are committed to providing fair and equitable compensation, based on external local pay benchmarking and internal equity.

This is enabled by a highly and flexible job architecture system that allows the comparison between different roles on an international level. In alignment with our commitment to gender equality, our salary review process ensures a balanced approach between man and women, fostering a fair and inclusive work environment.

Our Flexible Benefits System ensures that the drive, passion and dedication of our people is recognized and rewarded and that each person is empowered to be at their best. That is why we choose to view our compensation and benefits holistically. These benefits reflect our culture, values and the way we work with each other. No matter the role, seniority or location of our people, we strive to provide global benefits that are adaptable to the local area our people live and work in.

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

Currently, Fedrigoni implements an annual incentive system (MBO) for key positions, which comprises 12.6% of the total population and 29.5% of white-collar roles. This system is based on group and individual financial indicators, qualitative indicators, and group and functional ESG objectives. The ESG rating forms a crucial part of the MBO for various teams within our organization. This includes the Group Leadership Team, the Business Unit (BU) Leadership team, the Group MBO, the BU MBO, and the Sales population. The specific percentages attributed to ESG ratings in the MBO are detailed below. Functional ESG, on the other hand, is exclusively applicable to Operations and other functions that have tangible data on ESG objectives. This ensures that our commitment to ESG principles is not just theoretical, but grounded in real, measurable outcomes. Other key components of the ESG objectives are the Performance Conversation percentage completion for people managers, Employee NPS and the compliance with the Fedrigoni Behaviors. Our management appraisals include 360-degree feedback, Team-based performance appraisal and Agile conversations.

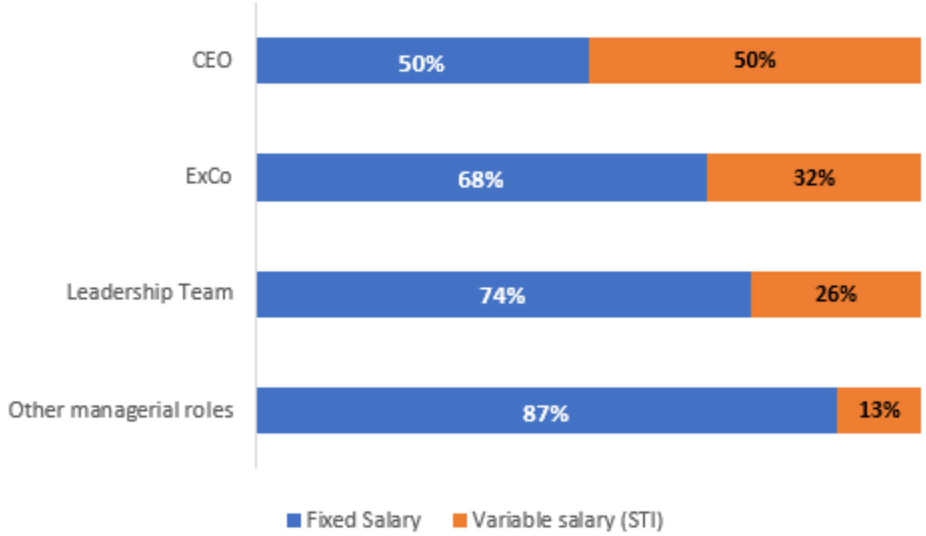
For the rest of the population not covered by MBO, performance incentives are provided through profit shares plans related to economic performance and other indicators that are in the process of being harmonized across countries. The not financial KPIs of the profit shares plans include the ESG objectives, for examples safety goals set by plants related to accidents.

MBO Objectives 2023

Role	CEO	Group Leadership Team	BU Leadership Team	Group MBO	BU MBO	Sales
Group EBITDA	60%	37.5%	12.5%	35%	12.5%	7.5%
Group Cash Flow	15%	37.5%	37.5%	35%	35%	22.5%
Business Unit EBITDA	-	-	25% (1)	-	22.5% (1)	15% (1)
Individual Objectives	-	-	-	10%	10%	45%
ESG Objectives	25%	25%	25%	20%	20%	10%

*ESG 2023 targets: people-related aspects (diversity and inclusion, health and safety, compliance with Fedrigoni Behaviours, Fedrigoni Performance Conversation), CO_2 emissions, waste management, sale of products with advanced ESG characteristics, suppliers also qualified according to ESG criteria. Beyond the annual MBO target, most of these objectives have a medium-long term time perspective, tending to coincide with the 2030 horizon. This year, the weight of ESG objectives has been increased, with a greater focus on the people dimension (diversity, equity, inclusion, development and employee engagement, as measured by periodic internal listening surveys).

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



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

Boosting opportunities for everyone to collectively make a difference

For us, excellence isn't a goal. It's a state of mind. It's about striving every day to make our products and processes even better. It's about reducing our impact on the planet in every way we can. Each of us has the support and encouragement we need to excel. Together, we ensure Fedrigoni is a place where people with the best ideas can do the best work of their careers.

Outlined below are our strategic initiatives designed to amplify opportunities for our colleagues, empowering them to achieve their individual goals and contribute to our ambitious company objectives.

Fostering internal mobility by cultivating a culture of growth and leveraging the appropriate tools.

This year, leaders and managers conducted 10 internal talent reviews with the aim of identifying optimal strategies to foster the growth and development of talent across the company. This initiative aligns with both the aspirations of our employees and the needs and priorities of the company. Coupled with our Internal Job Posting Platform, INK, where every new job position available is published and shared internally before being promoted externally, this initiative facilitated [number] in-house job relocations and filled open positions. This marked a threefold increase from the previous year, underscoring the tangible success of Fedrigoni's unwavering commitment to nurturing people's growth. 2023 has also seen an increase in international assignments as a development tool for our colleagues compared to last year as the number of people who were relocated to other countries increased threefold.

Accelerating experiences through regional transformation projects outside of current scope of work.

Unleashing the potential of our collective knowledge and fostering a growth mindset, we have launched seven distinct project streams, focused on specific functions. These projects bring together [number] colleagues with diverse professional backgrounds across the LATAM region, all contributing to transformational initiatives in addition to their current roles. This opportunity not only amplifies their skill set and broadens their regional connections, but also fast-tracks their journey towards future roles.

Accelerating ambitious early career stage colleagues' growth by exposing them to challenging projects with a real business impact.

In June 2023, we celebrated the conclusion of the first edition of the Next program. This initiative saw 27 colleagues from 8 different countries collaborate for 9 months in multidisciplinary international teams, working on high-impact business projects. These colleagues were exposed to a diverse range of training opportunities that enriched both their personal and professional experiences. From workshops at our Innovation Centre in Verona focusing on self-awareness, to project management and inclusive leadership laboratories, to informal networking moments with colleagues in various roles from different countries - all under the guidance of our business leaders.

In July, we opened the doors for a new wave of aspiring Nexters - colleagues with three to eight years of work experience and a minimum of six months tenure in the company. We received 73 applications, conducted 57 interviews together with our leadership and talent team members, and ultimately selected a group of 33 new Nexters.

October 2023 marked the exciting kick-off of the new edition with a 4-day workshop at our Innovation Centre in Verona. The Nexters were divided into groups and will work closely with their coaches - more experienced colleagues - on the business challenges assigned to them. All the projects embody real business challenges essential to Fedrigoni's strategy, spanning five key topics: Loss Analysis, AI-Powered Transformation, Customer Services & Order Management, Inclusion Diversity, and Equity, and Sustainable Packaging Solutions. By tackling these real-world business challenges, Nexters are at the heart of innovation and efficiency improvements, aligning with Fedrigoni's commitment to leading industry standards, competitive distinction, and a culture enriched by inclusivity and environmental responsibility.

Enabling growth through an open and continuous dialogue focusing on actionable areas for people's professional development.

Performance conversation

Year	*Number of people with min. 1 performance conversation in the year**	*% of our eligible workforce who completed min. 1 conversation in the year*	*% overall workforce who completed min. 1 conversation in the year*
2023	1484	78%	33%
2022	1328	84%	32%
2021	643	65%	17%
2020	337	25%	9%

*The data include performance conversation carried out during the year and registered in our system before year ending, therefore performance conversation carried out but not registered within the end of the year are not included.

At Fedrigoni, we believe that the most honest, open and authentic way to pursue continuous improvement is by letting people ask themselves how they see their personal development, what challenges they would like to tackle in the following months, their professional aspirations and interests.

To facilitate this, in 2021 we launched the 'Performance Conversations', a development tool that fosters open, meaningful, and ongoing dialogues between colleagues and their managers. These conversations, which occur once a quarter, provide a platform for both managers and employees to offer constructive feedback on successes and areas for improvement.

This system is available to all our employees; however, it has been intentionally promoted throughout 2023 among desk workers, including the new acquired companies in US and Spain with the clear objective of fostering workers' participation in 2024 and rolling it out in Turkey and France during the first months of the year. It is instrumental in formulating and monitoring acceleration actions and personalized development plans for our employees, all of which are tracked through our HR Management System, Workday. In 2023, 33% of our workforce completed at least one conversation during the year, representing 82% of managers and white collars in integrated companies. This year, the successful implementation of performance conversations forms an integral part of the individual MBO objectives for our people managers, which led to an increase in quality and frequency of performance conversations, from an average of 1 conversation per person in 2021 to 2,5 on in 2023.

Spreading performance culture and building a people growth accelerator

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. We want to reinvent the boundaries of what our industry can do.

Our strategy pillars clearly articulate this ambition, among them the fifth pillar conveys our intention to lead the industry by nurturing our most valuable asset - our **people**. We're committed to attracting, engaging, developing, recognizing, and boosting opportunities for everyone at Fedrigoni, empowering us all to collectively make a difference.

In 2023, Fedrigoni launched strategic 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 future colleagues and existing teams.

This section provides a comprehensive overview of these initiatives, covering both the talent attraction and the acquisition phase.

- Our first podcast, **'Life at Fedrigoni: The Podcast'**, is a platform to showcase our culture and people. Our HR team curated a diverse group of colleagues as guests, providing a rich variety of perspectives. By December 2023, we published three episodes, resonating with over 900 global listeners. More episodes are in the pipeline.
- Spotlighting our people on **LinkedIn**, through monthly content that showcases our culture and growth. The 'Life' section of our Group profile provides insights into our purpose, leadership, goals, and sustainability commitments. 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** showcasing our diverse teams and company experiences. 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. After interviewing colleagues from across the globe working in different functions, the conversations are shared on the blog on our website, celebrating their diversity and excellent career journey. 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. We're focusing on six key countries and working with local HR teams to provide a localized snapshot and an authentic image of daily life at our company.
- The establishment of **long-term partnerships with local schools and international academic institutions** to guide future generations. Our aim is to make an impact by involving colleagues directly, sharing their capabilities, stories and experiences, and welcoming students to our premises whenever possible. 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. We've conducted *mock interviews, drop-in sessions,* and *company visits*, and actively participated in *guest lectures*, *round table discussions* and *advisory boards* meeting more than 400 students both online and in person. Moreover, Fedrigoni contributes, through the Paper School of the San Zeno Institute of Verona and with the patronage of AFC (Association for the Professional Training of Papermakers), to organize specific training for Paper Technicians: these 720 hours of training are aimed at young people possession of a high school diploma and allows them to acquire sufficient technical-practical skills to be able to quickly find employment in operational positions.
- The revamp of our **career website**, launched in June 2023, to showcase our promise to our people, both present and future colleagues. It features three sections: Culture, Life at Fedrigoni, and Join Us. The Culture section presents our Employer Value Proposition (EVP), the five pillars of our people promise, Discover Extraordinary* Every Day, and our behaviors, Strive for Excellence, Foster Partnership and Embrace Transformation. It also highlights our commitment to diversity. The Life at Fedrigoni section includes a video featuring our CEO and an overview of our global flexible benefits. The Join Us section articulates the value exchange between Fedrigoni and its employees. The website also spotlights open positions and provides a clear overview of our selection process. Visitors get a numerical snapshot of Fedrigoni, understanding our scale, diversity, and global reach. 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. We've outlined the skills we're seeking, and the people candidates will interact with, ensuring they are well-prepared for their journey towards Fedrigoni.
- The adoption of the **Workday recruiting module** (July 2023) to streamline our recruitment process and ensure consistency in job postings. This has increased our visibility in the job market. We've trained our HR team on using this tool effectively and set up an automatic thank-you message for applicants. 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)

Why the topic is material	**Impact on society and environment**: prioritizing IDE contribute to the promotion of social justice by creating inclusive environments where all individuals, regardless of their background, feel valued and respected. Moreover, the economic empowerment of underrepresented groups helps reduce income inequality and promotes economic growth in communities. **Financial impact on Fedrigoni**: An inclusive working environment directly impacts the ability to attract and retain talents. Diverse teams are more likely to develop innovative solutions to complex challenges. Instead, in case of discrimination it can lead to legal and reputational risks for our Company. **Significance for stakeholders**: For Fedrigoni People the possibility to experience a meaningful, growing and satisfactory working environment is of paramount importance. Customers increasingly expect the brands they support to demonstrate a commitment to diversity, equity, and inclusion.
Targets by 2030	• 35% of managerial positions held by women
SDG and targets where we want to make the difference	8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value

Elevating diversity to reinvent extraordinary every day, together.

Here at Fedrigoni, we are on a journey to elevate inclusion, celebrate diversity and drive equity in our working environment, with our customers, our partners, our community and with our people. We believe Inclusion is what makes us learn from one another. Diversity is what brings better answers. Equity is how we make sure all our voices are heard.

Below is a comprehensive overview of the Inclusion, Diversity and Equity initiatives carried out throughout 2023.

- *Continued Inclusive Leadership learning journey for Group leaders.*
  Our Leadership Team has embarked on a reflective journey of learning, consisting of three 90-minute sessions conducted in intimate groups by an external expert. These sessions are designed to enhance our understanding of Inclusion, Diversity, and Equity (IDE). By focusing on inclusive leadership behaviors, we aim to comprehend the barriers to IDE and strategize ways to overcome them. The goal is for leaders to embody the principles of IDE in their actions and interactions, thereby serving as role models for our teams and the organization at large.

- *Training program for our 50+ people HR Community on Inclusion, Diversity and Equity with an external expert to foster and guide internal reflections and sharing sessions.*

- *Assigned an IDE dedicated project to a group of early career stage colleagues.*
  Among the six high-impact projects assigned to Nexter, our initiative designed to accelerate the development of early-career colleagues over a nine-month period, one group was entrusted with the 'IDEators' project. This project, sponsored by a member of the executive committee and a member of the leadership team, is about designing and initiating the cascading of the IDE 2024

roadmap, boosting the diffusion of IDE awareness and fostering a mindset that drives mobilization and ownership across the group, and about defining and measuring the impact of practical initiatives.

- *Continued collecting feedback on IDE through the yearly People Survey.*
  Our commitment to IDE is reflected in our annual People Survey, which includes 13 dedicated questions addressing the crucial aspects of diversity, inclusiveness, belonging, and non-discrimination. The feedback collected through this survey not only helps us gauge our progress but also highlights areas that require further attention.

  For the second time, the IDE topic was included in our survey. We collected diversity and inclusion demographics information on a voluntary basis to enable positive and open change in Fedrigoni.

  We realized we cannot act on what we don't know so we are keen to get to know better what's important to our people, to make Fedrigoni a truly inclusive and diverse place to work as well as understand where and how best to focus our efforts.

  The growing awareness, interest, and importance of IDE among our people are evident in the significant increase in engagement. We received over 5000+ comments, a substantial rise from 2000 last year. Furthermore, an average of 75% of respondents completed self-identification demographics, a marked increase from approximately 10-20% last year.

  These figures underscore the growing consciousness and significance of IDE topics among our people.

- *Making progress on women representation in in managerial position.*
  One of our ESG targets as a group is the percentage of managerial positions held by women (Leadership Team and People Managers), with a target of 35% by 2030. We monitor this target monthly, with transparent sharing with the Group leaders and Executive Committee, using a solid definition in line with GRI standards.

  The trend over the course of 2023 has observed a slow but steady increase over the year. This is the result of internal efforts on inclusive attraction, recruiting, reorganization and promotion practices, while monitoring organic and inorganic workforce trends (new acquisitions, availability of diverse candidates in the market). It is interesting to note that the percentage of new women hired with managerial roles is increasing compared to previous years (28,6% in 2023, compared to 23,3% in 2022 and 27% in 2021).

  As for the attraction and recruiting phases, LinkedIn and Workday data respectively show how our activity is followed by men and women almost evenly with women constituting 44% of our company page visitors, exceeding the peer median of 40%. Among job viewers on LinkedIn, women account for a remarkable 52%. Additionally, 48% of those who click on the "apply" button are women. As of December 2023, 45% of the 5.179 applicants for the open positions published on our career website, LinkedIn and Indeed are women.

  We have identified areas within the group that need more attention and targeted actions and levers to enable improvement, such as focus on inclusive attraction, recruiting and promotion practices as well as enhancing internal women role models also through internal and external social channels.

Women in managerial Positions*

Year	*Women*	*Total employees in managerial positions**	*% Women*
2023 pro forma	135	514	26%
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.

- *Continued effort in designing and implementing equitable policies and processes with a worldwide impact.*
  We are continuing our effort in designing and implementing policies and processes that ensure an equitable workplace for all our people in every location they are. We have in place an Inclusion, Diversity and Equity policy. The latter has been enhanced in 2022 with a policy on best practices for respect in the workplace, with guidelines on positive and acceptable behavior for a safe, supportive and discrimination- and harassment-free professional work environment. Everyone can feel relevant, respected and protected, confident that the Group will handle all reports appropriately. The reporting procedure and the handling of reports are clearly outlined in the policy. Every colleague can find on the Fedrigoni UP learning platform a training program on the Fedrigoni Code of Ethics, mandatory for everyone, it contains explanations and links of our IDE policy and the Whistleblowing procedures that company has adopted.

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:

The Group refrains from directly or indirectly lobbying politicians and trade union representatives, and does not fund, directly or indirectly, in any form, political or trade union parties, movements, committees or organizations, their representatives or candidates, except those due based on specific legal provisions. Relations with political and trade union parties, movements, committees and organizations are handled exclusively by the company divisions delegated to do so in accordance with the company organization.

- *Relations and negotiations with trade union organizations*
  Relations and negotiations with trade union organizations are always managed in compliance with the law, national and/or company collective agreements, customs and practices in force in each country. Furthermore, within the Fedrigoni Group there is extensive second-level bargaining, which regulates various aspects of working conditions in an improvement sense compared to the law and first-level bargaining, and its implementation is guaranteed by the central function which coordinates the activities and ensures that the principles indicated above are observed uniformly throughout the Group.

In compliance with the principle of fair and constructive dialogue with employees, in every case of acquisition and/or restructuring, employees and their trade union representatives are informed in advance, with timings that vary from country to country in full compliance with local legislation, collective and trade union agreements in force.

During 2022, Zuber Rieder in France and Guarro Casas in Spain joined Fedrigoni Group. For both, moving in continuity with the past, the Company has started constructive dialogues with local trade unions and intends to develop them further in the coming years.

- *Employees psycho-physical recovery*
  Fedrigoni carefully guarantees the possibility of enjoying the annual holidays necessary for the psycho-physical recovery of its employees and respects the weekly rest day.

- *Shock absorbing measures*
  During 2023, the Company had to resort to the social safety net of the Wage Integration Fund in all Italian plants, caused by a generalized contraction in orders, resulting from market difficulties but also as a consequence of the effects of the difficult macroeconomic context resulting from wars. The situation was managed through the signing of trade union agreements in which the company granted employees better conditions than those provided by law, such guaranteeing the accrual of the institutions and the payment of performance bonus; in addition the Company gave welfare credit that can be spent to purchase goods and services for affected employees and their families.

  Similarly, the Company also had to resort to ERTE in Spain, a shock absorber similar to the Italian Wage Integration Fund, here too by stipulating union agreements that improved with respect to the law for the employees involved *.Result Bonus Agreement renewal*

- *Result Bonus Agreement renewal*
  During 2023, a renewal of the Result Bonus Agreement for 2024 was carried out, which will guarantee the same conditions as the previous three years, despite the unfavorable market situation.

- *National Agreement for Supportive Holidays in Italy renewal*
  Fedrigoni has also renewed the National Agreement for Supportive Holidays in Italy for 2024 to promote and support solidarity among employees, especially in cases of colleagues in difficulty due to illnesses related to children and/or spouses.

- *National Agreement on Agile Work full implementation in Italy*
  The Company was able to see how the National Agreement on Agile Work signed in the previous year was fully implemented among employees and contributed to improving the balance between work and private life.

- *Consolidation of the implementation of the National Industrial Relations Protocol in Italy*
  Over the years, a constructive dialogue based on the principles of correctness and mutual transparency has been established with all the Group's trade unions.

  This was confirmed, for example, by the consolidation in Italy of the implementation of the National Industrial Relations Protocol for the paper sector, a trade union agreement that collects and specifies shared rules to bring the dialogue with trade union organizations to an even higher and more structured level. In the year 2023 this was extended to the audience of chemical contract employees.

As a result of this, during 2023, thanks also to the careful management of relations with trade union representatives, no hours of local strikes were recorded.

- *European Works Council negotiations*
  Negotiations began during 2023 for the establishment of a European Works Council, expected in 2024, with the aim of ensuring that all employees are consulted and informed.

- *Good practices for respect at the Workplace*
  In the Company is still in place a Global Policy called "Good practices for respect at the Workplace" in order to avoid all forms of discrimination and harassment and to ensure that all the employees feel respected and protected.

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

INDUSTRIAL RELATIONS (% on total active employees)	Unit	2023	2022	2021
Employees under collective agreements	%	80%	83%	83%
Employees who have elected union representatives	%	83%	78%	78%

In 2023 new companies without Collective Agreements joined Fedrigoni Group.

Community relations

Why the topic is material	**Impact on society and environment:** Positive community relations can foster trust, goodwill, and collaboration, leading to a range of beneficial impacts that could include improved social cohesion, enhanced quality of life for local residents. Conversely, poor community relations can result in negative outcomes such as community distrust, social unrest, and reputational damage. **Financial impact on Fedrigoni**: Positive community relations can create opportunities for cost savings through streamlined project approvals, access to local resources, and enhanced brand reputation, which can lead to increased market share and customer loyalty. Conversely, negative community relations pose financial risks, including project delays, regulatory fines, litigation costs, and damage to brand value. Moreover, investor confidence may be undermined, impacting access to capital and the cost of borrowing. **Significance for stakeholders**: Local communities can benefit from positive engagement with our Group through economic development, job creation, and social investment, leading to shared prosperity and sustainable development. Investors are increasingly factoring in social and environmental considerations when making investment decisions, with community relations serving as a key indicator of corporate responsibility and long-term value creation. Customers are also more likely to support companies with positive community relations, driving demand for ethically sourced products and services. For employees, strong community relations can enhance job satisfaction and attract top talent.
Targets by 2030	• one activity per year in each country where we operate
SDG and targets where we want to make the difference	8 DECENT WORK AND ECONOMIC GROWTH — 8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment

InspirinGirls International

Fedrigoni is a partner of **InspirinGirls International,** an organisation dedicated to raising the aspirations of girls around the world by connecting them with female role models from all walks of life. They introduce girls (10-15 years old) to the full variety of careers and options in life, inspiring them to aim high. Until mid-February 2023, already 18 Fedrigoni female role models participated in 3 Countries. For the past three years, Fedrigoni has been partnering with NGO Inspiring Girls International, a project created to help raise awareness of their talent in female adolescents, freeing them from the gender stereotypes that often curb ambition. In our partnership, we contribute to this mission by making young girls (and boys) connect and dialogue with female role models in workshops that foster their personal aspirations, self-confidence and creativity with a locally responsive approach within a global common framework.

Since 2021, we have met and had an impact on the dreams and future outlook of over 600 girls and boys in four countries (Italy, France, Brazil and Chile, in city as well as rural areas), of which 450 only in 2023. This is a testimony to the tremendous expansion of our reach, along with the growing engagement of our internal, passionate role models who dedicate their time to this cause. We have in fact involved 35 women (of which 28 only this year) from different roles, levels and geographies as Inspiring Girls role models and facilitators.

We also contributed to Inspiring Girls ambition and visibility by taking part in the #ThisLittleGirlIsMe campaign on social media. 33 Fedrigoni Group women professionals and leaders from Italy, Spain, Turkey, USA, Brazil, and Philippines shared their story on social media platforms to introduce girls (and boys) all over the world to the full variety of careers and options in life beyond gender stereotypes, inspiring them to aim high.

Inspiring young people and elevating their creativity, especially girls and women, is a purpose that Fedrigoni is committed to keep pursuing in every country where the company exists, and we will continue this journey in the coming year.

Festival del Disegno

Festival del Disegno (design festival) held every year in September - our event to celebrate the art of drawing around Italy. It all starts with the festival-event in Milan: from the Indro Montanelli gardens to the Castello Sforzesco. After Milan, the Festival moves along the entire peninsula, feeding on the local creativity of individual genius loci. Associations, institutions, schools, museums, libraries from all over Italy organize creative workshops. Some numbers about the 2023 edition (https://fabriano.com/festival-del-disegno/):

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

Fondazione Gianfranco Fedrigoni - Fabriano (FFF).

The Foundation, dedicated to Gianfranco Fedrigoni, was founded in Fabriano on 8th of March 2011. Unique heritage in the world for the quantity of assets preserved - with over 500 square metres of archival assets and books belonging to the Archive of the Miliani Fabriano paper mills - it is the first Company archive in Italy declared historically interesting with documents dating from 1782. The historical heritage also includes 2,212 Fabriano antique papers, a collection of papers dated from 1267 to 1798 by the filigranologist Augusto Zonghi (1840-1916), one of the most important in Europe acquired by the Foundation in 2016; and 10,000 tools to produce the hand-made and machine-made paper, commissioned by historical Made in Italy companies (e.g. FIAT, Liquore Strega, Fernet Branca, Stabilimento Ricordi). The annual Fedrigoni donation 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 trasform in art the work gestures of paper production. It was realized a multimedia performance with the cooperation of artist from all Europe (dancers, singers, actors, etc.) that they staged a fascinating opera with paper clothes and sounds of paper mills in the wonderful setting of the old supermarket of papermakers in the historical complex of Fabriano Paper mills.

Details on 2023 initiatives of Fondazione Fedrigoni Fabriano are available here: https://www.fondazionefedrigoni.it/it/8/attivita

GOVERNANCE

Governance and business ethics

Why the topic is material	**Impact on society and environment**: ethical misconduct could lead to environmental harm, such as pollution, deforestation, or resource depletion. This can negatively impact ecosystems, biodiversity, and the health and well-being of communities living in proximity to the company's operations. Ethical misconduct can have significant social repercussions, including exploitation of workers, violation of human rights, and community displacement. These actions can lead to social unrest, protests, and boycotts, affecting the company's operations and reputation. **Financial impact on Fedrigoni**: in case of an ethical misconduct it could generate severe financial consequences for our company, including legal costs, reputation damage, loss of customers and revenue, operational disruption, and limited access to capital. **Significance for stakeholders**: Being in the same value chain of our business partners, for them ethical behaviors is of fundamental importance. Moreover, our employees, investors, and regulators all expect and demand high standards of governance and ethical conduct. Meeting these expectations not only enhances stakeholder trust and loyalty but also mitigates the risk of potential conflicts or controversies that could **adversely** affect our reputation and relationships.
Targets by 2030	• 100% of people trained on our Code of Ethics • 95% of supplier spending base qualified also according to ESG criteria (please refer to the paragraph "Sustainable procurement" for results and activities regarding our supply chain)
SDG and targets where we want to make the difference	8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.
Business case	Adhering to governance standards and ethical practices ensures that a business operates within the legal framework set by regulatory authorities. Non-compliance can lead to legal penalties, fines, or even lawsuits, which can harm the business's reputation and financial stability. Business ethics directly impact a company's reputation. Consumers, investors, employees, and other stakeholders prefer to associate with companies that demonstrate ethical behavior and responsible governance. Maintaining a positive reputation enhances trust and credibility, leading to better customer loyalty, investor confidence, and employee engagement.

Code of Ethics

The Code of Ethics, adopted in 1998 and updated in 2021, defines the principles of behaviour that inspires our activities. It applies to all companies of the Group and, in 2023, we effectively trained 43% of our people (82% of white collars) 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 Behaviours, 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 Directive (EU) 2019/1937 on the protection of persons who report breaches of Union Law. 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.

	2023	2022	2021
People trained on Code of Ethics (%)	43%	40%	0%
Reports received (nr.)	11	2	0
Reports substantiated (nr.)	5	0	0
Breach of Code of Ethics (nr.)	5	0	0

Corporate Liability

In 2023, Polifibra 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 sanctions 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 intranet.

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 intranet 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.

Tax management

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

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

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

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

Specifically, the tax strategy pursues the following objectives:

- Managing the tax variable while protecting the interests of all stakeholders;
- Always operating in compliance with tax regulations with regard to both the literal meaning of the rules and the underlying rationale, monitoring and overseeing new legislation, including through regular consultations with tax consultants, as well as with the relevant institutions at national and international level, where necessary;
- Making decisions on tax matters in line with national and international best practices, as well as consistent with its strategic objectives and risk appetite;
- Promoting professional due diligence in handling tax-related activities and processes, as also set out in the Code of Ethics, and ensuring that the relevant procedures are appropriate;
- Providing appropriate technical training to all employees involved in handling tax-related obligations and activities;
- Establishing thorough, accurate information flows to management bodies and tax authorities;
- Encouraging the development of constructive, professional and transparent relations with the Tax Authorities based on the concepts of integrity, cooperation and mutual trust;
- Adopting a group transfer pricing policy based on the principles of normal value and free competition which is in line with the arm's length principle defined by the OECD guidelines, preparing the appropriate transfer pricing documentation in accordance with the OECD
- Transfer Pricing Guidelines (i.e. Master File, Local File, and Country-by-Country Report);
- Consistently and adequately assigning roles, responsibilities and powers to staff involved in processes that have tax implications so as to ensure proper management of tax risk and minimise the possibility of disputes;
- Not making investments in or through tax havens or low-tax jurisdictions for the sole purpose of obtaining undue tax advantages or structures designed for tax avoidance. In the organisational model, the management of regulatory compliance and tax planning activities at local level is supervised and coordinated by the Parent Company's Tax Management department. This department also monitors the development of tax legislation in the various countries the Group operates in so as to minimise any material impact in terms of tax risk in accordance with the Group's Tax Strategy. Finally, Fedrigoni is committed to maintaining a cooperative, transparent

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

Value generated and distributed

The generated and distributed value is the direct economic value generated (revenues) and the distributed economic value (operating costs, employee salaries and benefits, payments to capital providers, payments to the government per country and community investments). It is, therefore, the wealth that the company generates and redistributes in various forms to stakeholders. In 2023, we generated €2,014 m and distributed among the different corporate stakeholders as follows:

€	2023	2022	2021
Economic value generated	1,990,195	2,351,588	1,689,896
Economic value distributed	2,019,060	2,196,478	1,582,830
Value distributed to suppliers	1,431,967	1,758,867	1,239,874
Value distributed to employees	273,228	280.729	249,218
value distributed to providers of capital	296,242	128,337	68,464
Value distributed to Public Administration	16,478	27,537	24,483
Value distributed to Shareholders	0	0	0
Value distributed to the community*	1.093	1,008	791
Economic value retained by the Group	-28,813	155,110	107,066

*in 2023, € 86k have been donated for philanthropic activities

No contributions were made to lobbies and/or political organizations and no other spending occurred related to ballot measures or referendums. Fedrigoni is a member of various trade associations including Assocarta, Assolombarda. In 2023 € 1,0 m were paid for membership fees.

Taxonomy

Regulation (EU) 2020/852 incorporated the "Taxonomy" into the European regulatory framework with the aim of assessing the environmental sustainability of economic activities and promoting transparency on the environmental impact of investments, starting from the identification of 6 environmental objectives: a) the mitigation of climate changes; b) adaptation to climate changes; c) the sustainable use and protection of water and marine resources; d) the transition towards a circular economy; e) the prevention and reduction of pollution; f) the protection and restoration of biodiversity and of ecosystems.

At the moment, Fedrigoni is not within the scope of application of this regulation. The following paragraph aims to provide information according to the Taxonomy principles and criteria referring to the above environmental objective.

To qualify as environmentally sustainable, activities must adhere to particular criteria, which include: positively contributing to at least one of the six environmental objectives; avoiding significant harm to any other objectives (DNSH - Do Not Significantly Harm criterion); operating in line with Minimum Social

Safeguard and adhering to the technical criteria outlined by delegated acts adopted by the European Commission.

Article 8 of Regulation (UE) 2020/853 defines the taxonomy reporting obligations, which include the disclosures of the following indicators:

a) the proportion of their turnover derived from products or services associated with economic activities that qualify as environmentally sustainable; and
b) the proportion of their capital expenditure and the proportion of their operating expenditure related to assets or processes associated with economic activities that qualify as environmentally sustainable;

Interpreting the current applicable requirements, Fedrigoni has evaluated that its primary commercial activities do not fall within the scope of those currently recognized by the regulations pertaining to the environmental objective mentioned earlier. Moreover, in 2023, no proportion of turnover CapEx and Opex is deemed eligible under the current criteria.

ANNEX

ESG Targets

Managerial positions held by women*

Year	Women	Total managers	% women
2023	137	527	**26,00%**
2022	119	467	**25,48%**
2021	106	423	**25,06%**
2020	81	363	**22,31%**

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

People Engagement Survey

Year	Participation Rate	Engagement Score*	eNPS (employee internal NPS)*	Distribution compared to True Benchmark
2023	**69%**	**7,7 / 10**	**34**	**High middle range (-1 from Top 25%)**
2022	73%	7,7 / 10	32	Middle Range
2021	68%	7,7 /10	30	Middle Range
2020	62%	8,2 / 10	50	Top 25%

Employees trained on the Group Code of Ethics during the year			
Year	**N**	**Total Employees**	**%**
2023	1811	4316*	42%
2022	1671	4115	41%
2021	40	3893	1%

*Eclose Unifil and Zuber not included as the process in not yet lauched

Learning

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

Professional Category	Total number of people trained by Professional Category					
	2023		2022		2021	
	t% on total population	people who attended at least 1 course	% on total population	people who attended at least 1 course	% on total population	people who attended at least 1 course
Leadership	93%	41	95%	42	100%	42
People Manager	100%	508	93%	395	73%	280
Employee	84%	1.152	84%	1054	18%	213
Worker	29%	757	19%	452	0%	6
Blank		*197*		*122*		*19*
Total	**58%**	**2655**	**50%**	**2065**	**14%**	**547**

Topic	Learning by Topic in 2023		
	People who attended at least one course	Total Training Hours Delivered	Average hours per learner
Languages	316	13.747	43.5
Functional Upskilling	212	5.106	24.1
Sales & Sales Effectiveness	84	3.758	44.7
People Manager Essentials	308	3.545	11.5
Team & Self Effectiveness	428	2.961	6.9
Cybersecurity	1.629	1.804	1.1
Health&Safety, Environment and Quality System	677	2.243	3.3
Products & Innovation	479	1.415	3.0
Sustenaibility and IDE	395	580	1.5
Ethics and Policies	573	445	0.8
Productivity & Collaboration Tools	143	284	2.0
Wellbeing	16	60,	3.8
Totale	2.584	35.948	13.9

Age Group	Average training hours by Age Group 2023 on total population	2023 per learner	2022 on total population	2022 per learner	2021 on total population	2021 per learner
<30	7,6	16,8	7,5	10,9	N/A	N/A
30-50	8,9	14,5	6,9	14,2	N/A	N/A
>50	6,4	11,8	7,3	15,4	N/A	N/A
Total	**7,9**	**13,9**	**7,1**	**14,1**	**4,3**	**30,5**

Gender	Average training hours by Gender 2023 on total population	2023 per learner	2022 on total population	2022 per learner	2021 on total population	2021 per learner
Male	6,9	13,3	11,2	14,8	3,5	29,5
Female	13,4	15,2	6,0	12,9	7,6	33
Total	**7,9**	**13,9**	**7,1**	**14,1**	**4,3**	**30,5**

Nationality	Average training hours by Nationality 2023 on total population	2023 per learner	2022 on total population	2022 per learner	2021 on total population	2021 per learner
Italy	9,5	17,1	8,2	17,1	N/A	N/A
Spain	8,0	11,2	2,9	13,6	N/A	N/A
Brazil	11,2	17,9	4,4	9,1	N/A	N/A
China	9,7	9,8	3,3	6,6	N/A	N/A
France	9,9	23,4	10,5	9,8	N/A	N/A
Chile	6,6	13,0	4,8	15,4	N/A	N/A
United Kingdom	4,0	4,8	0,1	5,4	N/A	N/A
Poland	2,1	11,8	0,1	7,1	N/A	N/A
United States of America	2,7	5,0	8,9	N/A	N/A	N/A
Other (nationality with <15 learners or N/A)	13,1	7,3	7,1	10,8	N/A	N/A
Total	**7,9**	**13,9**	**7,1**	**14,1**	**4,3**	**30,5**

Professional Category	Average training hours by Professional Category 2023 on total population	2023 per learner	2022 on total population	2022 per learner	2021 on total population	2021 per learner
Leadership	22,6	24,3	24,7	25,8	66	66
People Manager	18,3	17,5	25,8	27,6	18,3	25
Employee	13,8	16,3	11,5	13,7	5,4	31
Worker	1,6	5,5	0,6	3,2	0	18,5
Total	**7,9**	**13,9**	**7,1**	**14,1**	**4,3**	**30,5**

Performance

Year	Number of people with min. 1 performance conversation in the year*	% of our eligible workforce who completed min. 1 conversation in the year	% overall workforce workforce who completed min. 1 conversation in the year
2023	**1484**	**78%**	**33%**
2022	1328	84%	32%
2021	643	65%	17%
2020	337	25%	9%

*The data include performance conversation carried out during the year and registered in our system before year ending, therefore performance conversation carried out but not registered within the end of the year are not included.

Performance Conversations by Level

	2023			2022
Level	**Employees with min. 1 Performance Conversation**	**Average Conversations / person**	**% on total population**	**% on total population**
Leadership	33	2,5	79%	68%
Manager	423	2,5	82%	79%
White Collar	956	2,4	76%	70%
Blue Collar	75	2,5	3%	4%
Total	**1487**	**2,5**	**33%**	**32%**

Performance Conversations by Level

	2023		2022	
Level	**Employees with min. 1 Performance Conversation**	**% on total population**	**Employees with min. 1 Performance Conversation**	**% on total population**
Female	589	69%	503	62%
Male	895	26%	825	25%
Total	**1484**	**33%**	**1.328**	**32%**

Employee with MBO

	2023				2022				2021			
Employees with MBO	***Male***		***Female***		***Male***		***Female***		***Male***		***Female***	
	Number	***%****	***Number***	***%****	***Number***	***%****	***Number***	***%****	***Number***	***%****	***Number***	***%****
Leadership	35	97%	8	100%	37	100%	7	100%	34	100%	8	100%
Manager	202	57%	75	58%	179	58%	67	60%	157	55%	39	40%
White collar	149	21%	87	14%	127	19%	72	12%	117	17%	61	11%
Blue collar	-	-	-	-	-	-	-	-	-	-	-	-
Total per gender	**386**	**11%**	**170**	**18%**	**343**	**10%**	**146**	**18%**	**308**	**10%**	**108**	**14%**
Total	**12%**				**12%**				**11%**			

* Percentage on total active employees.

Workforce breakdowns*

	2023 pro forma			2023			2022			2021		
Worker Type	***Male***	***Female***	***Total***	***Male***	***Female***	***Total***	***Male***	***Female***	***Total***	***Male***	***Female***	***Total***
Employee	3431	914	4345	3611	924	4535	3303	812	4115	3141	752	**3893**
External collaborator	253	69	322	263	69	332	286	59	345	259	31	**290**
Total	**3684**	**983**	**4667**	**3874**	**993**	**4867**	***3589***	***871***	***4460***	**3400**	**783**	**4183**
Type of contract	***Male***	***Female***	***Total***	***Male***	***Female***	***Total***	***Male***	***Female***	***Total***	***Male***	***Female***	***Total***
Temporary	75	65	140	76	67	143	112	67	179	86	52	138
Permanent	3356	849	4205	3535	857	4392	3191	745	3936	3055	700	3755
Total	**3431**	**914**	**4345**	**3611**	**924**	**4535**	***3303***	***812***	***4115***	**3141**	**752**	**3893**
Time Type	***Male***	***Female***	***Total***	***Male***	***Female***	***Total***	***Male***	***Female***	***Total***	***Male***	***Female***	***Total***
Full-time	3405	833	4238	3584	842	4426	3275	739	4014	3122	692	3814
Part-time	26	81	107	27	82	109	28	73	101	19	60	79
Total	**3431**	**914**	**4345**	**3611**	**924**	**4535**	***3303***	***812***	***4115***	**3141**	**752**	**3893**
Type of external contracts	***Male***	***Female***	***Total***	***Male***	***Female***	***Total***	***Male***	***Female***	***Total***	***Male***	***Female***	***Total***
External agency	243	48	291	253	48	301	270	37	307	248	21	269
Intern	5	12	17	5	12	17	12	15	27	5	4	9
Apprentices	2	4	6	2	4	6	2	1	3	2	3	5
Co.Co.Co	0	0	0	0	0	0	1	0	1	2	0	2
Consultant	3	5	8	3	5	8	1	6	7	2	3	5
Total	**253**	**69**	**322**	**263**	**69**	**332**	***286***	***59***	***345***	**259**	**31**	**290**

At December 31st of each year.

Note: not employed employee who is not guaranteed a minimum or fixed number of working hours per day, week, or month, but who may need to make themselves available for work as required

	2023 pro forma			2023			2022			2021		
Professional category per gender	***Male***	***Female***	***Total***	***Male***	***Female***	***Total***	***Male***	***Female***	***Total***	***Male***	***Female***	***Total***
Leadership	36 (82%)	8 (18%)	**44**	36 (82%)	8 (18%)	**44**	37 (84%)	7 (16%)	**44**	34 (81%)	8 (19%)	**42**
Manager	345 (73%)	127 (27%)	**472**	356 (73%)	129 (27%)	**485**	311 (74%)	112 (26%)	**423**	283 (74%)	98 (26%)	**381**
White collar	705 (52%)	642 (48%)	**1347**	725 (53%)	643 (47%)	**1368**	669 (53%)	583 (47%)	**1252**	670 (56%)	533 (44%)	**1203**
Blue collar	2345 (94%)	137 (6%)	**2482**	2494 (95%)	144 (5%)	**2638**	2286 (95%)	110 (5%)	**2396**	2154 (95%)	113 (5%)	**2267**
Total	**3431 (79%)**	**914 (21%)**	**4345**	**3611 (80%)**	**924 (20%)**	**4535**	**3303 (80%)**	**812 (20%)**	**4115**	**3141 (81%)**	**752 (19%)**	**3893**

In addition, we report the percentage of women in the following additional professional categories in 2022: Junior manager 21.5%, revenue generating functions 47%, STEM-related positions 22.3%.

	2023				2022				2021				
Age range	***< 30***	***30 - 50***	***> 50***	***Grand Total***	***< 30***	***30 - 50***	***> 50***	***Grand Total***	***<30***	***30 – 50***	***>50***	***N/A***	***Total***
Leadership		26 (59%)	18 (41%)	**44**	(0%)	27 (61%)	17 (39%)	**44 (100%)**	0%	55%	45%	**0%**	**42**
Manager	7 (1%)	291 (60%)	187 (39%)	**485**	6 (1%)	236 (56%)	181 (43%)	**423 (100%)**	3%	49%	47%	2%	**381**
White Collars	192 (14%)	771 (56%)	405 (30%)	**1368**	151 (12%)	739 (59%)	362 (29%)	**1252 (100%)**	11%	55%	32%	2%	**1203**
Blue Collars	384 (15%)	1,424 (54%)	830 (31%)	**2638**	296 (12%)	1308 (55%)	792 (33%)	**2396 (100%)**	12%	52%	36%	1%	**2267**
Grand Total	**583 (13%)**	**2,512 (55%)**	**1,420 (32%)**	**45,43**	***452 (11%)***	***2310 (56%)***	***1352 (33%)***	***4115 (100%)***	***11%***	***52%***	***36%***	***1%***	***3893***

Employees by nationality 2023

Nationality	Number of employees	%
Italy	2330	51%
Spain	622	14%
United States of America	262	6%
France	181	4%
Mexico	170	4%
Brazil	166	4%
Chile	145	3%
China	128	3%
United Kingdom	97	2%
Türkiye	81	2%
Poland	68	1,5%
Germany	49	1,1%
Colombia	20	0,4%
Ecuador	18	0,4%
Romania	17	0,4%
Dominican Republic	15	0,3%
Other	166	4%

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

Employees by self-identification voluntary demographics

In this year's Fedrigoni People Survey, like last year, employees had the option to self-identify on a voluntary and anonymous basis in a series of categories through a third-party survey platform. Self-identification data are available and reported only in aggregate form, with the aim for the Group of better understanding the working experience of different groups to plan dedicated actions and initiatives.

	2023		2022	
Employees self-identification – Ethnicity	**Number**	**%**	**Number**	**%**
Ethnic majority	1797	40%	1327	32%
Etnic minority	137	3%	87	2%
Other	154	3%	106	3%
N/A / Preferred not to answer	2447	54%	2595	63%

	2023		2022	
Employees self-identification – Religion	**Number**	**%**	**Number**	**%**
Christian	1559	34%	1212	29%
Atheist	349	8%	208	5%
Non-religiously spiritual	164	4%	140	3%
Agnostic	153	3%	104	3%
Other	128	3%	101	2%
Muslim	81	2%	16	0%
Buddhist	30	1%	26	1%
Jewish	6	0%	5	0%
Hindu	<5	0%	<5	0%
Preferred not to answer	2061	45%	2303	56%

	2023		2022	
Employees self-identification – Caring responsibilities	**Number**	**%**	**Number**	**%**
No caring responsibilities	1191	26%	874	21%
Caring responsibilities for a child or children	731	16%	499	12%
Caring responsibilities for an adult family member	266	6%	186	5%
Caring responsibilities for a child or children as well as an adult family member	255	6%	187	5%
Other caring responsibilities	48	1%	43	1%
Preferred not to answer	2044	45%	2326	57%

	2023		2022	
Employees self-identification - Sexual Orientation	**Number**	**%**	**Number**	**%**
Straight / Heterosexual	2353	52%	1687	41%
Gay / Lesbian	17	0%	13	0%
Bisexual	25	1%	17	0%
Other	36	1%	21	1%
Preferred not to answer	2104	46%	2377	58%

Turnover

	2023				2022				2021				
Number of new hires 2023*	*<30*	*30 - 50*	*>50*	*Total*	*<30*	*30 - 50*	*>50*	*Total*	*<30*	*30 - 50*	*>50*	*N/A*	*Total*
Male	120	212	31	363	137	225	31	**393**	80	155	25	1	**261**
Female	40	78	4	122	35	96	12	**143**	38	71	5	2	**116**
Total	**160**	**290**	**35**	**485**	**172**	**321**	**43**	**536**	**118**	**226**	**30**	**3**	**377**
(%)	**31%**	**12%**	**2%**	**11%**	**39%**	**14%**	**3%**	**13%**	**28%**	**11%**	**2%**	**6%**	**10%**
	2023				**2022**				**2021**				
Turnover 2023*	*<30*	*30 - 50*	*>50*	*Total*	*<30*	*30 - 50*	*>50*	*Total*	*<30*	*30 - 50*	*>50*	*N/A*	*Total*
Male	69	220	108	397	66	158	90	**314**	82	167	114	4	367
Female	9	68	27	104	19	58	20	**97**	16	46	35	2	99
Total	**78**	**288**	**135**	**501**	**85**	**216**	**110**	**411**	**98**	**213**	**149**	**6**	**466**
Turnover rate (%)	**15%**	**11%**	**9%**	**11%**	**19%**	**9%**	**8%**	**10%**	**23%**	**11%**	**11%**	**13%**	**12%**

*excluding new acquisition and merge

New Hires	2023			2022			2021		
	Male	*Female*	***Total***	*Male*	*Female*	***Total***	*Male*	*Female*	***Total***
Leadership Team	1 (100%)	0 (0%)	**1**	4 (100%)	(0%)	**4**	NA	NA	**NA**
White Collar	119 (54%)	103 (46%)	**222**	141 (53%)	124 (47%)	**265**	NA	NA	**NA**
Blue Collar	243 (93%)	19 (7%)	**262**	248 (93%)	19 (7%)	**267**	NA	NA	**NA**
Total	**363 (75%)**	**122 (25%)**	**485**	**393 (73%)**	**143 (27%)**	**536**	**261**	**116**	**377**
Turnover	**2023**			**2022**			**2021**		
	Male	*Female*	***Total***	*Male*	*Female*	***Total***	*Male*	*Female*	***Total***
Leadership Team	2 (100%)	(0%)	**2**	4 (80%)	1 (20%)	**5**	NA	NA	**NA**
White Collar	142 (60%)	93 (40%)	**235**	124 (60%)	83 (40%)	**207**	NA	NA	**NA**
Blue Collar	253 (96%)	11 (4%)	**264**	186 (93%)	13 (7%)	**199**	NA	NA	**NA**
Total	**397 (79%)**	**104 (21%)**	**501**	**314 (76%)**	**97 (24%)**	**411**	**367**	**99**	**466**

Internal Mobility

	2023				2022				2021			
Employees covering an internal open position	**Male**		**Female**		**Male**		**Female**		**Male**		**Female**	
	Number	**%***	**Number**	**%***	**Number**	**%***	**Number**	**%***	**Number**	**%***	**Number**	**%***
Leadership	1	3%	0	0%	2	5%	0	0%	1	3%	0	0%
Manager	19	5%	15	12%	23	7%	9	8%	7	2%	3	3%
White collar	43	6%	36	6%	19	3%	12	2%	10	1%	7	1%
Blue collar	18	1%	0	0%	58	3%	1	1%	15	1%	0	0%
N/A / Exit in the year	4	1%	3	2%								
Total per gender	**85**	**2%**	**54**	**38%**	**102**	**3%**	**22**	**3%**	**33**	**1%**	**10**	**9%**
Total	***139 employees, 3%***				***124 employees, 3%***				***43 employees, 1%***			

ExCo composition

	2023				2022				2021			
Number of ExCo	***<30***	***30 - 50***	***>50***	***Total***	***<30***	***30 - 50***	***>50***	***Total***	***<30***	***30 - 50***	***>50***	***Total***
Male	0	4	3	7	0	6	1	7	0	6	0	6
Female	0	0	1	1	0	0	1	1	0	0	2	2
Total	0	**4**	**4**	**8**	0	**6**	**1**	**8**	0	**6**	**2**	**8**

	2023				2022				2021			
% of ExCo	***<30***	***30 - 50***	***>50***	***Total***	***<30***	***30 - 50***	***>50***	***Total***	***<30***	***30 - 50***	***>50***	***Total***
Male	0.0%	50.0%	37.5%	87,5%	0.0%	75.0%	12.5%	7	0.0%	75.0%	0.0%	75.0%
Female	0.0%	0,0%	12.5%	12.5%	0.0%	0.0%	12.5%	1	0.0%	0.0%	25.0%	25.0%
Total	**0.0%**	**50.0%**	**50.0%**	**100.0%**	**0.0%**	**75.0%**	**25.0%**	**100.0%**	**0.0%**	**75.0%**	**25.0%**	**100.0%**

Tax management

Country	Resident entity names	Main activities	No. of Employees*	Revenues from sales to third parties	Intra-group revenues	Profit/loss before taxes	Tangible assets other than cash and cash equivalents	Income taxes paid (cash basis)	Accrued Income Taxes on Profits/Losses
				Euro/1.000	*Euro/1.000*	*Euro/1.000*	*Euro/1.000*	*Euro/1.000*	*Euro/1.000*
Italy	Fedrigoni SpA; Gruppo Cordenons SpA; Magnani 1404 S.r.l.; Fiber Bidco S.p.A.; Giano S.r.l.;E'close S.r.l.; Ritrama SpA; Polifibra 2011 SpA; Arconvert SpA; Miliani Immobiliare Srl; Giano Real Estate S.r.l.;	Production and delivery of graphic papers; Production and delivery of adhesive and anti-adhesive products ; Property Management	2,402	842,452	383,137	-434,928	2,715,554	3,605	-17,673
Spain	Arconvert SAU; Villartales S.L.U.; Distribuidora Vizcaina de Papeles S.L; Guarro Casas S.A.; Fedrigoni Espana SL	Production and delivery of adhesive and anti-adhesive products; Production and delivery of graphic papers; Delivery of graphic paper	664	363,216	73,447	96,086	169,267	9,908	6,605
UK	Ritrama UK; Fedrigoni UK LTD	Production and delivery of adhesive and anti-adhesive products; delivery of adhesive and anti-adhesive products	118	101,607	11,395	69,225	19,821	550	1,786
USA	GPA Holding company INC; Acucote INC.	Distribution of Paper and Self-adhesive materials; Production and delivery of adhesive and anti-adhesive products	264	172,502	2,124	33,791	173,978	1,570	-3,438
Brasil	Arconvert-Ritrama do Brasil LTDA; Ritrama Autodesivos LTDA	Production and sale of adhesive and anti-adhesive products	160	77,332	7,192	10,499	55,471	769	225
Cile	Ritrama SA Chile	Production and delivery of adhesive	177	35,563	22,454	-28,181	111,387	142	-2,768

		and anti-adhesive products							
Mexico	Venus America SA de CV; Rimark SA de CV; Servicios de Personal Rolosa; Industrial Papelera Venus SA de CV; Fedrigoni Self-Adhesives de Mexico SA	Production and delivery of adhesive and anti-adhesive products	170	33,266	1,746	-840	30,775	447	270
Germany	Fedrigoni Deutschland GMBH; Cartamano Deutschland GMBH.	Delivery of graphic paper	58	46,798	1	38,469	7,193	126	390
France	Fedrigoni France Sarl; F1 Papers SAS; Papeterie Zuber Rieder SAS	Delivery of graphic paper	183	73,180	4,424	28,177	76,595	2,744	337
Austria	Fedrigoni Austria GMBH	Delivery of graphic paper	1	0	0	-315	53	2	2
Ecuador	Distribuidora Ritrama Ecuador Disritrec SA	Delivery of adhesive and anti-adhesive products	0	0	0	-12	199	0	1
Perù	Ritrama Perù	Delivery of adhesive and anti-adhesive products	9	4,184	0	-3,649	2,848	0	48
Costa Rica	Ritrama Costa Rica	Delivery of adhesive and anti-adhesive products	11	6,014	130	4,758	4,209	5	35
Colombia	Ritrama SAS	Delivery of adhesive and anti-adhesive products	18	6,572	0	6,036	4,369	116	251
Guatemala	Ritrama Guatemala	Delivery of adhesive and anti-adhesive products	41	0	21	-41	174	0	0
Dominican Republic	Inversiones San Aurelio SRL; Ritrama CARIBE Srl	Delivery of adhesive and anti-adhesive products	0	1,792	0	1,691	550	24	31
China	Ritrama (Hefei) Pressure Sensitive Coated Materials Co.Limited	Production and delivery of adhesive and anti-adhesive products; Production and sales of Paper materials; Distribution of Paper materials	277	45,052	2,470	6,736	46,239	-7	-83
South Africa	Ritrama Converting (PTY) LTD	Delivery of adhesive and anti-adhesive products	0	0	0	267	12	0	3

Poland	Ritrama Poland	Delivery of adhesive and anti-adhesive products	58	34,643	1,160	25,257	5,947	106	29
Belgium	Fedrigoni Benelux BVBA	Delivery of graphic paper	9	9,578	139	7,957	1,845	0	28
Turkey	Bes Reklam Ürünleri Sanayi ve Ticaret A.Ş.	Production and sales of Self-adhesive materials	80	8,695	5,752	-2,790	9,357	342	-239
Bangladesh	Fedrigoni Bangladesh LTD	Delivery of graphic paper	3	30	0	-191	303	0	41
Hong Kong	Arjowiggins Hkk 3 Limited	Production and sales of Paper materials	3	803	0	10,498	1,515	0	56
Indonesia	PT Fedrigoni Indonesian Trading	Delivery of graphic paper	4	1,126	0	614	1,209	0	11,5
Total			**4669**	**1,864,406**	**515,594**	**123,590**	**3,438,872**	**20,450**	**-14050**

* Please note that in this table the number of employees refers to FTE and therefore it differs from other workforce breakdown calculated with headcount.

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

	Arco	Cordenons	Fabriano	Pioraco	Scurelle	Varone	Verona
Type of plant	Paper mill	Paper mill	Paper mill	Paper mill	Paper mill	Paper mill	Paper mill
Surface (ha)	12,41	6,20	8,93	3,18	0,55	4,65	5,84
Nearest protected area or area of natural interest	Biotopo Monte Brione	Risorgive del Vinchiaruzzo	Faggeto di San Silvestro	Valle Scurosa, Piano di Montelago e Gola di Pioraco	Val Campelle	Biotopo Monte Brione	Fiume Adige tra Verona est e Badia Polesine
Distance in km to the protected area or area of natural interest	0,33	1,33	0,83	0,00	3,73	2,65	1,66
Number of protected areas or areas of natural interest within a radius of 20 km	55	12	33	31	47	59	13

U.N. Global Compact reference table

Category	Global Compact Principles	2023 Sustainability Report paragraph	GRI Indicator
Human Rights	**Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights	Our certifications, ratings, endorsements and memberships;2030 ESG targets; Human Rights; Health and Safety; Inclusion, Diversity and Equity; Code of Ethics	403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-9, 405-1, 406-1, 413-1,
	Principle 2: Businesses should make sure that they are not complicit in human rights abuses	2030 ESG targets; Sustainable procurement; Human Rights; Code of Ethics	414-1, 414-2
Labour	**Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	2030 ESG targets, Human Rights, Social Dialogue and industrial relations	2-30
	Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour	Sustainable procurement; Human Rights; Code of Ethics	414-1, 414-2
	Principle 5: : Businesses should uphold the effective abolition of child labour	Sustainable procurement; Human Rights; Code of Ethics	414-1, 414-2
	Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation	Sustainable procurement; Human Rights; Health and Safety; Inclusion, Diversity and Equity; Social Dialogue and industrial relations; Code of Ethics	2-7, 2-8, 404-1, 404-2, 404-3, 405-1, 406-1
Environment	**Principle 7:** Businesses should support a precautionary approach to environmental challenges	2030 ESG targets; Enterprise Risk Management, Sustainable procurement; CO_2 and renewable energy; Product innovation; Water; Biodiversity; Code of Ethics	302-1, 302-3, 303-1, 303-2, 303-3, 305-1, 305-2, 305-3, 305-4, 305-5, 306-1,306-2, 306-3
	Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility	2030 ESG targets; Enterprise Risk Management, Sustainable procurement; CO_2 and renewable energy; Product innovation; Water; Biodiversity; Code of Ethics	302-1, 302-3, 303-1, 303-2, 303-3, 305-1, 305-2, 305-3, 305-4, 305-5, 306-1,306-2, 306-3
	Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies	2030 ESG targets; Enterprise Risk Management, Sustainable procurement; CO_2 and renewable energy; Product innovation; Water; Biodiversity; Code of Ethics	302-1, 302-3, 303-1, 303-2, 303-3, 305-1, 305-2, 305-3, 305-4, 305-5, 306-1,306-2, 306-3
Anti-Corruption	**Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery	Code of Ethics	2-26, 2-27

Scope and impacts of material topics:

Material topic	Impact	Type of impacts	Scope
CO_2 & renewable energy sources	Energy consumption	Negative - actual	Caused by Fedrigoni Directly linked through business relationship
	Generation of direct and indirect energy GHG emissions (Scope 1 and Scope 2)	Negative - actual	
	Generation of indirect GHG emissions (Scope 3)	Negative - actual	
	Generation of other pollutant emissions (nitrogen oxides, sulphur oxides and other emissions)	Negative - actual	
Product innovation	Health and product safety non compliance	Negative - potential	Caused by Fedrigoni
	Waste production	Negative - actual	
Water	Water resource consumption	Negative - actual	Caused by Fedrigoni
	Discharged water quality	Negative - actual	
Biodiversity	Direct impact on biodiversity and indirect impact ralated to pulp consumption	Negative- actual	Caused by Fedrigoni and directly linked through business relationship
Health and Safety	Work-related injuries	Negative - actual	Caused by Fedrigoni
Diversity, Equity and Inclusion	Discrimination and non-inclusive practices in the workplace	Negative - Potential	Caused by Fedrigoni
Governance & business ethics	Creation and distribution of economic value	Positive - actual	Caused by Fedrigoni
	Negative impacts on people and economic systems generated by unethical business conduct	Negative - potential	
	Non-compliance with laws and regulations in taxation	Negative - potential	
People experience and development	People skills development and well being	Positive - actual	Caused by Fedrigoni
Community relations	Local development and community relations	Positive - actual	Caused by Fedrigoni

SASB:

Topic	Accounting metric	Unit of measurement	Code	Response	Paragraph
Greenhouse Gas Emissions	Gross global Scope 1 emissions	Metric tons (t) CO_2-e	RR-PP-110a.1	270,623 t CO_2e	"CO_2 & Renewable energy (including TCFD)"
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets		RR-PP-110a.2		"CO_2 & Renewable energy (including TCFD)"
Air Quality	Air emissions of the following pollutants: (1) NO_x (excluding N_2O), (2) SO_2, (3) volatile organic compounds (VOCs), (4) particulate matter (PM), and (5) hazardous air pollutants (HAPs)	Metric tons (t)	RR-PP-120a.1	(1) 109.5 (2) n/a (3) 20.4 (4) 4.8 (5) n/a	"Air emission"
Energy Management	(1) Total energy consumed (2) percentage grid electricity, (3) percentage from biomass, (4) percentage from other renewable energy	GJ or %	RR-PP-130a.1	(1) 4,988,039GJ (2) 6.7% (3) 0% (4) 5.7%	"Energy"
Water Management	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Thousand cubic meters (Ml), Percentage (%)	RR-PP-140a.1	(1) 14,612 Ml (23%) (2) 1,044 Ml (67%)	"water"
	Description of water management risks and discussion of strategies and practices to mitigate those risks		RR-PP-140a.2		"water"
Supply Chain Management	Percentage of wood fiber sourced from (1) third-party certified forestlands and percentage to each standard and (2) meeting other fiber sourcing standards and percentage to each standard		RR-PP-430a.1	96.5% of the pulp purchased was FSC certified and 3.5% FSC Controlled Wood	"Biodiversity"
	Amount of recycled and recovered fiber procured		RR-PP-430a.2	1,786 ton	"Product innovation" "Sustainable procurement"
Activity metric	Pulp production		RR-PP-000.A	0	"Our business"
	Paper production		RR-PP-000.B	407,627 ton	"Our business"

GRI: content index

GRI Standard	Metric	Page	Note
The organization and its reporting practices			
GRI 2: General Disclosures 2021	**2-1** Organizational details	8-9	
	2-2 Entities included in the organization's sustainability reporting	6	
	2-3 Reporting period, frequency and contact point	8-9	
	2-4 Restatements of information	8-9	
	2-5 External assurance	99-101	
Activities and workers			
GRI 2: General Disclosures 2021	**2-6** Activities, value chain and other business relationships	6; 14-18; 36-40	
	2-7 Employees	81	
	2-8 Workers who are not employees	81	
Governance			
GRI 2: General Disclosures 2021	**2-9** Governance structure and composition	10	
	2-10 Nomination and selection of the highest governance body	10	
	2-11 Chair of the highest governance body	10	
	2-12 Role of the highest governance body in overseeing the management of impacts	10	
	2-13 Delegation of responsibility for managing impacts	10	
	2-14 Role of the highest governance body in sustainability reporting	10	
	2-15 Conflicts of interest	10; 70-73	
	2-16 Communication of critical concerns	10	
	2-17 Collective knowledge of the highest governance body	10	
	2-18 Evaluation of the performance of the highest governance body	10	The performance is self-assessed by each Board Member every two years, in respect to the activity of the last 12 months, with the help of an external qualified third party to run the process
	2-19 Remuneration policies	57-59	
	2-20 Process to determine remuneration	57-59	
	2-21 Annual total compensation ratio		CEO to median employee compensation ratio: 57 in 2023. It was calculated considering fixed and variable remuneration of 2023 on a cash basis. Ratio of the percentage increase in annual total compensation for the organization's highest-paid individual to the median percentage increase in annual total compensation for all employees: 0.67 in 2023

Strategy, policies and practices			
GRI 2: General Disclosures 2021	**2-22** Statement on sustainable development strategy	4-5	
	2-23 Policy commitments	19-20; 23-24	
	2-24 Embedding policy commitments	10; 23-24	
	2-25 Processes to remediate negative impacts	19-20; 23-24; 70-73	
	2-26 Mechanisms for seeking advice and raising concerns	70-73	
	2-27 Compliance with laws and regulations		In 2023 no cases of non-compliance occurred.
	2-28 Membership associations	25-26	
Stakeholder engagement			
GRI 2: General Disclosures 2021	**2-29** Approach to stakeholder engagement	19	
	2-30 Collective bargaining agreements	65-67	
MATERIAL TOPICS			
Governance			
Governance & business ethics			
3 Material topics (2021)	**3-3** Management of material topics	70-76	
201: Economic performance (2016)	**201-1** Direct economic value generated and distributed	75	
205: Anti-corruption (2016)	**205-3** Confirmed incidents of corruption and actions taken	-	In 2023 no confirmed incidents of corruption occurred.
206: Anti-competitive behavior (2016)	**206-1** Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	-	In 2023 no legal actions for anti-competitive behavior, anti-trust and monopoly practices were recorded.
207: Tax (2019)	**207-1** Approach to tax	73-74	
	207-2 Tax governance, control, and risk management	73-74	
	207-3 Stakeholder engagement and management of concerns related to tax	73-74	
	207-4 Country-by-country reporting	88-90	
Social			
Health and safety			
3 Material topics (2021)	**3-3** Management of material topics	49-51	
403: Occupational health and safety (2018)	**403-1** Occupational health and safety management system	49-51	
	403-2 Hazard identification, risk assessment, and incident investigation	49-51	
	403-3 Occupational health services	49-51	
	403-4 Worker participation, consultation, and communication on occupational health and safety	49-51	
	403-5 Worker training on occupational health and safety	49-51	
	403-6 Promotion of worker health	49-51	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	49-51	
	403-9 Work-related injuries	50	

Inclusion, Diversity and Equity		
3 Material topics (2021)	**3-3** Management of material topics	63-67
405: Diversity and equal opportunity (2016)	**405-1** Diversity of governance bodies and employees	10;87
406: Non-discrimination (2016)	**406-1** Incidents of discrimination and corrective actions taken	71
People experience and development		
3 Material topics (2021)	**3-3** Management of material topics	52-62
401: Employment (2016)	**401-1** New employee hires and employee turnover	85
404: Training and education (2016)	**404-1** Average hours of training per year per employee	79
	404-2 Programs for upgrading employee skills and transition assistance programs	52-62
	404-3 Percentage of employees receiving regular performance and career development reviews	80
Community relations		
3 Material topics (2021)	**3-3** Management of material topics	68-69
413: Local communities (2016)	**413-1** Operations with local community engagement, impact assessments, and development programs	68-69
Environment		
CO_2 & renewable energy sources		
3 Material topics (2021)	**3-3** Management of material topics	27-33
302: Energy (2016)	**302-1** Energy consumption within the organization	34
	302-3 Energy intensity	34
	302-4 Reduction of energy consumption	34-35
305: Emissions (2016)	**305-1** Direct (Scope 1) GHG emissions	30
	305-2 Energy indirect (Scope 2) GHG emissions	30
	305-3 Other indirect (Scope 3) GHG emissions	28
	305-4 GHG emissions intensity	30
	305-5 Reduction of GHG emissions	30
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	35
Biodiversity		
3 Material topics (2021)	**3-3** Management of material topics	43-44
304: Biodiversity (2016)	**304-1** Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	91
306: Waste 2020	**306-1** Waste generation and significant waste-related impacts	41-42
	306-2 Management of significant waste-related impacts	41-42
	306-3 Waste generated	41
Water		
3 Material topics (2021)	**3-3** Management of material topics	45-48
303: Water and effluents (2018)	**303-1** Interactions with water as a shared resource	45-48

	303-2 Management of water discharge-related impacts	45-48	
	303-3 Water withdrawal	46	
	303- 4 Water discharge	47	
	303-5 Water consumption	48	
Product innovation			
3 Material topics (2021)	**3-3** Management of material topics	36-42	
416: Customer Health and Safety (2016)	**416-2** Incidents of non-compliance concerning the health and safety impacts of products and services		No cases non-compliance concerning the health and safety impacts of products and services occurred in 2023

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INDEPENDENT AUDITOR'S REPORT ON THE SUSTAINABILITY STATEMENT

To the Board of Directors of
Fiber Bidco S.p.A.

We have carried out a limited assurance engagement on the Sustainability Statement of Fiber Bidco S.p.A. and its subsidiaries (hereinafter also "Fedrigoni Group" or "Group") as of December 31, 2023.

Our limited assurance engagement does not extend to the information included in the paragraph "Taxonomy" of the Sustainability Statement, disclosed on a voluntary basis, required by art. 8 of the European Regulation 2020/852.

Responsibility of the Directors for the Sustainability Statement

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

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

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

Auditor's Independence and quality management

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

Our firm applies *International Standard on Quality Management 1*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibility

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

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

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

Specifically we carried out the following procedures:

1) analysis of the process relating to the definition of material aspects disclosed in the Sustainability Statement, with reference to the methods of analysis and understanding of the context, identification, evaluation and prioritization of actual and potential impacts and to the internal validation of the process results;

2) comparison between the economic and financial data and information included in the paragraph "Value generated and distributed" of the Sustainability Statement with those included in the Fiber Group's Consolidated Financial Statements;

3) understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the Sustainability Statement.

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

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

- at the Fiber Group's level:

    a) with regards to qualitative information included in the Sustainability Statement, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;

b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data;

- for the following companies and sites, Arco (TN) and Verona (VR) production plants for Fedrigoni S.p.A. and Arco (TN) production plant for Arconvert S.p.A., which we selected based on their activities, their contribution to the performance indicators at the consolidated level and their location, we carried out site visits or remote meetings, during which we have met their management and have gathered supporting documentation on a sample basis with reference to the correct application of procedures and calculation methods used for the indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the Sustainability Statement of the Fiber Group as of December 31, 2023 is not prepared, in all material respects, in accordance with the GRI Standards as stated in the paragraph "Methodological note" of the Sustainability Statement.

Our conclusion on the Sustainability Statement of the Fiber Group does not extend to the information included in the paragraph "Taxonomy", disclosed on a voluntary basis, required by art. 8 of the European Regulation 2020/852.

Other matters

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

DELOITTE & TOUCHE S.p.A.

Silvia Dallai

Silvia Dallai
Partner

Bologna, Italy
May 22, 2024

FEDRIGONI

FIBER BIDCO S.P.A.

Via Alessandro Manzoni, 38
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Italy

As the issuer of

€364,913,000 11% Senior Secured Fixed Rate Notes due 2027
Rule 144A Notes ISIN number: XS2548508881
Reg S Notes ISIN number: XS2548507727

€665,000,000 Senior Secured Floating Rate Notes due 2030
Rule 144A Notes ISIN number: XS2745965154
Reg S Notes ISIN number: XS2748964850

Annual Financial Report

For the year ended December 31, 2023

The date of this Annual Financial Report is April 28, 2024

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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.

	Year ended December 31,	
(€ million)	**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.

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:

	Year ended December 31,	
(€ million)	**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.

The table below sets forth the calculation of Normalized Capital Expenditures (i) for the year ended December 31, 2023, the Fiber group results, and (ii) for the year ended December 31, 2022, our proforma results:

	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.

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.

	Year ended December 31,				
	2022				
(€ million)	**Proforma Fedrigoni Group**	**Fiber Bidco S.p.A.**	**Intercompany eliminations**	**Total Proforma Fiber Group**	**2023**
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:

	Year ended December 31,	
(€ million)	**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:

	Year ended December 31,	
(€ million)	**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.

	Year ended December 31,		
(€ million)	**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 and our affiliates continually assess market conditions for beneficial opportunities to raise capital to refinance our or their existing debt and/or finance our business activities. To that end, we may choose to raise additional financing, depending on market conditions and other circumstances, in the near future.

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).

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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.

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.

- 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

FIBER GROUP

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Appendix

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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)	**Year ended 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

	December 31,	
(in thousands of Euros)	**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

i) Subsidiaries

The Consolidated Financial Statements include those of the Company and companies over which, in accordance with IFRS 10, Fiber Bidco S.p.A. exercises control either directly or indirectly by virtue of direct or indirect ownership of the majority of voting rights or the exercise of dominant influence in terms of the power to make decisions about the financial and operating policies of the companies/entities, obtaining the related benefits, regardless of the ownership interest. All subsidiaries are included in the consolidation perimeter from the date on which they are acquired until the date on which control over the subsidiary ceases.

Subsidiaries are consolidated on a line-item basis as described below:

- the assets and liabilities, income and expenses are consolidated line by line, with non-controlling interests allocated their share of equity and net profits as shown separately in the consolidated statement of changes in equity, consolidated income statement, and consolidated statement of comprehensive income;

- business combinations which, during the period under review, result in acquiring control over an entity are recognized using the acquisition method under IFRS 3. The acquisition cost is the fair value, at the control transfer date, of the assets acquired, liabilities assumed, and equity instruments issued. Transaction costs are recognized through profit or loss on the date on which the related services are provided. The assets, liabilities and contingent liabilities acquired are recognized at their fair value at the acquisition date. The difference between the acquisition cost and the fair value of the assets and liabilities acquired is recognized, if positive, among intangible assets as goodwill or, if negative and after verifying the proper measurement of the fair value of the assets and liabilities acquired and their acquisition cost, through profit or loss. If the fair value of the identifiable assets and liabilities acquired can be determined only provisionally, the business combination is recognized using the provisional values. Any adjustments resulting from the measurement process are recognized within twelve months from the acquisition date, and the comparative figures are remeasured;
- the acquisition of non-controlling interests related to entities in which there is already control, or the sale of non-controlling interests that do not result in a loss of control, are considered equity transactions. This means that, in the event of the acquisition or sale of non-controlling interests that results in control being maintained, any difference between the acquisition/sale cost and the related share of equity acquired/sold is recognized in equity;
- receivables, payables, income and expenses between the consolidated companies as well as significant profits and losses and related tax effects resulting from transactions conducted between companies and not yet realized with the other parties are eliminated, with the exception of unrealized losses, which are not eliminated if the transaction provides evidence of an impairment loss of the business transferred. Also eliminated, if material, are reciprocal receivables and payables, revenues and expenses, and financial income and finance costs;
- profits or losses resulting from the sale of equity interests in consolidated companies that result in a loss of control over that entity are recognized through profit or loss in an amount equal to the difference between the selling price and the corresponding share of the equity sold.

The financial statements of subsidiaries are prepared with reporting periods ending on December 31, which is the same reporting date for the Consolidated Financial Statements, and have been prepared and approved by the boards of directors of the respective entities and adjusted, as necessary, to ensure uniformity in the accounting standards adopted within the Group.

ii) Associates

Associates are companies over which the Group exercises significant influence, which is the power to contribute to determining the financial and operating policies of the entity without having either control or joint control. Significant influence is assumed to exist when at least 20% of the exercisable voting rights is held either directly or indirectly through subsidiaries. When determining the existence of significant influence, potential voting rights that are actually exercisable or convertible are also taken into account. Investments in associates are measured using the equity method and initially recognized at the cost incurred for their acquisition. A description of the equity method is provided hereunder:

- the carrying value of these investments is aligned with the equity held and adjusted, as necessary, in application of the EU-IFRS; this includes the recognition of the greater value attributed to the assets and liabilities and any goodwill established at the time of acquisition;
- profit or loss attributable to owners of the parent company is recognized from the date on which significant influence began until the date on which it ceases; if realized losses of a company measured at equity should result in negative equity, the carrying value of the investment is eliminated, and any excess attributable to the owners of the parent is recognized in a specific reserve if the parent has undertaken to meet the associate’s legal or other constructive obligations; changes in equity for companies measured at equity that are not related to net profits are recognized as a direct adjustment to equity reserves;
- significant unrealized profits and losses generated on transactions between the Company, its subsidiaries and equity-accounted associates are eliminated based on the value of the equity interest that the Group owns in the associate; unrealized losses are eliminated, with the exception of cases in which such losses represent an impairment loss.

A list of subsidiaries and associates, which includes information on their headquarters and the respective ownership interests, is provided in Annex 1.

b) Translation of foreign currency balances

The financial statements of subsidiaries and associates are prepared using the currency of the primary economy in which they operate (i.e. the "functional currency"). The rules for translating financial statements expressed in a currency other than the Euro are as follows:

- assets and liabilities are translated using the exchange rates in effect at the end of the reporting period;
- income and expenses are translated at the average exchange rate for the reporting period;
- the translation reserve shown in the statement of comprehensive income includes both the exchange rate differences generated by the translation of balances at a different rate from that of the closing date and those generated by the translation of opening equity balances at a different rate from that of the reporting date;
- the goodwill and fair-value adjustments relating to the acquisition of foreign entities are treated as assets and liabilities of the foreign entity and translated at the end-of-period exchange rate.

The companies in the consolidation perimeter at December 31, 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:

Currency	Average for 12 months ended December 31, 2023	Average for one month ended December 31, 2022	At December 31, 2023	At December 31, 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 accounts.

- **GOVERNMENT GRANTS**

When formally authorized and when the right to their disbursement is deemed definitive based on reasonable certainty that the Group will meet the underlying conditions and that the grants will be received, government grants are recognized based on the matching concept of income and expenses.

Grants relating to assets

Government grants relating to fixed assets are recognized as deferred income among “other liabilities”, either current for short-term portions or non-current for long-term portions. Deferred income is recognized in the income statement as “other operating income” on a straight-line basis over the useful life of the asset for which the grant is received.

Grants for operating expenses

Grants other than those relating to assets are recognized on the income statement under “other operating income”.

- **RECOGNITION OF EXPENSES**

Expenses are recognized when relating to goods or services acquired or consumed during the period or when systematically allocated.

- **INCOME TAXES**

Current income taxes are calculated based on the taxable income for the period at the tax rates in effect on the reporting date.

Deferred taxes are calculated for differences emerging between the tax base of an asset or liability and its related carrying value, with the exception of goodwill and differences related to investments in subsidiaries when the timing of such differences is subject to control by the Group and it is probable that they will not be recovered in a reasonably foreseeable time frame. Deferred tax assets, including those concerning accumulated tax losses, for the portion not offset by deferred tax liabilities, are recognized to the extent to which it is probable that there will be sufficient future taxable earnings to recover the deferred taxes. Deferred tax assets and liabilities are measured based on the tax rates expected to apply in the period in which the differences will be realized or settled.

Current and deferred taxes are recognized in the income statement under “income taxes”, excluding those related to items shown in the consolidated statement of comprehensive income other than net profits and items recognized directly in equity.

In the latter cases, deferred taxes are recognized under “income taxes related to other comprehensive income” in the consolidated statement of comprehensive income and directly in equity. Income taxes are offset when they are assessed by the same fiscal authority, there is a legal right to such offsetting, and the net balance is expected to be settled.

Other taxes unrelated to income, such as indirect taxes and other duties, are included with “other costs”.

- **EARNINGS/(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 subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognizing in profit or loss any gain or loss relating to the partial or full termination of a lease. The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted. The Directors are currently evaluating the potential effects of adopting this amendment on the Group's consolidated financial statements.

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,			
	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)	At December 31, 2023		At December 31, 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:

	At December 31, 2023						
	Current	**Past-due**				**Provision for doubtful debts**	**Total**
(in thousands of Euros)		**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**

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

3.3 LIQUIDITY RISK

Liquidity risk concerns the ability to meet obligations arising on financial liabilities. Prudent management of the liquidity risk stemming from the Group's ordinary operating activities entails keeping up sufficient levels of cash holdings, short-term securities and funding available through adequate credit lines. The Group must have adequate stand-by credit lines in order to finalize contracts and collect invoices, to an extent that ensures financial flexibility. Management monitors the projections of cash turnover, including undrawn credit lines, and available cash 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.

2023:

(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)**

2022:

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

	Consorzio Canale Camuzzoni S.c.a.r.l.	
(in thousands of Euros)	**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)

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:

	At December 31, 2023			At December 31, 2022		
(in thousands of Euros)	**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 combination	Variation of area	Effect on statement of comprehensive income	Reclassifications	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 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.

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:

	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 CO_2 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 longtime business partner of Fedrigoni S.p.A. operating in the Indian market of paper money and security items, with which Fedrigoni S.p.A. had stipulated licensing agreements for the use of a specific method patent regarding a security item registered in the name of and used by Fedrigoni S.p.A. and the related intellectual property rights. As explained in the section on "Subsequent events" of Fedrigoni Group consolidated financial 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 accounting 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 CO2 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 2023 2, 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**
	2023	**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**	**Financial payables**
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**	**334,794**
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	Financial payables
Consorzio Canale Industriale G. Camuzzoni S.c.ar.l.					1,805	
Tecnoform S.p.A.		16			318	
Tageos Group	4,012					
Papeterie Zuber Rieder SAS					975	
Fiber MidCo S.p.A.						311,337
Total	**4,012**	**16**			**3,098**	**311,337**
As a % of F/S item	13.90%	0.01%	0.00%	0.00%	0.54%	21.68%

Income Statement transactions

(in thousands of Euros)	Year ended 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)	Year ended 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%