Interim Report

03.31.2021

SALES: €153 MILLION
(COMPARED WITH €151 MILLION AS AT MARCH 31, 2020)

GROSS OPERATING PROFIT (EBITDA): €12.7 MILLION
(COMPARED WITH €17.7 MILLION AS AT MARCH 31, 2020)

OPERATING PROFIT (EBIT): €5.5 MILLION
(COMPARED WITH €10.4 MILLION AS AT MARCH 31, 2020)

NET RESULT ANTE DISCONTINUED: PROFIT OF €3.2 MILLION
(COMPARED WITH A PROFIT ANTE DISCONTINUED OF €7.7 MILLION AS AT MARCH 31, 2020)

NET RESULT: PROFIT OF €4.9 MILLION
(COMPARED WITH A PROFIT OF €9.4 MILLION AS AT MARCH 31, 2020)

NET FINANCIAL POSITION: €4.9 MILLION
(-€8.9MILLION AT DECEMBER 31, 2020)

Reno De Medici S.p.A.
Viale Isonzo 25, Milan
Share capital €140,000,000
Tax code and VAT number 00883670150

CONTENTS

BOARD OF DIRECTORS AND AUDITORS

Board of Directors

Eric Laflamme	Chairman
Michele Bianchi	Chief Executive Officer
Allan Hogg	Director
Giulio Antonello	Director
Gloria Francesca Marino	Director
Laura Guazzoni	Director
Sara Rizzon	Director

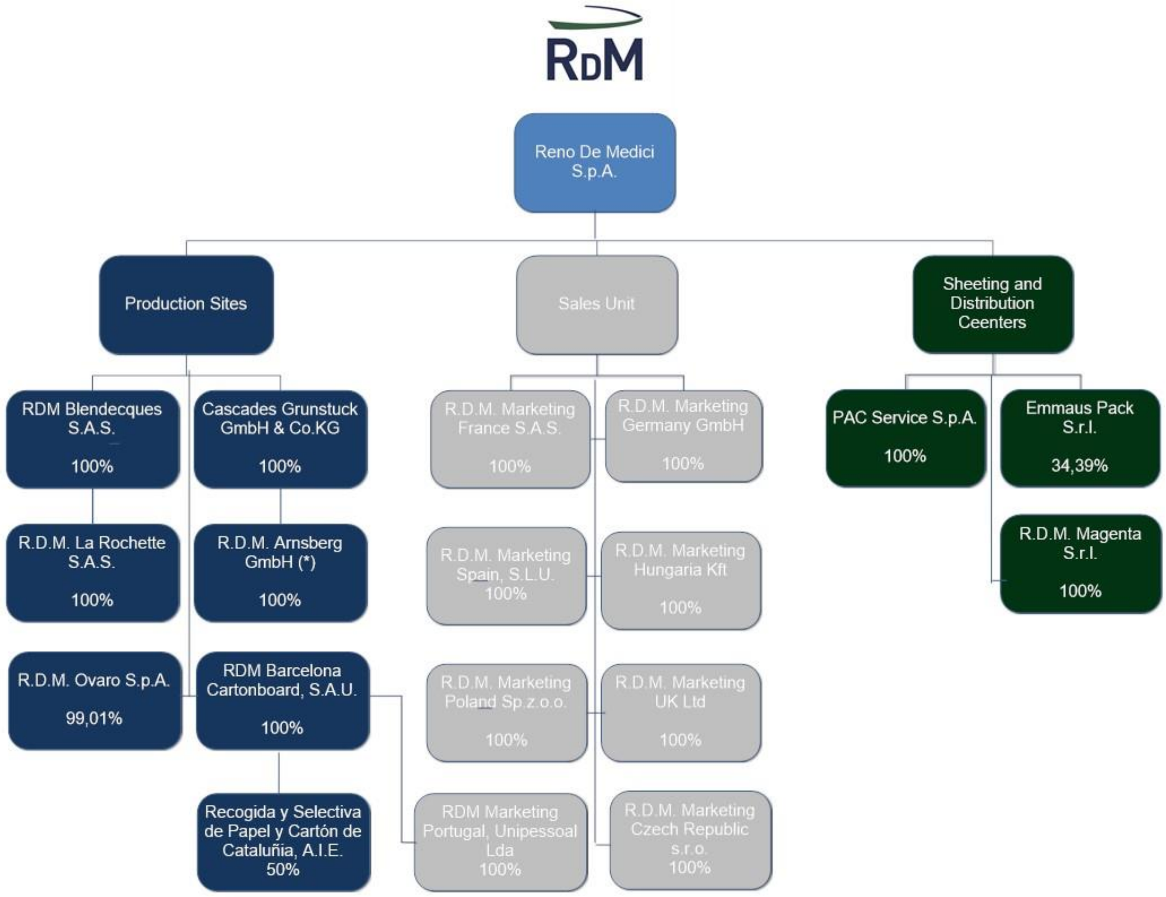
Board of Statutory Auditors

Diana Rizzo	Chairman
Giancarlo Russo Corvace	Statutory Auditor
Tiziana Masolini	Statutory Auditor
Domenico Maisano	Deputy Statutory Auditor
Alessandra Pederzoli	Deputy Statutory Auditor

Independent Auditors

PricewaterhouseCoopers S.p.A.

GROUP OPERATING COMPANIES AS AT MARCH 31, 2021



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

DIRECTORS' REPORT ON OPERATIONS

As already experienced in the previous waves occurred in 2020, the new wave of the Covid-19 pandemic in the first quarter of 2021 did not cause particular negative effects on the trend of volumes sold, rather the opposite, given the very strong and persistent demand for material recorded. However, the continuing closure of different sectors at alternating phases depending on the country is causing an ongoing general state of economic weakness. The Group continues to adopt all necessary measures to preserve employee health and safety and keep its own production level unchanged in order to meet the demand of customers, who operate primarily in strategic sectors not impacted by the Covid-19 emergency. At the same time, the Group is recording a sharp increase in the main cost components, particularly fibers and energy, partly linked to the strong demand and partly to speculation betting on a robust economic recovery in 2021.

The inflationary rise in all cost items, particularly fibers and energy, the dynamics of which are analyzed below, led the Group to introduce two selling price increases during the first quarter of 2021. Since the positive effect of price rises was deferred compared with the negative effect of the main cost items, the margins for the first quarter of 2021 were negatively impacted by the different time dynamics.

The representation of the economic results for the first quarter of 2021 reflects the reclassification under “Discontinued operations” of the French subsidiary R.D.M. La Rochette, as described in detail in the section “Subsequent events”.

In this general scenario, which remained extremely difficult, the RDM Group’s results for the first quarter of the year decreased compared with the same period of the previous year.

In the first quarter of 2021, gross operating profit (EBITDA), net of La Rochette, amounted to €12.7 million compared with €17.7 million for the same period of the previous year, with EBITDA margin at 8.2%, decreasing compared with the first quarter of 2020 (11.7%) and the 2020 full-year figure (13%).

Net profit for the first quarter, before discounted operations, amounted to €3.2 million compared with €7.7 million for the first quarter of 2020. The decrease was exclusively attributable to a lower EBITDA, whereas the other income statement items (amortization and depreciation, financial expense and taxes) were cumulatively in line with the same quarter of the previous year.

Income from discontinued operations amounted to €1.7 million, essentially in line with the first quarter of 2020.

In the first quarter of 2021, the Group continued to consolidate the initiatives launched in the previous years, aimed at achieving efficiencies and synergies in all the Group's strategic areas. New initiatives, such as the Lean Project and the digital transformation, were further examined and will be soon implemented.

In 2021 as well, the Group forged ahead the process for integrating RDM Barcelona Cartonboard S.A.U., continuing to work on the synergies identified in the previous years. Further benefits are expected in 2021. The synergies identified relate to various areas, including volumes sold, selling prices, geographical areas per product served, purchases, production efficiency gains and overheads. To date, synergies are not yet in line with the projections of the integration plans, caused by a negative effect attributable to the energy costs imposed by the Spanish authorities on electricity cogeneration plants and to the slowdown caused by the pandemic in the previous year, which was particularly severe in the Iberian area. In 2021, the integration process will be reorganized in light of the announced acquisition of Paprinsa, for which the closing is expected in the second quarter of the year.

Consolidated Net Financial Position at March 31, 2021 (including the €8.5 million net financial debt of R.D.M. La Rochette after intercompany eliminations) was positive at €4.9 million, with a €13.7 million improvement compared with December 2020 (-€8.9 million).
The improvement in net financial position was attributable to the steady high level of EBITDA, negatively offset by a higher level of working capital, which is quite normal in the first quarter of the year, due to payment and collection dynamics. Worth of mention is also the positive effect arising from the €8 million proceeds collected for the sale of the land located in Boffalora Sopra Ticino. In line with the previous year, cash flows for the first quarter were not negatively affected by non-payment or deferred payment by customers as a result of the Covid-19 emergency.

BUSINESS STRATEGY

The segment in which the RDM Group has been traditionally operating, namely the WLC (White Lined Chipboard – paperboard coated packaging on a recycled base), which, in light of the announced sale of La Rochette, will account for 100% of consolidated sales in the first quarter of 2021, recorded a 0.9% decrease in total demand compared with the first quarter of the previous year. The negative change was essentially due to the strong increase reported in March 2020, during the very first phase of the Covid-19 emergency, when there had been

a very sharp rise in demand linked to customers' concerns of being left without stock. Demand in the first quarter of 2021 was hence more than satisfactory, also in consideration of the strong volumes that were recorded in March 2021 and that continue to hold up in the first few weeks of the second quarter. The change in volumes differed in the Group's various markets of operation. In the European markets, volumes rose in Poland (+7.3%), Eastern Europe (+1.6%), Italy (+0.5%), Germany (+1.1%) and other minor markets, while declining quite markedly in Spain (-5.9%), the UK (-2.8%) and France (-0.7%). Overseas markets dropped sharply (-10%) compared with the first quarter of 2020, whereas Europe showed a good demand trend. The RDM Group's growth exceeded the market's performance (+2.8%), above all in the Group's reference markets, such as Italy (+1.7%) and Germany in particular (+12.1%). Almost all RDM's paper mills reported a volume increase either in line or above the market's performance, with the exception of the Villa Santa Lucia plant, which rose sharply compared with the previous year, when it had been impacted by a production halt of more than twenty days following the seizure of the external wastewater treatment plant.
As already mentioned, the Group implemented two different price rises, in January and March, to counteract the strong inflationary increases. The effects of the first price increase will be felt in their totality in April, whilst those of the second increase will be felt fully at the end of the second quarter.

Turning to the main production factors, following the ongoing decrease in prices reported in the three previous years, although with some upward movements, the price of paper for recycling started to increase sharply as of December 2020. The downward trend in the price of paper for recycling in recent years was due to the known restrictions imposed by the Chinese Government on imports of unsorted paper for recycling and the restrictions on the release of licenses that have created an excess of supply thereby causing a decline in prices. To date, there are no indications of policy changes by the Chinese authorities, who continue to drive towards the goal of zero imports starting from 2021. The current sharp increase was due to a strong demand, mainly driven by the corrugated cardboard sector as the result of the e-commerce boom and the presence of new production capacities, and to collection still below pre-pandemic levels, particularly as regards urban collection.

The FBB segment (Folding Box Board – cartonboard for folding boxboard based on virgin fibers), from which the Group will withdraw following the sale of its subsidiary R.D.M. La Rochette, recorded a 8.5% increase in market demand, compared with an improvement of 3.2% reported by the RDM Group. La Rochette's EBITDA margin (7.7% in March 2021)

improved slightly compared with the previous year and continued to benefit from the good contribution margins achieved in 2020. The robust level of value added, together with the greater volumes manufactured and sold, drove a first quarter satisfactory result. This result is recognized under "Discontinued operations".
Unlike recycled fibers, the prices of virgin pulp did not increase significantly in the first quarter of 2021. In addition, sharp rises have been already announced as of April 2021. Within this environment, the Group has already announced a price increase in March.

After the decrease recorded in the past two years for the main energy sources (natural gas, electricity and coal), **energy costs** showed a marked turnaround as of December 2020. The increase did not reflect the dynamics strictly linked to the sector in which the Group operates. The Group's profitability in the first quarter of 2021 was negatively impacted by the rise in energy costs, despite the fact that the main energy source, namely gas, is partially hedged by the Group.
The energy cost trend is obviously one of the factors considered when defining pricing policies, particularly when price increases are launched to maintain profitability margins, as was the case in the first quarter of 2021.

CAPITAL EXPENDITURE

In the first quarter of 2021, the Group's **capital expenditure** amounted to €4.6 million, compared with €2.6 million in 2020. As is usual, capital expenditure in the first quarter was quite limited, since strategic investments are concentrated in August and December. Capital expenditure in the first quarter was therefore concentrated in a series of initiatives of modest extent or in the completion of projects from the previous year. It should be noted that, after the go-live in November 2020 at the Ovaro plant, the implementation of the new ERP system continued at all Group companies.

CONSOLIDATED RESULTS

The following table summarizes key Income Statement indicators at March 31, 2021 and 2020.

	03.31.2021	03.31.2020 (*)
(€ thousands)		
Sales	**153,447**	**150,765**
GROSS OPERATING PROFIT (EBITDA) (1)	**12,659**	**17,666**
OPERATING PROFIT (EBIT) (2)	**5,477**	**10,385**
Pre-tax income (3)	**4,868**	**10,629**
Current and deferred taxes	*(1,695)*	*(2,915)*
Utile (perdita) di periodo ante *Discontinued operation*	*3,173*	*7,714*
Discontinued operations	1,692	1,662
Profit (Loss) for the period	**4,865**	**9,376**

1) See "Gross operating profit (EBITDA)" in the Consolidated Financial Statements of the RDM Group.

2) See "Operating profit (EBIT)" in the Consolidated Financial Statements of the RDM Group.

3) See "Profit (Loss) for the period" – "Taxes" in the Consolidated Financial Statements of the RDM Group.

(*) Following the classification of R.D.M. La Rochette S.A.S. as held for sale, their profits were reclassified for the period under discontinued operations, as required by IFRS 5. The figures as of March 31, 2020 were also reclassified to make them comparable to those as of March 31, 2021.

Sales amounted to €153 million compared with €151 million for the same period of the previous year. The €2.7 million increase compared with the previous year was attributable to the rise in volumes sold, partially offset by lower average prices. **Tons** sold by the RDM Group at March 31, 2021 reached 287 thousand units compared with 279 thousand units at 31 March, 2020.

The following table provides a breakdown of sales of cartonboard by geographical area:

	03.31.2021	% of total	03.31.2020	% of total
(€ thousands)				
Italy	50,743	33%	47,658	32%
EU	81,228	53%	82,623	54%
Non-EU	21,476	14%	20,484	14%
Sales	**153,447**	**100%**	**150,765**	**100%**

Other sales amounted to €3 million, up €1.2 million compared with the same period of the previous year. The aforementioned increase was primarily due to the capital gains arising from the sale of the land located in Boffalora Sopra Ticino, finalized in February 2021, the sale of white certificates and the energy interruptibility service.

Cost for raw materials and services amounted to €113 million, up €13.3 million compared with the same period of the previous year. The change was chiefly attributable to the sharp rise in the price of paper for recycling that had already begun in December 2020. Similarly, energy costs showed a marked turnaround as of December 2020 compared with the previous years; the significant cost increase in all main energy sources (natural gas, electricity and coal) negatively impacted the Group's profitability in the first quarter of 2021.

Personnel costs amounted to €22.7 million, in line with same period of the previous year.

Gross operating profit (EBITDA) stood at €12.7 million at March 31, 2021, down compared with €17.7 million at March 31, 2020. EBITDA margin was 8.2% compared with 11.7% for the same period of the previous year.

Operating profit (EBIT) amounted to €5.5 million compared with €10.4 million at March 31, 2020. The decline reflected the change in EBITDA.

Net financial expense was €0.7 million, up €0.8 million compared with the net financial income reported at with March 31, 2020. The change was essentially due to the financial expense recognized on the measurement at March 31, 2021 of the derivatives entered into by the Spanish subsidiary to hedge purchases of natural gas and energy sales.

Income from equity investments amounted to €48 thousand and refer to the write-up of the equity investment in Emmaus Pack, valued using the equity method.

The allocation for **taxes** was €1.7 million, compared with €2.9 million at March 31, 2020. The change is attributable to a lower taxable income.

Discontinued operations included the result at March 31, 2021 of the company R.D.M. La Rochette. The RDM Group decided that it was no longer strategic to operate in the FBB (Folding Box Board) segment through the subsidiary RDM Blendecques that held 100% of R.D.M. La Rochette. On March 30, 2021, the Group signed a binding contract for the sale of a 100% interest in R.D.M. La Rochette.
After this contract was signed, R.D.M. La Rochette S.A.S. was classified as held for sale and was recognized in the Group's Consolidated Financial Statements at March 31, 2021 in accordance with IFRS 5. In addition, since the La Rochette plant is the only Group plant operating in the FBB segment — a significant segment for the Group —, the related economic results at March 31, 2021 and March 30, 2020 have been classified under "Discontinued operations".

Consolidated net profit was €4.9 million, down compared with €9.4 million at March 31, 2020. The decline was chiefly due to the lower EBITDA reported at March 31, 2021.

KEY EVENTS

On March 30, 2021, the RDM Group signed the binding contract to sell its 100% interest in R.D.M. La Rochette S.A.S. The closing of the transaction is expected to occur in the second quarter of 2021.

Under the contract, the Enterprise Value of R.D.M. La Rochette S.A.S. has been set at €28.8 million and the final price, less net financial debt and other adjustments, at about €11 million (Equity Value). The contract also provides for an earnout on the higher EBITDA achieved, compared with the reference value, in the next three years. Under the contract, the final price on the closing date will be adjusted based on changes in the financial position and working capital compared with the values agreed upon between the parties.

The transaction will have no material impact on the RDM Group's 2021 results, since the 2020 Financial Statements already included a write-down of €3.7 million to align the carrying value of the La Rochette CGU with its realizable value. In the second quarter of 2021, on the closing date, the value will be adjusted based on the final price adjustments.

On February 11, a final agreement for the sale was signed for the transfer to the Vetropack Group of the land located in Boffalora Sopra Ticino. The sale price was set at €13 million. This transaction had no significant impact on the result at March 31, 2021, as a write-down of €1.5 million had been recognized in the Financial Statements at December 31, 2020 to align the carrying value with its realizable value.

The global economic scenario continues to be marked by the Covid-19 emergency. As already mentioned, and in line with the previous year, the pandemic is having no effect on the RDM Group, either in terms of volumes and sales or in financial terms. In any case, the Group continues to monitor the situation by preparing monthly forecasts in order to highlight potential critical issues and implement corrective actions, where necessary.

SUBSEQUENT EVENTS

No major events were recorded after the end of the quarter.

OUTLOOK

The current situation is still marked by considerable elements of uncertainty linked to the Covid-19 emergency, its possible end following the vaccine plans put in place and, with specific regard to the sector in which the RDM Group operates, the sharp price rises being recorded for raw materials.

In the RDM Group's core business, **White Lined Chipboard** (WLC), the short-term outlook (second quarter) remains very positive in volume terms, whilst it can be expected that the second quarter may also be impacted, albeit to a lesser extent than the first quarter, by the recent sharp increases in fibers and energy costs. In fact, the full effect of the price increases already implemented will only be felt from the end of the second quarter. A further, but more moderate, price increase for recycled fibers could occur in the second quarter. In this event, the RDM Group will assess the possibility of taking further action on selling prices.

As far as **energy prices** are concerned, following the significant reduction in the past two years, a sharp increase is being observed in the main energy sources used by the Group (electricity, gas and coal). It is believed that prices may have reached their peak and that there will be a retracement in the second half of the year. As already described, the energy cost trend is in any event considered when implementing sales price policies.

In terms of profitability, the RDM Group has a moderately negative short-term vision, due to the dynamics explained above. At the moment, the outlook for the second half of the year is positive assuming that, once the selling price increases become fully operational, raw material and energy costs settle and decrease after the sharp rises in the first half of the year.

In 2021, the **RDM Group** will continue to pursue the program of initiatives already started in the three-year period 2018-2020, aimed at structurally increasing its profitability. Further benefits are expected from the new initiatives that will be launched in 2021, beginning with the integration of Paprinsa and the Iberian area, the start of the Lean Manufacturing program in a pilot paper mill followed by the extension of the program to the rest of the Group, and the digitalization and automation plan. The closing of Paprinsa acquisition is expected to take place no later than June 30, 2021.

CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2021

Consolidated Income Statement	03.31.2021	03.31.2020 (*)
(€ thousands)		
Sales	153,447	150,765
Other sales and income	3,002	1,811
Change in inventories of finished goods	(7,263)	(11,561)
Cost of raw materials and services	(112,990)	(99,689)
Personnel costs	(22,721)	(22,140)
Other operating costs	(816)	(1,520)
Gross operating profit (EBITDA)	**12,659**	**17,666**
Depreciation, amortization and write-downs	(7,182)	(7,281)
Operating profit (EBIT)	**5,477**	**10,385**
Financial expense	(893)	(674)
Gains (losses) on foreign exchange	236	165
Financial income		654
Net financial income/(expense)	(657)	145
Income (losses) from equity investments	48	99
Taxes	(1,695)	(2,915)
Profit (Loss) for the period ante discontinued operations	**3,173**	**7,714**
Discontinued Operations	1,692	1,662
Profit (Loss) for the period	**4,865**	**9,376**
Attributable to:		
Group's share of profit (loss) for the period	4,865	9,376
Minority interest in profit (loss) for the period		

(*) Following the classification of R.D.M. La Rochette S.A.S. as held for sale, their profits were reclassified for the period under discontinued operations, as required by IFRS 5. The figures as of March 31, 2020 were also reclassified to make them comparable to those as of March 31, 2021.

Statement of Financial Position - ASSETS	03.31.2021	12.31.2020
(€ thousand)		
Non-current assets		
Property, plant and equipment	207,410	220,745
Right-of-use assets	10,757	15,166
Goodwill	4,389	4,389
Other intangible assets	16,456	16,749
Equity investments	661	950
Deferred tax assets	213	243
Other receivables	3,905	5,823
Total non-current assets	**243,791**	**264,065**
Current assets		
Inventories	76,793	102,231
Trade receivables	75,412	66,231
Other receivables	13,984	18,774
Derivative instruments	405	712
Cash and cash equivalents	69,871	62,985
Total current assets	**236,465**	**250,933**
Non current assets held for sales	**43,470**	
TOTAL ASSETS	**523,726**	**514,998**

Statement of Financial Position - EQUITY AND LIABILITIES	03.31.2021	12.31.2020
(€ thousands)		
Equity		
Equity attributable to the Group	239,460	234,127
Total equity	**239,460**	**234,127**
Non-current liabilities		
Payables to banks and other lenders	38,566	50,845
Derivative instruments	242	388
Deferred tax liabilities	6,897	7,231
Employee benefits	33,300	37,245
Non-current provisions	5,536	5,380
Total non-current liabilities	**84,541**	**101,089**
Current liabilities		
Payables to banks and other lenders	18,432	21,062
Derivative instruments	403	517
Trade payables	121,600	130,811
Other payables	20,945	23,306
Current taxes	4,358	2,447
Current provisions	1,387	1,526
Employee benefits		113
Total current liabilities	**167,125**	**179,782**
Non current liabilities held for sales	**32,600**	
TOTAL EQUITY AND LIABILITIES	**523,726**	**514,998**

Net financial position	03.31.2021 Post discontinued	03.31.2021 Discontinued	03.31.2021 Total	12.31.2020 Total	Change
(€ thousands)					
Cash, cash equivalents and short-term financial receivables	70,594	987	71,581	63,228	8,353
Short-term financial debt	(18,432)	(2,666)	(21,098)	(21,062)	(36)
Valuation of current portion of derivatives	2	(31)	(29)	195	(224)
Short-term net financial position	**52,164**	**(1,710)**	**50,454**	**42,361**	**8,093**
Medium-term financial debt	(38,566)	(6,738)	(45,304)	(50,845)	5,541
Valuation of non-current portion of derivatives	(242)	(35)	(277)	(388)	111
Net financial position	**13,356**	**(8,483)**	**4,873**	**(8,872)**	**13,745**

NOTES

The Interim Report of the RDM Group at March 31, 2021 was prepared on the basis of Article 82, paragraph 1, of the Issuers' Regulations adopted by Consob Resolution 11971 of May 14, 1999, as subsequently amended and supplemented.
This report therefore ensures compliance with the requirement set out in Article 154-*ter* of the Consolidated Financial Law.

This Interim Report has not been audited by the Independent Auditors.

ACCOUNTING PRINCIPLES

The Statement of Financial Position and the Income Statement were prepared in accordance with the recognition criteria established by the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission pursuant to the procedure set forth in Article 6 of Regulation (EC) No. 1606/2002 of the European Parliament of July 19, 2002.
The recognition and measurement criteria used to prepare the financial statements for the first quarter remain unchanged compared with those used to prepare the Consolidated Financial Statements at December 31, 2020.

RDM has applied the same accounting principles as for the Interim Report as at December 31, 2020.

The preparation of the IFRS-compliant Interim Report requires the use of estimates and assumptions based on historical operating data. This is a factor that has an impact on reported assets and liabilities and on the disclosure of contingent assets and liabilities at the reporting date. Final results may differ from the estimates made. Estimates are used to measure the contribution of discontinued operations, provisions for doubtful receivables, inventory obsolescence, depreciation and amortization, asset write-downs, employee benefits, restructuring funds, taxes, other provisions and funds, and the valuation of derivative instruments. Estimates and assumptions are reviewed periodically, and the impact of any change is reflected immediately in the Income Statement, with the exception of derivatives.
The Statement of Financial Position and the Income Statement are reported in thousands of Euros.

WORKFORCE

At March 31, 2021, the RDM Group’s workforce numbered 1,747, compared with 1,729 at December 31, 2020.

STATEMENT OF THE EXECUTIVE RESPONSIBLE FOR THE PREPARATION OF THE COMPANY'S FINANCIAL REPORTS PURSUANT TO ARTICLE 154-BIS, PARAGRAPH 2, OF LEGISLATIVE DECREE 58/1998 (CONSOLIDATED FINANCIAL LAW)

Luca Rizzo, the executive responsible for the preparation of the Company's financial reports, hereby states that pursuant to Article 154-*bis*, paragraph 2, of the Consolidated Financial Law, the accounting information contained in the Interim Report at March 31, 2021 of Reno De Medici S.p.A. corresponds to the information contained in documents, ledgers and accounting entries.

Milan, April 29, 2021

Signed
Luca Rizzo