Interim Report

09.30.2020

SALES: €518.2 MILLION
(COMPARED WITH €536.6 MILLION AS AT SEPTEMBER 30, 2019)

GROSS OPERATING PROFIT (EBITDA): €67.6 MILLION
(COMPARED WITH €56.1 MILLION AS AT SEPTEMBER 30, 2019)

OPERATING PROFIT (EBIT): €44.2 MILLION
(COMPARED WITH €34.1 MILLION AS AT SEPTEMBER 30, 2019)

NET RESULT: PROFIT OF €33.9 MILLION
(COMPARED WITH A PROFIT OF €23.6 MILLION AS AT SEPTEMBER 30, 2019)

NET FINANCIAL DEBT: €27.8 MILLION
(€52 MILLION AT DECEMBER 31, 2019)

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

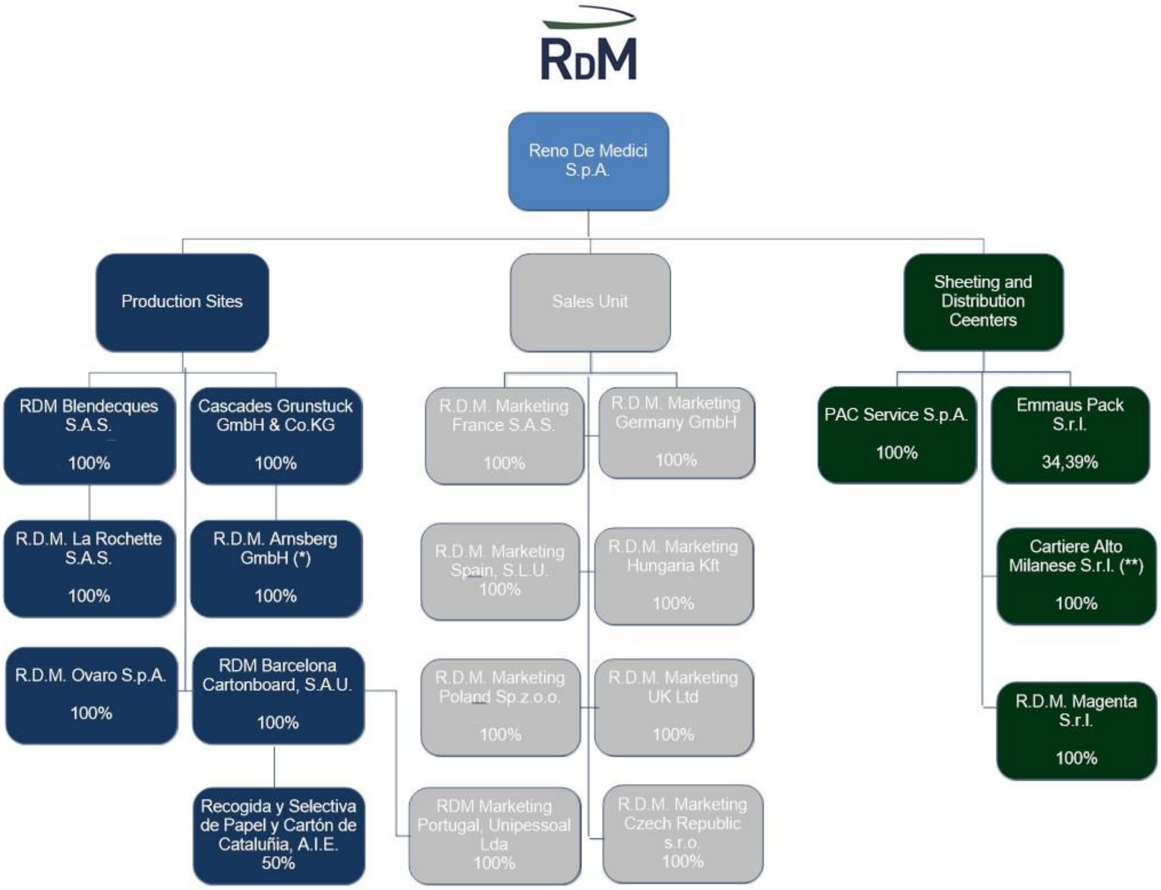
Board of Statutory Auditors

Giancarlo Russo Corvace	Chairman
Giovanni Maria Conti	Statutory Auditor
Tiziana Masolini	Statutory Auditor
Francesca Marchiori	Deputy Statutory Auditor
Domenico Maisano	Deputy Statutory Auditor

Independent Auditors

Deloitte & Touche S.p.A.

GROUP OPERATING COMPANIES AS AT SEPTEMBER 30, 2020



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

DIRECTORS' REPORT ON OPERATIONS

The RDM Group reported excellent results also in the third quarter of 2020, within a macroeconomic environment strongly influenced by the Covid-19 emergency and the resulting economic recession, which affected all countries in which the Group operates.

After the considerable increase in volumes shipped in the first half of 2020, volumes in the third quarter remained slightly higher than in the previous year, despite the justified concerns of a possible severe reduction caused by the general economic situation and a further reduction in inventories by customers.

The main explanation for the evolution of demand in the first nine months of the year is that most end users of the Group's products are concentrated in sectors — food and pharmaceuticals in particular — that have proved strategic in the emergency situation and that have seen an increase in demand in the first half of the year and a substantial stability in the third quarter of 2020.

In this situation, the Group’s ability to maintain its level of production unchanged with all paper mills operating at full capacity was fundamental also in the third quarter and ensured by implementing all measures necessary to protect the health and safety of the employees, which has always been the Group’s priority. The luxury packaging sector also recovered in the third quarter, driven by the resumption of production, primarily for export, owing to the gradual recovery of Asian markets.

The year that is now drawing to an end has confirmed the strategic nature of the Group’s products and the markets it serves, in contrast with the very strong cyclical trends seen in the past, with the Group increasingly aiming at future expansions into the environmentally sustainable packaging sector.

In this particularly difficult general context, thanks to stable shipments in line with the previous year and the improved contribution margins the RDM Group closed the first nine months of 2020 with very positive results.

In the first nine months of 2020, gross operating profit (EBITDA) amounted to €67.6 million compared with €56.1 million for the same period of the previous year, with a ratio to sales at 13%, significantly increasing compared with the first nine months of 2019 (10.5%) and the 2019 full-year figure (10.3%).

Net profit for the first nine months amounted to €33.9 million compared with €23.6 million for 2019. The increase was chiefly attributable to the improved EBITDA, whereas the other income statement items (amortization and depreciation, financial expense and taxes) were cumulatively in line with the same period of the previous year.

In light of the important benefits achieved in 2018 and 2019, in 2020 the RDM Group continued the initiatives aimed at achieving efficiencies and synergies to consolidate structural profitability enhancements, and thus leading to an improved financial position. These initiatives are designed to increase efficiency in production, cut costs and optimize sales at the level of price and value added. The initiatives become even more important in the current scenario in order to respond to any adverse consequences of the Covid-19 emergency, and in particular to the effects associated with the negative economic growth forecasts.

In 2020, the Group forged ahead the process for integrating RDM Barcelona Cartonboard S.A.U. that yielded significant synergies in the previous year and is expected to generate further benefits in 2020. The synergies identified relate to various areas, including sales volumes, selling prices, geographical areas per product served, purchases, production efficiency gains and overheads. Synergies are essentially in line with the projections of the integration plans, despite the negative effect of the energy costs imposed by the Spanish authorities on electricity cogeneration plants.

Consolidated net financial debt at September 30, 2020 amounted to €27.8 million, with a €24.2 million reduction compared with December 2019 (€52 million).

The debt decrease was mainly due to the high level of EBITDA, negatively offset by a higher level of working capital, in line with previous years' payment and collection dynamics. In the first nine months, cash flows were impacted to a very marginal extent by non-payment or deferred payment by customers as a result of the Covid-19 emergency.

Gearing[1] improved from 0.20 to 0.11.

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 accounted for over 83% of consolidated turnover, in the first nine months of 2020 recorded an overall stable demand (+0.2%) compared with the same period of the previous year. After

[1] Gearing was calculated as the ratio between net financial position / (net financial position + equity).

the increase reported in the first half of the year that, despite the shutdown of many economic sectors, was chiefly due to the concentration of end users in the food and pharmaceuticals sectors, which as a result of Covid-19 took on strategic significance to the management of the emergency, the third quarter recorded a decline (-2.5%) due to the overall economic scenario caused by the emergency. The decline in the third quarter may be seen not to be a cause for concern compared with the drop in GDP in the main European economies.

The change in volumes differed in the Group's various markets of operation. In European markets, volumes rose in France (+5.5%), North Europe (+4.7%), Germany (+1.5%) and other minor markets, while declining quite markedly in Spain (-6.7%), Italy (-4.4%) and the UK (-0.6%). Overseas markets also shrank markedly (-6.9%) compared with the first nine months of 2019, also as a result of the decrease in customers' insurance coverage due to the exposure of many countries to a higher risk. The RDM Group reported a modest growth in line with the market's performance (+0.1%), despite the halt of production at the Villa Santa Lucia paper mill from February 7 to March 1, following the seizure order applying to the Cosilam Consortium's purification plant rendered by the competent judicial authority due to reasons that are not attributable to the plant in any way. The effect of the halting of production was partially mitigated at the level of volumes shipped by the use of finished product inventories and the reassignment of orders to the Group's other mills. The other paper mill that saw weak demand, with the resulting need to plan stoppages, was the Ovaro plant. The explanation lies in its lesser exposure to strategic sectors, operating for the most part in industries, such as luxury or school products, that essentially halted production during the most intensive phase of the emergency. In any event, the decrease in volumes was modest, and in the third quarter it was lower than in the first half of the year, as a result of the resumption of production in all sectors in which the Ovaro plant operates. It should be noted that RDM overperformed the market in term of volumes in its main markets of reference, namely Italy (+1.7%), Spain (-4.6%) and France (+5.5%).

In order to both protect and increase margins, RDM continued to optimize its order backlog through its new sales organization and to pursue a pricing policy designed to preserve existing margins.

Turning to the main production factors, following the sharp decrease in prices reported in the two previous years, the price of recycled paper further declined markedly in the first quarter of 2020. The downward trend in the price of recycled paper is due to the known restrictions imposed by the Chinese Government on imports of unsorted recycled paper 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. As of mid-March 2020, the Covid-19 emergency drove prices up sharply and steadily, mainly due to the decrease in supply as a result of the temporary shutdown of some sectors and the decrease in urban collection. This phenomenon was observed throughout Europe and then spread at the global level. The reopening of many industrial businesses, together with weak demand in many sectors of the paper industry, resulted in a new downtrend starting in July. The prices of recycled paper are currently above the low of the first quarter of 2020, yet still below the prices for the same period of the previous year.

The FBB segment (Folding Box Board – cartonboard for folding boxboard based on virgin fibers), which accounted for 17% of consolidated turnover, recorded a 5.1% increase in market demand, compared with an improvement of 7.6% reported by the RDM Group. The increase in the market was mainly due to the same factors as set out above for the WLC segment, namely the essential nature of the products, but unlike the WLC sector, the FBB segment did not decline in the third quarter of 2020. In the first nine months of the year and in the third quarter, La Rochette paper mill reported a far higher-than-market increase in volumes. La Rochette plant's EBITDA margin improved compared with the previous year and continued to benefit from the selling price increase seen in 2019, along with the level of raw material cost after the previous year's sharp decreases. The good level of value added, along with the increase in volumes manufactured and sold, made it possible to achieve a result that reflects the best profitability typical of the plant in the first nine months of the year, albeit still below the average for the Group.
In the first nine months of 2020, the purchase prices for virgin pulp, after the peak reached in 2018 and the subsequent sharp decline in 2019, were essentially stable as regard both types of virgin fibers. In the fourth quarter, there are ongoing announcements of price increases for long-fiber virgin pulp — price increases that the Group does not consider significant, also because it has partially hedged the exposure through dedicated purchasing policies.

After the substantial cost increases recorded in 2018 for the main energy sources (natural gas, electricity, and coal), **energy costs** showed a marked turnaround in 2019. However, it was not possible to benefit fully from the price reduction in 2019, since the Group generally procures much of its requirements under medium-term contracts. The full benefit of the reduction in prices occurred in 2019 will be achieved in 2020, as has already been seen in the first nine months. Covid-19 has resulted in a further decline in the prices of the main sources of procurement, with the exception of CO_2. The benefit for the RDM Group in the first nine months of 2020 was, as usual, limited by the presence of the medium-term contracts still in effect. A further benefit will however be seen in the fourth quarter of 2020. The combined effect of the price trend and the Group's hedging policies resulted in a significant reduction in energy costs compared to the previous year.

In the first nine months of 2020, the Group's **capital expenditure** amounted to €13.4 million, compared with €18.6 million in 2019. With respect to the same period of the previous year, capital expenditure was impacted, and therefore slowed down, by the Covid-19 emergency. Major investments included pulp preparation and the work done on Villa Santa Lucia's gas turbine, the new boiler at Santa Giustina and the upgrade of the water disposal system at La Rochette. It should be noted that the implementation of the new ERP system continued at all Group companies, starting from Ovaro mill.

NET FINANCIAL POSITION

Consolidated net financial debt at September 30, 2020 amounted to €27.8 million, down €24.2 million compared with €52 million at December 31, 2019.
The improvement in financial position was essentially due to the high EBITDA recorded, only partly negatively impacted by the higher level of working capital. The financial situation — and in particular collections from clients — were only partially affected by the Covid-19 emergency, with a limited increase in the level of past-due accounts.
Among financial transactions, worth of notice are the payment of dividends (€3 million) and the purchase of Friulia S.p.A.'s stake in R.D.M. Ovaro S.p.A. (€0.7 million).

CONSOLIDATED RESULTS

The following table summarizes key income statement indicators as at September 30, 2020 and 2019.

	09.30.2020	09.30.2019
(thousands of Euros)		
Revenues from sales	**518,215**	**536,606**
OPERATING PROFIT (EBITDA) (1)	**67,624**	**56,089**
EBIT (2)	**44,180**	**34,081**
Pre-tax income (3)	**42,767**	**31,139**
Current and deferred taxes	*(8,869)*	*(7,571)*
Profit (Loss) for the period	**33,898**	**23,568**

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

2) See 'Operating profit' in the Consolidated Financial Statements of the RDM Group

3) See 'Profit (loss) for the period' – 'Taxes' in the Consolidated Financial Statements of RDM Group

Sales amounted to €518.2 million compared with €536.6 million for the same period of the previous year. The reduction was due to the decrease in average selling prices reported by both the WLC and the FBB segments, partly offset by the increase in volumes sold in the first nine months of 2020, mainly in the FBB segment. It should be noted, in fact, that **tons sold** by the RDM Group at September 30, 2020 reached 901 thousand units compared with 894 thousand units sold in the same period of the previous year.

The following table provides a breakdown of net revenues from the sale of cartonboard by geographical area of customers:

	09.30.2020	% of total	09.30.2019	% of total
(thousands of Euros)				
Italy	151,705	29.3%	154,507	28.8%
EU	296,195	57.1%	308,813	57.5%
Non-EU	70,315	13.6%	73,286	13.7%
Revenues from sales	**518,215**	**100%**	**536,606**	**100%**

The **cost of raw materials and services** amounted to €363.2 million, down €43.9 million compared with the same period of the previous year. This item was influenced by a lower average cost of recycled paper than that for the same period of 2019. Energy costs declined sharply, in particular those of gas, which represents the main energy source used by the RDM Group.

Personnel costs amounted to €79.8 million, up by €2.7 million compared with the same period of 2019. This change was due to the contractual increases, the productivity improvement, as well as the accrual in the period of the 2020-2022 incentive plans for top management based on performance phantom shares and stock grants.

Gross operating profit (EBITDA) stood at €67.6 million as at September 30, 2020, up compared with €56.1 million for the same period of the previous year. Its ratio to revenues rose from 10.5% as at September 30, 2019 to 13%.

Operating profit (EBIT) amounted to €44.2 million compared with €34.1 million as at September 30, 2019. The more modest increase compared with EBITDA was due to the effects of higher amortization and depreciation in 2020.

Net financial expense was €1.4 million, down compared with €3 million for the same period of 2019. The change was essentially due to the financial income recognized on the measurement at September 30, 2020 of the derivatives entered into by the Spanish subsidiary to hedge purchases of natural gas and energy sales. Although these contracts were entered into for hedging purposes, they were not accounted for according to the hedge accounting method.

The amount allocated for **taxes** was €8.9 million, compared to €7.6 million as at September 30, 2019.

Consolidated net profit was €33.9 million, up compared to €23.6 million at September 30, 2019. The sharp increase was mainly attributable to the improved EBITDA.

FINANCIAL PERFORMANCE THIRD QUARTER 2020

(€ thousands)	IIIQ 2020	IIIQ 2019	Change	% Change
Sales	165.888	174.371	(8.483)	-5%
Other sales and income	1.914	3.001	(1.087)	-36%
Change in inventories of finished goods	(5.642)	(4.928)	(714)	14%
Cost of raw materials and services	(115.974)	(128.808)	12.834	-10%
Personnel costs	(25.509)	(24.631)	(878)	4%
Other operating costs	(1.514)	(1.833)	319	-17%
Gross operating profit (EBITDA)	**19.163**	**17.172**	**1.991**	**12%**
Depreciation, amortization and write-downs	(8.001)	(7.612)	(389)	5%
Operating profit (EBIT)	**11.162**	**9.560**	**1.602**	**17%**
Net financial income/(expense)	29	(699)	728	-104%
Income (losses) from equity investments	17	-	17	0%
Result before taxes	**11.208**	**8.861**	**2.347**	**26%**
Taxes	(2.234)	(1.952)	(282)	14%
Profit (Loss) for the period	**8.974**	**6.909**	**2.065**	**30%**

The results for the third quarter of 2020 showed a substantial improvement compared with the same period of the previous year.

Despite the decline in revenues from sales (-4.9%), EBITDA amounted to €19.2 million, sharply improving compared with the same quarter of the previous year (€17.2 million). Accordingly, net profit also increased markedly (+€2.1 million compared with the third quarter of 2019).

The reduction in revenues was mainly due to the decrease in selling price that began in the second half of 2019 as a result of a weak demand and the downward trend in raw materials.

Sales volumes increased by 1.7% compared with the same quarter of the previous year, chiefly driven by La Rochette and thus the FBB segment, whereas the WLC segment declined slightly.

EBITDA improved compared with the third quarter of 2019 chiefly as a result of the sharp reduction in energy costs — in particular those of gas, which represents the main energy source used by the RDM Group — and increased efficiencies in terms of production and use of raw materials. Value added, i.e., the difference between selling prices and raw materials, was in line with the same quarter of 2019.

KEY EVENTS

The first nine months of 2020 were characterized by the Covid-19 emergency and the related containment measures imposed by EU and non-EU governments. The nature and impact of these measures varied widely from one sector of the economy to the next. In the case of the RDM Group, as stated in the 2019 Annual Financial Report, according to the Decree of the President of the Council of Ministers of March 22, 2020, its finished products were deemed essential as they are primarily used by the food and pharmaceutical industries. In the first half of the year, this resulted in the nearly full operation of the Group's paper mills, with the exception of its Ovaro paper mill, with margin levels that were deemed satisfactory and even exceeded expectations in some cases. Despite the justified concerns of a significant decline in volumes, the third quarter saw a slight increase in volumes compared to the previous year, which, when combined with stable good contribution margins, made it possible to achieve an excellent result. Even the Ovaro paper mill, despite recording a decline in volumes in the third quarter, is recovering compared to the first half of the year due to the reopening of its end markets.

Cash flow performance in the first nine months of 2020 was positive, driving an improvement in net financial position of €24.2 million. Although there continue to be elements of uncertainty regarding possible deferred financial effects of the Covid-19 emergency and the consequences of the new wave of cases that is occurring, there is currently no basis for projecting material adverse effects on cash flows in the short and medium term.

Within this environment, and in the light of the new emergency situation that is emerging, the Directors continue to monitor the macro-economic environment and the evolution of the markets of reference. The scenarios prepared after the pandemic began are constantly updated to verify possible consequences in terms of volumes, any production stoppages and the level of profitability. The volume performance in the third quarter of 2020 and volume trends at the peak of the pandemic, in addition to the consistently positive performance of raw material and energy costs, make it possible to rule out the emergence of severe critical elements in the fourth quarter of 2020, even in the event that new restrictions are imposed by the authorities following the new increase in cases.

In light of the foregoing, the additional information collected in the first nine months of 2020 and the different market environment in which the Ovaro paper mill operates, the Directors examined the 2020 budget figures and 2021-2023 plans and did not identify any elements classifiable as indicators of impairment of the cash-generating units and other assets as of September 30, 2020, therefore confirming the values on the books as of December 31, 2019.

On February 7, the Villa Santa Lucia mill was forced to suspend production due to the seizure — not attributable to the plant in any way — of the Cosilam Consortium's purification plant rendered by the competent judicial authority. On March 1, Villa Santa Lucia was able to resume production after the seizure of the system was lifted, since the court of review granted the petition. The RDM Group is assessing all possible future alternatives with regard to water treatment and dependence on the Consortium's purification plant.

On 15 June 2020, Reno De Medici S.p.A., in accordance with the agreements signed with **Friulia S.p.A.** in 2017, repurchased, at a cost of €692.682, the last 5% of the shareholding owned by Friulia S.p.A. in R.D.M Ovaro S.p.A. Following this operation, R.D.M. Ovaro S.p.A. is totally owned by Reno De Medici S.p.A.

On September 30, 2020, the subsidiary RDM Barcelona Cartonboard S.A.U. signed four preliminary agreements to purchase 100% of the share capital of four companies incorporated under the laws of Spain. The acquisition involves one of the largest European players in the coated paperboard sector, Papelera del Principado S.A., and three minor companies. The provisional price agreed for the acquisition of the four companies is based on a total enterprise value of €31.2 million, calculated on the basis of a 2020 pro-forma EBITDA of €5.2 million and an estimated NFP of approximately €20 million. The closing of the transaction is expected by the first quarter of 2021 and is subject to several conditions precedent, including authorization by the competent antitrust authorities.

SUBSEQUENT EVENTS

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

OUTLOOK

The current situation is characterized by the second wave of the health emergency. Its length and possible effects are obviously difficult to predict.

The new health emergency clearly makes it even more difficult to foresee the length of the recession triggered by the outbreak of the pandemic in March 2020 and its effects on the global economy. There also continue to be doubts regarding the scope and conditions of the interventions in support of the economy and their possible effects on the current recession.
Our good volume performance in the first half of 2020, mainly due to the essential nature of our products, the ability we have shown thus far to manage the emergency and ensure continuity of production and our overall positive volume performance in the third quarter of 2020 allow us to exclude particularly negative effects for the last part of the year, which will be nonetheless subject to uncertainty factors.

In the RDM Group's core business, **White Lined Chipboard** (WLC), the short-term outlook (fourth quarter) continues to be characterized by uncertainties regarding the general economy, yet positive in view of the need for greater volumes as a consequence of the new Covid-19 emergency at the global level. After rising sharply in the second quarter as a result of decreased collection, the prices of recycled paper declined equally sharply in the third quarter, with prices recovering at the end of the summer holiday period, essentially due to increased demand relating to the launch of corrugated cardboard paper production capacity. Prices will continue to be influenced by the economic activity levels expected as a result of the pandemic. Selling prices were essentially flat in the first half of the year. The effect of the price increase announced in May began to be seen in July, as a consequence of the rise in raw material prices, followed by a decline in September. Despite the trends recorded, value added at the end of the year is expected to be in line with the previous year.

The same considerations as for the WLC sector also apply to the **Folding Box Board** (FBB) sector, with the only difference being the excellent increase in volumes in the third quarter, despite the global emergency and recession. The slight increase in raw material prices was due to an increase in demand in some sectors and segments positively affected by the ongoing emergency and to the resumption of global demand for the commodity — a factor that will need to be verified in full, given the recent development of the pandemic. Selling prices are expected to remain essentially unchanged in the second half of 2020.

After the sharp fall in **energy prices** in 2019, the main energy sources used by the Group (electricity, natural gas and coal) are undergoing a further marked decline, once again due to the Covid-19 emergency, which has resulted in the shutdown of many manufacturing industries and a decrease in the price of oil. Following the reduction in the Group's energy costs in the first nine months of the year, a further benefit primarily relating to gas purchase hedging is expected in the fourth quarter.

In the final part of 2020, the **RDM Group** will continue to pursue the set of initiatives already launched in 2018-2019, designed to achieve a structural increase in its profitability and mitigate the possible negative effects of the current emergency situation over the medium term. One part of the program will continue to leverage the multi-mill integration of **RDM Barcelona Cartonboard**.

The Group's financial situation could be adversely affected by the current scenario in the event of non-payment by customers. Although the RDM Group did not suffer particular negative effects in the first nine months of the year, it is nonetheless assessing all possible measures required to mitigate future effects on its net financial position, which continues to be very solid, and confirms its strong cash generation.

CONSOLIDATED FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2020

Consolidated Income Statement	09.30.2020	09.30.2019
(€ thousands)		
Sales	518,215	536,606
Other sales and income	10,064	8,596
Change in inventories of finished goods	(12,631)	(340)
Cost of raw materials and services	(363,224)	(407,097)
Personnel costs	(79,797)	(77,119)
Other operating costs	(5,003)	(4,557)
Gross operating profit (EBITDA)	**67,624**	**56,089**
Depreciation, amortization and write-downs	(23,444)	(22,008)
Operating profit (EBIT)	**44,180**	**34,081**
Financial expense	(2,220)	(3,351)
Gains (losses) on foreign exchange	(526)	225
Financial income	1,333	97
Net financial income/(expense)	(1,413)	(3,029)
Income (losses) from equity investments		87
Taxes	(8,869)	(7,571)
Profit (Loss) for the period	**33,898**	**23,568**
Attributable to:		
Group's share of profit (loss) for the period	33,898	23,568
Minority interest in profit (loss) for the period		

Statement of Financial Position - ASSETS	09.30.2020	12.31.2019
(€ thousand)		
Non-current assets		
Property, plant and equipment	225,372	232,586
Right-of-use assets	12,218	12,371
Goodwill	4,389	4,389
Other intangible assets	16,135	16,368
Equity investments	679	810
Deferred tax assets	249	389
Other receivables	5,397	5,518
Total non-current assets	**264,439**	**272,431**
Current assets		
Inventories	100,285	108,948
Trade receivables	81,111	77,129
Other receivables	17,172	16,552
Derivative instruments		
Cash and cash equivalents	45,054	40,382
Total current assets	**243,622**	**243,011**
TOTAL ASSETS	**508,061**	**515,442**

Statement of Financial Position - EQUITY AND LIABILITIES	09.30.2020	12.31.2019
(€ thousands)		
Equity		
Equity attributable to the Group	235.240	205,478
Total equity	**235.240**	**205,478**
Non-current liabilities		
Payables to banks and other lenders	50,122	63,986
Derivative instruments	486	752
Deferred tax liabilities	8,240	8,660
Employee benefits	35,892	36,410
Non-current provisions	5,525	4,221
Total non-current liabilities	**100,265**	**114,029**
Current liabilities		
Payables to banks and other lenders	21,555	25,610
Derivative instruments	805	2,211
Trade payables	119,051	141,209
Other payables	25,647	23,053
Current taxes	4,449	2,884
Current provisions	918	870
Employee benefits	131	98
Total current liabilities	**172,556**	**195,935**
TOTAL EQUITY AND LIABILITIES	**508,061**	**515,442**

Net financial position	09.30.2020	12.31.2019	Change
(€ thousands)			
Cash, cash equivalents and short-term financial receivables	45,179	40,529	4,650
Short-term financial debt	(21,555)	(25,610)	4,055
Valuation of current portion of derivatives	(805)	(2,211)	1,406
Short-term net financial position	**22,819**	**12,708**	**10,111**
Medium-term financial debt	(50,122)	(63,986)	13,864
Valuation of non-current portion of derivatives	(486)	(752)	266
Net financial position	**(27,789)**	**(52,030)**	**24,241**

NOTES

The Interim Report of the RDM Group at September 30, 2020 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 third quarter remain unchanged compared with those used to prepare the Consolidated Financial Statements at December 31, 2019.

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 September 30, 2020, the RDM Group’s workforce numbered 1,732, compared with 1,766 at December 31, 2019.

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 September 30, 2020 of Reno De Medici S.p.A. corresponds to the information contained in documents, ledgers and accounting entries.

Milan, November 4, 2020

Signed
Luca Rizzo