



## ***Quadpack Industries, S.A.***

*Strictly private and confidential*

### **Fairness Opinion Letter**

20<sup>th</sup> September 2024

Copy translated to English from the original in Spanish. In case of any discrepancy, the Spanish version shall prevail

**Quadpack Industries, S.A.**

Plza. Europa, 9-11 Floor 11  
L'Hospitalet de Llobregat  
08908 Barcelona (Spain)

20<sup>th</sup> September 2024

For the attention of the Board of Directors of Quadpack Industries, S.A.

**Independent Fairness Opinion in the context of Project Parfum**

We are pleased that you, Quadpack Industries, S.A. ("**Quadpack**", "**the Company**" or "**you**"), have appointed PricewaterhouseCoopers Asesores de Negocios, S.L. ("**PwC**", "**we**" or "**us**") to provide you with our independent fairness opinion herein described.

**Background and objectives**

1. On the 15<sup>th</sup> of July 2024 you announced the control acquisition of Quadpack by PSB Industries SAS ("**PSB**"). The envisaged structure of the transaction will include the acquisition of 87.51% of the Company' stake with a mix of cash consideration and newly issued PSB' shares. For the remaining 12.49% stake in the Company, you are envisaging to propose a cash capital reduction that will be subject to the approval by Quadpack's general shareholders' meeting ("**the Capital Reduction**"). Both the control acquisition by PSB and the Capital Reduction is proposed to be at a Quadpack's price of Euros 32 per share ("**the Price**").
2. In the above context, you have requested PwC our independent opinion on whether the Price proposed for the Capital Reduction is fair from a valuation standpoint (hereinafter "**Fairness Opinion**") which will be used, only and exclusively, by the Company's Board of Directors as a reference for your consideration, amongst others, in evaluating the proposed transaction and it should not be used for any other purpose. We have performed our work in accordance with our Letter of Engagement of Professional Services dated 22nd July 2024 (the "**Engagement Letter**").
3. This Independent Fairness Opinion Letter (the "**Letter**") is strictly confidential and, unless to the extent required by applicable law and/or regulation, must not be released to any third party, nor reproduced, extracted or publicly referenced without our express written consent, which is at our sole discretion. In Appendix 1, we have included a summary with the main hypothesis of our value analysis. Please note that this appendix is a summary and may not necessarily include all the detailed analyses and information used. The Letter must be read in its entirety and any partial excerpt could lead to incorrect interpretations.
4. Accordingly, PwC accepts no liability of any kind to any third party and disclaims all responsibility for the consequences of any third party, acting or refraining to act in reliance on this Letter or for your use for any other purpose.

PricewaterhouseCoopers Asesores de Negocios, S.L., Avda. Diagonal, 640, 08017 Barcelona España  
Tel.: +34 932 532 700 / +34 902 021 111, Fax: +34 934 059 032, [www.pwc.es](http://www.pwc.es)

5. You should note that our valuation work relates to the scope and objectives agreed with you in the Engagement Letter and must be interpreted under the perspective of Quadpack shareholders' interests in the Capital Reduction proposed. In this regard, it is possible that other parties, such as PSB or others, may not necessarily have the same objectives and interests.

### Basis of valuation

6. We have performed our valuation and analyses as of 30<sup>th</sup> June 2024 ("the **Valuation Date**") based on the latest unaudited interim financial information provided to us.
7. Our valuation is limited exclusively to the Valuation Date and the analysis of any change, event or circumstances that may impact the Company' share value and that may have occurred between the Valuation Date and the date of issuance of this Letter, or any other subsequent date, is out of our scope. Therefore, our responsibility is solely and exclusively limited to such Valuation Date.
8. The basis of valuation for the purpose of our work is the market value which is defined by international standards as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.
9. In this regard, we have conducted our valuation analysis of Quadpack considering its current situation as a consolidated group and assuming the going-concern principle and without considering the interests of a potential buyer. Our agreed scope has not included an analysis of other aspects related to the combination with PSB, the value of PSB, nor the financial analysis of alternatives other than the proposed Capital Reduction for minority shareholders.
10. You have provided us with written confirmation that this Letter and the complementing materials do not contain any material errors or omissions and that you have supplied us with all the information and facts, which we assume are true and accurate.

### Valuation methodology and scope

11. In order to estimate our valuation conclusion of the Company' shares as the basis of our Fairness Opinion, we have considered the following generally accepted valuation approaches:
  - a. The **Income Approach**: this approach estimates the value of a business based on the present value of the free cash flows expected to generate for the future. This method is also denominated Discounted Cash Flow ("**DCF**") method.
  - b. The **Market Approach**: this approach indicates the value of a business based on a comparison of the valuation multiples derived from comparable publicly listed companies or that have been subject to private transactions.

- c. The **Listed Stock Price**: this approach analyzes the share price of Quadpack for the period we have deemed adequate, considering the market price evolution, including the average of the three months prior to the announcement, volatility and liquidity of the share. In this regard, we have analyzed that the share has low volume of historic trading, and hence, lack of liquidity. In these circumstances, the valuation result obtained using this method, which is lower than those obtained with the two aforementioned methods, has not deemed appropriate for reaching our conclusions.
12. The main procedures performed during our work are detailed as follows:
- Discussions with Quadpacks' Management to obtain an understanding of the transaction and relevant information.
  - Analysis of past financial evolution of the Company until the most recent period of the information provided as of the Valuation Date.
  - Analysis of global economic conditions and future perspectives of the sector where the Company operates.
  - Analysis and discussions from a financial point of view of the latest business plan approved by the Management and its main assumptions and identification of sensitivities or illustrative alternative scenarios that might be relevant for our valuation work.
  - Analysis of publicly available information of listed comparable companies and recent transactions of the sector to derive comparable multiples and other financial comparisons.
  - Analysis of the past performance of Quadpack' stock price in the market including relevant averages, trading and volatility levels.
  - Preparation of the DCF valuation model and Market Approach methods for the estimation of the market value range and consideration of other relevant facts to reach our valuation conclusion.
13. Our scope has not included an audit conducted in accordance with generally accepted auditing standards, an examination of internal controls, a due diligence (financial, commercial, operational, tax, legal, labour, environmental or technical), other similar review or assurance services. Accordingly, we assume no responsibility with respect to the information provided to us or obtained from other sources.
14. Furthermore, our work has not consisted in performing a valuation of any individual legal entity, business, individual assets or liabilities (except the described Quadpack' shares considered as a parent of a consolidated group).

### **Information sources**

15. The most relevant information on which we have based our work has been the following:
- Memorandum of understanding of main economic terms of the transaction and announced terms;
  - Consolidated income statement and balance sheet as of June 30<sup>th</sup> June 2024 and comparison with budget 2024;

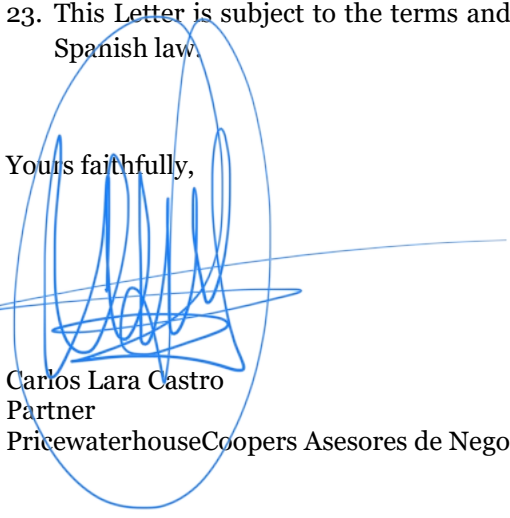
- Audited consolidated financial accounts for the years 2019 – 2023;
  - Latest available business plan of the group for the years 2024-2028 and main commercial KPIs, as well as discussions of main hypothesis;
  - Updated FY24 forecast consolidated P&L;
  - Recent corporate presentations from Quadpack (e.g. Strategy Plan 2023-2028 dated September 2023, Budget 2024 dated January 2024 and Business Plan Review dated 31<sup>st</sup> March 2023);
  - Broker report covering Quadpack dated 30<sup>th</sup> May 2024;
  - Public financial information, broker reports and consensus estimates on comparable traded and private companies in the sector; and
  - Reports and estimates on the beauty packaging industry and macroeconomic estimates.
16. Our work has been mainly based on information provided to us by you and it has been carried out on the basis that such information is accurate and not misleading. We have not verified it or checked it in any other way.

## Opinion

17. In accordance with the work performed, the information used, and the considerations described in this Letter, **we conclude that the proposed Price of Euros 32 for the Quadpack' share is fair for the Capital Reduction from a valuation standpoint as of the Valuation Date.**
18. The financial projections provided by Management and used as a reference for our work are of their sole responsibility and we understand that they correspond to their best and most reasonable estimate according to the information available. However, because events and circumstances frequently do not occur as expected, there will usually be differences between predicted and actual results, which may be material. Accordingly, we express no opinion as to how closely the actual results achieved will correspond to those predicted and we take no responsibility for the achievement of predicted results.
19. By its very nature, valuation work cannot be regarded as an exact science and the conclusions arrived at in many cases will necessarily be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value. Although our valuation range is reasonable and defensible, others might wish to argue a different conclusion.
20. This Letter is not intended as a sole basis for decision making and any actions taken by you should only be your decision, considering other matters outside our scope which you may be aware. We do not express our opinion on the suitability of the proposed transaction or any other alternative nor a recommendation to undertake or not an action.
21. Our Letter only refers to the scope, deliverables and terms agreed with you in our Engagement Letter and might not cover all areas of your interest.
22. PwC has not acted as financial advisor of Quadpack in the proposed transaction, only as an independent expert. Our fees are fixed and not contingent on any event, completion or result related to it.

23. This Letter is subject to the terms and conditions stated in our Engagement Letter and the Spanish law.

Yours faithfully,



Carlos Lara Castro  
Partner  
PricewaterhouseCoopers Asesores de Negocios, S.L.



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## **Appendix 1 – Valuation Analysis Summary**



# Project Parfum

## Executive summary

20 September 2024

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# Contents

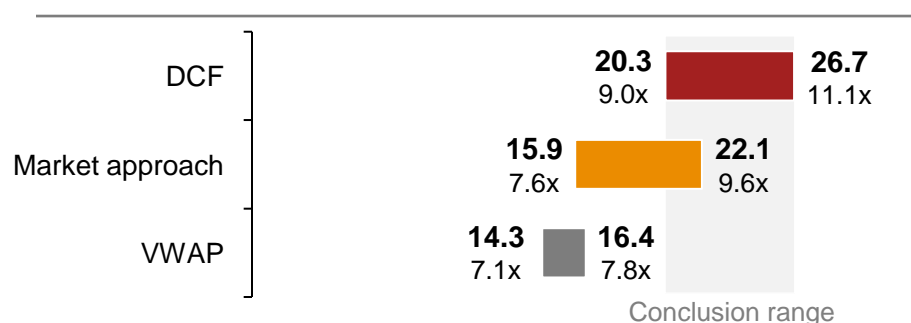
<b>Contents</b>	<b>4</b>
1 Executive summary	5
2 Management Business Plan	6
3 Valuation scenarios	7
4 Bridge to equity	8
5 Publicly traded comparable companies	9
6 Transaction references	10

# Executive summary

We have estimated the market value of the equity of Quadpack on a standalone basis in the range of **€20.3 and €26.7 per share** as at the Valuation Date under the DCF which higher end suggest higher results than the market approach and VWAP (considering their limitations). Since the offered cash price of €32 to minority shareholders is even higher than our estimated market range, we deem this offered price is fair for them from a standalone valuation only. You should bear in mind that our scope does not consist in analysing any other potential alternatives than the Capital Reduction, context in which we have been engaged.

## Value range for the shares of Quadpack (€/share)

In [x] implied multiple<sup>1</sup>



### DCF

- The scenarios considered in the DCF sensitize the cash flows of Management's Business Plan (the "BP") in order to include the specific risks considering the results as of June 2024 ("YTD24"), historical performance and market perspectives:
  - Although market outlooks suggest a growth of 3-4% for the coming years, the BP assumes a revenue increase of 7%, comprising 5% market growth plus a 2% organic growth. The sensitised scenarios assume lower revenue growth particularly for the FY25 and more close to such market prospects.
  - The BP assumes that FY23 gross margin will be recovered from FY25 onwards after a normalization experienced in FY24. We deem FY23 margins were high and difficult to sustain as an average in the long run. YTD24 data already indicate a general decline in gross margins.

Notes:

- 1) Implied EV/EBITDA multiple considers FY23 normalized EBITDA of €13.6M. Please refer to Appendix 2 for further details.

- Therefore, long term gross margins have normalized in line with YTD24 and representative historic averages.
- OpEx and CapEx have been slightly adjusted, consistent with the sensitivities in revenues.

### Market approach

- It must be noted that the comparable companies, both listed or involved in transactions, relate to the packaging industry but are not fully comparable to Quadpack in terms of product mix, final destination sectors, financial and growth profiles. For these reason, their use is considered as cross check only.
- The low end of the market approach range is based on EV/EBITDA multiple estimated with the linear trend observed in private transactions in the sector.
- The high end range is estimated using the average EV/EBITDA multiple of comparable publicly traded companies.
- Implied EV/EBITDA multiples of both listed comparable companies and private transactions show a positive direct relationship with EBITDA margin and size. The market approach indicates that, considering the size and EBITDA margin of Quadpack, its EV/EBITDA multiple would rarely exceed 9.6x.

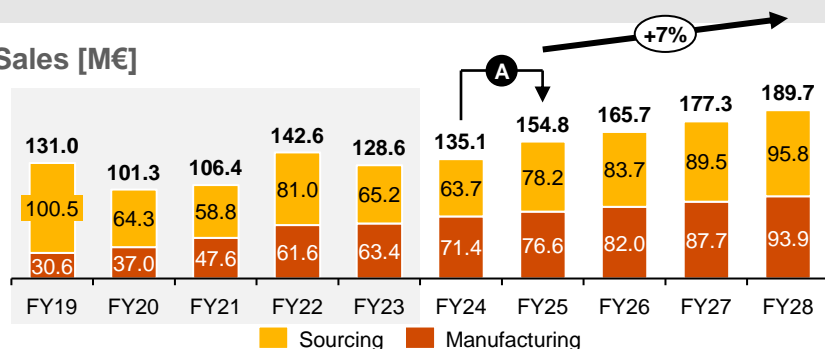
### Volume-Weighted Average Price ("VWAP")

- The VWAP method is based on the company's market share price. The lower range is estimated using the average share price over the last three months prior to the announcement of the combination with PSB, while the upper range is based on the six-month average. However, this valuation range is less meaningful due to the stock's low liquidity and trading volume.

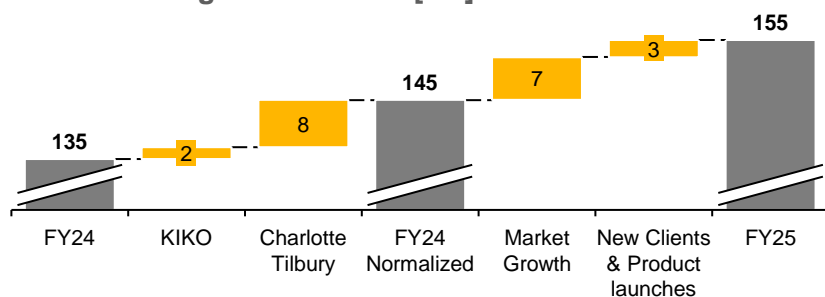
# Management Business Plan

The standalone Management BP projects a recovery in sales to 2022 levels for some key clients by 2025 and a 7% annual growth composed by 5% market growth plus an additional 2% from new clients and new product launches. After a normalization downwards trend in gross margin in FY24, the BP assumes to rebound to exceed even the highest peak levels obtained in FY23.

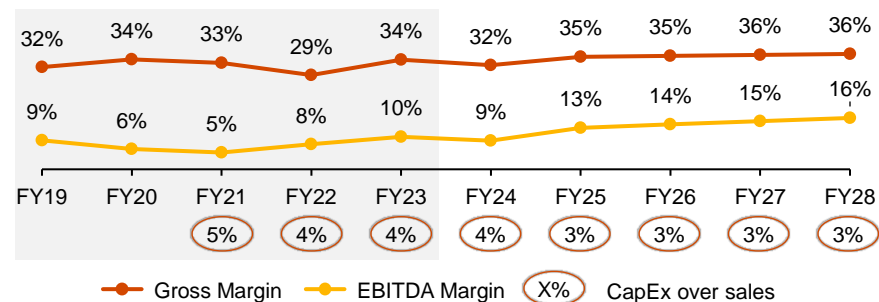
## Sales [M€]



## A Revenue bridge FY24 - FY25 [M€]



## Gross Margin & EBITDA Margin [%]



Source: Management BP, information provided by the Company and PwC analysis.

## Sales

- Historical sales figures show a shift to manufacturing revenues following the acquisition of the plastic factory in Kierspe in 2019. Due to the recovery of the covid-19 pandemic effects and the general increase of costs and raw materials, revenues boosted in 2022 driven by clients' overstocking for security against supply shortage crisis. This was followed in FY23 by a decline due to general destocking of clients.
- As of YTD24, the Company is 8% below budget but expects a recovery in the second half of the year, aiming to achieve €135M.
  - The destocking of two relevant clients – Kiko and Charlotte Tilbury, ("CT") – resulted in a shortfall of €5.8M as at YTD24. It is expected that the KIKO' revenues will close the gap by year-end.
  - A recovery of sales in USA is expected given the already observed recovery of new orders, which will be served in H2 2024.
- The BP assumes the recovery of Kiko and CT sales up to 2022 levels plus a market growth of 5% and an additional 2% growth driven by gaining new clients and new products launches, reaching €155M in FY25.
- From 2025 onwards, annual sales growth is projected to remain in 7%.

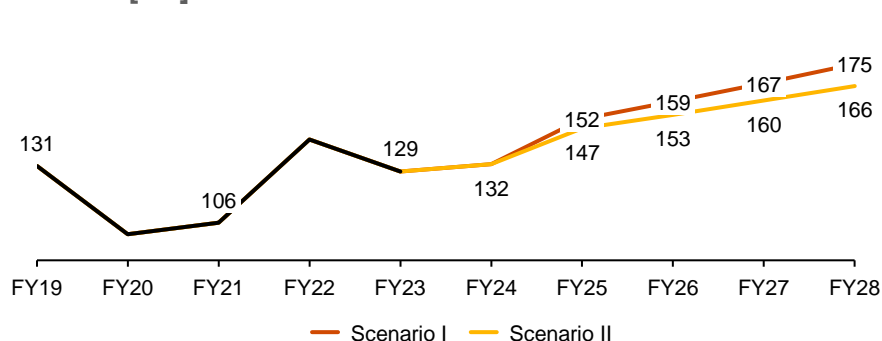
## Gross Margin & EBITDA Margin

- Management expects to improve historic gross margins, mainly due to efficiency improvements in the factories and reach in the long term the peaked trends of FY23 gross margins.
- EBITDA margins are projected to see gradual enhancement over the projected years, driven by the impact of the company's restructuring plan Olympia, which is expected to reduce personnel cost by 5% in 2025. For the rest of fixed costs, a growth rate of 3% is assumed.
- Projected capital expenditures are consistent with historical levels and include an allocation for new product development.

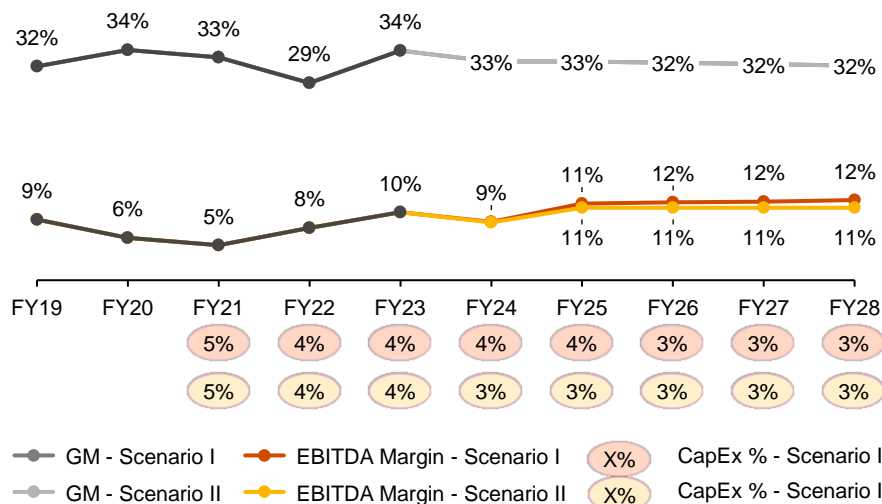
# Valuation scenarios - DCF

We have considered two sensitized scenarios in the DCF based on current trading YTD24, historical performance and market perspectives. Broadly, both assume a more commensurate sales growth in line with market outlook and a normalization of gross margins in line with representative historical average and the trend already observed in YTD24. This has been our approach to factor into the valuation the specific risks inherent to the standalone BP provided by management while the general market and macroeconomic risks have been factored through the WACC used to discount the projected cash flows of sensitized scenarios.

## Sales [M€]



## Gross Margin ("GM") and EBITDA Margin [%]



## Sales

- FY24 revenues have been adjusted in both sensitivity scenarios based on YTD24 figures, and assuming that sourcing revenues in USA will be recovered during H2 2024, as well as sales to one of its key clients in Europe, Kiko.
- Both scenarios assume the recover of Kiko and CT sales by 2025.
- Additionally, Scenario I projects a 7% market growth in 2025, driven by 5% market expansion and 2% from new clients and the launch of new products, given the Company has already launched 20 new products as of the Valuation Date. For subsequent years, it forecasts a 5% market growth.
- The Scenario II assumes 5% market growth in FY25, additional to the recovery of sales to key clients, followed by a 4% growth throughout the rest of the projection period, which is more aligned with market outlook.

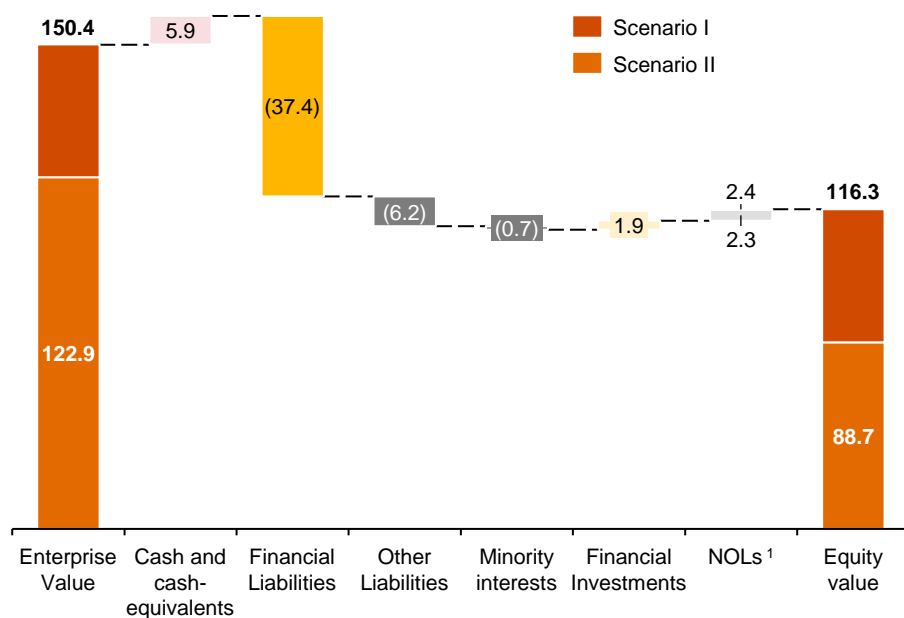
## Gross Margin & EBITDA Margin

- Both sensitised scenarios assume that FY23 gross margin was high and it is unlikely to be sustained in the long run. YTD24 already show a normalization in gross margin and Management's FY24 Forecast has been adjusted in this line. As for this reason, the gross margin has been normalized based on YTD24 figures and historical data.
- Certain SG&A costs have been slightly downwards adjusted in Scenario II according to lower revenue increases.
- Scenario I includes investments in new product development, which drives to higher sales growth compared to market perspectives. While Capex projections in Scenario II do not include new product development Capex, to be aligned with projected market growth.
- The WC assumes the utilization of the factoring lines. Consequently, factoring interests have been included as part of the Company's recurring operating costs (within EBITDA) in both scenarios.

Source: PwC analysis

# Bridge to Equity

## Enterprise and Equity Value of Quadpack (M€)



	Scenario I	Scenario II
<b>Equity Value</b>	116.3	88.7
<b>Number of shares<sup>2</sup></b>	4.4	4.4
<b>Equity Value per Share (€)</b>	<b>26.7</b>	<b>20.3</b>

Notes:

1) Present value of Net Operating Losses.

2) Total number of shares adjusted by treasury stock (in millions).

Source: Unaudited consolidated financial statements as of 30<sup>th</sup> June 2024, Information provided by the Company and PwC analysis.

- The EV range has been adjusted by Net Financial Debt (“NFD”), excluding financial lease liabilities given that the DCF analysis has been performed under pre-IFRS 16 approach, that is, considering operating rental expenses within the EBITDA and discounted cash flows.
- Financial Liabilities is composed by bank borrowings (€36.6M) and other financial liabilities (€0.8M). On 25<sup>th</sup> July 2023, the Company refinanced its bank borrowings with a syndicated financing agreement with 5 banks for a total amount of €38M (€36.6M as at the Valuation Date). Said financing agreement is composed by:
  - A business loan of to be repaid over the next six years;
  - Non-revolving loan for a maximum of €7M to partially finance capex needs; and
  - Revolving business loan for a maximum of €5M.
- Financial Investments include derivative financial instruments, factoring guarantees and Investments in group companies and associates.
- Minority interests considered as at 31<sup>st</sup> January 2024 based on the limited information at Valuation Date, including only those companies generating positive net result.
- The Company holds NOLs in Spain and Germany amounting €2.1M and €0.8M, respectively. In estimating the NPV of the NOLs recognized in Spain, deductibility limits have been applied. The NOLs in Germany have been considered at their NBV given its lower relevance.

# Publicly Traded Comparable companies

We have observed an average multiple of 9.6x as of the Valuation Date for the European packaging peers and a positive relation between the EV/EBITDA multiple and EBITDA Margin. EV/EBITDA multiples tend to be above the observed average for companies with EBITDA margin above 20% (with the exception of Augros Cosmetic Packaging).

Considering Quadpack's normalized FY23 EBITDA Margin of c. 11%, this analysis suggests that the EV/EBITDA multiple applicable to Quadpack standalone should not exceed 9.6x.

Company	Country	Market Cap (M€)	Capex over sales <sup>1</sup>	EBITDA Margin %			EV/EBITDA		
				Dec-22	Dec-23	Jun-24	Dec-22	Dec-23	Jun-24
Huhtamäki Oyj	Finland	3.924	7%	12%	13%	14%	8.9x	9.7x	9.2x
Robinson plc	United Kingdom	22	7%	12%	7%	9%	2.8x	4.8x	5.5x
Augros Cosmetic Packaging SA	France	9	6%	8%	5%	5%	5.8x	12.9x	12.8x
Zignago Vetro S.p.A.	Italy	1.044	10%	20%	29%	24%	15.3x	9.5x	10.8x
AptarGroup, Inc.	USA	8.708	9%	18%	20%	21%	13.5x	12.9x	13.8x
Richards Packaging Income Fund	Canada	217	0%	14%	14%	14%	8.9x	6.8x	5.6x
Silgan Holdings Inc.	USA	4.218	4%	15%	14%	15%	8.8x	8.7x	9.5x
Gerresheimer	Germany	3.464	17%	20%	19%	19%	8.6x	10.8x	11.7x
Berry Global Group, Inc.	USA	6.283	5%	15%	16%	16%	7.9x	8.2x	7.6x
<b>Average</b>			<b>7%</b>	<b>15%</b>	<b>15%</b>	<b>15%</b>	<b>8.9x</b>	<b>9.4x</b>	<b>9.6x</b>

- The listed comparable companies of the packaging industry have a limited level of comparability due to their size, product offering and the wide range of sectors other than cosmetics, such as the pharmaceutical or food industries.
- A broad range of market multiples is observed from 5.5x to 13.8x.
- The EBITDA Margin also varies significantly, ranging from 5% to 29%, showing a positive trend between the EBITDA margin and the EV/EBITDA multiple.
- We have observed that 3 out of 4 multiples that exceed the average of 9.6x have an EBITDA margin above 20%.
- Considering Quadpack's FY23 normalized EBITDA margin of 11%, its EV/EBITDA multiple should not exceed **9.6x**. Therefore, we have set 9.6x as the upper end of the market approach range.

Notes:

1) Average for the periods Dec-22, Dec-23 and Jun-24.

Sources: Capital IQ, Public information and PwC Analysis.

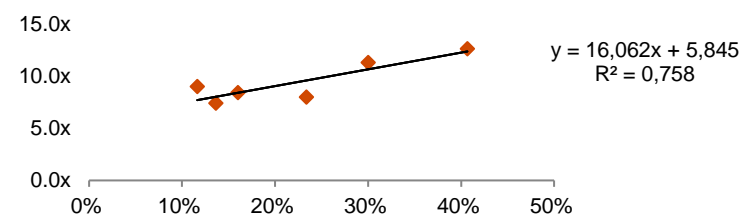
# Transaction references

The comparability of the transactions in the packaging industry is also limited because the targets operate in sectors such as the pharmaceutical or food. Market transaction in the sector average an EV / EBITDA multiple of 9.6x, with a strong positive correlation with EBITDA % Margin. Companies of greater size also tend to have a greater multiple (above average).

Considering Quadpack's normalized FY23 EBITDA Margin of c. 11%, the regression suggests and EV/EBITDA multiples applicable to Quadpack standalone of **7.6x**, thus representing the lower end of the range.

Target	Country	Main Sector	Materials	Buyer	Closing Date	Stake (%)	Implicit EV 100% (M€)	Sales (M€)	EBITDA (M€) <sup>1</sup>	EBITDA Margin (%)	EV / EBITDA
<b>Constantia Flexibles Group</b>	Austria	Pharma Food	Plastic	One Rock Capital Partners	Jan-24	61%	1,416	1,973	133	7%	10.6x
<b>Aarts Packaging</b>	Netherlands	Cosmetics Pharma	Plastic, Glass	TriMas Corporation	Feb-23	100%	35	23	3	12%	9.0x
<b>Unicep Packaging</b>	USA	Cosmetics Pharma	Plastic, Glass	Silgan Holdings	Sep-21	100%	204	40	16	41%	12.7x
<b>Paperpack Tsoukaridis J</b>	Greece	Pharma Personal Care	Plastic	CEE Equity Partners	Dic-20	100%	34	18	4	23%	8.0x
<b>GCL Pharma</b>	Italy	Pharma Cosmetics	Rubber, Aluminum	Bormioli Pharma Bidco	Apr-20	100%	9	9	1	14%	7.4x
<b>NEKICESA Packaging</b>	Spain	Pharma Cosmetics Food	Carton	Essentra	Sep-19	100%	30	22	4	16%	8.4x
<b>Lameplast</b>	Italy	Cosmetics Pharma	Plastic	Tekni-Plex	Jul-19	100%	88	26	8	30%	11.3x

- We have observed a strong positive correlation between EV/EBITDA multiple and EBITDA margin, which means that companies with higher EBITDA margin tend to have higher multiples.



The graph above excludes the transaction involving Constantia Flexibles Group, as its multiple is considered an outlier due to its size.

Notes:

1) EBITDA for the year of the transaction closing date.

Sources: Capital IQ, Mergermarket, Public information and PwC Analysis.



# Additional information

<b>Appendices</b>	<b>11</b>
1 Information sources	12
2 Cosmetic packaging market outlook	13
3 Normalized EBITDA FY23	14
4 Weighted Average Cost of Capital	15
5 Glossary	16



# Information sources

We have considered financial information, provided by the Management, together with information obtained from other public, market specialized and financial sources. Our conclusion depends on the validity, accuracy and truthfulness of this information. The main sources of information are the following:

## Information provided by the Company

- Memorandum of understanding of main economic terms of the transaction dated 4<sup>th</sup> June 2024 and announced terms dated 15<sup>th</sup> July 2024;
- Audited consolidated financial statements for the years 2019-2023 and unaudited consolidated pro-forma P&L and balance sheet as at 30<sup>th</sup> June 2024;
- Budget 2024 approved by the Board and the comparison between the Budgeted Income Statement for 2024 and the YTD;
- Latest available BP of the group for the years 2024-2028, main commercial KPIs and discussions of main hypothesis;
- Updated FY24 forecast consolidated P&L;
- Recent corporate presentations from Quadpack (e.g. Strategy Plan 2023-2028 dated September 2023, Budget 2024 dated January 2024 and Business Plan review dated 31<sup>st</sup> March 2023 prepared by KPMG);
- Market outlook estimates for the beauty and personal care industry;
- Broker Report covering Quadpack dated 30<sup>th</sup> May 2024;
- Detail of clients' historical revenue, from 2019 to 2023;

- Accounting details such as :
  - Details of the deferred tax assets and liabilities and the recoverability of NOLs; and
  - Details of the outstanding debt YTD.

## Public information

- Audited annual accounts and quarterly results of comparable traded and private companies;
- Bloomberg, S&P Capital IQ, Mergermarket and analysts reports; and
- Market reports:
  - Global Cosmetic Packaging Market 2023 – 2027 conducted by Technavio and dated June 2023; and
  - Europe Cosmetic Packaging Market conducted by The Insight Partners and dated July 2023.

## Key personnel interviewed

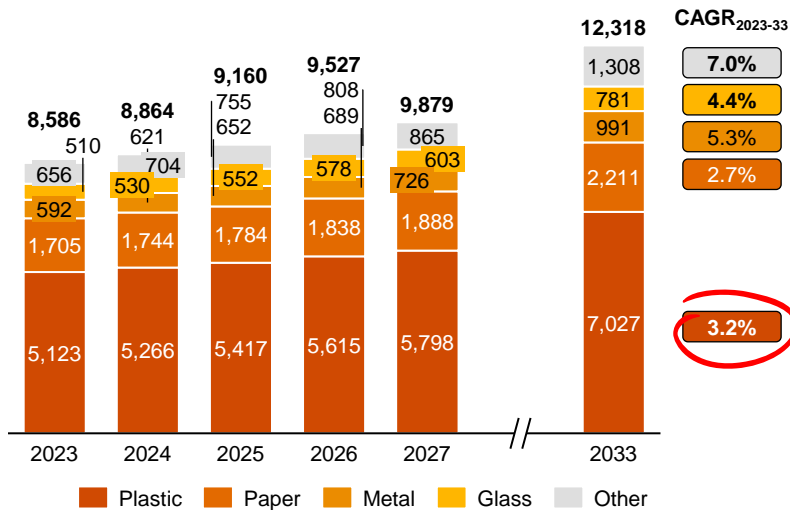
- For our valuation analysis, we have relied on discussions with the following key employees of Quadpack:
  - Secretary of the Board of Directors;
  - Member of the Board of Directors;
  - Chief of Staff;
  - Strategy Manager; and
  - Finance Manager.

# Cosmetic Packaging Market Outlook

The market shows a steady growth outlook in Europe and Spain with slight changes in material use. The high level of fragmentation creates pressure on players to compete on prices or innovate. Profitability in the industry will be highly affected by the volatility in input prices.

The main challenge ahead for European players will consist of adapting to the new legislation (“PPWR”) setting strict environmental and health standards.

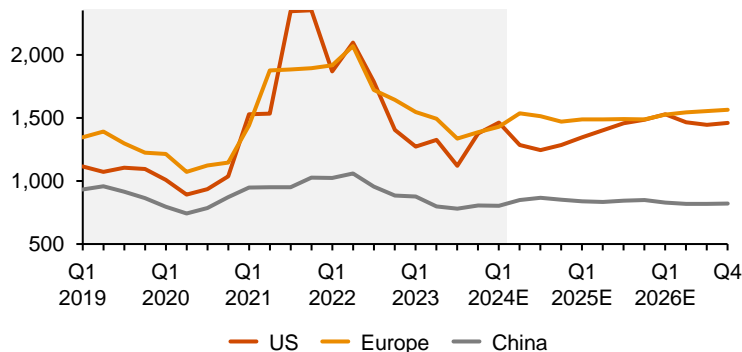
## European cosmetic packaging market [M\$]



## Drivers and market dynamics

- The market is composed by skin care (22%), hair-care (41%), nail care (36%) and make-up (2%) products.
- Germany is the most dominant geography in the European market with 20% of market share, followed by the UK with 17.5%, while Spain hold the 8.3% after France and Italy.
- In terms of materials, the market is primarily dominated by plastic, paper, metal, and glass packaging.
- Plastic remains the most widely used material in the industry and is expected to maintain its long-term dominance despite environmental concerns. However, there is a shift towards other materials, particularly to metal and glass, with growth rates expected to exceed the market average.
- The European Packaging and Packaging Waste Regulation (PPWR) was set forth and adopted by the European Parliament in April 2024, setting a path towards reducing unnecessary packaging and increasing recyclability by 2030.
- The packaging industry is influenced by the prices of key commodities such as raw metals, oil, and sand. At the beginning of 2021, the industry was significantly impacted by the rise of raw materials.
- One of Quadpack’s main raw material is polypropylene, whose prices also increased during 2021 and which, being a derivative of oil refining, mirrored the broader increase in global raw material. By the end of 2022, prices had returned to historical levels and are expected to remain stable without significant fluctuations through the end of 2026.
- The market is highly fragmented, composed by established players who offer innovative and high quality products, and many small players offering lower-cost alternatives. Despite being a capital intensive market, price wars are expected among players who cannot differentiate their offering.

## Polypropylene Price [Euro/metric ton]



Sources: Technavio and The Insight Partners and S&P Global.

# Normalized EBITDA FY23

<b>Normalized EBITDA ['000€]</b>	<b>FY23</b>
Operating result post IFRS-16	1,167
Depreciation and amortization	9,557
Non-recurring Results	
Impairment on disposals of fixed assets	4,416
① Other non recurrent losses - Restructuring cost	1,173
<b>EBITDA adjusted post IFRS-16</b>	<b>16,313</b>
② Pre IFRS-16 adjustment	(3,200)
① Olympia normalization adjustment	1,000
③ Factoring cost	(501)
<b>EBITDA normalized pre IFRS-16</b>	<b>13,613</b>

## ① Olympia restructuring plan

- The Company is carrying out an optimization plan that will generate savings for 5% of its structural personnel costs.
- The proposed adjustment include the restructuring costs (mainly severances) paid during FY23, as well as the annualized savings that are expected to be fully reached by FY25.

## ② IFRS-16 adjustment

- The Company reports its costs applying IFRS-16. For the DCF analysis, we have excluded the effect of such accounting standard, that is including the operating lease costs within EBITDA, since it more appropriately represents the cash impact, similarly lease liabilities are not deducted to Enterprise Value.
- FY23 EBITDA has been adjusted accordingly for consistency.

## ③ Factoring cost

- Factoring costs are adjusted as this financing source is assumed in the working capital calculation for the valuation. To maintain consistency, these costs are treated as operational expenses and accordingly included in normalized EBITDA.

Sources: audited consolidated financial accounts, information provided by the Company and PwC analysis.

# Weighted Average Cost of Capital

An estimated WACC of 7.9% computed as a weighted average of countries where Quadpack sells, as per FY23 sales.

## WACC of Quadpack as of 30<sup>th</sup> June 2024

	Spain	Germany	France	Italy	UK	US	Australia	Total
Risk-free rate	3,5%	2,3%	2,8%	4,6%	3,0%	2,6%	2,4%	3,2%
Beta	0,86	0,86	0,86	0,86	0,86	0,86	0,86	0,86
Market risk premium	6,50%	6,50%	6,50%	6,25%	6,75%	6,50%	6,50%	6,46%
<b>Cost of capital</b>	<b>9,1%</b>	<b>7,9%</b>	<b>8,4%</b>	<b>10,0%</b>	<b>8,8%</b>	<b>8,2%</b>	<b>8,0%</b>	<b>8,7%</b>
Spread	2,4%	2,4%	2,4%	2,4%	2,4%	2,4%	2,4%	2,4%
Cost of debt (gross)	5,9%	4,7%	5,2%	7,0%	5,4%	5,0%	4,8%	5,6%
Tax rate	25%	30%	25%	24%	25%	21%	30%	26%
<b>Cost of debt (net)</b>	<b>4,4%</b>	<b>3,3%</b>	<b>3,9%</b>	<b>5,3%</b>	<b>4,0%</b>	<b>3,9%</b>	<b>3,3%</b>	<b>4,1%</b>
% Equity	82%	82%	82%	82%	82%	82%	82%	82%
% Debt	18%	18%	18%	18%	18%	18%	18%	18%
<b>WACC</b>	<b>8,3%</b>	<b>7,1%</b>	<b>7,6%</b>	<b>9,1%</b>	<b>7,9%</b>	<b>7,4%</b>	<b>7,1%</b>	<b>7,9%</b>
<i>weight<sup>1</sup></i>	15%	22%	22%	22%	6%	7%	5%	100%

Source: Bloomberg, S&P Capital IQ, comparable companies financial statements and PwC analysis.

### Risk-free rate

- Risk-free rate applicable as at Valuation Date, estimated as the average of real risk-free rates of comparable countries, result of our analysis of the normalized returns of sovereign debt issues with a similar rating and consistent with long-term inflation expectations according to available sources.

### Beta coefficient

- The Beta coefficient reflects the systematic risk in the industry, represented by listed comparable companies in the industry (listed in the following page) over a period of 5 years on a monthly basis. Betas with an R2 lower than 15% have not been included, as they are not representative of the real systematic risk of the sector.
- Additionally, companies with abnormal leverage levels have also been excluded from the comparable group for calculations.

Notes:

1) Countries weight based on FY23 revenues.

### Market Risk Premium

- The Market Risk Premium is calculated as the excess expected long-term return in the capital market over the risk-free rate.
- The estimated MRP is based on the excess over Germany (for all European countries) or the United States (for the USA and Australia).

### Cost of debt - spread

- The cost of debt has been estimated based on the average expected excess return on long-term listed corporate bonds in the sector, relative to sovereign bonds with the same maturity of the issuers' countries, and in line with the creditworthiness implied by the assumed optimal leverage. The debt spread is adjusted for the tax shield and applied to a normalised risk free rate.

### Tax rate

- We have considered the applicable corporate tax rate for each of the geographies in the long term.

### Optimal capital structure

- The optimal estimate of the capital structure of the market is based on optimal leverage levels estimated on the basis of the long-term leverage observed in listed comparable companies in the sector during the last 5 years.

# Glossary

<b>Term</b>	<b>Definition</b>
<b>%</b>	Percentage
<b>€</b>	Euro(s)
<b>BP</b>	Business Plan
<b>c.</b>	Circa (Approximately)
<b>CAGR</b>	Compound Annual Growth Rate
<b>Capex</b>	Capital Expenses
<b>CT</b>	Charlotte Tilbury
<b>DCF</b>	Discounted Cash Flow
<b>EBITDA</b>	Earnings Before Interest, Taxes, Depreciation and Amortization
<b>EMRP</b>	Equity Market Risk Premium
<b>EV</b>	Enterprise Value
<b>FY</b>	Fiscal Year
<b>GM</b>	Gross Margin
<b>H2</b>	Second half of the year (semester)
<b>KPIs</b>	Key Performance Indicators
<b>M</b>	Millions
<b>MRP</b>	Market Risk Premium
<b>NBV</b>	Net Book Value

# Glossary

<b>Term</b>	<b>Definition</b>
<b>NFD</b>	Net Financial Debt
<b>NPV</b>	Net Present Value
<b>Ø</b>	Average
<b>OpEx</b>	Operating Expenses
<b>P&amp;L</b>	Profit and Loss
<b>PPWR</b>	The European Packaging and Packaging Waste Regulation
<b>PwC</b>	PricewaterhouseCoopers Asesores de Negocios, S.L.
<b>Quadpack / you</b>	Quadpack Industries, S.A.
<b>R2</b>	Coefficient of determination, R-Square
<b>Rf</b>	Risk free rate
<b>Sep</b>	September
<b>S.p.A.</b>	Società per Azioni (Joint-stock company)
<b>SG</b>	Société Générale (Company)
<b>SG&amp;A</b>	Selling, General and Administrative expense
<b>The Company</b>	Quadpack Industries, S.A.
<b>UK</b>	United Kingdom
<b>USA</b>	United States of America
<b>Valuation Date</b>	30 <sup>th</sup> June 2024

# Glossary

<b>Term</b>	<b>Definition</b>
<b>VWAP</b>	Volume-Weighted Average Price
<b>WACC</b>	Weighted Average Cost of Capital
<b>WC</b>	Working Capital
<b>x</b>	Multiple
<b>YTD</b>	Year To Date

