



Investors Presentation 2021 FY and 1Q 2022 Results

31st May 2022

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1

Consolidated Financials

2

Q&A

3

Appendix

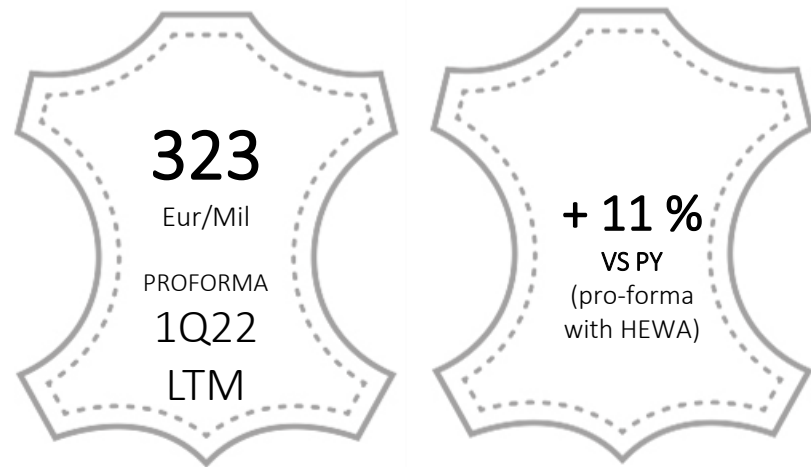
	4Q 2021	FY 2021	1Q 2022
Net Sales	76 Eur/Mil	322 Eur/Mil PRO FORMA	91 Eur/Mil
EBITDA Adj	14 Eur/Mil	67 Eur/Mil PRO FORMA	15 Eur/Mil
NFP		358 Eur/Mil	371 Eur/Mil

- 2021 Pro Forma Net Revenue +22% vs 2020 Financial year, thanks to HEWA contribution for the 12 months 2021.
- 2021 FY excluding HEWA +11% vs 2020, mainly driven by automotive rebound after COVID19 outbreak in 2020.
- 1Q22 vs 1Q21 net revenue (excluding Hewa) +1% still satisfying as 1Q21 was characterized by extraordinary demand rebound.

- 2021 Adjusted Pro Forma EBITDA + 4% vs 2020 Adjusted EBITDA thanks to volume rebound partially offset by inflation effect in raw material and utilities.
- +7% Adjusted EBITDA 1Q22 vs 4Q21 driven by higher volume shipped partially offset by inflation effects on materials different then leather and utilities.
- 1Q22 vs 1Q21PF Adjusted EBITDA -5% mainly due to extraordinary inflation effects.

- Net Financial Position as of December, 31 2021 reflects the new debt structure after PAI acquisition.
- Net Financial Position as of March, 31 2022 +13€ million mainly due to working capital absorption which were financed with RCF drawings.

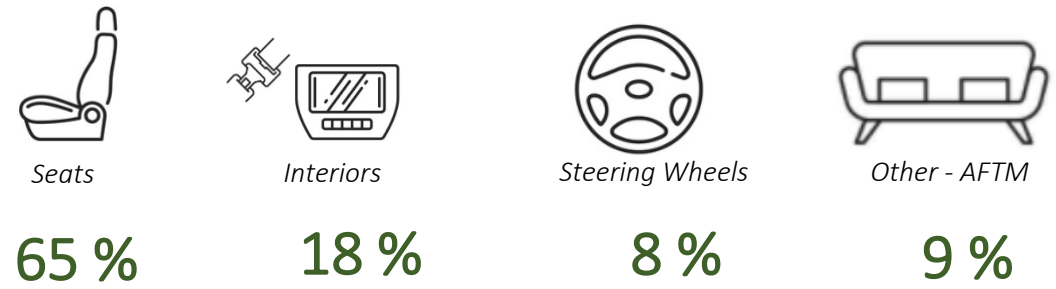
PROFORMA Net Revenues Figures



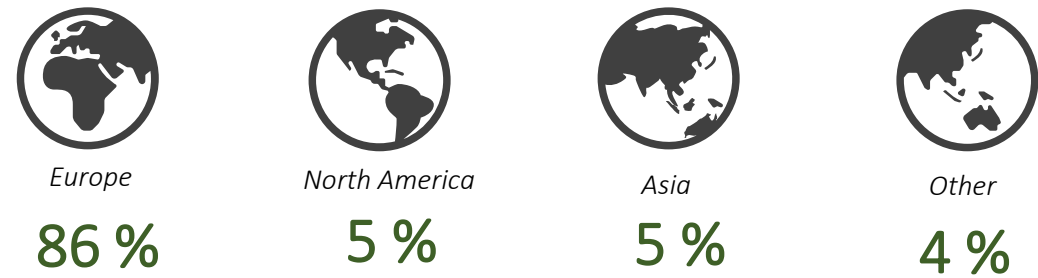
- 1Q22 LTM Pro forma revenue +11% vs PY Pro forma LTM (including Hewa), in line with broader market recovery and organic growth from new projects.
- Russia/Ukraine conflict had limited effect on 1Q22 revenue.

PROFORMA Net Revenues Breakdown

By Application



By Geography



€ million	1Q22 LTM	% Rev	2021 FY	% Rev
Pro-Forma Net Revenue	323.4	100.0%	322.2	100.0%
Pro-Forma EBITDA Adj.	66.7	20.6%	67.4	20.9%

Key Observations

- Pro Forma Net Revenue include 12 months of HEWA acquisition for the period shown in the table. Q122 LTM Revenue in line with FY 2021 revenue, thanks to a strong performance in Q1 2022, which landed in line to Q1 2021, that showed an extraordinary rebound post Covid.
- LTM Adjusted Pro Forma EBITDA, include pro forma exercise for Hewa acquisition synergies, operational improvement cost savings and extraordinary seasonality effect coming from inventory accounting in 2021 (only for 1Q22 LTM).
- EBITDA margin in Q1 2022 in line with full year 2021, despite increase in cost of raw hides, thanks to pass-through with customers (as per contracts and historical track record)
- FY 2021 and LTM Q1 2022 margins reflect the impact of inflation on other raw materials (chemicals, energy). PF Adj EBITDA margin at LTM June 2021 was 22%.

€ million	3 months at March 31, 2022	12 months at December 31, 2021 <i>Pro-Forma</i>
Cash flow from operating activities	(3.6)	8.6
Cash flow from investing activities	(7.5)	(486.4)
Cash flow from financing activities	12.7	(A) 510.7
Increase/(Decrease) cash and cash equivalents	1.5	(B) 32.9

Key Observations

- Twelve months at December 31, 2021 is shown Pro-Forma as Leather 2 acquired Conceria Pasubio S.p.A. as of January 1, 2021 in order to represent 12 months of cash flow.
- Operating cash flow for the 3 months ended March 31, 2022 is negative mainly due to working capital absorption coming from higher receivables and lower payables (see next slide).
- (A) Includes the acquisition of Conceria Pasubio SpA as well as HEWA acquisition, net of M&A activities, investments on fix assets (CAPEX) amounted to €13.6 million in 2021 compared to €3.5 million in 1Q22 (excluding fees paid in relation to Pasubio acquisition).
- (B) Includes proceeds and repayments of financing in relation to Conceria Pasubio SpA acquisition. The Group drawn €22 million of RCF as of December 31, 2021 and additional €15 million of RCF during the 3 months ending March, 31 2022. RCF drawn for regular ongoing working capital needs.

€ million	As of March 31, 2022	As of December 31, 2021	As of September 30, 2021	As of March 31, 2021	As of December 31, 2020
Inventory	91.0	93.8	88.7	62.6	55.7
Receivables	41.9	30.1	33.0	35.7	31.0
Payables	(56.9)	(66.7)	(53.8)	(48.1)	(47.3)
TWC	76.0	57.2	67.9	50.2	39.4
Other WC Items	(5.6)	(4.6)	(14.3)	(9.2)	(3.7)
WC	70.3	52.5	53.5	41.0	35.6
as % on LTM NET REVENUE	21.7%	16.3%	15.9%	15.2%	13.5%

Key Observations

- Inventory levels higher than previous periods due to coverage strategy on raw material fluctuation and covid rebound, however inventory rationalization on track based on hide market price current stability.
- WC as of March, 31 2022 higher vs December, 31 2021 due to higher receivables and lower payables.
- Receivables increase mainly due to higher turnover of 1Q22 vs 4Q21 (similar to previous year trend) and different mix of sales to customers with different payment terms.
- Payables reduction as of March 31, 2022 due to normalization of payments terms according to average (60-90 days).

€ million	3 month at March 31, 2022	12 month at December 31, 2021
Cash and cash equivalents	(29.5)	(28.0)
Revolving Credit Facility	37.4	22.2
Senior Secured Notes	340.0	340.0
Senior Secured Net Debt	347.9	334.3
Unsecured other Financial Debt	23.1	23.4
NFP	371.0	357.7

Key Observations

- Net Financial Position reflects the current debt structure after Leather 2 acquisition of Conceria Pasubio SpA.
- Revolving Credit Facility (total availability of €65 million) has been drawn to sustain working capital needs
- Other financial debt mainly refers to Pasubio and Hewa local credit facilities which are unsecured.
- The Group is currently hedging interests rates in order to proactively mitigate exposure to global rising rates.



Q&A

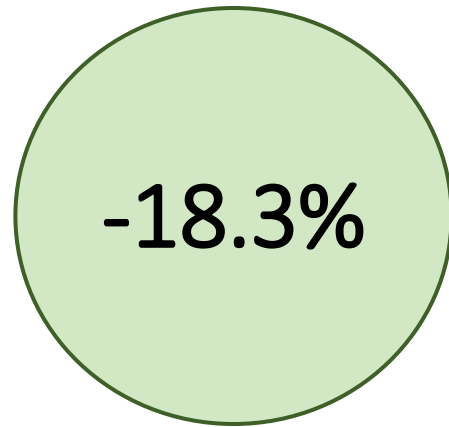


1 Consolidate Financials

2 Q&A

3 Appendix

Total European car production, all segments^(*)



1Q22 vs 1Q21

Pasubio Europe Sales (PF)



Key Observations

- Demonstrated resilience of our reference market (luxury and premium) vs general market trends considering supply chain pressures.

Consolidated Reported Balance Sheet



€ thousand	As of	
	March 31, 2022	December 31, 2021
Goodwill	480,624	486,759
Intangible assets	25,685	25,887
Property, plant and equipment	55,735	56,028
Investments in associated and other companies	106	90
Other assets	6	6
Non-current Assets	562,155	568,770
Inventories	90,999	93,767
Trade receivables	41,896	30,081
Tax receivables	6,051	5,336
Deferred tax assets	1,135	1,136
Other receivables	722	662
Prepaid expenses and accrued income - current portion	2,132	2,940
Cash at bank and on hand	29,499	27,969
Total current Assets	172,433	161,891
Total Assets	734,588	730,662
Shareholders' equity		
Share capital	-14,645	-14,645
Reserve	-140,637	-131,355
Currency Translation Reserves	-83	-20
Retained earnings	18,347	0
Profit/(loss) for the year	5,302	9,041
Equity attributable to the owners of the parent	-131,716	-136,979
Equity attributable to non-controlling interests	-612	-542
Total Shareholders' equity	(132,329)	(137,521)
Non-Current Liabilities		
Deferred tax liabilities	-6,073	-6,324
Provisions for employee severance indemnities	-1,552	-1,530
Provision for risks and charges	-686	-686
Bank Loan	-40,348	-26,410
Bond	-326,408	-325,979
Shareholders' loan	-134,371	-131,095
Other financial liabilities	-1,849	-2,090
Non-Current Liabilities	(511,287)	(494,114)
Current Liabilities		
Bank Loan	-17,112	-15,801
Bond	-42	-42
Other financial liabilities	-1,930	-2,538
Trade payables	-56,937	-66,657
Shareholders' loan	-416	-407
Tax payables	-2,957	-2,619
Social security payables	-1,048	-1,635
Other payables	-9,347	-8,162
Accrued expenses	-1,183	-1,166
Current Liabilities	(90,973)	(99,027)
Total Liabilities and Shareholders' equity	(734,588)	(730,662)

Consolidated Reported Income Statements

€ thousand	3 months at March 31, 2022	Period ended December 31, 2021
Revenue	93,930	50,574
Other revenue and income	234	213
Total revenue and other income	94,164	50,787
Purchase of goods and changes in inventory	(50,855)	(29,130)
Cost of services	(14,637)	(10,228)
Use of third party assets	(256)	(178)
Personnel costs	(13,101)	(7,130)
Other operating costs	(227)	(135)
Capitalization in fixed assets for internal work	-	293
Depreciation - tangible assets	(2,479)	(1,783)
Amortization - intangible assets	(7,407)	(5,158)
Write-down of trade receivables	-	(6)
Total operating costs	(88,963)	(53,454)
Operating profit / (loss)	5,201	(2,667)
Financial income (expenses)	(7,964)	(6,908)
Net exchange rate gain (losses)	108	211
Profit (Loss) before tax	(2,655)	(9,364)
Income taxes	(2,592)	207
Profit (Loss) for the period	(5,247)	(9,158)
ATTRIBUTABLE TO:		
Owners of the parent	(5,302)	(9,041)
Non-controlling interests	55	(117)

Consolidated Reported Cash Flows

€ thousands

3 month at
March 31, 2022

12 month at
December 31, 2021

€ thousands

3 month at
March 31, 2022

12 month at
December 31, 2021

Cash flow from operating activities

Profit (Loss) for the year

Income Taxes	2,592	(207)
Net financial expenses	7,964	6,908
(Capital gains) Capital losses deriving from disposal assets	(95)	(28)

1. Profit (loss) for the year before income taxes, interest, dividends and capital gains / losses on disposal

5,214 (2,483)

Non cash adjustments

Depreciation and Amortization	9,886	6,941
Provisions (Uses) for contingencies	22	21
Total non-monetary adjustments without effects in working capital	9,908	6,962

2. Cash flow from operating activities before changes in net working capital

15,122 4,479

Changes in Net Working Capital

Decrease (Increase) of inventories	2,768	(2,312)
Decrease (Increase) of trade receivables	(11,815)	5,115
(Decrease) Increase in trade payables	(4,223)	(1,764)
Decrease (Increase) in accrued income and prepaid expenses	1,048	(1,017)
(Decrease) Increase in accrued expenses and deferred income	17	(120)
Other working capital items	(2,616)	(2,846)
Total changes in working capital	(14,821)	(2,943)

3. Cash flow from operating activities after changes in working capital

301 1,536

Other Adjustments

(Income tax paid)	-	(5,559)
(Interests paid)	(3,942)	(4,230)
Total other adjustments	(3,942)	(9,789)

Cash flow from operating activities (A)

(3,641) (8,253)

Cash flow from investing activities

(Payments for tangible assets)	(2,159)	(2,431)
Proceeds from sale of tangible assets	69	80
(Payments for intangible assets)	(1,069)	(871)
(Payments for financial fixed assets)	(16)	-
Net cash flow for the acquisition of Conceria Pasubio Group	(4,362)	(457,992)

Cash flow from investing activities (B)

(7,537) (461,213)

Cash flow from financing activities

Debt Financing

Proceeds and repayment of short term loan	457	(3,983)
Proceeds of new long term loan	13,506	351,881
Proceeds of new long term loan vs Leather	-	128,700
Repayment of long term loan	(1,255)	(125,163)
Increase in Share Capital	-	146,000

Cash flow from financing activities (C)

12,708 497,435

Increase/(Decrease) cash and cash equivalents (A ± B ± C)

1,530 27,969

Cash at hand and on bank at beginning of the period

27,969 -

Cash at hand and on bank at the end of the period

29,499 27,969

Net cash used in acquisition of Pasubio Group

Consideration paid to the vendor	(528,111)
Additional fees (ancillary charges)	(7,389)
Cash and cash equivalent obtained from the acquisition	77,508

Net cash flow for the acquisition

(457,992)

