

INVESTORS PRESENTATION 2022 FY RESULTS

4th May 2023

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**CORPORATE
UPDATE**



**CONSOLIDATED
FINANCIALS**



Q&A



APPENDIX

PASUBIO

01. **Corporate Update**

PASUBIO

CORPORATE UPDATE



Marco Crola

Group Chief Sales Officer

Starting from January 2023, as Group Chief Sales Officer Mr. Marco Crola joined the Leadership Team of Pasubio, reporting directly to Mr. Luca Pretto, Group Chief Executive Officer.

Senior executive with twenty-year experience in managing positions across the automotive sector and multinational companies, Mr. Crola comes from the previous experience in Pirelli as CEO for the NAFTA region. Before joining Pirelli, Mr. Crola, held management positions in the General Electric Group: in particular Managing Director of General Electric - Plastics Italy and Director of NE gulf Area in the Oil & Gas business.

Throughout complex international negotiations, regulations, acquisitions, mergers, integrations and divestitures, he drove transformative cultural change and development of his companies in highly competitive markets.



Susanna Galli

Group Sustainability Director

In December 2022 Conceria Pasubio SpA welcomed Susanna Galli, as Group Sustainability Director, at direct report of the CEO Mr. Luca Pretto.

MBA, European ESG analyst, master's degree in business administration and management.

Her track record went through sustainability, CSR, climate change, circular economy and ESG topics integration in companies that, thanks to her efforts, developed from traditional business to sustainable business.

She was member of associations and no profit organizations active in the dissemination of sustainability throughout the entire world of private and public companies.

Furthermore, she is member of external cutting-edge working groups on leadership and sustainability on the Boards and on the evolution of the financial aspects of sustainability.

CORPORATE UPDATE



Starting from 28/02, INNOVA, located in Albaredo d'Adige (VR) and counting 13 employees and about 6.000 sqm of surface, is part of the Pasubio Group.

The new company represent the first step to implement Pillar n° 4 of our strategy: ***Become a one-stop-shop of high-quality materials for automotive interiors.***

In Innova, R&D team will develop alternative materials to leather: synthetic material (PU) and a product line with new bio-chemicals and new green support trying to offer more innovative and sustainable materials.

PASUBIO



Pasubio South Africa

During the first quarter of 2023 Conceria Pasubio S.p.A. has established a legal entity in South Africa in order to initially set up a Company presence in the country where we will serve a new international project starting from 2024.



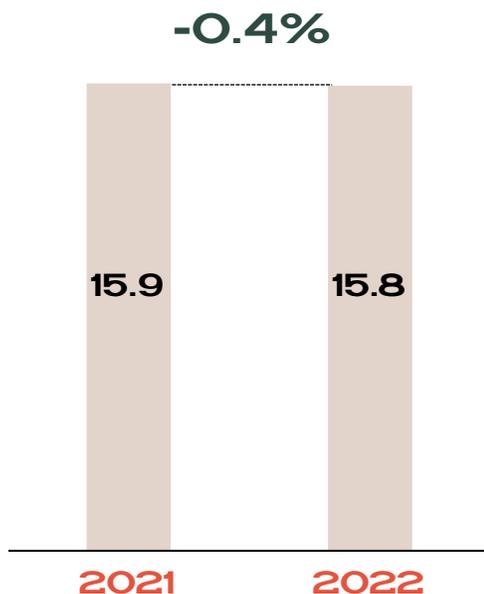
02. **Consolidated financials**

PASUBIO

KEY MARKET METRICS AND REVENUE KPIS

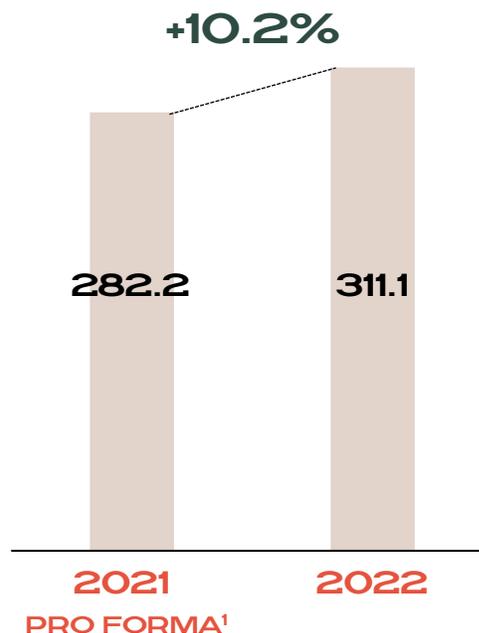
EUROPE Light vehicle Market Trend

* # millions vehicles produced



Pasubio Auto Net Revenues (excl other markets)

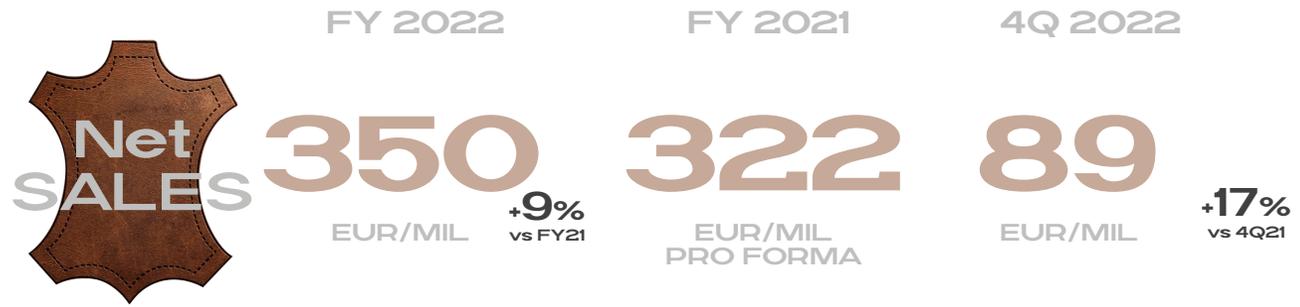
* Eur/Mil



- Our reference market, the European light-vehicle market has slightly contracted in 2022 vs 2021 mainly due to Ukraine war supply chain disruption.
- We present Automotive revenue (excl. other business such as furniture leather) for the same period that recorded an annual growth by 10.2%
- 2022 vs 2021 market outperformance is mainly driven by
 - Project portfolio expansion: new nameplate served or value chain extension (from full hides to cut parts)
 - Price increase resulting from hides cost and inflation (utilities and chemicals) passthrough
- We note that supply chain disruption have been partially solved by OEM during the first months of 2023.

Notes: (1) PROFORMA including Pasubio and Hewa as both the Acquisition occurred on 1st January 2021; (2) IHS Light-vehicles production database as of April 2023 for European markets

KEY FINANCIAL FIGURES



- **2022 FY +9% vs 2021 FY** net revenue mainly due to the increase of volume in the luxury and premium market
- **4Q22 +17% vs 4Q21** net revenue mainly due to demand rebound



- **2022 FY +4% vs 2021 FY Adjusted Pro Forma EBITDA** mainly due to operational improvements, cost saving initiatives and the advantage from the strategic coverage of raw materials
- **4Q22 +36% vs 4Q21** mainly due to the inflation pass through



- **Total Liquidity available** is €78M (including €55M of undrawn RCF)

CONSOLIDATED INCOME STATEMENT

€ million	2022 FY	% Rev	2021 FY	% Rev	3Q22 LTM	% Rev	2Q22 LTM	% Rev	1Q22 LTM	% Rev
Pro-Forma Net Revenue	350.2	100.0%	322.2	100.0%	337.0	100.0%	329.2	100.0%	323.4	100.0%
EBITDA Adj.	63.7	18.2%	62.2	19.3%	58.1	17.2%	53.7	16.3%	54.9	17.0%
Pro-Forma EBITDA Adj.	70.3	20.1%	67.4	20.9%	66.0	19.6%	66.0	20.1%	66.7	20.6%
Pro-Forma EBITA Adj.	60.9	17.4%	59.0	18.3%	56.5	16.8%	56.8	17.2%	57.8	17.9%
EBITA Reported	46.9	13.4%	37.8	11.7%						

KEY OBSERVATIONS

- Pro Forma Net Revenue includes 12 months of HEWA acquisition for the period shown in the table. FY 2022 Revenue +9% vs FY 2021 revenue, thanks to a strong performance in 2022 that showed an organic growth of the Group, an extraordinary rebound post Covid despite supply chain disruption in Europe post Ukraine conflict.
- Adjusted EBITDA include non-recurring costs such as one-off and non-operating adjustments, start-up costs and other adjustments not reflective of the performance of our business.
- Adjusted Pro Forma EBITDA include pro forma exercise for Hewa acquisition synergies and operational improvement cost savings.
- Adjusted Pro Forma EBITDA margin in Q1 2022 and Q2 2022 in line with full year 2021, then it shows a light decrease in Q3 2022 that Pasubio has been able to recover in Q4 2022 due to the pass-through with customers in order to offset the increase of costs of other raw materials (chemicals, energy and gas costs).
- FY 2021 and FY 2022 margins reflect the impact of inflation on other raw materials.
- EBITA Reported FY22 +24% vs FY 2021 due to strong resilience of our business as industry leading and no issue such as extraordinary scraps as occurred in 2021.

Notes: PROFORMA including Pasubio as the Acquisition occurred on 1st January 2021 and Hewa as the Acquisition occurred on 30th June 2020

CONSOLIDATED CASH FLOW

€ million	12 month at December 31, 2022	Pro-Forma 12 month at December 31, 2021	3 month at December 31, 2022	3 month at September 30, 2022	3 month at June 30, 2022	3 month at March 31, 2022
Cash flow from operating activities	31.6	8.6	16.6	1.4	17.2	(3.6)
Cash flow used in investing activities	(16.5)	(486.4)	(4.3)	(4.2)	(0.5)	(7.5)
Cash flow used in financing activities	(20.1)	510.7	(18.2)	1.2	(15.8)	12.7
Increase/(Decrease) cash and cash equivalents	(5.0)	32.9	(5.9)	(1.6)	0.9	1.5
RCF Increase / (Decrease)	(12.0)	22.0				
Adjusted Increase/(Decrease) cash and cash equivalents	7.0	10.9				

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 12 months ended December 31, 2022 is positive and increase of €23 million if compared to 2021 mainly due to extraordinary costs sustained in the scraps of finished hides in 2021 and general resiliency in cash generation despite market headwinds.
- Investing cash flow includes the investments on fix assets (CAPEX) which amounted to €15.4 million in 2022.
- Financing cash flow includes proceeds and repayments of RCF for regular ongoing working capital needs. The Group had drawn €22 million of RCF as of December 31, 2021 and an additional €15 million during the 3 months ending March 31, 2022. The Group repaid the total amount of €27 million during the 2022.

Consolidated financials

TRADE WORKING CAPITAL

€ million	As of December 31. 2022	As of September 30. 2022	As of June 30. 2022	As of March 31. 2022	As of December 31. 2021
Inventory	93,4	90,0	84,6	91,0	93,8
Receivables	44,4	41,9	42,8	41,9	30,1
Payables	(57,6)	(52,1)	(52,4)	(52,0)	(55,9)
TWC	80,2	79,7	75,0	80,9	68,0
as % on LTM NET REVENUE	22,9%	23,6%	22,9%	25,0%	21,1%
Other WC Items	(9,8)	(12,2)	(9,4)	(5,6)	(4,6)
WC	70,4	67,5	65,7	75,3	63,4
as % on LTM NET REVENUE	20,1%	20,0%	20,0%	23,3%	19,7%

Key Observations

- Working capital at the end of 2022 broadly in line as % of sales vs 2021.
- FY 2022 and FY 2021 inventory levels remain aligned in absolute value but recorded a reduction of 2.4% as percentage of sales.
- Receivables increase mainly due to (i) higher turnover of FY22vs FY21 (similar to previous year trend) (ii) different mix of sales to customers with different payment terms (iii) temporary payments delay from customers which were cashed in during first quarter of 2023.

NET FINANCIAL POSITION

€ million	12 month at December 31, 2022	9 month at September 30, 2022	6 month at June 30, 2022	3 month at March 31, 2022	12 month at December 31, 2021
Cash and cash equivalents	(22.9)	(28.9)	(30.4)	(29.5)	(28.0)
Revolving Credit Facility	10.2	22.2	22.3	37.4	22.2
Senior Secured Notes	340.1	340.0	343.9	340.0	340.0
Senior Secured Net Debt	327.4	333.4	335.7	347.9	334.3
SSND / PF EBITDA Adj.	4.7x	5.1x	5.1x	5.2x	5.0x
Unsecured other Financial Debt	20.7	21.3	19.5	23.1	23.4
NFP	348.1	354.7	355.1	371.0	357.7
NFP / PF EBITDA Adj.	5.0x	5.4x	5.4x	5.6x	5.3x

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 meet working capital needs. The Group had drawn € 22M as of December 31, 2021 and € 15M during the first quarter of 2022. During the second quarter 2022 the Group repaid € 15M and during the last quarter 2022 the Group repaid € 12M.
- Other financial debt mainly refers to Pasubio and Hewa local credit facilities which are unsecured.
- Total Liquidity available is € 78M (including €55M of undrawn RCF).
- The Group has hedged its floating rate debt to proactively mitigate exposure to global rising rates entering into a hedging instrument which covers around 50% of its FRN nominal value for the period ending June, 2025.



03. **Q&A**

PASUBIO



04. **Appendix**

PASUBIO

Revenue Breakdown by Application / Geography

NET REVENUES 2022 BREAKDOWN

By Application



By Geography



Notes: (1) Percentage breakdown by Application and by Geography are not sensitive changed since last quarter

Balance Sheet

€ thousand	As of December 31, 2022	As of December 31, 2021
Goodwill	461.552	486.759
Intangible assets	24.948	25.887
Property, plant and equipment	58.608	56.028
Investments in associated and other companies	106	90
Other assets	4.788	6
Non-current Assets	550.001	568.770
Inventories	93.390	93.767
Trade receivables	44.428	30.081
Tax receivables	3.224	5.336
Deferred tax assets	1.163	1.136
Other receivables	4.816	662
Prepaid expenses and accrued income	2.205	2.940
Cash at bank and on hand	22.928	27.969
Total current Assets	172.154	161.891
Total Assets	722.155	730.662
Shareholders' equity		
Share capital	6.800	14.645
Reserve	133.709	131.387
Retained earnings	(12)	100
Profit/(loss) for the period	(15.375)	(9.153)
Equity attributable to the owners of the parent	125.122	136.979
Equity attributable to non-controlling interests	-	542
Total Shareholders' equity	125.122	137.521
Non-Current Liabilities		
Deferred tax liabilities	6.570	6.324
Provisions for employee severance indemnities	1.673	1.530
Provision for risks and charges	686	686
Bank Loan	11.604	26.410
Notes	328.124	325.979
Shareholders' loan	144.751	131.095
Other financial liabilities	3.226	2.090
Non-Current Liabilities	496.634	494.114
Current Liabilities		
Bank Loan	14.923	15.801
Notes	63	42
Other financial liabilities	4.106	2.538
Trade payables	61.300	66.657
Shareholders' loan	-	407
Tax payables	2.158	2.619
Social security payables	3.165	1.635
Other payables	8.553	8.162
Accrued expenses	6.131	1.166
Current Liabilities	100.399	99.027
Total Liabilities and Shareholders' equity	722.155	730.662

Consolidated Reported

Income Statements

€ thousand	12 months at December 31, 2022	2 months at December 31, 2021
Revenue	357.354	50.574
Other revenue and income	6.325	213
Total revenue and other income	363.679	50.787
Purchase of goods and changes in inventory	(187.305)	(29.130)
Cost of services	(61.902)	(10.228)
Use of third party assets	(1.108)	(178)
Personnel costs	(51.116)	(7.130)
Other operating costs	(1.351)	(135)
Capitalization in fixed assets for internal work	776	293
Depreciation - tangible assets	(9.445)	(1.783)
Amortization - intangible assets	(29.842)	(5.158)
Write-down of trade receivables	(2)	(6)
Total operating costs	(341.295)	(53.454)
Operating profit / (loss)	22.384	(2.667)
Financial income (expenses)	(33.974)	(6.908)
Net exchange rate gain (losses)	345	211
Profit (Loss) before tax	(11.245)	(9.364)
Income taxes	(4.130)	207
Profit (Loss) for the period	(15.375)	(9.158)
ATTRIBUTABLE TO:		
Owners of the parent	(15.375)	(9.041)
Non-controlling interests		(117)

Consolidated Reported Cash Flow

€ thousands	12 month at December 31, 2022	12 month at December 31, 2021
Cash flow from operating activities		
Profit (Loss) for the year	(15.375)	(9.158)
Income Taxes	4.130	(207)
Net financial expenses	33.974	6.908
(Capital gains) Capital losses deriving from disposal assets	(141)	(28)
1. Profit (loss) for the year before income taxes, interest, dividends and capital gains / losses on disposal	22.588	(2.483)
Non cash adjustments		
Depreciation and Amortization	39.287	6.941
Non-monetary adjustments that have not had a counterpart in working capital	142	0
Provisions (Uses) for contingencies	0	21
Total non-monetary adjustments without effects in working capital	39.429	6.962
2. Cash flow from operating activities before changes in net working capital	62.017	4.479
Changes in Net Working Capital		
Decrease (Increase) of inventories	377	(2.312)
Decrease (Increase) of trade receivables	(14.347)	5.115
(Decrease) Increase in trade payables	2.146	(1.764)
Decrease (Increase) in accrued income and prepaid expenses	(488)	(1.017)
(Decrease) Increase in accrued expenses and deferred income	3.685	(120)
Other working capital items	1.923	(2.846)
Total changes in working capital	(6.705)	(2.943)
3. Cash flow from operating activities after changes in working capital	55.312	1.536
Other Adjustments		
(Income tax paid)	(4.648)	(5.559)
(Interests paid)	(19.109)	(4.230)
(Use of provisions)	0	0
Total other adjustments	(23.757)	(9.789)
Cash flow from operating activities (A)	31.555	(8.253)

€ thousands	12 month at December 31, 2022	12 month at December 31, 2021
Cash flow from investing activities		
(Payments for tangible assets)	(9.734)	(2.431)
Proceeds from sale of tangible assets	165	80
(Payments for intangible assets)	(3.383)	(871)
(Payments for financial fixed assets)	(237)	0
Proceeds from sale of financial fixed assets	0	0
Net cash flow for the acquisition of Conceria Pasubio Group	(3.283)	(457.992)
Net cash used in the acquisition of Gruppo Mario Pretto	0	0
Net cash used in acquisition of Faster	0	0
Net cash flow for the acquisition of GD and GDI (70%)	0	0
Net cash flow for the acquisition of GD and GDI (30%)	0	0
Net cash used in acquisition of HEWA	0	0
Cash flow from investing activities (B)	(16.473)	(461.213)
Cash flow from financing activities		
Debt Financing		
Proceeds and repayment of short term loan	2.254	(3.983)
Proceeds of new long term loan	14.817	351.881
Proceeds of new long term loan vs Leather	0	128.700
Repayment of long term loan	(37.194)	(125.163)
Increase in Share Capital	0	146.000
(Reserve distribution)	0	0
Cash flow from financing activities (C)	(20.123)	497.435
Increase/(Decrease) cash and cash equivalents (A + B + C)	(5.041)	27.969
Cash at hand and on bank at beginning of the period	27.969	0
Cash at hand and on bank at the end of the period	22.928	27.969

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