



RINO MASTROTTO

As the issuer of

€320,000,000 Senior Secured Floating Rate Notes due 2031

Rule 144A Notes ISIN number: XS2850687034

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Interim Consolidated Financial Report

as of and for the six-month period ended June 30, 2024



TABLE OF CONTENTS

OVERVIEW	1
PRESENTATION OF FINANCIAL INFORMATION	2
KEY FINANCIAL INFORMATION	3
RESULTS OF OPERATIONS.....	7
Discussion of the Results of Operations	7
Cash Flows	10
Working Capital	10
Capital expenditure	11
ANNEX A - UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF RINO MASTROTTO GROUP S.P.A. AS OF AND FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2024.....	14
ANNEX B - UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION.....	33

INTERIM CONSOLIDATED FINANCIAL REPORT

For the six-month period ended June 30, 2024

OVERVIEW

We are a leading supplier of high-quality leather and textile materials, providing a full suite of value-added services, such as printing, laser engraving, cutting and embroidery decorations on both fabric and leather products, mainly for luxury and premium clients across the fashion, automotive and mobility as well as interior design industries (including some of the most recognizable and iconic high-street fashion houses and luxury automotive brands), combining artisanal craftsmanship with state-of-the-art industrial processes in all the key steps of the value-chain.

Our business is built around three business units, serving customers in attractive end-markets, namely Luxury Creations, Automotive & Mobility, and Interior Design, which are characterized by positive long-term growth prospects and high barriers to entry. Within our end-markets, the luxury and premium segments constitute our primary focus and drive large part of our growth, due to the fact that high-quality materials play a key differentiating role to address evolving quests for premiumization, elevation and more refined materials.



INTERIM CONSOLIDATED FINANCIAL REPORT

For the six-month period ended June 30, 2024

PRESENTATION OF FINANCIAL INFORMATION

We present in this interim consolidated financial report (this “**Interim Consolidated Financial Statements**”):

- a) certain financial and other information of the Group as of and for the six months ended June 30, 2024, including comparative information for the six months ended June 30, 2023, prepared in accordance with Italian GAAP (see the “**Annex A - Unaudited Interim Consolidated Financial Statements**”);
- b) certain pro forma financial and other information of the Group as of and for the six months ended June 30, 2023, which gives retroactive effect to (i) the acquisition by the Issuer of Imatex23 S.r.l. completed on November 8, 2023 (the “**Imatex Acquisition**”) and (ii) the acquisition by the Issuer of Mapel Group S.r.l. completed on December 14, 2023 (the “**Mapel Acquisition**”) and (iii) the drawdown necessary to complete the Mapel Acquisition (the “**Mapel Financing**”) and, together with the Imatex Acquisition and the Mapel Acquisition, the “**2023 Acquisitions and the Mapel Financing**”) on our consolidated income statement, as if they had taken place on January 1, 2023 (see the “**Annex B - Unaudited Pro Forma Consolidated Financial Statements**”);
- c) certain pro forma financial and other information of the Group as of and for the year ended December 31, 2023, which gives retroactive effect to the 2023 Acquisitions and the Mapel Financing on our consolidated income statement, as if they had taken place on January 1, 2023 (see the “**Annex B - Unaudited Pro Forma Consolidated Financial Statements**”); and
- d) certain pro forma results of operations for the twelve months ended June 30, 2024, which has been derived by adding our interim consolidated financial statements data for the six months ended June 30, 2024, to our annual unaudited pro forma financial information data for the year ended December 31, 2023, and subtracting our interim pro forma financial information for the six months ended June 30, 2023;

For additional information, please refer to the “*Presentation of Financial Information*” section of the listing particulars dated as of July 11, 2024, relating to the issuance by the Company of the €320,000,000 Senior Secured Floating Rate Notes due 2031 (the “**Listing Particulars**”), posted on the website of the Luxembourg Stock Exchange.



INTERIM CONSOLIDATED FINANCIAL REPORT

For the six-month period ended June 30, 2024

KEY FINANCIAL INFORMATION

The following table provides an overview of key results and certain financial information of the Group as of and for the six months ended June 30, 2024 and 2023, and certain pro forma financial information as of and for the six months ended June 30, 2023 and the twelve months ended June 30, 2024.

<i>(in € million, except for percentages and ratios)</i>	As of and for the six months ended June 30,			As of and for the twelve months ended June 30,
	2023	2024	2023	2024
			Pro Forma	Pro Forma
EBITDA ¹	29.1	34.1	33.2	65.4
Adjusted EBITDA ²	31.9	37.0	36.0	72.8
Adjusted EBITDA margin ³	17.8%	20.0%	19.2%	21.1%
Net working capital ⁴	82.2	87.1	–	–
Trade working capital ⁴	96.9	108.4	–	–
Structuring Adjusted EBITDA ²				75.3
Structuring Adjusted EBITDA margin ³				21.8%
As Adjusted Total Gross Financial Indebtedness ⁵				325.0
As Adjusted Total Net Financial Indebtedness ⁵				269.4
Ratio of As Adjusted Total Gross Financial Indebtedness ⁵ to Structuring Adjusted EBITDA ²				4.3x
Ratio of As Adjusted Total Net Financial Indebtedness ⁵ to Structuring Adjusted EBITDA ²				3.6x

¹ We define *EBITDA* as the sum of profit for the year, income taxes, financial income, financial expenses and amortization and depreciation. *EBITDA* is a supplemental measure of our performance that is not required by, or presented in accordance with, Italian GAAP or other generally accepted accounting principles. We believe that *EBITDA* provides useful information with respect to our overall operating performance. For additional information, please refer to the “*Summary Historical Financial and Other Information—Other Financial Information*” section of the Listing Particulars.

² We define *Adjusted EBITDA* as the sum of profit for the year/period, income taxes, financial income, financial expenses, and amortization and depreciation adjusted for certain items that we believe are not reflective of the underlying operating performance, including unrealized exchange gains/(losses), M&A costs, agents severance costs and employees severance costs, COVID-19 cleaning expenses, other adjustments and R&D expenses (as detailed in the table below). We define *Structuring Adjusted EBITDA* as *Adjusted EBITDA* for the twelve months ended June 30, 2024, calculated on a pro forma basis derived from the Pro Forma Financial Information as further detailed in “*Annex B—Unaudited Pro Forma Consolidated Financial Information*,” which reflect the pro forma adjustments as a result of the 2023 Acquisitions and the Mapel Financing, as further adjusted for certain estimated cost savings synergies in production and certain estimated increase in selling prices with specific clients.

We believe *Adjusted EBITDA* and *Structuring Adjusted EBITDA* are useful metrics for investors to understand our results of operations and profitability because they permit investors to evaluate our recurring profitability from underlying operating activities. Additionally, we believe that *Adjusted EBITDA* and *Structuring Adjusted EBITDA* provide investors with a tool to compare the historical performance of our business across different periods as our adjustments to net profit from continuing operations and the exclusion of certain costs and expenses include items not considered by management to be attributable to the day-to-day operation of our business. We also use *Adjusted EBITDA* and *Structuring Adjusted EBITDA* internally to establish forecasts, budgets and operational goals to manage and monitor our business, as well as evaluating our underlying historical performance. Our presentation of *Adjusted EBITDA* and *Structuring Adjusted EBITDA* may be different from the presentation used by other companies and therefore comparability may be limited. For



INTERIM CONSOLIDATED FINANCIAL REPORT

For the six-month period ended June 30, 2024

additional information, please refer to the “*Summary Historical Financial and Other Information–Other Financial Information*” section of the Listing Particulars.

The following table reconciles: (i) our Profit for the year/period, presented in our Financial Statements prepared in accordance with Italian GAAP, to EBITDA, (ii) EBITDA to Adjusted EBITDA, and (iii) Adjusted EBITDA to Structuring Adjusted EBITDA for the periods indicated therein.

<i>(in € million)</i>	As of and for the six months ended June 30,			As of and for the twelve months ended June 30,
				ended June 30,
	2023	2024	2023 Pro Forma	2024 Pro Forma
Profit for the year.....	4.7	5.4	5.8	12.1
Income taxes	3.9	4.1	4.8	7.5
Financial expenses	6.3	8.6	7.2	18.1
Financial income	(0.3)	(0.7)	(0.3)	(1.6)
Depreciation and Amortization	14.5	16.7	15.7	29.3
EBITDA	29.1	34.1	33.2	65.4
Unrealized exchange gains/(losses) ^(a)	0.6	(0.0)	0.6	0.8
M&A costs ^(b)	0.1	0.7	0.1	1.1
Agents severance costs and employee severance costs ^(c)	–	–	–	0.1
Covid-19 cleaning expenses ^(d)	0.0	0.0	0.0	0.1
Other adjustments ^(e)	1.3	1.0	1.3	2.7
R&D ^(f)	0.8	1.2	0.8	2.6
Adjusted EBITDA	31.9	37.0	36.0	72.8
Rune rate production cost savings ^(g)				1.1
Run Rate luxury price negotiation ^(h)				1.4
Structuring Adjusted EBITDA				75.3

(a) *Unrealized exchange gains/(losses)* includes the unrealized portion of Net exchange rate (losses)/gains for the relevant periods.

(b) *M&A costs* includes the consultancy and legal fees incurred by the Group for the acquisition of Mapel and Imatex for the year ended December 31, 2023 and the consultancy and legal fees incurred by the Group for a potential acquisition for the six months ended June 30, 2024 and 2023. These amounts are recorded within “costs of services” in the consolidated income statement.

(c) *Agents severance costs and employees severance costs* includes costs related to employees severance indemnities for €0.1 million for the year ended December 31, 2023. These amounts are recorded within “costs of services” and “personnel costs”, respectively, in the consolidated income statement.

(d) *COVID-19 cleaning expenses* includes the costs incurred by the Group for all the relevant periods for specific sanitizing activities due to the COVID-19 pandemic. These amounts are recorded within “costs of services” in our consolidated income statement.

(e) For the year ended December 31, 2023, *Other adjustments* consists of: an addback of €0.7 million for start-up costs incurred for the set-up of the cutting center in Italy and the Morellino laboratory; an addback of €1.6 million of EBITDA result related to the business operated at the Galassia facility, which we intend to discontinue; an addback of €0.4 million for sponsorship marketing expenses; and an addback of €0.3 million for other personnel costs for gifts to employees;

For the six months ended June 30, 2023, *Other adjustments* consists of: an addback of €0.7 million of EBITDA result related to the business operated at the Galassia facility, which we intend to discontinue, an addback of €0.4 million for



INTERIM CONSOLIDATED FINANCIAL REPORT

For the six-month period ended June 30, 2024

start-up costs incurred for the set-up of the cutting center in Italy and the Morellino laboratory, and an addback of €0.2 million for sponsorship marketing expenses.

For the six months ended June 30, 2024, *Other adjustments* consists of: an addback of €0.4 million of EBITDA result related to the business operated at the Galassia facility, which we intend to discontinue, an addback of €0.4 million for start-up costs incurred for the set-up of the cutting center in Italy and the Morellino laboratory, an addback of €0.2 million for sponsorship marketing expenses, and an addback of €0.0 million consultancy fees for corporate projects.

- (f) *R&D expenses* includes personnel expenses and other expenses incurred for the development of new products. These amounts are recorded within “personnel costs” in our consolidated income statement.
- (g) *Run rate production cost savings* includes our excellence program started in June 2023. The adjustment aims at reflecting the full year effect of a series of cost saving activities implemented by us, which were identified and validated by an external consultant. There can be no guarantee that we will be able to realize the estimated benefits from these cost savings initiatives within the anticipated timeframe or at all.
- (h) *Run rate luxury price negotiation* includes a price increase negotiated with a key client in the Luxury Creations business unit starting from July 2024. The adjustment reflects the price increase for six months as if it had occurred from January 1, 2024. There can be no guarantee that we will be able to realize the estimated benefits from these price negotiation initiatives.

³ We define *Adjusted EBITDA margin* as the ratio of Adjusted EBITDA to revenue, expressed as percentage, and is used by the Group, as a supplemental measure of operating performance. We define *Structuring Adjusted EBITDA margin* for the twelve months ended June 30, 2024, as the ratio of Structuring Adjusted EBITDA to pro forma revenue for the twelve months ended June 30, 2024, expressed as percentage, and is used by the Group, as a supplemental measure of operating performance. When assessing our operating performance, you should not consider this data in isolation or as a substitute for our net profit, operating profit or any other operating performance or liquidity measure calculated in accordance with Italian GAAP.

⁴ We define *Net working capital* as current assets less current liabilities adjusted for other current financial assets, cash and cash equivalent, current borrowings and current other financial liabilities and *Trade working capital* as current assets less current liabilities adjusted for current tax receivables, deferred tax assets, other receivables, prepaid expenses and accrued income, other current financial assets, cash and cash equivalent, current borrowings, current other financial liabilities, tax liabilities, social security payables, other liabilities and accrued expenses. The following table sets forth a calculation of our Net working capital and Trade working Capital as of the periods indicated therein.

<i>(in € million)</i>	As of June 30,	
	2023	2024
Current assets	211.9	223.1
Current liabilities.....	(87.8)	(101.1)
Working capital	124.1	122.0
Less:		
Other current financial assets	1.4	0.5
Cash and cash equivalent.....	52.6	55.1
Current borrowings.....	(11.6)	(20.2)
Current other financial liabilities	(0.5)	(0.5)
Net working capital	82.2	87.1
Less:		



INTERIM CONSOLIDATED FINANCIAL REPORT

For the six-month period ended June 30, 2024

Current tax receivables	11.5	7.9
Deferred tax assets	0.9	1.1
Other receivables	1.9	1.5
Prepaid expenses and accrued income	1.0	1.2
Tax liabilities	(5.1)	(5.8)
Social security payables	(2.5)	(2.8)
Other liabilities	(20.9)	(22.1)
Accrued expenses	(1.5)	(2.3)
Trade working capital	96.9	108.4
<i>of which Inventories</i>	99.8	105.6
<i>of which Trade receivables</i>	42.8	50.2
<i>of which Trade payables</i>	<u>(45.7)</u>	<u>(47.4)</u>

⁵ We define *As Adjusted Total Gross Financial Indebtedness* as Total Gross Financial Indebtedness (*i.e.* the sum of current and non-current financial indebtedness) (excluding the impact of amortized costs) of the Issuer as of the date indicated. We define *As Adjusted Total Net Financial Indebtedness* As Adjusted Total Gross Financial Indebtedness of the Issuer less As Adjusted Total Cash and Financial Assets, each as of the date indicated. For additional information, please refer to the “*Summary Historical Financial and Other Information—Other Financial Information*” section of the Listing Particulars.



INTERIM CONSOLIDATED FINANCIAL REPORT

For the six-month period ended June 30, 2024

RESULTS OF OPERATIONS

The following table provides an overview of the results of operations of the Group for the six months ended June 30, 2023 and 2024.

<i>(in € million)</i>	Six Months Ended June 30,	
	2023	2024
Revenue	179.1	184.7
Other income	17.2	16.3
Total revenue and other income	196.3	201.0
Purchase of goods and changes in inventory	101.3	99.6
Cost of services	33.9	35.0
Costs for leases and rentals	0.3	0.5
Personnel costs	29.5	33.7
Other operating costs	0.8	0.6
Depreciation and Amortization	14.5	16.7
Impairment of trade receivables	0.0	0.0
Total operating costs	180.3	186.1
Operating profit	16.0	14.9
Financial income.....	0.3	0.7
Financial expenses.....	(6.3)	(8.6)
Net exchange rate gains/(losses).....	(0.4)	1.2
Result from investments accounted for using the equity method	(1.0)	1.3
Profit before tax	8.6	9.5
Income taxes	(3.9)	(4.1)
Profit for the period	4.7	5.4

Discussion of the Results of Operations

Revenue

Revenue for the six months ended June 30, 2024 increased by €5.6 million, or 3.1%, to €184.7 million, from €179.1 million for the six months ended June 30, 2023, primarily due to an increase in the performance of the Luxury Creations and Interior Design business units. Revenue from the Automotive's business unit decreased compared to the same period of the prior year, primarily due to a decrease in sales volumes. This performance was supported by the contribution of Mapel (€6.7 million) and Imatex (€1.7 million) following their acquisition in 2023, which supported the expansion of our textile offering.

With regard to our Luxury Creations business unit, revenue for the six months ended June 30, 2024 increased by €9.3 million, or 10.3%, to €99.9 million, from €90.6 million for the six months ended June 30, 2023, primarily due to the contribution of the Mapel Acquisition and the increase of the prices applied.

With regard to our Automotive & Mobility business unit, revenue for the six ended June 30, 2024 decreased by €4.2 million, or 7.0%, to €55.0 million, from €59.2 million for the six months ended June 30, 2023, primarily due to an overall market normalization, particularly in the steering wheels business segment, where we are market leader and thus more exposed to market fluctuations.

With regard to our Interior Design business unit, revenue for the six months ended June 30, 2024 slightly increased by €0.4 million, or 1.3%, to €29.8 million, from €29.4 million for the six months ended June 30, 2023, primarily due to the resiliency of our Group and the contribution of the newly acquired Imatex.

The following table includes a breakdown of certain selected key performance measures for the periods indicated. Certain unaudited historical financial information presented in the tables below has been derived from our Unaudited Management Reporting Data and certain financial measures are "non-GAAP measures."



INTERIM CONSOLIDATED FINANCIAL REPORT

For the six-month period ended June 30, 2024

Revenue by Product

<i>(in € million)</i>	For the six months ended June 30,	
	2023	2024
Leather	168.0	166.4
Textile & Components	8.2	15.5
Value Added Services	2.9	2.8
Total	179.1	184.7

Revenue by End-market

<i>(in € million)</i>	For the six months ended June 30,	
	2023	2024
Luxury Creations	90.6	99.9
Automotive & Mobility	59.2	55.0
Interior Design	29.4	29.8
Total	179.1	184.7

Revenue by Geography^(*)

<i>(in € million)</i>	For the six months ended June 30,	
	2023	2024
Italy	72.2	79.8
France	32.1	37.7
United States	37.7	31.2
Other ⁽¹⁾	37.1	36.0
Total	179.1	184.7

^(*) Based on location of the clients, who in turn may sell to other geographies around the world.

¹ Other countries mainly include Czech Republic, Romania, Slovakia, China, Lithuania.

Other income

Other income for the six months ended June 30, 2024 slightly decreased by €0.9 million, or 5.2%, to €16.3 million, from €17.2 million for the six months ended June 30, 2023, primarily due to a slight decrease in sales of semi-finished products (*i.e.* non-core products, as they are at the semi-finished stage, which we sell as surplus from our production).

Purchase of goods and changes in inventory

Purchase of goods and changes in inventory for the six months ended June 30, 2024 decreased by €1.7 million, or 1.7%, to €99.6 million, from €101.3 million for the six months ended June 30, 2023. Such decrease was mainly attributable to the decrease in the prices of raw materials resulting from the cost containment measures implemented by the Group in this regard and a slight decrease in sales volumes. The proportion of purchase of goods and changes in inventory on revenue decreased from 56.6% for the six months ended June 30, 2023 to 53.9% for the six months ended June 30, 2024, showing a decrease of 4.7%.

Cost of services

Cost of services for the six months ended June 30, 2024 increased by €1.1 million, or 3.2%, to €35.0 million, from €33.9 million for the six months ended June 30, 2023, primarily due to the effect of the inclusion in the consolidated perimeter of the new subsidiaries Mapel and Imatex following their acquisition.



INTERIM CONSOLIDATED FINANCIAL REPORT

For the six-month period ended June 30, 2024

Personnel costs

Personnel costs for the six months ended June 30, 2024 increased by €4.2 million, or 14.2%, to €33.7 million, from €29.5 million for the six months ended June 30, 2023, primarily due to the effect of consolidation of personnel costs of Mapel and Imatex following the Mapel Acquisition and the Imatex Acquisition and to some targeted investments in our commercial sales personnel.

Other operating costs

Other operating costs for the six months ended June 30, 2024 decreased by €0.2 million, or 25.0%, to €0.6 million, from €0.8 million for the six months ended June 30, 2023. Such decrease is mainly attributable to the implementation of cost reduction measures during the period.

Depreciation and Amortization

Depreciation and Amortization for the six months ended June 30, 2024 increased by €2.2 million, or 15.2%, to €16.7 million, from €14.5 million for the six months ended June 30, 2023, primarily due to (i) the amortization of the tangible fixed assets recognized in connection with the investments made during the period and (ii) the effect of consolidation of Mapel and Imatex following their acquisition.

Financial income

Financial income for the six months ended June 30, 2024 slightly increased by €0.4 million, or 133.3%, to €0.7 million, from €0.3 million for the six months ended June 30, 2023, primarily due to the higher remuneration rate of cash deposited in the bank accounts opened by the Group companies.

Financial expenses

Financial expenses for the six months ended June 30, 2024 increased by €2.3 million, or 36.5%, to €8.6 million, from €6.3 million for the six months ended June 30, 2023, primarily due to the increase in borrowing costs caused by the increase in interest rates recorded during the period.

Income taxes

Income taxes for the six months ended June 30, 2024 increased by €0.2 million, or 5.1%, to €4.1 million, from €3.9 million for the six months ended June 30, 2023, primarily due to the increase in taxable income of the different Group companies recorded during the period.

INTERIM CONSOLIDATED FINANCIAL REPORT

For the six-month period ended June 30, 2024

Cash Flows

The table below sets forth a summary of our consolidated statements of cash flows for the periods indicated:

<i>(in € million)</i>	For the six months ended June 30,	
	2023	2024
Net cash flow from / (used in) operating activities (A)	9.8	19.4
Net cash flow from / (used in) investing activities (B)	(19.3)	(9.2)
Net cash flow from / (used in) financing activities (C)	(9.0)	(1.7)
Increase (decrease) in cash and cash equivalents (A+B+C)	(18.5)	8.5
Cash and cash equivalents at the beginning of the period .	71.1	46.6
Cash and cash equivalents at the end of the period	52.6	55.1

Net cash flow from (used in) operating activities

Net cash flow from operating activities amounted to €19.4 million for the six months ended June 30, 2024, an increase of €9.6 million compared to the six months ended June 30, 2023, primarily driven by a reduced cash absorption as a result of a decrease in inventory balances and was partially offset by an increase in financial expenses, amounting to €8.6 million for the six months ended June 30, 2024, compared to €6.3 million for the six months ended June 30, 2023, driven by the increase in interest rates recorded during the period.

Net cash flow from (used in) investing activities

Net cash flow used in investing activities amounted to €9.2 million for the six months ended June 30, 2024, a decrease of €10.1 million compared to the six months ended June 30, 2023, primarily driven by: (i) a decrease in payments for property, plant and equipment, amounting to €7.7 million for the six months ended June 30, 2024, compared to €11.0 million for the six months ended June 30, 2023 related to the acquisition and investments carried out in 2023 (including, among others, photovoltaic plants, investments for the expansion of a production facility in Tuscany and improvements in the Morellino and Tessitura Oreste Mariani production facilities); (ii) a decrease in cash used for business combinations, net of cash acquired, amounting to €1.1 million for the six months ended June 30, 2024 related to the acquisition of Mapel compared to €8.6 million for the six months ended June 30, 2023 related to the acquisition of Tessitura Oreste Mariani; and (iii) a decrease in payments for intangible assets, amounting to €0.4 million for the six months ended June 30, 2024, compared to €0.9 million for the six months ended June 30, 2023.

Net cash flow from (used in) financing activities

Net cash flow used in financing activities amounted to €1.7 million for the six months ended June 30, 2024, a decrease of €7.3 million compared to the six months ended June 30, 2023, amounting to €9.0 million. Such decrease was primarily driven by an increase in proceeds from borrowings, amounting to €17.5 million for the six months ended June 30, 2024 (compared to zero for the six months ended June 30, 2023) and was partially offset by an increase in repayment from credit lines, amounting to €7.1 million for the six months ended June 30, 2024, compared to €3.9 million for the six months ended June 30, 2023, and an increase in repayment of borrowings, amounting to €11.5 million for the six months ended June 30, 2024, compared to €5.3 million for the six months ended June 30, 2023.

Working Capital

Working Capital consists of inventories, trade receivables, other receivables and prepaid expenses and accrued income less trade payables, social security payables, current tax payables and accrued expenses. Our raw materials and work in progress inventories are primarily affected by production management, invoicing and inventory management. The change in accounts payables and receivables is primarily linked to varying terms and the timing of payment and the ability to recover payments from customers.



INTERIM CONSOLIDATED FINANCIAL REPORT

For the six-month period ended June 30, 2024

The following table summarizes our change in Working Capital as of the dates and for the periods indicated:

<i>(in € million)</i>	As of June 30,	
	2023	2024
Inventories	99.8	105.6
Trade receivables	42.8	50.2
Other current financial assets	1.4	0.5
Current tax receivables	11.5	7.9
Deferred tax assets	0.9	1.1
Other receivables	1.9	1.5
Prepaid expenses and accrued income	1.0	1.2
Cash and cash equivalent	52.6	55.1
Current assets	211.9	223.1
Current borrowings	11.6	20.2
Current other financial liabilities	0.5	0.5
Trade payables	45.7	47.4
Tax liabilities	5.1	5.8
Social security payables	2.5	2.8
Other liabilities	20.9	22.1
Accrued expenses	1.5	2.3
Current liabilities	87.8	101.1
Working Capital	124.1	122.0
Change in Working Capital	-	(2.1)

Working Capital decreased by €2.1 million, or 1.7%, from €124.1 million as of June 30, 2023, to €122.0 million as of June 30, 2024. This decrease was mainly due to an increase of the liabilities driven by (i) higher borrowings, equal to €20.2 million for the six months ended June 30, 2024, compared to €11.6 million for the six months ended June 30, 2023, and (ii) other liabilities, equal to €22.1 million for the six months ended June 30, 2024, compared to €20.9 million for the six months ended June 30, 2023, mainly related to payables to employees and contractors for remuneration accrued but not yet paid and the contribution of Mapel and Imatex following their acquisition in 2023. Current assets increased, from €211.9 million as of June 30, 2023 to €223.1 million as of June 30, 2024, for the effect of an increase in (i) inventories, amounting to €105.6 million as of June 30, 2024 (€99.8 million as of June 30, 2023); in (ii) trade receivables, amounting to €50.2 million of June 30, 2024 (€42.8 million of June 30, 2023) due to the contribution of Mapel and Imatex following their acquisition in 2023, in (iii) cash and cash equivalents, amounting to €55.1 million as of June 30, 2024 (€52.6 million as of June 30, 2023) partially offset by a decrease in current tax receivables, amounting to €7.9 million as of June 30, 2024 (€11.5 million as of June 30, 2023), primarily due to the decrease of indirect (VAT) tax receivables and direct tax receivables.

Capital expenditure

To support our business strategy and development plans and to further expand our business, we regularly incur capital expenditure. The table below sets forth our capital expenditure based on cash flows for the periods indicated:

<i>(in € million)</i>	For the six months ended June 30,	
	2023	2024
Payments for Property, plant and equipment...	11.0	7.7
Payments for Intangible assets	1.0	0.4
Capital expenditures	12.0	8.1



INTERIM CONSOLIDATED FINANCIAL REPORT

For the six-month period ended June 30, 2024

(in € million)

	For the six months ended June 30,	
	2023	2024
<i>Of which: maintenance capital expenditures</i>	2.2	1.8
<i>Of which: expansion capital expenditures.....</i>	9.8	6.3

For the six months ended June 30, 2024, capital expenditures were €8.1 million, compared to €12.0 million for the six months ended June 30, 2023, during which additional capital expenditures related to the acquisition of Morellino and the acquisition of Tessitura Oreste Mariani were carried out.

SUBSEQUENT EVENTS

As of the date of this interim financial report, there have been no material changes to our business, risk factors, management team, principal shareholders, related party transactions or indebtedness, other than the issuance of the Notes.

In addition, on August 1, 2024, our shareholders' meeting approved the payment of a dividend and the distribution of reserves to our shareholders, for a total amount of Euro 124 million, as disclosed in the Listing Particulars.

INTERIM CONSOLIDATED FINANCIAL REPORT

For the six-month period ended June 30, 2024

DISCLAIMER

Forward-Looking Information Certain information in this interim financial report may constitute “forward-looking statements” within the meaning of the securities laws of the United States and certain other jurisdictions, including prospective financial information and forecasts. All statements other than statements of historical fact contained in this interim financial report are forward-looking statements. Words such as “believe,” “anticipate,” “estimate,” “expect,” “intend,” “predict,” “project,” “could,” “may,” “will,” “plan,” “seek,” “continue” or similar words or phrases, or the negatives of those words or phrases, may identify forward-looking statements, but the absence of these words does not necessarily mean that a statement is not forward-looking. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved and that actual results will differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. In addition, even if actual results are consistent with the forward-looking statements contained in this interim financial report, those results or developments may not be indicative of results or developments in subsequent periods. Such forward-looking statements speak only as of the date on which they are made. Accordingly, we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. Furthermore, we do not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario. All future written and oral forward-looking statements attributable to the Group, or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section and contained in the Listing Particulars, including the cautionary statements set forth under the sections “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” thereof. In light of these risks, the actual results of the Group could differ materially from any forward-looking statements contained in this Interim Financial Report. None of the information contained on the Group’s website is incorporated by reference into or otherwise deemed to be linked to this Interim Financial Report.

Notice

This Interim Financial Report constitutes a public disclosure of inside information under Regulation (EU) No 596/2014, as amended.



INTERIM CONSOLIDATED FINANCIAL REPORT

For the six-month period ended June 30, 2024

ANNEX A - UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF RINO MASTROTTO GROUP S.P.A. AS OF AND FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2024

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ thousand	Notes	As of June 30, 2024	As of December 31, 2023
Goodwill	6	163.972	170.362
Intangible assets	7	56.010	59.070
Property, plant and equipment	8	106.752	105.722
Investment in subsidiaries and other companies	9	1.049	1.748
Non-current tax receivables	13	6.696	7.561
Other non-current financial assets	10	3.213	3.897
Non-current Assets		337.692	348.360
Inventories	11	105.646	107.053
Trade receivables	12	50.214	39.173
Other current financial assets	10	509	1.065
Current tax receivables	13	7.861	9.254
Deferred tax assets	14	1.100	1.184
Other receivables	15	1.479	1.173
Prepaid expenses and accrued income	16	1.237	940
Cash and cash equivalents	17	55.082	46.631
Current Assets		223.128	206.473
Total Assets		560.820	554.833
Equity			
Share capital	18	39.000	39.000
Reserves	18	173.942	175.467
Retained earnings	18	28.005	18.184
Profit for the period	18	4.499	10.060
Equity attributable to shareholders of the parent company	18	245.446	242.711
Equity attributable to non-controlling interests	19	15.897	15.033
Total Equity		261.343	257.744
Non-Current Liabilities			
Deferred tax liabilities	20	18.607	18.659
Employee benefits	21	3.195	3.789
Provision for risks and charges	22	4.687	5.221
Non-current borrowings	23	169.973	157.934
Non-current other financial liabilities	24	1.509	1.569
Other non-current liabilities	28	450	450
Non-current Liabilities		198.421	187.622
Current Liabilities			
Current borrowings	23	20.170	28.153
Current other financial liabilities	24	458	689
Trade payables	25	47.379	52.295
Tax liabilities	26	5.813	2.822
Social security payables	27	2.771	3.875
Other liabilities	28	22.130	19.422
Accrued expenses	29	2.335	2.210
Current Liabilities		101.056	109.466
Total Equity and Liabilities		560.820	554.833

INTERIM CONSOLIDATED FINANCIAL REPORT

For the six-month period ended June 30, 2024

CONDENSED CONSOLIDATED INCOME STATEMENT

€ thousand	Notes	6 month at June 30, 2024	6 month at June 30, 2023
Revenue	30	184.715	179.126
Other income	31	16.332	17.150
Total revenue and other income		201.047	196.276
Purchase of goods and changes in inventory	32	99.552	101.295
Cost of services	33	34.970	33.870
Costs for leases and rentals	34	486	344
Personnel costs	35	33.655	29.475
Other operating costs	36	622	767
Depreciation and amortization	6,7,8	16.668	14.473
Impairment of trade receivables	12	16	15
Total operating costs		185.969	180.239
Operating profit		15.078	16.037
Financial income	37	654	324
Financial expenses	38	(8.605)	(6.277)
Net exchange rate gains/(losses)	39	1.171	(419)
Result from investments accounted for using the equity method	40	1.273	(973)
Profit before tax		9.571	8.692
Income taxes	41	(4.100)	(3.914)
Profit for the period		5.471	4.778
ATTRIBUTABLE TO:			
Shareholders of the parent company		4.499	4.143
Non-controlling interests		972	635



INTERIM CONSOLIDATED FINANCIAL REPORT

For the six-month period ended June 30, 2024

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ thousand	Balance as of December 31, 2022	Allocation of profit for the year	Other movements	Dividends paid	Profit for the period	Balance as of June 30, 2023
Share Capital	39.000	-	-	-	-	39.000
Other Reserve:						
Legal Reserve	7.361	439	-	-	-	7.800
Share Premium Reserve	60.740	-	-	-	-	60.740
Revaluation Reserve	12.081	-	-	-	-	12.081
Translation Reserve	(329)	-	1.397	-	-	1.068
Extraordinary Reserve	64.101	9.208	-	-	-	73.309
Other Reserve	21.104	-	-	-	-	21.104
Cash Flow Hedge Reserve	453	-	(453)	-	-	-
Retained Earnings	14.253	3.932	-	-	-	18.185
Profit for the year	13.579	(13.579)	-	-	4.143	4.143
Equity attributable to shareholders of the parent company	232.342	-	944	-	4.143	237.430
Equity attributable to non-controlling interests	8.723	-	11	(264)	635	9.105
Total equity	241.065	-	955	(264)	4.778	246.535

€ thousand	Balance as of December 31, 2023	Allocation of profit for the year	Other movements	Dividends paid	Profit for the period	Balance as of June 30, 2024
Share Capital	39.000	-	-	-	-	39.000
Other Reserve:						
Legal Reserve	7.800	-	-	-	-	7.800
Share Premium Reserve	60.740	-	-	-	-	60.740
Revaluation Reserve	12.081	-	-	-	-	12.081
Translation Reserve	432	-	(1.524)	-	-	1.092
Extraordinary Reserve	73.309	-	-	-	-	73.309
Other Reserve	21.104	-	-	-	-	21.104
Cash Flow Hedge Reserve	-	-	-	-	-	-
Retained Earnings	18.185	10.060	(240)	-	-	28.005
Profit for the year	10.060	(10.060)	-	-	4.499	4.499
Equity attributable to shareholders of the parent company	242.711	-	(1.764)	-	4.499	245.446
Equity attributable to non-controlling interests	15.033	-	240	(348)	972	15.897
Total equity	257.744	-	(1.524)	(348)	5.471	261.343



INTERIM CONSOLIDATED FINANCIAL REPORT

For the six-month period ended June 30, 2024

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

€ thousand	6 month at June 30, 2024	6 month at June 30, 2023
Profit for the period	5.471	4.778
Income taxes	4.100	3.914
Financial expenses	8.605	6.277
Financial income	(654)	(324)
Result from investments accounted for using the equity method	(1.273)	973
Depreciation and amortization	16.668	14.473
Non-monetary adjustments that have not had a counterpart in working capital	(1.740)	1.111
Increase/(decrease) in provisions and employee benefits	844	(496)
Decrease (increase) of inventories	1.407	(8.568)
Decrease (increase) of trade receivables	(11.041)	(10.934)
(Decrease) increase in trade payables	(3.794)	(1.638)
Other working capital items	4.253	2.455
(Interests paid)	(3.495)	(2.271)
Net cash flow (used in) operating activities (A)	19.351	9.750
(Payments) for Property, plant and equipment	(7.686)	(11.006)
Proceeds on disposal of Property, plant and equipment	34	366
(Payments) for intangible assets	(433)	(972)
Proceeds on disposal of intangible assets	-	942
Business combinations, net of cash acquired	(1.122)	(8.625)
Net cash flow (used in) investing activities (B)	(9.207)	(19.295)
Proceeds / (repayment) from credit lines	(7.054)	(3.926)
Proceeds / (repayment) of other financial liabilities	(291)	544
Proceeds from borrowings	17.500	-
Repayment of borrowings	(11.500)	(5.315)
Dividends paid to non-controlling interests	(348)	(264)
Net cash flow from / (used in) financing activities (C)	(1.693)	(8.961)
(Decrease)/increase of cash and cash equivalents (A ± B ± C)	8.451	(18.506)
Cash and cash equivalents at beginning of the period	46.631	71.069
Cash and cash equivalents at the end of the period	55.082	52.563



INTERIM CONSOLIDATED FINANCIAL REPORT

For the six-month period ended June 30, 2024

EXPLANATORY NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Note 1. General information

Rino Mastrotto Group S.p.A. (hereinafter also the “Company” or the “Parent Company” and together with its consolidated subsidiaries, or any one or more of them, as the context may require, the “Rino Mastrotto Group” or the “Group”), established in Italy at the Register of Companies of Vincenza with registered office in Trissino (VI) – Via dell’Artigianato 100, operates in the high-quality leather market, overseeing the entire production cycle until its distribution, from raw leather to high-end finished products, including cutting activities and tailor-made services.

The Group represents a leading player in the luxury-fashion market, automotive and interior design, both for the domestic and foreign market.

Note 2. Basis of presentation

The interim consolidated financial statements include the consolidated statement of financial position, the consolidated income statement, the consolidated statement of changes in equity, the consolidated cash flow statement and the explanatory notes (collectively, the “Interim Consolidated Financial Statements”). The Interim Consolidated Financial Statements have been prepared in accordance with the accounting standards issued by the Italian Accounting Organization (Organismo Italiano di Contabilità, “O.I.C.”) (“Italian GAAP”), and do not constitute the Company’s statutory consolidated financial statements for the period ended June 30, 2024.

In preparing the Interim Consolidated Financial Statements, however, Rino Mastrotto Group reclassified and renamed certain Italian GAAP line items in a manner that makes them more easily comparable to the financial information of businesses that apply the International Financial Reporting Standards (“IFRS”).

The items reported in the Interim Consolidated Financial Statements are stated in accordance with the general principles of prudence and accruals, taking into consideration the economic function of the assets and liabilities.

The Interim Consolidated Financial Statements are shown in Euro, which is the functional currency of the Group and its subsidiaries. All amounts shown in this document are expressed in thousands of Euro, unless otherwise specified.

Going concern

The Directors have confirmed the capability of the Group to fulfil its obligations in the foreseeable future and they are not aware of any material uncertainties or other conditions or events that raised substantial doubt about the entity’s ability to continue as a going concern. Therefore the Interim Consolidated Financial Statements have been prepared on a going concern basis.

Note 3. Scope of consolidation and presentation of the Condensed Consolidated Interim Financial Statements

The Consolidated Financial Statements consist of the financial statements of the Parent Company Rino Mastrotto Group S.p.A., and its Italian and foreign subsidiaries, in which the Parent Company directly and indirectly holds the majority of voting rights and over whose activities it exercises control.

Investments that have been excluded from the full consolidation method or investments in associates are consolidated using the equity method. The associates are the entities in which the Group does not exercise control and in which Rino Mastrotto Group S.p.A. holds directly or indirectly at least 20% of the voting rights.

The following table presents the Group’s scope of consolidation as of June 30, 2024 and June 30, 2023:

Location	Share Capital (Eur)	% 2024	% 2023
<u>Companies consolidated on a line-by-line basis:</u>			



INTERIM CONSOLIDATED FINANCIAL REPORT

For the six-month period ended June 30, 2024

<u>Parent Company:</u>				
Rino Mastrotto Group Spa	Trissino (VI) - Italia	39.000.000		
<u>Subsidiaries:</u>				
Bermas Maracanaú Indústria e Comércio de Couro Ltda	Maracanaú - Brasile	8.031.068	100%	100%
Elmo Sweden AB	Svenljunga - Sweden	4.496	100%	100%
Ngozi AB	Svenljunga - Sweden	4.496	100%	100%
Rmg of America, LLC	Raleigh – NC - USA	24.189.012	100%	100%
Rmg Leather, LLC	Conove – NC – USA	26.038.936	90%	90%
Nuova Osba Srl	Trissino (VI) - Italia	50.000	100%	100%
Morellino Srl	Santa Croce sull'Arno (PI) - Italia	90.000	70%	70%
Tessitura Oreste Mariani Spa	Giussano (MB) – Italia	206.400	76%	76%
Imatex23 Srl	Nibionno (LC) – Italia	100.000	80%	-
Mapel Group Srl	Galliate Lombardo (VA) – Italia	600.000	60%	-
<u>Companies accounted for using the equity method:</u>				
<u>Subsidiaries:</u>				
Brusarosco de Mexico SA	Leon – Messico	10.752	99,99%	99,99%
<u>Associates and joint arrangements:</u>				
RMG Australia Pty Ltd	Perth – Australia	184	33,33%	33,33%
AFX/Brus, L.L.C			50%	50%

No changes occurred in the scope of consolidation of the Group during the six-month period ended June 30, 2024.

Note 4. Consolidation Accounting Principles

The Interim Consolidated Financial Statements are prepared in accordance with the provisions of the Italian Legislative Decree and those of the accounting standard OIC 17 (Italian GAAP principle N.17).

The subsidiaries are included in the Interim Consolidated Financial Statements from the date in which the Parent Company acquired control or the first available date of consolidation. The subsidiaries will be deconsolidated on the date in which the Parent Company is no longer the controlling entity.

The Interim Consolidated Financial Statements are consolidated on a line-by line basis. The main consolidation criteria, which has been consistently applied year over year described herein are as follows:

- the separate financial statements of the Parent Company and its subsidiaries are used in the preparation of the Interim Consolidated Financial Statements. Such financial statements are adjusted, as necessary, to comply with the accounting standards applied by the Group;
- all intra-group balances and transactions and any unrealized gains and losses arising from intra-group transactions are eliminated in preparing the Interim Consolidated Financial Statements.;
- the carrying amount of the investments in consolidated entities are eliminated against the corresponding portion of the related equity; whether the investments exceeds the related equity, the difference is allocated to the assets and liabilities included in the Interim Consolidated Financial Statements when attributable to an incremental value of assets and/or a decremental value of the liabilities. Any residual amount, if positive, is recognized as goodwill and amortised based on its useful life, if negative, it is recognized in an equity reserve;
- dividends distributed by the consolidated companies and impairment of investments are eliminated from the Consolidated Income Statement;

The Group recognizes any non-controlling interests in the acquiree on an acquisition-by-acquisition basis at the non-controlling interests' share of the acquiree's identifiable net assets. Net profit or loss are attributed to the owners of the parent and to the non-controlling interests;

- property, plant and equipment subject to finance lease are accounted for using the financial method, based on the provisions of accounting standard OIC 17.

INTERIM CONSOLIDATED FINANCIAL REPORT

For the six-month period ended June 30, 2024

The table below presents a reconciliation of Total equity and Profit for the period as reported in the separate financial statements of Rino Mastrotto Group S.p.A. and those reported in the Interim Consolidated Financial Statements as of and for the six-month period ended June 30, 2024 and in the Consolidated Financial Statements as of and for the year ended December 31, 2023:

€ thousand	Total Equity as of June 30, 2024	Profit for the period ended June 30, 2024	Total Equity as of December 31, 2023	Profit for the year ended December 31, 2023
Rino Mastrotto Group S.p.A.	220.704	(154)	220.550	4.027
Elimination of the book value of consolidated entities (difference between book value and relevant equity)	7.039	6.887	152	12.347
Investments accounted for using the equity method recorded in the consolidated financial statements at cost method	(2.932)	342	(3.274)	(2.073)
Consolidation differences allocated to goodwill	150.946	(5.052)	155.998	(8.333)
Derecognition of merger surplus	(102.756)	3.806	(106.562)	7.612
Derecognition of merger deficit allocated to land (net of taxes)	(5.767)	-	(5.767)	-
Net exchange rate (losses)/gains on intercompany transactions	(86)	166	(252)	(240)
Derecognition of intercompany margins	(358)	68	(426)	(75)
Impact of leases accounted for using the financial method	1.727	12	1.715	(194)
Derecognition of dividends	-	-	-	(836)
Other consolidation entries	(3.788)	604	(4.391)	(1.191)
Consolidated Rino Mastrotto Group S.p.A.	261.343	5.471	257.743	11.044
Equity attributable to non-controlling interests	(15.897)	(972)	(15.033)	(984)
Equity attributable to shareholders of the Parent Company	245.446	4.499	242.710	10.060

Note 5. Significant accounting policies

The Interim Consolidated Financial Statements have been prepared in accordance with the OIC 30 - Interim Financial Statements; therefore the Interim Consolidated Financial Statements do not include all the information required in the annual Financial Statements and must be read in conjunction with the Financial Statements prepared for the years ended December 31, 2023, 2022 and 2021.

Other information

Waivers

It should be noted that there were no exceptional cases that required waivers from the provisions of the law relating to financial statements pursuant to Article 2423 of the Italian Civil Code. 4 of the Italian Civil Code.

There were no exceptional events that made it necessary to resort to the waivers provided for in art. 2423- bis para. 2 of the Civil Code.

There was no grouping of items in the consolidated statement of financial position or consolidated income statement.

There are no asset or liability items that fall under more than one item of the scheme referred to in Article 2424 of the Italian Civil Code.



INTERIM CONSOLIDATED FINANCIAL REPORT

For the six-month period ended June 30, 2024

Note 6. Goodwill

The following table provides a breakdown for goodwill:

€ thousand	Rino Mastrotto	RMG Leather	Nuova Osba	Morellino	Tessitura Oreste Mariani	Imatex	Mapel Group	Total
As of January 1, 2024	104.519	13.540	191	5.274	10.150	1.711	34.976	170.362
Amortisation	(4.567)	(799)	(7)	(147)	(267)	(44)	(874)	(6.705)
Additions	-	-	-	-	-	-	-	-
Other movements	-	315	-	-	-	-	-	315
As of June 30, 2024	99.952	13.056	184	5.127	9.883	1.667	34.102	163.972

Other movements include positive exchange rate differences for Euro 315 thousand as of June 30, 2024.

Note 7. Intangible assets

The following table provides a breakdown for intangible assets:

€ thousand	As of January 1, 2024	Additions	(Amortisation)	Other Movements	As of June 30, 2024
Start-up and expansion costs	64	-	(16)	1	49
Patents, concessions and licenses	58.573	44	(3.744)	313	55.186
Advances and assets under construction	115	124	-	4	243
Other intangible assets	318	265	(39)	(12)	532
Total intangible assets	59.070	433	(3.799)	306	56.010

Intangible assets mainly include Rino Mastrotto trademark and know-how, both included under Patents, concessions and licenses, equal to Euro 55.186 thousand and Euro 58.573 thousand respectively as of June 30, 2024 and December 31, 2023.

Other intangible assets are related to leasehold improvements.

The main additions in intangible assets are related to the costs for leasehold improvements.

Other movements include positive exchange rate differences for Euro 315 thousand as of June 30, 2024.

Note 8. Property, plant and equipment

The following table provides a breakdown for property, plant and equipment:

€ thousand	Land and building	Plants and machinery	Industrial and commercial equipment	Other tangible assets	Construction in progress	Total
Historical cost						
As of January 1, 2024	88.173	151.276	11.179	9.974	5.530	266.132
Additions	1.463	2.209	161	1.542	2.311	7.686
(Disposals)	-	(248)	(75)	(6)	-	(329)
Other Movements	-	(181)	(37)	(105)	(135)	(458)
As of June 30, 2024	89.636	153.056	11.228	11.405	7.706	273.031

INTERIM CONSOLIDATED FINANCIAL REPORT

For the six-month period ended June 30, 2024

Accumulated Depreciation						
As of January 1, 2024	32.899	111.097	8.647	7.767	-	160.410
(Disposals)	-	(248)	(47)	-	-	(295)
Depreciation	1.806	3.597	228	533	-	6.164
As of June 30, 2024	34.705	114.446	8.828	8.300	-	166.279

Carrying amount as of:

January 1, 2024	55.274	40.179	2.533	2.207	5.530	105.722
June 30, 2024	54.931	38.610	2.400	3.105	7.706	106.752

Land and building refers to the properties owned by the Group, mainly related to the Parent Company for both industrial and civil buildings.

Plant and machinery include the investments carried out throughout the years for the machineries used in the production process,

Industrial and commercial equipment includes the cost of purchase of various equipment for the warehouse (trestles, platforms, tanks, etc.) and laboratory.

Other tangible assets are mainly related to vehicles and office equipment.

Note 9. Investment in subsidiaries and other companies

The relevant information referring to the subsidiaries and other companies is set forth below:

€ thousand	As of June 30, 2024	As of December 31, 2023
Investments accounted for using the equity method	492	1.190
Other investments	558	558
Total investment in subsidiaries and other companies	1.049	1.748

The value of investments accounted for using the equity method is detailed below:

€ thousand	Location	Share Capital	Equity	Profit for the period	Amounts as of	Ownership	Carrying amounts
RMG Australia Pty Ltd	Perth - Australia	-	105	-	30/06/2023	33,3%	35
AFX/Brus, L.L.C:		-	1.312	494	31/03/2024	50%	457
As of June 30, 2024							491
RMG Australia Pty Ltd	Perth - Australia	-	105	4	30/06/2022	33,3%	35
AFX/Brus, L.L.C:		-	2.377	1.643	31/12/2023	50%	1.155
As of December 31, 2023							1.190

The breakdown of investments at cost is detailed below:

€ thousand	As of June 30, 2024	As of December 31, 2023
UTIAC Spa	104	104
Consorzio depuratore Santa croce sull'Arno	439	439
Other investments	15	15



INTERIM CONSOLIDATED FINANCIAL REPORT

For the six-month period ended June 30, 2024

Total other investments	558	558
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Note 10. Other financial assets

The relevant information referring to other financial assets is set forth below:

€ thousand	As of June 30, 2024	As of December 31, 2023
Receivables from subsidiaries	2.843	3.583
Other financial assets	-	200
Other securities	369	114
Total other non-current financial assets	3.213	3.897
Other current financial assets	509	1.065
Total other financial assets	3.721	4.963

Other financial assets mainly include Receivables from subsidiaries, related to the loan granted to the subsidiary Brusarosco De Mexico SA and Other current financial assets, that include the Group's investments in securities.

Note 11. Inventories

Inventories are detailed as follow:

€ thousand	As of June 30, 2024	As of December 31, 2023
Raw Materials	29.992	32.063
Work in progress and semi-finished products	44.020	45.934
Finished products	31.672	29.528
Advances	462	28
(Provisions for slow moving and obsolete inventories)	(500)	(500)
Total inventories	105.646	107.053

Inventories are presented net of obsolete and slow-moving provisions, in order to report their estimated realisable value. These provisions both reflect the economic and physical obsolescence of inventories. No movements in provisions occurred in the period ended June 30, 2024.

Note 12. Trade receivables

Trade receivables are detailed below:

€ thousand	As of June 30, 2024	As of December 31, 2023
Trade receivables	50.621	39.557
Bad debt provision	(407)	(384)
Total trade receivables	50.214	39.173

In addition to the Trade receivables from customers, the caption also includes receivables from the associates RMG Australia Pty and AFX BRUS LLC for Euro 376 thousand and Euro 872 thousand respectively as of June 30, 2024 and December 31, 2023.

Trade receivables related to the subsidiary Elmo Sweden AB are covered by insurance policy, while the Parent Company has established pro-soluto factoring agreements for receivables related to several major customers, with underlying insurance policy. The receivables transferred following pro-soluto factoring and eliminated from the Consolidated Statement of Financial Position amounted to Euro 46.988 thousand and Euro 33.648 thousand respectively as of June 30, 2024 and December 31, 2023.

The bad debt provision reflects management's estimate based on the expected losses, based on past experience for similar receivables, current and historic amounts overdue, losses incurred, receipts, careful



INTERIM CONSOLIDATED FINANCIAL REPORT

For the six-month period ended June 30, 2024

monitoring of the credit quality and projections on economic and market conditions, with the information known at the reporting date.

The annual provision is included under “Impairment of trade receivables”.

The movements of the “Bad debt provision” for trade receivables throughout the period are detailed as follows:

	€ thousand
Balance of bad debt provision receivables as of January 1, 2023	384
Use of provision	-
Accrual	23
Balance of bad debt provision receivables as of June 30, 2024	407

Note 13. Tax receivables

Tax Receivables are detailed below:

€ thousand	As of June 30, 2024	As of December 31, 2023
VAT and ICMS receivables from the tax authorities	5.356	6.688
Direct tax receivables	2.313	2.445
PROAPI receivables	192	121
Tax receivables within 12 months	7.861	9.254
PROAPI receivables	-	166
ICMS and IPI receivables	6.696	7.395
Tax receivables beyond 12 months	6.696	7.561
Total tax receivables	14.557	16.815

Tax receivables mainly related to VAT receivables, that derive from the periodic settlement of VAT in the various Group companies. IPI and ICMS represent the value-added taxes due in Brazil.

Direct tax receivables include the tax advances paid, resulting from the tax calculation made at year-end.

PROAPI receivables refer to receivables relating to government grant, calculated as a percentage of exports made by the Brazilian subsidiary Bermas Ltda. These receivables are towards respectively the Ceara local state and the Federal State. In the past, the difficult national and economic context of Brazil, has made the recovery time for the above receivables particularly slow and uncertain. For this reason, the Group has booked a bad debt provision of Euro 7.372 thousand and Euro 7.553 thousand as of June 30, 2024 and as of December 31, 2023 respectively. It should be noted that during 2023 the Brazilian authorities began a review of the mechanisms for imposing and recovering any tax credits that should bring greater certainty and indication of the timing for the collection of such receivables.

Note 14. Deferred tax assets

The following table provides a breakdown for Deferred tax assets:

€ thousand	As of June 30, 2024	As of December 31, 2023
Rino Mastrotto Group S.p.A.	511	512
Rmg of America LLC	434	420
Tessitura Oreste Mariani S.p.A.	-	87
Total deferred tax assets	946	1.019
Consolidation entries	155	165
Total deferred tax assets	1.100	1.184

Deferred tax assets presented in the table above, reflect the net tax effect of temporary differences between the book value and the taxable value of assets and liabilities.

Deferred taxes assets booked by the Group are considered recoverable based on the forecasts of future profits made by managements of their respective companies. Deferred taxes assets have been calculated on the



INTERIM CONSOLIDATED FINANCIAL REPORT

For the six-month period ended June 30, 2024

basis of the tax rates for the financial years in accordance with the legislation in force at the time of the preparation of these financial statements.

Note 15. Other receivables

Other receivables are composed as follows:

€ thousand	As of June 30, 2024	As of December 31, 2023
Advance payment to suppliers	464	570
Other receivables	1.015	603
Total other receivables	1.479	1.173

Other receivables mainly include advance payment to employees and receivables for an export contribution.

Note 16. Prepaid expenses and accrued income

The following table provides a breakdown for Prepaid expenses and accrued income:

€ thousand	As of June 30, 2024	As of December 31, 2023
Prepaid expenses and accrued income	1.237	940

Prepaid expenses and accrued income mainly refer to prepayments made in relation to maintenance, marketing and advertising costs.

Note 17. Cash and cash equivalent

The following table provides a breakdown for Cash and cash equivalent:

€ thousand	As of June 30, 2024	As of December 31, 2023
Bank accounts	55.068	46.615
Cash on hand	14	16
Total Cash and cash equivalent	55.082	46.631

Note 18. Equity

Share capital

The share capital subscribed to and paid-in amount to Euro 39.000 thousand as of June 30, 2024 and December 31, 2023.

Reserves are composed as follows:

€ thousand	As of June 30, 2024	As of December 31, 2023
Legal reserve	7.800	7.800
Share premium reserve	60.740	60.740
Revaluation reserve	12.081	12.081
Translation reserve	(1.092)	432
Extraordinary reserve	73.309	73.309
Other reserves	21.104	21.104
Total Reserves	173.942	175.467

The Translation reserve includes exchange rate differences arising from the translation of the opening equity of foreign companies included in the consolidation scope at the exchange rates prevailing at the end of the period and from the translation of their net income at the average exchange rates for the period.

INTERIM CONSOLIDATED FINANCIAL REPORT

For the six-month period ended June 30, 2024

The extraordinary reserve amount to Euro 73.309 thousand as of June 30, 2024 and December 31, 2023.

Retained earnings

Retained earnings amount to Euro 28.005 as of June 30, 2024 and amount to Euro 18.185 thousand as of December 31, 2023.

Note 19. Equity attributable to non-controlling interests

Equity attributable to non-controlling interests is detailed below:

€ thousand	As of June 30, 2024	As of December 31, 2023
Equity attributable to non-controlling interests	15.897	15.033

Equity attributable to non-controlling interests includes the minority interests in the subsidiaries Rmg Leather LLC (10%) since fiscal year 2021, Morellino S.r.l. (30%) and Tessitura Oreste Mariani S.p.A. (24%) since fiscal year 2022 and Imatex23 S.r.l. (20%) and Mapel Group S.r.l. (40%) since fiscal year 2023.

Note 20. Deferred tax liabilities

Deferred tax liabilities are as follows:

	€ thousand
Balance of Deferred tax liabilities as of December 31, 2023	18.659
Uses	-
Accrual	-
Other movements	(52)
Balance of Deferred tax liabilities as of June 30, 2024	18.607

Deferred tax liabilities mainly include the tax effects on unrealised foreign exchange gains and the tax impact of certain transactions occurred before fiscal year 2021.

Note 21. Employee benefits

Provisions for employee severance indemnities has changed as follows:

	€ thousand
Balance of employee benefits as of December 31, 2023	3.789
Uses	(594)
Provision	-
Balance of employee benefits as of June 30, 2024	3.195

The amount is calculated in relation to contractual obligations and applicable law. Other movements are related to business combinations.

Note 22. Provisions for risks and charges

Provisions for risks and charges are as follows:

€ thousand	As of June 30, 2024	As of December 31, 2023
Provision for agents' termination benefits	1.273	767
Other provision	3.414	4.454
Total provision for risks and charges	4.687	5.221

The movements of the provisions for risks and charges throughout the period are set forth below:

INTERIM CONSOLIDATED FINANCIAL REPORT

For the six-month period ended June 30, 2024

	€ thousand
As of December 31, 2023	5.221
Uses	(1.135)
Provision	601
As of June 30, 2024	4.687

Provisions for risks and charges mainly include:

- the provision for agents' termination indemnity, that represents the estimated liability resulting from the application of current legislation and contractual clauses regarding the termination of agency relationships. This provision amounts to Euro 1.273 thousand and Euro 767 thousand as of June 30, 2024 and December 31, 2023 respectively;
- the provision related to the negative amount resulting from the investment in Brusarosco de Mexico SA, when applying the equity method. This provision amounts to Euro 3.414 thousand and Euro 4.454 thousand as of June 30, 2024 and December 31, 2023 respectively.

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Note 23. Borrowings

Borrowings are analysed in the following table:

€ thousand	As of June 30, 2024	As of December 31, 2023
Borrowings		
- of which current	20.170	28.153
- of which non-current	169.973	157.934
Total borrowings	190.143	186.087

The following tables set forth the residual value and additional details of the Group's borrowings for the periods ended June 30, 2024 and December 31, 2023:

€ thousand	Interest rate	Due date	Initial amount	As of June 30, 2024	As of December 31, 2023
Term Loan A1 - 09/19	2,75%+Euribor6M	09/25/2025	48.800.000	17.839	23.580
Term Loan A2 - 09/19	2,75%+Euribor6M	09/25/2025	19.200.000	7.161	9.420
Term Loan A3 - 06/21	2,75%+Euribor6M	09/25/2025	8.000.000	3.204	4.204
Term Loan A4 - 12/23	2,75%+Euribor6M	03/31/2026	12.000.000	9.362	11.784
Term Loan B1 - 09/19	3,25%+Euribor6M	09/25/2026	73.200.000	72.582	72.519
Term Loan B2 - 09/19	3,25%+Euribor6M	09/25/2026	28.800.000	29.216	29.216
Term Loan B3 - 06/21	3,25%+Euribor6M	09/25/2026	12.000.000	12.076	12.076
Term Loan B4 - 12/23	3,25%+Euribor6M	09/25/2026	18.000.000	17.550	17.669
BPER Banca	1,90%+Euribor6M	06/19/2026	3.000.000	-	-
Cassa Depositi e Prestiti	1%+Euribor3M	09/25/2026	15.000.000	15.000	-
Banco Desio				2.500	
Credit Lines				3.654	5.619
Total borrowings			238.000.000	190.143	186.087

The bank borrowings require compliance of some financial parameters (covenants) calculated on the consolidated figures. The covenants have been respected in each financial period. On July 22, 2024, the Term Loans and the Cassa Depositi e Prestiti loan have been repaid in full with the proceeds of the issuance of the Notes.

Note 24. Other financial liabilities

Other financial liabilities are as follows:

€ thousand	As of June 30, 2024	As of December 31, 2023
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INTERIM CONSOLIDATED FINANCIAL REPORT

For the six-month period ended June 30, 2024

Other financial liabilities		
- of which current	458	689
- of which non-current	1.509	1.569
Total other financial liabilities	1.967	2.258

Other financial liabilities for the period ended June 30, 2024 and December 31, 2023 mainly include the amount of lease liabilities related to machinery and equipment, accounted for using the financial method.

Note 25. Trade payables

The following table shows the breakdown trade payables:

€ thousand	As of June 30, 2024	As of December 31, 2023
Trade payables		
- of which current	47.379	52.295

Trade payables mainly include payables to suppliers of raw materials.

Note 26. Tax liabilities

Tax liabilities are detailed below:

€ thousand	As of June 30, 2024	As of December 31, 2023
Income tax liabilities for the period	3.364	912
VAT liabilities	513	14
Liabilities for withholding tax	779	1.594
Other tax liabilities	1.157	302
Tax liabilities within 12 months	5.813	2.822

Payables for withholding tax mainly refer to the amount of taxes to be paid by the Group on employees' compensations.

Income tax liabilities for the period mainly refers to the balance due to tax authorities.

Note 27. Social Security payables

The accrued expenses for social security payables amount to Euro 2.771 thousand as of June 30, 2024, to Euro 3.875 thousand as of December 31, 2023.

€ thousand	As of June 30, 2024	As of December 31, 2023
Rino Mastrotto Group S.p.A.	1.800	2.963
Nuova Osba S.r.l.	123	149
Elmo Sweden AB	363	295
Morellino S.r.l.	218	85
Tessitura Oreste Mariani S.p.A	128	162
Imatex 23 S.r.l.	28	66
Mapel Group S.r.l.	111	155
Total social security payables	2.771	3.875

Note 28. Other liabilities

Other liabilities are detailed below:

€ thousand	As of June 30, 2024	As of December 31, 2023
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INTERIM CONSOLIDATED FINANCIAL REPORT

For the six-month period ended June 30, 2024

Payables to employees and contractors for remuneration accrued but not yet paid	10.475	8.063
PROAPI liabilities	-	24
Payables to Board of Directors	373	127
Payables to Board of Statutory Auditors	4	57
Miscellaneous other payables	10.843	10.718
Advances from customers	435	433
Other liabilities within 12 months	22.130	19.422
Miscellaneous other payables	450	450
Other liabilities beyond 12 months	450	450
Total other liabilities	22.580	19.872

Payables to employees and contractors, to Board of Directors and to Board of Statutory Auditors include remuneration accrued but not yet paid at year end.

PROAPI liabilities include the reimbursement due to the Brazilian State for the government grant on exports accrued by the Brazilian subsidiary and recorded among "Tax Receivables".

Note 29. Accrued expenses

The accrued expenses amount to Euro 2.335 thousand as of June 30, 2024 and Euro 2.210 thousand as of December 31, 2023. They mainly include Italian Government incentives received by the Group in relation to the purchase of new machineries.

Note 30. Revenue

Revenue are detailed in the following table:

€ thousand	6 month at June 30, 2024	6 month at June 30, 2023
Revenues from the sale of goods	181.889	176.229
Revenues for services	2.826	2.897
Total Revenue	184.715	179.126

The following tables set forth a breakdown of revenues by geographical area:

€ thousand	6 month at June 30, 2024	6 month at June 30, 2023
Europe	149.453	137.435
<i>of which Italy</i>	79.787	72.178
<i>of which France</i>	37.685	32.149
North America	31.570	38.171
<i>of which U.S.A.</i>	31.232	37.740
Other	3.692	3.520
Total Revenue	184.715	179.126

Note 31. Other Income

Other income is detailed in the following table:

€ thousand	6 month at June 30, 2024	6 month at June 30, 2023
Capital Gains	84	86
Government grants	131	476
Scrap and semi-finished products	15.591	16.202
Other revenue	526	386
Total other revenue	16.332	17.150

INTERIM CONSOLIDATED FINANCIAL REPORT

For the six-month period ended June 30, 2024

Other revenue mainly includes scrap and semi-finished products income, generated from the sale of residual outcomes of the production process. The remainder is related to government grants, gains from the sale of assets and other reimbursements.

Note 32. Purchase of goods and changes in inventory

Purchase of goods and changes in inventory comprise costs of raw materials, supplies and consumables as explicated below:

€ thousand	6 month at June 30, 2024	6 month at June 30, 2023
Raw Materials and change in inventories of raw materials and goods	91.801	96.209
Finished goods and change in inventories of finished goods and semi-finished products	4.756	2.008
Discounts on purchases	(236)	(68)
Other purchases	3.231	3.146
Total Purchase of goods and change in inventory	99.552	101.295

Note 33. Costs of services

Costs of services consist of the following:

€ thousand	6 month at June 30, 2024	6 month at June 30, 2023
Outsourced processing	8.186	10.001
Utilities	2.993	3.226
Consulting, Board Compensation and Statutory Auditors	4.449	2.406
Maintenance costs	3.378	3.337
Transportation	2.224	2.259
Insurance	665	599
Travel expenses	309	258
Agents	1.912	1.760
Advertising, marketing and sales services	1.343	1.000
Cleaning and ecology	3.920	3.791
Industrial Services	3.416	3.423
Other cost of services	2.175	1.810
Total cost of services	34.970	33.870

Cost of services mainly includes:

- Outsourced processing costs are related to the expenses incurred by the Group for the phases of the production cycle that are outsourced to third parties;
- Cleaning and ecology costs relate to the expenses incurred by the Group after the ordinary production cycle;
- Consulting, Board Compensation and Statutory Auditors include fees to the Statutory Auditors and to the Independent Auditing Firm ("auditors' fees") and fees to the Directors and M&A consultancies;
- Transportation costs are incurred by the Group on both purchases and sales, from and to countries where the Group operates;
- Maintenance costs are related to the expenses that the Group sustains to maintain its assets (especially machinery and equipment) in a good working condition.

Note 34. Costs for leases and rentals

Costs for leases and rentals amount to Euro 486 thousand and Euro 344 thousand for the six-month period ended June 30, 2024 and 2023, respectively.

Cost for leases and rental include the expenses related to rented equipment, machines or other assets not accounted for using the financial method.

INTERIM CONSOLIDATED FINANCIAL REPORT

For the six-month period ended June 30, 2024

Note 35. Personnel costs

Personnel costs are broken down as follows:

€ thousand	6 month at June 30, 2024	6 month at June 30, 2023
Salaries and wages	24.012	20.564
Social security contribution	5.447	4.982
Employee benefits	1.031	918
Other personnel costs	3.165	3.011
Total personnel costs	33.655	29.475

Personnel Costs include expenses for employees including unused vacation time and provisions required by law.

Note 36. Other operating costs

Other operating costs consist of:

€ thousand	6 month at June 30, 2024	6 month at June 30, 2023
Indirect taxes	160	378
Membership fees	18	21
Contingent liabilities	35	22
Capital losses	68	-
Other costs	341	346
Total other operating costs	622	767

Other costs mainly include postal charges, penalties and stationeries.

Note 37. Financial Income

Financial Income amount to Euro 654 thousand and Euro 324 thousand for the six-month period ended June 30, 2024 and 2023, respectively. Financial income derives from the interests on the loan granted to the subsidiary Brusarosco De Mexico SA. The loan was granted by the Parent Company to the subsidiary for 67 million MXN. The applicable interest rate is the 5,5%. The loan is due in 2026.

Note 38. Financial expenses

Financial expenses are broken down as follows:

€ thousand	6 month at June 30, 2024	6 month at June 30, 2023
Financial Expenses		
-Finance expenses on borrowing	7.270	5.133
-Other financing fees	1.335	1.144
Total financial expenses	8.605	6.277

Financial expenses refer – throughout the periods presented – mainly to interests on bank loans.

Note 39. Net exchange rate gains/(losses)

Net exchange rate gains/(losses) are broken down as follows:

€ thousand	6 month at June 30, 2024	6 month at June 30, 2023
Net exchange rate gains/(losses)		
- Gains on exchange rates	1.688	741

INTERIM CONSOLIDATED FINANCIAL REPORT

For the six-month period ended June 30, 2024

- Losses on exchange rates	(517)	(1.160)
Total Net exchange rate gains/(losses)	1.171	(419)

Note 40. Results from investments accounted for using the equity method

Results from investments accounted for using the equity method amount to Euro 1.273 thousand and Euro (973) thousand for the six-month period ended June 30, 2024 and 2023, respectively. Result from investments accounted for using the equity method mainly refers to the investments in Brusarosco de Mexico SA and AFX/BRUS L.L.C.

Note 41. Income Taxes

The allocation for each year income taxes for the consolidated companies was made on the basis of the presumable tax profit according to applicable law.

Income taxes are broken down as follows:

€ thousand	6 month at June 30, 2024	6 month at June 30, 2023
Current Taxes	4.090	4.090
Deferred Taxes	10	(176)
Total Income taxes	4.100	3.914

Note 42. Remuneration of Directors and Statutory Auditors

Remuneration of Directors, Statutory Auditors are detailed below:

€ thousand	6 month at June 30, 2024	6 month at June 30, 2023
Board of Directors	1.754	1.300
Board of Statutory Auditors	150	132

Remuneration of Independent Audit Firm is equal to Euro 150 thousand and Euro 132 thousand for the six-month period ended June 30, 2024 and 2023 respectively.

Note 43. Related parties transactions

In addition to the remuneration of Directors, revenue, costs, payables and receivables with related parties as of and for the year ended December 31, 2023, and as of and for the six-month period ended June 30, 2024, involve transactions that refer to the sale of goods or services, which are part of normal operations of the Group. These transactions, that involve certain entities owned by some of the Group's shareholders, are carried out at normal market values.

The table below presents the of such transactions for the periods:

€ thousand	Revenue and Other income	Operating costs	Receivables	Payables
INDUSTRIA CONCIARIA EUROPA S.R.L.	20	4.451	10	124
MIPEL S.R.L.	64	-	-	-
RM HOLDING S.R.L.	1	91	1	-
NEXUS S.R.L.	-	431	-	391
As of and for the year ended December 31, 2023	85	4.973	11	515
INDUSTRIA CONCIARIA EUROPA S.R.L.	40	711	42	23
MIPEL S.R.L.	29	-	3	-
RM HOLDING S.R.L.	-	47	-	-
NEXUS S.R.L.	-	316	-	112
As of and for the six-month period ended June 30, 2024	68	1.073	45	135

INTERIM CONSOLIDATED FINANCIAL REPORT

For the six-month period ended June 30, 2024

ANNEX B - UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

This unaudited pro-forma consolidated financial information included the unaudited pro-forma consolidated income statement, together with the explanatory notes of Rino Mastrotto Group S.p.A. and its subsidiaries (the “**Group**”) for the year ended December 31, 2023 (hereafter the “**Annual Unaudited Pro-Forma Consolidated Financial Information**”) and for the six-month period ended June 30, 2023 (hereafter the “**Interim Unaudited Pro-Forma Consolidated Financial Information**”, together with Annual Unaudited Pro-Forma Consolidated Financial information, the “**Unaudited Pro-Forma Consolidated Financial Information**”), which have been prepared to retrospectively reflect the effects of: (i) the acquisition of Mapel Group S.r.l. and (ii) the acquisition of Imatex 23 S.r.l. (jointly, the “**2023 Acquisitions**”), and (iii) drawdown of the financing necessary to complete the acquisition of Mapel Group S.r.l. (the “**Mapel Acquisition Financing**”, together with the Acquisitions, the “**2023 Acquisitions and the Mapel Financing**”).

The Unaudited Pro-Forma Consolidated Financial Information of the Group was prepared in order to illustrate the main effects of the transactions on the results of operation of the Group, according to assessment criteria, described in the explanatory notes, which are consistent with the historical data, as if such 2023 Acquisitions and the Mapel Financing were completed on January 1, 2023, with regard to the effects on the consolidated income statement of the Group. However, when calculating the Annual Unaudited Pro-Forma Consolidated Financial Information, since Imatex 23 S.r.l. (“**Imatex**”) was incorporated on May 16, 2023, the Annual Unaudited Pro-Forma Consolidated Financial Information is based on, and only includes the result of operations of Imatex for the period from May 16, 2023 to December 31, 2023.

The Annual Unaudited Pro-Forma Consolidated Financial Information have been derived from:

- i. Historical data extracted from the Group’s Audited Consolidated Financial Statements for the year ended December 31, 2023;
- ii. Historical data extracted from the reporting package of Mapel Group S.r.l. for the year ended December 31, 2023;
- iii. Historical data extracted from the reporting package of Imatex 23 S.r.l. from May 16, 2023 (the date of incorporation) to December 31, 2023.

The Interim Unaudited Pro-Forma Consolidated Financial Information have been derived from:

- i. Historical data extracted from the Group’s unaudited interim consolidated financial information for the six-month period ended June 30, 2023;
- ii. Historical data extracted from the reporting package of Mapel Group S.r.l. for the six-month period ended June 30, 2023;
- iii. Historical data extracted from the reporting package of Imatex 23 S.r.l. for the six-month period ended June 30, 2023.

The Unaudited Pro-Forma Consolidated Financial Information has been prepared solely for illustrative purposes, and has been obtained by making pro-forma adjustments to the abovementioned historical data to reflect retrospectively the significant effects of the 2023 Acquisitions and the Mapel Financing.

The purpose of presenting the Unaudited Pro-Forma Consolidated Financial Information, the assumptions underlying its preparation and the pro-forma adjustments are described in the following paragraphs. The Unaudited Pro-Forma Consolidated Financial Information is not by its nature able to represent the Group’s outlook results, considering that it was prepared to retrospectively reflect the effects of subsequent transactions and, therefore, it does not reflect the Group’s financial position or operating results to which the periods pro-forma financial information covered.

Since the Unaudited Pro-Forma Consolidated Financial Information is prepared to illustrate the potential impact of the 2023 Acquisitions and the Mapel Financing only, it is necessary to consider the following:

- i. it is built on assumptions, as if the 2023 Acquisitions and the Mapel Financing had actually taken place on January 1, 2023, and therefore it is not necessarily true that the same results as those presented in the Unaudited Pro-Forma Consolidated Financial Information would have been achieved;
- ii. the pro-forma information does not reflect forward looking results as it was prepared to illustrate the effects of the execution of the 2023 Acquisitions and the Mapel Financing which can be isolated and objectively measured, without taking into account the potential effects of changes in our policies and operating decisions resulting from the completion of the 2023 Acquisitions and the Mapel Financing;
- iii. certain assumptions, used for the preparation of the Unaudited Pro-Forma Consolidated Financial Information, have been made based upon information available at the date of preparation. These



INTERIM CONSOLIDATED FINANCIAL REPORT

For the six-month period ended June 30, 2024

- assumptions could be different if they are prepared subsequently and during the periods covered in any subsequent interim or annual financial statements to be prepared by us.
- iv. the pro-forma financial information does not purport to represent what the Group's actual results of operations would have been if the 2023 Acquisitions and the Mapel Financing had actually occurred on the dates assumed.

Except where otherwise indicated the amounts are expressed in Euro thousands.

1. DESCRIPTION OF IMATEX 23 S.R.L. AND MAPEL GROUP S.R.L. ACQUISITIONS

Acquisition of Imatex 23 S.r.l.

On November 8, 2023, the Group completed the acquisition of 80% of Imatex 23 S.r.l. ("**Imatex**"). The purchase price of the investment was established as Euro 2.230 thousand fully paid in cash at closing and mainly financed by own funds. Imatex was consolidated starting December 31, 2023 and, therefore, the income statement of Imatex 23 S.r.l. for the year ended December 31, 2023 and for the six-month period ended June 30, 2023 are not included in the Consolidated Financial Statements for the year then ended and in the unaudited interim consolidated financial information for the period then ended, respectively.

Please note that Imatex 23 S.r.l. was incorporated on May 16, 2023 and therefore the historical data the Annual Unaudited Pro-Forma Consolidated Financial Information is based on, includes the result of operations of Imatex for the period from May 16, 2023 to December 31, 2023.

Acquisition of Mapel Group S.r.l.

On December 14, 2023, the Group finalized the acquisition of 60% of Mapel Group S.r.l. ("**Mapel Group**") and the net assets acquired have been reflected in the Group's 2023 Consolidated Financial Statements taking into account the value as of December 31, 2023, which substantially correspond to the values as of the acquisition date. Therefore, the income statement of Mapel Group for the year ended December 31, 2023 and for the six-month period ended June 30, 2023 are not included in the Consolidated Financial Statements for the year then ended and in the unaudited interim consolidated financial information for the period then ended, respectively.

The purchase price was set at Euro 42.000 thousand fully paid in cash at closing, and financed by the credit lines described below.

2023 Acquisition Financing

In connection with the acquisition of Mapel Group S.r.l., in December 2023, the Group subscribed with a pool of bank institutions a loan agreement, in which the lenders granted two credit lines in favor of the Group for total amount of Euro 30.000 thousand, comprised of:

- a non-current credit line totaling Euro 12.000 thousand called "Facility A4" repayable through semi-annual installments by March 31, 2026 (the "**Maturity Date**") based on a plan outlined in the loan contract;
- a non-current credit line totaling Euro 18.000 thousand called "Facility B4" repayable in one single payment at the Maturity Date.

Both facilities were drawn down on December 14, 2023 and utilized for the payment of the Mapel Group S.r.l. acquisition price.

For the purposes of preparing the Unaudited Pro-Forma Consolidated Financial Information we assumed that the 2023 Acquisitions and the Mapel Financing had occurred on January 1, 2023 and therefore the same criterion was applied to the following connected transactions:

- the early subscription of the loan agreement. In particular, it was assumed that the facilities had been drawn down on January 1, 2023 and therefore the related pro-forma interest expenses were recorded in relation to these credit lines;
- the recognition of a full year of amortization expenses related to the Goodwill recorded for the purchase price allocation of Mapel Group, as if the acquisition happened on January 1, 2023 and the recognition of seven and a half months of amortization expenses related to the Goodwill recorded for the purchase price allocation of Imatex, as if the acquisition happened on May 16, 2023 (the date of incorporation of Imatex). With reference to the Interim Unaudited Pro-Forma Financial Information, the recognition



INTERIM CONSOLIDATED FINANCIAL REPORT

For the six-month period ended June 30, 2024

of six months of amortization expenses, from January 1, 2023 to June 30, 2023, related to the Goodwill recorded for the purchase price allocation of Mapel Group.

2. UNAUDITED PRO-FORMA FINANCIAL INFORMATION OF THE GROUP FOR THE YEAR ENDED DECEMBER 31, 2023 AND FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023

Annual Unaudited Pro-Forma consolidated income statement for the year ended December 31, 2023

<i>(in € thousand)</i>	Rino Mastrotto Group historical figures	Mapel Group Reporting Package	Imatex Reporting Package	Aggregated figures	Goodwill amortization	Financial expenses	Pro-Forma consolidated figures
	A	B	C	A+B+C	D	E	F=A+B+C+D+E
Revenue	331.553	14.291	2.471	348.315	-	-	348.315
Other income	33.695	89	54	33.838	-	-	33.838
Total revenue and other income	365.248	14.381	2.524	382.154	-	-	382.154
Purchase of goods and changes in inventory	182.132	486	988	183.606	-	-	183.606
Cost of services	64.424	3.001	564	67.988	-	-	67.988
Costs for leases and rentals	635	78	178	891	-	-	891
Personnel costs	57.578	2.860	691	61.129	-	-	61.129
Other operating costs	1.581	47	9	1.636	-	-	1.636
Depreciation and Amortization	25.483	853	212	26.548	1.771	-	28.318
Impairment of trade receivables	170	20	-	189	-	-	189
Total operating costs	332.001	7.344	2.642	341.987	1.771	-	343.758
Operating profit	33.247	7.037	(117)	40.167	(1.771)	-	38.396
Financial income	1.180	-	-	1.180	-	-	1.180
Financial expenses	(14.576)	(6)	(6)	(14.589)	-	(2.107)	(16.696)
Net exchange rate (losses)/gains	(941)	(2)	(1)	(944)	-	-	(944)
Result from investments accounted for using the equity method	(1.273)	-	-	(1.273)	-	-	(1.273)
Profit before tax	17.637	7.028	(124)	24.541	(1.771)	(2.107)	20.663
Income taxes	(6.592)	(2.059)	22	(8.629)	-	506	(8.124)
Profit for the year	11.045	4.969	(102)	15.912	(1.771)	(1.601)	12.540
ATTRIBUTABLE TO:							
Shareholders of the parent company	10.060	2.981	(81)	12.960	(1.771)	(1.601)	9.588
Non-controlling interests	984	1.988	(20)	2.952	-	-	2.952

Interim Unaudited Pro-Forma consolidated income statement for the six-month period ended June 30, 2023

<i>€ thousand</i>	Rino Mastrotto Group historical figures	Mapel Group Reporting Package	Imatex Reporting Package	Aggregate figures	Goodwill Amortization	Financial expenses	Pro forma June 30, 2023
	A	B	C	A + B + C	D	E	F=A+B+C+D+E
Revenue	179.126	7.924	335	187.385	-	-	187.385
Other income	17.150	10	7	17.167	-	-	17.167
Total revenue and other income	196.276	7.934	342	204.552	-	-	204.552
Purchase of goods and changes in inventory	101.295	1.197	134	102.626	-	-	102.626
Cost of services	33.870	1.206	76	35.152	-	-	35.152



INTERIM CONSOLIDATED FINANCIAL REPORT

For the six-month period ended June 30, 2024

Costs for leases and rentals	344	100	24	468	-	-	468
Personnel costs	29.475	1.279	94	30.848	-	-	30.848
Other operating costs	767	16	1	784	-	-	784
Depreciation and amortization	14.473	338	29	14.840	896	-	15.736
Impairment of trade receivables	15	-	-	15	-	-	15
Total operating costs	180.239	4.136	358	184.733	896	-	185.629
Operating profit	16.037	3.798	(16)	19.819	(896)	-	18.923
Financial income	324	-	-	324	-	-	324
Financial expenses	(6.277)	-	(1)	(6.278)	-	(959)	(7.237)
Net exchange rate gains/(losses)	(419)	-	(0)	(419)	-	-	(419)
Result from investments accounted for using the equity method	(973)	-	-	(973)	-	-	(973)
Profit before tax	8.692	3.798	(17)	12.473	(896)	(959)	10.618
Income taxes	(3.914)	(1.100)	3	(5.011)	-	230	(4.781)
Profit for the period	4.778	2.698	(14)	7.462	(896)	(729)	5.837
ATTRIBUTABLE TO:							
Shareholders of the parent company	4.143	1.619	(11)	5.751	(896)	(729)	4.126
Non-controlling interests	635	1.079	(3)	1.711	-	-	1.711

3. EXPLANATORY NOTES TO THE UNAUDITED PRO-FORMA CONSOLIDATED FINANCIAL INFORMATION

The explanatory notes include information relating to the preparation of the Unaudited Pro-Forma Consolidated Financial Information of the Group and must be read together with the Consolidated Financial Statements and the Unaudited Interim Consolidated Financial Statements of the Group, for a better understanding of the Unaudited Pro-Forma Consolidated Financial Information.

The purpose of the preparation of the Unaudited Pro-Forma Consolidated Financial Information is to illustrate retrospectively the effects of the 2023 Acquisitions and the Mapel Financing as if they had taken place with reference to the income statement on January 1, 2023.

3.1. BASE ASSUMPTIONS, ACCOUNTING STANDARDS AND UNDERLYING ASSUMPTIONS FOR THE PREPARATION OF THE UNAUDITED PRO-FORMA FINANCIAL INFORMATION

The Unaudited Pro-Forma Consolidated Financial Information of the Group was prepared based upon annual and interim consolidated financial statements of the Group and reporting packages of Imatex and Mapel Group prepared under the relevant legislation and accounting standards issued by the Italian Accounting Organization (Organismo Italiano di Contabilità, "O.I.C.") ("Italian GAAP") and do not constitute a complete set of financial statements and the disclosure provided in the explanatory notes do not include the minimum disclosure required by the relevant legislation and accounting standards.

The Annual Unaudited Pro-Forma Consolidated Financial Information of the Group therefore includes:

- i. the historical figures taken from the consolidated financial statements of the Group for the year ended December 31, 2023 (Column A);
- ii. the historical figures of Mapel Group S.r.l. taken from the reporting package for the year ended December 31, 2023 (Column B);
- iii. the historical figures of Imatex 23 S.r.l. taken from the reporting package for the period between the date when Company was established (May 16, 2023) and December 31, 2023 (Column C);
- iv. the pro-forma adjustments applied to reflect retrospectively the effects of the Credit Lines (Column E) and of the amortization of Goodwill generated from the acquisitions (Column D);
- v. the pro-forma consolidated figures of the Group (Column F).

The Interim Unaudited Pro-Forma Consolidated Financial Information of the Group therefore includes:



INTERIM CONSOLIDATED FINANCIAL REPORT

For the six-month period ended June 30, 2024

- i. The historical figures taken from the unaudited interim consolidated financial information of the Group for the six-month period ended June 30, 2023 (Column A);
- ii. the historical figures of Mapel Group S.r.l. taken from the reporting package for the six-month period ended June 30, 2023 (Column B);
- iii. the historical figures of Imatex 23 S.r.l. taken from the reporting package for the six-month period ended June 30, 2023 (Column C);
- iv. the pro-forma adjustments applied to reflect retrospectively the effects of the Credit Lines (Column E) and of the amortization of Goodwill generated from the acquisitions (Column D);
- v. the pro-forma consolidated figures of the Group (Column F).

3.2. HISTORICAL FINANCIAL INFORMATION CONTAINED IN THE ANNUAL UNAUDITED PRO-FORMA CONSOLIDATED INFORMATION

Historical figures of Rino Mastrotto Group (column A)

Column A includes the figures of the consolidated financial statements of the Group for the year ended December 31, 2023 prepared in accordance with the relevant legislation (Civil Code and Italian Legislative Decree 127/1991) and the accounting standards Italian GAAP, wherein certain Italian GAAP line items in the Consolidated Financial Statements have been reclassified and renamed in a manner that makes it more comparable to the financial information of businesses that apply IFRS.

Historical figures of Mapel Group S.r.l. (column B)

Column B includes the historical consolidated figures of Mapel Group S.r.l., resulting from its unaudited reporting package that includes the results for the year ended December 31, 2023 and prepared in accordance with the relevant legislation (Civil Code and Italian Legislative Decree 127/1991) and the accounting standards Italian GAAP, wherein certain Italian GAAP line items in the Reporting Package have been reclassified and renamed in a manner that makes it more comparable to the financial information of businesses that apply IFRS.

Historical figures of Imatex 23 S.r.l. (column C)

Column C includes the historical figures of Imatex 23 S.r.l., resulting from its unaudited reporting package that includes the results for the period between May 16, 2023 and December 31, 2023, prepared in accordance with the relevant legislation (Civil Code and Italian Legislative Decree 127/1991) and the accounting standards Italian GAAP, wherein certain Italian GAAP line items in the Reporting Package have been reclassified and renamed in a manner that makes it more comparable to the financial information of businesses that apply IFRS.

3.3. DESCRIPTION OF THE PRO-FORMA ADJUSTMENTS ON THE ANNUAL UNAUDITED PRO-FORMA CONSOLIDATED INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2023

Recognition Credit Lines (Column E)

Column E shows the pro-forma adjustment relating to the early draw-down of the credit lines, used to finance the acquisition of Mapel Group S.r.l.

(€ thousands)	Total Column "E"
Financial expenses	(2.107)
Profit before tax	(2.107)
Income taxes	506
Profit for the year	(1.601)
Shareholders of the parent company	(1.601)
Non-controlling interests	-

Column E includes the effects deriving from the recognition of the financial expenses relating to the loan granted through the agreement subscribed with the bank institutions, which funded the acquisition of Mapel Group, recognized using the amortized cost criterion. The recognition reflects the effects which would have

INTERIM CONSOLIDATED FINANCIAL REPORT

For the six-month period ended June 30, 2024

arisen if the credit lines had been granted on January 1, 2023, instead of on December 14, 2023, in accordance with the assumption to reflect retrospectively the Mapel Acquisition at January 1, 2023.

The loan agreement provides for the application of an interest rate equal to Euribor 6 months increased by a spread of 2.75% for Credit Line A4 and a spread of 3.25% for Credit Line B4.

In particular the pro-forma adjustments recorded in the Pro-forma Income Statement related to the following accounts:

- “Financial Expenses” account: recognition of the amount of financial expenses for an amount equal to Euro 2.107 thousand calculated by applying the interest rates described above on the two credit lines. Specifically for facility A4 interest expenses were calculated after considering two repayments, in line with the terms of the related agreement, of Euro 2.500 thousand each, on March 31, 2023 and on September 31, 2023, whereas for facility B4 no repayments have been considered in the calculation, consistently with the amortization plan;
- “Income taxes” account: recognition of the tax effect for an amount equal to Euro 506 thousand, calculated on the basis of the tax rate in force in Italy for the year 2023, equal to 24%, applied to the abovementioned financial expenses.

Recognition of Amortization on Goodwill (Column D)

The column shows the pro-forma adjustments to reflect retrospectively the recognition of the amortization of the Goodwill recognized following the Purchase Price Allocation carried out for the Acquisitions.

In particular the composition of these pro-forma adjustments is shown in the following table:

<i>(€ thousands)</i>	Total Column “D”
Depreciation and Amortization	1.771
Profit before tax	(1.771)
Income taxes	-
Profit for the year	(1.771)
Shareholders of the parent company	(1.771)
Non-controlling interests	-

Column D includes the amortization of the values allocated to Intangible Assets, which consist of Goodwill, following the purchase price allocation related to the acquisition of Mapel Group and Imatex, equal to total Euro 35.415 thousand, depreciated over a useful life equal to twenty years, for a total adjustment on the unaudited pro-forma income statement of 1.771 thousand. Specifically for Mapel Group the difference between the 60% of the Net Asset Acquired, equal to Euro 7.816 thousand, and the consideration paid of Euro 42.000 thousand plus additional fees, led to the recognition of Euro 34.976 of Goodwill, to be amortized over a useful life of 20 years, for an annual amortization of 1.749 thousand, reflected in the amount presented in the table above. In relation to the acquisition of Imatex the difference between the 80% of the Net Assets acquired, equal to Euro 1.916, and the consideration paid of Euro 2.230 thousand plus additional fees, led to the recognition of Goodwill for total Euro 438 thousand, to be amortized over a useful life of 20 year, for an amortization of Euro 22 thousand for the period between May 16, 2023 and December 31, 2023, also included in the caption above.

No tax effect was calculated since the amortization on Goodwill is tax-neutral.

3.4. HISTORICAL FINANCIAL INFORMATION CONTAINED IN THE INTERIM UNAUDITED PRO-FORMA CONSOLIDATED INFORMATION

Historical figures of Rino Mastrotto Group (column A)

Column A includes the figures of the unaudited interim consolidated financial information of the Group for the six-month period ended June 30, 2023 prepared in accordance with the relevant legislation (Civil Code and Italian Legislative Decree 127/1991) and the accounting standards Italian GAAP, wherein certain Italian GAAP line items in the Unaudited Interim Consolidated Financial Statements have been reclassified and renamed in a manner that makes it more comparable to the financial information of businesses that apply IFRS.

Historical figures of Mapel Group S.r.l. (column B)

INTERIM CONSOLIDATED FINANCIAL REPORT

For the six-month period ended June 30, 2024

Column B includes the historical consolidated figures of Mapel Group S.r.l., resulting from its unaudited reporting package that includes the results for the six-month period ended June 30, 2023 and prepared in accordance with the relevant legislation (Civil Code and Italian Legislative Decree 127/1991) and the accounting standards Italian GAAP, wherein certain Italian GAAP line items in the reporting package have been reclassified and renamed in a manner that makes it more comparable to the financial information of businesses that apply IFRS.

Historical figures of Imatex 23 S.r.l. (column C)

Column C includes the historical figures of Imatex 23 S.r.l., resulting from its unaudited reporting package that includes the results for the period between May 16, 2023 and June 30, 2023, prepared in accordance with the relevant legislation (Civil Code and Italian Legislative Decree 127/1991) and the accounting standards Italian GAAP, wherein certain Italian GAAP line items in the Reporting Package have been reclassified and renamed in a manner that makes it more comparable to the financial information of businesses that apply IFRS.

3.5. DESCRIPTION OF THE PRO-FORMA ADJUSTMENTS ON THE INTERIM UNAUDITED PRO-FORMA INCOME STATEMENT FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023

Recognition Credit Lines (Column E)

Column D shows the pro-forma adjustment relating to the early draw-down of the credit lines, used to finance the acquisition of Mapel Group S.r.l.

(€ thousands)	Total Column "E"
Financial expenses	(959)
Profit before tax	(959)
Income taxes	230
Profit for the period	(729)
Shareholders of the parent company	(729)
Non-controlling interests	-

Column E includes the effects deriving from the recognition of the financial expenses relating to the loan granted through the agreement subscribed with the bank institutions, which funded the acquisition of Mapel Group, recognized using the amortized cost criterion. The recognition reflects the effects which would have arisen if the credit lines had been granted on January 1, 2023, instead of on December 14, 2023, in accordance with the assumption to reflect retrospectively the Mapel Acquisition at January 1, 2023.

The loan agreement provides for the application of an interest rate equal to Euribor 6 months increased by a spread of 2.75% for Credit Line A4 and a spread of 3.25% for Credit Line B4.

In particular the pro-forma adjustments recorded in the Pro-forma Income Statement related to the following accounts:

- “Financial Expenses” account: recognition of the amount of financial expenses for an amount equal to Euro 959 thousand calculated by applying the interest rates described above on the two credit lines. Specifically for facility A4 interest expenses were calculated after considering one repayment, in line with the terms of the related agreement, of Euro 2.500 thousand on June 30, 2023, whereas for facility B4 no repayments have been considered in the calculation, consistently with the amortization plan;
- “Income taxes” account: recognition of the tax effect for an amount equal to Euro 230 thousand, calculated on the basis of the tax rate in force in Italy for the year 2023, equal to 24%, applied to the abovementioned financial expenses.

Recognition of Amortization on Goodwill (Column D)

The column shows the pro-forma adjustments to reflect retrospectively the recognition of the amortization of the Goodwill recognized following the Purchase Price Allocation carried out for the Acquisitions.

In particular the composition of these pro-forma adjustments is shown in the following table:

INTERIM CONSOLIDATED FINANCIAL REPORT

For the six-month period ended June 30, 2024

<i>(€ thousands)</i>	Total Column "D"
Depreciation and Amortization	896
Profit before tax	(896)
Income taxes	-
Profit for the year	(896)
Shareholders of the parent company	(896)
Non-controlling interests	-

Column D includes the amortization of the values allocated to Intangible Assets, which consist of Goodwill, following the purchase price allocation related to the acquisition of Mapel Group and Imatex, equal to total Euro 35.415 thousand, depreciated over a useful life equal to twenty years, for a total adjustment on the unaudited pro-forma income statement of 443 thousand. Specifically for Mapel Group the difference between the 60% of the Net Asset Acquired, equal to Euro 7.816 thousand, and the consideration paid of Euro 42.000 thousand plus additional fees, led to the recognition of Euro 34.976 of Goodwill, to be amortized over a useful life of 20 years, for an amortization of 885 thousand for the six months period ended June 30, 2023, reflected in the amount presented in the table above. In relation to the acquisition of Imatex the difference between the 80% of the Net Assets acquired, equal to Euro 1.916, and the consideration paid of Euro 2.230 thousand plus additional fees, led to the recognition of Goodwill for total Euro 438 thousand, to be amortized over a useful life of 20 year for an amortization of 11 thousand for the six months period ended June 30, 2023, reflected in the amount presented in the table above.

No tax effect was calculated since the amortization on Goodwill is tax-neutral.