RINO MASTROTTO

H1-24 Results presentation

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Today's presenters

Matteo Mastrotto
Chief Executive Officer & Head of Luxury Creations

- Joined Rino Mastrotto in 1998
- Became CEO in 2019
- Extensively involved in Rino Mastrotto's growth for 25+ years

Antonio Perosa
Chief Financial Officer

- Joined Rino Mastrotto in 2020
- Previously spent ~20 years as CFO at Tennant Group, IPC Worldwide, and Sanitec

Alberto Gallina
Head of ESG

- Joined Rino Mastrotto in 2022
- Previously spent ~26 years as Sustainability Manager at Staff International and Benetton Group

INDEX

1 Company overview

Rino Mastrotto at a glance

Company overview

- Headquartered in Vicenza, **Rino Mastrotto is a leading supplier of superior, high-quality materials and value-added services to luxury and premium clients** across the fashion, automotive & mobility, and interior design industries
- Integrated platform for luxury and premium brands, (i) **among the top strategic partners for luxury fashion houses**[1], (ii) **among the largest suppliers of automotive leather steering-wheel materials**[1] and, (iii) key supplier to the high-end global furniture business
- **Partner of choice for its customers** recognized for distinctive technological edge, high-level of service, and industry leading ESG credentials
- Solid growth coupled with industry leading profitability and outstanding cash conversion
- **Proven track record in seamless integration of value-accretive opportunities** with 7 acquisitions completed over the past 5 years

Main KPIs YTD Jun-24

€185m (+3% vs PY[2]) **Revenues**

€37m (+16% vs PY[2]) **Adjusted EBITDA**

~20% **Adjusted EBITDA margin**

~95% **Cash conversion[3]**

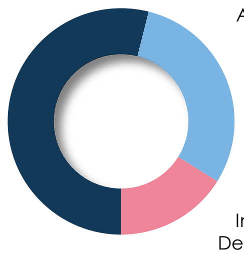
2,500+ **Clients**

>1,300 **Employees**

16 **Plants**

Revenues breakdown YTD Jun-24

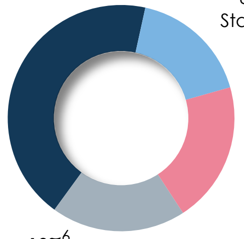
End-markets



Products

Geographies

By country of client location, which in turn sell all over the world



Source: Financial Statements, Internal Management data, Independent Third-Party analysis. Notes: (1) According to Management analysis of industry data; (2) Six period ended June 30, 2024, vs. six period ended June 30, 2023; (3) Computed as Adjusted EBITDA – Maintenance Capex as % of Adjusted EBITDA; (4) Computed as sum of adjusted cash flow before debt service and M&A; (6) Mainly including Czech Republic, Romania, Slovacchia, China, Lituania

2 Key Financial Information

Latest Updates

Top Line

- Topline evolution continues to be positive, with 1H-24 revenues increasing by +3% vs 1H-23 sustained by a strong Q2-24 materially improving vs Q2-23 (+10%) and Q1-24 (+9%), more than offsetting the overall market normalization dynamics experienced in Q1-24
- Luxury Creations sector confirmed as the back-bone of the Group, recording strong growth notwithstanding challenging market environment, thanks to superior client positioning, phase-in of new projects and proven ability to intercept new trends

Profitability

- Thanks to price/mix increase in Luxury Creations, commercial initiatives, operational efficiency measures, savings from new footprint optimization and operation insourcing, M&A contribution, Adjusted EBITDA grew +16% vs 1H2023 reaching 37M€ at the end of 1H2024

Cash Flow

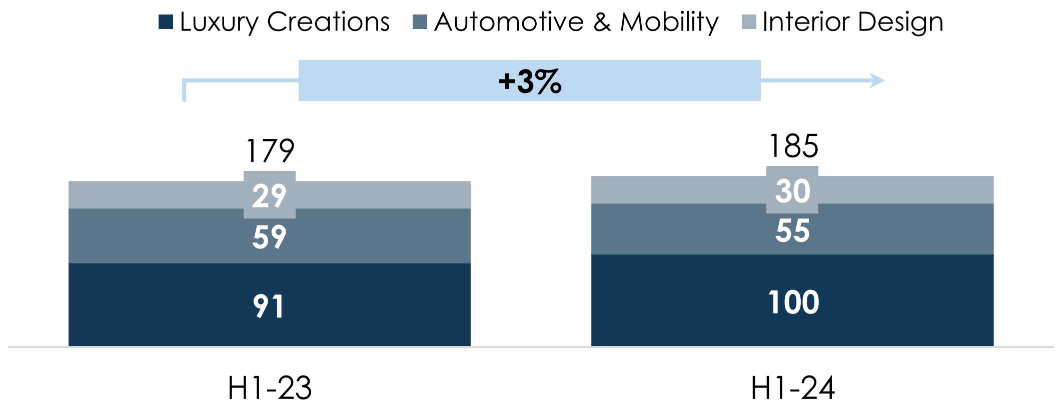
- Adj. Cash Flow before debt service and M&A materially improved vs 1H2023 (19M€ in H1 24 vs 1M€ in H1 23) mainly due to
  - Lower WC absorption also thanks to inventory optimization
  - Decrease of expansion capex (6M€ in H1 24 vs 10M€ in H1 23)

Latest Updates

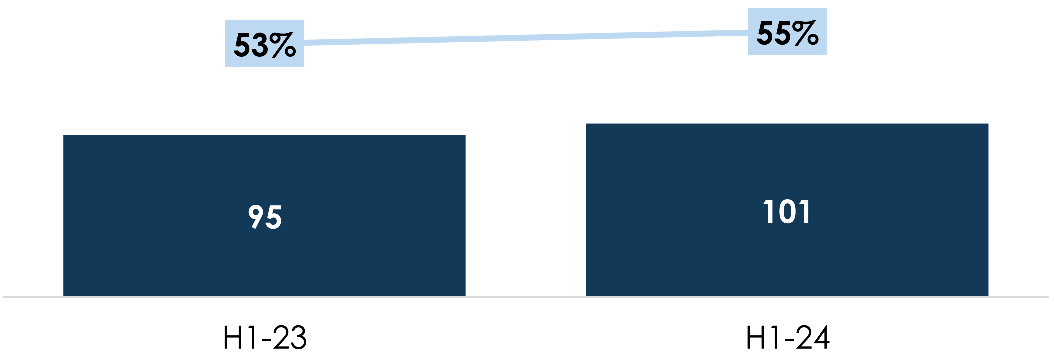
- On August 1, 2024, shareholders' meeting approved the payment of a dividend and the distribution of reserves for a total amount of 124M€. Payment occurred on September 20th, 2024

Financial highlights

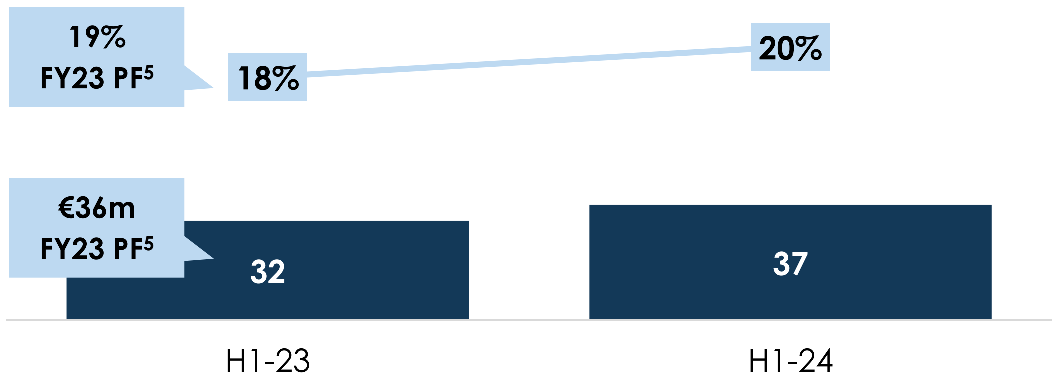
Revenues (€m) & growth (%)[1]



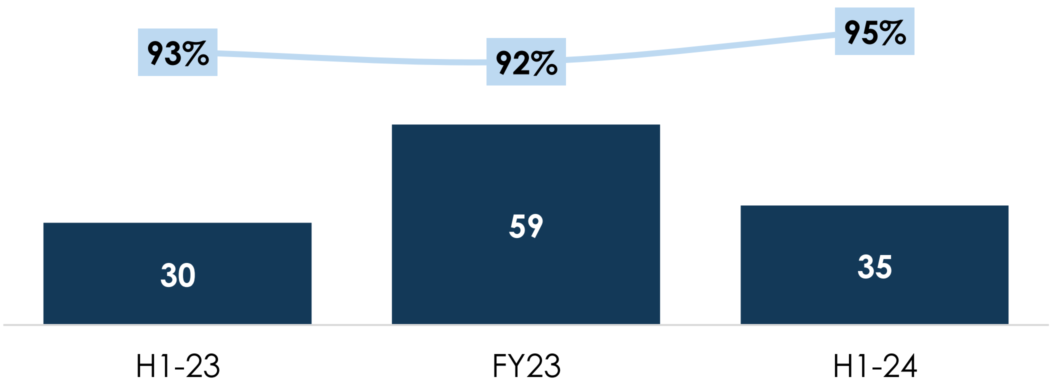
Contribution margin[2] (€m) & as % of Revenues



Adjusted EBITDA (€m) & Adjusted EBITDA margin (%)



Adjusted Free Operating Cash Flow[3] (€m) & cash conversion[4] (%)



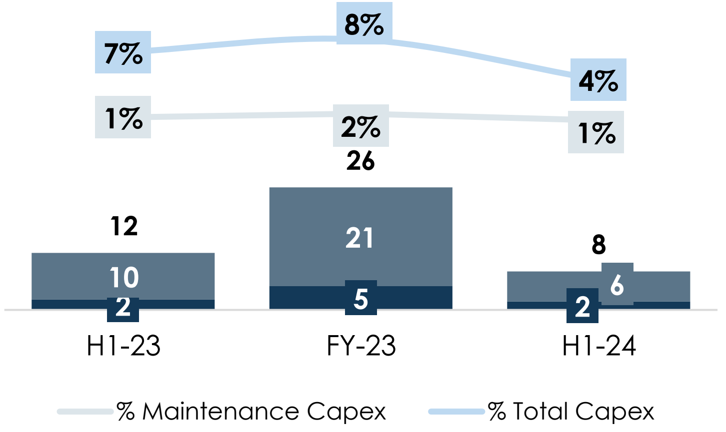
Sources: Financial Statements, Internal Management data. Notes: (1) Six-month period ended June 30, 2024, vs. Six-month period ended June, 30 2023; (2) Computed as Revenues + Other income – Purchases of goods and changes in inventory; (3) Computed as Adjusted EBITDA - Maintenance Capex; (4) Computed as (Adjusted Free Operating Cash Flow / Adjusted EBITDA); (5) PF for Mapel and Imatex

Attractive financial performance with demonstrated ability to preserve margins across cycles and impressive cash conversion

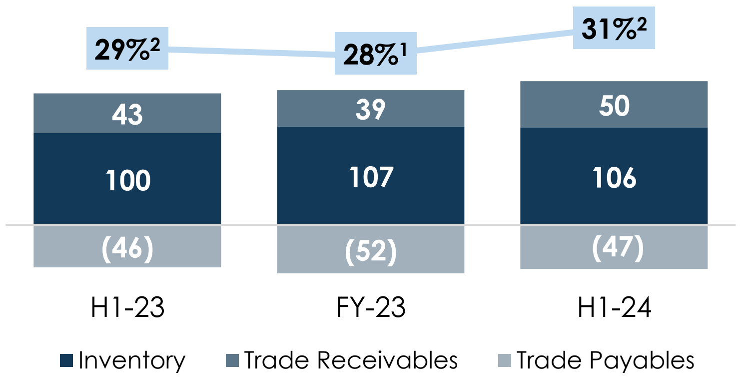
Cash flow (€m)

€m	H1-23	FY23	H1-24
Adjusted EBITDA	**32**	**64**	**37**
% Revenues	*18%*	*19%*	*20%*
Maintenance Capex	(2)	(5)	(2)
Adj. Free Operating Cash Flow	**30**	**59**	**35**
% Cash Conversion	93%	92%	95%
Change in TWC	(21)	(14)	(14)
Change in OA/OL	2	(2)	4
Change in NWC	***(19)***	***(16)***	***(9)***
Operating Cash Flow	**11**	**43**	**26**
% Cash Conversion	35%	67%	70%
Expansion Capex	(10)	(21)	(6)
Income tax paid	(1)	(1)	(1)
Adj. Cash Flow before debt service and M&A	**1**	**21**	**19**

Capex (€m) & as % of Revenues



Trade Working capital (€m) as % of Revenues



Key considerations

- Cash conversion at +95% end of H1 underpinned by limited Maintenance capex
- Change in working capital better than 1H23 also thanks to inventory normalization
- Expansion capex significantly lower than 1H23 in line with expectations
- Adj cash flow before debt service and M&A considerably higher than 1H23 thanks to better profitability and reduced operative and investment cash absorption

Source: Financial Statements, Internal Management data. Notes: (1) Computed on 2023PF Revenues; (2) Computed on H1-2024 LTM and H1-2023 LTM

Capital Structure

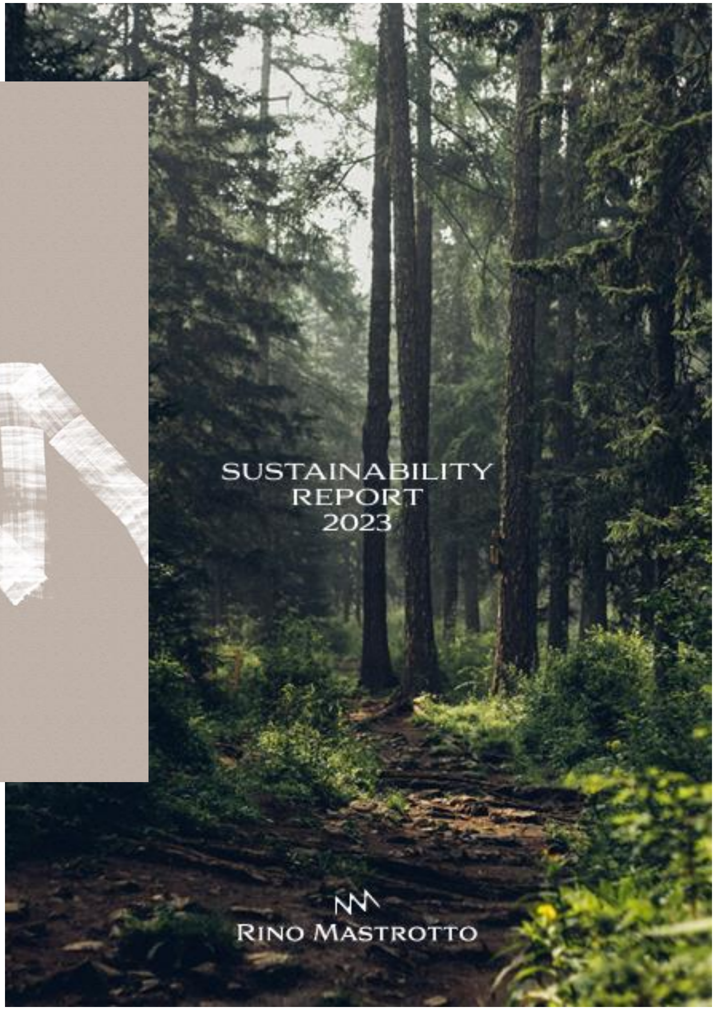
Capital structure overview

€m	Leverage at closing as per OM	H1 2024
Cash and cash equivalents & other	(51.4)	(55.6)
Non current financial Indebtdeness	320	320
Total Senior Secured Net Debt	**269**	**264**
Other indebtdenes	8	5
Total net debt	**277**	**269**
Net Leverage	3.7x	3.6x
LTM PF Adjusted EBITDA	**75.4**	**75.3**

Source: Financial Statements, Internal Management data.

3 ESG Considerations

We have published our 2023 sustainability report. The report is publicly available at rinomastrotto.com



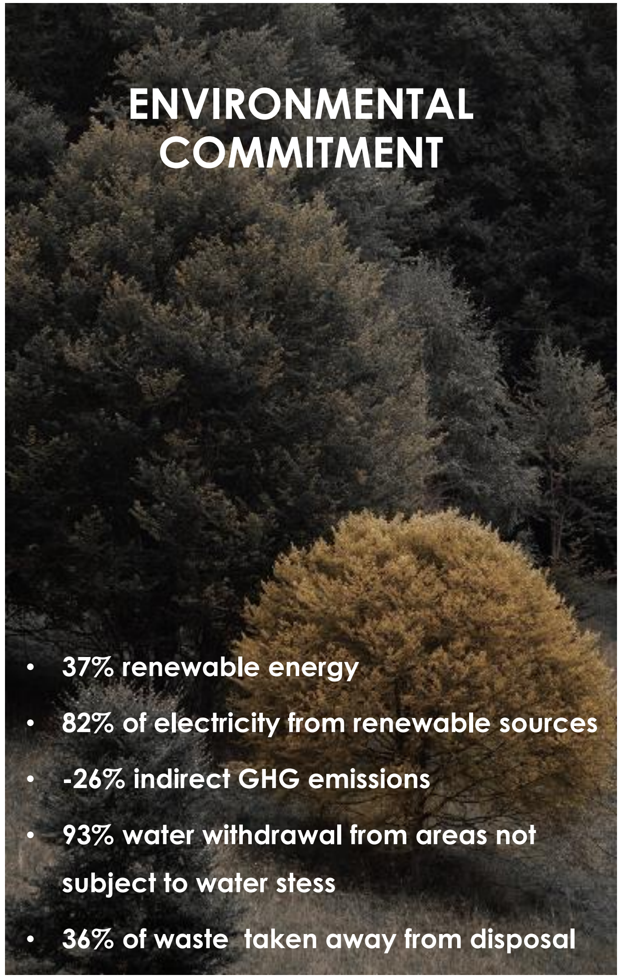
2023 Sustainability Report key highlights

CRAFT THAT INSPIRES

- Rebranding of Rino Mastrotto
- New Marketing & Communication function
- Opening of new exhibition spaces

PRODUCT RESPONSIBILITY

- 90% of chemicals verified
- 54% local suppliers
- 380,000 physical and mechanical tests
- + 500 test reports on chemicals



ENVIRONMENTAL COMMITMENT

- 37% renewable energy
- 82% of electricity from renewable sources
- -26% indirect GHG emissions
- 93% water withdrawal from areas not subject to water stess
- 36% of waste taken away from disposal

OUR PEOPLE

- 1,287 Employees
- 20% recruitment rate
- 96% permanent contracts
- -2% accident rate
- 13,959 hours of training

Other ESG progress

Chemical mastery

- Extended the compliance 3rd party verification chemicals to the Automotive and Interior Design BUs in accordance with the voluntary ZDCH programme (best practices on chemical management).

Certifications

- ISO 45001 (management system for occupational health & Safety risks) has been achieved at Elmo –Sweden site and running certification process in place at Rino Mastrotto Group SpA being the verification planned in the current month
- LEATHER WORKING GROUP increased ranking at CALBE (Gold) and NUOVA OSBA (Silver)

Energy Excellence Program

- Successfully completed the first phase of the new Basmar photovoltaic plant and ongoing installation of the second lot

4 Q&A

5 Appendix

Profit & Loss

P&L

€m	H1-23	H1-24	Δ H1 2024 vs. H1 2023	Δ H1 2024 vs. H1 2023 (%)
Revenues	**179**	**185**	**6**	**3%**
Other income	17	16	(1)	(5%)
Purchases of goods & Δ inventory	(101)	(100)	(2)	(2%)
Contribution margin	**95**	**101**	**7**	**7%**
% Revenues	53%	55%	-	-
Costs of services	(34)	(35)	1.1	3%
Personnel costs	(29)	(34)	4.2	14%
Other costs	(3)	1	3.8	n.m.
Adjustments	3	3	0.1	4%
Adjusted EBITDA	**32**	**37**	**5**	**16%**
% Revenues	18%	20%	-	-

Source: Financial Statements, Internal Management data.

Balance sheet

€m	FY23	H1-24
Goodwill	170	164
Intangible assets	59	56
Property, plant and equipment	106	107
Investment in subsidiaries and other companies	2	1
Non-current tax receivables	8	7
Other non-current financial assets	4	3
Non-current Assets	**348**	**338**
Inventories	107	106
Trade receivables	39	50
Other current financial assets	1	1
Current tax receivables	9	8
Deferred tax assets	1	1
Other receivables	1	1
Prepaid expenses and accrued income	1	1
Cash and cash equivalents	47	55
Current Assets	**206**	**223**
Total Assets	**555**	**561**

€m	FY23	H1-24
Share capital	39	39
Reserves	175	174
Retained earnings	18	28
Profit for the period	10	4
Equity attributable to shareholders of the parent company	243	245
Equity attributable to non-controlling interests	15	16
Total Equity	**258**	**261**
Deferred tax liabilities	19	19
Employee benefits	4	3
Provision for risks and charges	5	5
Non-current borrowings	158	170
Non-current other financial liabilities	2	2
Other non-current liabilities	0	0
Non-current Liabilities	**188**	**198**
Current borrowings	28	20
Current other financial liabilities	1	0
Trade payables	52	47
Tax liabilities	3	6
Social security payables	4	3
Other liabilities	19	22
Accrued expenses	2	2
Current Liabilities	**109**	**101**
Total Equity and Liabilities	**555**	**561**

Source: Financial Statements, Internal Management data.

Cash Flow

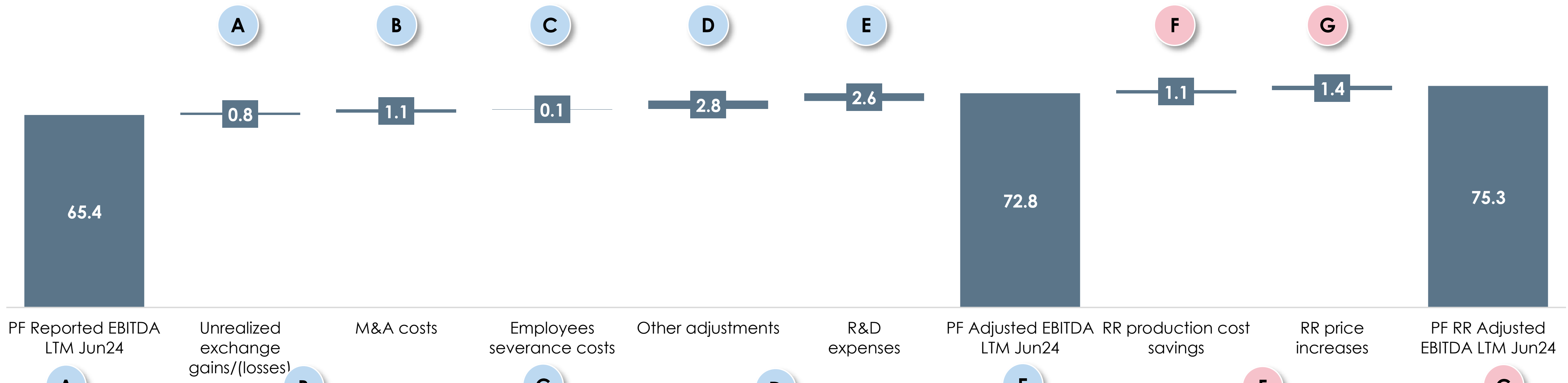
€m	H1-23	H1-24
Profit for the year	**5**	**5**
Income taxes	4	4
Financial expenses	6	9
Financial income	(0)	(1)
Result from investments accounted for using the equity method	1	(1)
Depreciation and amortization	14	17
Non-monetary adj. w/o a counterpart in working capital	1	(2)
Increase/(decrease) in provisions and employee benefits	(0)	1
Decrease (increase) of inventories	(9)	1
Decrease (increase) of trade receivables	(11)	(11)
(Decrease) increase in trade payables	(2)	(4)
Other working capital items	2	4
(Interests paid)	(2)	(3)
Net cash flow (used in) operating activities (A)	**10**	**19**

€m	H1-23	H1-24
(Payments) for Property, plant and equipment	(11)	(8)
Proceeds on disposal of Property, plant and equipment	0	0
(Payments) for intangible assets	(1)	(0)
Proceeds on disposal of intangible assets	1	-
Business combinations, net of cash acquired	(9)	(1)
Net cash flow (used in) investing activities (B)	**(19)**	**(9)**
Proceeds / (repayment) from credit lines	(4)	(7)
Proceeds / (repayment) of other financial liabilities	1	(0)
Proceeds from borrowings	-	18
Repayment of borrowings	(5)	(12)
Dividends paid to non-controlling interests	(0)	(0)
Net cash flow from / (used in) financing activities (C)	**(9)**	**(2)**
(Decrease)/increase of cash and cash equivalents (A ± B ± C)	**(19)**	**8**
Cash and cash equivalents at beginning of the year	**71**	**47**
Cash and cash equivalents at the end of the year	**53**	**55**

Source: Financial Statements, Internal Management data.

Structuring EBITDA bridge

LTM June 2024 (€m)



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

B
M&A costs refer to consultancy and legal fees incurred for the acquisition of Mapel and Imatex (2023)

C
Costs related to employees severance indemnities for €0.1 million

D
Including (i) start-up cost incurred for cutting center Italy, (ii) negative EBITDA of certain business that we are in the process of discontinuing, (iii) exceptional items such as consultancy fees for corporate projects and, (iv) costs related to specific sanitizing activities due to the COVID-19 pandemic

E
R&D expenses include personnel expenses incurred for the development of new products

F
The adjustment aims at reflecting the FY effect of a series of cost saving activities, implemented in 2023, identified and validated by an external consultant

G
The adjustment reflects the price increases as if they had occurred from Jan 1st 2024

Source: Financial Statements, Internal Management data

Thank you