

INTERIM CONSOLIDATED
FINANCIAL REPORT FOR
THE THREE MONTHS ENDED
MARCH 31 2025



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 three-months period ended March 31, 2025

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01

PRESENTATION OF FINANCIAL
INFORMATION



RINO MASTROTTO

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.

PRESENTATION OF FINANCIAL INFORMATION

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

- 1- certain financial and other information of the Group as of and for the three months ended March 31, 2025, including comparative information for the three months ended March 31, 2024, prepared in accordance with Italian GAAP (see the “**Annex A - Unaudited Interim Consolidated Financial Statements**”). For the three months ended March 31, 2025, the subsidiary Brusarosco De Mexico SA was consolidated using the line-by-line method due to the end of the start-up period; for the three months ended March 31, 2024 the subsidiary Brusarosco De Mexico SA was consolidated using the equity method;
- 2- certain financial and other information of the Group as of and for the year ended December 31, 2024, prepared in accordance with Italian GAAP (see the “**Annex A - Unaudited Interim Consolidated Financial Statements**”);
- 3- certain results of operations for the twelve months ended March 31, 2025, which have been derived by adding our interim consolidated financial statements data for the three months ended March 31, 2025, to our annual audited financial information data for the year ended December 31, 2024, and subtracting our interim financial information for the three months ended March 31, 2024.

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.

02

KEY FINANCIAL
INFORMATION



RINO MASTROTTO

KEY FINANCIAL INFORMATION

The following table provides an overview of key results and certain financial information of the Group as of and for the three months ended March 31, 2025 and 2024, and as of and for the twelve months ended March 31, 2025:

(in € million, except for percentages and ratios)	notes	As of and for the three months ended March 31,		As of and for the twelve months ended March 31,
		2024	2025	2025
EBITDA	1	16.2	10.9	52.7
Adjusted EBITDA	2	19.1	15.5	69.0
Adjusted EBITDA margin	3	22.1%	19.0%	21.4%
Net working capital	4	98.4	87.1	-
Trade working capital ⁴	4	113.8	100.9	-
Total Gross Financial Indebtedness	5	192.0	327.0	-
Total Net Financial Indebtedness	5	156.7	281.7	-
Structuring Adjusted EBITDA	2			75.6
Structuring Adjusted EBITDA margin	3			23.4%
Ratio of Total Gross Financial Indebtedness to Structuring Adjusted EBITDA	5-2			4.3
Ratio of Total Net Financial Indebtedness to Structuring Adjusted EBITDA	5-2			3.7

NOTES

1 - EBITDA

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 - ADJUSTED EBITDA/STRUCTURING ADJUSTED EBITDA

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 and 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 March 31, 2025 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 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.

(in € million, except for percentages and ratios)	As of and for the years ended December 31,		As of and for the twelve months ended March 31,
	2024	2025	2025
Profit for the year	2.7	(4.5)	(4.0)
Income taxes	1.1	0.2	4.5
Financial expenses	4.4	7.0	24.3
Financial income	(0.3)	(0.3)	(1.6)
Depreciation and Amortization	8.3	8.5	29.5
EBITDA	16.2	10.9	52.7
Unrealized exchange gains/(losses) (a)	(0.1)	1.2	1.9
M&A costs (b)	0.6	0.2	1.2
Start up and discontinued business costs (c)	0.4	0.7	3.0
Other adjustments (d)	1.4	1.8	7.4
R&D (e)	0.6	0.7	2.8
Adjusted EBITDA	19.1	15.5	69.0
Run rate production cost savings (f)			5.8
Run rate luxury price negotiation (g)			0.8
Structuring Adjusted EBITDA			75.6

(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 potential acquisitions for the three months ended March 31, 2025 and 2024. These amounts are recorded within “costs of services” in the consolidated income statement.

- (c) - *Start up and discontinued business costs* consist of: (i) for the three months ended March 31, 2024, an addback of €0.1 million for start-up costs incurred for the set-up of the cutting center in Italy and the Morellino (Morelab) laboratory and an addback of €0.3 million of EBITDA result related to the business operated at the Galassia facility, which we intend to discontinue; (ii) for the three months ended March 31, 2025, an addback of €0.3 million for start-up costs incurred for the set-up of the cutting center in Italy, the Morellino laboratory (Morelab), the set-up of the new product range and proposition of Imatex23 and an addback of €0.4 million of EBITDA result related to the business operated at the Galassia facility, which we intend to discontinue.
- (d) - *Other adjustments* consists of: (i) for the three months ended March 31, 2024, an addback of €0.1 million consultancy fees for corporate non operative projects, an addback of €0.9 million for board of directors fees recorded within “cost of services” in our consolidated income statement, an addback of €0.3 million for bank fees and commissions recorded within “cost of services” in our consolidated income statement and an addback of €0.1 million for property and capital tax (I.M.U; I.P.T.U) recorded within “other operating costs” in our consolidated income statement; (ii) for the three months ended March 31, 2025, an addback of €0.2 million for local sponsorship marketing expenses, an addback of €0.9 million for board of directors fees recorded within “cost of services” in our consolidated income statement, an addback of €0.5 million for bank fees and commission recorded within “cost of services” in our consolidated income statement, an addback of €0.2 million for property and capital tax (I.M.U; I.P.T.U) recorded within “other operating costs” in our consolidated income statement and an addback of €0.1 million for employees severance costs.
- (e) - *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.
- (f) - *Run rate production cost savings* includes our excellence program. The adjustment aims at reflecting the full year effect of a series of cost saving activities implemented by us. 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.
- (g) - *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 from April to June 2024.

3 - ADJUSTED EBITDA MARGIN/STRUCTURING ADJUSTED EBITDA MARGIN

We define *Adjusted EBITDA margin* as the ratio of Adjusted EBITDA to revenue, expressed as percentage. *Adjusted EBITDA margin* is used by the Group as a supplemental measure of operating performance. We define *Structuring Adjusted EBITDA margin* for the twelve months ended March 31, 2024, as the ratio of Structuring Adjusted EBITDA to revenue for the twelve months ended March 31, 2024, expressed as percentage. *Structuring Adjusted EBITDA margin* 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 - NET WORKING CAPITAL

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.

(in € million)	As of March 31,	
	2024	2025
Current assets	208.2	204.8
Current liabilities	(94.0)	(77.7)
Working capital	114.2	127.2
Less:		
Other current financial assets	0.5	0.8
Cash and cash equivalent	34.8	44.4
Current borrowings	(18.5)	(4.7)
Current other financial liabilities	(1.0)	(0.4)
Net working capital	98.4	87.1
Less:		
Current tax receivables	9.8	8.7
Deferred tax assets	1.1	0.6
Other receivables	1.3	2.7
Prepaid expenses and accrued income	1.2	1.3
Tax liabilities	(3.0)	(2.0)
Social security payables	(2.5)	(2.7)
Other liabilities	(20.9)	(19.9)
Accrued expenses	(2.4)	(2.5)
Trade working capital	113.8	100.9
<i>of which Inventories</i>	113.7	112.3
<i>of which Trade receivables</i>	45.8	33.9
<i>of which Trade payables</i>	(45.7)	(45.4)

5 - TOTAL GROSS FINANCIAL INDEBTEDNESS

We define *Total Gross Financial Indebtedness* as the sum of current and non-current financial indebtedness (excluding the impact of amortized costs). We define *Total Net Financial Indebtedness* as Total Gross Financial Indebtedness less other current financial assets and Cash and Cash Equivalent, each as of the date indicated. The following table sets forth a calculation of Total Gross Financial Indebtedness and Total Net Financial Indebtedness for the periods indicated therein.

(in € million)	As of March 31,	
	2024	2025
Current borrowings	(18.5)	(4.7)
Current other financial liabilities	(1.0)	(0.4)
Current financial indebtedness	(19.5)	(5.1)
Non-current borrowings	(170.1)	(310.7)
Non-current other financial liabilities	(1.5)	(1.0)
Gross-up amortizing capitalized costs	(0.9)	(10.1)
Non-current financial indebtedness	(172.5)	(321.8)
Total Gross Financial Indebtedness	(192.0)	(327.0)
Other current financial assets	0.5	0.8
Cash and cash equivalent	34.8	44.4
Total Net financial indebtedness	(156.7)	(281.7)

03

RESULTS OF
OPERATIONS



RINO MASTROTTO

RESULTS OF OPERATIONS

The following table provides an overview of the results of operations of the Group for the three months ended March 31, 2024 and 2025.

(in € million)	Three months ended March 31,	
	2024	2025
Revenue ¹	86.5	81.5
Other income	9.2	13.2
Total revenue and other income	95.7	94.7
Purchase of goods and changes in inventory	46.9	46.8
Cost of services	17.8	17.9
Costs for leases and rentals	0.3	0.3
Personnel costs	16.3	17.6
Other operating costs	0.3	0.5
Depreciation and Amortization	8.3	8.5
Impairment of trade receivables	0.0	0.0
Total operating costs	89.9	91.6
Operating profit	5.8	3.1
Financial income	0.3	0.3
Financial expenses	(4.4)	(7.0)
Net exchange rate gains/ (losses)	0.8	(1.0)
Result from investments accounted for using the equity method	1.3	0.3
Profit before tax	3.8	(4.3)
Income taxes	(1.1)	(0.2)
Profit for the period	2.7	(4.5)

¹ To ensure a more comprehensive understanding of the Group's consolidated core business revenue, the sales presented in this section incorporate also the core business revenue of Group companies consolidated using the equity method, provided they are under full control of the Issuer, and carve-out the sales of discontinued and non-core business (the latter being mainly some specific production processes for third parties).

DISCUSSION OF THE RESULTS OF OPERATIONS

REVENUE

Revenue for the three months ended March 31, 2025 decreased by €5.0 million, or 5.8%, to €81.5 million, from €86.5 million for the three months ended March 31, 2024, primarily due to a decrease in the performance of the Automotive business unit compared to the same period of the prior year and a slight decrease in the performance of the Luxury Creations and Interior Design business units.

With regard to our Luxury Creations business unit, revenue for the three months ended March 31, 2025 decreased by €0.9 million, or 2.1%, to €42.2 million, from €43.1 million for the three months ended March 31, 2024. This decline was primarily due to a decrease in sales volumes in the Textile & Components sector compared to the same period of the prior year, which was not completely offset by the 3% increase in sales volumes in the Leather sector, attributed to the launch of new products and the increase in prices applied on existing products.

With regard to our Automotive & Mobility business unit, revenue for the three months ended March 31, 2025 decreased by €3.1 million, or 11.3%, to €24.4 million, from €27.5 million for the three months ended March 31, 2024. This decline was primarily due to market volatility and the phase-in and phase-out of some portfolio car models.

With regard to our Interior Design business unit, revenue for the three months ended March 31, 2025 decreased by €1.0 million, or 6.3%, to €14.9 million, from €15.9 million for the three months ended March 31, 2024, primarily due to a market contraction both in the leather and textile sectors.

The following table includes a breakdown of certain selected key performance measures for the periods indicated therein. 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.”

REVENUE BY PRODUCT

(in € million)	For the three months ended March 31,	
	2024	2025
Leather	77.4	74.2
Textile & Components	7.5	5.3
Value Added Services	1.6	2.0
Total	86.5	81.5

REVENUE BY END-MARKET

(in € million)	For the three months ended March 31,	
	2024	2025
Luxury Creations	43.1	42.2
Automotive & Mobility	27.5	24.4
Interior Design	15.9	14.9
Total	86.5	81.5

REVENUE BY GEOGRAPHY²

(in € million)	For the three months ended March 31,	
	2024	2025
Italy	35.7	30.6
France	17.2	18.9
United States	15.9	16.8
Other ³	17.7	15.2
Total	86.5	81.5

OTHER INCOME

Other income for the three months ended March 31, 2025 increased by €4.0 million, or 43.5%, to €13.2 million, from €9.2 million for the three months ended March 31, 2024, primarily due to an increase 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 three months ended March 31, 2025 decreased by €0.1 million, or 0.2%, to €46.8 million, from €46.9 million for the three months ended March 31, 2024. Such decrease was mainly attributable to the decrease of purchased raw materials volume and their prices. The percentage of purchase of goods and changes in inventory on revenue increased from 54.2% for the three months ended March 31, 2024 to 57.4% for the three months ended March 31, 2025, showing an increase of 5.9%.

COST OF SERVICES

Cost of services for the three months ended March 31, 2025 is consistent compared to the same period of the previous year (€17.9 million for the three months ended March 31, 2025 compared to €17.8 million for the three months ended March 31, 2024).

PERSONNEL COSTS

Personnel costs for the three months ended March 31, 2025 increased by €1.3 million, or 8.0%, to €17.6 million, from €16.3 million for the three months ended March 31, 2024, primarily due to the effect of (i) the renewal of the Labour Collective Agreement in the Italian Leather and Textile Companies, (ii) some targeted investments in our sales professionals and ESG personnel and (iii) the consolidation of Brusarosco de Mexico, made using the line-by-line method.

OTHER OPERATING COSTS

Other operating costs for the three months ended March 31, 2025 increased by €0.2 million, or 66.7%, to €0.5 million, from €0.3 million for the three months ended March 31, 2024. Such increase is mainly due to the increase in some administrative costs.

2 Based on location of the clients, who in turn may sell to other geographies around the world.

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

DEPRECIATION AND AMORTIZATION

Depreciation and Amortization for the three months ended March 31, 2025 increased by €0.2 million, or 2.4%, to €8.5 million, from €8.3 million for the three months ended March 31, 2024, primarily due to the amortization of the tangible fixed assets recognized in connection with the investments made during the period.

FINANCIAL INCOME

Financial income for the three months ended March 31, 2025 is consistent compared to the same period of the previous year (€0.3 million for the three months ended March 31, 2025 and for the three months ended March 31, 2024).

FINANCIAL EXPENSES

Financial expenses for the three months ended March 31, 2025 increased by €2.6 million, or 59.1%, to €7.0 million, from €4.4 million for the three months ended March 31, 2024, primarily due to the increase in borrowing costs caused by the high yield bond issuance and the consequent increase in the Group's financial indebtedness.

NET EXCHANGE RATE GAINS/(LOSSES)

Net exchange rate gains for the three months ended March 31, 2025 decreased by €1.8 million, or 225.0%, to €1.0 million losses, from €0.8 million gains for the three months ended March 31, 2024, primarily due to the effect of higher unrealized exchange losses.

RESULT FROM INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Result from investments accounted for using the equity method for the three months ended March 31, 2025 decreased by €1.0 million, or 76.9% to €0.3 million, from €1.3 million for the three months ended March 31, 2024, primarily due to the effect of the consolidation of Brusarosco de Mexico, made using the line-by-line method.

INCOME TAXES

Income taxes for the three months ended March 31, 2025 decreased by €0.9 million, or 81.8%, to €0.2 million, from €1.1 million for the three months ended March 31, 2024. Such decrease is primarily due to the decrease in taxable income recorded during the period, mainly due to the higher financial expenses incurred in 2025.

CASH FLOWS

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

(in € million)	For the three months ended March 31,	
	2024	2025
Net cash flow from / (used in) operating activities (A)	(8.6)	(7.4)
Net cash flow from / (used in) investing activities (B)	(4.3)	(4.1)
Net cash flow from / (used in) financing activities (C)	1.0	(1.3)
Increase (decrease) in cash and cash equivalents (A+B+C)	(11.9)	(12.8)
Cash and cash equivalents at the beginning of the period	46.6	57.2
Cash and cash equivalents at the end of the period	34.8	44.4

NET CASH FLOW FROM (USED IN) OPERATING ACTIVITIES

Net cash flow used in operating activities amounted to €7.4 million for the three months ended March 31, 2025, a decrease of €1.2 million compared to the three months ended March 31, 2024, primarily driven by lower cash absorption in trade working capital partially compensated by higher interests paid.

NET CASH FLOW FROM (USED IN) INVESTING ACTIVITIES

Net cash flow used in investing activities amounted to €4.1 million for the three months ended March 31, 2025, a slight decrease of €0.2 million compared to the three months ended March 31, 2024, primarily driven by (i) change in the scope of consolidation amounting to €1.7 million for the three months ended March 31, 2025, due to the change of consolidation method of Brusarosco de Mexico SA, using the line-by-line method, and (ii) a decrease in payments for intangible assets, amounting to €0.0 million for the three months ended March 31, 2025, compared to €0.4 million for the three months ended March 31, 2024; partially offset by: (i) an increase in payments for property, plant and equipment, amounting to €5.3 million for the three months ended March 31, 2025, compared to €4.0 million for the three months ended March 31, 2024, and (ii) business combinations amounting to €0.5 million for the three months ended March 31, 2025, related to the second instalment payment of Imatex23 price consideration.

NET CASH FLOW FROM (USED IN) FINANCING ACTIVITIES

Net cash flow used in financing activities amounted to €1.3 million for the three months ended March 31, 2025, an increase of €2.3 million compared to the net cash flow from financing activities for the three months ended March 31, 2024, amounting to €1.0 million. Such increase was primarily driven by a decrease in proceeds from borrowings, amounting to €0.0 million for the three months ended March 31, 2025, compared to €18.0 million for the three months ended March 31, 2024; partially offset by (i) a decrease in the repayment of borrowings, amounting to €0.6 million for the three months ended March 31, 2025, compared to €11.5 million for the three months ended March 31, 2024, and (ii) a decrease in the repayment of credit lines, amounting to €0.5 million for the three months ended March 31, 2025, compared to €5.6 million for the three months ended March 31, 2024.

WORKING CAPITAL

Working Capital consists of inventories, trade receivables, other current financial assets, current tax receivables, deferred tax receivables, other receivables, prepaid expenses and accrued income and cash and cash equivalents, less current borrowing, current other financial liabilities, trade payables, tax liabilities, social security payables, other liabilities 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 the fluctuation of our revenues and purchases, and the timing of collection and payment and the ability to recover payments from customers.

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

(in € million)	As of March 31,	
	2024	2025
Inventories	113.7	112.3
Trade receivables	45.8	33.9
Other current financial assets	0.5	0.8
Current tax receivables	9.8	8.7
Deferred tax assets	1.2	0.6
Other receivables	1.3	2.7
Prepaid expenses and accrued income	1.2	1.3
Cash and cash equivalent	34.8	44.4
Current assets	208.2	204.8
Current borrowings	18.5	4.7
Current other financial liabilities	1.0	0.4
Trade payables	45.7	45.4
Tax liabilities	3.0	2.0
Social security payables	2.5	2.7
Other liabilities	20.9	19.9
Accrued expenses	2.4	2.5
Current liabilities	94.0	77.7
Working Capital	114.2	127.2
Change in Working Capital		13.0

Working Capital increased by €13.0 million, or 11.3%, from €114.2 million as of March 31, 2024, to €127.2 million as of March 31, 2025. This increase was mainly due to a decrease of current liabilities by €16.3 million, or 17.3%, from €94.0 million as of March 31, 2024 to €77.7 million as of March 31, 2025, driven by: (i) lower borrowings, equal to €4.7 million for the three months ended March 31, 2025, compared to €18.5 million for the three months ended December 31, 2024, and (ii) lower tax liabilities, equal to €2.0 million for the three months ended March 31, 2025, compared to €3.0 million for the three months ended March 31, 2024. Trade payables remained stable, from €45.7 million for the three months ended March 31, 2024 to €45.4 million for the three months ended March 31, 2025. Current assets decreased by €3.3 million, or 1.6%, from €208.2 million as of March 31, 2024 to €204.8 million as of March 31, 2025,

mainly due to: (i) lower trade receivables, amounting to €33.9 million as of March 31, 2025, compared to €45.8 million as of March 31, 2024; and (ii) lower inventories, amounting to €112.3 million as of March 31, 2025, compared to €113.7 million as of March 31, 2024. Such decrease was partially offset by an increase in cash and cash equivalents, amounting to €44.4 million as of March 31, 2025, compared to €34.8 million as of March 31, 2024.

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:

(in € million)	For the three months ended March 31,	
	2024	2025
Payments for Property, plant and equipment	4.0	5.3
Payments for Intangible assets	0.4	0.0
Capital expenditures	4.4	5.3
<i>Of which: maintenance capital expenditures</i>	1.7	2.1
<i>Of which: expansion capital expenditures</i>	2.7	3.2

Capital expenditures for the three months ended March 31, 2025 increased by €0.9 million, or 20.5%, to €5.3 million, from €4.4 million for the three months ended March 31, 2024, primarily due to investments in the new headquarters.

SUBSEQUENT EVENTS

On June 5, 2025, Rino Mastrotto Group and Prada Group S.p.A. (the “**Prada Group**”) announced Prada Group’s strategic equity investment in Rino Mastrotto Group.

The transaction entails the contribution in kind by Prada Group of 100% of Conceria Superior S.p.A. – following the acquisition of full ownership – and Tannerie Limoges S.A.S. In addition, Prada Group will make a cash investment, resulting, in total, in a 10% minority stake in Rino Mastrotto Group.

This transaction further strengthens the strategic partnership between Rino Mastrotto Group – a global provider of materials and bespoke services for the luxury industry and a trusted partner to leading fashion houses – and Prada Group, fostering long-term industrial development and reinforcing the commercial relationship between the two groups.

The closing took place on June 30, 2025.

On June 30, 2025, Rino Mastrotto and Marzotto Lab (a fully owned subsidiary of Gruppo Marzotto, a leading textile group) entered into a binding agreement regarding the contribution by Marzotto of the Prosetex business to Imatex23 S.r.l., in exchange for a 40% equity stake in the share capital of Imatex. Prosetex is a well-known player in the interior design industry, specialized in the production of jacquard velvets and fabrics for the high-end upholstery market since 1964.

The transaction aims at accelerating the growth of Imatex23 through a broader and more diversified product portfolio, which will be manufactured in a unique site leveraging on an efficient and highly synergetic cost base, while the presence of Gruppo Marzotto as a minority shareholder will be instrumental in the sourcing and production of raw materials.

Closing of the transaction is expected to occur in the third quarter of 2025, subject to customary closing conditions.

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

04

ANNEX A
CONDENSED ANNUAL
CONSOLIDATED FINANCIAL
STATEMENTS



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.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ thousand	notes	As of December 31, 2024	As of March 31, 2025
Goodwill	6	159,107	155,276
Intangible assets	7	53,847	52,165
Property, plant and equipment	8	112,283	116,842
Investment in subsidiaries and other companies	9	1,451	1,730
Non-current tax receivables	13	6,755	6,681
Other non-current financial assets	10	3,645	483
Non-current Assets		337,088	333,177
Inventories	11	110,309	112,337
Trade receivables	12	36,669	33,948
Other current financial assets	10	500	817
Current tax receivables	13	6,361	8,680
Deferred tax assets	14	625	624
Other receivables	15	1,259	2,699
Prepaid expenses and accrued income	16	1,049	1,324
Cash and cash equivalents	17	57,213	44,397
Current Assets		213,985	204,825
Total Assets		551,073	538,002
Equity			
Share capital	18	39,000	39,000
Reserves	18	50,788	50,901
Retained earnings	18	24,230	26,269
Profit for the period	18	2,038	(4,795)
Equity attributable to shareholders of the parent company	18	116,056	111,375
Equity attributable to non-controlling interests	19	15,190	15,295
Total Equity		131,246	126,670
Non-Current Liabilities			
Deferred tax liabilities	20	16,330	16,423
Employee benefits	21	3,719	3,411
Provision for risks and charges	22	5,153	1,626
Non-current borrowings	23	310,620	310,704
Non-current other financial liabilities	24	1,259	1,049

Other non-current liabilities	28	450	450
Non-current Liabilities		337,531	333,663
Current Liabilities			
Current borrowings	23	6,065	4,730
Current other financial liabilities	24	351	419
Trade payables	25	47,253	45,383
Tax liabilities	26	2,577	2,003
Social security payables	27	4,019	2,748
Other liabilities	28	19,930	19,850
Accrued expenses	29	2,101	2,535
Current Liabilities		82,296	77,669
Total Equity and Liabilities		551,073	538,002

CONDENSED CONSOLIDATED INCOME STATEMENT

€ thousand	notes	Three months ended March 31, 2024	Three months ended March 31, 2025
Revenue	30	86,468	81,450
Other income	31	9,237	13,199
Total revenue and other income		95,705	94,649
Purchase of goods and changes in inventory	32	46,915	46,781
Cost of services	33	17,780	17,940
Costs for leases and rentals	34	266	336
Personnel costs	35	16,257	17,583
Other operating costs	36	342	502
Depreciation and amortization	6,7,8	8,324	8,495
Impairment of trade receivables	12	8	8
Total operating costs		89,891	91,645
Operating profit		5,814	3,004
Financial income	37	317	273
Financial expenses	38	(4,361)	(7,023)
Net exchange rate gains/(losses)	39	700	(956)
Result from investments accounted for using the equity method	40	1,318	261
Profit before tax		3,788	(4,441)

Income taxes	41	(1,052)	(249)
Profit for the period		2,736	(4,690)
ATTRIBUTABLE TO:			
Shareholders of the parent company		2,040	(4,795)
Non-controlling interests		696	105

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ thousand	Balance as of December 31, 2023	Allocation of profit for the year	Other movements	Dividends paid	Profit for the period	Balance as of March 31, 2024
Share Capital	39,000	-	-	-	-	39,000
Other Reserve						
<i>Legal Reserve</i>	7,800	-	-	-	-	7,800
<i>Share Premium Reserve</i>	60,740	-	-	-	-	60,740
<i>Revaluation Reserve</i>	12,081	-	-	-	-	12,081
<i>Translation Reserve</i>	432	-	(467)	-	-	(35)
<i>Extraordinary Reserve</i>	73,309	-	-	-	-	73,309
<i>Other Reserve</i>	21,104	-	-	-	-	21,104
<i>Cash Flow Hedge Reserve</i>	-	-	-	-	-	-
Retained Earnings	18,185	10,060	(80)	-	-	28,165
Profit for the year	10,060	(10,060)	-	-	2,040	2,040
Equity attributable to shareholders of the parent company	242,711	-	(547)	-	2,040	244,204
Equity attributable to non-controlling interests	15,033	-	93	(84)	696	15,738
Total equity	257,744	-	(454)	(84)	2,736	259,942

€ thousand	Balance as of December 31, 2024	Allocation of profit for the year	Other movements	Dividends paid	Profit for the period	Balance as of March 31, 2025
Share Capital	39,000	-	-	-	-	39,000
Other Reserve						
<i>Legal Reserve</i>	7,800	-	-	-	-	7,800
<i>Share Premium Reserve</i>	14,063	-	-	-	-	14,063
<i>Revaluation Reserve</i>	12,081	-	-	-	-	12,081
<i>Translation Reserve</i>	(3,375)	-	(125)	-	-	(3,500)
<i>Extraordinary Reserve</i>	-	-	-	-	-	-
<i>Other Reserve</i>	21,104	-	-	-	-	21,104
<i>Cash Flow Hedge Reserve</i>	(885)	-	238	-	-	(647)
Retained Earnings	24,231	2,038	-	-	-	26,269
Profit for the year	2,038	(2,038)	-	-	(4,795)	(4,795)
Equity attributable to shareholders of the parent company	116,056	-	113	-	(4,795)	111,375
Equity attributable to non-controlling interests	15,190	-	-	-	105	15,295
Total equity	131,246	-	113	-	(4,690)	126,670

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

€ thousand	Three months at March 31, 2024	Three months at March 31, 2025
Profit for the period	2,736	(4,690)
Income taxes	1,052	249
Financial expenses	4,361	7,023
Financial income	(317)	(273)

Result from investments accounted for using the equity method	(1,318)	(261)
Depreciation and amortization	8,324	8,495
Non-monetary adjustments that have not had a counterpart in working capital	(826)	434
Increase/(decrease) in provisions and employee benefits	(133)	(208)
Decrease (increase) of inventories	(6,634)	2,486
Decrease (increase) of trade receivables	(6,608)	4,477
(Decrease) increase in trade payables	(6,627)	(18,641)
Other working capital items	169	578
(Interests paid)	(2,816)	(7,130)
Net cash flow (used in) operating activities (A)	(8,637)	(7,461)
(Payments) for Property, plant and equipment	(4,044)	(5,328)
Proceeds on disposal of Property, plant and equipment	115	83
(Payments) for intangible assets	(351)	(12)
Proceeds on disposal of intangible assets	-	-
Business combinations, net of cash acquired	-	(550)
Change in the scope of Consolidation	-	1,736
Net cash flow (used in) investing activities (B)	(4,280)	(4,071)
Proceeds from / (repayment of) credit lines	(5,612)	(514)
Proceeds from / (repayment of) other financial liabilities	255	(142)
Proceeds from borrowings	18,000	-
Repayment of borrowings	(11,500)	(629)
Dividends paid to non-controlling interests	(84)	-
Net cash flow from / (used in) financing activities (C)	1,059	(1,285)

(Decrease)/increase of cash and cash equivalents (A ± B ± C)	(11,858)	(12,817)
Cash and cash equivalents at beginning of the period	46,631	57,213
Cash and cash equivalents at the end of the period	34,773	44,397

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 Vicenza 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 March 31, 2025.

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 March 31, 2025 and March 31, 2024

	Location	Share Capital (Eur)	% 2024	% 2025
Companies consolidated on a line-by-line basis:				
Parent Company:				
Rino Mastrotto Group Spa	Trissino (VI) - Italia	39,000,000		
Subsidiaries:				
Bermas Maracanaú Indústria e Comércio de Couro Ltda	Maracanaú - Brasile	7,244,625	100%	100%
Elmo Sweden AB	Svenljunga - Sweden	4,609	100%	100%
Ngozi AB	Svenljunga - Sweden	4,609	100%	100%
Rmg of America, LLC	Raleigh – NC - USA	23,855,756	100%	100%
Rmg Leather, LLC	Conove – NC – USA	25,680,194	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%	80%
Mapel Group Srl	Galliate Lombardo (VA) – Italia	600,000	60%	60%
Brusarosco de Mexico SA	Leon – Messico	10.164		99,99%
Companies accounted for using the equity method:				
Subsidiaries				
Brusarosco de Mexico SA	Leon – Messico	10.164	99,99%	
Associates and joint arrangements:				
RMG Australia Pty Ltd	Perth – Australia	184	33,33%	33,33%
AFX/Brus, L.L.C			50%	50%

For the three-month ended March 31, 2025 the subsidiary Brusarosco De Mexico SA was consolidated using the line-by-line method and for the three-month ended March 31, 2024 and for the year ended 31, December 2024 the subsidiary Brusarosco De Mexico SA was consolidated using the equity method.

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.

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, 2024.

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.

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, 2025	97,053	12,489	177	4,981	9,616	1,562	33,228	159,107
Amortisation	(2,246)	(453)	(3)	(73)	(134)	(37)	(437)	(3,383)
Additions	-	-	-	-	-	-	-	-
Other movements	-	(447)	-	-	-	-	-	(447)
As of March 31, 2025	94,807	11,589	174	4,908	9,482	1,525	32,791	155,276

Other movements include negative exchange rate differences for Euro 447 thousand as of March 31, 2025.

NOTE 7. INTANGIBLE ASSETS

The following table provides a breakdown for intangible assets:

€ thousand	As of January 1, 2025	Additions	(Amortisation)	Other Movements	As of March 31, 2025
Start-up and expansion costs	41	-	-	-	41
Patents, concessions and licenses	52,908	12	(1,833)	129	51,216
Advances and assets under construction	202	-	-	(8)	194
Other intangible assets	696	61	(43)	-	714
Total intangible assets	53,847	73	(1,876)	121	52,165

Intangible assets mainly include Rino Mastrotto trademark and know-how, both included under Patents, concessions and licenses, equal to Euro 51,958 thousand and Euro 52,908 thousand respectively as of March 31, 2025 and December 31, 2024.

Other intangible assets are related to leasehold improvements.

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

The addition includes the effect of the consolidation of Brusarosco de Mexico using the line-by-line method, amounting to Euro 61 thousand as of March 31, 2025.

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, 2025	54,979	39,934	2,449	2,754	12,167	112,283
Additions	989	5,620	174	603	476	7,862
(Disposals)	-	(45)	-	(38)	-	(83)
(Amortisation)	(900)	(2,084)	(202)	40	-	(3,235)
Other Movements	(16)	(490)	90	(310)	741	15
As of March 31, 2025	54,962	42,935	2,511	3,049	13,384	116,842

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.

The addition includes the effect of the consolidation of Brusarosco de Mexico using the line-by-line method, amounting to Euro 2,534 thousand as of March 31, 2025.

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 December 31, 2024	As of March 31, 2025
Investments accounted for using the equity method	893	1,172
Other investments	558	558
Total investment in subsidiaries and other companies	1,451	1,730

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	184	105	4	30/06/2022	33,3%	35
AFX/Brus, L.L.C:		-	1,828	1,536	31/12/2024	50%	858
As of December 31, 2024							893
RMG Australia Pty Ltd	Perth - Australia	-	105	4	30/06/2022	33,3%	35
AFX/Brus, L.L.C:		-	2,548	648	31/12/2023	50%	1,137
As of March 31, 2025							1,172

The breakdown of investments at cost is detailed below:

€ thousand	As of December 31, 2024	As of March 31, 2025
UTIAC Spa	104	104
Energindustria	1	1
Banca Popolare Italiana	8	8
Consorzio depuratore Santa croce sull'Arno	438	438
Other investments	7	7
Total other investments	558	558

NOTE 10. OTHER FINANCIAL ASSETS

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

€ thousand	As of December 31, 2024	As of March 31, 2025
Receivables from subsidiaries not consolidated on a line-by-line basis	3,162	35
Other financial assets	324	289
Other securities	159	159
Total other non-current financial assets	3,645	483
Other current financial assets	500	817
Total other financial assets	4,145	1,300

Other non-current financial assets mainly include Receivables from subsidiaries, related to the loan granted to the subsidiary Brusarosco De Mexico SA as of the year ended December 31, 2024 and Other current financial assets, that include the Group's investments in securities.

For the three-month ended March 31, 2025 the subsidiary Brusarosco De Mexico SA was consolidated using the line-by-line method.

NOTE 11. INVENTORIES

Inventories are detailed as follow:

€ thousand	As of December 31, 2024	As of March 31, 2025
Raw Materials	29,669	33,238
Work in progress and semi-finished products	45,380	45,746
Finished products	35,243	31,674
Advances	17	1,679
(Provisions for slow moving and obsolete inventories)	-	-
Total inventories	110,309	112,337

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 March 31, 2025.

NOTE 12. TRADE RECEIVABLES

Trade receivables are detailed below:

€ thousand	As of December 31, 2024	As of March 31, 2025
Trade receivables	37,081	34,368
Bad debt provision	(412)	(420)
Total trade receivables	36,669	33,948

Trade receivables of the subsidiaries Elmo Sweden AB and Tessitura Mariani S.p.A. are covered by insurance policies, while the Parent Company, Nuova Osba S.r.l and Imatex23 S.r.l. have entered into factoring agreements without recourse for receivables from the majority of their customers, with an underlying insurance policy.

In addition to the Trade receivables from customers, the caption also includes receivables from the associates RMG Australia Pty and AFX BRUS LLC.

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 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, 2024	412
Use of provision	-
Accrual	-
Other movements	8
Balance of bad debt provision receivables as of March 31, 2025	421

NOTE 13. TAX RECEIVABLES

Tax Receivables are detailed below:

€ thousand	As of December 31, 2024	As of March 31, 2025
VAT and ICMS receivables from the tax authorities	3,017	5,571
Direct tax receivables	3,294	3,057
PROAPI receivables	50	52
Tax receivables within 12 months	6,361	8,680
PROAPI receivables	88	91
ICMS and IPI receivables	6,667	6,590
Tax receivables beyond 12 months	6,755	6,681
Total tax receivables	13,116	15,361

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.

The VAT include the effect of the consolidation of Brusarosco de Mexico using the line-by-line method, amounting to Euro 1,631 thousand as of March 31, 2025.

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

The balance of “ICMS and IPI” taxes over 12 months relates to the Brazilian subsidiary Bermas Maracanaú Indústria e Comércio de Couro Ltda. These receivables are from the local state of Ceara and the Federal State of Brazil, respectively.

Brazil’s difficult domestic and economic environment has made the timing of recovery of these debts particularly slow and uncertain in the past. For this reason, and also in consideration of the possible cost of recovery, a provision for write-downs equal to 20% of the amount of the receivables was set aside in the financial statements of the Brazilian subsidiary as from 2018, which amounted to BRL 16,861 thousand (equal to approximately Euro 3,145 thousand) at 31 December 2023 and 31 December 2024. A further write-down of these receivables in the amount of Euro 4,408 was made in the consolidated financial statements in the years prior to the current year. Note that in 2024 the competent Brazilian authorities continued a thorough review of the mechanisms for taxation and settlement of any tax credits, a review that is bringing greater certainty to the recovery of the credit and the timing of the recovery of these sums. At the moment, as the reform implementation process is not fully completed, it has been prudently decided to keep the assessments made in previous years unchanged.

NOTE 14. DEFERRED TAX ASSETS

The following table provides a breakdown for Deferred tax assets:

€ thousand	As of December 31, 2024	As of March 31, 2025
Rino Mastrotto Group S.p.A.	181	181
Rmg of America LLC	16	15
Nuova Osba S.r.l.	224	224
Tessitura Oreste Mariani S.p.A.	74	73
Mapel Group S.r.l.	32	32
Total deferred tax assets	527	525
Consolidation entries	98	99
Total deferred tax assets	625	624

These deferred tax assets are deemed recoverable based on forecasts of future profits made by the directors of the respective companies. Deferred tax assets were calculated on the basis of reasonably expected tax rates for the years of reversal.

NOTE 15. OTHER RECEIVABLES

Other receivables are composed as follows:

€ thousand	As of December 31, 2024	As of March 31, 2025
Advance payment to suppliers	465	1,123
Other receivables	794	1,576
Total other receivables	1,259	2,699

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

The effect of the consolidation of Brusarosco de Mexico using the line-by-line method, amounting to Euro 690 thousand as of March 31, 2025.

NOTE 16. PREPAID EXPENSES AND ACCRUED INCOME

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

€ thousand	As of December 31, 2024	As of March 31, 2025
Prepaid expenses and accrued income	1,049	1,324

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 December 31, 2024	As of March 31, 2025
Bank accounts	57,198	44,381
Cash on hand	15	16
Total Cash and cash equivalent	57,213	44,397

NOTE 18. EQUITY**SHARE CAPITAL**

The share capital subscribed to and paid-in amounted to Euro 39.000 thousand as of March 31, 2025 and December 31, 2024.

RESERVES ARE COMPOSED AS FOLLOWS:

€ thousand	As of December 31, 2024	As of March 31, 2025
Legal reserve	7,800	7,800
Share premium reserve	14,063	14,063
Revaluation reserve	12,081	12,081
Translation reserve	(3,375)	(3,500)
Extraordinary reserve	-	-
Other reserves	20,219	20,457
Total Reserves	50,788	50,901

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.

RETAINED EARNINGS

Retained earnings amounted to Euro 26,269 as of March 31, 2025 and amounted to Euro 24,230 thousand as of December 31, 2024.

NOTE 19. EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

Equity attributable to non-controlling interests is detailed below:

€ thousand	As of December 31, 2024	As of March 31, 2025
Equity attributable to non-controlling interests	15,190	15,295

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, 2024	16,330
Uses	-
Accrual	-
Other movements	93
Balance of Deferred tax liabilities as of March 31, 2025	16,423

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, 2024	3,719
Uses	(308)
Provision	-
Balance of employee benefits as of March 31, 2025	3,411

The amount is calculated in relation to contractual obligations and applicable law.

NOTE 22. PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges are as follows:

€ thousand	As of December 31, 2024	As of March 31, 2025
Provision for agents' termination benefits	861	974
Other provision	4,292	652
Total provision for risks and charges	5,153	1,626

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

	€ thousand
As of December 31, 2024	5,153
Uses	(3,640)
Provision	113
As of March 31, 2025	1,626

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 861 thousand and Euro 974 thousand as of March 31, 2025 and December 31, 2024 respectively;
- The decrease in other provisions is due to a change in consolidation of the Mexican subsidiary Brusarosco de Mexico SA, consolidated using the line-by-line method as of March 31, 2025. The provisions include Euro 647 thousand related to the recognition of the mark-to-market of the two interest rate swaps with Intesa San Paolo and BNP Paribas, referring to the hedging of the interest rate risk on notional Euro 160,000,000 forming part of the bond loan of Euro 320,000,000; and the reserve for risks related to the Manifattura Tacca S.r.l. consolidated using the equity method.

NOTE 23. BORROWINGS

Borrowings are analysed in the following table:

€ thousand	As of December 31, 2024	As of March 31, 2025
Borrowings		
<i>of which current</i>	6,065	4,730
<i>of which non-current</i>	310,620	310,704
Total borrowings	316,685	315,434

The following tables set forth the residual value and additional details of the Group's borrowings for the periods ended March 31, 2025 and December 31, 2024:

€ thousand	As of December 31, 2024	As of March 31, 2025
Notes	320,000	320,000
Gross-up amortizing capitalized costs	(9,578)	(9,408)
Accrued expenses	4,042	3,817
Banco Desio	1,265	637
Credit Lines	956	389
Total borrowings	316,685	315,434

NOTE 24. OTHER FINANCIAL LIABILITIES

Other financial liabilities are as follows:

€ thousand	As of December 31, 2024	As of March 31, 2025
Other financial liabilities		
<i>of which current</i>	351	419
<i>of which non-current</i>	1,259	1,049
Total other financial liabilities	1,611	1,468

Other financial liabilities for the period ended March 31, 2025 and December 31, 2024 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 December 31, 2024	As of March 31, 2025
Trade payables		
<i>of which current</i>	47,253	45,383

Trade payables mainly include payables to suppliers of raw materials. The variation in the balances is related to the normal fluctuation of the purchases on the reference dates.

NOTE 26. TAX LIABILITIES

Tax liabilities are detailed below:

€ thousand	As of December 31, 2024	As of March 31, 2025
Income tax liabilities for the period	338	24
VAT liabilities	14	604
Liabilities for withholding tax	2,018	1,084
Other tax liabilities	207	291
Tax liabilities within 12 months	2,577	2,003

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 amounted to Euro 2,748 thousand as of March 31, 2025 and to Euro 4,019 thousand as of December 31, 2024.

€ thousand	As of December 31, 2024	As of March 31, 2025
Rino Mastrotto Group S.p.A.	3,172	1,727
Nuova Osba S.r.l.	122	101
Elmo Sweden AB	287	313
Morellino S.r.l.	90	292
Tessitura Oreste Mariani S.p.A	126	122
Imatex 23 S.r.l.	59	79
Mapel Group S.r.l.	163	111
Brusarosco de Mexico SA	0	2
Bermas Maracanaú	0	1
Total social security payables	4,019	2.748

NOTE 28. OTHER LIABILITIES

Other liabilities are detailed below:

€ thousand	As of December 31, 2024	As of March 31, 2025
Payables to employees and contractors for remuneration accrued but not yet paid	7,920	9,781
PROAPI liabilities	9	17
Payables to Board of Directors	86	381
Payables to Board of Statutory Auditors	35	2
Miscellaneous other payables	11,361	9,304
Advances from customers	519	365
Other liabilities within 12 months	19,930	19,850
Miscellaneous other payables	450	450
Other liabilities beyond 12 months	450	450
Total other liabilities	20,380	20,300

Payables to employees and contractors, to Board of Directors and to Board of Statutory Auditors include remuneration accrued but not yet paid at period 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 amounted to Euro 2,535 thousand as of March 31, 2025 and to Euro 2,101 thousand as of December 31, 2024. 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	Three months at March 31, 2024	Three months at March 31, 2025
Revenues from the sale of goods	84,896	79,443
Revenues for services	1,572	2,007
Total Revenue	86,468	81,450

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

€ thousand	Three months at March 31, 2024	Three months at March 31, 2025
Europe	68,871	61,965
<i>of which Italy</i>	35,679	30,588
<i>of which France</i>	17,174	18,910
North America	16,009	17,030
<i>of which U.S.A.</i>	15,870	16,751
Other	1,588	2,455
Total Revenue	86,468	81,450

NOTE 31. OTHER INCOME

Other income is detailed in the following table:

€ thousand	Three months at March 31, 2024	Three months at March 31, 2025
Capital Gains	43	81
Government grants	86	106
Scrap and semi-finished products	7,265	10,712
Other revenue	1,843	2,300
Total other revenue	9,237	13,199

Other income 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	Three months at March 31, 2024	Three months at March 31, 2025
Raw Materials and change in inventories of raw materials and goods	48,417	41,721
Finished goods and change in inventories of finished goods and semi-finished products	(2,832)	3,901
Discounts on purchases	(132)	(368)
Other purchases	1,462	1,527
Total Purchase of goods and change in inventory	46,915	46,781

NOTE 33. COSTS OF SERVICES

Costs of services consist of the following:

€ thousand	three months at March 31, 2024	Three months at March 31, 2025
Outsourced processing	4,469	3,707
Utilities	1,566	1,873
Consulting, Board Compensation and Statutory Auditors	2,255	1,851
Maintenance costs	1,576	1,830
Transportation	1,137	1,132
Insurance	319	353
Travel expenses	144	156
Agents	842	862
Advertising, marketing and sales services	636	831
Cleaning and ecology	1,912	2,002
Industrial Services	1,869	2,089
Other cost of services	1,055	1,254
Total cost of services	17,780	17,940

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 the costs sustained for M&A consultancies and fees to the Statutory Auditors, to the Independent Auditing Firms (“auditors’ fees”) and the Directors compensation;
- 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 amounted to Euro 336 thousand and Euro 266 thousand for the three month period ended March 31, 2025 and 2024, respectively.

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

NOTE 35. PERSONNEL COSTS

Personnel costs are broken down as follows:

€ thousand	Three months at March 31, 2024	Three months at March 31, 2025
Salaries, wages and social security contribution	14,578	15,898
Employee benefits	456	591
Other personnel costs	1,223	1,094
Total personnel costs	16,257	17,583

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	Three months at March 31, 2024	Three months at March 31, 2025
Indirect taxes	72	141
Membership fees	25	5
Contingent liabilities	56	142
Capital losses	17	11
Other costs	172	204
Total other operating costs	342	502

Other costs mainly include postal charges, penalties and stationeries.

NOTE 37. FINANCIAL INCOME

Financial Income amounted to Euro 273 thousand and Euro 317 thousand for the three-month period ended March 31, 2025 and 2024, respectively.

NOTE 38. FINANCIAL EXPENSES

Financial expenses are broken down as follows:

€ thousand	Three months at March 31, 2024	Three months at March 31, 2025
Financial Expenses		
<i>Finance expenses on borrowing</i>	3,666	6,536
<i>Other financing fees</i>	695	488
Total financial expenses	4,361	7,023

Financial expenses refer – throughout the periods presented – mainly to interests on the bank loans (2024) and on the Notes (2025).

NOTE 39. NET EXCHANGE RATE GAINS/(LOSSES)

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

€ thousand	Three months at March 31, 2024	Three months at March 31, 2025
Net exchange rate gains/(losses)		
<i>Gains on exchange rates</i>	228	400
<i>Losses on exchange rates</i>	472	(1,396)
Total Net exchange rate gains/ (losses)	700	(956)

NOTE 40. RESULTS FROM INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Results from investments accounted for using the equity method amounted to Euro 261 thousand and Euro 1,318 thousand for the three-month period ended March 31, 2025 and 2024, respectively. The is due to a change in consolidation the Mexican subsidiary Brusarosco de Mexico SA consolidated using the line-by-line method as of March 31, 2025.

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	Three months at March 31, 2024	Three months at March 31, 2025
Current Taxes	1,021	249
Deferred Taxes	31	1
Total Income taxes	1,052	249

NOTE 42. REMUNERATION OF DIRECTORS AND STATUTORY AUDITORS

Remuneration of Directors, Statutory Auditors are detailed below:

€ thousand	Three-months at March 31, 2024	Three-months at March 31, 2025
Board of Directors	995	1.000
Board of Statutory Auditors	23	40

Remuneration of Independent Audit Firm is equal to Euro 40 thousand and Euro 23 thousand for the three-months period ended March 31, 2025 and 2024 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, 2024, and as of and for the three-months period ended March 31, 2025, 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.	476	847	84	2
MIPEL S.R.L.	29	-	-	-
NEXUS S.R.L.	-	726	-	219
RM HOLDING S.R.L.	-	94	-	-
RENBERTECH S.R.L.	-	360	-	-
SICIT GROUP S.P.A.	-	336	-	51
As of and for the year ended December 31, 2024	505	2,363	84	272
INDUSTRIA CONCIARIA EUROPA S.R.L.	183	5	81	-
MIPEL S.R.L.	-	-	-	-
NEXUS S.R.L.	-	105	-	94
RM HOLDING S.R.L.	-	24	-	-
RENBERTECH S.R.L.	-	120	-	-
SICIT GROUP S.P.A.	-	79	-	51
As of and for the three-months period ended March 31, 2025	183	333	81	145



RINO MASTROTTO