Investors Presentation
2Q 2022 Results

5th September 2022

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NEW GROUP CFO

From August 1, 2022 enters the Management Dr. Cristian Filocamo with the role of Group Chief Financial Officer.
Mr. Filocamo has over 20 years of experience in audit, corporate finance, M&A, capital markets and management, and has played a key role in the international expansion of companies that he has worked for.
Prior to joining Pasubio, Mr. Filocamo was the CFO of Mutti S.p.A., a portfolio company of Verlinvest.
Thanks to his ability to build and motivate his teams, he gave impetus to the processes of organizational development of the companies he joined.
Reporting directly to the CEO Luca Pretto and with the other members of the Leadership Team, he will lead the Administration Finance and Controlling, Information Communication Technology, and Corporate Affairs development of all Pasubio Group companies.

Key Financial Figures

	2Q 2022	vs 2Q21 / FY21	vs 1Q22	1Q 2022	1H 2022	vs 1H21
Net Sales	87 Eur/Mil	+17% vs 2Q21	-5% vs 1Q22	91 Eur/Mil	178 Eur/Mil	+13% vs 1H21
EBITDA Adj	14 Eur/Mil	-8% vs 2Q21	-8% vs 1Q22	15 Eur/Mil	29 Eur/Mil	-22% vs 1H21
NFP	355 Eur/Mil	-3M vs FY21	-16M vs 1Q22	371 Eur/Mil		

- 2Q22 vs 2Q21 net revenue +17% due to Hewa contribution, new projects and demand rebound.
- 2Q22 vs 1Q22 net revenue -5% mainly due to the effect of supply chain disruption from the Russia/Ukraine conflict.
- 1H22 vs 1H21 net revenue +13% due to Hewa contribution, new projects and catch-up effects from demand rebound.

- 2Q22 vs 2Q21 adjusted EBITDA -8% mainly due to extraordinary seasonality effect on raw materials in 2021 and inflation effects on other costs in 2022.
- Inflation passthrough negotiations with OEMs are currently ongoing. To date, we have completed negotiations with 2 key OEMs and achieved positive outcomes.
- 1H22 vs 1H21 adjusted EBITDA -22% mainly due to extraordinary inflation effects on other raw materials and seasonality of hides cost in 2021.

- Net Financial Position as of June 30, 2022 reduced by €16M vs previous quarter thanks to Inventory optimization and operating cash flow.
- During 2Q22 we repaid €15M of RCF.
- Total Liquidity available is €73M (including undrawn RCF)

Key Financial – 2Q22 LTM Pro forma revenue

PROFORMA Net Revenues Figures

329

Eur/Mil

PROFORMA

2Q22

LTM

+ 2 %

VS PY 2021

(PROFORMA with HEWA)

- 2Q22 LTM Pro forma revenue +2% vs PY Pro forma (including Hewa)

PROFORMA Net Revenues Breakdown

By Application

Seats	*Interiors*	*Steering Wheels*	*Other - AFTM*
65 %	21 %	7 %	7 %

By Geography

Europe	*North America*	*Asia*	*Other*
87 %	5 %	4 %	4 %

Notes: PROFORMA including Pasubio and Hewa as both the Acquisition occurred on 30th June 2020

Consolidated financials: Consolidated Income Statement

€ million	2Q22 LTM	% Rev	1Q22 LTM	% Rev	2021 FY	% Rev
Pro-Forma Net Revenue	**329,2**	***100,0%***	**323,4**	***100,0%***	**322,2**	***100,0%***
Pro-Forma EBITDA Adj.	**66,0**	***20,1%***	**66,7**	***20,6%***	**67,4**	***20,9%***

Key Observations

- Pro Forma Net Revenue includes 12 months of HEWA acquisition for the period shown in the table. 2Q22 LTM Revenue +2% vs FY 2021 revenue, thanks to a strong performance in 1H 2022, which landed +13% to 1H 2021, that showed an extraordinary rebound post Covid.
- LTM Adjusted Pro Forma EBITDA, include pro forma exercise for Hewa acquisition synergies, operational improvement cost savings and extraordinary seasonality effect coming from inventory accounting in 2021.
- EBITDA margin in Q1 2022 and Q2 2022 in line with full year 2021, despite increase in cost of raw hides offset by pass-through with customers.
- FY 2021 and LTM Q1/Q2 2022 margins reflect the impact of inflation on other raw materials (chemicals, energy). PF Adj EBITDA margin at LTM June 2021 was 22%.

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

Consolidated financials: Consolidated Cash Flow

€ million	6 month at June 30, 2022	6 month at June 30, 2021	3 month at June 30, 2022	3 month at March 31, 2022
Cash flow from operating activities	13,5	18,0	17,2	(3,6)
Cash flow used in investing activities	(8,0)	(19,1)	(0,5)	(7,5)
Cash flow used in financing activities	(3,1)	(3,1)	(15,8)	12,7
Increase/(Decrease) cash and cash equivalents	2,5	(4,2)	0,9	1,5

Key Observations

- Operating cash flow for the 6 months ended June 30, 2022 is positive due to operational and core business performances as well as working capital release coming from higher receivables, lower payables and inventory variation (see next slide).
- Investing cash flow includes the investments on fix assets (CAPEX) which amounted to €4.7 million in 1H22
- Financing cash flow includes proceeds and repayments of RCF for regular ongoing working capital needs. The Group had drawn €22 million of RCF as of December 31, 2021 and an additional €15 million during the 3 months ending March 31, 2022. The Group repaid €15 million during the 3 months ending June 30,2022 with reference to the first withdrawal of RCF.

Consolidated financials: Trade Working Capital

€ million	As of June 30, 2022	As of March 31, 2022	As of December 31, 2021	As of December 31, 2020	As of December 31, 2019
Inventory	84.6	91.0	93.8	55.7	45.2
Receivables	42.8	41.9	30.1	31.0	29.1
Payables	(56.8)	(56.9)	(66.7)	(47.3)	(40.3)
TWC	70.7	76.0	57.2	39.4	34.0
Other WC Items	(9.4)	(5.6)	(4.6)	(3.7)	(12.8)
WC	61.3	70.3	52.6	35.6	21.2
as % on LTM NET REVENUE	*18.7%*	*21.7%*	*16.3%*	*13.5%*	*6.7%*

Key Observations

- Similar to 1Q22 inventory levels remain higher than when compared to historical periods due to coverage strategy on raw material fluctuation and covid rebound, however inventory rationalization on track based on hide market price current stability.
- WC as of June 30, 2022 higher vs December 31, 2021 due to higher receivables and lower payables.
- Receivables increase mainly due to higher turnover of 1H22 vs FY21 (similar to previous year trend) and different mix of sales to customers with different payment terms.
- Payables reduction as of March 31, 2022 (it landed in line with payables as of June 30, 2022) due to normalization of payments terms according to average (60-90 days).

Notes:

Consolidated financials: Net Financial Position

€ million	6 month at June 30, 2022	3 month at March 31, 2022	12 month at December 31, 2021
Cash and cash equivalents	**(30.4)**	**(29.5)**	**(28.0)**
Revolving Credit Facility	22.3	37.4	22.2
Senior Secured Notes	343.9	340.0	340.0
Senior Secured Net Debt	**335.7**	**347.9**	**334.3**
Unsecured other Financial Debt	19.5	23.1	23.4
NFP	**355.1**	**371.0**	**357.7**

Key Observations

- Net Financial Position reflects the current debt structure after Leather 2 acquisition of Conceria Pasubio SpA.
- Revolving Credit Facility (total availability of €65 million) has been drawn to meet working capital needs. The Group had drawn € 22M as of December 31,2021 and € 15M during the first quarter of 2022. During the second quarter 2022 the Group repaid € 15M.
- Other financial debt mainly refers to Pasubio and Hewa local credit facilities which are unsecured.
- Total Liquidity available is €73M (including €43M of undrawn RCF)
- As reminder, the Group has hedged its floating rate debt to proactively mitigate exposure to global rising rates.

Notes: the Senior Secured Notes includes the delayed FRN interest of € 3,8 million paid on the first days of July instead of the 30th June 2022 due to technical problems.

1 Organizational structure update

2 Consolidated Financials

3 ESG Update

4 Q&A

5 Appendix

ESG Update within Pasubio's 4 walls

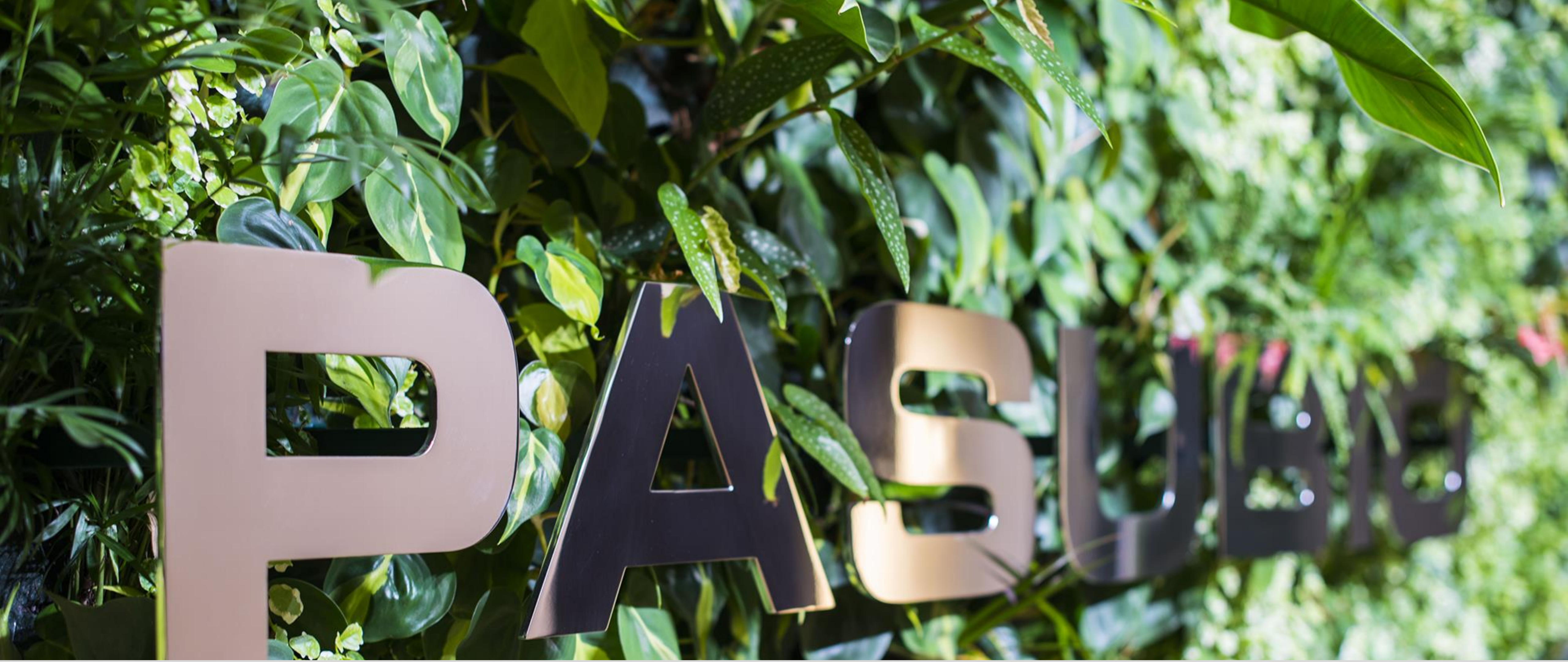
Area	Why important?	Goal	Scope	Key actions	Timeline	Status (as of Sept-22)
1. Water	○ Leather production processes are water intensive, so recycling wastewater is key	**Recycle wastewater - implementation of water treatment plant (Phase 1: installation and testing on 1 drum)** *Note: Pasubio will be the first tanning company to do this*	Zermeghedo	○ Testing ○ Plant installation	2023	○ Testing on 1 drum to start by the end of September 2022
2. Waste	○ Tanneries produce significant amounts of sludge waste – recovery of waste would boost circular economy vs. landfill	**Increase the percentage of waste recovery**	Conceria Pasubio	○ Investigate potential parties interested in recovery of waste ○ Reallocate destination	2022	○ Test to be performed by Sfrido Srl (supplier) for the reuse of Wet White shaving in sports fields
3. Carbon emissions	○ Critical area for all key stakeholders	**Carbon neutrality by 2030 Scope 1 & 2**	Conceria Pasubio	○ Annual carbon footprinting ○ Carry out reduction initiatives	2022 (Assesment)	○ Comprehensive energy strategy being developed
4. Innovation management	○ Need to deliver products in the most sustainable way possible(material use, chemical use, and water use, etc.)	**Develop new processes / products that reduce environmental impact**	Pasubio Group	○ Strategy and priority definition ○ Process optimization ○ Product optimization	2023	○ All actions are ongoing – research is in process

ESG Update within Pasubio's 4 walls

Area	Why important?	Goal	Scope	Key actions	Timeline	Status (as of Sept-22)
5. Environmental ISO certifications (risk management)	○ Regulatory compliance & customer expectations ○ Consistency across sites (e.g., in terms of reporting)	**All plants controlled by Pasubio must be ISO 14001 by 2023**	Pasubio Group	○ Obtain certifications for the plants that have not obtained it yet	2023	○ Working on certification for Sabac, Arzignanese and GDI sites by 2023 – all other sites are already certified
6. Leather Working Group	○ Customer expectations	**All tanning plants controlled by Pasubio must be LWG-certified**	Pasubio Group	○ Recertify / uplift site ratings	2024	○ Arzignanese certification ongoing ○ Internal activities ongoing for new LWG protocol adaptation
7. Health & Safety ISO certifications (risk management)	○ Regulatory compliance & customer expectations (chemicals, manual handling) ○ Consistency across sites (e.g., in terms of reporting)	**All plants controlled by Pasubio must be ISO 45001**	Pasubio Group	○ Obtain certifications for the plants that have not obtained it yet	2025	○ Working on certification for Sabac and GDI (2023), Arzignanese (2024) and HEWA (2025) – all other sites are already certified
8. Human capital development	○ Necessary for employee retention and performance	**Report group level human capital KPIs (e.g., training, wellbeing, D&I) and initiatives**	Pasubio Group	○ Collect data from individual sites, consolidate and identify areas for improvement	2022	○ HR working on a database to improve group's data collection ○ Strategy definition and prioritization ongoing

ESG Update outside Pasubio's 4 walls

Area	Goal	Status (as of Sept-22)
Chapter 1 – Fixing the basics – this will be continuous improvement		
1. Supplier risk assessment	○ **Catalogue suppliers** and define strategic ones ○ **Build scoring methodology** - based on country of origin, volume/value of hides procured, supply chain archetype, existing certifications, willingness to partner, ESG risks, etc. ○ **Rank suppliers** and derive insights (whom to audit, where to source from)	○ Complete list of suppliers obtained (including sub-group of strategic ones) ○ Scoring model built ○ Data collection ongoing from all leather suppliers
2. Supplier audits (through third party auditors)	○ **Select auditor** ○ **Conduct audits** ○ **Act on audit results (feedback, volume allocations)** ○ **Expand to other risk areas**	○ Pilot audits completed in Paraguay



Q&A

PASUBIO

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Consolidated Reported Balance Sheet

€ thousand	As of June 30, 2022	As of December 31, 2021
Goodwill	473.806	486.759
Intangible assets	24.692	25.887
Property, plant and equipment	54.988	56.028
Investments in associated and other companies	106	90
Other assets	1.176	6
Non-current Assets	**554.767**	**568.770**
Inventories	84.599	93.767
Trade receivables	42.836	30.081
Tax receivables	5.110	5.336
Deferred tax assets	1.137	1.136
Other receivables	723	662
Prepaid expenses and accrued income	2.417	2.940
Cash at bank and on hand	30.429	27.969
Total current Assets	**167.251**	**161.891**
Total Assets	**722.018**	**730.662**
Shareholders' equity		
Share capital	14.645	14.645
Reserve	130.950	131.387
Retained earnings	(7.715)	100
Profit/(loss) for the period	(11.865)	(9.153)
Equity attributable to the owners of the parent	**126.015**	**136.979**
Equity attributable to non-controlling interests	**-**	**542**
Total Shareholders' equity	**126.015**	**137.521**
Non-Current Liabilities		
Deferred tax liabilities	5.980	6.324
Provisions for employee severance indemnities	1.587	1.530
Provision for risks and charges	686	686
Bank Loan	24.945	26.410
Notes	327.260	325.979
Shareholders' loan	137.711	131.095
Other financial liabilities	1.618	2.090
Non-Current Liabilities	**499.788**	**494.114**
Current Liabilities		
Bank Loan	14.108	15.801
Notes	3.856	42
Other financial liabilities	3.861	2.538
Trade payables	56.759	66.657
Shareholders' loan	-	407
Tax payables	5.096	2.619
Social security payables	1.166	1.635
Other payables	10.248	8.162
Accrued expenses	1.121	1.166
Current Liabilities	**96.215**	**99.027**
Total Liabilities and Shareholders' equity	**722.018**	**730.662**

Consolidated Reported Income Statements

€ thousand	6 month at June 30, 2022	6 month at June 30, 2021
Revenue	183.104	161.823
Other revenue and income	429	1.235
Total revenue and other income	**183.533**	**163.058**
Purchase of goods and changes in inventory	(99.428)	(76.629)
Cost of services	(28.599)	(28.052)
Use of third party assets	(527)	(426)
Personnel costs	(26.160)	(21.987)
Other operating costs	(370)	(481)
Capitalization in fixed assets for internal work	-	980
Depreciation - tangible assets	(4.499)	(3.215)
Amortization - intangible assets	(14.809)	(11.247)
Write-down of trade receivables	-	(356)
Total operating costs	**(174.394)**	**(141.414)**
Operating profit / (loss)	**9.140**	**21.643**
Financial income (expenses)	(15.997)	(3.048)
Net exchange rate gain (losses)	508	557
Profit (Loss) before tax	**(6.350)**	**19.152**
Income taxes	(5.472)	(7.431)
Profit (Loss) for the period	**(11.821)**	**11.722**
ATTRIBUTABLE TO:		
Owners of the parent		11.674
Non-controlling interests		48

Consolidated Reported Cash Flows

€ thousands	6 month at June 30, 2022	6 month at June 30, 2021
Cash flow from operating activities		
Profit (Loss) for the year	**(11.821)**	**11.722**
Income Taxes	5.195	7.431
Net financial expenses	15.997	3.048
(Capital gains) Capital losses deriving from disposal assets	(101)	(44)
1. Profit (loss) for the year before income taxes, interest, dividends and capital gains / losses on disposal	**9.270**	**22.156**
Non cash adjustments		
Depreciation and Amortization	19.308	14.462
Non-monetary adjustments that have not had a counterpart in working capital	382	-
Provisions (Uses) for contingencies	56	-
Total non-monetary adjustments without effects in working capital	**19.746**	**14.462**
2. Cash flow from operating activities before changes in net working capital	**29.016**	**36.618**
Changes in Net Working Capital		
Decrease (Increase) of inventories	9.167	(21.682)
Decrease (Increase) of trade receivables	(12.755)	664
(Decrease) Increase in trade payables	(6.661)	7.486
Decrease (Increase) in accrued income and prepaid expenses	708	-
(Decrease) Increase in accrued expenses and deferred income	(45)	(1.108)
Other working capital items	62	459
Total changes in working capital	**(9.524)**	**(14.181)**
3. Cash flow from operating activities after changes in working capital	**19.492**	**22.438**
Other Adjustments		
(Income tax paid)	(1.464)	(2.444)
(Interests paid)	(4.496)	(1.961)
(Use of provisions)	-	(17)
Total other adjustments	**(5.960)**	**(4.422)**
Cash flow from operating activities (A)	**13.532**	**18.016**

€ thousands	6 month at June 30, 2022	6 month at June 30, 2021
Cash flow from investing activities		
(Payments for tangible assets)	(3.470)	(2.932)
Proceeds from sale of tangible assets	113	109
(Payments for intangible assets)	(1.359)	(1.529)
(Payments for financial fixed assets)	(16)	-
Proceeds from sale of financial fixed assets	-	4
Net cash flow for the acquisition of Conceria Pasubio Group	(3.268)	-
Net cash flow for the acquisition of GD and GDI	(5)	-
Net cash used in acquisition of HEWA	-	(14.764)
Cash flow from investing activities (B)	**(8.005)**	**(19.112)**
Cash flow from financing activities		
Debt Financing		
Proceeds and repayment of short term loan	70	583
Proceeds of new long term loan	14.705	480
Repayment of long term loan	(17.842)	(4.192)
Cash flow from financing activities (C)	**(3.067)**	**(3.129)**
Increase/(Decrease) cash and cash equivalents (A ± B ± C)	**2.460**	**(4.225)**
Cash at hand and on bank at beginning of the period	**27.969**	**72.601**
Cash at hand and on bank at the end of the period	**30.429**	**68.376**

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