

INVESTORS PRESENTATION 2023 Q3 RESULTS

30th November 2023

Index



**GENERAL
UPDATE**



**CONSOLIDATED
FINANCIALS**



Q&A



APPENDIX

PASUBIO

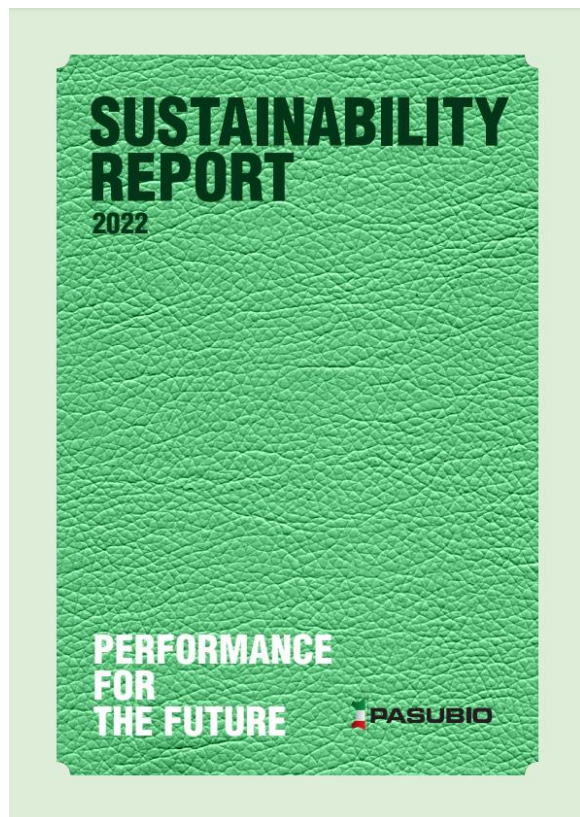


01. **General Update**

PASUBIO

Sustainability Report

We have published our 2022 sustainability report. See at <https://www.pasubio.com/en/company/sustainability>



Conceria Pasubio S.p.A.

We are
what
we do
and
how
we
do it.

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Conceria Pasubio S.p.A.

HIGHLIGHTS of sustainability 2022



€ 23,913,520.89
TOTAL VALUE RETAINED

GOVERNANCE Pasubio Group



Total value created	€ 364,741,488.51
Total value distributed	€ 340,827,967.62
Finished leather sold square metres	8,844,597

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Conceria Pasubio S.p.A.



1,599
PEOPLE
(including in-house employees and external collaborators)

ENVIRONMENT Pasubio Group



Total emissions into the atmosphere	+ 0.05 % CO ₂ eq
Total energy consumption	- 5.33 % GJ
Total water consumed	+ 6.76 % ML

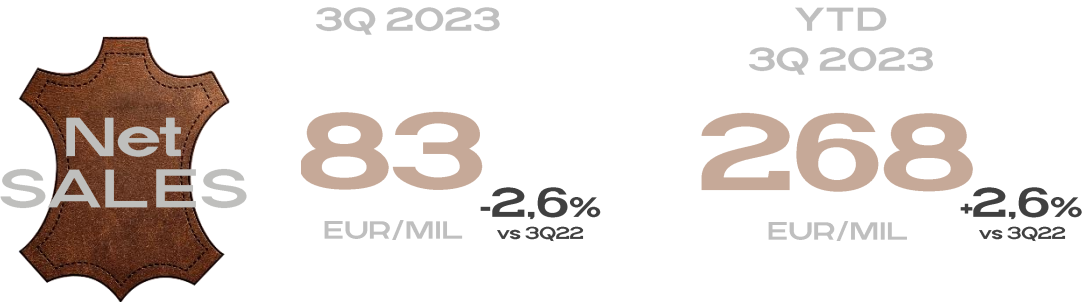
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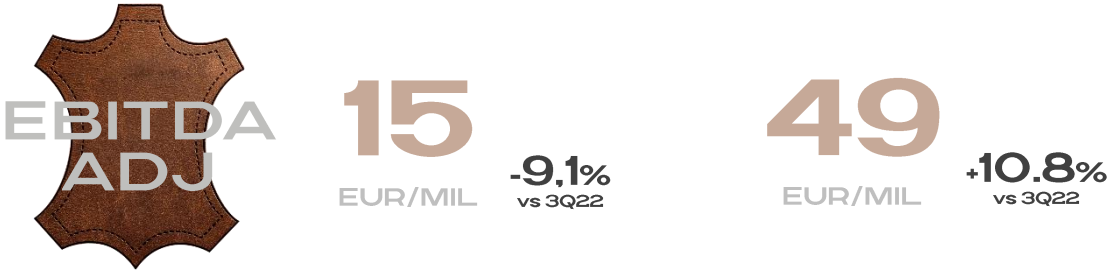
03. Consolidated financials

PASUBIO

KEY FINANCIAL FIGURES



- 3Q23 YTD +2.6% vs 3Q22 YTD net revenue primarily due to organic growth and price increase.
- 3Q23 -2.6% vs 3Q22 net revenue mainly due to slight demand reduction and exceptional rebound in 1H23.



- 3Q23 YTD +10.8% vs 3Q22 YTD EBITDA thanks to operational improvements and slight deflation effects.
- 3Q23 -9.1% vs 3Q22 EBITDA mainly due to temporary spike in scrap rate due to new material and technology introduced in production process.



CONSOLIDATED INCOME STATEMENT

€ million	3Q23 LTM	%Rev	2Q23 LTM ^(*)	% Rev	1Q23 LTM ^(*)	% Rev	2022 FY	% Rev
Net Revenue	356.9	100.0%	359.0	100.0%	352.3	100.0%	350.2	100.0%
EBITDA Adj.	68.5	19.2%	70.1	19.5%	65.6	18.6%	63.7	18.2%
Pro-Forma EBITDA Adj.	73.8	20.7%	75.0	20.9%	73.9	21.0%	70.3	20.1%
Pro-Forma EBITA Adj.	64.3	18.0%	65.5	18.3%	64.6	18.3%	60.9	17.4%

KEY OBSERVATIONS

- Adjusted EBITDA include non-recurring costs such as one-off expensive and non-operating adjustments, start-up costs and other adjustments not reflective of the performance of our business.
- Adjusted Pro Forma EBITDA include pro forma exercise for Hewa acquisition synergies and operational improvement cost savings run rate. Adjusted Pro Forma EBITDA for Q3 2023 above full year 2022 due to continuous improvement and optimization of our operating processes.
- ^(*)Please note that EBITDA LTM for 2Q23 and 1Q23 includes €1.7M of price passthrough which should have been accounted during 1H22 but were finalized during 3Q22.
- Adjusted Pro Forma EBITDA margin in 2023 above previous year due to the time lag of pass-through with customers in order to offset the increase of costs of other raw materials (chemicals, energy and gas costs).
- Adjusted Pro Forma EBITDA margin in all the quarters of 2023 above full year 2022 due to a strong capability of the Group of improving the industrial processes.
- FY 2022 margin reflects the impact of inflation on other raw materials.

CONSOLIDATED CASH FLOW

€ million	3 month at September 30, 2023	3 month at June 30, 2023	3 month at March 31, 2023	12 month at December 31, 2022
Cash flow from operating activities	11.0	8.7	9.8	31.6
Cash flow used in investing activities	(5.4)	(5.8)	(5.0)	(13.2)
Cash flow used in M&A activities	-	(3.6)	(4.9)	(3.3)
Cash flow used in financing activities	(2.4)	(3.4)	0.8	(20.1)
Increase/(Decrease) cash and cash equivalents	3.2	(4.1)	0.7	(5.0)
RCF Increase / (Decrease)	(3.0)	-	-	(12.0)
Post RCF Increase/(Decrease) cash and cash equivalents	6.2	(4.1)	0.7	7.0
Cash flow w/o One Off effects	5.6	2.9	5.6	n.m.

KEY OBSERVATIONS

- Operating cash flow at September 30, 2023 is primarily driven by the growth of the business
- Operating cash flow for the third quarter of 2023 increase of € 2.3M if compared to the second quarter of 2023 driven by the inventory rationalization partially offset by the increasing trend of the interest rate
- Investing cash flow includes the investments on fix assets (CAPEX) which amounted to €5.4 million in the third quarter 2023
- Financing cash flow is primarily driven by the repayment of the RCF for € 3M
- Excluding one-off effects (M&A activities and financing drawn/repayment of unsecured debt) the Cash Flow for the three quarters 2023 is € 5.6M, € 2.9M and € 5.6M respectively.

TRADE WORKING CAPITAL

€ million	As of September 30, 2023	As of June 30, 2023	As of March 31, 2023	As of December 31, 2022	As of December 31, 2021
Inventory	79.0	87.4	94.6	93.4	93.8
Receivables	40.7	42.9	38.7	40.7	30.1
Payables	(47.9)	(55.2)	(57.7)	(57.6)	(55.9)
TWC	71.9	75.1	75.6	76.5	68.0
as % on LTM NET REVENUE	20.1%	20.9%	21.5%	21.9%	21.1%
Other WC Items	(11.3)	(6.4)	(6.2)	(6.1)	(4.6)
WC	60.6	68.7	69.4	70.4	63.4
as % on LTM NET REVENUE	17.0%	19.1%	19.7%	20.1%	19.7%

Key Observations

- Trade working capital at September 30, 2023 shows a gradual decrease as % of sales from the beginning of the year to the present date.
- Inventory at September 30, 2023 vs Inventory at December 31, 2022 decreases of € 14.4M driven by inventory rationalization on track and due to coverage strategy on raw material fluctuation
- Working Capital at September 30, 2023 shows a decrease both in absolute value and as % of sales. Both values are lower than 2021.

NET FINANCIAL POSITION

€ million	9 month at September 30. 2023	6 month at June 30. 2023	3 month at March 31. 2023	12 month at December 31. 2022	12 month at December 31. 2021
Cash and cash equivalents	(22.7)	(19.5)	(23.6)	(22.9)	(28.0)
Revolving Credit Facility	7.1	10.3	10.1	10.2	22.2
Senior Secured Notes	339.8	340.0	340.1	340.1	340.0
Senior Secured Net Debt	324.3	330.8	326.6	327.4	334.3
SSND / PF EBITDA Adj.	4.4x	4.4x	4.4x	4.7x	5.0x
Unsecured other Financial Debt	19.1	20.3	24.1	20.7	23.4
NFP	343.4	351.1	350.8	348.1	357.7
NFP / PF EBITDA Adj.	4.7x	4.7x	4.7x	5.0x	5.3x

Key Observations

- Cash and cash equivalents decrease of € 0.2M if compared to December considering the following extraordinary payments:
 - € 4.9 M of Innova acquisition
 - € 3.6 M of charges for PAI acquisition of Pasubio Group
- Moreover, it must be considered that the Group repaid € 3M of RCF during the third quarter of 2023.
- Other financial debt mainly refers to Pasubio and Hewa local credit facilities which are unsecured.
- Total Liquidity available is € 81M (including €58M of undrawn RCF).
- The Group has hedged its floating rate debt to proactively mitigate exposure to global rising rates entering into a hedging instrument which covers around 50% of its FRN nominal value for the period ending June. 2025.



04. **Q&A**

PASUBIO



05. **Appendix**

PASUBIO

Revenue Breakdown by Application / Geography

NET REVENUES Q3 2023 LTM BREAKDOWN

By Application



By Geography



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

Balance Sheet

€ thousand	As of September 30, 2023	As of December 31, 2022
Goodwill	443.172	461.552
Intangible assets	22.378	24.948
Property, plant and equipment	66.073	58.608
Investments in associated and other companies	5.826	106
Other assets	4.744	4.788
Non-current Assets	542.192	550.001
Inventories	79.049	93.390
Trade receivables	40.694	40.745
Tax receivables	5.012	3.224
Deferred tax assets	970	1.163
Other receivables	7.258	8.499
Prepaid expenses and accrued income	2.157	2.205
Cash at bank and on hand	22.681	22.928
Total current Assets	157.822	172.154
Total Assets	700.015	722.155
Shareholders' equity	(245.111)	(125.122)
Deferred tax liabilities	(6.011)	(6.570)
Provisions for employee severance indemnities	(1.496)	(1.673)
Provision for risks and charges	(686)	(686)
Bank Loan	(9.027)	(11.604)
Notes	(329.374)	(328.124)
Shareholders' loan	(13.839)	(144.751)
Other financial liabilities	(3.810)	(3.226)
Non-Current Liabilities	(364.243)	(496.634)
Bank Loan	(12.250)	(14.923)
Notes	151	(63)
Other financial liabilities	(4.960)	(4.106)
Trade payables	(47.885)	(61.300)
Tax payables	(7.791)	(2.158)
Social security payables	(2.827)	(3.165)
Other payables	(10.465)	(8.553)
Accrued expenses	(4.634)	(6.131)
Current Liabilities	(90.661)	(100.399)
Total Liabilities and Shareholders' equity	(700.015)	(722.155)

Income Statements

€ thousand	9 months at September 30, 2023	9 months at September 30, 2022
Revenue	274.697	268.927
Other revenue and income	2.975	1.488
Total revenue and other income	277.673	270.415
Purchase of goods and changes in inventory	(140.401)	(141.998)
Cost of services	(50.517)	(45.854)
Use of third party assets	(1.025)	(792)
Personnel costs	(38.557)	(38.511)
Other operating costs	(666)	(505)
Capitalization in fixed assets for internal work	683	-
Depreciation - tangible assets	(6.654)	(6.569)
Amortization - intangible assets	(22.865)	(22.237)
Write-down of trade receivables	(152)	(10)
Total operating costs	(260.154)	(256.476)
Operating profit / (loss)	17.519	13.939
Financial income (expenses)	(28.843)	(24.378)
Net exchange rate gain (losses)	41	875
Profit (Loss) before tax	(11.284)	(9.565)
Income taxes	(7.120)	(7.925)
Profit (Loss) for the year	(18.403)	(17.490)

Consolidated Reported Cash Flow

€ thousand	9 month at September 30, 2023	9 month at September 30, 2022
<i>Cash flow from operating activities</i>		
Profit (Loss) for the year	(18.403)	(17.490)
Income Taxes	7.120	7.925
Net financial expenses	28.843	24.378
(Capital gains) Capital losses deriving from disposal assets	-	(101)
1. Profit (loss) for the year before income taxes, interest, dividends and capital gains / losses on disposal	17.560	14.712
<i>Non cash adjustments</i>		
Depreciation and Amortization	29.520	28.806
Non-monetary adjustments that have not had a counterpart in working capital	(40)	574
Provisions (Uses) for contingencies	(145)	89
Total non-monetary adjustments without effects in working capital	29.335	29.469
2. Cash flow from operating activities before changes in net working capital	46.895	44.182
<i>Changes in Net Working Capital</i>		
Decrease (Increase) of inventories	14.341	3.813
Decrease (Increase) of trade receivables	92	(11.799)
(Decrease) Increase in trade payables	(9.125)	(7.517)
Decrease (Increase) in accrued income and prepaid expenses	(157)	494
(Decrease) Increase in accrued expenses and deferred income	(1.772)	1.955
Other working capital items	339	(1.498)
Total changes in working capital	3.718	(14.552)
3. Cash flow from operating activities after changes in working capital	50.612	29.630
<i>Other Adjustments</i>		
(Income tax paid)	(2.408)	(1.836)
(Interests paid)	(18.604)	(12.835)
(Use of provisions)	(177)	-
Total other adjustments	(21.189)	(14.671)
Cash flow from operating activities (A)	29.423	14.959

PASUBIO

€ thousand	9 month at September 30, 2023	9 month at September 30, 2022
<i>Cash flow from investing activities</i>		
(Payments for tangible assets)	(13.795)	(7.166)
Proceeds from sale of tangible assets	131	113
(Payments for intangible assets)	(1.914)	(1.849)
(Payments for financial fixed assets)	(531)	(16)
Net cash used in acquisition of Innova	(4.941)	-
Net cash flow for the acquisition of Conceria Pasubio Group	(3.660)	(3.268)
Net cash flow for the acquisition of GD and GDI	-	(5)
Cash flow from investing activities (B)	(24.709)	(12.190)
<i>Cash flow from financing activities</i>		
Proceeds and repayment of short term loan	(277)	364
Proceeds of new long term loan	(630)	15.419
Repayment of long term loan	(4.055)	(17.662)
Cash flow from financing activities (C)	(4.961)	(1.879)
Increase/(Decrease) cash and cash equivalents (A ± B ± C)	(247)	890
Cash at hand and on bank at beginning of the period	22.928	27.969
Cash at hand and on bank at the end of the period	22.681	28.859

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