

We are invisible!
But we are everywhere!

Industrie Chimiche Forestali S.p.A.

Investor presentation

March 2023

**INDUSTRIE
CHIMICHE
FORESTALI**

SINCE 1918

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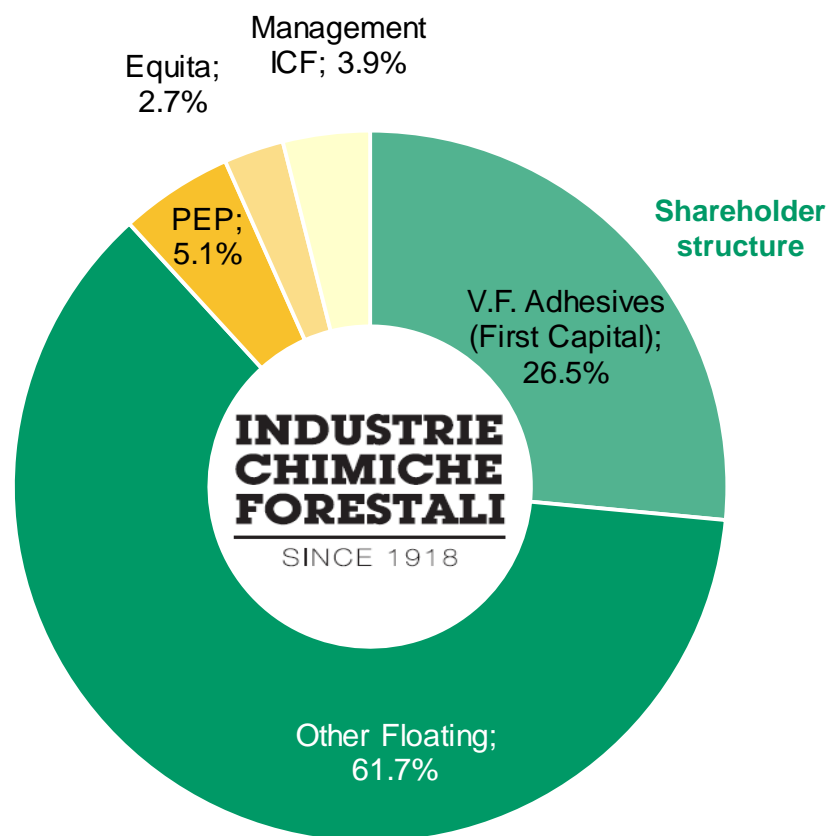
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Industrie Chimiche Forestali

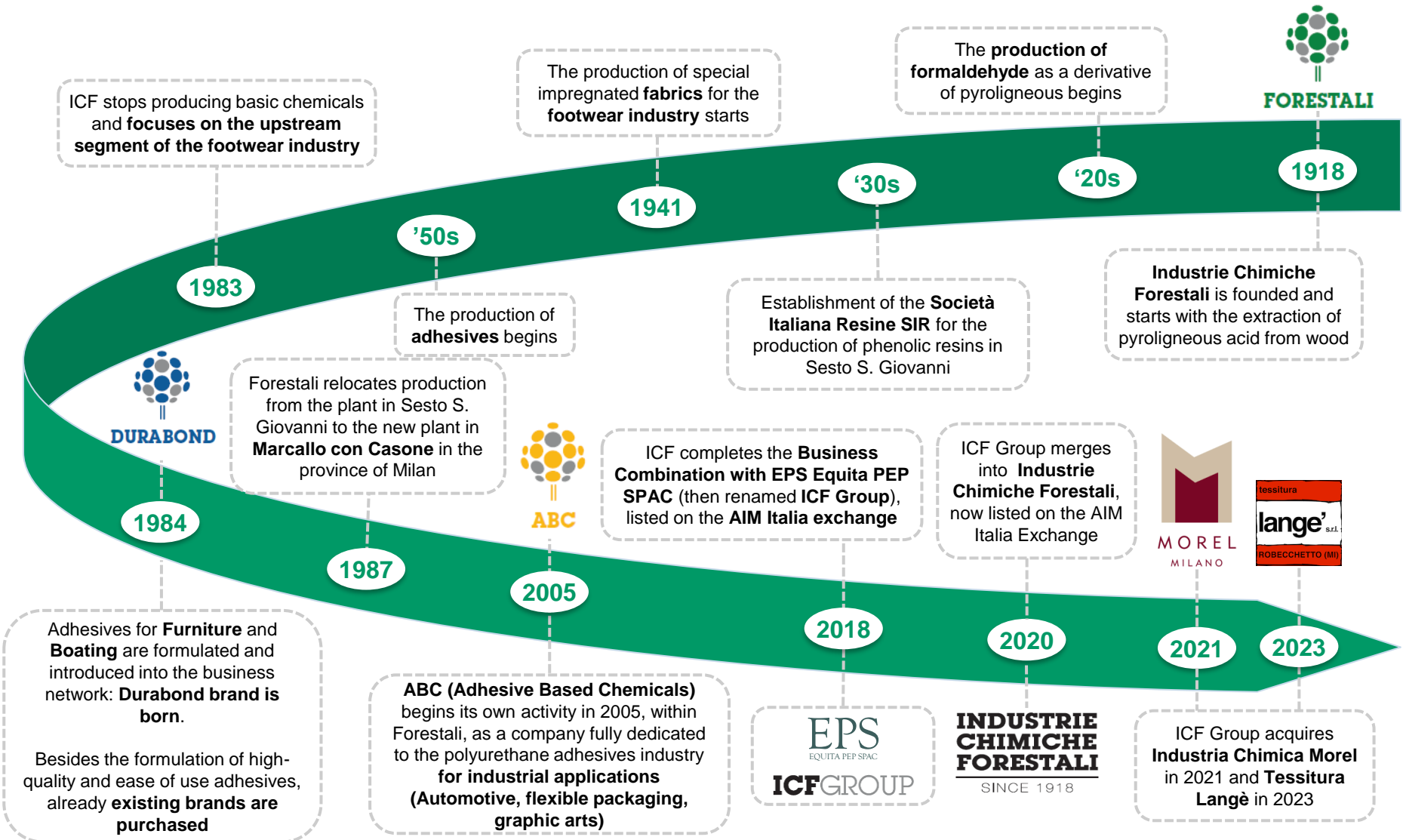
ICF is a leading player in the technical adhesive and fabric business with the **mission** to pursue organic expansion of its operations while acting as an aggregator of companies operating in complementary businesses exploiting the robust Free Cash Flow generation

Why invest in Industrie Chimiche Forestali



- 1 A **public company**. The market is the dominant shareholder
- 2 More than **100 years of history** in the chemical industry
- 3 **Leading player in Technical Adhesive niche** with expertise in adhesives and technical fabrics for the Footwear, Leather Goods, Automotive, Packaging and Upholstery sectors
- 4 **Export oriented**
- 5 Substantial **Free Cash Flow generation**
- 6 Strong focus on **sustainability and environmental issues**

Industrie Chimiche Forestali: a 100-year History



The «Invisible Power»

Footwear & Leather Goods



FORESTALI

Adhesives:

- Solvent-based
- Solvent-free
- Water-based

Technical fabrics:

- Toe-puff, counters / stiffeners
- Linings and reinforcing



Technical fabric is used in the toe puffs and counters of the shoe. **Adhesive** is used to put together mainly uppers, insoles and sole units



Technical fabric goes to reinforce the handle, bottom and sides of the bag. **Adhesive** is used to glue the linings



Adhesive is used to glue different components of the upholstery

The «Invisible Power»

Adhesives have a **negligible impact** on cost of production of the final article...

Automotive



Adhesives:

- Solvent-based
- Solvent-free
- Water-based



The layers of the headliner in a vehicle. It can be applied to light vehicles (passenger and commercial)

Adhesives are used to glue



The layers of films comprising the package for various applications (food and non-food)



The plastic cover of magazines and periodicals

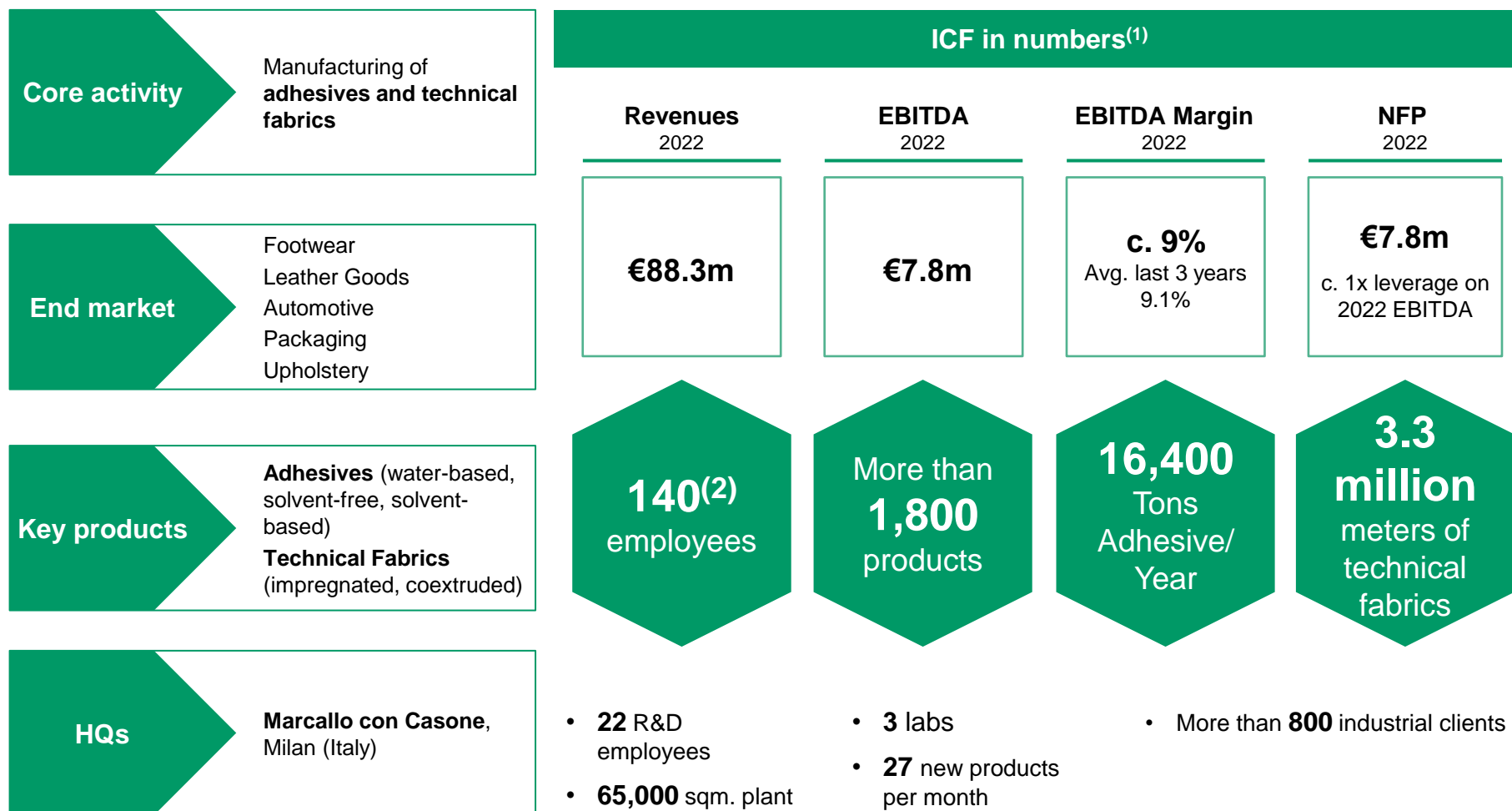


The pins used in the staplers and similar objects

...But a **relevant impact on the performance**. A low quality adhesive can lead to serious issues and costs (e.g. destroyed shoes or stained car roof)

Product quality, customized solutions and reliability are key drivers to serve clients

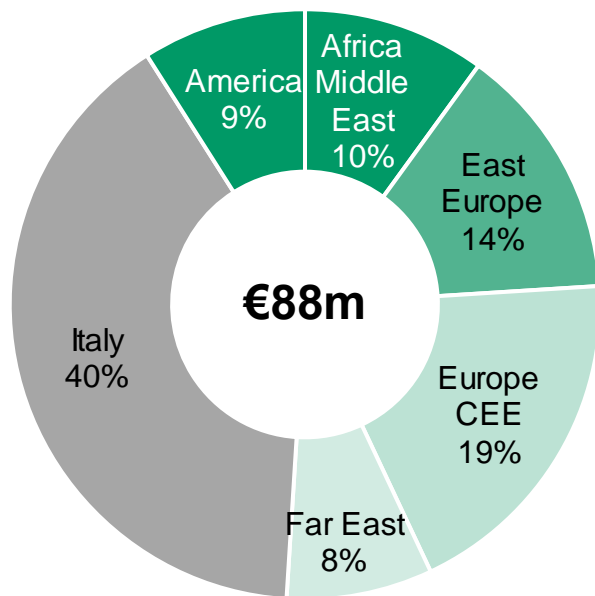
A leading Player in the Technical Adhesive and Fabric World



A Balanced Portfolio with a Global Exposure

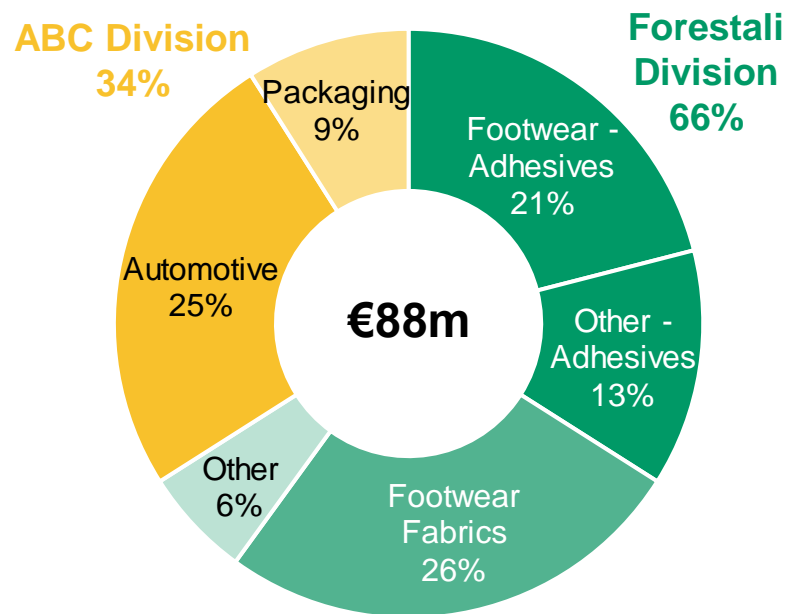
The company is export-oriented, with a balanced exposure to the Automotive, Footwear and Packaging sectors

Geographic Area



Export makes up for c. 60% of revenues for 2022

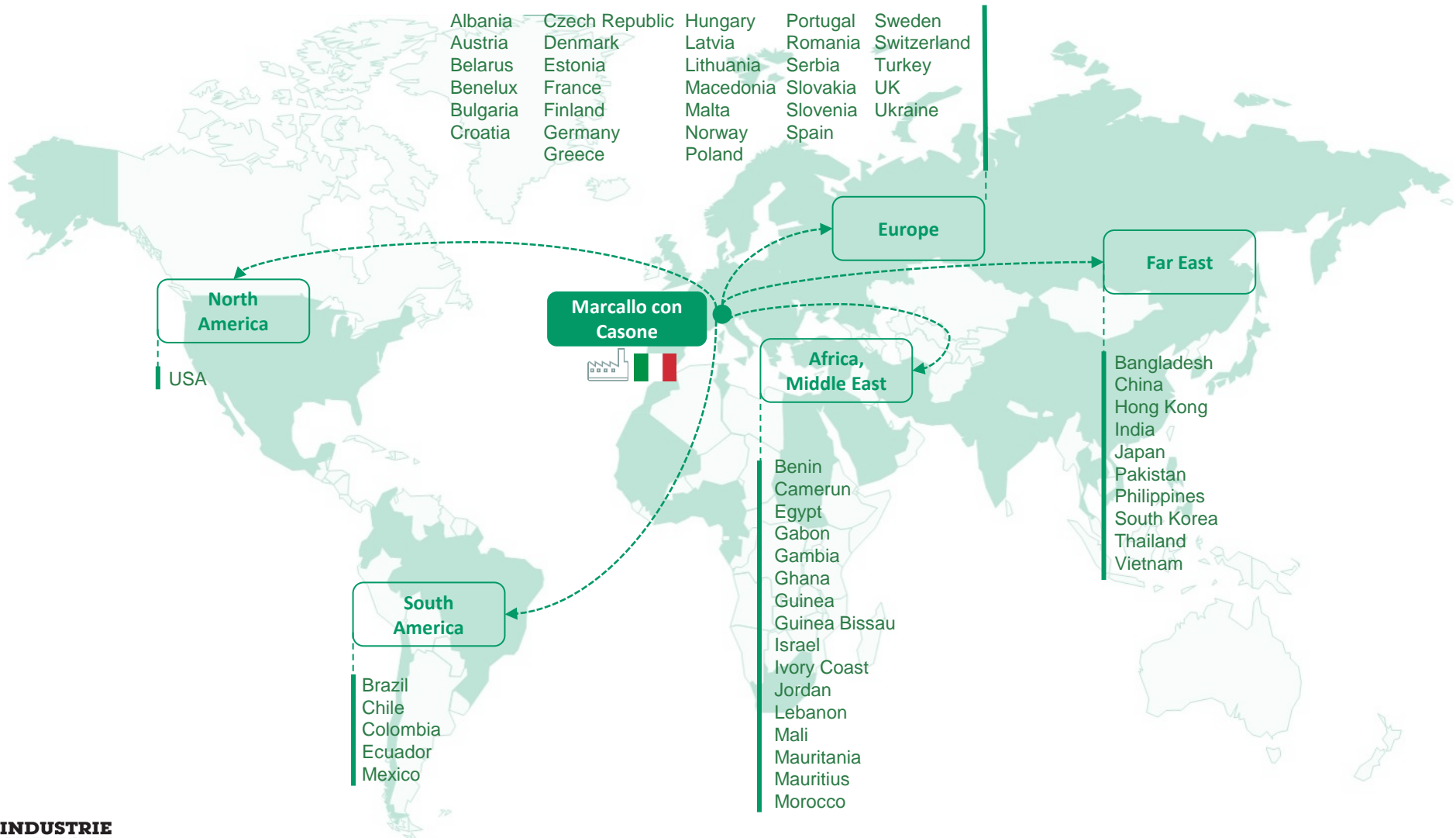
Business Line



Forestali manufactures both adhesives (c. 34%) and fabrics (c. 26%), while ABC manufactures adhesives only

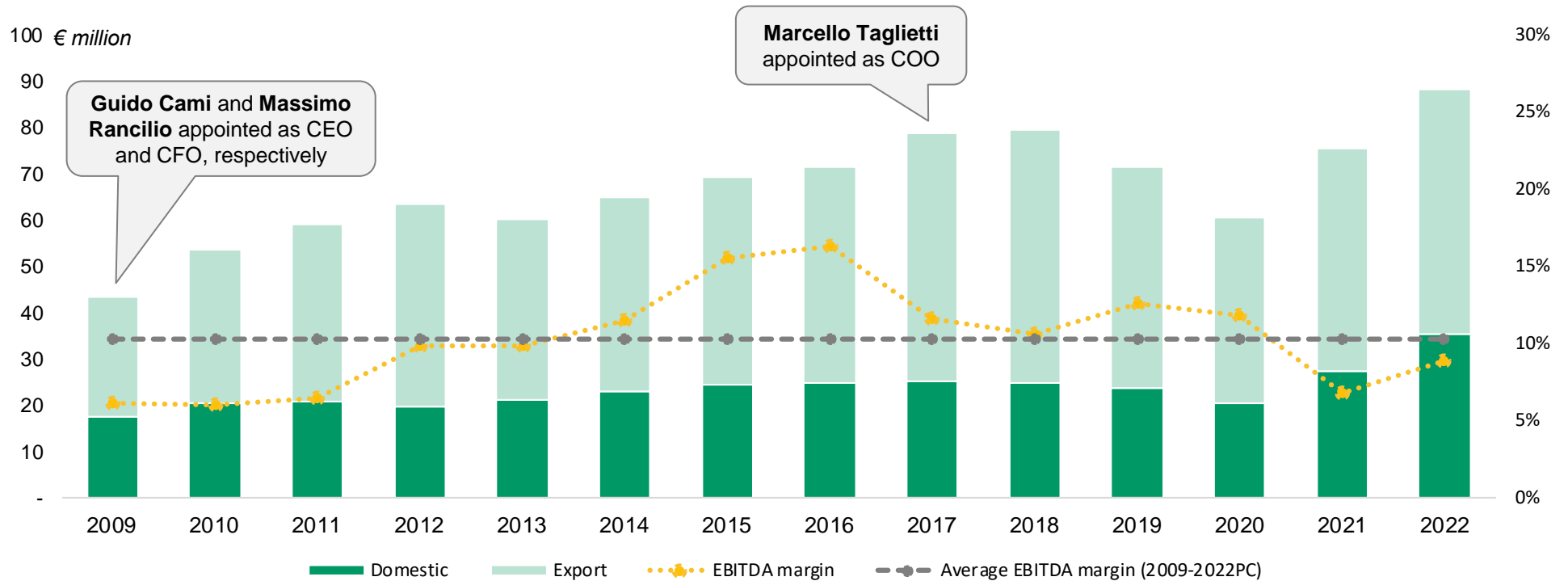
From Italy to the rest of the world

From the headquarter of Marcallo con Casone ICF reaches 80 countries all over the world



Expansion mainly based on Export

In the last 14 years Top Line doubled, export sales exceeded 60% with an average EBITDA margin ~10%



Export (% on revenues)

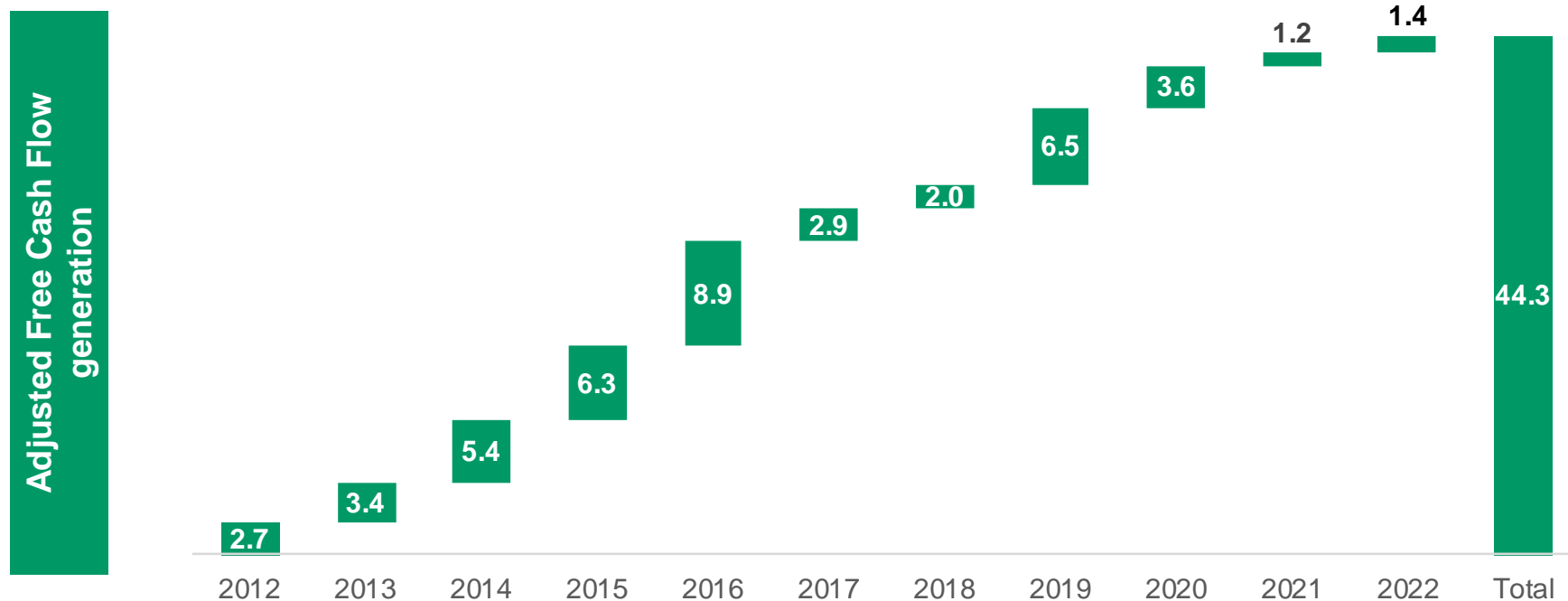


Domestic (% on revenues)



Material Free Cash Flow Generation – Always positive

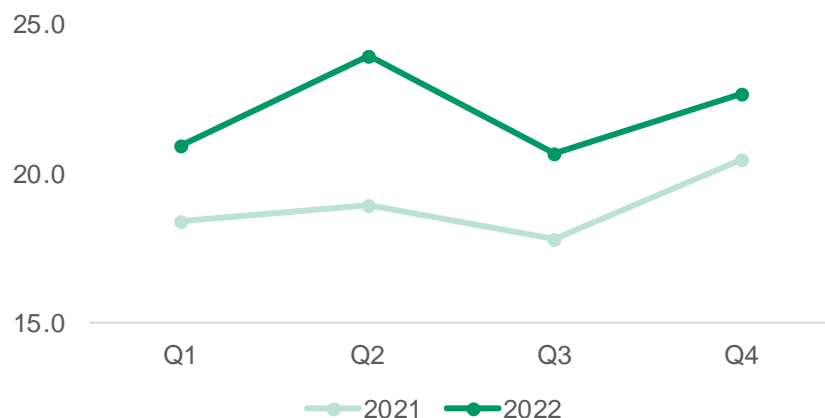
Cumulative Free Cash Flow Generation above €44 over the last 11 years



2022 EBITDA +50%

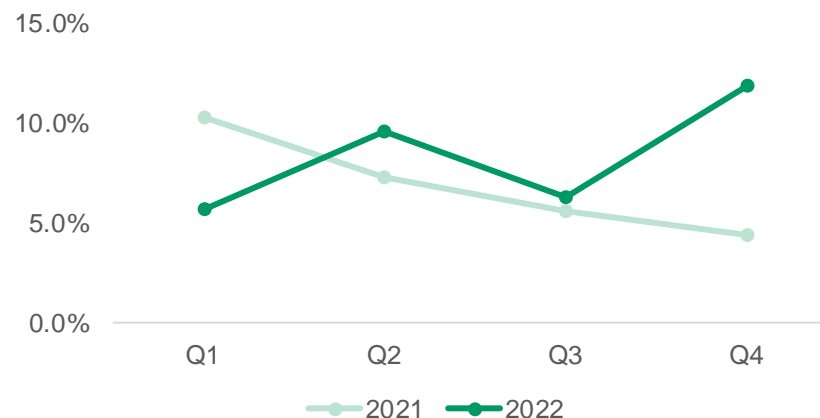
Diversification and M&A supporting top line growth

Quarterly revenues



Back to double digit margin area

Quarterly EBITDA margin



- 1 In FY22 ICF recorded c. €88m in revenues, **growing by 17%**. All segments excluding automotive contributed to the positive performance. The growth was mainly supported by increase in prices. The best performing applications were the technical sportive shoes, luxury shoes and leather goods. Morel contributed with €8m.
- 2 Despite high inflation in raw materials and utilities **EBITDA grew by 50% to €7.8m**. EBITDA margin was **9% accelerating** during the year **improving from 5.7% in 1Q22 to 11.9% in 4Q22** and therefore going **back to the double-digit area**.
- 3 Net debt grew to €7.8m driven by the increase in Net Working Capital reflecting the growth in sales and the investment in inventories to mitigate the difficulties in the supply chain. Non-operating cash out were €1.9m of which €1.6m returned to shareholders (€1m in dividends and €0.6m in buy-back) and €0.3m for the completion of Morel acquisition

ICF annual financial highlights

2022 results improving across the board

- 1 In FY22 ICF recorded c. €88m in revenues, **growing by 17%**
- 2 Despite high inflation in raw materials and utilities **EBITDA grew by 50% to €7.8m**. EBITDA margin was **9%**
- 3 Adjusted Net Income** grew +77% to €3.9m.
- 4 Net debt grew to €7.8m driven by the increase in Net Working Capital. FCF was positive for €1.4m
- 5 Dividend was proposed to €0.20 from €0.14 last year

Income Statement (€m)		2020	2021	2022
1	Revenues	60.6	75.7	88.3
	<i>YoY growth (%)</i>	-15.4%	24.9%	17.0%
2	EBITDA	7.1	5.2	7.8
	<i>margin (%)</i>	11.8%	6.9%	8.8%
	Net Income	2.2	2.3	3.2
	<i>margin (%)</i>	3.7%	3.0%	3.6%
3	Adjusted Net Income	3.3	2.2	3.9
	<i>margin (%)</i>	5.5%	2.9%	4.4%
Balance Sheet (€m)		2020	2021	2022
4	Net Debt	3.2	7.4	7.8
	<i>Net Debt/EBITDA</i>	0.5x	1.4x	1.0x
Cash Flow Statement (€m)		2020	2021	2022
	Adjusted Free Cash Flow	3.6	1.2	1.4
	<i>cash conversion (%)</i>	50.1%	22.4%	17.9%
Other		2020	2021	2022
	Outstanding shares (m)	7.2	7.4	6.8*
	<i>o.w. Treasury shares (m)</i>	0.1	0.5	0.1
5	Dividend per share (€)	0.14	0.14	0.20

ICF's major achievements since its listing in 2018

€13.0m of Free Cash Flow generation¹

1

€7.5 m Cash distributed to shareholders:

- **€5.5m of shares buy-back** from May 2019 to December 2022 (around 900k shares or 12% of the initial capital)
- **€2.0m of cumulated dividends** distributed since 2021

2

€2m invested in the **acquisition of MOREL business in July 2021** with very positive execution as in FY22 Morel contributed to Group results with c. **€1.0m of EBITDA**

3

€1.0m invested in a **real estate asset acquisition** to expand operations

4

€2.2m of deleverage despite the use of cash listed above

ICF's major achievements since its listing in 2018

Acquisitions of Morel and Langè



Morel, founded in 1926 in Milan, designs and manufactures **toe-puffs and counters** for the footwear market, with focus on **the luxury segment**. The brand has acquired a position of absolute relevance in its reference market, becoming a synonymous of high quality "Made in Italy" and with a focus on **sustainable** solutions.

The acquisition led to a cash-out of **c. €2m, and after only 18 months the contribution to EBITDA was c. €1m after doubling sales to around €8m**



Tessitura Langè, founded in 1941, produces and sells cotton and blended fabrics that are finished through in-house industrial processes with a strong focus on innovation and sustainability.

The focus on sustainability is enhanced using ethically sourced cottons (BCI), made with organic raw material guaranteed by "GOTS" certification and/or recycled with "GRS" certification, compliance with the REACH protocol and the SVHC (Substances of Very High Concern) list.

In 2022, Langè reported revenues of c. €10m and a positive margin. The cash out to close the deal is c. €1.8m¹

Rationale

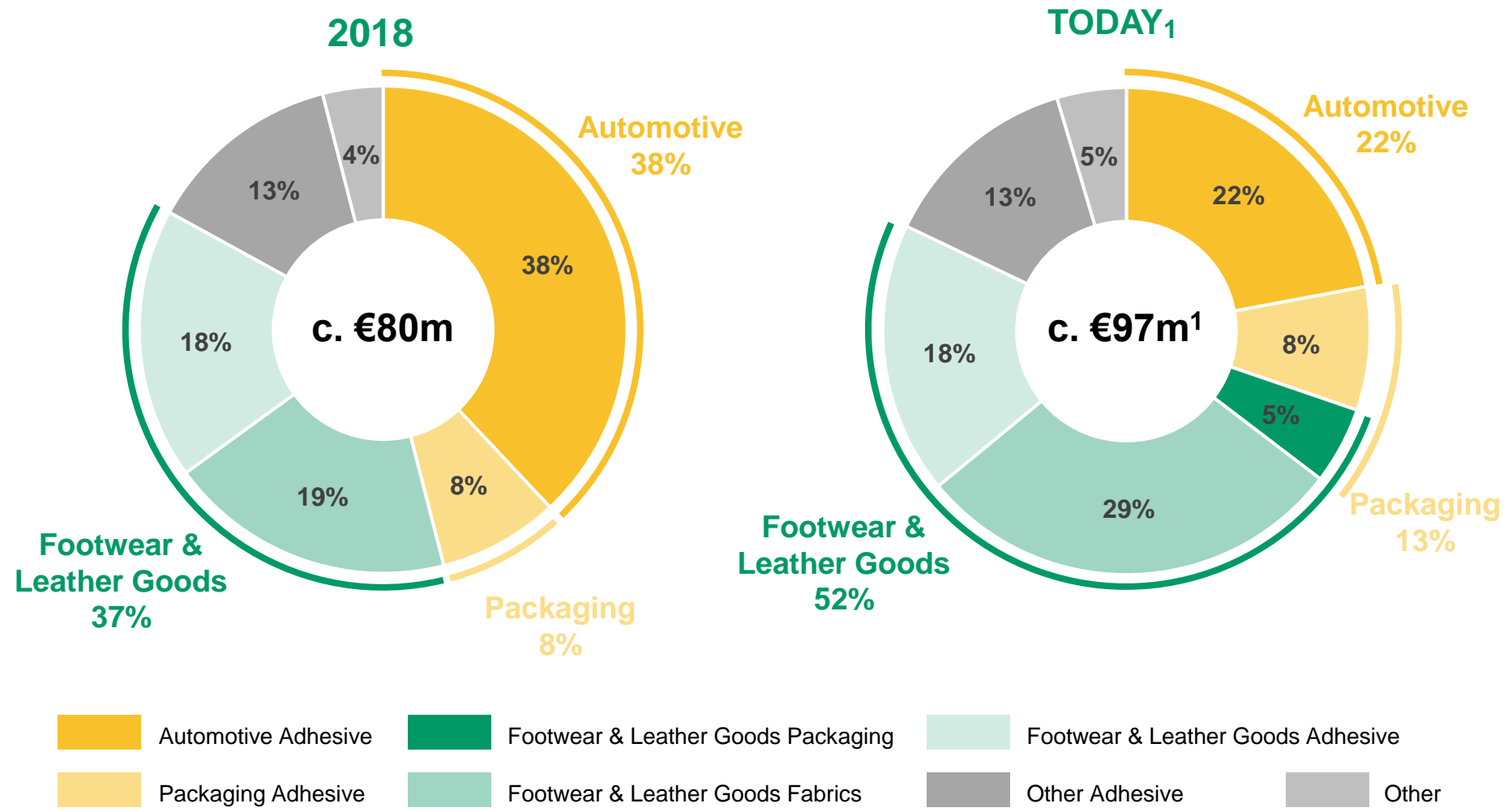
1. **Strengthening ICF's** presence in the **luxury** footwear market
2. **Client cross-fertilization** thanks to the complementarity of products and customer base
3. Cost and commercial **synergies**

Rationale

1. **Exploit commercial synergies**
2. **Expand footwear and leather segment**
3. Expand exposure to **luxury** markets and to **packaging** products

ICF's major achievements since its listing in 2018

(+) Footwear & Leather Goods (+) Packaging (-) Auto (=) more stable margins



Note: (1) Pro-Forma non audited simulation obtained by adding to ICF 2022 revenues the 2022 turnover of Langè that will be acquired in 2023

Sustainability at ICF – www.investors.forestali.it/sostenibilita

Sustainability and social and environmental issues have been part of ICF's culture ever since 1998, when we joined the "Responsible Care" program, promoting the Sustainable Development of the Chemical Industry worldwide according to values and behavior oriented towards health, safety and the environment. Moreover, to be even more accountable, we redact a **Sustainability Report**, in line with Global Reporting Initiative standard

ICF's commitment to ESG aspects



Products: we offer to our clients **increasingly eco-friendly products** by replacing hazardous substances present in their formulation and developing eco-friendly and **low Volatile Organic Compound** adhesives



People: we strongly believe in the **value of our people** to whom we guarantee the opportunity of a qualified job and on which we invest to enhance their talents



Safety: we operate with respect for the safety not only of our employees but also of our customers and the surrounding population. Properly trained personnel and the development of processes and plants with high standards of **quality and safety are the prerequisite that we put before any other consideration of economic opportunity**



Quality: together with the preservation of the environment and safety, **quality is an inseparable aspect of our entrepreneurial activity**, which is also reflected in the maintenance and continuous improvement of Management System **certifications**, some of which were obtained more than twenty years ago and have therefore become a common working

At Industrie Chimiche Forestali, the integration of economic, environmental and social sustainability into our business has been for years among our core priorities and thanks to that we have been able to build a competitive advantage, recognized by the market in our competitiveness as well as our dynamism and flexibility

ESG – Certifications

Management System Certification

- **UNI EN ISO 9001** - Quality Management System certification since 1997
- **UNI EN ISO 14001** - Environmental Management System certification since 1998
- **UNI EN ISO 45001** - Safety Management System certification since 2009
- **EMAS Regulation** – Eco Management and Audit Scheme compliance since 2000
- **IATF 16949** - Quality Management System certification since 1997 for Automotive Industries
- **Model 231** – Organizational, Management and Control Model, and a Code of Ethics since 2014

Product Certification

- **GRS®** – Global Recycle Standards; recycled materials certification and compliance of environment and social criteria
- **FSC®** - Forest Stewardship Council certification; guarantee that products come from a responsible managed forest and supply chain
- **OK-BIOBASED®** - Certify the biobased content based on the % of renewable raw materials determined
- **EPD® (Environmental Product Declaration)** certification, that present transparent, verified and comparable information about the life-cycle environmental impact of textile products based on LCA studies done on Fabrics (by end 2023)



Sustainability Report

4th Edition of ICF's voluntary Sustainability Report in accordance with the *Global Initiative Sustainability Reporting Standards* (GRI Standards)

ESG – Environment

ICF's commitment towards environmental issues goes **beyond system certifications** and includes its daily operations, its supply chain and its overall impact on the environment.

Environmental

- Compliance with the **European REACH regulation**⁽¹⁾
- **Water-based and solvent-free adhesives >50% of production**
- **CO, NOX and VOC emissions reduction**
- **Recycling** campaign for **paper, cardboard and plastic**
- 20% of the textile production compliant to **Global Recycle Standard** after just one year from certification adoption
- The **PHOTOVOLTAIC SYSTEM** recently installed (with an investment of around 400,000 euros) in 2023 will produce about 1/3 of ICF required demand, which in total is about 4.5 mln KW
- Process **waste water recycling capability** through its chemical-physical waste water treatment plant
- Process **waste solvent distillation & recycling capability** through its new solvent distillation plant (by June 2023)

ESG – Social and Governance – www.investors.foreitali.it

Governance

ICF **governance** model is **investor friendly** and quite **unique** among companies of similar size listed on the AIM segment of Borsa Italiana:

- ICF is a public company with the market being the dominant shareholder
- The BoD is composed of 7 members, of which **2 qualify as independent directors** (Mrs. Balzano and Mr. Rettani)
- **The interests of ICF top management are aligned with those of the shareholders:** 12 ICF managers, including the CEO Guido Cami, hold 3.6% of the Company's share capital

ICF Board of Directors (till April 28 2023)



Guido Cami



Giovanni Campolo



Stefano Lustig



Vincenzo Polidoro



Giuliano Tomassi Marinangeli



Marina Balzano



Roberto Rettani

Independent

43% of AIM listed companies featured **2 or more independent directors** in 2019

Social impact

ICF supports the community by sponsoring local organizations:

- Bambini delle Fate
- Marcallo con Casone local sport team
- Mesero oratory
- Valcaselle *tamburello* team
- Alatha
- Magenta's hospital

Best practices

- Environmental Report (every 3 years)
- **Sustainability report** in line with Global Reporting Initiative standards



ENVIRONMENTAL REPORT
2018 - 2020

INDUSTRIE CHIMICHE FORESTALI S.p.A.
www.investors.foreitali.it

Awards

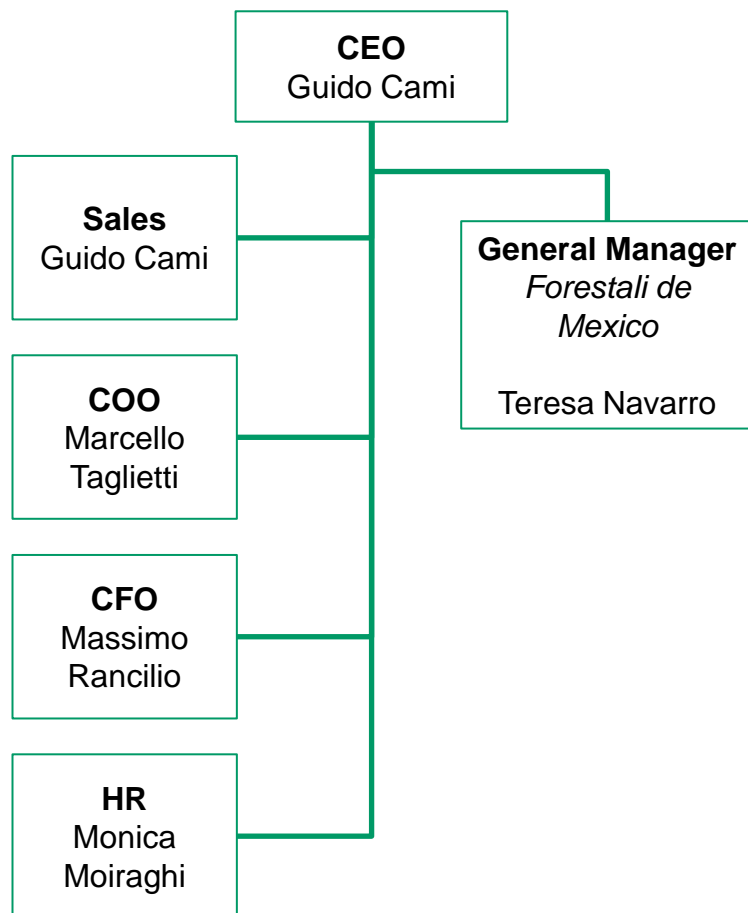


Winner of:

AIM ESG
AIM Investor
Day 2018

Organizational Structure and Key Management

Organizational structure with 140⁽¹⁾ people coordinated by...



...an experienced management



Guido Cami *Chief Executive Officer*

- Graduated in Management Engineering at Politecnico di Milano
- Vice Chairman of the Adhesive and Sealant division of AVISA
- Chairman in FEICA (European Adhesives and Sealant Association)
- 30+ years of experience in industrial companies (Pirelli, Manifattura di Legnano, Vibram, Pechiney, Crespi, Forestali)
- Expertise: Production, Logistics, Operations, R&D, Commercial, Managing Direction
- 13 years in Forestali as CEO



Marcello Taglietti *Chief Operating Officer*

- 30 years of experience in the Operations function (Ashland Chemicals, Air Products and Chemicals, KMG Chemicals)
- 5 years in Forestali



Massimo Rancilio *Chief Financial Officer*

- 21 years of experience in the Finance function (Oracle, Accenture, Hexon Specialty Chemicals, MPG Plast)
- 13 years in Forestali



Monica Moiraghi *Human Resources*

- 30 years of experience in the HR function
- 21+ years in Forestali



Teresa Navarro *General Manager*

- General Manager at Forestali de Mexico
- 22+ years in Forestali de Mexico

Appendix

**INDUSTRIE
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**Industrie Chimiche Forestali S.p.A.
www.forestali.it**

**Headquarter in Marcallo con Casone
Via Fratelli Kennedy, n. 75**

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***Please visit www.forestali.it/#ambiente to download your
copy of ICF Environmental or Sustainability Report!***