

Steady Through Persistent Market Headwinds

ADD | Fair Value: €2.90 (€3.66) | Current Price: €0.92 | Upside: +215%

Research Update

October 30th, 2025 – 7.00 h

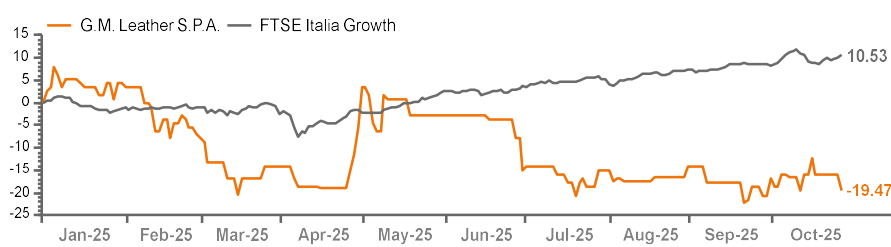
€ Million	FY23	FY24	FY25E	FY26E	FY27E	FY28E
Sales Revenues	40.9	40.5	45.5	50.8	55.2	59.4
Total Revenues	41.7	41.1	46.1	51.3	55.8	60.0
EBITDA	6.2	6.4	7.3	8.1	9.4	10.8
margin	15.1%	15.9%	16.0%	16.0%	17.1%	18.2%
Net Profit	2.0	0.3	1.2	2.1	3.2	4.6
Free Cash Flows	(8.8)	2.3	6.8	5.5	5.5	7.4
Net Debt (Net Cash)	25.7	25.7	21.3	17.6	13.5	7.0

1H25 Financials. In 1H25, G.M. Leather reported revenues of €21.2mn (+11.6% YoY, -8.5% vs €23.1mn estimates), reflecting tariff-related uncertainty and weaker demand. Finished products reached €15.9mn (+31.1% YoY), supported by Chiorino Leather's consolidation (€2.0–2.5mn contribution) and improved efficiency at Palladio, while semi-finished goods fell to €3.5mn (-41% YoY) amid softer Asian demand. Contract manufacturing doubled to €1.8mn (+100% YoY) leveraging spare capacity. The Italian market rose to €10.8mn (+62% YoY, 51% of sales) offsetting weaker Extra-EU revenues (€7.4mn, -22% YoY) due to U.S. tariff uncertainty. EBITDA came in at €3.1mn (+10.2% YoY, -23.5% vs est.) with a 14.7% margin (-0.2pp YoY), as OPEX optimization offset gross margin contraction (55.1% vs 59.7%) linked to €2.1mn inventory drawdown and higher contract work share. Personnel costs decreased to 14.9% (vs 15.8%), despite Chiorino's incremental €0.5–0.6mn, thanks to €1.2mn savings from restructuring. Net income was €0.2mn (-31% YoY) after €1.5mn D&A and €1.2mn financial charges. Net debt improved to €24.6mn (from €25.7mn FY24) supported by €3.1mn operating cash flow and €1.4mn working capital release (driven by €2.1mn inventory reduction and €1.8mn extended payables), partly offset by €1.9mn capex and €1.2mn financial expenses.

Deconstructing Forecasts. GM Leather has completed its capacity expansion and restructuring phase, positioning the Group to pursue profitable growth without significant capital deployment. We project FY25E revenues of €45.5mn (+12.3% YoY), with revenue growth of c.10% CAGR through FY28E driven by product mix improvement toward higher-margin finished goods, Chiorino Leather's full consolidation, and expanding contract manufacturing (€5–6mn in FY25E). We forecast FY25E EBITDA reaching €7.3mn (16.0% margin), with profitability gradually increasing in the outer years, as operating leverage on the largely fixed cost base drives service costs from 23.8% of sales (FY24) to 19.0% (FY28E), while personnel expenses relative weight decline following organizational rationalization completed in 2H25. We forecast inventory drawdown releasing c.€3.8mn in FY25E, supporting operating cash flow of €10.1mn (c.140% EBITDA conversion) and improving trade working capital from 69% of sales (FY24) to 54% (FY25E). NFP improves to €21.3mn (2.9x EBITDA) in FY25E, declining to €7.0mn (0.7x) by FY28E through consistent FCF generation of €5.5–7.4mn annually from FY26E onwards.

Valuation. Our valuation, based on both DCF (1.5% terminal growth rate; 13.2% WACC) and multiple methods (EV/EBITDA from 5 comparables; 15% size/liquidity discount), returns an equity value of €32.6mn or €2.90ps, implying a +215% potential upside on the current market price. The valuation implies an EV/EBITDA multiple of 8.0x on FY25E EBITDA and 7.1x on FY26E.

Relative Performance Chart – YTD



Equity Research Team
connect@ktepartners.com

Michele FILIPPIG
mfilippig@ktepartners.com
 +39 331 631 6783

Carlo Alberto MORLETTO
cmorletto@ktepartners.com
 +39 335 592 2660

Market Data

Mkt Cap (€ mn)	10.3
EV (€ mn)	35.8
Shares out.	11.2
Free Float	13.6%

Market multiples	2025E	2026E
EV/EBITDA		
GML (Implied Valuation)	8.0x	7.1x
GML (Market Valuation)	5.0x	4.4x
Comps Average	9.1x	6.5x
GML vs Comps Median	-46%	-32%

Stock Data

Avg. Daily Turnover 90d (€k)	2
Price Change 1w (%)	-3%
Price Change 1m (%)	3%
Price Change YTD (%)	-19%

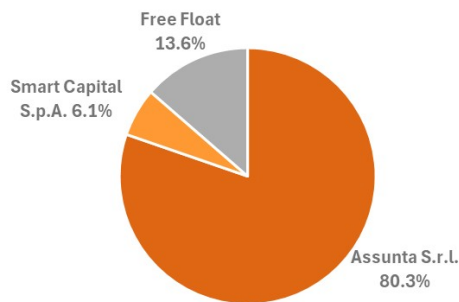
Key Figures

Per Share Data	2022	2023	2024	2025E	2026E	2027E	2028E
Total shares (mn)	11.2	11.2	11.2	11.2	11.2	11.2	11.2
EPS	0.18	0.18	0.03	0.10	0.19	0.28	0.41
Profit and Loss (EUR million)							
Sales Revenues	40.8	40.9	40.5	45.5	50.8	55.2	59.4
Total Revenues	42.4	41.7	41.1	46.1	51.3	55.8	60.0
growth (%)	-15.3%	-1.6%	-1.5%	12.3%	11.1%	8.7%	7.6%
EBITDA	5.0	6.2	6.4	7.3	8.1	9.4	10.8
EBITDA margin (%)	12.2%	15.1%	15.9%	16.0%	16.0%	17.1%	18.2%
EBIT	3.3	3.9	3.1	4.4	5.1	6.1	7.5
EBIT margin (%)	8.1%	9.6%	7.6%	9.6%	10.1%	11.1%	12.6%
Net Income	2.0	2.0	0.3	1.2	2.1	3.2	4.6
Net Income margin (%)	4.9%	5.0%	0.8%	2.6%	4.2%	5.8%	7.7%
Balance Sheet (EUR million)							
Total fixed assets	5.8	11.7	12.3	12.7	11.4	12.1	10.3
Net Working Capital (NWC)	21.6	28.1	27.7	24.5	24.7	23.5	23.9
Total Net Capital Employed	27.1	39.1	39.2	36.0	34.5	33.5	31.6
Net Financial Position/(Cash)	15.4	25.7	25.7	21.3	17.6	13.5	7.0
Shareholder's Equity	11.7	13.5	13.5	14.7	16.8	20.0	24.6
Cash Flow (EUR million)							
Operating cash flow	4.7	5.5	4.4	5.5	6.4	7.5	8.5
Change in NWC	(5.3)	(6.4)	0.4	3.2	(0.2)	1.1	(0.4)
Capital expenditure	(1.7)	(8.0)	(3.6)	(3.3)	(1.8)	(4.0)	(1.5)
Free cash flow	(2.4)	(8.8)	2.3	6.8	5.5	5.5	7.4
Enterprise Value (EUR million)							
Market Cap	19.3	15.3	12.7	10.3	10.3	10.3	10.3
Net financial position/(Cash)	15.4	25.7	25.7	21.3	17.6	13.5	7.0
Enterprise value	34.7	40.9	38.4	31.6	28.0	23.9	17.4
Ratios							
ROCE	12.2%	10.0%	7.8%	12.1%	14.8%	18.2%	23.7%
ROE	7.4%	5.2%	0.8%	3.3%	6.1%	9.5%	14.5%
NFP/EBITDA	3.1x	4.1x	4.0x	2.9x	2.2x	1.4x	0.7x
Gearing - Debt/equity	131%	191%	190%	145%	105%	68%	29%
NWC/Sales	0.5x	0.7x	0.7x	0.5x	0.5x	0.4x	0.4x
Free cash flow yield	-6.6%	-24.5%	6.5%	18.9%	15.2%	15.4%	20.6%
Multiples (x)							
EV/Sales	0.9x	0.9x	0.9x	0.8x	0.7x	0.7x	0.6x
EV/EBITDA	7.2x	5.8x	5.6x	5.0x	4.4x	3.8x	3.3x
P/E	5.1x	5.1x	31.1x	8.8x	4.9x	3.2x	2.3x

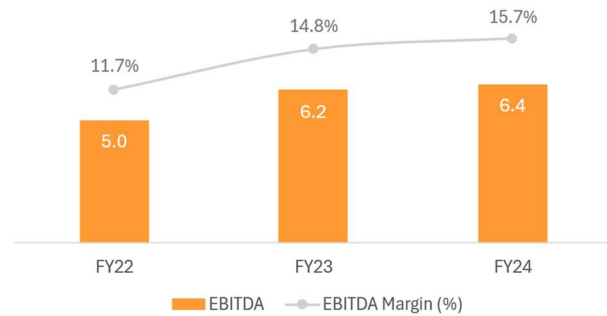
Source: Company Data (2022-2024), KT&Partners' estimates (2025-2028)

Key Charts

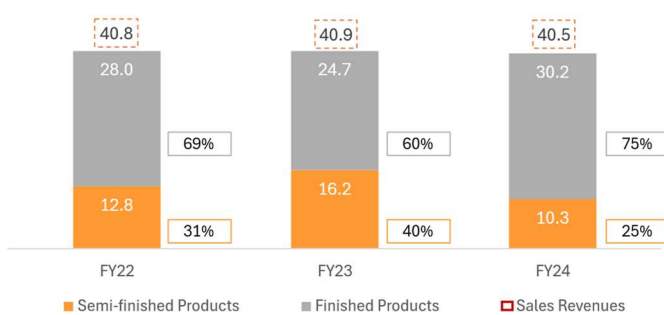
Shareholding Structure (%)



EBITDA (€mn) and EBITDA Margin (%)



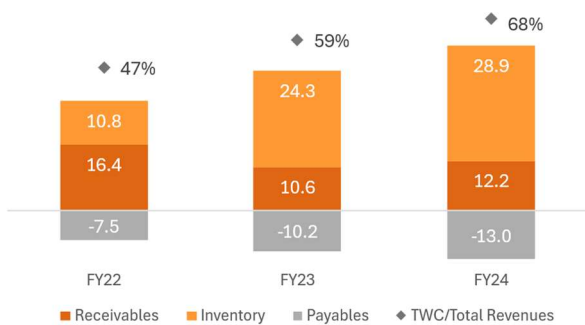
Sales Revenues Breakdown by Product Line (€mn, %)



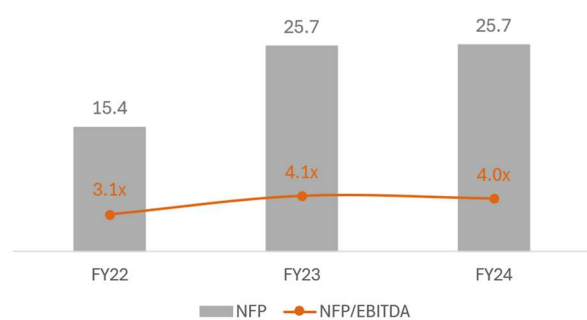
Total Revenues (€mn) and YoY Growth (%)



Trade Working Capital and TWC/Total Revenues (€mn, %)



NFP and NFP/EBITDA (€mn, x)



Investment Case

An industry leader. G.M. Leather combines nearly 50 years of heritage and a “Made in Italy” strong brand credibility to secure a leading position in the global leather industry. Based in Arzignano—the heart of Italy’s tanning district, responsible for over 60% of Europe’s and 25% of the world’s leather production—the Group benefits from a dense network of specialized firms, skilled artisans, and a culture of innovation. Its strategic location, coupled with close relationships across the supply chain and a fully vertically integrated business model enables G.M. Leather to foster cost synergies, anticipate market trends, sustain premium pricing on high-end products, and enhance operating leverage.

Global outreach and geographical diversification. Exports represent a core pillar of G.M. Leather’s business model, historically accounting for c.70% of total sales (c.50% generated in FY24 from United States, South America, and Southeast Asia). Through a well-established presence across the Americas, APAC, and other international markets, the Group effectively diversifies its geographic risk and mitigates exposure to regional volatility. This global footprint, supported by a widespread network of commercial agents, has enabled G.M. Leather to maintain resilience and adaptability in sustaining its international market share despite external fluctuations.

Strategic inventory in a supply-constrained market. GML has deliberately accumulated high-quality leather inventory reaching €28.9mn in FY24 (c.71% of FY24 revenues)—well above the €17-18mn operational target—capitalizing on favorable pricing during previous years. By doing so, GML secured a competitive advantage to immediately fulfil capacity across all product ranges, including premium collections, enabling the Group to capture market share from competitors constrained by material shortages. As the market recovers through FY28E, GML is positioned as the best-prepared operator among comparable peers to benefit from demand normalization, releasing inventory with an average yearly cash release of c.€3.0mn through FY28E.

Luxury market as a key growth driver. G.M. Leather has successfully reinforced its positioning in the high-end luxury segment, a market characterized by strong customer loyalty, pricing power, and structurally higher margins. The Group’s growing portfolio of luxury clients—supported by the strategic integration of Chiorino Leather in 2024—has further enhanced its value proposition, enabled greater product differentiation and sustained premium pricing.

Innovation-Led Sustainability. G.M. Leather leverages a continuous R&D effort to anticipate customer needs, develop cutting-edge leather solutions, and foster strong client retention. Its commitment to innovation extends beyond product development into process sustainability—reducing water and chemical usage, prioritizing ethically sourced hides, and promoting eco-conscious leather alternatives. These investments not only align with the growing global demand for sustainable luxury but also enhance the Group’s positioning with high-end ethical brands, reinforcing its competitive edge and long-term value creation.

Company Overview

G.M. Leather S.p.A. has over 45 years of experience in the production, processing, and trading of leather. Headquartered in Arzignano (Vicenza, Italy)—the heart of Italy's leather district—the Company fully embodies the Made in Italy excellence, specializing in high value-added processing for the luxury (leather goods and footwear) and lifestyle (mid- to high-end furniture) sectors. In addition to finished products, it also supplies semi-finished leathers to a diversified base of manufacturers. G.M. Leather operates across three production sites totaling approximately 25,000 sqm, with an annual capacity exceeding 3 million sqm of finished leather.

The Group's competitive edge stems from its fully integrated business model, spanning the entire leather production value chain—from raw material procurement to the delivery of high-end finished products. Raw hides and semi-finished leathers are sourced through G.M. Leather S.p.A., which also directs strategy and R&D, and through its subsidiary Snam di Marcigaglia Antonio & C. S.r.l. ensuring both quality control and privileged access to critical supply networks. Product transformation is managed by Genesi S.r.l., specializing in high value-added processes such as re-tanning, dyeing, finishing, and quality control. By internalizing the most strategic phases of production while outsourcing lower-margin activities, the Group maximizes flexibility, quality, and margins. In 2024, G.M. Leather further enhanced its value chain by leasing the business unit of Chiorino Technology S.p.A. through the creation of Chiorino Leather S.r.l., expanding its presence in the luxury segment and strengthening relationships with leading fashion brands. This move has reinforced its positioning in premium markets, boosted brand equity, and unlocked new growth opportunities.

Through its vertically integrated model and focus on high value-added activities, G.M. Leather has established itself as a key partner for international and Italian clients across the furniture, fashion, and leather goods sectors. Leveraging intensive production, commercial, and R&D efforts, the Group anticipates market trends, customizes products to client specifications, and ensures competitive delivery times. Beyond its industrial strengths, G.M. Leather leads in sustainability by transforming a food industry by-product into a natural, durable, and recyclable material, reinforcing its Made in Italy identity while minimizing environmental impact. The Group's long-standing commitment to best ESG practices, including animal welfare, supply chain transparency, and traceability, is supported by continuous investments in innovation, human capital, and state-of-the-art facilities.

G.M. Leather's growth strategy is centered on expanding its presence in high-margin finished products, leveraging an enhanced commercial structure and increasing exposure to luxury sector clients. The Group's shift toward premium finished goods is expected to drive both topline growth and margin expansion over the coming years. Operational efficiencies, combined with a focus on high value-added processing, will further sustain profitability improvements without the need for significant new investments. From a financial standpoint, G.M. Leather's limited capex requirements and healthy cash flow profile are set to facilitate a steady deleveraging process, progressively strengthening the Group's financial flexibility and supporting future strategic initiatives.

Recent Developments

- **EUDR Deadlines Confirmed – GM Leather Compliant**

On 21st October 25, the European Commission published proposed amendments to the EU Deforestation Regulation (EUDR) without extending compliance deadlines as market participants had anticipated. Deadlines remain 31-Dec-25 for large enterprises (revenues >€50mn or >250 employees) and 30-Jun-26 for SMEs. GM Leather's early compliance provides competitive advantage as peers face adjustment costs and potential penalties including fines up to 4% of annual revenues, EU market access restrictions, and reputational damage for non-compliance.

- **Merger with Genesi S.r.l.**

On September 1st, 2025, the merger by incorporation of Genesi S.r.l. into GM Leather became effective, enabling the parent company to directly consolidate production activities and achieve additional operational efficiencies. The transaction forms part of a broader strategy to streamline the Group's structure, simplify the corporate chain, and reduce overhead costs. Given GM Leather's full ownership of Genesi, the merger follows the simplified procedure under Article 2505 of the Italian Civil Code.

- **Strengthening in the Luxury Segment through Chiorino Technology**

In July 2024, GM Leather expanded its luxury positioning by leasing the business unit of Chiorino Technology S.p.A. through the newly incorporated subsidiary Chiorino Leather S.r.l. This move enabled the Group to access Chiorino's prestigious client portfolio and technical know-how, particularly in high-end leather processing. The operation bolstered GM Leather's exposure to the premium fashion sector and enhanced its order backlog for luxury products. Furthermore, in January 2024, GM Leather had already acquired an 18% minority stake in Chiorino Technology from Arcadia SGR, laying the groundwork for deeper industrial synergies.

- **Certification Achievements**

In early 2024, GM Leather's subsidiaries Genesi S.r.l. and Snam S.r.l. successfully renewed their Leather Working Group (LWG) certifications. These renewals, obtained with strong scoring performances, reinforce the Group's commitment to sustainability, supply chain transparency, and responsible sourcing.

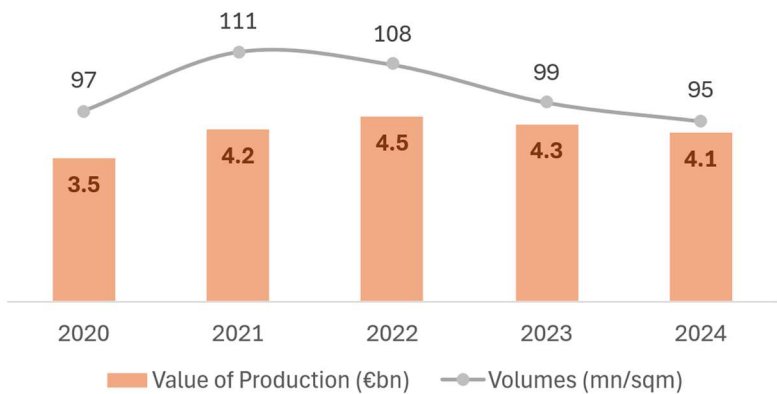
- **Expansion of Vertical Integration**

During 2023, GM Leather consolidated its internal production capabilities by integrating upstream tanning and liming operations. This was achieved through the leasing of Conceria Palladio's business unit by Genesi S.r.l., allowing the Group to directly manage key phases of the leather production process. This strategic move enhanced product quality control, reduced external dependencies, and improved profitability margins across the Group.

Market Update

According to UNIC – Concerie Italiane, Italy’s tanning industry contracted in 2024 both in value and in volume, with total production amounting to €4.1bn and 95mn sqm in volume, down 4.5% and 4.1% YoY respectively. Export incidence (export/production) reached c.70%, corresponding to exports of €2.8bn (–3.6% YoY). The export structure remains predominantly Europe-oriented, with 60% of finished-leather exports directed to European countries, 21% to the Far East and 8% to the North and Central America area. France, Spain and Vietnam were the top destinations in 2024, while the United States and China each accounted for roughly 5–6% of total value.

Italian Value and Volume of Production



Source: KT&Partners elaboration on UNIC, Distretto Veneto Della Pelle and company data

According to the Altagamma–Bain 2025 Monitor Update, worldwide personal luxury goods market is expected to decline between –5% and –2% in FY25, after a soft first quarter (–1% to –3%), reflecting a cautious global consumption environment. The contraction is mainly concentrated in the United States and China, affected respectively by tariff-related volatility and weaker consumer confidence, while Chinese middle-class spending remains in a phase of “wait and see.” Europe and Japan are showing relative stability, though impacted by lower tourism flows, whereas the Middle East, Latin America, and Southeast Asia continue to sustain positive momentum.

The slowdown in luxury consumption has directly weighed on demand for leather goods and related materials, with fashion and accessories manufacturers reducing orders (–9.9% YoY volume production). Conversely, some resilience emerges from the automotive (–3.5%) and high-end furniture segments (–2.1%), which remain less cyclical.

The BCG–Altagamma 2025 study provides further insight into the evolution of luxury demand, highlighting a widening polarization between aspirational consumers (those purchasing entry-level or accessible luxury products) and high-net-worth clients, who represent the top tier of global luxury spending. The aspirational segment, which accounted for 74% of total luxury purchases in 2013 and 61% in 2024, has weakened significantly: 35% of these consumers have reduced or suspended luxury spending over the past year, constrained by declining purchasing power, persistent inflation, and a shift in priorities toward savings and wellness-related expenditure. In contrast, high-net-worth clients—defined as individuals spending more than €50k annually on luxury goods and services—have continued to support the market, maintaining stable consumption and showing a moderate increase in spending expected at around +10% over the next 18 months.

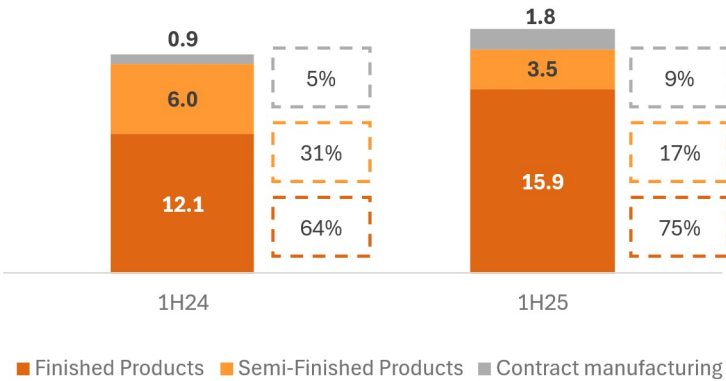
1H25 Financials

On September 30th, 2025, G.M. Leather published its 1H25 consolidated financial results, reporting sales revenues of €21.2mn, up +11.6% YoY (vs €19.0mn in 1H24) but 8.5% below our previous estimates (€23.1mn). The shortfall primarily reflects tariff-related uncertainty across key markets, as well as a slower recovery in demand than previously expected, particularly impacting semi-finished products.

Revenue Performance:

- **Semi-finished products** – 17% of Sales – delivered €3.5mn, down -41% YoY, primarily due to reduced demand from Asian markets. The decline was partially offset by the Group's ability to redirect production capacity toward finished products and contract manufacturing.
- **Finished products** – 75% – posted €15.9mn, up +31% YoY (vs €12.1mn in 1H24), supported by the contribution of Chiorino Leather (c.€2.0-2.5mn, consolidated from 2H24 and absent in 1H24, specializes in leather goods and luxury footwear), alongside operational improvements in the early-stage processing division (Palladio) which increased volume capacity.
- **Contract manufacturing** – 9% – reached €1.8mn (vs €0.9mn in 1H24, +100% YoY), leveraging spare production capacity to offset weaker-than-expected core demand.

1H24-1H25 Revenue Breakdown (€mn, %)



Source: KT&Partners' Elaboration on Company Data

Geographic mix showed a significant shift toward the Italian market, which posted €10.8mn (+62% YoY), representing 51% of Sales (vs 35% in 1H24). Within ex-Italy revenues (€10.3mn, 49% of total vs 65% in 1H24), EU Countries remained stable at €2.9mn (+4% YoY), while Extra-EU Countries declined to €7.4mn (-22% YoY), reflecting softer demand from Asian markets and U.S. tariff-related uncertainty.

Including other revenues (€0.3mn, primarily tax credits and cost recoveries from Conceria Palladio), Total Revenues reached €21.5mn, up 11.6% YoY but 17.6% below previous estimates (€23.4mn).

Gross Profit reached €11.6mn (+3.0% YoY but 3.7% below our €11.8mn estimates), with margin at 55.1%, below 59.7% in 1H24 although outperforming our expectations (50.8% in

1H25E), benefiting from better-than-expected COGS containment at €8.3mn (vs €10.1mn estimated). The YoY margin compression primarily reflects the strategic inventory drawdown of €2.1mn, which increased COGS incidence to 39% (€8.3mn) of Sales in 1H25 (from 34% prev. year (€6.5mn), alongside the higher weight of contract work activities.

EBITDA stood at €3.1mn (+10.2% YoY, although -23.5% vs our €3.7mn estimates), with a 14.7% margin, down only 0.2p.p. from 14.9% in 1H24 despite a 4.6pp decline in Gross Margin, reflecting effective OPEX rationalization, with lower incidence over Sales.

Cost of Services improved to 21.1% of Sales from 22.3% in 1H24, benefiting from reduced external consulting and optimized supplier management. Personnel expenses also declined to 14.9% over Sales (from 15.8% in 1H24) despite an increase to €3.2mn (from €3.0mn) due to the consolidation of Chiorino (c.€0.5-0.6mn incremental cost), counterbalanced by c.€1.2mn of personnel cost savings through organizational restructuring (selective headcount optimization of management positions through reallocation of responsibilities).

Following higher D&A of €1.5mn (vs €1.3mn in 1H24), driven by recent intangible capex in sampling), and net financial expenses of €1.2mn (vs €0.9mn in 1H24), reflecting higher average debt levels, Net Income stood at €0.2mn (falling 31.0% YoY).

As of June 30th, 2025, the Net Financial Position improved to €24.6mn net debt (from €25.7mn at end-FY24), thanks to: i) an operating cash flow contribution of €3.1mn from EBITDA; ii) supported by efficient working capital management with €1.4mn cash release, driven by inventory reduction (€2.1mn) and extended payment terms (€1.6mn gain), partially offset by higher trade receivables (€1.8mn cash absorption) and other changes in WC (€0.5mn cash absorption) mainly linked to higher advances to suppliers; iii) cash absorption of €1.9mn from capex investments (€1.5mn in intangible assets, primarily sampling collections, and €0.4mn in tangible assets); and iv) financial charges of €1.2mn and tax payments of €0.2mn. Overall, these dynamics resulted in a €1.1mn improvement in NFP over the period.

1H24-1H25 Income Statement

€ million	1H24	1H25	YoY %	1H25E	A vs E %
Sales Revenues	19.0	21.2	11.6%	23.1	-8.5%
Other Revenues	0.3	0.3	9.4%	0.2	35.4%
Total Revenues	19.3	21.5	11.6%	23.4	-8.0%
Cost of Goods Sold	(6.5)	(8.3)		(10.1)	
Outsourced Work	(1.4)	(1.5)		(1.5)	
Gross Profit	11.3	11.6	3.0%	11.8	-0.9%
<i>Gross Margin</i>	59.7%	55.1%		50.8%	
Cost of Services	(4.2)	(4.5)		(4.1)	
Rental Costs	(0.6)	(0.8)		(0.8)	
Personnel Expenses	(3.0)	(3.2)		(3.0)	
Other Operating Expenses	(0.7)	(0.2)		(0.1)	
EBITDA	2.8	3.1	10.2%	3.7	-15.7%
<i>EBITDA margin</i>	14.9%	14.7%		16.0%	
D&A and Provisions	(1.3)	(1.5)		(1.2)	
EBIT	1.5	1.6	5.4%	2.5	-36.4%
<i>EBIT margin</i>	8.1%	7.6%		10.9%	
Financial Income and Expenses	(0.9)	(1.2)		(0.8)	
Extraordinary items	-	-		-	
EBT	0.6	0.4	-42.7%	1.8	-79.2%
Taxes	(0.4)	(0.2)		(0.8)	
<i>Tax Rate</i>	-60.1%	-51.9%		-43.7%	
Net Income	0.3	0.2	-31.0%	1.0	-82.2%
<i>Net margin</i>	1.4%	0.8%		4.3%	

Source: KT&Partners' Elaboration on Company Data (1H24-1H25), KT&P's old Estimates (1H25E)

FY23-1H25 Balance Sheet

€ thousand	FY23	1H24	FY24	1H25	Delta
Intangible	4.8	5.3	5.5	6.1	0.6
Tangible	6.7	7.0	6.8	6.6	(0.2)
Other LT Assets	0.1	0.5	0.0	0.0	0.0
Fixed Assets	11.7	12.7	12.3	12.7	0.4
Trade receivables	10.6	8.9	12.2	14.0	1.8
Inventory	24.3	27.9	28.9	26.8	(2.1)
Trade Payables	(10.2)	(9.8)	(13.0)	(14.6)	(1.6)
Trade Working Capital	24.6	26.9	28.1	26.2	(1.9)
Other assets and liabilities	3.4	0.5	(0.4)	0.1	0.5
Net Working Capital	28.1	27.4	27.7	26.3	(1.4)
Other Provisions	(0.6)	(0.6)	(0.7)	(0.7)	0.0
Net Capital Employed	39.1	39.5	39.2	38.3	(0.9)
Group shareholders' equity	13.5	13.7	13.8	14.0	0.2
Minorities	-	-	(0.2)	(0.3)	(0.0)
Total shareholders' equity	13.5	13.7	13.5	13.7	0.2
Short-term debt / Cash (-)	13.6	15.4	17.2	15.5	(1.7)
Long-term liabilities	12.0	10.4	8.5	9.1	0.6
Net Financial Position	25.7	25.8	25.7	24.6	(1.1)
Sources	39.1	39.5	39.2	38.3	(0.9)

Source: KT&Partners' elaborations on Company data (2023-1H25)

Deconstructing Forecasts

Revenues Breakdown

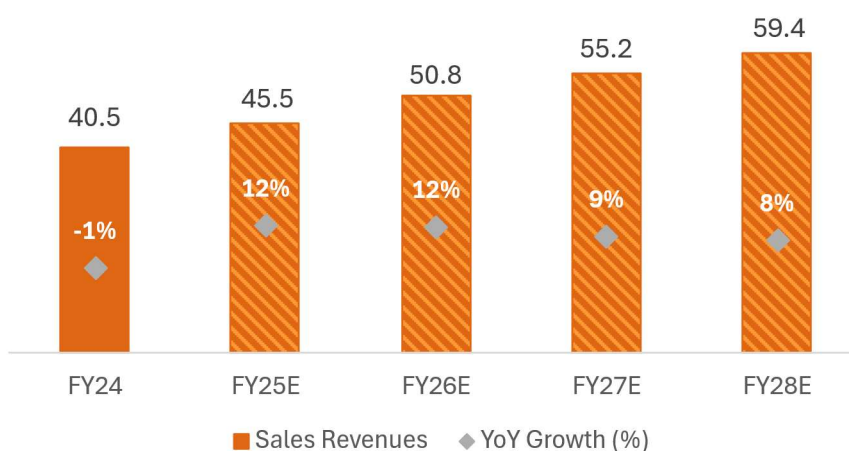
GM Leather has completed its phase of capacity-building investments and organizational restructuring. The Group now operates with production capacity of approx. €70mn in annual revenues across its three facilities, positioning it to capture profitable growth without requiring significant capital expenditure. Our FY24–28E projections reflect this transition toward scalable, margin-accretive expansion, supported by a progressively stronger balance sheet.

Our revenue projections assume a gradual recovery in Asian markets and continued development in the United States, which together represent about half of GM Leather's sales. Despite near-term headwinds in the global luxury market—FY25 forecasts indicate low- to mid-single-digit contraction (BCG–Altagamma) —we expect selective volume growth supported by market-share gains, enabled by GML's strategic inventory position that allows immediate response to customer demand, and the Group's diversified geographic exposure. A further upside driver, not reflected in our estimates, stems from the August 2025 U.S. tariff measures imposing a 40-50% cumulative duty on Brazilian leather imports while maintaining lower rates on European products. This tariff gap enhances European producers' competitiveness, creating potential market-share opportunities for GM Leather. However, given ongoing trade-policy uncertainty, we have excluded any volume or pricing benefit from this scenario in our base case, viewing it solely as upside optionality.

Starting from the top line, we project FY25E sales revenues at €45.5mn (+12.3% YoY), representing the first year of double-digit growth following the challenging FY24. Revenue growth is expected to continue at a CAGR24–28E of c.10%, reaching €59.4mn in FY28E. This expansion will be driven by an ongoing mix shift toward higher-margin finished products, supported by Chiorino Leather's full consolidation from FY25E onwards, and increasing contribution from contract manufacturing business. We estimate contract manufacturing revenues at €5–6mn in FY25E, rising to €8–9mn in FY26E, supported by the ongoing installation of new equipment expected to expand production capacity by roughly 30%, offering additional upside potential.

Other revenues, including ancillary services and non-core activities, are expected to remain stable at approximately €0.6mn annually throughout the forecast period.

FY24-FY28E Sales Revenues and YoY Change (€mn, %)



Source: Company Data (2024), KT&Partners' estimates (2025-2028)

Profitability Analysis

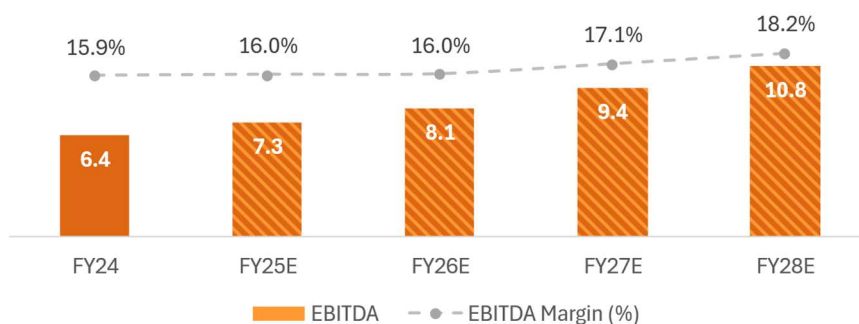
With regard to operating costs, the Company's strategy emphasizes operational efficiency and margin expansion through careful cost management. Cost of goods sold, which includes both raw materials and inventory variation, temporarily increases in incidence in FY25E-FY26E due to the strategic drawdown of previously accumulated inventory, with costs already absorbed. We estimate that the reduction in semi-finished and finished goods inventories will weigh on COGS by approximately €4mn in FY25E and €3mn in FY26E. This effect normalizes from FY27E onwards as the inventory optimization completes. Outsourced work maintains a stable incidence at approximately 6.5% of sales throughout the period.

Service costs are projected to improve significantly through operating leverage on the Group's largely fixed cost base. These costs, which include utilities, facilities, external processing, and administrative expenses, are forecast to decline from 23.8% of sales in FY24 (€9.6mn) to 19.0% by FY28E (€11.3mn).

Personnel expenses follow a similar trajectory. Following organizational rationalization, including the merger of GML and Genesis entities completed in 2H25, among other efficiency measures affecting managerial roles, headcount has been optimized to match current operational needs. Personnel costs are expected to remain largely flat in absolute terms, dropping from €6.6mn in FY24 to €6.2mn in FY25E, and then slowing growing to €6.5mn in FY28E, while their incidence on sales improves substantially from 16.3% to 10.9%. This dynamic reflects the Group's ability to scale revenues without proportional increases in workforce, leveraging its existing organizational structure.

As a result, profitability is set to improve markedly. We expect FY25E EBITDA of €7.3mn with a 16.0% margin. EBITDA margins are projected to expand progressively to 18.2% by FY28E, with absolute EBITDA reaching €10.8mn.

FY24-FY28E EBITDA and EBITDA Margin (€mn, %)



Source: Company Data (2024), KT&Partners' estimates (2025-2028)

D&A expenses are projected to remain relatively stable at approximately €3.3mn annually throughout the forecast period, declining slightly from €3.4mn in FY24. This reflects the Company's disciplined capital allocation approach: having completed strategic investments in prior years, the Group requires only maintenance capex to sustain operations and modest growth-related expenditure. Net financial charges are expected to decline progressively from €2.1mn in FY24 to €0.9mn in FY28E, following the improvement in the Group's net financial position. Ultimately, we forecast net income to improve from €0.3mn in FY24 to €4.6mn by FY28E (7.7% net margin), reflecting the combined effect of revenue growth, margin expansion, and reduced financial burden.

FY24-FY28E Income Statement

€ Millions	FY24	FY25E	FY26E	FY27E	FY28E
Sales Revenues	40.5	45.5	50.8	55.2	59.4
<i>Growth %</i>	-1.0%	12.3%	11.7%	8.7%	7.6%
Other Revenues	0.6	0.7	0.5	0.6	0.6
Total Revenues	41.1	46.1	51.3	55.8	60.0
<i>Growth %</i>	-1.5%	12.3%	11.1%	8.7%	7.6%
Cost of Goods Sold	(13.8)	(19.1)	(22.3)	(24.0)	(25.5)
Outsourced Work	(2.5)	(3.0)	(3.3)	(3.6)	(3.9)
Gross Profit	24.8	24.1	25.6	28.2	30.6
<i>Gross Margin</i>	61.2%	53.0%	50.5%	51.0%	51.5%
Cost of Services	(9.6)	(8.9)	(9.6)	(10.5)	(11.3)
Rental Costs	(1.2)	(1.5)	(1.4)	(1.5)	(1.6)
Personnel Expenses	(6.6)	(6.2)	(6.1)	(6.4)	(6.5)
Other Operating Expenses	(0.9)	(0.3)	(0.4)	(0.4)	(0.4)
EBITDA	6.4	7.3	8.1	9.4	10.8
<i>EBITDA margin</i>	15.9%	16.0%	16.0%	17.1%	18.2%
D&A and Provisions	(3.4)	(2.9)	(3.0)	(3.3)	(3.3)
EBIT	3.1	4.4	5.1	6.1	7.5
<i>EBIT margin</i>	7.6%	9.6%	10.1%	11.1%	12.6%
Financial Income and Expenses	(2.1)	(2.4)	(1.8)	(1.4)	(0.9)
EBT	0.9	2.0	3.3	4.7	6.6
Taxes	(0.6)	(0.8)	(1.1)	(1.5)	(2.0)
<i>Tax Rate</i>	-64.9%	-40.0%	-35.0%	-32.0%	-30.0%
Net Income	0.3	1.2	2.1	3.2	4.6
<i>Net margin</i>	0.8%	2.6%	4.2%	5.8%	7.7%
EPS	0.0	0.1	0.2	0.3	0.4

Source: Company Data (2024), KT&Partners' estimates (2025-2028)

Capital Structure & Cash Flows Analysis

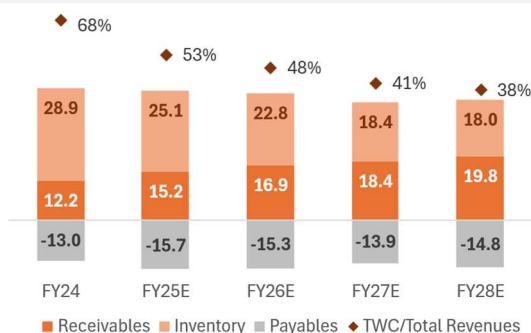
On the balance sheet, fixed assets are expected to decline modestly from €12.3mn in FY24 to €10.3mn by FY28E, with one notable exception: FY27E will see an increase to €12.1mn reflecting the €2.5mn acquisition of Chiorino Leather (primarily production equipment and facilities). This transaction, already operationally consolidated through a lease arrangement, will transition to full ownership without disrupting operations. Beyond this single event, annual capex is projected to remain contained at €1.5–1.8mn for maintenance purposes, with FY25E slightly elevated at €3.3mn due to high intangible capex in 1H25A. Importantly, the Group's existing infrastructure can support revenues of €70mn, meaning further growth can be achieved without significant incremental capital expenditure—a key driver of attractive returns on invested capital.

Trade working capital dynamics warrant particular attention. Inventory peaked at €28.9mn in FY24, reflecting management's strategy to accumulate high-quality leather at favorable prices during previous year. By doing so, GML secured a competitive advantage to capture market share when demand recovers. This elevated stock is set to enable immediate response to customer requests, allowing the Group to gain share from competitors lacking inventory. Starting in FY25E, the Group expects to benefit from strategic inventory drawdown (€3.8mn reduction to €25.1mn), releasing cash and supporting a €3.2mn positive contribution to operating cash flow. This optimization continues gradually through FY28E as the market recovers, with inventory declining to €18.0mn.

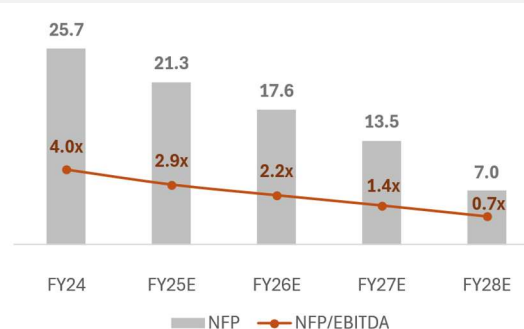
Trade receivables are expected to increase from €12.2mn to €19.8mn in line with revenue growth, while trade payables progressively decline from the FY24-25 peaks, which had been inflated by maritime transport disruptions and related shipping delays. Overall, trade working capital is projected at €24.6mn in FY25E or 54% of Sales Revenues (€28.1mn in FY24A, or 69% Sales), declining to €23.0mn by FY28E (39% Sales Revenues), with the most significant cash release occurring in FY25E.

Taking these factors into account, the Company is expected to demonstrate strengthening cash generation capacity. In FY25E, operating cash flow reaches €10.1mn (c.140% cash conversion on EBITDA), boosted by the initial inventory drawdown; in subsequent years, it stabilizes in the €7–9mn range (approx. 90% cash conversion rate on average), driven primarily by growing EBITDA. After accounting for capex—including the FY27E Chiorino acquisition—free cash flow to the firm is projected to range from €5.5mn to €7.4mn annually from FY26E onwards. This consistent cash generation supports progressive deleveraging, with net financial position improving from €25.7mn in FY24 (3.5x EBITDA) —elevated due to the deliberate choice to finance inventory accumulation— to €21.3mn in FY25E (2.9x EBITDA), and reach €7.0mn by FY28E (0.7x EBITDA), strengthening the Group's financial flexibility and positioning it for potential growth investments or shareholder distributions.

FY24-FY28E Trade Working Capital (€mn)



FY24-FY28E Net Financial Position (€mn)



Source: Company Data (2024), KT&Partners' estimates (2025-2028)

FY24-FY28E Balance Sheet

€ Millions	FY24	FY25E	FY26E	FY27E	FY28E
Intangible	5.5	6.3	5.6	5.2	4.4
Tangible	6.8	6.4	5.8	6.9	5.9
Other LT Assets	0.0	0.0	-	-	-
Fixed Assets	12.3	12.7	11.4	12.1	10.3
Trade receivables	12.2	15.2	16.9	18.4	19.8
Inventory	28.9	25.1	22.8	18.4	18.0
Trade Payables	(13.0)	(15.7)	(15.3)	(13.9)	(14.8)
Trade Working Capital	28.1	24.6	24.4	22.9	23.0
Other assets and liabilities	(0.4)	(0.1)	0.3	0.6	1.0
Net Working Capital	27.7	24.5	24.7	23.5	23.9
Other Provisions	(0.7)	(1.2)	(1.7)	(2.1)	(2.6)
Net Capital Employed	39.2	36.0	34.5	33.5	31.6
Group shareholders' equity	13.8	14.9	17.1	20.2	24.8
Minorities	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Total shareholders' equity	13.5	14.7	16.8	20.0	24.6
Short-term debt / Cash (-)	17.2	12.8	13.1	10.7	5.7
Long-term liabilities	8.5	8.5	4.5	2.8	1.3
Net Financial Position	25.7	21.3	17.6	13.5	7.0
Sources	39.2	36.0	34.5	33.5	31.6

Source: Company Data (2024), KT&Partners' estimates (2025-2028)

FY24-FY28E Cash Flow

€ Millions	FY24A	FY25E	FY26E	FY27E	FY28E
EBITDA	6.4	7.3	8.1	9.4	10.8
Income Taxes	(0.6)	(0.8)	(1.1)	(1.5)	(2.0)
Change in NWC	0.4	3.2	(0.2)	1.1	(0.4)
Change in provision for emp.	(0.4)	0.5	0.5	0.5	0.5
Operating Cash Flow	5.8	10.1	7.3	9.5	8.9
CAPEX	(3.6)	(3.3)	(1.8)	(4.0)	(1.5)
Investments in financial assets	0.1	-	0.0	-	-
FCF	2.3	6.8	5.5	5.5	7.4
Net financial income/(expenses)	(2.1)	(2.4)	(1.8)	(1.4)	(0.9)
Change in Equity	(0.3)	(0.0)	0.0	0.0	0.0
Change in NFP	(0.0)	4.4	3.6	4.1	6.5
Beginning NFP	25.7	25.7	21.3	17.6	13.5
Final NFP	25.7	21.3	17.6	13.5	7.0

Source: Company Data (2024), KT&Partners' estimates (2025-2028)

Valuation

Following GM Leather's FY25E-28E projections, our valuation is based on two methodologies: market multiples (EV/EBITDA) and Discounted Cash Flow (DCF).

- **Market Multiples (EV/EBITDA):** Applied average FY25E-FY26E EV/EBITDA multiples from a peer group of European luxury goods and leather manufacturers to GM Leather's forecasts, incorporating a 15% liquidity and size discount. Application of peer multiples yields an equity value of €30.3mn, or €2.69ps.
- **Discounted Cash Flow (DCF):** Projected G.M. Leather's Free Cash Flows over the FY25E-FY28E period, discounted at a WACC of 13.2% and a terminal growth rate of 1.5%. This approach results in an equity value of €34.9mn, or €3.11ps.

To calculate Enterprise Value, we use the FY24 Net debt position of €25.7mn and FY24 Minority Interests of -€0.2mn.

Valuation Recap

	Equity Value (€mn)	Value per share (€ps)
EV/EBITDA	30.3	2.69
DCF	34.9	3.11
Average	32.6	2.90

Source: FactSet, KT&Partners' Elaboration

By averaging the outputs of both methodologies, we derive a fair equity valuation of €32.6mn, corresponding to a target price of €2.90 per share, and implying an EV/EBITDA multiple of 8.0x on FY25E EBITDA (7.1x on FY26E EBITDA).

KT&Partners' Implied Multiples

	FY25E	FY26E
EV/SALES	0.7x	0.6x
EV/EBITDA	8.0x	7.1x

Source: KT&P's estimates, Factset consensus data

Market Multiples Valuation

Following the comparables analysis, we proceeded with the definition of peers' market multiples focusing on FY25E-26E data. GM Leather trades at notably lower multiples if compared to the peer group, with 5.0x FY25E EV/EBITDA and 4.4x FY26E EV/EBITDA.

Peer Comparison – Market Multiples 2025-27

Company Name	Exchange	Market Cap	Avg. EBITDA Margin (25-27)	CAGR Sales (24-27)	EV/EBITDA 2024	EV/EBITDA 2025	EV/EBITDA 2026	EV/SALES 2024	EV/SALES 2025	EV/SALES 2026
Pattern S.P.A	Milan	54	47%	-0.6%	6.7x	1.8x	1.4x	0.6x	0.7x	0.7x
Gismondi 1754 S.p.A.	Milan	8	8%	2.1%	n.m	27.4x	15.2x	1.1x	1.4x	1.2x
Gentili Mosconi S.p.A.	Milan	58	12%	16.2%	21.4x	12.0x	6.9x	1.3x	1.0x	0.9x
Colefax Group Plc	London	62	14%	1.4%	3.3x	3.8x	3.6x	0.5x	0.5x	0.5x
Lenzing AG	Vienna	979	18%	2.1%	11.0x	7.2x	6.7x	1.3x	1.3x	1.2x
Average		232	19.7%	4.2%	10.6x	10.4x	6.8x	1.0x	1.0x	0.9x
Median		58	13.9%	2.1%	8.8x	7.2x	6.7x	1.1x	1.0x	0.9x
GM Leather	Milan	10	16.4%	10.9%	5.6x	5.0x	4.4x	0.9x	0.8x	0.7x

Source: FactSet, KT&Partners' Elaboration

We based our evaluation on GM Leather's estimated EBITDA for FY25E and FY26E estimates. The 15% liquidity/size adjustment reflects the company's smaller market capitalization compared with peers (average market cap €232mn).

Multiple Valuation - EV/EBITDA

EV/EBITDA	Average	
Multiple Valuation (€mn)	2025E	2026E
EV/EBITDA Comps	10.4x	6.8x
Enterprise value	75.9	55.1
Liquidity/Size Discount	15%	
EV Post-Discount	55.7	
NFP / (Cash) FY24	25.7	
Minority FY24	(0.2)	
Equity Value	30.3	
# shares (mn)	11.2	
Fair value per share	2.69	

Source: FactSet, KT&Partners' elaboration

Peers Overview

To define GM Leather's peer sample, we carried out an in-depth analysis of Italian and internationally listed companies active in the luxury goods and leather manufacturing sectors. In selecting potential peers, we considered GM Leather's offering and revenue mix, business model, growth trajectory, and profitability profile.

The peer group comprises 5 companies selected to provide comparable benchmarks across GM Leather's distinctive positioning as a leather manufacturer with strong luxury segment exposure. The sample balances sector-specific comparability (luxury goods, textile manufacturing, leather processing) with geographic relevance, spanning Italian, European, and UK markets.

From a business model perspective, the selection acknowledges GM Leather's unique positioning combining semi-finished and finished leather products for luxury brands, which creates inherent comparability challenges versus pure-play manufacturers. The group includes companies with exposure to luxury consumer goods (Gismondi 1754, Pattern), textile/fabric manufacturing (Gentili Mosconi, Colefax Group), and industrial fiber production (Lenzing AG), reflecting the multi-dimensional nature of GM Leather's operations across both B2B semi-finished sales and B2C luxury finished products.

All selected peers demonstrate capabilities in applying craftsmanship and manufacturing excellence to consumer-facing products, though none fully replicates GM Leather's convergence of tanning expertise, luxury brand partnerships, and vertical integration strategy.

For peer analysis, we built a sample of 5 companies, which includes:

- **Gismondi 1754 SpA:** listed on the Euronext Milan Stock Exchange with a market capitalization of €8mn, Gismondi 1754 SpA engages in the design, production, and marketing of jewelry in the luxury sector. It operates through various sales networks including mono-brand stores, retail, wholesale, franchising, and special sales for fashion and special occasions under the Gismondi brand. GML and Gismondi serve similar end-markets in luxury apparel and demonstrate expertise in processing natural materials into high-value finished products. In FY24, Gismondi 1754 reported €12mn in revenues.
- **Pattern SpA:** listed on the Euronext Milan Stock Exchange with a market capitalization of €54mn, Pattern SpA engages in the engineering, designing, development, prototyping and production of clothing for men and women. It operates through the Pattern and Roscini production units. The Pattern production unit operates in the province of Turin and deals with the creation of garments of clothing for men which include outerwear and trousers. The Roscini production unit operates in the province of Perugia and focuses on the clothing line for women which includes dresses and skirts. In FY24, Pattern reached €126mn in sales revenues.
- **Gentili Mosconi SpA:** listed on the Euronext Milan Stock Exchange with a market capitalization of €58mn, Gentili Mosconi SpA engages in providing textile products. It makes printed and dyed fabrics in jacquard and yarn-dyed processes, fabrics with original prints or garment prints, and other special processes for national and international fashion brands. GM Leather and Gentili Mosconi position themselves as specialty materials suppliers to luxury fashion brands. Both companies demonstrate expertise in transforming raw materials into high-value finished products through specialized manufacturing processes, serving the premium and luxury segments of the fashion industry. In FY24, Gentili Mosconi reached €42mn in revenues.
- **Colefax Group PLC:** listed on the London Stock Exchange with a market capitalization of €62mn, Colefax Group PLC is a holding company engaged in the provision of furnishing

products and related services. It operates through the Product and Decorating divisions. The Product division involves the design and distribution of furnishing fabrics, wallpapers, and upholstered furniture. The Decorating division offers interior and architectural design and decoration, primarily for private individuals. Its brands include Colefax and Fowler, Cowtan and Tout, Jane Churchill, Larsen and Manuel Canovas. Both Colefax and GM Leather operate in luxury interior products and materials for high-end residential and commercial applications. In FY24, Colefax Group reached €131mn in sales revenues.

- **Lenzing AG:** listed on the Vienna Stock Exchange with a market cap of €979mn, Lenzing AG produces and markets regenerated cellulosic fibers for textiles and nonwovens. It operates through the Division Fiber and Division Pulp segments. The company offers lyocell, modal, and viscose fibers for applications ranging from activewear and luxury textiles to hygiene products and technical fabrics. Comparability with GM Leather arises from both companies' positioning as specialty materials suppliers to luxury fashion brands, though Lenzing operates at significantly larger scale with industrial fiber production capabilities. Both serve similar end-markets in luxury apparel and demonstrate expertise in processing natural materials into high-value finished and semi-finished products for discerning customers. In FY24, Lenzing reported €2.66bn in revenues.

DCF Valuation

We have conducted our valuation using a four-year DCF model, based on a 20.9% cost of equity, 7.9% cost of debt and a target capital structure with 50% debt. The cost of equity is a function of the risk-free rate of 3.52% (Italian 10y BTP), 5.37% equity risk premium (Damodaran's country risk premium for Italy) and a premium for size and liquidity of 7.3%. We therefore obtained 13.2% WACC.

We discounted FY25E-28E annual cash flows and considered a terminal growth rate of 1.5%; then we carried out a sensitivity analysis on the terminal growth rate (+/- 0.25%) and on WACC (+/- 0.25%).

DCF Valuation				
€ Millions	2025E	2026E	2027E	2028E
EBIT	4.4	5.1	6.1	7.5
Taxes	(1.7)	(1.8)	(2.0)	(2.2)
D&A	2.9	3.0	3.3	3.3
Change in Net Working Capital	3.2	(0.2)	1.1	(0.4)
Change in Funds	0.5	0.5	0.5	0.5
Net Operating Cash Flow	9.2	6.6	9.1	8.6
Capex	(3.3)	(1.8)	(4.0)	(1.5)
FCFO	5.9	4.8	5.1	7.1
g	1.5%			
Wacc	13.2%			
FCFO (discounted)	5.7	4.2	3.9	4.8
Discounted Cumulated FCFO	18.6			
TV	61.9			
TV (discounted)	41.8			
Enterprise Value	60.4			
NFP FY24	25.7			
Minorities FY24	(0.2)			
Equity Value	34.9			
Current number of shares (mn)	11.2			
Value per share (€)	3.11			

Source: Company Data, KT&Partners' Elaboration

Sensitivity Analysis						
Terminal growth Rate	€ Millions	WACC				
		13.7%	13.5%	13.2%	13.0%	12.7%
	1.0%	30.8	31.9	33.0	34.2	35.4
	1.3%	31.6	32.8	34.0	35.2	36.5
	1.5%	32.5	33.7	34.9	36.2	37.5
	1.8%	33.5	34.7	35.9	37.3	38.7
	2.0%	34.4	35.7	37.0	38.4	39.8

Source: KT&Partners' Elaboration

Appendix - Focus on Sustainability

Although it is not mandatory for GM Leather to publish the Non-Financial Information Report before 2026 (according to the new Corporate Sustainability Reporting Directive - (EU) 2022/2464), the company nevertheless published the 2023 Sustainability Report, being among the ca. 20% EGM listed Companies reporting on Sustainability aspects.

FY23 Highlights

Environmental Performance

- VOC (Volatile Organic Compounds) emissions reduced by 25% through transition to water-based chemicals
- Waste recycling rate of 79% vs. 72% industry average
- Cogeneration plant at Arzignano supplies 35% of facility's electricity needs
- 46% of total energy consumption from renewable sources
- 99% of hides sourced from food industry by-products, supporting circular economy
- Bio-based product development from leather waste (fertilizers, cosmetic collagen)

Social Metrics

- 367 hours of safety training delivered across workforce
- 44% of employees from outside Italy from 17 different nationalities
- 76% of workforce on permanent contracts

Governance Framework

- Model 231 compliance framework adopted (Legislative Decree 231/2001)
- Structured guidelines for ethical behavior and operational transparency
- GHG inventory reporting planned for 2024/2025 in accordance with ISO standards

DISCLAIMER

THIS DOCUMENT WAS PREPARED BY MICHELE FILIPPIG – VICE PRESIDENT – AND CARLO ALBERTO MORLETTO – ANALYST – ON BEHALF OF KT&PARTNERS S.R.L., WITH REGISTERED OFFICE AT VIA DELLA POSTA 10, MILAN, ITALY, MILAN COMPANY REGISTER NO. 1926922, SPECIALIZING IN FINANCIAL RESEARCH AND ANALYSIS (HEREINAFTER, “KT&PARTNERS”).

NO OTHER PEOPLE OR COMPANY CONTRIBUTED TO THE RESEARCH. NEITHER THE MEMBERS OF THE RESEARCH TEAM, NOR ANY PERSON CLOSELY ASSOCIATED WITH THEM HAVE ANY RELATIONSHIPS OR ARE INVOLVED IN CIRCUMSTANCES THAT MAY REASONABLY BE EXPECTED TO IMPAIR THE OBJECTIVITY OF THE RESEARCH, INCLUDING INTERESTS OR CONFLICTS OF INTEREST, ON THEIR PART OR ON THE PART OF ANY NATURAL OR LEGAL PERSON WORKING FOR THEM, WHO WAS INVOLVED IN PRODUCING THE RESEARCH.

FOR THIS PURPOSE, THE MEMBERS OF THE RESEACH TEAM CERTIFY THAT: (I) THEY HAVE NOT RECEIVED AND WILL NOT RECEIVE ANY DIRECT OR INDIRECT COMPENSATION IN EXCHANGE FOR ANY VIEWS EXPRESSED IN THE RESEARCH; (II) THEY DO NOT OWN ANY SECURITIES AND/OR ANY OTHER FINANCIAL INSTRUMENTS ISSUED BY THE COMPANY OR ANY FINANCIAL INSTRUMENT WHICH THE PRICE DEPENDS ON, OR IS LINKED TO ANY SECURITIES AND/OR ANY FINANCIAL INSTRUMENTS ISSUED BY THE COMPANY; (III) NEITHER THE ANALYSTS NOR ANY MEMBER OF THE ANALYST’S HOUSEHOLD SERVE AS AN OFFICER, DIRECTOR OR ADVISORY BOARD MEMBER OF THE COMPANY.

KT&PARTNERS HAS IN PLACE AN EQUITY RESEARCH POLICY, IN ORDER TO RULE RESEARCH SERVICES IN COMPLIANCE WITH PARLIAMENT REGULATION (EU) NO.596/2014 AND COMMISSION DELEGATED REGULATION (EU) NO. 958/2016 ON MARKET ABUSE. IN THIS POLICY, THERE ARE ALSO DESCRIBED THE ORGANIZATIONAL MECHANISMS ADOPTED BY KT&PARTNERS TO PREVENT AND PROFESSIONALLY MANAGE CONFLICTS OF INTEREST THAT MAY BE ARISE DURING THE PERFORMANCE OF THE RESEARCH. IN ANY CASE, CHINESE WALLS AND OTHER INFORMATION BARRIERS ARE IN PLACE TO AVOID THE EXCHANGE OF CONFIDENTIAL INFORMATION BETWEEN THE EQUITY RESEARCH DEPARTMENT AND OTHER SERVICES AREAS.

KT&PARTNERS PREPARED THIS DOCUMENT ON BEHALF OF G.M. LEATHER S.P.A. ACCORDING TO AN AGREEMENT ENTERED WITH THE SAME AND ON THE BASIS OF THE DATA AND PUBLIC INFORMATION PROVIDED BY THE SAME OR DERIVED FROM SOURCES DEEMED SERIOUS AND RELIABLE ON THE FINANCIAL MARKET BUT WHOSE ABSOLUTE TRUSTWORTHINESS, COMPLETENESS, AND ACCURACY CANNOT BE GUARANTEED. THE FEES AGREED FOR THIS RESEARCH DO NOT DEPEND ON THE RESULTS OF THE RESEARCH.

KT&PARTNERS PREPARED THIS DOCUMENT PURSUANT TO AN ENGAGEMENT LETTER ENTERED INTO WITH BPER BANCA SPA ACTING AS SPECIALIST IN ACCORDANCE TO ART. 35 OF EURONEXT GROWTH MILAN MARKET RULES FOR COMPANIES.

KT&PARTNERS PUBLISHED THE INITIATION OF COVERAGE ON G.M. LEATHER S.P.A. ON APRIL 30TH, 2025 WITH A FAIR VALUE OF €3.66 PER SHARE.

THIS DOCUMENT IS A SOURCE OF INFORMATION ONLY, AND IS NOT PART OF, AND IN NO WAY MUST BE CONSIDERED AN OFFER TO SELL, SUBSCRIBE OR TRADE, OR A SOLICITATION TO PURCHASE, SUBSCRIBE OR TRADE, FINANCIAL INSTRUMENTS/PRODUCTS, OR IN GENERAL TO INVEST, NOR MUST IT BE CONSIDERED ANY FORM OF CONSULTING FOR AN INVESTMENT IN FINANCIAL INSTRUMENTS.

THE INFORMATION PROVIDED IN THIS DOCUMENT MUST NOT BE UNDERSTOOD AS A REQUEST OR SUGGESTION TO CONDUCT OR CARRY OUT A SPECIFIC TRANSACTION.

EACH INVESTOR MUST FORM HIS/HER OWN OPINION BASED EXCLUSIVELY ON HIS/HER ASSESSMENT OF THE ADVISABILITY OF INVESTING. ANY INVESTMENT DECISION MADE ON THE BASIS OF THE INFORMATION AND ANALYSES IN THIS DOCUMENT IS THE EXCLUSIVE RESPONSIBILITY OF THE RECIPIENTS OF THIS DOCUMENT, WHO MUST CONSIDER THIS DOCUMENT MERELY AS A SOURCE OF INFORMATION AND ANALYSIS TO SUPPORT SUCH DECISION.

ANY OPINIONS, FORECAST OR ESTIMATES CONTAINED HEREIN CONSTITUTE A JUDGEMENT AS AT THE DATE OF THIS DOCUMENT, AND THERE CAN BE NO ASSURANCE THAT THE FUTURE RESULTS OF THE COMPANY AND/OR ANY FUTURE EVENTS WILL BE CONSISTENT WITH ANY OF SUCH OPINIONS, FORECAST OR ESTIMATES.

KT&PARTNERS MAKES NO EXPLICIT OR IMPLICIT GUARANTEE WITH RESPECT TO PERFORMANCE OR THE OUTCOME OF ANY INVESTMENT OR PROJECTIONS MADE.

THEREFORE, KT&PARTNERS, ITS REPRESENTATIVES AND/OR EMPLOYEES WILL NOT BE LIABLE FOR ANY EFFECT DERIVING FROM THE USE OF THIS DOCUMENT, AND HEREBY DECLINE ALL LIABILITY FOR ANY DIRECT OR INDIRECT DAMAGES, FINANCIAL OR OTHERWISE, DERIVING FROM ANY USE OF THE INFORMATION IT CONTAINS.

KT&PARTNERS AIMS TO PROVIDE CONTINUOUS COVERAGE OF THE COMPANY IN CONJUNCTION WITH ANY EXCEPTIONAL EVENT THAT OCCURS AFFECTING THE ISSUER'S SPHERE OF OPERATIONS AND IN ANY CASE AT LEAST TWICE PER YEAR.

IN THIS STUDY DCF AND MULTIPLE VALUATION MODELS HAVE BEEN USED. RECOMMENDATIONS FOLLOW THE FOLLOWING RULES:

- ADD - FOR A FAIR VALUE > 15% ON CURRENT PRICE
- HOLD - FOR A FAIR VALUE <15% o >-15% ON CURRENT PRICE
- REDUCE - FOR A FAIR VALUE < -15% ON CURRENT PRICE

