

PRESS RELEASE

The Board of Directors approved 2022 Financial Statements Revenues +26.1% y/y, Net income +53.6% y/y Proposed dividend distribution of €2.3 million

THE BOARD OF DIRECTORS OF RACING FORCE S.P.A. APPROVED THE DRAFT FINANCIAL STATEMENTS AS OF DECEMBER 31st, 2022 AND THE CONSOLIDATED FINANCIAL STATEMENTS 2022

- Revenues: €58.9 million (+26.1% vs. 2021)
- EBITDA Adj.¹ : €11.7 million (19.8% EBITDA margin and +30.5% vs. 2021)
- Adj. Net Income: €7.6 million (12.9% on Revenues and +53.6% vs. 2021)
- Operating Cash Flow: €3.2 million (€4.5 million in 2021)
- Net debt: €4.4 million (€0.7million in 2021)
- Proposed dividend: €2.3 million (DPS €0.09 vs. €0.07 in 2021)

Ronco Scrivia (Genoa, Italy) March 29th, 2023 - The Board of Directors of Racing Force S.p.A., parent company of Racing Force Group, which is specialized in the development, production and marketing of safety components for motor racing worldwide, as well as listed on the Euronext Growth Milan (RFG) and Paris (ALRFG) segments, met today and approved the draft financial statements as of December 31st, 2022, as well as the consolidated financial statements for 2022, drafted in compliance with the Euronext Growth Milan Issuers' Regulations.

Paolo Delprato, President and CEO of Racing Force Group, remarked: "*Fiscal year 2022 demonstrated once again how resilient our Group is in a market environment characterized by great uncertainty. The persistence of geopolitical tensions and strong inflationary and supply chain tensions have significantly increased the pressure on management. In this difficult scenario, the Group closed 2022 with highly positive results, driven by substantial growth and increasing marginality, as well as by a strong capital and financial structure, further strengthened by the share capital increase successfully completed in January 2023. The investment plan already launched, also thanks to the aforementioned capital increase to support*

¹ Adjusted figures are reported net of non-recurring costs and revenues relating to the listing on EG Milan and EG Paris recognized in the profit & loss during the fiscal year for Euro 30 thousand (Euro 1,054 thousand in 2021).

the Group's growth and diversification program, combined with the proven effectiveness of our management strategies, enable us to target significant growth for the coming years.

Once again I want to share the successful results achieved in the last fiscal year with all the women and men who work in our Group and who represent the real driving force behind our success".

Summary of Group Results as of December 31st, 2022

- Group **Revenues** amounted to **€58.9 million**, with a significant increase compared to FY 2021 (**+26.1%**). With this result, average revenue growth rate over the last three years (CAGR 2019-2022) stands at 17.2%, on a like-for-like basis.
The increase characterized all geographic areas in which Racing Force operates, with strong increases in all major product categories.
- **Adjusted EBITDA** was **€11.7 million** (EBITDA margin **19.8%**), a significant increase from the previous year, where it stood at €9.0 million (EBITDA margin 19.2%). This increase is mainly due to higher **Contribution Margin** (**+35.2%** compared to 2021), driven by the increase in sales of helmets, communication systems and racewear, which are characterized by a higher average marginality compared to other products offered by the Group, net of the price increases recorded during the year, both in terms of costs related to some raw materials and, particularly, in terms of logistics costs.
- **Adjusted EBIT** was **€8.8 million** (**15.0%** EBIT margin), increasing from 2021 (€6.6 million, 14.1% EBIT margin).
- **Adjusted Net Income** was **€7.6 million** (**12.9% of Revenues**), growing by +53.6% compared to the previous year (€4.9 million, 10.6% of Revenues).
- During the year, the Group generated a **Cash Flow from Operations of €3.2 million**, compared to the figure of €4.5 in 2021. In fact, during 2022, a non-recurring strategy of advance procurement was implemented, resulting in a significant increase in inventories and a consequent cash absorption, with the aim of i) reducing risks related to raw material availability and price fluctuation and ii) bringing inventories to a level considered adequate to support sales growth and further increase the quality of customer service.

	2022	% of Revenue	2021	% of Revenue	Variance
Revenue	58,872,869		46,674,333		12,198,536
Gross profit	36,781,921	62.5%	27,203,485	58.3%	9,578,436
EBITDA	11,655,647	19.8%	7,900,679	16.9%	3,754,967
Costs/revenues incurred for IPO EG Milan & Paris	29,518	0.1%	1,053,586	2.3%	(1,024,068)
Adjusted EBITDA	11,685,165	19.8%	8,954,265	19.2%	2,730,899
Bad Debt and write offs	141,268	0.2%	138,111	0.3%	3,157
Depreciation	2,700,862	4.6%	2,251,467	4.8%	449,394
EBIT	8,813,517	15.0%	5,511,101	11.8%	3,302,416
Adjusted EBIT	8,843,035	15.0%	6,564,687	14.1%	2,278,348
Finance income/(loss)	(100,029)	0.2%	(276,040)	0.6%	176,011
Taxes	1,164,425	2.0%	1,067,392	2.3%	97,033
Net result	7,549,063	12.8%	4,167,669	8.9%	3,381,394
Adjusted net result	7,570,345	12.9%	4,927,304	10.6%	2,643,041
Cash flow from operations	3,156,686	5.4%	4,455,075	9.5%	(1,298,389)
Adjusted cash flow from operations	3,186,204	5.4%	5,508,661	11.8%	(2,322,457)

- The Group's **Net Financial Position** passed from a net debt of €0.7 million at the end of 2021 to a net debt of €4.4 million at the end of 2022. Cash flow generated from operating activities for €3.2 million was used to meet the cash requirements of operations carried out during the fiscal year and, in particular, contributed to finance the investments in fixed assets amounting to €4.3 million and the payment of dividends to shareholders for €1.7 million.

	12.31.2022	12.31.2021	Variance
Debts with banks (A)			
- Short term	5,744,100	7,894,319	(2,150,219)
- Long term	8,574,373	10,874,527	(2,300,154)
Cash and cash equivalents (B)	9,838,378	17,752,959	(7,914,581)
Finance active loans (C)			
Short term loan to Racing Spirit LLC	-	265,000	(265,000)
Long term loan to KJK Protective Technologies LLC	60,000	80,000	(20,000)
Net Financial Position: A) - B) - C)	4,420,095	670,887	3,749,208

Management Analysis

Economic figures in 2022, once again particularly positive, are due to the contribution in terms of sales and margins of all the Group's companies. Growth is due to the increasing integration and synergies among the Group's brands, while the increase in percentage margins is mainly related to a different composition of the sales mix and, particularly, to the increase in sales of

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helmets, communication systems and racewear, which are characterized by higher average marginality than other products offered by the Group, net of the increases recorded in logistics, commercial and structural costs.

Balance sheet figures are influenced by the change in the strategy of advance procurement for all the Group's companies, aimed at achieving a significant increase in the quality of service and a reduction of the risks related to the supply chain.

Current Trading

In January 2023 Racing Force Group successfully completed a capital increase of €10 million through an ABB (*Accelerated Book Building*) procedure. This increase is aimed at further strengthening the Group's capital structure in view of the implementation of the investment plan, which has already started, with the target to increase the production and logistics capacity of the main operating hubs of the Group, in order to support the expected further growth and the implementation of the diversification projects, the first results of which will start to be delivered as early as 2023 and, to a more significant extent, from 2024 onwards.

The continuation of the war between Russia and Ukraine has kept the global geo-political risk high, coupled with very strong economic and financial tensions in the markets. Regardless of how the current crisis is resolved, the consequences could be long-term and adversely affect markets. In this context of great uncertainty, the strong capital structure of the Group and the effectiveness of the management strategies allow us to look forward to the near future confidently, albeit with the need to constantly monitor the ever-changing scenario.

In the first two months of 2023, the Group maintained a double-digit growth in terms of sales, hitting a new all-time high. In terms of product margins, measures taken on price lists and careful planning of purchases have, to date, made it possible to contain the effect of fluctuations in the cost of raw materials.

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Allocation of net result

The Board of Directors of Racing Force S.p.A. has proposed to the Shareholders' Meeting to allocate the net profit for fiscal year 2022, amounting to 2,955,976 euros, as follows:

- €39,835 euros to the legal reserve, in order to reach one-fifth of the share capital;
- €2,312,928 to dividends to be distributed, amounting to €0.09 per share, before withholding tax, with an ex-dividend date of May 15th, 2023, in accordance with the 2022 Euronext Growth Milan calendar, an entitlement date of May 16th, 2023 and a dividend payment date of May 17th, 2023;
- The residual part, equal to € 603,213, to retained earnings.

Calling of the Ordinary Meeting of Shareholders

The Board of Directors resolved to convene the Company's Ordinary General Meeting of Shareholders on April 28th, 2023, in a single call, to approve the financial statements of Racing Force S.p.A. for the year ended December 31st, 2022, including the Board of Directors' report on operations, the Board of Statutory Auditors' report, and the independent auditors' report.

Filing of Documentation

The notice of call and the related documentation prescribed by applicable regulations, including the draft financial statements as of December 31st, 2022, the management report, the directors' reports on the items on the agenda of the Shareholders' Meeting, the report of the Board of Statutory Auditors and the independent auditors' report, will be available to the public, within the terms of the law, at the registered office located at Via E. Bazzano 5, 16019 Ronco Scrivia (GE - Italy) as well as by publication on the institutional website www.racingforce.com, Investor Relations section and on the authorized storage mechanism www.emarketsdirstorage.it.

It should be noted that the audit of the draft financial statements has not yet been finalized and that the auditors' report will therefore be made available within the legal deadlines.

This press release is available in the Investor Relations section of the website www.racingforce.com.

Presentation of the results

The results for the year ended December 31st, 2022 will be presented to analysts and investors on March 30th, 2023 at 10:00 a.m. (CET), through Microsoft Teams platform, using the following link:

Microsoft Teams meeting

Join on your computer, mobile app or room device

[Click here to join the meeting](#)

Meeting ID: 340 709 508 853

Passcode: EUYc8e

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Video Conference ID: 126 773 887 6

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The presentation supporting the conference call will be made available on the Company's website www.racingforce.com in the Investor Relations section of the website to the following link: <https://ir.racingforce.com/en/presentations>.

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Racing Force is the leading motorsports safety products group with the most advanced and comprehensive range of products for protection and performance used worldwide by top professionals, amateur athletes, race teams and car manufacturers with products sold under brands such as Bell Helmets, OMP, Zeronoise and Racing Spirit. The group is based on 3 different continents: Ronco Scrivia (headquarters) and Pisa in Italy, Sakhir in Bahrain, and Miami and Mooresville in the USA. Today, products under the Group's brands can be found in all world motor racing and karting championships. More information about Racing Force Group is available at www.racingforce.com, and on the websites www.ompracing.com, www.bellracing.com, www.racingspirit.com.

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APPENDIX

Consolidated Balance Sheet

	12.31.2022	12.31.2021
NON CURRENT ASSETS		
Property, plant and equipment	8,028,567	6,330,962
Right of use assets	3,147,592	2,390,711
Intangible assets	7,421,943	6,727,144
Goodwill	6,235,037	5,662,557
Investments booked at Equity method	-	128,475
Due from related parties - non current	40,000	60,000
Tax receivables - non current	280,081	211,952
Deferred tax assets	582,313	657,757
Other non current assets	18,758	18,667
	25,754,291	22,188,225
CURRENT ASSETS		
Cash and cash equivalents	9,838,378	17,752,959
Trade receivables	10,315,187	7,675,933
Inventories	21,590,904	14,715,341
Due from related parties - current	21,146	425,211
Tax receivables - current	1,289,888	813,200
Other current assets	1,677,509	1,338,819
	44,733,012	42,721,463
TOTAL ASSETS	70,487,302	64,909,689

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	12.31.2022	12.31.2021
EQUITY		
Share capital	2,375,745	2,375,745
Additional paid in capital	20,249,087	20,014,823
Legal reserve	475,149	398,931
Translation reserve	88,253	(93,852)
Retained earning (losses)	5,191,210	2,762,780
Other reserve	558,121	291,074
Net Result	7,549,063	4,167,669
Equity attributable to owners of the parent Company	36,486,629	29,917,169
Non-controlling interests	-	-
TOTAL EQUITY	36,486,629	29,917,169
NON CURRENT LIABILITIES		
Long term loans - non current	8,574,373	10,874,527
Lease liabilities - non current	2,623,043	1,997,665
Tax payables - non current	-	77,710
Employee benefits	962,857	839,508
Provisions	356,907	320,000
	12,517,180	14,109,410
CURRENT LIABILITIES		
Short term Loan	2,488,016	4,691,924
Trade payables	12,426,159	10,673,433
Long term loans - current portion	3,256,084	3,202,394
Lease liabilities - current	652,577	506,451
Due to related parties	171,076	106,167
Tax payables - current	598,777	195,248
Other payables	1,890,804	1,507,491
	21,483,493	20,883,109
TOTAL LIABILITIES AND EQUITY	70,487,302	64,909,689

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Consolidated statement of profit/(loss) for the year ended December 31st

	2022	2021
Revenue	58,872,869	46,674,333
Cost of sales	(22,090,948)	(19,470,848)
Gross profit	36,781,921	27,203,485
Other income	1,461,833	1,444,804
Selling and distribution expenses	(9,267,540)	(6,399,095)
General and administrative expenses	(16,935,192)	(14,098,349)
Other expenses	(385,376)	(250,165)
Gross operating profit (EBITDA)	11,655,647	7,900,679
Bad Debt and write offs	(141,268)	(138,111)
Depreciation	(2,700,862)	(2,251,467)
Net operating profit (EBIT)	8,813,517	5,511,101
Finance income	397,811	405,948
Finance costs	(497,840)	(681,988)
Net income (loss) before taxes	8,713,488	5,235,061
Taxes	(1,164,425)	(1,067,392)
Total net income (loss) after taxes	7,549,063	4,167,669

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