

11 Apr 2023



PRO-GEST

INVESTOR PRESENTATION FY-2022

- 1) Market Highlights
- 2) Q4-2022 Pro-Gest Topics
- 3) Current Trading Jan-Feb 2023



CONFERENCE CALL SYSTEM: CISCO WEBEX

- Please note that the Pro-Gest conference call will be made using the Cisco Webex system
- This is a different system than the one previously used: each participant will have the opportunity to interact with the Pro-Gest management sending questions exclusively in writing form, through the Cisco Webex Q&A chat, at any time during the call
- At the end of the presentation, Pro-Gest management will answer all the main and most relevant questions received through the Cisco Webex Q&A chat (requests received by e-mail will not be considered)
- The adoption of this new system, which no longer provides for the direct voice question session as in the past, will allow Pro-Gest to:
 - provide the financial community with broader and more widespread information
 - answer all the main written questions received from the participants during the conference call, as long as they are relevant
 - improve the quality of information for the financial markets
 - give all participants, on an equal position, the effective opportunity to ask Pro-Gest management questions on the published documentation
- The meeting with the financial community is scheduled for Apr 11th, 2023 at 10:30 am CEST through a conference call at the following link: <https://progest.webex.com/progest-it/j.php?MTID=m8b955f746d1b3114c2d5417fd34887ba>
- It is recommended you check in advance the correct functioning of your computer system with the Cisco Webex platform

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MARKET HIGHLIGHTS

MARKET TOPICS Q4-2022 AND FY-2022

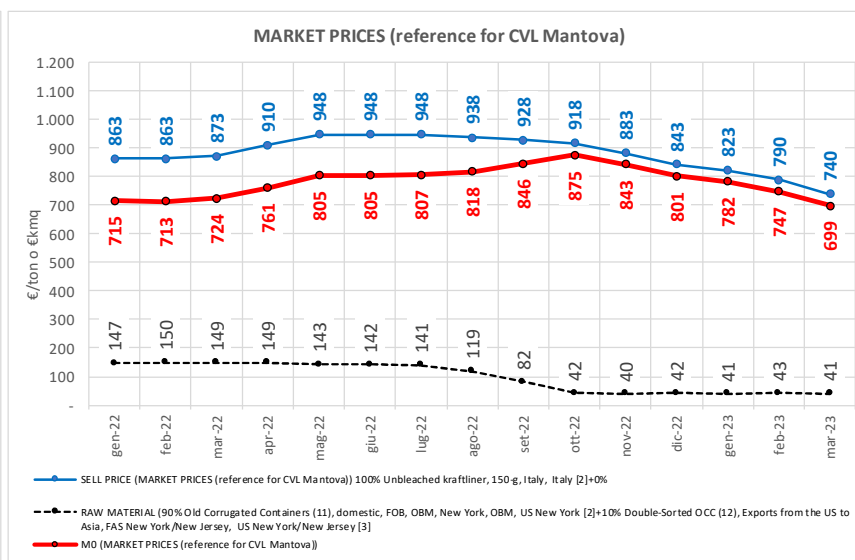
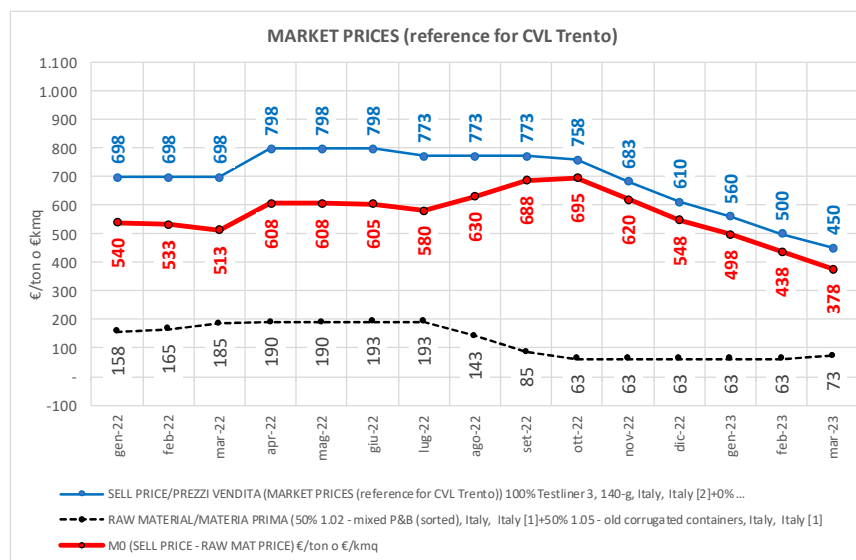
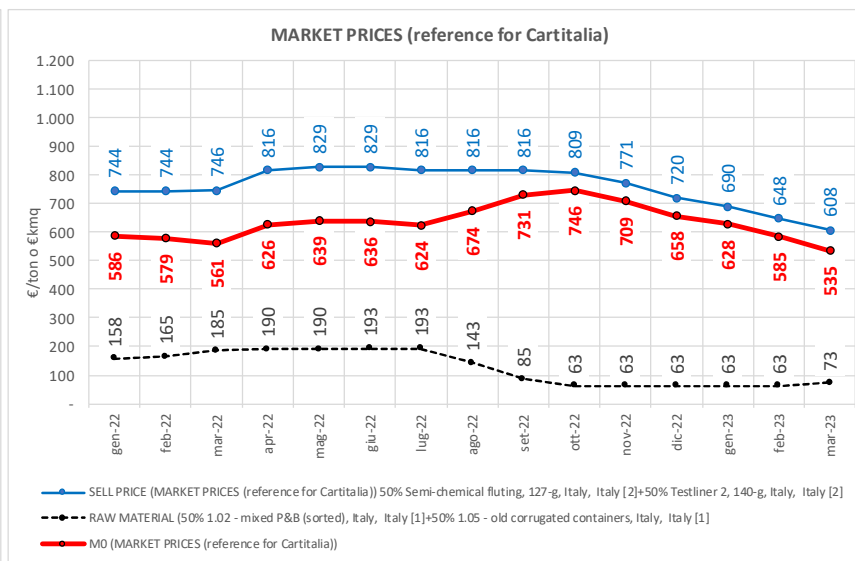
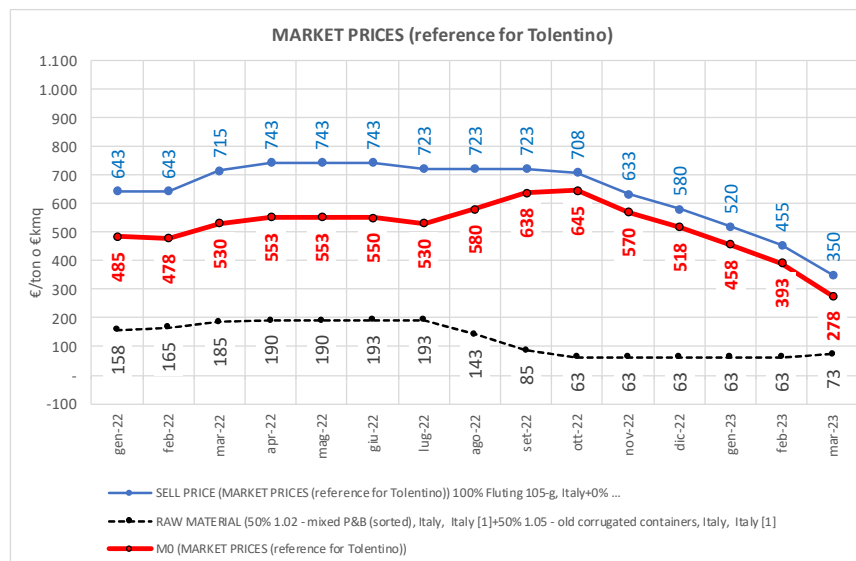


MARKET SCENARIO AND TRENDS - MOST SIGNIFICANT EVENTS IN Q4-2022

- The **Q4 turnover** shows a slowdown of consolidated turnover due to significant change in market conditions: turnover in the final quarter confirms a transition period with total values lower than 2021, although with prices on average higher than the previous year
- The **trend of paper mills** is down showing a reduced production and sale of paper mills towards the market and consequently a concentration of most of their activities vs internal corrugators and packaging factories
- The **corrugators/packaging segment as well** shows a good performance even if lower than 2021 (see page 10). The good performance is particularly significant in the two packaging areas: industry/fruit&vegetables and take away
- Slight reduction – but still high – of the **gas price in December**, with an average of prices equal to 160 €/smc (corresponding to approximately 400 €/ton) vs 115 €/smc in November (corresponding to 285 €/ton)
- **FY2022 has shown a very strong first semester, both on sales (€ 490m) and profitability (€ 103m; 21% on revenues), and a softer second semester with revenues equal to € 336m and Ebitda equal to € 31m (9% on revenues). Globally FY2022 has been a good year with significant growth in sales and profitability compared to 2021 and in line with budget**
- FY 2022 main topics:
 - **Increase of WC** mainly due to prices and the increase of receivables and gas effect
 - **Capex** equal to about € 43,5m focused on corrugator&packaging business units, as per budget (Altopascio factory and thermoforming moulding project)
 - **Energy** average FY price equal to € 126/smc (compared to € 55/smc of 2021); total FY gas cost equal to € 215m (compared to € 130m in 2021) and € 51m of government gas subsidies

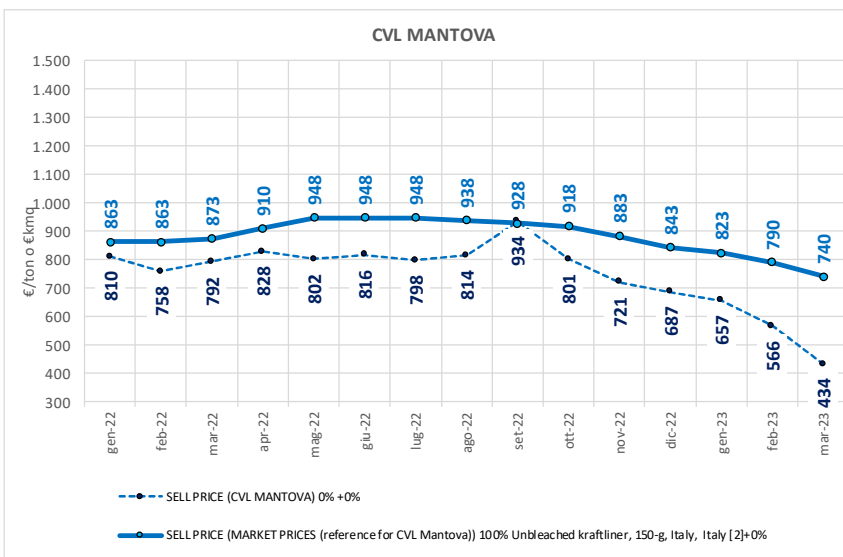
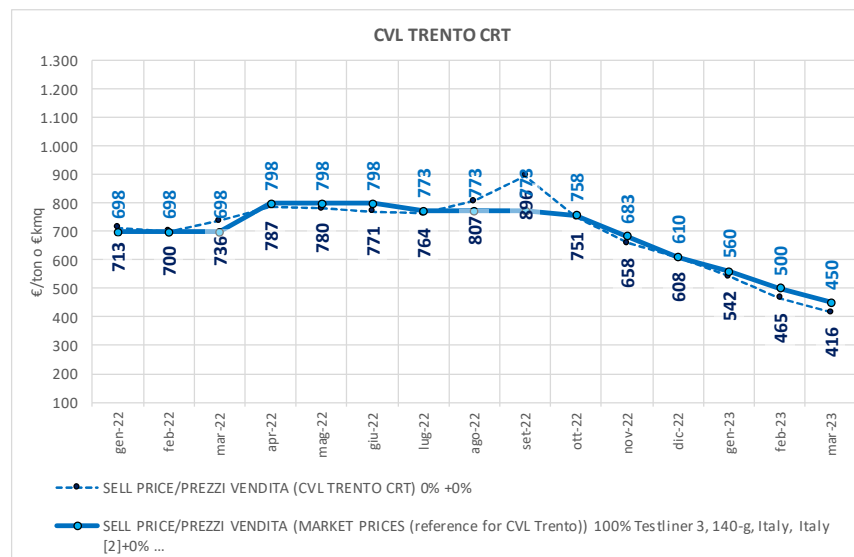
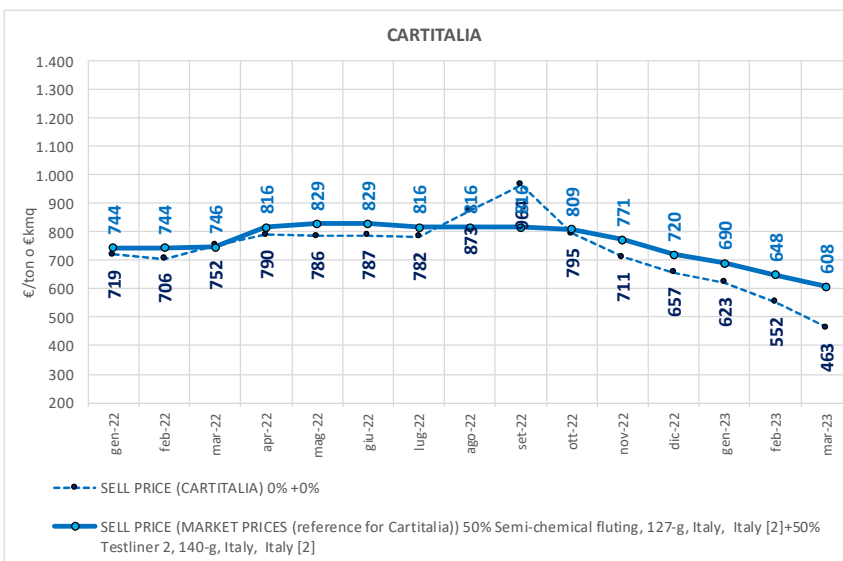
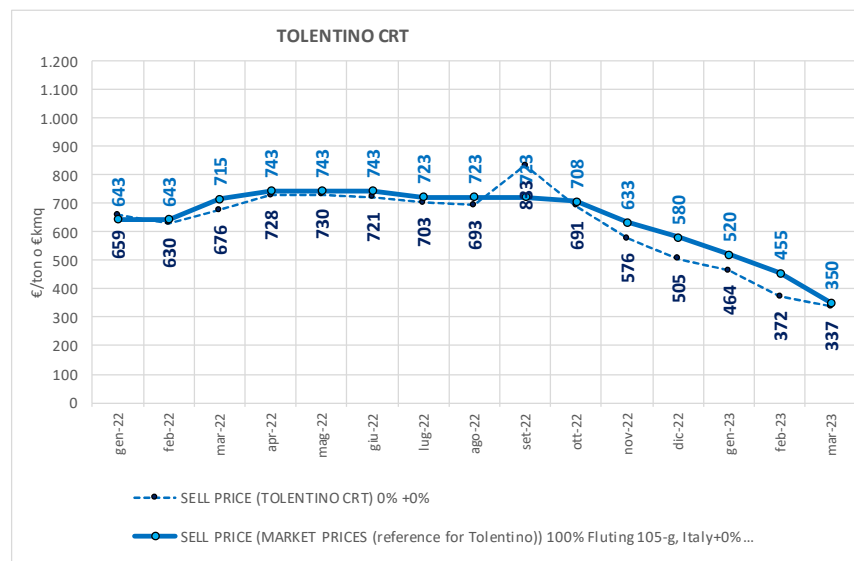
PRICE TREND UP TO MAR 2023

PREZZI DI VENDITA/SELLING PRICES - PREZZI ACQUISTO MATERIE PRIME/RAW MATERIAL PRICES - DIFFERENZA/SPREAD
(RIFERIMENTO/BENCHMARK PER PRO-GEST CORRUGATED INDUSTRY) - Fonte/Source: RISI (www.risiinfo.com)

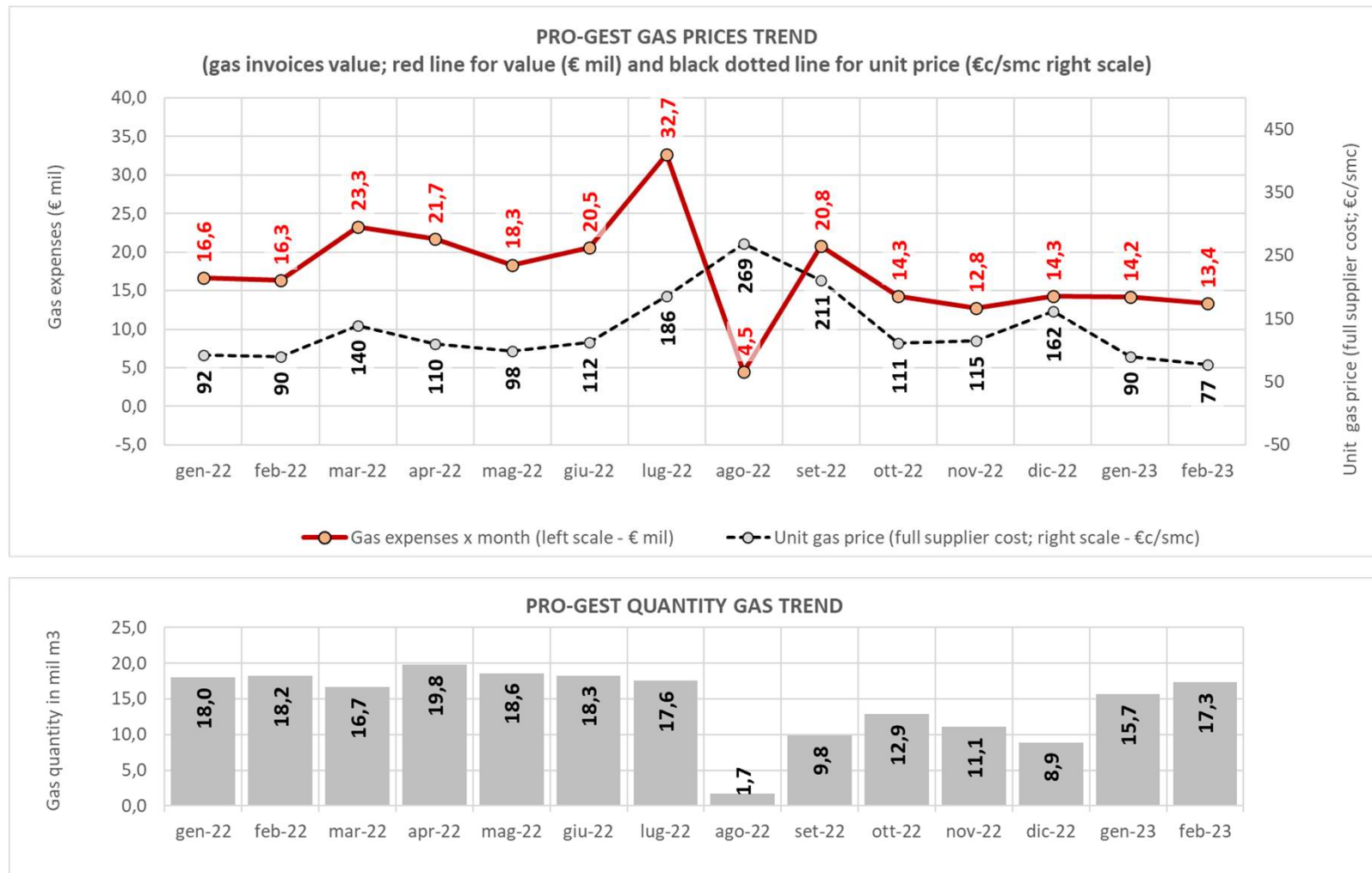


PRICE TREND UP TO MAR 2023

PREZZI DI VENDITA / SELLING PRICES DEL MERCATO DI RIFERIMENTO (linea blu/blue line) vs PREZZI DI VENDITA / SELLING PRICES DI PRO-GEST (riga blu tratteggiata/blue dotted line) - Fonte/Source: RISI (www.risiinfo.com)



FOCUS ON GAS PRICES TREND UP TO FEB-2023



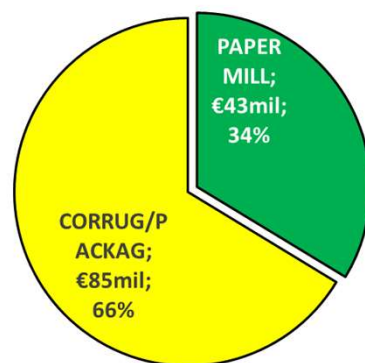
- Pro-Gest acquires gas in the spot market and has secured supply for the next 3 months through “deposito cauzionale” of about € 20m at the end of 2022
- **Q4-2022 gas cost** is equal to € 125/smc vs € 200/smc of Q3-2022 and € 100/smc of Q4-2021
- **Jan-Feb 2023 gas price** has been equal to about € 85/smc (in line with the 2023 budget)

PRO-GEST TOPICS
Q4-2022
FINANCIALS

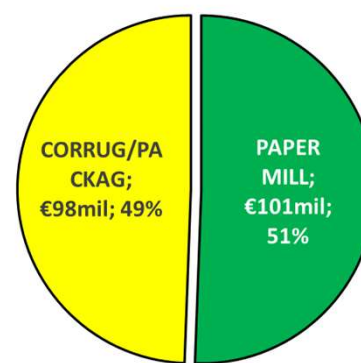
Q4-2022 FINANCIALS – EXECUTIVE SUMMARY

CONSOLIDATED DATA					value (€ mil, var %, var val)					quantity (k-ton o M-mq, var %, var val)					price (€/ton o €/kmq, var %, var val)				
BUSINESS UNITS	Q4-22	Q4-21	AC vs PY in %	AC vs PY in val (€mil)		Q4-22	Q4-21	AC vs PY in %	AC vs PY in Q.Tà (ton o mq)		Q4-22	Q4-21	AC vs PY in %	AC vs PY in val (€mil)		Q4-22	Q4-21	AC vs PY in %	AC vs PY in val (€mil)
	AC consunt	AC storico				AC consunt	AC storico				AC consunt	AC storico				AC consunt	AC storico		
PAPER MILL	43,3	100,7	-57%	-57,4		45,8	143,1	-68%	-97,4		945	703	+34%	242					
CORRUG/PACKAG	85,3	98,3	-13%	-13,1		121,7	187,2	-35%	-65,5		700	525	+33%	175					
TOTAL (A1 CORE)	128,5	199,0	-35%	-70,4															

Q4-22



Q4-21



- The data show “A1 product” sales (excluding A5/other sales) with a reduction in value of -35% vs same period of last year with a different performance between paper mills (-57%) and corrugator/packaging (-13%)
- The reduction of **paper mill quantity** are due to a paper mill production more oriented towards corrugator/packaging internal activity rather than sell directly to the market; the paper mill trend also affected by soft market conditions
- The reduction of **corrugator/packaging quantity** has been affected by soft market conditions

Q4-2022 FINANCIALS – EXECUTIVE SUMMARY

consolidated Q4 data (€ mil) dati Q4 consolidati alla data (€ mil)	Q4-2022 act	Q4-2022 bdg	act vs bdg change in %	act vs bdg change in val	Q4-2021 act	act vs prev change in %	act vs prev change in val
PROFIT & LOSS							
TOTAL SALES A1+A5 (excluded capital gains)	161,6	234,4	-31,1%	-72,8	232,7	-30,6%	-71,1
EBITDA operating	5,7	32,6		-26,9	15,8	-63,8%	-10,1
EBITDA normalization	7,0	-		+7,0	-	-	+7,0
OPERATING EBITDA NORMALIZED	12,7	32,6	-61,0%	-19,9	15,8	-19,5%	-3,1
in % total sales	7,9%	13,9%			6,8%		
SALES A5 (capital gains)	-	22,0		-22,0	-		-
(depreciation, amortization and others)	-20,6	-16,3		-4,3	-16,6		-3,9
(interest expense)	-9,9	-9,3		-0,6	-9,6		-0,3
(others)	0,7	-1,0		+1,7	-0,6		+1,3
INCOME BEFORE TAX NORMALIZED	-17,0	28,1	-160,5%	-45,1	-11,0	+54,8%	-6,0

- **Q4-2022 sales** (A1+A5/other sales) are equal to € 162m, lower than both budget (€ 234m) and Q4-2021 (€ 233m), due to important slowdown of market consumption connected with inflation rate growing trend and the decision taken by Central Banks to increase the interest rate, in order to cool the inflation rate
- **Q4-22 EBITDA** is equal to € 12,7m normalized, due to the same topics explained before; the normalization is only related to the delayed startup up period of Ondulati Maranello (the € 7m normalization is the portion related to Q4-22)

Q4-2022 FINANCIALS – EXECUTIVE SUMMARY

consolidated YEAR TO DATE data (€ mil) dati PROGRESSIVI consolidati alla data (€ mil)	Dec-2022 act	Dec-2022 bdg	act vs bdg change in %	act vs bdg change in val	Dec-2021 act	act vs prev change in %	act vs prev change in val
PROFIT & LOSS							
TOTAL SALES A1+A5 (excluded capital gains)	826,1	970,2	-14,9%	-144,1	747,1	+10,6%	+79,0
EBITDA operating	109,1	122,9		-13,8	83,5	+30,6%	+25,6
EBITDA normalization	24,8			+24,8	12,1	+105,0%	+12,7
OPERATING EBITDA NORMALIZED	133,9	122,9	+8,9%	+11,0	95,6	+40,0%	+38,3
in % total sales	16,2%	12,7%			12,8%		
SALES A5 (capital gains)	-	22,0		-22,0	-		-
(depreciation, amortization and others)	-72,7	-65,0		-7,7	-63,7		-9,0
(interest expense)	-44,4	-37,0		-7,4	-32,0		-12,5
(others)	0,7	-4,0		+4,7	1,7		-1,0
INCOME BEFORE TAX NORMALIZED	17,3	38,9	-55,4%	-21,6	1,5	+1026,2%	+15,8

- FY-2022 EBITDA is equal to € 134m on a normalized basis (16,2% on revenues)**, mainly generated in the first six months of the year vs the same period of 2021, due to the capability to transfer increases in the prices of raw material and energy cost to the market (thanks to a good pass-through effect that the Group has been able to operate) as well as the gas contribution from the Italian Government; the normalization equal to € 24,8m is related to the following items:
 - €6.6 million of extraordinary costs for the natural gas that we incurred in the first quarter of 2022 as a result of the increased price of natural gas and the lower amount of government subsidies (10% of the energy costs we incurred in the first quarter of 2022) compared to subsequent periods (25% of the energy costs we incurred in the second quarter of 2022). In particular, the adjustment consists of the difference between (i) the cost we actually incurred for natural gas for the first quarter of 2022 after deducting the 10% government subsidies and (ii) the cost we would have incurred had the government applied the 25% subsidies also to the first quarter of 2022.
 - €4.2 million of costs that we incurred in H1 2022 in connection with the initial start-up of our Maranello plant, which was transferred to Castelbelforte (close to our Mantova plant)
 - €14.0 million of costs that we incurred in H2 2022 in connection with the delayed start-up of our Maranello plant

Q4-2022 FINANCIALS – EXECUTIVE SUMMARY

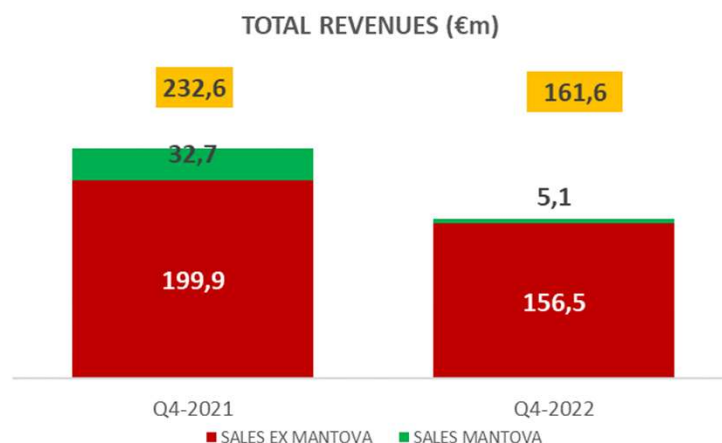
consolidated data €mil (EOP) (1)	Dec-2022 act	Dec-2022 bdg	act vs bdg change in %	act vs bdg change in val	Dec-2021 act	21 vs 20 change in %	21 vs 20 change in value
BALANCE SHEET							
NET INVESTED CAPITAL	990,3	918,7			925,2		+65,1
NET EQUITY	486,3	497,1			463,9		+22,4
(GROSS FINANCIAL DEBT)	-610,3	-610,6			-615,6		+5,3
LIQUIDITY (2)	106,2	189,0			154,3		-48,0
(NET FINANCIAL DEBT)	-504,1	-421,6			-461,4		-42,7
PFN / EBITDA NORMALIZED	3,76x	3,43x			4,59x		-0,83x
PFN / EBITDA REPORTED	4,62x	3,43x			5,45x		-0,83x

(1) net of amortized debt issuance costs

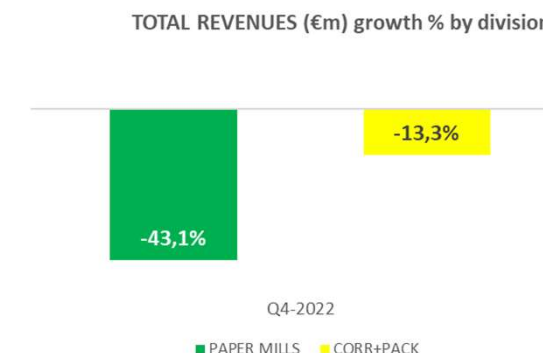
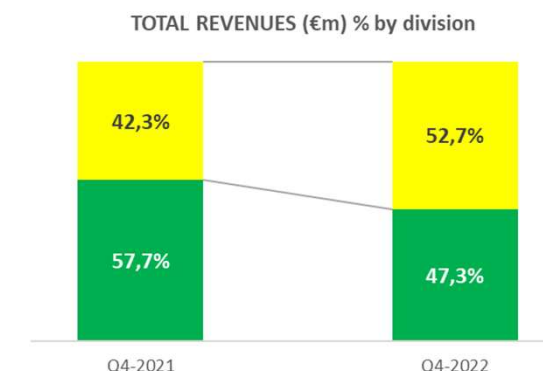
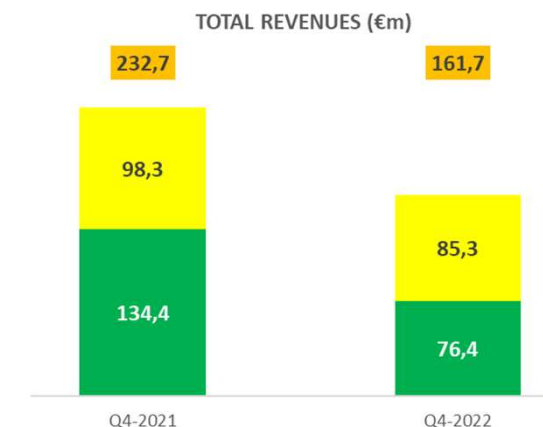
(2) Including €19.7m of current financial assets, which consists of the deposit we have made upon request of gas suppliers in Italy at the end of 2022 to protect themselves from the risk of delinquent accounts as a result of the increase in natural gas prices

- **Net Financial Position (IAS39)** at 31.12.2022 is equal to €504m and the **ratio PFN / Ebitda normalized** is equal to 3,76x significantly better than 4,59x normalized at the end of 31.12.2021
- See the following pages for detailed cash flow analysis

Q4-2022 FINANCIALS – REVENUES DETAIL



- **Total consolidated revenues** (A1+A5) in Q4-2022 amounted to €162m (compared to €230m in Q4-2021; the change is equal to -31% mainly due to the market condition; Mantova consolidated revenues is equal to €5m (vs €33m) and consequently the LFL growth (excluding Mantova) is equal to -22%. Mantova has concentrated its activity on internal revenues since the market was very weak with consumption going down
- **Paper mills consolidated** revenues (A1+A5) decreased by -43% vs Q4-2021 as a consequence on the above explanation, while **Corrugators/Packaging consolidated** revenues decreased -13% vs Q4-2021
- All the above confirms the softness of the market which has characterized the period from September to December 2022



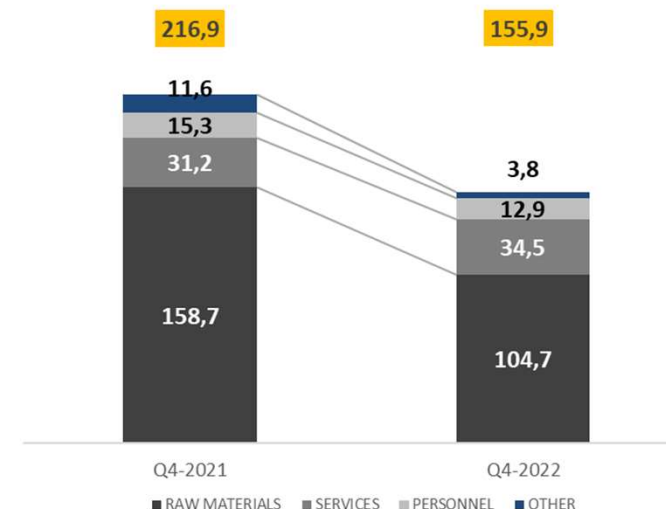
Note: A5 sales represents White certificates, other raw material sales, revenues other than products and 2022 Government gas subsidies

Q4-2022 FINANCIALS – OPEX DETAILS

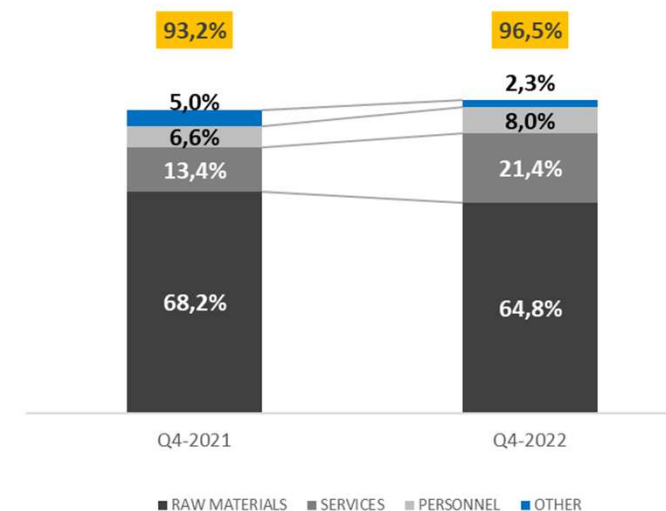
OPERATING EXPENSES (€m, excluding D&A) and % on revenues



OPERATING EXPENSES EVOLUTION (€m, excluding D&A)

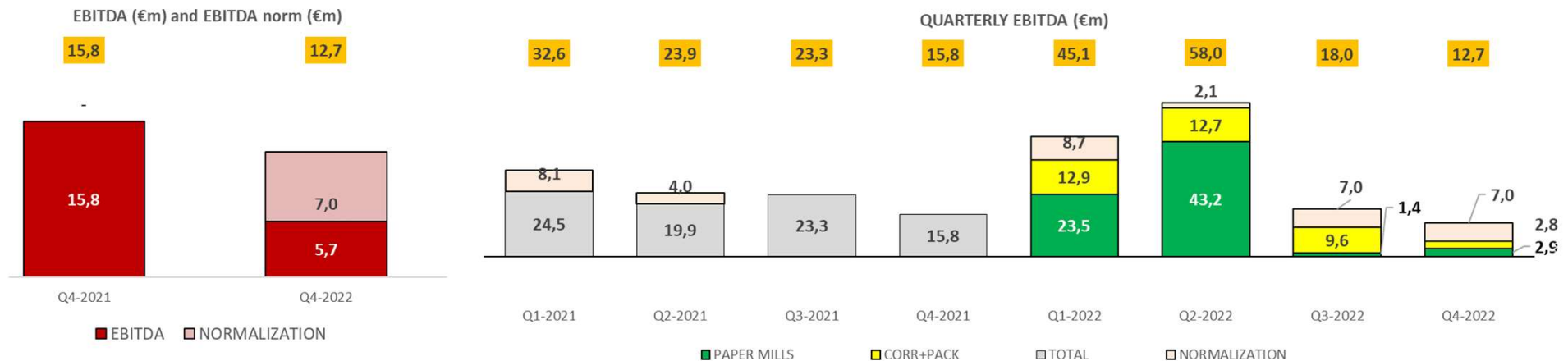


OPERATING EXPENSES EVOLUTION (excluding D&A) % on revenues

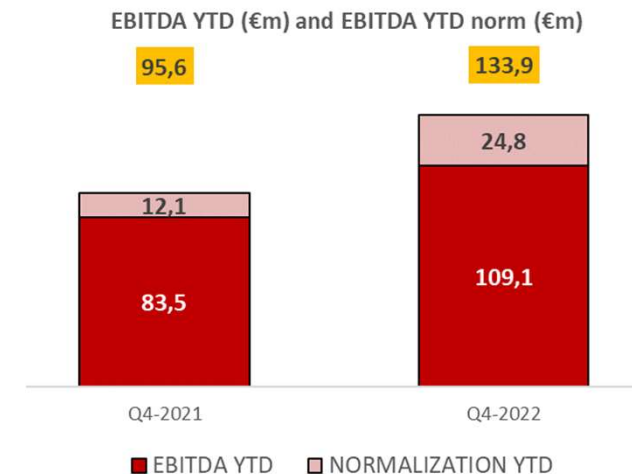


- **Operating expenses** in Q4-2022 were €156m (compared to €217m in Q4-2021) with a % on revenues equal to 96% (compared to 93% in Q4-2021); the increase of % is mainly due to the decrease of sales in the quarter and the increase of gas costs
- The main changes are:
 - The % of **cost of raw materials** (including gas costs) on revenues was 65% in Q4-2022 compared to 68% in Q4-2021; the gas cost (this item is included in raw materials data) in the period as % of revenues is equal to 26% vs 27% in the same period of 2021
 - The % of **service costs** on revenues was 21% (compared to 13% in Q3-2021); this increase is due to the reduction of turnover.
 - The % of **personnel costs** on revenues was 8% (compared to 7% in Q3-2021)
 - **Personnel count** is as follows:
 - 31.12.2021: 1.270
 - 31.12.2022: 1.150 (the reduction vs 31.12.2021 is due to restructuring of Ondulati Maranello)

Q4-2022 FINANCIALS – EBITDA BY QUARTER

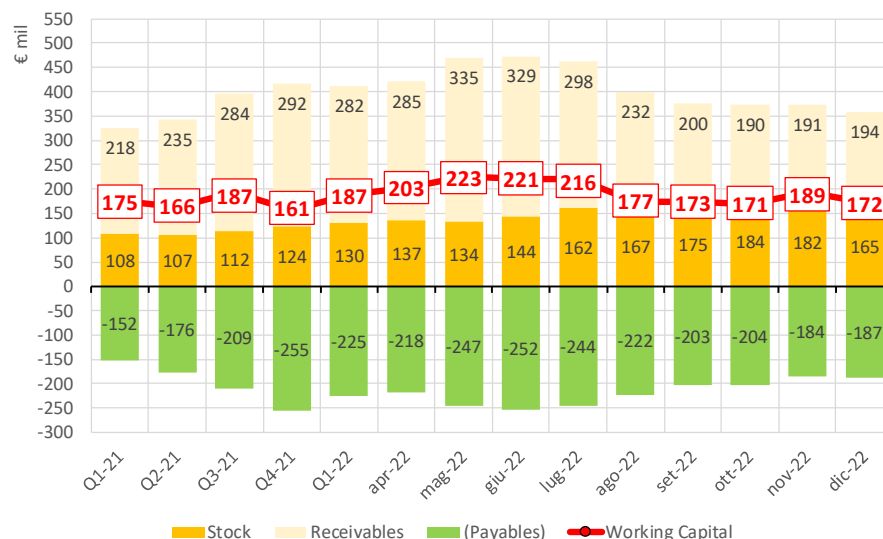


- The **Q4-2022 EBITDA normalized** is equal to €12,7m (7,9% on revenues) compared to €15,8m in Q4-2021; profitability of Q4-2022 has been affected by the slowdown of market consumptions – and consequently the higher % of overheads on a lower turnover - and by the **cost of gas** in the period. Selling prices in Q4-22 could not be increased due to softness of the market.
- The quarterly Ebitda chart above shows the results from Q1-2021 and the **breakdown of Group Ebitda by business unit** starting from Q1-2022 (comparison with last year is not available):
 - in Q4-2022 the **paper mills Ebitda** normalized is equal to €2,9m
 - In Q4-2022 the **corrugator/packaging Ebitda** normalized is equal to €2,8m
- The FY2022 **EBITDA normalized** is equal to € 134m and shows a significant increase vs the same period of 2021 (+40%) despite a slowdown in Q3-22 and Q4-22 due to very tough market conditions

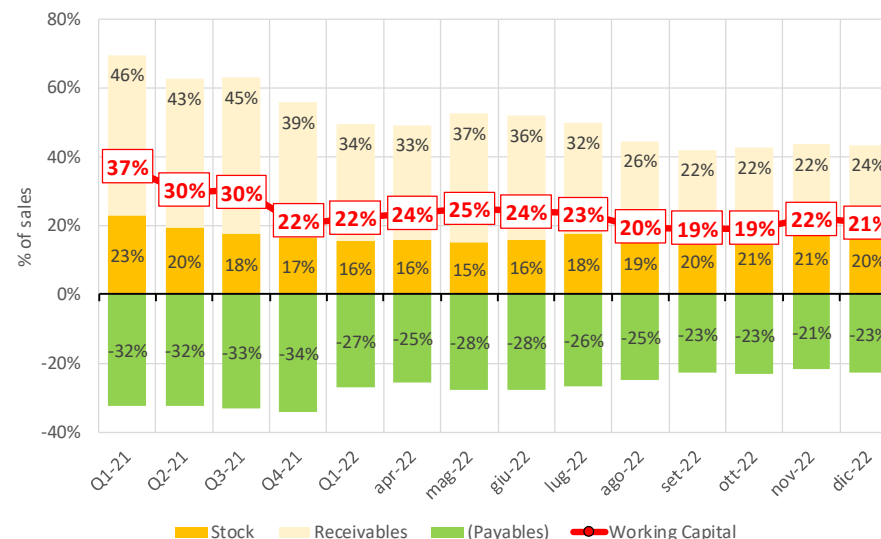


Q4-2022 FINANCIALS – OPERATING WORKING CAPITAL

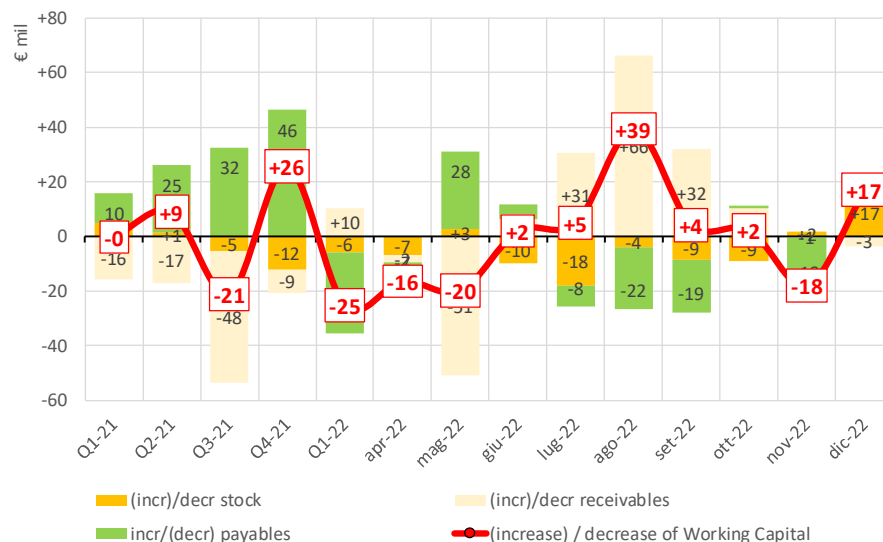
OPERATING WORKING CAPITAL ANALYSIS (€m)



OPERATING WORKING CAPITAL ANALYSIS in % of sales

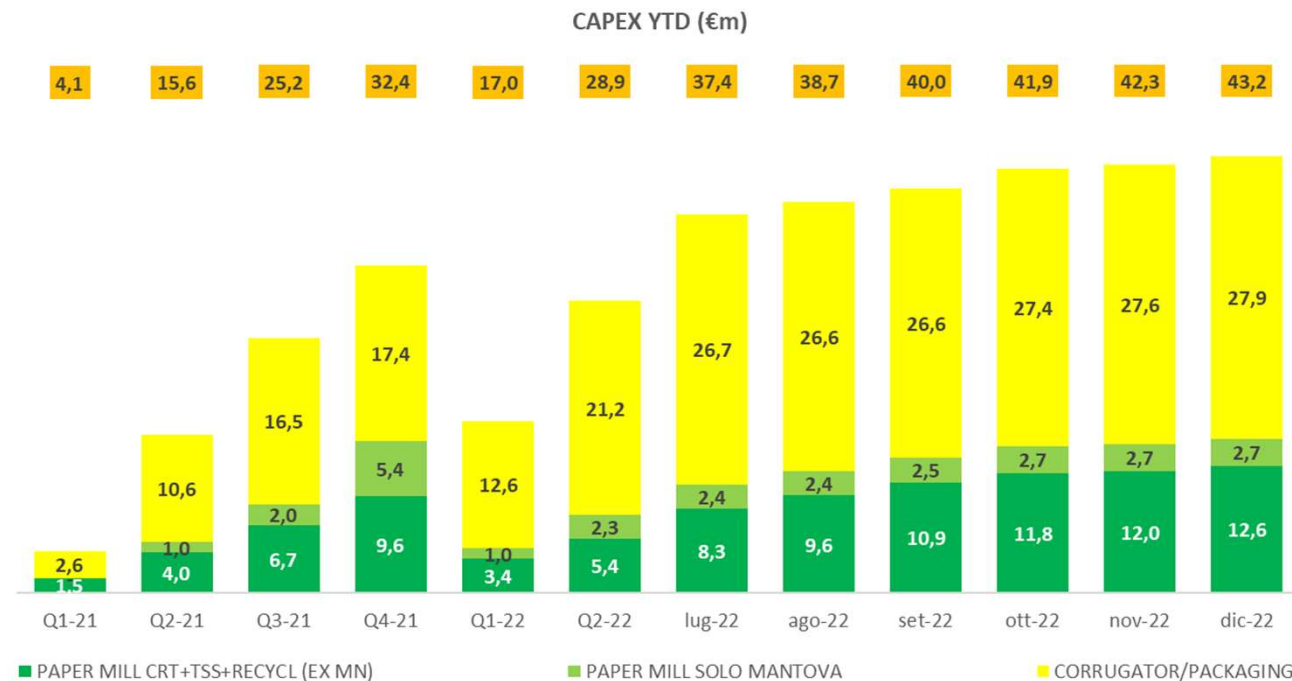


OPERATING WORKING CAPITAL ANALYSIS (incr) / decr of WC (var q/q)



- The operating working capital of Pro-Gest Group at 31.12.2022 is equal to €172m (vs € 161m at the end of FY-21) and the cash generation from operating working capital during Q4-2022 has been substantially flat
- The management of operating working capital is virtuous: the incidence on sales at the end of Q4-22 is about 20%

Q4-2022 FINANCIALS – TANGIBLE CAPEX



- The graph shows **year to date investments by quarter** from Q1-2020 to Q4-2022, divided by paper mill and corrugator/packaging business units
- Total investments at 31.12.2022 is equal to about € 43,5m, in line with the budget target.
- The capex during Q4-22 is equal to about € 3m

Q4-2022 FINANCIALS – EBITDA TO CASH FLOW BRIDGE

EBITDA TO CASH FLOW (€ mil)	Q4-21	Q1-22	Q2-2022	Q3-2022	Q4-2022
EBITDA (not normalized)	15,8	36,4	55,9	11,0	5,7
(increase) / decrease of operating working capital	25,6	-25,3	-34,5	48,2	1,2
(incr) / decr of other items of WC (included TFR)	0,3	-5,6	2,9	-35,5	-14,0
Operating Cash Flow (OCF)	+41,7	+5,5	+24,3	+23,7	-7,0
(maintenance&growth capex tangible&intangible)	-72,3	-16,8	-12,6	-10,5	-3,2
Cash flow after capex	-30,6	-11,3	+11,7	+13,2	-10,3
(incr) / decr of financial invest/equity invest	19,8	0,0	-0,1	0,1	0,0
increase / (decrease) of other provisions (AGCM)	-4,5	-4,6	-4,6	-4,7	-5,9
Cash flow after extraordinary items	-15,3	-16,0	+7,0	+8,6	-16,2
(taxes)	5,1	-0,8	-2,5	8,8	13,7
Operating Post-tax free cash flow	-10,2	-16,8	+4,5	+17,3	-2,5
(interest expenses)	-9,6	-9,6	-9,3	-15,7	-10,5
Cash Flow (CF)	-19,7	-26,4	-4,9	+1,7	-13,0
(NFP) at the beginning of the period	-441,6	-461,4	-487,7	-492,6	-490,9
(NFP) at the end of the period	-461,4	-487,7	-492,6	-490,9	-503,9
Change in NET FINANCIAL POSITION	-19,7	-26,4	-4,9	+1,7	-13,0

- **EBITDA** shown in the table does not consider normalizations of € 24,8 mil
- The **FY2022 cash flow** is negative and equal to € -43m: the main changes vs Ebitda are due to:
 - Total WC (included other items) absorbed in the year about € 63 mil; the Q4-2022 decrease reflects mainly the impact due to Government gas credit
 - The capex absorption is equal to about € 43 mil
 - Interest expense is equal to about € 45m

Q4-2022 FINANCIALS – NET FINANCIAL POSITION



- **Net Financial Position (IAS39 net of amortized debt issuance costs)** at 31.12.2022 is equal to €504m (higher by €43m vs 31.12.2021); during the Q4-2022, as explained in the previous page, NFP has been affected by the softness of market, by the increase in prices and consequently impact on working capital and the capex as well as gas payments
- **There are no delays in payments / collections** from banks, suppliers, employees or other creditors
- The **short-term debt** equal to €105m represents approximately 55% of available credit lines

- Cash and NFP do not include related party securities (€ 26.5m) and bank bonds (€ 2.0m)

- Liquidity is expressed including €19.7m of current financial assets, which consists of the deposit we have made upon request of gas suppliers in Italy at the end of 2022 to protect themselves from the risk of delinquent accounts as a result of the increase in natural gas prices

- In the Financial Debts graph the split of some lines could be slightly different from balance sheet representation

- "the data presented in this graphic are calculated, aggregated and qualified based on management assumptions and therefore might differ from the presentation in the financials statements of the Company"

CURRENT TRADING **JAN-FEB 2023**

CURRENT TRADING – SALES JAN-FEB 2023 (2 months)

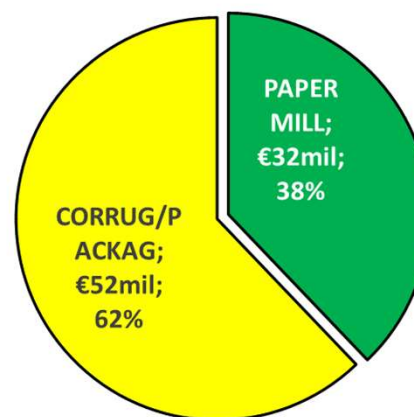
CONSOLIDATED DATA				
value (€ mil, var %, var val)				
BUSINESS UNITS	feb-23	feb-22	AC vs PY in %	AC vs PY in val (€mil)
	AC consunt	AC storico		
PAPER MILL	31,8	60,7	-48%	-28,9
CORRUG/PACKAG	52,3	73,2	-29%	-20,9
TOTAL (A1 CORE)	84,1	133,9	-37%	-49,8

quantity (k-ton o M-mq, var %, var val)			
feb-23	feb-22	AC vs PY in %	AC vs PY in Q.Tà (ton o mq)
AC consunt	AC storico		
45,3	76,3	-41%	-30,9
80,7	118,5	-32%	-37,8

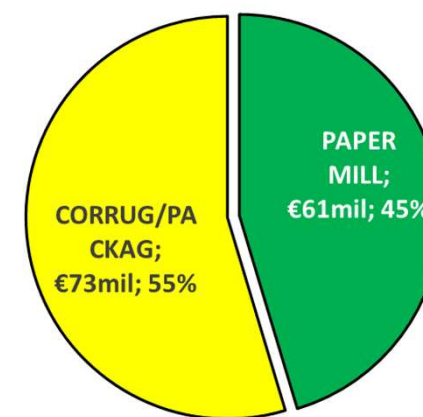
price (€/ton o €/kmq, var %, var val)			
feb-23	feb-22	AC vs PY in %	AC vs PY in val (€mil)
AC consunt	AC storico		
703	796	-12%	-94
647	617	+5%	30

- **Total revenues** (the chart show sales of A1 core products, excluded other sales, related to Jan-Feb 2023 period, i.e. 2 months): total sales show slowdown due to the negative market consumptions affected by inflation rate and market conditions
- In addition, **Italian market** was impacted by import of products, produced and sold at lower prices since based in countries which operate with better production conditions (energy costs in primis)

JAN-FEB 23



JAN-FEB 22



COMMENTS ON BP IMPLEMENTATION / BUDGET 2023



- **Pro-Gest FY2022 performance was good** both in revenues and profitability/Ebitda; first half very good while second half affected by slowdown of revenues. In the second half (Aug-Sep) the Group conducted also maintenance activity on paper mills
- The Group was able to **transfer to the market** (mainly in the first half of the year) **the higher costs** of energy (gas), transports and limited increases of raw material (good pass-through effect), in fact profitability/Ebitda normalized of the year was equal to about € 134m (+40% vs 2021)
- **Jan and Feb 2023 confirm the softness of market scenario**, with a slowdown of consumption, due to high inflation rate and financial market conditions (interest rate by Central Banks). While lower than the precedent comparative period, January and February 2023 were in line with our estimates. Based on the information currently available to us, we currently expect that the market conditions will stabilize/improve towards the second part of this year, which is in line with the assumptions underlying our estimates/budget
- Q1-23 will benefit of **Government gas contribution** (45% of gas bill) as well as, after the recent Government decision, Q2-23 (20% of gas bill)
- **Capex** are currently expected to be a bit lower than 2022
- Regarding the **appeal against the fine imposed in 2019 by the Italian Competition Authority ("AGCM")**, on March 22, 2023, the Council of State upheld the Pro-Gest Group's appeal limited to the amount of the fine and delegated AGCM to redetermine it. The AGCM is now the relevant authority that will decide the exact amount of the fine, which we expect will be reduced based on the approach which was taken in similar circumstances. For this reason, **we expect that the Pro-Gest Group will benefit from this recalculation for an amount that cannot be quantified at the moment**. As of 31.03.2023, Pro-Gest Group has already duly paid € 32.4m and the outstanding is equal to € 15.8m (included interest expenses). In addition, immediately after the Council of State decision, AGCM also granted to Pro-Gest Group the suspension of the payment of instalments, waiting for the decision about the recalculation which is reasonably expected in the next 3-6 months. Because of this and to the extent the fine is reduced as we currently expect, **the projected Group cash flow for the next few months will be better than expected**



PRO·GEST GROUP

paper back to life

