

RACING FORCE

Earnings Review

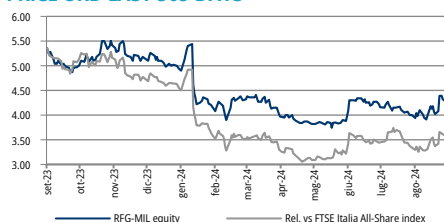
BUY ord. (Unchanged)

Target: **€ 6.00** (Unchanged)

Risk: High

| STOCKDATA | | ORD | | |
|------------------------------|-------|-------------|-------|--|
| Price (as of 25 Sep 2024) | | 4.3 | | |
| Bloomberg Code | | RFG IM | | |
| Market Cap (€ mn) | | 118 | | |
| Free Float | | 39% | | |
| Shares Out (mn) | | 27.4 | | |
| 52 week Range | | € 3.8 - 5.5 | | |
| Daily Volume | | 5,903 | | |
| Performance (%) | 1M | 3M | 1Y | |
| Absolute | 7.3 | 10.3 | -21.1 | |
| Rel to FTSE Italia All-Share | 6.8 | 10.1 | -33.7 | |
| MAIN METRICS | 2023 | 2024E | 2025E | |
| SALES Adj | 62.7 | 64.2 | 69.3 | |
| EBITDA Adj | 9.6 | 9.9 | 11.4 | |
| EBIT Adj | 6.3 | 6.1 | 7.0 | |
| NET INCOME Adj | 5.1 | 4.9 | 5.2 | |
| EPS Adj - €c | 19.8 | 18.3 | 19.1 | |
| DPS Ord - €c | 9.0 | 9.0 | 9.4 | |
| MULTIPLES | 2023 | 2024E | 2025E | |
| P/E ord Adj | 26.6x | 23.5x | 22.5x | |
| EV/EBITDA Adj | 15.0x | 12.8x | 11.2x | |
| EV/EBIT Adj | 22.8x | 20.8x | 18.3x | |
| REMUNERATION | 2023 | 2024E | 2025E | |
| Div. Yield ord (A) | 1.6% | 2.1% | 2.2% | |
| FCF Yield Adj | -4.2% | -1.4% | 0.8% | |
| INDEBTEDNESS | 2023 | 2024E | 2025E | |
| NFP Adj | -7.1 | -8.0 | -9.4 | |
| NFP ex-IFRS16 | -3.2 | 0.2 | -1.4 | |
| D/Ebitda Adj | 0.7x | 0.8x | 0.8x | |

PRICE ORD LAST 365 DAYS



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BETTER VISIBILITY ON STRATEGIC PROJECTS AND SALES REACCELERATION

1H results delivered good improvement in profitability and most of all cash generation. Current trading is pointing to flat/LSD sales growth and double-digit order increase in 3Q, supporting top-line acceleration for 4Q. We fine tune our 2025-26 estimates (sales -1%/-2%, Adj. EPS -6%/-3%) and confirm our target price at € 6.0PS, given the improved visibility on strategic drivers thanks to recent announcement related to diversification projects and reacceleration of North America.

■ 1H24 results: improving profitability and most of all cash generation

Racing Force 1H results showed good profitability and cash generation. In detail:

- **Revenues** (already known) +1% in 1H to € 37.6mn (+2.4% in 2Q), with an underlying growth of +4% net of the two important Racing Spirits contracts in 1H23;
- **Gross Profit** stable at € 23.1mn vs. € 23.3mn exp. and margin at 61.5% (-30bps YoY vs. +10bps exp.), due to mix (the benefit from lower Racing Spirits revenues was offset by higher contribution from car parts and technical wear vs. helmets);
- **EBITDA** +3% to € 8.2mn (€ 8.1mn exp.), with margin +40bps to 21.7% (21.4% exp.), thanks to strong control of operating costs (-1% YoY), particularly in logistics;
- **NI** +11% to € 5.4mn (€ 4.6mn exp.), thanks to a lower tax rate (16.6% vs. 20% exp.) and lower financial expenses;
- **NFP ex IFRS16 positive at € 4.6mn** (€ 3.9mn exp.), with an improvement of € 7.8mn in 1H24 reflecting capital transactions (€ +5.0mn cash inflows including the capital increase and dividends paid) and € 2.8mn cash generated (€ 7.1mn operating cashflow and € 4.2mn CAPEX). NFP including leases positive at € 1.0mn.

■ Reacceleration in orders in 3Q and positive (or very positive) outlook for 2025

Main messages from the 1H results call:

- **Current trading:** In terms of sales, July/August up MSD while September to date flattish (3Q flat/LSD up) due to some delivery slippages. As for orders, 3Q accelerating into double digits (and 9M up MSD) with a fairly consistent trend across geographies, supporting revenues in 4Q and partly beyond 4Q24;
- **2025 Outlook:** A positive year is expected, thanks to the penetration of OMP in NA, the new FIA standards for helmets in Europe (>50% of the catalogue already on the new standards by the end of 2024 and 100% by summer 2025), opportunities from Lift, the other military diversification projects and the new Skier's Eye. The year could become very positive depending on how much the diversification projects can begin to materialise. As a drag on 2025 is the introduction of the new Snell standards for helmets in NA, which cannot be sold before October 2025.

■ Estimates fine-tuned to factor in a slightly lower base in 2024

Regarding estimates, **we slightly reduced sales and margins on 2024** (revenues cut by -1% to € 64.2mn, EBITDA -4% to € 9.9mn) while we improved net income by 6% to € 4.9mn due to lower financial expenses and tax rate and NFP (including leases) to € -8.0mn from € -9.2mn due to CAPEX slippage on Ronco. On 2025-26 we reduced revenues by -2%/-1%, EBITDA by -5%/-3% and profit by -6%/-3% given the lower 2024 base.

■ Valuation confirmed. Lot of work done so far to materialize in 2025 and 2026

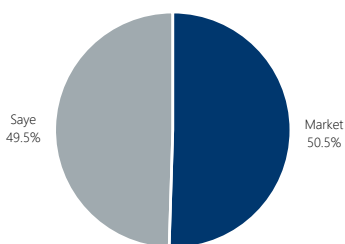
We confirm our valuation at € 6.0PS, based on € 5.4PS from DCF on explicitly modelled business (motorsport and the contribution of the collaboration with Lift, expected to ramp-up from an initial modest contribution in 2024 to € 2mn in 2025 and € 4.5mn in 2026) and € 0.6PS from diversification projects not yet explicitly included in our estimates (SWAT and police riot helmets, Skier's Eye, additional opportunities with Lift).

The stock trades at 11.2x-9.1x EV/EBITDA, 23x-17x Adj. PE 2025-26, on numbers finally showing good acceleration for 2025 and 2026 and with improved visibility on strategic drivers thanks to recent important announcements (acceleration of motorsport business in NA, agreement with Oakley for Skier's Eye, first production order from Lift, certification process for police riot and SWAT helmets).

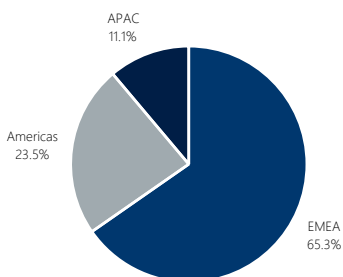
| MAIN FIGURES - EURmn | 2021 | 2022 | 2023 | 2024E | 2025E | 2026E |
|-----------------------|--------|-------|--------|-------|-------|-------|
| SALES Adj | 46.7 | 58.9 | 62.7 | 64.2 | 69.3 | 76.4 |
| Growth | 38.4% | 26.1% | 6.4% | 2.4% | 8.0% | 10.3% |
| EBITDA Adj | 9.0 | 11.7 | 9.6 | 9.9 | 11.4 | 13.9 |
| Growth | 66.9% | 30.6% | -17.7% | 3.4% | 15.0% | 21.3% |
| EBIT Adj | 6.6 | 8.8 | 6.3 | 6.1 | 7.0 | 9.1 |
| Growth | 130.6% | 34.7% | -28.7% | -2.8% | 14.9% | 29.6% |
| Net Income Adj | 4.9 | 7.6 | 5.1 | 4.9 | 5.2 | 7.0 |
| Growth | 243.1% | 53.5% | -32.7% | -4.6% | 7.8% | 32.8% |
| MARGIN - % | 2021 | 2022 | 2023 | 2024E | 2025E | 2026E |
| EBITDA Adj Margin | 19.2% | 19.8% | 15.4% | 15.5% | 16.5% | 18.2% |
| Ebit Adj margin | 14.1% | 15.0% | 10.1% | 9.6% | 10.2% | 11.9% |
| Net Income Adj margin | 10.6% | 12.9% | 8.1% | 7.6% | 7.6% | 9.1% |
| SHARE DATA | 2021 | 2022 | 2023 | 2024E | 2025E | 2026E |
| EPS Adj - €c | 25.1 | 31.8 | 19.8 | 18.3 | 19.1 | 25.4 |
| Growth | 236.6% | 26.9% | -37.8% | -7.6% | 4.5% | 32.8% |
| DPS ord(A) - €c | 7.0 | 9.0 | 9.0 | 9.0 | 9.4 | 12.5 |
| BVPS | 1.3 | 1.5 | 1.9 | 2.1 | 2.2 | 2.4 |
| VARIOUS | 2021 | 2022 | 2023 | 2024E | 2025E | 2026E |
| Capital Employed | 34.3 | 45.5 | 57.1 | 67.9 | 72.0 | 74.6 |
| FCF | -0.8 | -2.7 | -5.9 | -1.6 | 0.9 | 4.1 |
| CAPEX | 5.3 | 4.3 | 6.2 | 8.5 | 6.5 | 4.8 |
| Working capital | 12.4 | 19.9 | 26.9 | 27.6 | 28.4 | 32.9 |
| INDEBTNESS | 2021 | 2022 | 2023 | 2024E | 2025E | 2026E |
| Nfp Adj | -3.2 | -7.7 | -7.1 | -8.0 | -9.4 | -7.6 |
| D/E Adj | 0.11 | 0.21 | 0.15 | 0.14 | 0.15 | 0.12 |
| Debt / EBITDA Adj | 0.4x | 0.7x | 0.7x | 0.8x | 0.8x | 0.5x |
| NFP ex-IFRS16 | -0.7 | -4.4 | -3.2 | 0.2 | -1.4 | 0.2 |
| Interest Coverage | 28.6x | 117x | 18.8x | 48.8x | 23.2x | 32.1x |
| MARKET RATIOS | 2021 | 2022 | 2023 | 2024E | 2025E | 2026E |
| P/E Ord Adj | 23.9x | 17.3x | 26.6x | 23.5x | 22.5x | 16.9x |
| PBV | 4.0x | 3.1x | 2.9x | 2.0x | 1.9x | 1.8x |
| EV FIGURES | 2021 | 2022 | 2023 | 2024E | 2025E | 2026E |
| EV/Sales | 3.1x | 2.4x | 2.3x | 2.0x | 1.9x | 1.7x |
| EV/EBITDA Adj | 16.4x | 12.0x | 15.0x | 12.8x | 11.2x | 9.1x |
| EV/EBIT Adj | 22.4x | 15.8x | 22.8x | 20.8x | 18.3x | 13.9x |
| EV/CE | 4.3x | 3.1x | 2.5x | 1.9x | 1.8x | 1.7x |
| REMUNERATION | 2021 | 2022 | 2023 | 2024E | 2025E | 2026E |
| Div. Yield ord | 1.4% | 1.9% | 1.6% | 2.1% | 2.2% | 2.9% |
| FCF Yield Adj | -0.8% | -2.4% | -4.2% | -1.4% | 0.8% | 3.9% |
| Roce Adj | 14.1% | 19.1% | 10.2% | 8.0% | 8.1% | 10.0% |

Source: Company data and Equita SIM estimates

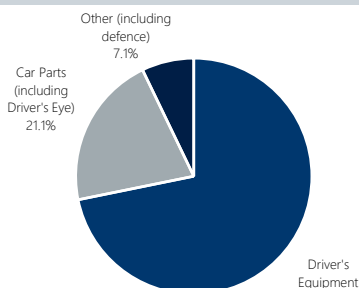
SHAREHOLDERS



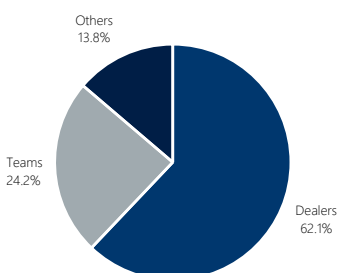
SALES BY GEOGRAPHY



SALES BY DIVISION



SALES BY CHANNEL



BUSINESS DESCRIPTION

Racing Force Group is an international manufacturer (born from the 2019 acquisition of Bell Helmets by OMP Racing) active in the design, production and distribution of Motorsport Safety Equipment, a small (>€250mn) but global niche within Motorsport, which mainly includes:

- **Driver's Equipment (72% of 2023 sales):** racing helmets, fire-retardant suits and underwear, racing shoes and gloves;
- **Car Parts (21% of 2023 sales):** racing seats, harnesses, roll bars, steering wheels, fire extinguisher systems, racing accessories.

The Group's offer range includes OMP, Bell and Zeronoise branded products (more than 2,000 items), which are split between homologated (c70% of revenues) and not homologated (c30% of revenues) ones. RFG also produces and distributes performance apparel under the Racing Spirits brand. RFG owns the OMP, Racing Spirits and Zeronoise brands and the perpetual worldwide licenses to use the Bell trademark in connection with the development, manufacturing and distribution of motorsport helmets.

With 2023 revenues of € 62.7mn, a 2019pf-23 14% organic CAGR and a 2023 Adj. EBITDA margin of 15.3%, the Group today boasts an international footprint, with sales in 80 countries, more than 550 employees located in 8 facilities worldwide in 3 different continents (o/w, 3 production sites, 3 R&D centers and 6 show-rooms) and, most importantly, a winning and consolidated presence in all major motorsport championships (70% of Formula 1 drivers wear Bell Helmets and 75% of WCR drivers wear OMP Suits). Revenues are extremely diversified in terms of customers (3,400+ customers worldwide, with the top 10 customers accounting for less than 25% of sales in 2022, of which just one weighting for more than 5%), and geographies (sales in 80 countries with no countries, except US, accounting for more than 20% of total sales in 2023), and are mainly generated indirectly through independent Dealers (62% of 2023 sales), and directly to top Teams and Car Manufacturers (24% of 2023 sales).

The group has also embarked in interesting and promising diversification projects:

- **Driver's Eye:** a micro-camera fitted in a special niche inside the helmet, the sole technology homologated by FIA, allowing to film the race "through the eyes of the driver" and already adopted by Formula 1, Nascar, SuperCars and Formula E.
- **Jet Pilot Helmet's Shell and Special Force and Police Riot Head Protection:** new products with advanced technical performances positioning RFG as a credible player in these new markets.

Key managers are Paolo Delprato (Chairman and CEO), Stephane Cohen (co-CEO), Alexandros Haristos (COO), Roberto Ferroggiaro (CFO).

The company is controlled by SAYE, the holding company of the Delprato family, owning 49.5% of the capital. Key managers are also present in the share capital.

STRENGTHS / OPPORTUNITIES

- Premium, well-known and historical brands, with outstanding reputation
- R&D know-how and almost fully vertical integrated supply chain and manufacturing
- Low suppliers and customer concentration
- Commercial synergies post Bell Helmet acquisition: increase of OMP branded products reach in NA, and increase of Bell helmets penetration in open-face categories
- Diversification in adjacent markets (e.g. Special Force and Police Riot Helmets, Jet Pilot Helmets)
- Scalability of Driver's Eye technology in core and adjacent markets

WEAKNESSES /THREATS

- Niche market with moderate growth rates
- Quite consolidated core market, with c70% in the hands of 3 players
- Disruptive innovations from competitors, mainly in terms of technologies or products performances
- Reputational damage from product failures / quality leaks
- Higher competitions in top categories from larger non "core" players such as Puma
- Limited track record outside of Motorsport

1H24 RESULTS: IMPROVING PROFITABILITY AND CASH GENERATION

Racing Force 1H results showed **good profitability** and **cash generation**.

| RACING FORCE - 6M 24 - RESULTS | | | | | |
|--------------------------------|-------|----------|-----------|----------|-----------|
| | 6M-23 | EXPECTED | | REPORTED | |
| | | 6M-24E | YoY gr. % | 6M-24E | YoY gr. % |
| Revenues | 37.2 | 37.6 | 1% | 37.6 | 1% |
| Adjusted EBITDA | 7.9 | 8.1 | 2% | 8.2 | 3% |
| Margin | 21.3% | 21.4% | - | 21.7% | - |
| Adj. EBIT | 6.4 | 6.1 | -4% | 6.5 | 3% |
| Margin | 17.1% | 16.3% | - | 17.4% | - |
| Net income | 4.9 | 4.6 | -5% | 5.4 | 11% |
| Margin | 13.1% | 12.3% | - | 14.4% | - |
| NFP | -2.6 | -0.1 | n.m. | 1.0 | n.m. |

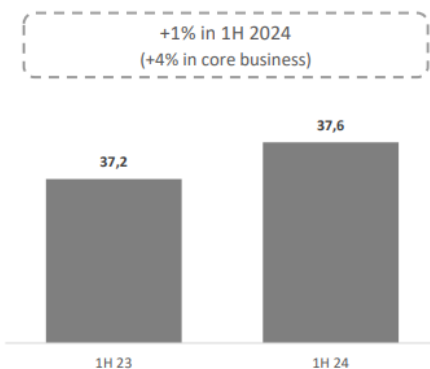
Source: Equita SIM estimates and Company data

In more detail:

- **Revenues** (already reported in July) grew by +1% in 1H to € 37.6mn (+2.4% in 2Q), with an underlying growth of +4% net of the two important Racing Spirits contracts in 1H23. In terms of **product breakdown**, Driver's Equipment +2.5% in 1H (more driven by racewear than helmets), Car Parts +5.4% and Other (Racing Spirits) -23.9%. **Geographically**, 2Q showed a **return to growth in NA** (+4.5%) and EMEA **confirming its positive growth** (+2.5%). **At channel level**, distributors grew by +0.5% in 1H and +3.4% in 2Q, while **Teams & Car Manufacturers recorded +3.2% in 1H** (also supported by the agreement with Team Penske) and Other was flattish.

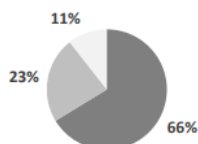
SALES TREND AND SALES BREAKDOWN

Revenues (€m) and Growth (%)



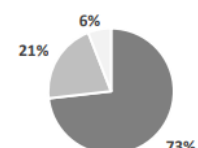
1H 2024 Revenues Breakdown and Variance vs 1H 2023

Geographies



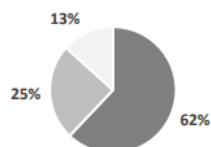
| | EMEA | AMER | APAC |
|--------------|---------|---------|---------|
| 1H 24 | 24.9 ml | 8.7 ml | 4.0 ml |
| VAR vs 1H 23 | +0.3 ml | -0.4 ml | +0.5 ml |
| VAR % | +1.3% | -4.4% | +13.2% |

Product categories



| | DRIVER'S EQUIP. | CAR PARTS | OTHER |
|--------------|-----------------|-----------|---------|
| 1H 24 | 27.5 ml | 7.8 ml | 2.2 ml |
| VAR vs 1H 23 | +0.7 ml | +0.4 ml | -0.7 ml |
| VAR % | +2.5% | +5.4% | -23.9% |

Channels



| | DEALER | TEAM&CAR MAN | OTHER |
|--------------|---------|--------------|---------|
| 1H 24 | 23.3 ml | 9.3 ml | 5.0 ml |
| VAR vs 1H 23 | +0.1 ml | +0.3 ml | -0.0 ml |
| VAR % | +0.5% | +3.2% | -0.5% |

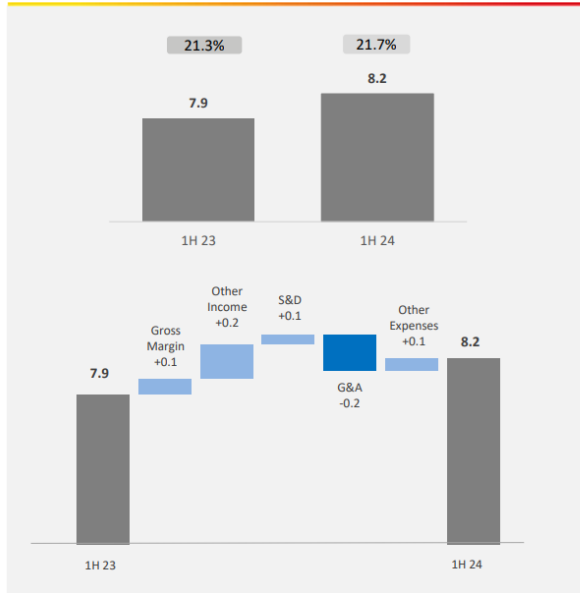
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Source: Company presentation

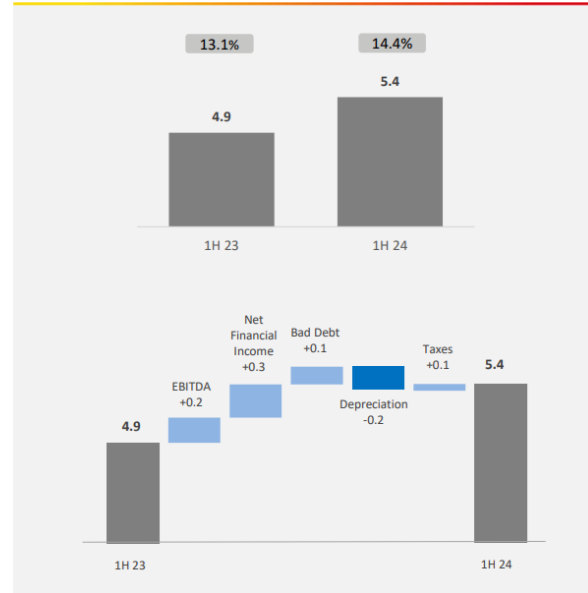
- **Gross Profit** stable at € 23.1mn vs. € 23.3mn exp., with a margin of 61.5% (-30bps YoY vs. +10bps exp.), due to the effect of the product mix (the benefit from lower Racing Spirits revenues is offset by a higher contribution to revenues from car parts and technical wear compared to helmets);
- **EBITDA** +3% to € 8.2mn (€ 8.1mn exp.), with margin +40bps to 21.7% (21.4% exp.), thanks to strong control of operating costs (-1% YoY), particularly in logistics;
- **EBIT** +3% to € 6.5mn (€ 6.1mn exp.), thanks to a limited increase in depreciation and amortization (€ 1.6mn from € 1.4mn in 1H23) and lower provisions compared to 1H23;
- **NI** +11% to € 5.4mn (€ 4.6mn exp.), thanks to a lower tax rate (18.1% vs. 20% exp.) and lower financial expenses (also thanks to FX gain).

PROFITABILITY

EBITDA (€m) and Margin (%)



NET INCOME (€m) and Margin (%)

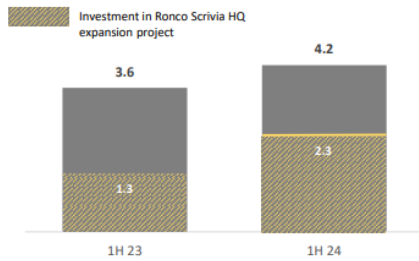


Source: Company presentation

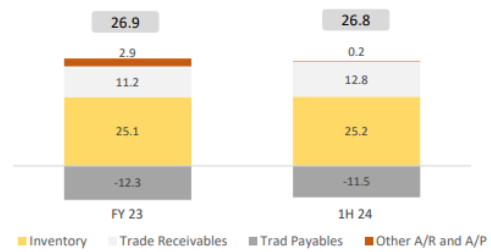
- **NFP ex IFRS16 positive at € 4.6mn** (€ 3.9mn exp.), with an improvement of € 7.8mn in 1H24 reflecting capital transactions (€ +5.0mn cash inflows including the capital increase and dividends paid) and **€ 2.8mn cash generated** (€ 7.1mn operating cashflow and € 4.2mn CAPEX). NFP including leases positive at € 1.0mn.

CAPEX, NWC, CASHFLOW AND NET DEBT

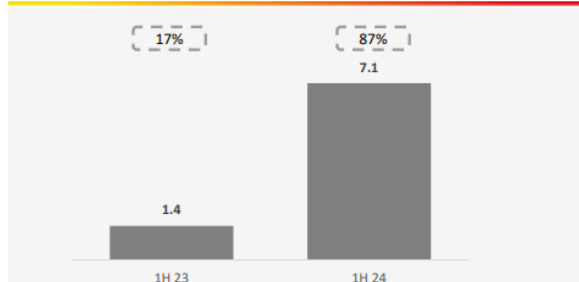
CAPEX (€m)



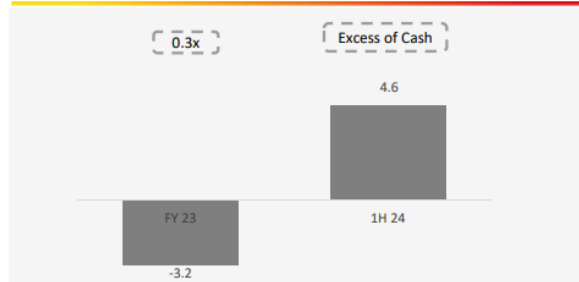
NET WORKING CAPITAL (€m)



CASH FLOW from Operations (€m) and Cash conversion (%)



NET FINANCIAL POSITION (€m) and leverage on Adj. EBITDA (x)



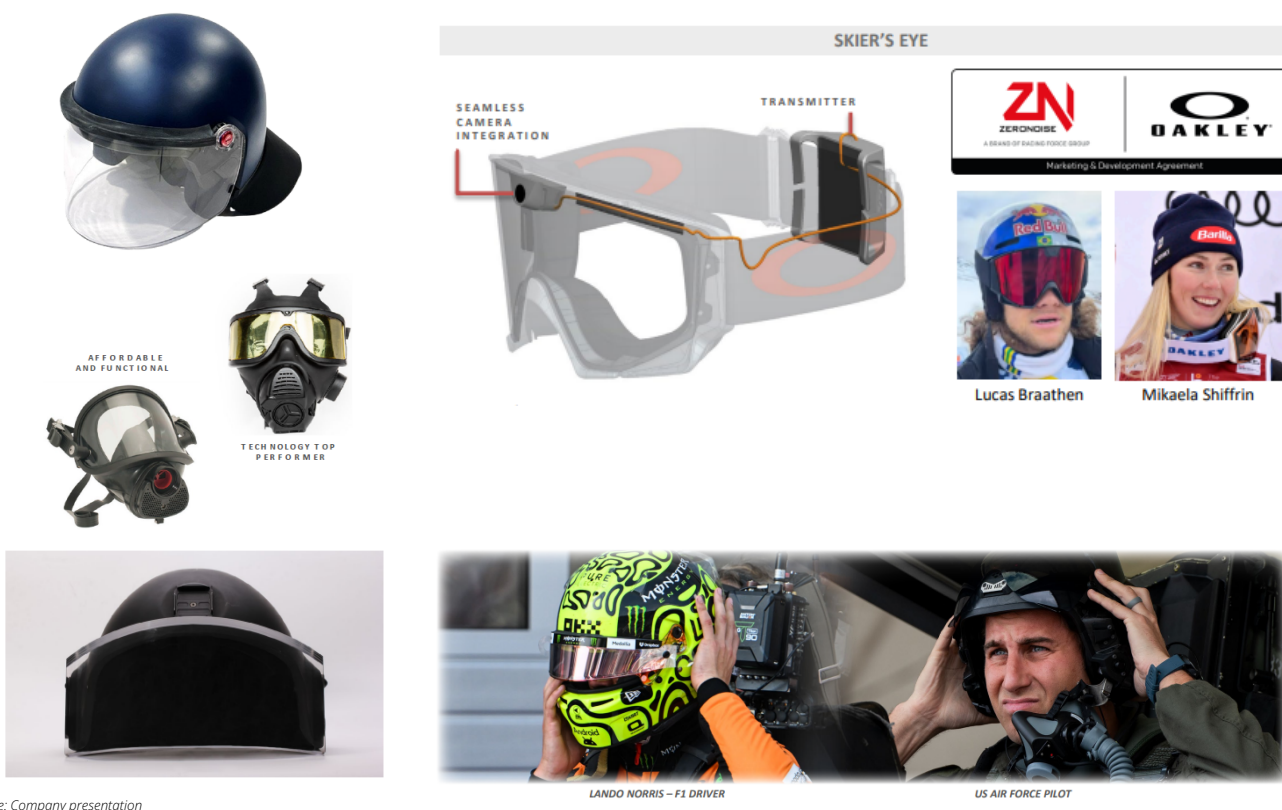
Source: Company presentation

VERY ENCOURAGING RECENT DEVELOPMENTS

Over the last few months, the company has made very encouraging announcements as regards the progress of strategic drivers:

- On July 22nd, Racing Force announced that it was the **first manufacturer in the world to obtain homologation according to the new FIA 8859-24 standards**, for one of its Bell helmets. As commented by management on the occasion of the FY23 results call, the introduction of the new FIA standards for helmets represents a challenge for all manufacturers. It also, however, represents an opportunity for those who will be able to have a large catalogue of products based on the new homologation in the coming months, as they could be able to gain market share in orders placed by dealers. No other manufacturers at the moment have obtained the homologation, and management indicated in the 1H24 call that more than 50% of the catalogue is expected to be homologated by year end and 100% by the summer 2025.
- On September 9th, Racing Force announced that it had received the **first order from Lift Airborne for the production of shells for US Air Force pilot helmets**. The Lift order will be executed in the coming months (4Q24/1Q25) and we think it has a size consistent with the initial contribution of € 0.5mn assumed in our model.
- On September 17th, **Racing Force announced an agreement with Oakley to launch Skier's Eye, the application of technology developed by Racing Force for the motorsport world (Driver's Eye) and now enhanced for the specific needs of the ski world**. Racing can therefore count on the collaboration of one of the most prestigious brands in the world of skiing, worn by numerous athletes thanks to its high performance. The partnership aims to offer broadcasters a new potential to improve product quality. **This is an important announcement as it brings great credibility to Driver's Eye opportunities outside motorsport**. Oakley's commercial strength can also facilitate agreements with broadcasters to impose the technology in major world competitions.

DIVERSIFICATION PROJECTS ON TRACK FOR MATERIAL CONTRIBUTION AS OF 2025-26



Source: Company presentation

CURRENT TRADING AND 2024 OUTLOOK

- **Current trading:** In terms of sales, July/August up MSD while September to date flattish (3Q flat/LSD up) due to some delivery slippages. As for orders, 3Q accelerating into double digits (and 9M up MSD) with a fairly consistent trend across geographies, supporting revenues in 4Q and partly beyond 4Q24;
- **FY24 outlook:** main target is to increase efficiency and cash generation, while completing investment plan by 2Q25.

As regards 2025, management in the call indicated to expect a **positive year, or even very positive** depending on how much the diversification projects can effectively materialise already in 2025.

OUTLOOK

Organic growth ...

- **Main 2024 target** to increase efficiency and cash generated from operations, while completing investments plan within Q2 2025
 - ✦ Ongoing re-engineering of production and logistics functional to Ronco Scrivia HQ expansion
- **Product innovation**
 - ✦ 44 new racing products ready to be launched on the market for the 2025 season, of which approximately 60% new products and 40% product update
 - ✦ Target of +50% models compliant with new FIA 8859-2024 standard in stock within year end. Completion of R&D testing for the remaining models.
 - ✦ New SNELL standard (for US Helmets market) expected for Autumn 2025 with strong sales generation starting Q4 2025
 - ✦ A complete range of product compliant with FIA 8877-2022 standard for kartwear (including suits, gloves and shoes), mandatory from Jan 2025, will be available within year end
- New websites for OMP, BELL and Racing Spirit live now, including online sales

... combined with diversification projects

- First order for LIFT will be shipped between Q4 2024 / Q1 2025
- Partnership with Oakley on R&D and marketing with the goal to launch of the new Skier's Eye in the coming months
- Target to obtain certification for Gladiator and Riot Helmet within Q1 2025

... in a very attractive niche ...

"The F1 season has seen phenomenal races, with seven different winners in fourteen races and closer gaps across the grid. Social media followers have increased by over 30% on F1 platforms, and we had 3.7 million spectators at the races in the first half of the season, with ten sold-out events".

Stefano Domenicali, Chairman & CEO of F1



Josef Newgarden – Winner of 2024 Indy500



Brad Pitt – F1 Movie (expected June 2025)

Source: Company presentation

OTHER KEY MESSAGES FROM THE CALL

Main additional takeaways from the 1H results call:

- **Skier's Eye:** contract size similar to F1. They are working to expand the role of Racing Force by providing a full broadcast service on private 5G networks. Official launch for Cortina 2026, but not excluding a contribution as early as 2025;
- Other ongoing diversification projects: 1) Gladiator (SWAT) first 20 units produced (pre-series) supporting the reliability of the production process. It will be presented in Las Vegas and Germany in January and February 2025; 2) police riot helmets: 3 models developed for compatibility with high, medium and entry level gas masks. They are working on certification of the helmet with the gas mask; 3) Lift: first batches delivered in 4Q24 and 1Q25, production ramp-up planned for 2025.
- **Inventory:** in 1H24 some absorption for raw materials related to the build-up of the helmet catalogue with new standards;
- **CAPEX:** the investment in Ronco will be completed in 2025 (€ 3mn CAPEX in 2H24 and € 3mn in 1H25, in addition to recurring capex/sales around 5%). 2nd floor in Bahrain ready by the end of 2024. 2nd building in Bahrain to be built by BIC, likely to be delivered in 2026.

FINE TUNING 2024-26 ESTIMATES, CONFIRMING 2025-26 ACCELERATION

As regards our estimates, **we slightly reduced sales and margins on 2024** (revenues trimmed by -1% to € 64.2mn and EBITDA by -4% to € 9.9mn) while **we improved net income by 6%** to € 4.9mn due to lower financial expenses and tax rate (18% from previous 20%) and **NFP** (including leases) to € -8.0mn from € -9.2mn due to CAPEX slippage on Ronco.

On 2025-26 we reduced revenues by -2%/-1%, EBITDA by -5%/-3% and profit by -6%/-3% given the lower 2024 base.

We confirm our expectation of a **significant acceleration in sales and profits in 2025 and even more 2026** (2024-26 sales CAGR +9% and EBITDA CAGR +18%), mainly supported by:

- **higher penetration of OMP brand in North America**, as confirmed by reacceleration of the North America business as of 2Q24;
 - **the relief driven by the start of sales under the new FIA standards for helmets in Europe** (>50% of the catalogue already on the new standards by the end of 2024 and 100% by summer 2025);
 - **opportunities from Lift and from other military diversification projects** and the new Skier's Eye project;
- ... **partly offset in 2025 by the introduction of the new Snell standards for helmets in North America**, which cannot be sold before October 2025 and therefore will probably drive a muted performance for helmets in North America in the 9M25.

RACING FORCE - CHANGE IN ESTIMATES 2024E-26E (€mn)

| | 2023 | OLD | | | NEW | | | CHANGE | | |
|-----------------------|------|-------|-------|-------|-------|-------|-------|--------|-------|-------|
| | | 2024E | 2025E | 2026E | 2024E | 2025E | 2026E | 2024E | 2025E | 2026E |
| Sales Adj | 62.7 | 65.0 | 70.7 | 76.9 | 64.2 | 69.3 | 76.4 | -1% | -2% | -1% |
| <i>Growth YoY</i> | 6% | 4% | 9% | 9% | 2% | 8% | 10% | - | - | - |
| Ebitda Adj | 9.6 | 10.4 | 12.0 | 14.3 | 9.9 | 11.4 | 13.9 | -4% | -5% | -3% |
| <i>Growth YoY</i> | -18% | 8% | 15% | 19% | 3% | 15% | 21% | - | - | - |
| <i>Margin %</i> | 15% | 16% | 16% | 19% | 16% | 17% | 18% | - | - | - |
| Ebit Adj | 6.3 | 6.4 | 7.7 | 9.7 | 6.1 | 7.0 | 9.1 | -4% | -8% | -6% |
| <i>Growth YoY</i> | -29% | 1% | 20% | 26% | -3% | 15% | 30% | - | - | - |
| <i>Margin %</i> | 10% | 10% | 11% | 13% | 10% | 10% | 12% | - | - | - |
| Net Income Adj | 5.1 | 4.6 | 5.6 | 7.2 | 4.9 | 5.2 | 7.0 | 6% | -6% | -3% |
| <i>Growth YoY</i> | -33% | -10% | 22% | 29% | -5% | 8% | 33% | - | - | - |
| <i>Margin %</i> | 8% | 7% | 8% | 9% | 8% | 8% | 9% | - | - | - |
| Nfp Adj | -7.1 | -9.6 | -10.2 | -8.7 | -8.0 | -9.4 | -7.6 | -16% | -8% | -12% |
| DPS ord(A)- €c | 9 | 9 | 11 | 14 | 9 | 9 | 12 | 0% | -11% | -9% |

Source: Equita SIM estimates and Company data

VALUATION CONFIRMED AT € 6.0PS

We confirm our valuation at € 6.0PS, based on € 5.4PS from DCF on explicitly modelled business (motorsport and the contribution of the collaboration with Lift, expected to ramp-up from an initial modest contribution in 2024 to € 2mn in 2025 and € 4.5mn in 2026) and € 0.6PS from diversification projects not yet explicitly included in our estimates (SWAT and police riot helmets, Skier's Eye, additional opportunities with Lift).

The stock trades at 11.2x-9.1x EV/EBITDA, 23x-17x Adj. PE 2025-26, on numbers projecting good acceleration for 2025 and 2026 and with improved visibility on strategic drivers thanks to recent important announcements (acceleration of motorsport business in NA, agreement with Oakley for Skier's Eye, first production order from Lift, certification process for police riot and SWAT helmets).

| | | DFCF ANALYSIS (€ mn) | | | | | |
|-------------|------|---|-------------|-------------|-------------|-------------|-------------|
| Assumptions | | 2024E | 2025E | 2026E | 2027E | Beyond | |
| g | 3.0% | Sales | 64.2 | 69.3 | 76.4 | 82.3 | 84.8 |
| WACC | 8.5% | Change % | 2.4% | 8.0% | 10.3% | 7.7% | 3.0% |
| | | Adj. EBITDA | 9.9 | 11.4 | 13.9 | 15.6 | 16.9 |
| | | Change % | 3.4% | 15.0% | 21.3% | 12.3% | 8.4% |
| | | Margin | 15.5% | 16.5% | 18.2% | 18.9% | 19.9% |
| | | D&A | -3.8 | -4.4 | -4.8 | -5.0 | -4.7 |
| | | Adj. EBIT | 6.1 | 7.0 | 9.1 | 10.5 | 12.2 |
| | | Change % | -2.4% | 14.9% | 29.6% | 15.5% | 16.1% |
| | | Margin | 14.9% | 9.6% | 10.2% | 11.9% | 12.8% |
| | | Taxes | -1.1 | -1.3 | -1.7 | -2.0 | -1.6 |
| | | EBIT after Tax | 5.1 | 5.7 | 7.4 | 8.5 | 10.6 |
| | | Change % | -4.5% | 13.2% | 28.9% | 15.3% | 24.5% |
| | | Capex | -13.5 | -7.0 | -5.3 | -5.6 | -4.7 |
| | | capex/sales | 21.1% | 10.1% | 7.0% | 6.8% | 5.5% |
| | | (increase) decrease in NWC | -0.7 | -0.8 | -1.4 | -2.1 | -0.8 |
| | | Free Cash Flow before minorities | -5.3 | 2.3 | 5.4 | 5.8 | 9.8 |
| | | FCF Minorities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | | Free Cash Flow after minorities | -5.3 | 2.3 | 5.4 | 5.8 | 9.8 |
| | | Discount Factor | | 1.02 | 1.11 | 1.20 | 1.20 |
| | | PV of FCF | | 2.3 | 4.9 | 4.9 | 8.1 |
| | | # of shares FD (mn) | 28.4 | | | | |
| | | Target Price (€ PS) | 5.4 | | | | |

Source: Equita SIM estimates

| BRIDGE TO TARGET PRICE | | | | | | | |
|------------------------|--------------|----------|------|-----------------|----------------|------------|-----|
| | EBITDA | A&D | EV | Discount factor | Value Creation | | |
| | 2027E (€ mn) | multiple | € mn | 3Y | € mn | € ps | % |
| Defense upside | 2.5 | 10.0x | 25 | 15% | 19 | 0.7 | 11% |
| DCF - core business | | | | | 153 | 5.4 | 89% |
| Target Price | | | | | 172 | 6.0 | |

Source: Equita SIM estimates

RFG AND PEERS MULTIPLES

| Company | Curr. | Price | Mkt cap (€mn) | Current EV | PERF YTD | EV/EBITDA | | EV/EBIT | | P/E | | EBITDA margin | | EBIT margin | | ND/ Ebitda 2024A |
|--|-------|-------|------------------|---------------|-------------|-----------|--------|---------|--------|--------|--------|---------------|-------|-------------|-------|------------------------|
| | | | | | | 2024E | 2025E | 2024E | 2025E | 2024E | 2025E | 2024E | 2025E | 2024E | 2025E | |
| RACING FORCE SPA | EUR | 4.2 | 118 | 127 | -20.2 | 12.8 x | 11.2 x | 20.5 x | 17.1 x | 24.2 x | 22.5 x | 15.5% | 16.5% | 9.6% | 10.2% | 0.8x |
| SHOEI CO LTD | JPY | 2,267 | 756 | 697 | 23.2 | 9.8 x | 9.3 x | 10.9 x | 10.2 x | 17.1 x | 15.9 x | 32.0% | 31.9% | 28.5% | 29.0% | n.a. |
| High Performance Sports Equipment | | | | | | | | | | | | | | | | |
| FOX FACTORY HOLD | USD | 41 | 1,550 | 2,180 | -38.6 | 7.1 x | 12.1 x | 10.3 x | 22.9 x | 15.9 x | 35.9 x | 12.7% | 15.2% | 7.4% | 11.1% | 3.1 x |
| CLARUS CORP | USD | 4.4 | 152 | 122 | -36.0 | 9.3 x | 4.6 x | n.m. | 36.8 x | 21.5 x | 9.1 x | 4.1% | 6.9% | -3.6% | 0.9% | -5.9 x |
| ACUSHNET HOLDING | USD | 64 | 2,056 | 2,702 | 0.8 | 11.8 x | 11.4 x | 18.9 x | 18.8 x | 20.2 x | 17.9 x | 16.2% | 16.0% | 10.1% | 9.8% | 1.6 x |
| VISTA OUTDOOR | USD | 39 | 1,550 | 2,180 | 32.7 | 6.7 x | 6.2 x | 8.7 x | 8.1 x | 10.2 x | 9.5 x | 16.2% | 16.8% | 12.6% | 13.0% | 1.5 x |
| Military/safety | | | | | | | | | | | | | | | | |
| MSA SAFETY INC | USD | 178 | 6,300 | 6,759 | 5.7 | 15.6 x | 14.8 x | 30.9 x | 25.0 x | 23.1 x | 21.5 x | 25.9% | 26.5% | 13.1% | 15.6% | 1.0 x |
| GENTEX CORP | USD | 30 | 6,254 | 6,001 | -7.3 | 10.6 x | 9.2 x | 12.7 x | 11.0 x | 15.8 x | 13.3 x | 26.2% | 27.6% | 21.8% | 23.2% | n.m. |
| ANSELL LTD | AUD | 32 | 2,852 | 2,818 | 25.9 | 12.7 x | 10.9 x | 18.4 x | 14.2 x | 33.6 x | 27.2 x | 15.4% | 17.6% | 10.6% | 13.5% | n.m. |
| AVON PROTECTION | GBP | 1,228 | 446 | 516 | 44.5 | 12.9 x | 12.1 x | 21.0 x | 17.6 x | 20.7 x | 17.7 x | 16.1% | 15.9% | 9.9% | 11.0% | 1.5 x |

Source: Equita SIM estimates and Bloomberg data, Vista ending FY in March, Shoei and Avon FY ending in September

STATEMENT OF RISKS FOR RACING FORCE

Primary factors that could **negatively impact RFG** include:

- Failure to cope with rapid changes in homologation requirements;
- Disruptive innovations from competitors, mainly in terms of technologies or products performances;
- Reputational damage from product failures or quality leaks;
- Loss of market share in top categories, reducing brands' visibility and cross selling opportunities;
- Sharp increase in logistics and energy costs, not matched by price increases;
- Value disruptive M&A deals;
- Termination of the Bell Licence 1;
- Deterioration in the geopolitical situation affecting market demand

| P&L - €mn | 2021 | 2022 | 2023 | 2024E | 2025E | 2026E |
|-----------------------------|-------------|-------------|-------------|--------------|--------------|--------------|
| SALES Rep | 46.7 | 58.9 | 62.7 | 64.2 | 69.3 | 76.4 |
| Growth | 38.4% | 26.1% | 6.4% | 2.4% | 8.0% | 10.3% |
| EBITDA Rep | 7.9 | 11.7 | 9.6 | 9.9 | 11.4 | 13.9 |
| Growth | 47.3% | 47.5% | -17.7% | 3.7% | 15.0% | 21.3% |
| Margin | 16.9% | 19.8% | 15.3% | 15.5% | 16.5% | 18.2% |
| D&A | -2.4 | -2.8 | -3.3 | -3.8 | -4.4 | -4.8 |
| EBIT Rep | 5.5 | 8.8 | 6.3 | 6.1 | 7.0 | 9.1 |
| Growth | 93.7% | 59.9% | -28.7% | -2.4% | 14.9% | 29.6% |
| Margin | 11.8% | 15.0% | 10.0% | 9.6% | 10.2% | 11.9% |
| Net Interest Charges | -0.3 | -0.1 | -0.5 | -0.2 | -0.5 | -0.4 |
| Financial Expenses | -0.3 | -0.1 | -0.5 | -0.2 | -0.5 | -0.4 |
| Non Recurrings | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| PBT Rep | 5.2 | 8.7 | 5.8 | 5.9 | 6.5 | 8.7 |
| Growth | 144.0% | 66.4% | -33.8% | 2.7% | 10.5% | 32.8% |
| Income Taxes | -1.1 | -1.2 | -1.0 | -1.1 | -1.3 | -1.7 |
| Tax rate | -20.4% | -13.4% | -16.9% | -18.0% | -20.0% | -20.0% |
| Minority Interest | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Discontinued Operations | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net Income Rep | 4.2 | 7.5 | 4.8 | 4.9 | 5.2 | 7.0 |
| Growth | 190.0% | 81.2% | -36.5% | 1.4% | 7.8% | 32.8% |
| Margin | 8.9% | 12.8% | 7.6% | 7.6% | 7.6% | 9.1% |
| Net Income Adj | 4.9 | 7.6 | 5.1 | 4.9 | 5.2 | 7.0 |
| Growth | 243.1% | 53.5% | -32.7% | -4.6% | 7.8% | 32.8% |
| Margin | 10.6% | 12.9% | 8.1% | 7.6% | 7.6% | 9.1% |
| CF Statement | 2021 | 2022 | 2023 | 2024E | 2025E | 2026E |
| FFO | 6.4 | 9.8 | 7.8 | 8.2 | 8.9 | 11.0 |
| Chg. in Working Capital | -1.9 | -7.5 | -6.8 | -0.7 | -0.8 | -1.4 |
| Other chg. in OCF | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| NCF from Operations | 4.5 | 2.3 | 1.0 | 7.6 | 8.1 | 9.7 |
| CAPEX | -5.3 | -4.3 | -6.2 | -8.5 | -6.5 | -4.8 |
| Financial Investments | -0.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other chg in investments | 0.0 | -0.8 | -1.3 | -5.0 | -0.5 | -0.5 |
| NCF from Investments | -5.9 | -5.1 | -7.5 | -13.5 | -7.0 | -5.3 |
| Dividends paid | -1.3 | -1.7 | -2.3 | -2.3 | -2.5 | -2.6 |
| Capital Increases | 18.8 | 0.0 | 9.7 | 7.3 | 0.0 | 0.0 |
| Other changes in financing | -0.5 | 0.0 | -0.3 | 0.0 | 0.0 | 0.0 |
| CHG IN NFP | 15.5 | -4.5 | 0.6 | -0.9 | -1.3 | 1.8 |

Source: Company data and Equita SIM estimates

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| EXPECTED TOTAL RETURN FOR THE VARIOUS CATEGORIES OF RECOMMENDATION AND RISK PROFILE | | | |
|---|---------------|---------------|--------------|
| RECOMMENDATION/RATING | Low Risk | Medium Risk | High Risk |
| BUY | ETR >= 10% | ETR >= 15% | ETR >= 20% |
| HOLD | -5% <ETR< 10% | -5% <ETR< 15% | 0% <ETR< 20% |
| REDUCE | ETR <= -5% | ETR <= -5% | ETR <= 0% |

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| Ord RFG IM MOST RECENT CHANGES IN RECOMMENDATION AND/OR IN TARGET PRICE: | | | | |
|--|------|--------------|-------|---------|
| Date | Rec. | Target Price | Risk. | Comment |
| February 6, 2024 | Buy | 6.00 | High | - |

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|-----------|-------------------|---|
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| HOLD | 42.0% | 36.4% |
| REDUCE | 1.3% | 1.3% |
| NOT RATED | 1.3% | 2.6% |

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