

# RACING FORCE

## Earnings Review

**BUY ord.** (Unchanged)

Target: **€ 6.00** (Unchanged)

Risk: High

STOCKDATA		ORD		
Price (as of 31 Mar 2025)		4.2		
Bloomberg Code		RFG IM		
Market Cap (€ mn)		115		
Free Float		50%		
Shares Out (mn)		27.4		
52 week Range		€ 3.6 - 4.5		
Daily Volume		8,091		
<b>Performance (%)</b>		<b>1M</b>	<b>3M</b>	<b>1Y</b>
Absolute		-2.6	8.8	-3.9
Rel to FTSE Italia All-Share		-1.0	-1.6	-11.8
<b>MAIN METRICS</b>		<b>2024</b>	<b>2025E</b>	<b>2026E</b>
SALES Adj		65.7	70.3	77.0
EBITDA Adj		10.5	11.3	13.4
EBIT Adj		6.9	6.9	8.7
NET INCOME Adj		5.6	5.4	6.8
EPS Adj - €c		22.1	19.6	24.7
DPS Ord - €c		9.0	9.0	10.1
<b>MULTIPLES</b>		<b>2024</b>	<b>2025E</b>	<b>2026E</b>
P/E ord Adj		17.4x	21.4x	16.9x
EV/EBITDA Adj		10.5x	11.4x	9.5x
EV/EBIT Adj		16.1x	18.7x	14.7x
<b>REMUNERATION</b>		<b>2024</b>	<b>2025E</b>	<b>2026E</b>
Div. Yield ord (A)		2.2%	2.1%	2.4%
FCF Yield Adj		-2.0%	-1.3%	3.5%
<b>INDEBTEDNESS</b>		<b>2024</b>	<b>2025E</b>	<b>2026E</b>
NFP Adj		-3.7	-13.0	-11.3
NFP ex-IFRS16		-0.1	-4.0	-2.5
D/Ebitda Adj		0.4x	1.1x	0.8x

### PRICE ORD LAST 365 DAYS



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## ACCELERATION IN MOTORSPORT, ADVANCEMENTS IN NEW PROJECTS

*Racing Force has delivered a positive FY24 in terms of sales and margin, ending the year with strong acceleration. FY25 is expected to deliver further growth in motorsport, underpinned by HSD order intake YTD, and to add visibility to the diversification projects, with commercialization of SWAT and Police Riot helmets due by 4Q25.*

### ■ Motorsport ending the year 2024 at full speed

**2024 was a year of growth in motorsport, both in terms of sales and profitability, and a year of progress in the diversification projects in the defence industry.**

#### FY24 results:

- **Revenues**, already reported on February 4<sup>th</sup>, **up by +4.8% YoY to € 65.7mn, with a strong acceleration in 4Q** (+15.5% to € 14.8mn);
- **Adj. EBITDA +9% to € 10.5mn vs. € 10.1mn expected**, with Adj. EBITDA margin at 16.0% (+60bps YoY).

### ■ 2025 outlook: growth in motorsport to continue, underpinned by strong orders

In motorsport, management is expecting another growth year in 2025, supported by:

- **High-single-digit order growth YTD**, very well balanced among geographies;
- **In the US, orders driven by OMP brand** (up double-digit) while **orders for Bell brand down** (as expected) due to the introduction of the new SNELL standard (products not for sale before October 2025), which supports expectations for 4Q25 and 2026 sales;
- **1Q25 revenue growth expected flat**, less brilliant than orders because the numerous homologations obtained at the end of 2024 and some supply complexities are **delaying the order fulfillment**.

### ■ Good progress in diversification projects

On top of the growth trajectory in motorsport, **2025 will be a pivotal year for the diversification projects in defence and military**, not yet in terms of sales contribution (not expected to be material in 2025), but for sure in terms of **first evidence of the commercial opportunity**, thanks to the launch of commercial activities by 4Q25. **2025 will show also the initial tangible revenues related to the contract with Lift Airborne**, expected to reach full speed in 2027. As regards the **Driver's Eye**, RFG has consolidated its presence in 2024 and proved the possibility to transfer the concept to a **fully wearable solution like the Skier's Eye**, paving the way for applications in other sports and in the defence sector. Lastly, RFG has set up a **JV with the Spanish operator al Kamel** to address the market of advanced communication services, securing the first tender for E1 Championship, and is expanding the business opportunity for **Racing Spirit performance apparel**, enlarging the customer base and the reference market.

### ■ Minor changes in estimates, waiting for more visibility on the defence opportunity

**We have made minor changes to our estimates**, confirming a top-line above € 70mn in FY25 (+7% YoY growth) with still very modest contribution from defence projects. **We have trimmed 2025 EBITDA margin to 16.1%** from 16.3% for 2025, **not far from 2024 level** (16.0%), due to ongoing investments in motorsport and in diversification projects, limiting the short-term operating leverage. **For 2026, we confirm our expectation of an acceleration in sales growth toward HSD** thanks to the ramp-up of the Lift contract and support from the new SNELL standard in US helmets, leading to +140bps in EBITDA margin.

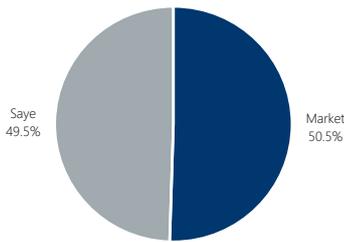
### ■ Valuation confirmed at € 6.0PS

**We confirm our valuation at € 6.0PS**, based on € 5.2PS from DCF (implicit 10x EV/EBITDA, 19x PE 2027) on explicitly modelled business (motorsport and the contribution of the collaboration with Lift) and € 0.8PS from diversification projects not yet explicitly included in our estimates (SWAT and police riot helmets, Skier's Eye, additional opportunities with Lift). **The stock is trading at 9.5-8.3x EV/EBITDA and 17-15x Adj. PE 2026-27, broadly in line with historical 24M forward average multiple** of 8.8x and 15x respectively, **but with much stronger visibility on the diversification projects** compared to the past.

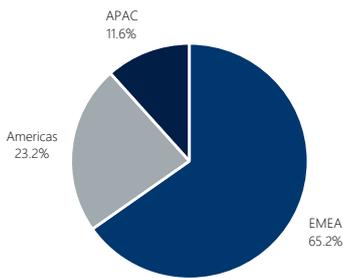
MAIN FIGURES - EURmn	2022	2023	2024	2025E	2026E	2027E
SALES Adj	58.9	62.7	65.7	70.3	77.0	82.9
Growth	26.1%	6.4%	4.8%	7.1%	9.6%	7.6%
EBITDA Adj	11.7	9.6	10.5	11.3	13.4	15.0
Growth	30.6%	-17.7%	9.4%	7.6%	18.7%	11.8%
EBIT Adj	8.8	6.3	6.9	6.9	8.7	10.0
Growth	34.7%	-28.7%	9.3%	0.4%	25.7%	14.9%
Net Income Adj	7.6	5.1	5.6	5.4	6.8	7.9
Growth	53.5%	-32.4%	10.1%	-4.6%	26.2%	16.0%
MARGIN - %	2022	2023	2024	2025E	2026E	2027E
EBITDA Adj Margin	19.8%	15.4%	16.0%	16.1%	17.5%	18.1%
Ebit Adj margin	15.0%	10.1%	10.5%	9.9%	11.3%	12.1%
Net Income Adj margin	12.9%	8.2%	8.6%	7.6%	8.8%	9.5%
SHARE DATA	2022	2023	2024	2025E	2026E	2027E
EPS Adj - €c	31.8	19.8	22.1	19.6	24.7	28.7
Growth	26.9%	-37.8%	11.9%	-11.5%	26.2%	16.0%
DPS ord(A) - €c	9.0	9.0	9.0	9.0	10.1	11.7
BVPS	1.5	1.9	2.2	2.3	2.5	2.7
VARIOUS	2022	2023	2024	2025E	2026E	2027E
Capital Employed	45.5	57.1	65.7	77.9	80.5	82.4
FCF	-2.7	-5.9	-2.2	-1.5	4.0	5.8
CAPEX	4.3	6.2	9.1	8.5	4.9	5.1
Working capital	19.9	26.9	29.0	30.5	31.9	32.6
INDEBTNESS	2022	2023	2024	2025E	2026E	2027E
Nfp Adj	-7.7	-7.1	-3.7	-13.0	-11.3	-8.0
D/E Adj	0.21	0.15	0.06	0.20	0.17	0.11
Debt / EBITDA Adj	0.7x	0.7x	0.4x	1.1x	0.8x	0.5x
NFP ex-IFRS16	-4.4	-3.2	-0.1	-4.0	-2.5	0.5
Interest Coverage	117x	18.8x	n.m.	30.8x	31.1x	36.5x
MARKET RATIOS	2022	2023	2024	2025E	2026E	2027E
P/E Ord Adj	17.3x	26.6x	17.4x	21.4x	16.9x	14.6x
PBV	3.1x	2.9x	1.9x	1.8x	1.7x	1.6x
EV FIGURES	2022	2023	2024	2025E	2026E	2027E
EV/Sales	2.4x	2.3x	1.7x	1.8x	1.7x	1.5x
EV/EBITDA Adj	12.0x	15.0x	10.5x	11.4x	9.5x	8.3x
EV/EBIT Adj	15.8x	22.8x	16.1x	18.7x	14.7x	12.4x
EV/CE	3.1x	2.5x	1.7x	1.7x	1.6x	1.5x
REMUNERATION	2022	2023	2024	2025E	2026E	2027E
Div. Yield ord	1.9%	1.6%	2.2%	2.1%	2.4%	2.8%
FCF Yield Adj	-2.4%	-4.2%	-2.0%	-1.3%	3.5%	5.0%
Roce Adj	19.1%	10.2%	9.4%	7.9%	9.0%	10.1%

Source: Company data and Equita SIM estimates

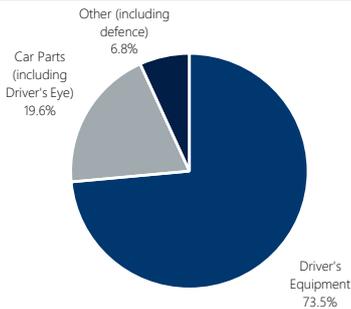
SHAREHOLDERS



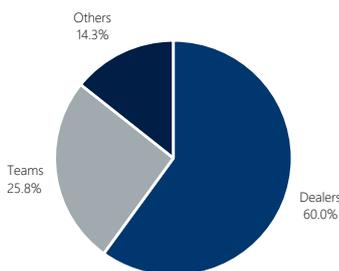
SALES BY GEOGRAPHY



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 (73% of 2024 sales):** racing helmets, fire-retardant suits and underwear, racing shoes and gloves;
- **Car Parts (20% of 2024 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** (c75% of revenues) and **not homologated** (c25% of revenues) ones. RFG also produces and distributes performance apparel under the Racing Spirits brand. RFG owns the OMP, Racing Spirits, Zeronoise and HPS brands and the perpetual worldwide licenses to use the Bell trademark in connection with the development, manufacturing and distribution of motorsport helmets.

With **2024 revenues of € 65.7mn**, a 2019pf-24 **12% organic CAGR** and a **2024 Adj. EBITDA margin of 16.0%**, the Group today boasts an international footprint, with **sales in 80+ countries**, more than **570 employees** located in **8 facilities worldwide in 3 different continents** (o/w, 3 production sites, 3 R&D centers and 7 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 (4,000+ customers** worldwide, with the top 10 customers accounting for less than 25% of sales in 2024, of which no one weighting more than 5%), **and geographies** (sales in 80+ countries with no countries, except US, accounting for more than 20% of total sales in 2024), and are mainly generated indirectly through **independent Dealers (60% of 2024 sales)**, and directly to top **Teams and Car Manufacturers (26% of 2024 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, 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	WEAKNESSES /THREATS
<ul style="list-style-type: none"> <li>- Premium, well-known and historical brands, with outstanding reputation</li> <li>- R&amp;D know-how and almost fully vertical integrated supply chain and manufacturing</li> <li>- Low suppliers and customer concentration</li> <li>- Commercial synergies post Bell Helmet acquisition: increase of OMP branded products reach in NA, and increase of Bell helmets penetration in open-face categories</li> <li>- Diversification in adjacent markets (e.g. Special Force and Police Riot Helmets, Jet Pilot Helmets)</li> <li>- Scalability of Driver's Eye technology in core and adjacent markets</li> </ul>	<ul style="list-style-type: none"> <li>- Niche market with moderate growth rates</li> <li>- Quite consolidated core market, with c70% in the hands of 3 players</li> <li>- Disruptive innovations from competitors, mainly in terms of technologies or products performances</li> <li>- Reputational damage from product failures / quality leaks</li> <li>- Higher competitions in top categories from larger non "core" players such as Puma</li> <li>- Limited track record outside of Motorsport</li> </ul>

**GROWTH IN MOTORSPORT AND PROGRESS IN DIVERSIFICATION PROJECTS**

**2024 was a year of growth in motorsport, both in terms of sales and profitability, and a year of progress in the diversification projects in the defense industry.**

RACING FORCE - 12M 24 - RESULTS						
	12M-23	EXPECTED		REPORTED		CONS
		12M-24E	YoY gr. %	12M-24E	YoY gr. %	12M-24E
Revenues	62.7	65.7	5%	65.7	5%	65.7
Adjusted EBITDA	9.6	10.1	5%	10.5	9%	10.2
Margin	15.4%	15.3%	-	16.0%	-	16%
Adj. EBIT	6.3	6.2	-2%	6.9	10%	6.1
Margin	10.0%	9.4%	-	10.5%	-	9.2%
Net income	4.8	4.9	2%	5.8	21%	4.5
Margin	7.6%	7.5%	-	8.8%	-	7%
NFP ex IFRS16	-3.2	-0.5	n.m.	-0.1	n.m.	n.a.

Source: Equita SIM estimates and Company data

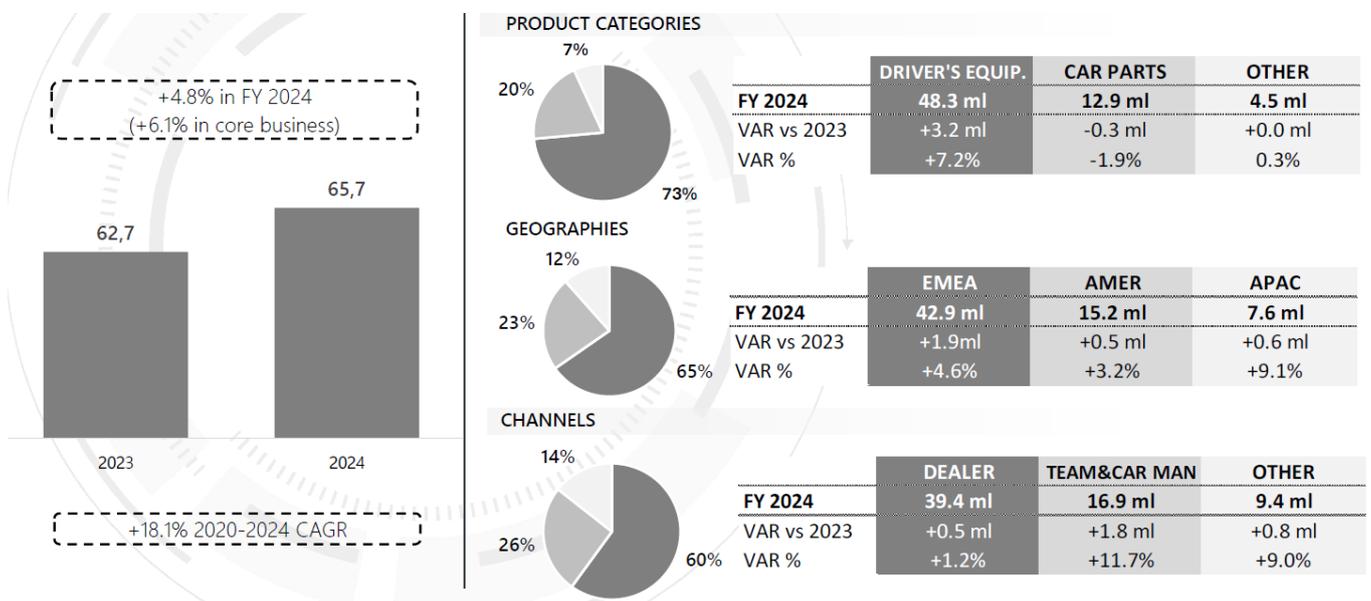
Revenues, already reported on February 4<sup>th</sup>, were up by 4.8% YoY to € 65.7mn, with a strong acceleration in 4Q (+15.5% to € 14.8mn). Net of 2 large contracts for Racing Spirit apparel in 2023, top-line would have grown by 6.1%.

In more details:

- **At product level, in FY24 Driver's Equipment grew by +7.2%** to € 48.3mn (supported by both helmets and suits), **Car Parts declined by -1.9%** to € 12.9mn (postponement of deliveries to an important team), **Others was flattish at +0.3%** to € 4.5mn (Racing Spirit strongly reaccelerated in 4Q24 after a weak 9M24 due to 2 large orders in 9M23). On 4Q, Driver's Equipment +18%, Car Parts -20%, Others +176%.
- **At geographical level, FY24 showed good growth in all geographies**, with EMEA +4.6%, Americas +3.2% and APAC +9.1%. Q4 in particular delivered growth of 14.6% in EMEA, **+19.8% in the Americas** (driven by both OMP and Bell brands) and +12.8% in APAC.
- **At channel level, in FY24 dealers increased by +1.2%** to € 39.4mn, **Teams by +11.7%** to € 16.9mn (supported by agreements with major car manufacturers), **Others +9%** to € 9.4mn (also thanks to the launch of the e-commerce site). In 4Q, Dealers +0.4%, Teams +30%, Others +56%.

4Q24 sales did not materially benefit yet from the contribution of the Lift contract (supply of helmet shells for US jet pilots), with first sizeable contribution postponed to 1H25.

**SALES TREND AND SALES BREAKDOWN (€ mn)**

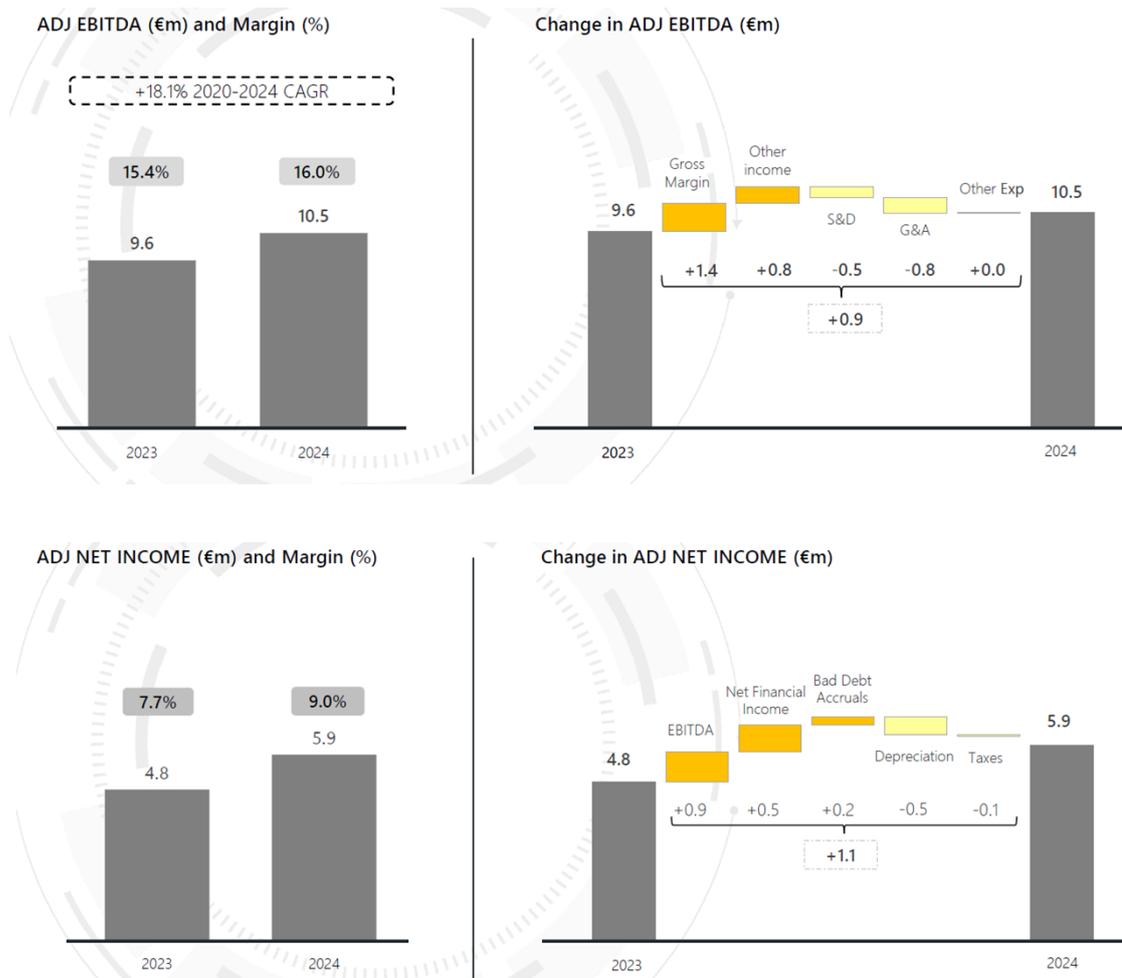


Source: Company presentation

**Profitability was also on the rise YoY and better than expected. In detail:**

- **Gross profit improved by 3.5% to € 40.0mn**, a touch below our expectations (€ 40.5mn) and with a margin down by -80bps YoY to 60.9%, due to channel mix (higher sales with Teams vs. dealers), product mix (higher sales of Racing Spirit products, enjoying structurally lower profitability) and inclusion of inventory write-down above Gross Profit (around € -100k impact or -15bps) instead of below EBITDA as in 2023.
- **Adj. EBITDA grew by +9% to € 10.5mn vs. € 10.1mn expected**, with Adj. EBITDA margin at 16.0% (+60bps YoY), thanks to higher contribution from “other revenues” (i.e. contribution for custom projects, grants) and 20bps lower incidence of G&A (net of the non-cash cost related to the stock grant plan, excluded from Adj. EBITDA);
- **Adj. EBIT improved by +10% to € 6.9mn vs € 6.2mn expected**, thanks to higher Adj. EBITDA and slightly lower D&A (€ 3.9mn from € 3.0mn in 2023);
- **Adj NI increased by +8% to € 5.8mn vs € 4.9mn expected** thanks to lower financial charges (neutral in FY24, thanks to € 0.4mn FX gains) and lower tax rate (14% on an adjusted basis vs. 18% exp. – thanks to the favorable taxation in Bahrain) as well as higher Adj. EBIT. Adjusted also for FX gains (mostly non-cash and non-recurring items and therefore typically included in non-recurring items in our definition), we calculate an Adj. Net Income of € 5.6mn vs. € 5.1mn in 2023;
- **Reported NI increased by +8% to € 5.8mn vs. € 4.9mn exp.**, with a one-off benefit related to the patent box for years 2020-23 that substantially offsets non-recurring costs related to the stock grant plan.

**BRIDGE IN ADJ. EBITDA AND ADJ. NET INCOME**

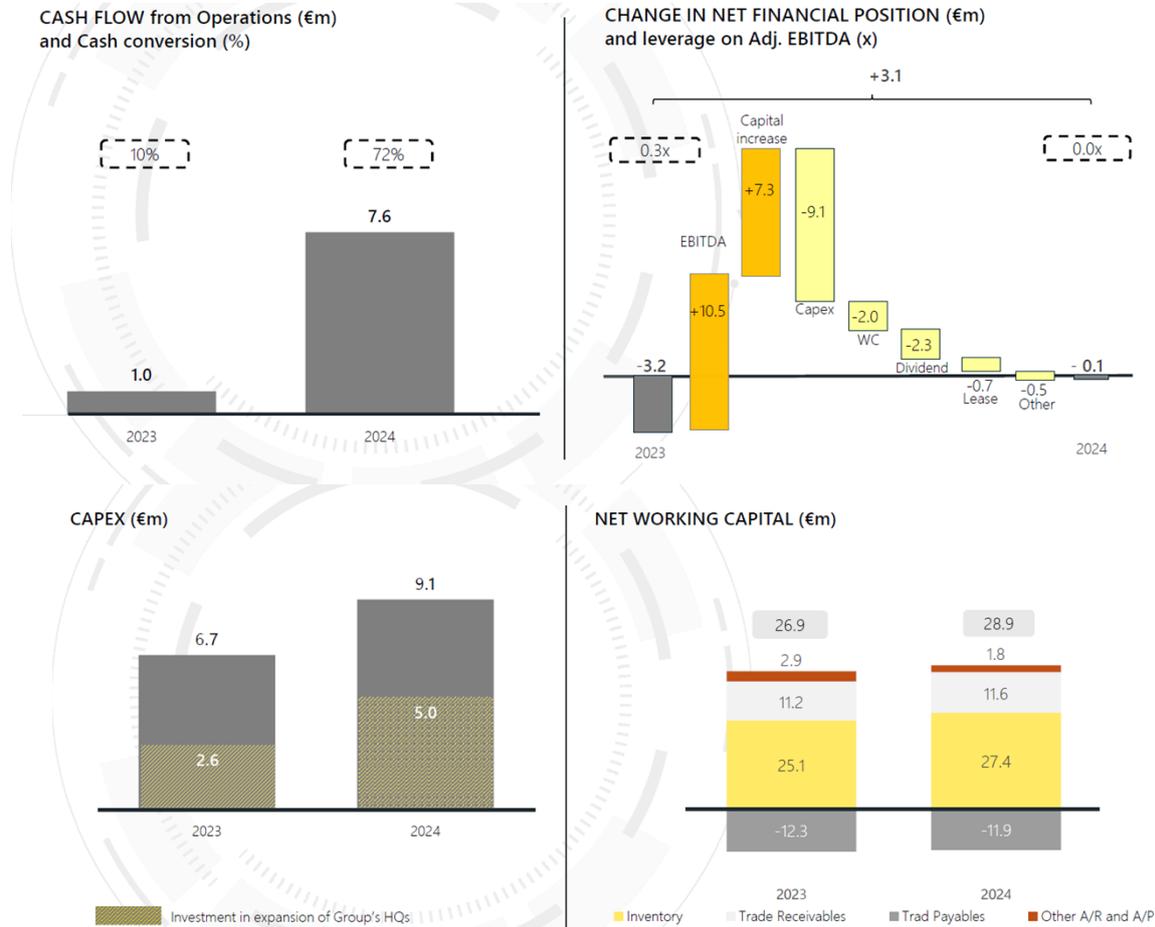


Source: Company presentation

**NFP ex IFRS16 ended at € -0.1mn** vs €-0.5mn expected, with operating cash flow equal to € 7.6mn (moderate absorption of working capital in 2024) which largely financed € 9.1mn of capex, mostly related to the progress in the expansion of the facilities in Bahrain and Ronco Scrivia (Italy).

Including lease liabilities, NFP ended at € -3.6mn vs. € -8.7mn expected. The main difference is the accounting of the new long-term rent in Bahrain (we estimate € 5+mn additional leases), to be booked as of 2025 instead of 4Q24.

CAPEX, NWC, CASHFLOW AND NET DEBT



Source: Company presentation

**Trade Working Capital on sales remains on the rise, reaching 41% of group sales at the end of 2024 from 33% in 2022.** The level at the end of December is usually high due to seasonality (ramp-up of inventories for the new season), affected in 2024 also by an increase in the stock of raw material at year end to be ready to deploy the production of helmets with the new FIA standards for products to be sold in 2025.

	TWC (€mn)					
	2022	% of sales	2023	% of sales	2024	% of sales
Inventory	21.6	37%	25.1	40%	27.4	42%
Trade receivables	10.3	17%	11.2	18%	11.6	18%
Trade payables	-12.4	-21%	-12.3	-20%	-11.9	-18%
<b>TWC</b>	<b>19.5</b>	<b>33%</b>	<b>24.0</b>	<b>38%</b>	<b>27.1</b>	<b>41%</b>

Source: Equita SIM calculation on Company data

**2025: GROWTH YEAR IN MOTORSPORT SUPPORTED BY GOOD MOMENTUM**

In motorsport, management provided the **following targets for 2025:**

- **Completion of the investment plan** related to the Bahrain and Ronco production sites **within summer 2025**, running from Q3;
- Release the **first batch of OMP product made in Bahrain**;
- Capture the **opportunity offered by the new SNELL standard for US helmets market**, boosting helmet sales in this market starting 4Q25 and extending throughout 2026;
- **Deploy new revenue stream from communication services**, also thanks to the new JV with al Kamel.

**Momentum in motorsport is supportive**, as highlighted in the call:

- **High-single-digit order intake growth in these first months of 2025, very well balanced among the different geographies.**
- **In the US, orders were driven by OMP (racewear) brand** (double-digit growth) while **orders for Bell brand (helmets) were down** (as expected) due to the introduction of the new SNELL standard (not for sale before October 2025) which is slowing down the sale of helmets with the previous standards. Strong increase in sales is projected from October 2025 and for 2026.
- **Orders were stronger from dealers than car manufacturers YTD, a channel mix supportive for group margins;**
- **1Q25 revenue growth will be flat**, less brilliant than orders because the numerous homologations obtained at the end of 2024 and some supply complexities are **delaying the order fulfillment.**

**As regards the risk related to tariffs**, management reminded that Bahrain (where the manufacturing site for helmets is located) has Free Trade Agreement with the US and therefore is not expected to be hit by import duties. Technical wear is instead mainly manufactured in Italy (Ronco Scrivia), even though a pilot production has been set up in Bahrain, to be ready in case of need.

Overall, **2025 is therefore projected** by RFG management **as a year of top-line growth, good operating cashflow** (as done in 2024, with no need for further significant working capital commitments) and **completion of the CAPEX cycle (2025 CAPEX not far from 2024 level** due to the completion of the expansion of the Ronco and Bahrain sites).

KEY MESSAGES ON MOTORSPORT

**MOTORSPORT**

UPDATE ON CURRENT TRADING

- Orders from customers in the first months of 2025 growing **high-single-digit** compared to 2024
- Q1 sales expected in line with 2024
- Sales increase expected starting from Q2 2025

A GROWING ATTRACTIVE MARKET

- **2024 F1 fan attendance:** 6.5 million, up +9% compared to 2023
- **TV viewers:** 1.6 billion cumulative and 97 million social media followers
- **Demographics:** 41% women; 16–24 age group showing the fastest growth
- **Sponsorship:** +25% F1 budget increase in 2025
- Below, F1 sponsor brands, newcomers



MAIN 2025 TARGETS

- Completion of the investment plan within Summer 2025, running from Q3
- First batch of OMP product made in Bahrain
- New SNELL standard for US helmets market expected for Autumn 2025 with strong sales generation starting Q4 2025 extending throughout 2026
- New revenue stream from communication services



F1 movie expected June 2025

Source: Company presentation

## FURTHER PROGRESS IN THE DIVERSIFICATION PROJECTS

On top of the growth trajectory in motorsport, **2025 will be a pivotal year for the diversification projects in defence and military**, not yet in terms of sales contribution (not expected to be material in 2025), but for sure in terms of **first evidence of the commercial opportunity**. The company has participated with the HPS (High Protection Systems) brand to the Shot Show in Vegas and Enforce TAC in Nuremberg and is due to present at the Milipol event in Paris in November 2025 and World Defense Show in Saudi Arabia in February 2026.

**DEFENSE BUSINESS COMMERCIAL ACTIVITY HAS STARTED**

**HPS: DEFENSE BUSINESS**

**STRONG INTEREST FROM FIRST OFFICIAL SHOWCASES**  
 Racing Force took part in 2 defense fairs displaying riot, gladiator (swat team) and police riot prototype helmets

<b>WHAT'S NEXT</b>	 <p><b>SHOT SHOW</b> Las Vegas – USA Jan 21-24, 2025</p>	<p>2,500+ exhibits 100,000 products 50K attendees from 100 countries</p> 	
	 <p><b>ENFORCE TAC</b> Nuremberg – Germany Feb 24-26, 2025</p>	<p>12,000 trade visitors from 86 countries 730 exhibitors from 46 countries</p> 	
	 <p><b>Milipol PARIS</b> Paris – France Nov 18-21, 2025</p>	<p>30,084 visitors from 160 countries 1,116 exhibitors</p> 	
	 <p><b>WORLD DEFENSE SHOW SAUDI ARABIA</b> Saudi Arabia Feb 8-12, 2026</p>	<p>106,000+ visitors from 76 countries 773+ exhibitors</p> 	

*Source: Company presentation*

Detailed timelines of the main diversification projects were provided in the call, although without providing quantitative targets at this stage.

### Police Riot helmets

- The first prototype was introduced in the market in 1Q25 under the HPS brand.
- Homologation under Riot RH 1.0 standard was received (i.e. tests were passed).
- The certification process for compatibility with gas masks has started.
- Production of the first batch is expected in 2Q25/3Q25.
- Start of commercial activities is expected from 4Q25.

**POLICE RIOT HELMETS: KEY FEATURES, ACHIEVEMENTS AND NEXT STEPS**

**HPS: POLICE RIOT HELMET RH 1.0**

<p><b>MAIN TECHNICAL FEATURES</b></p> <ul style="list-style-type: none"> <li>• RIOT helmet developed according to TR 2011 for a Modular System – Protective Helmet, Communication System, Respirator Mask</li> <li>• Lightweight shell with FR coating for optimized shock and stab protection</li> <li>• 3 shell sizes for lowest possible weight with a size range from 46 to 67</li> <li>• Exchangeable anti-bacterial finished, flame-retardant lining for highest comfort</li> <li>• Flame-resistant 3-point chinstrap with FR micro-lock ratchet fastener and emergency opening</li> <li>• Clear injection molded visor with F1 proven anti-fog (inside) and anti-scratch (outside) technology</li> </ul>		<p><b>KEY 2025 UPDATES</b></p> <p><b>Q1</b></p> <ul style="list-style-type: none"> <li>• Market introduction of the first prototype under the HPS brand, launch on the HPS website, online platforms and specific business media</li> <li>• Establishment of the dealer and customer network including initial sample deliveries for testing purposes (in progress)</li> <li>• RIOT RH 1.0 homologation obtained</li> </ul> <p><b>Q2</b></p> <ul style="list-style-type: none"> <li>• Certification with RM76 gas mask</li> </ul> <p><b>Q3</b></p> <ul style="list-style-type: none"> <li>• First batch of production</li> </ul> <p><b>Q4</b></p> <ul style="list-style-type: none"> <li>• Start of commercial activities</li> <li>• Participation in trade shows worldwide (Europe, GCC)</li> <li>• Production ramp-up</li> </ul>
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*Source: Company presentation*

### Gladiator (SWAT team helmet)

- The first prototype was introduced in the market in 1Q25 under the HPS brand;
- **Almost all tests were passed in 1Q for size 1 helmet;**
- Completion of testing for size 1 helmet and development of size 2 product expected for 2Q25/3Q25;
- Homologation and certification of the helmet and launch of commercial activities in 4Q.

GLADIATOR (SWAT) HELMET: KEY FEATURES, ACHIEVEMENTS AND NEXT STEPS

HPS: GLADIATOR (SWAT TEAM) HELMET



**MAIN TECHNICAL FEATURES**

- SWAT helmet developed according to TR 2010 Ballistic Helmet, VPAM and NATO standards
- Optimized shell design for full compatibility with headset and chemical, biological, radiological, and nuclear protection mask (CBRN)
- State-of-the-art night vision shroud design
- Visor with highly performing pivoting system for optimized balance
- F1 racing helmet chinstrap, anti-fog and anti-scratch technologies

**KEY 2025 UPDATES**

**Q1**

- Market introduction of the first prototype under the HPS brand, launch on the HPS website, online platforms and specific business media
- Establishment of the dealer and customer network including initial sample deliveries for testing purposes (in progress)
- Size 1 positively passed tests

**Q2**

- Ballistic testing of shell size 1 for optimization of shell size 1

**Q3**

- Developing the shell size 2 including ballistic testing

**Q4**

- Homologation and certification of the Gladiator helmet
- Start of commercial activities
- Participation in trade shows worldwide (Europe, GCC)
- Production ramp-up

Source: Company presentation

No indications have been provided at this stage on the market opportunity for RFG. We remind our evaluation of the TAM for police riot helmets run in April 2023 and still valid in our view to frame the medium-term opportunity for RFG.

■ **SWAT helmet TAM**

Based on the information collected from public sources by adding up the numbers of special police forces (SWAT) in major Western countries (USA, Germany France, Italy, UK), we have estimated a number of units in the 20k area. Assuming a unitary price for SWAT helmets of around € 4,000/5000, we derive a very conservative (limited geographies, no inventories/spare units) **estimated market value of € 86/107mn**. If we then assume a product life cycle of 5 years, and an assumption of 20% spare helmets per unit, **we estimate a € 26-32mn of potential market size per year**.

YEARLY ADDRESSABLE MARKET - SWAT HELMETS (€ mn)		
	MIN	MAX
Units ('000)	21.4	21.4
Price (€/unit)	4,000	5,000
<b>Market</b>	<b>86</b>	<b>107</b>
Lifetime (years)	5	5
spare capacity	20%	20%
<b>yearly addressable market</b>	<b>21</b>	<b>26</b>

Source: Equita SIM estimates

■ **Police riot helmet TAM**

In our preliminary analysis, the numbers for police riot helmets may be at least two orders of magnitude higher compared to SWAT forces. Looking just at major Western countries (USA, Germany, France, Italy, UK), we estimate a number of police officers in the 1.5mn area (100x larger than SWAT forces). Based on current unitary prices of around € 350/450, **we estimate a market size of around € 600mn**. With the same assumptions as before in terms of life cycle (5 years) and spare capacity (20%), we derive an **annual addressable market opportunity of about € 130-160mn for RFG**.

YEARLY ADDRESSABLE MARKET - POLICE RIOT HELMETS (€ mn)		
	MIN	MAX
Units (mn)	1.5	1.5
Price (€/unit)	350	450
<b>Market</b>	<b>525</b>	<b>675</b>
Lifetime (years)	5	5
spare capacity	20%	20%
<b>yearly addressable market</b>	<b>126</b>	<b>162</b>

Source: Equita SIM estimates

From this very preliminary assessment, **not reflecting the interest already emerging from areas like Australia, GCC (Gulf Cooperation Countries) and LatAm, we estimate a yearly addressable market in the € 150-200mn range** and therefore our assumption of € 10mn sales to set an option value from these diversification projects would imply a share of the addressable market in the medium term in the 5-7% area, suggesting a high potential for further increase in the medium-long run.

■ **Lift contract**

RFG is the supplier of shell helmets to Lift Airborne, a US company winning the tender for the supply of jet pilot helmets to the US air force. **2025 will see the start of sales (with first partial delivery executed in 1Q25)**, with ramp-up expected in 2025-2026 to reach full speed in 2027. In the call, no indications were provided on the achievable potential when fully onstream. Our assumptions, included in our projections, are for € 2mn sales in 2025, € 4.5mn in 2026 and € 6mn at full potential in 2027.

■ **Driver’s Eye and Skier’s Eye**

RFG entered into a commercial agreement with FOX Sports for the integration of the Driver’s Eye technology into some selected events, including the Indy 500 race, while the agreement with Nascar was not renewed.

As regards the Skier’s Eye, following the development of solution in partnership with Oakley (Essilor Luxottica Group), the first official test took place at the Ski World Cup in Val Gardena in December 2024. Conversations are still ongoing with broadcasters to integrate the Skier’s Eye into the live show. In any case, the tests carried out have shown the possibility of using the Driver’s Eye technology in a fully wearable platform, with the opportunity therefore to **extend its use to other sports and to the defense sector**.

■ **Zeronoise Communication Services**

**RFG set up Zeronoise Communications Services WII, a JV with the Spanish company AI Kamel** (player in the chronometry and television graphics services in motorsport) to provide advanced communication services in a market that enjoys limited competition (2 main operators in Europe) and high profitability. The JV will be 51% owned by RFG and 49% by AI Kamel and has already started to bid for communications services in motorsport tenders, winning the contract for E1 Championship for 2025. The venture has a TAM that can be evaluated in around € 30mn.

■ **Racing Spirit**

Performance apparel under the Racing Spirit brand, fully consolidated as of 2023, has grown significantly over the last 2 years and contributed around 2% to group sales in 2024 vs. 3% in 2023, but on a much more diversified client base (+33% sales excluding non-recurring revenues in 2023 from 2 large Teams).

RACING SPIRIT

Racing Spirit

**RACING SPIRIT: CORPORATE APPAREL**

**OUR MAJOR PARTNERSHIPS**

- Pirelli
- Garmin
- Accelleron
- IWC
- Solaris Yachts
- Southern Wind
- Baltic Yachts
- Azimut Yachts
- Senna Property

- EA Sport Games
- Honda
- Dallara
- Mapei
- Toyota Racing Development
- Skoda
- Autodromo di Imola
- Team WRT
- Automobile Club Italiano



Racing Spirit X Senna collection



**SALES (EXCL. NON-RECURRING)**  
+32.7% vs FY 2023

**+ 110% CUSTOMERS (up to date)**

From both Motorsport and Corporate apparel




Pirelli staff



Exploring opportunities out of racing



F1 movie (expected June 2025)

Source: Company presentation

## ESTIMATE REVISION

**We have made minor changes to our estimates**, confirming a top-line above € 70mn in FY25 (+7% YoY growth) with still very modest contribution from defence projects (just € 2mn from the Lift contract assumed in the year).

**We have trimmed 2025 EBITDA margin to 16.1%** from 16.3% for 2025, **not far from 2024 level** (16.0%), due to ongoing investments in motorsport and in diversification projects, limiting the short-term operating leverage.

**We have increased the net debt due to higher CAPEX** (indication is for 2025 similar to 2024 in terms of capital intensity). We remind that NFP will reflect also a relevant increase in leases (we have € 9mn vs. € 3.7mn in 2024), due to the extended long-term rent agreement for the Bahrain facilities.

**For 2026, we confirm our expectation of an acceleration in sales growth toward HSD** thanks to the ramp-up of the Lift contract and support from the new SNELL standard in US helmets.

**As regards the diversification projects** in military and defence, we remind that, at the moment, **we explicitly include in our estimates only the contribution from the Lift contract**. With the start of the commercialization activities for police riot and SWAT helmets by year end, we think visibility on the potential contribution will become more visible and we think we will be in the position to factor in some explicit material contribution in our projections over the next 12 months.

RACING FORCE - CHANGE IN ESTIMATES 2024A-26E (€mn)										
	2023	OLD			NEW			CHANGE		
		2024A	2025E	2026E	2024A	2025E	2026E	2024A	2025E	2026E
<b>Sales Adj</b>	<b>62.7</b>	<b>65.7</b>	<b>70.3</b>	<b>77.0</b>	<b>65.7</b>	<b>70.3</b>	<b>77.0</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
<i>Growth YoY</i>	n.a.	4.8%	7.1%	9.6%	4.8%	7.1%	9.6%	-	-	-
<b>Ebitda Adj</b>	<b>9.6</b>	<b>10.1</b>	<b>11.5</b>	<b>13.9</b>	<b>10.5</b>	<b>11.3</b>	<b>13.4</b>	<b>5%</b>	<b>-2%</b>	<b>-4%</b>
<i>Growth YoY</i>	n.a.	4.7%	14.6%	20.8%	9.4%	7.6%	18.7%	-	-	-
<i>Margin %</i>	15.4%	15.3%	16.3%	18.1%	16.0%	16.1%	17.5%	-	-	-
<b>Ebit Adj</b>	<b>6.3</b>	<b>6.2</b>	<b>7.1</b>	<b>9.2</b>	<b>6.9</b>	<b>6.9</b>	<b>8.7</b>	<b>12%</b>	<b>-2%</b>	<b>-5%</b>
<i>Growth YoY</i>	n.a.	-1.9%	14.7%	29.1%	9.3%	0.4%	25.7%	-	-	-
<i>Margin %</i>	10.1%	9.4%	10.1%	11.9%	10.5%	9.9%	11.3%	-	-	-
<b>Net Income Adj</b>	<b>5.1</b>	<b>4.9</b>	<b>5.3</b>	<b>7.0</b>	<b>5.9</b>	<b>5.4</b>	<b>6.8</b>	<b>20%</b>	<b>2%</b>	<b>-3%</b>
<i>Growth YoY</i>	n.a.	-3.7%	7.7%	32.2%	15.6%	-8.7%	26.2%	-	-	-
<i>Margin %</i>	8.1%	7.5%	7.5%	9.1%	9.0%	7.6%	8.8%	-	-	-
<b>Nfp Adj</b>	<b>-7.1</b>	<b>-8.7</b>	<b>-9.7</b>	<b>-7.6</b>	<b>-3.6</b>	<b>-12.8</b>	<b>-11.1</b>	<b>-59%</b>	<b>32%</b>	<b>45%</b>
<b>DPS ord(A)- €c</b>	<b>9.0</b>	<b>n.a.</b>	<b>9.4</b>	<b>12.4</b>	<b>9.0</b>	<b>9.0</b>	<b>10.1</b>	<b>n.a.</b>	<b>-4%</b>	<b>-19%</b>

Source: Equita SIM estimates and Company data



**The stock trades at 11.4x-9.5x EV/EBITDA** (multiple inflated by around € 9mn leases related to the long-term lease of the Bahrain facility as of 2025), **21x-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).

We do not identify proper peers for Racing Force, but we report here below the multiples of companies operating in the military/safety sectors and in performance sport equipment.

RFG AND PEERS MULTIPLES																
Company	Curr.	Mkt cap		Current EV	PERF 12M	EV/EBITDA		EV/EBIT		P/E		EBITDA margin		EBIT margin		ND/ Ebitda 2024A
		Price	(€mn)			2025E	2026E	2025E	2026E	2025E	2026E	2025E	2026E	2025E	2026E	
RACING FORCE SPA	EUR	4.2	117	122	-4%	11.4x	9.5x	18.7x	14.7x	21.4x	16.9x	16%	17%	10%	11%	0.3x
<b>Military/safety</b>																
MSA Safety	USD	147	5,330	5,719	-24%	12.7x	11.4x	14.5x	13.0x	18.3x	16.9x	26%	26%	23%	23%	0.9x
Gentex	USD	23.3	4,901	4,560	-35%	8.3x	7.4x	9.8x	8.6x	12.3x	10.8x	24%	24%	20%	21%	-0.6x
Avon	GBP	14.4	522	581	33%	12.2x	10.1x	17.4x	12.3x	21.4x	16.5x	16%	18%	12%	15%	1.5x
Ansell	AUD	34.4	2,849	2,974	38%	9.2x	8.4x	11.4x	10.4x	16.6x	15.1x	17%	18%	14%	15%	0.4x
<b>High Performance Sports Equipment</b>																
Shoei	JPY	1,692	565	471	-25%	6.0x	5.4x	7.5x	6.7x	12.4x	11.0x	34%	35%	28%	29%	-1.3x
Acushnet	USD	68.7	3,809	4,494	4%	11.9x	11.3x	14.8x	14.1x	19.4x	18.0x	16%	16%	13%	13%	1.8x
Fox Factory	USD	23.3	901	1,510	-55%	7.4x	5.6x	12.0x	8.6x	12.3x	9.3x	14%	15%	9%	10%	3.8x
Clarus	USD	3.8	133	93	-44%	6.4x	5.3x	n.m.	n.m.	n.m.	n.m.	6%	6%	-3%	-1%	-6.3x

Source: Equita SIM estimates and Factset consensus, calendarized data

## 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	2022	2023	2024	2025E	2026E	2027E
<b>SALES Rep</b>	<b>58.9</b>	<b>62.7</b>	<b>65.7</b>	<b>70.3</b>	<b>77.0</b>	<b>82.9</b>
Growth	26.1%	6.4%	4.8%	7.1%	9.6%	7.6%
<b>EBITDA Rep</b>	<b>11.7</b>	<b>9.6</b>	<b>10.1</b>	<b>11.3</b>	<b>13.4</b>	<b>15.0</b>
Growth	47.5%	-17.7%	5.5%	11.9%	18.7%	11.8%
Margin	19.8%	15.3%	15.4%	16.1%	17.5%	18.1%
<b>D&amp;A</b>	<b>-2.8</b>	<b>-3.3</b>	<b>-3.6</b>	<b>-4.4</b>	<b>-4.7</b>	<b>-5.0</b>
<b>EBIT Rep</b>	<b>8.8</b>	<b>6.3</b>	<b>6.5</b>	<b>6.9</b>	<b>8.7</b>	<b>10.0</b>
Growth	59.9%	-28.7%	3.4%	6.7%	25.7%	14.9%
Margin	15.0%	10.0%	9.9%	9.9%	11.3%	12.1%
Net Interest Charges	-0.1	-0.5	0.0	-0.4	-0.4	-0.4
<b>Financial Expenses</b>	<b>-0.1</b>	<b>-0.5</b>	<b>0.0</b>	<b>-0.4</b>	<b>-0.4</b>	<b>-0.4</b>
Non Recurrings	0.0	0.0	0.0	0.0	0.0	0.0
<b>PBT Rep</b>	<b>8.7</b>	<b>5.8</b>	<b>6.5</b>	<b>6.6</b>	<b>8.3</b>	<b>9.6</b>
Growth	66.4%	-33.8%	13.0%	0.6%	26.2%	16.0%
Income Taxes	-1.2	-1.0	-0.7	-1.2	-1.5	-1.7
Tax rate	-13.4%	-16.9%	-11.0%	-18.0%	-18.0%	-18.0%
<b>Minority Interest</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net Income Rep</b>	<b>7.5</b>	<b>4.8</b>	<b>5.8</b>	<b>5.4</b>	<b>6.8</b>	<b>7.9</b>
Growth	81.2%	-36.5%	21.0%	-7.3%	26.2%	16.0%
Margin	12.8%	7.6%	8.8%	7.6%	8.8%	9.5%
<b>Net Income Adj</b>	<b>7.6</b>	<b>5.1</b>	<b>5.6</b>	<b>5.4</b>	<b>6.8</b>	<b>7.9</b>
Growth	53.5%	-32.4%	10.1%	-4.6%	26.2%	16.0%
Margin	12.9%	8.2%	8.6%	7.6%	8.8%	9.5%
<b>CF Statement</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
FFO	9.8	7.8	10.1	9.3	11.0	12.4
Chg. in Working Capital	-7.5	-6.8	-2.5	-1.5	-1.4	-0.7
Other chg. in OCF	0.0	0.0	0.0	0.0	0.0	0.0
<b>NCF from Operations</b>	<b>2.3</b>	<b>1.0</b>	<b>7.6</b>	<b>7.8</b>	<b>9.6</b>	<b>11.7</b>
CAPEX	-4.3	-6.2	-9.1	-8.5	-4.9	-5.1
Financial Investments	0.0	0.0	0.0	0.0	0.0	0.0
Other chg in investments	-0.8	-1.3	0.0	-6.1	-0.6	-0.6
<b>NCF from Investments</b>	<b>-5.1</b>	<b>-7.5</b>	<b>-9.1</b>	<b>-14.6</b>	<b>-5.5</b>	<b>-5.7</b>
Dividends paid	-1.7	-2.3	-2.3	-2.5	-2.5	-2.8
Capital Increases	0.0	9.7	7.1	0.0	0.0	0.0
Other changes in financing	0.0	-0.3	0.1	0.0	0.0	0.0
<b>CHG IN NFP</b>	<b>-4.5</b>	<b>0.6</b>	<b>3.4</b>	<b>-9.3</b>	<b>1.7</b>	<b>3.2</b>

Source: Company data and Equita SIM estimates

**INFORMATION PURSUANT TO EU REGULATION 2016/958 supplementing Regulation EU 596/2014 (c.d. MAR)**

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In the past EQUITA SIM has published studies on Racing Force

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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
nil				

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(art. 6, par. 3 Delegated Regulation (EU) 2016/958 of 09 March 2016)

	COMPANIES COVERED	COMPANIES COVERED WITH BANKING RELATIONSHIP
BUY	55.0%	64.2%
HOLD	42.3%	31.3%
REDUCE	0.7%	1.5%
NOT RATED	2.0%	3.0%

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