

Euronext Growth Milan



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EGM – Stock Guide

About ValueTrack

ValueTrack is a capital markets and corporate finance firm focused on mid-small caps offering a wide range of services: Advisory, Equity- Debt Research, Investor Access. Our research is available on ValueTrack and Borsa Italiana websites, Bloomberg, FactSet, Thomson Reuters, S&P Capital IQ.

Euronext Growth Market (EGM) in very good shape

EGM (previously Aim Italia) currently counts 155 listed companies (138 as of Dec'20), and all KPIs are on the healthy side:

- ◆ **EGM ITAIM Index is very close to its all-high time**, +77% 1yr return, outperforming both the FTSE MIB and ITSTAR indices. Aggregate market capitalization stands at €10bn;
- ◆ **ECM activity is strongly accelerating**, €600mn raised so far in 2021, €240mn net of two SPACs and resulting from #23 new listings;
- ◆ **Market liquidity is growing**, €3.1bn aggregate trading volumes as of end of September vs. €2.1bn and €1.5bn as of September 2019-2020.

1H21 aggregated Top Line +35% y/y, €114mn Net Profit

EGM performance has been supported by strong 1H21 economic recovery:

- ◆ Total Turnover at €2.7bn, up high double-digit (+35.4% y/y);
- ◆ EBITDA at €455mn (2x y/y), 16,8% EBITDA margin (+584bps y/y);
- ◆ Net Profit at €114mn, vs. €17mn Net Loss as of June'20;
- ◆ Net Debt / EBITDA under control at 0.6x, better vs. Dec'20.

As far as single names are concerned, *Edilizia Acrobatica*, *Esautomation*, *Gibus* and *Sciuker Frames* have reported, in our view, the best 1H21 results.

EGM trading at 7.0x EV/EBITDA, 15.5x P/E 2022E

Based on current stock market values, we calculate that **EGM** is trading at median **7.0x EV/EBITDA**, and **15.5x P/E 2022E**, with a high dispersion of multiples by sector (Tech trading at premium vs. Media at discount), by size (small caps trading at discount vs. large ones) and across stocks. We view a positive correlation between market valuation and growth rates, while we do not envisage a particular correlation with profitability ratios.

Updated top picks on EGM market

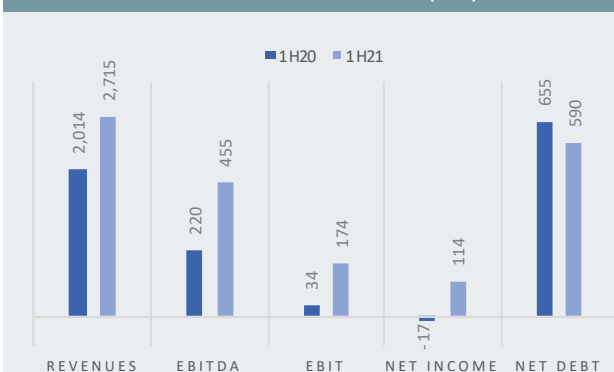
Many of the stocks that we included in our top pick list one year ago outperformed the whole Index. Updating the exercise returns the following:

“Top Value” plays: *Innovatec*, *Maps Group*, *Notorious Picture*, *Portobello*, *Sciuker Frames*.

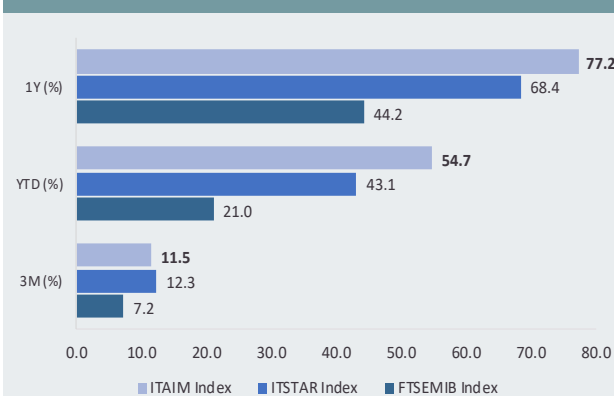
“Top Growth” plays: *Almawave*, *Compagnia dei Caraibi*, *Digital360*, *Officina Stellare*, *Portobello*, *Reevo*, *Tecma Solutions*.

FTSE Italia Growth 11,204
Mkt Cap (€bn) 10.0

EGM: AGGREGATED 1H20 and 1H21 FIGURES (€mn)



PERFORMANCES OF ITALIAN STOCK MARKET INDEXES



EGM: CURRENT STOCK TRADING MULTIPLES

MEDIAN VALUES	2020A	2021E	2022E
EV / SALES	1.9x	1.5x	1.1x
EV / EBITDA	12.2x	9.3x	7.0x
EV / EBIT	19.2x	14.8x	11.3x
P / E	26.1x	19.0x	15.5x

Source: ValueTrack Analysis



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Executive Summary

Euronext Growth Milan Stock Market in very good shape

All KPIs for Euronext Growth Milan (EGM, previously AIM Italia) are on the healthy side. Indeed, as of the end of October 26th, EGM counts 155 listed companies, representing nine different industries, for an aggregate €10bn market capitalization.

Despite more than half of listed companies (#82) are currently trading at Market Cap lower than €40mn threshold, the number of companies showing a Market Cap greater than €100mn (#23) is gradually increasing if compared to June'20.

ECM activity is strongly accelerating (€600mn raised so far in 2021, €240mn net of two SPACs, #23 new listings vs. only #10 occurred in the same period of 2020) and stock prices are strongly up (FTSE Italia Growth Index 1-year return +77.2%, currently very close to all time high level), supported by a gradually improving liquidity, with traded volumes almost doubled y/y at the end of September.

1H21 - Economic and financial performance analysis

As of October 26th, almost all Euronext Growth Milan listed companies have released their 1H21 financial results and, as expected, many of them experienced a strong recovery from Covid-19 related bottom:

- ◆ Aggregate Turnover at €2.7bn was up high double-digit (+35.4% y/y);
- ◆ EBITDA stood at €455mn (doubled y/y) with EBITDA margin at 16.8% (+584bps y/y thanks to positive operating leverage), whilst EBIT Margin increased a less than proportional +472bps y/y, due to higher incidence of D&A charges;
- ◆ Aggregated Net Profit stood at €114mn, compared to €17mn Net Loss as of June'20;
- ◆ Net Debt / EBITDA remained under control at 0.6x at aggregated level and 1.3x for companies with net debt exposure, better than those reported as of Dec'20.

From a qualitative point of view, a quick overview of 1H21 interim results returns the following key messages:

- ◆ The contribution of the different sectors to “EGM” is gradually changing, with Tech gaining more and more weight;
- ◆ High polarization in terms of size and performance is confirmed;
- ◆ A generalized recovery to pre-pandemic levels is visible, as the strong majority of companies reporting a sound y/y increase at both top- and bottom-line;
- ◆ Micro Caps negatively contributed to aggregate earnings, while large caps showing the highest EBITDA Margin.

1H21 best performing companies from a P&L point of view are for sure *Edilizia Acrobatica*, *Esautomation*, *Gibus* and *Sciuker Frames*, but also (in alphabetical order), *Almawave*, *Compagnia dei Caraibi*, *Digital360*, *Ilpra*, *Maps Group*, *Nusco*, *Innovatec*, *Officina Stellare*, *Portobello*, *Reevo*, *Tecma Solutions*, *TPS*. We also highlight the strong recovery in growth put in place by Media & Entertainment firms, in particular *Fenix Entertainment*, *ILBE Group*, *Leone Film Group* and *Notorious Pictures*.

Valuation analysis

Currently, Euronext Growth Milan is trading at median 1.1x EV/Sales, 7.0x EV/EBITDA and 15.5x P/E on 2022E, (7.3x EV/EBITDA and 18.2x P/E 2021E if we consider aggregate figures) with a high dispersion of multiples by sector, by size and across various stocks.

Technology and Telecommunication are the most expensive sectors of the market, currently at 13.4x-13.7x EV/EBITDA and 30.5x-29.5x P/E respectively based on 2021E market consensus.

On the opposite side, Media sector is trading at undemanding multiples, 5.5x EV/EBITDA and 10.8x P/E 2021E. Interestingly, there's a positive correlation between market valuation and growth rates while we do not envisage a particular correlation with profitability ratios.

As far as single names are concerned, we are pleased that many of the stocks that we included in our top pick list one year ago (especially the "value" plays) have outperformed the FTSE Italia Growth Index.

Running once again our top pick selection exercise dedicated to value and growth investors respectively, and filtering among the companies that provided the best 1H21 economic and financial results, returns the following:

"Top Value" plays: Innovatec, Maps Group, Notorious Picture, Portobello, Sciuker Frames.

"Top Growth" plays: Almaxwave, Compagnia dei Caraibi, Digital360, Officina Stellare, Portobello, Reevo, Tecma Solutions.

Euronext Growth Milan: market trading multiples by sector (average)

Prices as of the end of Oct		EV/Sales (x)			EV/EBITDA (x)			P/E (x)		
Sector	#	2020A	2021E	2022E	2020A	2021E	2022E	2020A	2021E	2022E
Energy & Utilities	12	3.6	2.4	2.0	11.9	10.4	7.2	23.0	19.5	11.9
Telco	5	4.0	3.5	3.0	19.0	13.7	9.8	43.1	29.5	28.2
Health Care	9	2.4	1.9	1.4	12.4	7.8	10.3	24.9	24.1	16.5
Technology	29	3.1	2.7	2.0	17.3	13.4	9.1	33.6	30.5	23.1
Media	17	2.2	1.1	0.9	8.2	5.5	3.1	17.4	10.8	9.9
Consumer Goods	24	1.9	1.5	1.1	15.0	12.2	13.2	29.2	20.7	19.9
Consumer Services	12	2.7	2.3	1.2	17.5	10.9	11.6	25.5	17.8	14.9
Industrials Goods	27	2.0	1.8	1.5	12.9	11.0	7.6	22.6	21.4	17.0
Financials	17	--	--	--	--	--	--	18.5	14.4	11.9
Total EGM	152	2.5	2.0	1.5	14.0	10.7	8.9	26.4	21.7	17.4

Source: ValueTrack analysis on market consensus

Euronext Growth Milan: key facts & figures

All KPIs for Euronext Growth Milan (EGM, previously AIM Italia) are on the healthy side. Indeed, as of the end of October 26th, EGM counts 155 listed companies, representing nine different industries, for an aggregate €10bn market capitalization. Despite more than half of listed companies (#82) are currently trading at Market Cap lower than €40mn threshold, the number of companies showing a Market Cap greater than €100mn (#23) is gradually increasing if compared to June'20.

ECM activity is strongly accelerating (€600mn raised so far in 2021, €240mn net of two SPACs, #23 new listings vs. only #10 occurred in the same period of 2020) and stock prices are strongly up (FTSE Italia Growth Index 1-year return +77.2%, currently very close to all time high level), supported by a gradually improving liquidity, with traded volumes almost doubled y/y at the end of September.

Euronext Growth Milan Stock Market in very good shape

As of the end of October 26th, #155 **companies are actively listed on Euronext Growth Milan** (previously AIM Italia), representing nine industries and an **aggregate €10bn Market Cap**.

Market Cap distribution by companies remains wide, ranging from €1.1mn of Visibilia Editore to ca. €900mn of Digital Value. Despite more than 1/2 of listed companies (#82) are currently trading at Market Cap lower than €40mn threshold, the number of companies **showing a Market Cap greater than €100mn is gradually increasing** (#23 vs #14 observed one year ago), hence, highlighting an overall Market Cap expansion. **Average free float is now close to 27%** based on a simple average of all stocks, with an average Free-float Market Cap close to €20mn.

Well-diversified market structure by industry

In terms of market composition, we highlight:

- ◆ Good diversification in terms of industry composition with just two industries (*Health Care* and *Telco*) currently represented by a number of firms below the two-digit space;
- ◆ *Technology* is the first industry by total Market Cap: €2.8bn, ca. 28% of aggregated Market Cap.

Euronext Growth Milan: Key statistics (*)

Industry	Listed Companies		Market Cap	
	#	As (%)	(€mn)	As (%)
Energy & Utilities	12	7.9%	486	4.9%
Telecommunications	5	3.3%	505	5.0%
Health Care	9	5.9%	622	6.2%
Technology	29	19.1%	2,794	27.9%
Media	17	11.2%	373	3.7%
Consumer Goods	24	15.8%	1,525	15.2%
Consumer Services	12	7.9%	335	3.3%
Industrials Goods	27	17.8%	2,432	24.3%
Financials	17	11.2%	936	9.2%
Total EGM	152	100.0%	10,009	100.0%

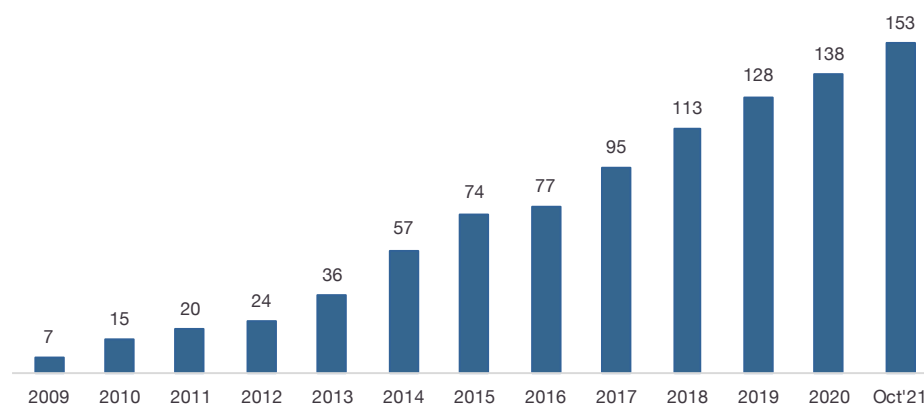
Source: ValueTrack Analysis (*) All stock listed as of 26/10/21 excluding those currently suspended

ECM activity – strong acceleration in 2021 YTD

Key stats and figures

- ◆ Since January 2021, **#23 companies were admitted to Euronext Growth Milan**, vs. #10 listings occurred in the same period of 2020, driven by higher visibility and generally less risk-adverse attitude. At the end of 2020, however, the number of admissions achieved were #22, thus a first recovery was already achieved in 4Q20;

Euronext Growth Milan: Number of listed companies since 2009



Source: Borsa Italiana, ValueTrack Analysis

- ◆ In the same period, **#3 companies were delisted** (*CFT, Amm* and *Capital for Progress*), and **#3 companies moved to MTA** (*AbitareIn, Antares Vision* and *FineFoods & Pharmaceuticals*),
- ◆ Total Capital Raised at IPO was ca. €600mn, that is **on average €25.5mn** (€11mn excluding the recently listed two SPACs, *Reevo* and *Industrial Stars of Italy 4*). This value compares to €6.5mn for the whole 2020 (based on a similar number of IPOs);
- ◆ Average Post-Money Market Cap at €44mn (above 2018-20 average), together with higher relative valuation (EV/EBITDA FY1 at 8.0x on average, if compared to 6.8x in 2019-20);

Euronext Growth Milan: Listings since Jan '21

Company	Date	Offer	Company	Date	Offer
Vantea Smart	27/01	5.1	Id-Entity	06/07	2.9
Almawave	11/03	30.0	Spindox	06/07	7.0
Casasold	18/03	2.7	Industrial Stars of Italy 4	08/07	138.0
A.B.P. Nocivelli	30/03	11.0	Ala	20/07	25.0
Reevo	06/04	5.5	Giglio.Com	23/07	10.6
Premia Finance (*)	26/04	1.1	Compagnia dei Caraibi	28/07	13.8
Jonix	04/05	6.2	Nusco	04/08	4.6
Acquazzurra (*)	13/05	2.0	Omer	04/08	25.4
G Rent	26/05	3.3	Ulisse BioMed	06/08	5.0
Revo	26/05	220.0	Destination Italy	19/10	3.5
Aton Green Storage	17/06	10.0	Intermonte Partners Sim	21/10	38.5
MeglioQuesto	28/06	17.2			

Source: Borsa Italiana, ValueTrack Analysis (*) Admitted to professional segment

Euronext Growth Milan: Delistings since Jan '21

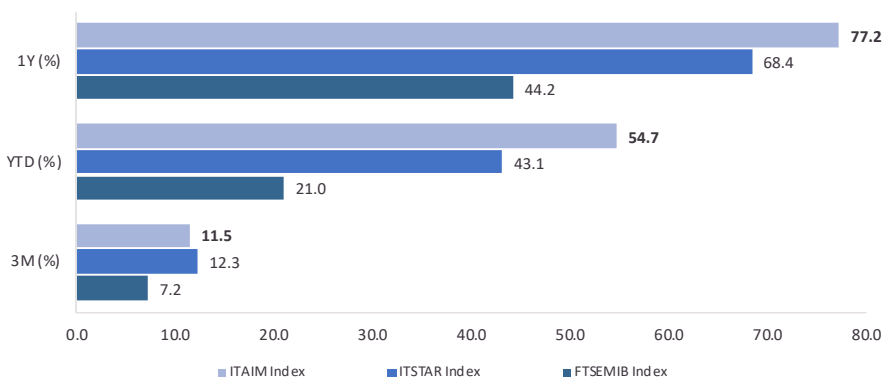
Company	Date	Delisting Type
Abitare In	01/03	STAR
Antares Vision	05/05	STAR
FineFoods & Pharmaceuticals	12/07	STAR
Capital for Progress	04/01	Voluntary basis
CFT	22/03	Tender Offer
AMM	27/07	Tender Offer

Source: Borsa Italiana, ValueTrack Analysis

FTSE Italia Growth Index reached its all-time high

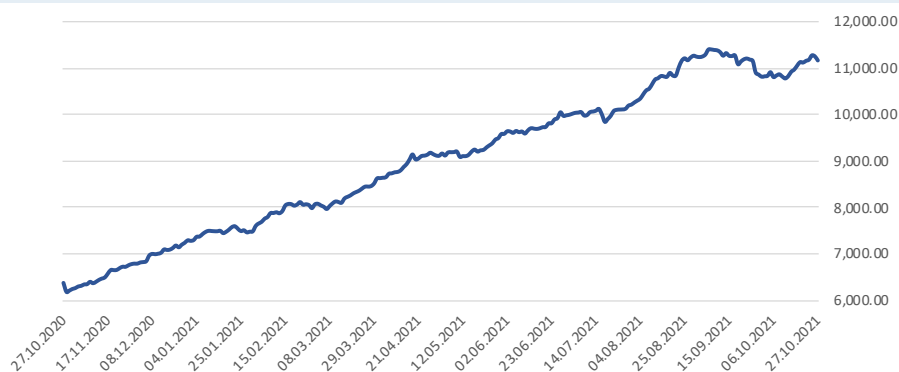
The 1-year return of FTSE Italia Growth Index is positive (+77.2%), outperforming if compared to both FTSE MIB and STAR indices, which reported +44.2% and +68.4% 1-year returns, respectively. Italia Growth Index is up also in the shorter run with 3M performance at +11.5%, still overperforming FTSE MIB index. As a matter of facts, the Italia Growth Index has reached its all-time high since inception, highlighting a strong interest from market investors in Italian small-mid caps.

FTSE Italia Growth Index: 3M – YTD – 1Y performances



Source: Bloomberg, ValueTrack Analysis (*) Based on all stock listed as of 05/10/20

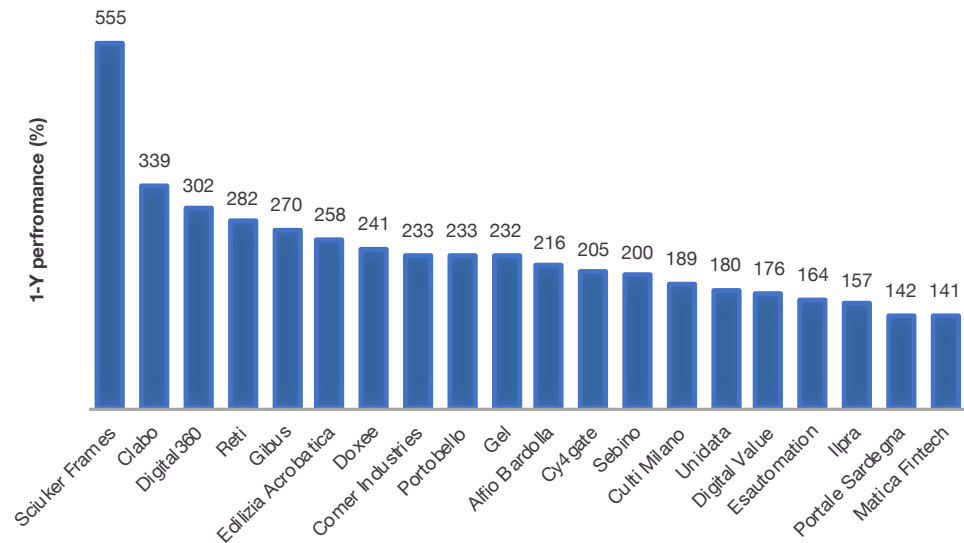
Euronext Growth Milan: 1Y FTSE Italia Growth Index



Source: Bloomberg, ValueTrack Analysis

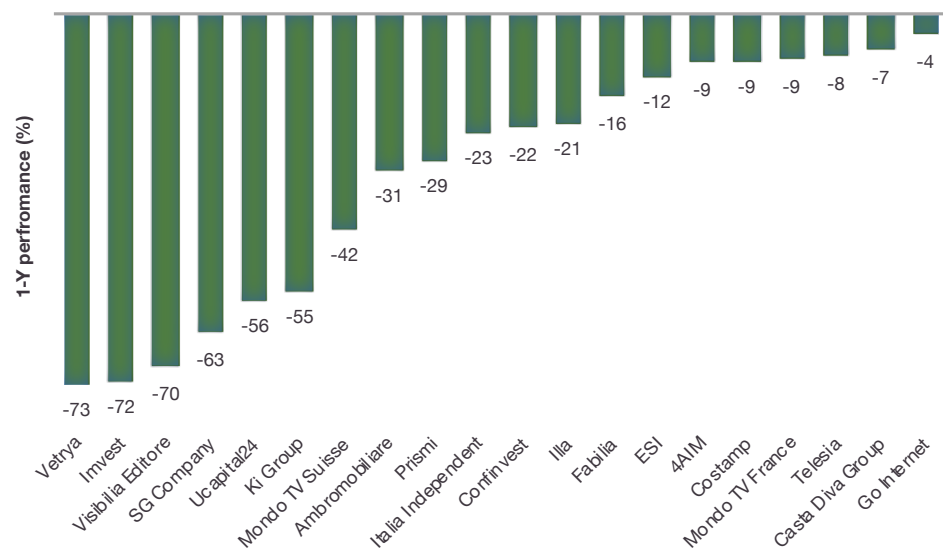
Best and Worst Performers of Euronext Growth Market

Euronext Growth Market: best performers by 1-yr return



Source: Bloomberg, ValueTrack Analysis

Euronext Growth Market: worst performers by 1-yr return

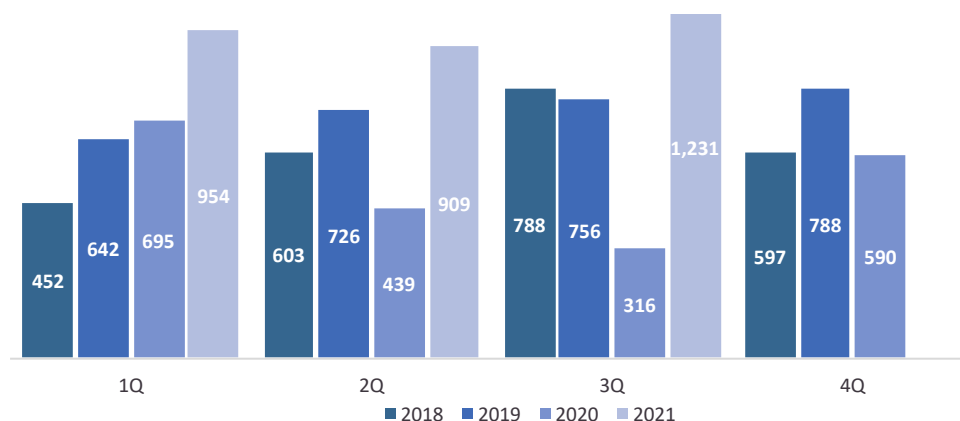


Source: Bloomberg, ValueTrack Analysis

Market liquidity is steadily improving...but the best is yet to come

Market liquidity is gradually growing, with total market volumes at €3.1bn at the end of September if compared to €2.1bn and €1.5bn of September '19 and '20 respectively. Thus, despite an impressive reduction in market volumes occurred in 2Q and 3Q 2020 – and clearly linked to the low visibility driven by the pandemic, Euronext Growth Milan is gradually recovering quarter by quarter, as also highlighted in the graph below.

Euronext Growth Milan: 2018-2021 Total Turnover by quarter

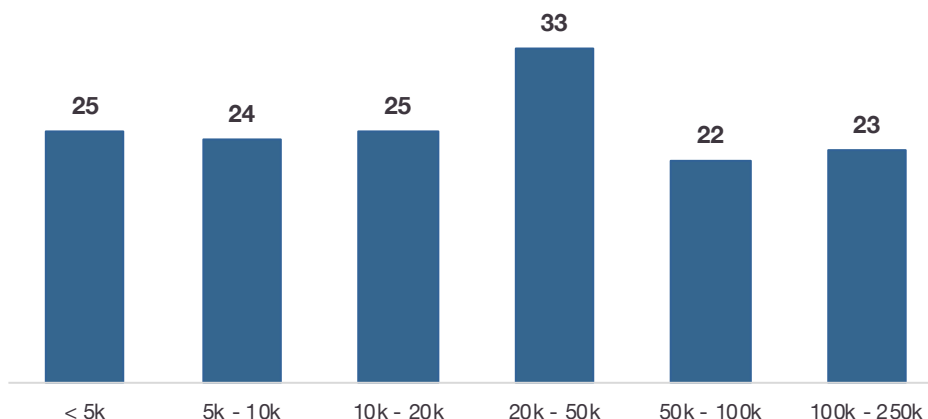


Source: Bloomberg, ValueTrack Analysis

Thus, the number of listed companies with daily turnover - calculated as the average of the latest 30 days - above the €20k threshold, is increasing at healthy pace, and represent more than 1/2 of total Euronext Growth Milan universe.

On the other side, we also highlight that ca. 16% of listed stocks currently **shows a daily turnover below €5k**. We expect this figure to narrow going forward, and the recent integration within the Euronext Group may help the overall market liquidity.

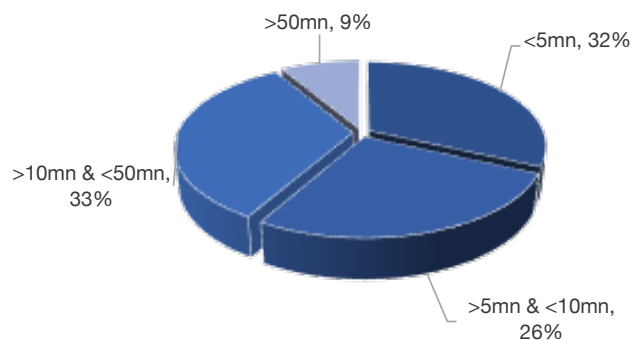
Euronext Growth Milan: Number of stocks by daily turnover



Source: Bloomberg, ValueTrack Analysis

More, if we assume the free-float Market Cap as a quick indicator of the liquidity potential of the Euronext Growth Milan market, we found that 41% of currently listed companies can rely on a free-float Market Cap greater than €10mn, that we assumed as the minimum threshold for an institutional investor willing to build a position on the market.

Euronext Growth Milan: Percentage of stocks by free-float Market Cap Size



Source: Bloomberg, ValueTrack Analysis

To measure how market is “investable”, we run a simple simulation on how is easy or difficult build a single-stock investment of €150K, with trading limit set (conventionally) at 30% of the average daily volume.

This exercise unveils that small investment in companies currently trading at a free-float Market Cap above €10mn may require up to 13 trading days (based on median values), far better than we found 1-year ago (ca. 25 days).

Euronext Growth Milan: Days to build a €150K position on EGM by free-float Market Cap Size

Free-Float Market Cap	# Companies	Daily Turnover	Market Cap	Turnover Velocity	Days	Stake
<5mn	49	6,935	11.7	15.0%	72	1.4%
>5mn & <10mn	40	21,363	28.9	18.2%	23	0.5%
>10mn & <50mn	50	37,150	73.0	11.7%	13	0.2%
>50mn	13	66,149	224.5	7.4%	8	0.1%

Source: Borsa Italiana, ValueTrack Analysis

Euronext Growth Milan: Trading volumes statistics

	Oct'21
Number of listed stocks	#152
Market Cap (€mn)	10,008
Free-float Market Cap (€mn)	2,991
LTM Total Traded Turnover (€mn)	3,683
Turnover Velocity on Mkt Cap (%)	36.8%
Turnover Velocity on FF Mkt Cap (%)	123.1%

Source: Borsa Italiana, ValueTrack Analysis

1H21 earnings season analysis

As of October 26th, almost all Euronext Growth Milan listed companies have released their 1H21 financial results and, as expected, many of them experienced a strong recovery from Covid-19 related bottom. Aggregate Turnover at €2.7bn was up high double-digit (+35.4% y/y), EBITDA stood at €455mn (doubled y/y) with EBITDA margin at 16.8% (+584bps y/y thanks to positive operating leverage), whilst EBIT Margin increased a less than proportional +472bps y/y, due to higher incidence of D&A charges. Aggregated Net Profit stood at €114mn, compared to €17mn Net Loss as of June'20 and Net Debt / EBITDA remained under control at 0.6x at aggregated level and 1.3x for companies with net debt exposure, better than those reported as of Dec'20.

On the negative side, we underline that 18% of companies reported revenues down y/y and that micro caps negatively contributed to aggregate earnings.

Best performing companies from a P&L point of view are for sure Edilizia Acrobatica, Esautomation, Gibus and Sciuker Frames, but also (in alphabetical order), Almwave, Compagnia dei Caraibi, Digital360, Ilpra, Maps Group, Nusco, Innovatec, Officina Stellare, Portobello, Reevo, Tecma Solutions, TPS. We also highlight the strong recovery in growth put in place by Media & Entertainment firms, in particular Fenix Entertainment, ILBE Group, Leone Film Group and Notorious Pictures.

Aggregate 1H21: €2.7bn Revenues, €455mn EBITDA, €590mn Net Debt

We took into consideration all the companies listed on Euronext Growth Milan as of October 26th, i.e. #155 out of which we have excluded from our analysis:

- ◆ #2 stocks currently suspended, i.e. *Sirio* and *Cdr* (renamed as *ABC Company*);
- ◆ #3 stocks with fiscal year ending as of June (*Assiteca*, *ABP Nocivelli* and *Eviso*);
- ◆ #3 stocks recently admitted to the market (*Destination Italy*, *Intermonte Partners Sim* and *Defence Tech Holding*);

As an effect, we included in our sample **#147 corporates that approved 1H21 results**. Aggregating their interim financial figures on a like-for-like basis (i.e. interim figures include the same stocks in 1H20 and 1H21, even though not all companies were listed as of June'20), we highlight the following core messages:

- ◆ Revenues close to €2.7bn, +35% y/y (€2.1bn in 1H20);
- ◆ EBITDA and EBIT at €455mn and €174mn respectively, +107% and +411% y/y respectively;
- ◆ EBITDA margin and EBIT margin at 16.8% and 6.4% respectively;
- ◆ Net Profit of €114mn (€100mn adj.), strongly up y/y if compared to the €17mn Net Loss in 1H20;

As for the aggregate financial structure of Euronext Growth Milan, it is worth pointing out that:

- ◆ Out of the #132 companies (net of those classified as financials) included in the sample, #52 are Net Cash positive while the remaining #80 are in a Net Debt position;
- ◆ The aggregate Net Financial Position is negative and stands at €590mn.

Euronext Growth Milan: Aggregate 1H20 – 1H21 results at a glance (*)

€mn	1H20	1H21	y/y (% , €mn)
Revenues	2,014	2,715	+35.4%
EBITDA	220	455	+106.8%
EBITDA Margin	10.9%	16.8%	+584bps
EBIT	34	174	+411.4%
EBIT Margin	1.7%	6.4%	+472bps
Net Profit (Net Loss)	-17	114	nm
Net Profit adj.	-7	100	nm
Net Financial Indebtedness	655(***)	590	-65
Net Debt/EBITDA (x) (**)	1.5x	0.6x	

Source: ValueTrack Analysis on companies' data

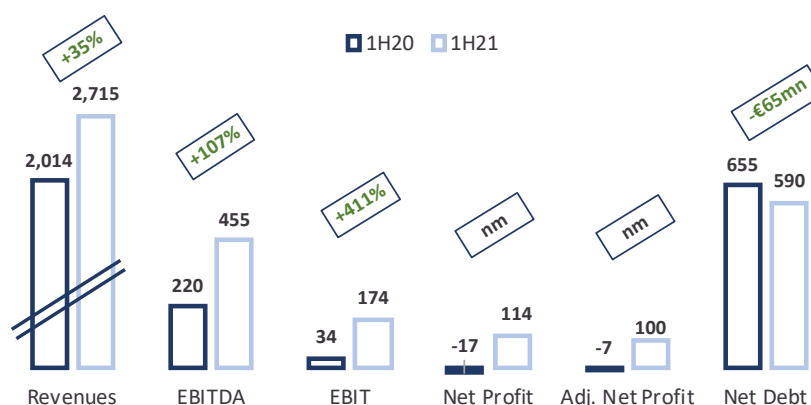
(*) Like-for-like comparison, i.e. both 1H20 and 1H21 figures include the same 136 companies even if not all these companies were listed as of June 2020 (**) Assuming annualised EBITDA (i.e. equal 2x interim figure) (***) Value referring to 2020 year end

Euronext Growth Milan: Net Debt exposure: FY20 – 1H21 debt metrics

€mn	FY20 (*)	1H21(**)
# of Companies with a Net Debt exposure	67/108	80/132
Net Debt (attributable to Net Debt companies)	696	871
EBITDA (attributable to Net Debt companies)	392	341
Net Debt/EBITDA (x) (***)	1.7x	1.3x

Source: ValueTrack Analysis on companies' data (*) based on market research already released by ValueTrack (**) Companies classified as financials are not considered in the computation (***) In 1H21, assuming annualised EBITDA equal 2 times the interim figure)

1H21 vs 1H20 results- Key Aggregate financial figures (€mn, #147 companies)



Source: ValueTrack analysis on companies' data //Adjusted for better visibility (*) Net Debt compared to Dec'20

Top-Down view: Key take-aways

A quick overview of 1H21 interim results, points out the following key messages:

1. **The contribution of the different sectors to “EGM” is gradually changing**, and while *Industrial Goods* companies remain by far the main contributors at almost all P&L lines, we reckon the steady growth of *Technology*, currently showing the highest Market Cap;
2. **High polarization in terms of size and performance confirmed in 1H21**, leading to high concentration of revenues and profit in the hands of a few larger companies, and to a relatively high number of smaller companies with lower (and sometime negative) contribution to aggregate figures. Anyway, we highlight a slight decrease in concentration if compared to previous years' figures, and likely due to the entry on the market (recent IPOs) of more mature companies;
3. **A generalized recovery to pre-pandemic levels is visible**, with interim results strongly recovering from negative implications linked to pandemic, as the strong majority of companies reporting a sound y/y increase at both top- and bottom-line, i.e. **82% companies recorded a positive revenue growth**, while 65 out 136 stocks included in our sample reported y/y growing profits. In addition, #13 1H20 loss making stocks achieved Net Profit break-even;
4. Micro Caps negatively contributed to aggregate earnings, while large caps showing the highest EBITDA Margin.

1. Industrial sector at €900mn revenue in 1H21 (+27% y/y)

As the contribution of the different sectors to “Euronext Growth Milan” is concerned, we reckon:

- ◆ All sectors recorded a positive y/y growth at revenues and EBITDA level. A slight EBITDA y/y contraction was posted by the *Telco* sector, and entirely due to the negative performance achieved by *Vetrya and Go Internet*;
- ◆ Strong recovery in profitability across all sectors, but for *Health Care* and *Telecommunication*;
- ◆ *Industrial Goods* companies remain by far the main contributors at almost all P&L lines;
- ◆ *Technology*, is steadily growing with total turnover above €600mn;
- ◆ *Health Care* and *Technology* as the only sectors to rely on a close to zero Net Cash Position;

Euronext Growth Milan: 1H20/21 key financials by sector (#147 companies)

€mn		Revenues (€mn)		EBITDA (€mn)		EBIT (€mn)		Net Profit (€mn)	
Sector	#	1H20	1H21	1H20	1H21	1H20	1H21	1H20	1H21
Health Care	9	111.6	127.9	14.0	13.5	8.1	7.1	4.1	4.1
Technology	29	493.4	612.7	54.1	71.3	21.0	34.5	12.7	18.8
Media	17	145.5	265.8	66.4	156.5	4.0	22.6	-0.2	13.4
Consumer Goods	24	330.4	453.9	15.9	73.7	-3.7	53.8	-10.1	39.1
Consumer Services	11	57.8	96.5	-0.1	11.4	-5.8	4.6	-12.1	-0.8
Industrials Goods	26	711.3	905.7	48.8	88.3	6.8	45.7	-4.9	33.7
Telecommunications	5	54.5	52.4	6.7	10.2	-1.8	-4.9	-3.0	-7.5
Energy & Utilities	11	109.3	199.8	14.3	30.3	5.4	10.3	-1.1	-2.2
Financials	15	--	--	--	--	--	--	-2.6	15.4
Total EGM	147	2,013.8	2,714.8	220.2	455.2	34.0	173.8	-17.3	114.0

Source: ValueTrack Analysis on companies' data

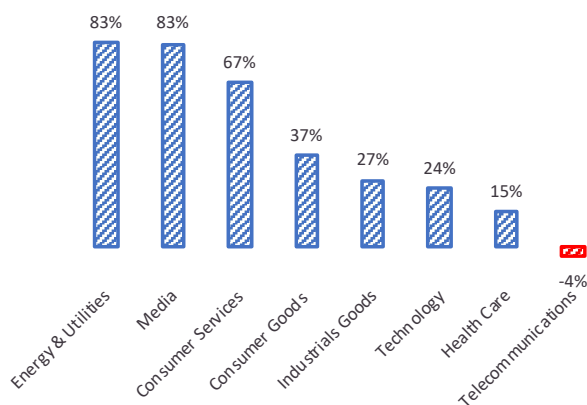
Euronext Growth Milan: 1H20/21 profitability ratios and leverage by sector (#147 companies)

(% , x)		EBITDA Margin (%)		EBIT Margin (%)		Net Margin (%)		Net Financial Position (€mn)	
Sector	#	1H20	1H21	1H20	1H21	1H20	1H21	FY20	1H21
Health Care	9	12.6	10.5	7.2	5.6	3.7	3.2	-8.9	-6.9
Technology	29	11.0	11.6	4.3	5.6	2.6	3.4	-76.5	-11.5
Media	17	45.6	58.9	2.7	8.5	< 0	5.0	-155.2	-150.6
Consumer Goods	24	4.8	16.2	< 0	11.9	< 0	6.6	-74.1	-65.3
Consumer Services	11	< 0	11.8	< 0	4.8	< 0	< 0	-24.9	-21.8
Industrials Goods	26	6.9	9.7	1.0	5.0	< 0	3.7	-170.6	-173.4
Telecommunications	5	12.4	19.4	< 0	< 0	< 0	< 0	-20.9	-26.1
Energy & Utilities	11	13.1	15.2	4.9	5.1	< 0	< 0	-123.8	-134.7
Financials	15	--	--	--	--	--	--	--	--
Total EGM	147	10.9	16.8	1.7	6.4	<0	4.2	-654.9	-590.2

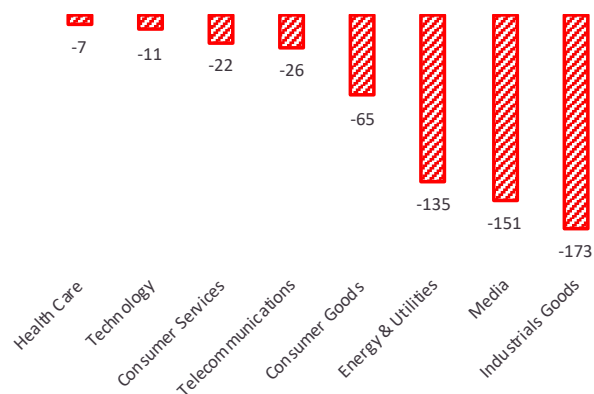
Source: ValueTrack Analysis on companies' data (*) Assuming Net Debt companies and annualized EBITDA

Euronext Growth Milan: 1H21 key financials by sector

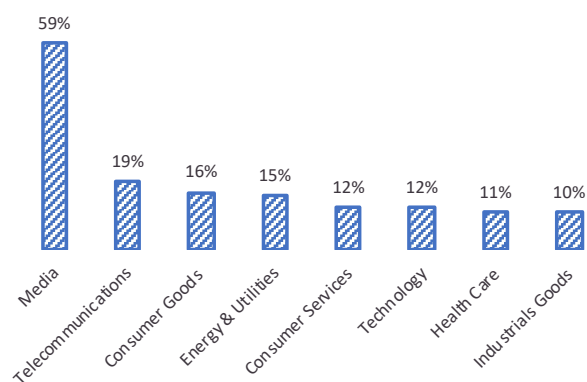
Sectors ranked by Revenue growth 1H21/1H20 (% , y/y)



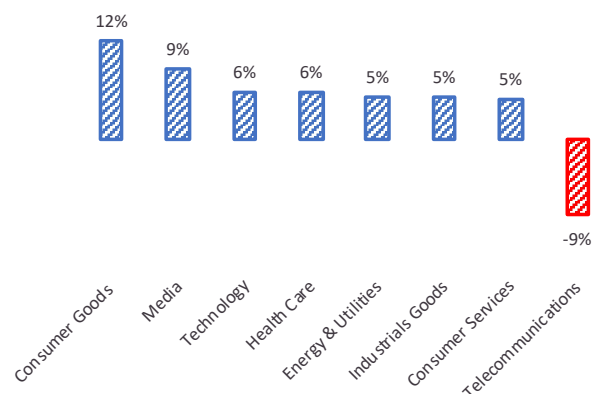
Sectors ranked by Net Financial Position (€mn)



Sectors by EBITDA Margin 1H21 (%)



Sectors by EBIT Margin 1H21 (%)



Source: ValueTrack Analysis

2. Polarization in terms of size and performance remains high, but is improving y/y

If we consider the **#10 largest companies in terms of revenues contribution to 1H21 aggregate figures**, they do account for ca. 42% of Sales, 40% EBITDA and 31% of Net Profit.

These figures still suggest a relatively high concentration, deeply below those witnessed one year ago, when top #10 companies accounted for (43% of Sales, 48% EBITDA and 91% EBIT in 1H20).

Euronext Growth Milan – 1H21 Concentration of aggregate results

Company	Revenues	EBITDA	EBIT	Net Profit	Net Fin. Pos.
Total Top 10 by Revenues	1,152.1	181.6	50.1	30.8	-28.3
Total Euronext Growth Milan	2,714.8	455.2	173.8	98.6	-590.2
<i>Top 10 as % of Total</i>	42%	40%	29%	31%	nm

Source: ValueTrack Analysis

If we look at the number of loss-making companies, we found that **17% of companies are losing money at EBITDA level, 28% at EBIT level and 34% at bottom-line.**

Euronext Growth Milan – 1H21 Loss-making companies and aggregate data

1H21	NEGATIVE			POSITIVE			Total		
	#	%	€mn	#	%	€mn	#	%	€mn
EBITDA	22	17%	-57	110	83%	512	132	100%	455
EBIT	37	28%	-91	95	72%	265	132	100%	174
Net Profit	50	34%	-110	96	66%	224	147	100%	114
Net Financial Position	80	61%	-871	52	39%	280	132	100%	-590

Source: ValueTrack Analysis

3. A generalized recovery from pandemic related bottom is tangible

Dispersion between “good” and “weak” stories came to light also during the first two quarters of the year: indeed, moving from 1H21 y/y growth rates, we spot some corporates steadily displaying a healthy and fast-growing profile, while other ones are continuously posting negative results, no matter about their relative size or reference sector. We found that at the different levels of the P&L:

- ◆ 87/132 companies recorded a y/y turnover increase above the 20% threshold. On the negative side, just 21/132 names faced a negative revenue growth;
- ◆ 74/132 and 71/132 companies registered a sound bounce in profitability with both EBITDA and EBIT growing more than 20% y/y;
- ◆ only 18/147 stocks (including companies classified as financials) registered negative Net Profit growth rates. Thus, #79 stocks reported a positive y/y growth together with additional #13 companies who achieved the break-even point (loss-making in 1H20). Overall, #70 witnessed an “above 20%” growth at bottom line.

Euronext Growth Milan – Growth rates 1H21 vs 1H20 - companies by growth clusters

Growth rate	Revenues	EBITDA	EBIT	Net Profit
Above 20%	87	74	71	70
Between 0% and 20%	23	18	7	9
Negative growth	19	18	17	18
nm (*)	2 (**)	22	37	50
Total EGM	131	132	132	147

Source: ValueTrack Analysis (*) Loss making companies in 1H21 and or in 1H20 (**) Data not available in 1H20

4. Micro Caps negatively contributed to aggregate earnings... Large Caps showing the highest EBITDA Margin

1H21 results broken down by Market Cap size drive the following key messages:

- ◆ Micro caps, i.e. those companies showing Market Cap lower than €20mn, accounted for less than 15% of total Sales and negatively contributed to aggregate Net Profit;
- ◆ On the opposite, companies relying on a larger Market Cap (above €50mn) proved to be the main contributor to aggregate bottom-line;
- ◆ Some positive correlation between Market Cap size and profitability ratios can be noticed, as companies with a Market above the €100mn bracket are clearly showing the highest EBITDA Margin.

Euronext Growth Milan: 1H20/21 key financials by Market Cap (#132 companies)

€mn		Revenues (€mn)		EBITDA (€mn)		EBIT (€mn)		Net Profit (€mn) (*)	
Market Cap bracket	#	1H20	1H21	1H20	1H21	1H20	1H21	1H20	1H21
below 20	40	296.9	340.6	-4.4	42.0	-35.9	5.6	-43.9	-14.2
within 20 & 50	44	438.5	646.2	40.9	104.4	-9.5	35.4	-25.1	15.8
within 50 & 100	28	376.0	521.9	52.6	88.9	25.8	48.9	14.2	54.9
above 100	20	902.5	1,206.1	131.1	219.9	53.6	83.9	37.5	57.5
Total EGM	132	2,013.8	2,714.8	220.2	455.2	34.0	173.8	-17.3	114.0

Source: ValueTrack Analysis on companies' data (*) based on 148 observations, i.e. including financial companies

Euronext Growth Milan: 1H20/21 profitability ratios and leverage by Market Cap (#132 companies)

€mn		EBITDA Margin (%)		EBIT Margin (%)		Net Margin (%)		Net Financial Position (€mn)	
Market Cap bracket	#	1H20	1H21	1H20	1H21	1H20	1H21	FY20	1H21
below 20	40	< 0	12.3	< 0	1.6	< 0	< 0	-250.1	-243.1
within 20 & 50	44	9.3	16.2	< 0	5.5	< 0	3.5	-317.0	-314.7
within 50 & 100	28	14.0	17.0	6.9	9.4	4.0	6.4	-71.0	-78.3
above 100	20	14.5	18.2	5.9	7.0	3.9	4.5	-16.7	45.9
Total EGM	132	10.9	16.8	1.7	6.4	<0	4.2	-654.9	-590.2

Source: ValueTrack Analysis on companies' data

Bottom Up view: Key take-aways

Stock picking in SMEs' markets is crucial

As outlined above the dispersion of results has been again very high in EGM, also driven by the fact that companies' stories are particularly differentiated in a SMEs segment, offering "me too" profiles, high risk stories as well as high potential ones.

In such a scenario, we suggest focusing on those stocks that seem to offer:

- ◆ Sustainability of top line and profitability growth;
- ◆ Operating leverage (let's say after breakeven is achieved);
- ◆ Cash flow generation.

1H21 – Fast-growing stocks

In order to identify the most resilient and robust stocks, we provide an analysis of P&L best performing companies, starting from those "growth" stocks which enjoyed turnover and EBITDA y/y growth rates even above 100% (with the exception of Esautomation), but that also boast i) 1H21 revenues above €10mn, ii) 1H21 EBITDA higher than €1mn and lastly iii) Net Profit higher than €0.5mn. This exercise gives us a list of #11 names, displayed in the following table.

Companies with the highest Top line and EBITDA growth in 1H20

Company	1H21 y/y Growth (%)		Revenues (€mn)		EBITDA (€mn)		Net Profit (€mn)	
	Revenues	EBITDA	1H20	1H21	1H20	1H21	1H20	1H21
Sciuker Frames	>900%	>900%	3.0	31.4	0.9	9.0	0.1	4.3
Fenix Entertainment	>600%	>1000%	1.9	13.3	0.5	5.7	0.3	0.6
Innovatec	68%*	56%*	12.1	63.7	1.2	14.1	-0.1	2.4
Leone Film Group	141%	246%	16.0	38.6	4.4	15.2	-3.5	0.5
Notorious Picture	129%	482%	5.6	12.9	0.9	5.3	-0.8	1.1
Compagnia dei Caraibi	109%	76%	7.2	15.0	0.7	1.3	0.3	0.5
ILBE Group	106%	103%	55.5	114.2	53.6	108.9	9.6	12.4
Gibus	100%	241%	17.9	35.8	2.5	8.5	1.5	6.2
Nusco	100%	235%	5.4	10.7	-1.1	1.5	-1.7	0.6
Edilizia Acrobatica	97%	318%	18.7	36.8	1.7	7.0	0.0	1.6
Esautomation	70%	197%	8.2	13.9	1.4	4.1	0.3	2.5

Source: ValueTrack Analysis on companies' data (*) Organic growth rate

Such panel can be divided into three different sectors with all of them showing consistent business recovery after a deep emergency.

Sciuker Frames, *Innovatec*, *Gibus*, *Nusco* and *Edilizia Acrobatica* y/y growth was supported by government incentives via the "Ecobonus" initiatives for home renovations. Anyway, we spot that one of the above-mentioned stocks benefitted from external growth (M&A), i.e. *Innovatec*, but we highlight that also in this case the organic revenue growth remained extremely interesting (+68% y/y) as well as the pro forma EBITDA growth (56% y/y).

We also highlight the relevant presence of media and entertainment companies, with *Fenix Entertainment*, *Leone Film Group*, *ILBE Group*, *Notorious Pictures* clearly recovering from the weak 1H20, with ¾ of stocks already back to pre-Covid level.

Last consideration about *Compagnia dei Caraibi*, the recently listed fast-growing company, able to achieve impressive y/y growth figures, despite being exposed to the *Ho.Re.Ca* sector, strongly penalized by the second-wave pandemic.

1H21 – Stocks delivering margin upside

A possible further proxy we use to test business resiliency **is to focus on those firms able to deliver some margin upside**. In this exercise, our aim is to identify those companies relying on a profitable and sustainable business model or simply able to exploit some extra operating leverage.

The analysis is based on those stocks which engaged (i) an improving y/y EBIT margin, (ii) positive y/y revenue growth and (iii) meaningful revenue and EBIT (i.e. greater than €4mn and €0.8mn respectively).

Hence, we found out #13 stock compliant with our size “covenants” again spread across several sectors. We also spot #4 names (*Sciuker Frames*, *Esautomation*, *Edilizia Acrobatica* and *Gibus*) already caught in the previous exercise, showing to be at same time fast growing and profitable stories.

Worthy to be mentioned, #5 stocks belonging to the *Technology* sector, able to keep growing at healthy pace also in the first two quarters of the year: *Reevo*, *Maps Group*, *Almawave*, *Tecma Solution* and *Digital360*.

Companies with most impressive improvement at EBIT margin level

Company	EBIT Margin (%)		Revenues (€mn)		EBIT (€mn)		Net Profit (€mn)	
	1H20	1H21	1H20	1H21	1H20	1H21	1H20	1H21
Sciuker Frames	11.4	24.7	3.0	31.4	0.3	7.8	0.1	4.3
Portobello	20.3	24.6	23.4	27.0	4.7	6.7	3.4	4.4
Esautomation	8.2	24.2	8.2	13.9	0.7	3.4	0.3	2.5
Officina Stellare	9.9	23.4	3.7	4.7	0.4	1.1	0.3	0.9
Gibus	11.3	21.2	17.9	35.8	2.0	7.6	1.5	6.2
Reevo	10.0	17.9	2.8	5.1	0.3	0.9	0.2	0.6
TPS	7.8	16.8	15.4	17.7	1.2	3.0	0.6	2.0
Ilpra	11.1	16.8	15.3	20.3	1.7	3.4	1.3	3.3
Maps Group	0.7	16.6	7.0	10.1	0.1	1.7	0.5	1.7
Almawave	13.0	16.2	12.3	14.8	1.6	2.4	0.3	1.4
Edilizia Acrobatica	2.4	15.0	18.7	36.8	0.4	5.5	0.0	1.6
Tecma Solution	12.4	14.7	4.9	7.6	0.6	1.1	0.5	0.8
Digital360	12.6	14.2	12.7	16.2	1.6	2.3	1.1	1.4

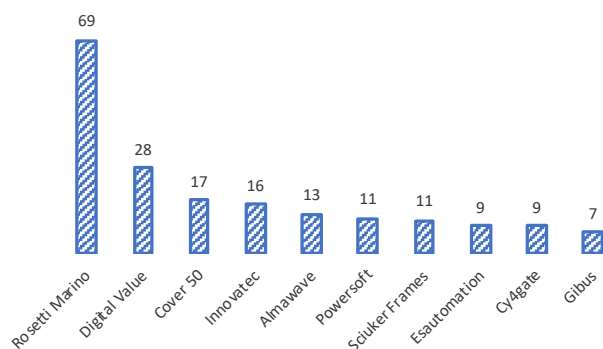
Source: Value Track Analysis

1H21 – Stocks by financial leverage and free-cash flow generation

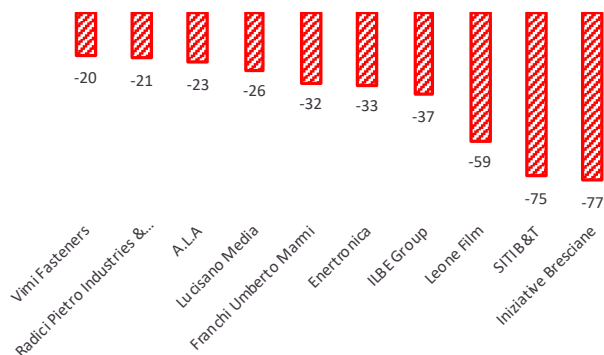
Iniziativa Bresciane highlights the largest Net Debt position at ca. €77mn, followed by *Siti B&T* at ca. €75mn and *Leone Film Group* at ca. €59mn. On the other side, *Rosetti Marino* is the company with the highest Net Cash position. We highlight that the *Radici Pietro Industries*, *Enertronica* and *Siti B&T* are the top 3 firms for NET DEBT/EBITDA respectively equal to 12.9x, 10.9x, 9.8x (conventionally assuming FY21 EBITDA equal 2 times 1H21 EBITDA).

Top 10 companies for cash and debt position

Stocks with highest net cash (1H21, €mn)



Stocks with highest net debt (FY21, €mn)



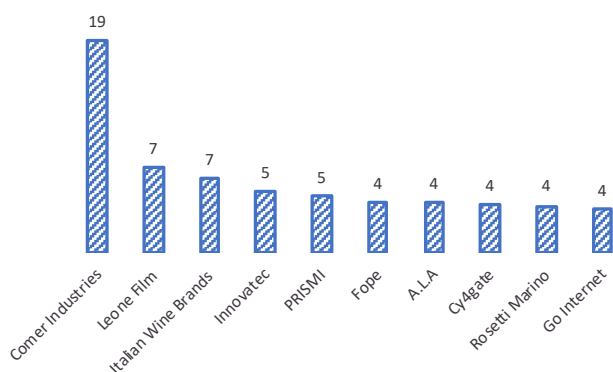
Source: Value Track analysis on companies' data. FY20 positions

Lastly, we identify those stocks that experienced positive and negative FCF in the first half of the year. In order to give a more realistic picture, we are not including proceeds coming from IPO or seasoned equity offerings. Conversely, we reckon that data can be affected by dividend payments, M&A transactions and/or major capex plans.

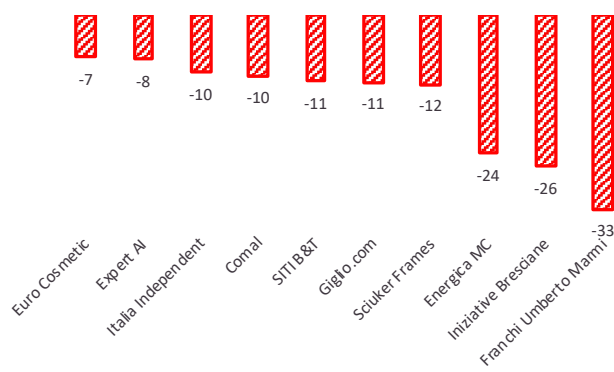
Having said that, we believe it is worthy to mention the sound FCF generation achieved in particular by *Comer Industries*, equal to €18.5mn.

Stocks with highest and lowest FCF generation

Stocks with highest FCF (1H21, €mn)



Stocks with lowest FCF (1H21, €mn)



Source: Value Track analysis on companies' data. FY20 positions

Valuation analysis

Currently, Euronext Growth Milan is trading at median 1.1x EV/Sales, 7.0x EV/EBITDA and 15.5x P/E on 2022E, (7.3x EV/EBITDA and 18.2x P/E 2021E if we consider aggregate figures) with a high dispersion of multiples by sector, by size and across various stocks. Technology and Telecommunication are the most expensive sectors of the market, currently at 13.4x-13.7x EV/EBITDA and 30.5x-29.5x P/E respectively based on 2021E market consensus. On the opposite side, Media sector is trading at undemanding multiples, 5.5x EV/EBITDA and 10.8x P/E 2021E. Interestingly, there's a positive correlation between market valuation and growth rates while we do not envisage a particular correlation with profitability ratios.

As far as single names are concerned, we are pleased that many of the stocks that we included in our top pick list one year ago (especially the "value" plays) have outperformed the FTSE Italia Growth Index.

Running once again our top pick selection exercise dedicated to value and growth investors respectively, and filtering among the companies that provided the best 1H21 economic and financial results, returns the following:

"Top Value" plays: Innovatec, Maps Group, Notorious Picture, Portobello, Sciuker Frames.

"Top Growth" plays: Almwave, Compagnia dei Caraibi, Digital360, Officina Stellare, Portobello (again), Reevo, Tecma Solutions.

EGM currently trading at 1.1x EV/Sales, 7.0x EV/EBITDA and 15.5x P/E 2022E

Based on our dataset of 152 stocks (out of 155 listed as of the end of October), we calculate that EGM is trading at ca. 9.3x-7.0x EV/EBITDA and 19.0x-15.5x P/E, based on 2021-22E median values, or 9.0x-7.3x EV/EBITDA and 28.5x-18.2x P/E 2021-22E if we consider aggregate figures, which suggest some dispersion of multiples among stocks.

The picture remains almost unchanged if compared to median values, but for EV/Sales if we: i) take into consideration simple averages (that is to say the average across sectors), ii) exclude loss making companies, and iii) filter data by usual covenants to exclude outliers and get more robust results.

Euronext Growth Milan: Market trading multiples

Prices as of the end of Oct	EV/Sales (x)			EV/EBITDA (x)			P/E (x)		
	2020A	2021E	2022E	2020A	2021E	2022E	2020A	2021E	2022E
EGM									
Aggregate	1.8	1.4	1.2	13.7	9.0	7.3	>100	28.5	18.2
Median	1.9	1.5	1.1	12.2	9.3	7.0	26.1	19.0	15.5
Average	2.5	2.0	1.5	14.0	10.7	8.9	26.4	21.7	17.4

Source: ValueTrack analysis on market consensus

Technology and Telco trading at premium vs. market average

The above-mentioned multiples, however, differ quite materially across sectors: *Technology* and *Telecommunication* are the most expensive sectors of the market, currently at 13.4x-13.7x EV/EBITDA and 30.5x-29.5x P/E respectively based on 2021E market consensus. On the opposite side, *Media* sector is trading at undemanding multiples, i.e. 5.5x EV/EBITDA and 10.8x P/E 2021E.

If we look at more traditional market sectors, we spot that both *Industrial* and *Consumer Goods* have experienced a remarkable rerating over the latest year, thus currently trading at 2-digit EV/EBITDA on 2021E. More, companies classified as financials are currently trading at undemanding valuation, that is 11.9x P/E 2021E, quite below the overall market average.

A similar dispersion arises also if we look at the sector EV/Sales value maps. Interestingly, there's a **positive correlation in EV/Sales vs. Sales Growth and EV/Sales vs. Efficiency Ratio** (i.e. the sum of Sales Growth rate plus EBITDA Margin).

We did not envisage a particular correlation between market valuation and profitability ratios, i.e. EV/EBITDA vs EBITDA Margin,

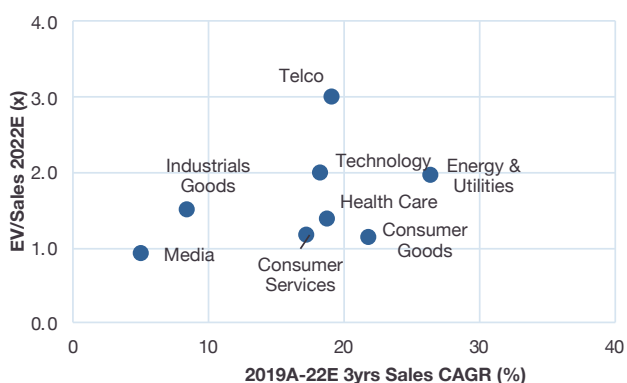
Euronext Growth Milan: market trading multiples by sector

Prices as of the end of Oct		EV/Sales (x)			EV/EBITDA (x)			P/E (x)		
Sector	#	2020A	2021E	2022E	2020A	2021E	2022E	2020A	2021E	2022E
Energy & Utilities	12	3.6	2.4	2.0	11.9	10.4	7.2	23.0	19.5	11.9
Telco	5	4.0	3.5	3.0	19.0	13.7	9.8	43.1	29.5	28.2
Health Care	9	2.4	1.9	1.4	12.4	7.8	10.3	24.9	24.1	16.5
Technology	29	3.1	2.7	2.0	17.3	13.4	9.1	33.6	30.5	23.1
Media	17	2.2	1.1	0.9	8.2	5.5	3.1	17.4	10.8	9.9
Consumer Goods	24	1.9	1.5	1.1	15.0	12.2	13.2	29.2	20.7	19.9
Consumer Services	12	2.7	2.3	1.2	17.5	10.9	11.6	25.5	17.8	14.9
Industrials Goods	27	2.0	1.8	1.5	12.9	11.0	7.6	22.6	21.4	17.0
Financials	17	--	--	--	--	--	--	18.5	14.4	11.9
Total EGM	152	2.5	2.0	1.5	14.0	10.7	8.9	26.4	21.7	17.4

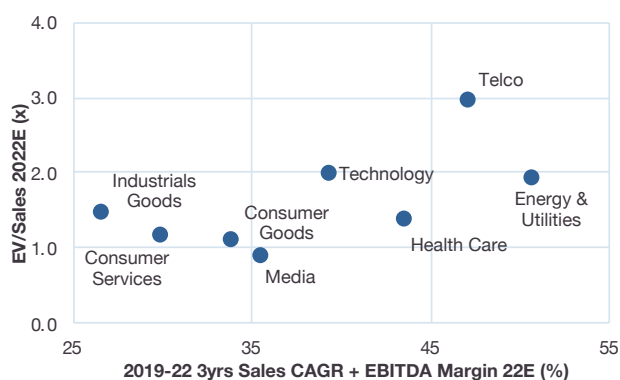
Source: ValueTrack analysis on market consensus

Valuation Value maps – EV/Sales vs. Sales Growth and Efficiency Ratio (Sales Growth + EBITDA Margin)

EV/Sales vs. Sales Growth



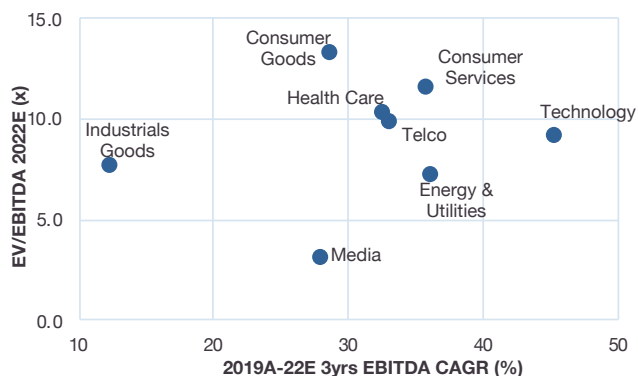
EV/Sales vs. Efficiency ratio



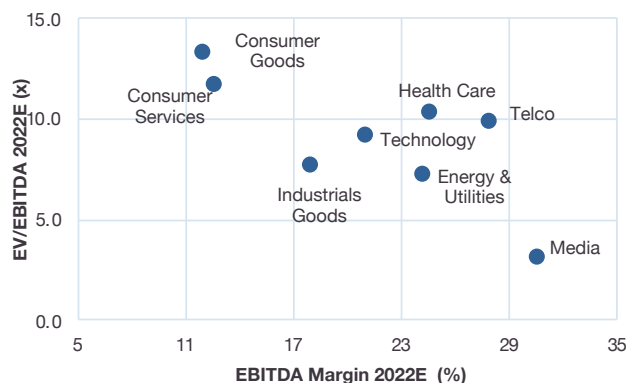
Source: ValueTrack analysis on market consensus

Valuation Value maps – EV/EBITDA vs. EBITDA Growth and EBITDA Margin

EV/Sales vs. EBITDA Growth



EV/Sales vs. EBITDA Margin



Source: ValueTrack analysis on market consensus

Micro caps trade at discount vs. large ones

If we focus on market capitalization size, rather than sector, we see instead a positive correlation between size and relative valuations, but it's difficult to assess if it is size to lead to higher multiples or vice versa, driven by growth rates. More in details:

- ◆ Large caps (Market Cap above €100mn) are trading at 12.6x EV/EBITDA and 19.6x P/E 2022E, and boast higher liquidity;
- ◆ By the way, we spot three stocks (*ILBE Group, Sciuker Frames and Net Insurance*), currently boasting a capitalization above €100mn and showing a P/E below the 10x threshold;
- ◆ Companies displaying a Market Cap within the €50-€100mn range are currently trading at similar market multiples vs. large caps;
- ◆ On the contrary, small caps (Market Cap below €50mn), are trading on average at 8.1x EV/EBITDA 2022E, which in turn translate into a ca. 35-40% discount if compared to large ones.

Euronext Growth Milan: market trading multiples by Market Cap size

Prices as of the end of Oct		EV/Sales (x)			EV/EBITDA (x)			P/E (x)		
Sector	#	2020A	2021E	2022E	2020A	2021E	2022E	2020A	2021E	2022E
below 20	49	2.4	2.0	1.4	12.9	11.8	8.4	25.7	18.7	13.5
within 20 & 50	47	2.2	1.8	1.4	11.8	8.5	8.6	25.2	18.8	17.4
within 50 & 100	31	3.5	2.7	2.0	16.4	13.3	10.3	27.0	24.9	19.6
above 100	25	3.0	2.7	2.2	16.2	12.6	10.8	26.0	25.8	19.6
Total EGM	152	2.5	2.0	1.5	14.0	10.7	8.9	26.4	21.7	17.4

Source: ValueTrack analysis on market consensus

What about our *value stocks* performance over the last year?...

In our first “stock guide” (end of May’20) we identified #18 best value stocks which in our opinion were **deeply undervalued**, and somehow well-equipped to contain negative implications linked to Covid-19 outbreak. Our selection was based on a two-step process:

1. Focus on those stocks with the cheapest market multiples (i.e. trading below either 1x EV/Sales, 6x EV/EBITDA, 10x P/E);
2. Focus on resilient companies, those compliant with a certain business resiliency and robustness.

In order to follow up on that analysis and verify how ValueTrack selected companies have performed so far, we display in the table below their relative valuations and the 1-year share price performance. We do not include anymore four stocks that either moved to the main market segment or were delisted. In summary, we highlight:

- ◆ **Almost all stocks outperformed the FTSE Italia Growth Index**, with only two stocks (*ILBE Group and Poligrafici Printing*) growing less than the overall index. On average, such panel of companies reported a positive performance (+120%), compared to 77% experienced by the index;
- ◆ **Most of these top value stocks have undergone some multiple rerating** so far, but for a few exceptions.

Euronext Growth Milan – VT “value” stocks’ current valuation vs. May’20

Company	Market Multiples as of May’20				Current Market Multiples (Oct ’21)				
	EV/Sales	EV/EBITDA	EV/EBIT	P/E	EV/Sales	EV/EBITDA	EV/EBIT	P/E	1 yr (%)
ILBE Group	1.0	1.2	6.4	6.9	0.9	1.1	6.0	6.3	22.0
Portobello	1.2	5.5	6.2	0.8	1.7	10.7	13.3	18.8	232.6
Italian Wine Brands	1.0	8.4	10.9	16.3	1.6	13.7	16.9	21.8	135.8
Digital Value	0.8	7.8	10.5	17.7	1.4	13.3	18.0	28.6	175.5
Gismondi	1.3	8.1	10.6	16.8	1.5	9.4	12.2	22.1	72.5
Gibus	1.4	8.7	11.3	13.8	1.1	5.8	7.0	9.4	270.5
Comer Industries	0.8	6.2	9.4	14.7	0.9	7.6	11.1	17.9	232.7
Esautomation	1.5	6.6	9.8	17.2	2.1	7.6	10.1	16.5	164.0
Poligrafici Printing (*)	-	-	-	-	0.5	2.1	4.4	6.1	9.1
Fervi	0.9	6.0	7.4	12.0	1.2	8.0	9.9	15.2	55.0
Digitouch	0.4	2.7	10.0	22.4	0.6	4.1	19.0	38.9	64.7
TPS	0.8	4.2	6.3	11.6	1.0	5.0	6.8	12.0	83.3
Fope	1.5	8.8	12.9	18.8	2.1	13.6	20.0	30.3	83.2
Innovatec (*)	-	-	-	-	0.6	2.8	4.7	8.8	105.4

Source: ValueTrack analysis on market consensus (*) ValueTrack estimates

...and what about our growth stocks?

Always in May 2020, **we also picked #22 stocks which had shown a steady growth**. The main driver of our selection was based on turnover growth (regardless if it was entirely organic or partially due to M&A), since it remains in our view the most used metric for investors screening EGM listed companies – mostly made by start-up and scale-up companies – and it often represents a proxy for future earning streams and long-term free cash flow.

Again, to provide a follow up to our stock selection analysis, in the table below we display relative valuations and 1-year share price performances. Our key messages are:

- ◆ **Stocks kept growing also in 1H21**, with y/y turnover average growth at 39%, thus outperforming the overall market;
- ◆ **Growth does not imply margins dilution** – they also experienced a sound increase in profitability, with cumulated EBITDA and EBIT growing more than proportionally to turnover growth;
- ◆ **On average 1yr performance was close to 83%**, once again outperforming the FTSE Italia Growth Index.

Euronext Growth Milan – VT “growth” stocks’ current valuation vs. May’20

Company	Market Multiples as of May'20				Current Market Multiples (Oct '21)				
	EV/Sales	EV/EBITDA	EV/EBIT	P/E	EV/Sales	EV/EBITDA	EV/EBIT	P/E	1 yr (%)
ILBE Group	1.0	1.2	6.4	6.9	0.9	1.1	6.0	6.3	22.0
Confinvest	-	-	-	-	0.4	7.3	7.7	10.0	-22.4
Neosperience	2.1	8.9	40.7	99.4	2.8	9.9	44.8	>50	29.9
Culti Milano	0.8	3.6	10.3	21.6	2.1	10.0	12.7	19.4	189.2
Finlogic	1.0	6.5	10.5	16.4	1.0	6.3	9.6	14.6	9.4
Digital Value	0.8	7.8	10.5	17.7	1.4	13.3	18.0	28.6	175.5
Portobello	1.2	5.5	6.2	0.8	1.7	10.7	13.3	18.8	232.6
Renergetica	2.7	5.7	6.4	6.9	3.8	9.2	10.3	13.0	30.7
Intred	5.7	14.1	22.5	29.1	7.0	17.3	27.7	38.6	101.8
Growens	0.8	11.3	40.1	63.2	0.9	11.9	43.6	>50	0.9
Cyberoo	3.9	12.8	51.3	55.3	5.3	16.3	32.0	>50	90.1
Relatech	2.8	10.9	15.0	27.2	2.8	12.0	16.2	20.9	41.8
Edilizia Acrobatica	1.0	8.6	11.6	17.6	1.9	10.1	12.5	37.5	258.0
TPS	0.8	4.2	6.3	11.6	1.0	5.0	6.8	12.0	83.3
Officina Stellare	5.8	20.3	43.4	51.9	8.3	28.6	>50	>50	97.0
Fervi	0.9	6.0	7.4	12.0	1.2	8.0	9.9	15.2	55.0
Kolinpharma	1.3	6.0	12.4	19.4	1.6	7.1	14.8	23.4	22.6

Source: ValueTrack analysis on market consensus (*) ValueTrack estimates

Updated top picks for value and growth investors

As already seen in the first section of the report, EGM is reaching a new dimension, with >150 listed companies, number of trades steadily growing and YTD performance at 54%, highlighting investors' higher appetite for the Italian small caps listed on this segment.

Anyway, despite the recent market rerating, we believe that a bottom-up view on EGM stock market – as already done in our previous stock guides – may provide additional and useful insights, as we can find several stocks boasting an appealing risk-return profile.

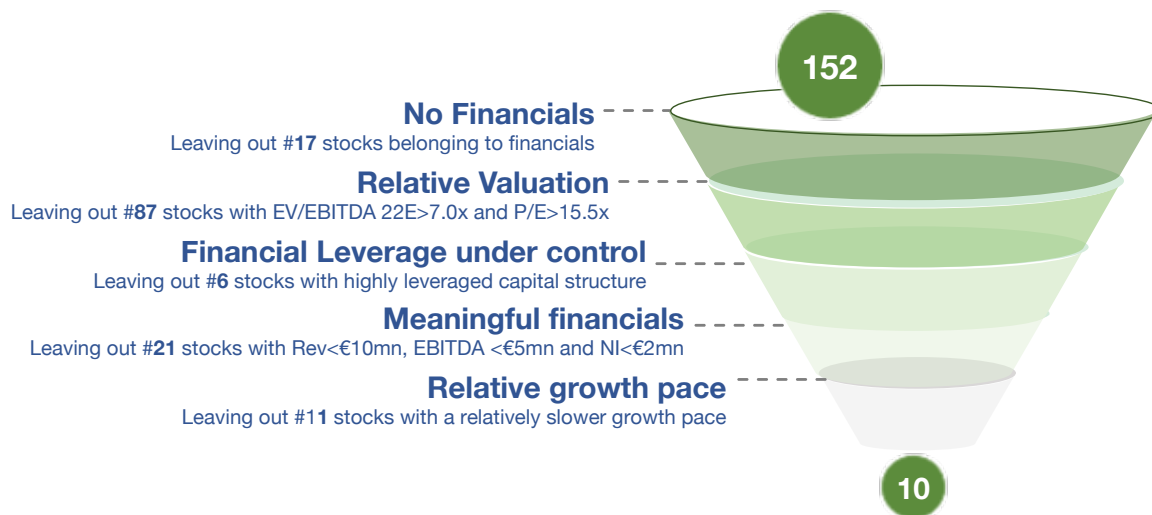
Best “value” stocks by VT

We move from the #152 stocks listed as of the end of October (excluding those currently suspended) and apply filters based on:

- ◆ relative valuation;
- ◆ degree of financial leverage;
- ◆ size of key financials;
- ◆ and lastly, we pick those featured by a faster-growth profile.

Worthy of notice, in this simulation we are not considering other stock market factors such as liquidity turnover, free float, as well as we are not considering the availability of further financial instruments such as warrants or bonus shares, which can make trading multiples a biased proxy for current valuation.

Value maps – VT “value” stocks selection



Source: ValueTrack analysis on companies' data.

Hence, as also shown in the above funnel, we identify #10 “best value” stocks which met our parameters. In alphabetical order: **A.L.A., Comal, Finlogic, ICF - Ind. Chim. Forestali, Innovatec, Maps Group, Notorius Pictures, Portobello, Sciuker Frames, Sebino.**

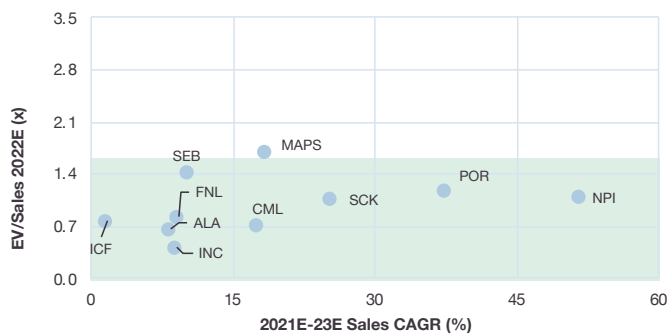
Euronext Growth Milan – VT “value” stocks’

Company	Key financials 2022E				Current Market Multiples 2022E				
	Sales	EBITDA	EBIT	NP	EV/Sales	EV/EBITDA	EV/EBIT	P/E	Market Cap
A.L.A.	148.0	15.1	12.2	7.1	0.7	6.5	8.0	13.8	98.4
Comal	54.6	6.2	5.3	3.4	0.7	6.1	7.1	9.6	32.5
Finlogic	54.4	8.5	5.7	3.6	0.8	5.3	7.9	13.1	47.0
Ind. Chim. Forestali	75.4	10.3	7.9	5.3	0.8	5.8	10.3	9.1	46.5
Innovatec (*)	132.0	27.1	17.1	11.9	0.4	2.0	3.2	7.2	85.4
Maps Group	27.7	7.0	4.0	2.8	1.7	6.7	11.7	15.5	44.9
Notorius Pictures	57.4	17.2	6.7	5.4	1.1	3.6	9.4	8.9	47.5
Portobello	125.0	21.7	18.7	12.8	1.2	6.8	7.9	10.9	138.9
Sciuker Frames	118.0	38.5	31.2	17.1	1.1	3.3	4.0	9.2	158.1
Sebino	62.1	13.4	12.3	9.0	1.4	6.6	7.2	10.7	96.8

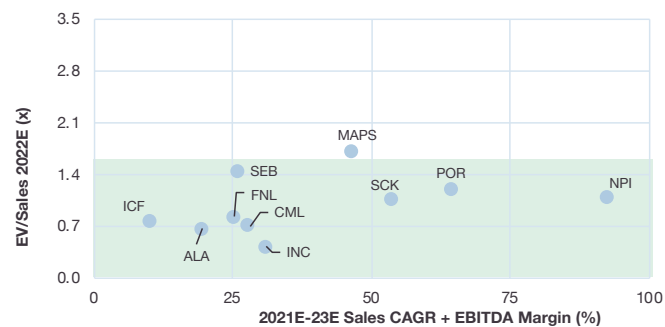
Source: ValueTrack analysis on market consensus (*) ValueTrack estimates

Value maps – VT “value” stocks: Valuation vs. growth and margin

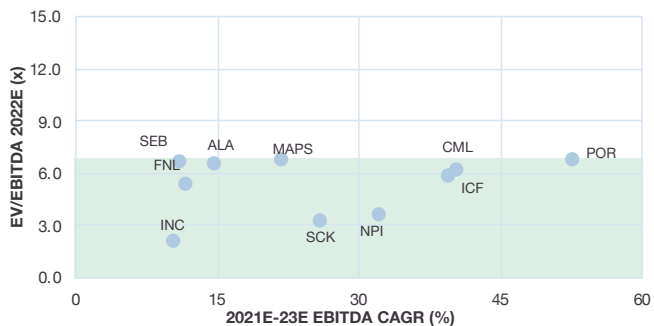
EV/Sales vs Sales Growth



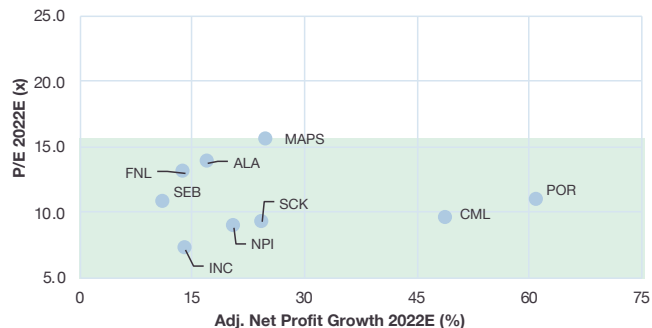
EV/Sales vs (Sales Growth + EBITDA Margin)



EV/EBITDA vs EBITDA Growth



P/E vs Adj. Net Profit Growth

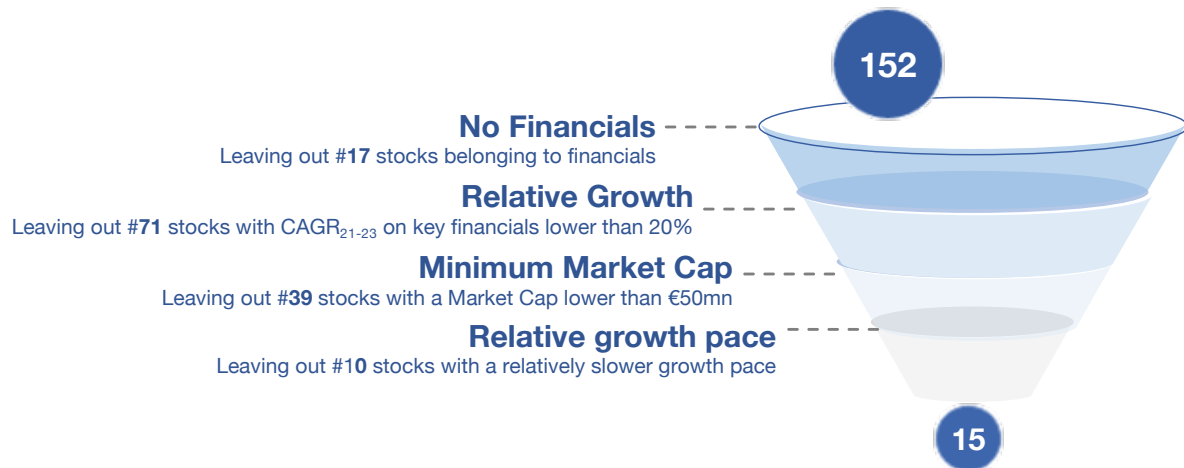


Source: ValueTrack analysis on companies' data.

Best EGM “growth” stocks by VT

We focus exclusively on those stocks’ boasting a Market Cap above the €50mn threshold and above average growth performances at different levels of P&L in the 2021E-23E periods. Selected stocks are (in alphabetical order): **Almawave, Aton Green Storage, Compagnia dei Caraibi, Cy4gate, Cyberoo, Digital Value, Digital360, Eles, Farmaè Group, Officina Stellare, Osai Automation, Portobello, Reevo, Tecma Solutions, Vantea Smart.**

Value maps – VT “growth” stocks selection



Source: ValueTrack analysis on companies' data.

Euronext Growth Milan – VT “growth” stocks’

Company	Key financials 2022E (€mn)				2021E-2023E CAGR (%)				
	Sales	EBITDA	EBIT	NP	Sales	EBITDA	EBIT	NP	Market Cap
Comp. dei Caraibi	43.6	4.6	4.2	2.7	27%	37%	37%	38%	54.0
Almawave	42.0	10.1	6.2	4.3	25%	25%	25%	32%	132.6
Aton Green Storage	24.8	5.5	4.3	2.9	28%	40%	44%	48%	57.8
Cy4gate	27.2	11.0	6.9	5.2	30%	29%	33%	31%	186.3
Cyberoo	18.0	8.2	5.6	3.8	67%	214%	nm*	nm*	73.0
Digital Value	650.7	69.2	51.9	35.6	20%	24%	32%	33%	887.3
Digital360	48.4	9.2	6.1	5.0	28%	27%	45%	37%	93.7
Eles	29.8	6.6	3.8	2.5	23%	32%	40%	47%	56.2
Farmaè Group	168.0	6.4	3.9	0.6	50%	62%	100%	nm*	222.5
Officina Stellare	14.3	5.0	3.0	2.3	35%	37%	58%	52%	80.1
Osai Automation	46.4	6.5	3.9	2.8	20%	35%	50%	62%	74.5
Portobello	125.0	21.7	18.7	12.8	37%	53%	61%	60%	138.9
Reevo	17.7	4.6	3.3	2.3	30%	48%	55%	57%	70.8
Tecma Solutions	20.9	4.5	2.6	2.7	64%	71%	152%	73%	63.0
Vantea Smart	51.3	10.6	7.9	5.5	55%	118%	147%	147%	99.1

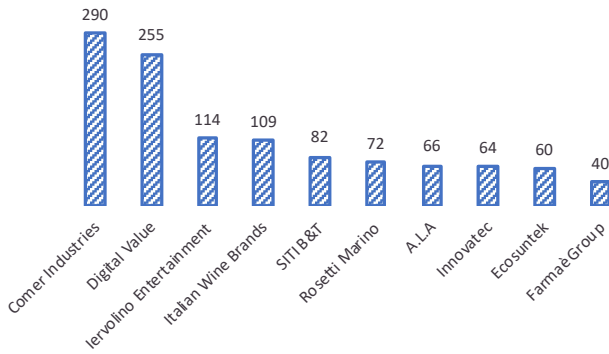
Source: ValueTrack analysis on market consensus (*) negative figure in 2021E

Appendix: 1H21 results company by company

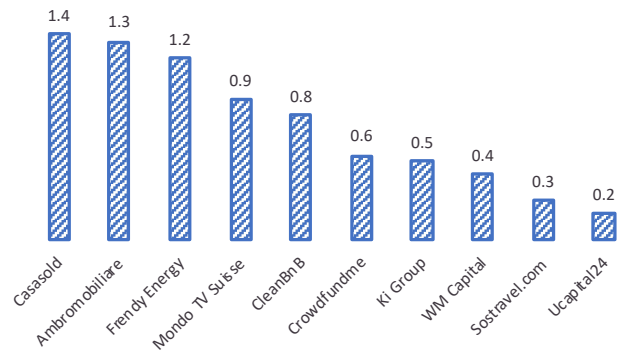
Companies ranked by size (1H21)

Top / bottom companies in terms of P&L figures (€mn)

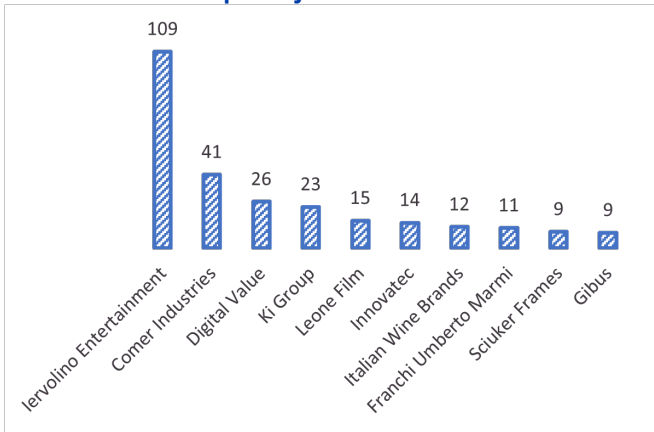
Top 10 by Revenues 1H21



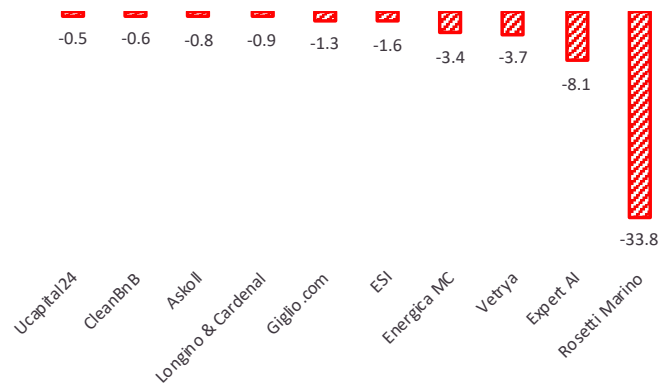
Bottom 10 by Revenues 1H21



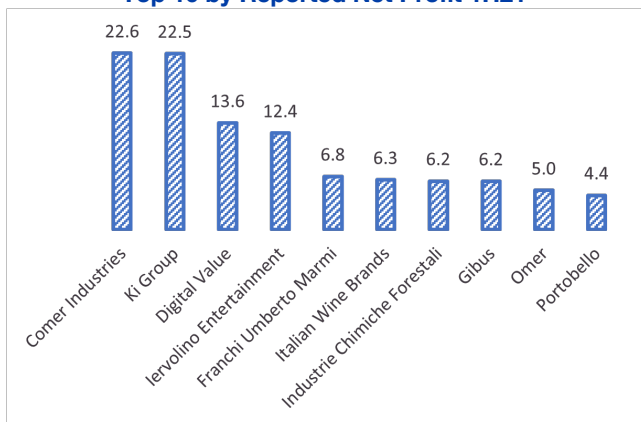
Top 10 by EBITDA 1H21



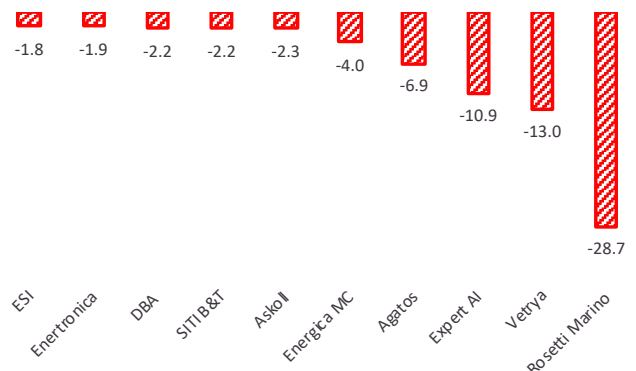
Bottom 10 by EBITDA 1H21



Top 10 by Reported Net Profit 1H21



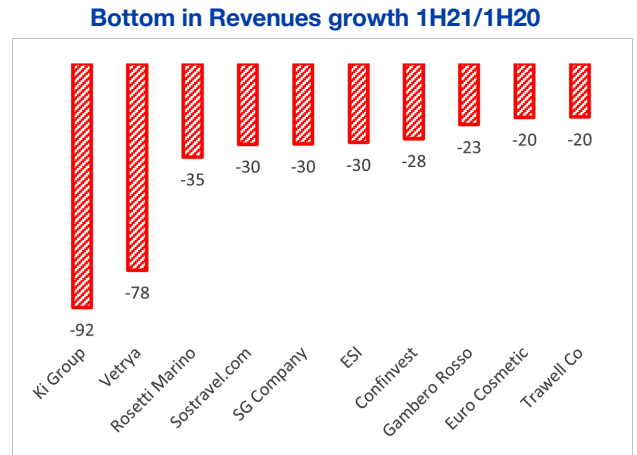
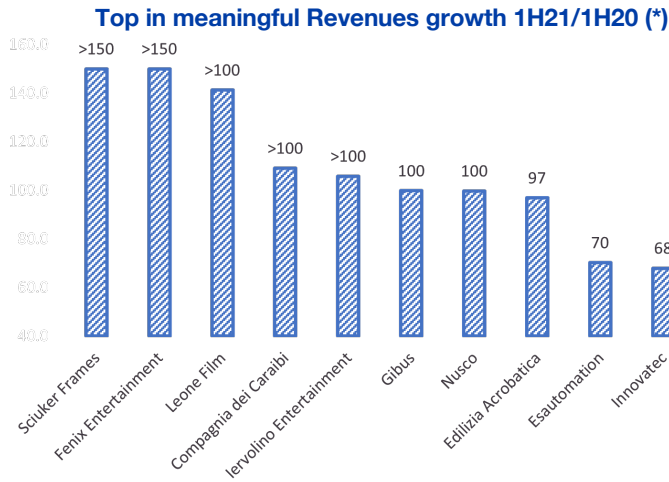
Bottom 10 by Reported Net Profit 1H21



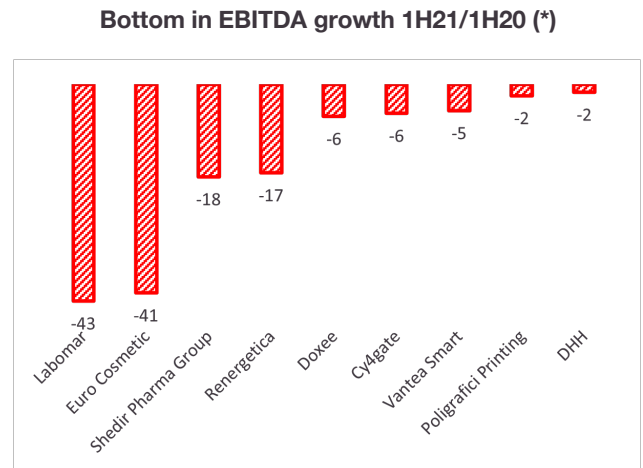
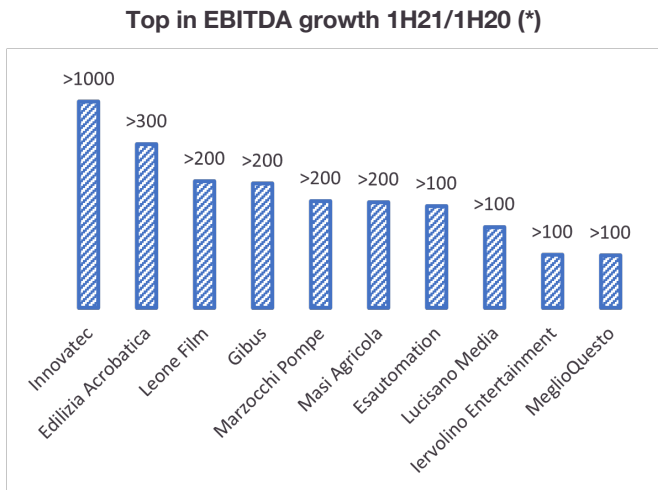
Source: ValueTrack analysis on companies' data.

Companies ranked by growth (1H21)

Top companies in terms of P&L figures growth 1H21/1H20 (% , y/y)

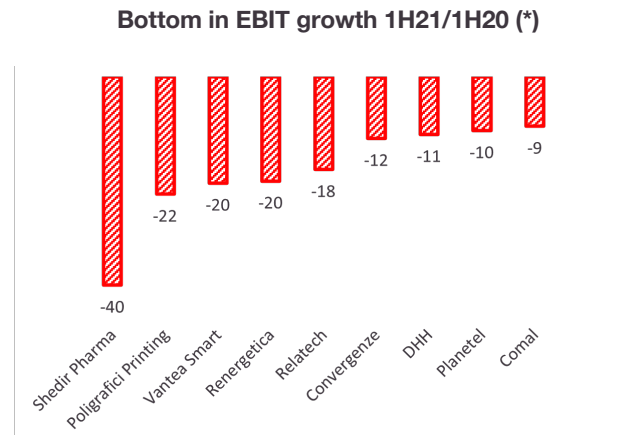
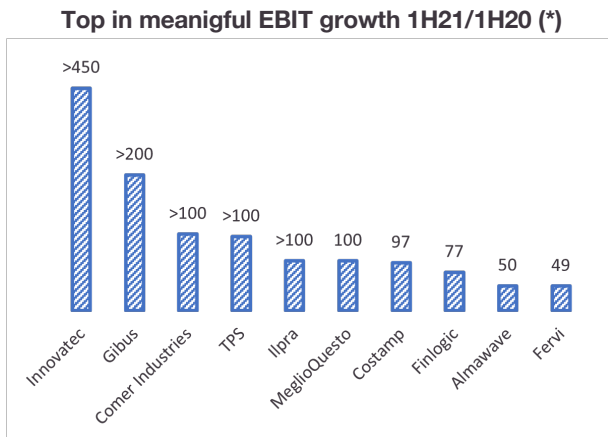


(*) Revenues above €2mn in 1H20 and 1H21



(*) EBITDA above €1mn in 1H20 and 1H21

(*) EBITDA above €1mn in 1H20 and 1H21



(*) EBIT above €0.75mn in 1H20 and 1H21

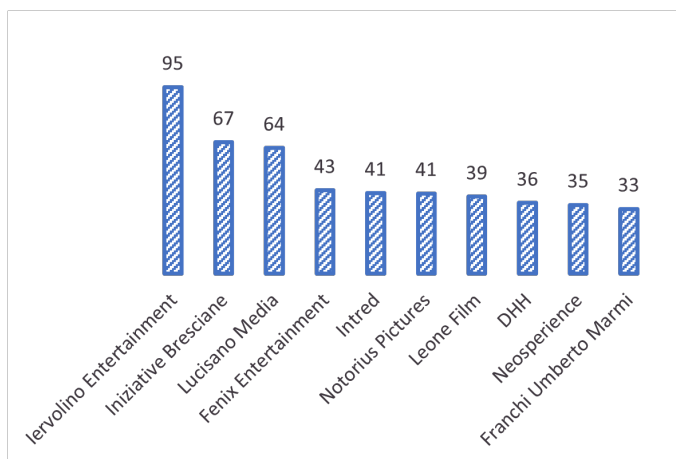
(*) EBIT above €0.5mn in 1H20

Source: ValueTrack Analysis on companies' data.

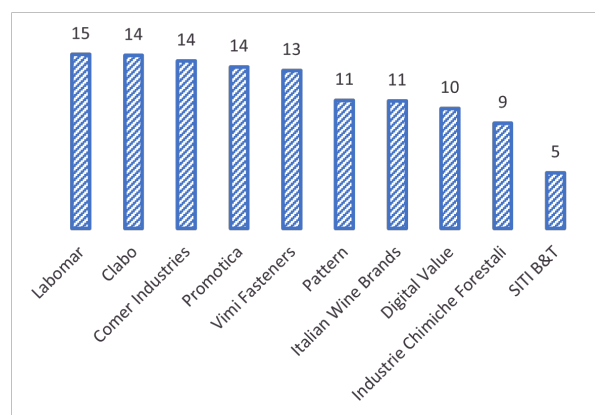
Companies ranked by profitability (1H20)

Top / Bottom companies in terms of profitability ratios

Top 10 for meaningful % EBITDA margin 1H21 (*)



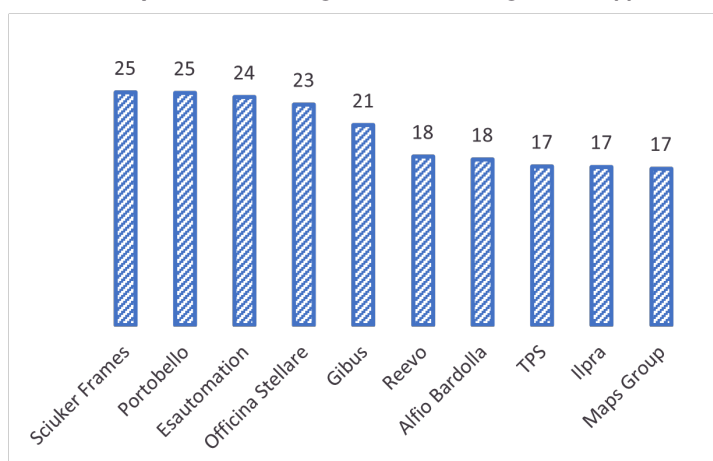
Bottom 10 for meaningful % EBITDA margin 1H21 (*)



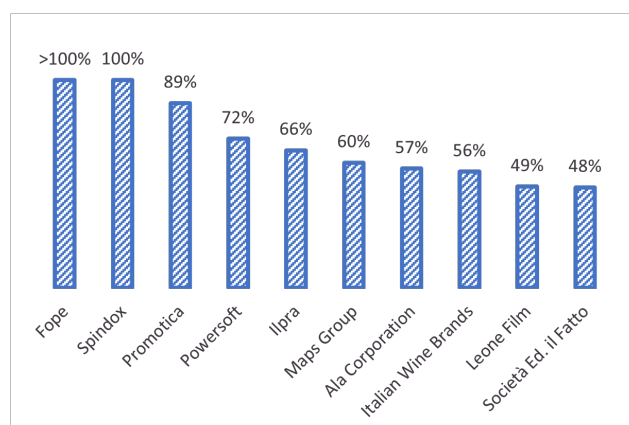
(*) EBITDA1H21 above €2mn

(*) EBITDA1H21 above €2mn

Top 10 for meaningful % EBIT margin 1H21 (*)



Top 10 for meaningful FCF/EBITDA 1H21 (*)



(*) Positive revenue growth y/y

(*) EBITDA 1H20 above €2mn; FCF net of IPO proceeds and after dividends

Source: ValueTrack Analysis on companies' data. Analysis excludes outliers

Companies clustered by top line growth (#131 stocks*)

Revenues growth rates 1H21 vs 1H20 (%)

POSITIVE (#110 stocks) - NEGATIVE (#20 stocks)					
y/y	Company name	y/y	Company name	y/y	Company name
>100	Sciuker Frames	44	Fope	13	Planetel
>100	Fenix Entertainment	43	Alfio Bardolla	13	Rad. Pietro Ind. & Brands
>100	NVP	43	Circle	12	Arterra Bioscience
>100	Mondo TV France	42	Comal	12	Italian Wine Brands
>100	Italia Independent	40	Tenax International	11	Expert AI
>100	Telesia	38	Fervi	9	Powersoft
>100	Askoll	35	PRISMI	8	DHH
>100	Acquazzura	35	Masi Agricola	7	Costamp
>100	Leone Film	34	Monnalisa	6	Growens
>100	Vantea Smart	34	Trendevice	6	DBA
>100	Notorius Pictures	34	Relatech	6	Poligrafici Printing
>100	Casasold	33	Ulisse BioMed	4	Cover 50
>100	Kolinpharma	33	Mondo TV Suisse	2	Società Ed. il Fatto
>100	Compagnia dei Caraibi	33	Igeamed	0	Neurosoft
>100	ILBE Group	33	Ilpra	-0	ABP Nocivelli
>100	Culti Milano	31	Matica Fintech	-0	Frendy Energy
>100	Gibus	31	Gel	-1	Shedir Pharma Group
>100	Nusco	31	Health Italia	-2	Ucapital24
99	Portale Sardegna	31	Industrie Chimiche Forestali	-3	Visibilia Editore
97	Edilizia Acrobatica	29	Franchi Umberto Marmi	-4	Softec
88	Enertronica	28	Sebino	-5	Renenergetica
86	Bfc Media	28	Farmaè Group	-7	Ala Corporation
85	Jonix	28	Marzocchi Pompe	-8	Labomar
80	Reevo	28	Digital360	-13	Fabilia
72	SITI B&T	27	Pattern	-20	ILLA
70	Esautomation	27	Officina Stellare	-20	Trawell Co
70	Aton Green Storage	26	Longino & Cardenal	-20	Euro Cosmetic
68	MeglioQuesto	26	Friulchem	-23	Gambero Rosso
68	Innovatec	25	Agatos	-28	Confinvest
62	Intred	25	Cy4gate	-30	ESI
60	Giglio.com	24	Cyberoo	-30	SG Company
58	Grifal	23	Neosperience	-30	Sostravel.com
58	Gismondi	22	Convergenze	-35	Rosetti Marino
57	FOS Group	22	Finlogic	-78	Vetrya
56	Websolute	22	Digital Value	-92	Ki Group
56	Unidata	21	Spindex		
56	Tecma Solutions	21	CleanBnB		
56	Lucisano Media	20	Almawave		
55	Id-entity	20	Vimi Fasteners		
54	Casta Diva Group	19	Iniziative Bresciane		
53	Energica MC	18	Reti		
51	Comer Industries	18	Doxee		
49	Clabo	17	ELES		
48	Gabetti Short Rent	16	Portobello		
46	Sourcesense	15	Digitouch		
46	Ecosuntek	15	TPS		
45	Maps Group	15	G. Fedon		
45	Go Internet	14	Osai Autoamtion System		

Source: Value Track Analysis on companies' data (*) 1H20 figure not available for two companies: Omer and Promotica

Companies clustered by bottom line growth (#133 stocks)

Earnings growth rates 1H21 vs 1H20 (%)

POSITIVE (#60 stocks) - NEGATIVE (#17 stocks)				nm (*) (#56 stocks)					
y/y	Company name	y/y	Company name	1H20>0	1H21>0	Company name	1H20>0	1H21>0	Company name
>100	Fope	38	Intred	✓	✗	Confinvest	✗	✗	Agatos
>100	Mondo TV France	35	Digital Value	✓	✗	Cyberoo	✗	✗	Go Internet
>100	Maps Group	34	FOS Group	✓	✗	Igeamed	✗	✗	Energica MC
>100	Sciuker Frames	33	ILBE Group	✓	✗	Osai Aut. System	✗	✗	Vetrya
>100	Edilizia Acrobatica	28	Reti	✓	✗	Trendevice	✗	✗	ILLA
>100	Tenax International	23	Ecosuntek	✗	✓	PRISMI	✗	✗	Fabilia
>100	Websolute	21	Unidata	✗	✓	Ki Group	✗	✗	Acquazzura
>100	Gismondi	21	Digitouch	✗	✓	Leone Film	✗	✗	ESI
>100	Innovatec	17	Iniziativa Bresciane	✗	✓	Notorius Pictures	✗	✗	Gabetti Short Rent
>100	Esautomation	16	Italian Wine Brands	✗	✓	G. Fedon	✗	✗	SG Company
>100	Lucisano Media	12	Ala Corporation	✗	✓	Clabo	✗	✗	Giglio.com
>100	Circle	10	ABP Nocivelli	✗	✓	Masi Agricola	✗	✗	Ulisse BioMed
>100	Società Ed. il Fatto	10	Sebino	✗	✓	Telesia			
>100	Gibus	6	Franchi Umberto	✗	✓	Kolinpharma			
>100	Gel	6	Frendy Energy	✗	✓	Vimi Fasteners			
>100	Health Italia	4	Jonix	✗	✓	Marzocchi Pom.			
>100	Fenix Entertainment	-4	Arterra Bioscience	✗	✓	Friulchem			
>100	Reevo	-9	Growens	✗	✓	Radici Pietro			
>100	Bfc Media	-9	Comal	✗	✓	NVP			
>100	Officina Stellare	-10	Planetel	✗	✓	Matica Fintech			
>100	Alfio Bardolla	-11	DHH	✗	✓	Aton Green St.			
>100	Comer Industries	-12	Convergenze	✗	✓	Nusco			
>100	TPS	-18	Relatech	✗	✓	Omar			
>100	Culti Milano	-20	Renenergetica	✗	✓	Promotica			
>100	Powersoft	-20	Vantea Smart	✗	✗	Neurosoft			
>100	Farmaè Group	-22	Poligrafici Printing	✗	✗	Rosetti Marino			
>100	Id-entity	-31	Casasold	✗	✗	Softec			
>100	Sourcesense	-40	Shedir Pharma Group	✗	✗	Trawell Co			
>100	Ilpra	-53	Doxee	✗	✗	Expert AI			
>100	MeglioQuesto	-54	Euro Cosmetic	✗	✗	Gambero Rosso			
97	Costamp	-58	Labomar	✗	✗	SITI B&T			
84	Tecma Solutions	-64	Mondo TV Suisse	✗	✗	Portale Sardegna			
83	Neosperience	-74	Cy4gate	✗	✗	Grifal			
77	Finlogic			✗	✗	Longino & Card.			
60	ELES			✗	✗	Askoll			
50	Almawave			✗	✗	Monnalisa			
50	Compagnia dei Car.			✗	✗	Sostravel.com			
49	Fervi			✗	✗	CleanBnB			
48	Cover 50			✗	✗	Casta Diva G.			
47	Spindox			✗	✗	Visibilia Editore			
44	Digital360			✗	✗	Ucapital24			
43	Pattern			✗	✗	DBA			
41	Portobello			✗	✗	Enertronica			
40	Ind. Chimiche Forest.			✗	✗	Italia Independent			

Source: Value Track Analysis on companies' data (*) Loss making companies in 1H21 and/or 1H20

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