

Officina Stellare

Sector: Technology



Gaining more and more commercial momentum

Marco Greco

marco.greco@value-track.com

Filippo Mazzoleni

filippo.mazzoleni@value-track.com

Officina Stellare designs, engineers and manufactures a wide range of opto-mechanic equipment (from “simple” telescopes to highly complex optical systems) to be utilized for various applications in aerospace, defense and scientific research end markets.

Brilliant 1H23 results

Officina Stellare reported brilliant 1H23 financial figures:

- ◆ **Value of Production at €8.2mn**, +36% y/y benefitting from the higher and higher commercial traction;
- ◆ **EBITDA almost doubling y/y at €2.8mn (EBITDA Margin at 34.1%**, up 10 percentage points over 1H22) thanks to the internalization of manufacturing processes in the Space Factory, and despite higher costs for external engineering services;
- ◆ **Net Debt at €6.3mn**, flat vs. €6.4mn reported end of December 2022, as the enhanced operating and net profitability was offset by Capex (we calculate ca. €1.9mn, of which €1.2mn intangible and €0.7mn tangible) and Net Working Capital absorption (ca. €0.5mn).

Ever improving commercial traction

The quality of OS know-how and value proposition is well represented by its ever-improving commercial traction. OS is involved in the most ambitious programs of Earth Observation and Quantum Communications worldwide, gaining orders in Italy (Italian Space Agency), Europe (European Space Agency), United States (qualified supplier of the US Army) and working hand in hand with prestigious multinational companies (Leonardo, Thales, Satellogic). As of end of September, the commercial pipeline totalled €164.4mn, (€30.2mn backlog and €134.2mn value of negotiations).

Forecasts fine tuning

We’re maintaining substantially unchanged our 2023E-25E forecasts, while slightly changing the mix, with a bit higher contribution from Think Quantum and Dynamic Optics. In FY2025 we forecast OS to reach Value of Production at €41.2mn, (47% CAGR_{22A-25E}), EBITDA at €11.6mn (almost 3.6x vs. 2022) and Net Cash at €2.5mn, (from €6.4mn Net Debt 2022A).

Fair Value p.s. at €16.10 (from €15.80)

OS stock underperformed the majority of its comparables and is now trading at unjustified 45% discount vs. foreign peers. We update **OS Fair Equity Value at €16.10 p/s** (€16.00 based on Fully Diluted NOSH), up from €15.80 p/s (€15.70 Fully Diluted) since peers’ multiples de-rating is more than offset by the strong performance of Officina Stellare, both in terms of financial results and commercial developments.

Market Price (€) 8.40

Fair Value p/s (€) 16.10

Fully Diluted Fair Value p/s (€) 16.00

KEY FINANCIALS (€m)	2022A	2023E	2024E
VALUE OF PRODUCTION	13.0	19.2	30.4
EBITDA	3.2	6.3	8.6
EBIT	0.8	3.5	5.4
NET PROFIT	0.5	2.7	4.0
EQUITY	14.1	16.8	20.8
NET FIN. POS.	-6.4	-5.0	-2.5
EPS ADJ. (€)	0.08	0.36	0.66
DPS (€)	0.00	0.00	0.00

Source: Officina Stellare (historical figures), Value Track (2023E-24E estimates)

RATIOS & MULTIPLES	2022A	2023E	2024E
EBITDA MARGIN (%)	24.3	33.0	28.3
EBIT MARGIN (%)	6.0	18.2	17.7
NET DEBT / EBITDA (x)	2.0	0.8	0.3
NET DEBT / EQUITY (x)	0.5	0.3	0.1
EV/SALES (x)	4.4	2.9	1.8
EV/EBITDA (x)	18.0	8.8	6.2
EV/EBIT (x)	73.0	15.9	9.9
P/E ADJ. (x)	nm	23.4	12.7

Source: Officina Stellare (historical figures), Value Track (2023E-24E estimates)

STOCK DATA

FAIR VALUE (€)	16.10 – 16.00 (*)
MARKET PRICE (€)	8.40
SHS. OUT. (m)	6.0
MARKET CAP. (€m)	50.8
FREE FLOAT (%)	22.6
AVG. -20D VOL. (#)	2,563
RIC / BBG	OS.MI / OS.IM
52 WK RANGE (€)	8.45 – 13.85

Source: Stock Market Data, (*) Fully Diluted

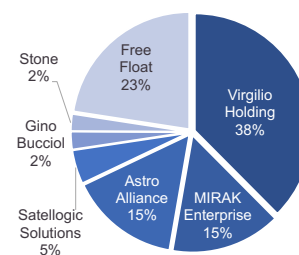


Business Description

Officina Stellare designs, engineers and manufactures a wide range of standard and complete turn-key “custom” opto-mechanic equipment to be utilized in various applications of aerospace, defense and scientific research end-markets.

In the coming years, we expect Officina Stellare to profit from the huge market opportunity represented by the so-called “New Space Economy” industry, the ecosystem represented by activities related to the merge between space and digital technologies, with most promising applications being Earth Observation, Laser Communication and Space Domain Awareness, Tracking & Ranging.

Shareholders Structure



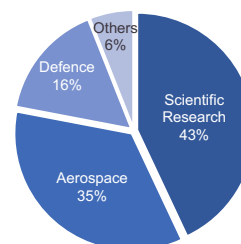
Source: Officina Stellare

Key Financials

€mn	2022A	2023E	2024E	2025E
Value of Production	13.0	19.2	30.4	41.2
y/y (%)	37.1%	47.3%	58.4%	35.5%
EBITDA	3.2	6.3	8.6	11.6
EBITDA Margin (%)	24.3%	33.0%	28.3%	28.2%
EBIT	0.8	3.5	5.4	8.1
EBIT Margin (%)	6.0%	18.2%	17.7%	19.6%
Net Profit	0.5	2.7	4.0	5.6
y/y (%)	-62.7%	nm	50.2%	39.8%
Adjusted Net Profit	0.5	2.2	4.0	5.6
y/y (%)	-62.8%	nm	84.9%	39.8%
Net Fin. Position	-6.4	-5.0	-2.5	2.5
Net Fin. Pos. / EBITDA (x)	2.0	0.8	0.3	nm
Capex	-4.9	-3.3	-2.6	-3.1
OpFCF b.t.	-1.9	2.3	3.8	7.5
OpFCF b.t. as % of EBITDA	-58.7%	36.6%	44.1%	64.7%

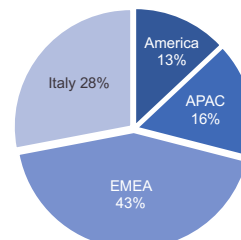
Source: Officina Stellare (historical figures), Value Track (estimates)

Revenues by End-Market



Source: Officina Stellare, FY22

Revenues by Geography



Source: Officina Stellare, FY22

Investment case

Strengths / Opportunities

- ◆ Exposure to the most promising applications of the New Space Economy;
- ◆ Scalable business model with best-in-class profitability;
- ◆ First Italian Space Factory securing end-to-end in-house value chain;
- ◆ High barriers to entry, no pure telescopes manufacture competitors.

Weaknesses / Risks

- ◆ Small size vs. more mature players of Aerospace and deep pocket SPACs;
- ◆ Capital intensive and talent intensive business, high Capex requirements need of skilled engineers to execute job orders in the Space Economy.

Stock multiples @ €16.10 Fair Value

	2023E	2024E
EV / SALES (x)	5.3	3.3
EV / EBITDA (x)	16.2	11.6
EV / EBIT (x)	29.2	18.5
EV / CAP.EMP. (x)	4.7	4.3
OpFCF Yield (%)	2.3	3.8
P / E (x)	44.9	24.3
P / BV (x)	6.0	4.8
Div. Yield. (%)	0.0	0.0

Source: Value Track

1H23 results

1H23 results once again highlight Officina Stellare sharp business development, with Revenues from Sales more than doubling y/y and profitability back at the outstanding levels of two years ago.

The efficiency improvements driven by the rollout of the “Space Factory” and the top-level technological expertise make the Group stand out as an excellence of strategic importance on the international scene, becoming a key enabler for major players, confirmed by recent industrial agreements signed with major aerospace multinationals (e.g., Leonardo, Thales Alenia Space).

Key Figures & Messages

Officina Stellare 1H23 reported financial figures came out as follows:

- ◆ **Value of Production at €8.2mn**, +36% vs. €6.0mn in 1H22;
- ◆ **EBITDA at €2.8mn** vs. €1.4mn in 1H22, i.e. almost 2x y/y;
- ◆ **EBITDA Margin at 34.1%**, up 10 percentage points over 1H22 24.1%;
- ◆ **Net Profit at €1.3mn**, over €1mn more than 1H22 €0.1mn;
- ◆ **Net Debt at €6.3mn**, flat vs. €6.4mn reported at the end of December 2022.

Officina Stellare: Key Financials 1H20-1H23

(IT GAAP, €mn)	1H20	1H21	1H22	1H23	y/y
Value of Production	3.7	4.8	6.0	8.2	36%
EBITDA	0.9	2.0	1.4	2.8	93%
<i>EBITDA Margin (%)</i>	<i>24.2%</i>	<i>41.6%</i>	<i>24.1%</i>	<i>34.1%</i>	<i>10ppt</i>
Net Profit	0.3	1.0	0.1	1.3	nm
Net Financial Position	//	//	-6.4 (*)	-6.3	nm

Source: Officina Stellare, Value Track Analysis, (*) FY22

Based on those financial results, we highlight the following key messages:

- 1. Revenues from Sales more than doubling y/y**, held back by WIP Advancements;
- 2. Profitability back at best-in-class levels**, but skill shortage taking its toll;
- 3. Cash Generation postponed to 2H23**, as Capex and NWC absorption should reduce.

Revenues from Sales more than doubling y/y, held back by WIP Advancements

OS reported 1H23 **Value of Production at €8.2mn** (+36% y/y) broken down as follows:

- ◆ **Revenues from Sales** at €6.8mn vs. €3.2mn in 1H22 (+109% y/y), benefitting from (i) the expansion of the Group production capacity after the investments of previous semesters in manufacturing assets, and (ii) the contribution of subsidiaries (Dynamic Optics and Think Quantum), expanding the Group business lines towards Laser Communication and Cybersecurity;
- ◆ **WIP** at -€0.2mn vs. €1.6mn in 1H22, as last year was characterized by a lower rate of delivered projects but a higher rate of orders in progress (OIC 23 principle);
- ◆ **Internally Generated Fixed Assets** at €0.9mn vs. €1.0mn in 1H22;
- ◆ **Other Revenues** at €0.7mn (vs. €0.2mn in 1H22), of which €0.5mn relative to an extraordinary grant awarded by the Ministry of Enterprises and Made in Italy.

We calculate that net of the €0.5mn extraordinary grant, 1H23 VoP growth would have been ca. 28% y/y.

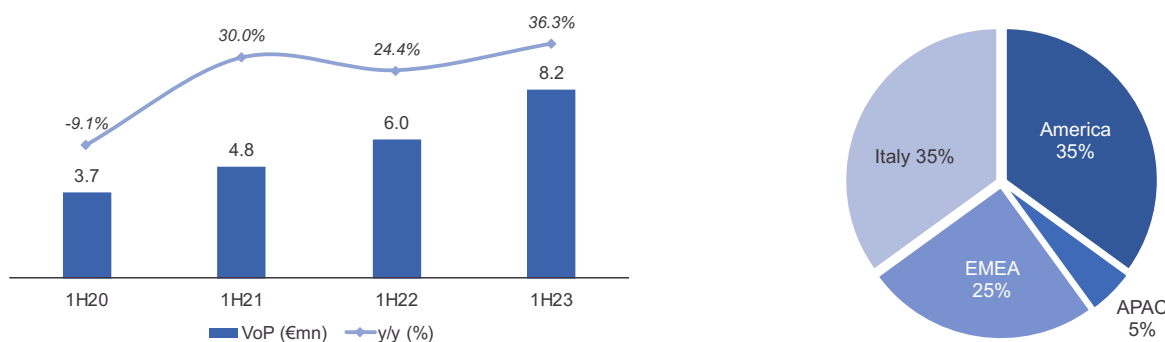
Officina Stellare: Value of Production 1H20-1H23

(IT GAAP, €mn)	1H20	1H21	1H22	1H23	y/y
Revenues from Sales	2.3	2.4	3.2	6.8	109%
Δ Work In Progress	0.1	1.3	1.6	-0.2	-110%
Δ Inventory (Finished Goods)	0.6	0.0	0.0	-0.1	-512%
Δ Fixed Assets	0.5	0.9	1.0	0.9	-5%
Other Revenues	0.2	0.2	0.2	0.7	245%
Value of Production	3.7	4.8	6.0	8.2	36%

Source: Officina Stellare, Value Track Analysis

In terms of geographies, the majority of OS 1H23 Value of Production was generated from **American** (35% vs. 37% in 1H22) and **Italian** clients (35% vs. 3%), followed by **EMEA** (25% vs. 19%) and **APAC** (5% vs. 41%) ones.

Officina Stellare: Value of Production Evolution by Semester and 1H23 Breakdown by Geographic Location



Source: Officina Stellare, Value Track Analysis

Profitability back at best-in-class levels, but skill shortage taking its toll

After two semesters of rising production costs, the Space Factory now seems closer to running at full speed as the more complex technological assets completed their “start-up” phases (more direct engineering and optical production machine hours), generating notable efficiency improvements and driving a substantial profitability expansion.

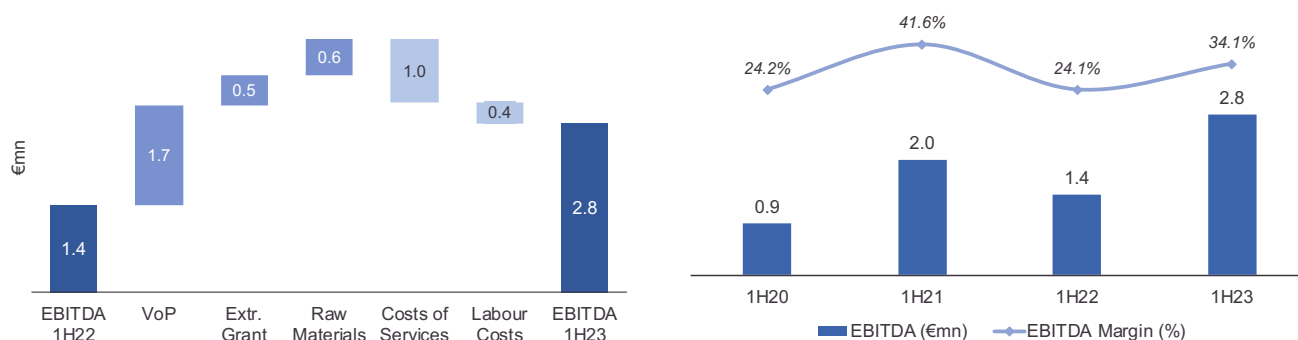
Indeed, 1H23 **EBITDA** reached **€2.8mn**, roughly doubling the €1.4mn of 1H22, and **EBITDA Margin** was reported at **34.1%**, gaining 10 percentage points y/y and getting back to 1H21 levels. These results have been achieved thanks to:

- ◆ The positive una tantum contribution of the above-mentioned €0.5mn **Extraordinary Grant** generating ca. 5 percentage points out of the total 34.1% EBITDA margin. However, even without the grant, OS would have reported a much stronger EBITDA Margin than the last two semesters;
- ◆ **Raw Materials** reducing their incidence on VoP by over 15 percentage points, decreasing from €2.0mn in 1H22 to €1.4mn in 1H23;
- ◆ **Labour Costs** growing by less than €400k y/y and reducing their incidence on the top line;
- ◆ **Costs of Services**, on the contrary, increasing by ca. €1mn y/y, as OS had to turn to external engineers to face the enormous difficulty of recruiting specialized personnel (i.e., “skill shortage”).

We also underline that OS two subsidiaries (Dynamic Optics and Think Quantum) negatively contributed to the Group EBITDA in 1H23, but their superior scalability should be visible in the second semester, with margins in the 30% plus region.

More, the €2mn Capex invested in the last months of FY22 should provide additional equipment to the Space Factory (e.g., a new white room ISO 6 and the largest advanced metrology system in the world) to cope with the substantial backlog and growth prospect of the Group, and enable complex spatial payload integrations (e.g., Leonardo orders), while also ensuring comparable levels of production efficiency.

Officina Stellare: Δ EBITDA 1H22-1H23 and EBITDA Margin Evolution by Semester



Source: Officina Stellare, Value Track Analysis

After €1.2mn D&A (only ca. €200k more than 1H22 due to the conclusion of the 3-year amortization plan of some R&D projects), **EBIT** totaled **€1.6mn**, over 3x 1H22, with **EBIT Margin** growing from 7.9% to **19.7%** (+12 percentage points y/y).

After flattish y/y Net Financial Charges, Taxes and P&L Minorities, 1H23 **Net Profit** was at **€1.3mn** (vs. €0.1mn in 1H22).

Officina Stellare: P&L 1H20-1H23

(IT GAAP, €mn)	1H20	1H21	1H22	1H23	y/y
Value of Production	3.7	4.8	6.0	8.2	36%
Raw Materials	-1.0	-0.7	-1.9	-1.3	-31%
Costs of Services	-0.9	-0.8	-0.9	-2.0	115%
Costs of Rent	-0.1	-0.1	0.0	-0.1	56%
G&A	-0.1	-0.1	-0.1	-0.2	15%
Labour Costs	-0.9	-1.2	-1.5	-1.9	23%
EBITDA	0.9	2.0	1.4	2.8	93%
<i>EBITDA Margin (%)</i>	24.2%	41.6%	24.1%	34.1%	10ppt
D&A	-0.5	-0.8	-1.0	-1.2	21%
EBIT	0.4	1.2	0.5	1.6	240%
<i>EBIT Margin (%)</i>	9.9%	25.3%	7.9%	19.7%	12ppt
Net Financial Charges	-0.1	0.0	-0.1	-0.1	-39%
Taxes	0.0	-0.3	-0.3	-0.3	1%
Minorities	0.0	0.0	0.0	0.0	nm
Net Profit	0.3	1.0	0.1	1.3	nm

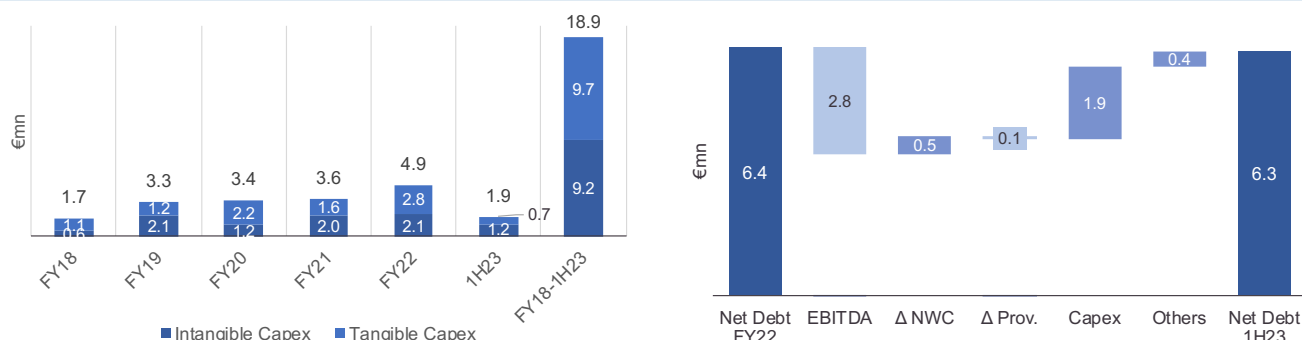
Source: Officina Stellare, Value Track Analysis

Cash Generation postponed to 2H23, as Capex and NWC absorption should reduce

Officina Stellare 1H23 **Net Debt** came out at **€6.3mn**, in line with FY22 €6.4mn, as the enhanced operating and net profitability was offset by Capex (we calculate ca. €1.9mn, of which €1.2mn intangible and €0.7mn tangible) and Net Working Capital absorption (ca. €0.5mn).

Worthy to note, cumulated 2018FY-1H23 investments stand at ca. €18.9mn, i.e. 37% of cumulated Value of Production.

Officina Stellare: Capex FY18-1H23 and Cash Flow Statement FY22-1H23



Source: Officina Stellare, Value Track Analysis

Officina Stellare: Balance Sheet FY21-1H23

(IT GAAP, €mn)	FY21	1H22	FY22	1H23
Net Fixed Assets	11.3	12.7	13.9	14.7
Net Working Capital	7.2	5.9	7.7	8.2
Provisions	0.6	0.9	1.0	1.2
Total Capital Employed	17.9	17.7	20.6	21.7
Group Net Equity	10.4	13.6	14.1	15.4
Net Financial Position	-7.5	-4.2	-6.4	-6.3

Source: Officina Stellare, Value Track Analysis

Officina Stellare: Net Working Capital FY21-1H23

(IT GAAP, €mn)	FY21	1H22	FY22	1H23
Inventory	9.5	11.1	12.2	12.1
Trade Receivables	3.0	2.3	4.0	5.6
Trade Payables	0.9	1.9	2.7	1.8
Other Current Assets	2.2	2.2	3.5	4.9
Other Current Liabilities	6.5	7.7	9.3	12.7
Net Working Capital	7.2	5.9	7.7	8.2

Source: Officina Stellare, Value Track Analysis

Commercial & Corporate Developments

After the Satellogic alliance signed back as of May 2022, Officina Stellare business kept on expanding with many more commercial agreements in several end-markets, through both Italian and European aerospace NRRP-linked projects and US-based defence programs.

The designation of OS as prime contractor in some complex projects commissioned by the Italian Space Agency (ASI) and the European Space Agency (ESA) highlights OS best-in-class engineering, production and managerial competences, essential features for an increasingly significant positioning alongside the historic industry leaders.

More, the approval of the "MaC Tech" and "AMOS" projects (€12.7mn cumulated) by the Ministry of Enterprises and Made in Italy, remark on the quality of internal R&D programs, their technical and strategic value, not only for the Group, but for the national interest.

Commercial Developments

As of end of September, Officina Stellare’s **commercial pipeline** totaled **€164.4mn**, split as follows:

- 1. Backlog** (orders already signed, to deliver up to 2025) at **€30.2mn**, o/w 74% from Aerospace, 12% from Defence, 9% from Scientific Research and 5% from the new Cyber Security segment (thanks to the subsidiary Think Quantum). Most significant orders regard Earth Observation, Laser & Quantum Communication (e.g., "European Quantum Communication Infrastructure" - EuroQCI).
- 2. Value of Negotiations** at **€134.2mn**, divided among €36.6mn from national and international institutional space agencies tenders, €56.4mn for offers directly made to clients and €41.2mn for other negotiations up to 2027.

Key points of OS’s commercial pipeline are:

- ◆ Already signed / under definition contracts related to NRRP Space Economy see OS involved in the **most ambitious national program of Earth Observation** (IRIDE constellation), working hand in hand with prestigious Italian aerospace companies (Leonardo, Argotec);
- ◆ Increasing backlog from Defense clients, becoming a **qualified supplier of the US Army**;
- ◆ **Rising number of orders y/y and increasing average order value.** Even more importantly, new orders are part of multi-annual programs that could entail new potential contracts for about €22mn, confirming OS as strategic supplier of primary international aerospace agencies and companies.

Officina Stellare: Commercial Pipeline and Backlog by End-Market as of September 30th, 2023



Source: Officina Stellare, Value Track Analysis

Hereby a summary of the most recent commercial events. We remind that due to NDA agreements, Officina Stellare is not entitled to communicate some of its contracts.

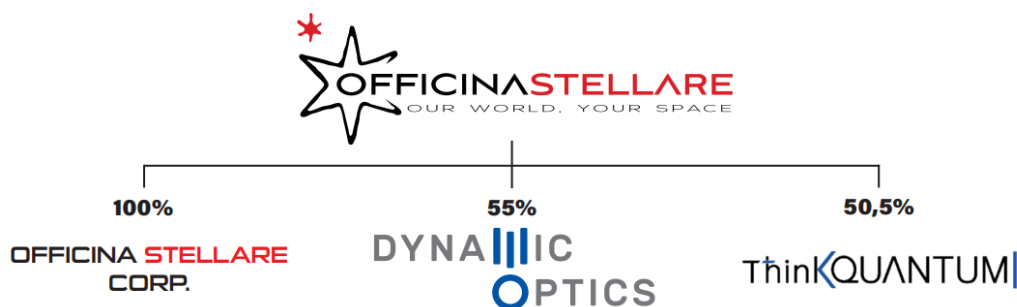
- ◆ **May 2022** – Officina Stellare and Satellogic, international leader for Earth Observation activities, signed the investment agreement concerning their strategic alliance (more details on previous reports);
- ◆ **May 2022** – End of the third (and last) exercise window of “Warrant Officina Stellare 2019-2022”, with 371,250 warrant converted in 371,250 shares at €7.99 p/s;
- ◆ **July 2022** – ThinkQuantum Srl signs its first supply contract with an important US company;
- ◆ **August 2022** – Officina Stellare signs a new contract worth ca. **€1.7mn** for the supply of a multispectral optical payload for high-resolution Earth Observation in the Very Low Earth Orbit (VLEO) for the micro-satellite “EarthNext” with the Italian National Space Agency (ASI);
- ◆ **August 2022** – OS obtains an ESG certification from Generation Female, after meeting Generation Impact 2030 certification standards;
- ◆ **November 2022** - OS signs a new ESA supply contract for the realization of a prototype of a scalable adaptive optics module for Earth optical stations. The project will also involve Dynamic Optics and Think Quantum;
- ◆ **November 2022** – New supply contract for the realization of two optical systems for a station prototype for Satellite Laser Range (“SLR”) of the GALILEO Navigation Satellite System (GNSS);
- ◆ **January 2023** – New, five-years supply contract with Photo-Sonics worth **over €9mn** for the delivery of new generation optical systems for the MITS (“Multispectral Imaging and Tracking System”) project, promoted by the US Defence Department. Officina Stellare Corp. (US subsidiary) will play a key role;
- ◆ **January 2023** – Approval of the “MaC Tech” 36 months project from the Italian Ministry of Enterprises and Made in Italy, concerning financial reliefs of ca. €3mn after R&D of **ca. €5.9mn** dedicated to key enabling technologies in quantum Free Space Optical Communication (FSOC) and Earth Observation;
- ◆ **February 2023** – New, 30 months contract with Argotec worth **ca. €3.3mn** for the delivery of a series of payloads for the realization of “IRIDE”, the Italian satellites constellation for Earth Observation (linked to NRRP funds, under ESA management with the support of ESA);
- ◆ **March 2023** – OS signs two 14 months contracts worth **€3.8mn** with Leonardo for the realization of two high resolution optical systems for Earth Observation purposes of PLATiNO₃ and PLATiNO₄ missions of ASI (“Agenzia Spaziale Italiana”);
- ◆ **March 2023** – New, 24 months order from the Gran Sasso Science Institute (GSSI) worth **€1.95mn** for the delivery of the TERZINA optical system for the NUSES (“Neutrinos an Seismic Electromagnetic Signals) space mission;
- ◆ **June 2023** – OS signs a new 5 year agreement with Leonardo and Thales Alenia Space (joint venture between Thales at 67% and Leonardo at 33%) based on industrial collaboration and technological/commercial development, with the goal of strengthening the Italian supply chain in the fields of optical and quantum communication, space awareness and intelligence;
- ◆ **July 2023** – OS signs a contract to become one of the new official incubators of the “ESA Business Incubation Center” of the European Spatial Agency, i.e. the largest incubation network for European space start-ups;
- ◆ **September 2023** – Officina Stellare Corporation (US-based subsidiary owned by Officina Stellare SPA at 100%) signs the contracts for the opening of a new headquarter (that should happen in November 2023) in Arlington (Virginia, USA), in the Crystal City neighborhood.

Corporate Developments

Regarding OS capital structure, we highlight:

- ◆ **June 2022** – Conversion of 371,250 warrants at 1:1 conversion ratio at €7.99 per share, for a total €2,966,287.5 capital injection. This was the last exercise period of “Warrant Officina Stellare 2019-2022”, with remaining 3,479 warrants now ineffective;
- ◆ **June 2022** –Entrance in OS share capital (2.3% stake) of Stone Srl, an investment vehicle of a group of entrepreneurs from Veneto region, focused on companies with high growth potential in advanced technology sectors including the Space Economy;
- ◆ **September 2022** – Approval from Board of Directors and Extraordinary Shareholder Meeting of “Warrant Satellogic 2022-2025”, the relative capital injection (up to ca. €7.7mn) and acceptance of Emiliano Kargieman (CEO of Satellogic) as new member of OS BoD;
- ◆ **September 2022** – Satellogic acquisition of 4.7% share capital of OS from existing shareholders on September 30th, 2022, starting the financial commitment of the new strategic alliance with a cash out of ca. €3.8mn.

Officina Stellare: Corporate Structure



Source: Officina Stellare

Forecasts 2023E-2025E

Estimates Review 2023E-25E

OS backlog and commercial pipeline, together with the booming prospects of the New Space Economy, outline a reliable multiannual plan of constant growth at a strong pace (see Appendix).

We also highlight management intention to pursue a structured investment plan to further strengthen the technological skillset and production capacity of the Group.

This could also take place through external lines, either through partnerships or acquisitions, with also the aim of expanding Officina Stellare product and service offerings. Still, potential M&A activity is not factored into our estimates.

With respect to our last update of May 2023, estimates and drivers are broadly confirmed, apart from a few minor adjustments. In more details:

- ◆ **Top Line.** As predicted, (i) many orders are being delivered throughout 2023, reducing the gap between Revenues from Sales and Value of Production (also benefitting from tax credits related to 2022A investments) but (ii) engineering bottleneck are halting the Group work-in-progress and (iii) slower satellites launches are impacting a whole lot of industry players, including Satellogic and other OS clients.

Therefore, we forecast a slightly lower VoP (-4%) in 2023E vs. our previous estimates. From 2024E onwards, a stronger contribution from Dynamic Optics and Think Quantum should enhance OS financials more than expected.

- ◆ **Operating and Net Profitability.** The economies of scale we predicted are already evident in 1H23 financials. Full in-house production and the new machines to be installed in 4Q23 should be added on top, with 2023E also benefitting from the extraordinary grant of 1H23 not embedded in our previous forecasts.
- ◆ **Cash Flow:** Inventory should reduce with the increasing percentage of orders delivered; therefore we do not expect NWC to absorb much cash. Capex should be at ca. €3mn per period facing the advanced technologies, know-how and innovation required by the Space Factory. Nonetheless, we expect OS to generate ca. €9mn positive FCF over the next three years.

Officina Stellare: New vs Old Estimates

(IT GAAP, €mn)	2023E			2024E			2025E		
	Old	New	Δ	Old	New	Δ	Old	New	Δ
Value of Production	20.0	19.2	-4%	29.7	30.4	3%	40.7	41.2	1%
EBITDA	5.6	6.3	13%	8.4	8.6	3%	11.5	11.6	1%
EBITDA margin (%)	28.0%	33.0%	500bps	28.2%	28.3%	0bps	28.2%	28.2%	0bps
EBIT	2.4	3.5	49%	4.9	5.4	11%	7.8	8.1	3%
EBIT margin (%)	11.8%	18.2%	640bps	16.4%	17.7%	130bps	19.2%	19.6%	40bps
Net Profit	1.9	2.7	39%	3.6	4.0	11%	5.4	5.6	3%
Net Financial Position	-5.0	-5.0	0.1	-2.8	-2.5	0.3	3.0	2.5	-0.5

Source: Value Track Analysis

Forecasts 2023E-25E

Key Estimates

As a result of the above drivers, we forecast Officina Stellare to reach the following figures in **2025E**:

- ◆ **Value of Production at €41.2mn**, growing at 47% CAGR_{22A-25E};
- ◆ **EBITDA at €11.6mn** and EBITDA Margin at 28.2% (+390bps vs. 2022A);
- ◆ **OpFCF (b.t.) up to 65% of EBITDA**, thanks to low NWC absorption and steady Capex;
- ◆ **Net Cash at €2.5mn**, from Net Debt of €6.4mn in 2022A.

Officina Stellare: Key Financials 2022A-2025E

(IT GAAP, €mn)	2022A	2023E	2024E	2025E	CAGR
Value of Production	13.0	19.2	30.4	41.2	47%
EBITDA	3.2	6.3	8.6	11.6	54%
<i>EBITDA Margin (%)</i>	<i>24.3%</i>	<i>33.0%</i>	<i>28.3%</i>	<i>28.2%</i>	<i>389bps</i>
OpFCF b.t.	-1.9	2.3	3.8	7.5	Nm
Net Financial Position	-6.4	-5.0	-2.5	2.5	nm

Source: Officina Stellare, Value Track Analysis

Financial Statements 2022A-25E

Profit & Loss 2022A-25E

(IT GAAP, €mn)	2022A	2023E	2024E	2025E	CAGR
Value of Production	13.0	19.2	30.4	41.2	47%
Raw Materials	-4.0	-3.6	-6.1	-8.2	27%
Costs of Services	-2.4	-4.4	-8.1	-10.9	66%
Costs of Rent	-0.1	-0.2	-0.3	-0.4	56%
G&A	-0.2	-0.5	-0.9	-1.2	71%
Labour Costs	-3.1	-4.2	-6.5	-8.8	42%
EBITDA	3.2	6.3	8.6	11.6	54%
<i>EBITDA Margin (%)</i>	<i>24.3%</i>	<i>33.0%</i>	<i>28.3%</i>	<i>28.2%</i>	<i>389bps</i>
D&A	-2.4	-2.8	-3.2	-3.6	14%
EBIT	0.8	3.5	5.4	8.1	118%
<i>EBIT Margin (%)</i>	<i>6.0%</i>	<i>18.2%</i>	<i>17.7%</i>	<i>19.6%</i>	<i>1356bps</i>
Net Financial Charges	-0.2	-0.2	-0.1	-0.1	-28%
Taxes	0.0	-0.7	-1.3	-2.4	-590%
Minorities	-0.1	0.0	0.0	0.0	-100%
Net Profit	0.5	2.7	4.0	5.6	126%

Source: Officina Stellare, Value Track Analysis

Officina Stellare: Balance Sheet 2022A-25E

(IT GAAP, €mn)	2022A	2023E	2024E	2025E
Net Fixed Assets	13.9	14.6	14.3	14.2
Net Working Capital	7.7	8.4	10.4	11.2
Provisions	1.0	1.2	1.4	1.5
Total Capital Employed	20.6	21.8	23.4	23.9
Group Net Equity	14.1	16.8	20.8	26.4
Net Financial Position	-6.4	-5.0	-2.5	2.5

Source: Officina Stellare, Value Track Analysis

Officina Stellare: Cash Flow Statement 2022A-25E

(IT GAAP, €mn)	2022A	2023E	2024E	2025E
EBITDA	3.2	6.3	8.6	11.6
Δ NWC (incl Provisions)	-0.1	-0.8	-2.2	-1.0
Capex (excl. Fin. Inv.)	-4.9	-3.3	-2.6	-3.1
OpFCF b.t.	-1.9	2.3	3.8	7.5
<i>As a % of EBITDA</i>	<i>-58.7%</i>	<i>36.6%</i>	<i>44.1%</i>	<i>64.7%</i>
Cash Taxes	0.0	-0.7	-1.3	-2.4
Capital Injections	3.0	0.0	0.0	0.0
Others (incl. Fin. Inv.)	0.1	0.0	0.0	0.0
Net Financial Charges	-0.1	-0.2	-0.1	-0.1
Δ Net Fin Position	1.1	1.5	2.4	5.0

Source: Officina Stellare, Value Track Analysis

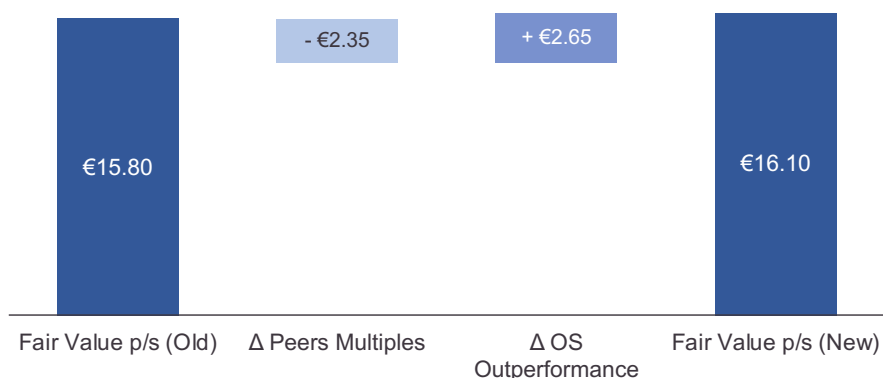
Valuation

We update **OS Fair Equity Value at €16.10 p/s** (€16.00 based on Fully Diluted NOSH), up from €15.80 p/s (€15.70 Fully Diluted) since peers' multiples de-rating was more than offset by the strong performance of Officina Stellare, both in terms of financial results and commercial developments:

1. Upwards estimates revision (previously highlighted);
2. Valuation horizon extended up to 2025E, as medium-term visibility is improving thanks to the status reached by OS, which is standing out as an excellence of strategic importance on the international scene. This is proven, in our view, by recent partnerships, current backlog (ca. €30mn but could potentially grow by ca. €10mn-€20mn by the end of the year) and value of negotiations;
3. Lower discount rate applied to the valuation of OS subsidiaries, which have been gaining significant market traction and are reporting sound financial KPIs (especially Think Quantum, prone to exploit the opportunities arising from the secular trend of quantum encryption);

We also continue to believe that OS potential in the longer run (including new strategic contracts, partnerships and possible M&A accretion) is an optionality that comes for free at our fair value.

Officina Stellare: New vs. Old Fair Value p/s (€)



Source: Value Track Analysis

At €16.10 p/s OS would trade at **11.6x-8.2x EV/EBITDA 2024E-25E**, at some discount vs. OS current trading multiples for 2023E-24E and in line with foreign peers 2024E EV/EBITDA.

Officina Stellare: Multiples Sensitivity at Various Stock Price Levels

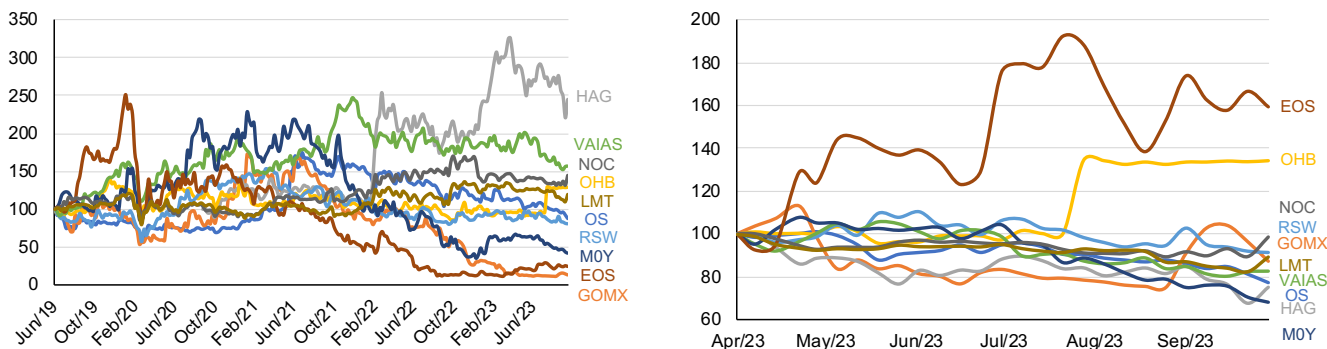
Price p/s (€)	EV/EBITDA (x)			EV/EBIT (x)			P/E Adj. (x)		
	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
Market Price - €8.40	8.8	6.2	4.2	15.9	9.9	6.0	23.4	12.7	9.1
Fair Value - €16.10	16.2	11.6	8.2	29.2	18.5	11.8	44.9	24.3	17.4
Fair Value FD - €16.00	16.2	11.6	8.2	29.2	18.5	11.8	48.5	26.2	18.8

Source: Value Track Analysis

Peers Analysis / Sum of the Parts

Leaving aside EOS (reassuring commercial developments) and OHB (tender offer from KKR at the beginning of August), OS peers experienced a consistent de-rating since our last update of May after weak business updates and earnings. Despite showing far better results, OS stock underperformed the majority of its comparables and is now trading at ca. 45% discount vs. foreign peers' 11.3x EV/EBITDA 2024E, and below the closing price of its IPO day, a discount that is in our view unjustified, especially given its future growth prospects.

Officina Stellare: Weekly Stock Performance vs. Foreign Peers since OS IPO (lhs) and L6M (rhs)



Source: Value Track Analysis

Officina Stellare: Peers Trading Multiples

Peers	EV/Sales (x)			EV/EBITDA (x)			EV/EBIT (x)			P/E Adj. (x)		
	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
Foreign Peers												
GomSpace	0.5	0.5	0.3	nm	nm	4.8	nm	nm	22.3	nm	nm	49.7
Hensoldt	1.7	1.5	1.3	9.7	8.0	6.7	13.0	10.4	8.7	26.0	19.4	14.8
Renishaw	3.4	3.1	2.9	13.0	11.0	10.4	18.0	15.0	13.7	21.9	18.6	16.7
Vaisala	2.2	2.1	2.0	13.4	12.2	11.1	18.2	16.1	14.2	25.1	21.7	19.4
Mynaric	5.8	3.1	1.1	nm	nm	9.1	nm	nm	25.7	nm	nm	nm
Electro Optic Systems	1.2	0.8	0.7	nm	nm	11.4	nm	nm	nm	nm	nm	nm
Northrop Grumman	2.1	2.0	1.9	15.0	13.9	12.8	19.8	18.1	16.1	20.7	19.3	17.0
Lockheed Martin	1.9	1.8	1.7	12.5	nm	11.9	14.5	14.3	14.0	16.0	15.9	15.5
Average	2.3	1.9	1.5	12.7	11.3	9.8	16.7	14.8	16.4	21.9	19.0	22.2
Median	2.0	1.9	1.5	13.0	11.6	10.7	18.0	15.0	14.2	21.9	19.3	16.9
Domestic Peers												
El.En.	1.0	0.8	0.7	7.6	6.4	5.6	9.1	7.5	6.4	13.6	11.9	10.8
Saes Getters	2.2	2.0	1.8	11.9	8.8	7.7	16.5	11.4	9.8	20.2	18.3	16.3
Avio	0.4	0.4	0.3	7.0	5.0	3.7	nm	14.8	11.8	28.5	16.1	13.8
Average	1.2	1.1	0.9	8.8	6.7	5.7	12.8	11.2	9.3	20.8	15.5	13.6
Median	1.0	0.8	0.7	7.6	6.4	5.6	12.8	11.4	9.8	20.2	16.1	13.8
Total Average	2.0	1.6	1.3	11.3	9.3	8.7	15.6	13.4	14.3	21.5	17.7	19.3
Total Median	1.9	1.8	1.3	12.2	8.8	9.1	16.5	14.6	13.9	21.3	18.5	16.3
Officina Stellare	5.8	4.4	2.9	8.8	6.2	4.2	15.9	9.9	6.0	23.4	12.7	9.1

Source: Market Consensus, Value Track Analysis

SOTP valuation returns a **€97.4mn Fair Equity Value** (€105.1mn Fully Diluted), obtained by:

- ◆ Applying foreign peers’ EV/EBITDA 2024E-25E multiples to **Officina Stellare SPA** EBITDA 2024E-25 and averaging the two Equity Value outcomes;
- ◆ Performing the Venture Capital Method (i.e., “Valuation at Maturity”) to **Think Quantum** and **Dynamic Optics**. While for the latter we took Arqit Quantum as reference comparable (Nasdaq-listed player active in quantum encryption), we valued Dynamic Optics based on OS Group foreign peers multiples (product offering closer to Officina Stellare as a whole).

Given TQ more appealing growth path tied to the secular trend of quantum, we applied a higher EV/Sales vs. DO. We considered the high execution risk of very early-stage businesses that still need to prove their scalability by applying a 25% discount rate to Dynamic Optics. On the other hand, given that Think Quantum is already delivering Revenues and has gained significant market traction in recent months, we opted for an IRR of 15%.

Officina Stellare: Think Quantum and Dynamic Optics Valuation at Maturity in 2025E

Fair Enterprise Value (€mn)	Think Quantum	Dynamic Optics
Fair EV/Sales @ Maturity in 2025E (x)	5.0x	2.5x
Value of Production in 2025E	5.0	2.0
Fair EV @ Maturity in 2025E	25.0	5.0
Fair EV Value Today (discounted w/IRR @ 15% & 25%)	18.3	3.0
Officina Stellare Group Stake (%)	50.5%	55.0%
Fair Enterprise Value	9.3	1.7

Source: Value Track Analysis

Officina Stellare: Sum of the Parts Valuation

Fair Equity Value (€mn)	OS SPA	TQ	DO	OS Group	OS Group - Fully Diluted
Fair Equity Value	86.5	9.3	1.7	97.4	105.1
NOSH				6.0	6.6
Fair Equity Value p/s (€)				16.10	16.00

Source: Value Track Analysis

Officina Stellare full dilution would be the result of cashing in all the Satellogic warrants at their respective exercise price, implying a potential capital injection of ca. €7.7mn and ca. 0.6mn new shares (more details in previous reports).

Appendix - Officina Stellare Growth Catalysts

At **Market Level**, we highlight:

1. New Space Economy's growth is a secular trend, boosted by resources dedicated to Aerospace and Defense industries:
 - i. European RRF, Italian NRRP, ASI and NASA multiannual financing plans, contributing to Italian Aerospace budget of over €4.6bn (Italy 6th/7th in the world relative to GDP);
 - ii. Rising Defence spending following geopolitical tensions, with Italy already spending ca. \$32bn in 2021 (US leading with \$801bn);
2. On the longer-run, the development of new technologies in strategically important market sectors, such as optical communications (i.e. laser, quantum) and cybersecurity should drive a second boost to OS end-markets;
3. As many similar secular trends, also the New Space Economy suffers stop and go phases as a result of:
 - i. Capital intensity: the need for substantial investments in technologies, facilities, productive assets require easy access to capital markets, so when public/private valuations decrease (as in FY20 and in FY22), the lower capacity / willingness to raise funds drives lower capex/opex budgets and, at the end of the day, less revenues;
 - ii. Talent-intensity: the rising need for engineers and technicians doesn't always match with the offer of such skills, thus reducing the "output capacity" of Space Economy players.

At **Company Level**, Officina Stellare boasts:

1. Good reputation at both national and international levels in the Aerospace and Defence industries (see "*Commercial Developments*" paragraph)
2. All-time high commercial pipeline, with rising number of orders and average order value;
3. New strategic (and financial) partnerships (e.g., Satellogic) that should further strengthen OS reputation and orders intakes;
4. Subsidiaries active in some of the most promising sectors of the Space Economy (Dynamic Optics, Think Quantum) and ready to untap the vast potential of the US Defence market (OS Corp.);
5. Very fast developing programs, to be supported by strategic M&A that could tackle:
 - i. The current bottleneck generated by lack of talent and;
 - ii. An expansion into contiguous markets would allow for a more comprehensive and value-added product and service offering.

DISCLAIMER

THIS DOCUMENT IS PREPARED BY VALUE TRACK S.R.L. THIS DOCUMENT IS BEING FURNISHED TO YOU SOLELY FOR YOUR INFORMATION ON A CONFIDENTIAL BASIS AND MAY NOT BE REPRODUCED, REDISTRIBUTED OR PASSED ON, IN WHOLE OR IN PART, TO ANY OTHER PERSON. IN PARTICULAR, NEITHER THIS DOCUMENT NOR ANY COPY THEREOF MAY BE TAKEN OR TRANSMITTED OR DISTRIBUTED, DIRECTLY OR INDIRECTLY, INTO CANADA OR JAPAN OR AUSTRALIA TO ANY RESIDENT THEREOF OR INTO THE UNITED STATES, ITS TERRITORIES OR POSSESSIONS. THE DISTRIBUTION OF THIS DOCUMENT IN OTHER JURISDICTIONS MAY BE RESTRICTED BY LAW AND PERSONS INTO WHOSE POSSESSION THIS DOCUMENT COMES SHOULD INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTION. ANY FAILURE TO COMPLY WITH THESE RESTRICTIONS MAY CONSTITUTE A VIOLATION OF THE LAWS OF ANY SUCH OTHER JURISDICTION. THIS DOCUMENT DOES NOT CONSTITUTE OR FORM PART OF, AND SHOULD NOT BE CONSTRUED AS, AN OFFER, INVITATION OR INDUCEMENT TO SUBSCRIBE FOR OR PURCHASE ANY SECURITIES, AND NEITHER THIS DOCUMENT NOR ANYTHING CONTAINED HEREIN SHALL FORM THE BASIS OF OR BE RELIED ON IN CONNECTION WITH OR ACT AS AN INVITATION OR INDUCEMENT TO ENTER INTO ANY CONTRACT OR COMMITMENT WHATSOEVER. THIS DOCUMENT HAS NOT BEEN PUBLISHED GENERALLY AND HAS ONLY BEEN MADE AVAILABLE TO INSTITUTIONAL INVESTORS. IN MAKING AN INVESTMENT DECISION, POTENTIAL INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COMPANY AND ITS GROUP INCLUDING THE MERITS AND RISKS INVOLVED. THIS DOCUMENT IS FOR DISTRIBUTION IN OR FROM THE UNITED KINGDOM ONLY TO PERSONS WHO: (I) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (AS AMENDED, THE “**FINANCIAL PROMOTION ORDER**”), (II) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) (“HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS ETC.”) OF THE FINANCIAL PROMOTION ORDER, (III) ARE OUTSIDE THE UNITED KINGDOM, OR (IV) ARE PERSONS TO WHOM AN INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY (WITHIN THE MEANING OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000) IN CONNECTION WITH THE ISSUE OR SALE OF ANY SECURITIES MAY OTHERWISE LAWFULLY BE COMMUNICATED OR CAUSED TO BE COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS “**RELEVANT PERSONS**”). THIS DOCUMENT IS DIRECTED ONLY AT RELEVANT PERSONS AND MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS DOCUMENT RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. IN ITALY THIS DOCUMENT IS BEING DISTRIBUTED ONLY TO, AND IS DIRECTED AT QUALIFIED INVESTORS WITHIN THE MEANING OF ARTICLE 100 OF LEGISLATIVE DECREE NO. 58 OF 24 FEBRUARY 1998, AS AMENDED, AND ARTICLE 34-TER, PARAGRAPH 1, LETTER B), OF CONSOB REGULATION ON ISSUERS NO. 11971 OF MAY 14, 1999, AS SUBSEQUENTLY AMENDED (THE “**ISSUERS’ REGULATION**”) PROVIDED THAT SUCH QUALIFIED INVESTORS WILL ACT IN THEIR CAPACITY AND NOT AS DEPOSITARIES OR NOMINEES FOR OTHER SHAREHOLDERS, SUCH AS PERSONS AUTHORISED AND REGULATED TO OPERATE IN FINANCIAL MARKETS, BOTH ITALIAN AND FOREIGN, I.E.: A) BANKS; B) INVESTMENT FIRMS; C) OTHER AUTHORISED AND REGULATED FINANCIAL INSTITUTIONS; D) INSURANCE COMPANIES; E) COLLECTIVE INVESTMENT UNDERTAKINGS AND MANAGEMENT COMPANIES FOR SUCH UNDERTAKINGS; F) PENSION FUNDS AND MANAGEMENT COMPANIES FOR SUCH FUNDS; G) DEALERS ACTING ON THEIR OWN ACCOUNT ON COMMODITIES AND COMMODITY-BASED DERIVATIVES; H) PERSONS DEALING EXCLUSIVELY ON THEIR OWN ACCOUNT ON FINANCIAL INSTRUMENTS MARKETS WITH INDIRECT MEMBERSHIP OF CLEARING AND SETTLEMENT SERVICES AND THE LOCAL COMPENSATORY AND GUARANTEE SYSTEM; I) OTHER INSTITUTIONAL INVESTORS; L) STOCKBROKERS; (2) LARGE COMPANIES WHICH AT INDIVIDUAL COMPANY LEVEL MEET AT LEAST TWO OF THE FOLLOWING REQUIREMENTS: – BALANCE SHEET TOTAL: 20,000,000 EURO, – NET REVENUES: 40,000,000 EURO, – OWN FUNDS: 2,000,000 EURO; (3) INSTITUTIONAL INVESTORS WHOSE MAIN ACTIVITY IS INVESTMENT IN FINANCIAL INSTRUMENTS, INCLUDING COMPANIES DEDICATED TO THE SECURITISATION OF ASSETS AND OTHER FINANCIAL TRANSACTIONS (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS “**RELEVANT PERSONS**”). ANY PERSON WHO IS NOT A RELEVANT PERSON SHOULD NOT ACT OR RELY ON THIS DOCUMENT OR ANY OF ITS CONTENTS. THIS DOCUMENT IS NOT ADDRESSED TO ANY MEMBER OF THE GENERAL PUBLIC IN ITALY. UNDER NO CIRCUMSTANCES SHOULD THIS DOCUMENT CIRCULATE AMONG, OR BE DISTRIBUTED IN ITALY TO (I) A MEMBER OF THE GENERAL PUBLIC, (II) INDIVIDUALS OR ENTITIES FALLING OUTSIDE THE DEFINITION OF “QUALIFIED INVESTORS” AS SPECIFIED ABOVE OR (III) DISTRIBUTION CHANNELS THROUGH WHICH INFORMATION IS OR IS LIKELY TO BECOME AVAILABLE TO A LARGE NUMBER OF PERSONS. THIS DOCUMENT IS BEING DISTRIBUTED TO AND IS DIRECTED ONLY AT PERSONS IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA (“**EEA**”) WHO ARE “QUALIFIED INVESTORS” WITHIN THE MEANING OF ARTICLE 2(1)(E) OF THE PROSPECTUS DIRECTIVE (DIRECTIVE 2003/71/EC), (“**QUALIFIED INVESTORS**”). ANY PERSON IN THE EEA WHO RECEIVES THIS DOCUMENT WILL BE DEEMED TO HAVE REPRESENTED AND AGREED THAT IT IS A QUALIFIED INVESTOR. ANY SUCH RECIPIENT WILL ALSO BE DEEMED TO HAVE REPRESENTED AND AGREED THAT IT HAS NOT RECEIVED THIS DOCUMENT ON BEHALF OF PERSONS IN THE EEA OTHER THAN QUALIFIED INVESTORS OR PERSONS IN THE UK, ITALY AND OTHER MEMBER STATES (WHERE EQUIVALENT LEGISLATION EXISTS) FOR WHOM THE INVESTOR HAS AUTHORITY TO MAKE DECISIONS ON A WHOLLY DISCRETIONARY BASIS. THE COMPANY, VALUE TRACK S.R.L. AND THEIR AFFILIATES, AND OTHERS WILL RELY UPON THE TRUTH AND ACCURACY OF THE FOREGOING REPRESENTATIONS AND AGREEMENTS. ANY PERSON IN THE EEA WHO IS NOT A QUALIFIED INVESTOR SHOULD NOT ACT OR RELY ON THIS DOCUMENT OR ANY OF ITS CONTENTS. THE EXPRESSION “PROSPECTUS DIRECTIVE” MEANS DIRECTIVE 2003/71/EC (AND AMENDMENTS THERETO, INCLUDING THE 2010 PD AMENDING DIRECTIVE, TO THE EXTENT IMPLEMENTED IN THE RELEVANT MEMBER STATE), AND INCLUDES ANY RELEVANT IMPLEMENTING MEASURE IN THE RELEVANT MEMBER STATE AND THE EXPRESSION “2010 PD AMENDING DIRECTIVE” MEANS DIRECTIVE 2010/73/EU. THIS DOCUMENT HAS BEEN PRODUCED INDEPENDENTLY OF **OFFICINA STELLARE S.P.A.** (THE “**COMPANY**”) AND ITS SHAREHOLDERS, AND ANY FORECASTS, OPINIONS AND EXPECTATIONS CONTAINED HEREIN ARE ENTIRELY THOSE OF VALUE TRACK S.R.L. AND ARE GIVEN AS PART OF ITS NORMAL RESEARCH ACTIVITY AND SHOULD NOT BE RELIED UPON AS HAVING BEEN AUTHORISED OR APPROVED BY ANY OTHER PERSON. **THIS DOCUMENT HAS BEEN PRODUCED ON BEHALF OF MIT SIM ACTING AS SPECIALIST ON OFFICINA STELLARE SHARES** VALUE TRACK S.R.L. HAS NO AUTHORITY WHATSOEVER TO MAKE ANY REPRESENTATION OR WARRANTY ON BEHALF OF THE COMPANY, ITS SHAREHOLDERS, ANY OF ITS ADVISORS, OR ANY OTHER PERSON IN CONNECTION THEREWITH. WHILE ALL REASONABLE CARE HAS BEEN TAKEN TO ENSURE THAT THE FACTS STATED HEREIN ARE ACCURATE AND THAT THE FORECASTS, OPINIONS AND EXPECTATIONS CONTAINED HEREIN ARE FAIR AND REASONABLE, VALUE TRACK S.R.L. HAS NOT VERIFIED THE CONTENTS HEREOF AND ACCORDINGLY NONE OF VALUE TRACK S.R.L., THE COMPANY, ITS SHAREHOLDERS, ANY ADVISORS TO THE COMPANY OR ITS SHAREHOLDERS OR ANY OTHER PERSON IN CONNECTION THEREWITH NOR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS OR EMPLOYEES, SHALL BE IN ANY WAY RESPONSIBLE FOR THE CONTENTS HEREOF AND NO RELIANCE SHOULD BE PLACED ON THE ACCURACY, FAIRNESS, OR COMPLETENESS OF THE INFORMATION CONTAINED IN THIS DOCUMENT. NO PERSON ACCEPTS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM THE USE OF THIS DOCUMENT OR OF ITS CONTENTS OR OTHERWISE ARISING IN CONNECTION THEREWITH. TO THE EXTENT PERMITTED BY LAW AND BY REGULATIONS, VALUE TRACK S.R.L. (OR ITS OFFICERS, DIRECTORS OR EMPLOYEES) MAY HAVE A POSITION IN THE SECURITIES OF (OR OPTIONS, WARRANTS OR RIGHTS WITH RESPECT TO, OR INTEREST IN THE SHARES OR OTHER SECURITIES OF) THE COMPANY AND MAY MAKE A MARKET OR ACT AS A PRINCIPAL IN ANY TRANSACTIONS IN SUCH SECURITIES.