

La SIA SpA

Sector: Design & Engineering services

Carefully designed

La SIA SpA is a leading Italian engineering and design firm, ranking among the Top 100 Italian ones. It provides a wide range of services utilizing cutting-edge digital methodologies and technologies.

La SIA at a glance

La SIA provides a wide range of Design & Engineering services tailored to meet the needs of its clients, mainly large corporates in end markets such as Telecommunications, Civil & Design, Project & Works Management and more. FY22 Value of Production was ca. €15.4mn (16.4% VoP CAGR₂₀₁₃₋₂₂) and EBITDA ca €3.5mn.

Several key distinctive features to successfully compete

La SIA boasts a number of key distinctive features: 1) Strong focus on the utilization of cutting-edge digital methodologies and technologies, and on the participation to funded R&D projects; 2) Entitlement of well recognized certifications and technical references; 3) Capillary nationwide Italian presence, 4) Well-crafted managerial and operating structure, with top managers “grown up” in big corporations; 5) Skilled / flexible labour force. Such features are leading to above average metrics: ca. 27% “win rate” in tenders (avg. FY21-22), Backlog / VoP > 2yy, EBITDA Margin above 20%.

Opportunities, challenges, growth strategies

Investments in public or public related infrastructures (those on which La SIA is currently more exposed), regulation and digitization are supportive of market growth. On the opposite investments in private assets might represent a burden in the next couple of years. We expect La SIA to focus on: 1) New “verticals” (Energy, Mobility, Healthcare), 2) New services (Architectural); 3) New innovative D&E technologies; 4) Build up of new workforce. Such pursued strategies are also aimed at addressing points such as: 1) Current low exposure to some high-growth end markets, (e.g. energy transition); 2) Lack of in-depth know-how on AI, IoT; 3) Revenue concentration on few clients; 4) Employees’ retention / scouting.

Healthy financial profile coupling growth and profitability

In our 2023E-25E scenario we forecast: 1) Value of Production up at ca. 9.4% CAGR_{22A-25E}, to €20.2mn in 2025E; 2) Average EBITDA margin at ca. 21.4%; 3) Average OpFCF_{b.t.} / EBITDA close to 65%, Free Cash Flow generation abated by the dividends to be distributed (it has been announced a 75% payout).



Analyst

Marco Greco

+39 02 80886654

marco.greco@value-track.com

Tommaso Martinacci

tommaso.martinacci@value-track.com

Market Price (€) 8.50
Market Cap. (€m) 48.2
Enterprise V. (€m) 43.4

KEY FINANCIALS (€m)	2022A	2023E	2024E
VALUE OF PRODUCTION	15.4	16.7	18.0
EBITDA	3.5	3.6	3.8
EBIT	3.1	3.1	3.1
NET PROFIT	2.1	2.3	2.3
EQUITY	4.9	12.5	13.2
NET FIN. POS.	-1.1	4.8	5.0
EPS ADJ. (€)	0.54	0.40	0.41
DPS (€)	0.00	0.30	0.31

Source: La SIA (historical figures),
Value Track (2023E-24E estimates)

KEY RATIOS	2022A	2023E	2024E
EBITDA MARGIN (%)	22.6	21.6	21.3
EBIT MARGIN (%)	19.8	18.6	17.4
NET DEBT / EBITDA (x)	0.3	nm	nm
NET DEBT / EQUITY (x)	0.2	0.0	0.0
EV/SALES (x)	nm	3.0	2.6
EV/EBITDA (x)	nm	12.0	11.3
EV/EBIT (x)	nm	14.0	13.8
P/E ADJ. (x)	nm	21.3	20.8

Source: La SIA (historical figures),
Value Track (2023E-24E estimates)

STOCK DATA

MARKET PRICE (€)	8.40
SHS. OUT. (m)	5.7
MARKET CAP. (€m)	48.2
ENTERPRISE VALUE (€m)	43.4
FREE FLOAT (%)	29.4
AVG. -20D VOL. (#)	650
RIC / BBG	LASIA.MI / LASIA IM
52 WK RANGE	5.40 – 9.04

Source: Stock Market Data

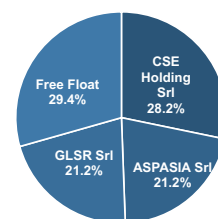
EQUITY RESEARCH PRODUCED ON BEHALF OF MIT SIM ACTING AS SPECIALIST ON LA SIA SHARES



Business Description

La SIA SpA is a leading Italian engineering and design firm, ranking among the Top 100 in the country. It offers a wide range of cutting-edge Design & Engineering services to large corporates in end markets such as Telecommunications, Civil & Design, Project & Works Management, and more. With a nationwide presence and a skilled, flexible workforce, La SIA embraces innovative digital methodologies and technologies, actively participates in R&D projects, and holds internationally recognized ISO certifications.

Shareholders Structure



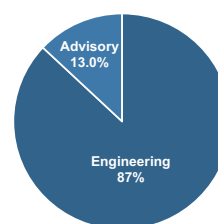
Source: La SIA

Key Financials

€mn	2022A	2023E	2024E	2025E
Value of Production	15.4	16.7	18.0	20.2
y/y (%)	17.1%	8.0%	8.0%	12.4%
EBITDA	3.5	3.6	3.8	4.3
EBITDA Margin (%)	22.6%	21.6%	21.3%	21.4%
EBIT	3.1	3.1	3.1	3.5
EBIT Margin (%)	19.8%	18.6%	17.4%	17.4%
Net Profit	2.1	2.3	2.3	2.6
y/y (%)	21.8%	5.4%	2.4%	12.4%
Adjusted Net Profit	2.1	2.3	2.3	2.6
y/y (%)	21.8%	5.4%	2.4%	12.4%
Net Fin. Position	-1.1	4.8	5.0	5.2
Net Fin. Pos. / EBITDA (x)	0.3	nm	nm	nm
Capex	-0.3	-1.2	-0.4	-0.4
OpFCF b.t.	0.8	1.6	3.0	3.1
OpFCF b.t. as % of EBITDA	21.7%	43.6%	76.9%	71.8%

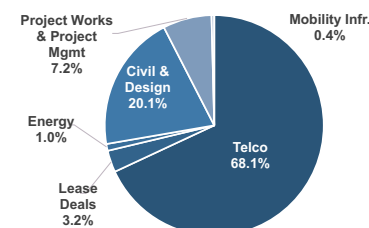
Source: Company (historical figures), Value Track (estimates)

FY22 Sales b.kdown business line



Source: La SIA, FY22

FY22 Sales b.kdown end market



Source: La SIA, FY22

Investment case

Strengths / Opportunities

- ◆ In-depth expertise in BIM methodology and high emphasis on R&D;
- ◆ Entitlement of full set of certifications and “certified categories”;
- ◆ Well-crafted managerial and operating structure with highly skilled and flexible labour force.

Weaknesses / Risks

- ◆ Revenue concentration on very few clients;
- ◆ Low exposure to some high-growth end markets and lack of in-depth IoT/AI skills;
- ◆ Employees’ retention and skills shortage.

Executive Summary

La SIA at a glance

With **2022A Value of Production at ~€15.4mn** (16.4% VoP CAGR₂₀₁₃₋₂₂) and **EBITDA at €3.5mn**, La SIA (“the Company”) holds a prominent position as an Italian **engineering and design firm**, ranking among the Top 100 Italian ones (ranked 52nd in 2021, Source Guamari rankings).

The Company provides a wide range of engineering and design services focused on critical infrastructures, tailored to meet the needs of its clients, mainly large corporates or state-owned entities in several end markets such as Telecommunications (68.1% of Revenues from Sales FY22), Civil & Design (20.1% of Revenues from Sales FY22), Project & Works Management (7.2% of Revenues from Sales FY22), but also Mobility Infrastructures, Energy Systems, and Preservation of historical assets.

These services (e.g., Design & Engineering, Technical consulting, Design technologies, Project Management and Planning), encompass the entire project lifecycle, starting from the initial feasibility studies and progressing through the development of conceptual designs to the creation of detailed plans and the ultimate execution of final designs.

Several key distinctive features to successfully compete

La SIA boasts, in our view, a number of key distinctive operating features that allow it to be very competitive nationwide:

- ◆ Strong focus on the utilization of cutting-edge digital methodologies (such as BIM, Building Information Modelling) and ad-hoc technologies (laser scanners, drones, thermocams);
- ◆ Forward looking approach, based on the participation to national and European funded R&D projects, often in collaboration with universities;
- ◆ Entitlement of internationally recognized ISO certifications and of several technical references, (“certified categories”), which allow higher technical ranking when participating in public tenders;
- ◆ Capillary nationwide Italian presence, with eight local offices across the whole territory, aimed at fostering a close relationship with customers and provide them local support;
- ◆ Well-crafted managerial and operating structure, as La SIA operates with an organizational structure resembling that of a large company, both at C-level and below, also because all its top managers “grew up” in big corporates;
- ◆ Skilled and flexible labour force, consisting of highly skilled engineers and architects, out of which some 46% of total are employees under contract and the remaining 54% are engaged as freelance / independent contractors, which provides the Company a high flexibility and permanent utilization of “output capacity”.

Such key distinctive operating features are leading to noteworthy economic and financial proficiencies, such as:

- ◆ Above average “win rate” in tenders, some 27% on average in FY21-22, with ca. €31mn job orders awarded. As a result, in FY23 (data as of end of June) backlog stood at €36.9mn;
- ◆ Robust profitability, much higher than competitors: FY22EBITDA – EBIT Margin at ca. 22.6% and 19.8% respectively, nearly double the average of Italian competitors.

Public infrastructures the market opportunity, private investments the question mark

La SIA is currently much more active in public infrastructures projects (e.g. telecom grids / facilities) than on private assets ones (e.g. plants or commercial and industrial facilities).

As far as the respective reference markets are concerned, we expect them to move in opposite directions. Indeed, we see investments in public infrastructures (not only telecom facilities but also electricity, water, roads and railways grids), as supportive of the growth of the market for Architectural

& Engineering services, due to drivers such as: 1) Italian Infrastructures gap, NRRP / NGEU funds, 2) BIM methodology to become compulsory on all tenders worth more than €1mn starting as of 2025.

On the opposite we believe that investments in private assets might represent a burden on market growth in the next couple of years, as the tightening of banking conditions should drive a loss of momentum.

Growth Strategies to be pursued mainly via organic development

We expect La SIA's strategic growth guidelines to be focused on the following:

1. New “verticals” (Energy, Mobility Infr., Healthcare);
2. New services (Design & Architectural);
3. Additional innovative technologies applied to Design & Engineering, also with the aim to start generating a recurring revenue stream;
4. Output capacity increase, with the hiring of new employees / the setup of new collaboration agreement with external professionals also thanks to the visibility provided by the IPO.

Such strategic growth guidelines should be pursued mainly via organic development, with non-organic growth being limited to possible investments in university spinoffs and partnerships (or M&A if necessary) with companies/entities with specific expertise and/or track record.

Such pursued strategies are also aimed to address points such as:

- ◆ Current lack of exposure to some high-growth end markets, such as those related with energy transition (energy sector contributes only ~3% of FY22 VoP);
- ◆ Current lack of in-depth know-how and expertise on artificial intelligence (AI) and Internet of Things (IoT) technologies, that in the future will be key to successfully compete;
- ◆ Revenue concentration on very few clients, with top 10 customers accounting for ca. 82% of FY22 revenues, and the 1st top customer representing ca. 37% of the backlog;
- ◆ Employees' retention / skills shortage, as industry-wide scarcity of skilled engineers drives higher than 30% Labour Turnover ratio and low average seniority (76% of employees from 0 to 5 years);
- ◆ Medium - High weight of Trade Receivables, not entirely offset by Trade Payables.

Healthy financial profile combining double digit growth and profitability

La SIA has been steadily growing at double digit rate since inception, enjoying very healthy operating margins and boasting a “light” asset structure resulting in high returns on equity and on capital employed (>40% and >50% respectively in FY22) and very low Net Debt (€1.1m 2022 year-end).

As far as 2023E-25E forecasts are concerned, we expect:

- ◆ Revenue from Sales to grow at ca. 10% CAGR 2022A-25E, up to more than €19mn in 2025E;
- ◆ A slight erosion of profitability due to higher incidence of central function / staff costs. Average 2023-25E EBITDA margin should stand at ca. 21.4% of VoP;
- ◆ Average OpFCF b.t. / EBITDA ratio at ca. 60%-65% despite NWC absorption linked to higher Inventories and Trade Receivables;
- ◆ Net Cash Position at ca. €5.2mn as of 2025E, thanks to IPO proceeds and despite the announced dividend policy that for the next three years foresees the distribution of at least 75% of net profits.

Corporate Profile

La SIA is an Italian based company established back in 2004, now ranking among the Top 100 Italian Design & Engineering service providers. It boasts an above average 27% “win rate” in tenders, mainly thanks to its technical and technological skills. In FY22 it generated €15.4mn Value of Production (16.4% VoP CAGR 2013-22) and €3.5mn EBITDA (EBITDA Margin close to 23%). Its three co-founders are the controlling shareholders and still working in the company (CEO, Co-CTO).

La SIA at a glance: Facts and figures

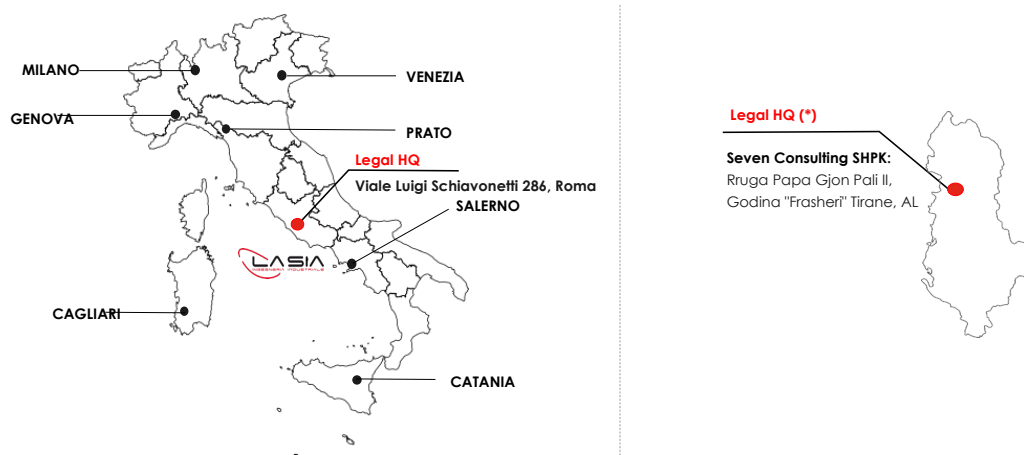
With **2022A Value of Production and EBITDA at ~€15.4mn and €3.5mn** respectively, La SIA (“the Company”) holds a prominent position as an Italian **engineering and design firm**, ranking among the Top 100 Italian ones (ranked 52nd in 2021, Source Guamari rankings).

Indeed, the Company provides a wide range of engineering and design services focused on private and state-owned critical infrastructure in several end markets such as telecommunications, civil engineering, mobility infrastructure, energy systems, and preservation of historical assets.

Key features of the company worthy to mention are:

- ◆ Strong focus on the utilization of cutting-edge technologies and methodologies such as **scan-to-BIM** (Building Information Modeling) and **digital twin**, as well as leveraging specialized knowledge;
- ◆ Forward looking approach, based on the participation to national and European funded R&D projects, often in collaboration with universities;
- ◆ Ownership of internationally recognized ISO certifications and of several technical references, known as “certified categories”, which allow higher technical ranking when participating in public tenders;
- ◆ Much higher than competitors “**win rate**” when participating to tenders, **ca. 27% on average in FY21-FY22**, as La SIA derives the most of its revenues from job orders awarded via tenders;
- ◆ Nationwide Italian presence, with eight local offices across the whole territory, aimed at fostering a close relationship with customers.

La SIA: Geographical footprint

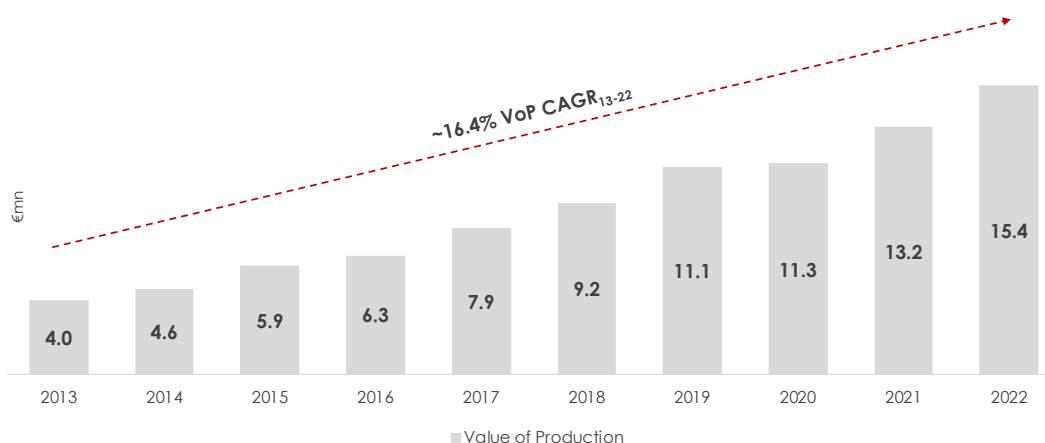


Source: La SIA (*) Acquired back in July 2023.

Historical Milestones

- ◆ **2004** - Maurizio Ciardi, current CEO, Mario Rampini and Riccardo Sacconi, both currently serving as Chief Technical Officers, establish La Sia, with an office in Rome, capitalising on their previous experience in Ericsson Telecomunicazioni SpA;
- ◆ **2009** – **Services range broadening**, establishing new teams to handle electrical and mechanical design projects;
- ◆ **2013** – La SIA expands its operations abroad by establishing an **office in Albania** (Tirana) through a sister company named Seven Consulting SHPK;
- ◆ **2015** – La SIA among the first movers to utilize **Building Information Modeling** (BIM);
- ◆ **2017** – La SIA extends its presence throughout Italy, establishing a network of **eight operational offices** across Lombardy, Sicily, Veneto, Tuscany, and Campania;
- ◆ **2020** – In pursuit of continuous growth and expansion, the Company undergoes a transformation from a limited liability company to a **joint-stock company**;
- ◆ **4th July 2023** – The Albanian company Seven Consulting SHPK is integrated to La SIA as a direct subsidiary;
- ◆ **9th August 2023** – La SIA goes public on Euronext Growth Milan.

La SIA: Value of Production evolution FY2013 – FY2022



Source: La SIA

La SIA: Key Financials FY20-21-22 (*)

Profit & Loss (€, mn)	2020	2021	2022
Value of Production	11.3	13.2	15.4
EBITDA	2.5	2.8	3.5
EBITDA Margin (as a % of VoP)	22.4 %	21.4%	22.6%
Balance Sheet (€, mn)	2020	2021	2022
Total Capital Employed	3.1	3.9	6.1
Group Net Equity	2.5	3.4	4.9
Net Financial Position [Net debt (-) / Cash (+)]	-0.6	-0.4	-1.1

Source: La SIA, Value Track Analysis, (*) FY20 OIC based and FY21-22 IFRS based

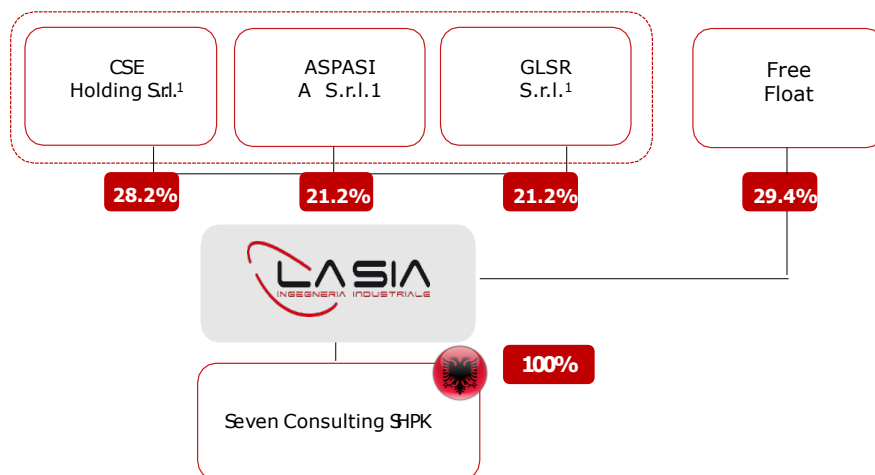
Shareholders structure

The ownership structure of La SIA envisages three main shareholders, i.e., the three co-founders (Maurizio Ciardi, Riccardo Sacconi, and Mario Rampini) and their respective families. In details:

- ◆ **CSE Holding Srl (28.2%)**, owned by Maurizio Ciardi and family;
- ◆ **ASPASIA Srl (21.2%)**, owned by Mario Rampini and family;
- ◆ **GLSR Srl (21.2%)**, owned by Riccardo Sacconi and family.

A further 29.4% represents the free float component.

La SIA: Shareholders and Corporate Structure



Source: La SIA

Top Management

- ◆ **Maurizio Ciardi** – Founding partner and Sole Director of La SIA S.p.A. since 2004. In 1998 he began his collaboration with Ericsson SpA where he was in charge of setting up the Tuscany office in Florence. He moved to Florence with the role of Area Manager. In 2000, in view of the results obtained, he was transferred to the General Management in Rome and was promoted to Manager;
- ◆ **Mario Rampini** – Civil engineer with many years of experience in the provision of engineering and architectural services for civil, industrial and TLC infrastructure works. From 2000 to 2004 in Ericsson SpA focused on TLC infrastructures. Since 2004 he has been a founding partner and technical director of La SIA and is responsible for all engineering services with particular specialisation in civil and building design, safety and fire prevention;
- ◆ **Riccardo Sacconi** – Civil engineer with many years of experience in the provision of engineering and architecture services for civil and industrial buildings and TLC infrastructures. From 2000 to 2004 in Ericsson SpA as internal designer of civil and plant engineering focused on TLC infrastructures. Since 2004 he has been a founding partner and technical director of La SIA and is responsible for all engineering services with particular specialisation in civil-construction design, safety coordination and work supervision;
- ◆ **Alessandra Speranza** – General Manager of La SIA S.p.A. since 2016. Throughout his 30yrs career she held management positions in various Business Units of Finmeccanica Leonardo SpA (Traffic Management System, ICT & OSS Business Unit, Professional Communication), in Sirti SpA, Ericsson SpA and Italtel Sistemi SpA;
- ◆ **Massimiliano Loddo** – CFO. Throughout his +20yrs career, he has held pivotal positions at IMT Spa, Cemet Servizi Srl, and Cogel and since 2010, he is part of the La SIA team.

Business Profile

La SIA supplies a wide array of services, such as Design & Engineering, Technical consulting, Design technologies, Project Management and Planning. The company addresses several end markets, out of which the most important ones are Telecommunications, (63.9% of Total Revenues FY22), Civil & Design, (20.0% of Total Revenues FY22) and Project & Works Management (9.7% of Total Revenues FY22). The business model is based on three stages: Scouting & Marketing, Orders acquisition and Orders execution / delivery.

Extensive array of Design & Engineering services

La SIA provides an extensive array of engineering and design services tailored to meet the needs of its clients, mainly large corporates or state-owned entities.

These services are provided by Engineering and Advisory, and encompass the entire project lifecycle, starting from the initial feasibility studies and progressing through the development of conceptual designs to the creation of detailed plans and the ultimate execution of final designs. Examples of services currently provided are:

- ◆ **Design & Engineering:** by leveraging innovative methodologies, such as BIM, to enhance the efficiency and coordination of the design process. Indeed, the Company employs digitization strategies to streamline workflows and ensure precise execution of projects in order to deliver high-quality design solutions that align with clients' vision and requirements;
- ◆ **Technical consulting:** this includes performing due diligence to ensure informed decision-making, conducting inspections to assess project integrity and compliance, and offering specialized software solutions tailored to clients' specific needs.

The Company also conducts design audits to ensure quality and adherence to standards, while providing expertise in structural engineering, MEP engineering (Mechanical, Electrical, and Plumbing), and firefighting.

La SIA utilizes advanced technologies such as laser scanning and aerial photogrammetry with drones to gather accurate data for efficient surveying and mapping;

- ◆ **Design technologies:** by means of augmented and virtual reality to create immersive experiences, it leverages business intelligence tools to extract valuable insights, and digital implementation strategies to optimize workflows. In addition, the Company offers photo & video rendering services to provide compelling visual representations of projects, as well as develops web applications for seamless access and collaboration.

With a strong focus on BIM, La SIA ensures efficient design coordination and collaboration, while utilizing data visualization techniques to facilitate informed decision-making. The integration of information technologies further supports streamlined operations and the creation of immersive visualization models to boost project understanding;

- ◆ **Management and planning:** related to design management, project management, security management, and procurement management. The Company ensures smooth coordination and execution of design activities, overseeing the entire project lifecycle.

With expertise in predictive maintenance, La SIA helps optimize asset performance and longevity. Furthermore, data analysis is conducted to extract valuable insights and optimize processes, while construction management services ensure seamless project execution.

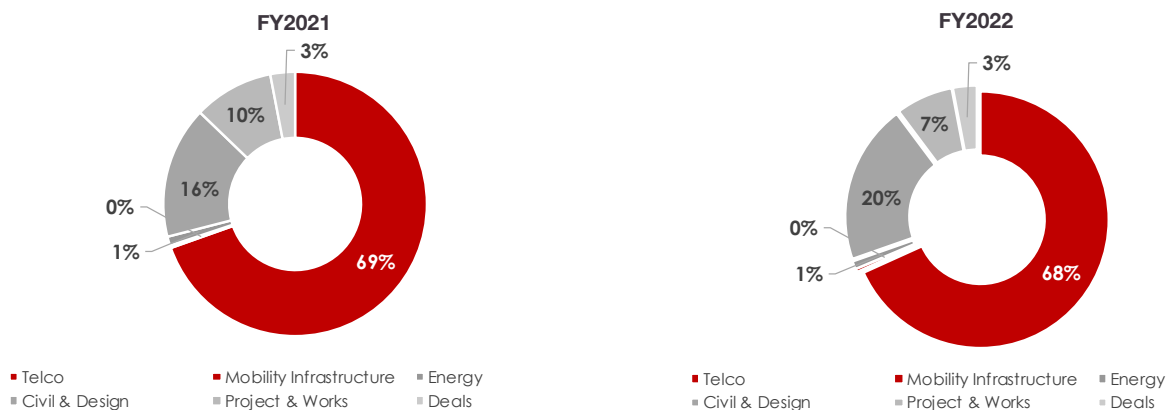
Several end markets addressed

Via its two service lines (namely Engineering and Advisory), La SIA addresses clients acting in several end markets out of which the three most important ones (based on Revenues from Sales) are:

1. **Telecommunications**, (68.1% in FY22, 68.9% in FY21), providing services such as planning, acquisition of public authorisations, project and safety management on construction sites for telco infrastructure, both Mobile (radio base stations) and Fixed (fiber optic networks);
2. **Civil & Design**, (20.1% in FY22, 16.0% in FY21), providing services such as architectural, structural and plant design for office buildings, hospitals, data centers and shopping centers;
3. **Project & Works Management**, (7.2% in FY22, 9.7% in FY21), providing services such as management of the roll out for interventions of new constructions or maintenance of buildings and technological infrastructures through the coordination of the companies involved in the design and implementation process, optimizing times, costs and maximizing quality;
4. **Other end markets**. This group includes:
 - i. **Deals**, (3.2% in FY22 vs 3.0% in FY21), providing services such as the renegotiation of the lease agreements for its customers, helping them extend rental periods and reduce asset management costs;
 - ii. **Energy**, (1.0% in FY22 vs 1.1% in FY21), providing services such as activities ensuring compliance in constructing renewable energy and energy efficiency projects for grant providers;
 - iii. **Mobility Infrastructure**, (0.4% in FY22 vs 0.3% in FY21), providing services such as the design of new infrastructure projects and analyses of existing works of art in road and railway constructions;
 - iv. **Academy**, (no Revenues), aimed at equipping those individuals responsible for the authorization and maintenance of corporate real estate assets with project management know-how and industry regulation fundamentals.

To mention that all activities related to Energy, Mobility Infrastructure and to the Academy are currently in a start-up phase and will be further developed in the recent future.

La SIA: Revenues from Sales by Service Lines – FY2021 and FY2022

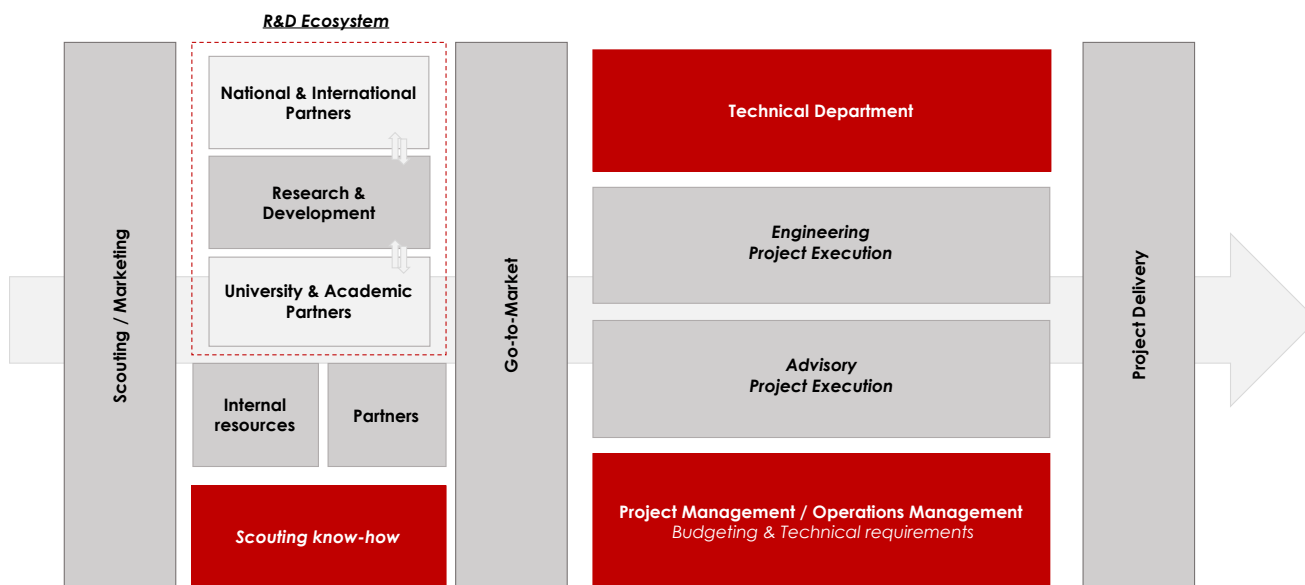


Source: La SIA, Value Track Analysis

Three-stage Business Model

The Company aligns its complete business strategy and operations with an unwavering commitment to R&D. By leveraging innovative and state-of-the-art approaches, La SIA drives growth, advances technology, and sustains a competitive advantage relative to its industry peers.

La SIA: Business Model



Source: La SIA

As far as job orders acquisition and execution is concerned, La SIA’s business model can be clustered in three stages:

1. Scouting & Marketing of new orders opportunities;
2. Orders acquisition (Go-to-Market);
3. Orders execution / delivery.

1. Scouting & Marketing

La SIA’s clients, considering the nature of the services provided and the reference markets, are usually large private or public entities assigning projects mainly by tender. More in details:

- ◆ As for public sector, the Company carefully selects tenders that offer potential profitability in line with company’s targets and participates on a stand-alone basis or through temporary alliances with other firms possessing diverse competencies and certifications;
- ◆ In the private sector, the tenders require the registration in the so-called “register of suppliers” in order to compete for order assignment.

2. Orders acquisition (Go-to-Market)

Within the Company’s organizational structure, there is a dedicated team of five professionals in the BID Management department who handle all aspects related to tender participation, encompassing both technical and legal aspects.

As evidenced previously, La SIA serves both public and private sectors, with the public sector contributing around 10% of the Company's turnover in 2022, while the private sector accounts for the remaining 90%.

- ◆ **Public Sector:** the acquisition of new orders in the public sector is achieved over participation in public tenders, in accordance with the prevailing Procurement Code (d.lgs 50/2016).

The BID Manager team leads the tender participation, with support from the Technical Department when necessary;

- ◆ **Private Sector:** The acquisition of new orders in the private sector occurs as well with participation in tenders, or via direct bilateral negotiations.

As far as those orders subject to tender, the BID Manager team, with support from the Technical Department, when necessary, leads the submission of offers.

In the remaining cases, La SIA runs direct negotiation, either independently or in partnership with 3rd parties.



Source: La SIA

3. Orders execution / delivery

Once the order is acquired, it comes the time of project implementation for both the engineering and advisory service lines. Each project is overseen by two specific departments, namely:

- ◆ The Technical Department assumes a "horizontal" role by supervising and managing each project to ensure the efficient and optimal execution of all activities and services provided;
- ◆ The Project Management/Operations Management Department operates in a "vertical" manner, focusing on the direct client and a specific geographical area. Its primary responsibility is to ensure that the project adheres to the allocated budget specified during the Bid stage (Go-to-Market).

These dedicated departments work in tandem to facilitate successful project implementation, combining technical expertise with effective project management practices to deliver high-quality results within established parameters.

La SIA Key Features

Key distinctive operating features that are supporting La SIA competitive stance are: 1) In-depth expertise in BIM methodology and high emphasis on R&D; 2) Entitlement of full set of certifications and “certified categories”; 3) Capillary geographic footprint across Italy; 4) Well-crafted managerial and operating structure; 5) Highly skilled and flexible labour force.

The economic and financial results of such key distinctive operating features are the aptitude for steady double-digit growth and a robust / higher than competitors’ profitability.

La SIA boasts, in our view, a number of key distinctive operating features that allow it to be very competitive nationwide:

1. In-depth expertise in BIM methodology and high emphasis on R&D;
2. Entitlement of full set of certifications and “certified categories”;
3. Capillary geographic footprint across Italy;
4. Well-crafted managerial and operating structure;
5. Highly skilled and flexible labour force.

Such key distinctive operating features are leading to noteworthy economic and financial proficiencies, such as:

- ◆ Above average “win rate” in tenders;
- ◆ Robust profitability, much higher than competitors.

1. In-depth expertise in BIM methodology and high emphasis on R&D

La SIA has always devoted its focus and resources on innovation, both in terms of services provided to clients and of work processes / methodologies.

Pivotal to such approach are, in our view, two elements:

- ◆ The Company's pioneering adoption of the **BIM methodology since 2015**, among the first companies in Italy;
- ◆ The enduring effort on **innovative R&D projects**, mainly financed with grants and mainly in connection with academic entities and dynamic business partners.

BIM (Building Information Modelling) methodology

With BIM, we refer to a methodology / technology centred on the creation of an informative, multidisciplinary, collaborative digital model containing information (technical drawings, geometry of the building, geographical location of objects, material properties, thermal characteristics, energy performance, safety / maintenance / demolition instructions), useful at every stage of design, from the architectural one to executive and management ones.

The result of the BIM methodology is a digital, three-dimensional representation of building works and related services.

The advantages of BIM utilization include a much easier collaboration between the various professionals involved in the entire life cycle of a project (architects, engineers, contractors, etc.), the real time monitoring of work in process status, as well as the reduction of the rate of errors and the number of changes needed.

All these advantages turn into a higher quality of the whole design – engineering – construction process, and in stricter cost control.

La SIA has adopted the **BIM methodology since 2015**, among the first companies in Italy, and in order to maximise its capabilities, it utilises several ancillary technological tools (sometimes proprietary and sometimes rented) such as: laser scanners; drones; hexacopter; thermocams.

La SIA: BIM related Technological Tools

Laser Scanners



Drones



Hexacopter



Thermocams



Source: La SIA

These devices enable the creation of a BIM model for buildings or existing spaces, utilizing data acquired from advanced surveying techniques such as 3D laser scanning, structure for motion, and high-definition photogrammetry.

The outcome of the digital survey, appropriately processed through dedicated software, yields a **“point cloud”**, representing a collection of points distributed within a three-dimensional space.

This “point cloud” can be imported into BIM modelling software, facilitating the generation of digital models for the existing structure, and leading to the so-called **Digital Twin** of the building / space.

Case study of BIM methodology & Laser Scanner applied to TIM Auditorium facility

AUDITORIUM TIM, VIA OROLO ROMANO

BIM & Laser Scanner

RILEVO LASER SCANNER

RESTITUZIONE BIM

PROGETTAZIONE BIM

Pianta dei locali interessati dalla progettazione

Progettazione degli arredi

Simulazioni fotorealistiche dei locali progettati: auditorium, spazi comuni, uffici, spazi ricreativi, servizi igienici

Source: La SIA

Typically, the software of choice for many is Revit, developed by Autodesk, which is widely regarded as the preferred platform. The annual licensing fee for each subscription is €3.4k. At present, La SIA possesses approximately ca. fifteen licenses, with an expected increase to ca. twenty licenses by the end of the year, entailing a total investment of nearly €100k.

BIM methodology will be compulsory by 2025 in all public tenders worth more than €1mn.

Continuous effort on innovative Research and Development projects

La SIA devotes an enduring effort on **innovative R&D projects**, mainly financed with grants and mainly in connection with academic entities and dynamic business partners

La SIA's approach R&D financed projects have two main underlying rationales:

1. To enhance its knowledge base and expertise, as La SIA proactively seeks to stay at the forefront of technological advancements, enabling it to remain competitive in the ever-evolving market;
2. To help offsetting innovation costs thanks to approved grants, as La SIA reckons that being profitable is one of its top priorities.

The company approaches R&D through collaborations with both internal and external partners. These partnerships include:

- ◆ Participation in national and international projects funded by the European Union (EU) or national/regional funds;
- ◆ Collaborations with external companies / universities possessing specialized competencies in specific sectors or related to specific end markets.

R&D project are skewed on:

- ◆ Advancing the adoption of innovative technologies in the fields of engineering and architecture, such as Digital Twin, Artificial Intelligence (AI), and Predictive Analysis;
- ◆ Expanding the network of potential partners to participate in competitions and joint ventures;
- ◆ Enhancing the social impact of the company by fostering collaborations with academic and industrial partners aiming to establish and sustain a hub of continuous innovation.

The major research projects developed by La SIA are named Anchor, Prelude, Proper Effect, Archimedes and Ai-ron Man, all Italian based but for Prelude, which is a European project part of the Horizon funding for the period 2020-2024.

La SIA: R&D Projects

Project Name	Duration	Purpose	Academic and/or industrial partners	Grant in FY22 P&L (€)
Anchor	01/07/2021 to 30/09/2022	It performs simulations of people aggregations to effectively manage potentially dangerous situations using an intuitive interface and real context representation	STAM DGS	27k
Prelude	01/12/2020 to ~ 31/05/2024	It improves buildings smartness by reducing CO ₂ footprint, minimizing energy consumption, maximizing investment in self-consumption and enhancing indoor comfort and health	21 partners Aalborg University	107k
Proper Effect	01/06/2020 to 31/07/2022	It develops an innovative ICT platform to support energy efficiency and optimize management of real estate assets	STAM University ROMA3 DIMAR Group	31k
Archimedes	01/12/2019 to 31/03/2022	It creates a hybrid asset management tool based on BIM and GIS to facilitate the life cycle management of TLC infrastructures	ACTwo Vicosystem STAM	n.a.
Ai-ron Man	01/09/2022 to 31/12/2023	It provides a dynamic risk prediction tool for forest fires in areas with TLC infrastructures, enabling proactive intervention by first responders and prevention of mobile service interruptions	STAM GTER	5k

Source: La SIA, Value Track Analysis

2. Entitlement of full set of certifications and “certified categories”

La SIA boasts **4 internationally recognized certifications** (ISO Certifications) and **several “certified categories”**, enabling the Company to position itself favourably in terms of technical requirements within private and public tenders.

Regarding certifications, La SIA holds the following:

- ◆ BIM methodology utilization for public tenders (PdR 74:2019);
- ◆ Quality management and control (ISO 9001:2015);
- ◆ Environmental management and control (ISO 14001:2015);
- ◆ Occupational health and safety management system (ISO 45001:2018).

Moreover, the Company possesses certified categories in various domains, including:

- ◆ Construction-related references, such as E.04, E.08, E.16, E.20, E.21, and E.22;
- ◆ Utilities system-related references, such as IA.01, IA.02, IA.03, IA.04, and IB.08;
- ◆ Structural-related references, such as S.03 and S.04;
- ◆ Telecom system-related references, such as T.02.

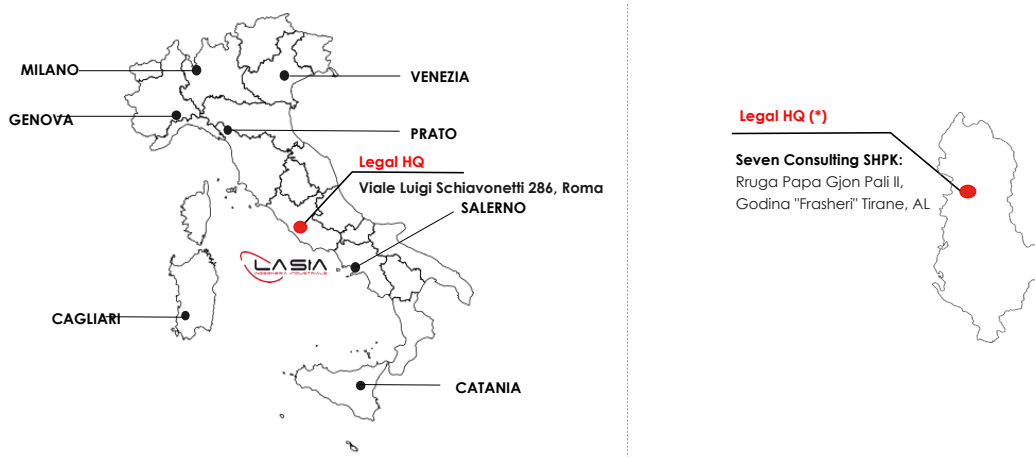
3. Capillary geographic footprint across Italy

Since its foundation, the Company has chosen to setup several offices nationwide, in order to meet customer expectations and provide them local support.

This approach enables the Company to:

- ◆ Effectively oversee and supervise projects, prioritizing timeliness and cost efficiency;
- ◆ Maintain a comprehensive understanding of local regulations, considering the impracticality of centralizing operations in this context.

La SIA: Geographical footprint

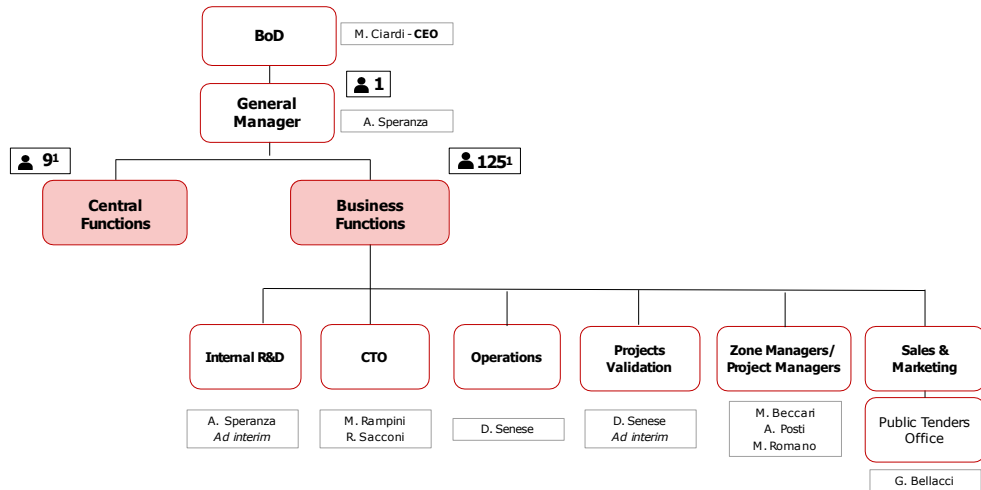


Source: La SIA (*) Acquired back in July 2023

4. Well-crafted managerial and operating structure

In order to maximize its operational efficiency and cope with clients' needs, La SIA operates with an organizational structure resembling that of a large company, both at C-level and below. Within this structure, nine employees are allocated to the Central Functions, encompassing roles such as the CFO and Administrative Office, along with the three individuals affiliated with Net4Service. The remaining employees are dedicated to the Business Functions, such as R&D, CTO, Operations, Project Validations, Project Managers and Sales & Marketing.

La SIA: Internal management organization

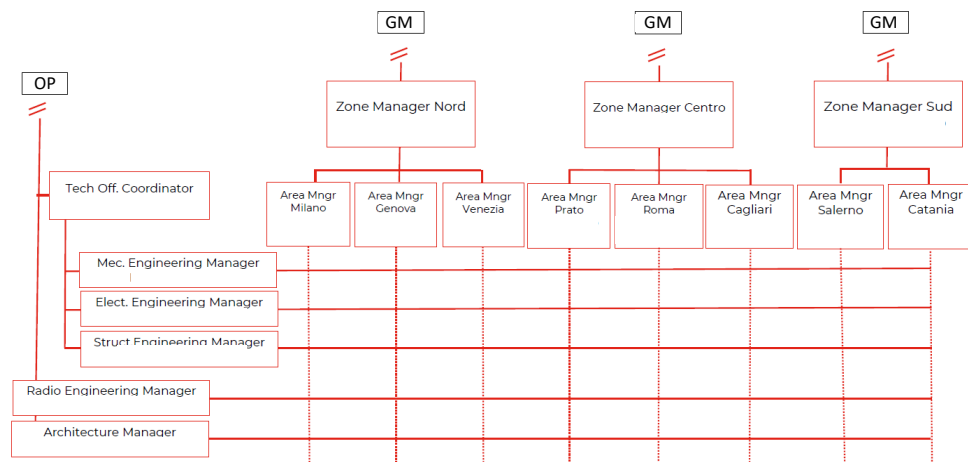


Source: La SIA, (1) As of June 2023

In terms of operational structure, there are **three Zone Managers**, specifically assigned to the North, Central, and South regions, who provide supervision and guidance to **eight Area Managers** located within the respective geographical areas where La SIA operates.

These roles operate horizontally and collaborate closely with the Mechanical Engineering Manager, Electrical Engineering Manager, Structural Engineering Manager, and other individuals leading the Technical Office Coordination.

La SIA: Operational structure



Source: La SIA

5. Highly skilled and flexible labour force

La SIA boasts a **technology based labour-intensive business model** and as a result, its growth has historically been closely linked to the development of its workforce.

Indeed, in order to maintain its top-class profitability returns, La SIA has always worked at full capacity allocation of all resources, both internal and external, and this approach requires to progressively hire new resources to support organic growth.

As of 2022 year-end, the organizational structure of La SIA consists of a workforce of ca. 108 persons with 46% of employees under contract and the remaining 54% engaged as freelance / independent contractors, which provides the Company a high flexibility and permanent utilization of its output capacity.

Going more in details, taking into account Net 4 Service S.r.l. – a company that merged with La SIA in 2023 – the operational sites in Italy as of 2022 year-end collectively employed a total of 111 individuals.

On the other hand, La SIA employs ca. 20 individuals in its Albanian HQ office all hired on a permanent basis.

La SIA's workforce primarily consists of **~95% highly skilled engineers and architects who possess advanced technological competencies and expertise in the BIM methodology**. Additionally, archaeologists and designers collaborate on specific projects.

In order to maximise retention, the Company manages a welfare plan for its employees, i.e., an incentive program determined by the achievement of annual goals at both Company (such as revenues and EBITDA) and individual level. The assigned variable components are as follows:

- ◆ First range: 40% of RAL (Annual Gross Salary) – Top Manager;
- ◆ Second range: 25% of RAL – Sales & Marketing, Bid Management, Zone Manager, and CFO;
- ◆ Third range: 15% of RAL – Technical Managers.

As we said before, the above-mentioned key distinctive operating features are leading to noteworthy economic and financial positive points, such as:

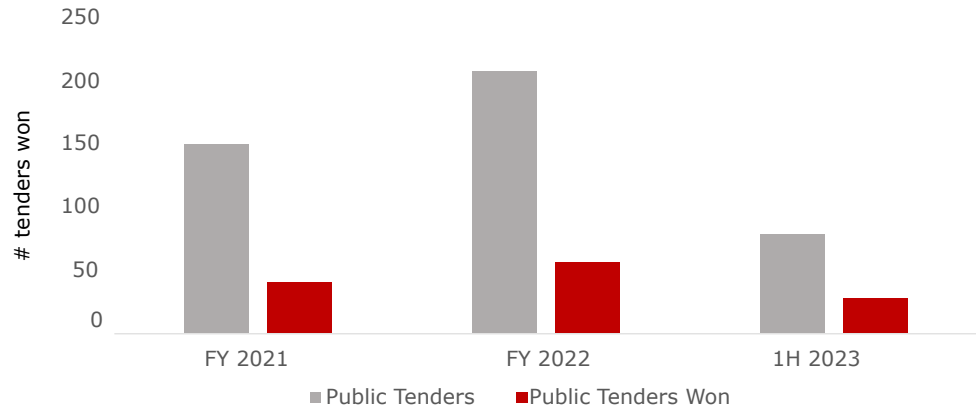
- ◆ Above average “win rate” in tenders;
- ◆ Robust profitability, much higher than competitors.

1 economic and financial plus: Above average “win rate” in tenders

La SIA boasts a **brilliant track record in winning tenders**. Indeed:

- ◆ FY21: 40 tenders won, worth €13.2mn job orders, “win rate” at ca. 26.8%;
- ◆ FY22: 57 tenders won, worth €17.5mn job orders, “win rate” at ca. 28.8%;
- ◆ FY23 so far (data as of end of June): Ca. 35% success rate, €60mn value of ongoing tender offers.

La SIA: Public Tenders Wins Evolution



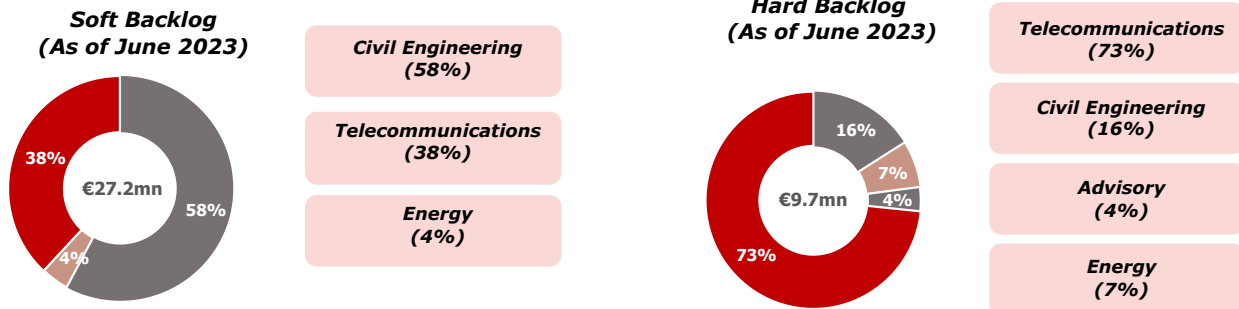
Source: La SIA

As a result, as of 1H23 the in-house **backlog** stood at ~ **€36.9mn**, out of which:

- ◆ ca. 21% hard backlog (orders acquired within master agreements in place and still to be executed);
- ◆ ca. 79% soft backlog (orders planned to be acquired within master agreements in place, and obviously not executed yet).

Overall, the anticipated distribution of tender-generated revenues extends over an estimated period of approximately 36 months.

La SIA: Soft & Hard Backlog as of end of June 2023



Source: La SIA

2 economic and financial plus: Robust profitability, much higher than competitors

The research and promotion firm Guamari undertook an extensive study focusing on Italy's leading 200 engineering companies, and we note that La SIA ranks well in it. Indeed:

- ◆ As for FY21 turnover ranking, La SIA ranked 52nd;
- ◆ When taking into account all engineering companies included in the report, La SIA boasts a much higher-than-average FY21 EBITDA margin: 21.4%, vs. 13.6% for the whole group;
- ◆ When taking into account engineering companies with a turnover greater or equal to La SIA, the company ranks within the top 10 most profitable ones.

La SIA: Comparison among top companies split by turnover cluster (*)

Cluster by Revenue	# Companies	Revenue (Avg.)	EBITDA (Avg.)	EBITDA Margin
€0-4.9mn	75	3.8	0.6	15.2%
€5-9.9mn	54	7.1	0.9	12.1%
€10-19.9mn	38	13.5	1.9	13.9%
>€20mn	33	56.6	5.6	9.8%
La SIA		13.2	2.8	21.4%

Source: La SIA, Value Track Analysis

(*) All figures and ratios based on FY21 data

Market Opportunities

We expect the growth of the market for Architectural & Engineering services to be positively supported by Investments in public infrastructures, Regulation and Digitization. On the opposite, investments in private assets might represent a negative surprise in the next couple of years. We note that La SIA is currently much more active in public infrastructures projects than on private assets ones.

The growth of the market for Architectural & Engineering services is, in our view, driven by four main forces that are somehow nested each other. These forces are:

1. Investments in public infrastructures (electricity, water, roads, railways and telecom grids);
2. Investments in private assets (plants, real estate, other commercial and industrial facilities);
3. Digitization;
4. Regulation.

While we see investments in public infrastructures, regulation and digitization as supportive of market growth, on the opposite we believe that investments in private assets might represent a negative surprise in the next couple of years.

We note that La SIA is currently much more active in public infrastructures projects than on private assets ones.

Positive: Public infrastructures, Regulation, Digitization

Strong need for infrastructure investments

Infrastructure demand is a significant driver of the Architectural & Engineering services industry, as Infrastructure projects are often vast and complicated, necessitating the need for engineering service providers to design, plan, and execute these projects.

If so, the Italian market opportunity is, without any doubt, huge.

Indeed, it's common knowledge that over the years Italy has accumulated significant infrastructure gaps. According to PwC, the gap between current investment in infrastructure and the achievement of optimal needs might amount to €373bn by 2040, out of which Rail infrastructures account for ca. €238bn investment gap, Ports infrastructure for €79bn and Energy infrastructures for some €39bn.

Financing the infrastructures should be a minor problem

Infrastructure projects are extremely expensive, so financing is usually one of the main drivers for their postponement / abortion.

In the current and next years this issue should not be a problem. Indeed, NRRP / NGEU funds devote lot of resources on these projects.

NRRP / NGEU (NextGenerationEU)

Italy is, in absolute value, the main recipient of European funds from the NGEU, mainly destined in large extent in investments and reforms for the national Infrastructure sector, according to the NRRP. Two are the areas where NRRP / NGEU grants money (some €81.4bn) and that could be of interests for infrastructure projects:

- ◆ **Green revolution and ecological transition**, i.e. projects focused on renewable energy sources development, enhancement of the electricity grid and water supplies, increase of energy

efficiency in public buildings, investments to combat climate change and hydrogeological instability;

- ◆ **Infrastructure for sustainable mobility**, i.e. projects focused on high speed rail for the North and the South, ordinary Rail transport network, road safety, intramodality, integrated logistics.

Some projects recently won by La SIA are driven by these funds

Some tenders won by La SIA starting from July 2022 have had a direct connection with the NRRP. For example:

- ◆ Ministry of Infrastructure and Sustainable Mobility (3 tenders) - total value €950k;
- ◆ Post Office (polis AQ 14 contract) - total value € 1.3mn.

Digitization and Regulation are expected to add on top

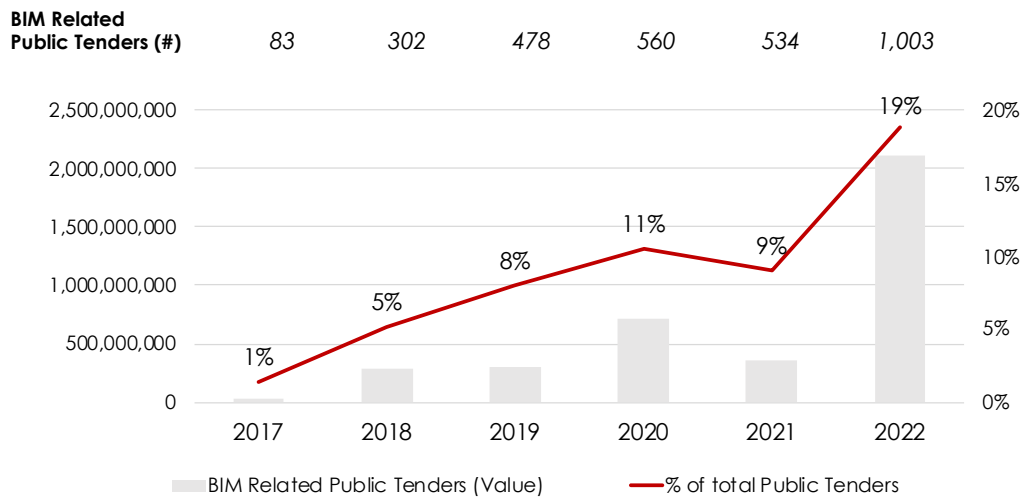
A further growth push of the market should come from the combined effect of digitization and regulation.

Just to make an example, the recently enacted “Codice appalti”, Legislative Decree 36/2023, reaffirms the principles established by the previous code and DM 312/2021. Notably, the new legislation mandates the adoption of BIM methodologies for all contracts exceeding €1.0mn starting as of 2025.

This requirement emphasizes the continued commitment to leveraging BIM as a standard practice in public procurement, ensuring enhanced project management and coordination in the construction industry.

The impending mandate for BIM to become compulsory starting in 2025 should materially boost the number and value of BIM related public tenders, the ones that are addressable by La SIA and from other market competitors owning BIM certifications (some 80 as of April 2023, Source: Accredia).

Evolution of BIM Related Public Tenders



BIM Related Tenders Evolution (2017-2022)

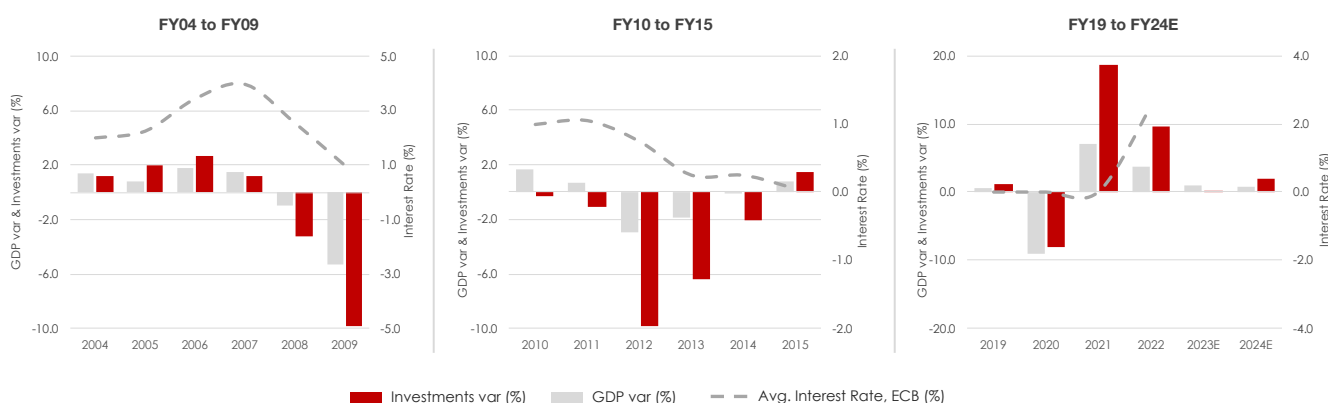
Source: La SIA

Negative: Investments in private assets

Usually, the preferred way in which central banks try to cool down demand driven inflation is to raise official interest rates (hoping that market ones move accordingly), as with some quarters of delay such a measure should negatively impact on investment decisions (indeed, the cost of financing is a “go / no go” decision driver for investments) and on GDP growth.

As a result, we can usually witness an **inverse correlation between interest rates movement and (with some time lag) investments in private assets**, be them plants, real estate, or other commercial and industrial facilities.

Inverse correlation between Interest rates and Investments in private assets (Italy)



Source: World Bank Data, ISTAT, CSC

If so (actually, this is what took place in the periods from 2004 to 2009 and from 2010 to 2015), we fear a possible slowdown of investments in the next quarters following the recent steep rise in official interest rates that took place in 2022.

Our assessment aligns with the findings unveiled in the latest months by main forecasters (European Commission, Fitch and so on) that see a loss of momentum in Investments in FY23E, driven by the tightening of banking conditions, and a subsequent revamp in FY24E, driven by a possible easing of monetary conditions.

Strategies aimed at further enhancing the business profile

We expect La SIA's strategic guidelines to be focused on the following: 1) Expansion on new "verticals"; 2) Acceleration of technological evolution in order to start generating recurring revenue stream; 3) Output capacity increase.

Such strategies should be pursued mainly via organic growth, with non-organic growth being limited mainly to possible investments in university spinoffs or (a very selected basis and only if necessary) in companies/entities bringing specific expertise and/or track record.

Such pursued strategies are aimed to further enhance the business profile by addressing points such as: 1) Current low exposure to some high-growth end markets; 2) Current lack of in-depth IoT/AI skills; 3) Revenue concentration on very few clients; 4) Employees' retention and skills shortage; 5) Medium-High weight of Trade Receivables.

Strategic guidelines aimed at catching market opportunities...

We view La SIA as having the capabilities and opportunities to expand its market shares in the domestic market by integrating its product offerings with value-added services. That said, La SIA's strategic growth guidelines can be summarized as follows:

1. Expansion on new "verticals" (Energy, Mobility Infrastructures, Healthcare) and on new services (Design & Architectural);
2. Acceleration of technological evolution;
3. Output capacity increase.

Such strategic growth guidelines should be pursued via organic growth, with non-organic growth being limited to possible investments in university spinoffs, or (on a very selected basis, and only if necessary) in with companies/entities with specific expertise and/or track record (e.g. on hospital, companies that know how to do operating theatres, or IoT).

#1 – Expansion on new "verticals" and on new services

La SIA aims to increase its presence in the following "verticals": Energy, Mobility Infrastructures, Healthcare. Furthermore, it is planning to start offering, in a more structured way, Design & Architectural services.

Energy

This "vertical" has to do with themes already addressed via R&D projects (smart building / energy efficiency), but also with more general themes related to renewable energy sources.

La SIA has already designed / engineered some projects in this field such as:

- ◆ Monitoring of renewable energy incentive mechanisms on behalf of state-owned entity;
- ◆ Design of the lighting system at Padua Train Station;
- ◆ Design and Project management of the rollout of photovoltaic plants in Sardinia.

During 2023, in collaboration with the START 4.0 Competence Center and the University of Genoa, it will also launch an incubator of innovative energy solutions.

Mobility Infrastructures

It is widely acknowledged that Rail and Road networks should undergo massive revamping and rehabilitation works in the next ten years (at least).

As a consequence, La SIA intends to expand its skills in order to participate in more and more tenders in both sectors. In May 2023, a senior resource with high specific skills in road infrastructure was added to the corporate organizational chart.

Healthcare

In 2023 La SIA was awarded (thanks to its know-how on BIM) a first master agreement for the design and redevelopment of some state-owned hospital facilities in the Lazio Region.

This agreement will allow the company to expand its Certified Categories (CBE), and this should enable it to successfully participate in more and more tenders in this specific “vertical”.

Design & Architecture services

La SIA aims to add Design & Architectural services to its portfolio, as these job orders (be them public tenders or private orders, both national and international) grant high visibility and earn remunerative fees.

#2 – Acceleration of technological evolution

La SIA aims to remain at the forefront of technological innovation applied to Design & Engineering and to start generating a recurring revenue stream by investing in:

- ◆ Further digitalization of working processes;
- ◆ Training of resources on new technologies (scan to BIM, BIM, Digital Twin) thanks to the strengthening of the Academy;
- ◆ New digital technologies (Digital Twin, IoT, Predictive maintenance) and new innovative working tools (hardware e software);
- ◆ R&D projects in fields such as BIM, Smart Building / Energy efficiency, Predictive maintenance.

#3 – Output capacity (labour force) increase and retention

As we said before, La SIA boasts a technology based labor-intensive business model and as a result, its growth requires the hiring of new employees / the setup of new collaboration agreement with external professionals. The above-mentioned expansion into contiguous markets / services should require new resources, as well.

The IPO was indeed aimed at granting higher visibility / attractiveness to the company as an employer and to allow the setup of more rewarding retention / hiring policies.

...by further enhancing the business profile

Such pursued strategies are also aimed to enhance La SIA’s business profile by addressing points such as:

1. Current low exposure to some high-growth end markets and lack of in-depth IoT/AI skills;
2. Revenue concentration on very few clients;
3. Employees’ retention and skills shortage;
4. Medium-High weight of Trade Receivables.

1. Low exposure to some high-growth end markets and lack of in-depth IoT/AI skills

Looking at the secular trends that are driving the current and expected growth of architectural & engineering services market, for sure we can identify the rise of **digitization** and the demand of **sustainability** as the most important ones.

Indeed, most of future investments in new infrastructures will focus on “green projects” and on “green processes”, with the latter being obviously (and positively) impacted by the adoption of digital technologies such as artificial intelligence (AI) and Internet of Things (IoT), that allow organizations to make informed real-time decisions or to optimize energy consumption.

La SIA currently lacks material exposure on “green projects” as the **energy sector contributes only ~1% of its VoP**. Nonetheless, the Company has undertaken a few projects and is currently engaged in initiatives including:

- ◆ Monitoring renewable energy incentive mechanisms on behalf of a state-owned entity;
- ◆ Designing the lighting system at Padua Train Station;
- ◆ Overseeing the design and project management of the rollout of photovoltaic plants in Sardinia;
- ◆ Looking ahead, in collaboration with the START 4.0 Competence Center and the University of Genoa, the Company plans to launch an incubator for innovative energy solutions.

As far as the ownership of skills in digital technologies are concerned, we remind that La SIA has been among the first companies to embrace BIM methodology, but at the same time we have to reckon that it currently lacks know-how and expertise on artificial intelligence (AI) and Internet of Things (IoT). Indeed, some competitor (e.g. Alten) provide not only Engineering services but also ICT consultancy / System integration ones.

2. Revenue concentration on very few clients

We previously mentioned that in FY20-21-22 La SIA has been providing its services mainly to top tier telco operators, and that this is an extremely concentrated market.

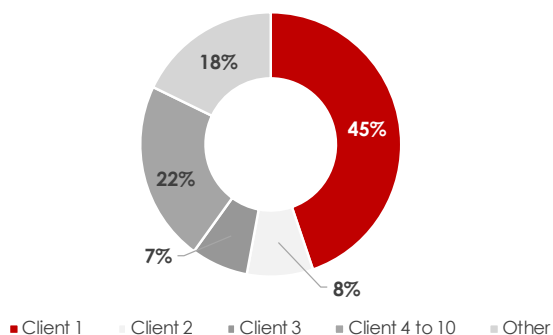
As a result, also La SIA revenue’s structure (and backlog) is highly concentrated. Indeed:

- ◆ Top 10 customers amounted to ~86% of total revenues in 2020, ~83% in 2021, ~82% in 2022 and ~83% in 1H23;
- ◆ From FY20 to 1H23, the weight of 1st top customer rose from 29% to 45% of total revenues;
- ◆ As for backlog, the 1st top customer at the end of March represented ca. 37% of the total.

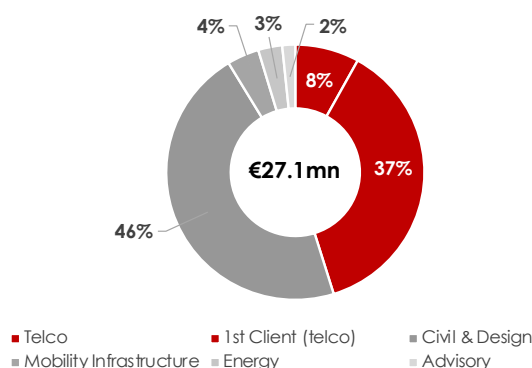
As a mitigant, we underline that La SIA aims to expand its presence into new industries, including energy and mobility infrastructure, thus diversifying its customer base and reducing the current client concentration (*see the chapter on Growth Strategies*).

La SIA: Top 10 clients FY22 and Backlog split as of end of March 2023

Top 10 Clients FY22 (% on Rev. from Sales)



Soft + Hard Backlog as of end of March 2023



Source: La SIA, Value Track Analysis

Challenging employees' retention and skills shortage

As we said before, La SIA boasts a technology based labor-intensive business model and as a result, its growth requires the hiring of new employees / the setup of new collaboration agreement with external professionals.

Unfortunately, getting new professional resources and retaining them is one of the most relevant headwinds that engineering companies are facing, given the industry-wide scarcity of skilled engineers.

Such a situation has determined a high Labour Turnover ratio for La SIA, on average higher than 30% in FY20-21-22, and a low average seniority. Indeed, as of 2022 year-end:

1. 76% of the 50 resources employed had a tenure ranging from 0 to 5 years;
2. The remaining 24% had a tenure exceeding 5 years, o/w 10% between 5 and 10 years and 14% between 10 and 15 years;
3. The average seniority level of employees stood at ~4 years.

As a mitigant, we underline that churning employees / contractors are usually hired by La SIA's private or state-owned customers rather than by competitors, and that the company is planning to finance some PhD aimed at hiring new resources.

La SIA: Historical evolution of employees and contractors

	2019	2020	2021	2022
Employees Start of Period	n.a.	43	42	43
a. Hirings	+10	+9	+19	+22
b. Resignations / Dismissals	n.a.	-10	-18	-15
Employees End of Period	43	42	43	50
Freelance / Contractors Start of Period	n.a.	102	90	65
a. Start of collaboration	+9	+3	+15	+10
b. End of collaboration	n.a.	-15	-50	-17
Freelance / Contractors End of Period	102	90	65	58
Total End of Period	145	132	108	108

Source: La SIA, Value Track Analysis

Medium-High weight of Trade Receivables

La SIA boasts an on-order driven / work in progress business model, but it is not involved in EPC activities. As a result, initial set up costs for job orders execution / delivery are not such an issue.

As far as invoicing structure is concerned, there are usually some differences between orders from state-owned entities and from private clients:

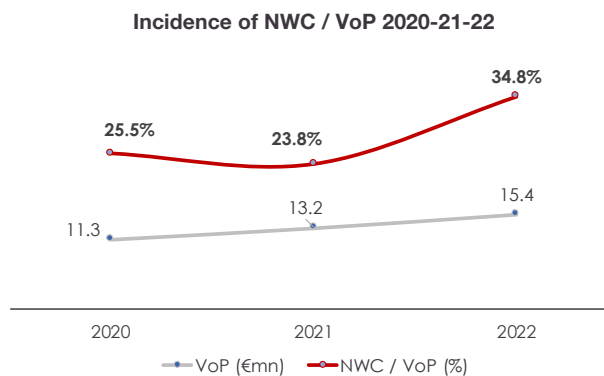
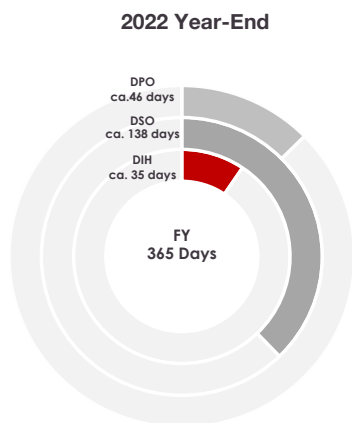
- ◆ Job orders from state-owned entities. It's customary to receive a 20% upfront down payment while afterwards the payment terms can vary, with either the use of WIP accounting or a straight payment at the completion of the project;
- ◆ Job orders from Private clients. It's pretty rare to receive an upfront down payment, while afterwards the payment terms usually include WIP accounting, sometimes even on a monthly basis.

Having as main clients large private or state-owned entities, it's not surprising that La SIA records quite a long time to cash in its Trade Receivables (FY22 DSO at ca. 138dd, VAT included in Trade Receivables), not entirely offset by Trade Payables (FY22 DPO at ca. 46dd, calculated on total cash

costs including labour ones, with VAT included in Trade Payables). Inventories (FY22 DIO at 35dd) add on top and are related to Work In Progress activities.

As a result, Net Working Capital has been historically pretty high. At the end of 2022FY it stood at 34.8% of Value of Production.

La SIA: Net Working Capital 2022 Year-End, and incidence on Value of Production 2020-21-22 (*)



Source: La SIA, Value Track Analysis (*) 2020FY IT GAAP, 2021FY-22FY IAS

FY20-21-22 Financials

La SIA has been growing steadily since inception, (16.4% Value of Production CAGR over the 2013-2022 period), enjoying very healthy operating margins (EBITDA-EBIT margin at 22.6% and 19.8% respectively as of 2022FY) and boasting a “light” asset structure resulting in high returns on equity and on capital employed (>50% and >60% respectively in FY22).

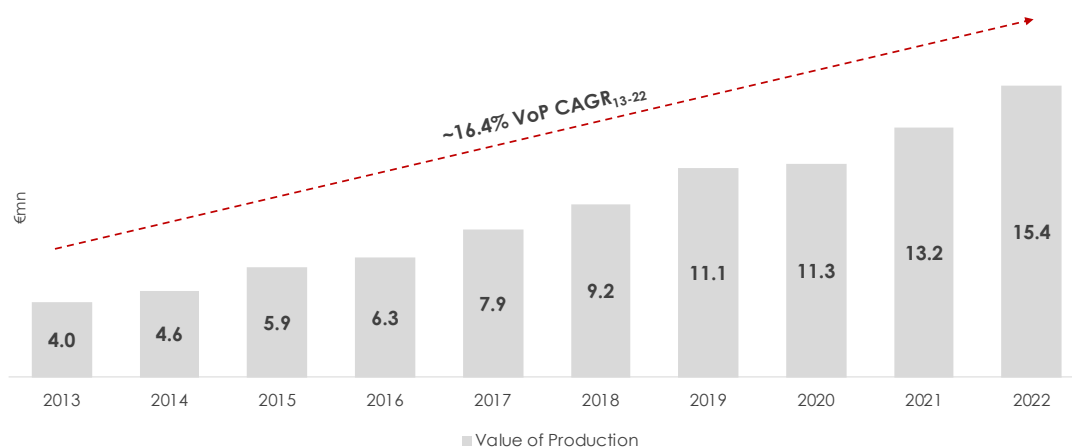
Introduction and Key Financials at a glance

FY2020 financials are built in accordance with **Italian OIC accounting principles** (IT GAAP) while FY2021-22 under **IAS / IFRS accounting principles**. All financials refer to La SIA SpA only, i.e. not including the Albanian subsidiary due to its extremely small size.

Steady organic growth since 2013 (~16% top line CAGR)

La SIA has so far demonstrated to be able to grow at a steady double-digit organic pace, **Value of Production CAGR₁₃₋₂₂ of 16.4%**, thanks to its skills in providing technologically advanced services (based on BIM methodology) and to its careful management of clients’ needs even on a local basis.

La SIA SpA: Historical evolution of Value of Production



Source: La SIA, Value Track Analysis

Healthy operating margins and returns

La SIA’s FY20-21-22 financials highlight the following considerations in terms of profitability and capital intensity:

- ◆ **Top class EBITDA Margin**, above 20% level, and slightly increasing y/y in FY22 (ca +115bps);
- ◆ **Extremely limited capex requirement but medium-high incidence of trade receivables** (~38% on VoP), explaining some cash absorption from top line growth;
- ◆ **“Light” asset structure** entails high returns on equity and on capital employed (>40% and >50% respectively in FY22).

Profit & Loss analysis

As anticipated, La SIA has been growing steadily since inception, (16.4% CAGR over the 2013-2022 period), benefitting from positive operating margins. Even in FY20 La SIA performance was extremely resilient, as Covid-19 took a rather low toll: the Company registered a null growth rate (+2.6% y/y) and got back to its growth rate trend in FY21.

As far as FY22 financials are concerned, we highlight:

- ◆ **Value of Production at €15.4mn**, up +17.1% y/y, with a strong acceleration post pandemic, driven in particular by a very strong sales of Telco and Civil & Design services, up +29% and +60% y/y, respectively;
- ◆ **EBITDA at €3.5mn**, up +23.4% y/y, more than proportionally with respect to the top line, mostly due to a lower incidence of external professionals' costs;
- ◆ **Net Profit at €2.2mn**, up +21.8% y/y.

Top line: €15.4mn Value of Production in FY22

La SIA reported €15.4mn VoP in FY22, out of which €14.2mn related to “core” Revenues from sales (including engineering, advisory and other services), €435k related to Other Revenues (mainly R&D related grants), €694k to Δ inventories (WIP) and €170k to Δ internally generated fixed assets (i.e. capitalized costs).

La SIA: Orders intake and Revenues from Sales FY20-21-22

(€mn, IAS) (*)	FY20	FY21	FY22
Orders Intake	10.9	13.2	17.5
Revenues from Sales (Orders Delivered)	10.9	12.0	14.2
<i>o/w Telco</i>	8.0	8.4	9.6
<i>Mobility Infrastructures</i>	0.0	0.0	0.1
<i>Energy</i>	0.0	0.1	0.1
<i>Civil & Design</i>	1.2	1.9	2.9
<i>Project Works & Project Management</i>	1.1	1.2	1.0
<i>Lease Deals</i>	0.4	0.4	0.5
<i>Other</i>	0.1	0.0	0.0

Source: La SIA, Value Track Analysis, (*) FY20 IT GAAP

La SIA: Value of Production breakdown from FY20 to FY22

(€mn, IAS) (*)	FY20	FY21	FY22
Total Revenues from Sales	10.8	12.0	14.2
Change %	na	10.7%	17.9%
Other Revenues	0.5	0.4	0.4
Δ Inventory (Finished Goods) and WIP	0.0	0.8	0.7
Δ Internally Generated Fixed Assets	0.0	0.0	0.2
Value of Production	11.3	13.2	15.4
Change %	na	16.5%	17.1%

Source: La SIA, Value Track Analysis, (*) FY20 IT GAAP

Operating Margins: EBITDA getting close to 23%

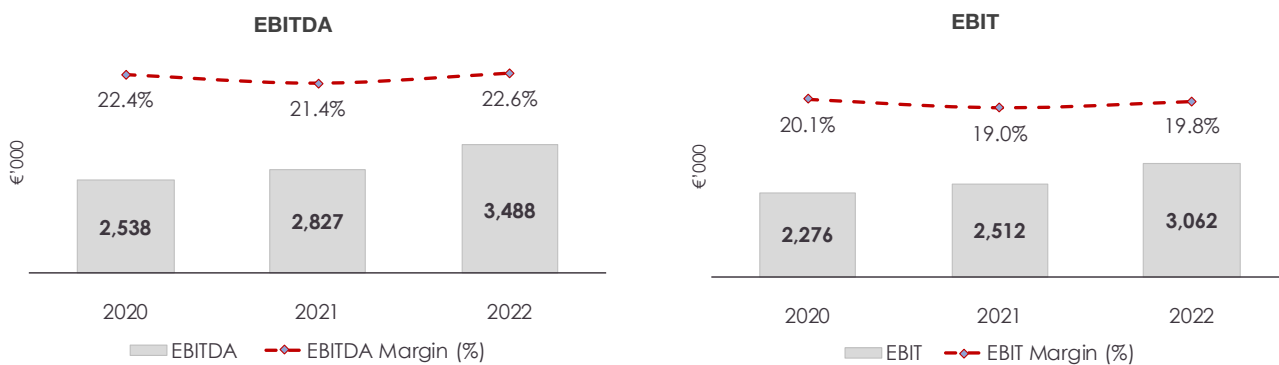
La SIA experienced a gradual enhancement in profitability over the last few years, achieving ca. **€3.5mn EBITDA in FY22** (vs €2.8mn in FY21), benefitting from the lower incidence of external professional costs and other minor overheads. Indeed, in FY22:

- ◆ Costs of Services stood at €9.3mn up 16.6% y/y, due to a volume’s orders increase;
- ◆ Labour Costs stood at €2.3mn, +19.5% y/y (vs. €1.9mn in FY21), due to the high workforce implemented from 43 to 50 employees;
- ◆ Other Costs (including cost of rent) stood at €360k (~80% cost of rent), vs. €460k in FY21;
- ◆ Raw Materials costs stood at €72k (+1.6% y/y, stable at 0.5% of VoP).

As a result, the EBITDA Margin achieved 22.6% of VoP in FY22, up from 21.4% of FY21.

EBIT as well increased more than proportionally with respect to the top line, +21.9% y/y to €3.1mn (EBIT margin 19.8%, up by ca. 80bps y/y), as D&A charges are quite low, accounting approximately €426k (ca. 3% on VoP) in FY22.

La SIA: Profitability evolution from FY20 (*) to FY22



Source: La SIA, Value Track Analysis (*) FY20 IT GAAP

La SIA FY20-21-22: From VoP down to EBIT

(€mn, IAS) (*)	FY20	FY21	FY22
Value of Production	11.3	13.2	15.4
Raw Materials Costs	-0.1	-0.1	-0.1
Cost of Services	-6.4	-7.9	-9.3
Labour Costs	-1.8	-1.9	-2.3
Cost of Rent	-0.5	-0.3	-0.3
Other Costs	0.0	-0.2	-0.1
EBITDA	2.5	2.8	3.5
EBITDA Margin (%)	22.4%	21.4%	22.6%
D&A	-0.3	-0.3	-0.4
EBIT	2.3	2.5	3.1
EBIT Margin	20.1%	19.0%	19.8%

Source: La SIA, Value Track Analysis, (*) FY20 IT GAAP

Focus on Costs structure: Cost of Services at ca. 60% of VoP

La SIA's FY22 total operating costs (ex D&A) stood at roughly €12.0mn (+15.3% y/y) with **Costs of Services accounting for ~60% of VoP**, as a result of the highly flexible operating structure of the company that executes its job orders not only thanks to its employees, but also thanks to external freelance / contractors and specialized suppliers.

As far as FY22 Costs of Services are concerned, we note that:

- ◆ Central functions and staff costs stood at €2.0mn, accounting for approx. 13% of VoP;
- ◆ External professionals stood at €3.7mn, i.e., ca. 24% of VoP;
- ◆ Specialized suppliers / sub-contractors stood at €3.5mn i.e., ca. 23% of VoP.

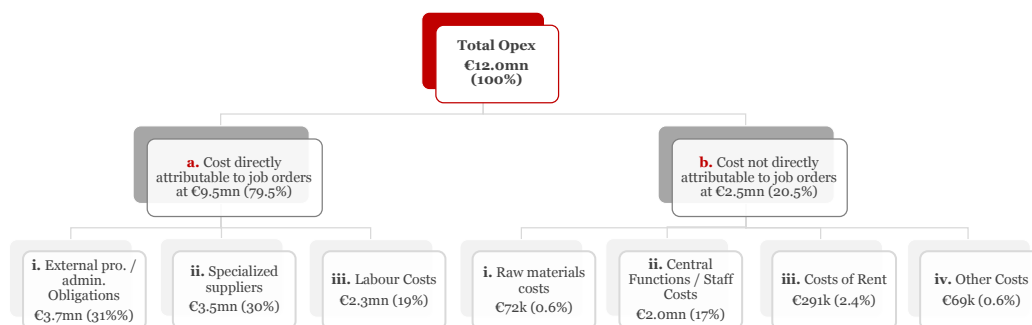
As a matter of facts, costs directly attributable to job orders account for ca. 80% of total OpEx base, with the remaining 20% being related to costs not directly attributable to job orders.

La SIA: Cost of Services from FY20 to FY22

(€mn, IAS) (*)	FY20	FY21	FY22
Costs of Services	-6.4	-7.9	-9.3
Costs of Services / VoP (%)	-56.2%	-60.2%	-59.9%
<i>Change % y/y</i>	<i>na</i>	24.8%	16.6%
o/w Central Functions / Staff Costs	-1.3	-1.6	-2.0
Central Functions / Staff Costs / VoP (%)	-11.6%	-11.9%	-13.1%
External professionals	-3.0	-3.3	-3.7
External professionals / VoP (%)	-26.9%	-24.7%	-23.8%
Specialized suppliers	-2.0	-3.1	-3.5
Specialized suppliers / VoP (%)	-17.8%	-23.6%	-23.0%

Source: La SIA, Value Track Analysis, (*) FY20 IT GAAP

La SIA: FY22 Operating Costs directly attributable (or not) to job orders



Source: Value Track Analysis

Bottom line at ~14% of Value of Production

Thanks to negligible financial charges and to a ~29% tax rate, FY22 Net Profit stood at ca. €2.1mn, up 21.8% y/y, with Net Margin increasing by 54bps to an extremely healthy 13.9%.

La SIA from FY20 to FY22: From EBIT to Net Profit

(€mn, IAS) (*)	FY20	FY21	FY22
EBIT	2.3	2.5	3.1
Interest expenses	0.0	-0.1	0.0
Non-operating income	0.0	0.0	0.0
Taxes	-0.6	-0.7	-0.9
Net Profit	1.6	1.8	2.1
Net Margin (%)	14.3%	13.3%	13.9%

Source: La SIA, Value Track Analysis, (*) FY20 IT GAAP

Balance Sheet / Cash Flow analysis

Net Debt 2022 year-end stood at a very comfortable €1.1mn, with some €700k worsening y/y entirely due to a €1.1mn late payment from company's factor that was cashed at the beginning of January.

As far as FY22 is concerned:

- ◆ **Net Fixed Assets** stood ca. €1.0mn, or **6.3% on VoP**, quite stable vs. FY22 at €1.0mn;
- ◆ **Net Working Capital** stood at roughly €5.4mn, **34.8% on VoP**, up vs FY20 and FY21 due to:
 1. 35dd Days of Inventories, up vs. 21dd in FY21 due to the Work In Progress activities;
 2. €5.8mn Trade Receivables, (+20dd vs. FY21), due to the above mentioned €1.1mn late payment from company's factor that was cashed at the beginning of January 2023;
 3. €1.5mn Trade Payables (ca. 46dd), decreased y/y in absolute value.

La SIA FY20 to FY22: Net Working Capital Structure

(€mn, IAS) (*)	FY20	FY21	FY22
Inventories (WIP)	0.0	0.8	1.5
Days of Inventory on Hand (x)	0.0	21.3	34.6
Trade Receivables	5.9	4.3	5.8
Days of Trade Receivables (x)	190.4	118.5	137.9
Other Current Assets	0.4	1.4	1.5
Current Assets	6.3	6.4	8.8
Trade Payables	1.4	1.8	1.5
Days of Trade Payables (x)	58.2	61.7	45.7
Other Payables	2.1	0.12	0.3
Current Liabilities	3.5	2.6	2.6
Net Working Capital	2.9	3.1	5.4
as % of VoP	25.5%	23.8%	34.8%

Source: La SIA, Value Track Analysis, (*) FY20 IT GAAP

La SIA: Balance Sheet Structure from FY20 to FY22

(€mn, IAS) (*)	FY20	FY21	FY22
Working Capital	2.9	3.1	5.4
Net Fixed Assets	0.5	1.1	1.0
Provisions	0.3	0.3	0.3
Total Capital Employed	3.1	3.9	6.1
Group Net Equity	2.5	3.4	4.9
Net Fin. Position [i.e. Net Debt (-) Cash (+)]	-0.6	-0.4	-1.1

Source: La SIA, Value Track Analysis, (*) FY20 IT GAAP

As for the Cash Flow generation FY21 and FY22 is concerned, we calculate OpFCF before taxes at 21.7% of EBITDA in FY22 (vs. 82.9% in FY21), driven by:

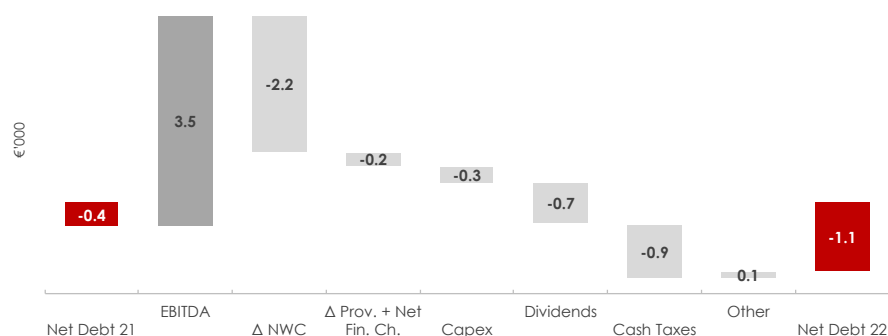
- ◆ Capex at €166k and €276k respectively, mainly related to IFRS Rights of Usage;
- ◆ Working Capital absorption at €2.2mn in FY22 (€1.1mn net of the above-mentioned late payment from company's factor that was cashed at the beginning of January 2023);
- ◆ €826k and €679k cash out for dividends respectively in FY21-FY22. Please note that if we add also dividends distributed in January 2023, in FY22 total dividends cash out stood at €1.33mn.

La SIA FY20 to FY22: Cash Flow Statement

(€mn, IAS) (*)	FY21	FY22
EBITDA	2.8	3.5
Δ Net Working Capital	-0.2	-2.2
Capex (ecl. Fin. Inv.)	-0.2	-0.3
Δ Provisions	-0.1	-0.2
OpFCF b.t.	2.3	0.8
Cash Taxes	-0.7	-0.9
OpFCF a.t.	1.7	-0.1
Net Financial Charges / Financial Investments	-0.7	0.1
Dividends paid	-0.8	-0.7
Change in Net Financial Position	0.1	-0.7

Source: La SIA, Value Track Analysis, (*) FY20 IT GAAP

La SIA: Bridge Net Financial Position FY21-FY22 (*)



Source: La SIA, Value Track Analysis

(*) Not including the €1.1mn late payment from company's factor that was cashed at the beginning of January 2023

1H23 Financials

Back at the end of September, La SIA released its 1H23 financials that are characterized by a deep seasonality of the business, determining an uneven distribution of turnover (and margins) over the year in favor of the last two quarters. As such, they are not representative of the full year evolution.

Worthy to note, the Board of Directors of La SIA also approved the following guidance for FY 2023:

- ◆ Value of Production expected to reach approximately €16.5mn to €17.0mn;
- ◆ EBITDA expected to reach approximately €3.5mn to €3.8mn, (EBITDA margin above 20%).

Getting back to 1H23 figures, they were as follows:

- ◆ Value of Production stood at €7.5mn compared to €6.2mn as of June, 2022 (+20.5% y/y);
- ◆ Revenues from Sales totaled €6.6mn (+15% y/y) out of which Engineering business line contributed just under 90% while Advisory business line contributed for the remaining 10%.
- ◆ EBITDA stood at €664k compared to €400k as of June 2022 (+66.1% y/y);
- ◆ Net Income: €241k compared to €136k as of June, 2022 (+77.1% y/y);
- ◆ Net Financial Position: €88k (net cash) compared to €1.1mn (net debt) as of December 2022.

La SIA: 1H22-2H22-1H23 Profit & Loss

(IAS, €mn)	1H22	2H22	1H23	1H23 / 1H22
Engineering	5.0	7.7	5.9	19%
Advisory	0.8	0.7	0.7	-13%
Other	0.0	0.0	0.0	nm
Revenues from Sales	5.7	8.4	6.6	15%
Other Revenues	0.2	0.2	0.1	-73%
Δ Inventory (Finished Goods)	0.2	0.5	0.6	313%
Δ Fixed Assets	0.1	0.0	0.2	70%
Value of Production	6.2	9.2	7.5	20.4%
Raw Materials, Δ Inventory	0.0	0.0	0.0	16%
Costs of Services	-4.5	-4.7	-5.3	-6%
Costs of Rent	-0.1	-0.2	-0.1	25%
Labour Costs	-1.1	-1.2	-1.4	-20%
EBITDA	0.4	3.1	0.7	66.0%
EBITDA Margin (%)	6.4%	33.5%	8.9%	243bps
D&A	-0.1	-0.1	-0.1	9%
Provisions	-0.1	-0.2	-0.2	68%
EBIT	0.2	2.8	0.4	84.9%
EBIT Margin (%)	3.5%	30.8%	5.4%	187bps
Interest Expenses	0.0	0.0	-0.1	nm
Pre-Tax Profit	0.2	2.8	0.3	69.8%
Taxes	-0.1	-0.8	-0.1	nm
Minorities	0.0	-0.3	0.0	nm
Net Profit	0.1	1.7	0.2	77.2%

Source: La SIA, Value Track Analysis

La SIA: 1H22, 2H22, 1H23 Balance Sheet

(IAS, €mn)	2H22	1H23
Net Fixed Assets	1.0	1.4
Net Working Capital	5.4	3.5
Provisions	0.3	0.3
Total Capital Employed	6.1	4.5
Group Net Equity	4.9	4.6
Net Financial Position	-1.1	0.1

Source: La SIA, Value Track Analysis

La SIA: 1H22, 2H22, 1H23 Cash Flow Statement

(IAS, €mn)	1H22	2H22	1H23
EBITDA	0.4	3.1	0.7
Δ NWC	0.2	-2.4	1.9
Capex (excl. Financial Inv.)	-0.2	0.0	-0.7
Δ Provisions	0.0	-0.2	0.0
OpFCF b.t.	0.4	0.4	1.9
<i>As a % of EBITDA</i>	<i>88.8%</i>	<i>13.0%</i>	<i>287.7%</i>
Cash Taxes	-0.1	-0.8	-0.1
OpFCF a.t.	0.3	-0.4	1.8
Capital Injections	0.0	0.0	0.0
Others (incl. Financial Inv.)	0.1	0.0	0.1
Net Financial Charges	0.0	0.0	-0.1
Dividends Paid	0.0	-0.7	-0.6
Δ Net Financial Position	0.4	-1.1	1.2
Net Financial Position	0.0	-1.1	0.1

Source: La SIA, Value Track Analysis

Forecasted Financials 2023E-25E

We expect Revenues from Sales to grow at a 10% CAGR 2022A-25E, up to ca. €19mn in 2025E with EBITDA margin as a % of VoP always in the 21%-21.5% range. The key drivers of top line evolution in our forecasts are the increasing volume of tenders coupled with a slightly lower win rate. As far as profitability, we forecast a slight erosion due to higher incidence of central function / staff costs. Cash generation should remain satisfactory in the three-year period, with average OpFCF_{b.t.} / EBITDA above 60% level.

We underline that the Company has announced a dividend policy that for the next three years foresees the distribution of at least 75% of net profits.

Our financial estimates for 2023E-25E are built under **IAS / IFRS accounting principles** and are based on the current consolidation perimeter, i.e. not factoring in any potential future M&A deal.

2023E-25E forecasts at a glance

Key points about our 2023E-25E forecasts on La SIA:

- ◆ **Revenues from Sales** expected to grow at ~**10% CAGR_{22A-25E}**, up to ca. €19mn in 2025E, driven by an upsurge in bidding volumes and a marginal decline at ca. 25% of the win rate;
- ◆ **Average 2023-25E EBITDA margin at ca. 21.4% of VoP**, as stable contract margin should be partially eroded by higher structure costs aimed at further managerialization;
- ◆ **EBIT** to grow at ca. **5% CAGR_{22A-25E}**, as a consequence a bit higher incidence of D&A expenses on VoP, due to IPO costs capitalization;
- ◆ **Average OpFCF b.t. / EBITDA at 64.1%** despite NWC absorption linked to Trade Receivables;
- ◆ **Net Cash Position higher than €5mn as of 2025E**, thanks to IPO proceeds partially offset by the dividend policy announced by the company that for the next three years that foresees the distribution of at least 75% of net profits.

La SIA: Key Financial Forecasts 2023E-2025E

(€mn, IAS)	2022A	2023E	2024E	2025E
Value of Production	15.4	16.7	18.0	20.2
EBITDA	3.5	3.6	3.8	4.3
<i>EBITDA Margin (%)</i>	<i>22.6%</i>	<i>21.6%</i>	<i>21.3%</i>	<i>21.4%</i>
EBIT	3.1	3.1	3.1	3.5
<i>EBIT Margin (%)</i>	<i>19.8%</i>	<i>18.6%</i>	<i>17.4%</i>	<i>17.4%</i>
Net Profit	2.1	2.3	2.3	2.6
OpFCF b.t.	0.8	1.6	3.0	3.1
<i>As a % of EBITDA</i>	<i>21.7%</i>	<i>43.6%</i>	<i>76.9%</i>	<i>71.8%</i>
Net Fin. Pos. [Net Debt (-) Cash (+)]	-1.1	4.8	5.0	5.2

Source: La SIA, Value Track Analysis

Profit & Loss: Value of Production due to bounce at a ~10% y/y

We're modelling La SIA's 2022A-25E **top line** based on the following data and assumptions:

- ◆ **Bidding volume for FY25E expected to reach €80mn** with a win rate slightly decreasing at ca. 25%;
- ◆ **Book-to-bill ratio projected to converge towards 1.0x in FY25E**, denoting a balanced level of new orders and completed projects;
- ◆ Other revenues – specifically those related to R&D grants – anticipated to have a lower weight in FY23E but expected to recover in the subsequent year;
- ◆ Significant growth in work in progress (WIP) as the Company is progressively bidding larger projects with longer execution time.

La SIA: 2022A-25E Orders Intake / Backlog / VoP

(€mn, IAS)	2022A	2023E	2024E	2025E
Total Value of Negotiations (a)	60.8	67.0	73.0	80.0
Win Rate (b)	28.8%	27.0%	26.0%	25.0%
Orders Intake (c)=(a)*(b)	17.5	18.1	19.0	20.0
Backlog Beginning of Period	4.3	9.0	12.6	14.9
(+) Orders Intake	17.5	18.1	19.0	20.0
Book-to-Bill (x)	1.24	1.25	1.14	1.06
(-) Orders Delivered (= Revenues from Sales)	-14.2	-14.5	-16.7	-18.9
Backlog End of Period	9.0	12.6	14.9	16.0
Revenues from Sales	14.2	14.5	16.7	18.9
Other Revenues	0.4	0.3	0.6	0.6
Δ Inventory (Finished Goods) and WIP	0.7	0.9	0.5	0.6
Δ Internally Generated Fixed Assets	0.2	1.0	0.2	0.2
Value of Production	15.4	16.7	18.0	20.2
Change % y/y	17.1%	8.0%	8.0%	12.4%

Source: La SIA, Value Track Analysis

As far as operating profitability is concerned, we expect La SIA to slightly reduce its **EBITDA margin** at ca. **21.4% in 2025E**, with **EBITDA growing in absolute value to €4.3mn**, driven by:

- ◆ Stable Contract Margin as costs directly attributable to job orders, namely labour costs, external professional costs, and those related to specialized suppliers, are expected to remain substantially stable as percentage of VoP;
- ◆ Increased incidence of central function / staff costs on VoP, in order to foster managerialization and organization;

As far as the **EBIT** is concerned, we forecast it to grow at **5% CAGR_{22A-25E}** with EBIT margin expected to increase up to 17.4% by 2025E.

Net Profit is expected to grow at **~7% CAGR_{22A-25E}** and a **~13% Net Margin**.

La SIA: 2022A-25E P&L Forecasts

(€mn, IAS)	2022A	2023E	2024E	2025E	CAGR _{22-25E}
Revenues from Sales	14.2	14.5	16.7	18.9	10.0%
Other Revenues	0.4	0.3	0.6	0.6	11%
Δ Inventory (Finished Goods)	0.7	0.9	0.5	0.6	-5%
Δ Fixed Assets	0.2	1.0	0.2	0.2	6%
Value of Production	15.4	16.7	18.0	20.2	9.4%
Raw Materials, Δ Inventory (Raw Materials)	-0.1	-0.1	-0.1	-0.1	0
Costs of Services	-9.3	-10.0	-10.9	-12.2	10%
<i>o/w Central Functions / Staff Costs</i>	-2.0	-2.2	-2.4	-2.7	10%
<i>External professionals / admin. Obligations</i>	-3.7	-4.0	-4.3	-4.8	9%
<i>Specialized suppliers</i>	-3.5	-3.9	-4.2	-4.7	10%
Costs of Rent	-0.3	-0.3	-0.4	-0.4	12%
Labour Costs	-2.3	-2.5	-2.6	-3.0	9%
Other Costs	-0.1	-0.2	-0.2	-0.2	43%
EBITDA	3.5	3.6	3.8	4.3	7.5%
<i>EBITDA Margin (%)</i>	22.6%	21.6%	21.3%	21.4%	-117bps
D&A	-0.4	-0.3	-0.5	-0.6	59%
Provisions	-0.1	-0.2	-0.2	-0.2	-10%
EBIT	3.1	3.1	3.1	3.5	4.9%
<i>EBIT Margin (%)</i>	19.8%	18.6%	17.4%	17.4%	-237bps
Interest Expenses	0.0	0.0	0.1	0.1	-244%
Other Non-Operating Income/Expenses (including FX)	0.0	0.1	0.0	0.0	nm
Pre-Tax Profit	3.0	3.1	3.2	3.6	6.0%
Taxes	-0.9	-0.9	-0.9	-1.0	4%
Minorities	0.0	0.0	0.0	0.0	nm
Net Profit	2.1	2.3	2.3	2.6	6.7%

Source: La SIA, Value Track Analysis

Balance Sheet & Cash Flow: Positive FCF from FY23E

As we already saw, La SIA business model implies the following features: **medium-high net working capital** requirements but **light net fixed assets**, thus leading to **good cash generation**.

In more details on the capital employed structure, we expect:

- ◆ Net Working Capital on VoP to slightly increase to ca. 40%, driven by higher Days of Inventories (due to longer-lasting and sizable contracts), and despite the stability y/y of both DSO and DPO (at 135 and 50 days, respectively, VAT Included in Trade Receivables and in Trade Payables, with DPO calculated on total cash costs including labour ones);
- ◆ Net Fixed Asset net of capitalized IPO costs somewhat remaining stable in absolute terms, as an effect of the very limited investments level, with €1.0mn cumulated Capex over the next three years (including other costs capitalisation or software purchases) plus capitalized IPO costs.

Based on such assumptions, we forecast La SIA to witness a **return on capital employed after taxes ~40% in FY25E**.

La SIA: 2022A-25E Net Working Capital Forecasts

(€mn, IAS)	2022A	2023E	2024E	2025E
Inventories	1.5	2.4	2.9	3.5
Days of Inventory on Hand (x)	34.6	52.4	59.4	63.6
Trade Receivables	5.8	6.2	6.7	7.5
Days of Trade Receivables (x)	137.9	135.0	135.0	135.0
Trade Receivables / VoP (%)	37.8%	37.0%	37.0%	37.0%
Trade Payables	1.5	2.0	2.0	2.2
Days of Trade Payables (x)	45.1	50.0	50.0	50.0
Trade Payables / VoP (%)	9.8%	11.7%	11.1%	11.0%
Other Current Assets	1.5	1.0	0.9	0.7
Other Current Liabilities	1.1	1.1	1.3	1.4
Net Working Capital	5.4	6.5	7.2	8.1
Net Working Capital / VoP (%)	34.8%	39.0%	40.0%	39.9%

Source: La SIA, Value Track Analysis

The Company has decided, with the IPO, to implement for the next three years a **dividend policy** that foresees the distribution of at least **75% of net profits**. As a result, in the 2023E-25E period we expect that almost all Free Cash Flow before dividends will be abated by dividends outflow, maintaining the Net Cash Position at ca. €5.2mn by the end 2025E.

We remind that our **2023E-25E forecasts** are based on the following key assumptions:

- ◆ **No M&A deals;**
- ◆ **No opening** of any large branch abroad;
- ◆ **No major investments in additional technologies**, as current capex assumptions are consistent with our forecasts in terms of orders intake, but management may decide to invest further in order to accelerate and capture additional market opportunities;

La SIA: 2022A-25E Balance Sheet

(€mn, IAS)	2022A	2023E	2024E	2025E
Net Fixed Assets	1.0	1.9	1.8	1.6
Net Working Capital	5.4	6.5	7.2	8.1
Provisions	0.3	0.6	0.8	0.9
Total Capital Employed	6.1	7.8	8.2	8.8
Group Net Equity	4.9	12.5	13.2	14.0
Net Fin. Position [i.e., Net Debt (-) Cash (+)]	-1.1	4.8	5.0	5.2
Net Debt/EBITDA (x)	0.3x	nm	nm	nm

Source: La SIA, Value Track Analysis

La SIA: 2022A-25E Cash Flow Statement

(€mn, IAS)	2022A	2023E	2024E	2025E
EBITDA	3.5	3.6	3.8	4.3
Δ NWC	-2.2	-1.1	-0.7	-0.9
Capex	-0.3	-1.2	-0.4	-0.4
Δ Provisions	-0.2	0.3	0.2	0.1
OpFCF b.t.	0.8	1.6	3.0	3.1
<i>As a % of EBITDA</i>	21.7%	43.6%	76.9%	71.8%
Cash Taxes	-0.9	-0.9	-0.9	-1.0
OpFCF a.t.	-0.1	0.7	2.1	2.1
Capital Injections	0.0	6.0	0.0	0.0
Others (incl. Financial Inv.)	0.1	-0.1	-0.2	-0.2
Net Financial Charges	0.0	0.0	0.1	0.1
Dividends Paid	-0.7	-0.6	-1.7	-1.7
Δ Net Financial Position	-0.7	5.9	0.2	0.2
Net Financial Position	-1.1	4.8	5.0	5.2

Source: La SIA, Value Track Analysis

Valuation

We set La SIA's fair equity value at ca. €5.60 p/s based on Peers Analysis. DCF Model confirms room for future valuation increase if the future growth path is properly achieved.

We set La SIA's **fair Equity Value at ca. €5.60 p/s**, obtained with Peers Analysis on 2024E multiples. DCF based fair value (ca. €6.52 p/s – €7.04 p/s) is a useful crosscheck, aimed at capturing La SIA's valuation potential in the medium term.

Peers' Analysis

There are several Design & Engineering companies listed both in North American and in the European stock markets, varying in terms of size and number of services provided to clients.

As far as the Italian EGM stock market is concerned, **DBA** is for sure the company that shares with La SIA the highest number of traditional D&E services provided to clients. DBA also offers other services such as Architectural ones and various IT services.

Among Italian EGM listed companies we are also taking into account **Franchetti**, **TPS**, **Renergetica**, **Circle**, all specialized in providing B2B advisory and technical professional services relying more on human skills / know how rather than on tangible assets exploitation.

La SIA: North American and European Design & Engineering listed companies

Company	Market	Traditional D&E Services (*)	Architecture	Construction or Operation (**)	IT Services
North American D&E companies					
Aecom	US	√	-	-	-
Dycom	US	√	-	√	-
Stantec	US	√	√	-	-
Jacobs Solutions	US	√	-	√	√
Bowman Consulting	US	√	-	-	-
WSP	CA	√	-	-	-
European D&E companies					
Arcadis	NED	√	-	-	-
Alten	FR	√	-	-	√
SWECO	SE	√	√	-	-
DBA Group	IT	√	√	-	√
Assystem	FR	√	-	-	-
Rejlers	SE	√	-	-	√
Afry	SE	√	-	-	√
Multiconsult	NO	√	√	-	-
Italian EGM companies (B2B, focused on not capital-intensive advisory / technical professional services)					
Franchetti	IT	√ (***)	-	-	√
Renergetica	IT	√ (***)	-	√	-
TPS	IT	√ (***)	-	-	√
Circle	IT	√ (***)	-	-	√

Source: Value Track Analysis; (*) Incl. Advisory, Design & Engineering and Project Mgmt; (**) Incl. Maintenance Service

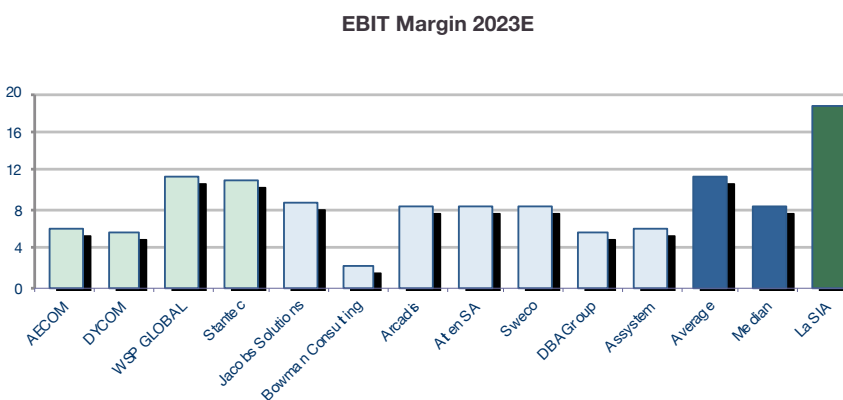
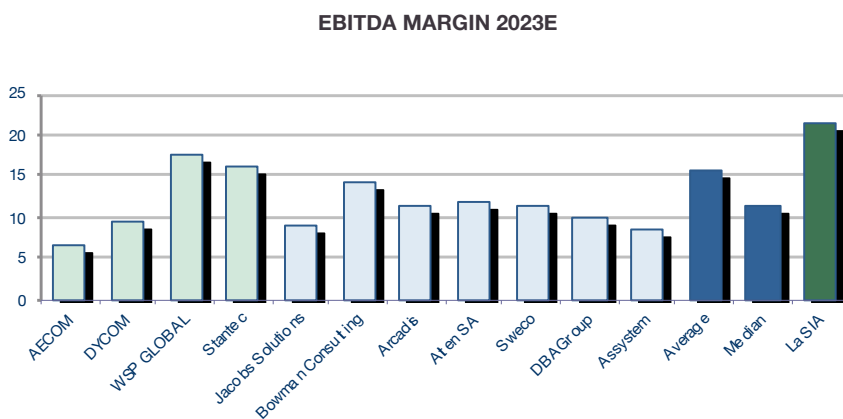
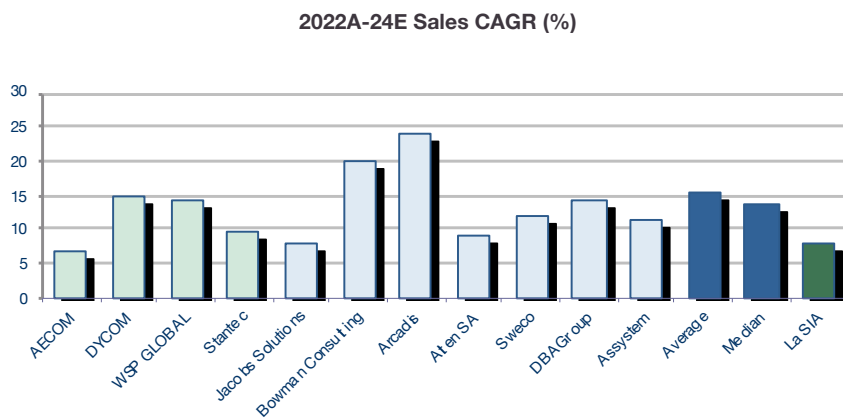
(***) B2B advisory / technical professional services relying more on human skills / know how rather than on assets exploitation

La SIA's economic performance compared to Peers

Compared to the whole set of Peers, La SIA ranks:

- ◆ A bit below in terms of 2022A-24E Top Line CAGR;
- ◆ Much better in terms of 2023E EBITDA Margin and EBIT Margin.

La SIA's economic performance compared to Peers



Source: Consensus figures, Value Track Analysis

Peers Stock trading multiples

Both North American D&E players and European ones (but for the Italian DBA) boast economic fundamentals, and market capitalization, worth several billions. North American players are usually bigger, and European ones smaller. On the contrary, the Italian EGM listed companies share with La SIA not only several features of the business model but also the much smaller size. That said, we note that European D&E stocks trade at ca. 30% discount vs. North American ones and the selected Italian B2B stocks trade at ca. 25% discount vs. European D&E ones.

LA SIA Group: Peers' Market Multiples

Peers by Cluster	EV / EBITDA (x)		EV / EBIT (x)		P/E	
	2023E	2024E	2023E	2024E	2023E	2024E
AECOM	12.1	10.8	13.8	12.4	nm	18.0
DYCOM	8.6	6.9	14.8	11.0	17.5	13.1
WSP GLOBAL	13.8	12.3	21.0	nm	35.1	28.4
Stantec	10.2	8.9	15.1	12.9	20.3	17.0
Jacobs Solutions	13.0	11.4	13.2	11.8	23.4	17.6
Bowman Consulting	8.0	6.9	nm	20.0	nm	36.2
Peers' Group North America - Average	10.9	9.6	15.6	13.6	24.1	21.7
Peers' Group North America - Median	11.2	9.9	14.8	12.4	21.8	17.8
Arcadis	8.8	7.8	12.1	10.5	16.3	13.5
Alten SA	7.2	6.2	9.9	8.2	14.1	12.2
Sweco	12.5	11.9	16.7	14.5	18.8	16.6
DBA Group	3.1	2.7	5.5	4.8	10.7	8.0
Assystem	13.0	11.9	18.2	15.3	13.1	11.9
Rejlers	6.4	5.4	11.4	8.9	13.7	10.7
Afry	7.1	6.3	10.6	9.1	11.1	9.3
Multiconsult	5.9	5.4	8.9	8.3	12.2	11.9
Peers' Group Europe - Average	8.0	7.2	11.7	9.9	13.7	11.8
Peers' Group Europe - Median	7.1	6.3	11.0	9.0	13.4	11.9
	-32%	-31%	-25%	-27%	-41%	
Franchetti	9.3	5.7	10.1	6.3	14.4	9.6
Renertica (*)	nm	nm	nm	nm	nm	nm
Circle	6.8	5.2	10.0	7.2	15.6	12.2
TPS	2.6	2.1	3.3	2.6	8.4	7.6
Peers' Group Italy - Average	6.2	4.3	7.8	5.3	12.8	9.8
Peers' Group Italy - Median	6.8	5.2	10.0	6.3	14.4	9.6

Source: Market Consensus, Value Track Analysis (*) Subject to Tender Offer

La SIA fair valuation based on Peers

We deem fair to take into account the whole sample previously described, in order to set the fair multiples to apply to La SIA. Peers' median 2024E EV/EBITDA, EV/EBIT, P/E multiples stand at 6.9x, 9.8, and 12.2x, respectively. This leads to average **€5.60 fair value per share for La SIA**.

LA SIA Group: Stock Market Multiples at current market price and at fair value

Peers by Cluster	EV / EBITDA (x)		EV / EBIT (x)		P/E	
	2023E	2024E	2023E	2024E	2023E	2024E
Peers' Group - Median	8.6	6.9	11.8	9.8	14.4	12.2
La SIA @ current €8.50 market price	12.0	11.3	14.0	13.8	21.3	20.8
La SIA @ €5.60 fair value	7.5	7.0	8.7	8.5	14.0	13.7

Source: Market Consensus, Value Track Analysis

Cross check: Discounted Cash Flow Model

We cross check the Peers' based €5.60 fair value per share with DCF model, as this methodology should capture medium and medium-term valuation potential of the Company if its growth path is properly achieved. As far as the DCF parameters are concerned, we apply a **10.5% rolling WACC** (or 9.8% if we consider a "target" D/(D+E) ratio), based on the following assumptions:

- ◆ 2.0% Risk-free rate in line with long-term inflation target set by the ECB;
- ◆ 6.45% Equity Risk Premium (ERP) for the Italian market (Source: Prof. Damodaran's website <http://pages.stern.nyu.edu/~adamodar/> for more details);
- ◆ 0.77 Unlevered Beta, broadly aligned to European Engineering / Construction Beta;
- ◆ Rolling Debt / (Debt + Equity) ratio in the rolling WACC calculation and stable target 20% Debt / (Debt + Equity) ratio in the fixed WACC calculation;
- ◆ 3.5% Company Specific Risk Premium, based on the Expanded CAPM approach that we consider particularly appropriate when dealing with small size companies with medium-high revenue concentration on a few clients;
- ◆ 2.5% credit spread;
- ◆ Resulting K_e and K_d equal to 10.5% (11.4% at target capital structure) and 4.5%, respectively.

Terminal Value is based on a 2.0% perpetual growth rate "g".

The result is **€6.52 DCF based fair value per share** (€7.04 at target capital structure).

LA SIA: DCF Model outcomes with Rolling and Target Capital Structure

€mn	Rolling D/D+E	Target 20% D/D+E
PV of future cash flows FY23E-FY30E	11.5	11.8
PV of Terminal Value (g=2%)	20.7	23.3
Fair Enterprise Value	32.2	35.1
Net Cash Position FY23E	4.8	4.8
Minorities and Other Liabilities / Assets	0.0	0.0
Fair Equity Value	36.9	39.9
Fair Equity Value per share (€)	6.52	7.04

Source: Value Track Analysis

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