

Gismondi 1754

Sector: Hard Luxury



Disciplined Now, Growth Later

Gismondi 1754 SpA is an Italian-based awards winning company active in the designing, marketing and distribution under its proprietary brand of very high-end jewelry handcrafted from precious gems.

Persistent Headwinds on Luxury Sector

For FY24, GIS reported a Value of Production of €12.7mn, down 13% y/y and ca. €2mn below est., impacted by global luxury softness and internal disruptions such as the U.S. subsidiary transition. EBITDA turned negative at -€0.7mn (vs. €1.0mn in FY23) due to margin compression and a higher cost base. Net Debt improved to €5.7mn, beating estimates despite Hyperion Lab's minority buyout. 1Q25 showed further weakness, with revenues down 17% y/y as Special Sales declined sharply, U.S. tariffs weighed on wholesale, and Hyperion Lab, now focused only on internal production, contributed no external sales.

Refocusing on Control and Profitability

In response to recent pressures, Gismondi has entered a phase of strategic consolidation, shifting its focus from expansion to operational control and efficiency. Key initiatives include a reorientation toward high-performing direct retail channels, cost rationalization across the store network and SG&A, and tighter leverage management. The Far East partnership is set to drive future growth, while the repositioning of Hyperion Lab as an internal production hub supports vertical integration and margin protection.

Low Visibility, High Uncertainty

FY24 results came in below expectations, particularly on margins, while top-line weakness was in line with sector-wide demand deterioration and internal execution delays. As a result, we have significantly revised our estimates downward, now forecasting for FY27E:

- ◆ Value of Production at €14.3mn, recovering to FY23 levels;
- ◆ EBITDA Margin at 10%, supported by cost discipline and better scale;
- ◆ Net Debt at €5.5mn, following disciplined Capex and NWC control.

Fair Value at €3.00 p/s (from €4.00)

We cut our fair value to €3.00 p/s (from €4.00), reflecting the downward revision in our estimates and the contraction in peers' valuation multiples. At this level, Gismondi would trade at ~30% discount to comparable luxury names, a gap that may gradually close as visibility improves, margins recover, and international expansion initiatives such as the Far East partnership begin to translate into sustained commercial traction.

Valentina Romitelli
valentina.romitelli@value-track.com

Filippo Mazzoleni
filippo.mazzoleni@value-track.com

Marco Greco
marco.greco@value-track.com

Fair Value (€) **3.00**
Market Price (€) **2.26**
Market Cap. (€m) **9.3**

KEY FINANCIALS (€mn)	2024A	2025E	2026E
VALUE OF PRODUCTION	12.7	12.1	13.0
EBITDA	-0.7	0.3	1.0
EBIT	-1.0	-0.1	0.6
NET PROFIT	-1.1	-0.5	-0.1
EQUITY	10.3	9.7	9.7
NET FIN. POS.	-5.7	-5.7	-5.7
EPS ADJ. (€)	-0.28	-0.13	-0.01
DPS (€)	0.00	0.00	0.00

Source: Gismondi (historical figures)
Value Track (2025E-26E estimates)

KEY RATIOS	2024A	2025E	2026E
EBITDA MARGIN (%)	-5.6	2.6	7.8
EBIT MARGIN (%)	-7.9	-1.1	4.3
NET DEBT / EBITDA (x)	nm	>10	5.6
NET DEBT / EQUITY (x)	0.6	0.6	0.6
EV/SALES (x)	1.3	1.2	1.1
EV/EBITDA (x)	nm	nm	14.8
EV/EBIT (x)	nm	nm	26.8
P/E ADJ. (x)	nm	nm	nm

Source: Gismondi (historical figures)
Value Track (2025E-26E estimates)

STOCK DATA	
MARKET PRICE (€)	2.26
SHS. OUT. (m)	4.1
MARKET CAP. (€m)	9.3
ENTERPRISE VALUE (€m)	14.9
FREE FLOAT (%)	39.0
AVG. -20D VOL. ('000)	4,150
RIC / BBG	GIS.MI / GIS IM
52 WK RANGE	€1.97 - €3.96

Source: Stock Market Data

EQUITY RESEARCH PRODUCED ON BEHALF OF MIT SIM ACTING AS SPECIALIST ON GISMONDI 1754 SHARES



Business Description

Gismondi is a long heritage Italian jewelry that operates, since 1754, in the design, marketing and distribution of high-end jewelry under its own brand. Gismondi jewelry is characterized by an important intrinsic value due to the strong prevalence of precious stones over gold and a great craftsmanship that highlights a balanced combination of classic and modern design. The Group boasts 41 POS (o/w 6 DOS) across the world, other than personal relationships between Massimo Gismondi (CEO and creative director) and special customers, who often require tailor-made pieces that match their needs and the Company style.

Key Financials

€mn	2024A	2025E	2026E	2027E
Value of Production	12.7	12.1	13.0	14.3
y/y (%)	-12.5%	-5.0%	7.0%	10.5%
EBITDA	-0.7	0.3	1.0	1.5
EBITDA Margin (%)	-5.6%	2.6%	7.8%	10.4%
EBIT	-1.0	-0.1	0.6	1.0
EBIT Margin (%)	-7.9%	-1.1%	4.3%	7.1%
Net Profit	-1.1	-0.5	-0.1	0.3
y/y (%)	nm	nm	nm	nm
Adjusted Net Profit	-1.1	-0.5	-0.1	0.3
y/y (%)	nm	nm	nm	nm
Net Financial Position	-5.7	-5.7	-5.7	-5.5
Net Fin. Pos. / EBITDA (x)	nm	>10	5.6	3.7
Capex	0.0	0.0	-0.2	-0.3
OpFCF b.t.	0.5	0.4	0.6	0.9
OpFCF b.t. as % of EBITDA	nm	nm	62.2%	57.2%

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

Investment case

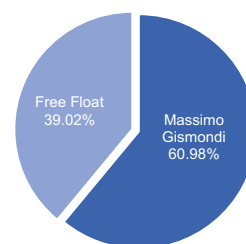
Strengths / Opportunities

- ◆ Premium positioning (€10k-€15k average ticket) in the Hard Luxury market;
- ◆ Made in Italy artisanship, strong heritage, modern design, exclusivity;
- ◆ Strong control on the value chain (highly selective and direct relationships);
- ◆ International Expansion in various underpenetrated and growing markets.

Weaknesses / Risks

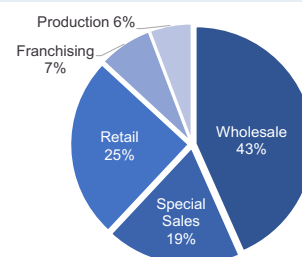
- ◆ Limited Brand Awareness and Customer Base due to small scale and few DOS;
- ◆ High Inventory Requirements limiting ROCE and FCF;
- ◆ Geopolitical and Macroeconomic Uncertainties.

Shareholders Structure



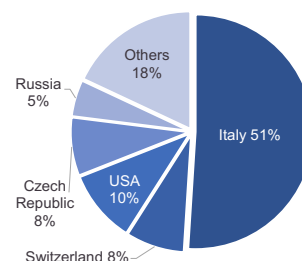
Source: Gismondi

Revenues by Distribution Channel



Source: Gismondi, FY24

Revenues by Geographic Area



Source: Gismondi, FY24

Stock Multiples @ €3.00 Fair Value

	2025E	2026E
EV / SALES (x)	1.5	1.4
EV / EBITDA (x)	nm	17.8
EV / EBIT (x)	nm	nm
EV / CAP.EMP. (x)	1.2	1.2
OpFCF Yield (%)	2.7	4.0
P / E (x)	nm	nm
P / BV (x)	1.3	1.3
Div. Yield. (%)	0.0	0.0

Source: Value Track

FY24 Financial Results

Key Figures & Messages

Throughout all FY24, Gismondi was impacted by (i) global economic dynamics, which have deeply affected purchasing behaviors in the luxury sector (especially in Europe and North America), and (ii) company-specific headwinds, such as disruptions from the US subsidiary transition and the increased fixed costs structure following FY23 M&A activity. Gismondi's strategic push into high-growth emerging markets (Far East partnership), broader multichannel distribution, the integration of Vendorafa Lombardi and Hyperion Lab, and an efficient inventory management helped cushion these impacts on Group's financials. Key highlights include:

- ◆ **Value of Production** at **€12.7mn** (-13% y/y), around €2mn below our estimates, impacted by a weaker-than-expected 4Q due to ongoing adverse market dynamics;
- ◆ **EBITDA** at **-€0.7mn** (vs. €1.0mn in FY23), reflecting a drop in Contribution Margin (15% vs. 20% in FY23) and the burden of a higher fixed cost base;
- ◆ **Net Debt** at **€5.7mn**, down by ca. €300k y/y thanks to improved working capital management through efficient inventory handling, and despite Hyperion Lab's minorities buy-out.

Gismondi: Key Financials FY22-FY24

Key Financials (IT GAAP, €mn)	FY22	FY23	FY24	y/y	FY24E	A/E
Value of Production	15.2	14.6	12.7	-13%	14.5	-12%
EBITDA	3.0	1.0	-0.7	nm	0.1	nm
EBITDA Margin (%)	19.8%	6.7%	-5.6%	nm	0.5%	nm
Net Financial Position [Net debt (-) / Cash (+)]	-3.0	-6.0	-5.7	0.3	-6.4	0.7

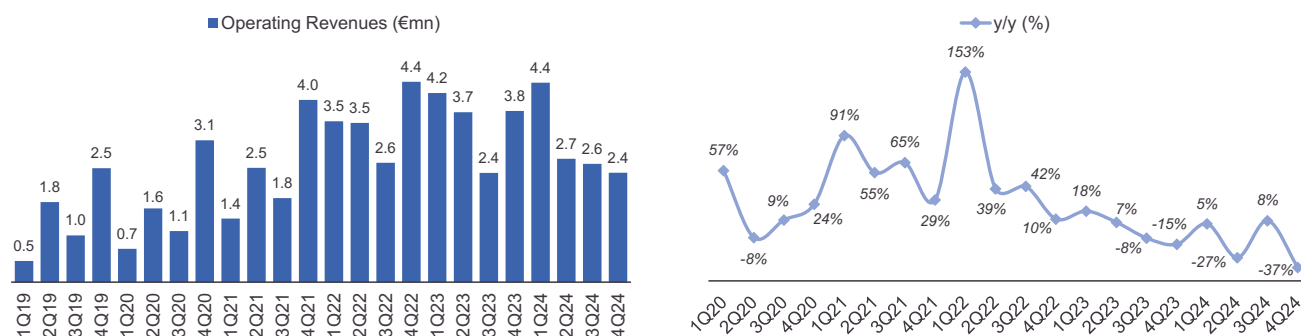
Source: Gismondi, Value Track Analysis, (*) FY23

Profit & Loss

FY24 **Operating Revenues** amounted to **€12.0mn** (-14% y/y), impacted by impacted by a steep drop in 4Q24 (€2.4mn, -37% y/y), underperforming more than expected, particularly in Special Sales, and ongoing weakness across Europe and North America wholesalers, only partially offset by a resilient Far East performance.

Adding ca. €700k of adjustments and other revenues, **Value of Production** amounted to **€12.7mn**.

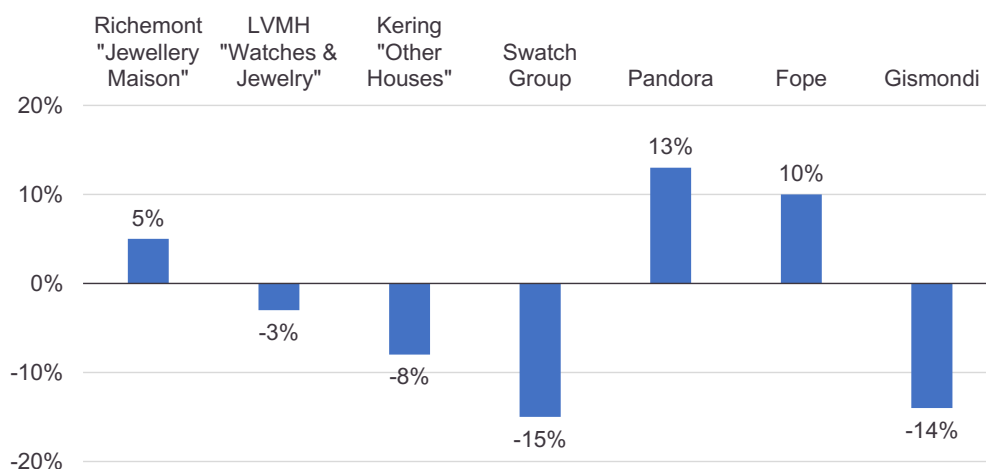
Gismondi: Operating Revenues Evolution by Quarters



Source: Gismondi, Value Track Analysis

The revenue contraction aligns with trends observed across the luxury goods industry, affecting even top-tier peers (see chart below).

Gismondì: January-December 2024 Y/Y Peers' Growth Rates



Source: Value Track Analysis

Going deeper on analyzing FY24 GIS's sales, we highlight that in terms of distribution breakdown:

- ◆ **Wholesale:** recorded a sharp slowdown in 4Q24 (-81% y/y), bringing FY24 revenues to **€5.2mn**, down 15% y/y. The decline reflects lower sales from both European corners (-22% y/y) and US-based dealers, whose revenue dropped to €0.6mn in FY24 (from €2.2mn in FY23), only partially offset in 2H24 by the contribution of €1.6mn from the Far East partnership;
- ◆ **Retail:** best-performing distribution channel, with revenues up 20% y/y to **€3.0mn**. Growth was particularly strong in 4Q24 (+62% y/y), driven by the great performance of Portofino (+€600k y/y), confirming the Group's increasing commitment to strengthen high-standing clients loyalty;
- ◆ **Special Sales:** decreased significantly in FY24 (-43% y/y) to **€2.2mn**. The 4Q24 performance (-61% y/y) reflects continued weakness in high-value purchases, typically driven by tourist flows and one-off events, further confirming the segment's inherent volatility;
- ◆ **Franchising:** dropped 41% y/y to **€0.9mn** in FY24. The trend was already evident in prior quarters and continued into 4Q24 (-21% y/y), impacted by a general slowdown in franchise partners' activity and the low contribution from the newly opened location in the Middle East;
- ◆ **Production** (Hyperion Lab): contributed **€700k** in its first full year since consolidation, marking the early impact of the consolidation of Hyperion Lab S.r.l., aimed at vertically integrating the value chain through the in-house production of selected high-end jewelry lines.

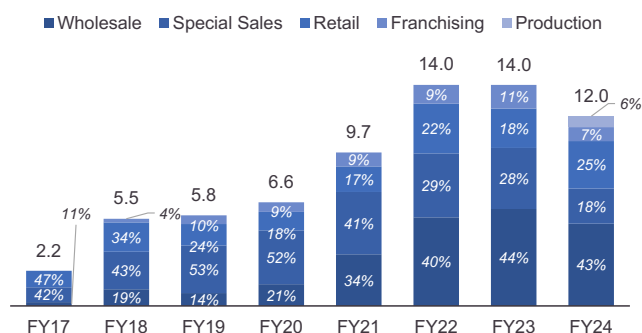
Gismondì: Operating Revenues by Distribution Channel

(IT GAAP, €mn)	4Q23	4Q24	y/y	FY23	FY24	y/y
Wholesale	2.0	0.4	-81%	6.1	5.2	-15%
Retail	0.8	1.3	62%	2.5	3.0	20%
Special Sales	0.5	0.2	-61%	3.9	2.2	-43%
Franchising	0.4	0.3	-21%	1.5	0.9	-41%
Production	//	0.2	nm	//	0.7	nm
Operating Revenues	3.8	2.4	-37%	14.0	12.0	-14%

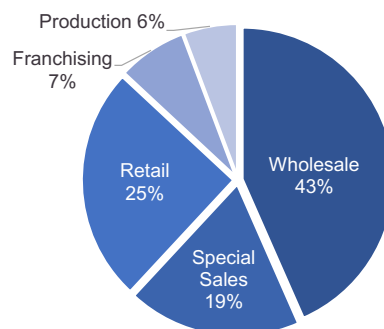
Source: Gismondì, Value Track Analysis

In FY24 Gismondi confirmed a well-diversified revenue mix across its distribution channels, with **Wholesale** remaining the leading contributor (**43%** of FY24 operating revenues), followed by **Retail** (**25%**), **Special Sales** (**19%**), **Franchising** (**7%**), and **Production** (**6%**).

Gismondi: Operating Revenues by Distribution Channel

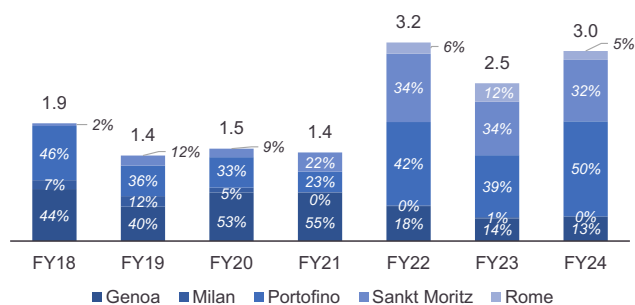


Source: Gismondi, Value Track Analysis

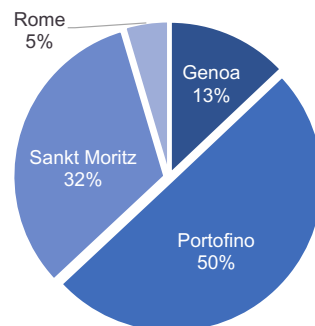


Focusing on Retail sales, the **Portofino** boutique once again emerged as the key revenue generator in FY24, accounting for **50%** of total retail sales. **Sankt Moritz** followed with a solid **32%**, while **Genoa** contributed **13%** and **Rome** **5%**. Assessing performance trends, Portofino delivered the strongest growth in FY24 (+54% y/y) followed by Sankt Moritz (+15 y/y), and Genoa (+9%), while Rome registered a sharp decline, with revenues down 52% y/y.

Gismondi: Retail Operating Revenues by Boutique

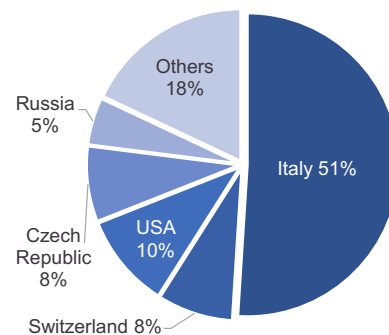
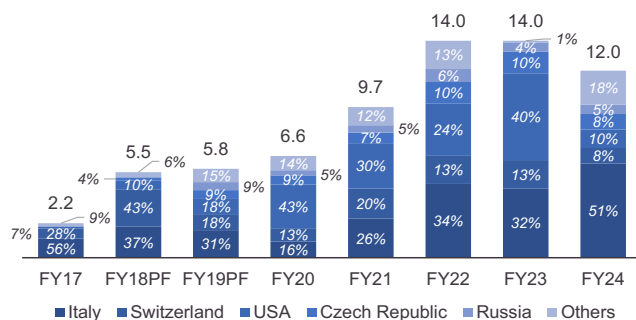


Source: Gismondi, Value Track Analysis



In terms of geographic breakdown, **Italy** emerged as Gismondi's primary market in FY24, accounting for **51%** of total revenues (vs 32% in FY23), followed by **USA** (**10%** from 40%), **Switzerland** and **Czech Republic** (**8%** each vs 13% and 10%, respectively), and **Russia** at **5%** (from 4%).

Gismondi: Operating Revenues by Geographic Location

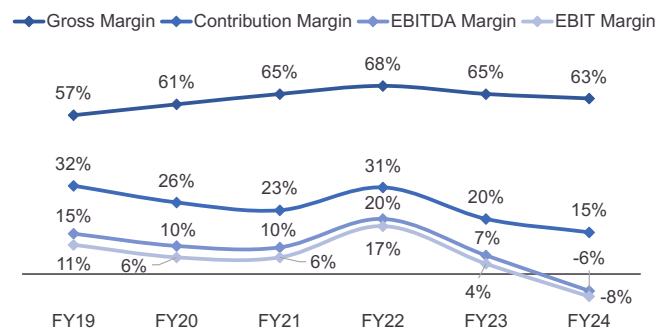
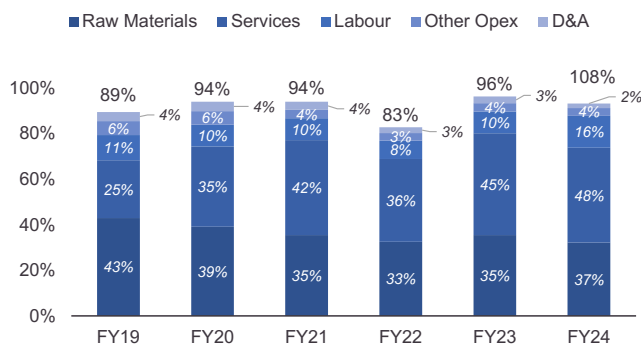


Source: Gismondi, Value Track Analysis

The combination of lower sales and elevated fixed costs resulted in negative operating leverage:

- ◆ **Gross Profit at €8.0mn**, with Gross Margin at 63%, down only 200bps y/y thanks to the marked slowdown of raw materials purchase and price rebates in the second semester of the year, which indeed recorded a Gross Margin of ca. 71% (in line with 2H22-1H23 levels);
- ◆ **Contribution Margin at €1.9mn**, down 36% y/y (ca. 15% of VoP vs. 20% in FY23), impacted by a 400bps rise in Service Costs, particularly related to marketing and events;
- ◆ **EBITDA declined to -€0.7mn** (vs. €1.0mn in FY23), affected by rising Labour Costs post-Hyperion Lab consolidation;
- ◆ **EBIT at -€1.0mn** (vs. €0.5mn in FY23), despite a €200k saving in D&A;
- ◆ **Net Loss at €1.1mn** (vs. breakeven in FY23), with financial charges flat and a tax benefit of ~€300k easing the bottom-line decline.

Gismondi: Operating Expense Incidence on VoP and Profit Margins



Source: Gismondi, Value Track Analysis, (*) Contribution Margin calculated as Value of Production – Variable Costs (Raw Materials, Services)

Balance Sheet & Cash Flow Statement

Gismondi ended FY24 with **Net Debt of €5.7mn**, representing a ~€300k y/y improvement, driven by effective **Net Working Capital** management. Notably, inventory was reduced by €1.4mn, marking the third consecutive semester of decline. Net Debt came in €700k better than our forecasts, despite the unplanned minority buyout and recapitalization of **Hyperion Lab** in December 2024.

Financial Statements FY22-FY24

Gismondi: P&L FY22-FY24

P&L (IT GAAP, €mn)	FY22	FY23	FY24	y/y
Revenues from Sales	14.7	14.2	12.2	-14%
Other Revenues	0.5	0.3	0.5	51%
Value of Production	15.2	14.6	12.7	-13%
Raw Materials (incl. Δ Inventory)	-4.9	-5.2	-4.7	-8%
Costs of Services	-5.5	-6.5	-6.1	-6%
Labour Costs	-1.2	-1.4	-2.1	49%
Other Operating Costs	-0.5	-0.5	-0.5	-6%
EBITDA	3.0	1.0	-0.7	nm
EBITDA Margin (%)	19.8%	6.7%	-5.6%	nm
D&A & Provisions	-0.4	-0.4	-0.3	-3%
EBIT	2.6	0.5	-1.0	nm
EBIT Margin (%)	17.2%	3.7%	-7.9%	nm
Net Financial Charges	-0.4	-0.4	-0.4	0%
Taxes	-0.6	-0.1	0.3	nm
Minorities	0.0	0.0	0.0	nm
Net Profit	1.6	0.0	-1.1	nm

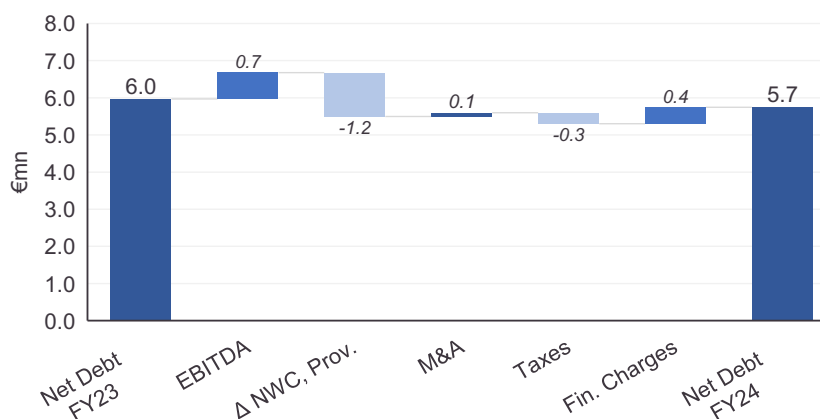
Source: Gismondi, Value Track Analysis

Gismondi: Balance Sheet FY22-FY24

Balance Sheet (IT GAAP, €mn)	FY22	FY23	FY24
Net Fixed Assets	1.8	2.9	2.6
Net Working Capital	12.5	14.7	13.6
Provisions	0.1	0.2	0.2
Total Capital Employed	14.1	17.4	15.9
Group Net Equity	11.0	11.4	10.3
Net Financial Position [Net debt (-) / Cash (+)]	-3.0	-6.0	-5.7

Source: Gismondi, Value Track Analysis

Gismondi: Cash Flow Statement FY24



Source: Gismondi, Value Track Analysis

1Q25 Operating Revenues

Key Figures & Messages

1Q25 Operating Revenues were reported at **€3.6mn** vs. €4.4mn of 1Q24, down 17% y/y primarily due to Special Sales dropping 74% y/y from €1.5mn to €0.4mn. Special Sales are highly volatile and involve a few, high-value, number of sales; hence, even one or two sales can make a significant difference. By looking at sales breakdown, we highlight:

- ◆ **Wholesale** growing 6% y/y to ca. **€2.2mn**, with Europe growing 22% y/y to €1.9mn but US declining 45% to €0.3mn due to the ongoing reorganization process and tariffs already taking their tolls; USA dealers recording flattish sales y/y while European corners at -9% y/y (from €1.7mn to €1.6mn);
- ◆ **Retail** recording another strong quarter, up 3x y/y to **€0.9mn** thanks to booming sales at the Sankt Moritz boutique (€0.6mn vs. €0.1mn in 1Q24);
- ◆ **Special Sales** declining 74% y/y to **€0.4mn** vs. €1.5mn, with 1Q24 that was the top performing quarter of this category over the previous two years;
- ◆ **Franchising** store (only Prague, as the Doha one is managing disruptions due to initial stylistic misalignments) recording ca. **€0.2mn**, implying a 34% y/y decline;
- ◆ **Production** (Hyperion Lab) not contributing to 1Q25 top line, facing internal reorganization and being used solely as internal production hub throughout FY25.

Gismondi: Operating Revenues by Distribution Channel

Operating Revenues (IT GAAP, €mn)	1Q23	1Q24	1Q25	y/y
Wholesale	2.2	2.0	2.2	6%
Retail	0.5	0.3	0.9	>100%
Special Sales	1.2	1.5	0.4	-74%
Franchising	0.3	0.3	0.2	-34%
Production (Hyperion Lab)	0.0	0.3	0.0	-100%
Operating Revenues	4.2	4.4	3.6	-17%

Source: Gismondi, Value Track Analysis

In terms of geographic breakdown, Gismondi made the most of its sales in **Italy** (now at 59% of the total vs. 47% in 1Q24), with **Switzerland** behind at 18% (from 7%), followed by **USA** (7% from 17%), **Czech Republic** (6% vs. 8%), and **Others** (from 8% to 10%).

Gismondi: 1Q25 Operating Revenues by Distribution Channel and Geographic Location



Source: Gismondi, Value Track Analysis

Business Development

Refocusing on Control and Profitability

Following years of robust expansion, Gismondi 1754 has entered a new phase of strategic recalibration, focused on improving operational control, cost efficiency, and margin preservation. The Group had successfully extended its **global reach**, integrated upstream **manufacturing capabilities**, and expanded its **product portfolio** without compromising its positioning in the **ultra-luxury jewelry segment**. However, persistent macroeconomic uncertainty and internal execution challenges, such as the U.S. transition and the Hyperion Lab integration, prompted a shift in strategic priorities. In response, management is now executing a clear set of initiatives aimed at **optimizing commercial channels**, **enhancing cost discipline**, and **reinforcing financial sustainability**. The objective is to consolidate what has been built, streamline where needed, and set a leaner, more focused foundation for future growth.

Commercial Strategy Shift - Prioritizing Premium Direct Channels

Given the underperformance of indirect sale channels in FY24 and the strong growth seen in flagship boutiques (particularly Portofino and Sankt Moritz), Gismondi is strategically shifting its commercial focus toward premium direct retail channels. The Group is deprioritizing wide-scale attendance at international trade shows in favor of client-centric loyalty initiatives, which better reflect the exclusivity, innovation, and brand equity embedded in the Gismondi 1754 DNA. The strategic intent is clear: first recover volumes through manageable, brand-controlled channels, while only selectively scale indirect distribution.

Hyperion Lab Toward Operational Efficiency

The integration of Hyperion Lab, a 2,000 sqm high-end production facility in Valenza Po, marked a key step in Gismondi's vertical integration journey. Originally intended to support scalable in-house manufacturing, the initiative encountered short-term challenges. Weaker-than-expected demand and strategic divergence with the minority shareholder slowed execution, leading to the full buyout of the remaining 49% stake in December 2024. Looking ahead, the Group will retain Hyperion Lab as its in-house atelier, optimizing use of its premium goldsmithing workforce (90% should be deployed internally) while reducing headcount and leveraging fixed assets more efficiently;

Cost Rationalization Across the Group

In parallel with the Hyperion Lab restructuring, Gismondi is implementing targeted cost-saving measures expected to generate approximately €1mn in annual savings relative to FY24. Measures include the planned closure of underperforming stores in Rome and San Teodoro, reduced marketing spend (sole participation at Las Vegas fair), rationalized logistics (e.g., consignment policies), and tighter SG&A discipline.

U.S. Reorganization - Stabilizing the Structure

The Group's U.S. transition was one of the most complex projects of FY24. After terminating its partnership with local agent Sobe Luxury, Gismondi 1754 established its own U.S. subsidiary (Gismondi USA) to build a more scalable and cost-efficient operating model. However, the transition triggered a series of short-term disruptions:

- ◆ Protracted bureaucratic processes, including the reimportation of all international carnets, led to a temporary suspension of sales in the U.S. for nearly three months;

- ◆ A complete management reshuffle was initiated, with a new CEO appointment expected shortly to reinforce leadership and client relationships;
- ◆ Gismondi USA remains in its start-up phase, but is strategically positioned to deliver operational independence, direct client servicing, and lower commercial costs over time.

While market visibility remains limited (particularly after the imposition of tariffs, which already weighed on U.S. revenues in 1Q25), management retains cautious confidence in a medium-term recovery. Gismondi's positioning in the ultra-luxury segment, where customers are typically less price-sensitive, should help partially offset external headwinds, although a full shielding from market pressures cannot be assumed.

Far East Partnership as a Key Growth Lever

Gismondi's five-year franchising expansion plan in the Persian Gulf is progressing more slowly than expected, due to stylistic misalignments with the first franchised store, which required the development of a dedicated product line tailored to local preferences. However, the Group sees its Far East agreement as the most important growth catalyst.

Signed with Ippo Group Limited (Hong Kong), the ten-year deal outlines a shop-in-shop model for Tokyo, Macau, and Cambodia, with guaranteed multi-year purchase commitments totaling over \$20 million by 2034. This agreement not only secures recurring revenues in structurally growing regions but also reinforces brand visibility in key Asian luxury hubs.

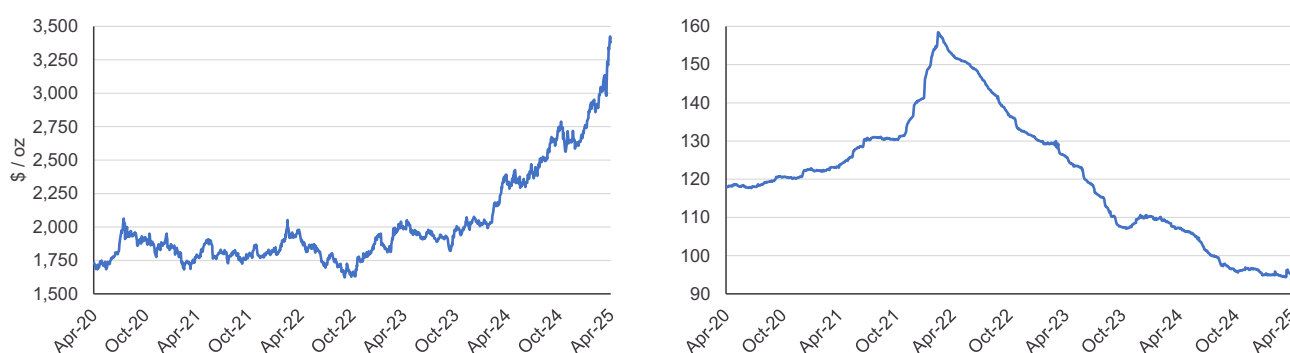
Managing Financial Leverage

To address capital structure rigidity, Gismondi successfully renegotiated its debt exposure, with the main facility entering amortization from mid-2026 and no covenant pressure, reducing FY25 cash outflows by €400K-€500k.

The Group also continues to execute disciplined working capital management, notably through the reduction of inventory, which fell for the third consecutive semester in 2H24. As of year-end, inventory stood at €11.5mn, composed primarily of high-end finished products made of diamonds and precious metals, i.e. assets with high intrinsic value and immediate liquidity potential.

This inventory serves as both a financial buffer and an inflation shield, particularly relevant in a context where gold reached all-time highs in 2025. A dedicated financial plan, incorporating prudential stress testing, confirmed the Group's short-term sustainability and capacity to meet maturing obligations without requiring external intervention.

Gismondi: Gold Price and Diamond Index(*) L5Y Evolution



Source: FactSet, (*) Base Year = February 200\

Recap on Historical Strategy Execution

Over the past 24 months, Gismondi 1754 executed key strategic moves that laid the groundwork for its current structure:

- ◆ **Franchising Agreement in the Middle East:** In 2023, Gismondi signed a master franchise agreement with the Al Mana family, aiming to open up to six stores across the Persian Gulf. The first boutique opened in Doha, with further locations expected in Riyadh, Jeddah, Kuwait, Oman, and the UAE. This deal marked the brand's structured entry into the GCC region and its growing luxury retail landscape;
- ◆ **Vendorafa Lombardi Acquisition:** On March 31, 2023, Gismondi acquired the Vendorafa Lombardi brand and its assets from LVMH Group-controlled Lombardi Srl for €608k, representing ~0.5x EV/Sales FY22. Vendorafa's legacy in handcrafted, gold-centered jewelry complements Gismondi's more gem-focused, haute joaillerie positioning. This acquisition brings a distinct yet synergistic brand to the portfolio; a valuable archive of historic collections, designs, and production tools; greater international exposure, particularly in the U.S. (30 retailers) and Japan (distribution via Unoaerre Japan). Vendorafa and Gismondi 1754 will continue to operate independently, leveraging joint production synergies while preserving their unique identities;
- ◆ **Hyperion Lab Acquisition:** completed in two steps: 51% in December 2023, followed by the remaining 49% in December 2024, after a strategic divergence with the minority shareholder. The final acquisition price for the full stake was €951k (vs. €1.04mn for 51% stake originally agreed), equivalent to 0.6x EV/Sales and 3.2x EV/EBITDA based on FY22 figures ((not as accretive on FY23-FY24 financials after weaker-than-expected earnings seasons). The 49% minority buyout involved €100k for the 49% stake plus a recapitalization of €71,227 considering the poor performance of FY24. In addition, based on the new agreement, Gismondi was not required anymore to pay the third instalment of €260k regarding the initial 51% stake. Despite this, Gismondi's directors did not identify any indicators of permanent impairment that would require a write-down. On the opposite, the Group sees long-term strategic value in controlling a premium production center located in Valenza Po, Italy's capital of fine jewelry craftsmanship;
- ◆ **Far East Whole Sale Agreement with Long-Term Visibility:** the first half of the 2024 saw the opening of a new wholesale channel in the Far East, following the signing of a landmark ten-year agreement with Ippo Group Limited, a Hong Kong-based company founded in 2012 and specialized in the distribution and sale of high-end jewelry and watches in the South Pacific area. Under this agreement, the first shop-in-shop location is set to open in Ginza (Tokyo, with an initial confirmed and paid order of €980k), followed by two additional openings in Macau in 2024 and Cambodia in 2025. More, the contract outlines purchases of \$2mn in 2025, \$2.4mn in 2026, \$2.9mn in 2027, \$3.5mn in 2028, \$4.2mn in 2029, and then \$5mn from 2030 to 2034 (each year), for a total of over \$10mn in the next five years and over \$20mn in ten years.

Forecasts 2025E-27E

Estimates Revision

FY24 performance fell short of expectations, especially on the cost and margin side, while revenue trends, though underwhelming, were broadly aligned with sector-wide softness in the luxury segment and internal execution delays. As a result, we have revised our forecasts downward to reflect a weaker short-to-mid-term scenario:

- ◆ **Value of Production** lowered by approximately 30% versus previous estimates, factoring in a more gradual recovery of wholesale activity, delays in franchise expansion, and lower-than-initially-expected output from Hyperion Lab, which will focus almost entirely (90%) on internal production in FY25E. While initiatives such as the Far East rollout and the growing focus on retail boutiques remain promising, we opt for a more cautious stance amid ongoing market and execution uncertainties, further compounded by the introduction of U.S. tariffs. Although the exposure to the U.S. market was relatively limited in FY24 (ca. €1.2mn), the full extent of the tariffs' impact remains difficult to assess at this stage;
- ◆ **EBITDA** revised down more significantly, although we remain confident in management's ability to implement structural cost reductions. We note, however, that Gismondi's margin profile remains inherently volatile due to the discretionary nature of special sales and variability in raw material pricing dynamics;
- ◆ **Net Debt** Net Debt ended FY24 below expectations, and we forecast further modest improvements in leverage, supported by a continuous tight working capital discipline, controlled spending, and renegotiated debt terms that ease the cash outflow profile.

Gismondi: Old vs. New Estimates

Key Financials (IT GAAP, €mn)	2025E			2026E			2027E		
	Old	New	Δ	Old	New	Δ	Old	New	Δ
Value of Production	16.7	12.1	-28%	19.7	13.0	-34%	//	14.3	//
EBITDA	1.5	0.3	-79%	2.3	1.0	-55%	//	1.5	//
<i>EBITDA Margin (%)</i>	8.8%	2.6%	-620bps	11.4%	7.8%	-360bps	//	10.4%	//
EBIT	0.9	-0.1	nm	1.6	0.6	-66%	//	1.0	//
<i>EBIT Margin (%)</i>	5.2%	-1.1%	-630bps	8.2%	4.3%	-390bps	//	7.1%	//
Net Profit	0.2	-0.5	nm	0.8	-0.1	nm	//	0.3	//
Net Financial Position	-6.5	-5.7	0.9	-6.4	-5.7	0.8	//	-5.5	//

Source: Value Track Analysis

Forecasts 2025E-27E

Key Estimates

Our updated projections assume a gradual return to pre-slowdown levels, with a progressively more efficient and leaner cost base. In 2027E, we expect:

- ◆ **Value of Production** at **€14.3mn**, recovering to FY23 levels with a mid-single-digit CAGR;
- ◆ **EBITDA Margin** at **10%**, supported by cost discipline and better scale from FY25E initiatives;
- ◆ **Inventory** efficiency set to improve, with a **~10ppt** reduction in its incidence on revenues;
- ◆ **Net Debt** to **€5.5mn**, supported by disciplined Capex and strict Working Capital control.

Financial Statements 2024A-27E

Gismondi: P&L 2024A-27E

P&L (IT GAAP, €mn)	2024A	2025E	2026E	2027E	CAGR _{24A-27E}
Revenues from Sales	12.2	11.8	13.0	14.3	5%
Other Revenues	0.5	0.3	0.0	0.0	-100%
Value of Production	12.7	12.1	13.0	14.3	4%
Raw Materials (incl. Δ Inventory)	-4.7	-4.3	-4.4	-4.7	0%
Costs of Services	-6.1	-5.2	-5.2	-5.6	-3%
Labour Costs	-2.1	-1.9	-1.9	-1.9	-2%
Other Operating Costs	-0.5	-0.5	-0.4	-0.4	-4%
EBITDA	-0.7	0.3	1.0	1.5	nm
EBITDA Margin (%)	-5.6%	2.6%	7.8%	10.4%	nm
D&A & Provisions	-0.3	-0.4	-0.5	-0.5	18%
EBIT	-1.0	-0.1	0.6	1.0	nm
EBIT Margin (%)	-7.9%	-1.1%	4.3%	7.1%	nm
Net Financial Charges	-0.4	-0.5	-0.5	-0.5	1%
Taxes	0.3	0.1	-0.1	-0.3	nm
Minorities	0.0	0.0	0.0	0.0	nm
Net Profit	-1.1	-0.5	-0.1	0.3	nm

Source: Gismondi, Value Track Analysis

Gismondi: Balance Sheet 2024A-27E

Balance Sheet (IT GAAP, €mn)	2024A	2025E	2026E	2027E
Net Fixed Assets	2.6	2.2	1.9	1.7
Net Working Capital	13.6	13.4	13.6	13.9
Provisions	0.2	0.2	0.2	0.2
Total Capital Employed	15.9	15.4	15.3	15.5
Group Net Equity	10.3	9.7	9.7	10.0
Net Financial Position [Net debt (-) / Cash (+)]	-5.7	-5.7	-5.7	-5.5

Source: Gismondi, Value Track Analysis

Gismondi: Cash Flow Statement 2024A-27E

Cash Flow Statement (IT GAAP, €mn)	2024A	2025E	2026E	2027E
EBITDA	-0.7	0.3	1.3	1.6
Δ NWC (incl. Provisions)	1.2	0.1	-0.2	-0.3
Capex	0.0	0.0	-0.2	-0.3
OpFCF b.t.	0.5	0.4	0.6	0.9
Cash Taxes	0.3	0.1	-0.1	-0.3
Capital Injections	0.0	0.0	0.0	0.0
Others (incl. Financial Inv.)	0.0	0.0	0.0	0.0
Net Financial Charges	-0.4	-0.5	-0.5	-0.5
Δ Net Financial Position	0.3	0.0	0.0	0.2

Source: Gismondi, Value Track Analysis

Valuation

Fair Equity Value at €3.00 p/s (from €4.00 p/s)

We revised Gismondi's **Fair Equity Value to €3.00 p/s**, reflecting the significant downward revision of our financial estimates and a moderate contraction in peers' valuation multiples amid recent market volatility.

We confirm our valuation methodology, derived as the simple average of two methodologies, balancing near-term operational headwinds (captured by our peers-based valuation approach) with the longer-term recovery potential embedded in our DCF model:

- ◆ Relative Valuation at €2.80 p/s, based on Peers' EV/Sales FY25E multiples;
- ◆ DCF model yielding €3.20 p/s, based on normalized long-term growth and margin assumptions.

At €3.00 p/s, Gismondi is trading EV/Sales multiple of 1.5x-1.4x for 2025E-26E, at a discount of over 30% with respect to peers' average.

Peers Analysis

Our relative valuation, which results in a fair value of €2.80 p/s, is grounded in short-term EV/Sales multiples only, due to the following:

- 1. Company-specific limited visibility and subdued profitability**, with no material operating profits in FY25E-26E, with a gradual return to normalized profitability;
- 2. Uncertainty in the mid-term business outlook**, with a market environment that remains volatile, as mirrored by GIS revenues over the last quarters, and visibility remains poor.

In line with our previous approach, we apply a 40% valuation discount to Gismondi's implied EV/Sales multiples relative to global luxury peers, to account for the Group's more limited brand strength, profitability, and scale.

Gismondi: Peers Trading Multiples

Peers	EV/Sales (x)		EV/EBITDA (x)		EV/EBIT (x)		P/E Adj. (x)	
	2025E	2026E	2025E	2026E	2025E	2026E	2025E	2026E
Hard & Diversified Luxury Leaders								
Richemont	3.7	3.4	12.8	11.3	16.4	14.3	22.6	20.0
Swatch Group	0.9	0.8	6.7	5.7	12.7	9.3	21.6	15.7
LVMH	3.1	2.9	10.6	9.6	14.0	12.5	20.9	18.4
Kering	1.9	1.8	7.5	6.7	13.6	11.5	18.8	15.0
Average	2.4	2.2	9.4	8.3	14.2	11.9	21.0	17.3
Median	2.5	2.3	9.1	8.1	13.8	12.0	21.3	17.0
Other Jewelry Players								
Pandora	2.5	2.3	8.0	7.3	10.4	9.4	13.7	12.3
Fope	1.8	1.6	9.1	7.8	11.0	9.3	15.8	13.5
Average	2.2	2.0	8.6	7.6	10.7	9.4	14.8	12.9
Median	2.2	2.0	8.6	7.6	10.7	9.4	14.8	12.9
Total Average	2.3	2.1	9.1	8.1	13.0	11.1	18.9	15.8
Total Median	2.2	2.0	8.6	7.6	13.2	10.5	19.9	15.3
Gismondi	1.2	1.1	nm	14.8	nm	26.8	nm	nm
Discount vs. Total Average. (%)	-47%	-46%	nm	84%	nm	>100%	nm	nm

Source: Market Consensus, Value Track Analysis

Gismondi: Relative Valuation

Relative Valuation 2025E	EV/Sales
Peers' Average (x)	2.3
Discount (%)	-40.0%
Fair Multiples (x)	1.4
Fair Enterprise Value (€mn)	17.0
Net Financial Position 2025E (€mn)	-5.7
Fair Equity Value (€mn)	11.3
NOSH	4.1
Fair Equity Value p/s (€)	2.80

Source: Market Consensus, Value Track Analysis

DCF

Our DCF model yields a fair value of €3.20 p/s, based on a target capital structure of 30% equity and a long-term return to normalized business dynamics. The DCF incorporates projected Free Cash Flows from 2025E to 2032E, and a terminal value calculated with a conservative 1.0% perpetuity growth rate and standard long-term assumptions.

Gismondi: WACC at 30% Target Capital Structure

WACC Assumptions	(%)
Risk-Free Rate (%)	2.0
Target Capital Structure (D/D+E) (%)	30%
Unlevered Beta (x)	1.17
Levered Beta (x)	1.55
Market Risk Premium (Italy) (%)	5.4%
Small Cap Market Risk Premium (%)	2.5%
Credit Spread (%)	3.0%
Tax Rate (%)	24.0%
Cost of Equity (%)	12.8%
Cost of Debt (%)	3.8%
WACC (%)	10.11%

Source: Market Consensus, Damodaran Data Sets, Value Track Analysis

Gismondi: DCF Valuation

DCF Valuation	(€mn)
Discounted Free Cash Flows 2026E-2032E	6.2
Discounted Terminal Value with g=1.0%	12.6
Fair Enterprise Value	18.8
Net Financial Position 2025E	-5.7
Fair Equity Value	13.2
NOSH (mn)	4.1
Fair Equity Value p/s (€)	3.20

Source: Value Track Analysis

Gismondi: DCF Sensitivity Analysis

Fair Equity Value p/s (€)		g (%)				
		0.0%	0.5%	1.0%	1.5%	2.0%
WACC (%)	9.1%	3.45	3.65	3.89	4.15	4.45
	9.6%	3.15	3.33	3.53	3.76	4.01
	10.1%	2.88	3.04	3.20	3.41	3.63
	10.6%	2.63	2.77	2.93	3.10	3.29
	11.1%	2.41	2.54	2.67	2.82	2.99

Source: Value Track Analysis

Cross Check: M&A Transaction Multiples

Over the last 25 years, the Hard Luxury Market witnessed a very strong consolidation process, with many M&A deals announced. Here below a summary of the most relevant ones, confirm a median EV/Sales at ca. 2.7x, in line with peers' current trading multiples.

Gismondi: M&A Transactions in the Hard Luxury Market

Year	Buyer	Target	Transaction Value (mn)	Stake Acquired (%)	EV/Sales (x)
1999	Richemont	Van Cleef & Arpels	171	60%	6.4
1999	LVMH	Chaumet	na	100%	1.0
2000	Gucci	Boucheron	138	100%	0.5
2000	Richemont	Jaeger-LeCoultre, IWC, Lange & Sohne	1,805	100%	7.2
2011	LVMH	Bulgari	4,300	100%	4.0
2013	Swatch Group	Harry Winston	998	100%	2.4
2013	Clessidra	Buccellati	80	67%	4.7
2013	Kering	Pomellato	263	75%	2.4
2013	Kering	Qeelin	na	100%	2.1
2014	Kering	Ulysse Nardin	626	100%	3.4
2016	Gansu Gangtai	Buccellati	204	85%	6.6
2018	L'azurde Company	Izdiad Commercial	49	100%	2.6
2019	Family Owners	Damiani	12	17%	0.8
2019	Richemont	Buccellati	230	100%	6.2
2021	Partners Group	Breitling	2,795	100%	3.8
2021	LVMH	Tiffany	13,100	100%	2.8
2022	Signet Jewelers	Blue Nile	353	100%	0.7
2024	Watches of Switzerland	Roberto Coin	130	100%	9.6
2024	Pattern	Umbria Verde Mattioli	21.6	100%	1.1
2025	Prada	Versace	1,380	100%	1.9
Median	//	//	247	//	2.7

Source: Various, Value Track Analysis

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