

GISMONDI 1754

Hard Luxury

Margins Hold Up, Far East Orders Still Missing

Gismondi 1754 S.p.A. is a long heritage Italian jewelry that operates in the design, marketing and distribution of high-end jewelry under its own brand, 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.

Weaker Volumes, Margins Recover

GIS 9M25 revenues (€7.3mn, -25% y/y) came in below expectations, reflecting persistent weakness in wholesale (-34% y/y at €3.2mn) only partly offset by stronger retail growth (+21% y/y to €2.1mn). Profitability, however, exceeded forecasts in 1H25, with EBITDA turning positive at €674k (vs. -€238k in 1H24) thanks to strict cost control and a richer channel mix (retail at 32% of sales vs. 16% in 1H24). Net Debt remained broadly stable at €5.8mn (€5.7mn Dec 24), as positive EBITDA was absorbed by ~€0.4mn NWC needs and ~€0.3mn financial charges.

Far East Orders Still Missing, Efficiency Gains Ongoing

The continued absence of Far East and Middle East orders remains the main drag on top-line momentum, adding to a generally softer luxury demand environment. Nonetheless, GIS is delivering on its cost-efficiency roadmap (e.g., ~€435k labour savings y/y) and reshaping its structure toward higher-margin direct channels. Execution has also strengthened: the U.S. wholesale business rebounded sharply (€552k in 3Q25 vs. just ~€17k in 3Q24) following commercial reorganization, while Hyperion Lab's integration as an internal production hub is enhancing manufacturing control and safeguarding margins.

Estimates Fine Tuned: No Far East in FY25, less onwards

Our forecasts have been fine-tuned to reflect lower volumes but stronger cost discipline. VoP has been trimmed by ~11% p.a. on average, mostly due to a lower contribution from the Far East, with 4Q25 now expected to account for only ca. 25% of annual sales, but up 7% y/y (after four negative quarters). We revised FY25E EBITDA upward, reflecting stronger-than-expected efficiency gains in 1H25, despite lower margins in 2H, but cut EBITDA for FY26-27E, due to lower top line. Net Debt should improve modestly, supported by inventory optimization.

Fair Value at €2.85 p/s (from €3.00)

We cut our fair value to €2.85 p/s, which incorporates the updated forecasts but also the substantial sector's multiple rerating, and is still derived from DCF and relative valuation. The latter is based on EV/Sales and now applies a 45% discount (vs. the usual 40%), to also reflect (i) the execution risk related to the Far East supply agreement, and hence the reduced growth forecasts; (ii) the worsened outlook for margins (now EBITDA is seen at ca. 10% in FY27E, well below peers' group).

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FAIR VALUE (€)	2.85
MARKET PRICE (€)	1.98
MARKET CAP (€mn)	8.1

KEY FINANCIALS	FY24	FY25E	FY26E
VALUE OF PRODUCTION	12.7	10.3	11.8
EBITDA	-0.7	0.5	0.9
EBIT	-1.0	0.1	0.4
NET PROFIT	-1.1	-0.4	-0.2
GROUP NET EQUITY	10.3	9.9	9.7
NET DEBT (-) / NET CASH (+)	-5.7	-5.0	-5.2
EPSADJ.	-0.3	-0.1	0.0
DPS	0.0	0.0	0.0

Source: Gismondi 1754 (historical figures), Value Track (estimates)

RATIOS AND MULTIPLES	FY24	FY25E	FY26E
EBITDA MARGIN (%)	nm	5.1	7.3
EBIT MARGIN (%)	nm	0.8	3.5
NET DEBT / EBITDA (x)	nm	9.5	6.1
NET DEBT / NET EQUITY (x)	0.6	0.5	0.5
ROE (%)	nm	nm	0.1
EV / SALES (x)	1.3	1.3	1.1
EV / EBITDA (x)	nm	25.1	15.5
EV / EBIT (x)	nm	nm	32.5
P / EADJ. (x)	nm	nm	nm

Source: Gismondi 1754 (historical figures), Value Track (estimates)

STOCK DATA	
MARKET PRICE (€)	1.98
NOSH (mn)	4.1
MARKET CAP (€mn)	8.1
ENTERPRISE VALUE (€mn)	13.1
FREE FLOAT (%)	39.0
AVG L30D VOLUME ('000)	5,600
RIC / BBG	GIS.MI / GIS IM
52 WK MAX - MIN (€)	1.72 - 3.87

Source: Stock Market Data

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.

Financial Highlights

KEY FINANCIALS (IT GAAP, €mn)	FY24	FY25E	FY26E	FY27E
Value of Production	12.7	10.3	11.8	13.0
y/y (%)	-12.5%	-19.1%	14.7%	9.7%
EBITDA	-0.7	0.5	0.9	1.3
EBITDA Margin (%)	-5.6%	5.1%	7.3%	9.9%
EBIT	-1.0	0.1	0.4	0.8
EBIT Margin (%)	-7.9%	0.8%	3.5%	6.3%
Net Profit	-1.1	-0.4	-0.2	0.2
y/y (%)	nm	nm	nm	nm
Adj. Net Profit	-1.1	-0.4	-0.2	0.2
y/y (%)	nm	nm	nm	nm
Net Fin. Position [Net Debt (-) / Cash(+)]	-5.7	-5.0	-5.2	-5.1
Net. Fin. Pos. / EBITDA (x)	nm	9.7	6.1	3.9
Capex	0.0	0.0	-0.2	-0.3
OpFCF b.t.	0.5	1.1	0.4	0.8
OpFCF b.t. / EBITDA (%)	<0	>100%	42.7%	60.0%

Source: Gismondi 1754, Value Track Analysis

Investment Case

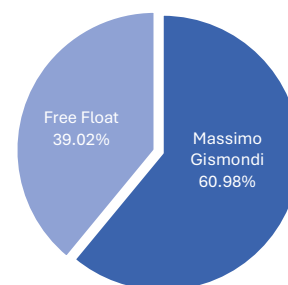
Strengths / Opportunities

- 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

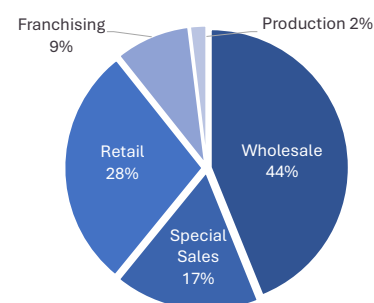
- Limited brand awareness and customer base due to small scale, few DOS;
- High inventory requirements limiting ROCE and FCF;
- Geopolitical and macroeconomic uncertainties.

SHAREHOLDERS' STRUCTURE



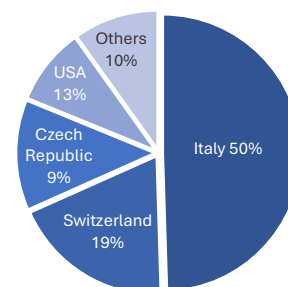
Source: Gismondi 1754

REVENUES BY DISTRIBUTION CHANNEL



Source: Gismondi 1754, 9M25

REVENUES BY GEOGRAPHIC AREA



Source: Gismondi 1754, 9M25

STOCK MULTIPLES @ FV	FY25E	FY26E
EV / SALES (x)	1.6	1.4
EV / EBITDA (x)	nm	19.6
EV / EBIT (x)	nm	nm
EV / CAP. EMPLOYED	1.1	1.1
OpFCF Yield (%)	6.5	2.2
P / E (x)	nm	nm
P / BV (x)	1.2	1.2
Dividend Yield (%)	0.0	0.0

Source: Value Track Analysis

Table of Contents

1H25 Financial Results	4
Key Financials & Messages.....	4
Financial Statements 1H23-1H25.....	7
Business Development	8
Focus Still on Control and Profitability.....	8
Forecasts FY25E-27E	10
Estimates Revision	10
New Estimates FY25E-27E	10
Valuation	12
Fair Equity Value at €2.85 p/s (from €3.00 p/s).....	12

1H25 Financial Results

Key Financials & Messages

Gismondi's 9M25 top-line performance came in below expectations, mainly due to persistent weakness in wholesale and the absence of Far East orders, a key revenue driver in our estimates. However, 1H25 profitability surprised positively, with cost efficiencies exceeding forecasts and margins holding up despite lower volumes. We see confirmation that GIS is effectively evolving into a leaner, more resilient structure focused on strengthening direct channels rather than expanding wholesale, although visibility on revenue recovery remains limited. Key 1H25 highlights include:

- **Value of Production** at **€5.8mn**, down 24% y/y, mainly reflecting the sharp contraction in international wholesale (–29% y/y), only partly offset by strong retail growth (+99% y/y);
- **EBITDA** turned positive at **€674k** (vs. –€238k in 1H24), thanks to effective cost rationalization and a richer revenue mix, with retail now representing 32% of sales (vs. 16% in 1H24);
- **Net Debt** closed at **€5.8mn**, broadly stable vs. €5.7mn at FY24 year-end. Positive EBITDA was offset by ~€0.4mn working capital absorption and ~€0.3mn net financial charges.

Gismondi 1754: Key Financials 1H23-1H25

Key Financials (IT GAAP, €mn)	1H23	1H24	1H25	y/y
Value of Production	8.0	7.6	5.8	-24%
EBITDA	1.4	-0.2	0.7	nm
EBITDA Margin (%)	17.4%	-3.2%	11.7%	nm
Net Debt	nm	5.7 (*)	5.8	nm

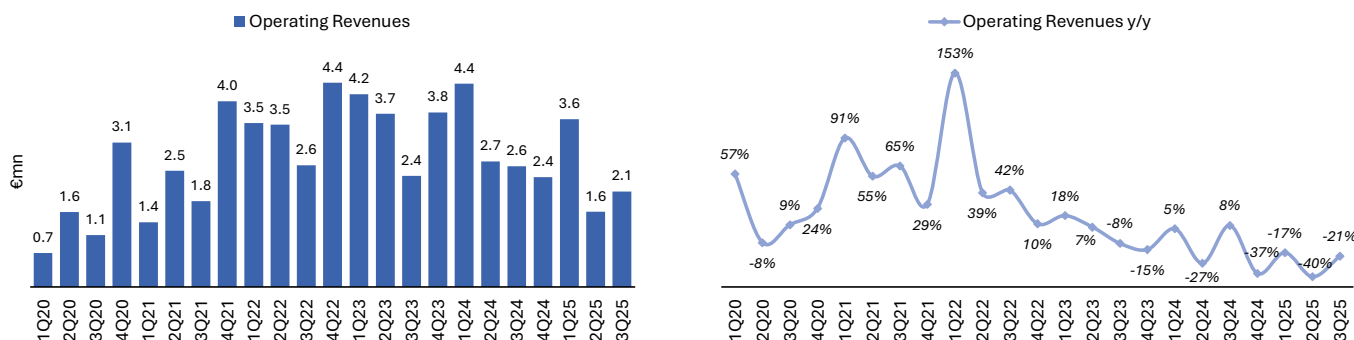
Source: Gismondi 1754, Value Track Analysis, (*) FY24

Profit & Loss

Operating Revenues amounted to **€5.2mn** in **1H25** (–26% y/y) and **€7.3mn** in **9M25** (–25% y/y). The quarterly trend showed improvement, with 3Q25 down 21% y/y versus a –40% y/y decline in 2Q25. The contraction reflects the marked slowdown in international wholesale (–34% y/y at €3.2mn in 9M25), partly mitigated by the continued growth in proprietary retail stores (+21% y/y to €2.1mn), consistent with the Group's shift toward direct channels over wholesale expansion.

Including ~€600k of adjustments and other revenues, 1H25 **Value of Production** reached **€5.8mn** (–24% y/y).

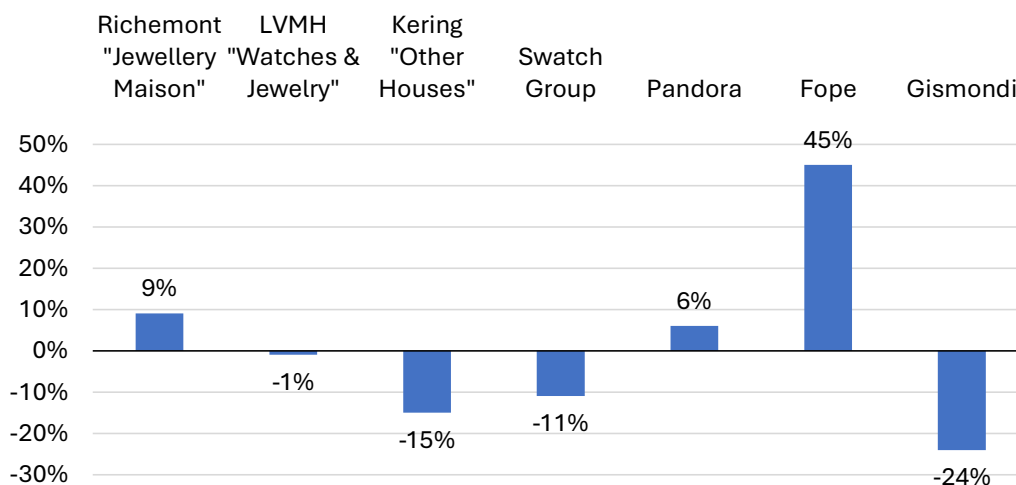
Gismondi 1754: Operating Revenues Evolution



Source: Gismondi 1754, Value Track Analysis

The revenue contraction mirrors the broader luxury sector slowdown, though Gismondi was among the most affected players in 1H25.

Gismondi 1754: Jan-Jun 2025 Peers Growth Rates Y/Y



Source: Value Track Analysis

Going deeper on analyzing 9M25 GIS's sales, we highlight that in terms of distribution breakdown:

- **Wholesale: €3.2mn**, (-34% y/y), driven by the European market (€2.3mn, -21% y/y), still adjusting to a more direct commercial structure and impacted by a weak 2Q-3Q. The U.S. grew +73% y/y to €0.9mn despite the 15% import tariffs, supported by new pricing and sales organization. No Far East orders were recorded (vs. €1.4mn in 9M24, and were expected at €1.7mn-€1.8mn in FY25);
- **Retail: €2.1mn** (+21% y/y), led by strong performance in St. Moritz (+74% y/y to €1.0mn), offsetting Roma's absence; Genoa and Portofino were broadly stable y/y at €0.3mn and €0.7mn, respectively;
- **Special Sales: €1.2mn** (-39% y/y), penalized by a weak 1Q25 (-74% y/y) against tough comps and softer bespoke demand;
- **Franchising: €0.6mn** (+11% y/y), supported by a solid 2Q-3Q at the Prague store, though impacted by the absence of Middle East orders;
- **Production (Hyperion Lab): €0.1mn** (-73% y/y), repositioned as an internal manufacturing hub to protect Group margins.

Gismondi 1754: Operating Revenues by Distribution Channel

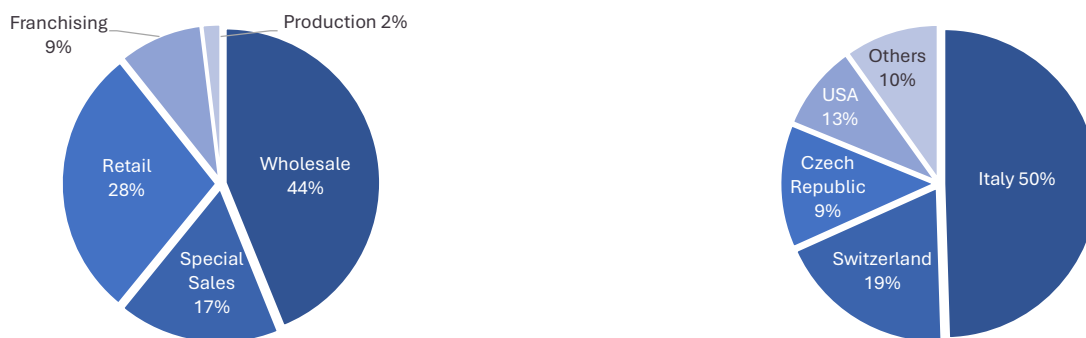
Revenues (IT GAAP, €mn)	2Q24	2Q25	y/y	1H24	1H25	y/y	3Q24	3Q25	y/y	9M24	9M25	y/y
Wholesale	1.6	0.4	-75%	3.6	2.5	-29%	1.3	0.7	-48%	4.8	3.2	-34%
Retail	0.4	0.5	21%	0.7	1.4	99%	1.0	0.7	-32%	1.7	2.1	21%
Special Sales	0.5	0.4	-9%	1.9	0.8	-58%	0.1	0.4	>100%	2.0	1.2	-39%
Franchising	0.1	0.2	60%	0.4	0.4	-10%	0.1	0.3	69%	0.6	0.6	11%
Production	0.1	0.1	-22%	0.4	0.1	-78%	0.1	0.0	-52%	0.5	0.1	-73%
Operating Revenues	2.7	1.6	-40%	7.1	5.2	-26%	2.6	2.1	-21%	9.7	7.3	-25%

Source: Gismondi 1754, Value Track Analysis

After 9M25, wholesale remains the main channel (44% of sales) but retail gained weight (28% vs. 18% in 9M24), improving margin quality.

By geography, **Italy** remains the largest market (50% of total vs. 48% in 9M24), followed by **Switzerland** (19% from 9%), **USA** (13% from 12%), **Czech Republic** (9% from 7%), and others (10% from 18%).

Gismondi 1754: 9M25 Operating Revenues by Distribution Channel and Geographic Location

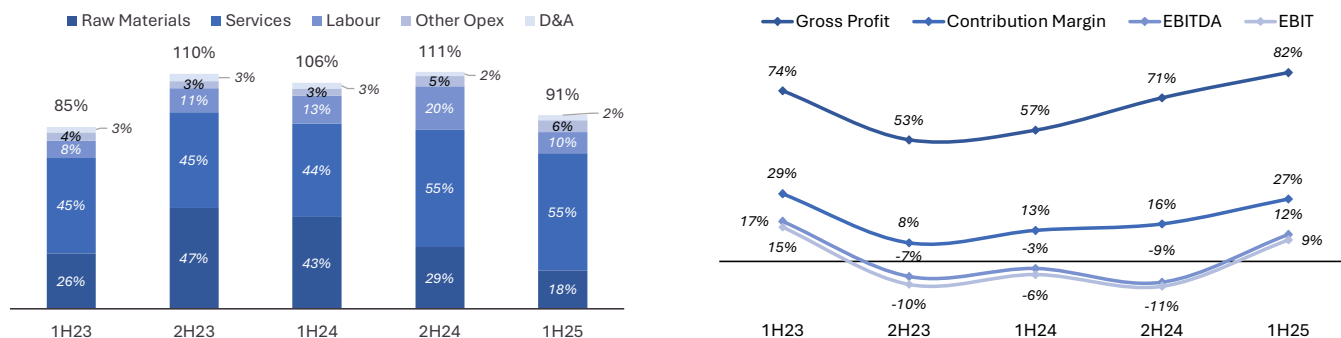


Source: Gismondi 1754, Value Track Analysis

As mentioned, the combination of a very effective cost rationalization strategy and a richer revenue mix led to significant profit margins improvement:

- **Gross Profit at €4.7mn**, up 10% y/y despite the marked slowdown in volumes, implying a Gross Margin increase from 57% in 1H24 to an all-time high of 82% thanks to €2.2mn lower raw material expenses;
- **Contribution Margin at €1.6mn**, up 55% y/y vs. €1.0mn in 1H24 (€1.8mn in the whole FY24), despite stable services costs at €3.2mn (incidence increasing from ~44% in 1H24 to ~55% in 1H25);
- **EBITDA at €674k**, compared to the -€238k loss in 1H24, after ~€435k labour costs savings y/y, highlighting the structural nature of the new efficiency plan in place;
- **EBIT at €539k** vs. -€438k in 1H24, after ca. €60k savings in D&A;
- **Net Profit of €122k** with respect to the €467k Net Loss of 1H24, despite higher financial charges and taxes, and with no minority impact following the December 2024 buyout of Hyperion Lab's shareholders.

Gismondi 1754: Operating Expenses Incidence on Top Line and Profit Margins



Source: Gismondi 1754, Value Track Analysis

Balance Sheet & Cash Flow Statement

Gismondi ended 1H25 with a **Net Debt of €5.8mn**, representing only a ~€100k erosion vs. FY24, explained by ~€400k working capital absorption, net financial charges for ca. €300k, and taxes for other €100k, that together more than offset the ~€700k EBITDA of the period.

Financial Statements 1H23-1H25

Gismondi 1754: P&L 1H23-1H25

P&L (IT GAAP, €mn)	1H23	1H24	1H25	y/y
Revenues from Sales	7.9	7.5	5.3	-29%
Other Revenues	0.2	0.1	0.5	>100%
Value of Production	8.0	7.6	5.8	-24%
Raw Materials (incl. Δ Inventory)	-2.1	-3.2	-1.0	-68%
Costs of Services	-3.6	-3.3	-3.2	-4%
Labour Costs	-0.6	-1.0	-0.6	-43%
Other Operating Expenses	-0.3	-0.2	-0.3	32%
EBITDA	1.4	-0.2	0.7	nm
<i>EBITDA Margin (%)</i>	<i>17.4%</i>	<i>-3.2%</i>	<i>11.7%</i>	<i>nm</i>
D&A	-0.2	-0.2	-0.1	-32%
EBIT	1.2	-0.4	0.5	nm
<i>EBIT Margin (%)</i>	<i>14.8%</i>	<i>-5.8%</i>	<i>9.3%</i>	<i>nm</i>
Net Financial Charges	-0.1	-0.2	-0.3	85%
Taxes	-0.4	0.0	-0.1	nm
Minorities	0.0	0.1	0.0	-100%
Net Profit	0.7	-0.5	0.1	nm

Source: Gismondi 1754, Value Track Analysis

Gismondi 1754: Balance Sheet 1H24-1H25

Balance Sheet (IT GAAP, €mn)	1H24	FY24	1H25
Net Fixed Assets	2.7	2.6	2.4
Net Working Capital	15.2	13.6	14.0
Provisions	0.2	0.2	0.2
Total Capital Employed	17.6	15.9	16.2
Group Net Equity	10.8	10.3	10.4
Net Financial Position	-6.8	-5.7	-5.8

Source: Gismondi 1754, Value Track Analysis

Gismondi 1754: Cash Flow Statement 1H23-1H25

Cash Flow (IT GAAP, €mn)	1H23	1H24	1H25
EBITDA	1.4	-0.2	0.7
Δ Net Working Capital (incl. Provisions)	-2.7	-0.4	-0.4
Capex	-0.3	0.0	0.0
OpFCF (b.t.)	-1.6	-0.7	0.3
<i>As a % of EBITDA</i>	<i><0</i>	<i><0</i>	<i>42%</i>
Cash Taxes	-0.4	0.0	-0.1
Others (incl. Financial Investments)	0.2	-0.1	0.0
Net Financial Charges	-0.1	-0.2	-0.3
Δ Equity	-0.1	0.0	0.0
Δ Net Financial Position	-2.0	-0.9	-0.1

Source: Gismondi 1754, Value Track Analysis

Business Development

Focus Still on Control and Profitability

Following years of 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 that 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 revenues

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 in FY24 and early 2025: 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, but Gismondi USA remains in its start-up phase, while a new commercial senior people has been recently appointed.

While market visibility remains limited (the imposition of higher tariffs. from 9% to 15%, weighed on U.S. revenues in 1H25), management remains cautiously confident in a medium-term recovery and revenues in the US wholesale channel has started to normalize from 2Q25 and in 2H will benefit from the recent price

adjustments aimed at neutralizing the higher tariffs. 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 was assumed as a Key Growth Lever, but No Material Contribution Yet

Gismondi's five-year franchising expansion plan in the Persian Gulf is progressing more slowly than expected, mainly due to stylistic adjustments required for the first franchised store, which led to the development of a dedicated product line tailored to local preferences.

Similarly, the Far East partnership with Ippo Group Limited (Hong Kong) (a ten-year commercial agreement envisaging a shop-in-shop rollout across Tokyo, Macau, and Cambodia, and multi-year purchase commitments of over \$40mn by 2034) has not yet translated into a material contribution to the Group's P&L. No Far East orders were recorded in 9M25 (vs. €1.4mn in 9M24 and an expected €1.7mn–€1.8mn for FY25), although the agreement seems to remain active and strategically relevant.

Pending an update on this partnership, we have zeroed its contribution to FY25 revenues and materially reduced it for next years. We still expect new revenues flows to materialize from FY26 onward, given the scale and long-term significance of the partnership within Gismondi's international growth roadmap, but our revised assumptions are well below the initial revenues targets.

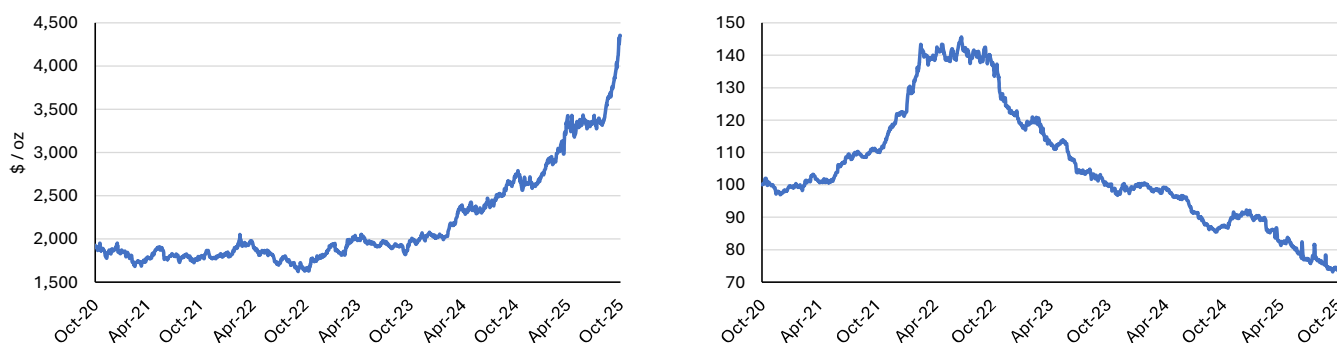
Managing Financial Leverage

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. We remind that GIS's inventory is 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 is continuing to reach new all-time highs. 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 1754: Gold Price and Diamond Index (*) L5Y Evolution



Source: FactSet, (*) Base Year = October 2020

Forecasts FY25E-27E

Estimates Revision

While 9M25 top-line results came in slightly below expectations, the strong cost efficiencies achieved during 1H25 surprised positively, confirming that Gismondi's focus is shifting toward strict spending control and cash discipline. The Company's leaner cost base proves more structural than initially assumed, supporting a faster recovery in profitability once volumes stabilize, while on the other hand we need to factor lower than expected revenues and growth prospected in the Far East region. Consequently, we updated our forecasts as follows:

- **Value of Production** revised down on average by ~11% per year, with 4Q25 expected to contribute only 25% of the annual figure, below management indication post-1H25 results, as we no longer factor in €1.8mn from the Far East wholesale channel;
- **EBITDA** revised slightly upward for FY25E, though implying a weaker 2H25E versus the exceptionally efficient 1H25, due to thinner top line and some additional costs to support the U.S. wholesale channel in Q4. Nevertheless, the pace of cost rationalization has been faster than expected, positioning the Group for an return to high-single-digit margin levels in FY26E-27E;
- **Net Debt** expected to improve versus prior forecasts by ~€0.5mn, benefitting from stronger operating profitability and incremental cash generation from inventory optimization in the second semester.

In summary, we see Gismondi entering a stabilization phase characterized by tight financial discipline, gradual top-line recovery, and expanding profitability, laying the groundwork for gradual margin normalization by FY26E-27E.

Gismondi 1754: Estimates Old vs. New

Key Financials (IT GAAP, €mn)	FY25E			FY26E			FY27E		
	Old	New	Δ	Old	New	Δ	Old	New	Δ
Value of Production	12.1	10.3	-15%	13.0	11.8	-9%	14.3	13.0	-9%
EBITDA	0.3	0.5	68%	1.0	0.9	-14%	1.5	1.3	-14%
EBITDA Margin (%)	2.6%	5.1%	250bps	7.8%	7.3%	-50bps	10.4%	9.9%	-50bps
EBIT	-0.1	0.1	nm	0.6	0.4	-26%	1.0	0.8	-20%
EBIT Margin (%)	-1.1%	0.8%	nm	4.3%	3.5%	-80bps	7.1%	6.3%	-80bps
Net Profit	-0.5	-0.4	nm	-0.1	-0.2	nm	0.3	0.2	-47%
Net Debt	-5.7	-5.0	0.7	-5.7	-5.2	0.4	-5.5	-5.1	0.4

Source: Value Track Analysis

New Estimates FY25E-27E

Key Forecasts & Drivers

Over our forecasted horizon, our new estimates for FY27E outline:

- **Value of Production** at **€13.0mn**, with limited growth relative to FY24 (1% CAGR_{FY24-27E}) ;
- **EBITDA Margin** close to **10%**, sustained by a healthier sales mix and a structurally lower cost base;
- **Inventory** efficiency to improve, with incidence on revenues down by **~3 percentage points**;
- **Net Debt** at **€5.1mn**, reflecting minimal capex and strict working capital management.

Financial Statements FY24-27E

Gismondi 1754: P&L FY24-27E

P&L (IT GAAP, €mn)	FY24	FY25E	FY26E	FY27E	CAGR _{FY24-27E}
Revenues from Sales	12.2	9.8	11.8	13.0	2%
Other Revenues	0.5	0.5	0.0	0.0	-100%
Value of Production	12.7	10.3	11.8	13.0	1%
Raw Materials (incl. Δ Inventory)	-4.7	-2.1	-3.0	-3.2	-12%
Costs of Services	-6.1	-5.8	-5.9	-6.4	1%
Labour Costs	-2.1	-1.3	-1.3	-1.4	-13%
Other Operating Expenses	-0.5	-0.6	-0.8	-0.7	14%
EBITDA	-0.7	0.5	0.9	1.3	nm
<i>EBITDA Margin (%)</i>	-5.6%	5.1%	7.3%	9.9%	nm
D&A	-0.3	-0.4	-0.5	-0.5	18%
EBIT	-1.0	0.1	0.4	0.8	nm
<i>EBIT Margin (%)</i>	-7.9%	0.8%	3.5%	6.3%	nm
Net Financial Charges	-0.4	-0.5	-0.5	-0.4	1%
Taxes	0.3	0.0	0.0	-0.2	nm
Minorities	0.0	0.0	0.0	0.0	nm
Net Profit	-1.1	-0.4	-0.1	0.2	nm

Source: Gismondi 1754, Value Track Analysis

Gismondi 1754: Balance Sheet FY24-27E

Balance Sheet (IT GAAP, €mn)	FY24	FY25E	FY26E	FY27E
Net Fixed Assets	2.6	2.2	1.9	1.7
Net Working Capital	13.6	12.9	13.2	13.4
Provisions	0.2	0.1	0.1	0.1
Total Capital Employed	15.9	14.9	15.0	15.0
Group Net Equity	10.3	9.9	9.8	10.0
Net Financial Position	-5.7	-5.0	-5.2	-5.1

Source: Gismondi 1754, Value Track Analysis

Gismondi 1754: Cash Flow Statement FY24-27E

Cash Flow (IT GAAP, €mn)	FY24	FY25E	FY26E	FY27E
EBITDA	-0.7	0.5	0.9	1.3
Δ Net Working Capital (incl. Prov.)	1.2	0.6	-0.3	-0.2
Capex	0.0	0.0	-0.2	-0.3
OpFCF (b.t.)	0.5	1.1	0.4	0.8
<i>As a % of EBITDA</i>	<0	>100%	42.7%	60.0%
Cash Taxes	0.3	0.0	0.0	-0.2
Others (incl. Financial Investments)	0.0	0.0	0.0	0.0
Net Financial Charges	-0.4	-0.5	-0.5	-0.4
Δ Equity	0.0	0.0	0.0	0.0
Δ Net Financial Position	0.3	0.6	-0.2	0.2

Source: Gismondi 1754, Value Track Analysis

Valuation

Fair Equity Value at €2.85 p/s (from €3.00 p/s)

We revise **Gismondi's fair value to €2.85 p/s**, reflecting the **downward earning revision** but also a **substantial rerating of peers' valuation multiples** since our last update in April 2025.

Our valuation framework remains based on the simple average of two complementary approaches, balancing limited short-term visibility with the Group's long-term growth potential:

- **Relative Valuation:** €2.90 p/s (vs. €2.80 p/s in April), derived from peers' FY25-26E EV/Sales multiples, to which we now apply a 45% discount (previously 40%) to account for (i) less appealing growth prospects (mostly related to the Far East region) and (ii) the related negative impact on medium term margin expansion (now FY27E EBITDA seen at ca.10%, well below sector peers);
- **DCF Model:** €2.80 p/s (vs. €3.20 p/s in April), penalized by much slower long-term growth and lower margin assumptions, despite the Group's structural cost improvements.

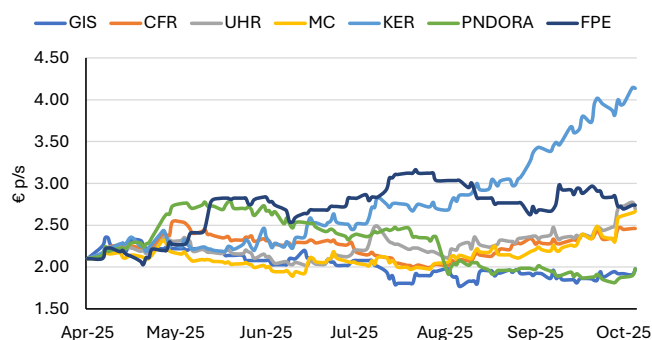
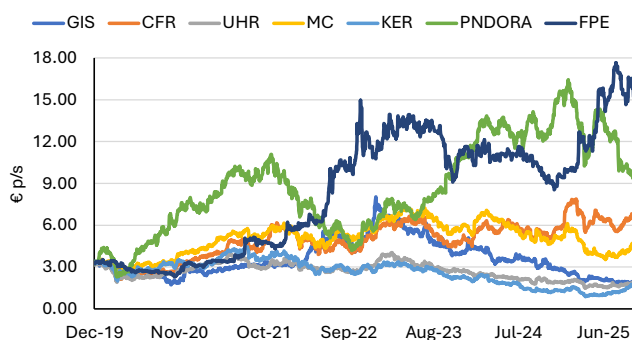
At €2.85 p/s, Gismondi trades at EV/Sales multiples of 1.4x-1.3x for FY26E-27E, implying a >40% discount versus global luxury peers.

Peers Analysis

Our relative valuation results in a fair equity value of **€2.90 p/s**, derived exclusively from short-term EV/Sales multiples, given **still limited visibility on earnings** and reduced profitability of GIS at this stage.

Despite the weak 1H25 revenue dynamics, it is worth noting that key listed comparables (including Kering, LVMH, Swatch, and Fope) have appreciated by over 20% in the past six months, driving a sector-wide multiple expansion.

Gismondi 1754: Peers' Stock Price Performance Since GIS' IPO and L6M



Source: FactSet, Peers' performance rebased on GIS' stock price

We apply a 45% discount to Gismondi's implied EV/Sales multiple relative to peers (vs. the usual 40%), reflecting its smaller scale, brand awareness gap, lower profitability, and now also the execution risk related to the Far East supply agreement, which has materially affected the Group growth outlook and, as a corollary, the potential margin expansion.

Gismondi 1754: Peers Trading Multiples

Peers	Mkt Cap (€mn)	EV/Sales (x)		EV/EBITDA (x)		EV/EBIT (x)		P/E Adj. (x)	
		FY25E	FY26E	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Hard & Diversified Luxury Leaders									
Compagnie Financiere Richemont SA	102,030.1	4.0	3.7	14.5	12.8	18.9	16.4	25.5	22.6
Swatch Group Ltd. Bearer	9,699.5	1.2	1.2	12.3	9.7	38.3	20.9	>50	35.5
LVMH Moet Hennessy Louis Vuitton SE	311,793.1	4.0	3.8	13.6	13.0	18.7	17.6	28.5	25.5
Kering SA	38,994.5	3.3	3.1	13.0	11.7	28.7	22.9	>50	38.7
Average	115,629.3	3.1	2.9	13.3	11.8	26.2	19.5	27.0	30.6
Median	70,512.3	3.6	3.4	13.3	12.2	23.8	19.3	27.0	30.5
Other Jewelry Players									
Pandora A/S	8,815.4	2.3	2.2	7.5	7.1	9.9	9.4	12.4	11.7
FOPE S.p.A.	213.8	2.4	2.1	11.0	9.4	13.0	11.0	19.5	16.6
Average	4,514.6	2.4	2.2	9.3	8.3	11.4	10.2	16.0	14.1
Median	4,514.6	2.4	2.2	9.3	8.3	11.4	10.2	16.0	14.1
Total Average	78,061.2	2.9	2.7	12.0	10.6	21.3	16.4	21.5	25.1
Total Median	24,347.0	2.8	2.6	12.6	10.7	18.8	17.0	22.5	24.1
Gismondi 1754 S.p.A.	8.1	1.3	1.1	>20	15.5	>30	>30	<0	<0
Premium / Discount vs. Total Average (%)	-100%	-56%	-58%	nm	46%	nm	nm	nm	nm

Source: FactSet

Gismondi 1754: Relative Valuation

Relative Valuation FY25E	EV/Sales FY25E	EV/Sales FY26E
Peers Average (x)	2.9	2.7
Discount (%)	-45%	-45%
Fair Multiples (x)	1.6	1.5
Fair Enterprise Value (€mn)	16.3	17.5
Net Debt FY25E (€mn)	5.0	5.2
Fair Equity Value (€mn)	11.4	12.3
NOSH	4.1	4.1
Fair Equity Value p/s (€)	2.80	3.00
Average Fair Equity Value p/s (€)	2.90	

Source: FactSet, Value Track Analysis

DCF

Our DCF model also yields a fair equity value of **€2.80 p/s**, based on a target capital structure of 30% equity and assuming a gradual return to normalized growth and profitability. The model incorporates projected free cash flows for FY26E–32E and a terminal value calculated using a 1.0% perpetuity growth rate, reflecting conservative long-term assumptions.

Gismondi 1754: WACC at Target Capital Structure

WACC Assumptions	Target Capital Structure
Risk-Free Rate (%)	2.0
Capital Structure (D/D+E) (%)	30%
Unlevered Beta (x)	1.2
Levered Beta (x)	1.5
Market Risk Premium (Italy) (%)	5.4%
Small Cap Market Risk Premium (%)	2.5%
Credit Spread (%)	3.0%
Tax Rate (%)	24.0%
Cost of Equity (%)	12.9%
Cost of Debt (%)	3.8%
WACC (%)	10.2%

Source: FactSet, Damodaran, Value Track Analysis

Gismondi 1754: DCF Valuation

DCF Valuation	(€mn)
Discounted Free Cash Flows FY26E-FY32E	5.2
Discounted Terminal Value with g=1.0%	11.2
Fair Enterprise Value	16.4
Net Debt FY25E	5.0
Fair Equity Value	11.4
NOSH (mn)	4.1
Fair Equity Value p/s (€)	2.80

Source: Value Track Analysis

Gismondi 1754: DCF Sensitivity Analysis

Fair Equity Value p/s (€)		g (%)				
		0.0%	0.5%	1.0%	1.5%	2.0%
WACC (%)	9.2%	2.99	3.18	3.38	3.62	3.88
	9.7%	2.73	2.89	3.07	3.27	3.49
	10.2%	2.49	2.63	2.80	2.96	3.15
	10.7%	2.28	2.40	2.54	2.69	2.86
	11.2%	2.08	2.19	2.31	2.44	2.59

Source: Value Track Analysis

Cross Check: M&A Transaction Multiples

The hard luxury market has undergone continuous consolidation over the past 25 years, with multiple landmark M&A deals confirming a median EV/Sales multiple of around 3.1x, broadly consistent with current trading levels among listed peers.

Gismondi 1754: 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	//	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	//	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
Median	//	//	247	//	3.1

Source: Various, Value Track Analysis

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