

GISMONDI 1754

Hard Luxury

Cost optimization saves the day

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.

Strong 4Q25 already out...

As anticipated in preliminary KPIs, 4Q25 operating revenues marked a robust +32% y/y growth, compared to the -25% y/y decline recorded in the first nine months of the year, bringing FY25 revenues to €10.4mn (-13% y/y) and VoP 9% above our expectations (with some one-off elements). The rebound in Q4 was primarily driven by a) the acceleration of international wholesale - driven by a +91% y/y in EU and a massive rebound in the U.S., with €0.5mn revenues (>100% y/y); b) special sales tripled y/y to €0.6mn and an impressive performance in the St. Moritz boutique (DOS) and Prague franchising store.

...but cost optimization benefits ahead of expectations

Profitability also exceeded forecasts in 2H25, with EBITDA turning positive at €610k (vs. -€471k in 2H24) thanks to the benefits of cost control measures and to a richer channel mix (special sales up to 20% and wholesale down to 28% of sales respectively). Net Debt came also below expectations (€4.5mn vs €5.7mn in Dec 24), thanks to positive EBITDA and leaner NWC. GIS management is delivering on the main fronts: cost-efficiency, refocus toward higher-margin direct channels and relaunch of the U.S. wholesale business. The only negative note remains the absence of orders from Far East and Middle East distributors, which we expected but which is now likely to persist, given the current geopolitical picture.

Estimates Fine Tuned: less Middle-Far East, but more US

We have factored in our forecasts the positives outlined above, and the main outcomes for FY26E-27E are: a broadly confirmed top line, on a different mix for the wholesale channel (supported by stronger US); FY26E-27E EBITDA revised upward (by ca. €600k/year) reflecting stronger-than-expected cost savings and c) lower Net Debt (€3.7mn in FY27E), on lower Dec 2025 level and higher operating margins over the two years ahead.

Fair Value revised to €2.6 from €2.85 p/s on sector derating

We cut our fair value by 9% to €2.60 p/s, as the impact of the earning upgrade (marginal in absolute terms) and lower equity risk premium, is offset by the sector's multiple derating (ca. 20% over the last 6 months). Fair value is still derived from relative valuation (€2.3 p/s) and DCF (€2.9 p/s), with the former based again on full set of multiples (thanks to improved profitability of GIS), historical discounts vs larger and leading peers and FY26E-27E financials.

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FAIR VALUE (€)	2.60
MARKET PRICE (€)	1.38
MARKET CAP (€mn)	5.7

KEY FINANCIALS	FY25	FY26E	FY27E
VALUE OF PRODUCTION	11.3	11.9	13.2
EBITDA	1.3	1.5	1.9
EBIT	1.0	1.1	1.5
NET PROFIT	0.3	0.4	0.7
GROUP NET EQUITY	10.1	10.5	11.2
NET DEBT (-) / NET CASH (+)	-4.5	-4.3	-3.7
EPSADJ.	0.1	0.1	0.2
DPS	0.0	0.0	0.0

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

RATIOS AND MULTIPLES	FY25	FY26E	FY27E
EBITDA MARGIN (%)	11.4	12.5	14.4
EBIT MARGIN (%)	9.2	9.5	11.5
NET DEBT / EBITDA (x)	3.5	2.9	2.0
NET DEBT / NET EQUITY (x)	0.4	0.4	0.3
ROE (%)	0.9	0.8	0.7
EV / SALES (x)	7.9	6.7	5.0
EV / EBITDA (x)	9.8	8.8	6.2
EV / EBIT (x)	22.3	13.0	8.1
P / EADJ. (x)	11.4	12.5	14.4

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

STOCK DATA	
MARKET PRICE (€)	1.38
NOSH (mn)	4.1
MARKET CAP (€mn)	5.7
ENTERPRISE VALUE (€mn)	9.9
FREE FLOAT (%)	39.0
AVGL30D VOLUME ('000)	4,933
RIC / BBG	GIS.MI / GIS IM
52WK MAX - MIN (€)	1.28 - 2.35

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 distribution network includes 4 DOS, 2 franchising stores and a global wholesale network, leveraging also on the 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	FY25	FY26E	FY27E
Value of Production	12.7	11.3	11.9	13.2
y/y (%)	-12.5%	-11.7%	5.7%	10.5%
EBITDA	-0.7	1.3	1.5	1.9
EBITDA Margin (%)	-5.6%	11.4%	12.5%	14.4%
EBIT	-1.0	1.0	1.1	1.5
EBIT Margin (%)	-7.9%	9.2%	9.5%	11.5%
Net Profit	-1.1	0.3	0.4	0.7
y/y (%)	nm	-122.1%	71.8%	60.5%
Adj. Net Profit	-1.1	0.3	0.4	0.7
y/y (%)	nm	-122.1%	71.8%	60.5%
Net Fin. Position [Net Debt (-) / Cash(+)]	-5.7	-4.5	-4.3	-3.7
Net. Fin. Pos. / EBITDA (x)	nm	3.5	2.9	2.0
Capex	0.0	0.0	-0.1	-0.2
OpFCF b.t.	0.5	2.3	0.9	1.4
OpFCF b.t. / EBITDA (%)	<0	180.5%	62.8%	71.7%

Source: Gismondi 1754, Value Track Analysis

Investment Case

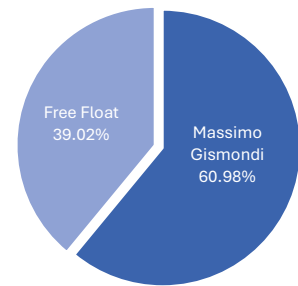
Strengths / Opportunities

- 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

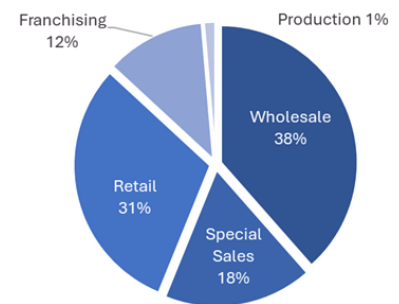
- Limited brand awareness and customer base due to small scale, few DOS;
- High inventory requirements limiting ROCE and FCF;
- Geopolitical and macroeconomic uncertainties.

SHAREHOLDERS' STRUCTURE



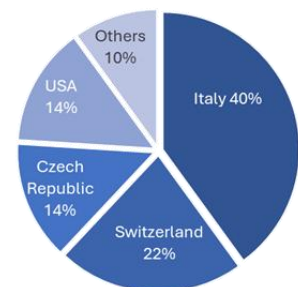
Source: Gismondi 1754

REVENUES BY DISTRIBUTION CHANNEL



Source: Gismondi 1754, FY2025

REVENUES BY GEOGRAPHIC AREA



Source: Gismondi 1754, FY2025

STOCK MULTIPLES @ FV	FY26E	FY27E
EV / SALES (x)	1.3	1.1
EV / EBITDA (x)	10.0	7.6
EV / EBIT (x)	13.2	9.5
EV / CAP. EMPLOYED	1.0	1.0
OpFCF Yield (%)	6.3	9.4
P / E (x)	24.5	15.3
P / BV (x)	1.0	1.0
Dividend Yield (%)	0.0	0.0

Source: Value Track Analysis

FY25 Financial Results

Key Financials & Messages

Gismondi 1754 (GIS.MI / GIS IM) had already reported its 4Q25 operating revenues, which marked a robust +32% y/y growth and signed a strong year-end recovery, bringing FY25 revenues to €10.4mn (-13% y/y), a significant improvement compared to the 25% y/y decline recorded in the first nine months of the year. Yet, the full set of results approved by the BoD on 31 March, provided also evidence of the significant impact of cost optimization, with margins and bottom line above expectations.

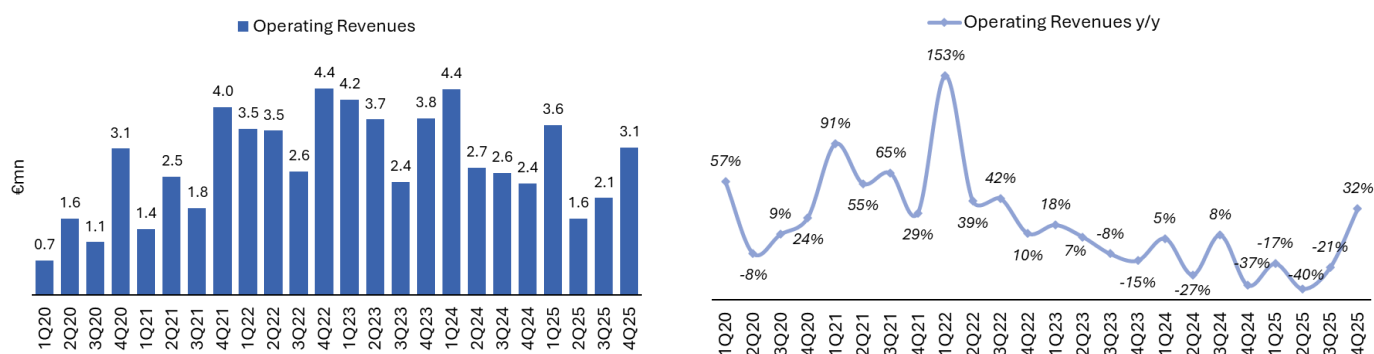
Revenues (already released): +32% y/y in 4Q

The rebound was primarily driven by the acceleration of international wholesale and an impressive performance in the St. Moritz boutique and, more in detail, the split and trend of 4Q25 revenues by channel are summarized below:

- ◆ **Wholesale:** surged to €0.8mn (vs. €0.4mn in 4Q24), driven by a +91% y/y increase in Europe and a massive rebound in the U.S. market, where revenues reached €0.5mn (>100% y/y). This confirms the effectiveness of the group's transition to a more direct local presence in America. On the other hand, no orders were recorded from the Far East (€0.2mn in 4Q24), which was in line with our expectation though;
- ◆ **Special Sales:** tripled y/y to €0.6mn (vs. €0.2mn in 4Q24), i.e. a strong quarter for bespoke high-end jewelry, contributing to a more balanced revenue distribution across the fiscal year;
- ◆ **Franchising:** increased 92% y/y to €0.6mn, supported entirely by the Prague store, which continues to show high momentum (+37% on a FY basis), while no contribution was recorded from the Doha store;
- ◆ **Retail:** DOS sales declined also in 4Q (-14% y/y to €1.1mn), despite 4Q was the first quarter of 2025 to cross the €1mn threshold, as the channel was impacted by the underperformance of Portofino (€0.2mn vs €0.8mn in 4Q24). However, this was largely mitigated by an outstanding performance in Sankt Moritz, which generated €0.9mn (>+100% y/y).

The charts below show quarterly data for operating revenues.

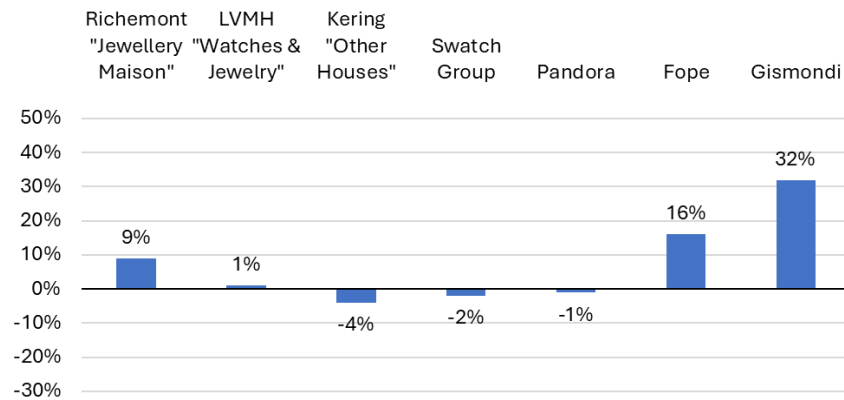
Gismondi 1754: Operating Revenues Evolution



Source: Gismondi 1754, Value Track Analysis

The revenue trends by quarter mirror somehow the broader improving momentum for global luxury sector, however after a few quarters of relatively weaker performance for GIS, in Q425 it faced a stronger momentum compared to the peer group, including Pandora e Fope.

Gismondi 1754: Q425 (Sept-Dec 2025) Peers Growth Rates Y/Y



Source: Value Track Analysis. Fope refers to 2H25

The main positives from this set of data relative to the top line are the following:

- overall 4Q25 revenues came in ~€600k above our expectations;
- the triple-digit growth in the U.S. wholesale channel suggests that the operational disruptions seen in previous quarters seems to be resolved;
- while the retail/special sales/franchising channels remain volatile due to the seasonal nature of specific locations like Portofino, the strength of St. Moritz and Prague provides a solid cushion;
- management also confirmed that trading in the early months of 2026 suggests a certain stabilization, after the marked weakness witnessed during most of 2025;
- as for the FY25 channel mix, wholesale remains the main channel (38% of sales vs 43% in FY24) but retail gained weight (31% vs. 25%), reaching ca. 50% of total revenues including Special Sales, with improving margin quality.

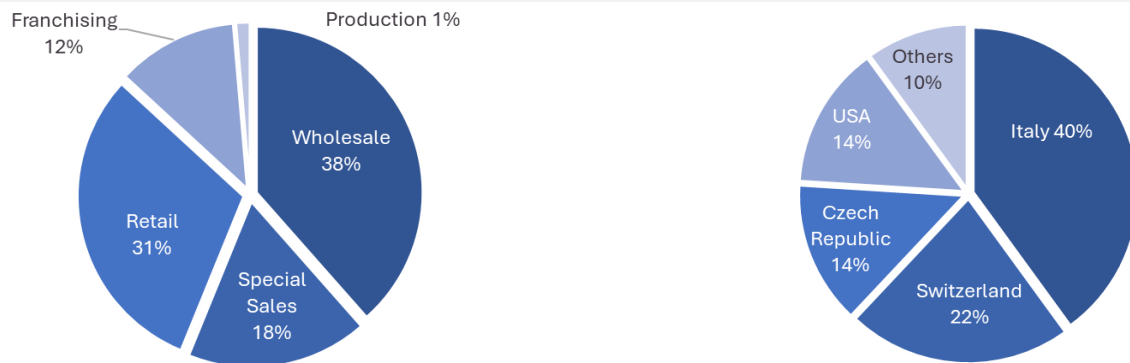
Gismondi 1754: Operating Revenues by Distribution Channel

Revenues (IT GAAP, €mn)	1H24	1H25	y/y	9M24	9M25	y/y	FY24	FY25	y/y
Wholesale	3.6	2.5	-29%	4.8	3.2	-34%	5.2	4.0	-23%
Retail	0.7	1.4	99%	1.7	2.1	21%	3.0	3.2	6%
Special Sales	1.9	0.8	-58%	2.0	1.2	-39%	2.2	1.8	-17%
Franchising	0.4	0.4	-10%	0.6	0.6	11%	0.9	1.2	39%
Production	0.4	0.1	-78%	0.5	0.1	-73%	0.7	0.1	-79%
Operating Revenues	7.1	5.2	-26%	9.7	7.3	-25%	12.0	10.4	-13%

Source: Gismondi 1754, Value Track Analysis

By geography, **Italy** remains the largest market but falling well below 50% (40% of total vs. 51% in FY24), followed by **Switzerland** (22% from 8%), **USA and Czech Republic** (14% each, from 10% and from 8% respectively), and others (10%).

Gismondi 1754: FY25 Operating Revenues by Distribution Channel and Geographic Location



Source: Gismondi 1754, Value Track Analysis

Major positives from cost optimization and FCF

Following the early signs of cost efficiencies reported in 1H25, 2H profitability surprised positively again, with cost efficiencies exceeding forecasts and margins above our expectations. FY25 results provide confirmation that GIS is effectively evolving into a leaner, more resilient structure, supported by the new manufacturing facility (Hyperion Lab, now fully integrated and directly managed) and by the focus on direct channels (DOS, special sales and franchising, albeit DOS performance was affected by weak sales at the Portofino stores), and the long-awaited recovery in the US market.

Key highlights of FY25 include:

- **Value of Production** at **€11.2mn**, down 12% y/y, despite the strong 4Q, mainly reflecting the sharp contraction in revenues over 9m (-25% y/y), but also partially supported by a higher-than-expected contribution of non-recurring “other revenues”;
- **Gross Profit** at **€7.8mn**, broadly aligned to FY24, despite the lower top line and implying a Gross Margin increase from 63% to an all-time high of 69%, thanks to much lower raw material expenses;
- **Contribution Margin** at **€3.1mn**, up 69% y/y vs. €1.9mn in FY24, on strongly reduced services costs at €4.6mn (incidence increasing from ~48% in FY24 to ~41% in FY25);
- **EBITDA** positive at **€1.284k** (vs. €674k in FY24), thanks to the effective cost rationalization and a gradually richer revenue mix (higher gross margin);
- **EBIT** at **€1.0mn** vs. -€1.0mn last year, after slightly lower D&A;
- **Net Profit** of €253k with respect to the €1,149k Net Loss of FY24, despite the slightly higher financial charges and income taxes.
- **Net Debt** as of Dec 2025 at **€4.5mn**, lower vs. €5.7mn at FY24 year-end, on positive EBITDA and decreasing working capital, due to both lower turnover and better stock management.

Gismondi 1754: Key Financials 1H and FY 2024-2025

Key Financials (IT GAAP, €mn)	1H24	FY24	1H25	FY25
Value of Production	7.6	12.7	5.8	11.2
EBITDA	-0.2	-0.7	0.7	1.3
EBITDA Margin (%)	n.m.	n.m.	11.7%	11.4%
Net Debt	6.8	5.7	5.8	4.5

Source: Gismondi 1754, Value Track Analysis

Financial Statements FY23-FY25

Gismondi 1754: P&L FY23-FY25

P&L (IT GAAP, €mn)	FY23	FY24	FY25	FY25 y/y
Revenues from Sales	14.2	12.2	10.4	-15%
Other Revenues	0.3	0.5	0.8	63%
Value of Production	14.6	12.7	11.3	-12%
Raw Materials (incl. Δ Inventory)	-5.2	-4.7	-3.5	-26%
Costs of Services	-6.5	-6.1	-4.6	-25%
Labour Costs	-1.4	-2.1	-1.3	-37%
Other Operating Expenses	-0.6	-0.5	-0.6	11%
EBITDA	1.0	-0.7	1.3	nm
<i>EBITDA Margin (%)</i>	6.7%	-5.6%	11.4%	nm
D&A	-0.4	-0.3	-0.3	-14%
EBIT	0.5	-1.0	1.0	nm
<i>EBIT Margin (%)</i>	3.7%	-7.9%	9.2%	nm
Net Financial Charges	-0.4	-0.4	-0.5	22%
Taxes	-0.1	0.3	-0.2	nm
Minorities	0.0	0.0	0.0	nm
Net Profit	0.0	-1.1	0.3	nm

Source: Gismondi 1754, Value Track Analysis

Gismondi 1754: Balance Sheet FY23-FY25

Balance Sheet (IT GAAP, €mn)	FY23	FY24	FY25
Net Fixed Assets	2.9	2.6	2.3
Net Working Capital	14.7	13.6	12.5
Provisions	0.2	0.2	0.2
Total Capital Employed	17.4	15.9	14.6
Group Net Equity	11.4	10.3	10.1
Net Financial Position	-6.0	-5.7	-4.5

Source: Gismondi 1754, Value Track Analysis

Gismondi 1754: Cash Flow Statement FY23-FY25

Cash Flow (IT GAAP, €mn)	FY23	FY24	FY25
EBITDA	1.0	-0.7	1.3
Δ Net Working Capital (incl. Provisions)	-2.3	1.2	1.1
Capex	-1.5	0.0	0.0
OpFCF (b.t.)	-2.8	0.5	2.3
<i>As a % of EBITDA</i>	-284.8%	-64.5%	180.5%
Cash Taxes	-0.1	0.3	-0.2
Others (incl. Financial Investments)	0.0	0.0	-0.4
Net Financial Charges	-0.4	-0.4	-0.5
Δ Equity	0.4	0.0	0.0
Δ Net Financial Position	-2.9	0.3	1.2

Source: Gismondi 1754, Value Track Analysis

Business Development & Revised Forecasts

Business Development

As explained in full details in our last update, Gismondi 1754 has entered a new phase of strategic refocusing on improving operational control, more profitable distribution channels, cost efficiency, and margin preservation.

During the last quarters management has been consistently focusing on these drivers, in fact

- ◆ they extended the brand **global reach** and strengthened its positioning in the **ultra-luxury jewelry segment**, deprioritizing wide-scale attendance at international trade shows in favor of client-centric loyalty initiatives, which better reflect the exclusivity of the brand equity;
- ◆ internalized upstream the **manufacturing capabilities** by fully integrating Hyperion Lab, a 2,000 sqm high-end production facility in Valenza Po, as the in house atelier, following the full buyout of the remaining 49% stake in Dec 2024;
- ◆ lastly, managed the long-awaited **U.S. business** model transition and integration, following a troublesome 2024 and early 2025, with the termination of the partnership with a local agent and establishment of Gismondi 1754 own U.S. subsidiary, with a series of short-term disruptions, protracted bureaucratic processes, the temporary suspension of sales in the U.S., slightly higher tariffs from 1H25, and finally a complete management reshuffle with a new commercial senior people.
- ◆ also, in the light of the persistent macroeconomic uncertainty, management has executed a clear set of initiatives aimed at **enhancing cost discipline** on top of the Hyperion Lab restructuring and reduced marketing spend at fairs, including the closure of underperforming stores in Rome and San Teodoro, rationalized logistics and stock management (e.g., consignment policies, transport costs), and tighter SG&A discipline;
- ◆ all the above was also addressed at **reinforcing financial sustainability**, following the renegotiation of its debt exposure, with the main facility entering amortization from mid-2026 and no covenant pressure, the reduction of inventory (again lower in 2H25), which we remind is composed primarily of high-end finished products made of diamonds and precious metals.

On a more negative tone, we remind that Gismondi's five-year franchising expansion plan in the **Persian Gulf** was already progressing very slowly prior to the US-Israel attack to Iran. Similarly, the **Far East** partnership with Ippo Group Ltd in Hong Kong (a ten-year commercial agreement envisaging a shop-in-shop rollout and multi-year purchase commitments of over \$40mn by 2034) has not yet translated into a material contribution to the Group's P&L (after the €1.6mn in 2H24). This picture was already mostly factored in our forecasts (zeroed contribution from Middle and Far East in FY25 and marginal contribution from FY26E) however, the recent developments in the geopolitical situation require even more cautious assumptions as for these areas.

Estimates Revision

Both FY25 top-line results and strong cost efficiencies surprised positively, confirming that Gismondi's focus is shifting also toward strict spending control and cash discipline. The Company's leaner cost base will support a faster recovery in profitability once volumes stabilize, but as anticipated, we also need to factor lower than expected revenues and growth prospected in the Middle and Far East regions, partially compensated by a rosier prospect in the US. The net effect of these drivers and assumptions on our forecasts is as follows:

- **Value of Production** broadly unchanged for FY26E-27E (moved up by average 1%), following the 9% upgrade of FY25 on strong 4Q. We no longer factor any wholesale revenues in Middle East and as for the Far East we halved its contribution also in FY26E-27E (to €500-700k respectively), with the only other change being a slightly more bullish stance on the US market, now seen to recover to its 2022 revenues level by FY27E;
- **EBITDA** revised slightly upward, ca €600k for FY26E-27E each, on more rounded top line and leaner costs. Given the thin profitability, these changes imply EBITDA margin to move into the double digit area, or 12.5% in FY26E and 14.4% in FY27E – as a reference GIS reported mid double-digit EBITDA margins in the pre-Covid years (with revenues below €6mn) and a close to 20% margin in FY22, also due to non-recurring “special-deals”;
- **Net Debt** expected to improve versus prior forecasts by ~€1.0mn, benefitting from better starting point as of Dec 2025 and incremental operating cash generation.

In summary, we see Gismondi having stabilized faster than expected, we expect management to keep tight cost discipline, combined with gradual top-line recovery following the troublesome FY24-25 on external and internal factors, thus leading to a further margin expansion over FY26E-27E.

Gismondi 1754: Estimates Old vs. New

Key Financials (IT GAAP, €mn)	FY25 Act vs Est.			FY26E			FY27E		
	V-T	Actual	Δ	Old	New	Δ	Old	New	Δ
Value of Production	10.3	11.3	9%	11.8	11.9	1%	13.0	13.2	1%
EBITDA	0.5	1.3	nm	0.9	1.5	72%	1.3	1.9	47%
EBITDA Margin (%)	5.1%	11.4%	635bps	7.3%	12.5%	519bps	9.9%	14.4%	445bps
EBIT	0.1	1.0	nm	0.4	1.1	nm	0.8	1.5	nm
EBIT Margin (%)	0.8%	9.2%	nm	3.5%	9.5%	nm	6.3%	11.5%	527bps
Net Profit	-0.4	0.3	nm	-0.1	0.4	nm	0.2	0.7	nm
Net Debt	-5.0	-4.5	0.5	-5.2	-4.3	1.0	-5.1	-3.7	1.3

Source: Value Track Analysis

Key Forecasts & Drivers

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

- **Value of Production** at **€13.2mn**, with a high single-digit growth relative to FY25 (8% CAGR_{FY25-27E}) on Operating revenues recording a 11% CAGR_{FY25-27E};
- **EBITDA Margin** above to **14%**, or 200bp above FY25, sustained by a healthier sales mix and a positive scale effect on the structurally lower cost base, leading to a 21% CAGR_{FY25-27E};
- **Inventory** efficiency to improve, with incidence on revenues down by **~10 percentage points to ca.85% of VoP**, a level considered sub-optimal until the 2024 financial hick-up, but which we see as more cautious and also more consistent with the current highly integrated business model;
- **Net Debt** at **€3.7mn**, reflecting minimal capex and strict working capital management.

Financial Statements FY24-27E

Gismondi 1754: P&L FY24-27E

P&L (IT GAAP, €mn)	FY24	FY25	FY26E	FY27E	CAGR _{FY25-27E}
Revenues from Sales	12.2	10.4	11.5	12.8	11%
Other Revenues	0.5	0.8	0.4	0.4	-31%
Value of Production	12.7	11.3	11.9	13.2	8%
Raw Materials (incl. Δ Inventory)	-4.7	-3.5	-3.7	-4.2	10%
Costs of Services	-6.1	-4.6	-4.6	-5.0	4%
Labour Costs	-2.1	-1.3	-1.4	-1.4	4%
Other Operating Expenses	-0.5	-0.6	-0.6	-0.7	9%
EBITDA	-0.7	1.3	1.5	1.9	21%
<i>EBITDA Margin (%)</i>	-5.6%	11.4%	12.5%	14.4%	
D&A	-0.3	-0.3	-0.4	-0.4	22%
EBIT	-1.0	1.0	1.1	1.5	21%
<i>EBIT Margin (%)</i>	-7.9%	9.2%	9.5%	11.5%	
Net Financial Charges	-0.4	-0.5	-0.4	-0.4	-8%
Taxes	0.3	-0.2	-0.3	-0.4	23%
Minorities	0.0	0.0	0.0	0.0	
Net Profit	-1.1	0.3	0.4	0.7	66%

Source: Gismondi 1754, Value Track Analysis

Gismondi 1754: Balance Sheet FY24-27E

Balance Sheet (IT GAAP, €mn)	FY24	FY25	FY26E	FY27E
Net Fixed Assets	2.6	2.3	2.0	1.8
Net Working Capital	13.6	12.5	13.0	13.3
Provisions	0.2	0.2	0.2	0.2
Total Capital Employed	15.9	14.6	14.8	14.9
Group Net Equity	10.3	10.1	10.5	11.2
Net Financial Position	-5.7	-4.5	-4.3	-3.7

Source: Gismondi 1754, Value Track Analysis

Gismondi 1754: Cash Flow Statement FY24-27E

Cash Flow (IT GAAP, €mn)	FY24	FY25	FY26E	FY27E
EBITDA	-0.7	1.3	1.5	1.9
Δ Net Working Capital (incl. Prov.)	1.2	1.1	-0.4	-0.3
Capex	0.0	0.0	-0.1	-0.2
OpFCF (b.t.)	0.5	2.3	0.9	1.4
<i>As a % of EBITDA</i>	<0	180.5%	62.8%	71.7%
Cash Taxes	0.3	-0.2	-0.3	-0.4
Others (incl. Financial Investments)	0.0	-0.4	0.0	0.0
Net Financial Charges	-0.4	-0.5	-0.4	-0.4
Δ Equity	0.0	0.0	0.0	0.0
Δ Net Financial Position	0.3	1.2	0.2	0.5

Source: Gismondi 1754, Value Track Analysis

Valuation

Fair Equity Value at €2.60 p/s (vs €2.85 p/s)

We trim **Gismondi's fair value to €2.60 p/s**, reflecting the **upgrade of earning** and **NFP** (both actually modest in absolute values), and the **lower Equity Risk Premium** priced by stock markets since our last update, but also the recent **de-rating of peers' multiples** (ca. -20% average share price performance for peers since our update of October 2025).

Our valuation framework is unchanged, based on the simple average of two complementary approaches: Relative Multiples, to capture the short-term GIS and sector momentum, and DCF, to factor the Group's long-term growth potential. The outcomes of the two methodologies are

- **Relative Valuation: €2.30 p/s** (vs. €2.90 p/s in October 2025), now derived from peers' FY26E-27E EV/Sales, EV/EBITDA, EV/EBIT and P/E multiples, as GIS return to profitability makes these multiples meaningful again. We also apply certain discounts to peers, as it is fair to account for (i) GIS smaller scale and brand awareness gap; (ii) the less appealing growth prospects and (iii) its below average margins (now FY27E EBITDA seen at ca.14%, ca.10 p.p. below sector peers), i.e. a 45% discount for EV/Sales and 20% for other multiples;
- **DCF Model: €2.90 p/s** (vs. previous €2.80), supported by lower WACC (on external elements like ERP and sector's beta) and slightly stronger financials.

At €2.60 p/s, Gismondi would trade at EV/Sales and EV/EBITDA multiples of 1.3x-1.1x and 10.0x-7.6x for FY26E-27E respectively, implying an average 53% and 10% discount versus global luxury peers, respectively, which is in the low-end of historical data.

Peers Analysis

Our relative valuation has been limited since mid-2024 by the low profitability of the GIS business, as it made EV/EBITDA, EV/EBIT and P/E multiples not meaningful. However, in the light of the current earnings upgrade, we can widen again the range of multiples considered, rather than focusing solely on EV/Sales. Also, we can go back to a sort of "normal" level of discounts to peers, as the full range of multiples already factors the gap of GIS in terms of profitability and returns towards the leading international brands. Hence, we use a 45% discount for EV/Sales and 20% for the other multiples, and finally we roll our horizon to FY26E-27E. On these assumptions, our peer analysis provides a fair equity value of **€2.30 p/s.**, a 20% cut relative to prior value, due to the sector de-rating faced since October, only partially offset by the earnings upgrade and the adoption of a wider base of multiples.

In terms of peer group, while stock prices fell by an average 20% over the past six months, consensus did not change materially overall - albeit within the group, Pandora and Fope witnessed a more marked cut and rise of top line and EBITDA estimates respectively - driving a sector-wide multiple contraction of broadly the same magnitude.

Gismondi 1754: Peers Trading Multiples

Peers	Mkt Cap (€mn)	EV/Sales (x)		EV/EBITDA (x)		EV/EBIT (x)		P/E Adj. (x)	
		FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Hard & Diversified Luxury Leaders									
Compagnie Financiere Richemont SA	96,346	3.4	3.3	11.6	11.7	15.0	14.6	20.6	18.9
Swatch Group Ltd. Bearer	10,394	1.3	1.3	10.6	8.7	22.6	15.3	37.3	24.0
LVMH Moet Hennessy Louis Vuitton SE	237,932	3.0	2.8	10.0	9.0	13.5	12.1	21.2	18.3
Kering SA	33,403	2.4	2.2	9.2	7.9	18.7	14.5	38.5	25.7
Average	94,519	2.5	2.4	10.4	9.3	17.4	14.2	29.4	21.7
Median	64,874	2.7	2.5	10.3	8.8	16.8	14.6	29.2	21.4
Other Jewelry Players									
Pandora A/S	4,793	1.5	1.4	5.1	6.0	7.0	9.1	8.0	11.6
FOPE S.p.A.	202	1.8	1.6	8.3	6.9	9.7	8.0	14.9	12.4
Average	2,498	1.7	1.5	6.7	6.5	8.3	8.6	11.4	12.0
Median	2,498	1.7	1.5	6.7	6.5	8.3	8.6	11.4	12.0
Total Average	63,845	2.2	2.1	9.1	8.4	14.4	12.3	23.4	18.5
Total Median	21,899	2.1	1.9	9.6	8.3	14.2	13.3	20.9	18.6
Gismondi 1754 S.p.A.	5.6	0.8	0.7	6.6	4.9	8.8	6.1	12.9	8.0
Premium / Discount vs. Total Average (%)	-100%	-63%	-66%	-27%	-41%	-39%	-50%	-45%	-57%

Source: FactSet. Prices as of 8 April

Gismondi 1754: Relative Valuation

Relative Valuation	EV/Sales (x)		EV/EBITDA (x)		EV/EBIT (x)		P/E Adj. (x)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Peers' Average (x)	2.2	2.1	9.1	8.4	14.4	12.3	23.4	18.5
<i>Discount</i>	<i>45%</i>	<i>45%</i>	<i>20%</i>	<i>20%</i>	<i>20%</i>	<i>20%</i>	<i>20%</i>	<i>20%</i>
GIS Fair Multiples (x)	1.2	1.1	7.3	6.7	11.2	9.8	18.7	14.8
Fair Enterprise Value (€mn)	14.6	15.1	10.8	12.7	13.0	14.9		
Net Debt (€mn)	4.3	3.7	4.3	3.7	4.3	3.7		
GIS Fair Equity Value (€mn)	10.3	11.4	6.6	9.0	8.7	11.2	8.2	10.3
Gismondi Equity Value p/sh	2.51	2.77	1.61	2.18	2.13	2.73	1.99	2.52
Gismondi Equity Value p/sh (Average)	2.30							

Source: FactSet

DCF

Our DCF model yields a fair equity value of **€2.90 p/s** (prior €2.80), based on a target capital structure of 30% equity (unchanged) 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 (unchanged), reflecting conservative long-term assumptions, and benefits from lower WACC, due to decreased Beta and ERP data (source Damodaran).

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)	1.1
Levered Beta (x)	1.5
Market Risk Premium (Italy) (%)	5.0%
Small Cap Market Risk Premium (%)	2.5%
Credit Spread (%)	3.0%
Tax Rate (%)	24.0%
Cost of Equity (%)	11.7%
Cost of Debt (%)	3.8%
WACC (%)	9.3%

Source: FactSet, Damodaran, Value Track Analysis

Gismondi 1754: DCF Valuation

DCF Valuation	(€mn)
Discounted Free Cash Flows FY26E-FY32E	6.2
Discounted Terminal Value with g=1.0%	10.2
Fair Enterprise Value	16.4
Net Debt FY25E	4.5
Fair Equity Value	11.9
NOSH (mn)	4.1
Fair Equity Value p/s (€)	2.90

Source: Value Track Analysis

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