

GISMONDI 1754

Hard Luxury

1H26 results supportive

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.

Following July 1H KPIs, full set of interim results out

July preliminary KPIs already anticipated that momentum in hard luxury/jewel segment remained positive for GIS in Q2, with a 5% y/y revenues growth, and confirmed the trend outlined by key global players. The full set of 1H results confirm also that despite the impact of a lower contribution from the Retail and Special Sales segments (with much higher gross margins) and of some extraordinary costs, EBITDA margin and FCF have been preserved. GIS reported 1H VoP up 16% y/y to €6.7mn, flattish EBITDA at €0.7mn (margin down to 10% vs 12% of 1H25) and €4mn NFD vs €4.5mn as of Dec 2025.

...fully supportive to our forecasts, broadly unchanged

Both top line and profitability seem in line with our FY26 forecasts, despite the poorer mix, thanks to better cost control, while 1H free cash flow is slightly higher than expected, due to better NWC management. We have only fine-tuned our model to incorporate a) broadly unchanged revenues with a mix more weighted on the wholesale segment; b) flat EBITDA with slightly lower gross margins (on poorer channel mix) but slimmer costs; c) slightly faster deleverage on better NWC management thanks to different revenues mix (we remind that NWC has been above 100% of VoP in recent years). We also introduce our FY28E forecasts.

Still a mix of lights and shadows

The key positives are that a) cost-control and recurring cost savings; b) relaunch of the U.S. wholesale business and successful entry in the Canadian market; c) faster than expected deleverage (NFD/EBITDA from 3.5x of FY25 to 2.4x of FY26E). On the other hand, we reckon a) the lower contribution of higher-margin direct channels, which are also key drivers for the long-term brand value; b) lack of large orders from Far East and Middle East distributors.

Fair Value confirmed at €2.6 p/s

We confirm our fair value at €2.60 p/s, as the favorable impact from the sector's multiple rerating on our relative valuation (outcome €2.5 p/s from prior €2.3), is offset by a lower outcome from DCF (€2.7 p/s vs prior €2.9), due to more cautious long-term assumptions on capital requirements and RoCE.

Valentina Romitelli

valentina.romitelli@value-track.com

Marco Greco

marco.greco@value-track.com

FAIR VALUE (€) **2.60**

MARKET PRICE (€) **1.60**

MARKET CAP (€mn) **6.6**

KEY FINANCIALS	FY25	FY26E	FY27E
VALUE OF PRODUCTION	11.3	12.0	13.1
EBITDA	1.3	1.5	1.9
EBIT	1.0	1.2	1.5
NET PROFIT	0.3	0.5	0.8
GROUP NET EQUITY	10.1	10.6	11.4
NET DEBT (-) / NET CASH (+)	-4.5	-3.7	-3.5
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	12.6	14.5
EBIT MARGIN (%)	9.2	9.6	11.6
NET DEBT / EBITDA (x)	3.5	2.4	1.9
NET DEBT / NET EQUITY (x)	0.4	0.3	0.3
ROE (%)	0.9	0.9	0.8
EV / SALES (x)	7.9	6.8	5.3
EV / EBITDA (x)	9.8	8.9	6.6
EV / EBIT (x)	22.3	12.6	8.0
P / EADJ. (x)	11.4	12.6	14.5

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

STOCK DATA	
MARKET PRICE (€)	1.6
NOSH (mn)	4.1
MARKET CAP (€mn)	6.6
ENTERPRISE VALUE (€mn)	10.3
FREE FLOAT (%)	39.0
AVGL30D VOLUME ('000)	3,114
RIC / BBG	GIS.MI / GIS IM
52 WK MAX - MIN (€)	1.23 - 1.98

Source: Stock Market Data

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

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 3 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)	FY25	FY26E	FY27E	FY28E
Value of Production	11.3	12.0	13.1	13.9
y/y (%)	-11.7%	6.7%	9.0%	6.2%
EBITDA	1.3	1.5	1.9	2.1
EBITDA Margin (%)	11.4%	12.6%	14.5%	15.0%
EBIT	1.0	1.2	1.5	1.6
EBIT Margin (%)	9.2%	9.6%	11.6%	11.5%
Net Profit	0.3	0.5	0.8	0.9
y/y (%)	-122.1%	nm	56.8%	7.1%
Adj. Net Profit	0.3	0.5	0.8	0.9
y/y (%)	-122.1%	nm	56.8%	7.1%
Net Fin. Position [Net Debt (-) / Cash(+)]	-4.5	-3.7	-3.5	-2.5
Net. Fin. Pos. / EBITDA (x)	3.5	2.4	1.9	1.2
Capex	0.0	-0.2	-0.2	-0.3
OpFCF b.t.	2.3	1.4	0.9	1.7
OpFCF b.t. / EBITDA (%)	180.5%	94.1%	45.3%	84.0%

Source: Gismondi 1754, Value Track Analysis

Investment Case

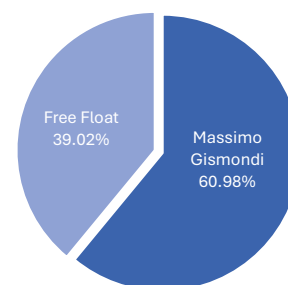
Strengths / Opportunities

- 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

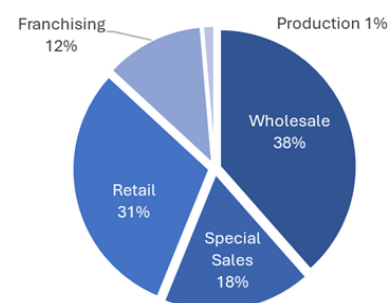
- Limited brand awareness and customer base due to small scale, few DOS;
- High inventory requirements limiting ROCE and FCF;
- Geopolitical and macroeconomic uncertainties.

SHAREHOLDERS' STRUCTURE



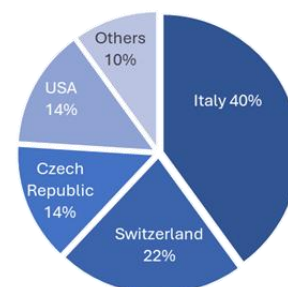
Source: Gismondi 1754

REVENUES BY DISTRIBUTION CHANNEL



Source: Gismondi 1754, FY2025

REVENUES BY GEOGRAPHIC AREA



Source: Gismondi 1754, FY2025

STOCK MULTIPLES @ FV	FY26E	FY27E
EV / SALES (x)	1.2	1.1
EV / EBITDA (x)	9.5	7.5
EV / EBIT (x)	12.4	9.3
EV / CAP. EMPLOYED	1.0	0.9
OpFCF Yield (%)	11.0	6.4
P / E (x)	20.5	13.1
P / BV (x)	1.0	0.9
Dividend Yield (%)	0.0	0.0

Source: Value Track Analysis

1H26 Financial Results

Key Messages

Gismondi 1754 (GIS.MI / GIS IM) has reported its full set of interim results, while the 1H top line had already been reported back in July. In this respect, we note that GIS reported 1Q and 2Q operating revenues up by a robust 28% and 5% y/y respectively, with three positive quarters in a row (from 4Q25), driven by the US wholesale business.

The full set of interim **results approved on 24 September**, was **very reassuring**, providing also evidence of further cost and NWC optimization, with margins, bottom line and Net Financial Position slightly above expectations, despite the channel mix was poorer than we expected (with 1H wholesale revenues at ca. 60% of total vs ca. 50% of 1H25).

The **major negatives** of the results released are a) the persistent lack of a visible orders from the **Far East and Middle East** distributors and franchisee, despite these were fully compensated by the strong performance of the US and of the “new” Canadian market, and b) the **decreasing contribution from the retail** segment, affected by the cost optimization process (closure of the Rome store in 2Q25 and temporary closure of the Genova flagship store in 1H26) as well as from some volatility for the Portofino and S. Moritz stores.

Revenues (already released): Q2 slightly above expectations

Gismondi reports top line data on a quarterly basis and 2Q26 revenues, reported in July, suggested a 5% y/y growth, after a +28% y/y reported in 1Q driving the first half sales growth to 20% y/y growth (€6.3mn vs €5.3mn in 1H25). The growth reflects a sharp recovery in international wholesale channels (mostly in North America, representing more than 20% of 1H26 total sales) and in Special Sales. On the other hand, proprietary retail stores delivered weak revenues, and as a result, the wholesale contribution to the Group top line jumped to 59% from 49% of 1H25.

In more details:

Wholesale: revenues jumped to €3.7mn (vs. €2.5mn in 1H25), with the U.S. market at €1.0mn (€0.3mn) due to the long-awaited benefits from the Group’s transition to a more direct local presence. On the other hand, Europe reported flattish revenues at €2.2mn in 1H26 (€2.2mn in 1H25), thanks to improved momentum in 2Q. We note that the wholesale channel is still affected by the absence of Far East orders, not resumed yet;

Special Sales: came in at €1.3mn (€0.8mn in 1H25, +55% y/y), reflecting the “easy comp” of an especially weak 1Q25 (-74% y/y), but benefitting also from a good 2Q26 (+21% y/y);

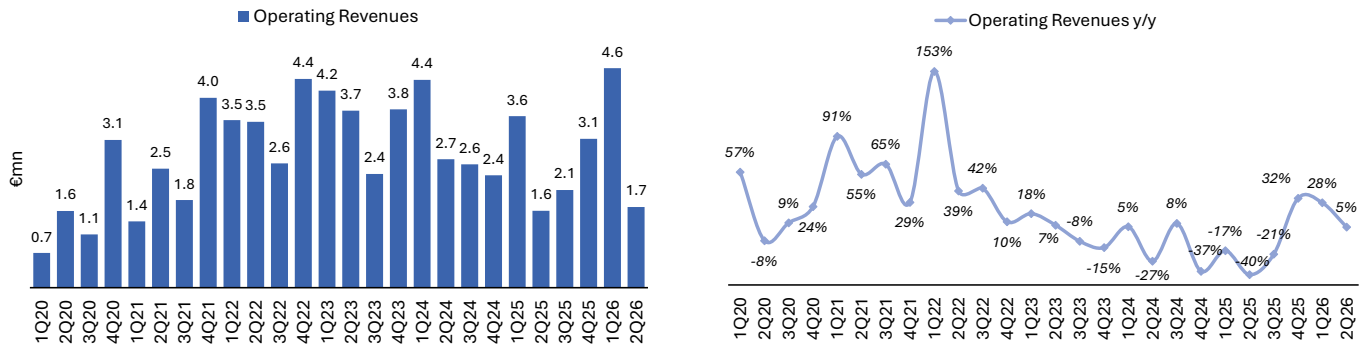
Franchising: declined 15% y/y to €0.3mn (from €0.4mn), despite the 2Q solid performance of the 2 stores and resumed revenues from the Qatar franchisee, albeit not material yet;

Retail: closed at €1.0mn (€1.4mn in 1H25 and €0.7mn in 1H24), following another quarter of decreasing revenues, led by weak sales in Sankt Moritz, which more than offset the good performance in Portofino during 2Q, but also due to the partial closure of the Galata (Genoa) store

Finally, we note that the contribution of **Production** (prior Hyperion Lab, renamed Superba Lab) remains marginal as this division became an internal production hub and revenues to third parties are no longer meaningful.

The charts below show quarterly data for operating revenues.

Gismondi 1754: Operating Revenues Evolution by quarter



Source: Gismondi 1754, Value Track Analysis

The top line quarterly data of GIS are typically quite volatile, as shown above, however the key outcomes from this data are the following:

- the strong growth in the U.S. wholesale channel coupled with the strong performance in Canada (representing the bulk of the “Other” line within the wholesale segment) a market recently entered. This market more than offset the persistent lack of orders from Far and Middle East;
- both retail and special sales remained extremely volatile, also due to the seasonal nature of specific locations like Portofino and St. Moritz;
- 1H26 revenues were particularly weak for the Genoa store, which was closed for most of the first semester due to the reorganization in progress;
- because of the above trends, in 1H26 wholesale remained the main channel reaching 59% of sales vs 49% in 1H25) while retail lost weight (16% of total, or 36% of total revenues including Special Sales), a change in mix which in turn implies shrinking gross margin for the Group.

Gismondi 1754: Operating Revenues by Distribution Channel

Revenues (IT GAAP, €mn)	1H25	1H26	y/y	1Q25	1Q26	y/y	2Q25	2Q26	y/y
Wholesale	2.5	3.7	+46%	2.2	3.0	41%	0.4	0.7	77%
Retail	1.4	1.0	-29%	0.9	0.7	-14%	0.5	0.2	-54%
Special Sales	0.8	1.3	+55%	0.4	0.7	94%	0.4	0.5	21%
Franchising	0.4	0.3	-15%	0.2	0.1	-52%	0.2	0.2	28%
Production	0.0	0.0	n.m.	0.0	0.0	n.m.	0.1	0.0	n.m.
Operating Revenues	5.2	6.3	+20%	3.6	4.6	28%	1.6	1.7	5%

Source: Gismondi 1754, Value Track Analysis

Major positives keep coming from cost optimization and FCF

Following the strong benefits reported in FY25 in terms of cost control and efficiencies, 1H26 further confirms this trend, albeit the benefits have been partially offset by some one-off costs linked to the reorganization measures undertaken. As a result of these actions, the negative impact in terms of lower gross margins, derived from the change in the channel mix, has been effectively counterbalanced and EBITDA remained flattish in absolute terms. Also, in terms of free cash flow, the results have been above our expectations, with improved NWC management, also following the rationalization of the distribution network (less DOS and more selected wholesale partners/stores) and the support of the new manufacturing facility (Hyperion Lab, fully integrated and directly managed from FY25).

These trends were also related to the deleverage efforts required by the high debt level achieved in FY24 and coupled with the sharp erosion of margins. However, after two years of strong cost discipline and reorganization of the global distribution, we see the light at the end of the tunnel, as net debt was reduced by more than 40% and NFD/EBITDA improved from 3.5x of Dec 25 to 2.9x of 1H26 (annualized).

Key 1H26 data, compared to the interims of 2024 and 2025, are reported below:

Gismondi 1754: Key Financials 1H24, 1H25 and 1H26

Key Financials (IT GAAP, €mn)	1H24	1H25	1H26
Value of Production	7.6	5.8	6.7
Gross Profit	4.3	4.7	4.8
<i>Gross Margin (%)</i>	<i>57.0%</i>	<i>82.0%</i>	<i>71.8%</i>
EBITDA	-0.2	0.7	0.7
<i>EBITDA Margin (%)</i>	<i>-3.2%</i>	<i>11.7%</i>	<i>10.1%</i>
EBIT	-0.4	0.5	0.5
<i>EBIT Margin (%)</i>	<i>-5.8%</i>	<i>9.3%</i>	<i>8.2%</i>
Net Profit	-0.5	0.1	0.1
Net Debt	6.8	5.8	4.0

Source: Gismondi 1754, Value Track Analysis

Revised Forecasts

The Company entered at the end of FY24 a path of strategic refocusing, improving operational and cost control, refocus of its distribution on more selected, profitable and “light” channels / stores, to recover profitability and accelerate the Group deleverage. We must acknowledge that over the last quarters management has been consistently delivering on these drivers, and during the 1H26 they further delivered on the following:

- ◆ 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;
- ◆ managed the long-awaited **U.S. business** relaunch, with the establishment of Gismondi 1754 own U.S. subsidiary and a complete management reshuffle with new commercial senior people and the successful entry in the **Canadian market**;
- ◆ kept on **enhancing cost discipline** on production, marketing costs for advertising and fairs (in favour of client-centric loyalty initiatives), owned stores (Genoa), logistics and stock management, G&A.

As all the above are addressed at recovering **profitability** and **deleveraging**, we evaluate positively the results achieved so far, albeit we expect more to come over FY27, before reconsidering management’s focus to move back to growth. As a result, our forecasts assume no openings over the forecast horizon, with the only exception of one new franchising store in FY28. On the other hand, we assume growth to keep coming from the wholesale segment, namely from the US - where revenues, despite the sharp recovery since 3Q25, are still below the FY22 levels - and to a lesser extent from Europe.

We also remind that the partnerships for the franchising expansion in the **Persian Gulf** and in the **Far East** with Ippo Group Ltd (Hong Kong) are still assumed as “frozen”, given the persisting unfavorable geopolitical situation.

Estimates broadly unchanged

The key drivers of 1H26 have been those expected and hence we only fine-tune our forecasts, assuming a slightly different mix of revenues and a leaner cost base. We also introduce FY28 estimates. In brief:

- **Value of Production** broadly unchanged for FY26E-27E, while in terms of mix we expect a higher contribution from the wholesale segment, with much higher revenues in US and Canada, and the latter due to replace the lack of business from the Far East;
- **EBITDA** confirmed or revised slightly upward, on more rounded top line and leaner costs, with broadly unchanged margins compared to previous estimates but growing y/y to the 12-15% range - as a reference GIS reported mid double-digit EBITDA margins in the pre-Covid years, despite revenues were below €6mn);
- **Net Debt** expected to improve only slightly versus prior forecasts but to drive de-leverage with NFD/EBITDA falling to 1.2x by FY28E.

Gismondi 1754: Estimates Old vs. New

Key Financials (IT GAAP, €mn)	FY26E			FY27E		
	Old	New	Δ	Old	New	Δ
Value of Production	11.9	12.0	0.9%	13.2	13.1	-0.5%
EBITDA	1.5	1.5	2.1%	1.9	1.9	0.5%
EBITDA Margin (%)	12.5%	12.6%	15bps	14.4%	14.5%	15bps
EBIT	1.1	1.2	2.5%	1.5	1.5	0.1%
EBIT Margin (%)	9.5%	9.6%	15bps	11.5%	11.6%	7bps
Net Profit	0.4	0.5	19.5%	0.7	0.8	16.8%
Net Debt	-4.3	-3.7	0.6	-3.7	-3.5	0.2

Source: Value Track Analysis

Financial Statements FY25-28E

Gismondi 1754: P&L FY25-28E

P&L (IT GAAP, €mn)	FY25	FY26E	FY27E	FY28E	CAGR _{FY25-28E}
Revenues from Sales	10.6	11.5	12.6	13.7	9%
Other Revenues	0.6	0.5	0.5	0.2	-32%
Value of Production	11.3	12.0	13.1	13.9	7%
Raw Materials (incl. Δ Inventory)	-3.5	-4.0	-4.4	-4.7	10%
Costs of Services	-4.6	-4.5	-4.8	-5.1	3%
Labour Costs	-1.3	-1.4	-1.4	-1.5	4%
Other Operating Expenses	-0.6	-0.6	-0.6	-0.6	4%
EBITDA	1.3	1.5	1.9	2.1	17%
EBITDA Margin (%)	11.4%	12.6%	14.5%	15.0%	0bps
D&A	-0.3	-0.4	-0.4	-0.5	24%
EBIT	1.0	1.2	1.5	1.6	16%
EBIT Margin (%)	9.2%	9.6%	11.6%	11.5%	0bps
Net Financial Charges	-0.5	-0.3	-0.3	-0.3	-18%
Taxes	-0.2	-0.3	-0.4	-0.4	21%
Minorities	0.0	0.0	0.0	0.0	nm
Net Profit	0.3	0.5	0.8	0.9	51%

Source: Gismondi 1754, Value Track Analysis

Gismondi 1754: Balance Sheet FY25-28E

Balance Sheet (IT GAAP, €mn)	FY25	FY26E	FY27E	FY28E
Net Fixed Assets	2.3	2.1	1.9	1.7
Net Working Capital	12.5	12.3	13.2	13.2
Provisions	0.2	0.1	0.1	0.1
Total Capital Employed	14.6	14.3	15.0	14.8
Group Net Equity	10.1	10.6	11.4	12.3
Net Financial Position	-4.5	-3.7	-3.5	-2.5

Source: Gismondi 1754, Value Track Analysis

Gismondi 1754: Cash Flow Statement FY25-28E

Cash Flow (IT GAAP, €mn)	FY25	FY26E	FY27E	FY28E
EBITDA	1.3	1.5	1.9	2.1
Δ Net Working Capital (incl. Prov.)	1.1	0.2	-0.8	0.0
Capex	0.0	-0.2	-0.2	-0.3
OpFCF (b.t.)	2.3	1.4	0.9	1.7
As a % of EBITDA	180.5%	94.1%	45.3%	84.0%
Cash Taxes	-0.2	-0.3	-0.4	-0.4
Others (incl. Financial Investments)	-0.4	0.0	0.0	0.0
Net Financial Charges	-0.5	-0.3	-0.3	-0.3
Δ Equity	0.0	0.0	0.0	0.0
Δ Net Financial Position	1.2	0.8	0.2	1.0

Source: Gismondi 1754, Value Track Analysis

Valuation

Fair Equity Value confirmed at €2.60 p/s

We stick to our **fair value of €2.60 p/s**, as the earnings update is not meaningful and the marginal re-rating faced by the peers' group over the last months has been offset by safer long-term assumptions about GIS returns, which slightly affected the DCF outcome.

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

- **Relative Valuation: €2.53 p/s** (vs. €2.30 p/s in April 2026), still derived from peers' FY26E-27E EV/Sales, EV/EBITDA, EV/EBIT and P/E multiples, after a discounts to account for (i) GIS smaller scale and brand awareness gap; (ii) its less appealing growth prospects and (iii) its below average margins (now FY27E EBITDA seen at ca.14%, ca.10 p.p. below sector peers), which is set at 45% for EV/Sales and 20% for other multiples;
- **DCF Model: €2.72 p/s** (vs. previous €2.90), on unchanged WACC but slightly weaker financials on the longer run (slightly different revenues mix and more cautious long-term assumptions for capital requirements and returns).

At €2.60 p/s, Gismondi would trade at EV/Sales and EV/EBITDA multiples of 1.2-1.1x and 9.5x-7.5x for FY26E-27E respectively, implying an average 50% and 10% discount versus global luxury peers, respectively, which is in the low-end of historical data.

Peers Analysis

Our relative valuation assumes a visible discount vs global leading brands, namely 45% discount for EV/Sales and 20% for the other multiples, on a time horizon of FY26E-27E, and provides a fair equity value of **€2.50 p/s.**, a 9% increase relative to prior value, due to the sector re-rating since April.

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	109,053	3.7	3.4	12.6	11.2	16.0	14.0	21.7	19.4
Swatch Group Ltd. Bearer	10,114	1.3	1.2	11.0	8.6	24.8	15.5	40.3	24.2
LVMH Moet Hennessy Louis Vuitton SE	186,708	2.4	2.2	8.1	7.5	11.0	10.0	16.9	15.3
Kering SA	25,871	1.9	1.8	7.4	6.4	14.9	11.7	33.6	21.3
Average	82,936	2.3	2.2	9.8	8.4	16.7	12.8	28.1	20.1
Median	67,462	2.2	2.0	9.6	8.1	15.5	12.9	27.6	20.4
Other Jewelry Players									
Pandora A/S	7,643	2.1	1.9	6.8	8.0	9.2	11.7	11.6	15.8
FOPE S.p.A.	305	2.6	2.1	11.8	9.4	13.8	10.9	20.5	16.2
Average	3,974	2.3	2.0	9.3	8.7	11.5	11.3	16.0	16.0
Median	3,974	2.3	2.0	9.3	8.7	11.5	11.3	16.0	16.0
Total Average	56,616	2.3	2.1	9.6	8.5	15.0	12.3	24.1	18.7
Total Median	17,992	2.3	2.0	9.6	8.3	14.4	11.7	21.1	17.8
Gismondi 1754 S.p.A.	6.6	0.9	0.8	6.8	5.3	8.9	6.6	12.6	8.0
Premium / Discount vs. Total Average (%)		-64%	-62%	-28%	-39%	-23%	-41%	-21%	-50%

Source: FactSet. Prices as of 29 Septl

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)	2.3	2.1	9.6	8.5	15.0	12.3	24.1	18.7
Discount	45%	45%	22%	21%	20%	20%	25%	25%
GIS Fair Multiples (x)	1.3	1.2	7.5	6.6	11.7	9.6	18.8	14.6
Fair Enterprise Value (€mn)	15.5	15.3	11.4	12.6	13.5	14.6		
Net Debt (€mn)	3.7	3.5	3.7	3.5	3.7	3.5		
GIS Fair Equity Value (€mn)	11.8	11.8	7.7	9.1	9.8	11.1	9.8	11.9
Gismondi Equity Value p/sh	2.9	2.9	1.9	2.2	2.4	2.7	2.4	2.9
Gismondi Equity Value p/sh (Average)	2.53							

Source: FactSet

DCF

Our DCF model yields a fair equity value of **€2.72 p/s** (prior €2.90), based on unchanged assumptions of target capital structure (30% equity), terminal value and WACC assumptions, but on more cautious assumptions over the longer term (FY29-32E years) in terms of capital requirements and returns.

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 FY27E-FY32E	5.7
Discounted Terminal Value with g=1.0%	9.2
Fair Enterprise Value	14.8
Net Debt FY26E	3.7
Fair Equity Value	11.1
NOSH (mn)	4.1
Fair Equity Value p/s (€)	2.72

Source: Value Track Analysis

DISCLAIMER

THIS DOCUMENT HAS BEEN DRAFTED BY THE FINANCIAL ANALYSTS OF VALUE TRACK VT S.R.L. RESEARCH TEAM AND IS BEING DISTRIBUTED AS OF JUNE 18, 2021. THE ANALYSTS AND THEIR RELATIVES DO NOT OWN FINANCIAL INSTRUMENTS ISSUED BY THE ISSUER AND THEY DO NOT ACT AS SENIOR MANAGERS, DIRECTORS OR ADVISORS FOR THE ISSUER. THE ANALYSTS MIGHT RECEIVE BONUSES, INCOME OR OTHER REMUNERATION RELATING, DIRECTLY OR INDIRECTLY, TO THE SUCCESS OF THE INVESTMENT BANKING OPERATIONS OF VALUE TRACK VT S.R.L. THIS DOCUMENT IS BEING FURNISHED TO YOU SOLELY FOR YOUR INFORMATION ON A CONFIDENTIAL BASIS AND MAY NOT BE REPRODUCED, REDISTRIBUTED OR PASSED ON, IN WHOLE OR IN PART, TO ANY OTHER PERSON. IN PARTICULAR, NEITHER THIS DOCUMENT NOR ANY COPY HEREOF MAY BE TAKEN OR TRANSMITTED OR DISTRIBUTED, DIRECTLY OR INDIRECTLY, INTO THE UNITED STATES OR TO PERSONS RESIDENT IN, OR CURRENTLY LOCATED IN, THE US, OR ACTING FOR THE ACCOUNT OR BENEFIT OF, US PERSONS (AS DEFINED IN THE U.S. SECURITIES ACT OF 1933, AS AMENDED), AUSTRALIA, CANADA OR JAPAN OR TO ANY RESIDENT THEREOF. THE DISTRIBUTION OF THIS DOCUMENT IN OTHER JURISDICTIONS MAY BE RESTRICTED BY LAW AND PERSONS INTO WHOSE POSSESSION THIS DOCUMENT COMES SHOULD INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTION. ANY FAILURE TO COMPLY WITH THESE RESTRICTIONS MAY CONSTITUTE A BREACH OF THE LAWS OF ANY SUCH OTHER JURISDICTION. BY ACCEPTING THIS REPORT, YOU AGREE TO BE BOUND BY THE FOREGOING LIMITATIONS. THIS DOCUMENT DOES NOT CONSTITUTE OR FORM PART OF, AND SHOULD NOT BE CONSTRUED AS, AN OFFER OR INVITATION TO SUBSCRIBE FOR OR PURCHASE ANY SECURITIES, AND NEITHER THIS DOCUMENT NOR ANYTHING CONTAINED HEREIN SHALL FORM THE BASIS OF OR BE RELIED ON IN CONNECTION WITH OR ACT AS AN INDUCEMENT TO ENTER INTO ANY CONTRACT OR COMMITMENT WHATSOEVER. **THIS DOCUMENT HAS BEEN PRODUCED ON BEHALF OF MIT SIM THAT IS ACTING AS SPECIALIST ON GISMONDI 1754 SHARES.** THIS DOCUMENT HAS NOT BEEN PUBLISHED GENERALLY AND HAS ONLY BEEN MADE AVAILABLE TO QUALIFIED INVESTORS. ANY DECISION TO SUBSCRIBE FOR OR PURCHASE SECURITIES IN ANY OFFERING MUST BE MADE SOLELY ON THE BASIS OF THE INFORMATION CONTAINED IN THE ADMISSION DOCUMENT (DOCUMENTO DI AMMISSIONE) IN ITALIAN LANGUAGE ISSUED IN CONNECTION WITH SUCH OFFERING. IN MAKING AN INVESTMENT DECISION, POTENTIAL INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COMPANY AND ITS GROUP INCLUDING THE MERITS AND RISKS INVOLVED. THIS DOCUMENT IS BEING DISTRIBUTED TO AND IS DIRECTED ONLY AT PERSONS IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA ("EEA") WHO ARE "QUALIFIED INVESTORS" WITHIN THE MEANING OF ARTICLE 2(e) OF THE PROSPECTUS REGULATION (EU) 2017/1129 ("QUALIFIED INVESTORS"). ANY PERSON IN THE EEA WHO RECEIVES THIS DOCUMENT WILL BE DEEMED TO HAVE REPRESENTED AND AGREED THAT IT IS A QUALIFIED INVESTOR. ANY SUCH RECIPIENT WILL ALSO BE DEEMED TO HAVE REPRESENTED AND AGREED THAT IT HAS NOT RECEIVED THIS DOCUMENT ON BEHALF OF PERSONS IN THE EEA OTHER THAN QUALIFIED INVESTORS OR PERSONS IN THE EEA FOR WHOM THE INVESTOR HAS AUTHORITY TO MAKE DECISIONS ON A WHOLLY DISCRETIONARY BASIS. THE COMPANY, VALUE TRACK VT S.R.L. AND THEIR AFFILIATES, AND OTHERS WILL RELY ON THE TRUTH AND ACCURACY OF THE FOREGOING REPRESENTATIONS AND AGREEMENTS. ANY PERSON IN THE EEA WHO IS NOT A QUALIFIED INVESTOR SHOULD NOT ACT OR RELY ON THIS DOCUMENT OR ANY OF ITS CONTENTS. THIS DOCUMENT IS FOR DISTRIBUTION IN THE UNITED KINGDOM ONLY TO (A) "QUALIFIED INVESTORS" (WITHIN THE MEANING OF ARTICLE 2(e) OF THE PROSPECTUS REGULATION (EU) 2017/1129 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018) WHO ARE ALSO (I) PERSONS WITH PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS AND FALLING WITHIN THE DEFINITION OF "INVESTMENT PROFESSIONALS" UNDER ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE "ORDER") OR (II) PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) ("HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC.") OF THE ORDER OR (B) OTHERWISE, PERSONS TO WHOM THIS DOCUMENT MAY LAWFULLY BE COMMUNICATED (EACH SUCH PERSON IN (A) AND (B) ABOVE, A "UK RELEVANT PERSON"). NO OTHER PERSON IN THE UNITED KINGDOM SHOULD ACT OR RELY ON THIS DOCUMENT AND PERSONS DISTRIBUTING THIS DOCUMENT MUST SATISFY THEMSELVES THAT IT IS LAWFUL TO DO SO. ANY PERSON WHO RECEIVES THIS DOCUMENT WILL BE DEEMED TO HAVE REPRESENTED AND AGREED THAT IT IS EITHER (1) OUTSIDE THE UNITED KINGDOM OR (2) A UK RELEVANT PERSON. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS DOCUMENT RELATES IS AVAILABLE ONLY TO THOSE PERSONS AND WILL BE ENGAGED IN ONLY WITH THOSE PERSONS. IN ITALY THIS DOCUMENT IS BEING DISTRIBUTED ONLY TO, AND IS DIRECTED EXCLUSIVELY AT, QUALIFIED INVESTORS AS DEFINED IN ARTICLE (2), PARAGRAPH 1, LETTER (E) OF THE PROSPECTUS REGULATION NO. 2017/1129 PROVIDED THAT SUCH QUALIFIED INVESTORS WILL ACT IN THEIR CAPACITY AND NOT AS DEPOSITARIES OR NOMINEES FOR OTHER PERSONS, SUCH AS: (I) LEGAL ENTITIES AUTHORISED OR PERMITTED TO OPERATE BY THE SECTOR REGULATIONS ON FINANCIAL MARKETS IN ITALY OR ABROAD, INCLUDING BANKS, INVESTMENT COMPANIES, INSURANCE COMPANIES, COLLECTIVE ASSET INVESTMENT BODIES, ASSET MANAGEMENT COMPANIES, HARMONISED MANAGEMENT COMPANIES, PENSION FUNDS, OTHER INSTITUTIONAL INVESTORS, EXCHANGE AGENTS, OTHER ENTITIES WHOSE EXCLUSIVE ACTIVITY IS THE INVESTMENT, ON THEIR OWN ACCOUNT, ON THE FINANCIAL MARKETS AND THAT ARE INDIRECT MEMBERS OF A CLEARING HOUSE OR A CENTRAL COUNTERPARTY (LOCALS), AS WELL AS INSTITUTIONAL INVESTORS WHOSE PRINCIPAL BUSINESS IS THE INVESTMENT IN FINANCIAL INSTRUMENTS, INCLUDING ENTITIES ENGAGED IN SECURITIZATIONS OR OTHER FINANCIAL TRANSACTIONS; (II) ENTERPRISES OF SIGNIFICANT SIZE WHICH, AT THE LEVEL OF EACH LEGAL ENTITY, SATISFY THE CRITERIA ENVISAGED BY CONSOB REGULATION NO. 20307 OF FEBRUARY 15, 2018 (THE "INTERMEDIARIES' REGULATION"); AND (III) "PUBLIC PROFESSIONAL CLIENTS", AS DEFINED BY DECREE NO. 236 OF NOVEMBER 11, 2011 OF THE MINISTRY OF ECONOMY, IN ACCORDANCE WITH ARTICLE 35 OF INTERMEDIARIES' REGULATION, WHICH INCLUDE THE BANK OF ITALY AND THE ITALIAN GOVERNMENT (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS"). ANY PERSON WHO IS NOT A RELEVANT PERSON SHOULD NOT ACT OR RELY ON THIS DOCUMENT OR ANY OF ITS CONTENTS. THIS DOCUMENT IS NOT ADDRESSED TO ANY MEMBER OF THE GENERAL PUBLIC IN ITALY. UNDER NO CIRCUMSTANCES SHOULD THIS DOCUMENT CIRCULATE AMONG, OR BE DISTRIBUTED IN ITALY TO, DISTRIBUTION CHANNEL, THROUGH WHICH INFORMATION IS, OR IS LIKELY TO BECOME, AVAILABLE TO A LARGE NUMBER OF PERSONS, OR TO INDIVIDUALS OR ENTITIES WHO DO NOT FALL WITHIN THE DEFINITION OF QUALIFIED INVESTORS AS PREVIOUSLY SPECIFIED AND ARE NOT THEREFORE A RELEVANT PERSON. THE DISTRIBUTION OF THIS DOCUMENT IN OTHER JURISDICTIONS MAY BE RESTRICTED BY LAW AND PERSONS INTO WHOSE POSSESSION THIS DOCUMENT COMES SHOULD INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTION. ANY FAILURE TO COMPLY WITH THESE RESTRICTIONS MAY CONSTITUTE A VIOLATION OF THE LAWS OF ANY SUCH OTHER JURISDICTION. THIS DOCUMENT HAS BEEN PREPARED BY ITS AUTHORS INDEPENDENTLY OF THE COMPANY AND ITS SHAREHOLDERS AND SUBSIDIARIES AND AFFILIATES, AND ANY FORECASTS, FORWARD-LOOKING STATEMENTS, OPINIONS AND EXPECTATIONS CONTAINED HEREIN ARE ENTIRELY THOSE OF THE AUTHORS HEREOF AND ARE GIVEN AS PART OF ITS NORMAL RESEARCH ACTIVITY AND SHOULD NOT BE RELIED UPON AS HAVING BEEN AUTHORISED OR APPROVED BY ANY OTHER PERSON. VALUE TRACK VT S.R.L. HAS NO AUTHORITY WHATSOEVER TO MAKE ANY REPRESENTATION OR WARRANTY ON BEHALF OF THE JOINT BOOKRUNNERS, THE GLOBAL COORDINATOR, THE COMPANY, ITS SHAREHOLDERS, ANY OF ITS ADVISERS, ANY OF ITS SUBSIDIARIES, ITS AFFILIATES, OR ANY OTHER PERSON IN CONNECTION THEREWITH. WHILE ALL REASONABLE CARE HAS BEEN TAKEN TO ENSURE THAT THE FACTS STATED HEREIN ARE ACCURATE AND THAT THE FORECASTS, FORWARD-LOOKING STATEMENTS, OPINIONS AND EXPECTATIONS CONTAINED HEREIN ARE FAIR AND REASONABLE, VALUE TRACK VT S.R.L. HAS NOT VERIFIED THE CONTENTS HEREOF AND ACCORDINGLY NONE OF VALUE TRACK VT S.R.L., THE COMPANY, ITS SHAREHOLDERS, ANY ADVISERS TO THE COMPANY OR ITS SHAREHOLDERS OR ANY OTHER PERSON IN CONNECTION THEREWITH NOR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS OR EMPLOYEES, SHALL BE IN ANY WAY RESPONSIBLE FOR THE CONTENTS HEREOF AND NO RELIANCE SHOULD BE PLACED ON THE ACCURACY, FAIRNESS, OR COMPLETENESS OF THE INFORMATION CONTAINED IN THIS DOCUMENT. NO PERSON ACCEPTS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM THE USE OF THIS DOCUMENT OR OF ITS CONTENTS OR OTHERWISE ARISING IN CONNECTION THEREWITH. THIS REPORT CONTAINS PROJECTIONS, FORECASTS, FORWARD-LOOKING STATEMENTS, OPINIONS AND EXPECTATIONS THAT PRESENT A POSSIBLE OUTCOME ON THE BASIS OF THE ASSUMPTIONS SET OUT HEREIN. THESE REPRESENT ONLY ONE POSSIBLE OUTCOME AND ARE THE INDEPENDENT VIEWS OF THE AUTHORS OF THIS REPORT ONLY. THESE PROJECTIONS ARE SUBJECT TO RISKS, UNCERTAINTIES AND ASSUMPTIONS AND FUTURE ACTUAL RESULTS COULD DIFFER MATERIALLY.