

Cash Flows Wait, ARR Doesn't

HOLD | Fair Value: €2.84 (€2.96) | Current Price: €2.70 | Upside: +5.3%

€ Million	FY22	FY23	FY24	FY25E	FY26E	FY27E	FY28E
Value of Production	6.0	7.0	8.0	9.2	11.9	14.3	15.3
EBITDA	0.6	0.4	0.3	0.6	1.5	2.6	3.0
margin	9.3%	6.1%	4.0%	6.5%	13.0%	18.0%	19.6%
Net Profit	(0.4)	(1.1)	(1.1)	(0.4)	0.2	1.0	1.8
margin	-6.0%	-15.3%	-13.2%	-4.3%	1.7%	6.8%	11.6%
EPS	(0.0)	(0.1)	(0.1)	(0.0)	0.0	0.1	0.1
NFP	0.3	0.5	1.5	2.3	1.0	(1.2)	(4.1)

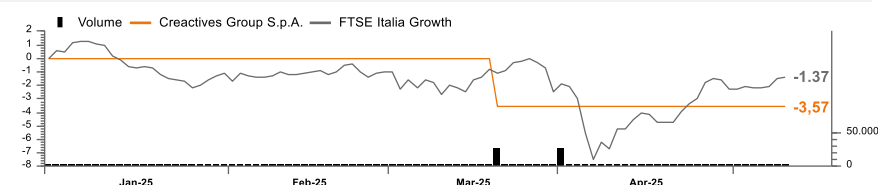
Source: Company data (2022-24), KT&Partners' elaboration (2025-28)

1H25 Financial Results. On March 26, 2025, Creatives reported 1H25 revenues of €3.6mn, up 19.1% YoY but below our €3.9mn estimate (-9.3%). Growth was mainly driven by recurring revenues at €2.2mn (+25% YoY, below our estimates of €2.8mn, -19%), accounting for 63% of total sales, while setup fees reached €1.4mn (+13% YoY, and +18% vs. est. of €1.2mn). Value of production stood at €4.2mn (+17.4% YoY), in line with expectations, supported by internal capitalizations and a strong performance of indirect sales (+90% YoY), confirming the traction of Creatives' partner-driven strategy. ARR increased to €5.2mn (+13% vs. Dec. '23), with 92% of sales generated internationally. On the cost side, total operating costs grew by 11% YoY to €4.3mn, slightly below our €4.4mn estimate, with personnel expenses increasing moderately to €2.0mn (+2.4% YoY), and the incidence of other cost items (services, rental, other) remaining broadly stable vs. 1H24. EBITDA improved to -€44k (from -€272k in 1H24 and better than our -€129k estimate). Net loss narrowed to -€781k (vs -€568k est.), while NFP improved to €1.1mn (from €1.5mn in June '24), supported by a €1.5mn capital increase and a €0.5mn bond issue.

Change in Estimates. Following the 1H25 results below expectations, we revised our FY25E–FY26E forecasts while leaving FY27E–FY28E unchanged. FY25E Value of Production was adjusted from €9.8mn to €9.2mn, mainly reflecting a more cautious phasing of setup revenues (€2.3mn vs. €2.8mn) and delays in the activation of certain projects. Recurring revenues are still expected to reach €6.1mn by year-end. For FY26E, VoP was slightly revised to €11.9mn (vs. €12.3mn). On the cost side, we lowered the incidence of service costs (45.5% vs. 47.4%) and rental costs (-0.2p.p.), while revising upward personnel expenses (49.4% in FY25E; 42.6% in FY26E). As a result, FY25E EBITDA was reduced to €0.6mn (6.5% margin, -0.4p.p.), while FY26E EBITDA was lowered to €1.5mn (13.0% margin, -0.8p.p.). Net income is now expected at -€0.4mn in FY25E and €0.2mn in FY26E. FY25E NFP was revised to €2.3mn net debt (vs. €2.0mn), mainly reflecting higher DSO assumptions (71 vs. 66). Net cash is projected from FY27E (€1.2mn) onward, reaching €4.1mn by FY28E.

Valuation update. Valuation based on: (i) DCF with a 8.5% WACC and 2.5% perpetual growth, returning a value of €33.7mn or €2.57ps; (ii) EV / Sales multiple which return a value of €40.8mn or €3.11ps. The average of the two yields a fair value of €2.84ps or an equity value of €37.2mn, implying an EV/Sales multiple of 4.0x for FY25E and 3.2x for FY26E.

Creatives Relative Performance Chart YTD



Source: Factset

Research Update

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Market Data

Main Shareholders	
Paolo Gamberoni	16.3%
Adriano Garibotto	16.2%
Add Value SpA	16.1%
Mkt Cap (€ mn)	35.4
EV (€ mn)	36.8
Shares out.	13.1
Free Float	25.4%

Market multiples	2024	2025E	2026E
EV/Sales			
Creatives Group S.p.A. (KT&P Valuation)	5.2x	4.0x	3.2x
Creatives Group S.p.A. (Mkt Valuation)	4.3x	3.5x	2.8x
Comps Average	5.1x	4.7x	4.2x
Creatives Group S.p.A. vs Average	-17%	-26%	-32%

Stock Data

52 Wk High (€)	3.00
52 Wk Low (€)	2.50
Avg. Daily Trading 90d	871
Price Change 1w (%)	0.00
Price Change 1m (%)	0.00
Price Change YTD (%)	54.29

Note: CREG-IT's EV/Sales multiples at time T are calculated by considering the average between VoP at time (T) + VoP at time (T+1) to avoid the bias of fiscal year versus its comparables.

Key Figures – Creatives Group S.p.A.

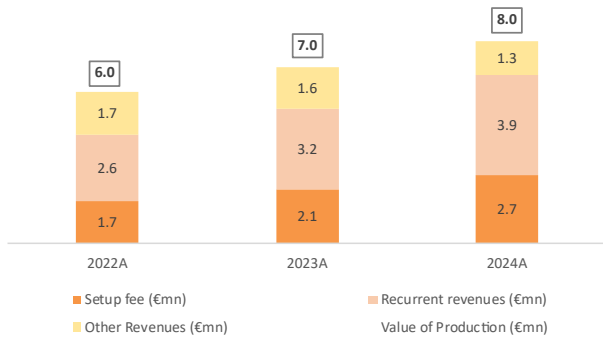
Current price (€)	Fair Value (€)		Sector					Free Float (%)
2.70	2.84		Supply Chain Management					25.4
Per Share Data	2021	2022	2023	2024	2025E	2026E	2027E	2028E
Total shares outstanding (mn)	10.92	10.92	13.10	13.10	13.10	13.10	13.10	13.10
EPS	-0.01	-0.03	-0.08	-0.08	-0.03	0.02	0.07	n.m.
Dividend per share (ord)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Dividend pay out ratio (%)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Profit and Loss (EUR million)	2021	2022	2023	2024	2025E	2026E	2027E	2028E
Value of Production	5.2	6.0	7.0	8.0	9.2	11.9	14.3	15.3
EBITDA	0.4	0.6	0.4	0.3	0.6	1.5	2.6	3.0
EBIT	(0.3)	(0.3)	(0.6)	(0.9)	(0.6)	0.3	1.3	1.7
EBT	(0.2)	(0.3)	(0.7)	(1.0)	(0.6)	0.2	1.3	1.7
Taxes	0.1	(0.0)	(0.3)	(0.0)	0.3	0.0	(0.3)	0.1
Tax rate	n.m.	n.m.	n.m.	n.m.	n.m.	-4%	24%	-4%
Net Income	(0.1)	(0.4)	(1.1)	(1.1)	(0.4)	0.2	1.0	1.8
Net Income attributable to the	(0.1)	(0.4)	(1.1)	(1.1)	(0.4)	0.2	1.0	1.8
Balance Sheet (EUR million)	2021	2022	2023	2024	2025E	2026E	2027E	2028E
Total fixed assets	3.2	3.4	4.1	4.5	4.0	3.6	3.2	3.0
Net Working Capital (NWC)	0.9	(0.6)	(0.8)	(1.1)	0.1	(0.1)	(0.8)	(1.2)
Provisions	(0.6)	(0.6)	(0.8)	(0.9)	(1.2)	(1.5)	(1.9)	(2.3)
Total Net capital employed	3.5	2.2	2.6	2.5	2.9	1.9	0.6	(0.5)
Net financial position/(Cash)	1.3	0.3	0.5	1.5	2.3	1.0	(1.2)	(4.1)
Total Shareholder's Equity	2.2	1.8	2.1	1.0	0.6	0.9	1.8	3.6
Cash Flow (EUR mn)	2021	2022	2023	2024	2025E	2026E	2027E	2028E
Net operating cash flow	0.4	0.5	0.1	0.3	0.6	1.5	2.3	2.6
Change in NWC	0.3	1.5	0.2	0.4	(1.2)	0.2	0.6	0.4
Capital expenditure	(1.7)	(1.0)	(1.6)	(1.6)	(0.7)	(0.8)	(0.9)	(1.0)
Other cash items/Uses of funds	0.1	(0.0)	0.1	0.1	0.3	0.3	0.4	0.4
Free cash flow	(0.8)	1.0	(1.2)	(0.8)	(1.0)	1.3	2.3	2.4
Enterprise Value (EUR mn)	2021	2022	2023	2024	2025E	2026E	2027E	2028E
Market Cap	39.7	39.7	34.9	35.4	35.4	35.4	35.4	35.4
Net financial position/(Cash)	1.3	0.3	0.5	1.5	2.3	1.0	(1.2)	(4.1)
Enterprise value	41.0	40.1	35.3	36.8	37.7	36.4	34.1	31.3
Ratios (%)	2021	2022	2023	2024	2025E	2026E	2027E	2028E
EBITDA margin	6.8%	9.3%	6.1%	4.0%	6.5%	13.0%	18.0%	19.6%
EBIT margin	-5.4%	-4.4%	-8.8%	-11.1%	-6.0%	2.4%	9.2%	11.4%
Gearing - Debt/equity	56.5%	17.8%	21.5%	140.3%	356.0%	122.4%	-67.6%	-113.5%
Interest cover on EBIT	-23.2%	-23.3%	n.m.	-15.3%	-16.9%	29.7%	3.4%	1.9%
NFP/EBITDA	3.58x	0.59x	1.07x	4.60x	3.84x	0.67x	-0.48x	-1.36x
ROCE	-8.0%	-12.2%	-23.9%	-35.3%	-18.9%	14.9%	n.m.	n.m.
ROE	-6.2%	-19.5%	-50.3%	-100.9%	-61.5%	24.1%	53.3%	49.4%
EV/Sales	6.58x	5.67x	4.93x	4.29x	3.49x	2.81x	2.48x	4.80x
EV/EBITDA	n.m.	n.m.	n.m.	n.m.	59.08x	22.91x	13.70x	11.77x
P/E	n.m.	n.m.	n.m.	n.m.	n.m.	172.63x	36.51x	19.92x
Free cash flow yield	-2.2%	2.8%	-3.2%	-2.2%	-2.7%	3.6%	6.3%	6.4%
Growth Rates (%)	2021	2022	2023	2024	2025E	2026E	2027E	2028E
Sales	8.0%	16.1%	15.8%	14.5%	15.3%	29.6%	20.2%	7.1%
EBITDA	n.m.	58.1%	-23.5%	-25.5%	88.3%	157.9%	67.2%	16.4%
EBIT	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Net Income	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.

Source: Company data, KT&Partners' elaboration

Note: Market capitalization from 2021 to 2022 is referred to the Vienna MTF considering 10,920,000 shares outstanding

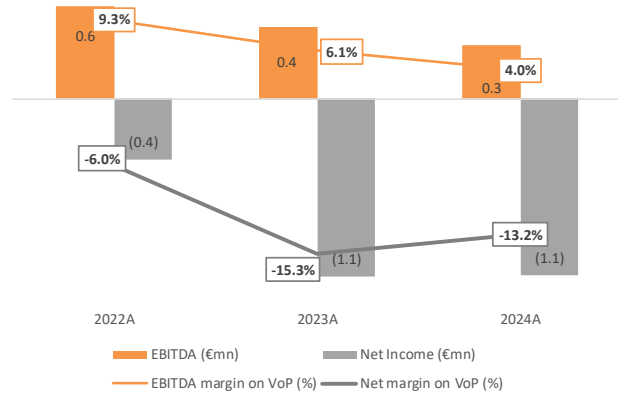
Key Charts

Value of Production (€mn, %)



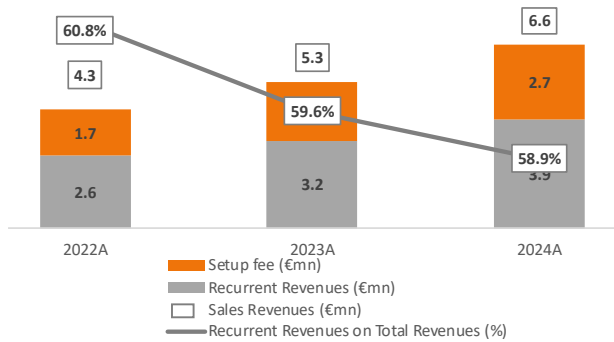
Source: Company data, KT&Partners' elaboration

Profitability Evolution (€mn, %)



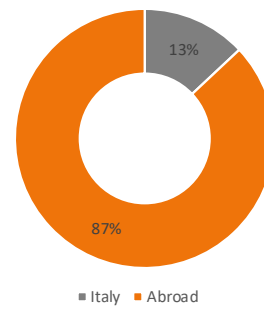
Source: Company data, KT&Partners' elaboration

Recurrent Revenues (€mn, %)



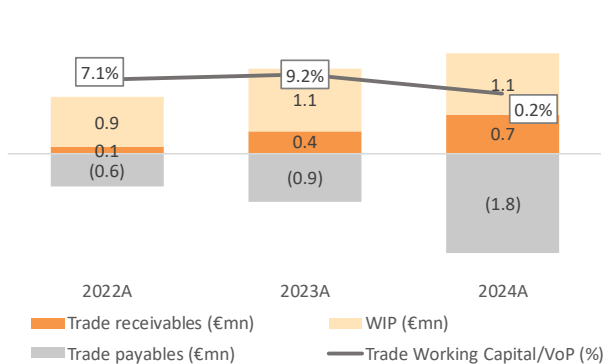
Source: Company data, KT&Partners' elaboration

2024 Sales Revenues Breakdown by Geography (%)



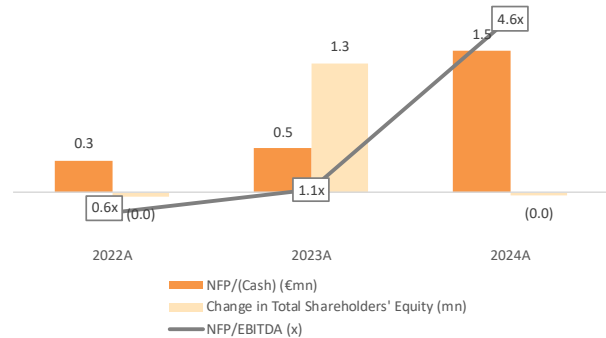
Source: Company data, KT&Partners' elaboration

Trade Working Capital (€mn, %)



Source: Company data, KT&Partners' elaboration

NFP and Change in Total Shareholders' Equity (€mn, x)



Source: Company data, KT&Partners' elaboration

Overview

Company description

Creatives is an innovative PMI that provides AI-backed solutions for supply chain and procurement digitalization. The Company is considered the first Italian mover simultaneously active in global supply chain management, digital transformation, big data, and AI. Leveraging on the biggest worldwide reusable industrial knowledge base (Vanessa) in more than 25 languages, Creatives' AI-powered solutions: i) deliver, validate, and maintain the highest data quality outcomes; ii) automate the end-to-end data quality governance and the optimization processes of the enterprises.

Creatives qualifies as an "Innovative SME" under Italian law and is classified as an "admissible enterprise" according to EU Regulation No. 651/2014. This status enables the company to benefit from various European and national measures supporting innovation, digital transformation, and R&D initiatives and is eligible for several tax benefits.

CREG-IT was listed on Euronext Growth Milan (EGM) PRO market on March 7, 2023, with an IPO market capitalization of €21mn and ca. €1mn of capital raised. The management announced that IPO represents the opportunity to seize firepower useful to: i) accelerate its growth strategy through new software developments, SAP integration, and marketing activities also aimed at expanding the partners' network; ii) improve internal processes and support working-capital needs.

Investment case

- ***Proven business model supported by a strong international partnership network.*** In its twenty-year history, Creatives is trusted by big international corporate clients (e.g., ABInBev, Airbus, Cemex, Enel, Siemens, Techint, TotalEnergies and many more) and supported by international partners (e.g., KPMG, NTT Data, Indra,), boasting several recognitions (e.g., ProcureTech100 – the 100 pioneering digital procurement solutions).
- ***Boasting an outstanding international footprint.*** In the last years, Creatives expanded its geographical presence through i) a subsidiary in Frankfurt (Germany) with the aim of strengthening relationships with Creatives' most important clients (e.g., 25% of sales revenues in 2022 have been generated in Germany); and ii) two commercial branches in Madrid (Spain) and Paris (France), with the aim of further expanding the Company's international footprint. Confirming its international vocation, only 14% of sales revenues are generated in Italy, while the remaining 86% (+3pp YoY) internationally.
- ***Remarkable business and profitability growth path.*** The Group enjoyed a revenue CAGR20–24 of 21%, increasing to €6.6mn of sales revenues in 2024 from €3.1mn in 2020. Despite the halt in business growth that occurred in 2020, the business expansion achieved was driven by i) the customer base increase through direct and indirect channels; and ii) the transition to the SaaS business model, resulting in an increase in recurring revenues, which are characterized by high profitability. Indeed, in 2024, recurrent revenues had increased to €3.9mn from €1.4mn in 2020, increasing its incidence on sales revenues by 15pp to ca. 60% in 2024 from 45% in 2020. As result, the Group enjoyed great profitability improvement, reaching an average 6.5% EBITDA margin in FY20-24 from 3.4% in 2020, also thanks to the high business scalability leveraging on the outstanding reusable cross-geographical and sectoral knowledge base and to the network of qualified international partners.

- **Strong positioning in a double-digit growth industry.** To overcome the supply chain disruptions resulting from the uncertain geopolitical and health context, companies are integrating intelligent workflow into their supply chains to better support business operations. Indeed, global spending on the digital transformation market is expected to grow at CAGR2020–25 of 16.4%, driven by smart procurement and sourcing, which is one of the largest categories represented on the SCM market in 2020. The latter is expected to reach almost \$31bn by 2026, and to grow at double-digit CAGR2020–26E of +11.8% driven by a growing need for working capital optimization offered through SaaS (+14% of CAGR2020–27) and powered by big-data analysis (+14.9% of CAGR2020–26) and AI (+42.2% of CAGR2020–27).

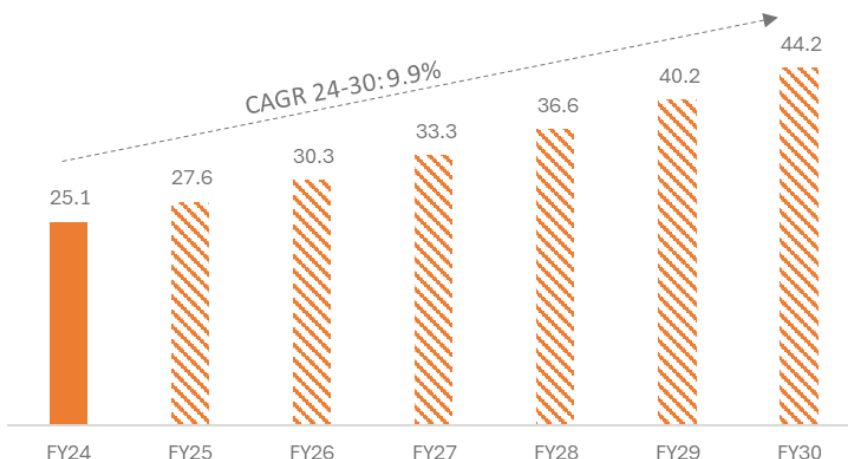
Recent developments

- **Corporate reorganization.** On December 31, 2024, Creatives S.p.A. was merged by incorporation into Creatives Group S.p.A., with retroactive effect from July 1, 2024.
- **Capital increase.** On December 11, 2024, Creatives completed an Accelerated Bookbuilding of 630,000 ordinary shares for a total amount of €1.575mn, aimed at qualified and institutional investors. As a result, the company's free float increased from 21.61% to 25.38%.
- **Bond subscription – second tranche.** On November 8, 2024, the company finalized the second subscription period for the “CREG – 7% 2024–2026” bond, issuing 20 bonds for a total value of €500k. Each bond had a nominal value of €25k.
- **ISO/IEC 27001:2022 certification.** On September 10, 2024, Creatives successfully completed the BSI inspection and obtained the new ISO/IEC 27001:2022 certification, upgrading from the 2013 standard. This regulatory update strengthens the company's Information Security Management System (ISMS) and confirms its ability to guarantee high standards of security, integrity, and availability of information in a rapidly evolving digital environment.
- **Bond subscription – first tranche.** On July 31, 2024, Creatives concluded the first subscription period for the non-convertible bond “CREG – 7% 2024–2026”. A total of 13 bonds were issued, for an overall value of €325k, subscribed by four Italian investors.
- **Signing new groundbreaking partnerships.** Creatives has announced the strategic partnership with global leaders in consulting and technological innovation, such as Bain & Co. and Accenture to empower clients to harness Creatives AI technology, enabling them to unlock value from their data at an accelerated pace. In today's fiercely competitive corporate landscape, data quality and reliability stand as imperatives for enterprises seeking to maximize their investments in technology and gain a decisive edge over their rivals. The union of forces between Creatives and its strategic partners represents a significant step forward in addressing these challenges, particularly in crucial domains such as Procurement, SCM, and the transition to modern information systems such as S4Hana.
- **IPO rationale & performance.** On March 7, 2023, Creatives dual-listed to the EGM PRO market with an IPO price of €1.75, raising €1mn. To date, stock price showed +25.1% return since IPO, reaching ca. €27mn market capitalization. CREG-IT's listing represents the opportunity to: i) accelerate its growth strategy through new software developments, SAP integration, and marketing activities also aimed at expanding the partners' network; ii) improve internal processes and support working capital needs.

Market Update

According to Research and Markets¹ (Market Research Firm) the global Supply Chain Management (SCM) Solutions market was valued at USD 25.1bn in 2024 and is projected to reach USD 44.2bn by 2030, growing at a CAGR of 9.9% during the forecast period.

2024-2030 Global Supply Chain Management Solutions Market (\$bn)



Source: KT&Partners' elaborations on Market and Research data

Main Trends for 2025. Artificial intelligence and advanced analytics are becoming core components of SCM SaaS solutions, with APQC² (Benchmark data Provider) reporting 49% of organizations identify these technologies as having major operational impact. McKinsey³ reports that AI integration reduces forecasting errors by 20-50% and inventory levels by 20-30%. Simultaneously, demand for **end-to-end visibility** across supply networks has increased, with 61% of organizations now identifying supply chain visibility as their top logistics priority, driven partly by regulatory requirements including the EU's Corporate Sustainability Due Diligence Directive. Organizations are shifting from reactive to **proactive risk management**, rather than addressing problems after they occur, companies are implementing preventive measures, building resilience into supply networks, and deploying predictive analytics to identify potential issues before they materialize. SCM SaaS providers are also increasingly incorporating **blockchain** and **IoT technologies** to enhance traceability supporting counterfeit prevention and regulatory compliance through real-time monitoring capabilities.

Main Challenges for 2025. One of the key challenges potentially hindering the adoption and effective implementation of Supply Chain Management SaaS solutions is the persistent **talent and skills gap**. According to McKinsey, 90% of companies lack personnel with the combined expertise in supply chain operations and digital technologies required to drive successful deployment. Moreover, **data quality and integration issues** create significant implementation barriers as SCM platforms become more sophisticated, they require harmonized data across previously siloed systems. Finally, evolving **regulatory compliance requirements** create significant challenges regarding sustainability, data privacy, and international trade. McKinsey notes only 9% of respondents consider their supply chains fully compliant with new regulations like the EU's Corporate Sustainability Due Diligence Directive, with 30% acknowledging significant compliance delays.

¹ Source: Market And Research "Supply Chain Management Solutions 2025"

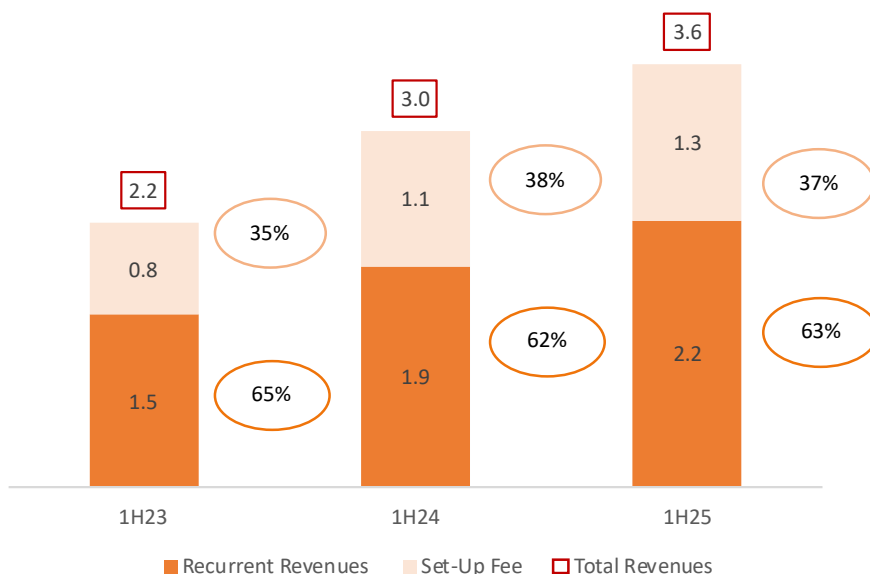
² Source: APQC "2025 Supply Chain Priorities And Challenges"

³ Source: McKinsey "Supply chains: Still vulnerable - 2025"

1H25 Financial Results

On March 26, 2025, Creactives Group released its 1H25 results, reporting €3.6mn in sales revenues, up 19.1% YoY, but below our €3.9mn estimate (-9.3%). The performance was mainly driven by the solid growth of recurring revenues, which rose to €2.2mn (+25% YoY and -19% with respect to €2.8mn estimated), accounting for 63% of sales, while setup fees increased to €1.4mn (+13% YoY, +18% vs estimates), representing the remaining 37%.

1H23-25 Revenues Breakdown (€mn)



Source: Company data, KT&Partners' elaborations

Including other revenues mainly related to internal capitalizations (€616k in 1H25 vs. €586k in 1H24), total value of production stood at €4.2mn, aligned with our estimates and showing a 17.4% YoY increase. **Direct sales** remained predominant at €2.8mn, while **indirect revenues** almost doubled (+90% YoY), reaching €745k thanks to the activation of contracts acquired in previous periods and new deals secured via partners such as NTT Data, Minsait, and Apsolut. This confirms the growing traction of Creactives' partner-led go-to-market strategy, particularly with Tier-1 advisory and tech firms including KPMG, Bain & Co., and Accenture.

It should be noted that the Annual Recurring Revenue (ARR) also increased by 13%, reaching €5.2mn, compared to €4.6mn in December '23. Furthermore, the company confirmed its international presence, with 92% of its revenues coming from international clients.

The increase in production value was partially matched by an 11% YoY rise in total costs, reaching €4.3mn, slightly below our estimates of €4.4mn. This increase was mainly due to Personnel expenses which grew slightly to €2.0mn (+2.4% YoY), and better than our estimates of €2.1mn, driven by standard contractual adjustments, but reducing its incidence on Sales Revenues from 64% in 1H24 to 55% in 1H25. Instead, the incidence of Cost of Services, Rental costs and Other Expenses on sales revenues remained stable compared to 1H24 at 64%. As a result, 1H25 EBITDA improved to -€44k from -€272k in 1H24, outperforming our expectations (-€0.1mn).

Regarding the bottom line, the Group reported a consolidated net loss of €781k in 1H25, improving by 11% compared to the -€879k recorded in 1H24, but -37.5% lower than our estimates of €570k due to 29% higher than expected D&A.

As of December 31, 2024, the Net Financial Position stood at €1.1mn, improving from €1.5mn as of June 30, 2024. The improvement is entirely driven by an increase in available liquidity, supported by two key financing events: the €1.5mn capital increase through the placement of new shares and the subscription of a €0.5mn non-convertible bond.

1H23-25 Income Statement (€mn)

€ Millions	1H24A	FY24A	1H25A	YoY %	1H25E	A vs E %
Setup fee	1.2	2.7	1.4	13%	1.2	18%
Recurrent revenues	1.8	3.9	2.2	25%	2.8	-19%
Sales Revenues	3.0	6.6	3.6	19.1%	3.9	-9.3%
Other Revenues	0.6	1.3	0.6	9%	0.4	
Value of Production	3.6	8.0	4.2	17.4%	4.3	-2.1%
Products and Raw materials	(0.0)	(0.0)	(0.0)		(0.0)	
Gross Profit	3.6	8.0	4.2	17.4%	4.3	-1.8%
Gross Margin	99.9%	99.9%	99.9%		99.6%	
Cost of Services	(1.5)	(3.3)	(1.8)	17.8%	(2.0)	
Rental Costs	(0.2)	(0.5)	(0.2)	13.3%	(0.3)	
Personnel Expenses	(1.9)	(3.8)	(2.0)	2.4%	(2.1)	
Other Operating Expenses	(0.2)	(0.0)	(0.3)	25.1%	(0.0)	
EBITDA	(0.3)	0.3	(0.0)	-89.6%	(0.1)	-79.5%
EBITDA margin	n.m.	4.0%	n.m.	n.m.	n.m.	n.m.
D&A and Provisions	(0.6)	(1.2)	(0.7)		(0.5)	
EBIT	(0.8)	(0.9)	(0.7)	-14.8%	(0.6)	7.2%
EBIT margin	n.m.	-11.1%	n.m.	n.m.	n.m.	n.m.
Financial Income and Expenses	(0.1)	(0.1)	(0.1)		(0.0)	
Extraordinary items	-	-	-		-	
EBT	(0.9)	(1.0)	(0.8)	-11.2%	(0.7)	15.1%
Taxes	-	(0.0)	-		0.1	
Tax Rate	0.0%	-3.2%	0.0%		-16.3%	
Net Income	(0.9)	(1.1)	(0.8)	-11.2%	(0.6)	37.5%
Net margin	n.m.	-13.2%	n.m.		n.m.	

Source: Company data, KT&Partners' elaborations

1H24-25 Balance Sheet (€mn)

€ Millions	1H24A	FY24A	1H25A	Delta
Fixed Assets	4.5	4.5	4.9	0.4
Trade receivables	0.0	0.7	0.4	(0.3)
WIP	1.2	1.1	1.1	(0.0)
Trade Payables	(1.5)	(1.8)	(1.1)	0.6
Trade Working Capital	(0.3)	0.0	0.4	0.3
Other assets and liabilities	(0.8)	(1.1)	(1.5)	(0.3)
Net Working Capital	(1.1)	(1.1)	(1.1)	0.0
Other Provisions	(0.8)	(0.9)	(0.8)	0.0
Net Capital Employed	2.5	2.5	2.9	0.4
Total shareholders' equity	1.2	1.0	1.8	0.8
Short-term debt / Cash (-)	0.5	0.4	(0.6)	(1.1)
Long-term liabilities	0.9	1.0	1.7	0.7
Net Financial Position	1.3	1.5	1.1	(0.4)
Sources	2.5	2.5	2.9	0.4

Source: Company data, KT&Partners' elaborations

Change in Estimates

Following the 1H25 results below our revenue forecast (€3.6mn vs. €3.9mn, -9.3%), we revised our FY25 and FY26 estimates to reflect a more cautious revenue phasing and the delayed activation of setup-related projects.

As a result, we adjusted our FY25 Value of Production forecast from €9.8mn to €9.2mn, mainly due to lower expected setup revenues (€2.3mn vs. €2.8mn). Recurring revenues remain broadly in line with previous estimates and are projected to reach €6.1mn by year-end, supported by ongoing contract renewals and strong pipeline visibility. The revised VoP also includes internal capitalizations of around €0.9mn and a stable contribution from the project business, which continues to reflect the structural capacity limit of the current workforce. For FY26E, the revision is marginal, with Value of Production adjusted from €12.3mn to €11.9mn (-3.0%). Setup revenues are now estimated at €2.8mn (vs. €3.0mn), while recurring revenues are forecast at €8.1mn (vs. €8.3mn). Internal capitalization remains in line with previous assumptions, averaging approximately €1.2mn per year across the forecast horizon.

On profitability side we have revised our assumptions mainly for FY25E and, to a lesser extent, FY26E, while keeping FY27E and FY28E unchanged. Specifically: i) the **cost of services** incidence on sales revenues was slightly reduced from 47.4% to 45.5% in FY25E (from €4.2mn to €3.8mn), reflecting more selective use of third-party providers and increased reliance on internal delivery; ii) **Rental Costs** were marginally revised downward (0.2 p.p., from €0.7mn to €0.6mn) in FY25E, following the office expansion already completed in 1H25, with no further increases expected over the forecast period; iii) **Personnel Expenses** were revised upward from 47.0% to 49.4% in FY25E and from 41.6% to 42.6% in FY26E, as a result of the structural reinforcement of the workforce, already visible in the 1H; iv) **other operating costs** were left unchanged across the plan horizon. As a result of these adjustments, FY25E EBITDA is now expected at €0.6mn with a 6.5% margin (vs. €0.7mn and 6.9% previously, -0.4p.p.), while FY26E EBITDA was lowered from €1.7mn (13.8% margin) to €1.5mn (13.0% margin), mainly due to the cumulative effect of slightly lower topline and structurally higher fixed costs, which are expected to be absorbed progressively over the plan period. Estimates for FY27E and FY28E EBITDA remain unchanged at €2.6mn (18.0% margin) and €3.0mn (19.6% margin), respectively, supported by operating leverage on the recurring revenue base.

Without any changes to D&A, interest or taxes, the net income for FY25E was revised from -€0.3mn to -€0.4mn (net margin -4.3%), mainly reflecting the lower EBITDA contribution. FY26E net income was adjusted to €0.2mn (1.7% margin), down from €0.3mn. Estimates for FY27E and FY28E remain unchanged at €1.0mn (6.8%) and €1.8mn (11.6%) respectively.

The FY25E Net Financial Position was slightly revised from €2.0mn to €2.3mn net debt, reflecting a modest deterioration in working capital assumptions. Specifically, DSO increased from 66 to 71 days, aligning with the level recorded in FY24 and implying a slower cash conversion cycle. For the following years, the progressive improvement in the NFP—projected to reach €1.2mn net cash in FY27E (vs €1.6mn) and €4.1mn net cash in FY28E (vs €4.6mn)—is mainly driven by operating cash flow generation.

Change in Estimates

€ Millions	2024A	2025E	2025E	Change	2026E	2026E	Change	2027E	2027E	Change	2028E	2028E	Change	CAGR20	CAGR20
	Actual	Old	New		Old	New		Old	New		Old	New		Old	New
Value of Production	8.0	9.8	9.2	-5.7%	12.3	11.9	-3.0%	14.4	14.3	-0.8%	15.5	15.3	-0.7%	18.0%	17.8%
YoY Change (%)	14.5%	22.3%	15.3%		26.0%	29.6%		17.5%	20.2%		7.0%	7.1%			
EBITDA	0.3	0.7	0.6	-10.8%	1.7	1.5	-9.3%	2.6	2.6	-2.2%	3.1	3.0	-1.9%	76.2%	75.4%
YoY Change (%)	n.m	111.0%	88.3%		153.7%	157.9%		55.0%	67.2%		16.1%	16.4%			
EBITDA Margin	4.0%	6.9%	6.5%	-0.4%	13.8%	13.0%	-0.9%	18.3%	18.0%	-0.3%	19.8%	19.6%	-0.2%		
EBIT	(0.9)	(0.5)	(0.6)	n.m.	0.4	0.3	-34.6%	1.4	1.3	-3.5%	1.8	1.7	-2.7%	n.m.	n.m.
YoY Change (%)	n.m	n.m	n.m		n.m	n.m		218.0%	369.3%		31.1%	32.2%			
EBIT Margin	-11.1%	-5.0%	-6.0%		3.5%	2.4%		9.5%	9.2%		11.6%	11.4%			
Net Income	(1.1)	(0.3)	(0.4)	n.m.	0.3	0.2	-36.2%	1.0	1.0	-3.5%	1.8	1.8	-2.8%	n.m.	n.m.
YoY Change (%)	n.m	n.m	n.m		n.m	n.m		212.6%	372.8%		81.9%	83.3%			
Net Margin	-13.2%	-3.5%	-4.3%		2.6%	1.7%		7.0%	6.8%		11.8%	11.6%			
NFP	1.5	2.0	2.3	0.3	0.7	1.0	0.3	(1.6)	(1.2)	0.4	(4.6)	(4.1)	0.5		

Source: FactSet, KT&Partners' elaboration

Valuation

Following our projections of Creatives' future financials, we carried out the valuations of the company by applying the DCF and market multiples methods:

1. EV/Sales, which returns an equity value of €40.80mn or €3.11ps;
2. DCF analysis based on WACC of 8.5% and 2.5% perpetual growth, returns an equity value of €33.68mn or €2.57ps.

The average of the two methods yields a fair value of €2.84ps or an equity value of €37.24mn, implying an EV/Sales multiple of 4.0x for FY25E and 3.2x for FY26E.

In addition to the DCF and EV/Sales approaches, we have included in the **§Appendix** a preliminary introduction to a valuation framework based on ARR multiples. As Creatives continues to scale its recurring revenue base, this methodology—commonly used for SaaS and subscription-based companies—could provide a complementary perspective to assess the company's long-term value creation. We plan to adopt this approach more formally in future updates, once FY25 full-year data becomes available.

Valuation Recap

	Equity Value €mn	Value per share €
EV/Sales	40.80	3.11
DCF	33.68	2.57
Average	37.24	2.84

Source: FactSet, KT&Partners' elaboration

Market Multiples Valuation

Following the comps analysis, we proceeded with the definition of market multiples for each peer group, focusing on 2024–26E data.

Peer Comparison – Market Multiples 2024–26E

Company Name	Exchange	Market Cap	EV/SALES			EV/EBITDA			EV/EBIT			P/E		
			2024	2025	2026	2024	2025	2026	2024	2025	2026	2024	2025	2026
Almawave S.p.A.	Milan	90	1.7x	1.5x	1.3x	9.2x	6.8x	5.2x	27.9x	12.3x	8.6x	9.9x	15.4x	10.8x
Informatca, Inc. Class A	NYSE	5,710	3.6x	3.8x	3.5x	10.7x	11.1x	10.3x	10.9x	11.4x	10.5x	15.2x	15.2x	14.0x
Maps S.p.A.	Milan	47	1.8x	1.6x	1.4x	7.3x	6.5x	5.4x	15.9x	12.6x	8.8x	25.5x	15.2x	11.0x
Oracle Corporation	NYSE	365,162	8.8x	7.7x	6.5x	16.2x	14.6x	12.6x	20.1x	18.2x	15.2x	24.7x	22.2x	18.2x
SAP SE	XETRA	324,755	9.0x	8.1x	7.3x	n.m	26.3x	22.6x	37.5x	29.3x	25.0x	n.m	42.8x	36.3x
SPS Commerce, Inc.	NASDAQ	4,779	7.6x	7.0x	6.2x	26.1x	23.1x	20.1x	29.1x	25.6x	22.2x	37.4x	36.2x	31.4x
TECSYS Inc.	Toronto TSE	424	3.6x	3.2x	2.9x	n.m	30.9x	20.5x	n.a.	n.a.	n.a.	n.m	n.m	34.4x
Average peer group		100,138	5.1x	4.7x	4.2x	13.9x	17.0x	13.8x	23.6x	18.3x	15.1x	22.6x	24.5x	22.3x
Median peer group		4,779	3.6x	3.8x	3.5x	10.7x	14.6x	12.6x	24.0x	15.4x	12.8x	24.7x	18.8x	18.2x
Creatives Group S.p.A.	Milan	35	4.3x	3.5x	2.8x	n.m	n.m	23.2x	n.m	n.m	n.m	n.m	n.m	n.m

Source: FactSet, KT&Partners' elaboration

Note: CREG-IT's EV/Sales multiples at time T are calculated by considering the average between VoP at time (T) + VoP at time $(T+1)$ to avoid the bias of fiscal year versus its comparables.

Given Creatives' start-up phase, business model, and fiscal year (FY24A ended in June 2024), we based our evaluation upon our 2025-2026 estimates for Creatives' Value of Production (VoP). We calculated the 2025E VoP by taking into account the average of 2025E and 2026E VoP. As for 2025E, the 2026 VoP is based on the average of the 2026E and 2027E VoPs.

We also considered FY24A NFP at €1.5mn.

Through the EV/Sales method, we consider a liquidity/size discount at 20% for ending up with our Creatives' valuation at €3.11ps with this methodology.

EV/Sales Market Multiples Valuation

Multiple Valuation (€mn)	2025E	2026E
EV/Sales Comps	4.7x	4.2x
Creatives Group S.p.A. VoP	10.6	13.1
Enterprise value	49.5	54.5
Liquidity/Size Discount	20%	
Enterprise Value Post-Discount	39.6	43.6
Creatives Group S.p.A. FY24 Net Debt	1.5	1.5
Equity Value Post-Discount	38.1	42.1
Average Equity Value	40.8	
Number of shares (mn)	13.1	
Value per Share €	3.11	

Source: FactSet, KT&Partners' elaboration

DCF Valuation

We have also conducted our valuation using a four-year DCF model, based on 13.2% cost of equity, 4.0% cost of debt and a debt proportion on EV of 46%. The cost of equity is a function of the risk-free rate of 3.71% (Italian 10y BTP, average last 3M), 4.33% equity risk premium (12M Damodaran for a mature market) and a premium for size and liquidity of 3.1% (source: Duff&Phelps). We therefore obtained 8.5% WACC.

We discounted 2025E–28E annual cash flows and considered a terminal growth rate of 2.5%; then we carried out a sensitivity analysis on the terminal growth rate (+/- 0.25%) and on WACC (+/- 0.25%).

Finally, we included the FY24A NFP at €1.5mn.

DCF Valuation

€ Millions	2025E	2026E	2027E	2028E
EBIT	(0.6)	0.3	1.3	1.7
Taxes	-	(0.0)	(0.3)	(0.4)
D&A	1.2	1.3	1.3	1.3
Change in Net Working Capital	(1.2)	0.2	0.6	0.4
Change in Funds	0.3	0.3	0.4	0.4
Net Operating Cash Flow	(0.3)	2.1	3.2	3.4
Capex	(0.7)	(0.8)	(0.9)	(1.0)
FCFO	(1.0)	1.3	2.3	2.4
g	2.5%			
Wacc	8.5%			
FCFO (discounted)	(1.0)	1.2	1.9	1.8
Discounted Cumulated FCFO	4.0			
TV	40.3			
TV (discounted)	31.2			
Enterprise Value	35.1			
NFP FY2024A	1.5			
Equity Value	33.7			
Current number of shares (mn)	13.1			
Value per share (€)	2.57			

Source: Company data, KT&Partners' elaboration

Sensitivity Analysis

€ Millions		WACC				
		9.0%	8.8%	8.5%	8.3%	8.0%
Terminal growth Rate	2.0%	28.7	29.9	31.2	32.5	34.0
	2.3%	29.7	31.0	32.4	33.9	35.5
	2.5%	30.8	32.2	33.7	35.3	37.0
	2.8%	32.0	33.5	35.1	36.8	38.8
	3.0%	33.3	34.9	36.7	38.6	40.6

Source: Company data, KT&Partners' elaboration

Peer Comparison

To define Creatives' peer sample, we carried out an in-depth analysis of listed companies active in technology procurement applied in the supply-chain market delivered through SaaS. In selecting potential peers, we consider Creatives' offering, business model, growth, and profitability profile.

Looking at the Italian market, we note that there are no listed companies active in technology procurement applied in the supply-chain market providing AI semantic cloud platform delivered through SaaS. Among Italian companies, we selected Almawave and Maps as, like Creatives, they have developed a business model which creates value from AI solutions with recurring revenues.

For peer analysis, we built a sample of eleven companies which includes:

- **Almawave S.p.A. (AIW-IT):** listed on the Milan Stock Exchange, with a market capitalization of ca. €90mn, the company develops software technologies for artificial intelligence, natural language analysis, and big-data management. The firm owns and distributes patented technologies that offer solutions for text and speech analytics, knowledge management, multi-channel contact management and virtual agents, and customer experience management under the platform brands Iride and Audioma. Its software products also feature automatic speech recognition under its platform brands Audioma, FlyScribe, and Verbamatic. The company was founded in October 2006 and is headquartered in Rome, Italy. In FY24A, the company's revenues amounted to €50mn.
- **Informatica, Inc. Class A (INFA-US):** listed on the New York Stock Exchange, with a market capitalization of ca. €5.7bn, it engages in the development of an intelligent data management cloud platform. Its software connects, manages, and unifies data across any multi-cloud hybrid system. The company was founded in 1993 and is headquartered in Redwood City, CA. In FY24A, the company's revenues amounted to €1.6bn.
- **Maps SpA (MAPS-IT):** listed on the Milan Stock Exchange, with a market capitalization of ca. €47mn, the company engages in the design, production, and distribution of software solutions for business big-data analysis. It operates through the following business units: Large Enterprise, Healthcare Industry; and Gzoom. The Large Enterprise unit focuses on data integration solutions, semantic and predictive analysis under the Smartaggregator brand, and data-cloud-sharing systems under the Smartnebula brand of high-revenue companies of various industries. The Healthcare Industry unit offers software for managing patients within the facility, featuring health information and software for patient care and support. The Gzoom unit specializes in developing software for public administrations, which allows institutions to evaluate performance, goals, and achievement plans. The company was founded in December 2001 and is headquartered in Parma, Italy. In FY24A, the company's revenues amounted to €30mn.
- **Oracle Corporation (ORCL-US):** listed on New York Stock Exchange, with a market capitalization of ca. €365.2bn, the company engages in the provision of products and services that address all aspects of corporate information technology environments. It operates through the following business segments: cloud and license, hardware, and services. The cloud-and-license segment markets, sells, and delivers applications, platform, and infrastructure technologies. The hardware segment provides hardware products and hardware-related software products, including Oracle Engineered Systems, servers, storage, industry-specific hardware, operating systems, virtualization, management and other-hardware related software, and related hardware support. The services segment offers consulting, advanced support, and education services. The company was founded by Lawrence Joseph Ellison, Robert Nimrod Miner, and Edward A. Oates on June 16, 1977, and is

headquartered in Austin, TX. In FY24A, the company's revenues amounted to €50.3bn.

- **SAP SE (SAP-DE):** listed on the XETRA with a market capitalization of ca. €324.8bn, the company engages in the provision of enterprise application software and software-related services. It operates through the following segments: applications, technology, and services; intelligent-spend group; and qualtrics. The applications, technology, and services segment include software licenses, cloud subscriptions, and related services. The intelligent-spend group segment comprises cloud-based collaborative business networks, subscriptions to the cloud offering, and related professional and educational services. The qualtrics segment sells experience-management cloud solutions. The company was founded by Hasso Plattner, Klaus Tschira, Claus Wellenreuther, Dietmar Hopp, and Hans-Werner Hector in 1972 and is headquartered in Walldorf, Germany. In FY24A, the company's revenues amounted to €34.2bn.
- **SPS Commerce, Inc. (SPSC-US):** listed on NASDAQ with a market capitalization of ca. €4.8bn, the company provides cloud-based supply-chain-management services. The firm serves retailers, suppliers, grocers, distributors, and logistics firms to orchestrate the management of item data, order fulfillment, inventory control, and sales analytics across all channels. Its SPS Commerce cloud services platform offers trading partner community, fulfillment, assortment, analytics, sourcing, and other trading-partner solutions. The company was founded by Gary W. Anderson and Roger Anderson in January 1987 and is headquartered in Minneapolis, MN. In FY24A, the company's revenues amounted to €617mn.
- **TECSYS Inc. (TCS-CA):** listed on the Toronto Stock Exchange with a market capitalization of ca. €424mn, the company engages in the development and marketing of enterprise distribution software and related services. Its supply chain execution applications include warehouse-centric, warehouse, distribution, and transportation management, as well as financial management and analytics solutions. It operates through the following geographical segments: Canada, United States, Europe, and other. The company was founded by David Brereton in April 1983 and is headquartered in Montreal, Canada. In FY24A, the company's revenues amounted to €112mn.

Appendix: Introduction to ARR-Based Valuation Methodology

Given Creatives Group's increasing focus on SaaS recurrent revenues and its growing ARR base, we believe it is appropriate to start considering valuation methodologies commonly used for early- and growth-stage SaaS companies, where ARR metrics provide a more meaningful proxy of enterprise value compared to traditional profitability measures.

ARR Multiple as Primary Metric.

In the SaaS sector, particularly for companies in their scaling phase with limited EBITDA or positive net income, valuation often relies on applying a multiple to Annual Recurring Revenue (ARR). The ARR multiple is calculated by dividing the company's enterprise value by its ARR. Historically, ARR multiples have varied significantly depending on macroeconomic conditions, peaking at 15–17x during the pandemic period and normalizing around 5.5–7.0x in 2023–2024 for private SaaS companies⁴.

Key Metrics Driving ARR Multiples.

Several operational KPIs influence the ARR multiple applicable to a SaaS company:

- i) **Net Revenue Retention (NRR):** A strong NRR, typically above 100%, reflects customer expansion and loyalty, supporting premium valuations.
- ii) **Churn Rate:** Low annual churn (<5%) signals product stickiness and reduces revenue volatility, positively impacting multiples.
- iii) **ARR Growth Rate:** Sustained high growth remains a key driver of valuation premiums.
- iv) **Rule of 40:** The combined growth rate and profit margin (if sum >40%) acts as an indicator of operational health, particularly relevant for later-stage investors.
- v) **Operational Efficiency:** Metrics such as ARR per Employee (€200k–€250k per FTE at scale, for a mature company) provide insight into the scalability of the business model.

Efficiency Metrics and Cash Burn Analysis.

In addition to growth and retention KPIs, an increasingly adopted SaaS valuation metric is the ratio between operating cash burn and incremental ARR generation. This Cash Burn-to-ARR Added ratio helps assess how efficiently a company is scaling its recurring revenue base. A ratio below 2:1 is generally viewed as acceptable, while values closer to 1:1 are considered highly efficient and tend to justify premium valuation multiples. Conversely, higher ratios may indicate aggressive cash usage with slower monetization.

A specific and recognized formulation of this concept is the Burn Multiple (Net Burn/ Net New ARR, where Net Burn = Cash Revenue – Cash Operating Expenses), popularized by David Sacks (Craft Ventures) as a benchmark to assess how much net cash a company spends to generate each €1 of incremental recurring revenue. Rather than simply measuring growth velocity, the Burn Multiple offers insight into the cost-efficiency of that growth—a critical lens for investors assessing long-term sustainability. David Sacks considers a Burn Multiple <1x “amazing”, between 1–1.5x “great”, and >3x “bad” from an efficiency standpoint.

Creatives, with an estimated churn rate of ~5% and a structurally expanding ARR base, is positioned to improve this metric over time, reaching the above-mentioned KPIs for a mature firm. As the company transitions from growth stage to scale-up, the relationship between investment intensity and ARR generation will become increasingly relevant in benchmarking capital efficiency and valuation upside.

⁴ SaaS Capital – “Private SaaS Company Valuations & Multiples (2023–2024 Update)”

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IN THIS STUDY DCF AND MULTIPLE VALUATION MODELS HAVE BEEN USED. RECOMMENDATIONS FOLLOW THE FOLLOWING RULES:

- ADD - FOR A FAIR VALUE > 15% ON CURRENT PRICE
- HOLD - FOR A FAIR VALUE <15% o >-15% ON CURRENT PRICE
- REDUCE - FOR A FAIR VALUE < -15% ON CURRENT PRICE

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