

## Surfing The Wave of Artificial Intelligence

ADD | Fair Value: €5.6 | Current Price: €4.05 | Upside: +38.8%

Initiation of Coverage

June 04<sup>th</sup>, 2024

€ Million	FY20A	FY21A	FY22A	FY23A	FY24E	FY25E	FY26E	FY27E
Total Revenues	17.5	24.3	35.2	39.4	45.5	51.8	60.0	68.9
EBITDA	6.8	6.8	9.3	10.0	12.0	14.0	17.6	21.6
margin	38.6%	27.9%	26.5%	25.4%	26.3%	26.9%	29.4%	31.4%
Net Profit	2.1	2.5	3.7	2.4	3.4	4.4	6.7	10.9
margin	11.8%	10.4%	10.5%	6.0%	7.4%	8.5%	11.2%	15.8%
EPS	0.14	0.18	0.31	0.18	0.28	0.36	0.56	0.00
NFP	8.0	11.8	20.8	25.6	13.6	2.8	(9.9)	(25.9)

Source: Company Data (2022-2023), KT&Partners' Elaboration (2023-2027)

**Overview.** Born in 2001, Mare Engineering Group SpA ("Mare Group") is a digital engineering company that develops and transfers innovation from large to small enterprises offering consulting, digital solution development, industrial process, and product design through three commercial brands (Mare Digital, Mare Consulting, Mare Industrial). Boasting more than 1000 clients, +300 employees, and 13 operational and sales offices, Mare Group has established a unique position within Italy's innovation ecosystem. The company's extensive and complementary product portfolio, bolstered by significant R&D investments and a strategic approach to mergers and acquisitions (completing 12 deals since 2019), demonstrates its dedication to democratizing digital transformation and sustainability for Italian SMEs, making these advancements both accessible and financially feasible.

**Market Overview.** The Global Digital Transformation Market valued at \$752bn in 2022, is on a trajectory to skyrocket to \$7,033bn by 2032, boasting a CAGR2023E-2032E of 25.1%. This remarkable growth is propelled by advancements in Cyber Security, Artificial Intelligence (AI), Big Data, and Cloud Computing. Zooming in Italy, the Anitec-Assinform report predicts the Italian Digital Market will achieve €79.2bn in total revenues by the end of 2023, marking a 2.8% YoY increase. The forecast suggests a continued upward trend, with revenues expected to reach €82.2bn in 2024 and further grow to €90.4bn by 2026 (CAGR2024E-2026E of 4.9%). This growth is significantly fueled by funds from the PNRR dedicated to the digital sector and the burgeoning demand for digital-enabling services, among which stand out Artificial Intelligence.

**Group Historical Figures.** In FY23, Mare Group SpA broke its sales record, reaching €27.4mn (CAGR2020-2023 of 17.8%) driven by i) organic growth; and ii) robust M&A activity. The Digital brand witnessed the most significant increase, soaring from €5.6mn in FY21 to €16.6mn. The Consulting brand recorded €5.3mn in FY23, whereas the Industrial brand experienced a decrease from €8.9mn in FY21 to €5.5mn in FY23 on the back of i) the rise in digital sales; and ii) the Group's sale of Step Sud Mare in FY22. Moreover, the Group reached €39.4mn of Total revenues (vs €35.2mn in FY22). At the EBITDA level, the Group exhibited growth from €6.8mn in FY20 to €10.0mn in FY23 (CAGR2020-2023 of 14.1%), with a margin of 25.4%. Net income achieved €2.4mn in FY23 (vs €3.7mn in FY22), while net financial position reached €25.6 in FY23 from €20.8mn in FY22, factoring in a higher NWC absorption and strong M&A activity.

**Future estimates.** According to our financial projections, we anticipate sales revenues growing at a CAGR2023-2027E of 22.9%, with the digital brand achieving €29.8mn in FY27 (CAGR2023-2027E of 15.7%), followed by Industrial, which recorded the highest CAGR2023-2027E of 32.9%, reaching €17.1mn in FY27 and consulting which is expected to hit €15.6mn in FY27 (CAGR2023-2027E of 31.0%). Total revenues are projected to reach €68.9mn in FY27 from €39.4mn in FY23. We expect EBITDA to experience a CAGR2023-2027E of +21.2%, reaching €21.6mn in FY27E, with an increasing EBITDA margin reaching 31.4% in FY27E (from 25.4% in FY23). Finally, net income FY24E is expected to reach €3.4mn (CAGR2023-2027E of 46.3%), while NFP is expected to decrease from €25.6mn in FY23 to -€25.9mn in FY27E, on the back of better NWC management and a greater cash-flow generation ability.

**Valuation.** Our valuation - based on DCF and market multiples method (EV/EBITDA and P/E) - returns an equity fair value of €67.7mn, or €5.6ps, implying an upside of 38.8% on the current market price.

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### Market Data

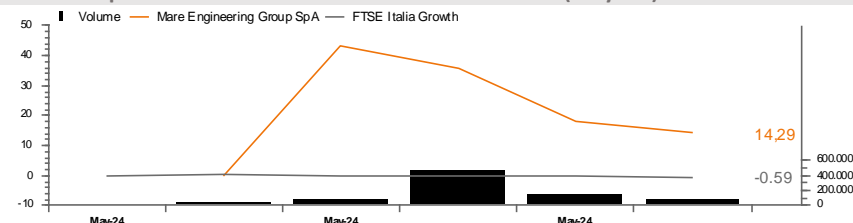
Main Shareholders	
Antonio Maria Zinno	25.20%
Marco Bellucci	18.40%
Valerio Griffa	14.79%
Other	24.60%
Invitalia SpA	5.10%
Mkt Cap (€ mn)	48.8
EV (€ mn)	62.6
Shares out.	12.1
Free Float	11.9%

Market multiples	2024	2025	2026
EV/EBITDA			
Mare Group S.p.A.	5.7x	4.9x	3.9x
Comps Median	8.4x	7.7x	6.8x
Mare Group S.p.A. vs Median	-31.9%	-35.9%	-42.5%
P/E			
Mare Group S.p.A.	14.5x	11.1x	7.3x
Comps Median	13.5x	11.2x	9.5x
Mare Group S.p.A. vs Median	7.2%	-1.0%	-23.7%

### Stock Data

52 Wk High (€)	5.90
52 Wk Low (€)	3.50
Avg. Daily Trading 90d	147,822
Price Change 1w (%)	15.71
Price Change 1m (%)	n.a.
Price Change YTD (%)	n.a.

### Mare Group Relative Stock Performance Chart since IPO (May '24)



## Key Figures - Mare Engineering Group SpA

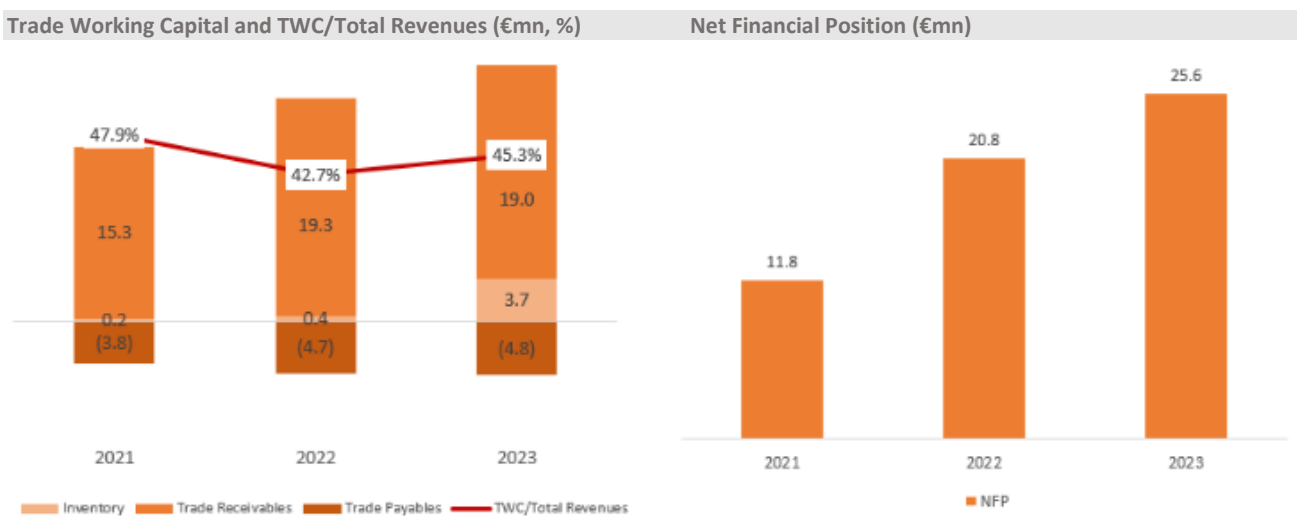
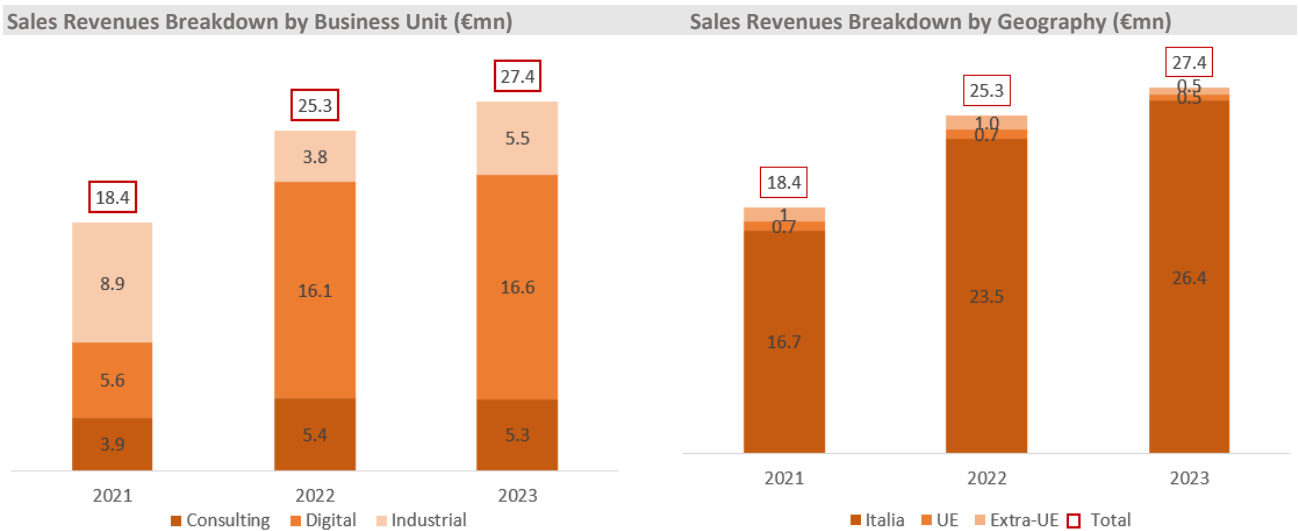
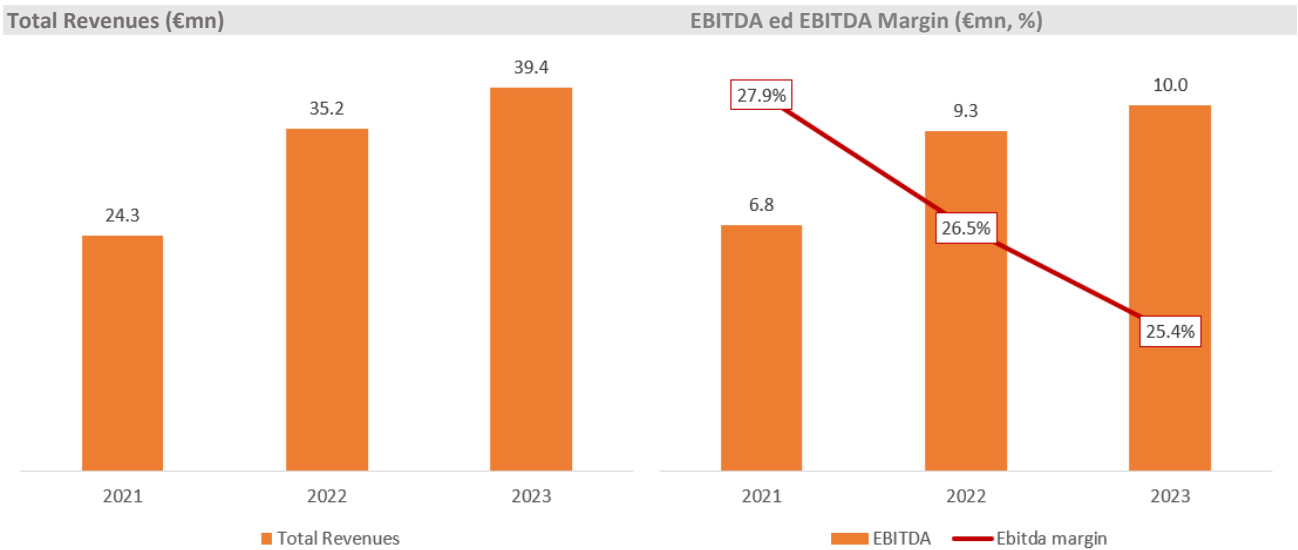
	Current price (€)	Fair Value (€)	Sector					Free Float (%)
	4.05	5.6	Technology					11.9%
Per Share Data	2020A	2021A	2022A	2023A	2024E	2025E	2026E	2027E
Total shares outstanding (mn)	n.a.	n.a.	n.a.	n.a.	12.05	12.05	12.05	12.05
EPS	n.a.	n.a.	n.a.	n.a.	0.28	0.36	0.56	0.90
Dividend per share (ord)	n.a.	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)	2020A	2021A	2022A	2023A	2024E	2025E	2026E	2027E
Total Revenues	17.5	24.3	35.2	39.4	45.5	51.8	60.0	68.9
Sales	16.8	18.4	25.3	27.4	38.4	46.1	54.2	62.4
EBITDA	6.8	6.8	9.3	10.0	12.0	14.0	17.6	21.6
EBIT	3.2	3.2	3.8	4.8	5.5	6.8	10.0	15.7
EBT	3.0	2.6	3.4	3.7	4.7	6.2	9.5	15.4
Taxes	(0.9)	(0.1)	0.3	(1.3)	(1.4)	(1.8)	(2.7)	(4.5)
Tax rate	31%	3%	-10%	35%	29%	29%	29%	29%
Net Income	2.1	2.5	3.7	2.4	3.4	4.4	6.7	10.9
Net Income attributable to the Group	1.7	2.1	3.7	2.2	3.4	4.4	6.7	10.9
Balance Sheet (EUR million)	2020A	2021A	2022A	2023A	2024E	2025E	2026E	2027E
Total fixed assets	11.1	18.5	24.6	29.1	27.9	23.9	18.9	15.6
Net Working Capital (NWC)	9.5	9.8	17.0	18.4	20.0	19.5	20.8	21.2
Provisions	(2.0)	(2.8)	(2.8)	(3.1)	(4.9)	(6.9)	(9.0)	(11.4)
Total Net capital employed	18.7	25.5	38.8	44.4	43.0	36.5	30.6	25.5
Net financial position/(Cash)	8.0	11.8	20.8	25.6	13.6	2.8	(9.9)	(25.9)
Group Shareholder's Equity	10.3	10.7	18.0	18.6	29.1	33.5	40.3	51.2
Minorities	0.3	3.1	0.0	0.2	0.2	0.2	0.2	0.2
Total Shareholder's Equity	10.7	13.8	18.0	18.8	29.3	33.7	40.4	51.4
Cash Flow (EUR million)	2020A	2021A	2022A	2023A	2024E	2025E	2026E	2027E
Net operating cash flow	5.8	6.8	9.7	8.4	10.4	12.0	14.7	17.1
Change in NWC	(9.5)	(0.3)	(6.8)	(1.8)	(1.6)	0.5	(1.2)	(0.4)
Capital expenditure	(14.1)	(7.5)	(9.9)	(9.1)	(4.8)	(2.6)	(2.1)	(2.2)
Other cash items/Uses of funds	1.5	(2.6)	(1.8)	(0.3)	1.3	1.5	1.6	1.8
Free cash flow	(16.3)	(3.6)	(8.8)	(2.8)	5.3	11.3	13.0	16.3
Enterprise Value (EUR million)	2020A	2021A	2022A	2023A	2024E	2025E	2026E	2027E
Market Cap	n.a.	n.a.	n.a.	n.a.	48.8	48.8	48.8	48.8
Minorities	0.3	3.1	0.0	0.2	0.2	0.2	0.2	0.2
Net financial position/(Cash)	8.0	11.8	20.8	25.6	13.6	2.8	(9.9)	(25.9)
Enterprise value	n.m.	n.m.	n.m.	n.m.	62.6	51.8	39.1	23.1
Ratios (%)	2020A	2021A	2022A	2023A	2024E	2025E	2026E	2027E
EBITDA margin	38.6%	27.9%	26.5%	25.4%	26.3%	26.9%	29.4%	31.4%
EBIT margin	18.5%	13.3%	10.7%	12.1%	12.1%	13.2%	16.7%	22.8%
Gearing - Debt/equity	n.m.	n.m.	n.m.	n.m.	46.8%	8.3%	-24.5%	-50.6%
Interest cover on EBIT	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
NFP/EBITDA	1.18x	1.74x	2.23x	2.55x	1.14x	0.20x	-0.56x	-1.20x
ROCE	17.3%	12.7%	9.7%	10.8%	12.8%	18.7%	32.7%	61.8%
ROE	16.8%	20.0%	20.6%	11.8%	11.6%	13.1%	16.7%	21.3%
EV/Sales	n.a.	n.a.	n.a.	2.50x	1.78x	1.48x	1.26x	1.10x
EV/EBITDA	n.a.	n.a.	n.a.	6.82x	5.72x	4.90x	3.88x	3.16x
P/E	n.a.	n.a.	n.a.	22.18x	14.49x	11.11x	7.25x	4.48x
Free cash flow yield	n.a.	n.a.	n.a.	-4.2%	7.8%	16.5%	19.0%	23.8%
Growth Rates (%)	2020A	2021A	2022A	2023A	2024E	2025E	2026E	2027E
Sales	n.a.	38.8%	45.2%	11.9%	15.3%	14.0%	15.8%	14.8%
EBITDA	n.a.	0.2%	38.0%	7.4%	19.3%	16.6%	26.3%	22.8%
EBIT	n.a.	0.0%	16.4%	27.2%	14.8%	24.7%	46.1%	57.3%
Net Income	n.a.	23.1%	46.6%	-35.8%	41.3%	30.5%	53.2%	62.0%

Source: Company Data (2020-2023), KT&amp;Partners' Forecasts (2024-2027)

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## Key Charts



## Investment Case

***A Digital Engineering company with a distinctive positioning in the Italian Innovation Ecosystem...*** Since its inception in 2001, Mare Engineering Group SpA ("Mare Group") has been at the forefront of digital engineering, fostering the transfer of innovation from large corporations to smaller companies. Occupying a distinctive niche within Italy's innovation ecosystem, Mare Group harnesses hyperautomation, powered by substantial R&D investments and partnerships with leading entities. This strategic focus is geared towards democratizing digital transformation and sustainability for Italian SMEs, ensuring both scalability and profitability. With its trio of brands - Mare Industrial, Mare Digital, and Mare Consulting - the Group plays a pivotal role in employing Industry 4.0 technologies.

***... leveraging a wide and diversified products offering...*** Mare Group represents a best-in-class partner to support companies in their digitization process, starting from the design to the delivery and implementation of automated and interconnected solutions. With a wide range of off-the-shelf products, the Group can meet the requirements of large enterprises and SMEs through a scalable distribution model, which broadens its applicability in the market.

***... and a successful M&A track record...*** Since 2019, Mare Group has executed 12 M&As aimed at i) enhancing its offerings with innovative and complementary technologies/solutions; ii) broadening its customer and partner network; and iii) reinforcing its market presence by breaking into new markets. These strategic moves underscore Mare Group's commitment to growth, innovation, and a strengthened competitive edge in the digital engineering landscape.

***... in a market with disruptive growth perspectives...*** The Artificial Intelligence market is projected to experience strong growth over the coming years, with a value projected to rise from \$40bn in 2022 to \$1.3tn in 2032 (CAGR2022-2032E of +41.7%) boosted by the advent of generative AI programs, such as ChatGPT. In such a disruptive environment, Mare Group - through its recently launched Delfi.ai proprietary platform - is therefore expected to benefit from the interesting opportunities generated by the AI revolution.

***... ready to push on the accelerator with the IPO proceeds.*** To further boost its growth plan, in May 2024, the Group listed on the Italian stock exchange's Euronext Growth Milan segment. Through the IPO proceeds Mare Group intends to i) enhance its product and service portfolio towards Defense, Aerospace, and Railway Markets, ii) deepen its penetration into the SME market, and iii) bolster its international expansion efforts, capitalizing on opportunities in foreign markets, some of which have already been explored through its subsidiaries, Mare Group Brazil and Mare Group SK.

***Statement of risks.*** Mare Group, given the inherent nature of its operations within the market, contends with different categories of risks: i) sensitivity to public policy, Mare Group's strategy of technology transfer relies heavily on R&D activities conducted with large corporations. The funding for these projects is notably influenced by public policy dynamics. The company plays a vital role in various supply chains, including international ones, boasting a track record of approximately 30 completed projects. Mare Group also has an ongoing project pipeline, with 10 projects approved and slated for completion between 2024 and 2026, collectively valued at over €6.0mn; ii) a further risk could be related to its consolidated indebtedness. In particular, the Group may not be able to generate sufficient resources to meet the principal and interest payment obligations associated with its financial debt; iii) risk of M&A integration, M&A-based strategy, and rapid growth may introduce organizational and managerial challenges. However, Mare Group's model has already proven to be effective, thanks to the progressive inclusion of the company's acquired entrepreneurs, economic benefits linked to results, and special control methodologies; iv) R&D and technology evolution, while the swift pace of technological advancement may seem like a threat, it presents an opportunity for Mare Group. Any developments in algorithms and artificial

intelligence technologies can be quickly and effectively leveraged to enhance Mare Group's products and platforms, ensuring the company remains at the forefront of innovation.

## Company Overview

### Mare Engineering Group SpA

Born in 2001 in the context of University Federico II in Naples, Mare Engineering Group SpA (“Mare Group”) is a digital engineering company that develops and transfers innovation from large to small enterprises with a strong focus on digital and sustainability transition.

Thanks to an intensive R&D activity focused on Rail, Aerospace & Defense, and AI segments, the Company developed different proprietary products and solutions, tailored to customer requests with different sizes and business sectors (i.e. SYPLA Rail). Leveraging on Delfi.ai, a “hyperautomated” proprietary platform, Mare Group offers covers consulting, digital solution development, industrial process, and product design through 3 commercial brands:



- **Mare Digital** excels in incorporating digital technologies into diverse processes and crafting tailored products and services. It offers software solutions from Mare Group and its partners, all accessible via the Delfi.ai platform, enabling businesses to leverage cutting-edge tools and applications designed to drive digital transformation and operational efficiency.



- **Mare Consulting** provides specialized assistance in accessing and managing funds and incentives designed to foster innovation within processes and enhance competitiveness. This service focuses on leveraging financial opportunities to support companies in their growth and development strategies, ensuring they can maximize their potential through innovation;



- **Mare Industrial** caters to businesses seeking innovation in products and processes, along with cost optimization. Their services span Plant and Green Engineering, prototyping, optimization, training, quality control, and IoT solutions, offering a comprehensive approach to enhance operational efficiency and sustainability.

Boasting more than 1000 clients, 300+ employees (in 2024), and 13 operational and sales offices, Mare Group holds a distinctive positioning within Italy’s innovation ecosystem. Its broad and synergistic product portfolio, enriched by substantial R&D investments and strategic mergers and acquisitions (12 deals since 2019), underscores its commitment to making digital transformation and sustainability accessible, scalable, and economically viable for Italian SMEs.

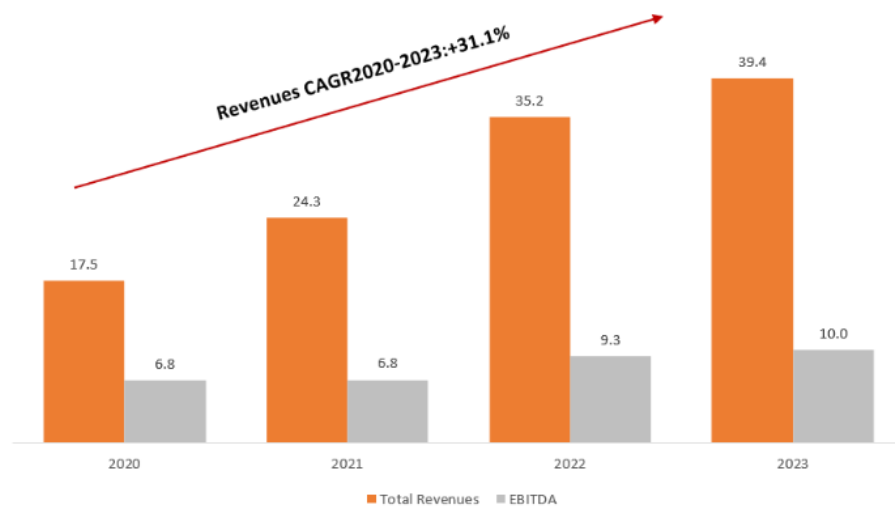
#### Key Highlights Mare Engineering Group SpA

			
R&D Activity	Strong M&A Track Record	Wide Product Portfolio	Full Stack Value Chain + Proprietary Platform

Source: Company Presentation

Since FY20, driven by the ability to diversify and innovate the business, the Company has been able to grow at a CAGR2020-2023 of +31.1%, increasing from €17.5mn of total revenues in FY20 to €39.4mn in FY23 driven in part by organic growth, but largely by robust M&A activity resulting in the integration of 12 new entities since 2019. Looking at the EBITDA level, the Company also registered a significant improvement over the 2020-2023 period, moving from €6.8mn in FY20 to €10.0mn in FY23, growing at a CAGR2020-2023 of 14.1%.

2020-2023 Mare Engineering Group's Total Revenues Revenues and EBITDA (€mn)



Source: Company data



## Group's History

### 2001 - Mare Engineering Group foundation

Mare Group was constituted in 2001 as Mare Engineering by Antonio Maria Zinno, Luigi Di Palma, and Marco Bellucci. The vision behind Mare Group's founding was to bridge the gap between academic research and industrial application, positioning the company as a pivotal ally in fostering innovation within corporations. This foresight has not only aligned Mare Group with Industry 4.0 advancements but also with the subsequent twin transition and Industry 5.0, underscoring its role as a leader in technological innovation and digital transformation across various sectors.

The Company was strategically headquartered in Pomigliano d'Arco as it represents one of the most important south-Italy industrial districts. This decision was instrumental in fostering the development and deployment of groundbreaking solutions for major Italian industrial entities, including FIAT, catalyzing a transformative impact in the sector.

Initially offering engineering services to large industrial enterprises, Mare Group has evolved over the years into a digital engineering powerhouse, enabling the twin transitions of digital and sustainability for Italian SMEs, and positioning the R&D at the core of its value proposition.

### 2015 - Launch of LinUp

In 2015, the Group launched its first Digital Startup: LinUp. LinUp tackles the intricacies of the industrial sector by weaving Industry 4.0 technologies such as Cross-Reality and Artificial Intelligence into corporate workflows. The Startup represents high-tech innovation at a high Technology Readiness Level (TRL), viewing clients as partners in an evolutionary journey toward the future of the industry.

### 2017 - Eureso Algorithm development

From 2017, Mare Group continued its journey towards innovation, developing with Eureso Tech the proprietary algorithm Eureso. The technology utilizes predictive and heuristic models to aid companies in making optimal strategic decisions based on real data and innovation KPIs. It simplifies achieving visible results in flexibility, productivity, and efficiency, marking a significant advancement in strategic business planning and operational optimization.

In 2019, Mare Group continued its growth path marking a significant step towards enhancing its capabilities in Extended Reality and pioneering digital solutions with the acquisition of SpinVector, which offers immersive and interactive virtual environments and solutions for Industry 4.0, as well as apps and installations for the Cultural Heritage sector.

### 2019 - 2023 Strong M&A activity

Over the next years, Mare Group actively pursued its M&A activity by acquiring:

- Eclettica (2020) specialized in software development and System Integration;
- Eclettica Consulting (2021);
- HSH (2021) Cloud for Hard & Soft House;
- Mate (2021) which offers a broad portfolio of services, solutions, strategies, and technologies for digital-oriented management;
- Delta Aves (2022) is active in production engineering, primarily serving the aerospace sector;
- Syenmaint (2022), which holds 5 patents, including that of SYENMAINT® Platform, an integrated digital platform offering advanced predictive maintenance solutions through the use of innovative technologies;
- Aprea Metalgroup (2022) which operates in the sector of precision mechanical processing;
- Sintex (2022) a computer consulting company that specializes in providing expert advice, guidance, and solutions in various areas of information technology;
- The Group strategically divested its Step Sud Mare business unit to Step Engineering (2022);
- Webrex (2023) a generated information system and company process manager;

- Obiettivo Europa (2023) leading search engine dedicated to calls for tenders and also a platform for specialized training in the field of project design.

These acquisitions diversified and strengthened Mare Group's offerings in digital solution development, industrial process and product design, and consultancy services, supporting SMEs in innovating processes and maximizing competitiveness.

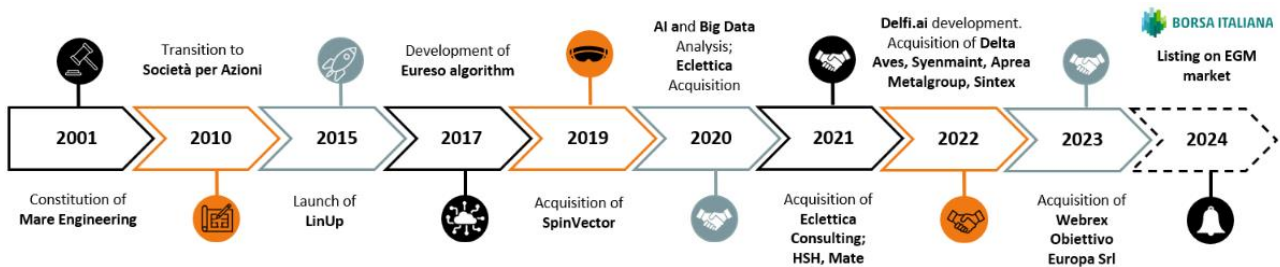
2022 - Delfi.ai Development

In 2022 Mare Group took another significant step towards digital transformation by developing Delfi.ai an AI-based platform that enables SMEs to calculate their level of innovation through artificial intelligence. This tool offers companies a way to assess and enhance their innovative capabilities by leveraging AI technologies.

2024 - Listing on Borsa Italiana

In May 2024, Mare Group went listed on the Euronext Growth Milan segment of Borsa Italiana, with an IPO price of €3.5, resulting in a market capitalization of €42.2mn. In the placement phase, the Company raised €7.2mn aimed to boost its future growth mainly through: i) R&D investments in developing new innovative technologies and ii) external growth to reach new sectors and a broad customer base.

Key Milestones



Source: KT&Partners' Elaboration on Company Data

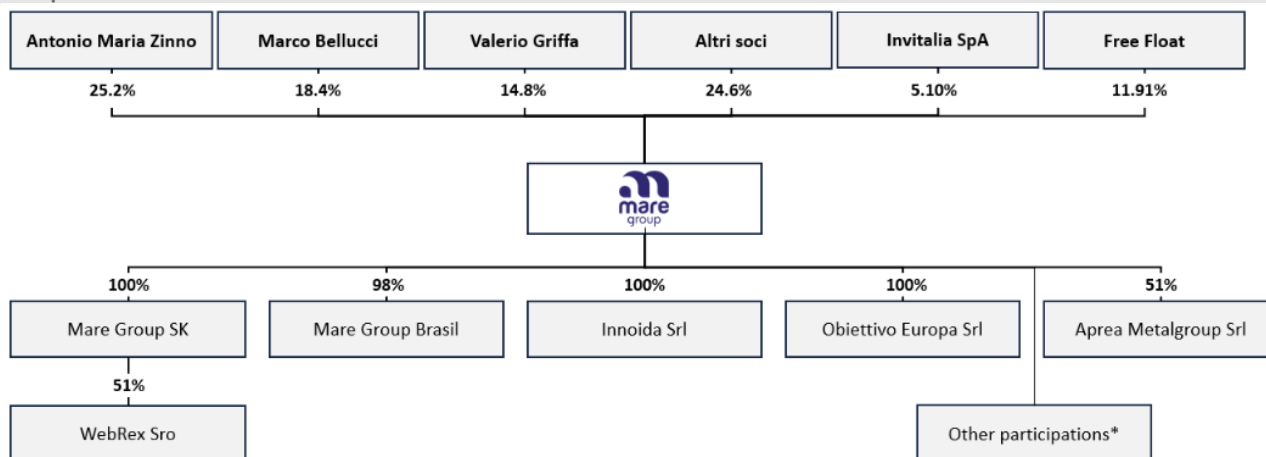
## Ownership and Group Structure

Mare Group is controlled by Antonio Maria Zinno who owns 25.2%, Marco Bellucci with an 18.4% stake, Valerio Griffa with a 14.8% stake, Invitalia SpA with a 5.10% stake and other members with the remaining 24.6%. The free float amounts to 11.91%.

Mare Group is headquartered in Pomigliano d’Arco (Naples), where the administrative offices are located, although the Group includes various entities acquired or established in line with three strategic directions, broadening its array of services and solutions:

- i. Building an industrial offering through:
  - **Aprea Metalgroup**, specializes in precision machining and the design and manufacture of industrial hydraulic systems;
  - **Delta Aves** focuses on designing and implementing prototype solutions for industrial manufacturing.
- ii. Internationalizing Group’s offerings through:
  - **Mare Group Brazil**, a subsidiary covering the Brazilian market by offering process engineering solutions in the automotive field;
  - **Mare Group SK**, which covers the Central European market and controls **Webrex Sro**, is a company specializing in software development and owner of an ERP system (AVICANA) aimed at manufacturing SMEs.
- iii. Developed an offering focused on SMEs through:
  - **Obiettivo Europa**, the search engine for calls and grants whose acquisition is designed to provide detailed information on potential calls aimed at facilitating access to business innovation funding for clients.

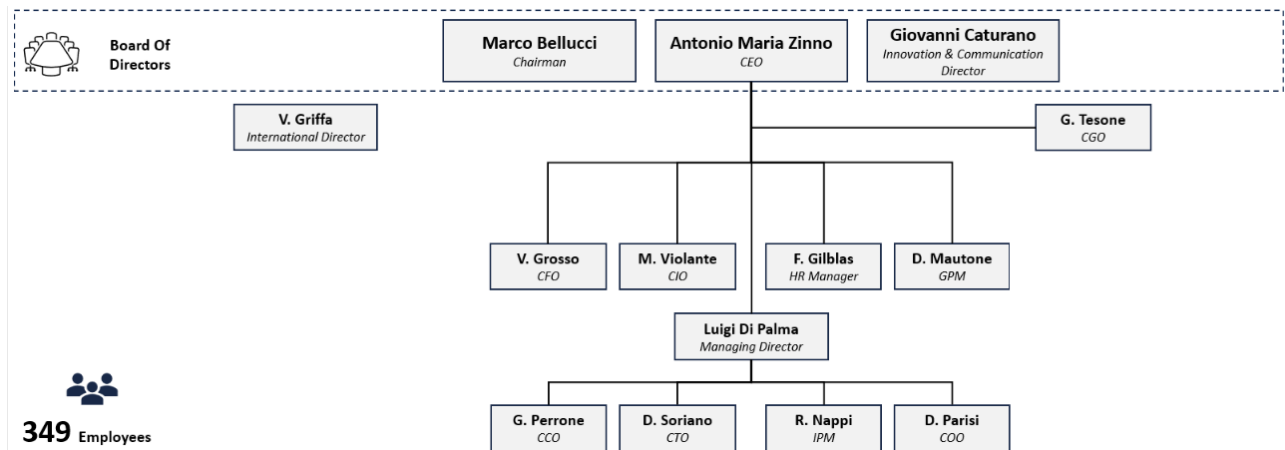
### Group Structure



\*Minority shareholdings

Source: KT&Partners’ Elaboration on Company Presentation

**Organizational Structure**



Source: KT&Partners' Elaboration on Company Presentation

Currently, the Group employs 349 resources, marking an increase of 257 since 2019 and boasting a high retention rate. Employee retention is a key factor in human resource management for Mare Group, which is committed to keeping high levels of motivation and involvement among its workers. This approach aims to limit turnover (3.8% at Group level) and increase production efficiency. Through the implementation of a Gender Equality Policy, Mare Group confirms its efforts toward the creation of a fair and inclusive working environment, in which each employee has a chance to fulfill his or her potential and contribute to collective success. In 2023, CEO Antonio Maria Zinno, for these reasons in particular, received the honor of Knight of Merit of the Republic.

**Number of Employees 2019-2023**



Source: Company data

Mare Group actively fosters career advancement and professional development, investing in training and development programs to enhance employees' skills. Recognizing training as essential for empowering its workforce's expertise and indirectly creating value, Mare Group plans these programs annually or for the long term, ensuring continuous updates on relevant developments. The organization promotes fair and equal access to training opportunities, encouraging the participation of all genders, and underlining its commitment to creating an inclusive and growth-oriented work environment.

### IPO on the EGM segment of Borsa Italiana

In May 2024, Mare Group went listed on the Euronext Growth Milan segment of Borsa Italiana. The Company successfully concluded the placement of 2.1mn shares, raising €7.2mn, after registering a total demand of more than €10mn. Mare Group's investors that will hold the shares for an interrupted period of 12 months from the IPO date will be entitled to allotment of newly issued bonus shares to the extent of 1 Bonus Share for every 4 Shares.

The Company ended the first trading day on an upward trend, with a closing price of €5.0 and recording a remarkable performance of +43.1% compared with the IPO price of €3.5 (resulting in a market capitalization of €42.2mn).

Proceeds from the IPO will be allocated to promote the company's future expansion mainly through: i) R&D investments in developing new innovative technologies and ii) Breaking into new areas and expanding supply; iii) Services and product offerings automation to improve operational efficiency.

Expenses related to the admission process, including placement fees and expenses, will amount to approximately €1.2mn and will be fully borne by the Company, which on the other hand will be eligible for the IPO tax credit amounting to 500k.

## Management team



### Antonio Maria Zinno - Mare Group Chief Executive Officer

Mr. Antonio Maria Zinno is the Chief Executive Officer and Founder of Mare Group SpA. In 2001 he graduated in Materials Engineering at the "Federico II" University of Naples. In 2001 he founded Mare Engineering, an R&D company that has developed methodologies, software, and patents for industrial products and processes. His entrepreneurial ventures have since expanded, making him a key shareholder and director across numerous companies specializing in Digital Engineering. In 2023, received the honor of Knight of Merit of the Republic.



### Marco Bellucci - Mare Group Chairman

Mr. Marco Bellucci is the Chairman of Mare Group SpA, holds a degree in Materials Engineering from the "Federico II" University of Naples, and is a founding partner of Mare Engineering SpA. He has played a pivotal role in designing, coordinating, and participating in over 100 research projects related to product and process simulation, the development of innovative materials and technologies, and Artificial Intelligence.



### Giovanni Caturano - Mare Group Innovation & Communication Director

Mr. Giovanni Caturano Innovation & Communication Director of Mare Group SpA is a Pioneer of Extended Reality, programmer, and entrepreneur. Beginning his journey in commercial software creation at 14, he founded SpinVector, through which he developed video games that attracted millions of premium users and earned over \$500K in international awards. He is a lecturer at UniSannio, teaching Video Games and Virtual Reality in the Computer Science Engineering master's program. In Mare Group he oversees Innovation and Communication, with a focus on Industry and Cultural Heritage.



### Luigi Di Palma - Mare Group Managing Director

Mr. Luigi Di Palma is the Managing Director of Mare Group SpA. He is an experienced researcher, engineer, and manager working in many industries, particularly in aeronautics. He holds a Master's degree in automatic calculation from the University of Perugia (1999) and a Graduate Diploma in Engineering from the University of Naples (1998). He was head of the aerostructure design and dynamics department at the Italian Aerospace Research Center

(CIRA), directing several pivotal aeronautical development programs (2003-2021) in collaboration with key industry partners.



**Valerio Griffa - Mare Group International Director**

Mr. Valerio Griffa is the International Director of Mare Group SpA. After graduating in Mechanical Engineering from the Polytechnic University of Turin in 1985, he became a manager at Fiat Group for 15 years, honing skills in the fields of Strategic Planning, Production, and Automotive Engineering. Since 2010 he has been a shareholder of Mare Group and a Director of the Group's foreign companies.



**Gennaro Tesone - Mare Group Chief Growth Officer**

Mr. Gennaro Tesone is the Chief Growth Officer of Mare Group SpA. In 2004 he founded his first ICT company, holding the role of Administrator with delegation to the commercial area. In 2011 he founded the first private incubator in the Campania Region and, in 2017, the first incubator within a private university. In 2012 he founded Eclettica which offered solutions to medium and large enterprises, working with leading companies in the Italian manufacturing sector. In 2020, through a share exchange mechanism, he transferred his company to the Mare Group where he oversees commercial strategy and growth, particularly focusing on M&A activities.



**Vincenzo Grosso - Mare Group Chief Financial and Administration Officer**

Mr. Vincenzo Grosso is the Chief Financial and Administration Officer of Mare Group SpA. He obtained an MBA from the Universidad Politecnica de Cartagena and a Master's degree with honors in Economics and Management from L'Università degli Studi Roma Tre. After various experiences in the consulting field, in 2019 he joined Mare Group as Senior Financial Controller. He manages and coordinates the areas of finance, accounting, purchasing, HR, quality, and P&C.



**Debora Mautone - Mare Group Manager Assistant**

Ms. Debora Mautone is the Manager Assistant of Mare Group SpA. Graduated in the economics of international trade and currency markets in 2001 from the University of Naples Parthenope. After some work experience in the role of financial economic analyst, since 2006 in Mare Engineering, named then Mare Group in the role of R&D Funding Manager. She is in charge of directing, coordinating, managing, and reporting projects under the resources of national, regional, and EU concessional finance laws, expert in EU FD, and manages and coordination of local and regional innovation projects.



**Domenico Soriano - Mare Group Chief Technology Officer**

Graduated in electronic engineering, Domenico Soriano began his career as an IT consultant in 1999, working for major players in the ICT and telco world. His passion for technology and his career as a digital specialist led him to the role of CTO at Mare Group, where he leads the development of innovative solutions. Previously, he co-founded TechinTouch S.r.l. and Eclettica S.r.l., of which he is and has been CEO, respectively, and took on the role of board member in various startups in which he was also an investor. His career is marked by a continuous commitment to learning and innovation, with a special interest in robotics, AI, and technological development. His career includes managerial positions as CTO in companies in the ICT sector, including Nexsoft S.p.A. and ITSys S.r.l.

## Business Model

Mare Group SpA invests, researches, and develops projects to assist businesses with technological innovation. The Group built its operating model on the concept of “technology transfer”, comprising three core stages: i) Technology, encompassing R&D through which the company can validate a new technology thanks to the collaboration with large players; ii) Product development; and iii) Automation, which consists in the go-to-market stage through product offerings not only to large enterprises but also to SMEs in a replicable way. These phases reflect different levels through which an innovative idea is developed, from concept to execution and in-market validation.

### Mare Engineering Group Innovative Model



Source: Company data

The outcome of this process results in the delivery of consulting services and digital products geared towards technological innovation to businesses of all sizes across various sectors, including Public Administration. This is achieved through three specialized brands: Mare Digital, Mare Consulting, and Mare Industrial. The overall offering merges a wide range of expertise, technologies, and knowledge presented under distinct brands to better meet specific market needs and enhance opportunities for cross-selling.

## Technology - Research & Development

With a focus on innovation, R&D is a cornerstone of Mare Group's business model. Since 2009, the Group has completed 30 R&D projects across diverse sectors including Aerospace to Automotive, from Smart Manufacturing to Healthcare, and in close cooperation with Italian and European universities and research centers, to harness the innovative capabilities of large companies and develop cutting-edge technological solutions that will also benefit SMEs.

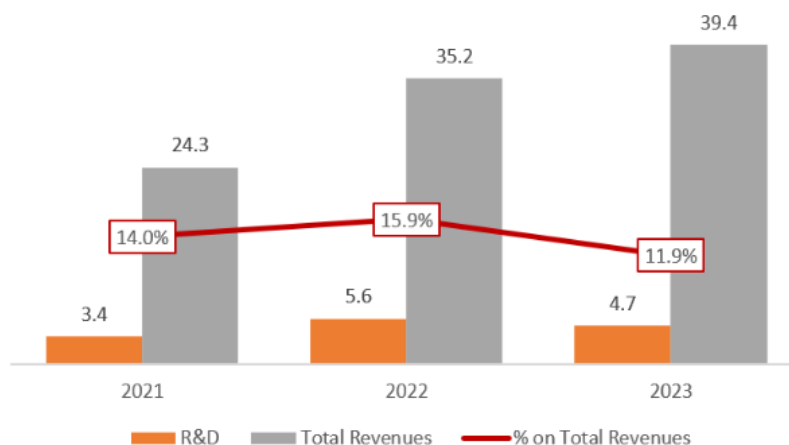
## Sample ongoing R&amp;D Projects

PROJECT	MAIN PARTNERS WITH MARE GROUP	ESTIMATED ENDING DATE	PROJECT STATUS	ORIGIN	COST	FUNDING	CONTEXT
T-WING	Leonardo Helicopter, Magnaghi Aeronautica, Cira, University Of Naples	31/03/24	ONGOING	EU	1.564.152	1.094.906	GREEN
I-CARE.ME	Univ. Salerno, Istituto Nazionale Tumori Pascale, Pineta Grande, Nexsoft Spa, Ai Tech Srl	17/07/24	ONGOING	ITA-NAZ	157.000	75.000	AI
H-MOBILITY (BORGO 4.0)	Almas Partecipazioni Industriali Spa, Profom, Dacca-i, Test	30/06/24	ONGOING	ITA-REG	1.466.542	801.856	GREEN
DAVYD	Magnaghi, Salver Spa, Blu Electronics Srl, Dream Innovation Srl, Univ. Roma 3 - Dip. Ingegneria, UNIV. Kore Di Enna, Megaris Srl (Ritirata)	30/06/24	ONGOING	ITA-NAZ	711.360	355.680	GREEN
ARKETIPO	Riatlas, Gruppo Dialisi Campano, Centro Medico Confi, Univ. Vanvitelli (Dsmca)	01/06/26	ONGOING	ITA-NAZ	1.381.000	943.141	AI
DEBORA	Spes Medica	31/01/24	ONGOING	EU	142.000	80.000	DGT MFG
DIGIMEDFOR	Mare Group	31/05/26	ONGOING	EU	268.750	188.125	XR
HERFUSE	Leonardo, Airbus, Cira	31/12/26	ONGOING	EU	1.908.035	1.335.625	GREEN
INVICTUS	Swhard, Nextage, Smarttrack	31/12/26	ON HOLD	ITA-NAZ	235.500	156.500	AI
PAS	Univ. Parthenope, Univ. Salerno, Eva Group Srl, Delivert Srl	31/12/26	APPROVED	ITA-NAZ	124.700	505.888	XR

Source: KT&Partners' Elaboration on Company Presentation

Mare Group's evolutionary history is linked to steady investment in R&D (on average more than 13% of sales revenues since 2019), which over the years has enabled the creation of a new service proposition, new products, and an expansion of staff technical capabilities. Indeed, in 2023 the Group invested €4.7mn in R&D activities (11.9% of total revenues) compared to about €5.6mn in 2022 (15.9% of total revenues).

## R&amp;D Expenses and Incidence on Sales Revenues (€mn; %)



Source: Company data

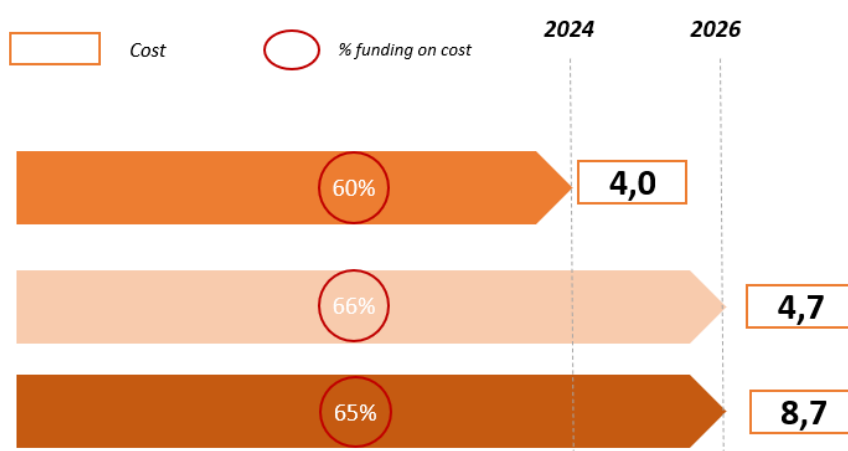
Moreover, in 2022, the Group implemented a significant reorganization process of the R&D function, aiming to structure a department that works crosswise for the 3 distinct Group brands and in close cooperation with marketing and sales management. Specifically, R&D activities focused on 5 different areas:



- **Aerospace.** Mare Group is collaborating with leading European aircraft manufacturers (i.e., Leonardo and Airbus) in the development of newly designed flying machines (i.e., tilt rotors, compound helicopters, hydrogen-powered aircraft). Mare Group is engaged in proposing infrastructural and environmental monitoring projects involving observation assets (i.e., aircraft, helicopters, environmental sensors, drones, etc.) satellite data, and digital platforms for data collection and processing by participating in Italian Space Agency (ASI) tenders.
- **Extended Reality (XR).** The Group invests in the development of new technologies supporting augmented reality to create immersive experiences that combine the real world with virtual elements.
- **Artificial Intelligence (AI).** The Group develops intelligent algorithms to improve the efficiency and automation of business processes.
- **Big Data.** Part of the investments are allocated to the activities of analyzing and interpreting big data to extract meaningful information and guide strategic decisions for customers.
- **Digital Twin and engineering simulations.** Fine-tuning modelling techniques to create virtual and digital models of products, processes, and systems, enabling fast and reliable design, qualification, monitoring, and optimization.

As of today, the Group has an ongoing backlog of 10 approved projects, partially financed with public funds, with estimated completion between 2024 and 2026 and a total value of more than €6.0mn.

#### Ongoing R&D Projects Cost & Funding (€mn; %)



Source: Company data

### Products: offering a wide range

Research & Development activities result in the development of off-the-shelf products with applications such as:

- Transition to sustainability.
- Process improvement with ESG focus.
- Product and process innovation.
- Digital transformation.
- Industry 4.0 & Industry 5.0 manufacturing.
- Workforce training and safety.

Mare Group represents a best-in-class partner to support companies in their digitization process, starting from the design to the delivery and implementation of automated and interconnected solutions. Primarily targeting large enterprises, these offerings are also adapted for SMEs via a scalable distribution model, broadening their market applicability.

**Digital Products Offering**



Complete and advanced solution for remote assistance operations with the support of Augmented Reality.



Complete Enterprise Resource Planning (ERP) that offers a wide range of functionalities for business management.



Market analysis software that uses Artificial Intelligence and combines all data analysis tools into a single platform.



Multilayer system composed of sensors, hardware, firmware, and software to digitize and optimize production processes..



Cloud-based Job Management System dedicated to SMEs that monitors performance and optimizes workflow in order management.



Digital Asset Management platform for monitoring, diagnostics, and predictive maintenance of constructions.



Complete system for authoring and management of video guides on the production line environment; guides the operator step-by-step.



Complex system that uses sensors, hardware, firmware, and software to monitor and manage rolling stock and railway infrastructure.



Suite of Virtual Reality products with applications for layout, training, and design. Includes interactive online collaboration.



Combines hardware and software for detailed analysis of operational activities on the production line.



Multilayer system for energy monitoring of buildings to optimize energy impact and maximize self-consumption.

Source: KT&Partners' Elaboration on Company Presentation

**Business Case - Sypla Rail**

SYPLA RAIL is a comprehensive multilayer system built on the SYENMAINT® Platform technology. It integrates sensors, hardware, firmware, and software to facilitate predictive diagnostics of systems and infrastructure. This advanced system is designed for the dynamic management of maintenance plans and the integrated management of maintenance processes. By analyzing extensive datasets collected from intelligent sensors and utilizing proprietary algorithms - including data analysis, machine learning, artificial intelligence, and big data - SYPLA RAIL can pre-emptively identify the optimal timing for maintenance activities, even before any anomalies or failures occur. This enables dynamic scheduling of maintenance interventions. As a unique Enterprise Asset Management tool, SYPLA RAIL offers direct monitoring and diagnostics for rolling stock, alongside indirect monitoring of rail infrastructure. It enhances the optimization and efficiency of maintenance operations and supports retrofit management of maintenance data for design and development purposes.

## Focus on Sypla Rail



<b>Sector</b>	Railway Infrastructure
<b>Customers</b>	Almaviva, Firema
<b>Product Type</b>	Smart Sensors
<b>Opportunity</b>	With the <b>growing focus on safety</b> , infrastructure monitoring, and predictive maintenance are increasingly relevant.
<b>Issue</b>	Monitoring an <b>extensive rail network</b> demands considerable investment and faces environmental challenges.
<b>Solution</b>	Mare Group's innovative <b>smart axle</b> , fitted onto <b>regular passenger trains</b> , provides <b>efficient railway monitoring, drastically cutting costs</b> without the need for nightly track inspections by dedicated trains.

Source: KT&Partners' Elaboration on Company Presentation

## Business Case - XR Line

The XR line consists of a series of on-demand products and services dedicated to optimizing and improving activities and flows such as i) production; ii) design; iii) prototyping; iv) presentation; and v) remote support, through experiential technologies such as Virtual Reality and Augmented Reality. The XR line allows many operations to be generalized, making the customer autonomous in creating immersive content such as a virtual procedure or interactive visualization. XR products have been chosen by many large companies and SMEs in the national and international scene such as Coca-Cola, Leonardo, Comau, and Marelli, and are featured in many museum installations both in Italy and abroad.

## Focus on XR Line

## XR LINE

<b>Sector</b>	Large Industrial Companies
<b>Customers</b>	Coca Cola, Marelli, Leonardo, Stellantis, Comau
<b>Product Type</b>	Virtual reality training with Authoring System
<b>Opportunity</b>	Virtual training has been demonstrated to be highly effective, offering significant reductions in time and costs while enhancing outcomes.
<b>Issue</b>	Creating new training procedures and environments is normally <b>very expensive and requires specialized developers</b> .
<b>Solution</b>	XR Line empowers clients to autonomously develop virtual training environments. Customers can effortlessly construct procedures and assessments without the need for specialized development skills.

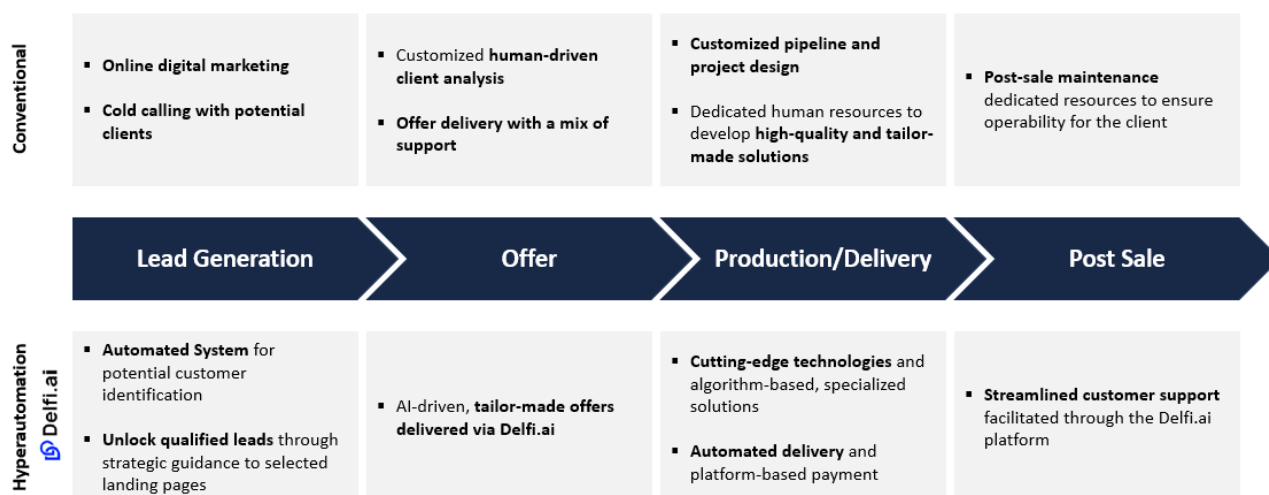
Source: KT&Partners' Elaboration on Company Presentation

## Automation - Go to Market Step

Mare Group has developed technologies and products based on the integration of XR and AI, refining its offering by positioning itself in the market as a full-stack player, and creating an IT infrastructure, called the Service Company, that enables the evolution from a "conventional" to "hyperautomated" value chain. The Service Company project was designed to create i) added value in product delivery to the end customer through automated operations and ii) dynamism in decision-making processes for ongoing alignment of its business strategies to new customer needs. Indeed, in 2022, Mare Group released the Delfi.ai web portal dedicated

to SME innovation through which the process, from lead acquisition to customer conversion, becomes entirely digital.

**Mare Group Value Chain**



Source: KT&Partners' Elaboration on Company Presentation

This approach ensures that every customer receives a tailor-made offer that aligns with their organizational structure, enabling Mare Group to integrate and cross-sell complementary services and products represented seamlessly:

- Mare Digital, focused on Medium & Large Enterprise and Public Administration, specializes in integrating digital technologies into business processes, developing bespoke products and services, and providing foundational ICT services. It offers Mare Group's and its partners' software products through Delfi.ai. This suite includes Remote Support, Virtual Training, Management, Marketing, and Quality Control solutions, tailored to enhance operational efficiency and strategic decision-making for businesses.

**Mare Digital Offer**

Brand	Client	Specialization	Main Channel
	<ul style="list-style-type: none"> <li>Medium &amp; Large Enterprise</li> </ul>	<ul style="list-style-type: none"> <li>Extended Reality</li> </ul>	<ul style="list-style-type: none"> <li>Delfi.ai</li> <li>OR</li> <li>Conventional</li> </ul>
	<ul style="list-style-type: none"> <li>Structured SME</li> </ul>	<ul style="list-style-type: none"> <li>Deep Learning</li> </ul>	
	<ul style="list-style-type: none"> <li>Public Administration</li> </ul>	<ul style="list-style-type: none"> <li>IoT</li> <li>Big Data</li> <li>Computer Vision</li> </ul>	

Source: Company data

- Mare Consulting, focused on SMEs, aids in securing and managing funds and incentives for process innovation and competitive enhancement. Their service suite includes Training 4.0, Brand & Business Value, and IP & ESG Management, all within the context of innovation projects, equipping businesses with the necessary tools for growth and sustainability in their respective markets.


### Mare Consulting Offer

Brand	Client	Specialization	Main Channel
	■ Small & Medium Enterprise	■ Tax Credit R&S&I	
		■ Industry 5.0	
		■ Training 5.0	
		■ Marketing 5.0	
		■ Patent Box	

Source: Company data

- Mare Industrial caters to medium and large industrial enterprises seeking innovations in products and processes, cost optimization, and waste reduction. Its offerings encompass comprehensive projects that include product and process engineering as well as plant and green engineering, aiming to address the diverse needs of the industrial sector efficiently.

### Mare Industrial Offer

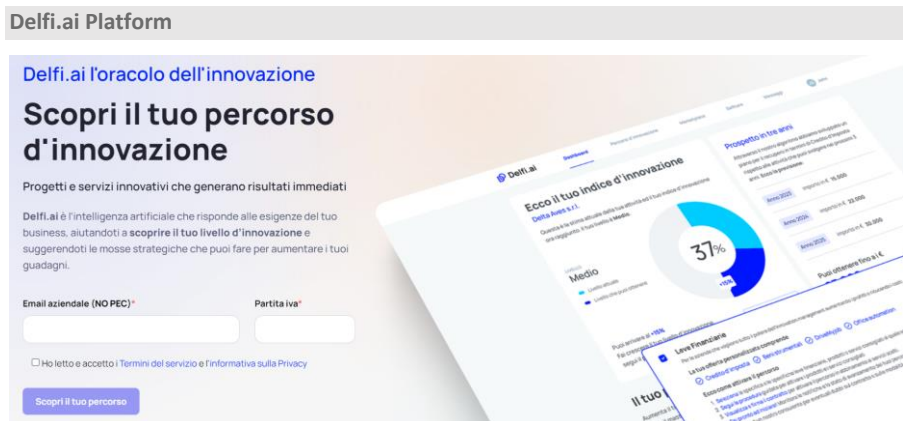
Brand	Client	Specialization	Main Channel
	■ Medium & Large Enterprise	■ CAD, CAE, PDCA	<b>Conventional</b>
		■ SOP, MTM/MEK	
		■ 3D Scan	
		■ Process Simulate	
		■ JIT, JIS, Buffer	

Source: Company data

## The Proprietary Platform Delfi.ai

Launched by Mare Group in 2022, Delfi.ai is an innovative platform utilizing artificial intelligence to evaluate a company's innovation level. It provides a comprehensive analysis of a business's strengths and weaknesses, proposing tailored innovation pathways. Additionally, Delfi.ai acts as a marketplace, offering a selection of products and services aimed at facilitating digital transformation.

Always committed to innovation, Mare Group developed Delfi.ai to enable all SMEs to access the most innovative technologies in a user-friendly way. Indeed, Delfi.ai features an intuitive dashboard that allows companies to quickly assess their performance by simply entering their VAT number and e-mail, providing a complimentary report in minutes. This report reveals the company's innovation index and potential strategies for business optimization, demonstrating Mare Group's commitment to empowering businesses through technology.



Source: Company Site

Subsequently, based on their requirements, the customer can independently decide on the most suitable path to take from a wide range of tools developed by Mare Group. This array includes virtual training systems, business process management applications, automated marketing support and competitive analysis, intelligent system quality control, virtual remote assistance, and many other self-service and ready-to-use technologies.

The latest innovation, Delfi 2.0, introduces a conversational chat, based on artificial intelligence, that supports the client throughout the decision-making moment and a range of 4 innovation paths to choose from:

- i. First Digitization targets companies at the onset of their digital journey, focusing on providing essential hardware and software resources. It also aims to usher these companies into the digital communication era, laying the foundation for a comprehensive digital transformation. ";
- ii. Industry 5.0 is aimed at manufacturing companies eager to embrace and implement the latest technological advancements to transform their business production. This path is designed to introduce firms to next-generation technologies that can significantly enhance operational efficiency and innovation in manufacturing processes.
- iii. Financial Levers is designed for companies aiming to maximize innovation management's impact by boosting profits and cutting costs. This path leverages available financial strategies to optimize business operations and drive economic efficiency;
- iv. New Technologies caters to businesses eager to explore and implement the latest software and applications powered by AI. This path is designed to elevate businesses to new heights by leveraging artificial intelligence's transformative potential,

**Delfi 2.0 Innovation Paths**



Source: KT&Partners' Elaboration on Company Presentation

**Focus on Clients and Suppliers**

Over the years, Mare Group has developed significant partnerships with leading industry players. Currently, Mare Group showcases a diverse customer base, with no single client accounting for more than 10.0% of total revenue, a notable shift from FY21 when Client 1 and Client 2 together represented 23.0% of Total Revenues. In FY22, the Group strategically

divested its Step Sud Mare business unit to Step Engineering. This unit, generating approximately €4.3 million in sales, was exclusively dedicated to serving one particular client and its supply chain. This move significantly reduced the concentration risk associated with dependency on a single customer.

#### Mare Group Top 10 Clients FY21-1H23

#	30/06/2023		31/12/2022		31/12/2021	
1	839	7%	2.31	8%	3.372	12%
2	695	6%	1.508	5%	3.158	11%
3	678	5%	1.46	5%	1.613	6%
4	603	5%	1.314	5%	1.362	5%
5	548	4%	1.154	4%	1.244	4%
6	462	4%	927	3%	1.226	4%
7	413	3%	761	3%	946	3%
8	286	2%	625	2%	682	2%
9	182	1%	526	2%	491	2%
10	181	1%	445	2%	466	2%
Altri	7.476	60%	17.433	61%	14.602	50%
<b>Totale</b>	<b>12.362</b>	<b>100%</b>	<b>28.463</b>	<b>100%</b>	<b>29.162</b>	<b>100%</b>

Source: KT&Partners' Elaboration on Company Presentation

Similarly, Mare Group faces no dependency risk concerning its suppliers. The Group's top 10 suppliers constitute less than 30% of its supply base, with Client 1 at 10%, followed by Client 2 and Client 3 at 4% and 3%. The top suppliers primarily provide hardware and software for resale and production activities, under highly favorable terms such as specific payment conditions, overdraft facilities, and rebate programs.

#### Mare Group Top 10 Suppliers FY21-1H23

#	30/06/2023		31/12/2022		31/12/2021	
1	597	10%	1.135	9%	1.657	13%
2	229	4%	598	5%	591	5%
3	181	3%	472	4%	849	7%
4	161	3%	460	4%	374	3%
5	135	2%	336	3%	360	3%
6	127	2%	248	2%	269	2%
7	83	1%	241	2%	256	2%
8	77	1%	232	2%	223	2%
9	71	1%	228	2%	216	2%
10	71	1%	170	1%	193	1%
Altri	4.023	70%	8.897	68%	7.983	61%
<b>Totale</b>	<b>5.755</b>	<b>100%</b>	<b>13.018</b>	<b>100%</b>	<b>1.657</b>	<b>13%</b>

Source: Company

## Risks

Mare Group operates in a complex market environment and faces various categories of risks. Key among these is the exposure to potential unforeseen liabilities, the absence of anticipated returns, or challenges in integrating acquisitions, which could negatively impact the Group's financial health and operational stability. To address these risks, Mare Group has implemented a strategic approach that has demonstrated effectiveness over time. This strategy includes the gradual incorporation of a managerial structure, where entrepreneurs from acquired companies are integrated as Group managers, fostering alignment through performance-based economic incentives. Moreover, the Group has adopted specialized control and integration methodologies to further reduce organizational risk, ensuring a smoother assimilation of new entities and minimizing potential disruptions. This proactive and structured risk management approach underscores Mare Group's commitment to maintaining its robust position in the market while navigating the complexities of expansion and integration.

A further risk could be related to its consolidated indebtedness. In particular, the Group might not generate enough resources to fulfill its obligations for principal and interest payments related to its financial debt. Furthermore, in the future, Mare Group could face challenges in negotiating and securing the financing required for business development or in refinancing maturing loans under the same terms, conditions, and rates presently offered by its creditors.

Moreover, the Group navigates risks associated with its business activities governed by competitive bidding and commissioned contracts. The uncertainties surrounding contract amounts, frequency, technical-economic requisites, and the potential non-awarding of contracts influence the Group's risk assessment, thereby affecting its economic, financial, and asset outlook. Mare Group is present on several supply chains, including international ones, with a track record that includes dozens of completed projects. In addition, Mare Group has an active project backlog, with 10 approved projects with estimated completion between 2024 and 2026, 8 of which are already underway, with a total value of more than €6.0mn.

Finally, Mare Group confronts challenges related to research and development, technological evolution, and the introduction of innovative services and products to keep up with the times. In an industry marked by swift technological progress, the Group dedicates significant resources to R&D, recognizing that its success depends on proprietary technologies. While advancements in areas like artificial intelligence could offer cost-effective alternatives, potentially impacting Mare Group's revenue and profitability, the Group sees the rapid pace of technological change not as a threat but as an opportunity. Improvements in AI algorithms and technologies are quickly and systematically harnessed to enhance Mare Group's offerings. This proactive approach has been exemplified by the integration of advancements such as XR visors and generative AI tools, leading to notable enhancements in Mare Group's products and projects. This capacity to swiftly adapt and innovate positions Mare Group as a leader in its field, setting it apart from competitors.



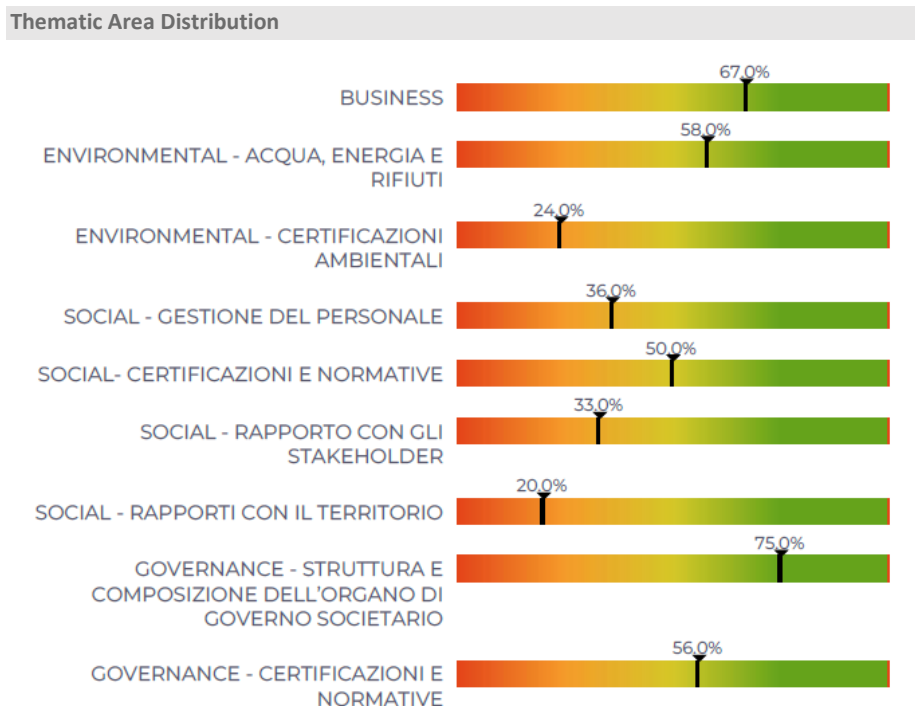
## ESG Strategy

The Group takes an integrated and strategic approach toward ESG, focusing on assessing and understanding the environmental, social, and governance implications of business. According to a survey certified by Synergy, a global digital platform that assesses the sustainability of companies and enables them to survey their commitment to ESG issues, Mare Group is keenly focused on ESG themes. The company's overall score showed a C (satisfactory) rating in a range from A to D, consolidated by the majority of areas.



Source: KT&Partners' Elaboration on Company Presentation

In detail i) business; ii) environmental sustainability; and iii) governance structure and its certifications, resulted in high ratings, with business sustainability (67.0%), environmental impact on water, energy, and waste (58.0%), and governance structure (75.0%) being particularly relevant.



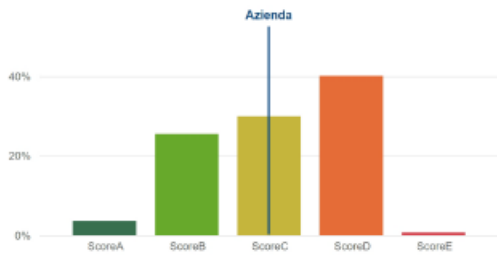
Source: Company Site

At the benchmark level, Mare Group ranks average or above average in most areas but shows margins of improvement at the social level. From this point of view, Mare Group has doubled the number of women in the company in the last three years and obtained UNI\_PDR\_125 certification for gender balance, as well as integrating several activities to improve the quality of work, such as benefits and internal training, so values are expected to improve on this front.

**Benchmark Statistics**

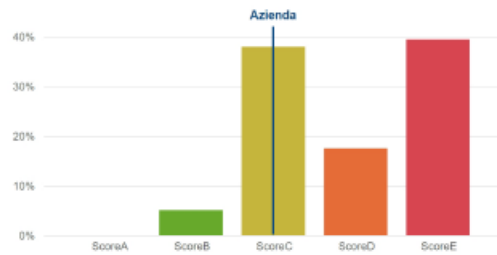
Macro-settore: 62-PRODUZIONE DI SOFTWARE, CONSULENZA INFORM...    Dimensione: 4; >=250 dip.    Area geografica: Italia Centro

**Distribuzione delle aziende per settore e Overall score**



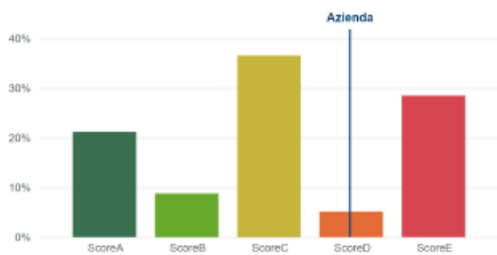
Il grafico mostra la distribuzione delle aziende per settore in base all'Overall score.

**Distribuzione delle aziende per settore e Environmental score**



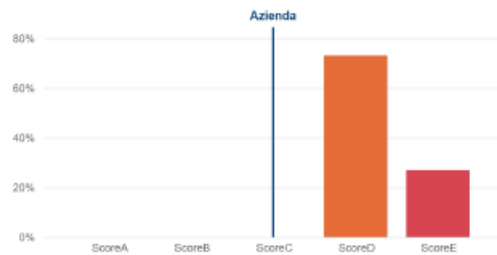
Il grafico mostra la distribuzione delle aziende per settore in base all'Environmental score.

**Distribuzione delle aziende per settore e Social score**



Il grafico mostra la distribuzione delle aziende per settore in base al Social score.

**Distribuzione delle aziende per settore e Governance score**



Il grafico mostra la distribuzione delle aziende per settore in base al Governance score.

Source: KT&Partners' Elaboration on Company Presentation

## Market Overview

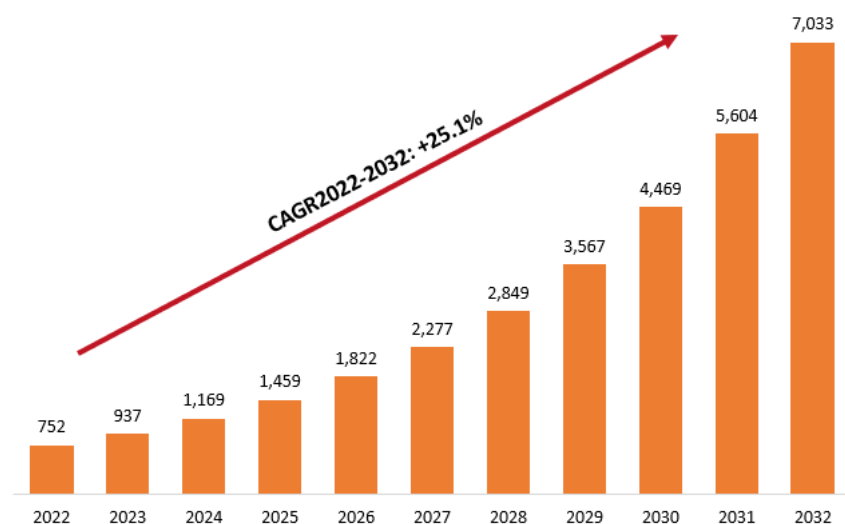
Mare Group SpA is at the forefront of assisting businesses and public administrations with technological advancements. With its three divisions - Mare Industrial, Mare Digital, and Mare Consulting - the Group has become a key player in leveraging 4.0 enabling technologies such as Artificial Intelligence. This includes everything from process digitization to enhancing the way cultural heritage is experienced. Through these efforts, Mare Group is defining the standards in the evolving landscape of technology and innovation.

## Digital Transformation Market Size and Opportunities

### The Global Digital Transformation Market

According to the Precedence Research Report, the Global Digital Transformation Market was estimated at \$752bn in 2022 and is expected to grow at a CAGR<sub>2023-2032E</sub> of 25.1%, reaching \$7,033bn in 2032. This surge is primarily fueled by the increasing integration of advanced technologies such as Cyber Security, Artificial Intelligence, Big Data, Business Intelligence, and Cloud Computing. These technologies are catalyzing transformative changes and fostering innovation across the business landscape, indicating a robust future for digital transformation efforts worldwide.

Digital Trasformation Global Market Trend 2022-2032 (\$bn)

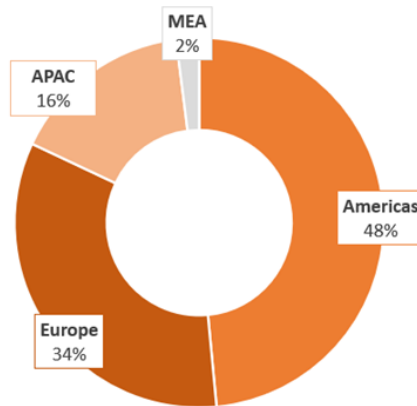


Source: Precedence Research Report

Regarding trends by geography, the Americas dominate the market representing about 48% of global revenue in 2022. This is driven by: i) increased use of online payment systems in the retail sector; and ii) growing government initiatives to promote the adoption of automation and digital technologies in the healthcare, automotive, and pharmaceutical sectors.

Looking at Europe, it represents 34%, followed by APAC (16%), which is expected to be the fastest-growing market in the coming years due to rapid industrialization and urbanization.

Digital Transformation Market Breakdown by Geography 2022



Source: Precedence Research Report

The Italian Digital Market

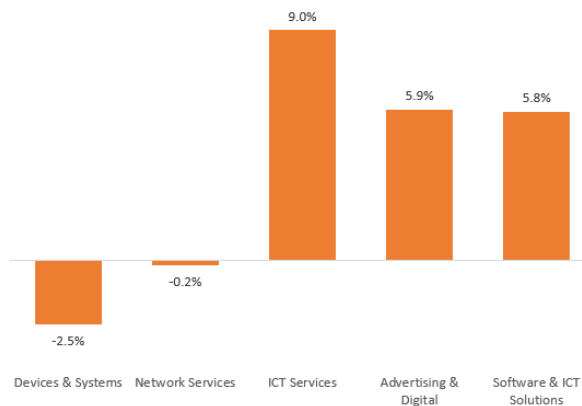
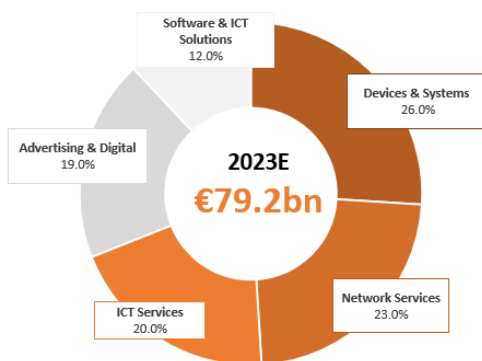
According to the Anitec-Assinform Report, in the first half of 2023, the Italian Digital Market stood at €38.1bn, expected to reach €79.2bn at the end of the year (+2.8 YoY). The sector has navigated through challenges posed by an unfavorable economic climate and inflation, prompting a more conservative approach toward investment by businesses and spending by consumers.

The sector-wise breakdown reveals varied performance:

- i. Systems and Devices experienced a 2.5% decline year-over-year, attributed mainly to significant decreases in the sales of TV sets, personal computers (including both desktops and laptops), and tablets;
- ii. ICT services saw the highest growth at 9.0% year-over-year, buoyed by the continuous and robust expansion of the Cloud market;
- iii. ICT Software and Solutions enjoyed a 5.8% increase, driven largely by heightened expenditure in Big Data, Analytics, and Artificial Intelligence;
- iv. Digital and Advertising sectors also saw notable growth, with a 5.9% increase year-over-year;
- v. Network Services faced a slight contraction of 0.2% year-over-year, indicating a tight market condition.

Italian Digital Market Breakdown 2023E

Digital Market Segments Growth YoY (%)

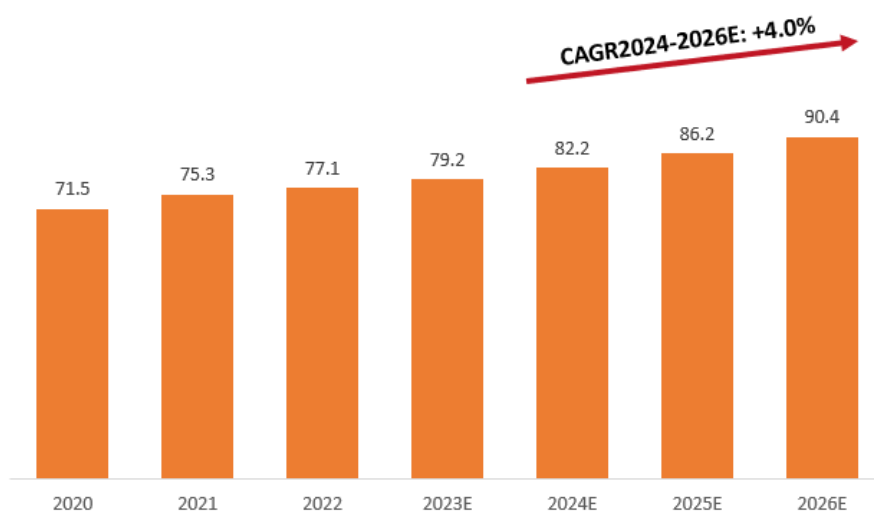


Source: KT&Partners' Elaboration on Anitec-Assinform Report

Despite the challenging and uncertain environment, there is a strong recognition within the market of the transformative power of technology in fostering economic resilience and recovery. This optimism is grounded in the belief that innovative technological solutions can offer deep insights and informed strategies to overcome current challenges.

Reflecting this sentiment, the market is anticipated to grow to €82.2bn in 2024, marking a 3.8% YoY increase. This upward trajectory is expected to continue, with projections suggesting the market will reach €90.4bn by 2026 (CAGR<sub>2024E-2026E</sub> of 4.9%). Such growth is primarily driven by the accelerating trends of digitization across both the corporate and public sectors, with particular emphasis on Digital Enabling and Transformation services and Artificial Intelligence. This indicates a broad-based acknowledgment of the critical role that digital technologies play in driving forward economic progress and organizational efficiency.

#### Digital Market in Italy 2020-2026E (€bn)



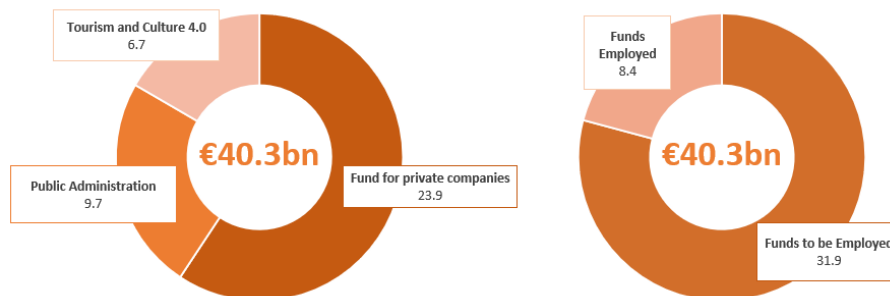
Source: Anitec-Assinform

The PNRR (Piano Nazionale di Ripresa e Resilienza) plays a pivotal role in bolstering demand for digital transformation by earmarking substantial investments in the digital sector. This initiative is aimed at fostering innovation, enhancing competitiveness, and promoting widespread digitization across various industries. The plan is strategically organized around six missions, which outline the objectives to be achieved and the key areas targeted for investment.

For Italian businesses, especially SMEs, Mission 1 of the PNRR is of particular significance. This mission is dedicated to digitization, innovation, and competitiveness, allocating 21.0% of the NRP's resources towards these ends. It encompasses several key objectives:

- i. **Promotion and Support of Digital Transition:** This involves a €9.7bn investment aimed at facilitating the digital transformation of both the private sector and Public Administration. It reflects a comprehensive approach to enhancing digital capabilities across the board;
- ii. **Support for Innovation and Competitiveness of the Production System:** With a substantial €23.9bn allocation, this objective focuses on elevating the innovation capacity and competitiveness of Italy's production systems. This is a critical measure intended to boost the country's industrial and technological standing on the global stage;
- iii. **Investment in Key Sectors:** Recognizing the importance of tourism and culture to the Italian economy, the PNRR dedicates €6.7bn to these sectors. This investment underscores the commitment to leveraging Italy's cultural heritage and tourism appeal as engines of economic growth and innovation.

Notably, about €32bn, constituting approximately 80% of the allocated funds, are yet to be invested by 2026. This represents a significant opportunity for further advancing digitization, innovation, and competitiveness within the Italian economy. The PNRR's structured approach and substantial financial commitment are poised to significantly contribute to Italy's technological and economic development, providing a robust framework for the country's recovery and resilience efforts.

**PNRR Mission 1****Employment State at 30.05.2023**

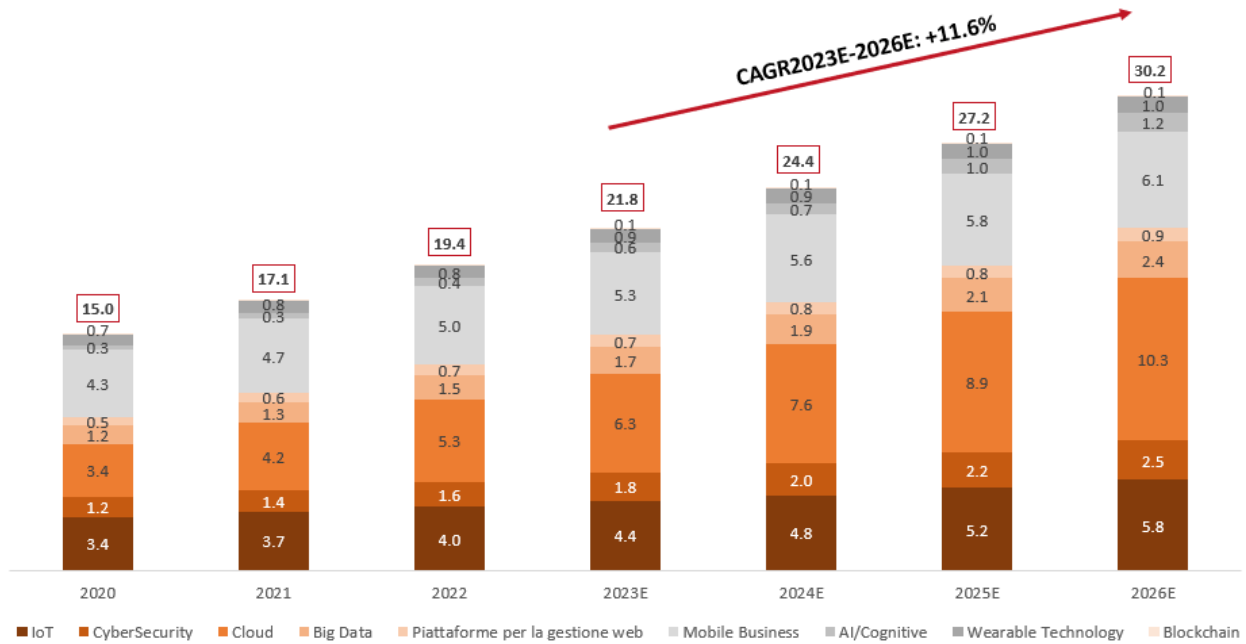
Source: Anitec-Assinform

**Digital Enabler**

The digital market's trajectory is set to be significantly influenced by the advancement of state-of-the-art technologies, particularly through the Digital Enabler segment. As a crucial component of the Digital Market, Digital Enabler captured a substantial portion of the market in 2022, accounting for 26.6%. This prominence is attributed to increased investments by enterprises in several key areas:

- i. Cloud Computing Services: pivotal for driving technological initiatives among end-users, offering enhanced IT flexibility and scalability;
- ii. Cybersecurity Platforms: crucial for safeguarding data and technological assets amidst the surge in cyber threats;
- iii. Big Data Management: essential for the efficient organization and management of business and public institution information architectures.

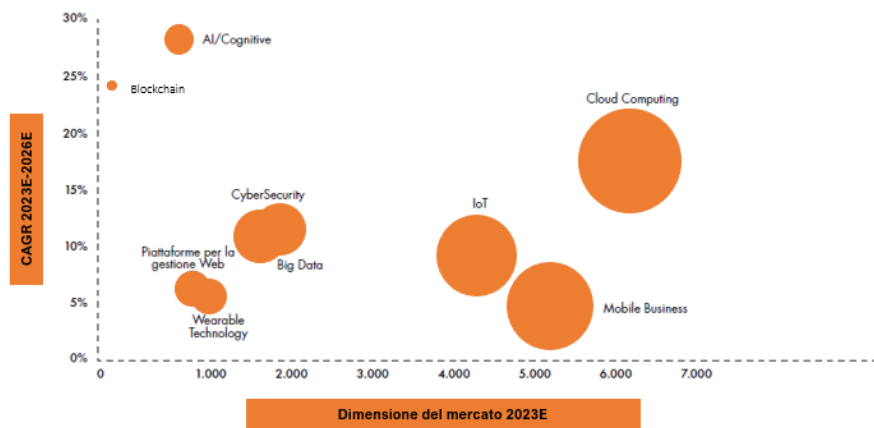
Digital Enabler Market Growth 2020-2026E (€bn)



Source: KT&Partners' Elaboration on Anitec-Assinform Report

The Digital Enabler market is on a path of robust growth, projected to expand from \$19.4bn in 2022 to an estimated \$30.0bn by 2026 (CAGR2022-2026E of 11.6%), highlighting the segment's significant role in propelling the digital market forward through innovative technological solutions.

Digital Enabler Volume and Trend 2023-2026E (€bn)

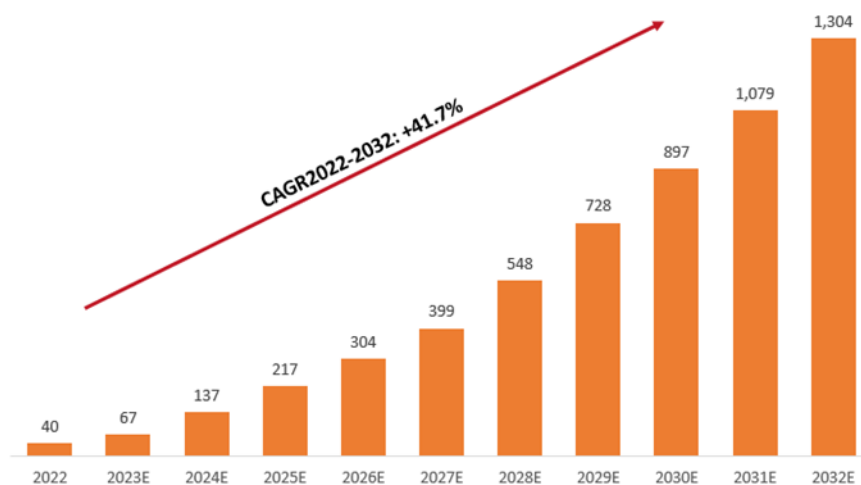


Source: Anitec-Assinform

Focus on Artificial Intelligence

According to Bloomberg, the generative artificial intelligence global market is expected to experience strong growth over the coming decade. Its value of \$40bn in 2022 is projected to reach \$1.3tn in 2032 at a CAGR2022-2032E of 41.7%. This remarkable growth trajectory is largely attributed to the emergence of generative AI programs like OpenAI's ChatGPT, underscoring the transformative impact of such technologies on the market's expansion.

## Worldwide Generative AI Market Revenues 2022-2032E (€bn)



Source: Bloomberg

The significant growth in the generative artificial intelligence market is expected to be driven by a variety of segments, reflecting both software and hardware advancements. Key revenue drivers include:

- i. Generative AI Infrastructure as a Service: Projected to reach \$247bn by 2032, this segment will play a crucial role in training large language models (LLMs), offering cloud-based services that provide the computational power and data storage necessary for their development and operation;
- ii. Technology-Driven Digital Ads: Expected to generate \$192bn, this area will leverage generative AI to create more personalized, effective advertising strategies that can dynamically adjust content based on user interaction and feedback;
- iii. Specialized Software for Generative AI Assistants: With a forecast of \$89bn, this software will enhance the capabilities of AI assistants, making them more versatile in various applications, from customer service to personal productivity tools;
- iv. AI Servers: Hardware specifically designed to handle AI computations, including those necessary for generative AI, is anticipated to bring in \$132bn. These servers are optimized for machine learning tasks, offering high processing power and efficiency;
- v. AI Storage: Projected to reach \$93bn, AI storage solutions are essential for managing the vast amounts of data used in training and operating AI models, ensuring fast, reliable access to data for real-time processing;
- vi. AI Products for Computer Vision: This segment, expected to generate \$61bn, includes hardware and software solutions that enable machines to interpret and act upon visual data, finding applications in security, autonomous vehicles, and more;
- vii. Conversational AI Devices: Forecasted at \$108bn, these devices utilize AI to engage in natural language conversations with users, applied in virtual assistants, smart home devices, and customer service bots.

These drivers highlight the diverse applications of generative AI across both the digital and physical realms, indicating a broad impact on various industries and consumer technologies.



Generative AI Market Opportunity

**Bloomberg** Bloomberg Intelligence Interactive Calculator: Generative AI Market Opportunity

(\$ million, unless otherwise specified)

Generative AI Revenue Projections	2022	2027E	2032E	2022-32E CAGR
<b>Hardware</b>	<b>\$37,973</b>	<b>\$223,615</b>	<b>\$641,737</b>	<b>33%</b>
<b>Devices (Inference)</b>	\$4,128	\$82,965	\$168,233	45%
Computer Vision AI Products	\$1,032	\$22,124	\$60,564	50%
Conversational AI Products	\$3,096	\$60,841	\$107,669	43%
<b>Infrastructure (Training)</b>	\$33,845	\$140,650	\$473,505	30%
AI Server	\$22,563	\$49,641	\$133,817	19%
AI Storage	\$9,025	\$33,094	\$92,642	26%
Generative AI Infrastructure as a Service	\$2,256	\$57,915	\$247,046	60%
<b>Software</b>	<b>\$1,493</b>	<b>\$58,826</b>	<b>\$279,899</b>	<b>69%</b>
Specialized Generative AI Assistants	\$447	\$20,864	\$89,035	70%
Coding, DevOps and Generative AI Workflows	\$213	\$12,617	\$50,430	73%
Generative AI Workload Infrastructure Software	\$439	\$13,468	\$71,645	66%
Generative AI Drug Discovery Software	\$14	\$4,042	\$28,343	113%
Generative AI Based Cybersecurity Spending	\$9	\$3,165	\$13,946	109%
Generative AI Education Spending	\$370	\$4,669	\$26,500	53%
<b>Generative AI Based Gaming Spending</b>	<b>\$190</b>	<b>\$20,668</b>	<b>\$69,414</b>	<b>80%</b>
<b>Generative AI Driven Ad Spending</b>	<b>\$57</b>	<b>\$64,358</b>	<b>\$192,492</b>	<b>125%</b>
<b>Generative AI Focused IT Services</b>	<b>\$83</b>	<b>\$21,690</b>	<b>\$85,871</b>	<b>100%</b>
<b>Generative AI Based Business Services</b>	<b>\$38</b>	<b>\$10,188</b>	<b>\$34,138</b>	<b>97%</b>
<b>Total</b>	<b>\$39,834</b>	<b>\$399,345</b>	<b>\$1,303,551</b>	<b>42%</b>

Source: Bloomberg, IDC, eMarketer, Statista

## Competitive Arena











With more than 20 years of experience, Mare Group SpA stands as a premier entity in the digital engineering landscape. Over the years, the Group has been able to expand and solidify its competitive edge in a market known for its stringent entry barriers. These barriers necessitate i) substantial technical proficiency; ii) strategic alliances with leading industry figures; and iii) the adoption of innovative business models.

Within this framework, Mare Group has amassed considerable technical know-how via the recruitment of highly skilled staff, development of intellectual property, creation of prototypes, and initiation of research projects. The company also boasts a strong relational foundation, as evidenced by a highly loyal clientele of large enterprises. Moreover, Mare Group employs a highly innovative business model that significantly lowers customer acquisition and initial analysis costs. This approach renders their value proposition to SMEs not only sustainable but also highly attractive, as indicated by the substantial number of customers acquired.

In defining Mare Group's competitive landscape, we examined the primary entities in the digital engineering domain. This review identified nine companies, including TXT and Tinexta, which are listed on the Star Segment of the Borsa Italiana Stock Exchange, and Capgemini, listed on Euronext Paris. This analysis helps in understanding Mare Group's position and strategy within the broader digital engineering market.

Despite most competitors being significantly larger, Mare Group distinguishes itself with a comprehensive range of products and services, underpinned by a scalable business model that sets it apart within the Italian innovation ecosystem.

Mare Group Competitive Arena

Company	Development of Industry 4.0 Tech	Consulting + Production	Offer of SMEs	Customized Offer for SMEs	Scalable BM	Off-The-Shelf Products
		✓				
			✓	✓		
	✓		✓			✓
	✓				✓	✓
	✓	✓	✓			✓
	✓	✓				✓
		✓				✓
		✓	✓	✓	✓	
		✓			✓	
	✓	✓	✓	✓	✓	✓

Source: Company Presentation

## Historical Financials

Mare Group SpA's key financials for FY23 are:

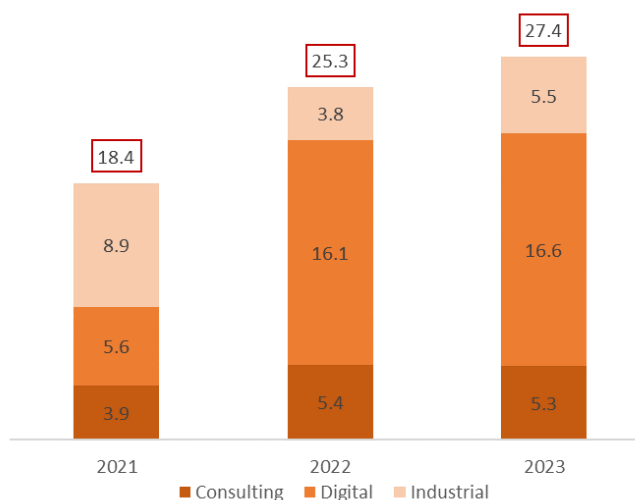
- Total revenues at €39.4mn vs €35.2mn in FY22 (+11.9% YoY);
- EBITDA at €10.0 vs €9.3mn in FY22 (+7.4% YoY), with FY23 EBITDA margin at 25.4%;
- EBIT at €4.8mn vs €3.8mn in FY22 (+27.2% YoY);
- Net income at €2.4mn vs €3.7mn in FY22;
- NFP at €25.6mn from €20.8mn in FY22.

## Sales Revenues and Profitability Analysis

In FY23, Mare Group SpA broke its sales record, reaching €27.4mn and confirming its strong growth path with a CAGR2020-2023 of 17.8%. The significant revenue increase was driven in part by organic growth, but largely by robust M&A activity resulting in the integration of 12 new entities since 2019.

Indeed, looking at the sales' brands breakdown, the most significant increase occurred in the Digital brand, which grew from €5.6mn in FY21 to €16.6mn in FY23 (CAGR2021-2023 of 43.7%). On the other hand, the Industrial brand recorded a decrease from €8.9mn in FY21 to €5.5mn in FY23 on the back of the rise in digital sales and, partly, as a result of the Group's sale of Step Sud Mare in FY22 deemed no longer strategic due to its low margins. This business unit carried out product engineering activities almost exclusively for the FCA customer and supply chain, with a turnover of about €4.3mn and a 10% margin. The sale generated a capital gain of about €1.5mn in FY22. Finally, the Consulting brand reached €5.3mn in FY23 (+16.7% from FY21), accounting for approximately 19.4% of Mare Group's sales revenues.

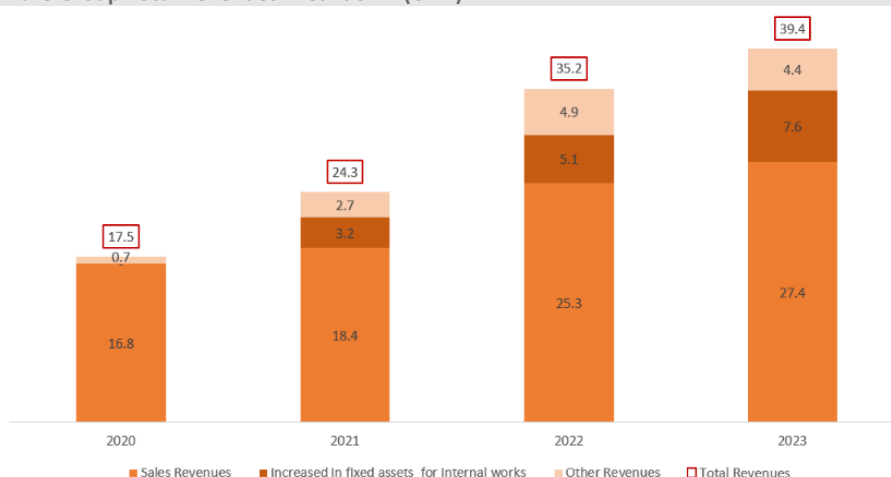
**Mare Group Sales Revenues Breakdown by Brands 2021-2023 (€mn)**



Source: KT&Partners' Elaboration on Company Data

In terms of Total Revenues, the Group achieved €39.4mn in FY23 (+11.9% YoY), particularly impacted by an increase in i) Fixed assets for internal works, related to the development of the hyperautomation platform and significant investments mainly in Artificial Intelligence and Virtual Reality; ii) Other revenues, mainly composed by grants (i.e. R&D, Industry 4.0 and training grants).

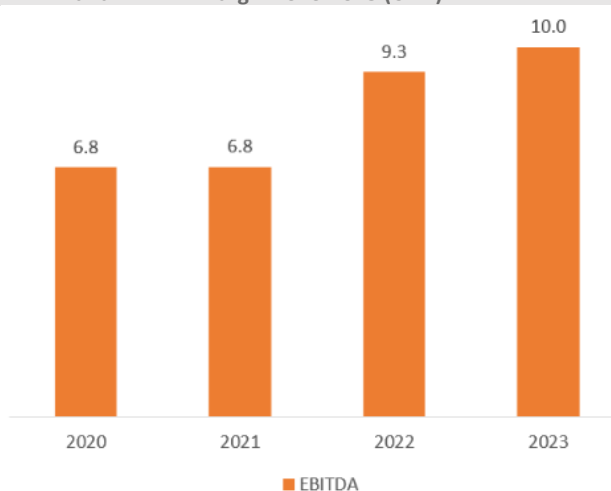
## Mare Group Total Revenues Breakdown (€mn)



Source: KT&Partners' Elaboration on Company Data

At the EBITDA level, the Group exhibited growth in absolute terms at a CAGR2020-2023 of 14.1%, increasing from €6.8mn in FY20 to €10.0mn in FY23. In terms of marginality, Mare Group consistently stood above 25.0%, although it experienced a reduction since FY20, mainly impacted by: i) increase in the incidence of personnel expenses from 30.0% in FY20 to 58.0% in FY23 following the increasing number of employees to boost Company's growth; ii) higher raw material costs from 2.2% in FY20 to 15.9% in FY23 arising from the acquisition of a software house in FY22 and the hardware and software components distributed by the Company or included in large projects of digital transformation.

## Mare Group EBITDA and EBITDA Margin 2020-2023 (€mn)



Source: KT&Partners' Elaboration on Company Data

Following revenues and EBITDA increase, the EBIT reported in FY23 stood at €4.8mn, showing an improvement from the €3.2mn registered in FY20 mainly benefiting from the lack of extraordinary expenses and fewer provisions, with a margin of 12.1% (from 10.7% in FY22). Finally, FY23 net income reached €2.4mn vs €3.7mn in FY22, showing a net margin of 6.0% (-3.5pp below the 10.5% reported in FY22).

2020-2023 Income Statement				
€ Millions	FY20A	FY21A	FY22A	FY23A
Consulting	16.8	3.9	5.4	5.3
Digital	-	5.6	16.1	16.6
Industrial	-	8.9	3.8	5.5
<b>Sales Revenues</b>	<b>16.8</b>	<b>18.4</b>	<b>25.3</b>	<b>27.4</b>
Increase in Fixed Assets for Internal Works	-	3.2	5.1	7.6
Other Revenues	0.7	2.7	4.9	4.4
<b>Total Revenues</b>	<b>17.5</b>	<b>24.3</b>	<b>35.2</b>	<b>39.4</b>
Products and Raw materials	(0.4)	(0.6)	(3.4)	(4.4)
<b>Gross Profit</b>	<b>17.1</b>	<b>23.7</b>	<b>31.8</b>	<b>35.0</b>
<i>Gross Margin</i>	<i>97.9%</i>	<i>97.7%</i>	<i>90.4%</i>	<i>88.9%</i>
Cost of Services	(4.5)	(5.4)	(6.8)	(6.6)
Rental Costs	(0.5)	(0.8)	(1.5)	(1.4)
Personnel Expenses	(5.1)	(10.1)	(13.8)	(15.9)
Other Operating Expenses	(0.3)	(0.6)	(0.5)	(1.1)
<b>EBITDA</b>	<b>6.8</b>	<b>6.8</b>	<b>9.3</b>	<b>10.0</b>
<i>EBITDA margin</i>	<i>38.6%</i>	<i>27.9%</i>	<i>26.5%</i>	<i>25.4%</i>
D&A and Provisions	(3.5)	(3.6)	(5.6)	(5.2)
<b>EBIT</b>	<b>3.2</b>	<b>3.2</b>	<b>3.8</b>	<b>4.8</b>
<i>EBIT margin</i>	<i>18.5%</i>	<i>13.3%</i>	<i>10.7%</i>	<i>12.1%</i>
Financial Income and Expenses	(0.2)	(0.2)	(0.4)	(1.1)
Extraordinary items	-	(0.4)	0.0	(0.0)
<b>EBT</b>	<b>3.0</b>	<b>2.6</b>	<b>3.4</b>	<b>3.7</b>
Taxes	(0.9)	(0.1)	0.3	(1.3)
<i>Tax Rate</i>	<i>31.0%</i>	<i>2.6%</i>	<i>-10.2%</i>	<i>34.9%</i>
<b>Net Income</b>	<b>2.1</b>	<b>2.5</b>	<b>3.7</b>	<b>2.4</b>
<i>Net margin</i>	<i>11.8%</i>	<i>10.4%</i>	<i>10.5%</i>	<i>6.0%</i>

Source: KT&Partners' Elaboration on Company Data

## Capital Structure Analysis

As for the balance sheet, Mare Group's FY23 fixed assets amounted to €29.1mn, increased by ca. €18.0mn from FY20 mainly due to rising investments in intangible assets, amounting to €20.0mn in FY23 (from €8.4mn in FY20), intrinsic to the nature of the company's business model always aimed at innovation and research.

FY23 Mare Group's NWC increased from €9.5mn in FY20 to €18.4mn in FY23, as a result of the Company's growth and high DSO (148 in FY20 vs 208 in FY23) resulting from a business seasonality such that order invoicing always occurs toward the end of the year. Indeed, in the coming years, the Group conservatively aims to reduce the average DSO by 5% annually through the following actions: i) strengthening the credit management office; ii) implementing an automated treasury management information system; iii) using customer rating monitoring systems through the Creditsafe platform for creditworthiness assessment; iv) implementation of new Ri.BA and RID payment methods to SME customers; iii) the implementation of an automated information system (software) of treasury management in 1H24; iv) a significant improvement in payment terms for growth in sales on the Delfi.ai platform, whose billing will be in line with the market with a pay-per-use logic.

FY23 NFP reached €25.6mn from €20.8mn in FY22, mainly due to higher investments in intangible assets. To date, debt is composed of about €17.5mn in loans (of which €5.0mn in the short term), and €3.7mn relates to the issuance of a Basket Bond Campania signed in FY21 with a 7-year term with a 2.25% interest rate. Finally, the company also activated IAS-compliant non-recourse factoring lines with a total value of €6.5mn already granted and operational, about 30% used on average in FY23.

2020-2023 Balance Sheet				
	FY20A	FY21A	FY22A	FY23A
Goodwill	1.8	2.8	2.8	2.8
Intangible	8.4	10.4	15.5	20.0
Tangible	0.4	1.4	1.9	1.7
Other LT Assets	0.5	3.8	4.4	4.6
<b>Fixed Assets</b>	<b>11.1</b>	<b>18.5</b>	<b>24.6</b>	<b>29.1</b>
Trade receivables	8.3	15.3	19.3	19.0
Inventory	0.0	0.2	0.4	3.7
Trade Payables	(3.7)	(3.8)	(4.7)	(4.8)
<b>Trade Working Capital</b>	<b>4.5</b>	<b>11.6</b>	<b>15.0</b>	<b>17.8</b>
Other assets and liabilities	5.0	(1.8)	2.0	0.6
<b>Net Working Capital</b>	<b>9.5</b>	<b>9.8</b>	<b>17.0</b>	<b>18.4</b>
<b>Other Provisions</b>	<b>(2.0)</b>	<b>(2.8)</b>	<b>(2.8)</b>	<b>(3.1)</b>
<b>Net Capital Employed</b>	<b>18.7</b>	<b>25.5</b>	<b>38.8</b>	<b>44.4</b>
Group shareholders' equity	10.3	10.7	18.0	18.6
Minority shareholders' equity	0.3	3.1	0.0	0.2
<b>Total shareholders' equity</b>	<b>10.7</b>	<b>13.8</b>	<b>18.0</b>	<b>18.8</b>
Short-term debt / Cash (-)	(0.2)	0.5	5.2	10.2
Long-term liabilities	8.1	11.4	15.6	15.4
<b>Net Financial Position</b>	<b>8.0</b>	<b>11.8</b>	<b>20.8</b>	<b>25.6</b>
<b>Sources</b>	<b>18.7</b>	<b>25.5</b>	<b>38.8</b>	<b>44.4</b>

Source: KT&Partners' Elaboration on Company Data

2020-2023 Cash Flow				
€ Millions	FY20A	FY21A	FY22A	FY23A
<b>EBITDA</b>	<b>6.8</b>	<b>6.9</b>	<b>9.3</b>	<b>10.0</b>
Income Taxes	(0.9)	(0.1)	0.3	(1.3)
Change in NWC	(9.5)	(0.3)	(6.8)	(1.8)
Change in provision for employee	2.0	0.6	(1.2)	(0.1)
<b>Operating Cash Flow</b>	<b>(1.7)</b>	<b>7.1</b>	<b>1.7</b>	<b>6.9</b>
CAPEX	(14.1)	(7.5)	(9.9)	(9.1)
Investments in financial assets	(0.5)	(3.3)	(0.7)	(0.2)
<b>FCF</b>	<b>(16.3)</b>	<b>(3.6)</b>	<b>(8.8)</b>	<b>(2.5)</b>
Net financial income/(expenses)	(0.2)	(0.2)	(0.4)	(1.1)
Extraordinary Items	-	(0.4)	0.0	(0.0)
Gains and Losses on Holdings	-	-	-	-
Change in Total Shareholders' Equity	8.6	0.5	0.6	(1.6)
Dividend Paid	-	-	-	-
<b>Change in NFP</b>	<b>(8.0)</b>	<b>(3.8)</b>	<b>(8.6)</b>	<b>(5.2)</b>
Beginning NFP	-	8.0	11.8	20.4
<b>Final NFP</b>	<b>8.0</b>	<b>11.8</b>	<b>20.4</b>	<b>25.6</b>

Source: KT&Partners' Elaboration on Company Data

## Group's Strategy

Mare Group SpA plans to expand its business through a strategic focus on innovation, product and process improvement, and the exploration of new opportunities arising from ongoing Research & Development efforts, giving priority to those issues characterized by higher added value, functional to the reinforcement of its competitive positioning. The Company plans to expand its business through:



- **Strong orientation toward innovation.** Mare Group shows a well-defined and proactive strategy in positioning itself on a variety of public R&D calls, with a focus on innovation, sustainability, and social impact, maintaining broad visibility on future opportunities and demonstrating a strong ability to intercept and participate in funded projects in advanced and strategically important technology areas such as Artificial Intelligence and Extended Reality.



- **Delfi.ai evolution.** Following the release of the latest evolutions on the Delfi.ai platform and the introduction of new governmental measures (Industry 5.0, New Skills Fund), Mare Group is planning to accelerate its investment in the platform. This strategy aims to expand the customer base and revive the range of services provided to current clients under multi-year framework agreements. Additionally, Mare Group anticipates effectively leveraging cross-selling opportunities for its hyperautomation services and products to the clientele of its subsidiary, Obiettivo Europa.



- **Steady investments in products.** Mare Group is committed to further investing in advanced technologies that have cross-sectoral applications across its diverse business areas. This strategy is designed to optimize the impact and market reach of its three brands, ensuring stronger strategic unity and capitalizing on the company's foundational expertise.



- **Internationalization.** Mare Group is focused on expanding its international footprint, aiming to capture new opportunities in overseas markets, including those it has already explored through its subsidiaries, Mare Group Brazil and Mare Group SK.



- **External growth through M&A.** The Group is committed to accelerating its expansion through non-organic growth strategies. This approach is aimed at i) enhancing its offerings with new, cutting-edge, and complementary technologies/solutions; ii) broadening its customer base and partners portfolio; and iii) reinforcing its market presence by venturing into new markets.

## Deconstructing Forecasts

Our financial projections over the 2024E–27E period are based on Mare Group's business model and strategy. No impact from future M&As has been taken into account.<sup>1</sup>

Starting from the top line, we anticipate sales revenues growing at a CAGR2023-2027E of 22.9%, reaching €62.4mn in FY27E. Looking at the 3 brands:

- i. Consulting: is expected to growth at a CAGR2023-2027E of 31.0% reaching €15.6mn at the end of FY27E from €5.3mn in FY23. We considered a steady basket of potential Italian target companies of 348k, with a constant qualified lead conversion rate of 1.5%, a lead-to-turnover conversion rate of 3.2% in FY24E (up 0.5% annually over the plan period), and a constant churn rate of 10% from FY24E leading to an active customer base of 586 in FY24E to more than 1k in FY27E; The average revenues per client is expected to increase around 3% per year from the ca. €13k estimated in FY24E. Moreover, we also considered a conversion of 2% of Obiettivo Europa clients into the Delfi.ai platform given the Group's strategy to increase the cross-selling potential.
- ii. Digital: is expected to growth at a CAGR2023-2027E of 15.7% reaching €29.8mn at the end of FY27E from €16.6mn in FY23. We considered i) Digital revenues from PMI: we expect Mare Group new clients in line with the Consulting brands following the potential cross-selling but with a churn rate of 10% in the following years. Therefore, the client base is expected to increase from 599 companies to more than 1k with an average revenue per client at around €7k increased by 3% YoY; Looking at the Digital revenues coming from Big Companies, we project around 10 new clients per year from FY24E to reach a client base of 90 in total at the end of our projections. The churn rate is expected to be stable at 5% from FY24E. Whereas the revenues per client are expected to be around €240k.
- iii. Industrial: is expected to experience the highest growth with a CAGR2023-2027E of 32.9% reaching €17.1mn at the end of FY27E from €5.5mn in FY23. We expect that Mare Group will increase its client base from 46 companies at the end of FY24E to 85 in FY27E, with a 3% constant churn rate in FY23, and 15 new clients annually starting from FY24E. Looking at the revenues per client, we considered an average of €186k in FY24E to reach almost €200k in 2027E.

Moreover, including i) the increase in fixed assets for internal works related to future development of proprietary platform and investments in Artificial Intelligence and Virtual Reality exactly following the investment plan in intangible assets from €7.6mn in FY23 to €2.1mn in FY27E; ii) Other revenues, mainly composed by grants (i.e. R&D, Industry 4.0, and training grants), conservatively decreasing from €4.4mn in FY23 to €3.2mn in FY25E and returning to €4.4mn in FY27E (7.0% of sales), Mare Group is expected to reach €68.9mn of Total Revenues at the end of FY27E from the €39.4mn in FY23.

At the EBITDA level, we expect i) a decrease in personnel expenses' incidence on revenues starting from FY23E after the +28.0% rise between 2020-2023 following the increasing number of employees to boost the Company's growth, to reach an incidence of 40% in FY27E and a value of €25.0mn (vs €15.9mn in FY23); ii) a better management of the Raw Materials costs (mainly related to the acquisition cost of hardware for resale) from 15.9% in FY23 to 13.7%, achieving €8.6mn in FY27 (vs €4.4mn in FY23); iii) cost of services' reach €11.5mn in FY27E, increasing from €6.6mn in FY23 following the business growth with an incidence that will improve from 24.0% to 18.4% given by economies of scales. We, therefore, expect EBITDA

<sup>1</sup> Financial projections have been prepared by KT&Partners independently of Mare Group SpA. Projections and forecasts involve risks and uncertainties and are subject to change. Therefore, actual results may differ materially from those contained in the projections and forecasts.



to experience a CAGR2023-2027E of +21.2% reaching €21.6mn in FY27E, with an EBITDA margin reaching 31.4% in FY27E (from 25.4% in FY23).

Considering €6.5mn of D&A almost entirely related to intangible assets (vs 5.2mn in FY23, we forecast in FY24E €5.5mn of EBIT to reach €15.7mn at the end of FY27E.

Finally, we expect FY24E net income of €3.4mn, with a net margin of 7.4%. In the next years, we anticipate a net income growth of at a CAGR2023-2027E of +46.3% reaching €10.9mn by the end of FY27E.

#### 2022A-2027E Consolidated Income Statement

€ Millions	FY22A	FY23A	FY24E	FY25E	FY26E	FY27E
Consulting	5.4	5.3	8.3	10.4	12.9	15.6
Digital	16.1	16.6	21.6	24.2	26.9	29.8
Industrial	3.8	5.5	8.6	11.4	14.4	17.1
<b>Sales Revenues</b>	<b>25.3</b>	<b>27.4</b>	<b>38.4</b>	<b>46.1</b>	<b>54.2</b>	<b>62.4</b>
Increase in Fixed Assets for Internal Works	5.1	7.6	3.5	2.5	2.0	2.1
Other Revenues	4.9	4.4	3.6	3.2	3.8	4.4
<b>Total Revenues</b>	<b>35.2</b>	<b>39.4</b>	<b>45.5</b>	<b>51.8</b>	<b>60.0</b>	<b>68.9</b>
Products and Raw materials	(3.4)	(4.4)	(5.4)	(6.4)	(7.5)	(8.6)
<b>Gross Profit</b>	<b>31.8</b>	<b>35.0</b>	<b>40.1</b>	<b>45.4</b>	<b>52.5</b>	<b>60.4</b>
<i>Gross Margin</i>	90.4%	88.9%	88.2%	87.6%	87.5%	87.6%
Cost of Services	(6.8)	(6.6)	(8.1)	(9.2)	(10.4)	(11.5)
Rental Costs	(1.5)	(1.4)	(1.4)	(1.4)	(1.4)	(1.4)
Personnel Expenses	(13.8)	(15.9)	(17.7)	(19.9)	(22.2)	(24.9)
Other Operating Expenses	(0.5)	(1.1)	(0.9)	(0.9)	(0.9)	(0.9)
<b>EBITDA</b>	<b>9.3</b>	<b>10.0</b>	<b>12.0</b>	<b>14.0</b>	<b>17.6</b>	<b>21.6</b>
<i>EBITDA margin</i>	26.5%	25.4%	26.3%	26.9%	29.4%	31.4%
D&A and Provisions	(5.6)	(5.2)	(6.5)	(7.1)	(7.6)	(5.9)
<b>EBIT</b>	<b>3.8</b>	<b>4.8</b>	<b>5.5</b>	<b>6.8</b>	<b>10.0</b>	<b>15.7</b>
<i>EBIT margin</i>	10.7%	12.1%	12.1%	13.2%	16.7%	22.8%
Financial Income and Expenses	(0.4)	(1.1)	(0.7)	(0.7)	(0.5)	(0.4)
Extraordinary items	0.0	(0.0)	-	-	-	-
<b>EBT</b>	<b>3.4</b>	<b>3.7</b>	<b>4.7</b>	<b>6.2</b>	<b>9.5</b>	<b>15.4</b>
Taxes	0.3	(1.3)	(1.4)	(1.8)	(2.7)	(4.5)
<i>Tax Rate</i>	-10.2%	34.9%	29.0%	29.0%	29.0%	29.0%
<b>Net Income</b>	<b>3.7</b>	<b>2.4</b>	<b>3.4</b>	<b>4.4</b>	<b>6.7</b>	<b>10.9</b>
<i>Net margin</i>	10.5%	6.0%	7.4%	8.5%	11.2%	15.8%
Minorities	0.0	0.2	-	-	-	-
<b>Net Income attributable to the Group</b>	<b>3.7</b>	<b>2.2</b>	<b>3.4</b>	<b>4.4</b>	<b>6.7</b>	<b>10.9</b>
<i>Net margin</i>	10.5%	5.6%	7.4%	8.5%	11.2%	15.8%

Source: Company Data (2022–23), KT&Partners' Estimates (2024–27)

As for Mare Group's balance sheet, we forecast Net Working Capital (NWC) to grow from €18.4mn in FY23 to €21.2mn in FY27E, thanks to lower DSO (about 5.0% annually) on the back of i) strengthening the credit management office; ii) implementing an automated treasury management information system; iii) using customer rating monitoring systems through the Creditsafe platform for creditworthiness assessment; iv) implementation of new Ri.BA and RID payment methods to SME customers; iii) the implementation of an automated information system (software) of treasury management in 1H24; iv) a significant improvement in payment terms for growth in sales on the Delfi.ai platform, whose billing will be in line with the market with a pay-per-use logic.

Over the 2024-27E period, we estimate approximately €11.7mn of CAPEX mainly related to i) evolution of the proprietary Delphi.ai platform; ii) Expansion of production offerings and ongoing investment in R&D focusing on Artificial Intelligence and Extended Reality; iii) Marketing campaigns with approximately €1.0mn annual investments over the planning period.

Looking at Mare Group's financial soundness, we expect NFP to enhance from €25.6mn in FY23 to -€25.9mn in FY27E, mainly thanks to a lower NWC cash absorption and a greater cash-flow generation ability (avg. 2023E-27E OCF/EBITDA of 85.7%).

**2022A-2027E Consolidated Balance Sheet**

	FY22A	FY23A	FY24E	FY25E	FY26E	FY27E
Goodwill	2.8	2.8	2.8	2.8	2.8	2.8
Intangible	15.5	20.0	19.1	15.3	10.5	7.5
Tangible	1.9	1.7	1.5	1.3	1.0	0.8
Other LT Assets	4.4	4.6	4.6	4.6	4.6	4.6
<b>Fixed Assets</b>	<b>24.6</b>	<b>29.1</b>	<b>27.9</b>	<b>23.9</b>	<b>18.9</b>	<b>15.6</b>
Trade receivables	19.3	19.0	21.8	25.3	28.9	32.3
Inventory	0.4	3.7	3.0	3.2	3.3	3.6
Trade Payables	(4.7)	(4.8)	(5.0)	(6.8)	(8.4)	(10.0)
<b>Trade Working Capital</b>	<b>15.0</b>	<b>17.8</b>	<b>19.8</b>	<b>21.7</b>	<b>23.9</b>	<b>25.8</b>
Other assets and liabilities	2.0	0.6	0.2	(2.2)	(3.1)	(4.6)
<b>Net Working Capital</b>	<b>17.0</b>	<b>18.4</b>	<b>20.0</b>	<b>19.5</b>	<b>20.8</b>	<b>21.2</b>
<b>Other Provisions</b>	<b>(2.8)</b>	<b>(3.1)</b>	<b>(4.9)</b>	<b>(6.9)</b>	<b>(9.0)</b>	<b>(11.4)</b>
<b>Net Capital Employed</b>	<b>38.8</b>	<b>44.4</b>	<b>43.0</b>	<b>36.5</b>	<b>30.6</b>	<b>25.5</b>
Group shareholders' equity	18.0	18.6	29.1	33.5	40.3	51.2
Minority shareholders' equity	0.0	0.2	0.2	0.2	0.2	0.2
<b>Total shareholders' equity</b>	<b>18.0</b>	<b>18.8</b>	<b>29.3</b>	<b>33.7</b>	<b>40.4</b>	<b>51.4</b>
Short-term debt / Cash (-)	5.2	10.2	(1.7)	(12.6)	(25.2)	(41.3)
Long-term liabilities	15.6	15.4	15.4	15.4	15.4	15.4
<b>Net Financial Position</b>	<b>20.8</b>	<b>25.6</b>	<b>13.6</b>	<b>2.8</b>	<b>(9.9)</b>	<b>(25.9)</b>
<b>Sources</b>	<b>38.8</b>	<b>44.4</b>	<b>43.0</b>	<b>36.5</b>	<b>30.6</b>	<b>25.5</b>

Source: Company Data (2022–23), KT&Partners' Estimates (2024–27)

**2022A-2027E Consolidated Cash Flow**

€ Millions	FY22A	FY23A	FY24E	FY25E	FY26E	FY27E
<b>EBITDA</b>	<b>9.3</b>	<b>10.0</b>	<b>12.0</b>	<b>14.0</b>	<b>17.6</b>	<b>21.6</b>
Income Taxes	0.3	(1.3)	(1.4)	(1.8)	(2.7)	(4.5)
Change in NWC	(6.8)	(1.8)	(1.6)	0.5	(1.2)	(0.4)
Change in provision for employee	(1.2)	(0.1)	1.3	1.5	1.6	1.8
<b>Operating Cash Flow</b>	<b>1.7</b>	<b>6.9</b>	<b>10.3</b>	<b>14.1</b>	<b>15.3</b>	<b>18.6</b>
CAPEX	(9.9)	(9.1)	(4.8)	(2.6)	(2.1)	(2.2)
Investments in financial assets	(0.7)	(0.2)	-	-	-	-
<b>FCF</b>	<b>(8.8)</b>	<b>(2.5)</b>	<b>5.5</b>	<b>11.5</b>	<b>13.2</b>	<b>16.4</b>
Net financial income/(expenses)	(0.4)	(1.1)	(0.7)	(0.7)	(0.5)	(0.4)
Extraordinary Items	0.0	(0.0)	-	-	-	-
Gains and Losses on Holdings	-	-	-	-	-	-
Change in Total Shareholders' Equity	0.6	(1.6)	7.2	0.0	(0.0)	-
Dividend Paid	-	-	-	-	-	-
<b>Change in NFP</b>	<b>(8.6)</b>	<b>(5.2)</b>	<b>12.0</b>	<b>10.8</b>	<b>12.7</b>	<b>16.0</b>
Beginning NFP	11.8	20.4	25.6	13.6	2.8	(9.9)
<b>Final NFP</b>	<b>20.4</b>	<b>25.6</b>	<b>13.6</b>	<b>2.8</b>	<b>(9.9)</b>	<b>(25.9)</b>

Source: Company Data (2022–23), KT&Partners' Estimates (2024–27)

## Valuation

Following Mare Engineering Group's future financials projections, we have carried out our valuation using the multiples and DCF methods. Our fair value is the result of:

1. EV/EBITDA, and P/E multiples, which return a value of €4.6 per share;
2. DCF analysis based on WACC of 12.6% and 1.0% perpetual growth, which returns a value of €6.7 per share.

The average of the two methods yields a fair value of €5.6ps or an equity value of €67.7mn.

### Valuation Recap

	Equity Value €mn	Value per share €
EV/EBITDA	67.4	5.6
P/E	42.3	3.5
<b>Average - multiples</b>	<b>54.9</b>	<b>4.6</b>
DCF	80.6	6.7
<b>Average</b>	<b>67.7</b>	<b>5.6</b>

Source: FactSet, KT&Partners' Elaboration

## Peer Comparison

To define Mare Group's peer sample, we carried out an in-depth analysis of Italian and internationally listed companies active in the Digital Engineering Industry. In selecting potential peers, we consider Mare Group's offering and revenue mix, business model, growth, and profitability profile.

For peer analysis, we built a sample of 11 companies, which includes:

- **Alten SA:** listed on the Euronext Paris Stock Exchange with a market capitalization of €4.2bn, Alten SA engages in the provision of engineering and technology consulting

services. It operates through the France and International geographical segments. In FY23, Alten reached €4.1bn in sales revenues.

- **Sopra Steria Group SA:** listed on the Euronext Paris Stock Exchange with a market capitalization of €4.5bn, Sopra Steria Group SA engages in the business of digital transformation. It provides consulting, systems integration, software development, infrastructure management, and business process services. The firm also offers social business, mobility, big data, cloud, cybersecurity, enterprise architecture, enterprise resource planning, banking solutions, human resources solutions, real estate software, and collaborative and information management. It serves the aerospace, insurance, social, banking, defense, homeland security, public sector and healthcare, telecommunications, media and entertainment, transport, retail, and energy utilities sectors. In FY23, Sopra Steria reached €5.8bn in sales revenues.
- **Relatech SpA:** listed on the Borsa Italiana Stock Exchange with a market capitalization of €87.6mn, Relatech SpA engages in the provision of digital solutions. The firm offers services and solutions on the RePlatform cloud-based platform in the Cloud areas (hybrid, public, and private), AI, Blockchain, IoT, Cybersecurity, and Virtual & Augmented Reality. In FY23, Relatech reached €97.0mn in sales revenues.
- **TXT e-solutions SpA:** listed on the Borsa Italiana Stock Exchange with a market capitalization of €308.9mn, TXT e-solutions SpA engages in the provision of software products and solutions. It operates through the following divisions: TXT Retail and TXT Next. The TXT Retail division offers end-to-end merchandise lifecycle management, planning and collection lifecycle management, and supply chain management solutions for the retail, fashion, and luxury sectors. TXT Next division deals with advanced software engineering services. In FY23, TXT reached €224.0mn in sales revenues.
- **Dun & Bradstreet Holdings Inc:** listed on the NYSE Stock Exchange with a market capitalization of €3.9bn, Dun & Bradstreet Holdings Inc engages in providing business decision data and analytics solutions. The firm is involved in providing information with its solutions to support its clients with critical business operations. It offers end-to-end solutions to clients in the small business, finance, sales & marketing, third-party risk & compliance, and public sectors. In FY23, Dun & Bradstreet reached €2.6bn in sales revenues.
- **Tinexta SpA:** listed on the Borsa Italiana Stock Exchange with a market capitalization of €874.3mn, Tinexta SpA is an industrial group that offers innovative solutions for the digital transformation and growth of companies, professionals, and institutions, such as advanced services for digital identity and certification, cybersecurity, digital marketing, access to financing for innovation, and internationalization. The company operates through three business Units: Digital Trust, Cybersecurity, and Business Innovation. The Digital Trust provides citizens, professionals, institutions, and businesses from large industrial and financial groups to small and medium-sized enterprises products and services for sustainable digitization aligned with the best market standards. Cybersecurity is focused on the offer, services, and consultancy for the secure digitization of processes and the protection of data and information for client companies. The Business Innovation supports companies in their innovation projects, including digital and green transition, business development, production efficiency, supporting commercial expansion through internationalization and digital marketing services. In FY23, Tinexta reached €395.8mn in sales revenues.
- **SECO SpA:** listed on the Borsa Italiana Stock Exchange with a market capitalization of €426.9mn, SECO SpA designs and manufactures proprietary technological solutions for microcomputers and other integrated systems for personal computer miniaturization. It operates through the following product and service areas: Custom Edge Systems, Edge Platforms, and IoT Solutions. The Custom Edge Systems area consists of embedded computer systems including control panels, hardware components, software, and mechatronic parts designed for the needs of customers. The Edge Platforms area or personal computer modules or computer-on-modules focuses on miniature computers with low consumption. The IoT or Internet-of-Things Solutions area develops the

combination of sensors with data collection, aggregation, and processing. In FY23, SECO reached €210.3mn in sales revenues.

- Almawave S.p.A.:** listed on the Euronext Growth Milan with a market capitalization of €133.0mn, Almawave S.p.A. is engaged in the field of Data & Artificial Intelligence. The Group offers proprietary technologies, solutions, and services that realize AI and data's potential in the digital evolution of companies and public administrations. It boasts more than 300 domestic and international clients, in sectors including Government, Finance, Energy & Utilities, Tourism, and Healthcare, operating directly and through partners. The Almawave team consists of more than 400 professionals. The Group uses AI technology labs dedicated to developing products, platforms, and vertical solutions targeting various market segments. Almawave's technological asset base, conceived and built as a model of natural experience in the interaction between man and machine, can interpret text and voice in over 40 languages, interacting in multi-channel mode, analyzing data and information with a view to knowledge development and automation to support decisions. Its skill centers also allow the potential of data to be achieved in complex contexts, combining expertise on key market frameworks in areas such as Data Management, Machine Learning, Location Intelligence, and the knowledge of business processes in related vertical sectors. The Almawave scope, part of the Almagiva Group, includes the companies SisTer, The Data Appeal Company, Mabrian Technologies, Obda Systems, Almawave do Brasil, and Almawave USA. In FY23, Almawave reached €59.0mn in sales revenues.

We analyzed the peer companies by considering their average revenue and EBITDA growth and compared them to Mare Group's historical and expected financials. By looking at 2022-23 revenue growth, peer companies grew on average by 21.2% YoY while Mare Group showed revenues increase at 8.5% YoY. Over the 2023-26E period, Mare Group's sales are expected to grow at 25.5% vs 9.0% of the average growth of the Digital Engineering peers. Looking at FY23A EBITDA, Mare Group increased by 7.4% YoY, compared to its peers which showed a growth of +24.2% YoY. According to our projections, Mare Group's EBITDA is expected to grow at a CAGR2023-2026E of 20.7%, well above the one shown by its peers (+13.3%)

#### Peer comparison – Sales and EBITDA growth 2020-2026

Company Name	Sales				YoY 22-23	2024	2025	2026	CAGR 2023-'26
	2020	2021	2022	2023					
Alten SA	2,332	2,925	3,783	4,069	7.6%	4,272	4,545	4,777	5.5%
Sopra Steria Group SA	4,263	4,683	5,101	5,805	13.8%	6,317	6,590	6,843	5.6%
Relatech S.p.A.	18	28	61	97	59.9%	107	120	124	8.5%
TXT e-solutions S.p.A.	69	96	151	224	48.6%	268	288	309	11.3%
Dun & Bradstreet Holdings Inc	1,525	1,832	2,117	2,150	1.6%	2,231	2,345	2,487	5.0%
Tinexta SpA	269	302	357	396	10.8%	481	530	578	13.5%
SECO S.p.A.	76	112	201	210	4.7%	227	265	295	11.9%
Almawave S.p.A.	27	33	48	59	23.0%	69	81	81	10.9%
<b>Peers Average</b>	<b>1,072</b>	<b>1,251</b>	<b>1,477</b>	<b>1,446</b>	<b>21.2%</b>	<b>1,552</b>	<b>1,640</b>	<b>1,721</b>	<b>9.0%</b>
<b>Mare Group S.p.A.</b>	<b>17</b>	<b>18</b>	<b>25</b>	<b>27</b>	<b>8.5%</b>	<b>38</b>	<b>46</b>	<b>54</b>	<b>25.5%</b>

Company Name	EBITDA				YoY 22-23	2024	2025	2026	CAGR 2023-'26
	2020	2021	2022	2023					
Alten SA	201	370	471	439	-6.8%	477	524	554	8.0%
Sopra Steria Group SA	478	528	551	719	30.4%	795	838	882	7.1%
Relatech S.p.A.	3	3	8	17	n.m.	20	24	27	17.4%
TXT e-solutions S.p.A.	8	14	22	32	47.7%	38	42	45	12.0%
Dun & Bradstreet Holdings Inc	594	687	770	829	7.7%	860	917	995	6.3%
Tinexta SpA	79	73	87	103	18.4%	130	149	168	17.6%
SECO S.p.A.	13	15	37	48	31.7%	54	66	76	16.0%
Almawave S.p.A.	5	6	9	12	40.6%	19	22	22	22.1%
<b>Peers Average</b>	<b>173</b>	<b>212</b>	<b>244</b>	<b>244</b>	<b>24.2%</b>	<b>266</b>	<b>287</b>	<b>307</b>	<b>13.3%</b>
<b>Mare Group S.p.A.</b>	<b>6.8</b>	<b>6.8</b>	<b>9.3</b>	<b>10</b>	<b>7.4%</b>	<b>11</b>	<b>14</b>	<b>18</b>	<b>20.7%</b>

Source: FactSet, KT&P's Elaboration

We then compared peers' profitability with Mare Group's historical and expected margins. Mare Group showed an FY23 EBITDA margin of 25.4%, +5.1pp above the average peers' EBITDA margin at 20.3%. By FY24E, our projections result in an EBITDA margin of 25.5%, to

reach 29.4% at the end of FY26E vs an expected average peers' profitability almost of 21.7% in FY24E to 22.8% in FY26E.

#### Peer comparison - EBITDA margin, EBIT margin, and Net margin 2022-26

Company Name	EBITDA Margin					EBIT Margin					Net Margin				
	2022	2023	2024	2025	2026	2022	2023	2024	2025	2026	2022	2023	2024	2025	2026
Alten SA	12.5%	10.8%	11.2%	11.5%	11.6%	10.3%	8.8%	9.2%	9.6%	9.6%	12.1%	5.7%	6.5%	6.7%	7.8%
Sopra Steria Group SA	10.8%	12.4%	12.6%	12.7%	12.9%	7.4%	9.4%	9.9%	10.4%	9.8%	4.9%	3.3%	5.4%	5.9%	6.3%
Relatech S.p.A.	12.5%	17.1%	18.9%	20.4%	21.6%	5.1%	11.1%	13.0%	14.5%	15.6%	2.7%	4.9%	8.7%	9.9%	10.7%
TXT e-solutions S.p.A.	14.4%	14.3%	14.2%	14.6%	14.6%	9.7%	9.4%	8.6%	9.0%	9.4%	8.0%	7.1%	5.6%	5.9%	6.8%
Dun & Bradstreet Holdings Inc	36.4%	38.6%	38.5%	39.1%	40.0%	10.0%	6.2%	33.4%	34.0%	34.8%	neg	18.7%	18.5%	19.6%	21.2%
Tinexta SpA	24.4%	26.0%	27.0%	28.1%	29.0%	15.2%	17.5%	19.1%	21.0%	22.2%	8.5%	15.9%	8.0%	9.3%	10.7%
SECO S.p.A.	18.3%	23.0%	23.8%	25.0%	25.6%	9.0%	13.2%	15.2%	17.0%	18.2%	5.5%	6.0%	7.7%	9.4%	10.4%
Almawave S.p.A.	17.9%	20.5%	27.2%	27.3%	27.3%	10.0%	12.7%	19.5%	19.6%	19.6%	10.0%	8.8%	13.2%	13.0%	13.0%
Peers Average	18.4%	20.3%	21.7%	22.3%	22.8%	9.6%	11.0%	16.0%	16.9%	17.4%	7.4%	8.8%	9.2%	10.0%	10.9%
Mare Group S.p.A.	26.5%	25.4%	25.5%	26.9%	29.4%	10.7%	12.1%	11.1%	13.2%	16.7%	10.5%	6.0%	6.7%	8.4%	11.2%

Source: FactSet, KT&P's Elaboration

## Market Multiples Valuation

Following the comps analysis, we proceeded with the definition of market multiples for our panel, focusing on 2024-2026 data.

### Peer Comparison - Market Multiples 2023-2026

Company Name	Exchange	Market Cap	EV/SALES				EV/EBITDA				EV/EBIT				P/E			
			2023	2024	2025	2026	2023	2024	2025	2026	2023	2024	2025	2026	2023	2024	2025	2026
Allen SA	Euronext Paris	4,144	10x	10x	0.9x	0.9x	9.4x	8.7x	7.9x	7.5x	11.6x	10.5x	9.5x	9.0x	15.3x	13.6x	12.3x	11.5x
Sopra Steria Group SA	Euronext Paris	4,467	10x	0.9x	0.9x	0.9x	8.2x	7.4x	7.0x	6.7x	10.7x	9.4x	8.6x	8.8x	14.1x	11.4x	10.1x	9.3x
Relatech S.p.A.	Milan	89	1.1x	10x	0.9x	0.9x	6.6x	5.4x	4.5x	4.1x	11.4x	8.5x	7.0x	5.7x	13.6x	9.7x	7.7x	6.7x
TXT e-solutions S.p.A.	Milan	308	1.5x	12x	1.1x	1.1x	10.2x	8.6x	7.8x	7.3x	15.5x	14.2x	12.6x	11.3x	15.2x	13.6x	12.1x	10.6x
Dun & Bradstreet Holdings Inc	NYSE	3,311	3.3x	3.2x	3.0x	2.8x	8.5x	8.2x	7.7x	7.1x	n.m	9.5x	8.9x	8.1x	9.4x	9.2x	8.4x	7.6x
Timexta SpA	Milan	875	2.9x	2.4x	2.2x	2.0x	11.1x	8.8x	7.7x	6.8x	16.6x	12.5x	10.3x	8.9x	29.7x	13.4x	11.4x	9.7x
SECO S.p.A.	Milan	414	2.4x	2.2x	1.9x	1.7x	10.4x	9.4x	7.6x	6.7x	18.2x	14.6x	11.2x	9.4x	24.3x	22.0x	16.2x	12.9x
Almaweve S.p.A.	Milan	134	2.2x	1.9x	1.6x	1.6x	10.7x	6.9x	5.9x	5.9x	17.2x	9.6x	8.2x	8.2x	17.1x	14.8x	11.1x	9.3x
Average peer group		1793	19x	17x	16x	15x	9.4x	7.9x	7.0x	6.5x	14.5x	11.1x	9.5x	8.7x	17.3x	13.5x	11.2x	9.7x
Median peer group		644	18x	15x	14x	13x	9.8x	8.4x	7.7x	6.8x	15.5x	10.1x	9.2x	8.9x	15.3x	13.5x	11.2x	9.5x
Mare Group S.p.A.	Milan	49	2.5x	1.8x	1.5x	1.3x	6.8x	5.7x	4.9x	3.9x	14.3x	12.5x	10.0x	6.8x	22.2x	14.5x	11.1x	7.3x

Source: FactSet, KT&Partners' Elaboration

We based our evaluation upon our 2024-2026 estimates for Mare Group's EBITDA and Net Income. We end up with Mare Group's **equity value of €54.9mn**, defined as the average of the following: €67.4mn for EV/EBITDA and of €42.3mn through the P/E method.

### EV/EBITDA Multiple Valuation

Multiple Valuation (€mn)	2024E	2025E	2026E
EV/EBITDA Comps	8.4x	7.7x	6.8x
Mare EBITDA	12.0	14.0	17.6
Enterprise value	100.5	106.7	119.0
Average Enterprise value		108.7	
Liquidity/Size Discount		20%	
Enterprise Value Post-Discout		87.0	
Mare Net Debt FY23 Adjusted		19.6	
Equity Value		67.4	
Number of shares (mn)		12.1	
Value per Share €		5.6	

Source: FactSet, KT&Partners' Elaboration

### P/E Multiple Valuation

Multiple Valuation (€mn)	2024E	2025E	2026E
P/E Comps	13.5x	11.2x	9.5x
Mare Net Income	3.4	4.4	6.7
Equity Value	45.5	49.3	64.0
Average Equity Value		52.9	
Liquidity/Size Discount		20%	
Equity Value Post-Discout		42.3	
Number of shares (mn)		12.1	
Value per Share €		3.5	

## DCF Valuation

We have also conducted our valuation using a four-year DCF model, based on a 13.7% cost of equity, 6.0% cost of debt, and a D/E ratio of 14.5% (median debt/equity ratio of peers panel). The cost of equity is a function of the risk-free rate of 3.8% (Italian 10y BTP yield, last 3 months average) and the equity risk premium of 4.4% (Damodaran for a mature market). We, therefore, obtained 12.6% WACC.

We discounted 2024E-27E annual cash flow average and considered a terminal growth rate of 1.0%; then we carried out a sensitivity analysis on the terminal growth rate (+/- 0.25%) and on WACC (+/- 0.25%).

## DCF Valuation

€ Millions	2024E	2025E	2026E	2027E
<b>EBIT</b>	<b>5.5</b>	<b>6.8</b>	<b>10.0</b>	<b>15.7</b>
Taxes	(1.6)	(2.0)	(2.9)	(4.6)
D&A	6.0	6.6	7.1	5.4
Change in Net Working Capital	(1.6)	0.5	(1.2)	(0.4)
Change in Funds	1.8	2.0	2.1	2.3
<b>Net Operating Cash Flow</b>	<b>10.1</b>	<b>13.9</b>	<b>15.1</b>	<b>18.5</b>
Capex	(4.8)	(2.6)	(2.1)	(2.2)
<b>FCFO</b>	<b>5.3</b>	<b>11.3</b>	<b>13.0</b>	<b>16.3</b>
<b>g</b>	<b>1.0%</b>			
<b>Wacc</b>	<b>12.6%</b>			
FCFO (discounted)	5.0	9.4	9.6	10.7
Discounted Cumulated FCFO	34.6			
TV	100.2			
TV (discounted)	65.6			
<b>Enterprise Value</b>	<b>100.2</b>			
NFP 2023 Adjusted	19.6			
<b>Equity Value</b>	<b>80.6</b>			
Current number of shares (mn)	12.1			
<b>Value per share (€)</b>	<b>6.7</b>			

Source: FactSet, KT&Partners' Elaboration

## Sensitivity Analysis

€ Millions	Terminal growth Rate	WACC				
		13.1%	12.8%	12.6%	12.3%	12.1%
	0.5%	73.8	75.6	77.6	79.6	81.7
	0.8%	75.1	77.1	79.1	81.2	83.3
	1.0%	76.5	78.5	80.6	82.8	85.0
	1.3%	78.0	80.1	82.2	84.5	86.8
	1.5%	79.5	81.7	83.9	86.3	88.7

Source: FactSet, KT&Partners' Elaboration



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