

Company: **Riba Mundo Tecnologia** Rating: **BUY** Target Price: **€35.8 (unchanged)** Sector: **Consumer Electronics Wholesalers**

Revenue growth and business diversification on track October 17, 2023 at 17:40

1H23 results on track to our estimates

Riba Mundo released 1H23 revenues at €183.6mln (+51.3% yoy), representing 37% of our FY23 projections (€499.6mln) vs 37% in 1H22/FY22 and therefore in line with our estimates. *[Please refer to our Initial Coverage on 11th September 2023].* EBITDA margin stood at 2.1%, just below our FY23 projections at 2.4%. Net income dropped to €0.9mln (-60% yoy) due to (i) the sale and leaseback of the warehouse in Valencia, (ii) the increase in financial expenses from €0.2mln in 1H22 to €1.6mln in 1H23; and (iii) the write-down of PB Online for a total amount of €0.5mln. In June 2022, Riba Mundo acquired 50% of PB Online for €2.65mln. At the end of June 2023, Net Debt increased to €33mln from €17.1mln at the end of 2022, mainly for (i) the policy adopted to reduce the number of DPOs in order to improve margins; (ii) net working capital seasonality; and (iii) the need to finance growth. Net Debt at the end of June does not include €5.3mln of IPO proceeds; yet, it is still above our estimate at €16mln at the end of 2023.

Strategic guidelines after IPO

After the listing on the EGM on 28th July 2023, Riba Mundo issued 268k new shares raising €5.3mln. As of now, the Company is mainly focused on expanding its product range, by entering new categories such as Personal & Household Small Appliances, Smartphones & Tablets Accessories.

Fine-tuning 2023-2026 estimates

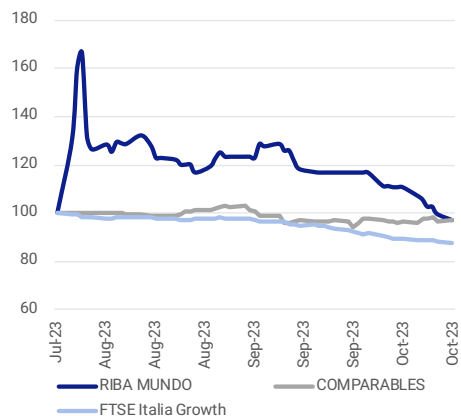
Our estimate on Total revenues remains unchanged at 19% 22-26E CAGR, as well as our projections on EBITDA at €11.9mln, up from €7.5mln in FY22 with margin improving some 10bps to 2.4%. According to management, in 2H23 net operating working capital optimization will be cash generative. Therefore, at the end of 2023 we estimate Adj. Net debt at €16.7mln (vs prior €16mln) from €17.1mln in 2022, including the IPO proceeds (5.3mln); we expect Riba Mundo to become cash positive at the end of 2026E.

Valuation: 12-month TP unchanged at €35.8; BUY confirmed

We carried out a valuation of Riba Mundo based on DCF and multiples. Our estimates point to cumulated FCFs of €22.9mln (vs previous €21.7mln) and WACC of 8% (vs prior 7.9%), leading to a fair value of €30.9/share. To assess a relative valuation, we selected a sample of listed companies specialized in B2B Consumer Electronics distribution. We suggest using a blend of 2023E EV/Sales multiple, since EBITDA remains very modest in this Industry. Considering the sample of peers, the median EV/SALES 2023E is 0.2x, which compares to 0.1x at which Riba Mundo trades. Based on the average of DCF and Market Multiples valuation, we end up with a TP of €35.8/sh. Considering the significant potential upside on Riba Mundo closing price, we confirm BUY.

Company Profile					
Bloomberg	RMT IM				
FactSet	RMT-IT				
Stock exchange	Italian Stock Exchange				
Reference Index	FTSE Italia Growth				
Market Data					
Last Price (as of 16 October)	€ 19.10				
Number of shares (mln)	2.3				
Market cap. (mln)	€ 44				
Performance from IPO					
Absolute	-3.0%				
Max / Min	32.8/ 19.1				
(€/mln)	FY22	FY23E	FY24E	FY25E	FY26E
Total Revenues	329.1	499.6	547.8	600.5	658.2
<i>yoy</i>	<i>89.5%</i>	<i>51.8%</i>	<i>9.7%</i>	<i>9.6%</i>	<i>9.6%</i>
Gross Profit	15.3	24.5	28.0	31.8	36.2
Gross margin (%)	4.7%	4.9%	5.1%	5.3%	5.5%
EBITDA	7.5	11.9	14.0	16.6	19.6
EBITDA margin (%)	2.3%	2.4%	2.6%	2.8%	3.0%
Adj. EBIT	7.0	11.0	12.8	15.1	17.9
EBIT margin (%)	2.1%	2.2%	2.3%	2.5%	2.7%
Net income	5.0	6.1	7.6	10.1	12.7
Adj. Net Debt	17.1	16.7	12.1	3.3	-8.1
Sh. Equity	7.4	18.0	25.6	35.7	48.4
NOWC	15.6	23.7	26.1	28.8	31.7
Capex	-4.5	3.2	2.0	1.5	1.1
Free Cash Flow	-0.5	-2.4	6.2	8.4	10.7

Performance from IPO



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SWOT analysis

STRENGTHS

- Know-how and proprietary technology through MarVin
- Wide geographical network
- Strategic positioning for fast deliveries and time to market
- Big Data disruptive business model
- Customer oriented approach
- Market positioning as a global B2B trader

WEAKNESSES

- Low profitability
- High volume concentration in the smartphone category

OPPORTUNITY

- Highly scalable business
- Large addressable market
- Highly fragmented competition
- US market penetration for Consumer Electronics
- M&A opportunities
- Products range diversification, including Pharmaceuticals, White Goods and Toys

THREATS

- Low Sector marginality in a complex scenario
- Impressive growth to be managed
- Quick evolving technology
- Rapid products and inventory obsolescence

1H23 results: historical performance analysis

1H23: revenues increased by 51% to €183.6mln

Riba Mundo Tecnologia released 1H23: revenues increased to €183.6mln (+51.3% yoy), representing 37% of our FY23 projections (€499.6mln), in line with 1H22/FY22 and, therefore, with our FY23 estimates. [Please refer to our Initial Coverage on 11th September 2023]. Regarding Revenues breakdown by products, Mobile Phones stood at €157.6mln (+66% yoy); Tablets at €8.6mln (+32% yoy), Headphones at €3.4mln (-56% yoy) and Other at €14.1mln (+12% yoy).

Figure 1: weights of 1H22 and 1H23 on FY (€, mln)

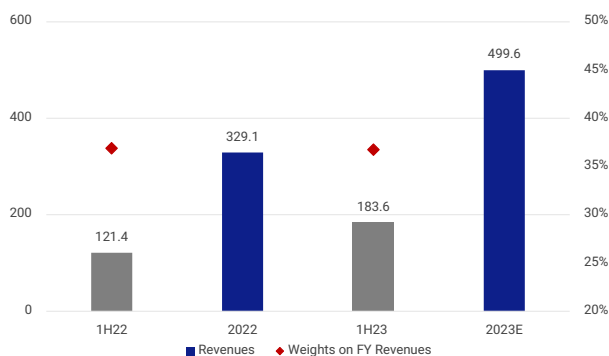
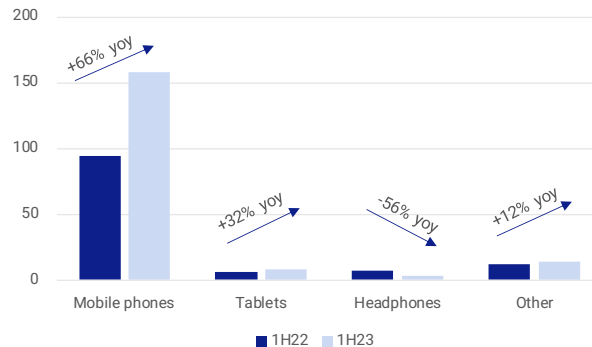


Figure 2: 1H22-1H23 Revenues breakdown and growth (€, mln)(%)



Source: Banca Profilo elaborations on company data

The highest yoy increase in revenue in Spain

In terms of Revenues breakdown by geographic area, turnover from Spain came in at €36.5mln (+88% yoy), whereas Europe stood at €121.4mln (+46% yoy).

1H23: EBITDA margin improved to 2.1%

EBITDA came in at €3.9mln (+79% yoy), with a 33% weight on FY23E at €11.9mln, above 1H22/FY22. EBITDA margin improved 30bps to 2.1%, on track to our FY23 projections at 2.4% thanks to a better product-mix and accelerated payables turnover to gain some suppliers' discount. In fact, lower incidence of procurements on revenues more than offset higher incidence on Revenues of Labor and Service costs.

Figure 3: 1H22-1H23 incidence of costs on Revenues (%)

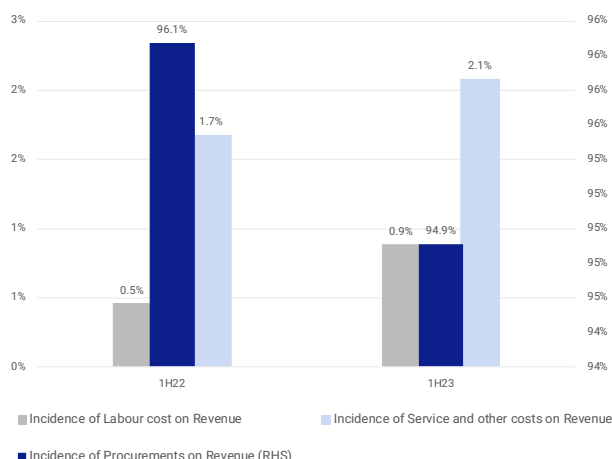
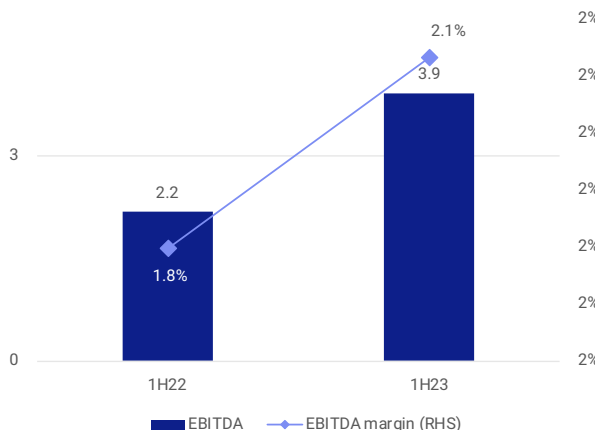


Figure 4: 1H22-1H23 EBITDA and EBITDA margin



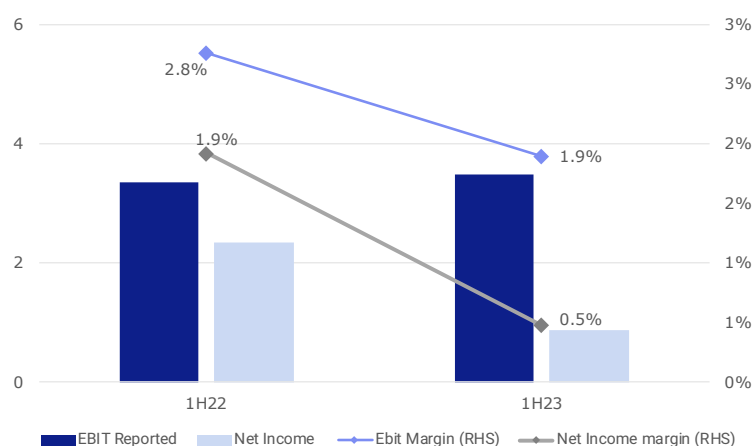
Source: Banca Profilo elaborations on company data

1H23: Net income dropped to €0.9mln

EBIT came in at €3.5mln (+4% yoy) with a margin of 1.9% (vs 2.8% in 1H22). Net income dropped to €0.9mln from €2.3mln in 1H22 due to (i) the sale and lease back of the warehouse in Valencia, (ii) the increase in financial expenses from €0.2mln in 1H22 to €1.6mln in 1H23

for the current macro-economic context and higher debt and (iii) the impact of the write-down of PB Online for a total amount of €0.5mln. We remind that in June 2022, Riba Mundo acquired 50% of share capital of PB Online for a total amount of €2.65mln.

Figure 5: 1H22-1H23 EBIT and Net Income (€, mln)(%)



Source: Banca Profilo elaborations on company data

Table 1: Income Statement 1H22-1H23 (€, mln) (%)

Profit & Loss (€/mln)				
		1H22	FY22	1H23
Total Revenues		121.4	329.1	183.6
	yoy	n.m.	89.5%	51.3%
Procurements		(116.6)	(313.8)	(174.3)
	% on Revenue	96.1%	95.3%	94.9%
Gross Profit		4.8	15.3	9.3
	Margin	3.9%	4.7%	5.1%
	yoy	n.m.	114.6%	96.0%
Labour cost		(0.6)	(1.9)	(1.6)
	% on Revenue	0.5%	0.6%	0.9%
Cost of services and other operating costs		(2.0)	(6.3)	(3.8)
	% on Revenue	1.7%	1.9%	2.1%
Comprehensive operating costs		(119.2)	(321.6)	(179.7)
	% on Revenue	98.2%	97.7%	97.9%
EBITDA		2.2	7.5	3.9
	Margin	1.8%	2.3%	2.1%
D&A		(0.1)	(0.4)	(0.4)
	% on Revenue	0.1%	0.1%	0.2%
EBIT Reported		3.4	8.2	3.5
	Margin	2.8%	2.5%	1.9%
EBIT Adjusted		2.1	7.0	3.5
	Margin	1.7%	2.1%	1.9%
Net Financial Income (expenses)		1.1	(0.2)	(2.1)
	% on Revenue	-0.9%	0.1%	1.2%
EBT		3.1	6.9	1.4
	Margin	2.6%	2.1%	0.7%
Income Tax Expense		(0.8)	(1.9)	(0.5)
	Tax rate	25.0%	27.1%	35.4%
Group Net Income		2.3	5.0	0.9
	Margin	1.9%	1.5%	0.5%

Source: Banca Profilo elaborations on Company data

Net Operating Working Capital at €27.8mln or 7.1% of revenues At the end of June 2023, Net Operating Working Capital stood at €27.8mln (or 7.1% of revenues). The incidence of trade receivables and inventories on revenue decreased to 4.1% and 6.5% from respectively 6.6% and 7% at the end of 2022. Lastly, the incidence of trade payables on operating costs decreased to 3.6% from 9.1% at the end of 2022 due to a policy adopted to improve margins through the increase of payables' turnover.

Net debt increased to €33.1mln from €17.1mln At the end of June 2023, Adj. Net Debt increased to €33.1mln from €17.1mln at the end of 2022, mainly for (i) the policy adopted to reduce the number of DPOs to improve margins; (ii) net working capital seasonality and (iii) the need to finance growth. Net Debt at the end of June does not include the IPO proceed of €5.3mln; yet it is still above our previous FY23 estimate at €16mln.

Shareholder equity at €8.3mln At the end of June 2023, Shareholders' equity stood at €8.3mln from €7.4mln at the end of 2022, excluding the IPO capital increase.

Table 2: Balance Sheet 2022-1H23 (€, mln) (%)

Balance Sheet (€/mln)		
	FY22	1H23
Intangible Assets	1.7	2.8
Right of use	1.2	1.1
Tangible Fixed Asset	0.4	0.5
Financial Assets	5.2	4.8
Fixed Assets	8.6	9.2
Trade Receivable	21.8	16.2
Inventories	23.1	25.3
Trade Payable	(29.2)	(13.7)
Net Operating Working Capital	15.6	27.8
<i>% on Revenue</i>	<i>4.7%</i>	<i>7.1%</i>
<i>Trade receivables (% on Revenue)</i>	<i>6.6%</i>	<i>4.1%</i>
<i>Inventories (% on Revenue)</i>	<i>7.0%</i>	<i>6.5%</i>
<i>Trade p.(% on cost of services&materials)</i>	<i>9.1%</i>	<i>3.6%</i>
Other Current Assets	3.8	10.2
Other Current Liabilities	(3.4)	(3.7)
Net Working Capital	16.1	34.3
<i>% on Revenue</i>	<i>5%</i>	<i>19%</i>
Non Current Liabilities	(0.0)	(0.0)
Leasing liabilities	(1.0)	(0.9)
Net Invested Capital	23.6	42.6
CapEx	4.5	5.5
<i>% on Revenue</i>	<i>1.4%</i>	<i>3.0%</i>
<i>Intangible</i>	<i>1.6</i>	<i>1.4</i>
<i>Tangible</i>	<i>0.4</i>	<i>0.2</i>
<i>Financial asset</i>		<i>3.7</i>
Share capital	2.0	2.0
Reserves and Retained Earnings	0.4	5.4
Group Net Income	5.0	0.9
Financial assets at fair value through equity	(0.1)	(0.1)
Consolidated Shareholders' Equity	7.4	8.3
Net Financial Position (Cash)	16.2	34.3
NPF ADJUSTED	17.1	33.1

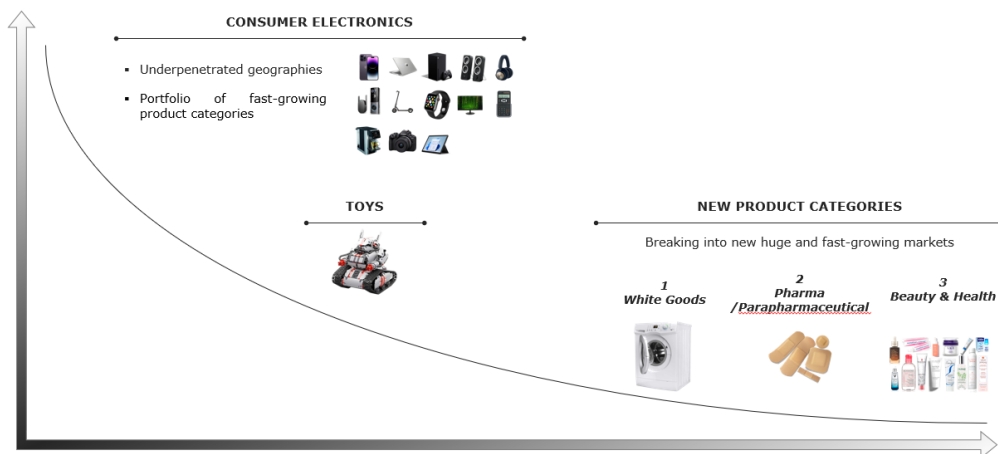
Source: Banca Profilo elaborations on Company data

2023-26 Strategy and Estimates

Corporate Strategies

- Strategic guidelines:** After the IPO on Euronext Growth Milan on 28th July 2023, Riba Mundo issued 268k new shares raising €5.3mln. As of now, the Company is mainly focusing to expand its product range, by entering new categories such as personal & household small appliances and smartphones & tablets accessories.
- products range expansion;**
- Use of proceeds:**
- 70% new product categories** We remind you that the IPO proceeds will be used for both internal and external business expansion:
 - new product categories (~70% of IPO proceeds): Riba Mundo intends to invest in R&D to integrate new global markets into its Big Data ecosystem. The Company aspires to enter in White Goods & household appliances, Pharma & Para Pharmaceuticals, and Beauty & Personal Care markets;
 - the Riba Mundo Proprietary Brand (~20% of IPO proceeds): the Group intends to invest in R&D to launch its brand and secure higher margins;
 - warehouse capacity (~10% of IPO proceeds) to support the growth acceleration in the next years; after the listing, the Company started the restructuring of the warehouse.
 - 20% new Riba Mundo proprietary brand**
 - 10% increasing warehouse capacity**

Figure 6: Riba Mundo's strategic product lines



Source: Banca Profilo elaborations on Company data

Strategic repositioning: from resellers to Retailers/E-Tailers

In terms of final clients, Riba Mundo's will increase the weight of Retailers/e-Tailers to further improve profitability.

June 2022: Riba Mundo acquired 50% of E-price for €2.65mln

In June 2022, Riba Mundo signed a Joint Venture agreement with Portobello for the acquisition of 50% each of a business unit of E-Price, for an amount of €2.65mln. Although E-Price is a B2C platform, Riba Mundo strategic goal through this acquisition is to have higher control over both the demand and supply side, as well as to expand its product categories. On the supply side, the acquisition allows Riba Mundo to have access to the data of E-price main suppliers, including their available stocks. On the demand side, E-price not only has become Riba Mundo's client, but it is a source of consumers statistical data mainly in terms of end-markets performance, preferences and trends.

According to management, E-price is developing and growing; as a results indeed, some producers signed contracts last month, while others will sign them in the short term.

Our 2023-2026 estimates

Riba Mundo to outperform market in 2023E and to grow in line with Consumer Electronics over 2024-2026E

Consumer Electronics remained stable in 2022, being worth approximately \$1.1tn. Riba Mundo showed great growth over the past three years with turnover increasing at a 109% 2019-22 CAGR. We expect the Company to continue to significantly outperform market growth and assume more than 50% yoy turnover growth this year. Afterwards, in 2024-2026E we expect single sectors to grow at their estimated market CAGR.

According to independent studies (paragraph: "Reference Industry Market"), we leave unchanged our estimates on revenues [*Please refer to our Initial Coverage on 11th September 2023*]:

- we project Mobile Phones to grow by 45% in 2023 and at market CAGR of 7.3% over the period 2024-2026E;
- we expect Tablets to rise by 50% in 2023 and at market CAGR of 16.7% over the period 2024-2026E;
- we forecast Headphones to increase by 75% in 2023 and at market CAGR of 12.6% over the period 2024-2026E;
- we estimate Other products to grow by 90% yoy in 2023 and to rise at market CAGR of 17.3% over the period 2024-2026E.

Total Revenues to grow at 19% 22-26E CAGR

Our estimate on Total revenues remains unchanged from the previous research. As such, we estimate Total Revenues to grow at 19% 22-26E CAGR, mainly driven by Mobile Phones, which we expect to account for an average of 72% of yearly sales; Tablets, Headphones and Other Revenues are projected to gradually increase their weight on sales with a peak in 2026E. More in details, we see a significant increase of Other Revenues contribution to Total Revenue to 18% in 2026 from 11.7% in 2022.

Figure 7: Total Revenues trend 2022-2026E (€ mln)

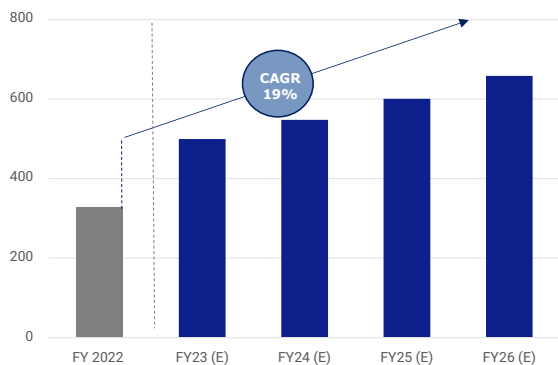
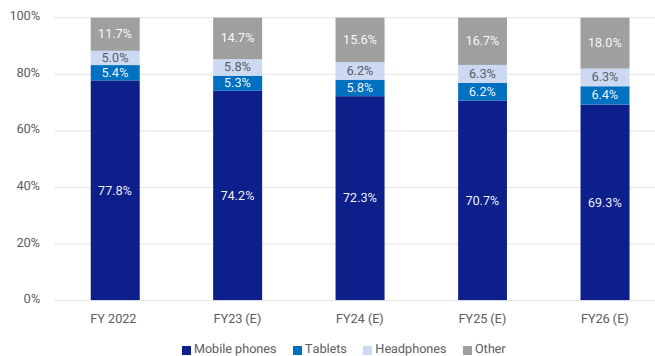


Figure 8: Total Revenues breakdown trend 2022-2026E (€ mln)



Source: Banca Profilo elaborations and estimates on Company data

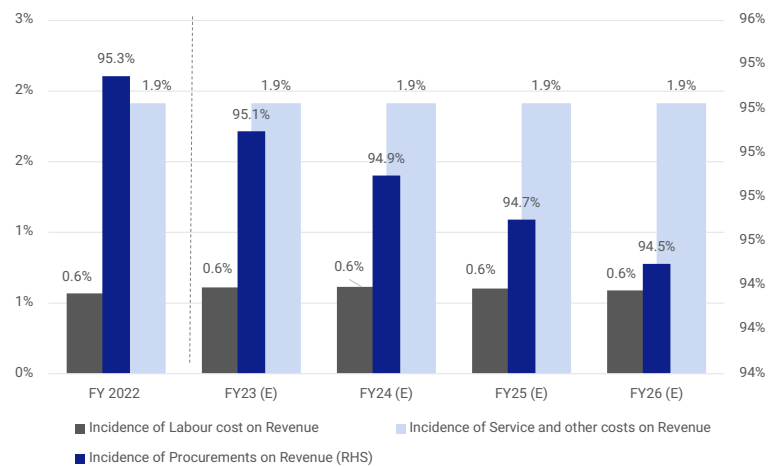
Costs incidence is expected to decline from 97.7% in 2022 to 97% of revenue in 2026E

Cost incidence is seen stable from our precedent estimates. In particular, in terms of costs assumptions over 2023-2026:

- Procurements are projected to gradually decrease their incidence on revenues, yet keeping an average of 95%;
- Services costs are assumed unchanged at 1.9% of sales;
- Labour costs are kept constant at 0.6% on Total Revenues;

Overall, total costs incidence on revenues is expected to decline from 97.7% in 2022 to 97% in FY26E, thanks to the declining weight of procurements.

Figure 9: Cost structure and incidence on Total Revenues (%) 2022-2026E

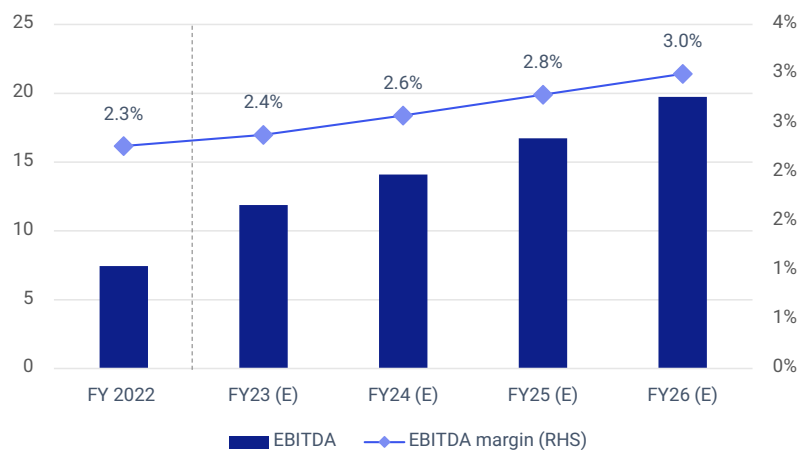


Source: Banca Profilo elaborations and estimates on Company data

EBITDA to reach €20m in 2026E or 3% margin

We maintain our projections on EBITDA as the previous research. In 2023, we expect EBITDA to increase to €11.9m from €7.5m in FY22 and its margin to improve some 10bps to 2.4%. According to our projections, EBITDA will then reach €19.7m in 2026E or 3% margin, driven by revenue growth and operating leverage.

Figure 10: EBITDA (€, mln) and EBITDA margin (%) in 2022-2026E



Source: Banca Profilo elaborations and estimates on Company data

EBIT is projected at some €18m in 2026E

We project EBIT to grow at 22-26 CAGR at 26%, slightly below our previous estimate at 27% due to higher D&A in line with 1H23 results. EBIT is seen to reach €17.9m in 2026E, vs previous estimate at €18.4m.

Net income to grow at 26% 22-26E CAGR

Finally, we end up with a 26% Net income CAGR over 2022-2026E (vs previous 27%). Net Profit is expected to increase from €5m in 2022 to €12.7m in 2026E (vs previous €13.1m). Considering the early stage of the Company, we assume that Riba Mundo will not pay dividends over the explicit period.

Table 3: Riba Mundo Profit & Loss 2022-2026E (€, mln)

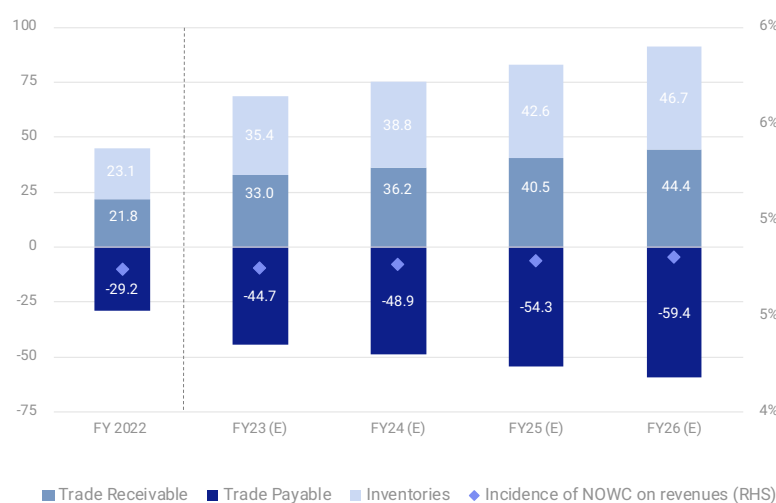
Profit & Loss (€/mln)										
	FY22	FY23E		FY24E		FY25E		FY26E		
		OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW	
Total Revenues	329.1	499.6	499.6	547.8	547.8	600.5	600.5	658.2	658.2	
	<i>yoy</i>	89.5%	51.8%	51.8%	9.7%	9.7%	9.6%	9.6%	9.6%	
Procurements	(313.8)	(475.1)	(475.1)	(519.9)	(519.9)	(568.7)	(568.7)	(622.0)	(622.0)	
	<i>% on Revenue</i>	95.3%	95.1%	95.1%	94.9%	94.9%	94.7%	94.5%	94.5%	
Gross Profit	15.3	24.5	24.5	28.0	28.0	31.8	31.8	36.2	36.2	
	<i>Margin</i>	4.7%	4.9%	4.9%	5.1%	5.1%	5.3%	5.5%	5.5%	
	<i>yoy</i>	114.6%	60.0%	60.0%	14.1%	14.1%	13.9%	13.9%	13.7%	
Labour cost	(1.9)	(3.0)	(3.1)	(3.4)	(3.4)	(3.6)	(3.7)	(3.9)	(4.0)	
	<i>% on Revenue</i>	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	
Cost of services and other operating costs	(6.3)	(9.6)	(9.6)	(10.5)	(10.5)	(11.5)	(11.5)	(12.6)	(12.6)	
	<i>% on Revenue</i>	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	
Comprehensive operating costs	(321.6)	(487.7)	(487.8)	(533.7)	(533.8)	(583.8)	(583.9)	(638.5)	(638.7)	
	<i>% on Revenue</i>	97.7%	97.6%	97.6%	97.4%	97.2%	97.2%	97.0%	97.0%	
EBITDA	7.5	11.9	11.9	14.1	14.0	16.7	16.6	19.7	19.6	
	<i>Margin</i>	2.3%	2.4%	2.4%	2.6%	2.6%	2.8%	2.8%	3.0%	
D&A	(0.4)	(0.7)	(0.8)	(1.1)	(1.3)	(1.3)	(1.5)	(1.3)	(1.7)	
	<i>% on Revenue</i>	0.1%	0.1%	0.2%	0.2%	0.2%	0.3%	0.2%	0.3%	
EBIT Reported	8.2									
	<i>Margin</i>	2.5%								
EBIT Adjusted	7.0	11.1	11.0	13.0	12.8	15.5	15.1	18.4	17.9	
	<i>Margin</i>	2.1%	2.2%	2.2%	2.4%	2.3%	2.6%	2.5%	2.8%	
Net Financial Income (expenses)	(0.2)	(1.6)	(2.7)	(1.2)	(2.4)	(0.5)	(1.2)	(0.4)	(0.5)	
	<i>% on Revenue</i>	0.1%	0.3%	0.5%	0.2%	0.4%	0.2%	0.1%	0.1%	
EBT	6.9	9.5	8.3	11.8	10.4	14.9	13.8	18.0	17.4	
	<i>Margin</i>	2.1%	1.9%	1.7%	2.2%	1.9%	2.5%	2.3%	2.6%	
Income Tax Expense	(1.9)	(2.6)	(2.3)	(3.2)	(2.8)	(4.0)	(3.8)	(4.9)	(4.7)	
	<i>Tax rate</i>	27.1%	27.1%	27.1%	27.1%	27.1%	27.1%	27.1%	27.1%	
Group Net Income	5.0	7.0	6.1	8.6	7.6	10.9	10.1	13.1	12.7	
	<i>Margin</i>	1.5%	1.4%	1.2%	1.6%	1.4%	1.8%	1.7%	2.0%	

Source: Banca Profilo elaborations and estimates on Company data

NOWC to grow in line with projected revenue growth

In 2023, we estimate NOWC to increase in absolute terms but to remain stable in relative terms with a similar 2022 incidence on revenues at 4.8% on average. We project NOWC to increase from €15.6mln in 2022 to €23.7mln in 2023 (vs previous estimate at €24.6mln), in line with projected sales growth, including €33mln of Trade Receivables, €44.7mln of Trade Payables and €35.4mln of Inventories. Overall, we expect NOWC to grow by some €4mln on average per year and reach €31.7mln in 2026E. Its incidence on Total Revenue will be 4.8% in 2026E, in line with 2024-2025 and slightly above 2023E (4.7%).

Figure 11: Net Operating Working Capital projections (€,mln) and incidence of NOWC on revenues (%) 2022-26E

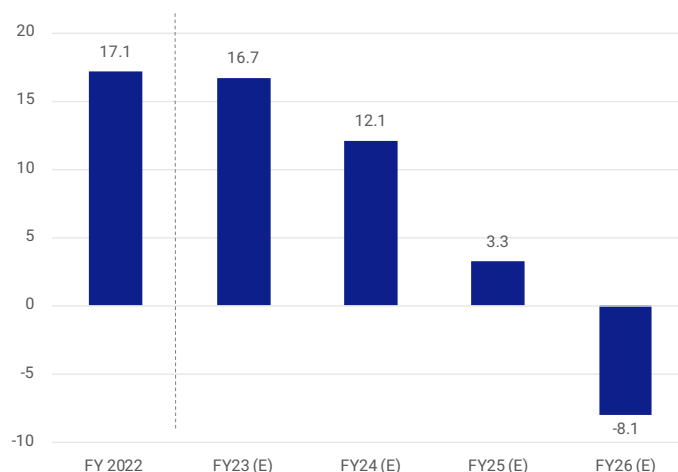


Source: Banca Profilo elaborations and estimates on Company data

Adj. Net debt at €16.7mIn in 2023E to become cash positive at the end of 2026E

According to management, Riba Mundo in 2H23 aims to cash generation by net operating working capital in order to optimize the Net Financial position. Therefore, at the end of 2023 we estimate Adj. Net debt at €16.7mIn (vs previous estimates at €16mIn) from €17.1mIn a year before and, following the IPO proceeds equal to ~€5.3mIn; we expect to become cash positive at the end of 2026E.

Figure 12: Net Debt (Cash) evolution in 2022-2026E (€mIn)



Source: Banca Profilo elaborations and estimates on Company data

Table 4: Riba Mundo Group Balance Sheet 2022-26E (€, mln)

Balance Sheet (€/mln)										
	FY22	FY23E		FY24E		FY25E		FY26E		
		OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW	
Intangible Assets	1.7	4.5	4.1	5.6	5.1	6.0	5.2	5.8	4.8	
Right of use	1.2	1.0	1.0	0.8	0.8	0.6	0.6	0.6	0.6	
Tangible Fixed Asset	0.4	0.5	0.7	0.5	0.7	0.5	0.6	0.5	0.6	
Financial Assets	5.2	4.9	4.1	4.8	3.0	4.9	2.4	5.1	2.6	
Fixed Assets	8.6	10.9	9.9	11.7	9.5	12.1	8.9	12.0	8.5	
Trade Receivable	21.8	33.4	33.0	36.7	36.2	41.0	40.5	44.9	44.4	
Inventories	23.1	35.4	35.4	38.8	38.8	42.6	42.6	46.7	46.7	
Trade Payable	(29.2)	(44.3)	(44.7)	(48.4)	(48.9)	(53.8)	(54.3)	(58.8)	(59.4)	
Net Operating Working Capital	15.6	24.6	23.7	27.1	26.1	29.8	28.8	32.8	31.7	
% on Revenue	4.7%	4.9%	4.7%	4.9%	4.8%	5.0%	4.8%	5.0%	4.8%	
Trade receivables (% on Revenue)	6.6%	6.7%	6.6%	6.7%	6.6%	6.8%	6.7%	6.8%	6.7%	
Inventories (% on Revenue)	7.0%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	
Trade p.(% on cost of services&materials)	9.1%	9.1%	9.2%	9.1%	9.2%	9.3%	9.4%	9.3%	9.4%	
Other Current Assets	3.8	2.0	6.8	2.2	7.2	2.4	6.2	2.7	5.3	
Other Current Liabilities	(3.4)	(2.8)	(3.4)	(3.0)	(3.6)	(3.5)	(3.9)	(3.9)	(4.2)	
Net Working Capital	16.1	23.8	27.1	26.3	29.7	28.8	31.0	31.6	32.8	
% on Revenue	5%									
Non Current Liabilities	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Leasing liabilities	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	
Net Invested Capital	23.6	33.7	35.9	37.0	38.2	39.8	38.9	42.6	40.3	
CapEx	4.5	3.3	3.2	2.0	2.0	1.5	1.5	1.1	1.1	
% on Revenue	1.4%	0.7%	0.6%	0.4%	0.4%	0.2%	0.2%	0.2%	0.2%	
Intangible	1.6	3.2	2.8	1.9	1.9	1.4	1.4	1.0	1.0	
Tangible	0.4	0.1	0.4	0.1	0.1	0.1	0.1	0.1	0.1	
Share capital	2.0	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	
Reserves and Retained Earnings	0.4	9.7	9.7	16.6	15.7	25.2	23.3	36.1	33.4	
Group Net Income	5.0	7.0	6.1	8.6	7.6	10.9	10.1	13.1	12.7	
Financial assets at fair value through equity	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Consolidated Shareholders' Equity	7.4	18.9	18.0	27.5	25.6	38.4	35.7	51.5	48.4	
Net Financial Position (Cash)	16.2	14.8	17.9	9.5	12.5	1.4	3.2	(9.0)	(8.1)	
NPF ADJUSTED	17.1	16.0	16.7	10.7	12.1	2.6	3.3	(7.7)	(8.1)	

Source: Banca Profilo elaborations and estimates on Company data

Cumulated FCFs at €22.9mln in 2023-2026E

Consequently, we estimate positive FCFs from 2024 to reach €10.7mln in 2026E. Cumulated 2023-26E FCFs are projected at €22.9mln, slightly above our previous estimate at €21.7mln due to lower cash absorption by cumulated NOWC seen €16mln vs prior €17.2mln, despite lower cumulated EBIT €56.8mln (vs prior €58mln).

Table 5: Riba Mundo FCF 2022-2026E (€, mln)

Cash Flow (€/mln)											
	FY22	FY23E		FY24E		FY25E		FY26E			
		OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW		
EBIT	7.0	11.1	11.0	13.0	12.8	15.5	15.1	18.4	17.9		
Tax rate	27%	27%	27%	27%	27%	27%	27%	27%	27%		
NOPAT	5.1	8.1	8.0	9.5	9.3	11.3	11.0	13.4	13.0		
D&A	0.4	0.7	0.8	1.1	1.3	1.3	1.5	1.3	1.7		
Changes in Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Changes in Operating NWC	(4.1)	(9.0)	(8.1)	(2.5)	(2.4)	(2.7)	(2.7)	(3.0)	(2.9)		
Capex	(2.0)	(3.3)	(3.2)	(2.0)	(2.0)	(1.5)	(1.5)	(1.1)	(1.1)		
Acquisitions and other investments	(2.6)										
Cash Flow	(3.1)	(3.4)	(2.4)	6.1	6.2	8.3	8.4	10.7	10.7		

Source: Banca Profilo elaborations and estimates on Company data

Key Risks

	TYPE OF RISK	DESCRIPTION
EXTERNAL CONTEXT	<i>Hacker attack:</i> - low likelihood - high impact	Risk of hacker attacks on MarVin platform causing the loss and/or dissemination of all data collected on customers and suppliers.
	<i>Obsolescence:</i> - medium likelihood - medium impact	High level of technological innovation in the Consumer Electronics industry. Risk of having an obsolete warehouse with an increase in turnover days.
	<i>Cycle demand:</i> -medium-low likelihood -medium impact	Potential risk of contraction in demand deriving from a reduction in the activity of the main customers or from potential exogenous events that could negatively impact the business.
	<i>Theft of product in stock:</i> - medium likelihood -medium-low impact	Riba Mundo' warehouse may be subject to attempts by unauthorised person to steal products. The occurrence of such risks would have an adverse effect on the Riba Mundo results, even if the Company is insured against theft.
BUSINESS & STRATEGY EXECUTION	<i>Low marginality:</i> - medium likelihood - high impact	High revenues but risk of low margins; the Company has so far defended it, striking a balance between marginality and top line growth.
	<i>Personnel:</i> - low likelihood - medium impact	Management and key people retention, especially the management who thanks to their consolidated experience in the sector or within the scope of their specific responsibilities and competencies, contribute significantly to the development of the Company activities.
	<i>Rapid growth management:</i> - medium-low likelihood - medium-low impact	The prospect of high growth will entail an increase in technology and human capital investments compared to the current organisational structure. Should the actual growth in the coming years turn out to be lower than budgeted, Riba Mundo's ability to repay the investments in the organisational structure could be impaired, with consequent negative effects on its growth prospects as well as on its results.
	<i>Customer concentration:</i> - low likelihood - high impact	The Consumer Electronic market in which Riba Mundo operates is very competitive and there is a high possibility for customers to replace the operator. The occurrence of such risks would have a detrimental effect on the Company results.

Table 6: Risk matrix

Impact	Very high					
	High	Hacker attack; customer concentration		Low marginality		
	Medium	Personnel	Cycle demand	Obsolescence		
	Medium-Low		Rapid growth management	Theft of product in stock		
	Low					
Potential impact on the business VS likelihood of occurrence		Low	Medium-Low	Medium	High	Very high
		Likelihood				

Source: Banca Profilo elaborations on Company data

Valuation

DCF method and market multiples

Given Riba Mundo's potential cash generating business model, a DCF method well adapts as a valuation approach. Furthermore, we have selected a sample of listed international companies "comparables" to Riba Mundo, to suggest an appropriate sample for the relative valuation through market multiples.

DCF valuation

DCF assumptions: €22.9mln of cumulated FCFs

To run a DCF model, we used our projections of FCFs for the 2023E-26E explicit period: €22.9 mln of cumulated FCFs (vs prior €21.7mln). We would consider the 2023-2026 average FCF of €5.7mln as the Terminal Value cash flow (vs prior €5.4mln). Since the management confirm that the Company aims to optimize the Net Financial position in 2H23, we use 2023E Net Debt of €16.7mln (vs previous €16mln) instead of 1H23 Net Debt at €33.1mln.

8% WACC

We would use an 8% WACC (vs previous 7.9%) derived from:

- risk free rate at 5.1%, as implicitly expected by consensus on the 30Y Italian BTP yield curve (moving average of the last 100 days) with an estimated increase in interest rates of 50bps;
- market risk premium equal to 5.5%;
- beta of 1 coming from the average of chosen listed peers;
- target Debt to Equity structure, with 52% weight of Equity

Table 7: WACC calculation

WACC Calculation	
perpetual growth rate	2.0%
WACC	8.0%
risk free rate (30Y)	5.1%
equity risk premium	5.5%
beta	1.0
KE	10%
cost of debt	8%
tax rate	27%
KD	5.5%

Table 8: DCF Valuation (€,mln)

DCF Valuation (€ mln, except for the target price)	FY22	FY23 (E)	FY24 (E)	FY25 (E)	FY26 (E)	over
Free Cash Flows (€/000)		-2.4	6.2	8.4	10.7	5.7
years		1	2	3	4	
discount factor		0.93	0.86	0.79	0.74	
NPV Cash flows (€)		-2.2	5.3	6.7	7.9	
Sum of NPVs (€)						17.6
Terminal Value (€)						95.4
NPV Terminal Value (€)						70.1
Enterprise Value (€)						87.7
Adj. Net debt 2023E (€)						16.7
Equity Value (€)						71.0
number of shares (mln)						2.3
Per share value (€)						30.9

Source: Banca Profilo elaborations and estimates on Company data

DCF valuation: €30.9/share

The DCF method leads us to an Enterprise Value of €87.7mln (vs previous €83.8mln) and to an Equity Value of €71mln (vs previous €67.8mln) showing a fair value of €30.9/share vs prior €29.5/share.

Riba Mundo competitive arena

A sample of seven listed companies

Riba Mundo faces competition from non-listed companies such as Yukatel, TelePart, Globomatik, Datamatic, Ingram Micro and Computer Gross. Nevertheless, there are cases where Riba Mundo might operate in conjunction with some competitors that do not have a specific capability.

We selected seven listed traditional B2B Consumer Electronics distributors: Esprinet, Also Holding, DistIT, Arrow Electronics, TD Synnex Corporation, PC Connection and Sesa. None of

these companies has a software as sophisticated as MarVin, the data management application that Riba Mundo created for best-in value and time Consumer Electronics trading worldwide. On the other hand, these listed selected companies can rely on strong relationships with big Consumer Electronics suppliers.

<p>Esprinet (IT): FY22 sales €4.7bn; EBITDA margin 1.9%</p>	<p>Esprinet is an Italian company specialized in the wholesale distribution of information technology, consumer electronics, and solutions to resellers, VARs, system integrators, specialized stores, retailers, and ecommerce portals. The Company also offers traditional wholesale sales services, logistics and financial services through consumption-based sales model. It serves customers in Italy, Spain, and Portugal. The Company was founded in 2000 and is headquartered in Vimercate, Italy.</p>
<p>ALSO Holding (CH) FY22 sales €12.6bn; EBITDA margin 2.2%</p>	<p>ALSO Holding is a B2B distributor of personal computers (hardware and software) and consumer electronics. The Company operates in Central and Northern/Eastern Europe. It was founded in 1984 and is based in Emmen, Switzerland.</p>
<p>DistIT (SE) FY22 sales SEK2.5bn; Adj. EBITDA margin 1.4%</p>	<p>DistIT distributes electronic products including web camera's, modems, USB connectors, docking stations, computer power supplies, HDMI cables, servers and home electronics. The Company was founded in 1968 and is headquartered in Alvsjo, Sweden.</p>
<p>Arrow Electronics (US): FY22 sales € 37.1bn; EBITDA margin 6.4%</p>	<p>Arrow Electronics is a global distributor of electronic components and computing solutions. It sells semiconductors, passive components, interconnect products, computing and memory and computer peripherals to more than 220,000 equipment and contract manufacturers and resellers. The Company, which generates about 70% of revenue outside the US, serves about 210,000 customers over 90 countries. The Company was incorporated in New York in 1946.</p>
<p>TD SYNEX (US): FY22 sales \$62.3bn; EBITDA margin 3.1%</p>	<p>TD SYNEX is a leading global provider of IT hardware, software, and systems including personal computing devices and peripherals, mobile phones and accessories, printers, server and datacentre infrastructure, hybrid cloud, security, networking, communications and storage solutions and system components. SYNEX operates in the Americas, Europe and Asia-Pacific and generates about 65% of its revenues in the US. In 2021, SYNEX and Tech Data completed a merger and became TD SYNEX, a leading global distributor and solutions aggregator for the IT ecosystem. The Company was founded in 1980 and is headquartered in Fremont, California.</p>
<p>PC Connection (US): FY22 sales \$3.1bn; EBITDA margin 4.3%</p>	<p>PC Connection is a wholesaler of personal computers and related peripherals, software, accessories, and networking products. It offers more than 460,000 items from manufacturers such as Apple, Cisco Systems, and Microsoft as well as a range of IT services. Through its websites, catalogues, and direct sales force, Connection targets mainly small and mid-sized businesses, large corporations, government agencies and educational institutions. The Company was founded in 1982 and is headquartered in Merrimack, New Hampshire.</p>
<p>SeSa (IT): FY22 sales €2.4bn; EBITDA margin 7%</p>	<p>Sesa is the holding of the Group active throughout Italy and some foreign countries including Germany, Switzerland, Austria, France, Spain, Romania and China that constitutes the reference operator in Italy in the sector of technological innovation and IT and digital services for the business segment. We choose this Company because Sesa holds 100% of Computer Gross, a major company within the Group with 2022 revenues amounted approximately to €1.6bn compared to €2.4bn of Sesa revenues. As a market-leading value-added distributor, Computer Gross stands out in the ICT landscape for its comprehensive range of technology solutions from leading vendors including device and printing, business applications, video surveillance and more.</p>

Key peers' financials

Riba Mundo's higher sales growth

We conducted an analysis on main financial indicators of Riba Mundo's selected competitors, which highlights Riba Mundo's superior sales growth. In fact, in terms of revenue growth, the sample shows a median 5.1% yoy in 2022, while Riba Mundo turnover increased by 89.5% yoy. In terms of cash flows generation, in 2022 peer's median EBITDA margin was 3.1%, above Riba Mundo's 2.3%.

Table 9: Riba Mundo and Peers Sales Growth and EBITDA margin evolution (%)

Company	Sales growth				EBITDA margin				
	2021	2022	2023E	2024E	2020	2021	2022	2023E	2024E
11/10/2023									
Esprinet S.p.A.	4.4%	-0.1%	-0.2%	5.8%	1.5%	1.8%	1.9%	1.5%	1.7%
ALSO Holding AG	-0.6%	-10.7%	-2.1%	4.4%	1.9%	2.1%	2.2%	2.4%	2.4%
DistIT AB	n.a.	1.6%	-4.5%	7.1%	n.a.	4.2%	1.4%	2.4%	3.9%
Arrow Electronics, Inc.	20.2%	7.7%	-9.8%	-4.7%	3.8%	5.2%	6.4%	5.1%	4.8%
TD SYNnex Corporation	35.4%	82.2%	-6.3%	3.8%	3.7%	3.0%	3.1%	3.0%	3.0%
PC Connection, Inc.	11.7%	8.0%	-6.0%	7.2%	3.3%	3.8%	4.3%	4.2%	4.3%
SeSa S.p.A.	16.3%	5.1%	35.9%	7.8%	5.9%	6.8%	7.0%	7.2%	7.4%
Median best peers	14.0%	5.1%	-4.5%	5.8%	3.5%	3.8%	3.1%	3.0%	3.9%
RIBA MUNDO	190.1%	89.5%	51.8%	0.1	1.4%	2.2%	2.3%	2.4%	2.6%

Source: Banca Profilo elaborations and estimates on Company data

Market multiples

EV/Sales the multiple to be used

To assess a relative valuation of Riba Mundo through the market multiples relative approach, we selected a sample of listed national and international companies specialized in B2B Consumer Electronics distribution. Riba Mundo competitive advantage compared to these operators is its MarVin Real Time Database to assess the best-in-value and time B2B trade.

We used a blend of 2023E EV/Sales multiple since EBITDA remains very modest in this Industry. Our selected sample comprises: Esprinet, Also Holding, DistIT, Arrow Electronics, TD Synnex Corporation, PC Connection and SeSa.

Table 10: Sample market multiples

Company	EV/SALES	
	11/10/2023	2023E
Esprinet S.p.A.		0.1x
ALSO Holding AG		0.2x
DistIT AB		0.2x
Arrow Electronics, Inc.		0.3x
TD SYNnex Corporation		0.2x
PC Connection, Inc.		0.4x
SeSa S.p.A.		0.4x
Median		0.2x
RIBA MUNDO		0.1x

Table 11: Relative valuation

Valuation on EV/sales market multiples	
(€/000)	2023E
EV/SALES	0.2x
SALES	500
EV	110
Adj. Net debt 2023E	16.7
Equity	94
<hr/>	
n of shares	2.3
Price per share	40.7
price	25.5

Source: Banca Profilo elaborations and estimates on Company data (as of 11 October 2023)

Median EV/Sales 23E at 0.2x

To compute valuation through market multiples, we chose the median FY2023 EV/Sales at 0.2x (as of 11 October 2023) for the uncertain macro scenario and high volatility of financial markets.

Market multiples valuation: €40.7/share

The relative method leads us to an Enterprise Value of €110mln and to an Equity Value of €94mln or €40.7/share (vs previous €42.1/share).

BUY with 12-month price target at €35.8 (unchanged)

We took the simple average of the DCF and multiple valuation and ended up with a TP of €35.8/sh (unchanged). Given the significant potential upside on Riba Mundo closing price (as of 16 October 2023), we set a BUY recommendation.

Appendix

The reference market

Riba Mundo Tecnologia: a Consumer Electronics B2B global trader	Riba Mundo Tecnologia ("Riba Mundo") is specialized in the global B2B commerce of technological products, including smartphones, tablets, headphones, game consoles, TVs, smartwatches, personal computer components and portable electronic devices. The Company is a B2B mainly European trader, even if it operates also in the United Kingdom, United States and the United Arab Emirates, serving more than 45 countries.
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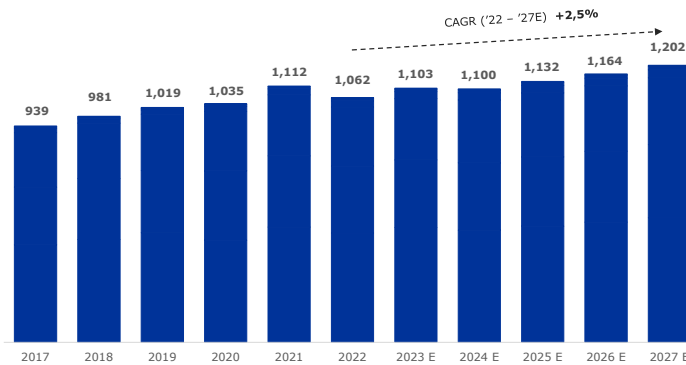
The Consumer Electronics market

Global Consumer Electronics market	Consumer Electronics devices refer to a range of products designed for everyday use. The market includes several categories such as personal computing and devices, audio and video systems, mobile devices and smart home technology. These products are developed to enhance personal productivity, communication and entertainment. Main drivers propelling the Consumer Electronics market are (i) Technological upgrades, (ii) consumer preferences evolution and (iii) a growing desire for cost-effective, easy-to-use and high-performance devices.
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Six main segments of Consumer Electronics market	<p>According to Statista (Consumer Electronic Worldwide Research, March 2023), the Consumer Electronics industry can be divided into six main segments:</p> <ul style="list-style-type: none"> • Telephony, which includes smartphones, feature phones and landline phones, is driven by the increasing demand for mobile devices that enable communication and provide access to the internet. • TV, Radio & Multimedia, which comprises televisions, radios, digital cameras, speakers, headphones and is characterized by the demand for high-quality and immersive entertainment experiences. • Computing which counts laptops, desktops, tablets, and other devices. These products are designed to meet individual needs for personal and professional computing tasks. • TV Peripheral Devices, which includes smart streaming devices, smart remotes and video players, is designed to enhance the TV viewing experience and enable individuals to access content from various sources. • Drones, which involves unmanned aerial vehicles (UAVs) that are used for personal purposes, is driven by the increasing demand for high-quality aerial photography and videography. • Gaming, which covers gaming consoles and VR headsets, is driven by the increasing popularity of video games and the rise of e-sports.
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Global Consumer Electronic 2022-27E CAGR of 2.5%	Global Consumer Electronics turnover in 2022 was \$1.1tn and is expected to grow at 2.5% CAGR in 2022-2027E.
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Figure 13: Consumer Electronics turnover (\$/bn) and expected growth (%) (2017-2027E)

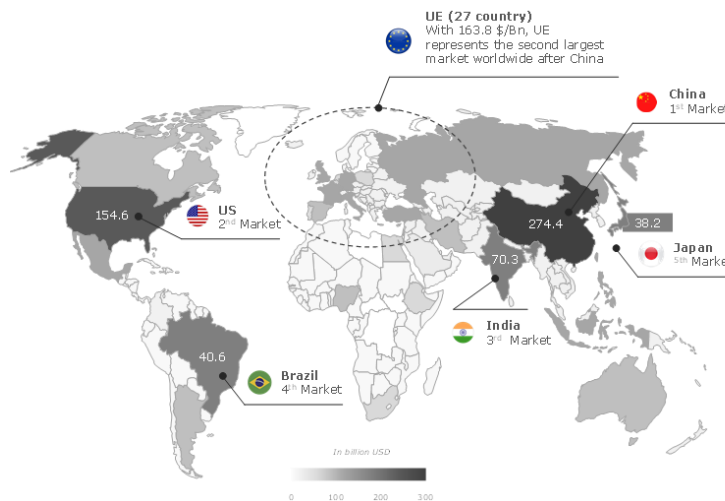


Source: Consumer Electronics – Worldwide Research, December 2022, Statista

China was the leading country in Consumer Electronics in 2021

In 2021, China was the leading country in Consumer Electronics with sales of \$274.4bn, followed by the European Union (27 states) with \$163.8bn and the United States with \$154.6bn.

Figure 14: Consumer Electronics by geography in 2021 (\$,bn)



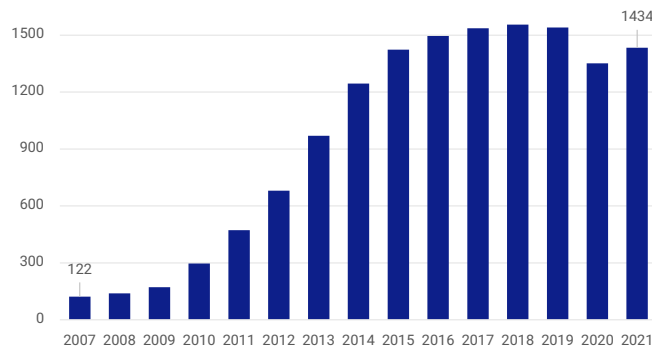
Source: Consumer Electronics – Worldwide Research, December 2022, Statista

The mobile phones sub-industry

By the end of 2020, 78% of world’s population were smartphone users

The Smartphone segment has been steadily developing and growing since 2008, both in market size and in number of models and vendors. By the end of 2020, 78% of world’s population were smartphone users, with many people using more than one smartphone. Apple and Samsung tend to swap places at the top of the smartphone market, but the fight for the remaining places among the top five vendors is hotly contested. Huawei once had a solid hold on this position, even leading the market for a brief period, but restrictions on trade have taken a heavy toll on the Chinese smartphone manufacturer. Other Chinese manufacturers, such as Xiaomi, have primarily filled the gap left by Huawei’s decline.

Figure 15: Smartphones volumes worldwide 2007-2021 (units, mln)



Source: Consumer Electronics – Worldwide Research, December 2022, Statista

Global Mobile Phones to grow at 7.3% CAGR in 22-29E

According to Fortune Business Insights, in 2021, the global Mobile Phone market size was \$457.1bn; it is projected to reach \$792.5bn in 2029 at a 7.3% CAGR over 2022-29E.

The tablets sub-industry

163.2mln/units of tablets shipped worldwide in 2022

The tablets market consists portable computers that use touchscreens as their primary input. Most tablets are slightly smaller and weigh less than an average laptop. Around 163.2mln/units of tablets were shipped worldwide in 2022, with shipments reaching over 45mln/units in the final quarter of the year.

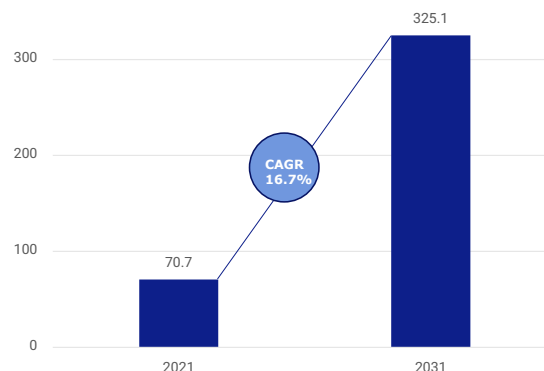
Apple remains the leading tablets vendor; Samsung follows

The tablets market leader is Apple with almost 50% share in the 4Q22, declining in recent years, due to the rise of Samsung Android tablet market share rising to 16.8% in 2021 from 7.3% in the 4Q12 and 7.7mln/units, compared to 22.5 mln/units by Apple.

Global tablets to reach \$325bn in 2031 from \$71bn in 2021

According to Allied Market Research, in 2021 global tablets market was valued \$70.7bn and it is expected to reach \$325.1bn by 2031, growing at 16.7% CAGR over 2021-31E.

Figure 16: Global tablet market size (\$, bn)



Source: Allied Market Research, August 2022

The headphones sub-industry

Global Headphones to grow at 12.6% CAGR in 22-30E

According to Grand view Research (Earphones and Headphones Market, 2023), in 2022 global Earphones and Headphones market was worth \$58.2bn and it is expected to grow at 12.6% CAGR over 2022-2030E. Main driver is the changing consumer preferences for wireless headphones and earphones in the coming years.

Key Market Drivers for Consumer Electronics in the next years

Several drivers to fuel further growth in Consumer Electronics demand

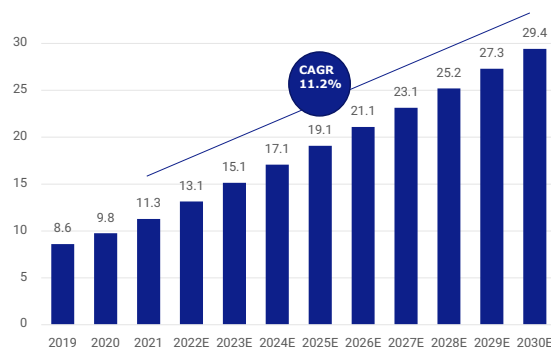
According to Statista, there are several trends that will fuel further growth in Consumer Electronics, including 5G networks development, the surging popularity of smart homes and advancements in augmented and virtual reality technologies. These trends will trigger a digital transformation and an increasingly interconnected world, creating a plethora of opportunities for Consumer Electronics.

IoT devices to grow at 11.2% CAGR in 2021-2030E

In 2020, consumers weighed for around 60% of Internet of Things (IoT) connected devices and this share is projected to stay at similar level over the next ten years.

The number IoT devices is forecast to grow globally at 11.2% CAGR in 2021-2030E, reaching more than 29bn of IoT connected devices worldwide from 9.8bn in 2020. In 2030, the highest number of IoT devices will be found in China with around 5bn of consumer devices.

Figure 17: Number of Internet of Things (IoT) connected devices worldwide – 2019-2030E (unit/bn)



Source: Number of IoT connected devices worldwide, November 2022, Statista

Company's evolution

An Innovative SME with a B2B model in Consumer Electronics trading

Riba Mundo is a Tech Company established in 2018 operating as a B2B trader of Consumer Electronics.

2020 pivotal change: the MarVin software was created

Riba Mundo business model follows the pivotal change made in 2020, when the MarVin software was created. The software was designed to meet the needs of its business model and it was registered with a copyright by Riba Mundo. In the following years, the Company continued its organic growth through the launch of a Global B2B E-commerce platform. Moreover, Riba Mundo strengthened its logistics through the purchase of 5,000 sqm warehouse and diversified its offering adding new product categories. In 2022, only four years after its foundation, the Company achieved a record turnover of €329mIn and bought, together with Portobello SpA (50% stake each), E-price assets.

Riba Mundo acquired 50% of PB Online for €2.65mIn

Riba Mundo acquired 50% of share capital of PB Online for a total amount of €2.65mIn (the average market capitalization of E-price in that period - between the announcement and the acquisition- was €6.1mIn).

The offer of the "marketplace" business unit relates to eprice.it portal and consists of the following assets:

- ePrice brand and eprice.it domain;
- the goodwill, understood as the intangible value of ePrice market positioning, brand and commercial reputation, suppliers and customers networks;
- capital goods and hardware needed to ensure business continuity;
- the database including i) customers' personal data; ii) marketplace sellers' personal data; iii) users (i.e. web visitors) data;
- contracts and all authorizations related to the functioning of the business unit;
- 25% equity interest in the Dutch company International Marketing Network, which is a JV founded with 3 other operators to develop an international marketplace between Italy, France, Germany and Romania;
- 25 employees needed to ensure business continuity.

Group structure

IPO Completed at the end of July and raising ~€5.3mln

The Company was listed on the Euronext Growth segment of the Milan Stock Exchange on 28th July 2023. The IPO was carried out through a capital increase. Riba Mundo issued 268k new shares raising ~€5.3mln. The share capital is made of 2.3mln shares. Moreover, the greenshoe option exercise concerned 11,200 ordinary shares held by main shareholder Marco Dezi, which were subscribed at 19.70€/per share (equal to the IPO price), for a total amount of €220,640.

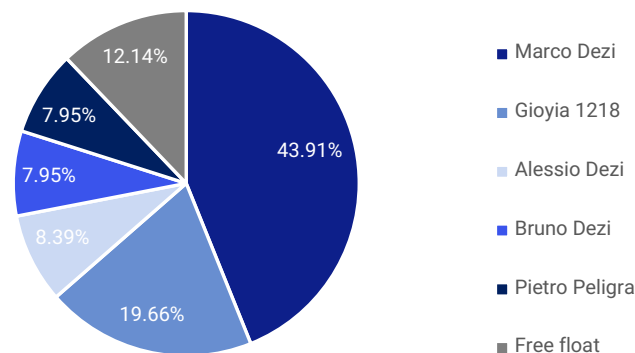
18-month lock-up

Pre-money shareholders have a 18-month lock-up period.

Marco Dezi is CEO and main shareholder with 43.91%; free float is 12.14%

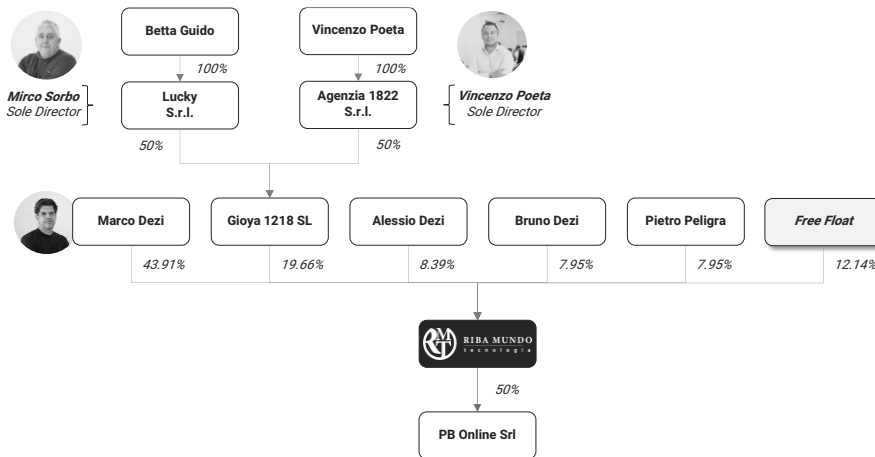
Marco Dezi, CEO of the Company, owns 43.91%, whereas Vincenzo Poeta and Mirco Sorbo, Buyer Director and Sales Director respectively, own 19.66% through Gioya 1218 SL. The remaining stake is owned by Alessio Dezi (8.39%), Bruno Dezi (7.95%) and Pietro Peligra (7.95%). Free float is 12.14%. Moreover, following the partnership signed in 2022 with Portobello, Riba Mundo owns 50% of E-Price.

Figure 18: Shareholders post IPO



Source: Banca Profilo elaborations on Company data

Figure 19: Group Structure post IPO



Source: Banca Profilo elaborations on Company data

Headquarter in Valencia, a strategic hub in Europe

The Company's headquarter is in Valencia (Spain), a strategic choice at 12km only distance from Valencia International Airport and the City itself is considered as a strategic logistics hub in Europe.

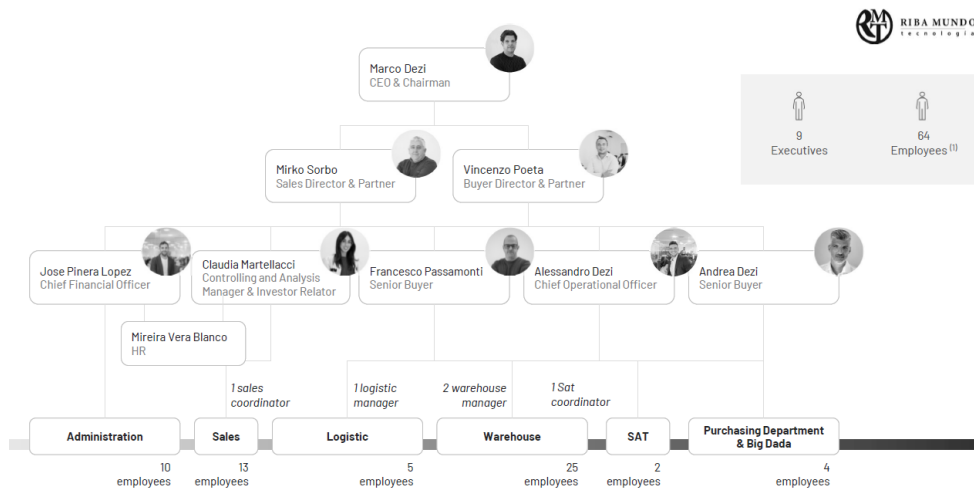
Riba Mundo traded in over 45 countries in 2022

In 2022, Riba Mundo sold in more than 45 countries, of which 16% in Spain, 66% in Europe and the remaining in Extra European countries. The top 5 countries in terms of 2022 revenues were Italy (20%), Spain (16%), UAE (12%), Austria (6%) and Germany (6%). In addition, key perspective countries include United Kingdom, the United States and the United Arab Emirates.

The Group employees 73 people including 9 executives

As of August 2023, the Group employed 73 people (from 63 peoples as of March 2023) including 9 executives. The warehouse is the largest department with 25 employees (from 21 employees as of March 2023).

Figure 20: Riba Mundo's Organizational chart and workforce



Source: Banca Profilo elaborations on Company data

Marco Dezi: CEO & Partner

Marco Dezi, main shareholder and CEO of Riba Mundo, graduated in Business & Economics in Rome, took an MBA in Milan and mastered in Marketing at the Business School Sole 24 Ore. He set up his first business (sold in 2004) focused on the importation and assembling of LCD and Plasma TVs.

Mirco Sorbo: Sales Director

Mirco Sorbo is Riba Mundo Sales Director. He holds 25 years of experience in phones and tablets trading.

Vincenzo Poeta: Buyer Director	Vincenzo Poeta is Riba Mundo Buyer Director. He has been working as a buyer in Consumer Electronics since 2010. He coordinates the in-depth analysis of end-markets, looking for most appealing products categories and best purchasing prices for each brand.
Jose Pinera Lopez: Secretary and CFO	Jose Pinera Lopez is Riba Mundo Secretary and CFO. He graduated in Business Administration at Catolica University in San Antonio de Murcia; he then took an MBA at the Luiss Business School in Rome and, finally, an Executive MBA at ENAE Business School in Murcia. Mr. Lopez has been working in the Food Industry for more than 15 years; he successfully completed the sale of the company where he had previously worked as CEO.

Riba Mundo: a Big Data Company in Consumer Electronics

Riba Mundo Tecnología has radically changed B2B global commerce	Riba Mundo Tecnología launched its proprietary Big Data software, MarVin, to radically change the Business-to-Business (B2B) global commerce, mainly in Consumer Electronics. Riba Mundo trades Consumer Electronics among retailers and resellers, using MarVin database as the sole software.
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Product Offering and Key Brands

Broad and diversified product portfolio including 14 main categories	Riba Mundo Tecnología has a broad and diversified product portfolio, including smartphones, computing, gaming, smartwatches, speakers, headphones, office supplies, home and ecosystem products, household appliances, personal technologies, photo and video devices, tablets, toys and TV & Accessories.
Over 130 brands and 5,000 SKUs in 14 categories	Riba Mundo offering is made of more than 5,000 references (stock keeping units, "SKUs") and over 130 brands in 14 different Consumer Electronics categories. The Company's aim is to progressively expand its products range, leveraging on MarVin capacity to Big Data analysis and spotting the most prospectively requested SKUs. The Group's SKUs rose from 775 in 2020 to 5,141 in 2022.

Business Model and Value Chain

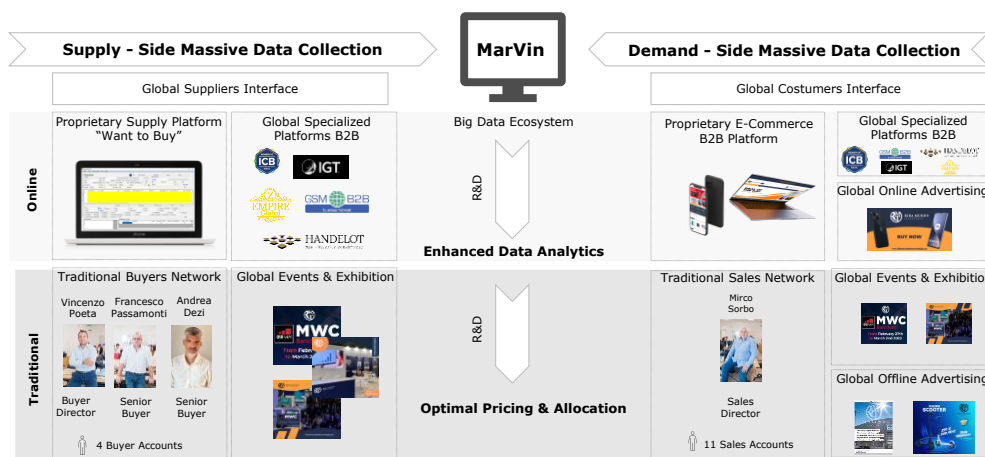
Data-driven layer in global B2B Consumer Electronics commerce	Riba Mundo business model has its roots in its proprietary MarVin software. The Group operates worldwide buying products at the lowest price from global suppliers and reselling it to global customers, i.e. retailers and resellers.
MarVin technology at the core of the business	<p>MarVin was created in 2020 and it relies on a fully centralized Big Data ecosystem, which integrated automated business processes from warehouse management to customer orders analysis and optimal pricing & allocation. In details, using MarVin, the Group can benefit from:</p> <ul style="list-style-type: none"> • Global big data analytics, which gives real-time visibility on the existing stock and on the demand-supply pricing dynamics worldwide; • Decision-making on data analytics which spots real time buying and selling opportunities worldwide; • Optimal pricing & allocation in any market trends; • Data-driven market forecast through data empowered algorithmics for forecasting pricing and stock evolution; • Accelerated inventory rotation based on data driven stock optimization;

- Efficient inventory management through MarVin-linked inbound and outbound flows of goods accelerating pick-ups;
- Transport costs minimization thanks to international courier costs monitoring for shipping processes optimization;
- Business process automation to minimize Sales Accounts discretion.

MarVin supply and demand cross analysis

MarVin is integrated both on demand and supply side. On one hand, MarVin works out the quantities that are needed for an optimal stock and the right target price. Therefore, both in online (Proprietary Supply Platform “Want to Buy” and Global Specialized Platforms B2B) and traditional form (traditional buyer network and global events and exhibition), Riba Mundo procures its resources from suppliers. On the other hand, the Group uses MarVin algorithm to sell its products at the optimal price both online (proprietary E-Commerce B2B platform, global specialized platforms B2B and online advertising) and on traditional channels (traditional sales network, global events and exhibition or global offline advertising).

Figure 21: Riba Mundo supply and demand cross analysis



Source: Banca Profilo elaborations on Company data

Supply Side Channel

Combining online and traditional procurement channels

Riba Mundo uses few channels for procurement:

- Its proprietary Supply Platform, named “Want to Buy” which indicates the optimal quantity and type of electronic item to purchase;
- Its membership to Global Specialized B2B Platforms, including ICB, Igt, Z-empire, Handelot and Gsm;
- Traditional networks of four experienced buyers, including Vincenzo Poeta, Mirco Sorbo and Andrea Dezi who negotiate significant size orders;
- Participation to specific events and exhibitions focused on consumer electronics to expand its supplier network on a global scale.

The proprietary supply platform “Want to Buy”

Thanks to its proprietary platform “Want to Buy”, which is integrated in MarVin, Riba Mundo can quickly identify both the type and the optimal quantity of electronic products to purchase. MarVin can compare global prices in real-time, not only through the identification of the arithmetic average of the sales prices charged but also through the calculation of the “potential” average, re-measured according to a propriety algorithm.

Thanks to its ability to import, standardise and reprocess data, MarVin can return a complete information to set the best procurement in terms of both quantity and price and thus guarantee the targeted margin and minimum stock piling.

In addition, MarVin can draw up detailed reports taking into account current and future stock requirements and suggest a range of possible solutions to efficiently pursue the predetermined purchasing, storage and subsequent resale objectives (such as the automatic creation of orders to suppliers according to predetermined deadlines, to avoid the out-of-stock of a certain product or the reporting of products on which price reductions are necessary).

Demand Side Channel

On and off-line distribution channels

Riba Mundo resells to its customers through on- and off-line channels:

- Its proprietary e-Commerce B2B multilingual (7 languages) platform which leverages on around 1.4k registered users (as of March 2023). It also offers a real-time update of tailored offering in terms of price and stock;
- Global specialized B2B Platforms to reach out to new customers;
- Global online advertising, SEO and digital marketing to improve its e-Commerce positioning;
- Traditional sales network of experienced first-class senior executives and 11 Sales Accounts usually managing larger orders from tier-one customers;
- Offline advertising which typically involves leaflets and billboards in major cities;
- Global B2B Consumer Electronics events & exhibitions to expand customers' network on a global scale.

Retailers and Resellers

Riba Mundo's main customers are:

- Retailers/e-Tailers which are basically B2C stores;
- Resellers that act as an intermediary between either Consumer Electronics producers or distributors and final customers.

In 2022, Riba Mundo served more than 300 resellers and more than 770 retailers. Riba Mundo aims to increase the weight of Retailers/e-Tailers on revenues to improve profitability.

"Drop Shipping" service offered mainly to E-tailers

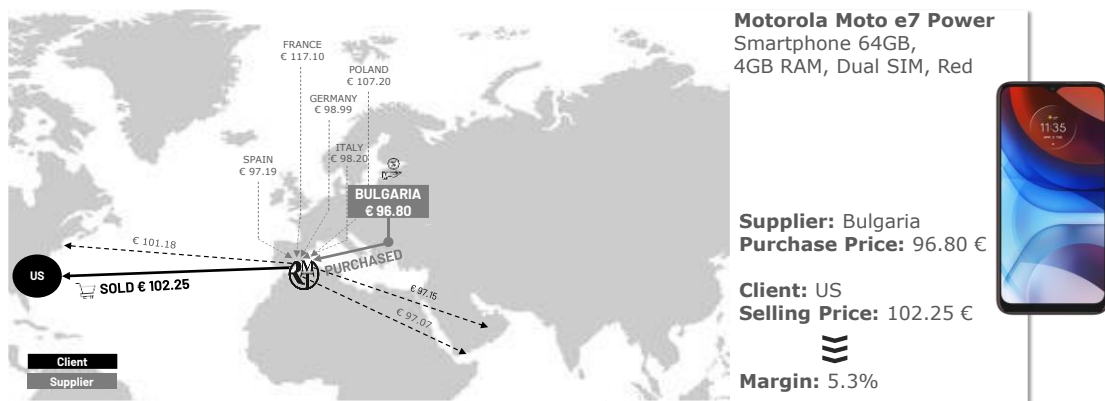
Riba Mundo has been working to increase its strategic positioning in the E-tailers market by offering a new service called "Drop Shipping" which is a form of retail business in which the E-tailers accepts customer orders without keeping stock on hand. By doing this, it eliminates the costs of maintaining warehouses – or even a storefront – purchasing and storing inventory and reduce the related personnel. Overall, Riba Mundo will take care of products shipping to end customers, thus streamlining the whole distribution process.

Case Study and value chain operation

Case study of Riba Mundo's value chain

By analysing a specific purchase and resale transaction of a Motorola smartphone, it is possible to gain a deeper understanding of Riba Mundo's value chain. In this case study, the Company buys a Motorola smartphone from Bulgaria for €96.8 and resells it in the US for €102.25, gaining a 5.3% margin.

Figure 22: Riba Mundo customer base structure in 2022



Source: Banca Profilo elaborations on Company data

Order and delivery management

Riba Mundo developed a warehouse application to manage and handle the stock

In order to optimize the logistics including in-coming, products storage and deliveries, Riba Mundo developed an application, linked and fully integrated in MarVin and running on Android and iOS systems, which is used by warehouse staff to manage the handling of goods. The application also indicates the specific position of products according to the calculated rotation, optimising the route within the warehouses. Thanks to this application, the available stock is always mapped and updated.

An efficient and well organised warehouse thanks to MarVin systems integration

The warehouse is approximately 4,500 square metres and is composed of:

- 3 separate areas: storage area, entrance area and exit area;
- 4 workstations for goods entry;
- 6 picking and check stations;
- 6 stations for final packaging;
- 4 electric forklifts for picking, including 2 electric pallet trucks for goods positioning and picking and 2 forklift trucks for loading and unloading;
- 64 pallet racks with a total capacity of approximately 1,200 pallets. There is also space for another 800 pallets outside the racks.

The warehouse is organised using MarVin algorithms, with the rationale of placing the highest-rotation products in the easiest to collect parts of the warehouse and leading the pickers to spend as little time as possible on picking, also through the application installed on the smartphones provided to the warehouse staff.

Moreover, MarVin uses its algorithms to calculate the target duration for which each SKU should remain in stock: if the turnover index for a SKU is higher than the target calculated by MarVin, the price of the SKU is gradually increased until the stock is completely sold; conversely, if the turnover index is lower than the target, the price is gradually reduced until the stock is completely sold.

Fast shipping within 24 hours to European countries at the lowest real-time cost

Thanks to agreements with major national and international couriers, Riba Mundo is able to guarantee products delivery within 24 hours to all European countries, and thanks to MarVin, to optimise transport costs through data analysis that selects, in real time, the best courier for each type of shipment. To this end, MarVin uses, among others, key elements such as actual and volumetric weight of the product, as well as the courier rates in the various destination countries.



Riba Mundo "ID Card"

Recommendation
BUY

Target Price
35.8 €

Upside
87%

Company Overview

Riba Mundo is a Tech Company established in 2018 operating as a B2B trader of Consumer Electronics. The Company launched its proprietary Big Data software, MarVin, to radically change Business-to-Business (B2B) distribution, mainly in Consumer Electronics. Riba Mundo trades Consumer Electronics to retailers and resellers, using MarVin as the only software. MarVin was created in 2020 and it relies on a fully centralized Big Data ecosystem, which integrated automated business processes from warehouse management to customer orders analysis and optimal pricing & allocation. In details, using MarVin, the Group can benefit from:

- Global Big Data Analytics, which gives real-time visibility on the existing stock and on the demand-supply pricing dynamics worldwide;
- Decision-making on Data Analytics which spots real time buying and selling opportunities worldwide;
- Optimal Pricing & Allocation in any market trends;
- Data-driven Market Forecast through data empowered algorithmics for forecasting pricing and stock evolution;
- Accelerated Inventory rotation based on data driven stock optimization;
- Efficient Inventory Management through MarVin-linked inbound and outbound flows of goods accelerating pick-ups;
- Transport costs minimization thanks to international courier costs monitoring for shipping processes optimization;
- Business Process Automation to minimize Sales Accounts discretion.

The Group operates worldwide buying products at the lowest price from global suppliers and reselling it to global customers, i.e. retailers and resellers. Riba Mundo Tecnologia has a broad and diversified product portfolio, including smartphones, computing, gaming, smartwatches, speakers, headphones, office supplies, home and ecosystem products, household appliances, personal technologies, photo and video devices, tablets, toys and TV & Accessories. The Company's aim is to progressively expand its products range, leveraging on MarVin capacity to Big Data analysis and spotting the most prospectively requested SKUs. The Group's SKUs rose from 775 in 2020 to 5,141 in 2022.

SWOT Analysis

Strengths

- Know-how and proprietary technology through MarVin
- Wide geographical network
- Strategic positioning for fast deliveries and time to market
- Big Data disruptive business model
- Customer oriented approach
- Market positioning as a global B2B distributor

Opportunities

- Highly scalable business
- Large addressable market
- Highly fragmented competition
- US market penetration for Consumer Electronics
- M&A opportunities
- Products range diversification, including Pharmaceuticals, White Goods and Toys

Weaknesses

- Low profitability
- High volumes concentration in the smartphone category

Threats

- Low Sector's marginality in a complex scenario
- Impressive growth to be manage
- Quick evolving technology
- Rapid products and inventory obsolescence

Main catalysts

- 👍 Consumer Electronic market is expected to grow at 2.5% CAGR in 2022-27E
- Higher marginality in new categories such as personal, household and micro-mobility products
- Increasing the weight of Retailers/e-Tailers on Revenues in the next years to further improve profitability

Main risks

- 👎 Risk of hacker attacks on Marvin platform
- Risk of having an obsolete warehouse with an increase in turnover days.
- High revenues but risk of low margins



Riba Mundo "ID Card"

Recommendation

BUY

Target Price

35.8 €

Upside

87%

Main financial data

(€/mln)	FY22	FY23E	FY24E	FY25E	FY26E
Total Revenues	329.1	499.6	547.8	600.5	658.2
yoy	89.5%	52%	10%	10%	10%
Gross Profit	15.3	24.5	28.0	31.8	36.2
Gross margin (%)	4.7%	4.9%	5.1%	5.3%	5.5%
EBITDA	7.5	11.9	14.0	16.6	19.6
EBITDA margin (%)	2.3%	2.4%	2.6%	2.8%	3.0%
Adj. EBIT	7.0	11.0	12.8	15.1	17.9
EBIT margin (%)	2.1%	2.2%	2.3%	2.5%	2.7%
EBT	6.9	8.3	10.4	13.8	17.4
EBT margin (%)	2.1%	1.7%	1.9%	2.3%	2.6%
Net income	5.0	6.1	7.6	10.1	12.7
Margin (%)	1.5%	1.2%	1.4%	1.7%	1.9%
Adj. Net Debt	17.1	16.7	12.1	3.3	(8.1)
Shareholders Equity	7.4	18.0	25.6	35.7	48.4
NOWC	15.6	23.7	26.1	28.8	31.7
Capex	(4.5)	3.2	2.0	1.5	1.1
Free Cash Flow	(0.5)	(2.4)	6.2	8.4	10.7

Revenue breakdown by business unit

	FY 2022	FY23 (E)	FY24 (E)	FY25 (E)	FY26 (E)
Total Revenues	329.1	499.6	547.8	600.5	658.2
Mobile phones	256.2	370.7	395.9	424.8	456.2
Tablets	17.8	26.7	32.0	37.3	42.4
Headphones	16.6	29.0	34.2	38.1	41.3
Other	38.6	73.3	85.7	100.3	118.3

Financial and Operative ratios

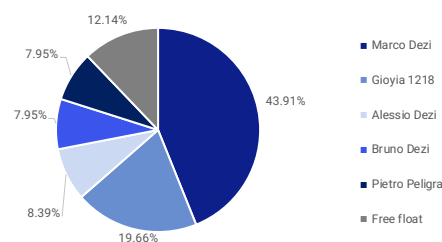
	FY 2022	FY23 (E)	FY24 (E)	FY25 (E)	FY26 (E)
Tax rate	27%	27%	27%	27%	27%
ROIC	22%	22%	24%	28%	32%
ROE	68%	34%	30%	28%	26%
Capex/Sales	1%	1%	0%	0%	0%

Source: Bloomberg, Factset, Banca Profilo estimates and elaborations

Company Description

Company Sector	Consumer Electronic Wholesalers
Price (€)	19.1
Number of shares (mln)	2.3
Market Cap (€ mln)	43.9
Market Cap (€ mln)	
Reference Index	FTSE Italia Small Cap
Main Shareholders	Marco Dezi, Mirco Sorbo, Vincenzo Poeta
Main Shareholder stake	44%
Free Float	12.1%
Daily Average Volumes	980
Sample of comparables	Esprinet (IT), Also Holding (CH), DistIT (SE), Arrow Electronics (US) TD Synnex Corporation (US), PC Connection (US), SeSa (IT)

Group Structure Post-IPO



Data of peers (median)

	2021	2022	2023E	2024E
Sales Growth (yoy)	14.0%	5.1%	-4.5%	5.8%
EBITDA Margin	3.8%	3.1%	3.0%	3.9%

Multiples of peers (mean)

	2023E	2024E
EV / SALES	0.2x	0.2x

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ADDITIONAL INFORMATION

THE BANK PROVIDES ALL OTHER ADDITIONAL INFORMATION, ACCORDING TO ARTICLE 114, PARAGRAPH 8 OF LEGISLATIVE DECREE 58/98 ("FINANCIAL DECREE") AND COMMISSION DELEGATED REGULATION (EU) 2016/958 AS OF 9 MARCH 2016 (THE "COMMISSION REGULATION") ON THE RELEVANT SECTION OF ITS WEBSITE (WWW.BANCAPROFILO.IT), IN THE SECTION "CLIENTI AZIENDALI E ISTITUZIONALI/ANALISI E RICERCA".