

A Growing and Solid Company at a Cheap Price

ADD | Fair Value: €8.54 (€8.35) | Current Price: €6.50 | Upside: +31.4%

€ Million	FY17A	FY18A	FY19A	FY20A	FY21E	FY22E	FY23E
Value of Production	22.4	29.5	34.6	45.3	52.7	57.7	63.0
EBITDA	3.3	4.2	4.7	6.6	7.8	8.8	9.8
margin	14.7%	14.2%	13.7%	14.6%	14.9%	15.2%	15.6%
Net Profit	1.7	2.0	2.0	2.6	3.2	3.7	4.3
margin	7.5%	6.8%	5.7%	5.7%	6.1%	6.4%	6.8%
EPS	0.25	0.29	0.28	0.35	0.44	0.50	0.58

Source: Company data, KT&Partners' elaboration

Preliminary FY21 sales beat our expectations. In 2021, FNL-IT's management kept successfully executing its strategy, achieving double-digit growth. FY21 sales came in at €51.2mn, +18.1% compared to 2020 and 3% above our estimates. Business growth has been driven by the Labels division, which reached €33.2mn (+19.1% YoY and 5% above our expectations), generating ca. 65% of total sales. The Labels division has benefitted from a reinforced production capacity and commercial workforce following investments made over the past few years. In line with our estimates, the Technological Products division increased by +16.5%YoY to €16.7mn (33% of total sales), whereas the Technical Support division exceeded our expectations by 1.7%, reaching €1.4mn (+13.3% YoY).

FY21 Preliminary Sales

€ million	FY20A	FY21Pre	YoY %	FY21E Old	A vs E
Labels	27.8	33.2	19.1%	31.6	5.0%
Technological products	14.3	16.7	16.5%	16.8	-0.4%
Technical Support	1.2	1.4	13.3%	1.3	1.7%
Sales	43.4	51.2	18.1%	49.7	3.1%

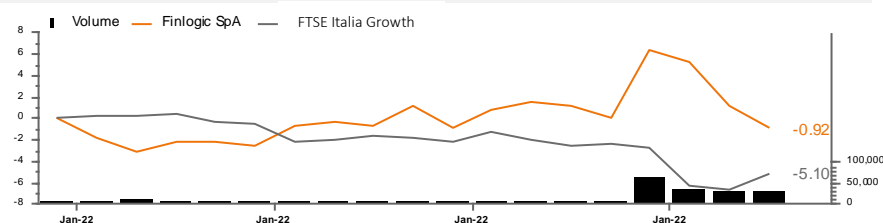
Source: Company data and KT&Partners' elaborations

Acquisition of the remaining 49% stake in Mobile Project Srl. At the end of 2021, FNL-IT increased its stake in Mobile Project Srl from 51% to 100%. The company – a software developer for the automatic identification segment – closed FY20 with €170k of sales and an EBITDA adjusted of ca. €50k. The deal consideration was set at ca. €170k.

Estimates review. We revised upwards our estimates to factor in the higher-than-expected preliminary FY21 sales. We expect VoP to grow at a CAGR20–23 of 11.7%, amounting to €63.0mn in 2023, mainly driven by the Labels division, which we now anticipate reaching €41.8mn in 2023. We left unchanged our EBITDA margin estimates, leading to a +3% upward revision of EBITDA over the 2021–23 period following a top-line review. Finally, we foresee FY21 net financial position at €1.1mn (0.14x NFP/EBITDA), also factoring in €169k cash out for the acquisition of the 49% stake in Mobile Project Srl, and turning positive in 2022.

Valuation. On the back of our current projections, we updated our valuation – based on both the DCF and multiples method – which returns an average equity value of €62.7mn or €8.54ps, +31.4% on the current market price. We believe the company is well positioned in the labels market, acting as the main player in the Italian arena. In our opinion, the stock is currently undervalued, as it trades at 6.6x FY21 EV/EBITDA and 14.8x FY21 P/E, despite its great solidity and growth path.

Relative Performance Chart YTD



Research Update

January 28, 2022 – 7.00 h

Equity Research Team

connect@ktepartners.com

Federica FIORENZA

ffiorenza@ktepartners.com

Mauro IACCINO

miaccino@ktepartners.com

Market Data

Main Shareholders	
BF Capital Srl	61.6%
Hydra SpA	10.4%
Italcode Srl	2.7%
Mkt Cap (€ mn)	48
EV (€ mn)	51
Shares out. (mn)	7.3
Free Float	25.3%

Market multiples	2020	2021	2022
EV/EBITDA			
FNL	7.8x	6.6x	5.8x
Comps median	9.1x	7.1x	6.8x
FNL vs Median	-14%	-7%	-14%
P/E			
FNL	18.5x	14.8x	12.9x
Comps median	15.9x	14.1x	12.5x
FNL vs Median	16%	5%	3%

Stock Data:

52 Wk High (€)	7.24
52 Wk Low (€)	5.60
Avg. Daily Trading 90d	6,703
Price Change 1w (%)	-1.81
Price Change 1m (%)	1.25
Price Change YTD (%)	5.7

Key Figures – Finlogic S.p.A.

	Current price (€)	Fair Value (€)							Free Float (%)
	6.50	8.54							25.30
Per Share Data	2017A	2018A	2019A	2020A	2021E	2022E	2023E	2024E	
Total shares outstanding (mn)	6.75	6.96	7.08	7.34	7.34	7.34	7.34	7.34	
EPS	0.25	0.29	0.28	0.35	0.44	0.50	0.58	0.71	
Dividend per share (ord)	0.15	0.14	0.14	0.20	0.20	0.30	0.35	0.43	
Dividend pay out ratio (%)	60%	50%	51%	57%	46%	60%	60%	60%	
Profit and Loss (EUR million)									
Revenues	21.4	28.4	33.0	43.4	51.2	56.1	61.2	66.6	
EBITDA	3.2	4.2	4.7	6.6	7.8	8.8	9.8	10.9	
EBIT	2.6	3.0	3.2	3.9	5.1	5.8	6.7	8.0	
EBT	2.4	3.0	3.2	3.7	4.8	5.5	6.4	7.7	
Taxes	(0.7)	(0.9)	(1.0)	(1.0)	(1.4)	(1.6)	(1.8)	(2.2)	
Tax rate	29%	30%	31%	26%	29%	29%	29%	29%	
Net Income (including minorities)	1.7	2.1	2.2	2.8	3.4	3.9	4.5	5.5	
Net Income attributable to the Group	1.7	2.0	2.0	2.6	3.2	3.7	4.3	5.2	
Balance Sheet (EUR million)									
Total fixed assets	2.3	4.3	7.1	15.4	15.1	13.3	11.4	9.7	
Net Working Capital (NWC)	6.1	8.2	8.5	12.6	13.4	15.0	16.5	18.2	
Provisions	(0.9)	(1.3)	(1.5)	(2.7)	(3.0)	(3.4)	(3.8)	(4.2)	
Total Net capital employed	7.5	11.2	14.1	25.3	25.5	24.9	24.1	23.7	
Net financial position (NFP)	(4.3)	(2.7)	(1.6)	2.9	1.1	(1.9)	(4.9)	(8.3)	
Group Shareholder's Equity	11.7	13.6	15.1	21.7	23.5	25.7	27.7	30.4	
Minorities	0.1	0.4	0.6	0.8	0.9	1.1	1.4	1.6	
Total Shareholder's Equity	11.8	13.9	15.6	22.5	24.4	26.8	29.1	32.0	
Cash Flow (EUR million)									
Net operating cash flow	2.5	3.3	3.7	5.4	6.5	7.1	7.9	8.6	
Change in NWC	(1.5)	(2.0)	(0.4)	(4.1)	(0.8)	(1.6)	(1.6)	(1.6)	
Capital expenditure	(0.4)	(0.7)	(3.3)	(7.0)	(2.0)	(1.0)	(1.0)	(1.0)	
Investments in intangible assets	(0.5)	(2.4)	(0.8)	(3.9)	(0.3)	(0.2)	(0.2)	(0.2)	
Other cash items/Uses of funds	0.0	0.3	0.0	1.0	0.3	0.4	0.4	0.4	
Free cash flow	0.1	(1.5)	(0.6)	(8.6)	3.7	4.7	5.5	6.1	
Enterprise Value (EUR million)									
Market Cap	32.7	36.6	40.2	44.1	47.7	47.7	47.7	47.7	
Minorities	0.1	0.4	0.6	0.8	0.9	1.1	1.4	1.6	
Net financial position	(4.3)	(2.7)	(1.6)	2.9	1.1	(1.9)	(4.9)	(8.3)	
Enterprise value	28.5	34.2	39.2	47.7	49.7	47.0	44.1	41.1	
Ratios (%)									
EBITDA margin	14.5%	14.2%	13.7%	14.6%	14.9%	15.2%	15.6%	15.9%	
EBIT margin	11.0%	10.3%	9.4%	8.6%	9.7%	10.1%	10.6%	11.7%	
Gearing - Debt/equity	-36.8%	-20.2%	-10.4%	13.2%	4.5%	-7.4%	-17.8%	-27.2%	
Interest cover on EBIT	1.7%	1.4%	2.1%	4.3%	6.7%	5.7%	4.8%	3.8%	
NFP/EBITDA	-133.2%	-65.1%	-33.1%	43.3%	13.4%	-21.7%	-50.3%	-75.8%	
ROCE	35.2%	27.3%	23.0%	15.4%	20.2%	23.4%	27.6%	33.9%	
ROE	14.2%	14.8%	13.1%	11.9%	13.8%	14.4%	15.5%	17.2%	
EV/Sales	2.40	1.81	1.56	1.18	1.00	0.92	0.84	0.77	
EV/EBITDA	15.85	12.21	10.85	7.77	6.56	5.85	5.23	4.70	
P/E	28.58	23.73	24.24	18.50	14.75	12.88	11.13	9.13	
Free cash flow yield	0.4%	-4.1%	-1.6%	-19.5%	7.7%	9.8%	11.5%	12.8%	
Growth Rates (%)									
Sales	19.1%	32.2%	17.1%	30.8%	16.5%	9.4%	9.2%	8.8%	
EBITDA	10.3%	29.8%	9.2%	12.5%	39.6%	18.6%	12.1%	11.7%	
EBIT	4.9%	23.7%	6.3%	20.6%	31.5%	13.3%	14.6%	20.6%	
Net Income	5.7%	20.5%	-2.1%	31.0%	25.4%	14.5%	15.7%	21.9%	

Source: Company data, KT&Partners' elaboration

Change in Estimates

On the back of the FY21 preliminary sales, we revised upwards our top-line estimates over the 2021–23 period to factor in the higher-than-expected contribution from the Labels division. We now expect sales from the Labels division to reach €41.8mn in 2023 vs €39.8mn of our previous research, growing at a CAGR20–23 of 12.7%. We left almost unchanged our projections for both the Technological Products and Technical Support divisions. Following sales revision, we now expect the FY21 value of production to be €52.7mn, growing at +11.7% CAGR20–23.

We left unchanged our 2021–23 EBITDA margin estimates (14.9% in FY21 up to 15.6% in FY23) while waiting for FY21 financial data. In absolute terms, however, EBITDA is now higher by +3pp compared to our previous estimates following the top-line revision. As a result, we now expect EBITDA to go from €7.8mn in FY21 to €9.8mn in FY23 (+14.1% CAGR20–23).

Looking at the bottom line, we foresee net income to increase at a CAGR20–23 of 18.5%, reaching €4.3mn in 2023.

Finally, we expect the NFP to be €1.1mn in FY21 (also anticipating the €169k cash out for the remaining 49% stake in Mobile Project Srl) and to turn positive in 2022, reaching a net cash position of €4.9mn by 2023.

Change in Estimates

€ million	2019A	2020A	2021E		Change	2022E		Change	2023E		Change	CAGR 2020-23
			Old	New		Old	New		Old	New		
Value of Production	34.6	45.3	51.2	52.7	3.0%	56.0	57.7	3.0%	61.1	63.0	3.1%	11.7%
YoY Change (%)		30.8%	13.1%	16.5%		9.4%	9.4%		9.1%	9.2%		
EBITDA	4.7	6.6	7.6	7.8	3.0%	8.5	8.8	3.0%	9.5	9.8	3.1%	14.1%
YoY Change (%)		39.6%	15.1%	18.6%		12.1%	12.1%		11.6%	11.7%		
EBITDA Margin (%)	13.7%	14.6%	14.9%	14.9%		15.2%	15.2%		15.6%	15.6%		
EBIT	3.2	3.9	5.0	5.1	2.8%	5.7	5.8	1.6%	6.5	6.7	2.1%	19.5%
YoY Change (%)		20.6%	28.0%	31.5%		14.6%	13.3%		14.1%	14.6%		
EBIT Margin (%)	9.4%	8.6%	9.8%	9.7%		10.2%	10.1%		10.7%	10.6%		
Group Net Income	2.0	2.6	3.1	3.2	3.6%	3.6	3.7	2.1%	4.2	4.3	2.6%	18.5%
YoY Change (%)		31.0%	21.1%	25.4%		16.2%	14.5%		15.2%	15.7%		
Net Debt (Cash)	(1.6)	2.9	1.0	1.1	0.1	(2.0)	(1.9)	0.1	(5.4)	(4.9)	0.5	

Source: FactSet, KT&Partners' elaboration

Valuation

Based on our estimates, we have carried out our valuation on a multiples and DCF analysis basis:

- EV/EBITDA and P/E multiple, with a 10% liquidity discount, which returns a value of €6.14 per share.
- DCF analysis, based on WACC of 8.8% and 1.5% perpetual growth, returns a value of €10.95 per share.

The weighted average of the two methods yields a fair value of €8.54 per share, with an equity value of €62.7mn.

Valuation Recap

	Equity Value €mn	Value per share €
DCF	80.4	10.95
Multiples	45.1	6.14
Average	62.7	8.54

Source: FactSet, KT&Partners' elaboration

Market Multiples Valuation

Following the comparables analysis, we proceeded with the definition of market multiples of the peer group, focusing on data for the three-year period 2020–22.

Peer Comparison – Market Multiples 2020–22

Company Name	Exchange	Market Cap	EV/SALES 2020	EV/SALES 2021	EV/SALES 2022	EV/EBITDA 2020	EV/EBITDA 2021	EV/EBITDA 2022	EV/EBIT 2020	EV/EBIT 2021	EV/EBIT 2022	P/E 2020	P/E 2021	P/E 2022
AstroNova, Inc.	NASDAQ	82	0.9x	0.9x	0.8x	12.2x	7.1x	10.8x	n.m.	21.1x	24.8x	n.m.	12.9x	36.4x
Avery Dennison Corporation	NYSE	14,330	2.8x	2.3x	2.1x	17.8x	14.5x	13.0x	22.0x	17.8x	16.4x	29.8x	21.9x	20.0x
Datalogic S.p.A.	Milan	783	1.7x	1.4x	1.3x	14.8x	9.6x	8.4x	31.5x	14.4x	12.2x	n.m.	18.6x	15.6x
Fuji Seal International, Inc.	Tokyo	997	0.6x	0.6x	0.6x	5.0x	5.2x	4.9x	8.3x	8.4x	7.5x	13.6x	14.1x	12.2x
Lintec Corporation	Tokyo	1,558	0.5x	0.5x	0.5x	4.2x	3.8x	3.7x	7.3x	5.9x	5.6x	15.9x	11.9x	11.4x
Sato Holdings Corporation	Tokyo	544	0.4x	0.4x	0.4x	4.4x	4.3x	3.6x	7.6x	7.4x	5.6x	5.0x	17.3x	12.5x
ScanSource, Inc.	NASDAQ	701	0.3x	0.3x	0.3x	9.1x	9.0x	6.8x	13.9x	10.6x	7.9x	n.m.	11.7x	9.2x
Seiko Epson Corp.	Tokyo	5,939	0.6x	0.5x	0.5x	4.4x	4.1x	4.3x	9.4x	7.4x	7.6x	20.6x	11.8x	12.2x
Zebra Technologies	NASDAQ	22,532	5.9x	4.7x	4.4x	31.6x	20.1x	18.8x	38.3x	21.8x	20.2x	n.m.	26.0x	24.1x
Average peer group		5,274	1.5x	1.3x	1.2x	11.5x	8.6x	8.2x	17.3x	12.7x	12.0x	17.0x	16.2x	17.1x
Median peer group		997	0.6x	0.6x	0.6x	9.1x	7.1x	6.8x	11.6x	10.6x	7.9x	15.9x	14.1x	12.5x
Finlogic SpA	Milan	48	1.2x	1.0x	0.9x	7.8x	6.6x	5.8x	13.1x	10.0x	8.8x	18.5x	14.8x	12.9x

Source: FactSet, KT&Partners' elaboration

We based our evaluation upon 2021 and 2022 median EV/EBITDA and P/E multiples and our estimates of FNL's EBITDA and net income for 2021 and 2022. Additionally, considering the existing differences in terms of liquidity between FNL and its comparables, we applied a 10% liquidity discount on the median multiples.

Multiple Valuation

Multiple Valuation (€mn)	2021E	2022E	Multiple Valuation (€mn)	2021E	2022E
EV/EBITDA multiple comparison	7.1	6.8	P/E multiple comparison	14.07	12.46
Peer Group EV/EBITDA netted from 10% liquidity discount	6.4	6.1	Peer Group P/E netted from 10% liquidity discount	12.66	11.21
Finlogic EBITDA	7.8	8.8	Finlogic earnings	3.24	3.71
Enterprise value	50.0	53.6	Equity Value	40.96	41.56
FY20 NFP	2.9	2.9	Number of shares (mn)	7.34	7.34
Equity Value	47.1	50.8	Value per share	5.58	5.66
Number of shares (mn)	7.3	7.3	Fair Value (Avg) - € ps	5.62	
Value per share	6.4	6.9			
Fair Value (Avg) - € ps	6.66				

Source: FactSet, KT&Partners' elaboration

DCF Valuation

We have also conducted our valuation using a four-year DCF model, based on 9.5% cost of equity, 3% cost of debt and a target capital structure with 10% of debt. The cost of equity is a function of the risk-free rate of 1.37% (Italian 10y BTP), 4.50% mature market expected return (from 5.39% in our previous research) and a premium for size and liquidity of 3.1%.

We, therefore, obtained 8.8% WACC.

We discounted 2021E–24E annual cash flows and considered a terminal growth rate of 1.5%, deriving a fair value of €10.95ps. Then we carried out a sensitivity analysis on the terminal growth rate (+/- 0.25%) and on WACC (+/- 0.25%).

DCF Valuation				
€ million	2021E	2022E	2023E	2024E
EBIT	5.1	5.8	6.7	8.0
Taxes	-1.3	-1.7	-1.9	-2.3
D&A	2.7	3.0	3.1	2.9
Change in Net Working Capital	-0.8	-1.6	-1.6	-1.6
Change in Funds	0.3	0.4	0.4	0.4
Net Operating Cash Flow	6.0	5.5	6.3	7.4
Capex	-2.3	-1.2	-1.2	-1.2
FCFO	3.7	4.3	5.1	6.1
g	1.5%			
Wacc	8.8%			
FCFO (discounted)	3.67	4.01	4.33	4.79
Discounted Cumulated FCFO	16.8			
TV	85.1			
TV (discounted)	66.5			
Enterprise Value	83.3			
FY20 NFP	2.9			
Equity Value	80.4			
Current number of shares	7.3			
Value per share (€)	10.95			

Source: Company data, KT&Partners' elaboration

Sensitivity Analysis (€ps)

€mn	Long Term Growth Rate	WACC				
		9.8%	9.3%	8.8%	8.3%	7.8%
	0.5%	8.72	9.22	9.78	10.42	11.14
	1.0%	9.14	9.70	10.33	11.04	11.86
	1.5%	9.62	10.24	10.95	11.76	12.70
	2.0%	10.15	10.86	11.66	12.59	13.69
	2.5%	10.76	11.56	12.49	13.57	14.86

Source: Company data, KT&Partners' elaboration

Appendix

Peer Comparison

We built a nine-company sample, which includes:

1. AstroNova Inc., listed on NASDAQ, with a market capitalization of €82mn, is a global leader in developing and applying data visualization technologies in products serving industrial, packaging, aerospace and defense markets. In particular, through one of its business lines, AstroNova provides labeling solutions ranging from tabletop label printers to industrial label presses. During FY20, the company had \$133mn revenues, 66% of which came from the Product Identification business segment;
2. Avery Dennison Corp., listed on the NYSE, with a market capitalization of €14.3bn, engages in the provision of labeling and packaging products and solutions for several industries, ranging from consumer-packaged goods to medical and healthcare, from automotive to apparel. During FY20, the company recorded \$7.0bn revenues, \$4.7bn of which came from the Labeling and Graphic business unit (68%);
3. Datalogic SpA, listed on the Milan Stock Exchange, with a market capitalization of €0.8bn, is a global technology leader in the automatic data capture and process automation markets, specialized in the designing, production and distribution of barcode readers, mobile computers, scanners, RFID systems etc. In particular, Datalogic offers its solutions to the retail, manufacturing, healthcare and transportation industries. During FY20, Datalogic reported revenues of €480mn;
4. Fuji Seal International Inc., listed on the Tokyo Stock Exchange, with a market capitalization of €1bn, engages in the development and sale of packaging solutions, offering shrink sleeve labels, self-adhesive labels, spouted pouches and packaging machinery. The company reported ¥160bn revenues during FY20, with self-adhesive labels accounting for 14.3%, shrink labels accounting for 56.3% and other labels accounting for 0.7%;
5. Lintec Corp., listed on the Tokyo Stock Exchange, with a market capitalization of €1.6bn, develops and sells pressure-sensitive materials, specialty paper products and films. In particular, through its “printing and variable information-related products”, it offers adhesive papers and films for seal and labels, barcode label supplies and digital label printing machines. Lintec Corp. reported ¥241bn revenues during FY20, ca. 51% of which came from the “printing and variable industrial materials products”;
6. Sato Holdings Corp., listed on the Tokyo Stock Exchange, with a market capitalization of €0.5bn, is a global provider of automation identification and data capture solutions, which leverage on barcodes, QR codes, and RFID technologies. During FY20, the company reported ¥116.4bn sales;
7. ScanSource, Inc., listed on NASDAQ, with a market capitalization of €0.7bn, is a global leader in offering automatic identification and data capture technologies, providing barcode scanners, digital printers and selling technology products such as Epson, Honeywell, Toshiba and Zebra products. During FY20, ScanSource, Inc. reported \$3bn net sales, with a 68% contribution coming from the barcode, networking and security business unit;

8. Seiko Epson Corp., listed on the Tokyo Stock Exchange, with a market capitalization of €5.9bn, engages in the development, production and sale of technology products through three segments: printing solutions, visual communications and wearable products and industrial solutions. Specifically, the printing solution segment offers, among other items, inkjet printers, scanners and label printers. During FY20, Seiko Epson Corp. recorded ¥1,036bn sales, of which ¥708bn came from the printing solutions segment (68%);
9. Zebra Technologies Corp., listed on NASDAQ, with a market capitalization of €22.5bn, is a global leader in the automatic identification and data capture market, designing, manufacturing and selling a broad range of products, including barcode scanners, RFID readers, printers for barcode labeling identification, and self-adhesive labels. During FY20, the company generated \$4.5bn revenues.

DISCLAIMER

THIS DOCUMENT WAS PREPARED BY FEDERICA FIORENZA – SENIOR ANALYST – AND MAURO IACCINO – SENIOR ANALYST – ON BEHALF OF KT&PARTNERS S.R.L., WITH REGISTERED OFFICE AT VIA DELLA POSTA 10, MILAN, ITALY, MILAN COMPANY REGISTER NO. 1926922, SPECIALIZING IN FINANCIAL RESEARCH AND ANALYSIS (HEREINAFTER, “KT&PARTNERS”).

NO OTHER PEOPLE OR COMPANY CONTRIBUTED TO THE RESEARCH. NEITHER THE MEMBERS OF THE RESEARCH TEAM, NOR ANY PERSON CLOSELY ASSOCIATED WITH THEM HAVE ANY RELATIONSHIPS OR ARE INVOLVED IN CIRCUMSTANCES THAT MAY REASONABLY BE EXPECTED TO IMPAIR THE OBJECTIVITY OF THE RESEARCH, INCLUDING INTERESTS OR CONFLICTS OF INTEREST, ON THEIR PART OR ON THE PART OF ANY NATURAL OR LEGAL PERSON WORKING FOR THEM, WHO WAS INVOLVED IN PRODUCING THE RESEARCH.

FOR THIS PURPOSE, THE MEMBERS OF THE RESEARCH TEAM CERTIFY THAT: (I) THEY HAVE NOT RECEIVED AND WILL NOT RECEIVE ANY DIRECT OR INDIRECT COMPENSATION IN EXCHANGE FOR ANY VIEWS EXPRESSED IN THE RESEARCH; (II) THEY DO NOT OWN ANY SECURITIES AND/OR ANY OTHER FINANCIAL INSTRUMENTS ISSUED BY THE COMPANY OR ANY FINANCIAL INSTRUMENT WHICH THE PRICE DEPENDS ON, OR IS LINKED TO ANY SECURITIES AND/OR ANY FINANCIAL INSTRUMENTS ISSUED BY THE COMPANY; (III) NEITHER THE ANALYSTS NOR ANY MEMBER OF THE ANALYST’S HOUSEHOLD SERVE AS AN OFFICER, DIRECTOR OR ADVISORY BOARD MEMBER OF THE COMPANY.

KT&PARTNERS HAS IN PLACE AN EQUITY RESEARCH POLICY, IN ORDER TO RULE RESEARCH SERVICES IN COMPLIANCE WITH PARLIAMENT REGULATION (EU) NO.596/2014 AND COMMISSION DELEGATED REGULATION (EU) NO. 958/2016 ON MARKET ABUSE. IN THIS POLICY, THERE ARE ALSO DESCRIBED THE ORGANIZATIONAL MECHANISMS ADOPTED BY KT&PARTNERS TO PREVENT AND PROFESSIONALLY MANAGE CONFLICTS OF INTEREST THAT MAY ARISE DURING THE PERFORMANCE OF THE RESEARCH. IN ANY CASE, CHINESE WALLS AND OTHER INFORMATION BARRIERS ARE IN PLACE TO AVOID THE EXCHANGE OF CONFIDENTIAL INFORMATION BETWEEN THE EQUITY RESEARCH DEPARTMENT AND OTHER SERVICES AREAS.

KT&PARTNERS PREPARED THIS DOCUMENT ON BEHALF OF FINLOGIC SPA ACCORDING TO AN AGREEMENT ENTERED WITH THE SAME AND ON THE BASIS OF THE DATA AND PUBLIC INFORMATION PROVIDED BY THE SAME OR DERIVED FROM SOURCES DEEMED SERIOUS AND RELIABLE ON THE FINANCIAL MARKET BUT WHOSE ABSOLUTE TRUSTWORTHINESS, COMPLETENESS, AND ACCURACY CANNOT BE GUARANTEED. THE FEES AGREED FOR THIS RESEARCH DO NOT DEPEND ON THE RESULTS OF THE RESEARCH.

KT&PARTNERS PUBLISHED A REPORT ON FINLOGIC ON SEPTEMBER 28, 2021 WITH A FAIR VALUE OF €8.35 PER SHARE.

THIS DOCUMENT IS A SOURCE OF INFORMATION ONLY, AND IS NOT PART OF, AND IN NO WAY MUST BE CONSIDERED AN OFFER TO SELL, SUBSCRIBE OR TRADE, OR A SOLICITATION TO PURCHASE, SUBSCRIBE OR TRADE, FINANCIAL INSTRUMENTS/PRODUCTS, OR IN GENERAL TO INVEST, NOR MUST IT BE CONSIDERED ANY FORM OF CONSULTING FOR AN INVESTMENT IN FINANCIAL INSTRUMENTS.

THE INFORMATION PROVIDED IN THIS DOCUMENT MUST NOT BE UNDERSTOOD AS A REQUEST OR SUGGESTION TO CONDUCT OR CARRY OUT A SPECIFIC TRANSACTION.

EACH INVESTOR MUST FORM HIS/HER OWN OPINION BASED EXCLUSIVELY ON HIS/HER ASSESSMENT OF THE ADVISABILITY OF INVESTING. ANY INVESTMENT DECISION MADE ON THE BASIS OF THE INFORMATION AND ANALYSES IN THIS DOCUMENT IS THE EXCLUSIVE RESPONSIBILITY OF THE RECIPIENTS OF THIS DOCUMENT, WHO MUST CONSIDER THIS

DOCUMENT MERELY AS A SOURCE OF INFORMATION AND ANALYSIS TO SUPPORT SUCH DECISION.

ANY OPINIONS, FORECAST OR ESTIMATES CONTAINED HEREIN CONSTITUTE A JUDGEMENT AS AT THE DATE OF THIS DOCUMENT, AND THERE CAN BE NO ASSURANCE THAT THE FUTURE RESULTS OF THE COMPANY AND/OR ANY FUTURE EVENTS WILL BE CONSISTENT WITH ANY OF SUCH OPINIONS, FORECAST OR ESTIMATES.

KT&PARTNERS MAKES NO EXPLICIT OR IMPLICIT GUARANTEE WITH RESPECT TO PERFORMANCE OR THE OUTCOME OF ANY INVESTMENT OR PROJECTIONS MADE.

THEREFORE, KT&PARTNERS, ITS REPRESENTATIVES AND/OR EMPLOYEES WILL NOT BE LIABLE FOR ANY EFFECT DERIVING FROM THE USE OF THIS DOCUMENT, AND HEREBY DECLINE ALL LIABILITY FOR ANY DIRECT OR INDIRECT DAMAGES, FINANCIAL OR OTHERWISE, DERIVING FROM ANY USE OF THE INFORMATION IT CONTAINS.

KT&PARTNERS AIMS TO PROVIDE CONTINUOUS COVERAGE OF THE COMPANY IN CONJUNCTION WITH ANY EXCEPTIONAL EVENT THAT OCCURS AFFECTING THE ISSUER'S SPHERE OF OPERATIONS AND IN ANY CASE AT LEAST TWICE PER YEAR.

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

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



Via della Posta, 10 – Piazza Affari, 20123 Milano – Italy
Tel: +39.02.83424007 Fax: +39.02.83424011
segreteria@ktepartners.com