MARE GROUP

BUY

Sector: Technology

Price: Eu4.95 - **Target: Eu8.00**

Italian Ingenuity at the Service of SMEs

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Stock Rating

Rating:	BUY (New Coverage)
Target Price (Eu):	8.00 (New Coverage)

MARE GROUP - 12M Performance

| | MARE GROUP | MARE GROUP Rel. to FTSE All Shares (Reb.) |
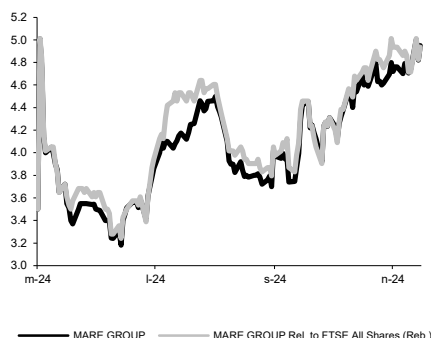
Stock Data

Reuters code:			MARE.MI
Bloomberg code:			MARE IM
Performance	**1M**	**3M**	**12M**
Absolute	5.7%	30.6%	
Relative	4.4%	25.7%	
12M (H/L)			5.01/3.18
3M Average Volume (th):			21.61

Shareholder Data

No. of Ord shares (mn):	12
Total no. of shares (mn):	13
Mkt Cap Ord (Eu mn):	60
Total Mkt Cap (Eu mn):	60
Mkt Float - Ord (Eu mn):	10
Mkt Float (in %):	17.0%
Main Shareholder:	
Antonio Maria Zinno	25.2%

Balance Sheet Data

Book Value (Eu mn):	29
BVPS (Eu):	2.56
P/BV:	1.9
Net Financial Position (Eu mn):	-14
Enterprise Value (Eu mn):	74

Mare Group, founded in 2001 and listed on the EGM segment since May 2024, is a leading company in a group specialised in digital engineering, covering the entire value chain of technological innovation for large companies and SMEs. Thanks to the combination of AI and advanced automation, Mare Group can transfer its proprietary technology developed for large companies to SMEs, transforming a business based on the use of human resources into one that is highly scalable. This business model, combined with a strong vocation for M&A, and a growing market that will also benefit from NRRP funds, means Mare Group has very high development potential for the coming years. We initiate coverage with a BUY rating and TP of €8.0.

■ **Highly scalable business model.** Mare Group supports large companies, SMEs and public bodies with the implementation of innovative projects. Working with firms such as Leonardo, Airbus and Stellantis, the group offers consultancy on new generation aircraft, infrastructure and environmental monitoring with drones and sensors, data management on digital platforms, digital engineering technologies, personnel training to improve operational performance, etc. Its over twenty years of collaboration with large groups have enabled it to develop proprietary technologies based on AI and advanced automation, which can also be offered at low cost to SMEs, giving rise to a highly scalable business.

■ **A growing and fragmented market.** The global digital transformation market, worth $752bn in 2022, is estimated to grow to $7,033bn by 2032 (25% CAGR). IT Security, AI, Big Data and Cloud Computing will be the drivers. The highly fragmented Italian digital market is estimated at €79.2bn in 2023 (+2.8% YoY) and is expected to reach €82.2bn in 2024 and €90.4bn by 2026 (CAGR 4.9%), thanks in part to NRRP funds.

■ **Results driven by M&A and organic growth.** In 2023, Mare Group achieved record VoP of €39.4mn (2020-2023 CAGR of 31%), driven by M&A and organic growth, while EBITDA reached €10mn (CAGR 14%) with a 25.4% margin. Net profit was €2.4mn (CAGR 11%). Net debt increased to €25.6mn from €8.0mn in 2020, driven by hefty intangible investments (€24.5m in the three-year period), mainly R&D, intense M&A (12 transactions since 2019), and working capital growth. In the first 9 months of 2024, VoP was €29.8mn (+14% YoY), EBITDA was €7.4mn (+23% YoY) and net debt fell to €17.9mn.

■ **Company growth estimates.** For 2024, our estimates are in line with the upper end of the guidance: VoP €45mn (+14% YoY), EBITDA €14mn (+40% YoY), net debt €14mn. Over the next three years, we estimate an 18% CAGR for VoP (€74mn in 2027) and 20% for EBITDA (€24mn), with cumulative free cash flow of €34mn.

■ **Upside potential of 62%, BUY.** Based on our DCF model (WACC 9.6%, g 3%) and peer multiples, both weighted at 50%, and applying a 20% liquidity discount, we obtain a TP of €8.0, meaning potential upside of 62%.

Key Figures & Ratios	2023A	2024E	2025E	2026E	2027E
Sales (Eu mn)	39	45	58	65	74
EBITDA Adj (Eu mn)	10	14	17	20	24
Net Profit Adj (Eu mn)	2	4	6	9	13
EPS New Adj (Eu)	0.237	0.330	0.465	0.712	1.040
EPS Old Adj (Eu)					
DPS (Eu)	0.000	0.000	0.000	0.000	0.000
EV/EBITDA Adj		5.3	4.0	2.8	1.6
EV/EBIT Adj		11.8	7.6	4.3	2.2
P/E Adj	20.9	15.0	10.6	7.0	4.8
Div. Yield	0.0%	0.0%	0.0%	0.0%	0.0%
Net Debt/EBITDA Adj	2.6	1.0	0.5	-0.2	-0.8

MARE GROUP – Key Figures

Profit & Loss (Eu mn)	2022A	2023A	2024E	2025E	2026E	2027E
Sales	35	39	45	58	65	74
EBITDA	9	10	14	17	20	24
EBIT	4	5	6	9	13	18
Financial Income (charges)	-0	-1	-1	-1	-0	0
Associates & Others	0	0	0	0	0	0
Pre-tax Profit	3	4	5	8	13	18
Taxes	0	-1	-1	-2	-4	-5
Tax rate	-10.1%	34.9%	28.0%	28.0%	28.0%	28.0%
Minorities & Discontinued Operations	-0	-0	0	0	0	0
Net Profit	4	2	4	6	9	13
EBITDA Adj	9	10	14	17	20	24
EBIT Adj	4	5	6	9	13	18
Net Profit Adj	4	2	4	6	9	13

Per Share Data (Eu)	2022A	2023A	2024E	2025E	2026E	2027E
Total Shares Outstanding (mn) - Average	10	10	13	13	13	13
Total Shares Outstanding (mn) - Year End	10	10	12	12	12	12
EPS f.d	0.374	0.237	0.330	0.465	0.712	1.040
EPS Adj f.d	0.374	0.237	0.330	0.465	0.712	1.040
BVPS f.d	1.792	1.869	2.558	2.746	3.458	4.498
Dividend per Share ORD	0.022	0.000	0.000	0.000	0.000	0.000
Dividend per Share SAV	0.000	0.000	0.000	0.000	0.000	0.000
Dividend Payout Ratio (%)	5.9%	0.0%	0.0%	0.0%	0.0%	0.0%

Cash Flow (Eu mn)	2022A	2023A	2024E	2025E	2026E	2027E
Gross Cash Flow	8	10	14	18	21	25
Change in NWC	-7	-1	1	-4	-2	-1
Capital Expenditure	-10	-10	-8	-6	-3	-3
Other Cash Items	0	0	-1	0	0	0
Free Cash Flow (FCF)	-8	-1	7	9	16	22
Acquisitions, Divestments & Other Items		0	0	0	0	0
Dividends	0	-1	0	0	0	0
Equity Financing/Buy-back	0	0	7	0	0	0
Change in Net Financial Position	-8	-2	14	9	16	22

Balance Sheet (Eu mn)	2022A	2023A	2024E	2025E	2026E	2027E
Total Fixed Assets	25	29	29	28	24	21
Net Working Capital	19	21	20	24	26	27
Long term Liabilities	-3	-3	-4	-4	-5	-6
Net Capital Employed	41	47	46	47	44	42
Net Cash (Debt)	-21	-26	-14	-8	4	20
Group Equity	18	19	29	35	44	57
Minorities	0	0	0	0	0	0
Net Equity	18	19	29	35	44	57

Enterprise Value (Eu mn)	2022A	2023A	2024E	2025E	2026E	2027E
Average Mkt Cap			60	60	60	60
Adjustments (Associate & Minorities)	0	0	0	0	0	0
Net Cash (Debt)	-21	-26	-14	-8	4	20
Enterprise Value			74	68	56	39

Ratios (%)	2022A	2023A	2024E	2025E	2026E	2027E
EBITDA Adj Margin	37.1%	36.6%	36.5%	32.7%	33.7%	36.0%
EBIT Adj Margin	15.0%	17.4%	16.3%	17.3%	21.9%	27.0%
Gearing - Debt/Equity	116.3%	137.1%	48.1%	24.1%	-8.8%	-35.6%
Interest Cover on EBIT	9.6	4.3	5.9	13.5	39.6	nm
Net Debt/EBITDA Adj	2.2	2.6	1.0	0.5	-0.2	-0.8
ROACE*	11.3%	10.9%	13.5%	19.1%	28.3%	42.2%
ROE*	23.6%	12.9%	15.7%	18.5%	22.9%	26.1%
EV/CE			1.6	1.5	1.2	0.9
EV/Sales			1.9	1.3	0.9	0.6
EV/EBITDA Adj			5.3	4.0	2.8	1.6
EV/EBIT Adj			11.8	7.6	4.3	2.2
Free Cash Flow Yield	-13.7%	-2.0%	12.5%	14.3%	27.1%	36.1%

Growth Rates (%)	2022A	2023A	2024E	2025E	2026E	2027E
Sales	46.1%	11.7%	14.2%	28.2%	12.7%	14.2%
EBITDA Adj	37.1%	7.0%	39.8%	20.3%	18.1%	21.8%
EBIT Adj	18.5%	26.0%	31.1%	42.1%	45.4%	40.4%
Net Profit Adj	77.4%	-36.6%	58.2%	58.2%	53.1%	46.1%
EPS Adj	77.4%	-36.6%	38.9%	41.1%	53.1%	46.1%
DPS	nm	nm				

*Excluding extraordinary items   Source: Intermonte SIM estimates
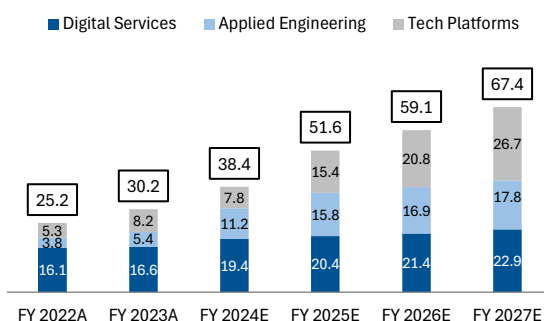
Company in Brief

Company Profile

Founded in 2001, Mare Group is an excellence in digital engineering, supporting over 2,000 customers with digital services, applied engineering and technology platforms. With over 300 employees, 16 locations and 12 acquisitions since 2019, the company invests in R&D to make digital transformation accessible and sustainable, consolidating its position in Italian innovation.
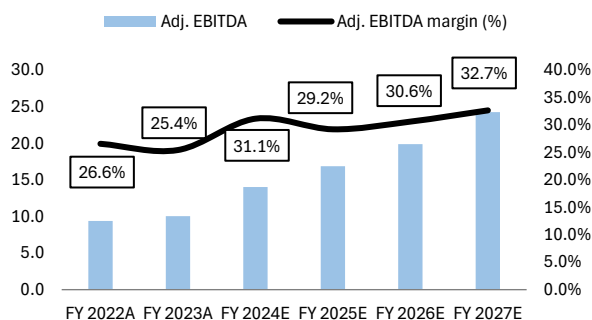
Management

CEO: Antonio Maria Zinno
Presidente: Marco Bellucci

Shareholders

Antonio Maria Zinno	25.2%
Marco Bellucci	18.4%
Valerio Griffa	14.8%
Invitalia S.p.A.	5.1%
Altri	24.6%
Mercato	11.9%

Strengths / Opportunities

- Scalability and technological innovation
- Wide range of integrated and scalable products and services
- Partnerships with international leading organisations
- Proprietary technologies, rapid development
- Untapped market, driven by innovation
- Acquisition strategy

Weaknesses / Threats

- Post-acquisition integration
- Cyclical nature of core market
- Fierce competition

Mare Group – 2022-2027 Revenue Trends (€ mn)

Source: Company data & Websim Corporate estimates

Mare Group – 1H24 Revenue Breakdown by Division (%)

Source: Company data

Mare Group – 2022-2027 Adj EBITDA (€ mn) & Margin* (%)

Source: Company data & Websim Corporate estimates, *on VoP

Mare Group – 2022-2027 RoACE Evolution (%)

Source: Company data & Websim Corporate estimates

Mare Group – 2022-2027 Net Income (€ mn) & Margin* (%)
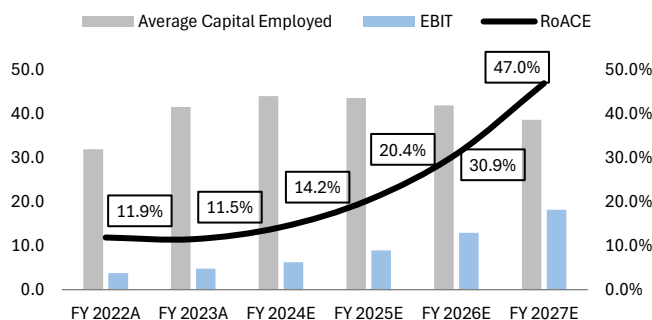
Source: Company data & Websim Corporate estimates, *on VoP

Mare Group – 2022-2027 NFP (€ mn) and Cash Conversion Rate (%)

Source: Company data & Websim Corporate estimates

Contents

Company Description

Founded in 2001 by students and researchers from University of Naples Federico II, **Mare Group S.p.A. is a digital engineering company** that promotes innovation, with a focus on digital transition and sustainability. Thanks to intensive R&D, Mare Group has built a technological infrastructure based on three platforms, also thanks to its vocation for M&A activities, with 12 deals since 2019. Mare Group stands out for its unique positioning in Italy.

The company operates through three business lines:

- **Digital services, 54% of revenues in 1H24.** Digital services and software development that include products, cloud services and digitalisation for companies and processes of any size, to empower businesses and maintain sustainable competitiveness. Examples of projects are: (i) cloud infrastructure deployment to store, manage, and access business data; (ii) protecting systems from cyber threats; and (iii) transforming business data into strategic information to facilitate company decision-making.

- **Applied engineering, 27% of revenues in 1H24.** Advanced design and optimization of products, processes, and infrastructure, leveraging cutting-edge enabling technologies to enhance innovation in the manufacturing, transportation, aerospace, automotive, and defence sectors. Examples of projects: (i) mechanical design of components and systems; (ii) process engineering to improve efficiency and productivity; and (iii) prototyping services to test and develop new ideas.

- **Technology platforms, 19% of revenues in 1H24.** Development or acquisition of proprietary technologies as a basis for new products and the evolution of platforms: (i) **XR Line**, a collection of Extended Reality products that enable the customer to create independently **operational training sessions and virtual design**, collaborating in immersive and interactive multi-user environments; (ii) **DELFI.AI**, a platform that autonomously processes the level of **innovation and competitive positioning** of a company, identifying any areas for improvement and proposing personalized innovation paths; and (iii) **Sypla**, a flexibles software infrastructure that collects real-time data **to monitor and diagnose** the state of infrastructure and plant, with a focus on the construction, railway, and energy sectors.

Mare Group – Business Units
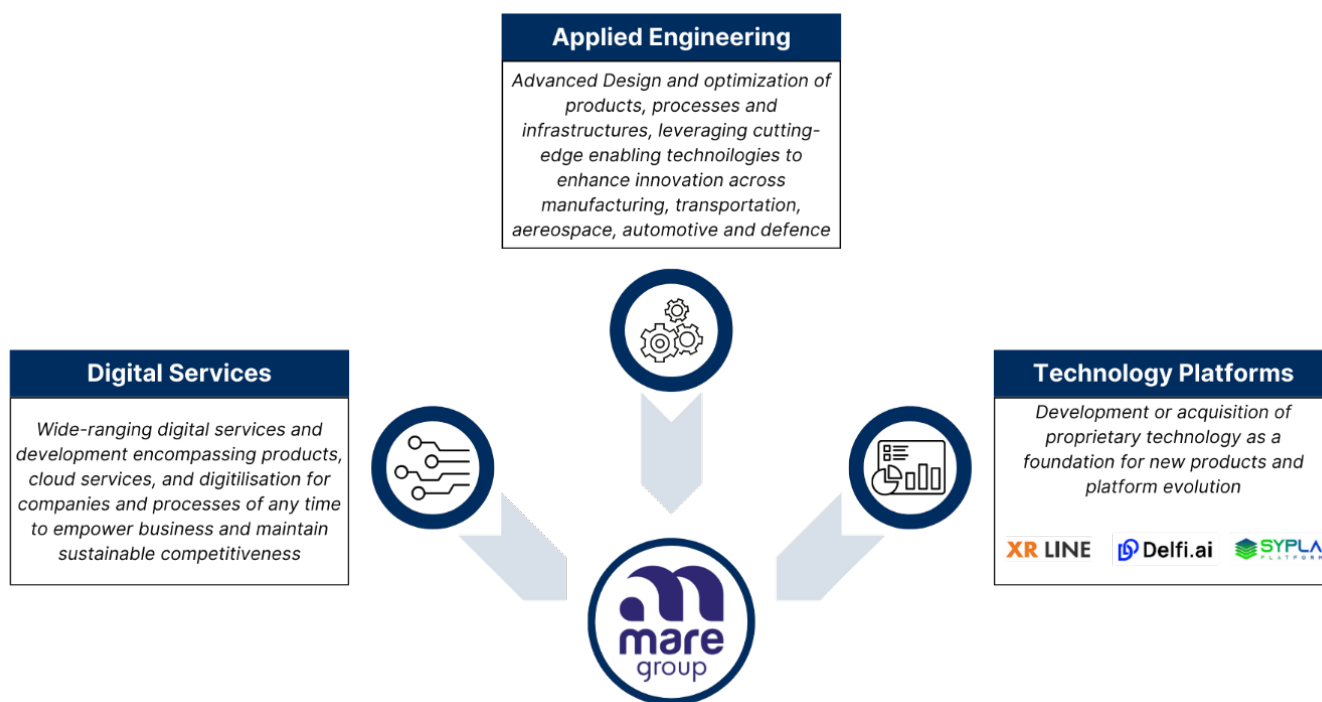
Group Milestones

Mare Group was founded in 2001 at Pomigliano d'Arco (NA) thanks to the creative input of Antonio Maria Zinno, Luigi Di Palma and Marco Bellucci. The Company was set up to bridge the gap between academic research and industrial applications, positioning itself as a **key ally for promoting innovation within companies**. This foresight not only aligned Mare Group to the progress on Industry 4.0, but also to the subsequent technological transition towards Industry 5.0, underlining its **role as a pioneer in innovation and digital transformation** in various sectors.

To respond to the demand generated by Industry 4.0, the Group launched its first **digital startup in 2015 - LinUp** – dedicated to the implementation of enabling technologies (including Extended Reality and Artificial Intelligence) for workflow optimization in **manufacturing industry**.

Mare Group continued along its innovation path, developing the **proprietary algorithm Eureso in 2018**. The technology uses heuristic models to **facilitate the decision-making of companies** in a strategic perspective, starting from real data according to certain innovation KPIs. The algorithm simplifies the achievement of tangible results in terms of flexibility, productivity and efficiency, marking a significant advance in strategic business planning and operational optimisation.

Mare Group – Group Milestones
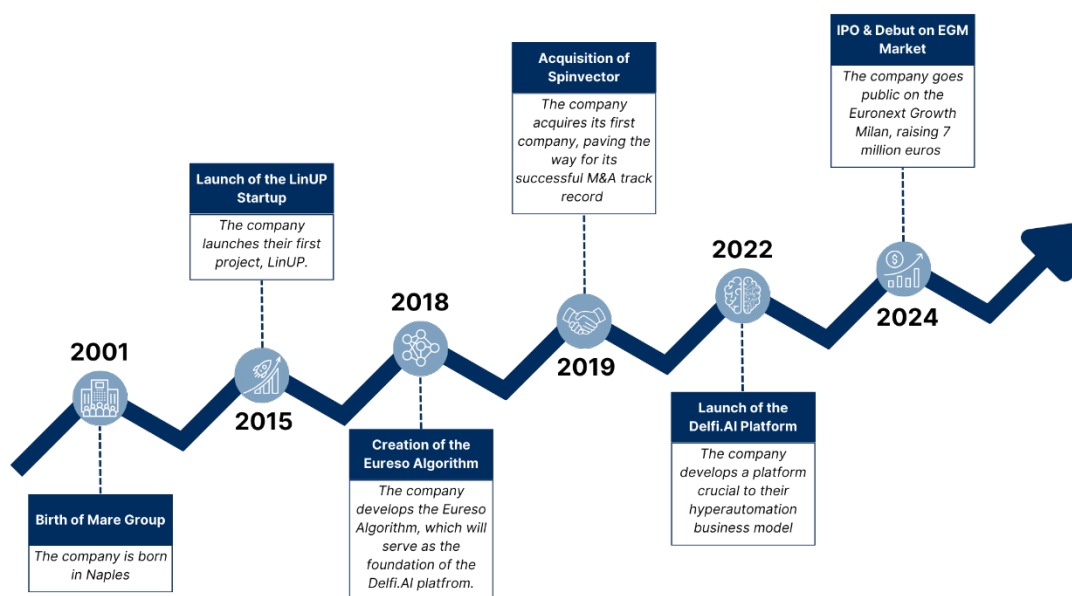
Source: Websim Corporate on Company Presentation

In addition to organic growth, Mare Group began to pursue **external growth** through its **first acquisition in 2019**: **Spinvector**, specialising in XR (extended and virtual reality). The company's experience enables it to extend the know-how in the field of Industry 4.0 with advanced technologies of XR based on computer-graphics 3D in real time.

External expansion also includes **internationalisation**, through which the Company has established itself in various European and non-European markets. Although most activities are focused on Italy (11 offices), the Company's international expansion started in the following countries:

- **Slovakia**, with an office at Jihlava
- **Czechia,** with an office in Bratislava
- **Brazil,** with two offices, at Contagem and Golana

Source: Websim Corporate on Company Presentation

In 2022, Mare Group took another significant step towards digital transformation by developing DELFI.AI, a platform based on advanced artificial intelligence and big data technologies that **automatically analyses the innovation needs of SMEs** in their specific market context, offering customized innovation paths at every stage, from **preparation of the offer** through supply of the product or service to **after-sales service**. This highly automated process enables a significant reduction in costs while maintaining a **high degree of customisation and flexibility**, making the entire system efficient and scalable.

In **May 2024**, Mare Group **debuted on Borsa Italiana's Euronext Growth Milan** market at 3.5€/ share, reaching a market capitalisation of 42.2 million euros. In the placement phase, the Company raised **7.2 million euros**, intended to support its future growth, mainly through: i) **investments in R&D**, crucial for the development of new innovative technologies; and ii) **growth via M&A** to reach new sectors and a large customer base.

Management and Corporate Structure

Key Mare Group personnel, with details of their duties and positions.

- **Antonio Maria Zinno: Founder and CEO.** A graduate in materials engineering from University of Naples Federico II in 2001, the year Mare Engineering was set up. His entrepreneurial activity has expanded over time, taking him into the role of shareholder and director in numerous companies in the digital engineering sector. In 2022, he was made a Knight of the Order of Merit of the Italian Republic.

- **Marco Bellucci: Chairman and R&D Strategy**. Born in Italy in 1973, he graduated in materials engineering from University of Naples Federico II and is one of the founding partners of Mare Group. He has directed, coordinated and participated directly in over 100 research projects on the simulation of products and processes, the development of materials, innovative technologies, and artificial intelligence.

- **Giovanni Caturano: Innovation and Communication Director**, a role taken up in 2019 after the acquisition of SpinVector. A pioneer in Extended Reality, programmer and entrepreneur, he started developing commercial software and, later, with SpinVector S.p.A., he designed and developed video games used by millions of users. He is also a lecturer at the University of Benevento, where he teaches videogames & virtual reality on the master's degree course in computer engineering.

- **Francesco Grillo, Independent Director**. He graduated with honours from LUISS and has an MBA from Boston University. He is a Professor at Bocconi University and a Visiting Fellow at the European University Institute. A consultant to the Italian Minister of Infrastructure, he directs Vision and Value, focusing on public policies and digital technologies. He writes for major newspapers and leads the Vision think tank. His work focuses on democracy, growth and climate governance.

Antonio Maria Zinno
Founder & CEO

Marco Bellucci
Chairman & R&D Strategy

Giovanni Caturano
Innovation and Communication Director

Francesco Grillo
Independent Director

Valeria Conti
Independent Director
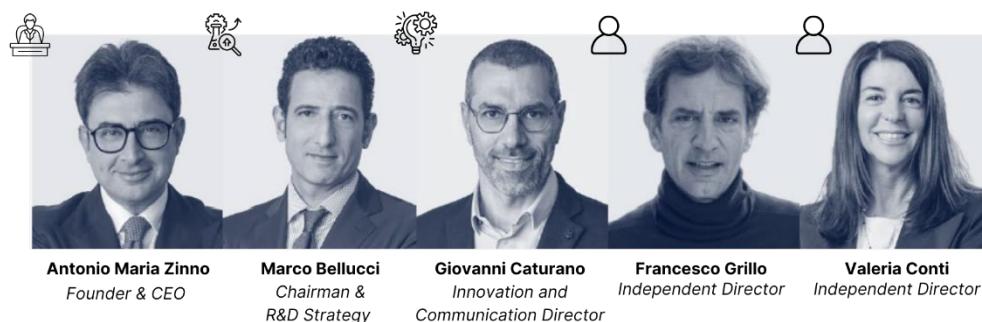
Source: Websim Corporate on Company Presentation

- **Valeria Conti, Independent Director.** An honours graduate in economics and commerce from La Sapienza University of Rome, she obtained a master's degree in tax law from LUISS. She has extensive industry experience, having worked with Deloitte and Studio Gianni & Origoni before founding CD Tax in 2021. She is an expert in acquisitions, corporate reorganisations and stock market listings.

In addition to the above, the following hold key roles at Mare Group but are not directors.

- **Luigi di Palma: COO.** An engineer and expert manager in the aeronautical sector, he holds degrees from the University of Perugia and the University of Naples. Currently COO of Mare Group, he previously led the design of aerostructures at the Italian Aerospace Research Centre (CIRA) from 2003 to 2021 and has been a researcher and lecturer in materials engineering.

Mare Group – Other Key Figures

Luigi Di Palma
Managing Director

Domenico Soriano
Chief Technology Officer

Gennaro Tesone
Chief Growth Officer

Vincenzo Grosso
Chief Financial & Administration Officer

Debora Mautone
Grant & Public Funding Manager

Source: Websim Corporate on Company Presentation

- **Domenico Soriano: Chief Technology Officer (CTO)**, leading the development of technologies in artificial intelligence, big data and extended reality. Co-founder of Innoida S.r.l., he was previously CEO of Eclettica, acquired by Mare Group. In addition, he has worked with companies such as Ericsson and Accenture and co-founded several technology startups, including Techintouch and Skillme.
- **Gennaro Tesone: Chief Growth Officer.** A Neapolitan engineer and entrepreneur born in 1975; he founded his first ICT company in 2004. In 2011, he launched the first private incubator in Campania region, followed by another at a private university in 2017. In 2012, he founded Eclettica, providing innovative solutions for large Italian companies. In 2020, Eclettica merged with Mare Group, where he now handles commercial management and M&AA.
- **Vincenzo Grosso: Chief Financial and Administration Officer.** Born in 1988, he obtained an MBA from the Polytechnic University of Cartagena and a master's degree in economics and management from Roma Tre University. After experience as a consultant and business controller, he joined Mare Group in 2020 as CFO, managing finance, human resources and operations, focused on the optimization of business processes.
- **Debora Mautone: Grant and Public Funding Manager.** A graduate in international business economics, Debora joined Mare Group in 2006 as Grant and Public Funding Manager. She has managed over 100 R&D projects in collaboration with organisations such as CNR, Fiat, Ferrari and Airbus. An expert in European funding and innovation projects, she offers advice to SMEs on business creation, financial management, and planning. She most recently served as managerial assistant.

Current breakdown of company shareholding: (i) **25.2% held by Antonio Maria Zinno**; (ii) 18.4% by Marco Bellucci; (iii) 14.8% by Valerio Griffa (International Director of Mare Group); and (iv) 24.6% by individual investors, each less than 5%. Among institutional investors, **Invitalia holds 5.10%,** while the **remaining market float is 11.9%.**

Mare Group – Group Structure
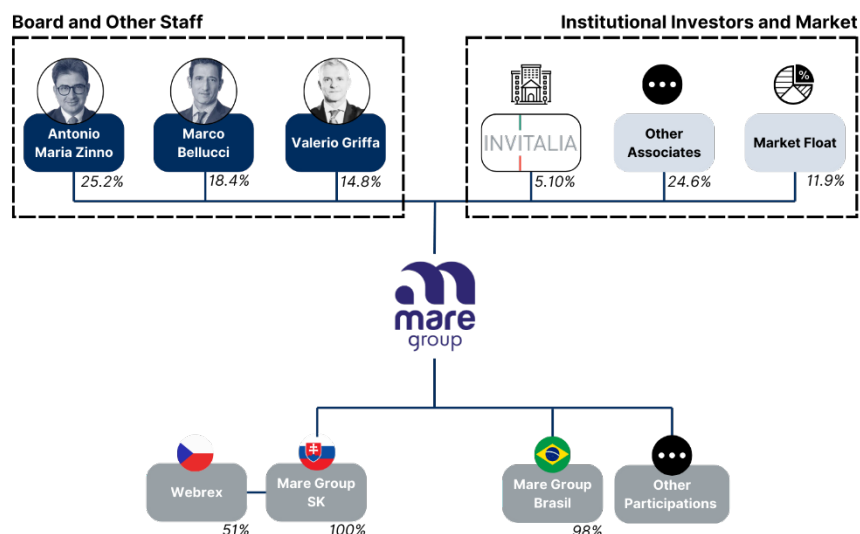
Source: Websim Corporate on Company Presentation

Ad oggi il perimetro di consolidamento è composto dalle seguenti società:

- **Mare Group SK S.r.o., detenuta al 100% da Mare Group.** Sede legale a Bratislava (Slovacchia), con un capitale sociale pari a 650,171 euro. Inoltre, detiene anche il 51% del capitale sociale di **Webrex**, sede legale a Jihlava (Repubblica Ceca) con un capitale sociale pari a 8,098 euro.

- **Mare Group Brasil LTDA, detenuta al 98% da Mare Group.** Sede legale a Contagem (Brasile), con un capitale sociale pari a 31,695 euro.

Business Model

The Group's business model stands on three strategic pillars: **(i) development of technology and innovation; (ii) innovative solutions through products and services; and (iii) automation of complete processes**, especially for SMEs.

Technology is developed mainly through intense **R&D** carried out in collaboration with large companies and universities and is at the heart of the system. This enables the creation of **innovative solutions (products or services)** that are adapted and **transferred to SMEs** to promote their competitiveness in the market. Supporting the offering is **automation**, the stand-out feature of the model, guaranteeing high scalability and the provision of products and services in disintermediated mode through the proprietary **Delfi.AI** platform, which accompanies the customer at every stage of the business model.

Mare Group – Key Strategic Pillars
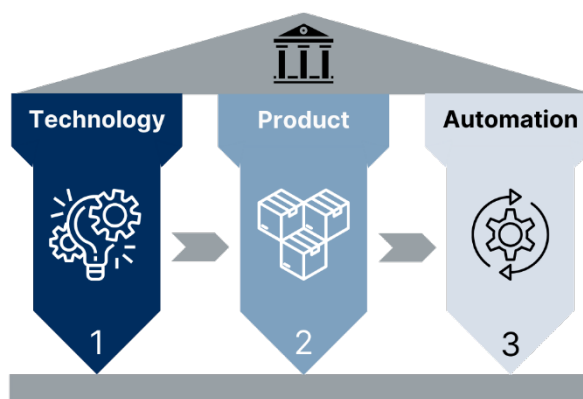
Source: Company presentation

Technology

Mare Group devotes **a significant portion of revenues to R&D** (**more than 15% of annual turnover**). Some of these investments are co-financed through contributions from regional, national and European government bodies, which reimburse some costs incurred by Mare. The R&D department works across different operational areas, **developing strategic technologies** through participation in co-funded research projects. The project management approach **ensures the transfer of innovations to operational areas.**

Mare Group – R&D on Operating Costs
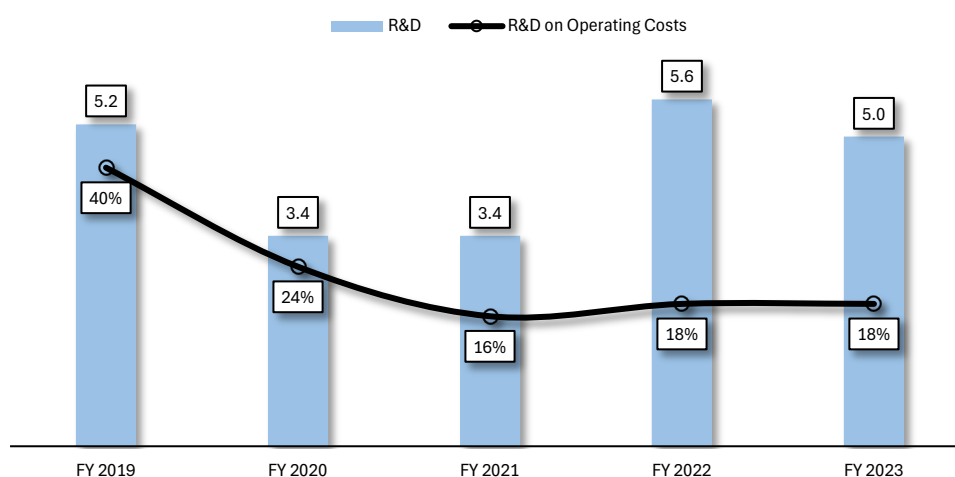
Source: Websim Corporate on Company presentation

Mare Group is strongly committed to the development and validation of innovative technologies **at the heart of the R&D projects** developed in house by the group and applied to cutting-edge products and services. In particular:

- **Aerospace technologies.** Mare Group collaborates with leading European aircraft manufacturers, such as Leonardo and Airbus, to develop next-generation vehicles, including tiltrotors, compound helicopters, and hydrogen-powered aircraft.
- **Extended reality.** The Group invests in the development of advanced technologies to create immersive experiences that integrate the real world with virtual elements, fostering innovative applications.

- **Artificial intelligence (AI).** Mare Group develops intelligent algorithms to optimise efficiency and automate business processes, improving precision and productivity.
- **Big data.** The Group devotes resources to the analysis and interpretation of large volumes of data, with the aim of drawing meaningful conclusions and supporting strategic decisions for clients.
- **Digital twins and engineering simulations.** Advanced techniques are developed to create virtual and digital models of products, processes and systems, enabling fast and reliable design, qualification, monitoring and optimisation.

The success of these projects is also thanks to the Company's collaboration with various research centres. In over 20 years in business, Mare Group has built up a **broad and stable network** of R&D collaborations involving universities, research centres, companies and associations. This ecosystem enables it to make constant innovations in the sectors in which it operates.

Key partnerships:

- **European Projects and Associations**. Mare Group is a member of Clean Sky 2, the leading European aerospace research programme; GAIA-X, an initiative for the development of a European cloud platform; and INSIDE Industry, for cutting-edge digitalisation.
- **Research Entities**. The Group collaborates with CIRA (the Italian Aerospace Research Centre), CNR (the National Research Council), Fraunhofer Institute, Max Planck Institute, ILOT (the Polish Aerospace Research Centre) and DLR (the German Aerospace Centre).
- **Italian Universities**. Mare Group maintains stable relationships with numerous Italian universities including University of Naples Federico II, University of Campania Luigi Vanvitelli, Turin Polytechnic, Milan Polytechnic, University of Sannio, University of Salerno, University of Calabria, University of Cassino and Southern Lazio.
- **Consortia and Technology Hubs.** As of today, Mare is (i) a member of the Meditech Consortium, Competence Centre for the transfer of Skills 4.0; (ii) part of the MESAP technological hub, specializing in the Smart Factory; (iii) an associate of the Campania Aerospace District (DAC), which includes 192 participants in the aerospace sector including research institutions, major companies and SMEs; and (iv) part of the UNDERWATER project, promoted by the Ministry of Defence for innovation in the maritime defence sector.

Mare Group – R&D Projects: Closed and in Progress
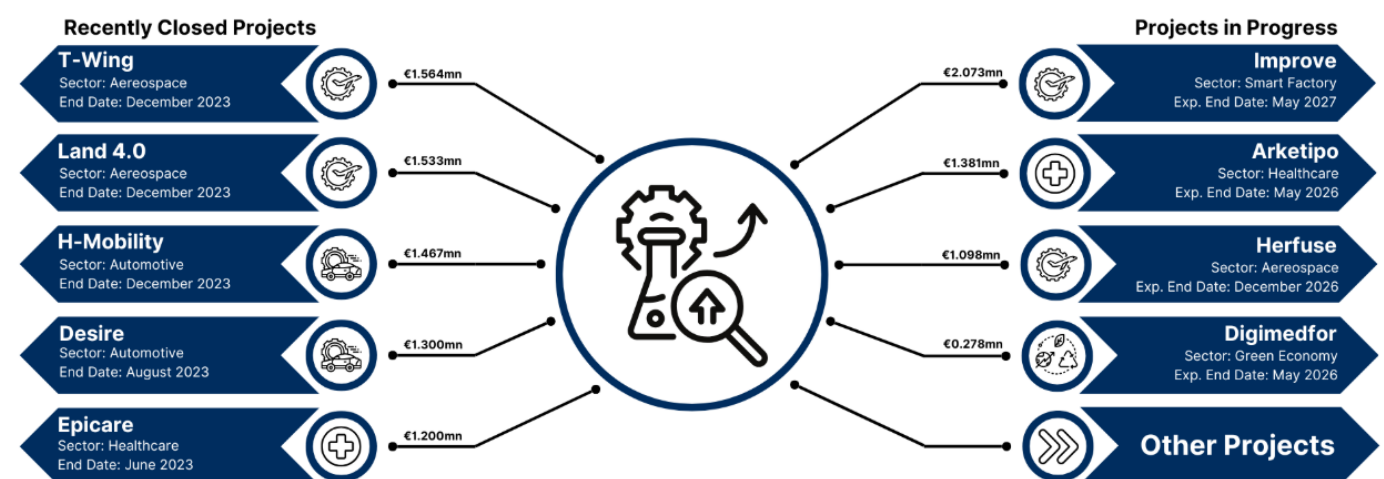
Source: Websim Corporate on Company presentation

The Group's R&D is mainly focused on strategic markets, including automotive, aerospace, rail, manufacturing, healthcare and cultural heritage. Here follows a list of R&D projects completed by Mare for the purpose of application and sale to client companies.

Selected past projects (completed prior to publication of this report):

- **T-Wing: aerospace, cost approx. €1.564mn, completed December 2023.** The project aimed to develop, prototype and test an innovative wing made of composite material for the NextGen Civil Tiltrotor.
- **Land 4.0: aerospace, cost approx. €1.533mn, closed December 2023.** The project aimed to develop an intelligent system for the life-cycle management of aeronautical products, specifically focused on landing gear.
- **SAIS:** aerospace, cost approx. €1.197mn, closed November 2023. The project aimed to design and develop a new flight control architecture for next-generation tiltrotors, with specific ergonomic characteristics.

- **T-Tech:** aerospace, cost approx. €1.0mn, closed December 2023. The project aimed to develop a prototype of a new generation mobile surface for convertiplanes, made of thermoplastic composite materials.

- **V-Crash:** aerospace, cost approx. €0.742mn, closed June 2023. The project aimed to develop an innovative procedure for designing vertical take-off and landing (VTOL) aircraft for the UAM (urban air mobility) category

- **Dayyd:** aerospace, cost approx. €0.711mn, closed July 2023. The project aimed to develop innovative technologies to reduce the environmental impact of tiltrotors/compound rotorcraft.

- **H-Mobility: automotive, cost approx. €1.467mn, closed December 2023.** The project aimed to develop an underbody platform for hydrogen-oxygen hybrid propulsion vehicles, with the aim of making them safer and more efficient for transporting people and goods.

- **Desire: automotive, cost approx. €1.3mn, closed August 2023.** The project aimed to develop innovative methodologies and tools for the digital simulation of real workstations in industrial environments.

- **Epicare: healthcare, cost approx. €1.2mn, closed June 2023.** The project aimed to develop an advanced platform to analyse data from cancer patients, integrating artificial intelligence algorithms and IoT technologies.

- **I-Care.Me:** healthcare, cost approx. €0.157mn, closed October 2024. The project aimed to create an information platform to respond to the needs of the elderly and of cancer patients, providing medical and healthcare support.

- **Immateria:** management consultancy, cost approx. €0.372mn, closed November 2023. The project aimed to develop a platform capable of developing an industrial investment plan to enable companies to align with similar firms in the sector.

- **Debora**: **automation,** cost approx. €0.142mn, closed January 2024. The project aims to automate the quality control process for bipolar concentric needles through a computer vision system with integrated AI algorithms.

Ongoing projects:

- **Arketipo: healthcare, cost approx. €1.381mn, expected to close in May 2026.** The project develops an AI-based predictive model for early detection of heart failure in diabetic and dialyzed patients, integrating innovative biomarkers and Personalized Medicine approaches, with an interoperable digital app that complies with medical device, privacy and security regulations.

- **Digimedfor: green economy, cost approx. €0.278mn, expected to close in May 2026.** The project uses innovative tools of Artificial Intelligence and Extended Reality to develop advanced digital solutions to support sustainable management of environmental resources, with particular focus on green economy.

- **Improve: intelligent factory, cost €approx. 2.073mn, expected to close in May 2027**. The project aims to design and standardize advanced decision support systems based on AI and machine learning, to optimize production processes and improve operational efficiency in manufacturing industries.

- **Herfuse: aerospace, cost approx. €1.098mn, expected to close in December 2026.** The project, part of Horizon Europe and the Clean Aviation Joint Undertaking, aims to design innovative fuselage and nacelles for a hybrid-electric regional aircraft, addressing challenges related to structural layout, materials, production and assembly, Contributing to the reduction of greenhouse gas emissions.

Products and Services

Mare Group offers its clients a wide range of tech-based innovative solutions. In particular:

- **Innovation management.** Technological solutions for developing new products and services (product innovation) and making business processes more efficient and competitive (process innovation).

- **Transition 4.0.** Planning, management and reporting of specific funded measures (Southern Italy bonus; capital goods tax credit; tax credit for research, development and innovation; training bonus; patent box).

- **Green management.** Management of the transition towards the circular economy using the opportunities offered by technology 4.0 and financial levers linked to sustainability.

- **IT infrastructure management.** Implementation and management of physical and virtual business infrastructures.

- **Security operations centre.** Unification and coordination of security tools and practices to effectively respond to security incidents and ensure compliance with national and supranational privacy regulations.

- **Cloud computing.** Services for migration, infrastructure, data transformation, sustainability and cloud security.

- **Initial digitalisation services.** Hardware and software support, systems engineering.

- **Product and process engineering.** Specialised services for the design and manufacture of components, models and equipment; optimisation of production processes and creation of innovative solutions for the manufacturing sector.

Mare Group distinguishes between sales of its own products and those of third parties. **Third-party products sold include hardware and software**, mainly for the initial digitisation of companies (personal computers, printers, servers, operating systems, digital workplace).

The range of own products includes:

- **Custom software.** Development of custom software for clients; modules integrated into proprietary projects.

- **Corporate apps.** Realization of software and web apps compatible with the principal technological devices.

Mare Group also has a portfolio of proprietary products with distinctive features to fulfil the specific needs of its customers. More specifically:

Mare Group – Digital Products Portfolio

SolveUp Soluzione completa e avanzata per operazioni di assistenza remota con il supporto della Realtà Aumentata. Visita il sito ↗	**Marker** Software per analisi di mercato che usa l'Intelligenza Artificiale e unisce tutti gli strumenti di data studio in un'unica piattaforma. Visita il sito ↗	**DriveMyJob** Job Management System in cloud dedicato alle PMI che monitora le performance e ottimizza i flussi di lavoro nella gestione delle commesse. Visita il sito ↗	**VideoSop** Sistema completo per l'authoring e la gestione di videoguide a bordo linea in ambiente produttivo: guida l'operatore passo per passo. Visita il sito ↗
XR Line – Platform Suite di prodotti in Realtà Virtuale con applicazioni per i layout, l'addestramento e il design. Include collaborazione interattiva online. Visita il sito ↗	**Ergoky** Combina hardware e software per l'analisi dettagliata delle attività operative sulla linea di produzione. Visita il sito ↗	**Avikana** ERP (Enterprise Resource Planning) completo che offre una vasta gamma di funzionalità per la gestione aziendale. Visita il sito ↗	**Sypla – Platform** Suite prodotti Sypla: Sypla Industry 4.0, Sypla Energy, Sypla Building e Sypla Rail, per il monitoraggio, l'efficientamento e la manutenzione predittiva. Visita il sito ↗

Source: Websim Corporate on Company presentation

- **Marker: market analysis and artificial intelligence.** Advanced software that integrates market analysis tools and artificial intelligence into a single platform. It uses the data lake for in-depth analysis of customers and competitors, improving marketing and supporting targeted business strategies.

- **SolveUp: remote support.** An innovative solution that uses augmented reality for remote assistance. Cuts intervention times and costs, simplifying technical support and improving operational efficiency.

- **Avikana: production line management.** A versatile ERP designed for small and medium-sized manufacturing firms. Supports manufacturing SMEs in plant management up to the production line, optimising processes and improving safety at work.

- **XR Line: training and design.** An extended Reality (XR) product suite for virtual training and design. It supports interactive collaboration in real time and enables customers to independently create virtual environments and operating procedures.
- **Sypla: monitoring and management in the railway and construction sectors.** An integrated software solution that combines sensors, hardware, firmware and software for energy monitoring and predictive diagnostics in the construction, railway and energy sectors.
- **Ergoky: production process optimisation.** A system that combines hardware and software to analyse operations on production lines. It uses standard methodologies (Muda, Mura, Muri, i.e., wastefulness, unevenness, overload) to reduce waste, improve efficiency and optimise time and costs.
- **VideoSOP: software to support production lines.** Platform for the creation, editing and distribution of video instructions for production lines. Facilitates operational support with visual procedures directly available on line-side displays.
- **DriveMyJob: workflow management.** Job management system for SMEs, designed to monitor performance and optimize workflows. It includes collaborative management, financial planning, performance analysis, and monitoring of business progress.

Automation

Automation is **one of the elements that characterizes the Mare Group business model** and takes the form of interacting with customers through the proprietary **Delfi.AI** platform. This platform is a central pillar to penetrate the SME market as well, supporting customers in all stages from onboarding to the development of after-sales activities.

Initially, the platform only requires the company's VAT number and, in cloud mode, prepares a detailed report on the level of innovation and competitive positioning of the company, identifying the business areas to be improved and offering personalized consultancy to develop projects for innovation that could increase the performance of critical areas.

Mare Group – Delfi.AI
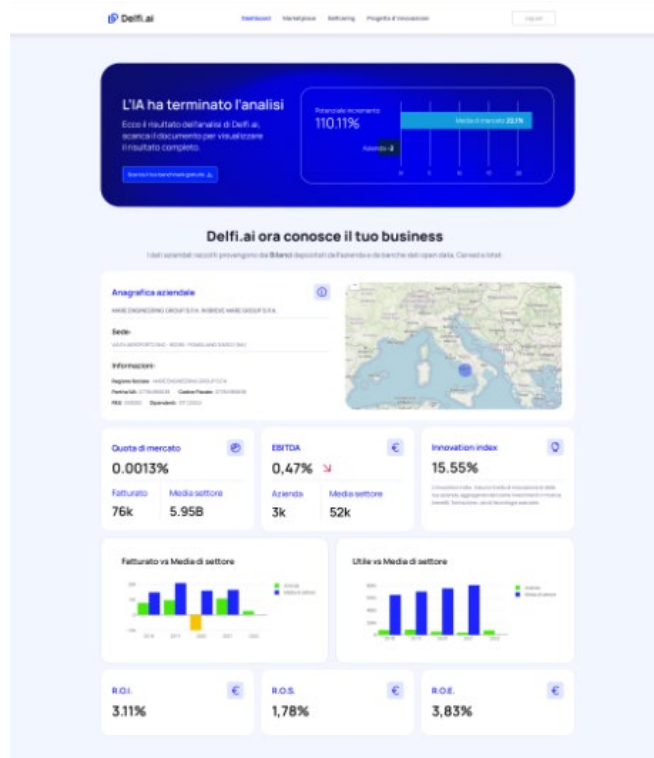
Source: Websim Corporate on Company presentation

Delfi.AI identifies the benefits arising from innovation incentive initiatives and guides companies towards customised development paths, supported by an extensive database that includes econometric and balance sheet data, supplemented by non-accounting data. These data are used to offer comparative and informed analyses, so that companies can make targeted, strategic decisions.

The platform uses the data to **compare a company's performance with the averaged of similar firms in Italy**, based on characteristics such as sector, size, and core market. Analysing the ability of companies to adopt new technologies and adapt to market changes, Delfi.AI suggests innovation paths that enable companies to remain competitive and create value in the long term.

The platform includes a marketplace of products and services, creating a collaborative and dynamic environment, which could be open to third parties. The platform is not limited to analysis and the marketplace, but also offers after-sales support, working closely with customers to **promote technological integration and continuous improvement of business processes.**

One of the other Delfi.AI modules is **self-care**, which enables customers to independently manage their purchasing experience and interaction with the Group. In this section, customers can explore product and service offerings, make purchases, and access after-sale support features.

Delfi.AI offers a range of support services, including technical support, product information, maintenance requests and provision of feedback, fostering direct and timely communication between the Group and its clientele. These services are mainly offered through digital channels, with the option of email or telephone follow-up later if necessary.

The platform offers an **intuitive and user-friendly interface**, which facilitates navigation and customization of the experience according to the customer's needs. Customers can configure their profile, entering specific information and special requests.

The Business Cycle: Processes and Brands

The Group's business model involves two distinct approaches. The first, "**conventional**" approach, is aimed at large companies and large-scale projects. It is based on account management, with dedicated personnel working closely with customers, analysing their specific needs for sectors and projects, and ensuring ongoing collaboration and close interaction over time.

The second is focused on **Hyperautomation**, is mainly aimed at SMEs, and uses a set of advanced techniques and technologies to replace most of the work done by a human consultant. It therefore ensures respect for the unique characteristics and specific needs of each customer, while maintaining efficiency and customisation.

Mare Group – Conventional and Hyperautomation Processes
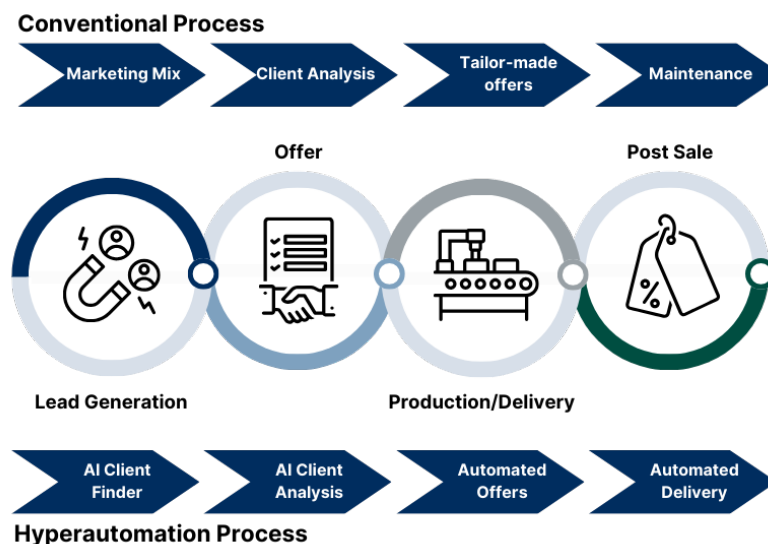
Source: Websim Corporate on Company presentation

Although there is a common cycle driving both processes, the **conventional approach** entails stages that are fundamental for communication with large companies:

- **The Human Touch... and Digital Marketing.** Potential customers are contacted in person through such methods as cold calling and approaches at events, conferences and fairs, supplemented by targeted digital marketing strategies while maintaining a highly personalised approach.
- **Personalised Customer Analysis.** In-depth assessment of customer needs is conducted by specialized personnel who have had experience in the core sector and often already have close relationships in the specific industry.
- **Custom Planning and Offers.** Preparation of offers that combine commercial and technical know-how, followed by the design of customised solutions based on the client's specific requirements.

- **Dedicated After-Sales Contracts and Services.** Preparation of detailed contracts for after-sales activities, with allocation of personnel to provide maintenance and continuous operational support to the customer.

By contrast, the **Hyperautomation process** employs **automation and use of Delfi.AI** to provide SMEs with tailor-made innovation paths to improve their competitiveness and support strategic decision-making processes.

- **Automated Lead Identification.** Use of automated systems to identify and qualify potential customers, steering them to strategic landing pages through integrated digital marketing strategies.
- **Automated Analysis of Business Needs.** Use of proprietary technologies based on AI and clustering methods to conduct an automated, customer-tailored analysis of the competitive environment and innovation opportunities.
- **Automated Offers and Advanced Technology.** Automatic generation of offers that suggest services and products, often based on technologies previously developed for large companies, offering personalised innovation pathways.
- **Automation of Delivery and Support.** Product delivery management and automation of payments and after-sales to drive continuous improvement, increase loyalty and promote cross-selling opportunities.

Mare Group – 1H24 Revenue Breakdown by Division

Tech Platforms
€2.7mn; 19%

Digital Services
€7.8mn; 54%

Applied Engineering
€3.8mn; 27%

Source: Company data

Mare Group has recently completed a reorganisation of its business divisions with the aim of better exploiting the **value of its engineering know-how and proprietary technologies**. Thus, the Mare Consulting and Mare Industrial divisions have been replaced by **Applied Engineering** and **Technology Platforms**.

The new divisions, operational since 4Q24, reflect Mare Group's strategic vision, with an increasing focus on proprietary technologies such as **XR Line**, **Delfi.AI** and **Sypla**, which ensure greater scalability of the business. While the previous structure was by customer type (Mare Industrial for large companies and Mare Consulting for SMEs), the new one is **based on the products and solutions offered**, enabling a more targeted and innovative approach.

The **Digital Services** division, on the other hand, maintains continuity with the previous Mare Digital and focuses on offering digital services for companies of any size. Its main purpose is to enhance business processes through the implementation of advanced technological solutions, fostering innovation and growth.

In 1H24, the top 10 clients provided 50% of turnover, and the top five generated 36%. Looking at costs, however, the top 10 suppliers had an impact of 28% and the top 5 of 21%.

M&A Focus

Mare Group has bolstered its position in the technology market **through a series of strategic acquisitions**, beefing-up its skills and expanding the range of innovative solutions. The acquisitions have **created significant synergies, improved operational flexibility, and expanded the international presence**, enabling Mare Group to respond to the challenges of digitalisation and technological innovation faced by SMEs, large companies and advanced sectors such as defence and railways.

Some of the most important M&A transaction:

Hard&Soft House. On 11 November 2021, Mare Group acquired Hard & Soft House to strengthen its offering in the IT sector and fortify its position on the SME market. The deal has brought in strategic skills, making the Group a unique partner for technological innovation and initial computerisation solutions. Thanks to the thirty-year experience of Hard & Soft House, Mare Group has expanded its capabilities in the development of end-to-end projects and in the implementation of advanced infrastructures based on virtualization and cloud computing, ensuring full compliance with regulations such as the GDPR. The acquisition has also created significant internal synergies, improving the overall offering and increasing customer loyalty. To sum up, the operation has strengthened the competitiveness of Mare Group, reinforcing its role as a key partner for the technological innovation of SMEs.

Mate Consulting. On 9 December 2021, Mare Group acquired Mate Consulting, an important strategic move to strengthen its Digital area. With over 20 years of experience, Mate Consulting has brought advanced skills in software development, business intelligence and application maintenance, expanding Mare Group's ability to respond to the digitisation needs of large enterprises. The integration of Mate Consulting has created significant operational synergies, optimizing resources and processes. Thanks to its experience in managing the entire software life cycle, Mate Consulting has made possible a more flexible and personalized offering, in line with market demands. The acquisition marks an important step in Mare Group's growth strategy, strengthening its leadership in the technology and digital sector and its position as a partner for digital transformation.

Syenmaint. On 22 November 2022, Mare Group acquired 100% of Syenmaint S.r.l., the owner of 5 patents, including the SYENMAINT® platform. This advanced digital solution specialises in predictive maintenance, enabling the monitoring and diagnostics of assets in various industrial sectors, optimising their life cycle and reducing operating costs. The acquisition has enriched Mare Group's offering with innovative technologies and opened new opportunities in the railway sector, reinforcing the Group's diversification and growth. In short, the integration of Syenmaint has been a strategic move to expand the business, improve skills and offer increasingly advanced solutions to customers.

Sintex. On 19 December 2022, Mare Group acquired 100% of Sintex, a company active since 2001 in the IT consulting and technology services sector. The transaction has enabled an expansion of technical skills and improved the ability to respond to the demands of a constantly changing market. Sintex stands out for its high-quality services and ceaseless quest for innovative solutions. Thanks to this acquisition, Mare Group has strengthened its technological leadership, adding specialised resources and beefing-up its offering to face future challenges in a flexible manner.

Webrex. On 2 February 2023, through Slovak subsidiary Mare Group SK, Mare Group acquired 51% of Webrex S.r.o., a Czech Republic IT company with over 20 years' experience in software development. The move bolstered the Group's presence in Central Europe thanks to the integration of the AVIKANA ERP system (formerly NAVICA), designed for SMEs in manufacturing.

Obiettivo Europa. On 30 August 2023, Mare Group acquired Obiettivo Europa S.r.l., an innovative platform with over 15 years of experience and 120,000 members, specialising in access to regional, national and European funding. This operation has strengthened the Group's role as a strategic partner for SMEs, offering practical means to address the challenges of the digital and sustainable transition, in line with the objectives of the NRRP. Mare Group thus cements its status as a go-to partner to support firms with innovation and growth.

Powerflex. Expected by 31 December 2024, the acquisition of Powerflex is a strategic move to strengthen Mare Group's presence in the aerospace, naval, rail and defence sectors. Powerflex offers advanced skills for testing, certifications and technical qualifications, enriching the Group's portfolio with innovative technological solutions. The deal will open new opportunities for cross-selling and technological synergies, further bolstering Mare Group's international position and offering a complete service to customers in the most advanced sectors.

Strategy

Mare Group aims to consolidate its leadership in digital transformation, enhancing its proprietary technological platform, DELFI.AI through the development of new features and the integration of increasingly sophisticated artificial intelligence. This will make it possible to expand the offer of products and services to penetrate new markets and optimise internal processes.

The main lines of action are:

■ **Expansion and diversification:** Mare Group intends to grow both organically and through strategic acquisitions of complementary companies, acquiring new skills and technologies and gaining access to new markets.

■ **Continuous innovation**: the Delfi.AI platform will be constantly updated and improved, thanks to heavy investment in research and development and strategic partnerships with both academia and industry.

■ **Sustainability and energy transition:** Mare Group intends to support companies transition to a more sustainable business model, enhancing its offer with innovative technological solutions that promote energy efficiency and reduce environmental impact.

■ **Automation and efficiency:** process automation and the use of artificial intelligence will make it possible to optimise internal operations, reduce costs and offer customers more efficient and personalised services.

In summary, **Mare Group aims to become a key port of call in the digital transformation sector, offering innovative and sustainable solutions that meet the needs of an ever-changing market.**

Mare Group – Strategic moves

Action	Apllied Engineering	Digital Services	Technology Platforms
Acquisition of target companies	✓	✓	✓
Strenghtening in focus sectors	✓		
Applied AI for building management		✓	
Technology integration		✓	✓
New products and services			✓
Internationalization	✓	✓	✓

Source: Websim Corporate on Company presentation

Market Overview

The Global Digital Transformation Market

The global digital transformation market is expected to grow at a 24.7% CAGR between 2024 and 2034.

The spread of Industry 4.0 and demand for digital and automated technologies in manufacturing have increased rapidly in recent decades. To improve productivity and product quality, manufacturers are increasingly adopting the most advanced technologies to automate and digitise processes.

Rising demand from business for innovative technologies - big data analytics, artificial intelligence, the internet of things and cloud computing - is turbo-charging the growth of the global digital transformation market. These advanced technologies integrate intelligence into business operations, drive customer engagement, and improve operational efficiency.

The spread of the Internet, adoption of smartphones, and the development of IT and telecommunications infrastructures worldwide are some of the main drivers of digital transformation market growth. Businesses, regardless of sector, are investing heavily to boost their digital presence. The shift from traditional to digital business models is therefore a potent driver of growth in the global digital transformation market.

Digital transformation enables companies to improve operations, build a solid brand reputation, improve the customer experience and strengthen loyalty. Adoption of digital technologies helps companies face changes in the technological landscape and cope with transformation of the sector. For example, digital companies posted high profits during the Covid-19. pandemic. Many firms in diverse sectors suffered sizeable losses due to lockdowns and were forced into hefty investments to digitize their operations**.** The pandemic thus had a positive and meaningful impact on growth of the global digital transformation market.

Mare Group – 2023 – 2027 Global Digital Transformation (DT) Market (€ bn)
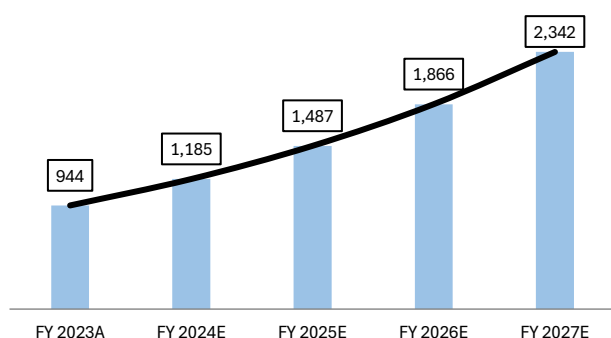
Source: Websim Corporate on Precedence Research

Mare Group – 2023 Global DT Market Breakdown by Geography (%)

Source: Websim Corporate on Precedence Research

Outside North America (44.0% of the market in 2023), the most promising areas are Europe and Asia-Pacific. Mare Group has offices in Italy, Brazil, the Czech Republic, and Slovakia; the latest available data shows that over 92% of total revenues come from Italy. For this reason, the focus will be the Italian market.

The Italian Digital Transformation Market

Il mercato digitale italiano ha raggiunto nel 2023 un valore di 78.7 miliardi di euro, con una crescita del 2.1%, superiore al PIL nazionale (+1.5%). I diversi segmenti hanno mostrato andamenti eterogenei e rimangono bilanciati:

- **ICT Services** (21% of total). The highest growth rate among the segments, up +9%, to 16.2 billion euros, driven by cloud computing, cybersecurity and AI technologies.
- **Software and ICT Solutions** (12% of total). Up +5.8% YoY to 9.1 billion euros.
- **Digital Content and Advertising** (19% of total). Up +5.5% YoY to 15.2 billion euros.
- **Devices and Systems** (25% of total). A pronounced -4.8% reduction on a fall in sales of PCs (desktops, laptops, tablets) and televisions.
- **TLC Network Services** (23% of total). Marginal growth of +0.2%, reversing the negative trend of previous years.

Mare Group – 2023 – 2027 Italian Digital Transformation (DT) Market (€ bn)
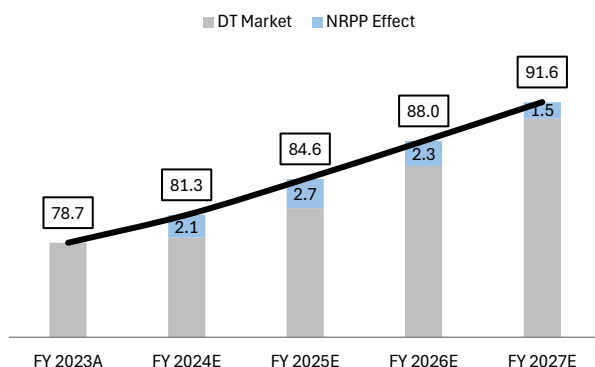
Source: Websim Corporate on Annitec-Assinform

Mare Group – 2023 Italian DT Market Breakdown by Segment (%)
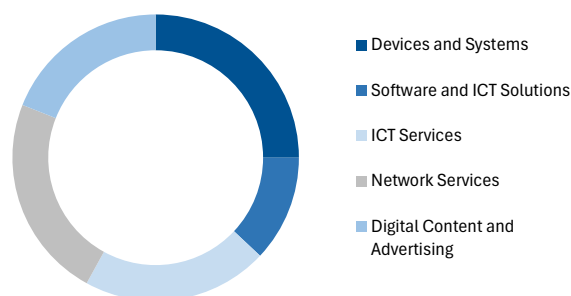
Source: Websim Corporate on Annitec-Assinform

Evolution of the digital market in the 2024-2025 biennium will be driven mainly by three factors:

■ **Public investment** In addition to the NRRP funds, resources for the digitalization of Italy will go into IT security, modernising technological infrastructure (cloud) and digital health projects.

■ **Manufacturing.** Despite funding support for Transition 4.0, a cautious approach paying attention to IT costs is expected due to global economic uncertainty, geopolitics, and a shortage of skilled personnel.

■ **Economic uncertainty.** Persistence of economic uncertainties, nationally and internationally.

Specifically, the initiatives that will have the greatest impact on digital market forecasts in the coming years are those for **"Digitalization, innovation, competitiveness and culture" (Mission 1) and "Health" (Mission 6)**. Indeed, outlook for the Italian digital market in 2024-2027 depends largely on investments in digitalisation financed through the **NRRP**.

However, accurately estimating the impact of the NRRP is no easy task, for two main reasons.

1. Some investments by public sector bodies would have occurred anyway, even without support from the NRRP.

2. Not all approved projects will result in actual spending, and some of the ICT investments funded by the NRRP do not amount to additional resources.

This has prompted us to envisage different scenarios for growth of the Italian digital transformation market, the current one being prudential. In particular:

■ Considering a digital market estimated at 79.1 billion euros in 2024, the NRRP contribution is expected to add 2.1 billion euros, taking the total to 81.2 billion euros.

■ The expectation for 2025 is a baseline digital market of 81.8 billion euros; the impact of the NRRP is estimated at 2.7 billion euros, leading to 84.5 billion euros in total, up 4.1%, vs 3.4% without the NRRP.

■ In 2026, the impact of the NRRP is estimated at 2.3 billion euros, taking the total to 88 billion euros, again up 4.1% on the total digital market.

■ Finally, in 2027, the effects of the Plan are expected to continue beyond the deadline, thanks to the conditioning factors already described. The impact of the NRRP will be 1.5 billion euros, taking the total digital market to 91.6 billion euros, up 4.1% on the previous year.

Focus: Digital Enablers

With an average annual growth rate of 11.1%, the digital market continues to be propelled by digital enablers and digital transformers.

Digital enablers provide technologies and services to enable organizations to launch or accelerate their digital transformation, putting in place the infrastructure and laying the foundations for the adoption of more advanced solutions. Amid the rise of digital enablers, the most promising and innovative initiatives are in **cloud** services, **cybersecurity** tools, and **big data management**.

Digital transformers, on the other hand, provide technologies that radically transform processes, business models and interaction with customers and partners. To deliver innovative features and directly impact business performance, these tools **rely on digital enablers**.

Mare Group – 2023-2027 Digital Enablers Market (€ bn)
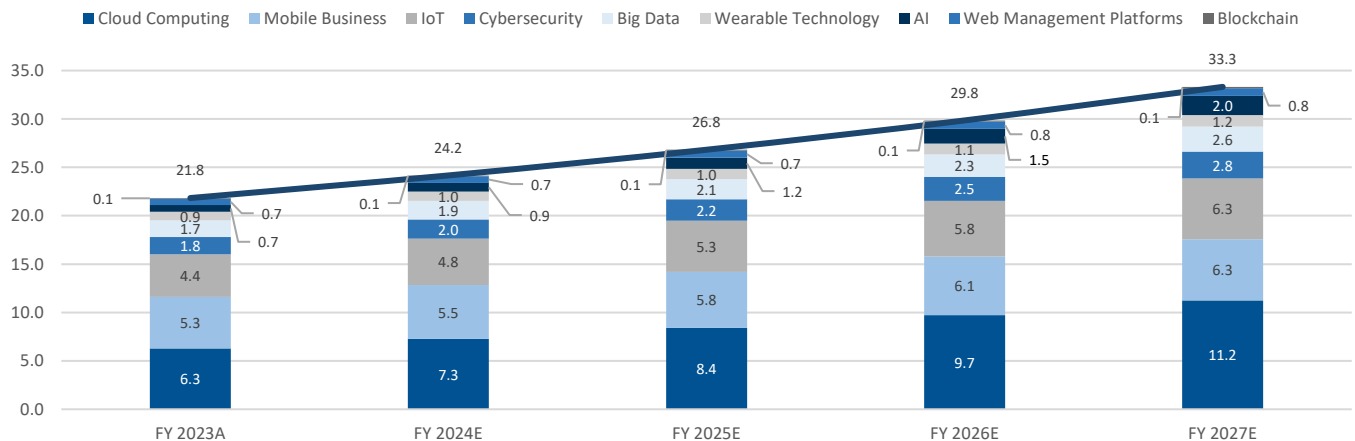
Source: Websim Corporate on Annitec-Assinform

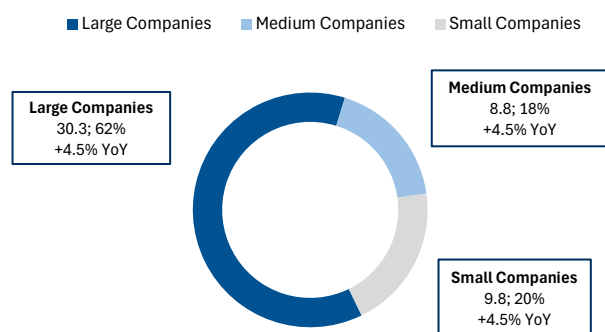The market can be broken down thus:

- **Cloud Computing, 6.3 billion euros in 2023, 2024-2027 CAGR at 15.6%.** Technology that allows access to IT resources (servers, storage, applications) via the internet, without the need for local physical infrastructure. It offers scalability, flexibility and lower operating costs.

- **Mobile Business, 5.3 billion euros in 2023, 2024-2027 CAGR at 4.5%.** Solutions and tools that enable companies to manage activities and operations through mobile devices, improving productivity and accessibility. They have become essential for ensuring an effective and flexible digital presence.

- **IoT, 4.4 billion euros in 2023, 2024-2027 CAGR at 9.3%.** A network of interconnected devices that collect and exchange data in real time, automating processes and improving operational efficiency. Fundamental for applications in smart manufacturing, logistics and home automation.

- **Cybersecurity, 1.8 billion euros in 2023, 2024-2027 CAGR at 11.5%.** A set of technologies and practices for protecting systems, networks and data from cyber-attacks, ensuring information security. Essential in an increasingly digital and interconnected world.

- **Big Data, 1.7 billion euros in 2023, 2024-2027 CAGR at 10.7%.** Management and analysis of large volumes of data to obtain useful information to improve decision-making processes and business strategies. Fundamental for personalising offerings and optimising business operations.

- **Wearable Technologies, 0.9 billion in 2023, 2024-2027 CAGR at 7.2%.** Wearable devices such as smartwatches or smart glasses that monitor personal data or support work. Useful for such areas as health, safety at work, and logistics.

- **AI & Cognitive Computing, 0.7 billion in 2023, 2024-2027 CAGR at 31.1%.** Technologies that simulate human abilities such as reasoning and learning, automating complex processes and improving decisions. AI is particularly popular for personalization and for optimising operations.

- **Web Management Platforms, 0.7 billion in 2023, 2024-2027 CAGR at 4.2%.** Software tools to design, develop and maintain sites, portals and intranets, ensuring evolutionary features and updates. Mature technology used to improve businesses' online presence.

- **Blockchain, 0.1 billion euros in 2023, 2024-2027 CAGR at 22.3%.** Technology based on distributed, secure and immutable registers of transactions, guaranteeing transparency. Although still niche, it holds promise in areas such as finance, logistics, and certification.

SME: Business Model Transition

Small and medium-sized enterprises play a fundamental role in the Italian economy, contributing meaningfully to economic and social growth and fostering innovation. In 2023, SMEs made considerable progress in terms of practices and investments, but also faced challenges, including maintaining competitivity, promoting sustainability and the constant need for transformation; in this context, **digitalization is key for reformulating practices and processes**, improving operational efficiency and creating new business opportunities.
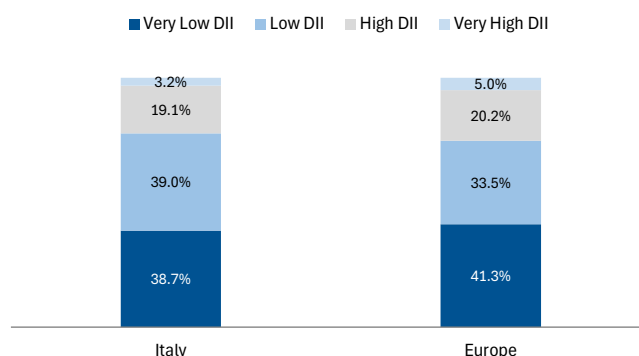
In 2023, the digital market for Italian businesses reached 48.9 billion euros in total, up 2.1% on 46.8 billion euros in 2022. The data show that **the larger the company, the greater the inclination to invest in digitalization**: large companies (250+ employees) account for 62% of the market, up +5.4% on 2022. medium-sized enterprises (50-249 employees) account for 18% of the total market, up +4.0% on 2022, while small enterprises (fewer than 49 employees) amount to 20% of the market, up +2.9% on 2022.

Mare Group – 2023 Italian Digital Business Market Breakdown by Size

■ Large Companies ■ Medium Companies ■ Small Companies

Large Companies
30.3; 62%
+4.5% YoY

Medium Companies
8.8; 18%
+4.5% YoY

Small Companies
9.8; 20%
+4.5% YoY

Source: Websim Corporate on Annitec Assinforum

Mare Group – Italian Digital Intensity Index vs. European Average

■ Very Low DII ■ Low DII ■ High DII ■ Very High DII

	Italy	Europe
Very High DII	3.2%	5.0%
High DII	19.1%	20.2%
Low DII	39.0%	33.5%
Very Low DII	38.7%	41.3%

Source: Websim Corporate on Eurostat

To compare Italy to Europe, we use the digital intensity index (DII), which measures a country's technological progress by indicating the number of initiatives, out of 12, that a company applies. Very Low DII means a score from 1-3, a Low DII means from 4-6, a High DII from 7-9, and a Very High DII from 10-12. Although the percentages are in line for almost all categories, the biggest difference is in the Low DII segment, where Italy lags Europe.

Thus, despite the progress made, 2023 highlighted the need, above all for SMEs, to make more progress on digitalisation, especially by enhancing the skills necessary to embrace emerging technologies.

Competitive Positioning

The main players in Mare Group's core sector focus on specific parts of the value chain. By contrast, Mare Group stands out for its ability to manage the entire chain, starting from analysis and systematisation of customer needs, through identification of funding sources, to design and implementation of innovation pathways. In addition, the Group does not limit itself to execution, but monitors the progress achieved and, if necessary, takes further action to maximize the benefits of innovation.

Unlike large competitors, which generally target large clients due to the cost and complexity of preliminary analysis, Mare Group is also able to offer customised solutions to SMEs. By combining hyper-automation and artificial intelligence, Mare Group automates traditionally time- and resource-intensive processes, enabling it to provide SMEs with innovative, high-quality, affordable projects.

The table below shows which parts of the value chain some of Mare's main competitors carry out. In this scenario, Mare Group has established itself as a pioneer, surpassing conventional business models thanks to the combination of AI and advanced automation, which allows for greater scalability than the traditional approach, based mainly on human resources.

Competitive Landscape

	Needs Analysis	Funding	Innovation Roadmappinging	Implementation	Integration in Processes	Follow-up
KPMG Advisory	✓		✓	✓	✓	
Golden Group	✓	✓	✓			
Valeo Studio	✓		✓		✓	
Engineering			✓	✓	✓	✓
Deda Group	✓		✓	✓	✓	
TXT	✓		✓	✓	✓	✓
Capgemini	✓		✓	✓	✓	
Tinexta		✓	✓	✓	✓	
SCS Consulting	✓		✓	✓		
Mare Group	✓	✓	✓	✓	✓	✓

Source: Websim Corporate

The main players include:

- **KPMG Advisory.** An integral part of the global KPMG network, KPMG Advisory offers a wide range of consultancy services. Its experts support businesses in addressing the challenges of digital transformation, innovation and sustainability, helping them improve performance and create long-term value.

- **Golden Group.** An Italian company that specialises in financial consultancy, especially on subsidised finance. It helps companies access grants and subsidized financing by seeking out calls for tenders and managing the bureaucratic procedures necessary to obtain funding. Golden Group is not listed on the stock exchange.

- **Valeo Studio.** Specializing in industrial design and engineering, Valeo Studio offers comprehensive support to companies at all stages of a product's life cycle, from conception to industrialization. Their technical expertise and ability to tailor solutions to specific customer needs make them a trusted partner in the industrial sector.

- **Engineering.** Engineering is a major player on the Italian engineering and technology scene. The company operates in various sectors, offering consultancy, engineering design, realisation and maintenance of complex systems.

- **Deda Group.** Deda Group Consulting is a division of Italy's important technology group Deda Group. The Consulting division provides consultancy services for the technology and business sectors. It helps companies to navigate the complexities of digital transformation, data management and cybersecurity. Deda Group Consulting offers a wide range of services, from strategic consultancy to systems integration and cloud solutions. It is committed to helping its customers achieve their business goals through innovative technology solutions.

- **TXT.** Listed on the STAR segment of Borsa Italiana, TXT is an IT and tech consultancy firm that supports companies on digital transformation. It offers a wide range of services, from software development to strategic consultancy with the aim of optimising business processes and improving operational efficiency.

- **Capgemini.** A leading multinational in technological consultancy, Capgemini is listed on the Paris stock exchange. The company helps organizations harness the potential of new technologies to transform business and gain competitive advantage.

- **Tinexta.** Listed on the STAR segment of Borsa Italiana, Tinexta is an Italian company operating in the IT and technology sector. The company offers consultancy, software development and systems integration, with a particular focus on solutions for business.

- **SCS Consulting.** A business consultancy firm that helps businesses address market challenges and optimise their performance. The company offers a wide range of services, from strategy to project management, with the aim of helping customers achieve their targets.

Financial Analysis

Analysis of revenues and value of production

Over the last two years, Mare Group's turnover has grown by 64%, reaching **€30.2mn** in 2023 from €18.4mn in 2021. This growth was achieved both organically and through acquisitions. In the same period, the **value of production grew 63%**, reaching **€39.4mn** in 2023 from €24.1mn in 2021.

In **2022, revenues increased by 38% YoY to €25.3mn**, of which 79% related to the provision of services (+16% YoY to €20.1mn) and 21% to the sale of hardware and software (+355% YoY to €5.2mn). The increase in revenues in 2022 was mainly attributable to acquisitions, the stand-out being Hard & Soft House S.r.l., active mainly in the production, marketing and rental of hardware and software products. **In 2022 the value of production rose 46% YoY to €35.3mn**. The increase in the value of production was also boosted by the capitalisation of costs for internal works, which increased by 58% YoY to €5.1mn, referring to the creation of software developed internally for various projects and not yet completed. Finally, other income grew 91% YoY to €4.9mn, of which €1.8mn in tax credits, €1.8mn in capital gains and contingencies, €0.9mn in grants and subsidies and €0.4mn in miscellaneous income.

In 2023 **revenues grew 20% YoY to €30.2mn, while the value of production increased 12% YoY to €39.4mn**, of which €5.2mn relating to the capitalisation of development costs related to the Delfi.AI (€4.5mn) and Sypla (€0.7mn) projects, €4.0mn to operating grants and €2.0mn to the variation of works in progress on orders, mainly related to the PRISMAT platform, which will support the public sector administration in operations relating to forest fires and hydrogeological instability.

In **1H24 revenues grew 15% YoY to €14.3mn and the value of production increased by 7% YoY to €18.8mn**, of which €3.0mn relates to the capitalisation of development costs related to the Delfi.AI (€1.6mn), SAX (€0.5mn) and XR (€0.9mn) projects, €1.2mn to operating grants and €1.2mn to changes in works in progress on orders for the PRISMAT platform, the Fifth Wheel project and the creation of Cloud and Digital Infrastructure Services.

In 3Q24 there was a clear acceleration in activity that led to revenue growth of **31% YoY in the first 9 months of the year to €24.5mn** (+62% YoY to €10.2mn in 3Q24) and **14% YoY growth in the value of production to €29.8mn** (+28% YoY to €11.0mn in 3Q24).

Mare Group – 2021-1H24 Net Sales and Value of Production (€ mn)
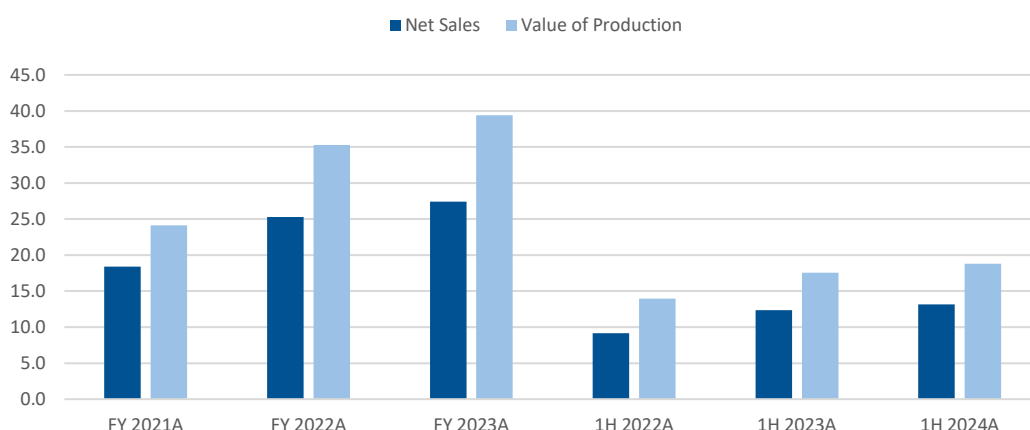
Source: Company data

Margin analysis

In the last two years, EBITDA has grown 47% overall, reaching €10.0mn in 2023 from €9.4mn in 2022 (+7% YoY) and €6.8mn in 2021 (+37% YoY). Margins (calculated based on the value of production) decreased over the same period, from 28.3% in 2021 to 26.6% in 2022 and 25.4% in 2023. The drop in margins is mainly attributable to a greater hardware component in the revenue mix, as demonstrated by the greater incidence of purchases on the value of production, which rose to 11.1% in 2023 from 9.2% in 2022 and 2.4% in 2021. It is interesting to note that the incidence of other revenues and income (mainly operating grants) on EBITDA fell to 44% in 2023 from 52% in 2022, highlighting a qualitative improvement in margins. **The EBIT margin, which in 2022 had fallen to 10.8% from 13.3% in 2021** due to the presence of greater impairments (€1.1mn from €0.2mn in 2021), with EBIT growing 19% YoY to €3.8mn, **returned to 12.1% in 2023**, thanks to the decrease in impairments (€0.4mn), with EBIT growing 26% YoY to €4.8mn. **Pre-tax profit grew 32% YoY in 2022 to €3.4mn**, partly benefiting from a decrease in net financial charges from €0.6mn to €0.4mn, but **only grew 8% to €3.7mn in 2023**, affected by a rise in net financial charges to €1.1mn due to the combined impact of higher debt and rising interest rates. **2022 net profit was up 77% YoY to €3.7mn**, thanks in part to a

€0.3mn positive tax effect (10% of pre-tax profit) and the elimination of €0.4mn of earnings pertaining to minorities in the previous year, while **in 2023 net profit fell 37% YoY to €2.4mn**, suffering from a 35% tax rate.

1H24 EBITDA rose 44% YoY to €4.1mn, with the margin reaching 21.8% from 16.2% in 1H23. The qualitative improvement in margins continued, as the incidence of other revenues and income on EBITDA fell to 37% in 1H24 from 76% in 1H23. **EBIT practically doubled YoY to €1.5mn**, with the margin increasing by 360bp to 7.8% and the impact of D&A on the value of production rising by 210bp YoY to 13.3% (€2.5mn, from €2.0mn in 1H23). **Pre-tax profit rose to €0.8mn from €0.1mn in 1H23** after stable net financial charges at €0.6mn, while **net profit increased to €0.6mn from roughly breakeven in 1H23**, after discounting a tax rate of 33%.

In the first 9 months of 2024 EBITDA grew 23% YoY to €7.4mn (+3% YoY to €3.3mn in 3Q24), **with a 24.8% margin compared to 23% in the first 9 months of 2023** (30% in 3Q24 compared to 37% in 3Q23, which benefited from a higher share of operating grants).

Mare Group – 2021-1H24 EBITDA (€ mn) and EBITDA margin
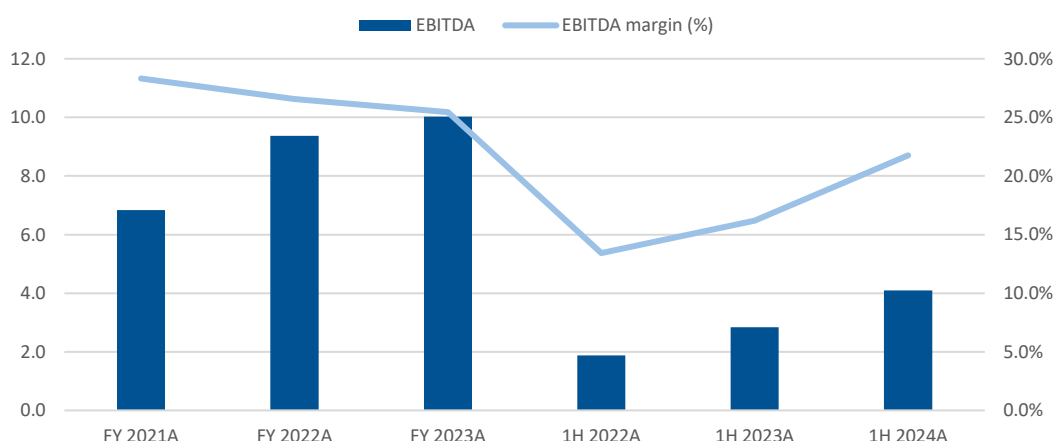
Source: Company data

Mare Group: 2021-2023 & 1H23-24 Consolidated Income Statement (€ mn)

	FY 2021	FY 2022	FY 2023	1H 2023A	1H 2024
Applied Engineering	8.9	3.8	5.4	2.1	3.8
Digital Services	5.6	16.1	16.6	7.2	7.8
Tech Platforms	3.9	5.3	8.2	3.0	2.7
Net Sales	**18.4**	**25.2**	**30.2**	**12.4**	**14.3**
YoY Growth (%)	*9.7%*	*37.0%*	*19.8%*	*35.1%*	*15.3%*
Other Revenues	5.7	10.1	9.2	5.1	4.5
Value of Production	**24.1**	**35.3**	**39.4**	**17.5**	**18.8**
YoY Growth (%)	*38.1%*	*46.1%*	*11.7%*	*25.8%*	*7.2%*
Purchases	(0.6)	(3.2)	(4.4)	(1.7)	(2.1)
Services	(5.3)	(6.8)	(6.6)	(3.2)	(3.4)
Third-Party	(0.8)	(1.5)	(1.4)	(0.7)	(0.7)
Personnel	(9.9)	(13.8)	(15.9)	(8.4)	(7.9)
Other Operating Costs	(0.7)	(0.6)	(1.1)	(0.7)	(0.6)
EBITDA	**6.8**	**9.4**	**10.0**	**2.8**	**4.1**
EBITDA margin (% on VoP)	*28.3%*	*26.6%*	*25.4%*	*16.2%*	*21.8%*
D&A and Provisions	(3.6)	(5.6)	(5.2)	(2.1)	(2.6)
EBIT	**3.2**	**3.8**	**4.8**	**0.7**	**1.5**
EBIT margin (% on VoP)	*13.3%*	*10.8%*	*12.1%*	*4.2%*	*7.8%*
Financials	(0.6)	(0.4)	(1.1)	(0.6)	(0.6)
EBT	**2.6**	**3.4**	**3.7**	**0.1**	**0.8**
Taxes	(0.1)	0.3	(1.3)	(0.0)	(0.3)
Minorities	(0.4)	0.0	0.0	(0.1)	0.0
Net Income	**2.1**	**3.7**	**2.4**	**0.0**	**0.6**
YoY growth rate (%)	*21.8%*	*77.4%*	*-36.6%*	*n.m.*	*n.m.*

Source: Company data

Cash flow and debt analysis

In the **2022-2023 period, the company generated €6.2mn of financial resources from operations**, with €0.2mn of cash absorption in 2022 followed by €6.4mn of operating cash flow in 2023. The negative 2022 trend was driven by increased net working capital, which reached €18.9mn from €10.7mn in 2021, as a result of turnover growth and the increased incidence of working capital on revenues (74.9% in 2022 from 58.5% in 2021). In 2023, however, the negative impact of working capital was limited to €2.1mn, with the incidence rising slightly to 76.4% of revenue. **Free cash flow was negative at €9.4mn in 2022 and €3.5mn in 2023** after CapEx of €9.6mn and €10.1mn respectively, including over €5mn per annum of current fixed assets (technology platforms) and an annual impact of over €1mn from changes to the scope of consolidation. **Net financial debt grew €9.4mn in 2022 to €20.8mn and by €4.8mn in 2023 to €25.6mn**, after the distribution of €1.3mn of dividends last year. Intense investments in recent years have brought **net debt / EBITDA to 2.6x in 2023** from **2.2x in 2022** and **1.7x in 2021**.

1H24 operating cash flow was positive at €5.3mn, benefiting from favourable working capital seasonality, down €2.9mn since the end of 2023, **although free cash flow was negative by €0.6mn** following €6.0mn of CapEx, of which €3.0mn in current fixed assets and €1.8mn of costs related to the stock exchange listing process. **Net financial debt decreased by €6.5mn to €19.1mn** thanks to the €7.2mn capital raise for the IPO in May.

In 3Q24, net financial debt decreased by €1.2mn from the end of June to €17.9mn

Mare Group: 2021-2023 & 1H23-24 Reclassified Consolidated Balance Sheet (€ mn)

	FY 2021	FY 2022	FY 2023	1H 2023A	1H 2024
Fixed Assets	**18.5**	**24.6**	**29.1**	**29.6**	**31.1**
Inventory	-	0.4	3.7	0.6	4.1
Trade Receivables	15.4	19.3	19.0	17.2	19.0
Trade Payables	(3.8)	(4.7)	(4.8)	(3.9)	(5.0)
Operating Working Capital	**11.6**	**15.0**	**17.8**	**13.9**	**18.1**
Other Current Assets (Liabilities)	(0.9)	3.9	3.2	2.3	0.0
Net Working Capital	**10.7**	**18.9**	**21.0**	**16.2**	**18.1**
as a % LTM Net Sales	*58.5%*	*74.9%*	*76.4%*	*56.7%*	*64.2%*
Long-Term Liabilties	(4.1)	(4.7)	(5.7)	(5.3)	(5.9)
Net Invested Capital	**25.1**	**38.8**	**44.4**	**40.5**	**43.3**
ST Debt	(7.1)	(8.4)	(11.5)	(10.0)	(13.6)
LT Debt	(11.1)	(15.9)	(15.4)	(15.9)	(12.6)
Cash and Cash Equivalents	6.8	3.5	1.2	2.0	7.2
Net Cash (Debt)	**(11.4)**	**(20.8)**	**(25.6)**	**(23.8)**	**(19.1)**
Shareholders' Equity	10.6	17.9	18.7	16.5	24.2
Minority Interests	3.1	0.1	0.1	0.2	0.1
Net Equity	**13.7**	**18.0**	**18.8**	**16.7**	**24.3**
Total Sources	**25.1**	**38.8**	**44.4**	**40.5**	**43.3**

Source: Company data

Mare Group: 2021-2023 Consolidated Cash Flow Statement (€ mn)

	FY 2021	FY 2022	FY 2023	1H 2023A	1H 2024
Group Reported Net Income	**2.5**	**3.7**	**2.4**	0.1	0.6
P&L taxes	0.1	(0.3)	1.3	0.0	0.3
P&L Financial income (charges)	0.2	0.4	1.1	0.6	0.7
Depreciations and amortizations	3.4	4.5	4.8	2.0	2.5
Provisions accrual	0.4	2.2	0.2	0.6	0.2
Change in net working capital	(1.0)	(7.0)	(1.4)	1.4	2.8
Adjustments	0.5	(1.6)	(2.5)	(0.6)	(1.1)
Other non-monetary operating items	(0.1)	(2.1)	0.6	(0.4)	(0.7)
Operating Cash Flow	**6.1**	**(0.2)**	**6.4**	**3.6**	**5.3**
CapEx	(9.9)	(9.6)	(10.1)	(5.3)	(6.0)
Divestments (Acquisitions)	-	0.3	0.2	-	0.1
Free Cash Flow	**(3.8)**	**(9.4)**	**(3.5)**	**(1.7)**	**(0.6)**
Dividends	-	-	(1.3)	(1.3)	-
Own shares buy-back	-	-	-	-	-
Capital increase	0.4	-	-	-	7.2
Other non-operating items	-	-	-	-	-
Cash Flow	**(3.4)**	**(9.4)**	**(4.8)**	**(3.0)**	**6.5**
NFP @ beginning of the period	(8.0)	(11.4)	(20.8)	(20.8)	(25.6)
Cash Flow of the period	(3.4)	(9.4)	(4.8)	(3.0)	6.5
NFP @ end of the period	**(11.4)**	**(20.8)**	**(25.6)**	**(23.8)**	**(19.1)**

Source: Websim Corporate on Company presentation

2024 - 2027 Estimates

2024 Estimates

Following the announcement of 9M24 results on 14 November, Mare Group confirmed current year **guidance**:

- **Value of production** between **€42mn** and **€45mn.**
- **EBITDA** between **€12.5mn** and **€14mn.**
- **Net financial debt** between **€14mn** and **€17mn.**

Our estimates are at the **top end of the guidance range**:

- **Value of production €45.0mn (+14% YoY),** driven above all by the growth in the Applied Engineering division, where revenues are expected to more than double to over €11mn, and the Digital Services division, where revenues are expected to grow by about 17% to over €19mn, while the Tech Platform division is expected to see revenues remain fairly stable at around €8mn.
- **EBITDA €14.0mn** (+39% YoY), corresponding to an EBITDA margin of 31.0% (+560bp YoY), thanks to the lower incidence of R&D cost capitalisation (zero margin), the positive impact of the full consolidation of both Innoida S.r.l. (AI services for SMEs) and Obiettivo Europa S.r.l. (digital platform for subsidised financing for SMEs) and the economies of scale resulting from rising turnover.
- **EBIT €6.3mn (+31% YoY),** corresponding to a 180bp YoY increase in the margin to 13.9%, which discounts a higher incidence of D&A (+410bp to 16.3%) due to the start of the amortisation of investments related to the development of technology platforms.
- **Net profit €3.8mn (+58% YoY),** following €1.1mn of net financial charges (in line with 2023) and a tax rate estimated at 28% (35% in 2023).
- **Net financial debt €14.0mn**, down €11.6mn compared to 2023 thanks to free cash flow of €4.5mn, after estimated CapEx of €7.7mn and a €7.2mn capital raise for the IPO. The net debt / EBITDA ratio would therefore fall to 1.0x from 2.6x in 2023.

Taking reported 9M numbers into account, our estimates imply the following results in **4Q24**:

- **Value of production** increasing by 14% YoY to **€15.2mn.**
- A 65% YoY increase in **EBITDA** to **€6.6mn**, corresponding to a margin of c.43% from 30% in 4Q23, partly thanks to the lower incidence of the capitalisation of R&D costs (zero margin).
- **Free cash flow** of **€3.9mn**, thanks in part to a favourable net working capital trend.

2025-2027 Estimates

Our estimates for the next three years are on a standalone basis, with the only exception being the acquisition of Powerflex S.r.l., announced in July but not yet completed. We have assumed that the acquisition will go through entirely in cash at the beginning of 2025 for €1.15mn, although there is the possibility of a partial payment in Mare Group shares for up to €1mn, involving the issue of a maximum of 250k shares.

Our estimates are based on the following **assumptions** on the **value of production**.

- **Applied Engineering**: revenues expected at c.€18mn in 2027, a 2024-2027 CAGR of c.17% thanks mainly to the consolidation of Powerflex, whose revenues are estimated to grow by approximately 10% per year.
- **Digital Services**: revenues expected at c.€23mn in 2027, a 2024-2027 CAGR of c.6%, due to a reduced strategic focus on end-to-end software development for large companies.
- **Tech Platforms**: expected revenues of around €27mn in 2027, a CAGR of over 50%, thanks to the high commercial potential of the Group's technology platforms, especially DELFI.AI, in the world of SMEs.
- **Grants and tax credits:** we estimate an average of about €5mn per year, as Mare Group will continue to benefit from R&D tax credits and will continue to participate in funded research projects, as has already been the case for years, taking advantage of national and European tenders and programmes aimed at supporting innovation and technological development.
- **Capitalisation of R&D costs**: estimated to fall to €1.5mn on average per year, compared to €3.5mn in 2024 and €5.2mn in 2023, given the tapering of investments in platforms.

Based on our assumptions, over the next three years the **value of production** is expected to grow at a **CAGR** of around **18%**, reaching around **€74mn in 2027**.

Mare Group – 2021 – 2027E Value of Production (€ mn)
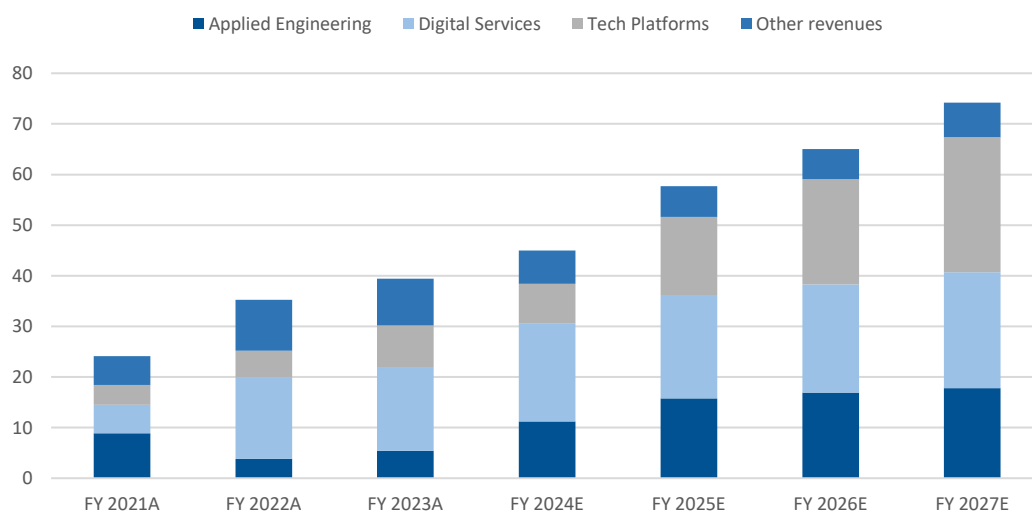
Source: Company data and Websim Corporate estimates

In 2025 margins should be negatively affected by the consolidation of Powerflex, which has an EBITDA margin of around 10%. There should be an increase in the following two years, however, thanks to the expected rise in Tech Platforms margins, which are forecast to reach about 38% of the value of production in 2027 from the 17% estimated for 2024. We therefore estimate a consolidated EBITDA margin of just over 29% **in 2025**, corresponding to **EBITDA of almost €17mn**, which should grow to almost 33% **in 2027**, with **EBITDA** expected to **exceed €24mn.**

Mare Group – 2021 – 2027E EBITDA and EBITDA margin
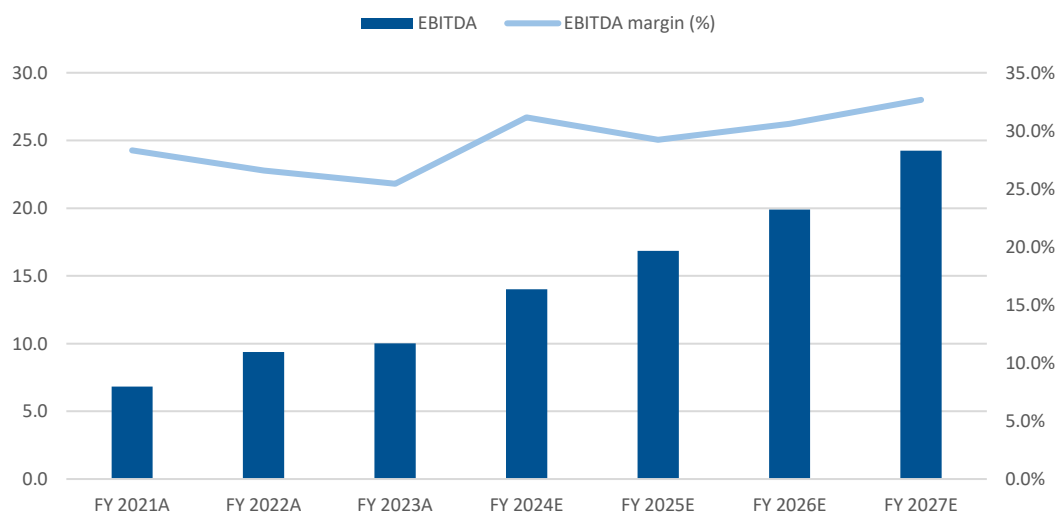
Source: Company data and Websim Corporate estimates

D&A is still expected to increase slightly in 2025, then begin to fall due to the reduction in investments. The associated incidence on the value of production is expected to decrease as early as next year, however, coming to about 13% from an estimated 16.3% in 2024, then fall to less than 8% in 2027. This would lead to growth in the EBIT margin to over 24% in **2027**, corresponding to **EBIT of over €18mn**, from c.14% estimated for 2024, and RoACE of 47% from c.14% estimated for 2024.

Net financial charges are expected to decrease gradually due to the reduction in debt and turn into net financial income in 2027 (€0.3mn). We assume a tax rate of 28% over the entire period, with **net profit** expected to grow at a 2024-2027 CAGR of over 50%, **exceeding €13mn in the final year of estimates.**

Mare Group – 2021 – 2027E EBITDA and EBITDA margin
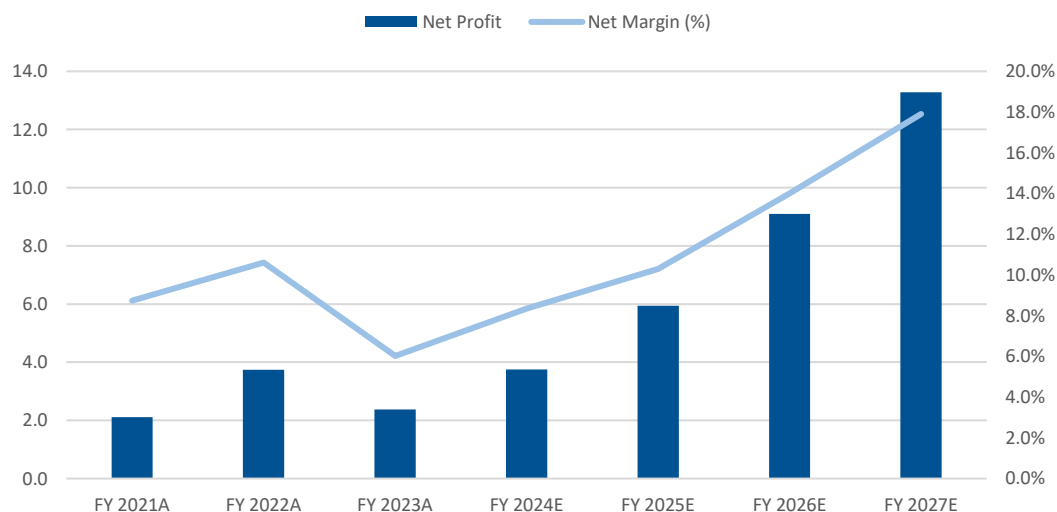
Source: Company data and Websim Corporate estimates

Mare Group – 2021 – 2027E Average Capital Employed, EBIT and RoACE
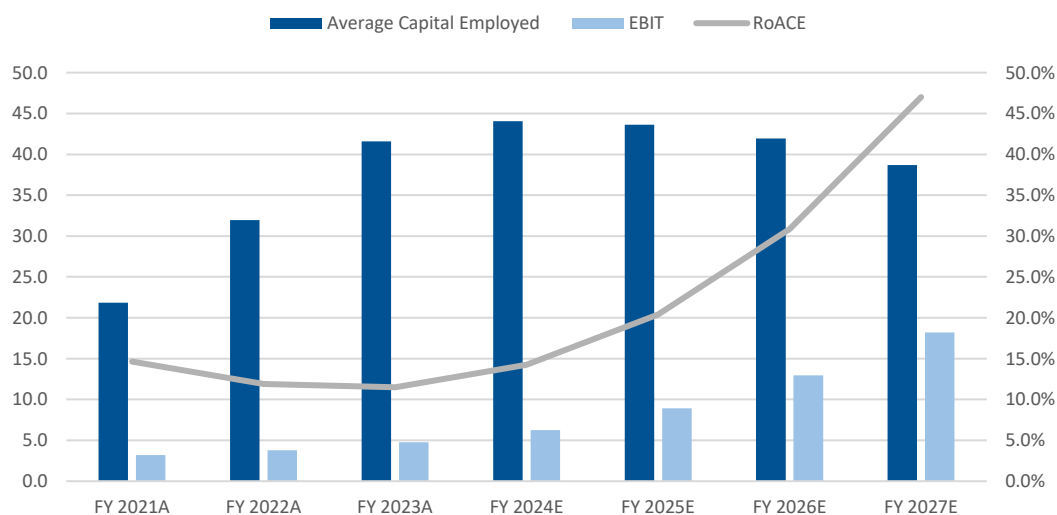
Source: Company data and Websim Corporate estimates

Mare Group – 2021 – 2027E Net Profit and Net Margin
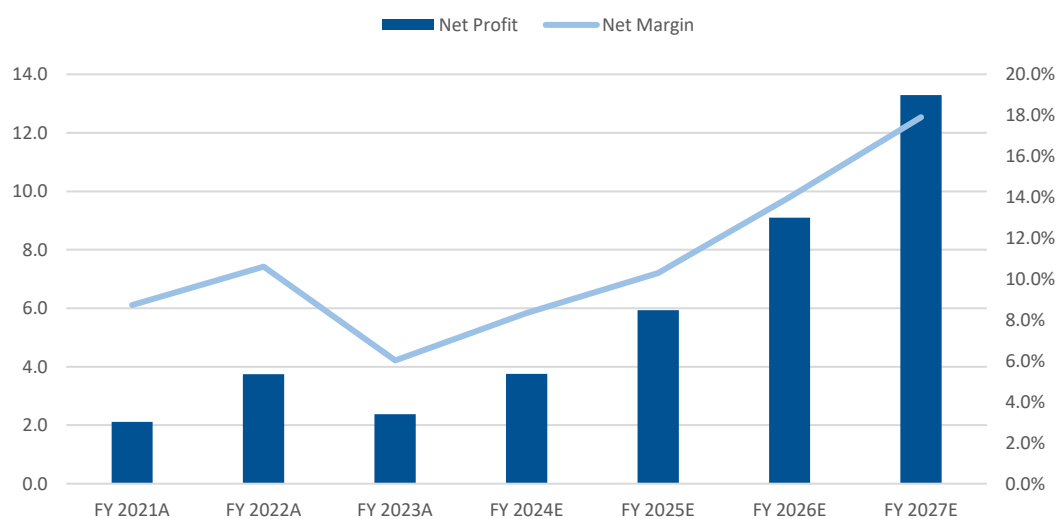
Source: Company data and Websim Corporate estimates

We estimate **cumulative free cash flow of c.€35mn for the 2025-2027** period, net of total CapEx of approximately €11mn and investments in working capital limited to approximately €6mn thanks to the expected reduction of days sales outstanding to approximately 165, from the current 215. This is the result of a series of initiatives such as the introduction of automated customer reminder and monitoring systems and the adoption of new payment methods, as well as the change in revenue mix in favour of Tech Platforms, which feature recurring fees of a relatively small unit amount. The cash conversion rate is estimated at 69% in 2027, with an average of c.57% over the next three years. **Net financial debt** is forecast to fall to **c.€8mn in 2025**, while in **2026** the **net financial position** is expected to turn **positive at €4mn**, then rise to **€21mn in 2027**.

Mare Group – 2021 – 2027E Net Financial Position and Cash Conversion Rate
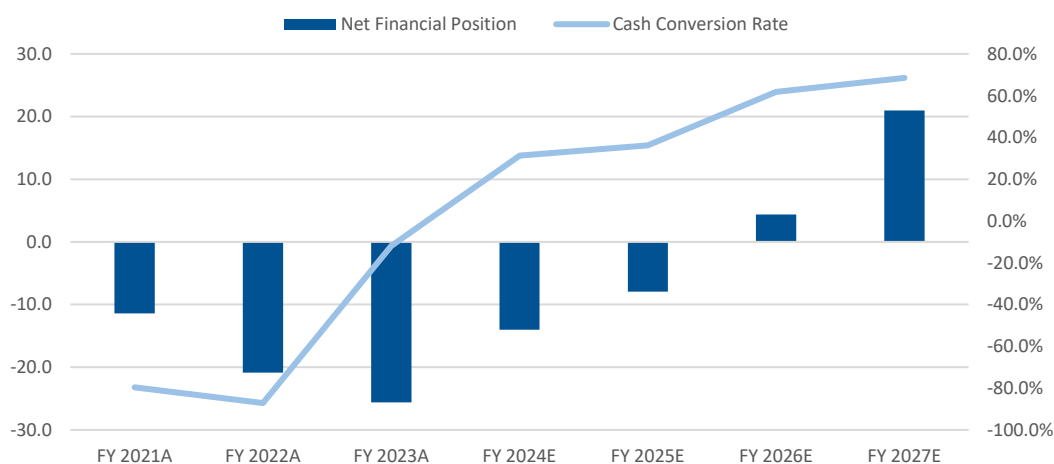
Source: Company data and Websim Corporate estimates

Mare Group: 2023–27E Consolidated Income Statement (€ mn)

	FY 2023	FY 2024E	FY 2025E	FY 2026E	FY 2027E
OE Division	5.4	11.2	15.8	16.9	17.8
IAM Division	16.6	19.4	17.6	19.4	21.4
Net Sales	8.2	7.8	18.2	22.8	28.2
Net Sales	**30.2**	**38.4**	**51.6**	**59.1**	**67.4**
YoY growth rate (%)	*19.8%*	*27.2%*	*34.4%*	*14.5%*	*14.0%*
Other Revenues	9.2	6.6	6.1	5.9	6.8
Value of Production	**39.4**	**45.0**	**57.7**	**65.0**	**74.2**
YoY growth rate (%)	*11.7%*	*14.2%*	*28.2%*	*12.7%*	*14.2%*
Purchases	(4.4)	(5.2)	(7.2)	(8.1)	(9.3)
Services	(6.6)	(6.8)	(10.7)	(11.8)	(13.1)
Third-Party	(1.4)	(1.4)	(1.7)	(2.0)	(2.2)
Personnel	(15.9)	(16.8)	(20.1)	(22.0)	(23.8)
Other Operating Costs	(1.1)	(0.9)	(1.2)	(1.3)	(1.5)
EBITDA	**10.0**	**14.0**	**16.9**	**19.9**	**24.2**
EBITDA margin (% on VoP)	*25.4%*	*31.1%*	*29.2%*	*30.6%*	*32.7%*
D&A and Provisions	(5.2)	(7.8)	(8.0)	(7.0)	(6.1)
EBIT	**4.8**	**6.3**	**8.9**	**13.0**	**18.2**
EBIT margin (% on VoP)	*12.1%*	*13.9%*	*15.4%*	*19.9%*	*24.5%*
Financials	(1.1)	(1.1)	(0.7)	(0.3)	0.3
EBT	**3.7**	**5.2**	**8.2**	**12.6**	**18.4**
Taxes	(1.3)	(1.5)	(2.3)	(3.5)	(5.2)
Minorities	*(0.0)*	-	-	-	-
Net Income	**2.4**	**3.8**	**5.9**	**9.1**	**13.3**
YoY growth rate (%)	*-36.6%*	*58.2%*	*58.2%*	*53.1%*	*46.1%*

Source: Websim Corporate estimates

Mare Group: 2023-27E Consolidated Balance Sheet (€ mn)

	FY 2023	FY 2024E	FY 2025E	FY 2026E	FY 2027E
Fixed Assets	**18.5**	**24.6**	**29.1**	**29.6**	**31.1**
Inventory	3.7	4.0	5.6	6.3	7.2
Trade Receivables	19.0	22.3	27.2	29.6	30.9
Trade Payables	(4.8)	(5.9)	(8.7)	(9.6)	(10.9)
Operating Working Capital	**17.8**	**20.4**	**24.2**	**26.2**	**27.2**
Other Current Assets (Liabilities)	3.1	(0.4)	(0.5)	(0.6)	(0.7)
Net Working Capital	**21.0**	**20.0**	**23.7**	**25.6**	**26.5**
as a % LTM Net Sales	*76.4%*	*52.2%*	*45.9%*	*43.4%*	*39.4%*
Long-Term Liabilties	(5.7)	(6.3)	(8.0)	(9.1)	(10.3)
Net Invested Capital	**44.4**	**43.2**	**43.6**	**40.3**	**37.0**
ST Debt	(11.5)				
LT Debt	(15.4)				
Cash and Cash Equivalents	1.2				
Net Cash (Debt)	**(11.4)**	**(14.0)**	**(8.4)**	**3.9**	**20.5**
Shareholders' Equity	18.7	29.1	35.1	44.1	57.4
Minority Interests	0.1	0.1	0.1	0.1	0.1
Net Equity	**18.8**	**29.2**	**35.1**	**44.2**	**57.5**
Total Sources	**44.4**	**43.2**	**43.6**	**40.3**	**37.0**

Source: Company data

Mare Group: 2021-27E Consolidated Cash Flow Statement (€ mn)

	FY 2023	FY 2024E	FY 2025E	FY 2026E	FY 2027E
Group Reported Net Income	2.4	3.8	5.9	9.1	13.3
P&L taxes	1.3	1.5	2.3	3.5	5.2
P&L Financial income (charges)	1.1	1.1	0.7	0.3	(0.3)
Depreciations and amortizations	4.8	7.4	7.6	6.6	5.7
Provisions accrual	0.2	0.4	0.4	0.4	0.4
Change in net working capital	(1.4)	0.9	(3.6)	(2.0)	(0.9)
Adjustments	(2.5)	(2.5)	(3.0)	(3.9)	(4.9)
Other non-monetary operating items	0.6	0.2	1.3	0.7	0.8
Operating Cash Flow	**6.4**	**12.6**	**11.6**	**14.8**	**19.2**
CapEx	(10.1)	(7.7)	(6.0)	(2.5)	(2.6)
Divestments (Acquisitions)	0.2	0.0	0.0	0.0	0.0
Free Cash Flow	**(3.5)**	**4.9**	**5.6**	**12.3**	**16.6**
Dividends	(1.3)	-	-	-	-
Own shares buy-back	-	(0.5)	-	-	-
Capital increase	-	7.2	-	-	-
Other non-operating items	-	-	-	-	-
Cash Flow	**(4.8)**	**11.6**	**5.6**	**12.3**	**16.6**
NFP @ beginning of the period	(20.8)	(25.6)	(14.0)	(8.4)	3.9
Cash Flow of the period	(4.8)	11.6	5.6	12.3	16.6
NFP @ end of the period	**(25.6)**	**(14.0)**	**(8.4)**	**3.9**	**20.5**

Source: Websim Corporate on Company presentation

Valuation and conclusions

We assess a value for Mare Group of €10.0 per share. We arrive at this valuation using two different approaches, namely a Discounted Cash Flow Model and a Peer Multiple Comparison.

After applying a **20% liquidity discount, we assign a target price to the Mare Group of €8.0 per share.**

Discounted Cash Flow Model

In the Discounted Cash Flow model, we used the specific estimates outlined above for the 2024-2027 period, and 2028-2029 estimates that converge to the terminal growth rate ("g").

Mare Group – Discounted Cash Flow Model (€ mn)

AS OF	2025 E	2026 E	2027 E	2028 E	2029 E	TV
Net Revenues	57.7	65.0	74.2	79.4	83.4	85.9
YoY growth	*28.2%*	*12.7%*	*14.2%*	*7.0%*	*5.0%*	*3.0%*
EBITDA	**16.9**	**19.9**	**24.2**	**25.9**	**27.2**	**28.0**
EBITDA margin	*29.2%*	*30.6%*	*32.7%*	*32.7%*	*32.7%*	*32.7%*
D&A	(7.6)	(6.6)	(5.7)	(5.7)	(6.0)	(6.0)
EBIT	**9.3**	**13.4**	**18.6**	**20.3**	**21.3**	**22.1**
EBIT margin	*16.1%*	*20.5%*	*25.0%*	*25.5%*	*25.5%*	*25.7%*
Taxes	(2.3)	(3.5)	(5.2)	(5.7)	(6.0)	(6.2)
tax rate	*24.8%*	*26.5%*	*27.8%*	*28.0%*	*28.0%*	*28.0%*
NOPAT	**7.0**	**9.8**	**13.4**	**14.6**	**15.3**	**15.9**
D&A	7.6	6.6	5.7	5.7	6.0	6.0
Δ NWC	(3.1)	(2.0)	(0.9)	(2.0)	(1.6)	(1.0)
Capex	(6.0)	(2.5)	(2.6)	(7.0)	(7.0)	(6.5)
% Capex on net turnover	*10.4%*	*3.8%*	*3.5%*	*8.8%*	*8.3%*	*7.6%*
Free Cash Flow	**5.4**	**11.9**	**15.6**	**11.3**	**12.8**	**14.3**
Discounting factor	*0.92*	*0.83*	*0.76*	*0.69*	*0.63*	*0.58*
Discounted Free Cash Flow	**5.0**	**9.9**	**11.8**	**7.8**	**8.1**	**8.3**

Source: Websim Corporate estimates

The main assumptions used in our Discounted Cash Flow model are summarised below:

− **Risk-Free rate 4.0%.**
− *Equity Risk Premium 5.5%.*
− **Unlevered beta 1.02**, corresponding to the beta of the European Software (System & Application) sector provided by Damodaran.
− **Terminal growth rate "g" 3.0%** which corresponds to a real rate of 1%, which we consider rather conservative in relation to the growth prospects of the main market.
− **Fully diluted shares: 12.766mn shares** (net of 0.133mn treasury shares), which include the number of shares potentially deriving from the award of bonus shares to shareholders retaining the shares purchased in the IPO for 12 months (we estimate 0.349mn) and the number of shares potentially deriving from the execution of incentive plans (0.500mn).

Our assumptions lead us to estimate a **WACC** of 9.6%.

The table below summarises the outcome of our valuation: an Enterprise Value of €168mn, of which 75% attributable to the terminal value of the Company, and a **fair Equity Value of €154mn, corresponding to €12.0 per fully diluted share.**

Mare Group – Discounted Cash Flow Valuation Summary

A) 2025-29 Discounted Free Cash Flows	42.6		**25%**
Terminal Value	216.9		
Discounting factor	*0.58*		
B) Discounted Terminal Value	125.0		**75%**
C) = (A+B) Enterprise Value	167.6		**100%**
NFP @ 31.12.2024E	(14.0)		
Minorities	(0.1)		
Associates	0.2		
Equity Value	153.6		
Number of fully diluted shares (mn)	12.8		
Fair Value per share (€)	12.0		

Source: Websim Corporate estimates

Given the significant weight of the terminal value within the overall valuation of the Company, we performed a sensitivity analysis analysing how the valuation per fully diluted share would evolve with changes in the weighted average cost of capital ("WACC") and the assumed terminal growth rate ("g").

Mare Group – DCF Sensitivity Analysis to WACC and "g"

	Fair Value Sensitivity to WACC & Terminal Growth				
	7.6%	8.6%	**9.6%**	10.6%	11.6%
1.0%	13.7	11.7	**10.1**	8.9	8.0
1.5%	14.5	12.2	**10.5**	9.2	8.2
2.0%	15.4	12.8	**11.0**	9.5	8.4
2.5%	16.6	13.6	**11.5**	9.9	8.7
3.0%	**17.9**	**14.4**	**12.0**	**10.3**	**9.0**
3.5%	19.6	15.5	**12.7**	10.8	9.3
4.0%	21.8	16.7	**13.5**	11.3	9.7
4.5%	24.7	18.3	**14.5**	11.9	10.1
5.0%	28.7	20.3	**15.7**	12.7	10.6

Source: Websim Corporate estimates

Our analysis shows that, even assuming a negative terminal real growth rate of 1% and a simultaneous increase in the WACC of two percentage points, to 11.6%, i.e. **a scenario** we could define as **worst case, our estimates would support a valuation per fully diluted share of €8.0**.

The fairness of our assessment is further confirmed by the fact that the terminal value resulting from the Discounted Cash Flow model corresponds to a **terminal EV/EBITDA of 7.7x**, entirely consistent with current sector multiples; indeed, it is 14% lower than peers' median EV/EBITDA calculated on 2024 (9.0x) and 6% lower than that of 2025 (7.6x).

Peer Multiple Comparison

The **sample of companies** selected to calculate the sector multiples **only includes European groups**, with three Italians (Reply, TXT e-solutions and Tinexta), two French (Capgemini and Sopra Steria Group), and two Germans (Bechtle and Ionos Group). Companies in the sample are medium sized to large, with market capitalisations ranging from €0.4bn (Tinexta) to €28 billion (Capgemini).

Mare Group – Comparable Companies Market Capitalization and Share Price Performance

	Price (local FX)	Mkt Cap. (€ mn)	Share Price Performance			
			1M	3M	6M	12M
Capgemini SE	159.95	27,610	-2.1%	-16.5%	-17.8%	-17.4%
Sopra Steria Group SA	185.70	3,816	0.5%	3.8%	-16.7%	-3.0%
Reply S.p.A.	154.90	5,795	10.1%	14.4%	13.6%	40.2%
TXT e-solutions S.p.A.	36.40	473	20.9%	43.1%	56.7%	111.5%
Tinexta SpA	8.40	397	-6.6%	-27.5%	-50.5%	-51.3%
Bechtle AG	32.32	4,072	-1.9%	-11.9%	-31.4%	-25.4%
Ionos Group SE	22.50	3,150	-5.7%	-6.9%	-16.4%	59.9%
Average		*6,473*	*2.2%*	*-0.2%*	*-8.9%*	*-16.3%*
Median		*3,816*	*-1.9%*	*-6.9%*	*-16.7%*	*-3.0%*
	4.82					
Mare Group		*58*	*5.9%*	*25.1%*	*29.3%*	*n.a.*

Source: FactSet and Websim Corporate estimates

Mare Group – Comparable Companies Trading Multiples (x)

	EV/EBITDA			EV/EBIT			P/E		
	2024	2025	2026	2024	2025	2026	2024	2025	2026
Capgemini SE	9.0x	8.8x	8.4x	10.9x	10.5x	9.9x	13.8x	13.4x	12.3x
Sopra Steria Group SA	7.4x	7.2x	7.0x	9.5x	9.1x	8.8x	10.3x	9.6x	8.7x
Reply S.p.A.	14.4x	13.2x	12.1x	17.5x	15.8x	14.5x	26.3x	23.4x	21.4x
TXT e-solutions S.p.A.	12.7x	9.7x	8.6x	16.9x	12.8x	11.2x	19.2x	15.4x	13.3x
Tinexta SpA	7.1x	6.0x	5.3x	12.5x	9.1x	7.7x	8.2x	7.1x	5.9x
Bechtle AG	8.4x	8.0x	7.4x	11.4x	10.7x	9.7x	16.3x	15.3x	13.8x
Ionos Group SE	9.4x	8.2x	7.3x	12.5x	10.7x	9.5x	16.6x	13.3x	11.1x
Average	*9.8x*	*8.7x*	*8.0x*	*13.0x*	*11.2x*	*10.2x*	*15.8x*	*13.9x*	*12.4x*
Median	*9.0x*	*8.2x*	*7.4x*	*12.5x*	*10.7x*	*9.7x*	*16.3x*	*13.4x*	*12.3x*
Mare Group	*5.4x*	*4.1x*	*2.9x*	*12.0x*	*7.8x*	*4.4x*	*14.6x*	*10.4x*	*6.8x*

Source: FactSet and Websim Corporate estimates

We chose to use the **median multiples of the sample for the years 2024, 2025 and 2026** as a benchmark, using P/E, EV/EBITDA and EV/EBIT as valuation metrics.

Based on this approach, and assigning the same weight to each of the nine median multiples of the reference sample, we estimated an **equity value for Mare Group of €8.1 per fully diluted share**.

Mare Group – Trading Multiples Valuation Summary

Trading Multiples Valutation Map	Multiple (x)	EV	Mkt Cap.	F.d. shares (mn)	FV/share (€)		% WEIGHT
2024 median EV/EBITDA	9.0	126.2	112.3	12.8	8.8		
2025 median EV/EBITDA	8.2	138.0	129.6	12.8	10.2		
2026 median EV/EBITDA	7.4	146.5	150.5	12.8	11.8	10.2	33.3%
2024 median EV/EBIT	12.5	78.1	64.2	12.8	5.0		
2025 median EV/EBIT	10.7	95.3	86.9	12.8	6.8		
2026 median EV/EBIT	9.7	126.1	130.1	12.8	10.2	7.3	33.3%
2024 median P/E	16.3	75.2	61.3	12.8	4.8		
2025 median P/E	13.4	88.1	79.7	12.8	6.2		
2026 median P/E	12.3	108.3	112.2	12.8	8.8	6.6	33.3%
Weighted equity value						**8.1**	**100.0%**

Source: Websim Corporate estimates

Conclusions

We then applied a liquidity discount of 20% to the values obtained from the Discounted Cash Flow model (€12.0 per fully diluted share) and the Peer Multiple Comparison (€8.1 per fully diluted share), considering the stock's smaller market capitalisation (compared to the listed peers), and similarly reduced float (c.€10mn at current market prices, including the 5.1% held by Invitalia).

The table below summarises the results of the two different valuation approaches, with the peer comparison at a discount of 33% to the DCF-based valuation, as the latter method better captures the company's long-term value creation potential. Given that the stock's market valuation will in any case tend to be influenced by the performance of sector multiples, we have attributed equal weight to the two valuation methods when identifying our **target price, which comes to €8.0 per fully diluted share**, offering **potential upside of 62%** to current market prices.

Mare Group – Valuation Summary

Valuation Method	Equity Value	20% Liq. Disc.	Fair Equity Value		Fully Diluted shares (mn)		Fair Value per share (€)		% Weight
A) Discounted Cash Flow Model	153.6	(30.7)	122.9		12.8		9.6		50%
B) Peer Multiple Comparison	103.0	(20.6)	82.4		12.8		6.5		50%
Weighted average value	**128.1**	**(25.6)**	**102.5**				**8.0**		100%

Source: Websim Corporate estimates

Purely as a demonstration, the table below shows the multiples at which Mare Group would trade at our target price.

Mare Group – Trading Multiples @ Target Price

Fiscal Year	2024	2025	2026	2027
F.d. shares (mn)	12.8	12.8	12.8	12.8
Market Cap.	102.1	102.1	102.1	102.1
Enterprise Value	115.8	110.2	98.0	81.4
EV/Sales	2.6	1.9	1.5	1.1
EV/EBITDA	8.3	6.5	4.9	3.4
EV/ EBIT	18.5	12.4	7.6	4.5
EV/Capital Employed	2.7	2.5	2.4	2.2
P/E	27.2	17.2	11.2	7.7
P/CEPS	9.2	7.6	6.5	5.4

Source: Websim Corporate estimates

We believe the Mare Group equity story contains a mix of ingredients that make the stock a very attractive investment:

- ■ the key digital transformation technology market offers high medium/ long term demand growth;
- ■ over twenty years of experience in the sector with high standing customers such as Leonardo, Airbus, Stellantis and the Italian Space Agency, and the consequent development of unique industry know-how, including 4 patents granted and 2 in the concession phase;
- ■ its penchant for external growth (12 acquisitions since 2019) in a fragmented market, with a scalable business model and a high share of recurring revenues, thanks to the development of three proprietary technology platforms that facilitate technology transfer from large companies to SMEs;
- ■ positive expected news flow thanks in part to the large funds made available by the NRRP for the digital transformation of companies and the public sector administration;
- ■ very strong earnings momentum, with 2024 results expected to match the top end of the guidance range (EBITDA +40% YoY) and a 2024-2027 EBITDA CAGR estimated at about 20%;
- ■ an attractive valuation, both on an absolute and a relative basis.

While we acknowledge some potential weakness linked to the company's still limited size, and possible difficulties that could arise in integration processes for future acquisitions, we believe these are far outweighed by the positive aspects of the equity story, so **we initiate coverage of Mare Group with a BUY recommendation and a target price of €8.0 per fully diluted share.**

![websim CORPORATE]

DETAILS ON STOCKS RECOMMENDATION			
Stock NAME	**MARE GROUP**		
Current Recomm:	BUY	Previous Recomm:	--
Current Target (Eu):	8.00	Previous Target (Eu):	--
Current Price (Eu):	4.95	Previous Price (Eu):	--
Date of report:	12/12/2024	Date of last report:	--