



RePlatform Maturity Led to Lower Capitalizations

ADD | Fair Value: €4.20 (€5.26) | Current Price: €1.95 | Upside: +115.4%

€ Million	FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
Sales revenues	18.0	18.3	27.9	60.7	97.0	107.7	120.1
Value of production	21.3	24.3	33.7	70.0	103.9	115.3	128.4
EBITDA	4.9	5.9	6.9	13.2	18.0	21.9	25.8
margin	23.1%	24.2%	20.6%	18.8%	17.4%	19.0%	20.1%
Net Profit	2.5	2.6	3.7	1.7	7.3	11.0	13.1
margin	11.9%	10.5%	10.9%	2.4%	7.0%	9.6%	10.2%
Net Profit adjusted	3.0	3.2	3.4	5.4	8.1	11.0	13.1
margin	14.1%	13.2%	10.0%	7.7%	7.8%	9.6%	10.2%
EPS	0.27	0.24	0.10	0.04	0.17	0.26	0.31
EPS adj.	0.32	0.31	0.35	0.13	0.19	0.26	0.31
NFP	(0.7)	(0.0)	(1.7)	9.5	11.2	(0.1)	(14.2)

Source: Company data, KT&Partners' elaborations

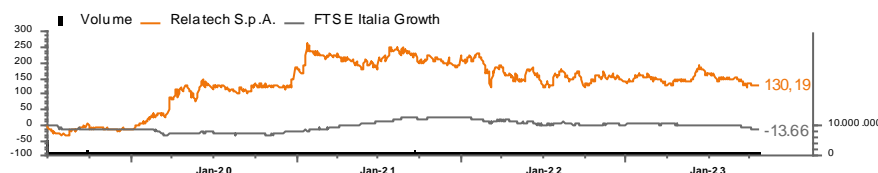
Sustainability Check. In the following update of RLT-IT equity research we included the Sustainability Check conducted in collaboration with ADVISORY S.r.l.s. with the aim to identify ESG themes that are material for RLT-IT, and related risks and opportunities not identified and valued using traditional financial data. Based on our analysis, RLT-IT is strongly focused on ESG themes, particularly on the Social aspects that gain the full score (100%), compared to Governance (83%) and Environment (60%).

1H23 financial results. On September 27th, 2023, RLT-IT released its 1H23A results, marking a significant consolidation of the growth trend. The value of production increased by +73.5% YoY, reaching €51.1mn, settling 8% below our estimates of €55.6mn mainly due to lower-than-expected sales revenues and R&D capitalizations. In terms of revenue breakdown by sector, the top contributor was Telco & Industry, with ca. €24.4mn (51% vs. 59% in 1H22A). In addition, RLT-IT increased its foreign revenue share (+57.8% YoY) to €12.7mn in 1H23 (27% of total revenue) but their incidence on sales decreased from 31.7% in 1H22 to 26.5% in 1H23. RLT-IT consolidated recurring revenue stood at €18.2mn(+112% YoY), accounting for ca. 38% of total revenues (vs 34% in 1H22) Focusing on profitability, EBITDA increased by +44.1% YoY to €8.0mn in 1H23 (vs our estimates of €9.5mn) with an EBITDA margin of 15.7%, down by 3.2% YoY mainly due to: i) a lower contribution from other revenue; and ii) a higher incidence of personnel costs following the latest acquisitions. Finally, 1H23A net income after minorities came in €2.9mn v s €0.8mn in 1H22A but below our projections by 30.5% due to lower-than-expected profitability and higher-than-expected financial and extraordinary items only partially offset by lower-than-expected D&A and taxes. As for the balance sheet, RLT-IT's 1H23A net financial position worsened from a net debt position of €4.0mn in 1H22A to €14.8mn in 1H23A also following the €8.8mn payment of deferred liabilities related to companies acquired in FY22.

Estimates Update. We revised downward our top-line estimates to factor in a decrease both in sales revenues and other revenues, anticipating FY23 value of production at €103.9mn (€114.9mn our old estimate), growing at a CAGR22-26 of 19.7% and reaching €143.7mn in FY26 (vs prior €151.2mn). On the marginality side, we foresee a FY23 EBITDA margin at 17.4% (-1.8pp on our previous estimates), achieving 20.7% in FY26 (vs 22.4% of our old forecasts). In absolute terms, we lowered our estimates on EBITDA, now forecasting FY23 EBITDA at €18.0mn, expected to reach €29.7mn in FY26 and growing at a CAGR22-26 of 22.5% (vs 26.6% expected before). We project FY23 net income amounting to €7.3mn, growing at a CAGR22-26 of 73.6% (vs 76.5% before), reaching €15.4mn in FY26. Finally, we now forecast FY23 NFP at €11.2mn, expected to gradually improve over time, resulting in a net cash position of €30.7mn in FY26E.

Valuation. We confirm our valuation – based on both DCF and a market multiples model – which returns an average equity value of €179mn or €4.20ps, implying a potential upside of +115.4% on the current market price.

Relative Performance Chart since First Trading Day



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Research Update

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Market Data

Pasquale Lambardi	51.8%
Mkt Cap (€ mn)	83.1
EV (€ mn)	93.3
Number of shares (mn)	43.4
Shares outstanding (mn)	42.6
Free Float (%)	40.4

Market multiples	2022A	2023E	2024E
EV/EBITDA			
RLT-IT	7.3x	5.3x	4.4x
Comps median	11.7x	9.0x	7.4x
RLT-IT vs Median	-38%	-41%	-41%
P/E			
RLT-IT	15.7x	10.6x	7.8x
Comps median	24.6x	21.7x	16.4x
RLT-IT vs Median	-36%	-51%	-53%

Stock Data

52 Wk High (€)	2.61
52 Wk Low (€)	1.93
Avg. Daily Trading 90d	42,676
Price Change 1w (%)	-1.76
Price Change 1m (%)	-7.14
Price Change YTD (%)	-6.25

Note: shares outstanding also consider treasury shares used for the acquisition of a further stake in EFA Automazione and the numbers of treasury shares that will be used for the payment of BTO's earn-out

KT&PARTNERS PREPARED THIS DOCUMENT PURSUANT TO AN ENGAGEMENT LETTER ENTERED INTO WITH MIT SIM S.P.A. ACTING AS SPECIALIST IN ACCORDANCE WITH ART. 35 OF EUONEXT GROWTH MILAN MARKET RULES FOR COMPANIES.

Key Figures – RLT-IT

	Current price (€)	Fair Value (€)		Sector						Free Float (%)
	1.95	4.20		Digital Innovation						40.4
		2018A	2019A	2020A	2021A	2022A	2023E	2024E	2025E	2026E
Per Share Data										
Number of shares (mn)	n.a.	9.33	10.92	37.75	43.35	43.35	43.35	43.35	43.35	43.35
Treasury shares (mn)	n.a.	0.00	0.42	0.91	1.11	0.74	0.74	0.74	0.74	0.74
Shares outstanding (mn)	n.a.	9.33	10.50	36.84	42.24	42.61	42.61	42.61	42.61	42.61
EPS	n.a.	0.27	0.24	0.10	0.04	0.17	0.26	0.31	0.36	0.36
EPS Adjusted	n.a.	0.32	0.31	0.14	0.13	0.19	0.26	0.31	0.36	0.36
Dividend per share (ord)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Dividend pay out ratio (%)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Profit and Loss (EUR million)										
Sales revenues	13.2	18.0	18.3	27.9	60.7	97.0	107.7	120.1	134.5	134.5
Value of Production	14.9	21.3	24.3	33.7	70.0	103.9	115.3	128.4	143.7	143.7
EBITDA	2.5	4.9	5.9	6.9	13.2	18.0	21.9	25.8	29.7	29.7
EBIT	2.4	4.3	4.1	4.0	8.7	12.0	15.6	18.4	21.6	21.6
EBT	2.4	3.8	3.4	3.2	4.6	9.6	14.7	17.6	20.9	20.9
Taxes	(0.7)	(1.2)	(0.6)	0.7	(2.9)	(2.2)	(3.5)	(4.3)	(5.2)	(5.2)
Tax rate	32%	31%	19%	-20%	62%	23%	24%	24%	25%	25%
Net Income	1.6	2.6	2.7	3.9	1.7	7.4	11.2	13.3	15.8	15.8
Net Income attributable to the Group	1.6	2.5	2.6	3.7	1.7	7.3	11.0	13.1	15.4	15.4
Net Income attributable to the Group Adjusted	1.6	3.0	3.2	5.3	5.4	8.1	11.0	13.1	15.4	15.4
Balance Sheet (EUR million)										
Total fixed assets	2.8	6.9	13.5	21.7	48.4	47.5	46.9	45.7	44.5	44.5
Net Working Capital (NWC)	2.1	3.1	3.1	6.7	11.5	16.8	20.4	24.2	28.5	28.5
Provisions	(0.9)	(2.0)	(3.2)	(5.8)	(16.0)	(10.0)	(13.0)	(16.4)	(20.1)	(20.1)
Total Net capital employed	4.0	8.0	13.4	22.5	43.9	54.4	54.3	53.5	52.8	52.8
Net financial position/(Cash)	1.1	(0.7)	(0.0)	(1.7)	9.5	11.2	(0.1)	(14.2)	(30.7)	(30.7)
Group Shareholder's Equity	2.8	8.5	12.7	23.1	33.1	42.4	53.5	66.5	82.0	82.0
Minorities	0.1	0.2	0.7	1.1	1.3	0.7	0.9	1.2	1.5	1.5
Total Shareholder's Equity	2.9	8.7	13.4	24.2	34.4	43.1	54.4	67.7	83.5	83.5
Cash Flow (EUR million)										
Net operating cash flow	1.7	3.6	5.2	6.1	10.1	15.2	18.1	21.3	24.3	24.3
Change in NWC	(1.3)	(1.0)	(0.0)	(3.6)	(4.8)	(5.3)	(3.6)	(3.8)	(4.3)	(4.3)
Capital expenditure	(2.6)	(3.1)	(8.4)	(9.1)	(29.8)	(5.2)	(5.7)	(6.2)	(6.8)	(6.8)
Other cash items/Uses of funds	0.5	1.1	1.2	0.5	8.8	6.0	3.1	3.4	3.7	3.7
Free cash flow	(1.6)	0.5	(2.0)	(6.0)	(15.7)	(1.4)	11.9	14.7	17.0	17.0
Enterprise Value (EUR million)										
Market Cap	n.a.	21.0	52.1	96.7	92.9	83.1	83.1	83.1	83.1	83.1
Minorities	0.1	0.2	0.7	1.1	1.3	0.7	0.9	1.2	1.5	1.5
Net financial position/(Cash)	1.1	(0.7)	(0.0)	(1.7)	9.5	11.2	(0.1)	(14.2)	(30.7)	(30.7)
Enterprise value	n.a.	20.5	52.8	96.1	103.7	95.0	83.9	70.1	53.9	53.9
Ratios (%)										
EBITDA margin	16.7%	23.1%	24.2%	20.6%	18.8%	17.4%	19.0%	20.1%	20.7%	20.7%
EBIT margin	16.2%	20.1%	16.9%	11.8%	12.5%	11.5%	13.5%	14.3%	15.1%	15.1%
Gearing - Debt/equity	40.1%	-8.2%	-0.4%	-7.4%	28.7%	26.5%	-0.2%	-21.4%	-37.4%	-37.4%
Interest cover on EBIT	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
NFP/EBITDA	0.4x	-0.1x	0.0x	-0.2x	0.7x	0.6x	0.0x	-0.6x	-1.0x	-1.0x
ROCE	59.7%	53.4%	30.6%	17.6%	19.9%	22.0%	28.7%	34.4%	41.0%	41.0%
ROE	56.4%	29.8%	20.1%	15.8%	5.1%	17.2%	20.6%	19.7%	18.8%	18.8%
EV/Sales	6.3x	4.4x	3.8x	2.8x	1.3x	0.9x	0.8x	0.7x	0.6x	0.6x
EV/EBITDA	37.5x	18.9x	15.8x	13.5x	7.1x	5.2x	4.3x	3.6x	3.1x	3.1x
P/E	n.a.	7.2x	6.4x	13.5x	15.2x	10.2x	7.5x	6.4x	5.4x	5.4x
Free cash flow yield	-1.5%	0.5%	-1.9%	-5.8%	-15.2%	-1.3%	11.6%	14.2%	16.4%	16.4%
Growth Rates (%)										
Sales	19.5%	36.1%	1.6%	52.9%	117.1%	59.8%	11.1%	11.5%	12.0%	12.0%
Value of production	28.0%	43.5%	14.2%	38.3%	107.9%	48.4%	11.0%	11.4%	11.9%	11.9%
EBITDA	82.0%	98.3%	19.6%	17.5%	90.2%	36.8%	21.3%	18.1%	15.1%	15.1%
EBIT	94.6%	78.5%	-4.3%	-3.5%	120.7%	37.2%	30.0%	18.1%	17.6%	17.6%
Net Income	90.8%	59.0%	-10.8%	41.9%	-55.1%	329.2%	51.2%	18.7%	18.1%	18.1%

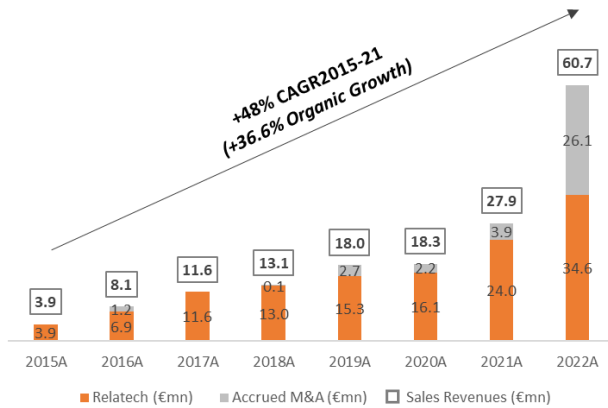
Source: Company data, KT&Partners' elaborations

Note: EBITDA and EBIT data are reported on an adjusted basis (without considering extraordinary items)

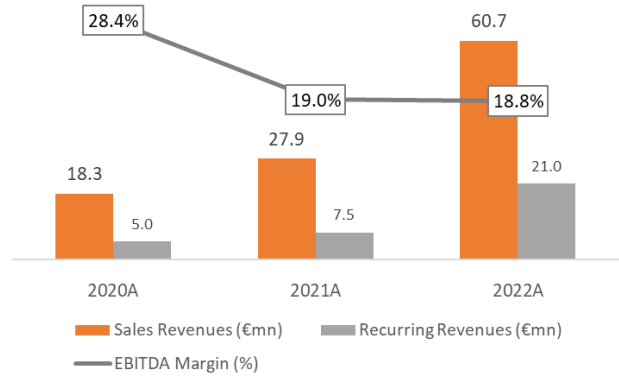
Shares outstanding also consider treasury shares used for the acquisition of a further stake in EFA Automazione and the numbers of treasury shares that will be used for the payment of BTO's earn-out

Key Charts

Revenues (€mn)



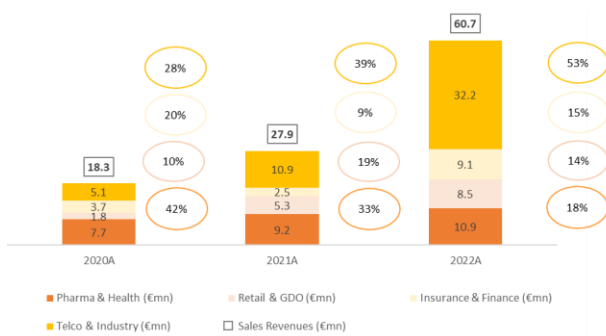
Revenues and EBITDA Margin (€mn, %)



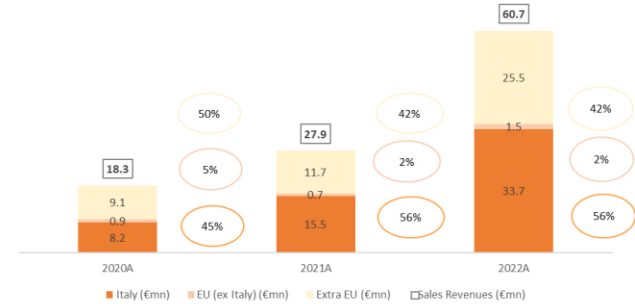
Source: Company data, KT&Partners' elaborations

Note: M&A data refer to accrued revenue of companies acquired in the year.

Revenues by Industry (€mn, %)



Revenues by Geographical Area (€mn, %)

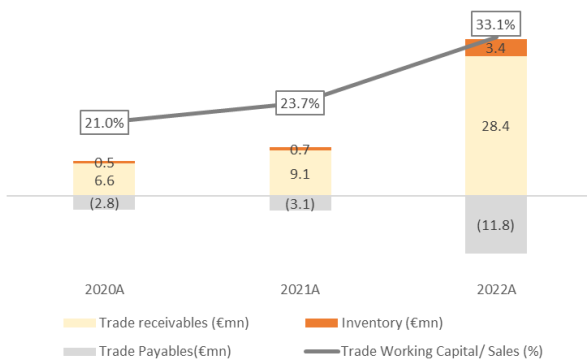


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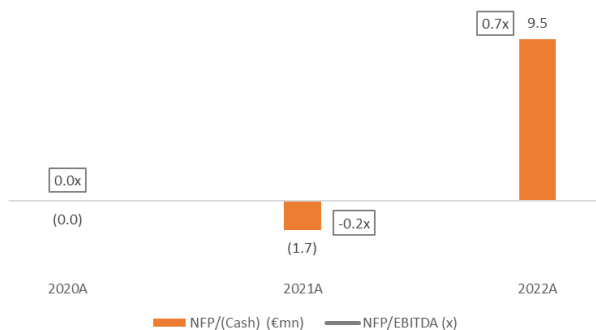
Note: Pro-forma data refer to accrued and not accrued revenue of companies acquired in the year.

Source: Company data, KT&Partners' elaborations

Trade Working Capital (€mn, %)



NFP/(Cash) and NFP/EBITDA (€mn)



Source: Company data, KT&Partners' elaborations

Source: Company data, KT&Partners' elaborations

Overview

Company description

Relatech (RLT-IT), a Digital Enabler Solution Know-how (DESK) Company, provides innovative services and digital solutions, enabling the digital innovation of enterprises. The Group's offer is centered on the RePlatform, an internally developed digital cloud-based platform that leverages on the next frontier technologies (i.e., Big Data, Artificial Intelligence (AI), Internet of Things (IoT), Cloud, Augmented and Virtual Reality, Cybersecurity, and Blockchain). RePlatform enables to satisfy customers' technological needs with a unique comprehensive platform. In addition, the Group owns a security operation center (ReSoc) with the highest security levels, offering: i) managed detection and response services; ii) endpoint detection and response tools. RLT-IT provides "vertical solutions" (i.e., ReZone – an AI Customer Engagement Solution for the retail industry – and ReFab – an AIoT predictive maintenance solution for Industry 4.0), customized solutions and "innovation services" for a wide range of end markets (i.e., Pharma and Healthcare, TelCo, Finance, Utilities, Distribution, and Retail).

RLT-IT was listed on Euronext Growth Milan (EGM) on June 28, 2019, with an IPO market capitalization of €20mn and ca. €4.1mn of capital raised. IPO proceeds have been used to: i) grasp M&As opportunities; ii) develop scalable solutions while investing in new technologies; and iii) reinforce the management team and expand the commercial workforce to acquire new clients and enter new end-markets.

Investment case

- **A scalable business model with an increasing incidence of recurring revenues.** Over the years, RLT-IT has enriched RePlatform with scalable solutions generating recurring revenues. In FY22, recurring revenues rose by +151% YoY, accounting for 35% of reported sales revenues.
- **An ongoing focus on R&D.** RLT-IT is committed to continuously innovating its solutions with the aim of enriching RePlatform with new applications. Over the 2016-22 period, the company has invested ca. +€20mn in R&D and ca. 10% of revenue in 2022. RLT-IT has also embraced an open innovation approach, carrying out R&D in collaboration with universities, academic spin-offs, and research institutes (e.g., the NRC) to spot new trends.
- **Consolidating partnerships with IT vendors, university, research centers and system integrators.** Over the years, RLT-IT has established long-lasting relationships with IT vendors, universities, research centers and system integrators (e.g., IBM, TechData, NTTData, Atos, etc.), which in some cases are also RLT-IT's clients. Business partnerships have allowed RLT-IT to i) add value to its offer by integrating key enabling technologies and services provided by IT suppliers; and ii) expand its market coverage by leveraging on IT vendors' and system integrators' networks.
- **Grasping M&As opportunities to boost growth.** Since the IPO, RLT-IT has carried out 9 M&As (14 since its foundation) with the aim of: i) enriching its offer with new cutting-edge and complementary technologies/solutions; ii) expanding its customer base and partners portfolio (e.g., Microsoft, Oracle, etc.); and ii) strengthening its positioning by entering new markets.
- **Positioned in the digital enablers segment, which is expected to keep driving the Italian digital market growth.** RLT-IT is active in the digital innovation market, especially in the Digital Enabler market, which has been the fastest-growing segment of the ICT sector for several years. According to NetConsulting Cube, in 2022 the Italian digital market was expected to be worth ca. €76.8bn and it is expected to grow at +4.4% CAGR2022–25, reaching ca. €87.3bn in 2025.

Recent developments

- **Share buyback program.** RLT-IT is continuing its share buyback program by purchasing a total of 91,875 shares during the period between August 21 and September 22, 2023, at an average price of about €2.1 per share, for a total consideration of €193,360. As of

September 22, 2023, RLT-IT owns a total of 744,739 own shares, representing 1.72% of the share capital.

- **Strengthening business partnerships.** During the first months of 2023, RLT-IT strengthened its business partnerships through: i) the renewal of the partnership with Oracle NetSuite, world market leader of ERP systems, for the implementation in cloud of Oracle NetSuite ERP business application, supporting companies and organizations on their digitization process (April 18, 2023); ii) the signing of a collaboration with IT Impresa (March 16, 2023), a company specialized in the provision of IT services, to implement the suite of cybersecurity services and solutions (an integral part of the Group's offerings).
- **Introduction of the increased votes.** In January 2023, the Extraordinary Shareholders' Meeting approved the introduction of shares with increased voting rights. Following the change in the Statute of the Company and the exercise of the redemption rights by some shareholders, RLT-IT will re-purchase 394,340 shares at a price of €2.19 for a total amount of €864k, leading treasury shares at 1.5mn.
- **Opening IULM AI LAB partnered by Relatech.** In January 2023, IUM AI Lab chose RLT-IT as partner for a laboratory of scientific research on AI, with the aim of developing innovative solutions for private firms and PAs (i.e., Metaverse).
- **Industrial agreement with Ascot Industrial S.r.l.** In October 2022, RLT-IT signed an industrial agreement with Ascot Industrial aiming at developing a platform as a service (PAAS) that will be extended to Ascot's entire installation network (ca. 34k installations).
- **Growth Champions Award.** According to a rating published by the German Institute of Quality and Finance, over the 2018-2021 period, RLT-IT was among the 800 companies in Italy with the highest growth rate.
- **Partnership with NIO Cocktails.** In July 2022, RLT-IT started a collaboration with NIO Cocktails to optimize management, accounting, logistics, and production processes. RLT-IT's solution was implemented with Oracle NetSuite team support.
- **ESG report 2021.** In June 2022, RLT-IT published its second ESG report prepared in accordance with the "GRI standards: Core option."
- **Warrant exercise and stock grant attribution.** As a result of the closing of the exercise period for the "Warrants Relatech 2019-2022," which occurred in May 2022, RLT-IT issued 5,188,158 shares, raising €4.9mn. Furthermore, RLT has assigned ca. 460,034 shares newly issued to the top management, executing the "Stock Grant Plan 2021."
- **Renewed partnership with HMS Networks.** In May 2022, during the SPS ITALIA 2022 exhibition (for smart, digital, and sustainable industry), RLT-IT announced the renewal of collaboration with the historical technology partner HMS Networks for the distribution on the Italian territory of Anybus brand connectivity products, Ewon, Intesis, and Ixxat.
- **Launch of ReSoc, RLT-IT's new cybersecurity service.** In April 2022, seizing on the growing needs of the market, RLT-IT developed the innovative ReSoc, the Security Operation Center, leveraging on the high-level skills of the company Mediatech, the Group's aggregator pole for services and solutions in the Cybersecurity and Cloud segments.
- **Investing in Bigtech.** In April 2022, RLT-IT acquired a 12.5% stake in Bigtech, a university spin-off specializing in the development of innovative digital solutions and services based on artificial intelligence and Internet of Things.
- **Collaboration with Movinlog.** In March 2022, RLT-IT started collaboration with Movinlog S.p.A. (a company operating in the logistics sector) for the digitalization of its corporate assets and business processes in the Cloud.
- **Signed a strategic agreement with Rocket Sharing Company.** In March 2022, RLT-IT signed a strategic agreement with Rocket Sharing Company (innovative start-up active in retail e-market and energy and gas supply). RLT-IT will be the technology partner for the development and enhancement of Rocket's business assets as part of a digital evolution project.

M&A Summary

- **BTO Research.** In November 2022, RLT-IT closed its ninth deal since IPO, acquiring an 80% stake in Exeo S.p.A., holding of BTO S.p.A. for a total consideration of €13mn (4.4x EV/EBITDA). On January 18, 2023, RLT-IT announced the closing of the reverse merger of Exeo into BTO. Following the merger, RLT-IT holds 80% of BTO's capital. With 300 professionals and an international presence (with branches in Munich, Luxembourg and Vienna), BTO is an Italian group that offers advisory services – also leveraging on its research hub – helping enterprises to innovate their business. Thanks to the acquisition of BTO, RLT-IT is expected to provide an end-to-end offer that will be the result of advisory services combined with technology solutions, covering each phase of the innovation process: feasibility, project and change management, and implementation of new technologies. Furthermore, leveraging on the strong ties of BTO with the academic community, the company will strengthen both its open innovation approach and the recruitment of new talents.
- **Venticento.** In September 2022, RLT-IT acquired a further 9.71% stake in Venticento – a firm specialized in cloud and cybersecurity – reaching the controlling stake (51%) for €0.35mn or at ca. 12.4x P/E (based on FY21 data). Moreover, RLT-IT has the right to acquire the remaining 49% stake through put-and-call options. Venticento is an Italian SME founded in Milan, active in several industries, with international branches in New York and Hong Kong. The company specializes in Cybersecurity and Cloud solutions for enterprises, and it will allow RLT-IT to enhance ReHub (Cloud) and ReSec (Cybersecurity) solutions.
- **IoT Catalyst (ex. Fair Wind Digital).** RLT-IT acquired a 100% stake of IoT Catalyst – a firm based in Rome specialized in IoT edge computing – for a total consideration of €0.31mn or at 0.3x EV/EBITDA and 5.3x P/E (based on FY21 figure). The acquisition of a 75% stake was carried out in September 2022 and the remaining 25% was acquired in October 2022. IoT Catalyst is an Italian start-up specializing in IoT edge computing through proprietary platform and tailor-made solutions and active in several sectors, such as industrial IoT, telecommunications, energy, and smart city. Thanks to this acquisition, RLT-IT has enriched Replatform's offer, expanding the Company's customer base toward PAs with a new office in Rome. On July 6th, 2023, a RLT-IT paid €0.56mn earn-out following the achievement of FY22 EBITDA target.
- **EFA Automazione SpA.** In February 2022, RLT-IT announced the acquisition of 81.66% stake of EFA Automazione, a leading company in the industrial automation market, for a total consideration of €7.35mn or at 5.7x EV/EBITDA (based on FY20). RLT-IT has the option to acquire the remaining 18.34% stake under determined conditions. On March 29, 2023, RLT-IT announced the acquisition of a further 8% stake in EFA Automazione for €0.72mn. EFA Automazione is active in the industrial IoT market, acting as an exclusive reseller of solutions that allow communication and connectivity of machines and plants. Thanks to the acquisition of EFA, RLT-IT has integrated its ReFab offer providing to the industrial automation industry end-to-end solutions able to cover the entire Industry 4.0 supply chain from infrastructure and connectivity set-up of machines/plants to collection and data analysis solutions, while ensuring data protection. Furthermore, the acquisition has allowed the Group to expand its customer base, also reaching important new international clients.
- **DtoK Lab Srl.** In December 2021, RLT-IT acquired – through Ithea Srl – a 51% stake in DtoK Lab Srl – a university spin-off focused on the development of big-data analysis solutions on cloud platforms and high-performance computing platforms (i.e., sentiment analysis, trajectory discovery, and data journalism).
- **Dialog Sistemi Srl.** In May 2021, RLT acquired a 60% stake in Dialog Sistemi – an Italian SME specialized in solutions for performance management and data warehousing – for €0.67mn (the remaining 40% stake will be acquired by 2024). Dialog Sistemi developed a property platform expected to enrich the ReData module of RLT-IT, leading to a higher level of recurring revenue (in FY20 ca. 40% of Dialog's revenues were recurring). Scaling cross-selling activities on Gruppo SIGLA Srl's clients, RLT-IT is also expected to diversify its

customer base by also entering new end-markets, like steel, metallurgy, petrochemicals, and energy sectors.

- **Gruppo SIGLA Srl.** In June 2021, RLT-IT acquired a 60% stake in Gruppo SIGLA Srl – an Italian tech SME specialized in industrial automation, data analysis and cybersecurity – for €2.3mn. Pursuing an open innovation approach, Gruppo SIGLA Srl develops its solutions by leveraging on a strong collaboration between its internal R&D team and an ecosystem of scientific partnerships. RLT-IT is expected to benefit from scientific partnerships with technological districts and poles, particularly on the topics of cybersecurity, Industry 4.0, Internet of Things and Cloud Architectures. On July 6th, 2023, RLT-IT announced the closing of the acquisition of the remaining 40% stake in Gruppo SIGLA Srl for a consideration of €0.71mn paid in cash.
- **Xonne Srl.** In June 2020, RLT-IT acquired a 53.6% stake in Xonne Srl, a company specialized in virtual and augmented reality solutions and mobile technologies, for €0.32mn. In November 2021, RLT-IT acquired the remaining 46.50% for €0.49mn and in December 2022 announced the closing of the merger through incorporation between Relatech Consulting Srl and Xonne Srl.
- **Mediatech.** In June 2020, RLT-IT acquired a 60% stake in Mediatech Srl, an Italian SME specialized in cloud and Cyber Security technologies, for €1.5mn or at a 6.2x EV/EBITDA. In June 2021, RLT-IT acquired the remaining 40% for a total amount of €1.7mn. With 20 years of experience in the construction of infrastructures and data centers, Mediatech has a high specialization in the world of Cloud (private, hybrid, public, hyperconvergence), allowing RLT-IT to enrich its ReHub and ReSec modules. Based in Milan and Brescia, Mediatech has three data centers in Italy and a customer base of over 300 clients.

RLT-IT's M&A deals since IPO

Company Name	Announcement date	Closing date	Acquisition Stake	Deal Value (€mn)	Cash (€mn)	Payment in Kind (€mn)	Revenues (€mn)	EBITDA (€mn)	Net Income (€mn)	NFP (€mn)	EV/Sales	EV/EBITDA	P/E
Mediatech Srl	Jun-2020	Jun-2020	60.0%	1.50	1.00	0.50	3.58	0.44	0.19	0.26	0.8x	6.2x	12.9x
Xonne Srl	Jul-2020	Jul-2020	53.5%	0.32	0.16	0.16	0.71	-0.02	0.10	0.09	1.0x	n.m	6.1x
SIGLA Srl	May-2021	Jun-2021	60.0%	2.30	1.73	0.57	4.99	0.70	0.43	1.20	1.0x	7.2x	8.9x
Dialog Sistemi Srl	May-2021	May-2021	60.0%	0.94	0.70	0.23	1.12	0.15	0.11	-0.60	0.9x	6.4x	14.2x
Mediatech Srl	Jun-2021	Jun-2021	40.0%	1.70	0.38	1.32	3.37	0.33	0.30	n.a.	n.a.	n.a.	14.1x
Xonne Srl	Nov-2021	Nov-2021	46.5%	0.49	0.00	0.49	0.94	-0.01	0.08	-0.10	1.0x	n.m	13.9x
DtoK Lab Srl	Dec-2021	Dec-2021	51.0%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
E.F.A. Automazione SpA*	Dec-2021	Feb-2022	81.7%	7.35	7.35	0.00	13.62	1.47	0.95	-0.59	0.6x	5.7x	9.5x
IoT Catalyst**	May-2022	Oct-2022	100%	0.31	0.31	0.00	2.54	0.47	0.06	-0.17	0.1x	0.3x	5.3x
Venticento Srl***	May-2022	Sep-2022	9.7%	0.35	n.a.	n.a.	10.00	0.71	0.29	-0.09	0.4x	5.0x	12.4x
BTO****	Oct-2022	Nov-2022	80.0%	13.00	1.23	5.60	19.50	3.50	0.62	1.20	0.8x	4.4x	23.0x
E.F.A. Automazione SpA*	Feb-2022	Mar-2023	8.0%	0.72	0.36	0.36	13.62	1.47	0.95	-0.59	0.6x	5.7x	9.5x
SIGLA Srl	July-2023	July-2023	40.0%	0.71	0.71	0.00	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Average				2.47	1.27	0.84	6.73	0.84	0.37	0.06	0.70	5.12	11.80
Median				0.83	0.70	0.36	3.58	0.47	0.29	-0.09	0.78	5.73	12.43
Total				29.68	13.93	9.23							

*Financials are related to FY20

** ex Fair Wind Digital

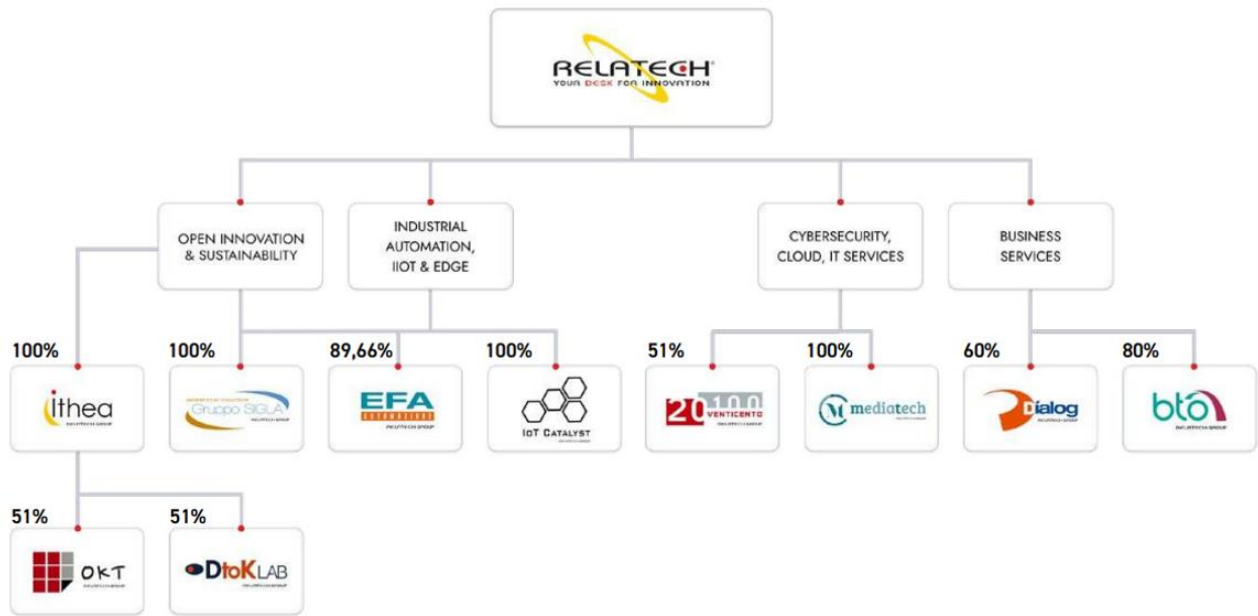
*** KT&Part's EBITDA FY21 estimates

**** Deal value includes earn-out. EBITDA 2021 reported on an adjusted basis

Source: Leanus, KT&Partners' elaborations

Note: Revenues, EBITDA and NFP are related to the previous fiscal years of the announcement date. Furthermore, following the acquisition of a 9.7% stake in Venticento Srl in May 2022, RLT-IT reached the controlling stake of 51%.

Group Structure



Source: Company presentation

Sustainability Check



In collaboration with ADvisory S.r.l.s., we conducted the analysis on RLT-IT’s ESG themes. The purpose of the Sustainability Check in KT&Partners Equity Research Report is to identify the relevant ESG themes that are material for RLT-IT, with the aim to valuate risks or opportunities that are not typically identified and valued using traditional financial data.

More in detail, the score is calculated on the basis of the presence (in the Company’s information and Sustainability Report) of the information requested by specific ESG Indicators and on the relevant trend. Most of the Indicators used in the Sustainability Check refer to the Global Reporting Initiative (GRI) KPI standards.

SUSTAINABILITY REPORT				✓
MATERIAL ASPECTS	ENVIRONMENT	PRESENCE OF INFORMATION OR INDICATOR	KPI TREND	SCORE
NO	RAW MATERIALS AND MATERIALS			
	Materials used (renewable, on-renewable)	-		
	KPI - % raw materials or materials from recycling or reuse	-	-	
YES	ENERGY			
	Energy consumption within the organization	YES		
	KPI - % of energy consumed from renewable sources	YES	POSITIVE	
	Reduction of energy consumption	YES		
	KPI - Energy intensity index [GJ/h]	YES	NEGATIVE	
	Energy consumption outside the organization	NO		
NO	WATER			
	Water withdrawals by source	NO		
	Water discharges by destination	NO		
	Water consumptions	NO		
	KPI - Water withdrawals per hour worked or unit of product	NO	-	
YES	WASTE			
	Waste generated	YES		
	Waste directed to disposal	YES		
	Waste diverted from disposal	YES		
	KPI - Waste per hour worked or unit of product	NO	-	
	KPI - % of waste recycled or recovered on total waste	YES	POSITIVE	
YES	GREENHOUSE GAS EMISSIONS			
	Direct GHG emissions (scope 1)	YES		
	Indirect GHG emissions (scope 2)	YES		
	Indirect GHG emissions (scope 3)	NO		
	Reduction of greenhouse gas emissions	NO		
	KPI - Emission intensity indices (scope 1,2,3)	NO	-	
NO	AIR EMISSIONS			
	Emissions of ozone-depleting substances	-		
	Other harmful emissions (NOX, SOX, CO, Dust, SOV, VOC)	-		
NO	BIODIVERSITY			
	Operational sites in (or near) protected or high-biodiversity areas	-		
	Significant impacts on biodiversity	-		
TOTAL				60%

Note: The score is calculated on a percentage basis and each dot represents 20%. The score is powered by ADvisory S.r.l.s.

MATERIAL ASPECTS	SOCIAL	PRESENCE OF INFORMATION OR INDICATOR	KPI TREND	SCORE
YES	EMPLOYMENT			
	Employees and workers who are not employees	YES		
	New employee hires and employee turnover	YES		
	Benefits provided to employees	YES		
YES	OCCUPATIONAL HEALTH AND SAFETY			
	Occupational health and safety management system	YES		
	Occupational health services	YES		
	Work-related injuries	YES	POSITIVE	
	Work-related ill health	YES	POSITIVE	
YES	TRAINING AND EDUCATIONS			
	Programs for upgrading employee skills	YES		
	Average hours of training per year per employee	YES	POSITIVE	
	Percentage of employees receiving regular performance and career development reviews	YES	POSITIVE	
YES	DIVERSITY AND EQUAL OPPORTUNITY			
	Diversity of management and employees	YES		
	Ratio of basic salary and remuneration of women to men	YES	POSITIVE	
	Incidents of discrimination and corrective actions taken	YES	POSITIVE	
YES	HUMAN RIGHTS			
	Operations and suppliers at significant risk for incidents of compulsory or child labor	YES		
	Incidents of violations involving human rights	YES	POSITIVE	
NO	CUSTOMER HEALTH AND SAFETY			
	Assessment of the health and safety impacts of product and service categories	-		
	Incidents of non-compliance concerning the health and safety impacts of products and services	-	-	
NO	MARKETING AND LABELLING			
	Requirements for product and service information and labeling	-		
	Incidents of non-compliance concerning product and service information and labeling	-	-	
	Incidents of non-compliance concerning marketing communications	-	-	
YES	CUSTOMER PRIVACY			
	Substantiated complaints concerning breaches of customer privacy and losses of customer data	YES	POSITIVE	
YES	LOCAL COMMUNITIES			
	Operations with local community engagement, impact assessments, and development programs	YES		
	Direct economic value generated and distributed to local communities	YES	POSITIVE	
			TOTAL	100%

Note: The score is calculated on a percentage basis and each dot represents 20%. The score is powered by ADvisory S.r.l.s.

MATERIAL ASPECTS	GOVERNANCE	PRESENCE OF INFORMATION OR INDICATOR	KPI TREND	SCORE
YES	CORPORATE GOVERNANCE			
	Governance structure and composition	YES		
	Presence of Independent members of the Highest Government Body	YES		
	Diversity of the highest governance body	YES		
	Nomination and selection of the highest governance body	YES		
	Role of the highest governance body in overseeing the management of impacts and in sustainability reporting	YES		
	Delegation of responsibility for managing impacts	NO		
	The processes for the highest governance body to ensure that conflicts of interest are prevented and mitigated	YES		
	Communication of critical concerns to the highest governance body	YES		
	Evaluation of the performance of the highest governance body	NO		
	Remuneration policies for members of the highest governance body and senior executives	YES		
	Annual total compensation ratio	YES		
	Change in the annual total compensation ratio	YES	POSITIVE	
YES	SUSTAINABILITY STRATEGY, POLICY AND PRACTICES			
	Statement on sustainable development strategy from the highest governance body or most senior executive	YES		
	Sustainability policy commitments and embedding	YES		
	Mechanisms for seeking advice and raising concerns and processes to remediate negative impacts	YES		
	Compliance with laws and regulations	YES	POSITIVE	
	Membership associations	YES		
YES	STAKEHOLDER ENGAGEMENT			
	Approach to stakeholder engagement	YES		
	Collective bargaining agreements	YES		
YES	VALUE CHAIN			
	Description of the value chain	YES		
	New suppliers that were screened using ESG criteria	NO	-	
			TOTAL	83%

Note: The score is calculated on a percentage basis and each dot represents 20%. The score is powered by ADvisory S.r.l.s.

Although it is not mandatory for RLT-IT to publish the Non-Financial Information Report before 2026 (according to the new Corporate Sustainability Reporting Directive - (EU) 2022/2464), the company nevertheless published the 2022 Sustainability Report, being among the ca. 25% EGM listed Companies reporting on Sustainability aspects.

From our analysis emerges that RLT-IT is strongly focused on ESG themes, particularly on the Social aspects recording the highest score (100%), followed by Governance (80%) and Environment (60%). In 2022, the Economic Value Generated by the Group was about €70mn, of which 91% distributed to stakeholders. The portion retained and invested in the company was about €6mn (the remaining 9%).

Indeed, RLT-IT has been prominent in several initiatives to bolster its sustainable engagement in their territories of operation, such as the participation in: i) "South Innovation: innovation as an engine of harmonious and sustainable future for Calabria and Southern Italy" with the primary objective of reflecting on how innovation can be a driver of growth for the Country System; ii) "The Future of IT: Sustainable Digitization" addressed to the Group's business partners with the aim of enhancing the role of digital as a tool for sustainable and inclusive growth.

Moreover, the Group gained a high score in terms of Social themes, given its proven attention to create long-lasting relationships with its employees; indeed, among 590 employees, 98% is hired on permanent contracts, demonstrating a solid base of skills and experience available to the company. Furthermore, RLT-IT is very focused on improving its employees' competence and knowledge, providing specific programs aimed at professional updating and the acquisition of new skills. During 2022, RLT-IT provided a total of approximately 32,000 hours of training, with an average of 54 hours per employee.

In terms of the Environment, RLT-IT highlighted in 2022 a growing research and development activity oriented to make a substantial contribution to issues such as water monitoring in the marine environment and energy consumption control. During 2022, regarding electricity consumption, the Group purchased a total of 254.277 kWh, of which 6.191 kWh came from renewable sources.

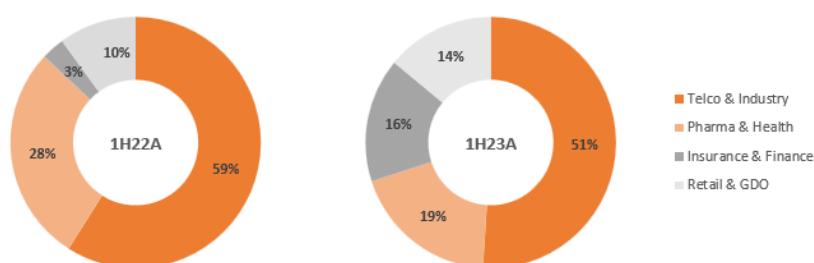
Finally, at the Governance level, RLT-IT remained focused on the organization, management and control model according to Legislative Decree 231/01.

1H23 Financial Results

On September 27th, 2023, RLT-IT released its 1H23A results, furthering its growth path also boosted by the four companies acquired in FY22 (EFA Automazione, IoT Catalyst, Venticento and BTO). The Company reached a value of production of €51.1mn, experiencing a 73.5% growth compared to 1H22A, but settling below our estimates of 55.6mn (-8.0%) mainly due to: i) lower than expected sales revenue (88.7% YoY but 6.7% below our estimates); and ii) a reduction in other revenues (-20.3% YoY) as a result of lower-than-expected R&D capitalizations.

Focusing on sales revenue breakdown by sector, the top contributor was Telco & Industry, with ca. €24.4mn (51% vs. 59% in 1H22A). The other market segments' incidence in 1H23 is almost equally split, with Pharma & Health accounting for €9.1mn (19% vs. 28% in 1H22A), followed by Insurance & Finance and Retail & GDO, stood at €7.7mn (16.0% vs. 3% in 1H22A) and €6.7mn (14% vs. 10% in 1H22A), respectively.

Revenues breakdown by sector 1H22A vs 1H23A (%)



Source: Company data

In 1H23, RLT-IT also furthered its internationalization strategy, with foreign revenues increasing by +57.8% YoY to €12.7mn even if their incidence on sales decreased from 31.7% in 1H22 to 26.5% in 1H23.

Moreover, it should be noted that RLT-IT consolidated recurring revenue stood at €18.2mn (+112% YoY), accounting for ca. 38% of total revenues +4pp compared to the 34% in 1H22.

In terms of profitability, in absolute terms, EBITDA increased from €5.6mn in 1H22 to €8.0mn in 1H23 (vs. our estimates of €9.5mn), registering a growth of +44.1% YoY. However, EBITDA margin experienced a decrease from 18.9% in 1H22A to 15.7% (-1.4pp compared to our estimates) mainly due to: i) lower contribution from other revenues; and ii) a higher incidence of personnel expenses from 38% in 1H22A to 41% in 1H23, amounting to €19.7mn.

Finally, 1H23A net income after minorities came in €2.9mn against €0.8mn in 1H22A but below our projections by 30.5% following lower profitability, higher-than-expected financial expenses amounting to €0.4mn (vs. €0.2mn expected) and extraordinary items of €0.9mn (vs. €0.6mn expected) related to stock grant plan and consulting fees for M&A activities.

As for the balance sheet, RLT's 1H23A net financial position worsened from a net debt position of €4.0mn in 1H22A to €14.8mn in 1H23A, mainly driven by: i) working capital absorption; ii) €8.8mn payment of deferred liabilities related to companies acquired in FY22 (EFA Automazione, IoT Catalyst, Venticento and BTO); iii) €0.9mn cash-out for the acquisition of treasury shares (as of September 25th, 2023, the number of treasury shares held by the Company was 0.74mn, equal to 1.72% of the share capital).

1H23 Consolidated Income Statement

€ Million	1H22	1H23	YoY %	1H23E	A vs E %
Sales Revenues	25.4	47.9	89%	51.3	-7%
Other Revenues	4.1	3.3	-20%	4.3	-24%
Value of production	29.5	51.1	73%	55.6	-8%
Products and Raw materials	(7.2)	(12.3)	72%	(11.2)	10%
Gross Profit	22.3	38.8	74%	44.4	-13%
<i>Gross Margin</i>	75.7%	75.9%	0%	79.9%	-5%
Cost of Services	(6.9)	(10.9)	57%	(15.3)	-29%
Personnel Expenses	(9.7)	(19.7)	n.m.	(19.0)	4%
Other Operating Expenses	(0.1)	(0.2)	64%	(0.5)	n.m.
EBITDA	5.6	8.0	44%	9.5	-16%
<i>EBITDA margin</i>	18.9%	15.7%	-3%	17.1%	-8%
D&A and Provisions	(1.9)	(2.7)	43%	(3.1)	-13%
EBIT	3.7	5.4	45%	6.5	-17%
<i>EBIT margin</i>	12.6%	10.5%	-2%	11.7%	-10%
Financial Income and Expenses	(0.9)	(0.4)	-52%	(0.2)	92%
Extraordinary items	(0.9)	(0.9)	-7%	(0.6)	51%
EBT	1.90	4.1	115%	5.7	-28%
Taxes	(0.9)	(1.2)	39%	(1.4)	-12%
<i>Tax Rate</i>	45.6%	29.5%		23.9%	23%
Net Income	1.03	2.9	n.m.	4.3	-33%
<i>Net margin</i>	3.5%	5.6%	2%	7.8%	-28%
Minorities	0.2	(0.1)	n.m.	0.1	n.m.
Net Income after minorities	0.8	2.9	n.m.	4.2	-31%
<i>Net margin</i>	2.7%	5.7%	3%	7.6%	-24%

Source: Company data and KT&Partners elaboration

1H23 Consolidated Balance Sheet

€ Million	1H21	1H22	1H23
Fixed Assets	18.6	31.0	45.3
Trade receivables	6.1	15.1	28.3
Inventory	0.2	2.1	2.9
Trade Payables	(2.4)	(6.3)	(10.1)
Trade Working Capital	3.9	10.9	21.1
Other assets and liabilities	0.6	(0.6)	(7.5)
Net Working Capital	4.5	10.2	13.7
Other Provisions	(3.5)	(5.6)	(7.2)
Net Capital Employed	19.6	35.6	51.8
Group shareholders' equity	20.7	29.8	35.6
Minority shareholders' equity	0.8	1.9	1.4
Total shareholders' equity	21.4	31.6	37.0
Short-term debt / Cash (-)	(7.9)	(7.8)	(11.6)
Long-term liabilities	6.0	11.8	26.4
Net Financial Position	(1.8)	4.0	14.8
Sources	19.6	35.6	51.8

Source: Company data and KT&Partners elaboration

Change in estimates

In the light of 1H23A financial results, we revised downward our top-line estimates to factor in a decrease both in sales revenues and other revenues mainly due to lower-than-expected R&D capitalizations as a result of fewer investments for the development of the proprietary platform which, to date, reached a high level of maturity and, in the future, will mainly require maintenance expenditures. We now anticipate FY23E value of production at €103.9mn, growing at a CAGR22-26 of 19.7% (vs 21.2% our old projections) and reaching €143.7mn in FY26.

On the marginality side, on the back of i) lower R&D capitalizations and ii) higher-than-expected incidence of costs of raw materials and personnel expenses recorded in 1H23 only partially offset by lower-than-expected incidence of services costs, we foresee a FY23E EBITDA margin at 17.4% (-1.8pp on our previous estimates), achieving 20.7% in FY26 (vs 22.4% our old forecasts). In absolute terms, we lowered our estimates on EBITDA, now forecasting FY23E EBITDA at €18.0mn, expected to reach €29.7mn in FY26E and growing at a CAGR22-26 of 22.5% (vs 26.6% expected before).

We project FY23E net income amounting to €7.3mn, growing at a CAGR22-26E of 73.6% (vs 76.5% before), reaching €15.4mn in FY26E. We note that FY23E net income is expected to be negatively impacted by higher than previously forecasted financial expenses given the rising cost of debt and by extraordinary items linked to stock grant plan and consulting fees for M&A activities.

Finally, we now forecast FY23 NFP at €11.2mn to reflect: i) higher NWC absorption on inventory side and payment of deferred liabilities related to companies acquired in FY22; ii) payment for the acquisition of the remaining 40% of the Sigla Group amounting to €0.71mn; iii) the share buyback program (between August 21 and October 6, 2023, the Company has already purchased a total of 175.8k shares during the period for a total consideration of €360.2k) expected to reach €500k at the end of FY23. NFP is then expected to gradually improve over time, also considering lower R&D investments in the coming years by leveraging the group's existing knowledge, resulting in a net cash position of €30.7mn in FY26E.

Change in Estimates

€ Million	2022A	2023E	2023E	Change	2024E	2024E	Change	2025E	2025E	Change	2026E	2026E	CAGR	CAGR
	Actual	Old	New		Old	New		Old	New		Old	New		
		KT&P	KT&P		KT&P	KT&P		KT&P	KT&P		KT&P	KT&P		
Value of Production	70.0	114.9	103.9	-9.6%	126.8	115.3	-9.1%	140.0	128.4	-8.3%	151.2	143.7	21.2%	19.7%
YoY Change (%)	107.9%	64.1%	48.4%		10.4%	11.0%		10.4%	11.4%		8.0%	11.9%		
EBITDA	13.2	22.0	18.0	-18.2%	26.0	21.9	-16.0%	30.4	25.8	-15.0%	33.8	29.7	26.6%	22.5%
YoY Change (%)	90.2%	67.1%	36.8%		18.1%	21.3%		16.7%	18.1%		11.4%	15.1%		
EBITDA Margin	18.8%	19.2%	17.4%		20.5%	19.0%		21.7%	20.1%	-1.58%	22.4%	20.7%		
EBIT	8.7	14.7	12.0	-18.6%	17.7	15.6	-12.2%	20.1	18.4	-8.6%	22.5	21.6	26.6%	25.4%
YoY Change (%)	120.7%	68.6%	37.2%		20.4%	30.0%		13.4%	18.1%		11.7%	17.6%		
EBIT Margin	12.5%	12.8%	11.5%		14.0%	13.5%		14.4%	14.3%	-0.04%	14.9%	15.1%		
Net Income	1.7	9.8	7.3	-25.6%	12.9	11.0	-14.6%	14.7	13.1	-11.0%	16.5	15.4	76.5%	73.6%
YoY Change (%)	-53.5%	476.9%	329.2%		31.6%	51.2%		14.0%	18.7%		12.1%	18.1%		
Net Margin	2.4%	8.5%	7.0%		10.2%	9.6%		10.5%	10.2%	-0.31%	10.9%	10.8%		
Net Income Adjusted	5.4	10.6	8.1	-23.6%	12.9	11.0	-14.6%	14.7	13.1	-11.0%	16.5	15.4	32.1%	30.0%
YoY Change (%)	1.6%	96.0%	49.7%		21.5%	35.9%		14.0%	18.7%		12.1%	18.1%		
Net Margin Adjusted	7.7%	9.2%	7.8%		10.2%	9.6%		10.5%	10.2%	-0.31%	10.9%	10.8%		
NFP	9.5	1.9	11.2	9.3 -	9.5 -	0.1	9.4 -	23.9 -	14.2	9.7 -	41.3 -	30.7		

Source: FactSet, KT&Partners' elaboration

Valuation

Following the projections of RLT's future financials, we carried out the valuation of the company by applying the DCF and market multiples methods:

1. EV/EBITDA and P/E multiples, which returns a value of €160.56mn or €3.77ps;
2. DCF analysis based on WACC of 9.5% and 2.0% perpetual growth, returns a value of €197.43mn or €4.63ps.

The average of the two methods yields a fair value of €4.20ps or an equity value of €179.00mn.

Valuation Recap

	Equity Value €mn	Value per share €
DCF	197.43	4.63
EV/EBITDA	154.05	3.62
P/E	167.08	3.92
Average Multiples	160.56	3.77
Total Average	179.00	4.20

Source: FactSet, KT&Partners' elaboration

Market Multiples Valuation

Following our comps analysis, we evaluated the company by using the 2023-25 EV/EBITDA and P/E market multiples of the peer sample. Our valuation takes into account our estimates of Relatech's EBITDA and Net Income for 2023, 2024, and 2025. We also considered FY22 NFP at €9.0mn adjusted for M&A cash out.

Peer Comparison – Market Multiples 2022–25

Company Name	Exchange	Market Cap	EV/SALES 2022	EV/SALES 2023	EV/SALES 2024	EV/SALES 2025	EV/EBITDA 2022	EV/EBITDA 2023	EV/EBITDA 2024	EV/EBITDA 2025	EV/EBIT 2022	EV/EBIT 2023	EV/EBIT 2024	EV/EBIT 2025	P/E 2022	P/E 2023	P/E 2024	P/E 2025
Reply S.p.A.	Milan	3,283	1.7x	1.5x	1.3x	1.2x	9.9x	9.7x	8.7x	8.0x	12.1x	12.0x	10.6x	9.6x	16.9x	17.4x	15.2x	13.7x
CY4Gate SpA	Milan	177	3.5x	2.4x	2.2x	2.0x	11.8x	7.7x	6.8x	6.2x	28.9x	13.9x	12.0x	10.8x	n.m	19.0x	15.7x	13.6x
Neosperience SpA	Milan	31	2.3x	1.9x	1.6x	1.3x	7.5x	5.0x	3.7x	2.6x	32.0x	26.2x	15.3x	8.7x	n.m	26.7x	17.1x	8.7x
SECO S.p.A.	Milan	414	2.5x	2.2x	1.7x	1.4x	13.8x	9.1x	7.2x	5.5x	28.1x	13.8x	10.3x	7.3x	32.6x	19.4x	13.6x	9.4x
Almawave S.p.A.	Milan	119	2.3x	1.9x	1.6x	1.4x	12.6x	10.7x	7.8x	6.2x	22.6x	14.0x	9.5x	7.5x	24.3x	20.9x	14.9x	12.0x
WIIT SpA	Milan	405	5.0x	4.3x	4.0x	3.8x	14.7x	11.7x	10.5x	9.7x	35.7x	22.2x	18.5x	16.4x	n.m	26.7x	21.7x	18.8x
Average peer group		738	2.9x	2.3x	2.1x	1.9x	11.7x	9.0x	7.4x	6.4x	26.6x	17.0x	12.7x	10.1x	24.6x	21.7x	16.4x	12.7x
Median peer group		291	2.4x	2.0x	1.7x	1.4x	12.2x	9.4x	7.5x	6.2x	28.5x	13.9x	11.3x	9.2x	24.3x	20.1x	15.5x	12.8x
Relatech S.p.A.	Milan	86	1.6x	1.0x	0.9x	0.8x	7.3x	5.3x	4.4x	3.7x	11.0x	8.0x	6.2x	5.2x	15.7x	10.6x	7.8x	6.5x

Source: FactSet, KT&Partners' elaboration

We end up with our Relatech's equity value of €154.1mn for EV/EBITDA and of €167.1mn through the P/E method.

EV/EBITDA Multiple Valuation

Multiple Valuation (€mn)	2023E	2024E	2025E
EV/EBITDA Comps	9.4x	7.5x	6.2x
Relatech SpA EBITDA	18.0	21.9	25.8
Enterprise value	169.4	163.7	159.9
Liquidity Discount		0%	
Enterprise value Post-Discount	169.4	163.7	159.9
Relatech SpA FY22 Net Debt adj	9.0	9.0	9.0
Relatech SpA FY22 Minorities adj	1.3	1.3	1.3
Equity Value Post-Discount	159.1	153.4	149.6
Average Equity Value		154.1	
Number of shares (mn)		42.6	
Value per Share €		3.62	

Source: FactSet, KT&Partners' elaboration

Note: the number of shares is based on shares outstanding, also considering treasury shares used for the acquisition of a further stake in EFA Automazione and the numbers of treasury shares that will be used for the payment of BTO's earn-out

P/E Multiple Valuation

Multiple Valuation (€mn)	2023E	2024E	2025E
P/E Comps	20.1x	15.5x	12.8x
Relatech SpA Net Income Adjusted	8.1	11.0	13.1
Equity Value	163.3	170.3	167.6
Average Equity Value		167.1	
Liquidity Discount		0%	
Equity Value Post-Discount		167.1	
Number of shares (thousand)		42.6	
Value per Share €		3.92	

Source: FactSet, KT&Partners' elaboration

Note: the number of shares is based on shares outstanding, also considering treasury shares used for the acquisition of a further stake in EFA Automazione and the numbers of treasury shares that will be used for the payment of BTO's earn-out

DCF Valuation

We have also conducted our valuation using a four-year DCF model, based on 10.1% cost of equity, 4.5% cost of debt, and a D/E ratio of 11.1% (Damodaran for Software, System, and Application). The cost of equity is a function of the risk-free rate of 4.3% (Italian 10y BTP), 4.67% equity risk premium (Damodaran – June ERP T12 m with sustainable payout) and a premium for size and liquidity of 2.1% (source: Duff&Phelps). We, therefore, obtained 9.5% WACC.

We discounted 2023E-26E annual cash flows and considered a terminal growth rate of 2.0%; then we carried out a sensitivity analysis on the terminal growth rate (+/- 0.25%) and on WACC (+/- 0.25%).

DCF Valuation

€ Million	2023E	2024E	2025E	2026E
EBIT	12.0	15.6	18.4	21.6
Taxes	(2.9)	(3.7)	(4.5)	(5.4)
D&A	6.0	6.3	7.4	8.1
Change in Net Working Capital	(5.3)	(3.6)	(3.8)	(4.3)
Change in Funds	(6.0)	3.1	3.4	3.7
Net Operating Cash Flow	3.8	17.6	20.9	23.8
Capex	(5.2)	(5.7)	(6.2)	(6.8)
FCFO	(1.4)	11.9	14.7	17.0
g	2.0%			
Wacc	9.5%			
FCFO (discounted)	(1.4)	10.7	12.0	12.7
Discounted Cumulated FCFO	34.1			
TV	231.5			
TV (discounted)	173.6			
Enterprise Value	207.7			
FY22 NFP adj.	9.0			
FY22 Minorities adj.	1.3			
Equity Value	197.4			
Current number of shares (mn)	42.6			
Value per share (€)	4.63			

Source: Factset, KT&Partners' elaboration

Sensitivity Analysis

€ Million	WACC					
	10.0%	9.7%	9.5%	9.2%	9.0%	
Terminal growth Rate	1.5%	173.6	179.5	185.8	192.4	199.5
	1.8%	178.6	184.8	191.4	198.5	206.0
	2.0%	183.8	190.4	197.4	204.9	213.0
	2.3%	189.4	196.4	203.9	211.9	220.5
	2.5%	195.4	202.8	210.8	219.3	228.5

Source: Factset, KT&Partners' elaboration

Appendix

Peer Comparison

We carried out an in-depth analysis of public companies that could be considered as peers of RLT, taking into account its offering, business model, growth, and profitability profile. Looking at the Italian market, we notice that selected companies – some of which are also RLT's competitors – do not provide a range of solutions for different technology needs like RLT but each one of them is focused on one of RLT's verticals.

We built a six-company sample, based on RLT's offer (Innovation Services, ReYou, ReData, ReHub, ReThing and ReSec), which includes:

- Reply S.p.A. (REY-IT): listed on the Borsa Italiana stock exchange with a market capitalization of €3.28bn, REY focuses on conception, design, and development of solutions based on the new communication channels and digital media. It supports the main European industrial groups in defining and developing new business models utilizing big data, cloud computing, customer relationship management, mobile, social media, and IoT paradigms. The firm also offers consultancy, system integration and application management, and business process outsourcing. In FY22, REY-IT reached ca. €1.9bn of sales.
- CY4Gate S.p.A. (CY4-IT): listed on the Borsa Italiana stock exchange with a market capitalization of €177mn, CY4-IT engages in the design, development, and production of technologies, products, systems, and services to provide solutions for cyber intelligence, cyber security, and cyber electronic warfare. It operates through the Cyber Intelligence and Cyber Security business divisions. In FY22, CY4-IT reached ca. €57mn of sales.
- Neosperience (NSP-IT): listed on the Borsa Italiana stock exchange with a market capitalization of €31mn, NSP provides digital customers with experience services through its cloud-based platform named "Neosperience Cloud." The company offers AI proprietary models to enhance brand and product experience. In FY22, NSP-IT reached €21mn of sales.
- SECO S.p.A. (IOT-IT): listed on the Borsa Italiana stock exchange with a market capitalization of €414mn, IOT-IT designs and manufactures proprietary technological solutions for microcomputers and other integrated systems for personal computer miniaturization. It operates through the following product and service areas: Custom Edge Systems, Edge Platforms, and IoT Solutions. In FY22, IOT-IT reached €201mn of sales.
- Almawave S.p.A. (AIW-IT): listed on the Borsa Italiana stock exchange with a market capitalization of €119mn, AIW-IT develops software technologies for artificial intelligence, natural language analysis, and big-data management. The firm owns and distributes patented technologies that offer solutions for text and speech analytics, knowledge management, multi-channel contact management and virtual agent, and customer experience management under the platform brands Iride and Audioma. Its software products also feature automatic speech recognition under its platform brands Audioma, FlyScribe, and Verbatimatic. In FY22, AIW-IT reached €48mn of sales.
- WIIT S.p.A. (WIIT-IT): listed on the Borsa Italiana stock exchange with a market capitalization of €405mn, WIIT-IT is a holding company, which engages in the provision of hosted private and hybrid cloud services. It offers cloud computing, critical applications, business continuity and disaster recovery, cybersecurity, technology migrations, service desk, and digital transformation solutions. In FY22, WIIT reached €117mn of sales.

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

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