

RELATECH

BUY

Price (Eu):

2.92

Target Price (Eu):

3.80

SECTOR: Industrials

Carlo Maritano +39-02-77115.358
e-mail: carlo.maritano@intermonte.it

Fabiola Cofini +39-02-77115.369
e-mail: fabiola.cofini@intermonte.it

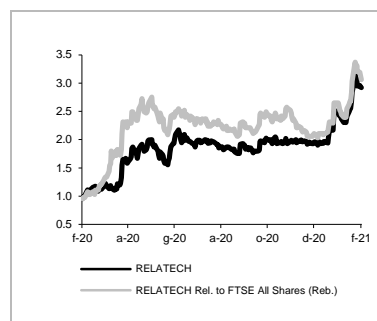
A Scalable Business Model in the Digital Enablers Arena

- A unique set of cutting-edge capabilities in the digital enablers arena.** Relatech is a Digital Enabler Solutions company that provides support for corporate digital transformation. The group's value proposition focuses on its depth of experience as a digital enabler, i.e. in cutting-edge digital technology in areas such as Customer Experience, Big Data, Artificial Intelligence, Blockchain, Internet of Things and Cloud. The group provides its customised digital solutions through RePlatform, a proprietary cloud-based platform that consists of five modules. Starting from RePlatform, which is a key asset for the group, Relatech's offer consists of Innovation Services (c.30% of 2019 turnover) and Digital Solutions (c.70% of 2019 turnover).
- Digital Enabler market: high growth potential and mounting tailwinds.** The company stands out compared to players of similar size for its ability to achieve half of its turnover in foreign markets. In our opinion, this feature makes the company well positioned to seize opportunities that will emerge in a market that is expected to grow rapidly in the coming years. As a matter of fact, the estimated potential of the global digital innovation market for technologies such as Cloud, Cybersecurity, IoT, Big Data and AI is \$2,000bn in 2024, a CAGR of 18% for the 2018-2024 period (Source: Gartner). Similarly, we believe Relatech will be able to seize the opportunities on the domestic market, in light of the fact that, in Italy, Digital Enablers and Digital Transformers are expected to grow by +12.1% and +12.7% in 2021 and 2022 respectively (Source: Anitec-Assinform). A further boost to the sector will be provided by the unlocking of EU funds (Horizon Europe, Digital Europe Programme, Recovery Plan).
- Growth opportunities reflected in our estimates and driven by underlying digital market trends.** We forecast the company's revenues will increase at 18.3% CAGR in the 2020-2023 period reaching Eu41.7mn as a result of: i) sustained growth in the reference market; ii) the increased offer of solutions through RePlatform; iii) the increased incidence of recurring revenues on total revenues; iv) cross-selling synergies with recently acquired companies. Profit-wise, for 2019-2023 we estimate a 25.1% CAGR for adj. EBITDA, with the adj. EBITDA margin expanding from 23.1% in 2019 to 28.9% in 2023 mainly thanks to the scalability of RePlatform. At bottom line, we forecast net profit growth from Eu2.941mn in 2019 to Eu7.284mn in 2023, a 25.5% CAGR.
- We initiate coverage with a BUY rating; target Eu3.8.** We consider an investment in Relatech an attractive proposition, as the Group stands out from the field thanks to a unique product offering (RePlatform) and a scalable business model. RLT's 3M Strategy (Merge, Margin, Management) paves the way for an acceleration of its growth path within the Digital Enabler technologies market, leveraging on: 1) a reference market that is expected to grow strongly and support solid organic growth expectations and 2) a solid balance sheet that leaves plenty of room to pursue external growth opportunities, in which management has built up a solid track record. Sound profitability, constant investments in R&D (21% of sales in 2019) and strong free cash flow conversion (~50% of the EBITDA) complete the picture, in our view. We initiate coverage on Relatech with a target price of Eu3.8, which offers 30% upside on the last closing price and therefore demands a BUY rating.

Key Figures	2018A	2019A	2020E	2021E	2022E
Sales (Eu mn)	15	21	23	30	36
Ebitda (Eu mn)	2	5	6	7	8
Net profit (Eu mn)	2	3	3	4	5
EPS - New Adj.(Eu)	0.048	0.090	0.110	0.143	0.182
EPS - Old Adj.(Eu)					
DPS (Eu)	0.000	0.000	0.000	0.000	0.000
Ratios & Multiples	2018A	2019A	2020E	2021E	2022E
P/E Adj.	61.1	32.5	26.5	20.4	16.0
Div. Yield	0.0%	0.0%	0.0%	0.0%	0.0%
EV/Ebitda Adj.	38.9	19.3	15.7	11.2	8.6
ROCE	119.3%	63.5%	51.2%	58.2%	62.4%

The reproduction of the information, recommendations and research produced by Intermonte SIM contained herein, and of any of its parts, is strictly prohibited. None of the contents of this document may be shared with third parties without Company authorization.

RELATECH - 12m Performance



RATING: New Coverage

TARGET PRICE (Eu): New Coverage

Ch. in Adj.EPS est: 2020E 2021E

STOCK DATA

Reuters code: RLT.MI
Bloomberg code: RLT IM

Performance	1m	3m	12m
Absolute	16.8%	47.0%	206.8%
Relative	15.3%	28.1%	210.6%
12 months H/L:	3.14/0.98		

SHAREHOLDER DATA

No. of Ord. shares (mn):	33
Total No. of shares (mn):	33
Mkt Cap Ord (Eu mn):	96
Total Mkt Cap (Eu mn):	96
Mkt Float - ord (Eu mn):	25
Mkt Float (in %):	25.7%
Main shareholder:	
Pasquale Lambardi	64.9%

BALANCE SHEET DATA

	2021
Book value (Eu mn):	16
BVPS (Eu):	0.49
P/BV:	6.0
Net Financial Position (Eu mn):	6
Enterprise value (Eu mn):	90

Please see important disclaimer on the last page of this report

RELATECH - KEY FIGURES

		2018A	2019A	2020E	2021E	2022E
	Fiscal year end	12/12/2018	12/12/2019	12/12/2020	12/12/2021	12/12/2022
PROFIT & LOSS (Eu mn)	Sales	15	21	23	30	36
	EBITDA	2	5	6	7	8
	EBIT	2	4	5	6	7
	Financial income (charges)	(0)	(0)	(0)	(0)	0
	Associates & Others	0	0	0	0	0
	Pre-tax profit (Loss)	2	4	4	6	7
	Taxes	(1)	(1)	(1)	(2)	(2)
	Tax rate (%)	31.6%	31.1%	25.0%	30.0%	30.0%
	Minorities & discontinue activities	(0)	(0)	(0)	(0)	(0)
	Net profit	2	3	3	4	5
	Total extraordinary items	0	0	(0)	(1)	(2)
	Ebitda excl. extraordinary items	2	5	6	8	10
	Ebit excl. extraordinary items	2	4	5	7	9
Net profit restated	2	3	4	5	6	
PER SHARE DATA (Eu)	Total shares out (mn) - average fd	33	33	33	33	33
	EPS stated fd	0.048	0.077	0.100	0.122	0.144
	EPS restated fd	0.048	0.090	0.110	0.143	0.182
	BVPS fd	0.089	0.266	0.366	0.488	0.632
	Dividend per share (ord)	0.000	0.000	0.000	0.000	0.000
	Dividend per share (sav)	0.000	0.000	0.000	0.000	0.000
	Dividend pay out ratio (%)	16.0%	0.0%	0.0%	0.0%	0.0%
CASH FLOW (Eu mn)	Gross cash flow	3	4	4	5	6
	Change in NWC	(2)	(1)	(0)	(0)	(1)
	Capital expenditure	(3)	(5)	(2)	(2)	(2)
	Other cash items	0	0	0	0	0
	Free cash flow (FCF)	(2)	(1)	2	3	4
	Acquisitions, divestments & others	1	(1)	(4)	0	0
	Dividend	0	(0)	0	0	0
	Equity financing/Buy-back	0	4	3	0	0
Change in Net Financial Position	(1)	2	2	3	4	
BALANCE SHEET (Eu mn)	Total fixed assets	3	8	12	13	14
	Net working capital	2	3	3	3	4
	Long term liabilities	(1)	(2)	(2)	(2)	(2)
	Net capital employed	4	8	12	13	14
	Net financial position	(1)	1	2	6	9
	Group equity	3	9	12	16	21
	Minorities	0	0	0	0	0
Net equity	3	9	12	16	21	
ENTERPRISE VALUE (Eu mn)	Average mkt cap - current	96	96	96	96	96
	Adjustments (associate & minorities)	0	0	0	0	0
	Net financial position	(1)	1	2	6	9
	Enterprise value	97	95	93	90	86
RATIOS(%)	EBITDA margin*	16.7%	23.1%	25.4%	26.4%	28.1%
	EBIT margin*	16.2%	20.1%	21.1%	22.4%	24.2%
	Gearing - Debt/equity	38.2%	-8.1%	-20.2%	-34.5%	-44.8%
	Interest cover on EBIT	118.3	50.5	60.8	131.0	nm
	Debt/Ebitda	0.45	nm	nm	nm	nm
	ROCE*	119.3%	63.5%	51.2%	58.2%	62.4%
	ROE*	nm	44.8%	32.1%	28.9%	26.0%
	EV/CE	48.1	15.8	10.6	9.0	7.9
	EV/Sales	6.5	4.5	4.0	3.0	2.4
	EV/Ebit	nm	22.2	18.8	13.2	10.0
Free Cash Flow Yield	-2.4%	-1.2%	2.3%	3.2%	3.9%	
GROWTH RATES (%)	Sales	35.1%	43.4%	10.0%	30.0%	17.0%
	EBITDA*	38.2%	97.9%	21.0%	34.9%	24.8%
	EBIT*	nm	78.1%	15.8%	38.0%	26.3%
	Net profit	11.8%	61.9%	29.0%	22.1%	18.2%
	EPS restated	11.8%	87.9%	22.6%	30.1%	27.4%

* Excluding extraordinary items

Source: Intermonte SIM estimates

INDEX

Executive summary	4
SWOT Analysis	5
Company description	6
The company at a glance	6
Group structure	8
History: a pathway of continuous innovation and growth	9
Shareholding	10
Management team	11
Incentive plans for management team and senior figures at the company	12
Group Business	13
RePlatform: a unique set of cutting-edge capabilities in the Digital Enablers arena	13
Relatech Clients	16
Business Model	18
Competitive positioning	20
Reference Market	21
Global Market	21
Italian Market	23
3M Strategy: Merge, Management, Margin	28
Merge	28
Management	29
Margin	30
Financials	32
2020-2023 Estimates	33
Valuation	36
Summary	36
Peer comparison	37
DCF Valuation	41
APPENDIX I	42
APPENDIX II	43
APPENDIX III	44

Executive summary

A unique set of cutting-edge capabilities in the digital enablers arena. Relatech is a Digital Enabler Solutions company that provides support for corporate digital transformation. The group's value proposition focuses on its depth of experience as a digital enabler, i.e. in cutting-edge digital technology in areas such as Customer Experience, Big Data, Artificial Intelligence, Blockchain, Internet of Things and Cloud. The group provides its customised digital solutions through RePlatform, a proprietary cloud-based platform that consists of five modules. Starting from RePlatform, which is a key asset for the group, Relatech's offer consists of Innovation Services (c.30% of 2019 turnover) and Digital Solutions (c.70% of 2019 turnover).

Digital Enabler market: high growth potential and mounting tailwinds. The company stands out compared to players of similar size for its ability to achieve half of its turnover in foreign markets. In our opinion, this feature makes the company well positioned to seize opportunities that will emerge in a market that is expected to grow rapidly in the coming years. As a matter of fact, the estimated potential of the global digital innovation market for technologies such as Cloud, Cybersecurity, IoT, Big Data and AI is \$2,000bn in 2024, a CAGR of 18% for the 2018-2024 period (Source: Gartner). Similarly, we believe Relatech will be able to seize the opportunities on the domestic market, in light of the fact that, in Italy, Digital Enablers and Digital Transformers are expected to grow by +12.1% and +12.7% in 2021 and 2022 respectively (Source: Anitec-Assinform). A further boost to the sector will be provided by the unlocking of EU funds (Horizon Europe, Digital Europe Programme, Recovery Plan).

Growth opportunities reflected in our estimates and driven by underlying digital market trends. We forecast the company's revenues will increase at 18.3% CAGR in the 2020-2023 period reaching Eu41.7mn as a result of: i) sustained growth in the reference market; ii) the increased offer of solutions through RePlatform; iii) the increased incidence of recurring revenues on total revenues; iv) cross-selling synergies with recently acquired companies. Profit-wise, for 2019-2023 we estimate a 25.1% CAGR for adj. EBITDA, with the adj. EBITDA margin expanding from 23.1% in 2019 to 28.9% in 2023 mainly thanks to the scalability of RePlatform. At bottom line, we forecast net profit growth from Eu2.941mn in 2019 to Eu7.284mn in 2023, a 25.5% CAGR.

We initiate coverage with a BUY rating; target Eu3.8. We consider an investment in Relatech an attractive proposition, as the Group stands out from the field thanks to a unique product offering (RePlatform) and a scalable business model. RLT's 3M Strategy (Merge, Margin, Management) paves the way for an acceleration of its growth path within the Digital Enabler technologies market, leveraging on: 1) a reference market that is expected to grow strongly and support solid organic growth expectations and 2) a solid balance sheet that leaves plenty of room to pursue external growth opportunities, in which management has built up a solid track record. Sound profitability, constant investments in R&D (21% of sales in 2019) and strong free cash flow conversion (~50% of the EBITDA) complete the picture, in our view. We initiate coverage on Relatech with a target price of Eu3.8, which offers 30% upside on the last closing price and therefore demands a BUY rating.

SWOT Analysis

Strengths

- Highly specialised workforce with deep knowledge of the sector and with twenty years of experience in the digital solutions (CX, Big Data, AI, IoT, Blockchain, Cybersecurity, AR/VR)
- Proprietary cloud-based platform (RePlatform)
- Aptitude for industrial research which allows the company to constantly innovate in the services offered (investment in R&D ca. 21% of 2019 sales)
- Increasing incidence of recurring revenues (27% of total turnover in 2020 according to preliminary data)
- Consolidated collaboration with universities, academic spin-off and research institutes (Calabria, Napoli, Verona, National Research Council)
- Solid technological partnership (IBM, Microsoft, Oracle, Nutanix, Red Hat)
- Solid M&A track record
- Solid financial structure that allows the company to pursue further external growth opportunities. Cash-in from the exercise of remaining warrant will further consolidate the net cash position

Opportunities

- Chances to consolidate the Italian market by means of acquisitions, thus gaining market share
- Geographical expansion in Italy and abroad (already representing ~50% of the turnover) to step up the scale of turnover
- Expansion in the customers' base
- Product diversification
- Greater acceleration of digital services among Italian companies, which could undergo a period of acceleration following the Covid-19 lockdown

Weaknesses

- High level of competition in the digital sector
- High clients concentration, risk mitigated by long standing relationships with its main clients
- Limited geographical diversification
- Limited size compared to large competitors
- Dependence on key managerial figures

Threats

- New entrants in the sector and fierce competition
- Execution risk following the intended M&A operations and potential delays in integrating acquired company
- Demand for more advanced technological skills

Source: Intermonte SIM

Company description

The company at a glance

Founded in 2001 by Pasquale Lambardi, Relatech group is a Digital Enabler Solution Company that provides support for corporate digital transformation. The group's **value proposition** focuses on its in-depth experience as a **digital enabler**, i.e. in cutting edge digital technology in areas such as **Customer Experience, Big Data, Artificial Intelligence, Blockchain, Internet of Things, Cybersecurity, AR/VR and Cloud**.

The group provides its customised digital solutions through **RePlatform**, a proprietary cloud-based platform which consist of **five technology modules**.

Relatech – RePlatform at a glance



Source: Relatech and Intermonte SIM

The five modules are autonomous but integrated with each other in a single architecture in order to create an innovative and differentiated value proposition to help customers in designing their own approach to digital transformation and to propose the software solutions best suited to their needs.

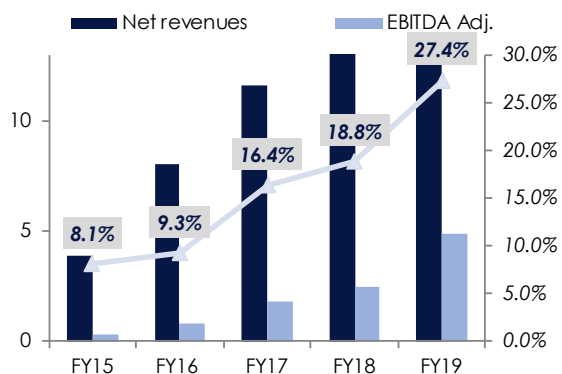
Starting from RePlatform, Relatech's offer consists of **Innovation Services** (c.30% of 2019 revenues) and **Digital Solutions** (c.70% of 2019 revenues). Digital Solutions is at the heart of the Relatech offer and can be categorised as follows:

- a. **Vertical Solutions:** generic solutions based on RePlatform suited for the demands of specific markets (retail, health, industry, etc.);
- b. **Custom Solutions:** tailored solutions based on RePlatform for the digitalisation and automation of specific client processes.

Among the vertical solutions provided by Relatech, in this report we analyse ReZone and ReFab in more detail.

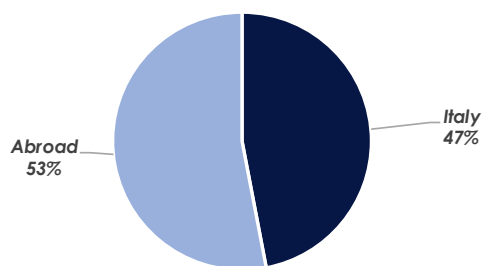
In **2019**, the company recorded a 36% YoY rise in net revenues to **Eu17.9mn**, of which ca. 16% came from organic growth and ca. 20% from the increase in scope through the acquisition of a former Connexo business unit completed in December 2018, which brought skills from the world of **Oracle** into Relatech. The excellent top-line performance was reflected in **sound profitability**, with **adj. EBITDA** of **Eu4.9mn** and a margin of 23.1% (vs 16.7% in FY18), a 6.4bp expansion on the previous year's figures. The sharp increase in EBITDA was mainly due to the scalability of RePlatform and the M&A contribution. Looking at the geographical presence, in 1H20 47% of revenues are recorded in Italy and the remainder abroad.

Revenues and Margins Trends (2015-2019)



Source: Company data

Value of Production Breakdown by Geography (1H20)



Source: Company data

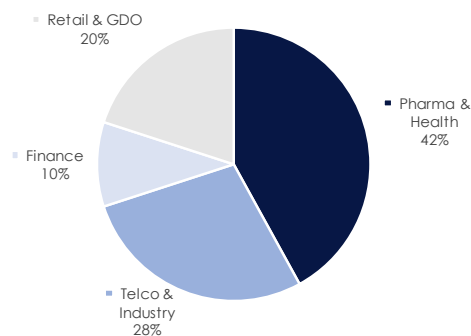
A diversified presence in various market sectors and a concentrated but loyal client base

On the client front, Relatech has a diversified presence in various market sectors, with a prevalence in **Pharma & Healthcare**, followed by **Telco & Industries**, and **Retail** and **Finance**. The Group has more than **130** active direct and indirect **clients**, mostly with long-term, recurring contracts and very low abandonment rates (estimated around 1% of annual turnover).

Although the clientele is still quite concentrated (in 1H20, the top 10 clients accounted for 60% of total revenues), Relatech has been successful in reducing the weight of the top 10, given that at the end of 2018 they accounted for 83% of turnover.

While **high concentration** of the client base is clearly a risk, on the positive side we highlight the solid, long-standing relationships with the main clients (e.g. **Wallgreens** and **Boots**, whose first contracts date back to 2012 and to 2011).

Customer's Breakdown by Market Sector (2019)



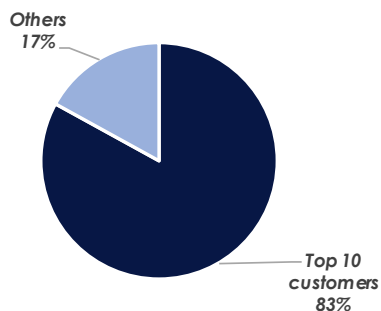
Source: Company data

Top 10 Client's by Sector

Client	Start	Sector
Client #1	2007	Transports
Client #2	2008	Pharma
Client #3	2011	Retail
Client #4	2012	Pharma/Retail
Client #5	2015	Industry
Client #6	2015	Industry
Client #7	2018	Telco
Client #8	2018	Finance
Client #9	2018	Health
Client #10	2019	Industry

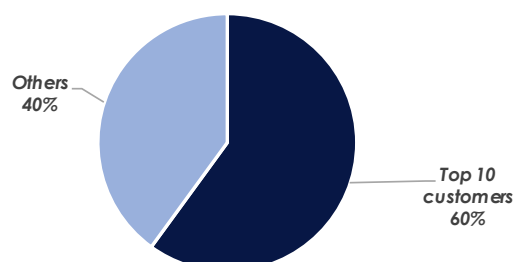
Source: Company data

Clients Concentration in 2018



Source: Company data

Clients Concentration in 1H20



Source: Company data

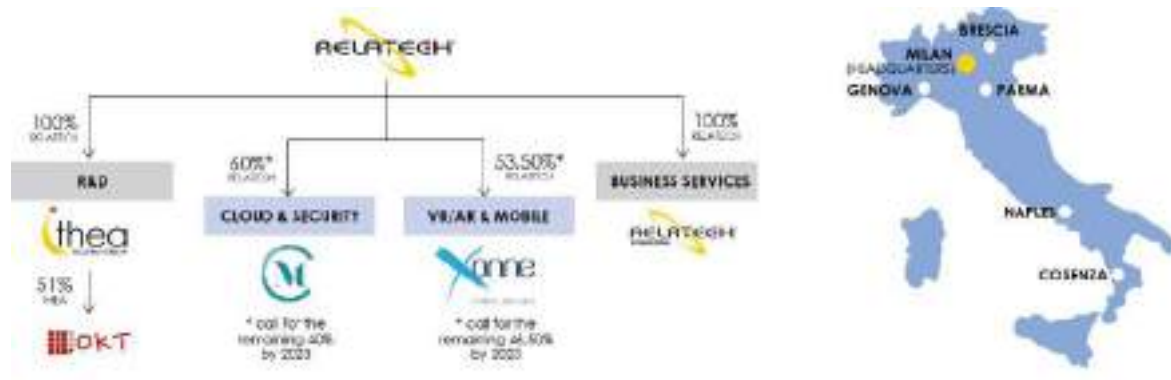
Group structure

The holding Relatech controls:

- **Relatech Consulting**, born from the acquisition of Connexo and specialized into Business Services, Resource Planning Solutions, CRM and e-commerce.
- **lthea**, which is the R&D laboratory of the group and which in turn controls the 51% of **OKT**, born as a university spin-off and specialized in AI solutions, cyber security and Blockchain.
- **Mediatech**, a recently acquired company specialized in cloud and cybersecurity solutions with offices in Milan and Brescia.
- **Xonne**, an innovative SME acquired in 2020 with office in Parma and specialized in virtual, augmented and mixed (or digital) reality applications and solutions.

The company is **headquartered at Milan** and has branches at Genova, Parma, Brescia, Naples and Cosenza.

Relatech – Group structure and offices



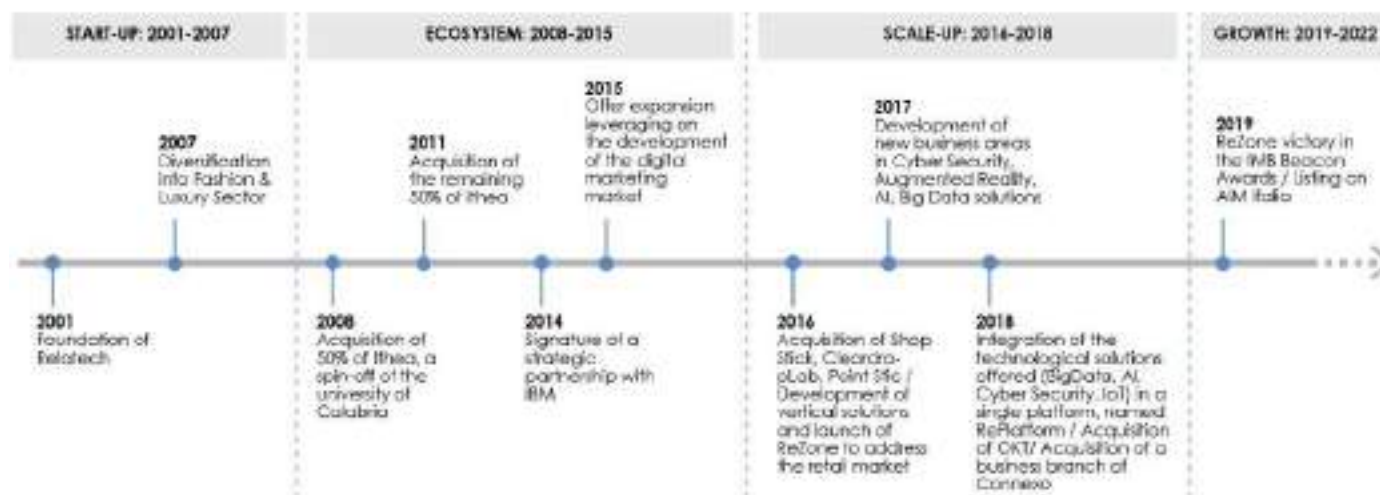
Source: Company Press Release and Intermonte SIM

History: a pathway of continuous innovation and growth

We have identified **four** different **phases** in Relatech's history:

- **2001-2007, Start-up:** The company was founded in 2001 by Pasquale Lombardi, the current President and CEO, with a focus on software marketing (software house). Since its early years, Relatech has operated in the IT sector, offering services to support companies' digital transformation. From 2007 the company started to diversify its services by offering solutions to companies operating in the Fashion & Luxury sector.
- **2008-2015, Developing ecosystem:** The construction of the partnership ecosystem began in **2008**, when Relatech acquired 50% of Ithea Srl, an academic spin-off from the University of Calabria focused on Research and Development (the remaining stake was acquired in 2011). In 2011 Relatech expanded further by entering the pharmaceutical and retail markets, providing digital solutions for companies operating in these sectors. In the same year the company opened a new branch in Naples, a factory specialising in the enterprise sector and responsible for digital solutions (Digital Marketing, Customer Engagement and Mobility, IoT). In 2014, the group signed a strategic partnership with IBM, becoming its business partner for the mobile cloud and analytics area. During this period the company acquired its first international clients, such as Alliance Healthcare.
- **2016-2018, Upscaling:** In this phase Relatech focused on its external growth strategy and carried out five M&A operations that enhanced the group's internal skill base and its customer portfolio. During the same period the group opened up to new markets, including through the development of vertical solutions, launching ReZone to address the retail market. In 2017 it began the development of new business areas in Cyber Security, Augmented Reality, AI and Big Data. In 2018 Relatech integrated the various technological solutions offered to customers in these areas into a single platform, named RePlatform. In the same year, the company obtained Innovative SME status.
- **2019-2022, Growth:** In February 2019 the company won the IBM Beacon Awards programme as "best engagement AI solution". In the same year Relatech shares were listed on AIM Italia; the first day of trading was 28th June.

Relatech – Time Line



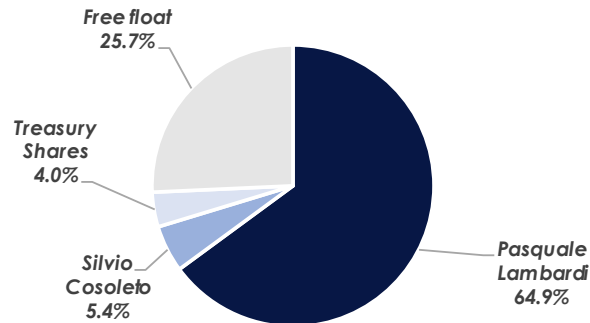
Source: Relatech and Intermonte SIM

Shareholding

Ordinary shares in Relatech were listed for trading on AIM Italia, the Italian Stock Exchange's alternative investment market, on 28th June 2019. The share capital currently consists of **32,767,521** ordinary shares, 64.9% of which are owned by Pasquale Lambardi, CEO and founder of the company, and 5.4% by Silvio Cosoleto. Some 4% are treasury shares, while the remaining 25.7% constitutes the free float.

At the time of the IPO, both Pasquale Lambardi and Silvio Cosoleto subscribed a **lock-up agreement** valid for 18 months from the first day of listing, which was later extended to the 31st of December, 2022.

Relatech – Shareholding Structure



Source: Company Press Release and Intermonte SIM

As well as the ordinary shares, **6,393,486 warrants** are currently outstanding after 2,941,414 were exercised during the exercise period 1 (15 May 2020 - 22 May 2020). This led the issue of 1,470,707 new shares (on a 1 share per 2 warrants conversion ratio); the exercise price was Eu2.36, raising Eu3,470,868 for the company.

Following the recent stock split, the conversion ratio of the outstanding warrants has been modified accordingly. As a matter of fact, the new conversion ratio is based on a 3 shares per 2 warrants ratio. Current outstanding warrants are eligible for exercise between 10-21 May 2021 (period 2, at Eu0.86 p.s.) and between 9-20 May 2022 (period 3, at Eu0.95). The warrants are currently deep in the money, and dilution is therefore foreseeable at ca. 22.6%.

As well as the exercise of the warrants, the **stock grant** and **stock option plans** are another potential source of dilution as these could lead to the issuing of further ordinary shares: please see the section below on current incentive plans for more details.

Management team

Pasquale Lambardi, CEO & Chairman: born in Catanzaro on 18th May 1974, in 1999 Lambardi graduated from the University of Calabria in Computer Engineering. In 2013 he gained a Master Professional Coach qualification from ESEM in Madrid, and in 2017 he was awarded a Master's in Analytics and Cognitive Computing from IBM in Milan. From January 2007 to November 2011 he was a Director of Datafashion S.r.l. acting as Commercial Director and Coordinator of the Software Development department. In 2008 he was a Founder and Director of Ithea S.r.l., where he covered the roles of Managing Director and Project Manager for numerous research and development projects carried out in partnership with the University of Calabria. He has been Chairman and CEO of Relatech Since September 2011.

Silvio Cosoleto, Director: born in Reggio Calabria on 31st October 1972, he graduated in Computer Engineering from Milan's Politecnico University in 1997. In 2016 he gained an Executive Master's in corporate internationalisation from Milan's Nuovo Istituto di Business. Since 1997 he has worked at IT sector companies, carrying out various managerial roles, including Sales Director (Ithea), Business Unit Manager (AGS S.p.A), Senior Operations Manager, Service and Project Manager, and CIO. From August 2012 to October 2013 he gained significant international experience when he fulfilled the role of Senior Operations Manager (EMEA) for Korean group Hanwha. Within the group he coordinated the Commercial and Operations department of Hanwha SolarOne, where he was responsible for establishing the company's competitive positioning.

Gianni Franco Papa, Vice Chairman born in Milan on 6th April 1956, he gained a Master's degree in Law from Milan's Sacred Heart Catholic University. He has vast experience in the banking sector, in which he worked for 38 years, 26 of which were spent working abroad. After gaining experience in Hong Kong and a period in the Unicredit group's financial division in Italy, in 1998 Papa was appointed Deputy General Manager of the Singapore branch, from which he rose to become Director for Asia (excluding China). From 2003 to 2005, he was General Manager of the New York branch and Director of the Americas. His international career continued in the Eastern Europe division, for which he took over responsibility in 2010. While fulfilling this role, as well as top managerial positions in Slovakia and Ukraine, he covered various roles in the division's main management and audit committees. Finally, from January 2015 to August 2016 he was Head of the Corporate & Investment Banking division, before being appointed Group General Manager.

Antonio Patruno, Director: born in Macherio on 20th February 1941, he obtained a diploma in Accounting from Monza's Bartolomeo Zucchi Technical College in 1960. He has covered various roles in his professional career, in administration, accounting and budget auditing. After carrying out various roles as Administrative Director, from 1999 he joined the Boards of Directors of various companies, first as a Director, then as Chairman. From 1994 to 1999 he also provided consultancy on corporate restructuring. Since 2007 he has been the group's Head of Administration and Finance.

Donatella De Lieto Vollaro, Independent Director: born in Rome on 23rd September 1972, she graduated in Law from Rome's La Sapienza University in 1998, before qualifying to practise law in 2001. During her professional career, she was appointed Of Counsel at Norton Rose Fulbright. Since 2014 she has been a partner at Studio Legale Grimaldi, where she has gained significant experience in the financial law sector in relation to capital market transactions, predominantly on equity markets.

Incentive plans for management team and senior figures at the company

The 14 February 2020 shareholder meeting approved the Stock Option Plan 2020-22 for directors, executives and associates of the company and/or subsidiaries, while the Stock Grant Plan 2020-2022 is exclusively for employees in senior positions in the company and/or at subsidiaries. The plans envisage a timescale of 3 financial years and are aimed at increasing the loyalty and fidelity to the company of the beneficiaries through incentives.

The **Stock Option plan** foresees the allocation of 560,700 options for the subscription of the same number of ordinary Relatech shares resulting from a share capital increase against payment performed for the purpose, on condition of achieving set group/personal performance goals (annual, predetermined and measurable) as established for each beneficiary and each accounting year by the board. The maximum 186,900 shares will be issued at a discount of 15% to the average of the closing prices on the previous 30 days.

The **Stock Grant plan 2020-2022** involves the allocation to the beneficiaries of rights free of charge from a pool of 466,900 rights in total, each right corresponding to 3 Relatech ordinary share (post-split) free of charge, with these shares to derive from a free capital increase performed for the purpose. Allocation will be conditional on the achievement of set goals regarding retention, group adj. EBITDA, and company capitalisation, and will be granted to each beneficiary by the company board from the total rights available for each period as foreseen under the SG plan. At this time 632,100 shares (post-split) have been already issued.

In addition, the shareholder meeting on 30 December 2020 approved the **Stock Grant Plan 2021-23** for directors and employees. The plan aims at the allocation free of charge of a maximum of 500,000 rights to receive a maximum of 1,500,000 shares currently outstanding (1 right per 3 shares), i.e. 4.58% of company share capital. The Stock Grant plan will run for the 3 Relatech financial years closing on 31 December in 2021, 2022 and 2023 (each constituting one cycle). For shares to be allocated in a cycle, the goals set by the board will need to be achieved.

Group Business

Relatech group is a Digital Enabler Solutions Company that provides support for corporate digital transformation. The group's **value proposition** focuses on its in-depth experience as a **digital enabler**, i.e. in cutting edge digital technology in areas such as **Customer Experience, Big Data, Artificial Intelligence, Blockchain, Internet of Things, Cybersecurity, AR/VR and Cloud**.

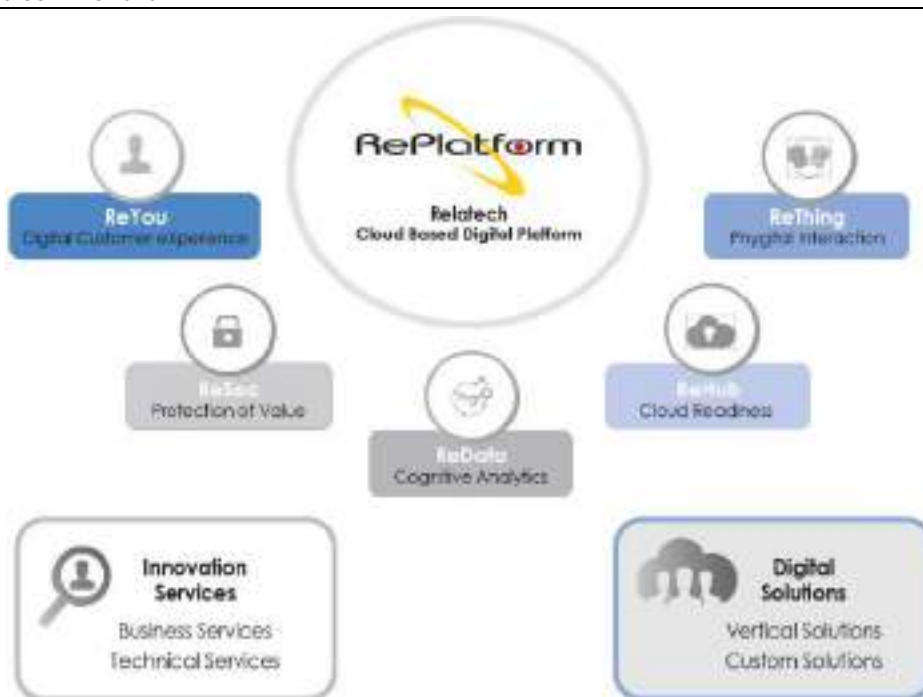
The group provides its customised digital solutions through **RePlatform**, a proprietary cloud-based platform that consists of **five technology modules**:

- **ReYou** – Digital Customer Experience
- **ReData** – Cognitive Analytics
- **ReThing** – Physical and Digital Twins Connection
- **ReSec** – Protection of Value
- **ReHub** – Cloud Readiness

The five modules are autonomous but integrated with one another in a single architecture in order to create an innovative and differentiated value proposition to help customers design their own approach to digital transformation and to propose the software solutions best suited to their needs.

Starting from RePlatform, Relatech's offer consists of **Innovation Services** (c.30% of 2019 revenues) and **Digital Solutions** (c.70% of 2019 revenues).

Relatech – RePlatform



Source: Company Data

RePlatform: a unique set of cutting-edge capabilities in the Digital Enablers arena

Below is a brief description of the five modules offered by RePlatform.

ReYou, Digital Customer Experience. This module offers a series of technologies and methodologies aimed at obtaining a deep understanding of the customer base from multiple points of view, including personal data (gender, age, etc.), behaviour, preferences and needs. By leveraging on mobile technologies, content management, and digital devices, ReYou establishes multiple touchpoints with end users to improve their experience.

ReData, Cognitive Analytics. This module includes big data acquisition, processing tools and data analysis tools based on Machine Learning and AI to help companies overcome the challenges posed by the growing speed and complexity and quantity of data. ReData helps organisations extract information from structured and unstructured data, improve decision making and predict results based on historical information. ReData is a central module in the RePlatform architecture as the analysis and

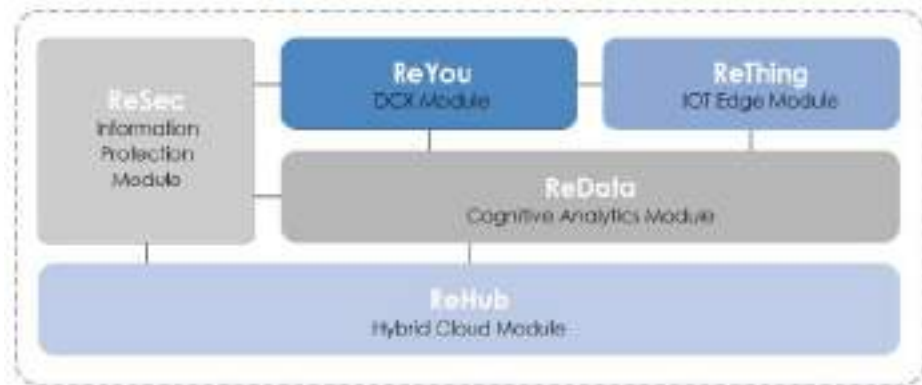
processing of data is fundamental in any type of application, from the customer experience, to the optimisation of production processes and to IT security.

ReThing, Physical and Digital Twins Connection. Based on IoT technologies, it allows the collection of data from smart devices, hub servers, edge gateways and other related sources. The data collected through these devices can be used in various applications such as: i) Proximity Marketing applications aimed at improving customer engagement; ii) Industry 4.0 applications aimed at measuring operational performance and the status of instrumentation and industrial processes and foresee possible malfunctions.

ReSec, Protection of Value. It responds to the security needs of businesses in terms of protecting digital assets, privacy traceability and integrity of information. This is achieved by both cybersecurity technology and blockchain-based applications.

ReHub, Cloud Readiness. This module is a set of technologies aimed at guaranteeing: i) high availability, scalability and continuous operation of the platform; ii) interoperability with external systems and data sources, through connectors and APIs; iii) compatibility with any cloud infrastructure.

Relatech – RePlatform: modules are autonomous but integrated in a single architecture



Source: Company Data

RePlatform presents **three key advantages**:

- [+]** Definition of a platform common to the entire Relatech group offer that supports the corporate brand identity.
- [+]** A modular and scalable macro-architecture for the development of vertical and custom solutions that can be applied to a wide variety of needs and markets.
- [+]** A consolidated offer framework that can be expanded to accommodate internal solutions and products from partners.

Starting from the RePlatform, Relatech's offer comprises:

Innovation Services, 30% of revenues from 2019. The services offered help customers design their own approach to digital transformation. They can be divided into two categories:

- a. **Business Services**, involving an in-depth assessment of the client's business processes and definition of targets and innovation KPIs;
- b. **Technology Services**, analysis of client demands, definition of the technical requirements and construction of a digital innovation roadmap with the aim of developing the best solution for the client's specific needs.

Digital Solutions, 70% of revenues from 2019. Digital Solutions is at the heart of the Relatech offer and can be categorised as follows:

- a. **Vertical Solutions:** generic solutions based on RePlatform suited for the demands of specific markets (retail, health, industry, etc.);
- b. **Custom Solutions:** tailored solutions based on RePlatform for the digitalisation and automation of specific client processes.

Among the vertical solutions provided by Relatech, it is worth focusing briefly on **ReFab4.0** and **ReZone**.

Relatech - Digital Solutions based on RePlatform



Source Company Presentation

ReFab4.0

ReFab4.0 is Relatech's Solution for Industry4.0, designed for the acquisition and monitoring of large amounts of data from industrial devices in the most secure and protected way; the early identification of anomalies using AI/ML algorithms and the enablement of Predictive Maintenance for the prevention of failures in manufacturing plants and productive processes and for their protection from cyber-attack.

ReFab4.0 aims at providing a complete solution for Predictive Maintenance able to transform operational data into business value, addressing all the technical issues and bringing demonstrable benefits and new business models to industrial customers.

ReFab4.0 is composed of two main modules:

- **ReFab4.0 Predictive Maintenance:** It provides IOT data acquisition from the field devices and transmission to the Cloud-based platform for AI-based predictive analytic and predictive maintenance functionalities.
- **ReFab4.0 AR Digital Twins:** using AR tools it allows Remote Assistance for helping field operators to understand, prepare and optimise maintenance interventions, while also reducing manual mistakes.

ReFab4.0 is based on RePlatform and can also count on Resec, the advanced cybersecurity data protection and privacy module. This is especially important in the IOT environment where critical machine and process data are exposed to external environments. Additionally, ReSec offers a blockchain module that can be used to ensure that data are coming from certified devices, increasing the overall security of the IOT solution.

Adoption of ReFab4.0 not only helps customers improve their own production processes, it also allows embedding of some of the analytic functionalities within the product itself. In this way the system is able to auto-detect anomalies during its operation cycle and sends alerts to the cloud platform to inform the remote assistance and eventually start the predictive maintenance process. This approach opens the way to a completely new business approach for the manufacturer, enabling the switch to a fully service-oriented business commonly referred to as **Serviitization**.

The benefits that ReFab4.0 can offer can be summarised as follows:

- [+] Reduction of unplanned downtime;
- [+] Reduction of manual errors;
- [+] Reduction of maintenance times and costs;
- [+] Optimisation of production quality;
- [+] Transformation of the customer's business model.

ReZone AI Customer Engagement

ReZone, is Relatech's solution for Retail and Fashion markets. In a world where eCommerce and mobile shopping are booming and physical stores are changing their role to become a point of contact with a focus on the customer experience, it is key to be able to get the most accurate insights on consumer behaviours and needs and engage them constantly with personalised buying experiences in order to increase brand loyalty, enhance customer satisfaction and drive sales.

ReZone can help customers achieve these results using the most advanced digital technologies, such as Artificial Intelligence, Big data, AR/VR, IoT, Cybersecurity and Cloud. The solution is based on the following main modules:

- **Mobile Engagement App:** easy to use mobile (or web) app that consumers can use to access a brand's services and stay connected. Services may include loyalty card programmes, news on products and services, online shopping, push services for promotions and so on.
- **Experiential Engagement Touchpoint Integration:** gives access to a number of digital technologies to improve consumer's buying experience online and in-store, such as: Augmented Reality, Virtual Reality, Digital Infopoint, Virtual Assistant (chatbot), smart mirrors and so on.
- **Proximity Management:** using IOT-based technologies, allows monitoring of customers presence in proximity to a specific location. It can be used in anonymous or opt-in modes; the former just counts people travelling in and out of a specific area; for the latter, if the customer has the app installed and running, it can interact with him/her and propose information or personalised promotions.
- **A.I. OmniChannel Platform:** can ingest large amounts of data from the above-mentioned modules and even from other external channels like CRMs and ERPs; analyse them with advanced machine learning algorithms and produce predictions and recommendations to feed marketing campaigns and best buying suggestions for customers.

ReZone is based on RePlatform and can also count on the advanced cyberSecurity data protection and privacy module, ReSec. Additionally, ReSec offers a blockchain module that can be used to ensure that transactions are coming from certified user's devices, increasing the overall security of the solution. ReZone won the IBM Beacon Award for AI Customer Engagement Solution in 2019.

Relatech Clients

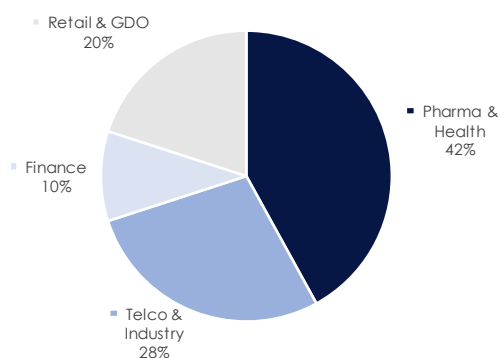
Relatech's client base predominantly comprises **medium and large companies seeking cutting edge technological solutions** and investing in **digitalisation**. Some clients are **systems integrators** that rely on the group to provide specific solutions for parts of their projects and are also suppliers to the group.

Parties that are both suppliers of technological solutions and group clients include: **Tech Data, Oracle, Microsoft, IBM, Red Hat** and **Nutanix**.

The Relatech group predominantly serves clients in the **Pharma & Health** sector, followed by **Telco & Industry, Retail Distribution** and **Finance**. In the chart below we provide a breakdown of clients by sector.

The Group can also count on more than **130** active direct and indirect **clients**. Most are served through recurring **multiyear contracts** with a very low cancellation rate (c.1% of annual turnover), with more than 50% of turnover generated from international clients.

Customer's Breakdown by Market Sector (2019)



Source: Company data, Intermonte SIM

Top 10 Client's by Sector











Client	Start	Sector
Client #1	2007	Transports
Client #2	2008	Pharma
Client #3	2011	Retail
Client #4	2012	Pharma/Retail
Client #5	2015	Industry
Client #6	2015	Industry
Client #7	2018	Telco
Client #8	2018	Finance
Client #9	2018	Health
Client #10	2019	Industry

Source: Company data, Intermonte SIM

The **revenue model** is therefore based on supplying **tailored technological solutions to clients**, based on their needs. Revenues are therefore linked to completion of commissioned projects. In some cases, the group continues to provide ongoing assistance to client companies through after-sales services carried out by a dedicated group of its own employees.

Relatech reaches end customers both through its own internal sales force and through a series of partnerships with vendors and other international software and IT sector companies. These collaborations, together with the proprietary products generated from the internal research activity, allow the company to remain at the technological forefront and to establish long-term relationships with customers.

Relatech – Technological Partnerships

	Technological Partners	Start
	IBM	2014
	Techdata	2014
	Oracle	2010
	Microsoft	2001
	Nutanix	2015
	Cynet	2020
	Barracuda	2001
	Red Hat	2020
	Kaspersky	2015
	Cisco Meraki	2001

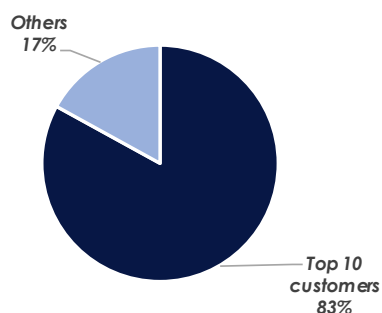
Source: Company Data

Client base concentration

A significant chunk of Relatech's revenues is concentrated among a small number of clients. As at the end of 2018 the top 10 clients accounted for 83% of the group's turnover.

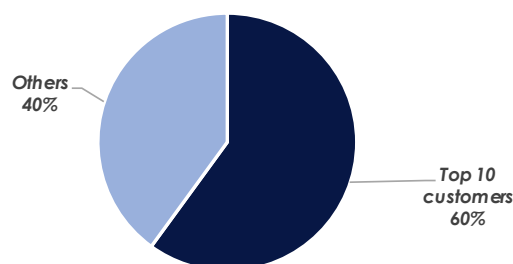
In order to mitigate concentration risk the company has pursued external growth in order to broaden and diversify the client base. At the end of 2019, revenues generated from the 10 main clients represented 63% of total turnover, and this percentage has continued to fall, reaching **60% at the end of 1H20**. Although still high, this marked a significant reduction in concentration from the 83% recorded at the end of 2018. Additionally, while **high concentration** of the client base is clearly a risk, on the positive side we highlight the solid, long-standing relationships with the main clients (e.g. **Wallgreens** and **Boots**, whose first contracts date back to 2012 and to 2011).

Clients Concentration in 2018



Source: Company data

Clients Concentration in 1H20



Source: Company data

Business Model

Relatech's business model is based on the proprietary cloud based digital platform, RePlatform, which represents the foundation stone of the commercial proposition and acts as a container for all the skills and experience developed by the company.

Relatech – Business Model



Source: Relatech and Intermonte Sim

Value Proposition

The group's target customers are all companies that want to innovate and place digital innovation at the heart of their strategy. According to market data, 80% of Italian companies (medium and large) are yet to define a digital strategy or are only at a preliminary phase (Source: Relatech Data). Relatech therefore wants to attract these companies, offering them its Value Proposition based on the five pillars of Digital Innovation, which are at the basis of RePlatform:

1. **Digital Customer Experience;**
2. **Cognitive Analytics;**
3. **Physical /Digital Twins Connection;**
4. **Protection of Value;**
5. **Cloud Readiness.**

Open Innovation approach

Relatech puts capacity for **innovation at the heart of its strategy**: for this reason, it has adopted an Open Innovation model, carrying out **in-house R&D in collaboration with universities, academic spin-offs, and research institutes** such as the National Research Council.

This **Open Innovation model** enables it to pursue the following goals:

- Anticipate market developments;
- Enhance inhouse skills in innovative technologies;
- Support a value proposition based on constantly updated solutions;
- Steer the M&A strategy towards the acquisition on the market of know-how and new technologies

Partnerships with universities, as well as constituting **a strategic competitive advantage** for the group, enable Relatech to take part in tenders run by national and European bodies to award research projects. In 2019 the investment in R&D was equal to 21% of revenues.

Innovation is also the basis of the M&A strategy aimed not just at ever increasing scale but also at pursuing goals for the acquisition of know-how.

As of today, Relatch group collaborates with **8 external partners** including universities and research hubs, as shown in the figure below.

Relatech – Academic Partnerships



Source: Company Report

Most of the universities with which it collaborates are in the south of Italy, mainly in Naples and Calabria, whose universities are among the highest ranked worldwide for IT, and this is the reason why Relatech has sited its recently-opened **R&D laboratory at Rende** (Cosenza province in Calabria).

Factory

The skills that are born in the R&D laboratory as innovative ideas in collaboration with universities and research centres are consolidated through the digital solutions created by the Factory and are transformed into industrial-level solutions to help customers innovate their business.

The Factory is the place where the company develops the key skills and experiences to design and provide new solutions to customers. The key resource and the competitive advantage of the Factory are the highly qualified experts in one or more of the digital technologies that make up the group's offering: big data, AI, machine learning, IoT, Cybersecurity, Blockchain, IT operations and cloud infrastructure.

Skills, methodologies and innovative technologies continuously feed the growth of RePlatform, based on which the company designs vertical or custom solutions by combining different RePlatform modules and/or exploiting technology from partners such as IBM, Oracle, Microsoft, Nutanix.

Competitive positioning

The **main markets** in which Relatech operates are **ICT services and ICT software and solutions**. These are **highly fragmented, competitive markets** with **numerous players** of different sizes, both domestically and internationally. The group of competitors is extremely varied and diverse, and includes: international system vendors, international consultancy companies and a range of listed Italian SMEs, such as system integrators, local software houses and ICT providers.

Over the years, Relatech has gradually expanded its range of products and services, offering digital solutions in various areas: Cloud, Customer Experience, Big Data, Artificial Intelligence, Blockchain, Internet of Things, Cyber security. As a result, the panel of competitors has also expanded to include companies focusing on specific segments or providing a wider range of solutions. Other direct competitors include IT multinationals with which the company has also established technological partnerships, such as IBM, Oracle, Nutanix and Microsoft.

Below is a more in-depth analysis of the company's competitive environment using Porter's five forces model.

Rivalry within the industry – 5

The IT consultancy and Digital Enabler market (Cloud, Cyber Security, AI, IoT, Big Data, Blockchain, CX, A&VR) features a very high level of competitiveness, with the presence of many national and international players of considerable size, who therefore benefit from major financial resources and economies of scale.

Threat of new entrants - 3

Overall, barriers to entry are moderate to low, and investments to enter the digital market are not onerous, hence the fierce competition is exacerbated by the possible entry of new players. Nevertheless, reputations built up over the years and consolidated relationships with clients are extremely important assets that can contribute to mitigating the threat from new entrants.

Threat of substitutes - 4

Threat of substitutes is high in the digital sector and closely related to a number of factors:

- Capacity for product and service innovation;
- Capacity for anticipating client needs;
- Capacity for predicting future technological developments and trends in core markets.

Considering the swift and ongoing technological development that augments the risk of obsolescence of technological solutions already on the market, massive and constant investments in R&D can help to offset the threat of substitutes.

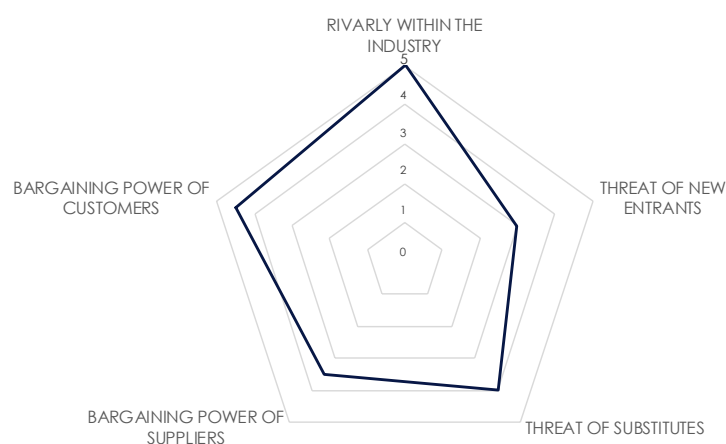
Bargaining power of suppliers – 3.5

Suppliers have moderate bargaining power. This power does not exist when a business is conducted following a vendor-neutral approach, as is the case at Relatech.

Bargaining power of customers – 4.5

Customer bargaining power is high. In the digital sector, clients often request bespoke applications, vertical solutions, and personalised software in line with the demands of their business. Fierce competition in the industry as well as the availability of alternative products cut substitution costs for purchasers.

Digital Sector – Porter's Five Force Analysis



Source: Intermonte Sim. Legend: 0 – No threat; 1 – Very Low; 2 – Low; 3 – Moderate; 4 – High; 5 – Very High

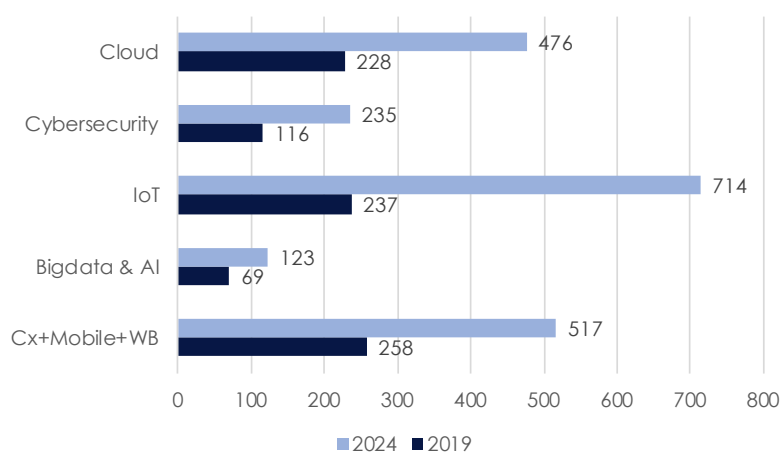
Reference Market

Global Market

Although Relatech only has offices in Italy at present, the company carries out a significant part of its activities with multinationals, serving foreign markets (~50% of turnover realized abroad). For this reason, before concentrating on the Italian market, we will take a brief look at the world market, which should increasingly become the company's core market, in part due to the acquisitions made to increase the Group's geographical diversification.

According to statistics from Gartner (Global It Market data presented by Gartner at its virtual IT Symposium/XPO 2020 American Event), the estimated potential of the world-wide digital innovation market for technologies such as Cloud, Cybersecurity, IoT, Big Data, and AI is \$2,000bn in 2024, a CAGR of 18% for the 2018-2024 period.

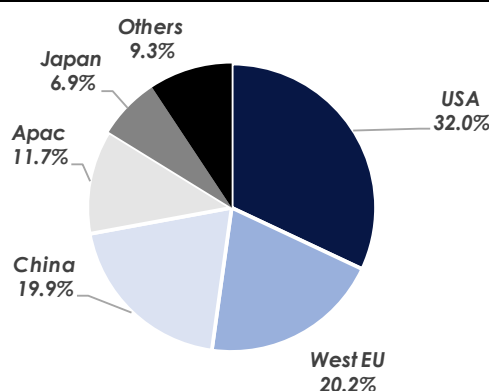
Worldwide Digital Enablers



Source: Global It Market data presented by Gartner at its virtual IT Symposium/XPO 2020 American Event

Globally, the most important markets are the USA (32% of world market), Western Europe (20.2%) and China (19.9%).

Worldwide Market By Geography



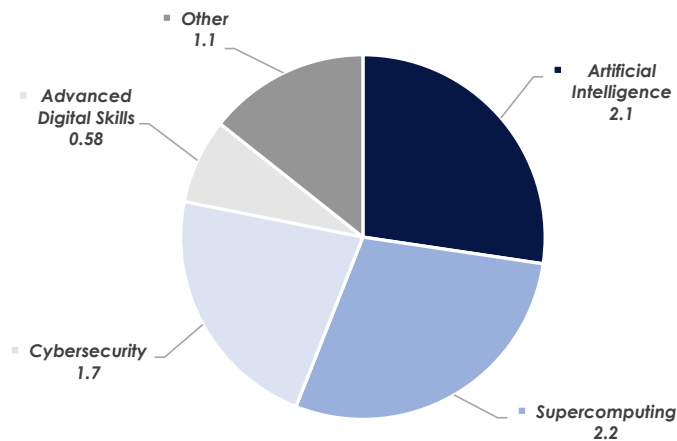
Source: Global It Market data presented by Gartner at its virtual IT Symposium/XPO 2020 American Event

In Europe, the market of greatest relevance for our analysis, the 2019 EU Survey on Industrial R&D Investment Trends confirmed an increase in R&D investment at a sample of 131 companies (ca. 4.5% between 2019 and 2020), and the themes of most interest were still Big Data, Artificial Intelligence, and IoT. The European Union wishes to continue supporting the growth of its Member States by continuing the Horizon programme until 2027, giving the digital market top priority in the Recovery Plan. In the next two paragraphs we present the two plans, which in our view should support visibility on company growth for the coming years.

European Digital Programme and Horizon Europe

As part of the MFF 2021-2027, significant European funds are set to be unlocked for digital initiatives, with AI, cybersecurity, and supercomputing among the core areas of focus. The European Commission has set up the **Digital Europe programme** to accelerate recovery and drive the digital transformation of Europe over the next few years (2021-2027) by unlocking an overall budget of **Eu7.5bn** (at current prices). The programme aims to boost investments in key fields such as Artificial Intelligence (Eu2.1bn), Supercomputing (Eu2.2bn), Cybersecurity (Eu1.7bn), and Advanced Digital Skills (Eu0.58bn), and ensure the widespread use of digital technologies throughout the economy and society (Eu1.1bn).

European Digital Programme at a glance – (Eu bn)



Source: EU Commission

It is worth also mentioning **Horizon Europe**, the European funding programme for research and innovation that will continue the work of Horizon 2020 but will be strengthened to fund research in health, resilience, digital and green transition. It includes a dedicated budget for Digital and Industry in order to develop research and high-end innovation in enabling technologies (AI, Robotics, Next Generation Internet, High Performance Computing, Big Data). The total budget for Horizon Europe is **Eu94.4bn** (Eu105.8bn at current prices).

Several thematic areas addressed by Horizon Europe and the Digital Europe programme appear to overlap, but they are actually complementary, i.e.:

- **Digital Europe Programme** will focus on large-scale digital capacity and infrastructure building with the objective of wide uptake in the market and deployment of digital solutions.
- **Horizon Europe** will support research and technological development.

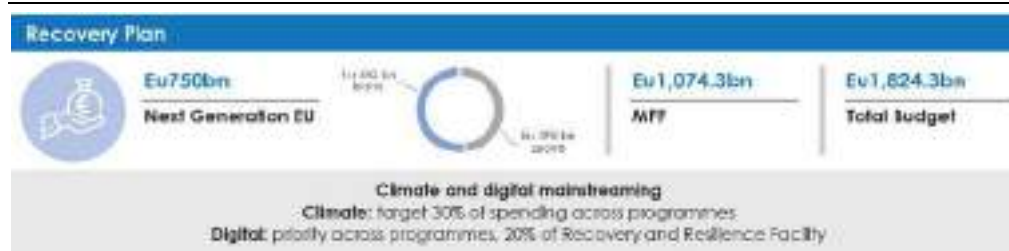
European Recovery Plan

On **17th December 2020**, following the European Parliament's approval, the Council adopted the regulation on the **EU's Multiannual Financial Framework (MFF) for 2021-2027**. The regulation established a long-term EU budget for the EU27 of **Eu1.074,3bn** at 2018 prices, which will cover seven spending areas.

The MFF, together with the **Eu750bn** in extraordinary recovery instruments contained in the **Next Generation EU** plan, will allow the EU to provide more than **Eu1.8tn** of funding in the coming years to enable a recovery from the Covid-19 pandemic and help transform the EU by supporting the **European Green Deal** and **digital transformation**. Most sector-specific EU funding programmes are expected to be adopted in early 2021 and will apply retroactively from the beginning of 2021.

Italy is set to be one of the largest beneficiaries of the recovery instruments, and should receive Eu222.9bn, as on top of the initial Eu209bn of NGEU funds there is Eu13bn from the European ReactEu programme.

Recovery Plan at a Glance



Source: EU Commission

Expenditure under the MFF 2021-2027 and NGEU are to be consistent with:

- EU objective of being climate-neutral by 2050;
- EU 2030 climate targets;
- Paris Agreement.

Additionally, **30% of the total expenditure** should be allocated to **climate-related projects**, while **20% of the Recovery and Resilience Facility** (under NGEU) should be allocated to **digitalisation**.

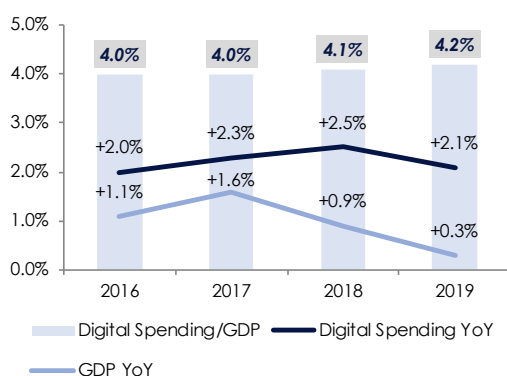
In order to access RFF funds, each Member State should prepare a **national Recovery and Resilience Plan** setting out its own reform and investment agenda to be implemented up to 2026. The plans should demonstrate how the investments and reforms would address challenges identified in the context of the European Semester, in particular the **green and digital transitions**.

Even if the deadline for submission of plans is 30 April 2021, the Commission is encouraging Member States to submit their preliminary draft plans from 15 October 2020. Pre-financing for the recovery and resilience facility will therefore be deposited in 2021 and should come to 13% of the total. Such payments could be made upon approval of the plan through an implementing decision by the Council and the adoption of the legal commitment by the Commission, meaning that funds could already start flowing in the first half of 2021.

Italian Market

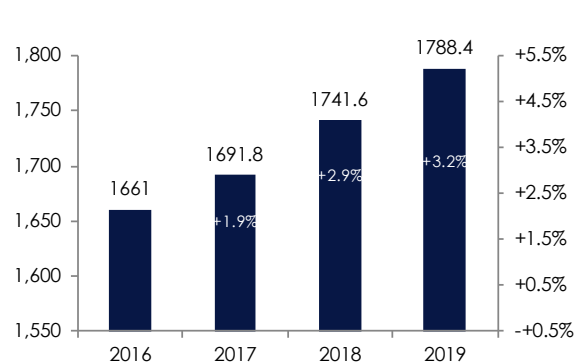
According to the Digital Italy 2020 report ("Il Digitale in Italia" by Confindustria digitale, Anitec-Assinform), in the last four years, digital spending in Italy has grown at a faster rate than GDP. The greater dynamism, driven by the digital transformation in all sectors of use, accelerated further from 2018, the year in which the growth of the digital market was 2.5% versus GDP growth of 0.9% thanks to full implementation of the digitalisation plans and the Industry 4.0 plan. The gap seen between digital market trends and the overall Italian economy is structural, and this is confirmed by the growing weight of the digital market on GDP, which in the 2017-2019 period rose from 4.0% to 4.2%. Observing digital spending per person in employment, with reference just to the business segment, a steady increase can be seen from Eu1,661 in 2016 to Eu1,788 in 2019.

Digital Spending in Italy



Source: Il Digitale in Italia 2020, Anitec-Assinform

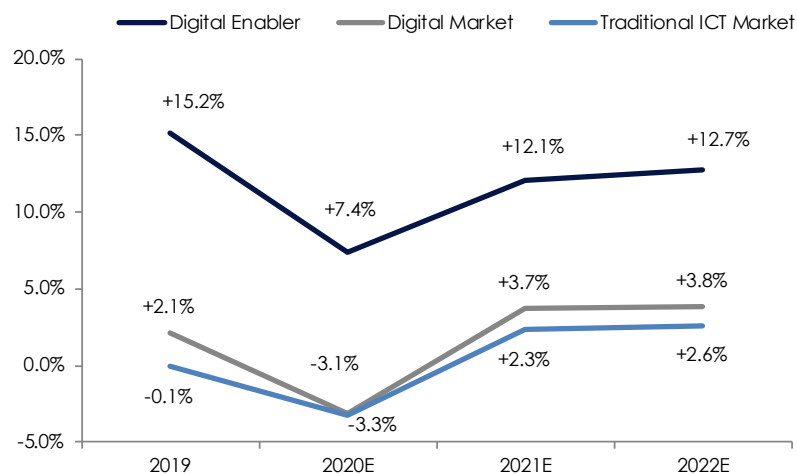
Digital Spending/employed



Source: Il Digitale in Italia 2020, Anitec-Assinform

The performance of the digital market in 2019 confirmed the growing gap between the traditional ICT market and digital enablers. In the face of substantial stagnation of the more traditional market segments, the overall digital market features higher growth, which is even more significant if the so-called Digital Enabler segment is included. In 2019, this segment recorded overall growth of 15.9% thanks to acting as the main lever for implementing digital transformation plans. In 2020, forecasts are clearly influenced by the impact of the pandemic, with an expected overall fall for the market of 3.1%, followed by a recovery in the following two years. Following the slowdown to +7.4% in 2020, Digital Enablers and Digital Transformers, the technologies that make the most direct contribution to company digitalisation, are expected to see a strong recovery to +12.1% and +12.7% in 2021 and 2022 respectively. On the other hand, demand for more established devices and application solutions is suffering; within these, the telecoms segment is in difficulty, mostly due to growing pressure on tariffs; the troubled state of telecoms is one of the main forces driving the contraction of the traditional market, whose recovery from 2021 looks like being far more limited (+2.3%/+2.6% in 2021/22).

Digital Market Trends



Source: Il Digitale in Italia 2020, Anitec-Assinform

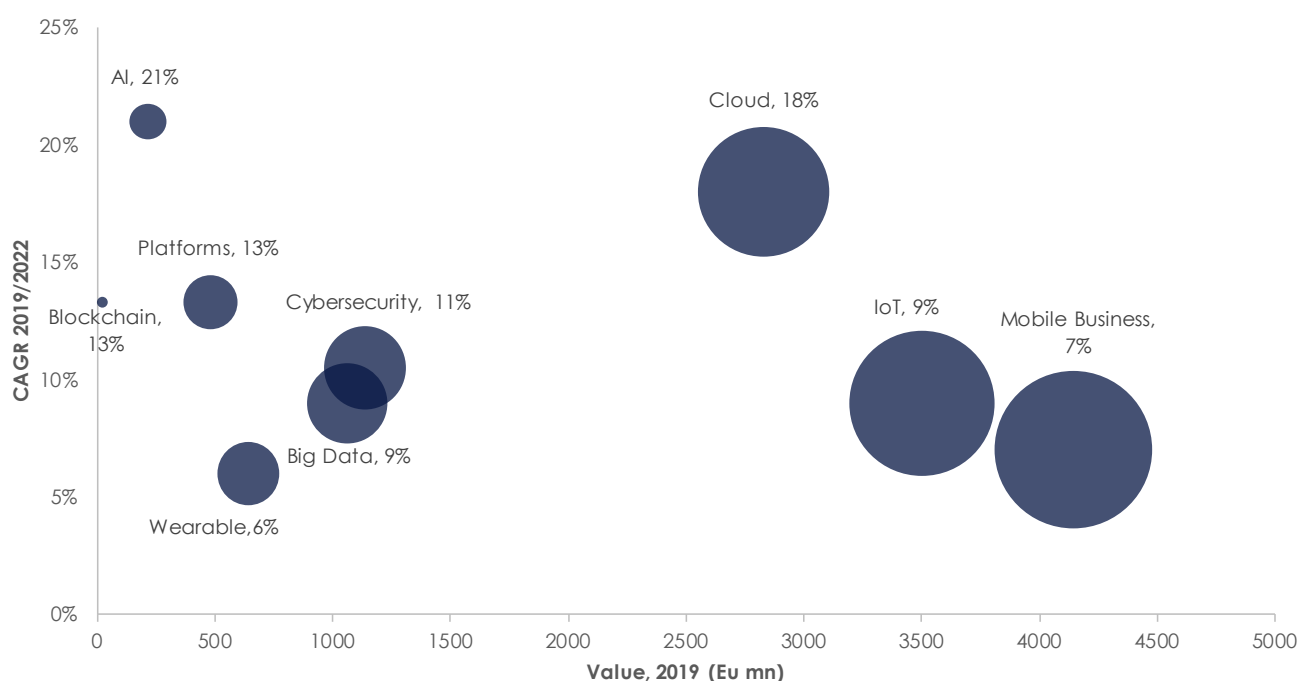
Analysis of the impact of Covid-19 on digital technology investments shows a variation in trends. An acceleration is being seen in the adoption of all digital instruments capable of helping companies to react, enabling new ways of working, optimising internal processes, developing digital channels for customer relations, and supporting the development of the company offering to customers. Spending on Digital Enablers will grow, although the size of the increase will vary from one segment to another due both to business dynamics and to factors specific to the public health emergency. The following is a list of the main drivers of demand in different segments.

- **Mobile business.** For Digital Enablers, this segment features the highest spending volume, estimated to increase at a 7% CAGR until 2022. Demand is driven by the need to adopt innovative and remote ways of working.
- **IoT.** The adoption of IoT platforms in 2019 constituted a market worth over Eu3.5bn; despite slowing in 2020, it will grow at a 2019/22 CAGR of 9%. The development of this market is driven by: industrial demand for platforms to simulate processes, products, services (digital twins); systems to forecast pinch points and points of failure, and to test future results.
- **Cybersecurity.** Covid-19 has accelerated the digitalisation of processes in all sectors and the extension of the functional perimeter of companies. This is leading to an increase in demand for Cybersecurity solutions; the market, which was worth c.Eu1.1bn in 2019, is expected to grow at a 10.5% CAGR to 2022.
- **Big Data.** companies continue to invest in the organisation and management of data, including of the unstructured variety, in order to enhance customer engagement and care, and to better understand customer requirements. The management of Big Data will increasingly focus on data flows at early stages of the supply chain, and also in this case the effective use and analysis of existing information assets will increasingly be key to the best management of production and distribution capacity. A topic that has always been strategic and whose importance has only been heightened by Covid-19: the market for Big Data solutions, worth Eu1.06bn in 2019, will increase at an average annual rate of 9% to 2022.

- **Web management platforms.** The use of digital channels has further intensified due to the Covid-19 pandemic. The need for business to boost online sales and communicate with customers through digital channels is supporting demand for solutions to manage e-commerce platforms, portals and websites. The market associated with these platforms is set to grow at a 13.3% CAGR between 2019 and 2022.
- **Wearable Technology.** In industry, the use of wearable devices is aimed, above all, at worker health and safety. The pandemic has added mandatory protection of workers from the risk of infection to the list of requirements. In 2019, the market was worth Eu642mn, and it is expected to grow at a CAGR of c.6% to 2022.
- **Blockchain.** This market, worth Eu22mn in 2019 and with a 13.3% CAGR to 2022, is still that of a niche technology that has not yet been used in large-scale projects, with the exception of the banking sector.
- **Artificial Intelligence.** The AI market is seen growing at CAGR for 2019/22 of +21%. The focus on health priorities that has been unleashed will drive the use of AI solutions to support diagnostics, experimentation, and the development of new medicines.
- **Cloud Computing.** This market reached just under Eu3bn at end-2019 and is expected to grow at an 18% CAGR until 2022. The Cloud remains one of the main Digital Enablers as it facilitates worker mobility, the simulation and monitoring of data, and data protection and monetisation.

Other technologies are still very much at the early adoption stage, but could accelerate in the next few years. The following in particular are worth noting: quantum computing in combination with big data and machine learning to support R&D processes in pharma; AR/VR (augmented reality/virtual reality) to support the remote execution of various kinds of production and commercial activities; drones for monitoring and managing crowds.

The Digital Enabler Market



Source: Il Digitale in Italia 2020, Anitec-Assinform

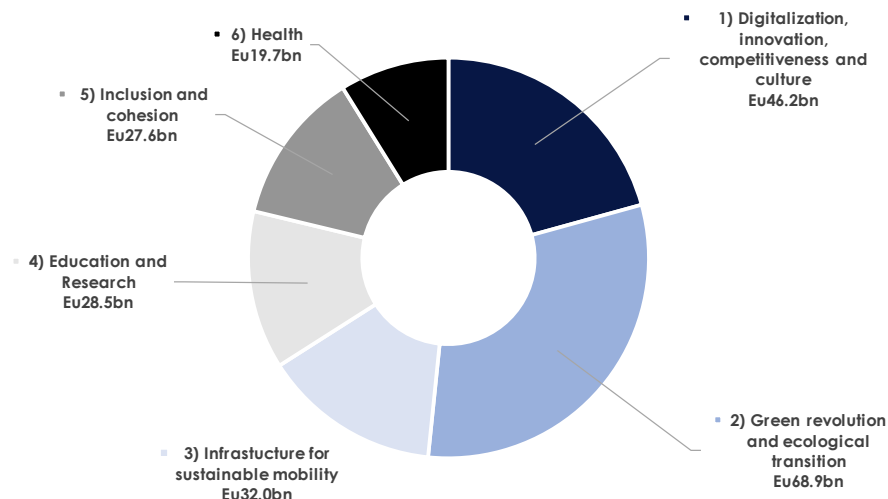
Italian Recovery Plan

On **12th January 2021** the final **179-page** version of the **National Recovery and Resilience Plan** was approved by Cabinet. We note that the presentation of the NRRP is a non-negotiable pre-requisite for gaining access to the Eu209bn of NGEU funds, as explained above, and the RFF Regulation requires that the National Recovery and Resilience Plans need to be presented formally by 30th April 2021.

The overall value of the National Recovery Plan is **Eu222.9bn**, as on top of the initial Eu29bn of NGEU funds there is the Eu13bn European ReactEu programme. The plan consists of **six missions** with **47 lines of action** for different projects, with the largest shares for the **digital** and green **transition**, respectively

20.7% and 30.9% of the total. The problem of the governance for the plan remains to be resolved and this will be tackled via a new decree.

Missions and figures for the National Recovery and Resilience Plan



Source: NRRP

The total amount for the first mission: **Digitalisation, innovation, competitiveness and culture (Eu46.2bn)**, c.21% of total funds, is divided into **three lines** with different related projects, as outlined in the chart below:

The first mission of the NRRP: Components and Figures

Components	Funds (Eu bn)
Digitalization, innovation, competitiveness and culture	46.2
1. Digitalization, innovation and security in public administration	11.5
2. Digitalization, innovation and competitiveness in production system	26.7
3. Tourism and culture	8.0

Source: NRRP

The first component is divided into several lines:

- a. **Public sector digitalization (Eu7.95bn)**, with the following proposed projects:
 - **Digital infrastructure and cybersecurity (Eu1.25bn)** – investments in developing highly reliable and efficient infrastructure for the provision of cloud services to the public sector.
 - **Data and interoperability (Eu1.13bn)** – interventions to make databases interoperable and accessible through an API catalogue that allows central and local public bodies to draw data down from the cloud, process it and provide services to citizens and companies, in line with the EU Data Strategy.
 - **Digital citizenship, services and enabling platform (Eu5.57bn)** – interventions for promoting the use of electronic identity verification (SPID and CIE), digital signatures and certified e mail; legally-binding notification of acts, resolutions, notifications and communications from public sector bodies; full public sector digitalisation; the creation of a cashless community (Eu5.57bn, of which Eu4.7bn already allocated for the Italia Cashless project).
- b. **Public sector modernisation (Eu1.50bn)**
- c. **Innovation in the organisation of the justice system (Eu2.00bn).**

The second component is divided into the following line:

- a. **Transition 4.0 (Eu18.98bn):** CapEx incentives for digital and green transition. The project is based on a tax credit for expenditure on capital goods (tangible and intangible 4.0), for investments in R&D, in innovation and development processes oriented towards environmental sustainability and in digital evolution. Disbursement of the tax break benefits

from simplified and accelerated procedures. This extension, starting from 2021, should allow greater involvements of SMEs that have to close a historical gap in terms of basic digitalisation. In addition, the plan, which will again benefit SMEs provides a wider pool of facilitated intangible capital goods and simplified and accelerated compensation mechanisms for the benefits accrued for companies with an average annual turnover of less than Eu5mn.

- b. SME financing and guarantee fund (Eu0.80bn);**
- c. Broadband, 5G and satellite monitoring (Eu4.20bn);**
- d. Microprocessor innovation and technology (Eu0.75bn);**
- e. Industrial supply chain and internationalisation policy (Eu2.00bn).**

Despite it being too early to assess the potential impact from the introduction of these measures, it is clear that this could significantly boost digital spending in the next few years, benefitting companies directly involved in this field such as Relatech.

3M Strategy: Merge, Management, Margin

Relatech follows a **3M Strategy: Merge, Margin, Management**, a strategic approach that enables the company to continue and accelerate its growth path within the Digital Enabler Technologies Market, which is highly competitive and offers wide margins for growth worldwide. Here follows detailed analysis of each M-component.

Merge

Since its foundation, Relatech has run an **M&A strategy** alongside internal initiatives, with external operations being among the **drivers of future growth**. The acquisitions made over the years contribute to:

- revenue growth;
- broadening the client base;
- acquiring new technological partnerships;
- better diversification of products and services;
- strengthening R&D;
- entering new markets;

Relatech – M&A time line



Source: Company data and Intermonte SIM

In 2020, Relatech carried out two strategic acquisition: Mediatech and Xonne.

Mediatech

On **3rd June 2020** Relatech signed a binding agreement for the purchase of **60% of the Mediatech capital**. Mediatech provides **cloud** and **cybersecurity solutions** and has offices in Milan and Brescia. Mediatech's expertise and technology will enable Relatech to consolidate its competitive positioning by strengthening its core business, diversifying its customer base and expanding its offer range. Closing of the deal is envisaged on 23rd June 2020.

Mediatech specialises in creating cloud solutions and infrastructure (private, hybrid, public, hyperconvergence), with a major focus on cyber security, and a qualified partner of big international vendors such as **Nutanix**, a leader in the construction of hyper-convergent cloud infrastructure. The acquired company closed 2019 with revenues of Eu3.6mn, adjusted EBITDA of Eu0.60mn (a margin of c.17%) and a net financial position of Eu0.10mn.

This **M&A deal** therefore takes on significant **strategic importance**, in terms of industrial partnerships with a cloud and cyber security specialist that allows Relatech to enrich and further augment its digital cloud-based platform RePlatform. In addition to its consolidated partnerships with big vendors like IBM, Oracle, and Microsoft, Relatech will also be able to generate new synergies with Nutanix.

The deal, which went through for c. Eu1.5mn (60% stake), stipulates a cash payment of c.Eu1mn on closing, subject to adjustments relating to the net financial position, effective at the date of share transfer, a further payment in kind through the sale of a total of 70,175 Relatech at Eu7.13 per share (a premium of 23% to the closing share price on the last day of trading before the deal was announced), as well as an earn-out to be calculated based on the achievement of Mediatech's performance parameters (average EBITDA) in the financial years up to 2022.

The sellers have committed to a 12-month lock-up on the Relatech shares acquired from closing of the deal. Furthermore, Relatech and the sellers signed a 5-year joint shareholders' agreement to regulate the terms and conditions of their relationship as Mediatech shareholders, as well as provisions for corporate governance and the transfer of shareholdings in the target company. The latter includes

reciprocal put and call options for the transfer of the residual Mediatech share capital in the medium term, with effect from 1st July 2023 and 1st January 2024 respectively, at a price to be determined based on a multiple of Mediatech's EBITDA net of the net financial position at the time of exercise.

Managerial continuity at Mediatech is guaranteed by the appointment of a CEO by the sellers.

Xonne

On **20th July 2020** Relatech announced the purchase of **53.50%** of the **Xonne share capital**. Xonne is an innovative SME based in Parma specialising in **virtual, augmented and mixed (or digital) reality applications and solutions**. It closed 2019 with revenues of Eu0.713mn.

This is a strategically important deal for a number of reasons:

- Xonne's ground-breaking technology will enable Relatech to strengthen its business model by reinforcing RePlatform, its cloud-based digital platform;
- Relatech will be able to develop new digital solutions using mobile technology and AR/VR both in Digital Customer Experience and Industrial IoT applications, and for the creation of the Digital Twins model for intelligent monitoring of industrial systems and processes, expanding and diversifying its offer;
- It will allow Relatech to penetrate new market sectors through cross-selling and up-selling activity with the aim of expanding the group's client base.

A price of Eu0.317mn was agreed for the purchase of 53.50% of the target company, and the deal was carried out through:

- a. The purchase of a 26.5% stake in the Xonne share capital, with the payment in kind of a total of 20,000 Relatech shares at a price of Eu7.85 per share (a 35% premium to the closing price on the last day of trading before the deal was announced);
- b. The subscription and release of an increase in the Xonne share capital, through a Eu0.16mn cash payment. Xonne shareholders committed to a lock-up on the Relatech shares purchased until 31st December 2022.

Relatech and the other Xonne shareholders have also signed a 5-year joint shareholders' agreement regulating the terms and conditions of their relationship as shareholders in Xonne, as well as provisions for corporate governance and the transfer of shareholdings in the company. The latter includes reciprocal put and call options for the transfer of the residual Xonne shares to Relatech in the medium term, with effect from 1st July 2023 and 1st September 2023 respectively, and for 3 months after each date, at a price to be determined based on Xonne's performance in the meantime, and in particular its achievement of the objectives set in the business plan agreed with Relatech and the other Xonne shareholders (which are not Relatech associates).

The binding agreements signed in relation to the deal include:

- other Xonne shareholders (that are not Relatech associates) have signed specific non-compete agreements;
- the previous Single Director of the target company has been appointed to the new Board of Directors as CEO, to ensure managerial continuity.

Management

Relatech has a strong corporate identity based on several key pillars:

- **Solid management, people development, talent attraction/retention** (80% of Relatech employees have a master's degree, 10% a PHD/Master, 100% have strong expertise in digital technologies);
- **Customer-first;**
- **Team building and leadership to create corporate identity;**
- **Cross fertilisation and best practise sharing;**
- **Execution and discipline for continuous and sustainable growth.**

Margin

The company intends to pursue its strategy by following six main lines:

Relatech – Six lines for Growth Strategy



Source: Company Report

Innovation

- Continued investments in research and development in the AI, Blockchain, and Cybersecurity areas;
- Increase partnerships with universities and research centres to create new areas of cutting-edge skills;
- Expand technological services with new specialist skills in the technological areas of RePlatform.

Factory

- Enhance internal expertise and skills with training plans;
- Improve efforts to attract talent and secure loyalty with incentive plans involving stock options and stock grants;
- Create innovative HUB distributed throughout Italy in partnership with universities for the acquisition of new talent.

Scalability

- Evolution of recurring revenues with replicable digital solutions;
- Use results of research and development activities within RePlatform;
- Increase technological and commercial partnerships.

Diversification

- Introduce new vertical solutions in emerging sectors (Industry 4.0, Agrifood, Lifescience);
- Increase cross-selling activities thanks to the modular nature of the offer (Digital Solutions);
- Maximise penetration in Europe and the USA and enter other international markets.

Loyalty

- Increase up-selling thanks to the modular offer (Digital Solutions);
- Increase customisation of tailored solutions according to customer needs (Custom Solutions);
- Increase the activities of Innovation Services with new roles specialising in the business areas of existing customers;

Offer

- Identify targets with Research and Development Activities in the Cloud, Cybersecurity, AR/VR, RPA, IoT sectors;
- Acquire targets with new international technological partnerships to enrich the RePlatform offer;
- Seek out new targets to increase the customer base in new sectors.

What's Next

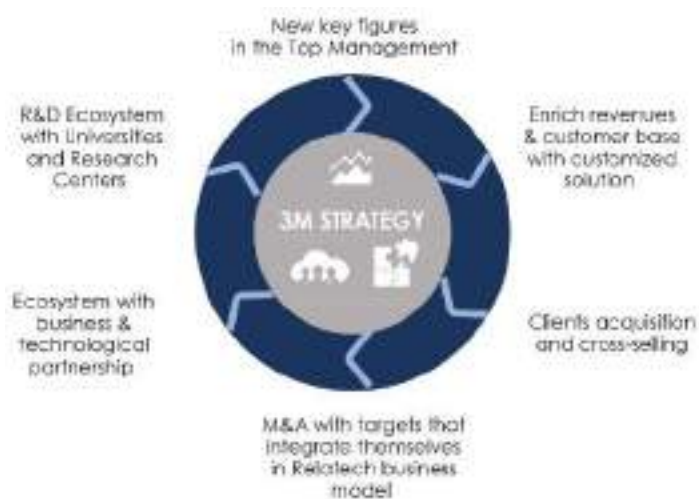
In the future, Relatech will continue to pursue its **3M Strategy**, and **future drivers of growth** are as follows:

Mergers: investments through M&A in target companies with specific leading-edge technologies, process expertise, customer bases in new sectors.

Management: investment in new managerial resources to strengthen governance, consolidate talent loyalty through incentive plans and brand strengthening; reinforce the partnerships with universities and research hubs in order to acquire new talent.

Margins: consolidation of technological leadership through new proprietary solutions offering recurring revenues.

Relatech – 3M Strategy for the Future Growth



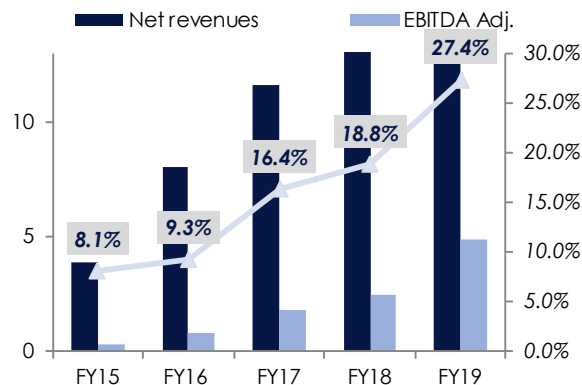
Source: Company Report

Financials

2015-2020 results

Before outlining our forecasts in detail, we will provide investors with a brief analysis of Relatech's historical results from 2015 to 2019, noting that past figures are not perfectly comparable as IAS accounting standards were applied as of 2018.

Relatech – Revenues and Margin Trends (2015-2019)



Source: Company Report

Net Revenues

Relatech's net revenues have grown at a 5Y CAGR of 35.7% to Eu18mn in 2019 from Eu3.9mn in 2015. This impressive growth was made possible by several factors: 1) strong market demand for digital solutions; 2) the development and expansion of the proprietary cloud-based RePlatform; 3) strategic M&A activity (6 deals over the 2015-2019 period) that has strengthened Relatech's positioning in its core business and also brought in new technologies, new industrial partnerships and new customers; 4) a steady but constant increase in the customer base; 5) a fully committed management team with strong execution ability.

EBITDA

The sharp top line increase was reflected in sound profitability. Over the period under consideration, EBITDA grew at a 75% 5Y CAGR, with 2019 adj. EBITDA closing at Eu4.9mn. In 2019, the EBITDA margin came in at 27.4% (vs 2015 figures of 8.1%), a 19.3bp expansion on 2015 figures. This excellent margin performance was mainly due to the scalability of RePlatform and in parts to the contribution of the newly-acquired companies.

Preliminary results 2020

On 3rd February, the group reported preliminary 2020 results.

Pro-forma group revenues following the acquisition of Mediatech and Xonne came to ~ Eu20.4mn (vs Eu17.9mn in FY19), up 14% YoY and composed as follows:

- ~ Eu16.1mn: consolidated revenues of the group (Relatech, Relatech Consulting, Ithea, OKT);
- ~ Eu3.4mn: Mediatech revenues;
- ~Eu0.9mn: Xonne revenues;

Consolidated sales amounted to Eu18.3mn (+2% YoY). **Recurring revenue** (pro-forma) accounted for **27% of total turnover**, Eu1.6mn better than the corresponding figure at the end of 2019 (+41%).

The net financial position was positive at Eu2.4mn (vs Eu0.7mn in FY19), despite the extraordinary cash outflows that took place in 2020 for:

- Purchase of treasury shares (Eu2.8mn);
- M&A transactions – Mediatech and Xonne – (Eu1.2mn)

On the other hand, extraordinary cash inflows recorded during 2020 refer to proceeds from the exercise of warrants (Eu3.5mn).

2020-2023 Estimates

In the following paragraphs we illustrate the assumptions behind our estimates for the period 2020-2023. As a clarification, we remind you that our estimates are presented on a consolidated basis and not on a pro-forma basis.

Income statement

Top line trends. We forecast the company's **value of production** will increase at a **18.3% CAGR** in the **2020-2023** period, reaching Eu41.7mn mainly as a result of:

- 1) **sustained growth** in the reference market, which we estimate will even accelerate following the pandemic thanks to the adoption of IT solutions by Italian corporates;
- 2) the **increased offer of solutions** through **RePlatform**, which should target new end-markets;
- 3) the **increased incidence of recurring revenues** on total turnover (27% of total revenues in 2020 according to preliminary data);
- 4) the contributions of **Mediatech** and **Xonne**, companies acquired in 2020 and that will augment Group results from mid-2020;
- 5) an **increase in the customer base** thanks to the Relatech product offering and the new clients acquired through the takeovers of Mediatech and Xonne. This will allow the company to decrease client concentration;
- 6) **Cross-selling synergies** with the acquired companies.

We highlight that the value of production includes capitalised costs deriving from the major R&D activity carried out by the company. In 2019, R&D spending amounted to around 21% of Relatech's revenues, with some 50% capitalised. As a rule of thumb, we assume a similar trend in the coming years. Moreover, "other revenues" includes, *inter alia*, the tax credit for R&D investments, as well as the company's share of the tax credit for IPO expenses.

We would also highlight that our estimates do not fully incorporate the benefit that could arise from the launch of the European Recovery Fund (see the section on this issue), which could provide a further boost to the company's P&L.

EBITDA growth. From a profitability standpoint, we estimate a **2020-2023 adj. EBITDA CAGR of 25.1%**, with the adj. EBITDA margin rising from 23.1% in 2019 to 28.9% in 2023 as we expect the additional profitability coming from the **scalability of RePlatform** to largely **compensate** the **consolidation of the newly-acquired companies**, which at the moment offer lower margins (the goal is to bring profitability up to group levels in the medium term), and **investments in qualified personnel**, which should lead to an increase in personnel costs.

Moving down the P&L, between EBITDA and net profit we assume the following:

- **D&A:** expected to grow from Eu0.643mn in 2019 to Eu1.6mn in 2023 due to the amortisation of the R&D investments carried out in the period and the consolidation of Xonne and Mediatech;
- **Interest charges:** financial charges are expected to remain very low thanks to a positive cash position coupled with a low cost of debt;
- **Tax rate:** we expect it to remain at the 2019-2018 level of around 30%;
- **Minorities:** should increase as a result of the positive results expected at the companies where Relatech does not own 100% of the share capital.

Given the afore-mentioned developments, we forecast **Adj. net profit growth** from Eu2.941mn in 2019 to Eu7.284mn in 2023, a **25.5% CAGR**.

Relatech – P&L

(Eu mn)	2018A	2019A	2020E	2021E	2022E	2023E
Value of Production	14.863	21.315	23.444	30.484	35.667	41.730
<i>YoY growth</i>	35.1%	43.4%	10.0%	30.0%	17.0%	17.0%
EBITDA adjusted	2.487	4.921	5.956	8.038	10.034	12.051
<i>EBITDA margin</i>	16.7%	23.1%	25.4%	26.4%	28.1%	28.9%
EBITDA reported	2.487	4.757	5.506	7.038	8.234	9.551
<i>YoY growth</i>	38.2%	91.3%	15.7%	27.8%	17.0%	16.0%
<i>EBITDA margin</i>	16.7%	22.3%	23.5%	23.1%	23.1%	22.9%
D&A	(0.085)	(0.643)	(1.000)	(1.200)	(1.400)	(1.600)
<i>on VoP</i>	0.6%	3.0%	4.3%	3.9%	3.9%	3.8%
EBIT reported	2.402	3.826	4.506	5.838	6.834	7.951
<i>EBIT margin</i>	16.2%	18.0%	19.2%	19.2%	19.2%	19.1%
Net financial charges	(0.038)	(0.076)	(0.073)	(0.043)	0.011	0.075
Pretax	2.365	3.750	4.433	5.795	6.846	8.026
Taxes	(0.748)	(1.168)	(1.108)	(1.739)	(2.054)	(2.408)
<i>tax rate</i>	-31.6%	-31.1%	-25.0%	-30.0%	-30.0%	-30.0%
<i>Minorities</i>	(0.051)	(0.048)	(0.055)	(0.064)	(0.073)	(0.084)
Net income	1.565	2.534	3.270	3.993	4.719	5.534
<i>YoY growth</i>	11.8%	61.9%	29.0%	22.1%	18.2%	17.3%

Source: Company data (A) and Intermonte SIM estimates (E)

Balance sheet and cash flow statement

The company's fixed assets are mainly intangible, the result of investments carried out in previous years, especially in R&D. We assume that fixed assets in the coming years will increase at around Eu12.8mn, a level that enables the company to maintain relatively limited invested capital, and therefore to achieve a higher return on capital employed than most of its larger competitors (we assume a 33.0% ROCE after tax on average for 2020-2023).

We forecast **investments** amounting yearly to around **Eu2mn in the 4-year period**, mainly related to the **expansion of RePlatform**, which we will expect will be enriched with new applications that will allow the targeting of new end-markets and the strengthening of the company's presence in areas where it already has a foothold. As for **NWC**, our estimates imply substantial stability of the impact on total revenues at around 14% on average after the sharp decline expected in 2020.

We assume that the company will continue to **retain its earnings** in the coming years, preferring to invest in research and development and pursue potential external growth opportunities rather than pay dividends. We highlight that the already **solid capital structure** may even be reinforced once the outstanding warrants are fully exercised, bringing in more than Eu8mn.

Bearing these factors in mind, we would expect the **NFP to remain positive** throughout the entire period of analysis, reaching **Eu14.1mn as at the end of 2023**, with **FCF expected** to average **Eu3.9mn per year**.

Relatech – Balance Sheet

(Eu mn)	2018A	2019A	2020E	2021E	2022E	2023E
Tangible Assets	0.256	0.290	0.440	0.440	0.440	0.440
Intangible Assets	2.573	6.627	10.527	11.327	11.927	12.327
Financial Assets	0.020	0.022	0.022	0.022	0.022	0.022
Fixed Assets	2.849	6.939	10.989	11.789	12.389	12.789
Inventories	0.000	0.000	0.422	0.477	0.559	0.654
Trade Receivables	2.777	4.696	4.794	5.636	6.595	7.716
Trade Payables	-0.986	-0.772	-0.787	-1.003	-1.153	-1.335
Net Working Capital	2.064	2.751	2.943	3.280	3.789	4.405
Provisions	0.000	(0.288)	(0.288)	(0.288)	(0.288)	(0.288)
Employees benefits	(0.620)	(0.998)	(1.132)	(1.361)	(1.525)	(1.803)
Others	(0.266)	(0.381)	(0.381)	(0.381)	(0.381)	(0.381)
Net capital employed	4.026	8.023	12.131	13.039	13.984	14.722
Total equity	2.913	8.726	11.995	15.987	20.705	26.237
NFP	-1.114	0.703	2.425	5.509	9.282	14.076

Source: Company data (A) and Intermonte SIM estimates (E)

Relatech – Cash Flow

(Eu mn)	2018A	2019A	2020E	2021E	2022E	2023E
Net Profit	1.565	2.534	3.269	3.992	4.718	5.533
D&A	0.085	0.931	1.000	1.200	1.400	1.600
Change in Working Capital	(2.064)	(0.688)	(0.192)	(0.337)	(0.509)	(0.616)
Change in funds	0.886	0.781	0.135	0.229	0.164	0.278
Other	0.000	0.000	0.000	0.000	0.000	0.000
Operating CF	0.472	3.558	4.212	5.084	5.773	6.795
Capex (Tang & Intang)	(2.800)	(4.733)	(2.000)	(2.000)	(2.000)	(2.000)
Acquisitions	0.000	0.000	(1.160)	0.000	0.000	0.000
Disposals	0.000	0.001	0.000	0.000	0.000	0.000
Dividends	0.000	(0.250)	0.000	0.000	0.000	0.000
Share Buy-back	0.000	0.000	(2.800)	0.000	0.000	0.000
Rights Issue/ ipo	0.000	4.100	3.471	0.000	0.000	0.000
Other	1.214	(0.860)	0.000	0.000	0.000	0.000
Cash Flow	(1.114)	1.816	1.723	3.084	3.773	4.795
NFP at the beg. of the year	0.000	(1.114)	0.703	2.425	5.509	9.282
Cash Flow: Cash/(Debt)	(1.114)	1.816	1.723	3.084	3.773	4.795
NFP at year end	(1.114)	0.703	2.425	5.509	9.282	14.076

Source: Company data (A) and Intermonte SIM estimates (E)

Valuation

Summary

We are setting a target price of Eu3.80 per share for Relatech. This is obtained from the simple average of a DCF-based valuation (Eu3.80) and a peer comparison (ranging from Eu3.5 to Eu4.1). Our target price offers 30% upside to yesterday's close.

Given that the target price resulting from our analysis would be above the highest exercise price of the outstanding warrants, we assume full dilution from the warrants. As a consequence, the NOSH increases from 32,767,521 to 42,357,750, while the proceeds for the company will be between Eu8.2mn and Eu9.1mn, depending on the exercise price (for simplicity's sake, we are assuming the mid-range).

Valuation Summary

	Equity Value EUR mn	Weight	Weighted valuation
DCF valuation (WACC @ 7.0%, g @3.0%)	158.9	50%	79.5
EV/EBITDA 2021	146.3	17%	24.4
EV/EBIT 2021	175.5	17%	29.3
PE 2021	166.0	17%	27.7
SUM			160.8
NOSH fully diluted			42.4
Target Price (Eu per share)			3.80
Current Market Value			2.92
Upside/(Downside)			30%

Source: Intermonte SIM estimates

Relatech implied valuation @ current prices

	2019 A	2020 E	2021 E	2022 E	2023 E
PE	32.5x	26.5x	20.4x	16.0x	13.1x
PE ex-cash	32.3x	25.9x	19.2x	14.5x	11.2x
EV/SALES	4.5x	4.0x	3.0x	2.4x	2.0x
EV/EBITDA	19.3x	15.7x	11.2x	8.6x	6.8x
EV/EBIT	22.2x	18.8x	13.2x	10.0x	7.8x

Source: Intermonte SIM estimates

Relatech implied valuation @ our target price

	2019 A	2020 E	2021 E	2022 E	2023 E
PE	54.7x	44.6x	34.3x	26.9x	22.1x
PE ex-cash	51.5x	41.6x	31.3x	23.9x	19.0x
EV/SALES	7.1x	6.4x	4.8x	4.0x	3.3x
EV/EBITDA	30.8x	25.2x	18.3x	14.3x	11.5x
EV/EBIT	35.4x	30.2x	21.5x	16.6x	13.2x

Source: Intermonte SIM estimates. Multiples assume a fully exercise of warrants and the relative cash-in

Peer comparison

As we highlighted in the competitive scenario paragraph, Relatech operates in highly fragmented, competitive markets with numerous players of different sizes, both domestically and internationally. The group of competitors is extremely varied and diverse, and includes: international system vendors, international consultancy companies and a range of listed Italian SMEs, such as system integrators, local software houses and ICT providers.

We have therefore drawn up a set of listed companies displaying some similarities with Relatech. We then divided this large peer group into two buckets, reflecting the diverse profiles of the comparable companies we identified:

- **Bucket 1:** Italian small/mid-caps active in the tech industry.
- **Bucket 2:** International companies active in the tech industry.

A brief description and the key valuation metrics and financial features of our peer group are summarised in the tables below.

Bucket 1: Italian small/mid-caps active in the tech industry

Cy4gate: Italian software company created in 2014 and listed since June 2020, subsidiary of the primary Italian defence Group Elettronica. It is among the European leaders in the fields of cyber intelligence, cyber security and cyber electronic warfare software solutions. The high technological content of CY4gate's proprietary turnkey software offering addresses a clientele primarily made up of government bodies, but with an increasing presence of corporate entities.

Cyberoo: Founded in 2008, Cyberoo is a managed service provider present in the IT outsourcing segment with a strong focus on cybersecurity services. The company is part of the SEDOC group (private company) and has been listed on the AIM segment of the Italian stock exchange since its IPO on 7th October 2019. The company serves over 600 corporate clients, mostly in Italy, and it employs over 100 people across Italy and the Ukraine.

Reply: specialises in the design and implementation of solutions based on new communication channels and digital media. Reply is a network of highly specialised companies that supports key European industrial groups (operating in telecoms, media, industry, services, banking, insurance and public administration) with the definition and development of business models enabled for the new paradigms of big data, cloud computing, digital media and the Internet of Things. Reply services include consulting, system integration and digital services.

Tinexta: is one of the leaders in Italy in its four areas of business: Digital Trust, Cybersecurity, Credit Information & Management and Innovation & Marketing Services. The Digital Trust Business delivers products and services for digitisation, electronic invoicing, certified e-mail (PEC) and digital signatures as well as services for professionals, associations and SMEs. The Credit Information and Management division offers services to support decision making such as corporate financial statements and real estate information, aggregate financial reports, synthetic ratings, decision models, credit ratings and credit recovery, while RE Valuta offers real estate appraisals and evaluations. Finally, at the Innovation & Marketing Services business, Warrant Hub is the leader in consultancy for obtaining subsidised financing and undertaking industrial innovation, while Co.Mark furnishes temporary export management consultancy to SMEs to assist their commercial expansion. The company has recently entered the cybersecurity sector thanks to the acquisition of Yoroï, Swascan and the R&D division of Corvallis.

Wiit: is a pure provider of critical cloud computing services for enterprises, mostly under hosted private cloud and hybrid cloud models. Wiit has gained a leading position in the management of ERP systems (SAP, Oracle, Microsoft), and assembled an outstanding portfolio of references (60 active clients). Wiit has two data centres, one of which is certified Tier IV (the highest certification available).

Neosperience: Founded in 2006, the company develops and operates software platforms for the digital experience. It is a digital customer experience cloud that empowers organisations to understand, engage and delight digital customers. The firm delivers customer-facing, business and conversational apps to enhance their brand and product experience.

Eurotech: develops electronic computers and software solutions. It operates through the following segments: NanoPC and High Performance Computers. The NanoPC segment creates miniaturised computers for special uses in the form of an embedded board; an application-ready subsystem or platform; and a ready-to-use device for the transportation, logistics, defence, security, medical and industrial sectors. The High-Performance Computers segment designs and creates supercomputers for research institutions and computing centres as well as advanced sectors such as nanotechnology, biotechnology and cyber security.

Bucket 2: International small/mid-caps active in the tech industry

Generix Group (France): the company develops software as a service (SaaS) applications and engages in the provision of logistics software solutions through the Generix Supply Chain Hub platform. Its activities include enterprise resource planning, supply chain management, cross-channel enterprise application integration, and electronic data interchange.

Axway (France): French company engaged in software publishing. Its products include application programming interface security and management; cloud solutions; mobile enablement; managed file transfer; service-oriented architecture governance; business-to-business integrations; electronic data interchange solutions. The company offers services such as consulting, implementation, managed software, and training.

D4i4 Solutions (UK): company engaged in creating, marketing, and selling software products. Its services include collection of data from all consumer touchpoints, using its patented customer data platform software, data management services for data platforms including hosting, private, cloud, public cloud and application management. The firm also provides insight and models using analytical data platforms to join dissimilar data sets into a single environment.

Iomart group (UK): engages in the provision of cloud computing services. It operates through the Easyspace, and Cloud Services segments. The Easyspace segment offers a range of shared hosting and domain registration services to micro, and small and medium-sized enterprises. Cloud Services segment includes managed cloud computing facilities and services, through a network of owned datacentres, to the larger small and medium-sized enterprises, and corporate markets.

Netcompany Group (Denmark): it engages in the provision of information technology services. The company operates through the Public Sector, and Private Sector segments. The Public Sector segment offers end-to-end information technology services to central and local government. The Private Sector segment delivers business critical information technology solutions covering various areas such as e-commerce, billing, document and case management, system integration, customer relationship management and enterprise risk management, artificial intelligence and information management.

Cancom (Germany): company engaged in the provision of information technology (IT) infrastructure and professional services. It operates through two segments: Cloud Solutions and IT Solutions. The Cloud Solutions segment comprises the cloud and shared managed services business. The IT Solutions segment offers comprehensive support for IT infrastructure and applications.

Bechtle (Germany): it engages in the provision of information technology services and operates through the IT System House & Managed Services, and IT E-commerce segments. The IT System House & Managed Services segment offers strategy consulting services, as well as sale of hardware, software, and application solutions. Furthermore, the firm provides project planning and roll-out, system integration, cloud services, and maintenance and training services. It can also be tasked with operating a client's complete IT infrastructure as a managed service. The IT E-commerce segment offers its clients within a multi-brand strategy, telephone and internet hardware, as well as standard software via the Internet and telesales under the Bechtle direct and ARP brands.

Fortinet (USA): It provides cybersecurity solutions to a variety of businesses, such as enterprises, communication service providers and small businesses. It operates in the following segments: Network Security; Infrastructure Security; Cloud Security; and Endpoint Protection, Internet of Things and Operational Technology.

Relatech peers: financial metrics (1/2)

Company name	Mkt cap (EU mn)	Sales growth			EBITDA Adj. margin %			EBIT adj. margin %		
		2020E	2021E	2022E	2020E	2021E	2022E	2020E	2021E	2022E
Bucket 1: Italian Tech Companies										
Cy4Gate*	134	67.4%	39.7%	40.6%	42.4%	33.6%	38.1%	33.0%	22.5%	27.4%
Cyberoo*	56	13.9%	70.8%	62.1%	25.6%	32.5%	48.7%	0.8%	16.6%	38.2%
Reply*	3,992	5.0%	12.8%	10.1%	15.9%	16.1%	16.1%	13.0%	13.1%	13.3%
Tinexta*	944	4.5%	8.6%	4.9%	30.1%	30.4%	30.6%	21.3%	22.4%	22.9%
Wii*	403	50.6%	39.7%	9.8%	35.8%	38.3%	40.3%	19.1%	22.2%	25.5%
Neosperience SpA	38	15.0%	33.3%	32.0%	25.1%	26.1%	29.9%			
Eurotech S.p.A.	165	-31.4%	24.3%	17.2%	10.3%	15.5%	18.9%	4.3%	10.8%	14.8%
Bucket 2: International Tech Companies										
Generix Group SA	177	-1.9%	6.1%	4.7%	12.1%	16.2%	18.5%	6.7%	10.7%	13.0%
Axway Software SA	552	-0.5%	6.3%	6.8%	10.1%	10.7%	12.4%			
D4i4 Solutions plc	143	0.0%	10.8%	9.5%	16.6%	17.2%	20.1%	14.7%	15.6%	18.6%
iomart Group plc	403	2.1%	4.3%	3.9%	37.3%	37.6%	37.5%	20.0%	20.4%	20.5%
Fortinet, Inc.	20,758	19.1%	15.4%	14.7%	29.4%	29.2%	29.3%	26.5%	26.3%	26.8%
Netcompany Group A/S	3,862	15.7%	17.9%	18.4%	29.3%	27.4%	28.1%	24.5%	23.6%	24.6%
CANCOM SE	1,956	7.4%	9.4%	8.2%	6.9%	7.6%	8.1%	3.8%	4.7%	5.6%
Bechtle AG	7,665	7.7%	10.7%	9.1%	6.4%	6.3%	6.3%	4.8%	4.8%	4.8%
Median Italian peers		13.9%	33.3%	17.2%	25.6%	30.4%	30.6%	16.1%	19.4%	24.2%
Median International peers		4.7%	10.0%	8.7%	14.3%	16.7%	19.3%	14.7%	15.6%	18.6%
Median		7.4%	12.8%	9.8%	25.1%	26.1%	28.1%	14.7%	16.6%	20.5%

Source: FactSet and Intermonte SIM proprietary estimates (*). Prices as of 02/02/2020

Relatech peers: financial metrics (2/2)

Company name	Mkt cap (EU mn)	EPS growth %			CAPEX/Sales			Net Debt (Net cash)/EBITDA		
		2020E	2021E	2022E	2020E	2021E	2022E	2020E	2021E	2022E
Bucket 1: Italian Tech Companies										
Cy4Gate*	134	121.4%	-4.7%	72.0%	-31.7%	-22.3%	-12.9%	-1.3 x	-1.0 x	-1.0 x
Cyberoo*	56	-92.2%	2560.1%	271.1%	-41.7%	-22.9%	-11.8%	-1.5 x	-1.1 x	-0.8 x
Reply*	3,992	-0.7%	13.1%	11.6%	-1.8%	-2.0%	-2.0%	-0.8 x	-1.1 x	-1.4 x
Tinexta*	944	14.5%	13.6%	6.8%	-4.8%	-4.4%	-4.2%	1.1 x	0.6 x	0.1 x
Wii*	403	12.1%	42.5%	32.2%	-11.7%	-11.2%	-10.2%	4.8 x	2.9 x	2.1 x
Neosperience SpA	38	-61.6%	153.3%	175.2%	25.4%	15.0%	9.7%	0.2 x	-0.2 x	-0.8 x
Eurotech S.p.A.	165	-92.0%	545.3%	11.4%	7.6%	4.5%	4.5%	1.1 x	1.0 x	1.2 x
Bucket 2: International Tech Companies										
Generix Group SA	177	-19.4%	84.0%	30.4%	4.2%	3.7%	3.3%	-0.6 x	-0.1 x	0.3 x
Axway Software SA	552	214.4%	15.4%	24.5%	1.3%	1.6%	1.2%	-0.8 x	-0.6 x	-0.5 x
D4i4 Solutions plc	143	-39.1%	18.1%	29.0%	1.4%	1.2%		4.0 x	3.9 x	3.8 x
iomart Group plc	403	-7.6%	6.9%	5.9%	15.0%	15.0%	14.1%	-1.2 x	-1.0 x	-0.9 x
Fortinet, Inc.	20,758	31.8%	11.3%	13.6%	5.6%	5.2%	3.9%	2.2 x	2.8 x	3.4 x
Netcompany Group A/S	3,862	-1.3%	31.7%	25.3%	1.1%	1.5%	1.5%	-0.5 x	0.0 x	0.4 x
CANCOM SE	1,956	2.1%	25.8%	23.1%	1.9%	1.8%	1.8%	2.0 x	2.0 x	2.1 x
Bechtle AG	7,665	14.0%	9.5%	10.7%	1.0%	0.9%	0.9%	-0.3 x	-0.1 x	0.3 x
Median Italian peers		-0.7%	42.5%	32.2%	-4.8%	-4.4%	-4.2%	0.2 x	-0.2 x	-0.8 x
Median International peers		0.4%	16.8%	23.8%	1.6%	1.7%	1.8%	-0.4 x	0.0 x	0.4 x
Median		-0.7%	18.1%	24.5%	1.3%	1.5%	1.3%	-0.3x	-0.1x	0.3x

Source: FactSet and Intermonte SIM proprietary estimates (*). Prices as of 02/02/2020

Relatech peers: market multiples

Company name	Mkt cap (EU mn)	EV/EBITDA			EV/EBIT			PE		
		2020E	2021E	2022E	2020E	2021E	2022E	2020E	2021E	2022E
Bucket 1: Italian Tech Companies										
Cy4Gate*	134	18.8 x	17.1 x	10.4 x	24.2 x	25.5 x	14.5 x	30.6 x	38.2 x	22.2 x
Cyberoo*	56	26.9 x	12.0 x	4.6 x	912.2 x	23.6 x	5.8 x	nm	40.2 x	11.3 x
Reply*	3,992	19.2 x	16.4 x	14.5 x	23.8 x	20.4 x	17.8 x	35.3 x	31.2 x	28.0 x
Tinexta*	944	12.7 x	11.2 x	10.1 x	18.0 x	15.2 x	13.5 x	22.0 x	19.3 x	18.1 x
Wii*	403	26.8 x	17.6 x	14.9 x	50.1 x	30.4 x	23.5 x	54.1 x	37.9 x	28.7 x
Neosperience SpA	38	9.5 x	7.2 x	5.4 x				103.9 x	41.0 x	14.9 x
Eurotech S.p.A.	165	22.0 x	11.3 x	7.4 x	52.8 x	16.2 x	9.5 x	108.7 x	16.9 x	15.1 x
Bucket 2: International Tech Companies										
Generix Group SA	177	19.1 x	13.2 x	10.6 x	34.7 x	19.8 x	15.1 x	62.9 x	34.2 x	26.2 x
Axway Software SA	552	19.0 x	16.9 x	13.6 x				33.1 x	28.7 x	23.0 x
D4t4 Solutions plc	143	31.0 x	26.5 x	20.0 x	34.9 x	29.4 x	21.7 x	46.0 x	39.0 x	30.2 x
iomart Group plc	403	9.6 x	9.0 x	8.7 x	18.0 x	16.6 x	15.8 x	21.8 x	20.4 x	19.3 x
Fortinet, Inc.	20,758	30.9 x	26.0 x	21.6 x	34.4 x	28.9 x	23.7 x	47.3 x	42.5 x	37.4 x
Netcompany Group A/S	3,862	35.9 x	32.1 x	26.0 x	42.9 x	37.1 x	29.7 x	59.5 x	45.1 x	36.0 x
CANCOM SE	1,956	15.1 x	12.2 x	10.2 x	27.7 x	19.6 x	14.8 x	40.8 x	32.5 x	26.4 x
Bechtle AG	7,665	20.8 x	18.9 x	17.0 x	27.7 x	24.8 x	22.0 x	38.8 x	35.4 x	32.0 x
Median Italian peers		19.2 x	12.0 x	10.1 x	37.1 x	22.0 x	14.0 x	44.7 x	37.9 x	18.1 x
Median International peers		19.9 x	17.9 x	15.3 x	34.4 x	24.8 x	21.7 x	43.4 x	34.8 x	28.3 x
Median		19.2 x	16.4 x	10.6 x	34.4 x	23.6 x	15.8 x	43.4 x	35.4 x	26.2 x

Source: FactSet and Intermonte SIM proprietary estimates (*). Prices as of 02/02/2020

Relatech – Peers comparison on 2021 figures

	Intermonte Estimates	Multiple	EV EUR mn	NFP EUR mn	Other EV Adj. EUR mn	Equity Value EUR mn	NOSH f. diluted	Equity Value per share EUR
EBITDA Adj. 21	8.0	16.4 x	132.1	5.5	8.7	146.3	42.4	3.5
EBIT Adj. 21	6.8	23.6 x	161.4	5.5	8.7	175.5	42.4	4.1
Net Income Adj.	4.7	35.4 x				166.0	42.4	3.9
Average						162.6		3.8

Source: Intermonte SIM estimates

DCF Valuation

Our DCF model yields a fair value per share of Eu3.8. The basic assumptions in our model include:

- WACC of 7.0% (2.0% risk-free rate; 5.5% risk premium; 0.9 beta);
- Terminal growth rate of 3.0%.

Given that the target price resulting from our analysis would be above the highest exercise price of the outstanding warrants, we assume full dilution from the warrants. As a consequence, the NOSH increases from 32,767,521 to 42,357,750, while the proceeds for the company will be between Eu8.2mn and Eu9.1mn, depending on the exercise price (for simplicity's sake, we are assuming the average between the two levels).

DCF sensitivity

		Terminal Growth				
		2.50%	2.75%	3.00%	3.25%	3.50%
% WACC	6.0%	4.2	4.4	4.7	5.1	5.5
	6.5%	3.8	4.0	4.2	4.4	4.7
	7.0%	3.4	3.6	3.8	3.9	4.2
	7.5%	3.2	3.3	3.4	3.6	3.7
	8.0%	2.9	3.1	3.2	3.3	3.4

Source: Intermonte SIM estimates

APPENDIX I

Academic partnerships

Relatech puts capacity for **innovation at the heart of its strategy**: for this reason, it has adopted an Open Innovation model, carrying out **in-house R&D** in **collaboration with universities, academic spin-offs, and research institutes** such as the National Research Council.

This **Open Innovation model** enables it to pursue the following goals:

- Anticipate market developments;
- Enhance inhouse skills in innovative technologies;
- Support a value proposition based on constantly updated solutions;
- Steer the M&A strategy towards the acquisition on the market of know-how and new technologies

Partnerships with universities, as well as constituting **a strategic competitive advantage** for the group, enable Relatech to take part in tenders run by national and European bodies to award research projects.

Innovation is also the basis of the M&A strategy aimed not just at ever increasing scale but also at pursuing goals for the acquisition of know-how.

As of today, Relatech group collaborates with **8 external partners** including universities and research hubs, as shown in the figure below.

Relatech – Academic Partnerships



Source: Company Report

Most of the universities with which it collaborates are in the south of Italy, mainly in Naples and Calabria, whose universities are among the highest ranked worldwide for IT, and this is the reason why Relatech has sited its recently-opened **R&D laboratory at Rende** (Cosenza province in Calabria).

In **4 years**, the group has completed more than **10 projects** on technologies that will be widely used on the market for the next 5 years, and other new projects are being launched, as shown in the following table.

Relatech – Some Relevant Projects

Project	Call	Institution	RePlatform Modules	Business Partner	Timing
PROTECT -ID Information protection with digital identity	PON	MISE	RESEC	OKT , Engineering, Poste, ICTSUD, Alkemy	2018-2020
SECURE OPEN NETWORK Distributed ledgers for secure open communities	PON	MISE	RESEC	Alkemy, OKT , Subcom, Poste, Bvtech, UNICAL, CNR	2019-2021
VERIFIED QUESTION ANSWERING Certified auditing of data validated by blockchain and used in machine learning activities in the financial and clinical/health domain	PON	MISE	RESEC REDATA	ALTILLA, ICTSUD, OKT , UNICZ	2020-2022
TRUE DETECTIVE 4.0 IoT platform for anomaly detection & predictive maintenance	PON	MISE	REDATA RETHING RESEC	RELATECH , ICAR-CNR, ICTSUD, ANDROMEDA, CODERMINE	2020-2022
CATCH 4.0 An intelligent consumer-centric platform to manage engagements, contents & insights	DM 1st June 2016 - "Horizon 2020 - PON	MISE	REYOU REDATA	JAKALA, ITHEA , Polo, ICTSUD, ICAR-CNR, Subcom	2020-2022

Source: Company report

APPENDIX II

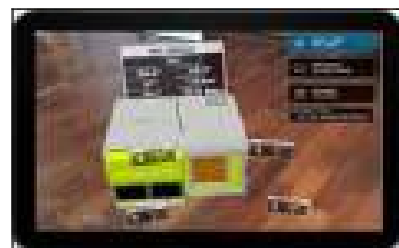
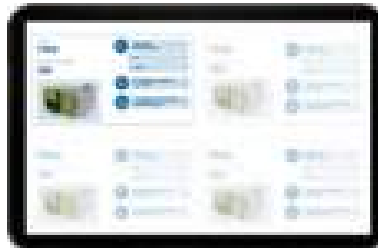
Case History – ELES

Eles is a small-medium Italian enterprise that designs and manufactures testing solutions for electronic devices and is a Relatech client. Eles sells its system worldwide to large companies in the electronic device development business. Eles' systems are already highly appreciated for their reliability and performance, but in order to beat competitors and keep the business growing, the main business challenge was to improve production quality to a virtually Zero-Defect level, giving customers total business continuity.

Thanks to ReFab4.0, Eles was able to meet all its business needs, including:

- Reduction of unplanned downtime thanks to the predictive analytic functionality included in the solution;
- Reduction of manual errors thanks to the AR Assistant solution providing no-touch information on maintenance operations;
- Reduction of maintenance times and costs thanks to the early detection of anomalies and the possibility of preventing downtime and preparing for optimal maintenance interventions;
- Optimisation of production quality; all of the above generates better systems for production quality for Eles and for its end customers;
- Transformation of the business model. ReFab4.0 is paving the way for Eles to offer a full service oriented business (Servitization) that will make it more competitive on the market and proactive towards end customers. ReFab4.0 is helping Eles to effectively address all its business needs, and after less than six months of usage, it is already delivering valuable results.

Relatech – ELES Case History



Source: Company Report

APPENDIX III

Case History – Apoteca Natura

ReZone for “Health & Loyalty System – HLS” by Apoteca Natura

Relatech has developed the “Health & Loyalty System” (HLS) for Apoteca Natura, the leading network of pharmacies in Italy, Spain, Portugal and Germany.

Working closely with Apoteca Natura, Relatech has developed HLS, a pharmacy-facing and customer-facing solution. Apoteca Natura realised that by creating an interactive, personalised well-being service, it could build a much closer relationship with its customers than other health retail stores.

HLS, based on ReZone, is a cognitive customer engagement solution designed to help customers manage their health, and enable pharmacists to oversee their patients' health pathways in a conscious manner, motivating and involving them thanks to complete and clear knowledge of their health data and behaviour, with the advantage of easy interaction.

HLS provides three tools for three user levels:

1. **The mobile app:** for the patient to manage their own health, always with the support of the pharmacist;
2. **Dashboard for Pharmacies:** to gather and manage patient health-data, aggregate and analyse it, and provide information and suggestions specific to each patient;
3. **Dashboard for the company:** for the management of the entire system and the setting-up of targeted marketing campaigns.

Through the Mobile Application, customers can monitor their health data, count their steps, set therapy reminders, take preventative questionnaires, receive personal healthcare updates, and manage a personal health plan in collaboration with their local pharmacy. The service is also linked to the “Fidelity Card” customer loyalty program and enables customers to make purchases and collect and redeem loyalty points.

Thanks to ReZone, HLS is able to provide invaluable data such as customer purchasing habits and frequently asked healthcare questions, which could enable the company to tailor its offerings to serve customers more effectively. Moreover, pharmacies can use HLS to manage customer health plans and monitor their own business performance.

While the Mobile application is at the heart of the solution, HLS also includes dashboards customised for pharmacists and business users. The Pharmacy dashboard enables pharmacists to visualise customers' health profiles during consultations, while the business dashboard displays key-performance indicators across the retail and pharmacy business.

Thanks to ReZone, it is also possible to analyse customer behaviour and create personalised messaging and email campaigns; thanks to the solution, there is a real connection between the company's pharmacists and customers. Other quantifiable benefits are the growth in customer loyalty and the company's business growth.

Apoteca Natura's main need was to more effectively oversee its network (pharmacists) and the health of its consumers by creating an interactive network between consumers and their Trust Pharmacy. The client's goal was to integrate information about therapies, products and services into a single, user-friendly platform that enabled customers to set reminders to take medication or perform exercise.

Thanks to the developed solution, the main client benefits are:

- [+] Increase in consumers
- [+] Growth of App users
- [+] Spread of the number of Fidelity Cards
- [+] Increase in loyal customer transactions/activities

RELATECH Peer Group - Absolute Performances

Stock	Price	Ccy	Mkt cap	1M	3M	6M	YTD	1Y	2Y
RELATECH	2.92	EUR	96	16.8%	47.0%	56.4%	16.8%	206.8%	236.9%
AXWAY SOFTWARE	26.00	EUR	549	-3.7%	30.0%	34.0%	-3.7%	120.3%	89.2%
BECHTLE	179.20	EUR	7,526	0.4%	19.9%	6.0%	0.4%	33.3%	161.2%
CANCOM	49.96	EUR	1,926	10.1%	34.1%	-3.3%	10.1%	-8.9%	50.6%
CY4GATE	8.87	EUR	133	3.1%	111.4%	97.1%	3.1%	120.6%	120.6%
CYBEROO	5.96	EUR	57	0.0%	49.0%	29.6%	0.0%	49.6%	37.5%
D4T4 SOLUTIONS	3.15	GBP	127	6.8%	69.4%	40.9%	6.8%	54.8%	59.5%
EUROTECH	4.65	EUR	164	-9.8%	35.4%	-1.2%	-9.8%	-38.9%	33.6%
FORTINET	150.92	USD	24,499	1.6%	34.3%	9.2%	1.6%	29.6%	91.3%
GENERIX GROUP	7.80	EUR	176	11.4%	20.4%	10.2%	11.4%	17.5%	124.1%
IOMART GROUP	3.30	GBP	361	3.1%	4.8%	-2.9%	3.1%	-13.4%	-11.4%
NEOSPERIENCE	5.16	EUR	39	-2.3%	6.9%	2.6%	-2.3%	-31.5%	---
NETCOMPANY GROUP	589.00	DKK	28,920	-5.4%	9.1%	27.3%	-5.4%	90.4%	170.2%
REPLY	105.20	EUR	3,936	10.4%	10.0%	23.8%	10.4%	46.6%	121.6%
TINEXTA	20.15	EUR	933	-4.0%	4.7%	36.3%	-4.0%	88.0%	170.5%
WIIT	155.50	EUR	412	-4.6%	7.2%	26.4%	-4.6%	57.1%	279.3%
Mean performance				2.1%	30.8%	24.5%	2.1%	51.4%	115.7%
Italy FTSE Mib	22,527.9	EUR		1.3%	18.7%	16.2%	1.3%	-4.0%	15.1%

Source: FactSet

RELATECH Peer Group - Multiple Comparison

Stock	Price	Ccy	Mkt cap	EV/Sales	EV/Sales	EV/Ebitda	EV/Ebitda	EV/Ebit	EV/Ebit	P/E	P/E	Div Yield	Div Yield
				2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
RELATECH	2.92	EUR	96	3.0	2.4	11.2	8.6	13.2	10.0	20.4	16.0	0.0%	0.0%
AXWAY SOFTWARE	26.00	EUR	549	1.8	1.7	16.9	13.6	25.1	18.0	28.7	23.0	1.5%	1.5%
BECHTLE	179.20	EUR	7,526	1.2	1.1	18.8	16.9	24.8	22.1	35.2	31.8	0.8%	0.9%
CANCOM	49.96	EUR	1,926	0.9	0.8	11.9	10.0	19.0	14.8	32.0	26.0	1.2%	1.4%
CY4GATE	8.87	EUR	133	5.7	3.9	16.9	10.3	25.3	14.3	37.9	22.0	0.0%	0.0%
CYBEROO	5.96	EUR	57	4.0	2.3	12.2	4.7	23.9	5.9	40.8	11.4	0.0%	0.0%
D4T4 SOLUTIONS	3.15	GBP	127	4.6	4.0	26.7	20.2	29.5	21.8	39.2	30.3	0.9%	1.0%
EUROTECH	4.65	EUR	164	1.7	1.4	11.2	7.4	16.1	9.4	16.8	15.0	0.0%	0.0%
FORTINET	150.92	USD	24,499	7.4	6.2	25.4	21.2	28.5	23.3	41.7	36.7	0.0%	0.0%
GENERIX GROUP	7.80	EUR	176	2.1	1.9	13.1	10.5	19.7	15.0	33.9	26.0	0.0%	0.0%
IOMART GROUP	3.30	GBP	361	3.4	3.3	9.1	8.7	16.7	15.9	20.5	19.4	1.9%	2.1%
NEOSPERIENCE	5.16	EUR	39	1.9	1.6	7.1	5.3	24.1	11.4	40.7	14.8		
NETCOMPANY GROUP	589.00	DKK	28,920	8.8	7.3	32.1	26.1	37.5	29.0	45.2	36.1	0.6%	0.7%
REPLY	105.20	EUR	3,936	2.6	2.3	16.2	14.3	20.1	17.5	30.8	27.6	0.6%	0.6%
TINEXTA	20.15	EUR	933	3.4	3.1	11.0	10.0	15.0	13.3	19.1	17.9	1.3%	1.4%
WIIT	155.50	EUR	412	6.9	6.0	18.0	15.2	31.0	24.0	38.8	29.4	1.5%	2.0%
Median				3.4	2.3	16.2	10.5	24.1	15.9	35.2	26.0	0.7%	0.8%

Source: Intermonte SIM estimates for covered companies, FactSet consensus estimates for peer group

DETAILS ON STOCKS RECOMMENDATION

Stock NAME	RELATECH		
Current Recomm:	BUY	Previous Recomm:	--
Current Target (Eu):	3.80	Previous Target (Eu):	--
Current Price (Eu):	2.92	Previous Price (Eu):	--
Date of report:	04/02/2021	Date of last report:	--

DISCLAIMER (for more details go to [DISCLAIMER](#))**IMPORTANT DISCLOSURES**

The reproduction of the information, recommendations and research produced by IntermonTE SIM contained herein and of any its parts is strictly prohibited. None of the contents of this document may be shared with third parties without authorisation from IntermonTE.

This report is directed exclusively at market professional and other institutional investors (Institutions) and is not for distribution to person other than "Institution" ("Non-Institution"), who should not rely on this material. Moreover, any investment or service to which this report may relate will not be made available to Non-Institution.

The information and data in this report have been obtained from sources which we believe to be reliable, although the accuracy of these cannot be guaranteed by IntermonTE. In the event that there be any doubt as to their reliability, this will be clearly indicated. The main purpose of the report is to offer up-to-date and accurate information in accordance with regulations in force covering "recommendations" and is not intended nor should it be construed as a solicitation to buy or sell securities.

This disclaimer is constantly updated on IntermonTE's website www.intermonTE.it under LEGAL INFORMATION. Valuations and recommendations can be found in the text of the most recent research and/or reports on the companies in question. For a list of all recommendations made by IntermonTE on any financial instrument or issuer in the last twelve months consult the [PERFORMANCE](#) web page.

IntermonTE distributes research and engages in other approved activities with respect to Major U.S. Institutional Investors ("Majors") and other Qualified Institutional Buyers ("QIBs"), in the United States, via Brasil Plural Securities LLC under SEC 15a-6 guidelines. IntermonTE is not registered as a broker dealer in the United States under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is not a member of the Securities Investor Protection Corporation ("SIPC"). Brasil Plural Securities LLC is registered as a broker-dealer under the Exchange Act and is a member of SIPC.

ANALYST CERTIFICATION

For each company mentioned in this report the respective research analyst hereby certifies that all of the views expressed in this research report accurately reflect the analyst's personal views about any or all of the subject issuer (s) or securities. The analyst (s) also certifies that no part of their compensation was, is or will be directly or indirectly related to the specific recommendation or view in this report.

The analyst (s) responsible for preparing this research report receive(s) compensation that is based upon various factors, including IntermonTE's total profits, a portion of which is generated by IntermonTE's corporate finance activities, although this is minimal in comparison to that generated by brokerage activities.

IntermonTE's internal procedures and codes of conduct are aimed to ensure the impartiality of its financial analysts. The exchange of information between the Corporate Finance sector and the Research Department is prohibited, as is the exchange of information between the latter and the proprietary equity desk in order to prevent conflicts of interest when recommendations are made.

The analyst responsible for the report is not a) a resident of US; b) an associated person of a U.S. broker-dealer; c) supervised by a supervisory principal of a U.S. broker-dealer. This Research Report is distributed in the U.S. through Brasil Plural Securities LLC, 545 Madison Avenue, New York 10022.

GUIDE TO FUNDAMENTAL RESEARCH

The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales.
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 2.5% and a risk premium of 5.0% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the S&P500 Index, most of those on the MIBEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

Explanation of our ratings system:

BUY: stock expected to outperform the market by over 25% over a 12 month period;

OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;

NEUTRAL: stock performance expected at between +10% and -10% compared to the market over a 12 month period;

UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;

SELL: stock expected to underperform the market by over 25% over a 12 month period.

Prices: The prices reported in the research refer to the price at the close of the previous day of trading

CURRENT INVESTMENT RESEARCH RATING DISTRIBUTIONS

IntermonTE SIM is authorised by CONSOB to provide investment services and is listed at n° 246 in the register of brokerage firms.

As at 31 December 2020 IntermonTE's Research Department covered 124 companies. IntermonTE's distribution of stock ratings is as follows:

BUY:	10,57 %
OUTPERFORM:	50,41 %
NEUTRAL:	34,95 %
UNDERPERFORM	04,07 %
SELL:	00,00 %

The distribution of stock ratings for companies which have received corporate finance services from IntermonTE in the last 12 months (49 in total) is as follows:

BUY:	18,37 %
OUTPERFORM:	55,10 %
NEUTRAL:	26,53 %
UNDERPERFORM	00,00 %
SELL:	00,00 %

CONFLICT OF INTEREST

In order to disclose its possible conflicts of interest IntermonTE SIM states that:

IntermonTE SIM S.p.A. is acting as placement agent in Tesmec's capital increase with an agreement with the company for the publication of an equity research regarding the company and the transaction. IntermonTE will receive fees from the company for its activity as placement agent.

IntermonTE SIM SpA provides investment banking services to Creval in connection with the public tender offer promoted by Crédit Agricole Italia (IntermonTE is financial advisor to Creval's Board of Directors in connection with the public tender offer promoted by Crédit Agricole Italia).

Within the last year, IntermonTE SIM managed or co-managed/is managing or is co-managing an Institutional Offering and/or managed or co-managed/is managing or is co-managing an offering with firm commitment underwriting of the securities of the following Companies: BPER, IEG and Iervolino Entertainment.

IntermonTE SIM has provided in the last 12 months / provides / may provide investment banking services to the following companies: Abitare In, Aedes, Aeroporto di Bologna, Alkemy, Azimut, Banca Ifis, Cellularine, Creval, ePrice, Falck Renewables, Guala Closures, H-Farm, IEG, Iervolino Entertainment, Mittel, Nova Re, OVS, Retelit, Saes Getters, Somec, Tesmec, TXT, UBI Banca, and WIIT.

IntermonTE SIM is Specialist and/or Corporate Broker and/or Sponsor and/or Broker in charge of the share buy back activity of the following Companies: Abitare In, Aedes, Alkemy, Ambientes, Aquafil, Avio, Banca Ifis, Banca Sistema, Be, Cattolica, CFT, Cellularine, Credito Valtellinese, Cybero, Cy4gate, DeA Capital, ElEn, Eles, Elica, Ernak, Esprinet, Falck Renewables, Fimit - Fondo Alpha, Fine Foods, Gefran, Go Internet, Gpi, Gruppo Fos, Guala, IEG, Iervolino Entertainment, IndelB, Industrial Stars Of Italy 3, Luve, Notorious, Relatech, Reno de Medici, Reply, Retelit, Saes Getters, Servizi Italia, Sesa, Seri Industrial, Somec, Tinexta, Tesmec, Tamburi, Txt, and WIIT.

IntermonTE SIM has a contractual commitment to act as liquidity provider on behalf of third parties for the following companies: Banca Sistema, Restart, and Unieuro.

IntermonTE SIM performs as a market maker for the following companies: A2A, Anima, Atlantia, Autogill, Azimut Holding, BAMI, Banca Generali, Banca Mediolanum, Brembo, Buzzi, CNHI, Enel, ENI, Exor, Fineco, FCA, FTMB, Generali, Italgas, Iren, Intesa Sanpaolo, Leonardo, Mediobanca, Moncler, Mediaset, Pirelli&C, Pysmian, Poste, Ferrari, Saipem, Snam, STM, Tenaris, Telecom Italia, Telecom Italia sav, Tema, UBI, Unicredit, Unipol, UnipolSai.

IntermonTE SIM is a member of the CBOE Europe Equities Liquidity Provider Program for the following financial instruments: A2A, Atlantia, ATSM, Autogill, Azimut Holding, Banca Generali, Banca Mediolanum, Banco BPM, Bca Monte dei Paschi di Siena, Bca Pop Emilia Romagna, Banca Pop Sondrio, Buzzi Unicem, Campari, CIR- Compagnie Industriali Riunite, Credito Emiliano, Danieli & C., Danieli & C. Risip NC, Diasorin, Enel, Eni, Generali, Hera, Intesa Sanpaolo, Iren, Italgas, Italmobiliare, Leonardo, Maire Tecnimont, Mediaset, Mediobanca, Pirelli & C., Poste Italiane, Pysmian, Recordati, S.I.A.S., Saipem, Salini Impregio, Salvatore Ferragamo, Snam, Telecom Italia, Telecom Italia rsp, Tema, Tod's, UBI Banca, Unicredit, Unipol, UnipolSai.

Through its Websim Division, IntermonTE SIM acts as a Retail Investor Research Provider on behalf in regard to the following companies: Aedes, Banca Ifis, Banca Sistema, Cattolica Assicurazioni, Cellularine, CFT Group, Circle, Coima RES, Comer Industries, Crowdfundme, Digital Bros, Digital Magics, Elettra Investimenti, Falck Renewables, Fiera Milano, Finlogic, First Capital, FOPE, Gefran, Generali Assicurazioni, Giglio, Go Internet, H-Farm, Ilpra, Indel B, ISI/Salcef, Italiaonline, La Doria, LVenture, MailUp, Maps, Masi Agricola, Molmed, Neodecortech, Piaggio, Portale Sardegna, Primi sui Motori, Retelit, Safe Bag, Somec, SOS Travel, Tinexta, TPS, WIIT.

Through its Websim Division, IntermonTE SIM carries out marketing / communication activities on behalf of the following equity crowdfunding 200Crowd, BacktoWork24, Crowdfundme, Opstart and the following issuers: Banca IMI, BNP Paribas, Credit Suisse, Eane, Leonteq, Unicredit, Vontobel Wisdomtree.

IntermonTE SIM SpA holds net long or short positions in excess of 0.5% of the overall share capital in the following issuers:

Emittente	%	Long/Short
COGEME SET SPA	1,6	SHORT
IKF	0,57	SHORT
LIFE CARE CAPITAL	0,59	LONG
OLIDATA	0,74	SHORT

© Copyright 2020 by IntermonTE SIM - All rights reserved

It is a violation of national and international copyright laws to reproduce all or part of this publication by email, xerography, facsimile or any other means. The Copyright laws impose heavy liability for such infringement. The Reports of IntermonTE SIM are provided to its clients only. If you are not a client of IntermonTE SIM and receive emailed, faxed or copied versions of the reports from a source other than IntermonTE SIM you are violating the Copyright Laws. This document is not for attribution in any publication, and you should not disseminate, distribute or copy this e-mail without the explicit written consent of IntermonTE SIM.

INTERMONTE will take legal action against anybody transmitting/publishing its Research products without its express authorization.

INTERMONTE Sim strongly believes its research product on Italian equities is a value added product and deserves to be adequately paid.

IntermonTE Sim sales representatives can be contacted to discuss terms and conditions to be supplied the INTERMONTE research product.

INTERMONTE SIM is MiFID compliant - for our Best Execution Policy please check our Website [MIFID](#)

Further information is available