Promotica S.p.A.

Loyalty Program

Sustainability Check Inside

KT&PARTNERS

Promotica FY24: Loyalty at Scale, Profit in Transition

ADD| Fair Value: €5.28 (€5.14) | Current Price: €2.20| Upside: +140%

Company Update

June 4th, 2025 – 7.00h

€ Million	FY22A	FY23A	FY24A	FY25E	FY26E	FY27E	FY28E
Total Revenues	91.3	85.5	98.0	137.0	149.0	162.1	176.5
EBITDA	5.5	7.8	6.0	12.8	14.9	17.4	20.1
margin	*6.0%*	*9.1%*	*6.2%*	*9.3%*	*10.0%*	*10.7%*	*11.4%*
Net Profit	3.2	3.3	1.7	6.7	8.5	10.5	12.6
margin	*3.5%*	*3.8%*	*1.7%*	*4.9%*	*5.7%*	*6.5%*	*7.1%*
EPS	0.19	0.19	0.10	0.39	0.50	0.62	0.74
NFP/(Cash)	**18.1**	**25.5**	**19.3**	**12.5**	**8.0**	**(0.3)**	**(10.1)**

Source: Company Data (2022-2024), KT&Partners' Elaboration (2025-2028)

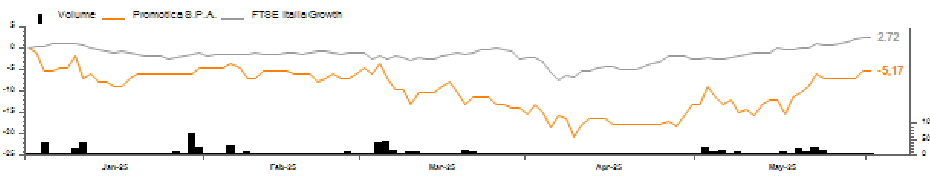
Sustainability Update. In 2024, Promotica published its latest Sustainability Report. The Group maintains a structured and transparent approach across all pillars, with scores of 77% in Social, 65% in Environmental, and 71% in Governance (*see §Sustainability Check*).

FY24 Financial Results. On May 5th, 2025, Promotica reported revenues of €96.0mn (+13.7% YoY), slightly below our €97.9mn estimate, mainly due to shipping delays linked to the Suez Canal crisis. Including €2.0mn in other revenues, the Total Revenues reached €98.0mn (+14.6% YoY), broadly in line with forecasts. The Cost of Services rose to 20.3% of revenues (vs. 15.6% in FY23), driven by higher logistics and campaign execution costs, while Personnel Expenses reached 8.4% (vs. 7.2% in FY23) due to internal team expansion (€1.8mn). These dynamics led to a decline in EBITDA to €6.0mn (-22.6% YoY and -35.3% vs old est. of €9.3mn), with margin at 6.2% (vs. 9.1% in FY23). Net income fell to €1.6mn (€4.9mn old est.), impacted by higher financial charges. The Net Financial Position improved to €19.3mn (net debt), mainly supported by strong cash collection (DSO down to 49 days vs 105 in FY23) and lower capex (€0.9mn), partially offset by inventory buildup (DIO up to 154 days vs 119 in FY23) linked to delayed deliveries and 1Q25 planning.

Change in Estimates. Following FY24 results, we revised our FY25E–27E projections and added FY28E. Total revenues for FY25E are now expected at €137.0mn (vs. €106.9mn old est., +28.2%), supported by ~€24mn of newly secured campaigns. Total Revenues are projected to reach €162.1mn in FY27E (€126.4mn previously estimated) and €176.5mn in FY28E. Cost assumptions were revised to reflect a higher incidence of services (19.7% in FY25E vs. 15.3% previously), while other operating costs remained broadly unchanged. As a result, EBITDA for FY25E is now projected at €12.8mn (vs. €11.4mn, +12.5%), and €17.4mn in FY27E (vs. €16.1mn), with margins expected to improve from 9.3% in FY25E to 11.4% in FY28E (€20.1mn). Net income for FY25E is now seen at €6.9mn (vs. €6.5mn), with a 5.1% margin (-1.0p.p.). The Net Financial Position remains stable at €12.5mn net debt in FY25E (vs. €12.4mn net debt), with deleveraging projected to bring €0.3mn net cash in FY27E and €10.1mn net cash in FY28E.

Valuation. Our valuation – based on DCF method – returns an equity value of €90.1mn or a fair value of €5.28ps, implying an upside of +140% on the current price.

Performance Chart – YTD



Source: Factset

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Market Data

Main Shareholders	
Dieci.Sette S.r.l.	77.54%
Di Silvio Guglielmo	6.01%
Treasury Shares	0.25%
Mkt Cap (€ mn)	39.4
EV (€ mn)	58.9
Shares out. (mn)	17.0
Free Float	16.2%

Market multiples	2024	2025E	2026E
EV/EBITDA			
Promotica S.p.A.(KT&P Val.)	18.1x	8.5x	7.3x
Promotica S.p.A.(Market Val.)	10.8x	4.4x	3.8x
P/E			
Promotica S.p.A.(KT&P Val.)	57.8x	13.0x	10.2x
Promotica S.p.A.(Market Val.)	24.1x	5.4x	4.3x

Stock Data	
52 Wk High (€)	2.68
52 Wk Low (€)	1.74
Avg. Daily Trading 90d	6,922
Price Change 1w (%)	0.92
Price Change 1m (%)	8.91
Price Change YTD (%)	-5.17

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Key Figures – Promotica SpA

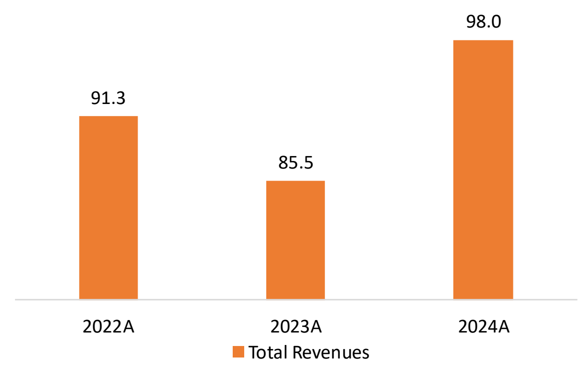
Current price (€)	Fair Value (€)	Sector	Free Float (%)
2.20	5.28	Loyalty Program	16.2%

Per Share Data	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E
Total shares outstanding (mn)	16.0	17.0	17.0	17.1	17.1	17.1	17.1	17.1
EPS	0.09	0.19	0.20	0.09	0.41	0.52	0.64	0.77
Dividend per share (ord)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Dividend pay out ratio (%)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Profit and Loss (EUR million)	**2021A**	**2022A**	**2023A**	**2024A**	**2025E**	**2026E**	**2027E**	**2028E**
Total Revenues	40.1	91.3	85.5	98.0	137.0	149.0	162.1	176.5
EBITDA	2.0	5.5	7.8	6.0	12.8	14.9	17.4	20.1
EBIT	1.5	4.2	6.3	4.3	11.1	13.2	15.6	18.3
EBT	1.6	3.7	4.7	2.5	9.7	12.3	15.2	18.2
Taxes	-0.2	-0.4	-1.3	-0.9	-2.7	-3.5	-4.3	-5.1
Tax rate	11%	12%	28%	37%	28%	28%	28%	28%
Net Income	1.4	3.2	3.3	1.6	6.9	8.8	10.9	13.1
Net Income attributable to the	1.4	3.2	3.3	1.7	6.7	8.5	10.5	12.6
Balance Sheet (EUR million)	**2021A**	**2022A**	**2023A**	**2024A**	**2025E**	**2026E**	**2027E**	**2028E**
Total fixed assets	8.8	11.1	11.7	11.1	10.9	10.6	10.3	10.1
Net Working Capital (NWC)	17.3	26.8	37.2	33.6	34.7	39.9	43.6	47.6
Provisions	-1.2	-1.5	-1.6	-2.2	-2.8	-3.4	-4.1	-4.8
Total Net capital employed	24.8	36.4	47.3	42.6	42.8	47.0	49.7	53.0
Net financial position/(Cash)	12.4	18.1	25.5	19.3	12.5	8.0	-0.3	-10.1
Group Shareholder's Equity	12.3	18.1	21.5	23.2	29.9	38.4	48.9	61.5
Minorities	0.1	0.2	0.2	0.2	0.4	0.7	1.1	1.5
Total Shareholder's Equity	12.4	18.3	21.8	23.3	30.3	39.1	50.0	63.1
Cash Flow (EUR million)	**2021A**	**2022A**	**2023A**	**2024A**	**2025E**	**2026E**	**2027E**	**2028E**
Net operating cash flow	1.9	5.0	6.0	4.5	9.7	11.2	13.0	15.0
Change in NWC	-4.6	-9.5	-10.4	3.6	-1.1	-5.2	-3.7	-4.1
Capital expenditure	-4.0	-3.8	-1.9	-0.9	-1.1	-1.1	-1.2	-1.4
Other cash items/Uses of funds	-2.0	0.6	-0.1	0.2	0.3	0.4	0.4	0.4
Free cash flow	-8.7	-7.8	-6.4	7.4	7.7	5.2	8.5	9.9
Enterprise Value (EUR million)	**2021A**	**2022A**	**2023A**	**2024A**	**2025E**	**2026E**	**2027E**	**2028E**
Market Cap	49.4	50.4	41.7	39.4	37.5	37.5	37.5	37.5
Minorities	0.1	0.2	0.2	0.2	0.4	0.7	1.1	1.5
Net financial position/(Cash)	12.4	18.1	25.5	19.3	12.5	8.0	-0.3	-10.1
Enterprise value	62.0	68.6	67.5	58.8	50.5	46.2	38.4	29.0
Ratios (%)	**2021A**	**2022A**	**2023A**	**2024A**	**2025E**	**2026E**	**2027E**	**2028E**
EBITDA margin	5.1%	6.0%	9.1%	6.2%	9.3%	10.0%	10.7%	11.4%
EBIT margin	3.7%	4.6%	7.4%	4.4%	8.1%	8.9%	9.6%	10.4%
Gearing - Debt/equity	100.7%	99.8%	118.5%	83.1%	42.0%	20.8%	-0.5%	-16.4%
Interest cover on EBIT	-7.4%	12.2%	26.4%	43.1%	13.0%	7.1%	2.3%	0.6%
NFP/EBITDA	607.3%	329.2%	327.0%	319.0%	98.0%	53.4%	-1.5%	-50.2%
ROCE	6.0%	11.5%	13.4%	10.1%	25.9%	28.0%	31.3%	34.5%
ROE	11.2%	17.6%	15.2%	7.1%	22.4%	22.1%	21.6%	20.5%
EV/Sales	1.62x	0.71x	0.76x	0.66x	0.42x	0.38x	0.35x	0.32x
EV/EBITDA	31.86x	11.85x	8.34x	10.78x	4.45x	3.81x	3.28x	2.83x
P/E	24.66x	11.57x	11.14x	24.08x	5.41x	4.26x	3.43x	2.87x
Free cash flow yield	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Growth Rates (%)	**2021A**	**2022A**	**2023A**	**2024A**	**2025E**	**2026E**	**2027E**	**2028E**
Sales	-30.2%	127.5%	-6.3%	14.6%	39.8%	8.7%	8.8%	8.9%
EBITDA	-70.1%	168.9%	42.1%	-22.6%	112.1%	16.7%	16.3%	15.9%
EBIT	-76.2%	178.8%	51.9%	-31.9%	157.3%	18.8%	18.1%	17.4%
Net Income	-66.8%	126.0%	3.8%	-53.5%	345.1%	26.9%	24.2%	19.5%

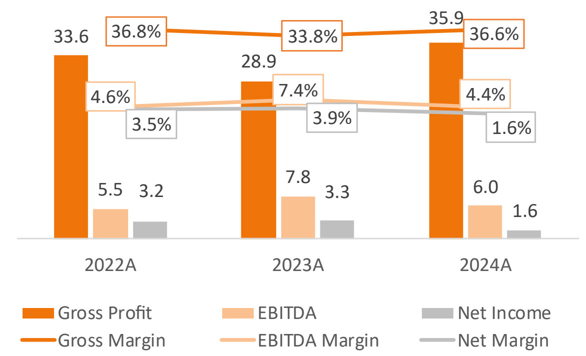
Source: Company Data (2021-2024), KT&Partners' forecasts (2025-2028)

Key Charts

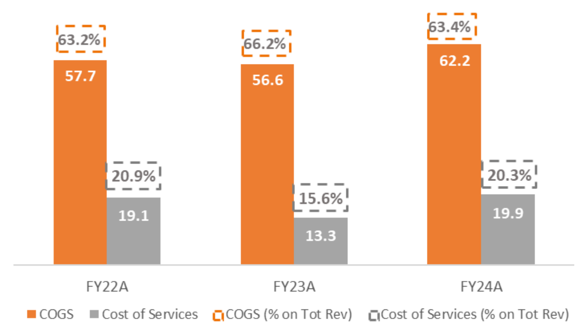
Total Revenues (€mn)



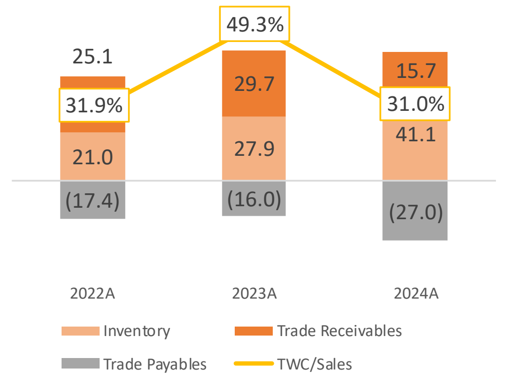
Gross Profit, EBITDA and Net Income (€mn, %)[1]



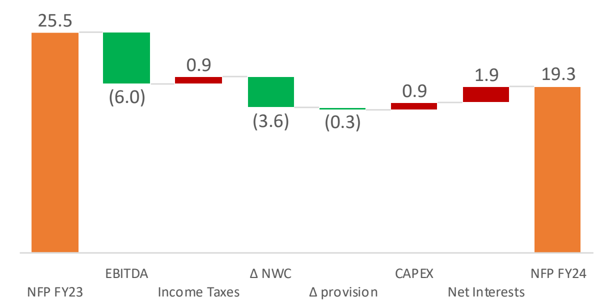
COGS & Cost of Services (€mn, %)



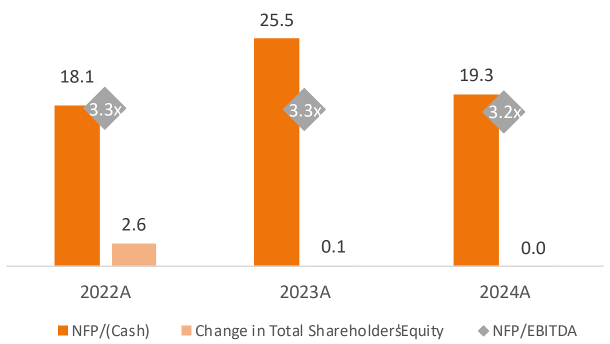
Trade Working Capital (€mn, %)



NFP Bridge FY23-24 (€mn)



NFP, Change in Shareholders' Equity and NFP/EBITDA (€mn)



Source: KT&Partners' Elaboration on Company Data

[1] Margins are calculated on Total Revenues

Overview

Company Description

Promotica S.p.A., an Italian company established in 2003 in Desenzano del Garda (BS), is a leader in the Italian loyalty sector.

Promotica offers a 360° consultancy service dedicated to promotional planning and development, managing each phase: from the planning to the measurement of results and data management. Promotica, through its promotional campaigns, has the aim to increase its clients' sales: improving "brand advocacy," increasing wallet share, intensifying visitor frequency, and increasing spending volumes.

Promotica's main goal is to propose the most complete and suitable solution to its clients' needs, providing a portfolio of personalized campaigns based on specific customer requests and needs. Indeed, Group offers a range from short collection and self-liquidating campaigns to a catalogue of awards.

Over the years, Promotica has boosted its growth also thanks to its M&A track record. Indeed, over the last two years, the Company has completed strategic acquisitions aimed at expanding its tailor-made offer: i) in 2020, Promotica acquired 100% of Kiki Lab - Ebeltoft Italy, a Company with a consolidated experience in the field of research, training, and services for the retail world; ii) in 2021, Promotica acquired 80% of Grani & Partners, one of the leading global players on the promotional market for products dedicated to children mainly in large-scale organized distribution; iii) in 2022, Promotica acquired the Incentive & Loyalty business unit owned by Giglio Group S.p.A., introducing the use of new software and platforms for data management and analysis; and iv) still in 2022, Promotica acquired Mercati S.r.l., an Italian company active in the production and import of household, personal, and leisure items; and v) In January 2023, Promotica S.p.A signed the option contract for the purchase of the remaining 20% of Grani & Partners S.p.A. by La Portile S.r.l.

In recent years, Promotica has significantly expanded its international presence, marking a pivotal milestone in its growth trajectory. The company's strategic initiatives in 2023 include the establishment of a dedicated International Division, tasked with leading market entry into 18 countries and engaging with over 50 potential clients. This expansion has been highlighted by the successful launch of a major promotional campaign in Poland, initiated in February 2024, signaling Promotica's commitment to global market penetration and brand consolidation beyond Italy's borders.

Notwithstanding the economic slowdown due to the COVID-19 pandemic, thanks to its management strategy focused on i) expanding Group's product portfolio; ii) broadening its customer base, and iii) innovating constantly its services, since 2017, the Group has showed a constant and considerable sales growth and profitability. Indeed, Promotica Group's sales grew at a CAGR19-24 of 21%.

Investment Case

A consolidated leader in the Loyalty market… With almost 20 years of experience, Promotica is one of the Italian leading companies active in the loyalty sector. Promotica offers a 360° consultancy service dedicated to promotional planning and development, aiming to improve its clients' sales through consumer loyalty, increasing: "brand advocacy," wallet share, visitors' frequency, and spending volumes.

…gaining new market share through its M&A activities... Nonetheless the Italian loyalty program industry is becoming even more competitive. In recent years, Promotica gained significant market share thanks to its last four strategic acquisitions, which had also the aim to strengthen the Group offer: i) in 2020, Promotica acquired 100% of Kiki Lab - Ebeltoft Italy, a company with consolidated experience in research, training, and services related to the retail world; ii) in November 2021, it acquired 80% of Grani & Partners S.r.l, one of the main players at a global level in the promotional market for products dedicated to children; iii) in March 2022, Promotica acquired the Incentive & Loyalty Business Unit owned by Giglio Group S.p.A. to further consolidate its position in the loyalty sector, with new expertise in the Martech area; iv) in June 2022, Promotica continues to strengthen its value chain through the acquisition of the 100% of Mercati S.r.l, specialized in the creation, design, and import of items for the home, person and leisure, conceived in an innovative and cosmopolitan way with the right relationship between style and practicality; and v) In January 2023, Promotica S.p.A signed the option contract for the purchase of the remaining 20% of Grani & Partners S.p.A. by La Portile S.r.l.

…in a growing Industry… Promotica is active in the loyalty program industry, which is known to be a highly attractive market given its durable demand. Indeed, according to Research and Markets, the global loyalty management market is estimated at $8.07bn in 2023 and is expected to reach $13.1bn by 2028, growing at a CAGR23-28 of 10.2%. Moreover, in the survey conducted by Antavo, it emerged that Loyalty programs will be a lifeline during the financial crisis. Indeed, Companies view loyalty programs as a valuable investment during the potentially upcoming recession, with the 55.9% of respondents envision the role of customer loyalty as essential or very valuable in overcoming the inflation crisis and a potential recession.

… offering a wide range of tailor-made services and activities... Promotica's main goal is to propose the most completed and suitable solution to its clients' needs, providing a portfolio of personalized campaigns based on specific customer requests.

…to its high standing clients… Promotica's customer portfolio includes leading brands active mainly in large-scale distribution, industrial, pharmaceutical, financial, and oil sectors and widely known internationally. Over the years, Promotica strengthened strong relationship with its customers, proposing campaigns designed and planned on their specific needs, anticipating market trends.

…all while being a sustainable and inclusive ESG Company. Promotica pays strong attention to create a welcoming and people-oriented work environment, constantly striving to enhance and develop each employee's professional skills. For Promotica, people are the heart of Group's business, as the Group believes that, thanks to capable and motivated people, the Company can achieve excellent goals and produce successful products. Moreover, Promotica is strongly committed to environmental responsibility. Indeed, in the coming years, the Group is aimed at improving energy efficiency through the construction of the new zero energy impact headquarters, powered by geothermal energy, equipped with a photovoltaic system, with charging points for electric cars and bicycles. Furthermore, the Group's objectives also include its intention to purchase 100% of its energy consumption from certified renewable sources and to reach carbon neutrality.

Statement of risks. One of the main services that Promotica offers to its customers is the returns policy of any unclaimed prizes at the end of each campaign, having a potential impact in the management of Promotica's warehouse. However, thanks to proprietary algorithms, the Company seeks to minimize unredeemed premiums from consumers and the consequent returns at the end of the campaign (historically with an average <10%), also planning their reuse in new campaigns. Moreover, given the higher concentration of large-scale distribution clients, Promotica aims to expand its customer base by entering into new markets (such as Food Delivery) and consolidating its position in markets where the Company is already active, such as Pharmaceutical and Petroleum. Finally, given the key role that suppliers play in Promotica's business model, the Company, thanks to its long-standing relationships, is used to stipulate medium-long term procurement contracts, guarantying thus a minimum volume of products to be delivered.

Recent Developments

- ***Publication of the 2024 Sustainability Report.*** PMT released its fourth Sustainability Report, outlining ESG-related performance and initiatives. The report includes a materiality analysis and CO_2 compensation projects and is accompanied by the appointment of a renewed Sustainability Committee. (*See below §Sustainability Check*)
- ***New campaign launched in Poland with Stokrotka.*** On April 3rd, 2025, Promotica launched a new loyalty campaign in nearly 1,000 Stokrotka stores across Poland, featuring the "Gallery" porcelain collection by Easy Life.
- ***First collaboration with Eurospin featuring Sonic.*** On March 17th, 2025, Promotica announced its first partnership with Eurospin across Italy, Slovenia, and Croatia through the "Sonic CalamitiCar 2025" campaign, targeting children with exclusive collectibles and a custom mobile app.
- ***First campaign launched with Esselunga.*** On February 6th, 2025, Promotica initiated its first loyalty campaign with Esselunga, offering Smeg's 50's Style breakfast appliances through a points-based collection, plus a final draw for 300 espresso machines.
- ***Launch of five campaigns for leading retailers.*** On December 3rd, 2024, Promotica announced the launch of five promotional campaigns in November for Coop, Carrefour, Desa and others, with a total value exceeding €24mn. The initiatives featured short collections with brands like Egan, Easy Life, and Alessi, and included a nationwide Coop Food Village tour
- ***Launch of Loyalty Campaign in Australia.*** On September 4th, 2024, Promotica S.p.A. announced the launch of its first loyalty campaign in Australia in collaboration with Drakes Supermarkets, the country's largest independent grocery retailer. Running until November 12th, the campaign rewards customer loyalty with Italian-designed household items such as vacuum-sealed glass containers, bags, and bottle caps by Giannini, a leading brand in home goods since 1951.
- ***Acquisition of Promotica Shares by Dieci.Sette S.r.l.*** On August 22nd, 2024, Promotica S.p.A. announced that Dieci.Sette S.r.l., a company wholly owned by CEO Diego Toscani, acquired 533,000 ordinary shares of Promotica (approximately 3.12% of the share capital) from shareholder Giochi Preziosi S.p.A. through a block trade transaction at a price of €1.79ps, for a total consideration of €954,070.
- ***Appointment of New Chief Financial Officer***. On June 20, 2024, Promotica S.p.A. announced the appointment of Dr. Luca Alborghetti as Chief Financial Officer. Alborghetti brings extensive experience in key roles in administration, finance, and control, gained in sectors such as ICT, training, and large-scale retail.
- ***Launch of "Promotica International" Division.*** Promotica International division will strengthen Group position and facilitate the penetration in new geographical markets. Promotica launched in March 2024, a portfolio order of a new loyalty campaigns in Poland.

Sustainability Check

In collaboration with ADvisory S.r.l.s., we conducted the analysis on Promotica's ESG themes, focusing only on the aspects that are considered material for Promotica.

The purpose of the Sustainability Check in KT&Partners Equity Research Report is to identify the relevant ESG themes that are material for Promotica, with the aim to valuate risks or opportunities that are not typically identified and valued using traditional financial data.

More in detail, the score is calculated on the basis of the presence (in the Company's information and 2024 Sustainability Report) of the information requested by specific ESG Indicators and on the relevant trend. Most of the Indicators used in the Sustainability Check refer to the GRI (Global Reporting Initiative) KPI standards.

SUSTAINABILITY REPORT				✓
MATERIAL ASPECTS	**ENVIRONMENT**	**PRESENCE OF INFORMATION OR INDICATOR**	**KPI TREND**	**SCORE**
YES	**RAW MATERIALS AND MATERIALS**			
	Materials used (renewable, on-renewable)	YES		
	KPI - % raw materials or materials from recycling or reuse	YES	POSITIVE	
YES	**ENERGY**			
	Energy consumption within the organization	YES		
	KPI - % of energy consumed from renewable sources	YES	POSITIVE	
	Initiatives to reduce energy consumption	YES		
	KPI - Energy intensity index [GJ/h]	NO	-	
	Energy consumption outside the organization	YES		
NO	**WATER**			
	Water withdrawals by source	-		
	Water discharges by destination	-		
	Water consumptions	-		
	KPI - Water withdrawals per hour worked or unit of product	-	-	
YES	**WASTE**			
	Waste generated	YES		
	Waste directed to disposal	YES		
	Recycled waste	YES		
	KPI - Waste per hour worked or unit of product	NO	-	
	KPI - % of waste recycled or recovered on total waste	YES	-	
YES	**GREENHOUSE GAS EMISSIONS**			
	Direct GHG emissions (scope 1)	YES		
	Indirect GHG emissions (scope 2)	YES		
	Indirect GHG emissions (scope 3)	NO		
	Initiatives to reduce greenhouse gas emissions	YES		
	KPI - Emission intensity indices (scope 1,2,3)	NO	-	
NO	**AIR EMISSIONS**			
	Emissions of ozone-depleting substances	-		
	Other harmful emissions (NOX, SOX, CO, Dust, SOV, VOC)	-		
NO	**BIODIVERSITY**			
	Operational sites in (or near) protected or high-biodiversity areas	-		
	Significant impacts on biodiversity	-		
			TOTAL	**65%**

Note: The score is calculated on a percentage basis and each dot represents a 20%.

Note: The score is powered by ADvisory S.r.l.s.

MATERIAL ASPECTS	SOCIAL	PRESENCE OF INFORMATION OR INDICATOR	KPI TREND	SCORE
YES	**EMPLOYEMENT**			
	Employees and workers who are not employees	YES		
	New employee hires and employee turnover	YES		
	Benefits provided to employees	YES		
YES	**OCCUPATIONAL HEALTH AND SAFETY**			
	Occupational health and safety management system	YES		
	Occupational health services	YES		
	Work-related injuries	YES	POSITIVE	
	Work-related ill health	YES	POSITIVE	
YES	**TRAINING AND EDUCATIONS**			
	Programs for upgrading employee skills	YES		
	Average hours of training per year per employee	YES	NEGATIVE	
	Percentage of employees receiving regular performance and career development reviews	NO	-	
YES	**DIVERSITY AND EQUAL OPPORTUNITY**			
	Diversity of management and employees	YES		
	Ratio of basic salary and remuneration of women to men	NO	-	
	Incidents of discrimination and corrective actions taken	YES	POSITIVE	
NO	**HUMAN RIGHTS**			
	Operations and suppliers at significant risk for incidents of compulsory or child labor	-		
	Incidents of violations involving human rights	-	-	
NO	**CUSTOMER HAEALTH AND SAFETY**			
	Assessment of the health and safety impacts of product and service categories	-		
	Incidents of non-compliance concerning the health and safety impacts of products and services	-	-	
NO	**MARKETING AND LABELLING**			
	Requirements for product and service information and labeling	-		
	Incidents of non-compliance concerning product and service information and labeling	-	-	
	Incidents of non-compliance concerning marketing communications	-	-	
NO	**CUSTOMER PRIVACY**			
	Substantiated complaints concerning breaches of customer privacy and losses of customer data	-	-	
YES	**LOCAL COMMUNITIES**			
	Operations with local community engagement, impact assessments, and development programs	YES		
	Direct economic value generated and distributed to local communities	YES	POSITIVE	
			TOTAL	**77%**

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

MATERIAL ASPECTS	GOVERNANCE	PRESENCE OF INFORMATION OR INDICATOR	KPI TREND	SCORE
YES	**CORPORATE GONERNANCE**			●●●○○
	Governance structure and composition	YES		
	Presence of Independent members of the Highest Government Body	YES		
	Diversity of the highest governace body	NO		
	Nomination and selection of the highest governance body	YES		
	Role of the highest governance body in overseeing the management of impacts and in sustainability reporting	YES		
	Delegation of responsibility for managing impacts	YES		
	The processes for the highest governance body to ensure that conflicts of interest are prevented and mitigated	YES		
	Communication of critical concerns to the highest governance body	YES		
	Evaluation of the performance of the highest governance body	NO		
	Remuneration policies for members of the highest governance body and senior executives	NO		
	Annual total compensation ratio	NO		
	Change in the annual total compensation ratio	NO	-	
YES	**SUSTAINABILITY STARTEGY, POLICY AND PRACTICES**			
	Statement on sustainable development strategy from the highest governance body or most senior executive	YES		
	Sustainability policy commitments and embedding	YES		
	Mechanisms for seeking advice and raising concerns and processes to remediate negative impacts	YES		
	Compliance with laws and regulations	YES	POSITIVE	
	Membership associations	YES		
YES	**STAKEHOLDER ENGAGEMENT**			
	Approach to stakeholder engagement	YES		
	Collective bargaining agreements	YES		
YES	**VALUE CHAIN**			
	Description of the value chain	YES		
	New suppliers that were screened using ESG criteria	YES	POSITIVE	
			TOTAL	**71%**

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

Although Promotica is not yet subject to mandatory Non-Financial Reporting under the Corporate Sustainability Reporting Directive ((EU) 2022/2464), the Group has been voluntarily publishing its Sustainability Report since 2021, being among the ca. 20% of EGM-listed companies disclosing ESG data. Promotica's 2024 Sustainability Report confirms a strong commitment to ESG topics and further consolidates the company's strategic approach, including through structured stakeholder engagement such as the newly introduced Multistakeholder Forum.

From our analysis, Promotica continues to demonstrate a strong commitment to ESG themes, with the Social dimension still representing the Group’s most mature area—although slightly decreasing to 77% in FY24 (vs. 82% in FY23)—while Environmental and Governance scores remained stable at 65% and 71%, respectively. This positioning reflects a structured and ongoing approach across all pillars, supported by a broad range of targeted initiatives.

Social impact remains a key pillar of Promotica’s ESG strategy, with a focus on promoting a healthy, inclusive, and balanced work environment. In 2024, the Group further developed its corporate welfare programs, implementing continuous support initiatives and internal policies designed to foster employees’ physical and psychological well-being, with particular attention to work-life balance. Promotica also strengthened its training activities on cybersecurity and digital literacy, providing employees with dedicated courses aimed at improving awareness and safe data management practices. These were accompanied by strategic investments in advanced technologies, including artificial intelligence, to support innovation readiness. In terms of social inclusion, the company continued to back educational and empowerment programs for women and vulnerable children—particularly in India through collaborations with Jyothi Nilaya—as well as integration initiatives supporting job access for people with disabilities.

Governance practices were further reinforced through the activities of the Sustainability Committee, established in 2023 and composed of both internal and external members. The Committee continues to: i) oversee sustainability-related risks and opportunities; ii) assist the Board in defining and monitoring the ESG strategy; iii) promote the integration of sustainability within the corporate culture; and iv) ensure compliance with best practices in reporting standards. In 2024, Promotica also launched a Multistakeholder Forum, designed to foster open dialogue and jointly redefine sustainability priorities through a participatory approach involving employees, clients, suppliers, institutions, and academics.

Promotica has continued to enhance its **Environmental** responsibility through concrete and measurable actions aimed at reducing its ecological footprint. In 2024, the Group offset 544.6 tons of CO_2 emissions by purchasing certified carbon credits, specifically to neutralize the environmental impact of its promotional campaigns. Additionally, Promotica now meets 50% of its energy needs through renewable sources, with facilities such as those in Desenzano del Garda and Brescia operating entirely on green energy. Among its key biodiversity initiatives, the company launched the Bosco della Rimembranza project in Sarezzo (BS), planting 1,000 trees to support local reforestation and ecological regeneration.

FY24 Financial Results

On May 5th, 2025, Promotica reported its consolidated FY24 results, posting revenues of €96.0mn, up +13.7% YoY compared to €84.5mn in FY23. The growth was mainly driven by the positive contribution of international operations and continued traction in the domestic market. However, the performance was slightly below our estimates (€97.9mn; -1.9%) and was partially impacted by delays in deliveries caused by disruptions to container ship traffic through the Suez Canal. The need to reroute vessels around Africa extended shipping times by 20–30 days, slowing both the launch and execution of several campaigns. Including €2.0mn in other revenues (+95% YoY), the Group's Total Revenues reached €98.0mn, aligned with our forecast of €98.4mn, marking a +14.6% YoY increase.

In FY24, the incidence of total operating costs on total revenues increased to 93.8% (vs. 90.8% in FY23 and 90.5% expected), reflecting a more cost-intensive operating structure. In absolute terms, operating costs rose from €77.7mn to €92.0mn (+18.3% YoY; +3.4% vs. estimates). i) Products and Raw Materials amounted to €62.2mn, up +9.8% YoY, with incidence decreasing from 66.2% to 63.4%, showing improved procurement dynamics; ii) Cost of Services increased sharply to €19.9mn (vs. €13.3mn in FY23), up +49.0% YoY and +30.3% vs. estimates, with incidence rising to 20.3% (vs. 15.6%), largely due to higher shipping and logistics expenses and the international business ramp-up; iii) Rental Costs stood at €1.2mn, broadly in line with expectations and slightly up YoY, with stable incidence at 1.2%; iv) Personnel Expenses grew to €8.2mn (vs. €6.1mn), increasing +33.4% YoY and +18.4% vs. estimates, mainly driven by internal team expansion (ca.€1.8mn), with incidence rising from 7.2% to 8.4%; v) Other Operating Expenses reached €0.6mn, in line with both prior year and expectations, maintaining a 0.6% share of total revenues.

The gross margin slightly improved to 36.6% in FY24 (vs. 33.8% in FY23, +2.8p.p.), thanks to more efficient procurement and a better product mix, and 260bps higher than our 33.9% estimate. Despite this improvement, overall profitability was impacted by the sharp increase in service and personnel expenses, which drove a contraction in the EBITDA margin to 6.2% (vs. 9.1% in FY23 and 9.5% expected). In absolute terms, EBITDA amounted to €6.0mn, down -22.6% YoY (vs. €7.8mn) and -35.3% vs. our €9.3mn forecast.

After accounting for D&A of €1.7mn, financial charges for €1.9mn (vs €1.0mn expected) and taxes of €0.9mn, net income came in at €1.6mn, marking a -53.5% YoY decline vs. €3.3mn in FY23 and falling 68.4% short of our expectations (€4.9mn). The net margin dropped to 1.6% from 3.9% in FY23, mainly due to the lower operating profitability and the rise in financial costs linked to the prolonged shipping lead times and weaker euro-dollar exchange rate.

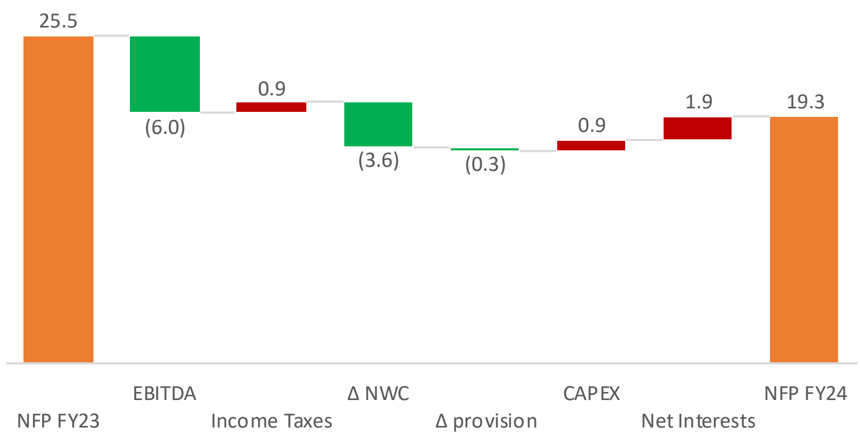
In FY24, Promotica's Net Financial Position improved to €19.3mn (net debt), from €25.5mn in FY23, but higher than our estimates of €17.9mn. The improvement was mainly driven by: i) a solid operating cash flow of €9.0mn, supported by €6.0mn in EBITDA and a €3.6mn positive change in working capital, reflecting strong year-end collections; ii) lower capex, amounting to €0.9mn vs. €1.9mn in FY23; iii) no dividends distributed or equity-related outflows, iv) this was partially offset by financial expenses of €1.9mn. The cash absorption from the increase in inventories—due to shipping delays, late-year campaign buildup and the shift of prize deliveries to early 2025—was effectively counterbalanced by the sharp reduction in trade receivable.

FY23-24 A vs E Income Statement

€ million	FY23	FY24	YoY %	FY24E	A vs E %
Sales Revenues	84.5	96.0	13.7%	97.9	-1.9%
Growth %	*n.a.*	*n.a.*		*15.8%*	
Change in inventories of work in pr	(0.0)	(0.0)		(0.0)	
Other Revenues	1.0	2.0	94.6%	0.5	297.0%
Total Revenues	85.5	98.0	14.6%	98.4	-0.3%
Growth %	*-6.3%*	*14.6%*		*15.0%*	
Products and Raw materials	(56.6)	(62.2)	9.8%	(65.0)	
Gross Profit	28.9	35.9	24.1%	33.4	7.4%
Gross Margin	*33.8%*	*36.6%*	*2.8%*	*33.9%*	*2.6%*
Cost of Services	(13.3)	(19.9)	49.0%	(15.3)	30.3%
Rental Costs	(1.1)	(1.2)	9.3%	(1.2)	-5.6%
Personnel Expenses	(6.1)	(8.2)	33.4%	(6.9)	18.4%
Other Operating Expenses	(0.5)	(0.6)	5.3%	(0.6)	-9.1%
EBITDA	7.8	6.0	-22.6%	9.3	-35.3%
EBITDA margin	*9.1%*	*6.2%*	*-3.0%*	*9.5%*	*-3.3%*
D&A and Provisions	(1.5)	(1.7)		(1.5)	
EBIT	6.3	4.3	-31.9%	7.9	-45.0%
EBIT margin	*7.4%*	*4.4%*	*-3.0%*	*8.0%*	*-3.6%*
Financial Income and Expenses	(1.7)	(1.9)		(1.0)	
Extraordinary items	-	-		-	
EBT	4.7	2.5	-47.4%	6.9	-64.3%
Taxes	(1.3)	(0.9)		(1.9)	
Tax Rate	*28.3%*	*36.6%*		*28.2%*	
Net Income	3.3	1.6	-53.5%	4.9	-68.4%
Net margin	*3.9%*	*1.6%*	*-2.3%*	*5.0%*	*-3.4%*
Minorities	0.1	(0.1)		-	
Net Income attributable to the Group	3.3	1.7	-49.6%	4.9	-66.4%
Net margin	*3.8%*	*1.7%*		*5.0%*	

Source: Company data, KT&Partners' elaborations

NFP Bridge FY23-24



Source: KT&Partners' elaborations on Company Data

Change in Estimates

Following the release of FY24 results, we have revised our top-line projections for the FY25E–27E period and added FY28E as the new terminal year. The main change relates to the addition of ca. €24mn in revenues from campaigns awarded in early 2025. As a result, FY25E total revenues are now projected at €137.0mn (vs. €106.9mn previously), marking a +28.2% upward revision and implying +39.8% YoY growth. For FY26E and FY27E, we kept our previous growth rates unchanged, reflecting the structural expansion already embedded in our prior model. Additionally, we assume other revenues to account for 1.5% of sales across the forecast horizon, supporting total revenue progression. With the inclusion of FY28E at €176.5mn, the revised trajectory implies a CAGR of 17.3% over 2024–28E.

Considering the revised revenue trajectory, we have adjusted our cost structure assumptions to reflect the expected operational impact of higher volumes and macroeconomic pressures. The main changes reflects: i) **Products and Raw Materials** are projected at 62.8% of sales in FY25E (vs. 65.5% in old est.) and 61.6% in FY28E; and ii) **Cost of Services** now projected at 19.7% of sales in FY25E (vs. 15.3% in the previous estimates) and 18.8% in FY28E, to account for increased logistics and freight costs related to campaign execution, also influenced by global supply chain tensions and disruptions through the Suez Canal. The remaining cost categories have been kept broadly unchanged compared to previous estimates. As a result, the EBITDA margin is now expected at 9.3% in FY25E (vs. 10.6% old est.) and is projected to recover to 10.7% in FY27E and further improve to 11.4% by FY28E. In absolute terms, EBITDA for FY25E has been revised up to €12.8mn from €11.4mn previously (+12.5%), €17.4mn in FY27E (vs. €16.1mn), and €20.1mn in FY28E, with a CAGR24-28E of 22.2%.

Below the EBITDA line, D&A for FY25E are projected at €1.7mn, slightly higher in absolute, but stable at around 1.5% of total sales across the forecast horizon. A similar dynamic applies to net financial expenses, which are expected to weigh ~1% of sales, in line with previous estimates. As a result, net income is projected to reach €6.9mn in FY25E (vs. €6.5mn in old estimates), implying a net margin of 5.1% (vs. 6.1% previously, -1.0p.p.).

We have confirmed our FY25E Net Financial Position estimate at €12.5mn net debt (vs. €12.4mn in our previous model), despite the FY24 figure coming in €1.4mn worse than expected. The updated assumptions incorporate more normalized inventory levels, supported by improved supply chain visibility, with DIO revised down to 82 days (vs. 97). Similarly, DSO has been lowered to 58 days (from 88), reflecting a stronger collection profile, while DPO has been revised to 60 days (vs. 67), assuming more conservative supplier payment cycles. Looking forward, we continue to forecast a gradual deleveraging path, with net cash of €0.3mn in FY27E and €10.1mn net cash by FY28E.

Change in Estimates (€mn)

€ Millions	2024 Actual	Change	2025E Old	2025E New	Change	2026E Old	2026E New	Change	2027E Old	2027E New	Change	2028E New	CAGR 2024-28E New
Revenues	**98.0**	**-0.3%**	**106.9**	**137.0**	**28.2%**	**116.2**	**149.0**	**28.2%**	**126.4**	**162.1**	**28.3%**	**176.5**	**17.3%**
YoY Change (%)	*14.6%*		*8.7%*	*39.8%*		*8.7%*	*8.7%*		*8.8%*	*8.8%*		*8.9%*	
EBITDA	**6.0**	**-34.7%**	**11.4**	**12.8**	**12.5%**	**13.6**	**14.9**	**9.9%**	**16.1**	**17.4**	**7.7%**	**20.1**	**22.2%**
YoY Change (%)	*-22.6%*		*21.9%*	*112.1%*		*19.5%*	*16.7%*		*18.7%*	*16.3%*		*15.9%*	
EBITDA Margin	*6.2%*		*10.6%*	*9.3%*		*11.7%*	*10.0%*		*12.8%*	*10.7%*		*11.4%*	
EBIT	**4.3**	**-40.3%**	**9.8**	**11.1**	**13.1%**	**12.0**	**13.2**	**10.0%**	**14.5**	**15.6**	**7.2%**	**18.3**	**25.2%**
YoY Change (%)	*-31.9%*		*25.0%*	*157.3%*		*22.2%*	*18.8%*		*21.2%*	*18.1%*		*17.4%*	
EBIT Margin	*4.4%*		*9.2%*	*8.1%*		*10.3%*	*8.9%*		*11.5%*	*9.6%*		*10.4%*	
Net Income	**1.6**	**-67.1%**	**6.5**	**6.9**	**6.7%**	**8.2**	**8.8**	**7.0%**	**10.2**	**10.9**	**7.2%**	**13.1**	**34.4%**
YoY Change (%)	*-53.5%*		*31.8%*	*345.1%*		*26.5%*	*26.9%*		*24.0%*	*24.2%*		*19.5%*	
Net Margin	*1.6%*		*6.1%*	*5.1%*		*7.1%*	*5.9%*		*8.1%*	*6.7%*		*7.4%*	
NFP	**19.3**	**4.8**	**12.4**	**12.5**	**0.1**	**4.6**	**8.0**	**3.4**	**(5.2)**	**(0.3)**	**4.9**	**(10.1)**	

Source: KT&Partners' elaborations on Company Data

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Valuation

Overview

Following the projections of Promotica's future financials, we carried out the valuation of the company by applying the DCF methodology, which best captures the characteristics of Promotica's business model and the long-term dynamics of its growth strategy.

We do not rely on Market Multiples model since there are no listed companies that have: i) a business model and ii) growth rates similar to Promotica.

According to our valuation method, our estimated fair value is equal to €90.1mn or €5.28ps.

DCF Valuation

We conducted our valuation using a four-year DCF model, based on 14.1% cost of equity and a target capital structure of 67% equity and 33% debt. The cost of equity is a function of the risk-free rate of 3.7% (Italian 10y BTP, last 3 months average), 5.37% equity risk premium (Damodaran: Italian equity risk premium with country risk based on CDS spread) and a premium for size and liquidity of 3.1%. We, therefore, obtained 10.4% WACC.

We discounted 2025E–28E annual cash flows and considered a terminal growth rate of 2.0%; then we carried out a sensitivity analysis on the terminal growth rate (+/- 0.25%) and on WACC (+/- 0.25%).

DCF Valuation

€ Millions	2025E	2026E	2027E	2028E
EBIT	**11.1**	**13.2**	**15.6**	**18.3**
Taxes	(3.1)	(3.7)	(4.4)	(5.2)
D&A	1.4	1.5	1.5	1.6
Change in Net Working Capital	(1.1)	(5.2)	(3.7)	(4.1)
Change in Funds	0.6	0.6	0.7	0.7
Net Operating Cash Flow	**8.9**	**6.4**	**9.7**	**11.3**
Capex	(1.1)	(1.1)	(1.2)	(1.4)
FCFO	7.7	5.2	8.5	9.9
g	***2.0%***			
Wacc	***10.4%***			
FCFO (discounted)	7.3	4.5	6.6	7.0
Discounted Cumulated FCFO	25.3			
TV	120.0			
TV (discounted)	84.2			
Enterprise Value	**109.5**			
NFP FY24	19.3			
Minorities FY24	0.2			
Equity Value	**90.1**			
Current number of shares (mn)	17.1			
Value per share (€)	**5.28**			

Source: Company Data, KT&Partners' Elaboration

Sensitivity Analysis – Growth rate and WACC – (€mn)

€ Millions		WACC				
		10.9%	10.6%	10.4%	10.1%	9.9%
Terminal growth Rate	1.5%	80.2	83.0	85.0	89.0	92.3
	1.8%	82.4	85.4	87.5	91.7	95.2
	2.0%	84.8	87.9	90.1	94.6	98.3
	2.3%	87.3	90.5	92.9	97.6	101.5
	2.5%	89.9	93.4	95.8	100.9	105.0

Source: Company Data, KT&Partners' Elaboration

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

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