

Company: **Riba Mundo Tecnología** Rating: **BUY** Target Price: **€32.5**

Sector: **Consumer Electronics Wholesalers**

Consistently delivering double-digit growth

1H24: quality revenue growth (+25.3% yoy) but lagging EBITDA margin

Revenues increased from €183.6m to €230.2m (+25.3% yoy), which represents 42% of our previous FY24E (€547.7m) [Please refer to our Company Update on 24th April 2024]. ePRICE contributed around €8m to the result, noting that its consolidation only took place from 1st April instead of 1st January. The mobile phone category remains the largest source of Riba's revenue, but its share has declined to 30.4%, reflecting a strategic shift towards diversification. The gross margin held steady at 5.1%, falling short of our improvement expectations. As anticipated, ePRICE's operating costs negatively impacted the EBITDA margin, which declined to 1.78% (down from 2.13% in 1H23), resulting in an absolute EBITDA of €4.1m (+4.4% yoy). Despite the increase in turnover, net profit fell to €0.2m (-82% yoy), primarily driven by elevated financial expenses that impacted EBIT by €2.6m. By the end of June, Net Debt remained stable at €36.4m, compared to €36.0m at the end of 2023.

Aiming for ePRICE breakeven by FY25E and debt optimization

On March 27th, 2024, Riba Mundo increased its stake in ePRICE IT S.r.l. to 67%, gaining control of the company. A key priority for management is driving ePRICE IT toward breakeven, with a focus on creating synergies and operational integration between the two companies to enhance financial performance. While a loss is still expected for FY2024, management is targeting breakeven in 2025.

With regard to Riba Mundo, management is targeting business expansion in Spain, a market whose contribution to sales is steadily increasing (sales from Spain are expected to account for over 20% of sales in FY24E) and whose profitability is above average. Additionally, Riba Mundo is prioritizing margin improvement and debt restructuring, as the current debt burden is significantly impacting its bottom line.

FY24-26E estimates fine-tuning

In light of the half-year results, we have revised our FY24 revenue estimate downward to €516.0m, a 6% decrease from the prior estimate of €547.7m. This adjustment accounts for the non-consolidation of a quarter of ePRICE and a more conservative growth outlook, leading us to lower our forecasted CAGR for FY23-26E from 16.3% to 14.7%. Gross margin has struggled to improve, leading to revisions to future margin growth; however, we anticipate some compensation effect from improved transport cost management, as the Company has successfully passed on some costs to customers starting from 2H24. We project an EBITDA margin of 2.3% (unchanged) for FY24E, equating to €11.9m. Other estimates are largely unchanged, with Net Debt projected to decline to €30.7m by year-end, compared to a previous estimate of €29.1m, supported by effective working capital management.

Valuation: 12-month TP cut to €32.5/share; BUY confirmed

Our updated DCF estimates project cumulative FCFs of €26.0m for 2025-27E, an increase from the previous €21.8m for 2024-26E. Conversely, the Terminal Value, derived using the average FCF over the period 2024-27E and a perpetual growth rate of 2%, has fallen to €88.4m (from previous €116.4m) and the WACC increased to 9.5% (previously 8.2%). Overall, these adjustments lead to an updated fair value estimate of €25.2/share (down from previous €32.1/share). For the relative valuation, we advanced by one year and applied the peer group's median EV/Sales multiple for FY25E, which is 0.3x, significantly above Riba Mundo's current trading multiple of 0.1x (as of October 24th, 2024). This adjustment results in a fair value of €54.4/share, up from the previous €39.4/share. Reflecting the updated valuations, we have cut our 12-month target price (TP) from €35.8 to €32.5 per share [Please refer to our Company Update on 24th April 2024]. Given the upside potential between Riba Mundo's current closing price and our target, we reiterate our BUY recommendation.

October 25th, 2024 at 11:00

Company Profile					
Bloomberg					RMT IM
FactSet					RMT-IT
Stock exchange					Italian Stock Exchange
Reference Index					FTSE Italia Growth Index
Market Data					
Price (as of October 24 th , 2024)					€ 14.0
Number of shares (mln)					2.3
Market cap. (mln)					€ 32.2
Performance since IPO					
Absolute					-29.5%
Max/Min					20.0/13.0
(€/mln)	FY23	FY24E	FY25E	FY26E	
Revenue	434.2	516.0	589.0	655.0	
	<i>yoy</i>	<i>31.9%</i>	<i>18.8%</i>	<i>14.1%</i>	<i>11.2%</i>
Adj. EBITDA	9.2	11.9	14.1	17.1	
	<i>Adj. EBITDA margin</i>	<i>2.1%</i>	<i>2.3%</i>	<i>2.4%</i>	<i>2.6%</i>
EBIT	7.1	10.1	12.1	15.1	
	<i>EBIT margin</i>	<i>1.6%</i>	<i>1.9%</i>	<i>2.0%</i>	<i>2.3%</i>
Net income	0.7	3.8	6.6	9.8	
	<i>Margin</i>	<i>0.2%</i>	<i>0.7%</i>	<i>1.1%</i>	<i>1.5%</i>
Adj. Net Financial Position (Cash)					
	36.0	30.7	25.9	19.1	
Shareholders' equity	13.7	17.5	23.9	33.4	
Net Operating Working Capital	28.3	35.4	39	44.2	
CapEx	3.3	2.0	1.4	1.3	
Free Cash Flow	(11.0)	0.4	6.2	6.8	



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SWOT analysis

STRENGTHS

- Know-how and proprietary technology through MarVin
- Extensive geographical network enabling broad market reach and customer access
- Extensive product catalog that meets diverse customer needs and supports competitive differentiation across multiple markets
- Strategic positioning for fast deliveries and time to market
- Big Data disruptive business model
- Customer oriented approach
- Market positioning as a global B2B trader

WEAKNESSES

- Limited industry-wide profit margins in an increasingly competitive market
- Rapid growth challenges and high debt costs strain resources and financial flexibility

OPPORTUNITY

- B2C market expansion through ePRICE
- Highly scalable business
- Large addressable market
- Highly fragmented competition
- US market penetration for Consumer Electronics
- M&A opportunities
- Products range diversification, including Pharmaceuticals, White Goods and Toys

THREATS

- Risk of rapid product and inventory obsolescence due to evolving market trends and technology advancement

1H24 results: quality revenue growth, but margins lag behind

1H24 Revenues increased by 25.3% yoy to €230.2m

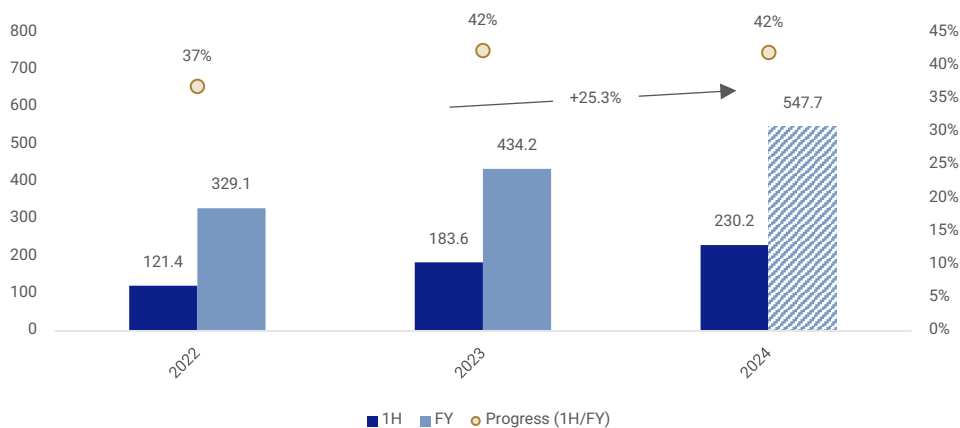
In the first half of 2024, Riba Mundo reported robust revenue growth, reaching €230.2m, a 25.3% increase yoy compared to €183.6m in 1H23. This growth was partly driven by the consolidation of ePRICE from April 1st, 2024, which contributed around €5m to the mid-year revenue. Notably, this differs from the initial management guidance and our estimates, which anticipated consolidation from January 1st, 2024.

The half-year result represents 42% of our previous FY24E revenue forecast of €547.7m [Please refer to our Company Update on 24th April 2024]. This performance aligns with last year's trajectory, where €183.6m in 1H23 grew to €434.2m by year-end.

While the mobile phone segment remains the largest contributor to overall revenue, its share has decreased significantly, accounting for just 30.4% of total sales in 1H24. This marks a notable decline from 65% just two years ago in 2022. Revenue growth is now being driven by other key categories, including headphones (21.5% of revenues), TV (12%), computing (10.4%), smartwatches and home (2.7%).

Italy continues to be Riba Mundo's largest market, representing over 25% of revenues, while Spain's contribution has risen to over 20%; collectively, European markets account for 96% of total revenues, with non-European countries comprising the remaining 4%.

Figure 1: Revenue 1H22-1H24 (€/m)



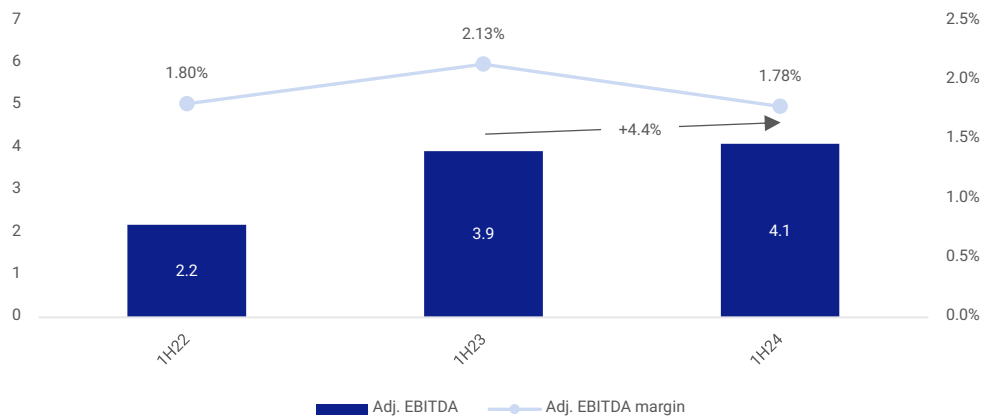
Source: Banca Profilo elaborations on Company data

1H24 EBITDA at €4.1m, but margin decreased to 1.78% (~-40bps)

Gross margin reached €11.5m in 1H24, reflecting a 23.4% increase from €9.3m in 1H23. Despite the growth in absolute terms, the gross margin percentage remained almost stable at 5.01%, compared to 5.09% in the prior period.

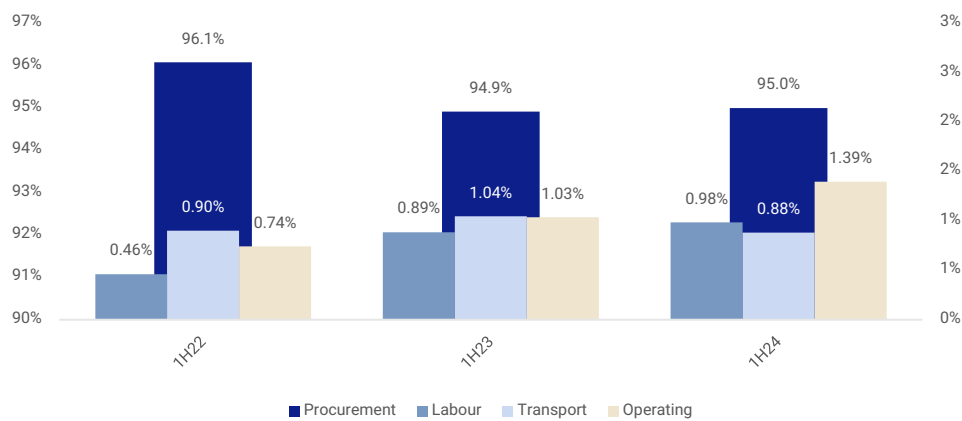
EBITDA rose to €4.1m in 1H24, a 4.4% increase from €3.9m in 1H23. However, the EBITDA margin contracted by 36bps, declining to 1.78% from 2.13% a year earlier. This decrease in profitability was largely driven by elevated operating costs, mainly due to the consolidation of ePrice and the Company's growth in size.

Figure 2: Adj. EBITDA (€/mln) and Adj. EBITDA margin on Revenues 1H22-1H24



Source: Banca Profilo elaborations on Company data

Figure 3: Incidence of costs on Revenues FY21-23

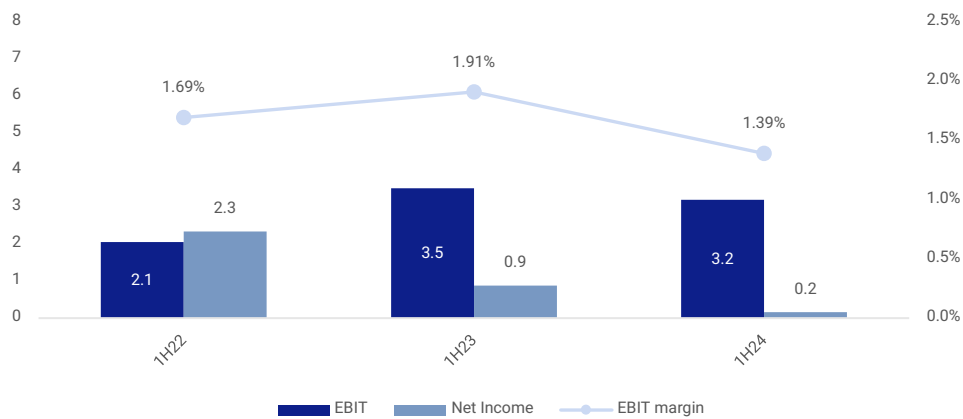


Source: Banca Profilo elaborations on Company data

1H24 Net income dropped to €0.2mln

EBIT totaled €3.2mln in 1H24, remaining broadly in line with the €3.4mln reported in 1H23. As of June 30, 2024, Riba Mundo reported a consolidated net profit of €0.2mln, down from €0.9 million in the same period last year. This decline is largely attributed to €2.6mln in financial charges that continue to exert significant pressure on profitability.

Figure 4: Adj. EBIT, Net Profit (€/mln) and Adj. EBIT margin 1H22-1H24



Source: Banca Profilo elaborations on Company data

Table 1: Income Statement 1H22-1H24 (€/mln)

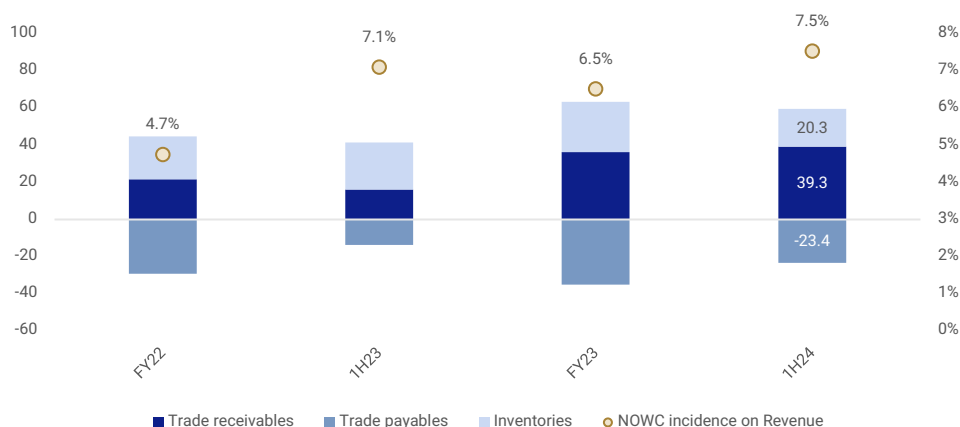
		Profit & Loss (€/mln)				
		1H22	FY22	1H23	FY23	1H24
Revenue		121.4	329.1	183.6	434.2	230.2
	<i>yoy</i>	70.2%	89.5%	51.3%	31.9%	25.3%
Procurement costs		(116.6)	(313.8)	(174.3)	(413.5)	(218.7)
	<i>% on Revenue</i>	96.1%	95.3%	94.9%	95.2%	95.0%
Gross Profit		4.8	15.3	9.3	20.7	11.5
	<i>Gross margin</i>	3.9%	4.7%	5.09%	4.77%	5.01%
Cost of services and other operating expenses		(2.0)	(6.3)	(3.8)	(9.4)	(5.2)
	<i>% on Revenue</i>	1.7%	1.9%	2.1%	2.2%	2.3%
Labour cost		(0.6)	(1.9)	(1.6)	(3.3)	(2.3)
	<i>% on revenue</i>	0.5%	0.6%	0.9%	0.8%	1.0%
Comprehensive operating costs		(119.2)	(321.6)	(179.7)	(426.2)	(226.1)
	<i>% on Revenue</i>	98.2%	97.7%	97.9%	98.2%	98.2%
EBITDA		2.2	7.5	3.9	8.0	4.1
	<i>EBITDA margin</i>	1.80%	2.26%	2.13%	1.84%	1.78%
Adj. EBITDA		2.2	7.5	3.9	9.2	4.1
	<i>Adj. EBITDA margin</i>	1.80%	2.26%	2.13%	2.12%	1.78%
D&A		(0.1)	(0.4)	(0.4)	(1.0)	(0.9)
	<i>% on Revenue</i>	0.1%	0.1%	0.2%	0.2%	0.4%
EBIT		2.1	7.0	3.5	7.0	3.2
	<i>EBIT margin</i>	1.7%	2.1%	1.9%	1.6%	1.4%
Reported EBIT		3.4	8.2	3.5	7.1	3.3
	<i>Reported EBIT margin</i>	2.8%	2.5%	1.9%	1.6%	1.5%
Financial income and expenses		1.1	(0.2)	(2.1)	(5.7)	(2.6)
	<i>% on Revenue</i>	-0.9%	0.1%	1.2%	1.3%	1.1%
EBT		3.1	6.9	1.4	1.3	0.6
	<i>Pretax margin</i>	2.6%	2.1%	0.7%	0.3%	0.3%
Taxes		(0.8)	(1.9)	(0.5)	(0.6)	(0.5)
	<i>Tax Rate</i>	25.0%	27.1%	35.4%	44.1%	73.9%
Net Income		2.3	5.0	0.9	0.7	0.2
	<i>Net Profit margin</i>	1.9%	1.5%	0.5%	0.2%	0.1%

Source: Banca Profilo elaborations on Company data

NOWC at €36.2mln or 7.5% of Revenues

As of June 2024, Net Operating Working Capital (NOWC) stood at €36.2mln, representing 7.5% of revenue. The ratio of trade receivables to revenue improved, decreasing to 8.2% from 8.4% at year-end 2023. Inventory levels saw a notable reduction, with the inventory-to-revenue ratio falling to 4.2% from 6.2%. Meanwhile, trade payables as a percentage of COGS (excluding labor costs) declined to 5.0% from 8.3%.

Figure 5: Net Operating Working Capital FY22-1H24 (€/mln)

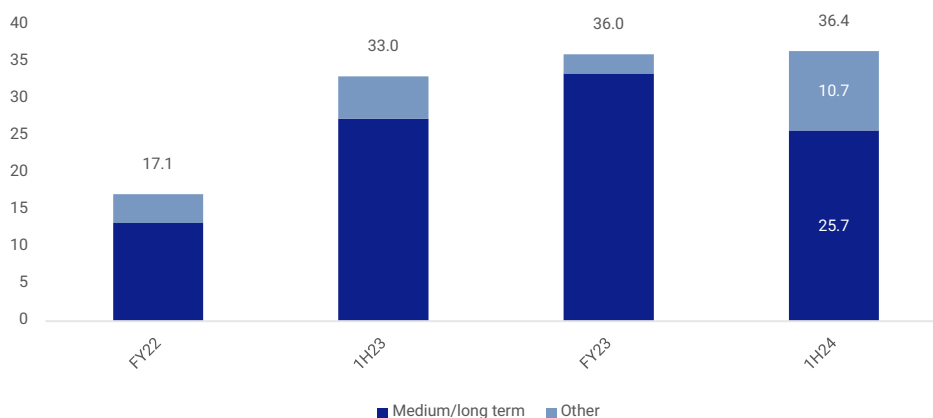


Source: Banca Profilo elaborations on Company data

Adj. Net Debt stabilizes at €36.4mln

As of 30 June 2024, adj. net debt increased by €0.4mln, reaching €36.4mln. This includes €25.7mln in medium/long-term loans and €10.7mln in short-term loans, net of cash and cash equivalents.

Figure 6: Net Debt (Cash) FY22-1H24 (€/mln)



Source: Banca Profilo elaborations on Company data

Table 2: Balance Sheet FY22-1H24 (€/mln)

Balance Sheet (€/mln)					
		FY22	1H23	FY23	1H24
Intangible assets		1.7	2.8	3.8	10.9
Right of use		1.2	1.1	1.0	0.9
Tangible fixed assets		0.4	0.5	0.8	0.9
Financial assets		5.2	4.8	1.5	0.3
Fixed Assets		8.6	9.2	7.1	13.1
Inventories		23.1	25.3	27.0	20.3
	% on Revenue	7.0%	6.5%	6.2%	4.2%
Trade receivables		21.8	16.2	36.4	39.3
	% on Revenue	6.6%	4.1%	8.4%	8.2%
Trade payables		(29.2)	(13.7)	(35.1)	(23.4)
	% on COGS w/o labour cost	9.1%	3.6%	8.3%	5.0%
Net Operating Working Capital		15.6	27.8	28.3	36.2
	% on Revenue	4.7%	7.1%	6.5%	7.5%
Other current assets		3.8	10.2	21.9	16.7
Other current liabilities		(3.4)	(3.8)	(1.4)	(5.2)
Net Working Capital		16.1	34.3	48.8	47.7
	% on Revenue	4.9%	8.8%	11.2%	9.9%
Non current assets		0.0	0.0	0.0	0.0
Non current liabilities		(1.1)	(1.0)	(0.8)	(0.8)
Net Invested Capital		23.6	42.5	55.1	60.0
CapEx		2.0	1.6	3.3	1.5
	% on Revenue	0.6%	0.8%	0.8%	0.7%
Intangible		1.6	1.4	2.7	1.3
Tangible		0.4	0.2	0.7	0.2
Share capital		2.0	2.0	2.3	2.3
Reserves and retained earnings		0.4	5.4	10.7	11.3
Group Net Income		5.0	0.9	0.7	0.2
Financial assets at fair value through equity		(0.1)	(0.1)	0.02	0.08
Shareholders' equity		7.4	8.3	13.7	13.8
Net Financial Position (Cash)		16.2	34.3	41.4	46.1
Adj. Net Financial Position (Cash)		17.1	33.0	36.0	36.4

Source: Banca Profilo elaborations on Company data

Table 3: Free Cash Flows FY22-1H24 (€/mln)

	Free Cash Flow (€/mln)			
	FY22	1H23	FY23	1H24
EBIT	7.0	3.5	7.0	3.2
<i>Tax rate</i>	<i>27.1%</i>	<i>35.4%</i>	<i>44.1%</i>	<i>73.9%</i>
NOPAT	5.1	2.3	3.9	0.8
D&A	0.4	0.4	1.0	0.9
Changes in Funds	(0.8)	0.1	0.1	0.2
Changes in NOWC	(4.1)	(12.2)	(12.7)	(7.9)
CapEx	(2.0)	(1.6)	(3.3)	(1.5)
Free Cash Flow	(1.3)	(11.0)	(11.0)	(7.5)

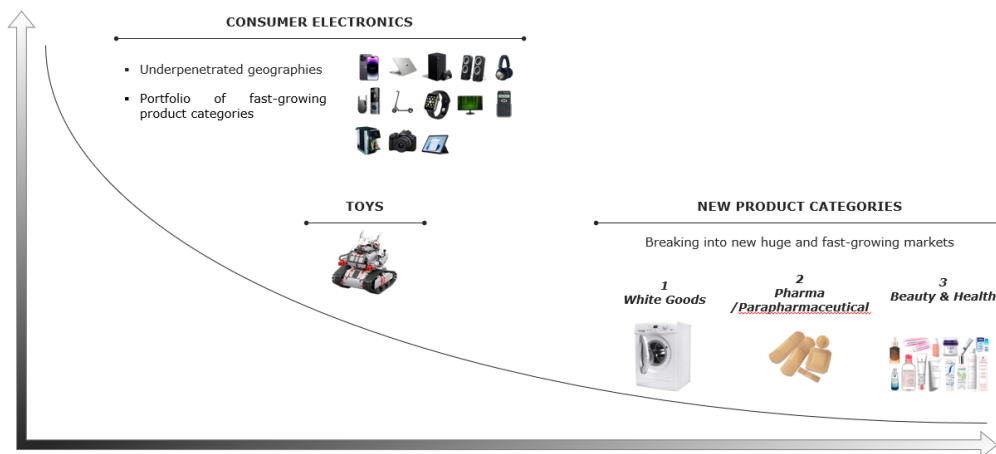
Source: Banca Profilo elaborations on Company data

Strategy and Estimates

Corporate Strategies

- Strategic guidelines: products range expansion** Since its IPO (July 2023), Riba Mundo has focused on expanding its product range, by entering new categories such as Personal & Household Small Appliances, Smartphones & Tablets accessories.
- Use of proceeds: 70% new product categories** The IPO (July 2023) proceeds (€5.3mln) are being used for both internal and external business expansion:
- new product categories (~70% of IPO proceeds): Riba Mundo is directing investments towards research and development to integrate new global markets into its Big Data ecosystem. The Company aims to venture into the White Goods & Household Appliances, Pharma & Para Pharmaceuticals and Beauty & Personal Care markets through research and potential M&A.
 - proprietary brand (~20% of IPO proceeds): the Group intends to invest in R&D to launch its brand and secure higher margins;
 - warehouse capacity (~10% of IPO proceeds) to support the growth acceleration in the next years; after the listing, the Company started the restructuring of the warehouse.

Figure 7: Riba Mundo's strategic product lines



Source: Banca Profilo elaborations on Company data

Strategic repositioning: from resellers to Retailers/E-Tailers

Riba Mundo aims to boost profitability by increasing its focus on Retailers and e-Tailers among its client base. To support this strategy, the Company has entered the B2C market, initially through a joint stake in ePRICE and later by acquiring a majority shareholding.

March 2024: Riba Mundo increased stake to 67% in ePRICE

In June 2022, Riba Mundo entered a Joint Venture agreement with Portobello, acquiring 50% each of the Marketplace business unit of ePrice Operations S.r.l. for €2.65mln. In March 2024, Riba Mundo increased its ownership in the subsidiary, now rebranded as ePRICE IT S.r.l., to 67%. This increase was achieved by subscribing to €3.7mln of the €4.1mln raised in a capital increase, while Portobello subscribed to the remaining portion, reducing its stake to 33%.

The primary objective of the transaction is to provide ePRICE with the necessary financial resources to kickstart its development strategy, collaborating with and leveraging Riba Mundo's expertise and extensive network with major global distributors and electronics manufacturers. Following an initial analysis and assessment of ePRICE's business model and corporate restructuring, the focus will shift towards launching commercial development

initiatives on the portal, utilizing both B2C and B2B channels, alongside strategic marketing investments. The ePRICE business model will be restructured to encompass three distinct sales channels within the same portal: B2C for direct transactions with end consumers, B2B for corporate clientele and Marketplace for the facilitation of third-party product sales to end customers.

Our 2024E-26E estimates: fine tuning

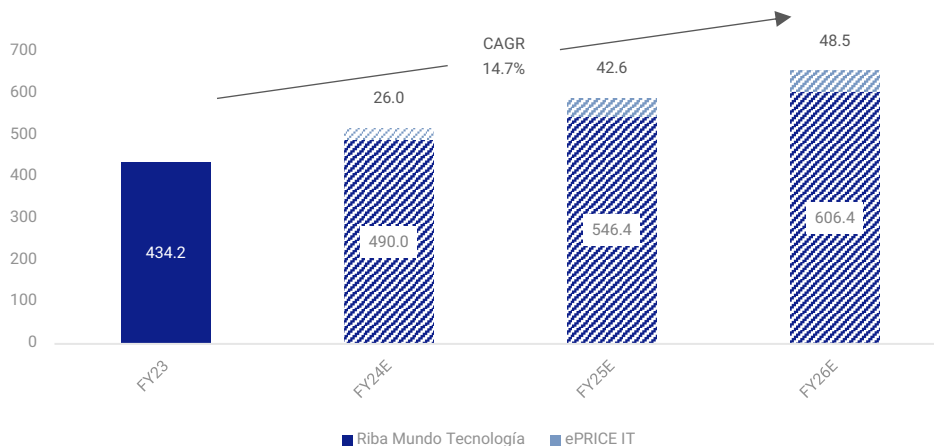
ePRICE consolidation from April: Revenue to grow at 14.7% CAGR in 2023-26E

Considering the consolidation of ePRICE from April 1st, 2024, instead of January 1, 2024, as previously communicated, we have adjusted our FY24E revenue estimates for ePRICE to €26.0mIn (down from €34.4mIn). Additionally, despite mid-year performance aligning with last year's impact on full-year results, consistently with current macroeconomic conditions we have lowered by a 5% Riba Mundo's FY24 revenue forecast to €490.0mIn (from €513.4mIn). We have also revised our overall revenue growth projection, now expecting a CAGR of 14.7% (previously 16.3%) for the 2023-26E period.

Riba Mundo standalone to grow at 11.8% CAGR in 2023-26E

For Riba Mundo on a standalone basis, our projections anticipate now a turnover growth at 11.8% (previously 13.0%) CAGR during the same period, reaching €606.4mIn in FY26E. Riba Mundo's strategy to diversify its product mix beyond the core smartphone segment has yielded results more quickly than anticipated. As of the most recent half-year, mobile phones comprised approximately 30% of total revenue, a significant decrease from 65% in 2022. This shift highlights the early success of the company's diversification efforts and its ability to adapt to changing market dynamics.

Figure 8: Revenue FY23-26E (€/mIn)



Source: Banca Profilo elaborations and estimates on Company data

Costs incidence is expected to decline to 97.4% of revenue by FY26E

Following the half-year results, we have revised our cost estimates and projected margin growth. While we still anticipate that the Company's growth, improved bargaining power with suppliers and ongoing enhancements to Marvin software will gradually reduce procurement costs as a percentage of revenue, this reduction is now expected to occur at a slower pace than previously estimated:

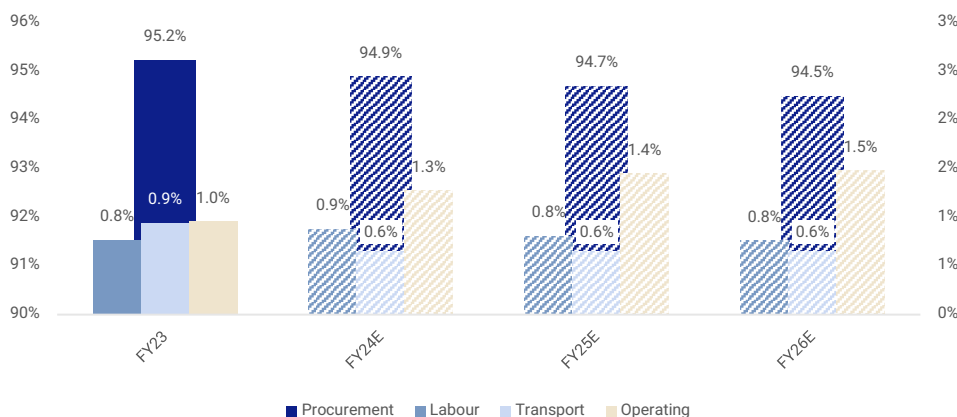
- we forecast procurement costs to decrease to 94.9% in 2024 (vs previous 94.4%) and continuing to 94.5% of revenue by 2026, compared to the prior estimate of 93.7%. As a result, we now project an average gross margin of 5.3% for FY23-26E, down from our previous forecast of 5.9%. By FY26E, the gross margin is expected to reach 5.5%, versus the earlier estimate of 6.3%, translating into a gross profit of €36.0mIn.
- Operating costs are expected to rise in significance starting this year, as reflected in 1H24 results, driven by ePRICE's operational impact. However, this increase will be

partially offset by a reduction in transport costs, as the Company revised its policy in 2H24, allowing it to pass on part of these costs to customers.

- Labour costs are expected to remain stable over the period.

Overall, the total cost as a percentage of revenue is projected to decrease from 98.2% in FY23 to 97.4% by FY26E, primarily driven by the decreasing impact of procurement expenses.

Figure 9: Incidence of costs on Revenue 2023–26E

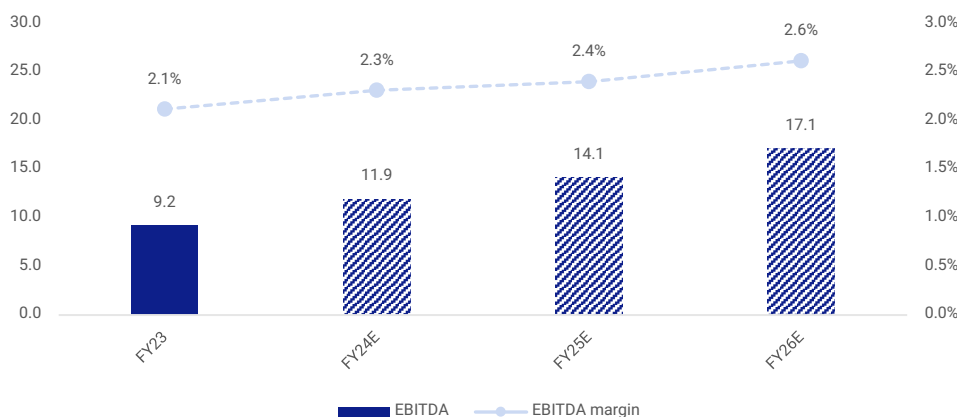


Source: Banca Profilo elaborations and estimates on Company data

EBITDA to reach €17.1m in FY26E and 2.6% margin

Revised revenue growth leads to a projected EBITDA of €11.9m for FY24E (down from €12.6m), or a 2.3% margin (unchanged). However, margin forecasts for future years have been adjusted downward, with the FY26E margin reduced from 3.1% to a more conservative 2.6%.

Figure 10: EBITDA (€/m) and EBITDA margin on Revenue FY23-26E



Source: Banca Profilo elaborations and estimates on Company data

EBIT is expected at €9.9m in FY24E

We project EBIT to grow at a 29% CAGR over 2023-26E, fueled by rising turnover and enhanced profitability. EBIT is expected to reach €9.9m in FY24E (down from the previous forecast of €10.3m), climbing to €15.1m by FY26E.

Gradual decrease in financial expenses

Net Profit is projected to increase from €0.7m in FY23 to €9.8m by FY26E (down from the previous estimate of €11.4m), driven by stronger operating performance and a reduction in debt costs, supported by both debt reduction and favorable renegotiation of interest rates.

Given the Company's early-stage status, we anticipate that Riba Mundo will refrain from paying dividends throughout the specified period.

Table 4: Pro forma Income Statement FY23-26E

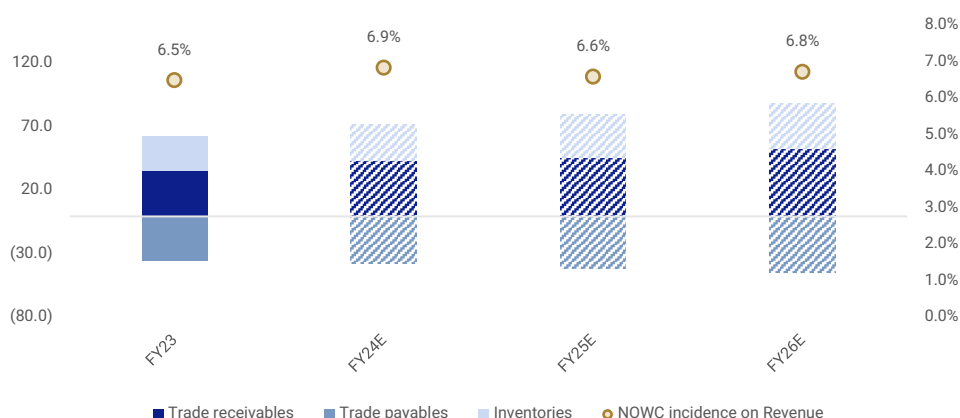
Profit & Loss (€/mln)							
	FY23	FY24 OLD	FY24E	FY25 OLD	FY25E	FY26 OLD	FY26E
Revenue	434.2	547.7	516.0	614.2	589.0	683.3	655.0
<i>yoy</i>	31.9%	26.1%	18.8%	12.1%	14.1%	11.3%	11.2%
Procurement costs	(413.5)	(517.2)	(489.6)	(577.9)	(557.8)	(640.1)	(618.9)
<i>% on Revenue</i>	95.2%	94.4%	94.9%	94.1%	94.7%	93.7%	94.5%
Gross Profit	20.7	30.5	26.4	36.3	31.2	43.3	36.0
<i>Gross margin</i>	4.77%	5.56%	5.11%	5.91%	5.30%	6.33%	5.50%
Cost of services and other operating expenses	(9.4)	(12.3)	(9.9)	(13.6)	(12.3)	(15.0)	(13.9)
<i>% on Revenue</i>	2.2%	2.3%	1.9%	2.2%	2.1%	2.2%	2.1%
Labour cost	(3.3)	(5.6)	(4.5)	(6.4)	(4.8)	(7.0)	(5.0)
<i>% on revenue</i>	0.8%	1.0%	0.9%	1.0%	0.8%	1.0%	0.8%
Comprehensive operating costs	(426.2)	(535.2)	(504.1)	(597.8)	(574.9)	(662.1)	(637.8)
<i>% on Revenue</i>	98.2%	97.7%	97.7%	97.3%	97.6%	96.9%	97.4%
EBITDA	8.0	12.6	11.9	16.3	14.1	21.2	17.1
<i>EBITDA margin</i>	1.84%	2.29%	2.31%	2.66%	2.40%	3.11%	2.61%
Adj. EBITDA	9.2	12.6	11.9	16.3	14.1	21.2	17.1
<i>Adj. EBITDA margin</i>	2.12%	2.29%	2.31%	2.66%	2.40%	3.11%	2.61%
D&A	(1.0)	(2.3)	(2.0)	(2.2)	(2.1)	(2.0)	(2.0)
<i>% on Revenue</i>	0.2%	0.4%	0.4%	0.4%	0.4%	0.3%	0.3%
EBIT	7.0	10.3	9.9	14.2	12.1	19.2	15.1
<i>EBIT margin</i>	1.6%	1.9%	1.9%	2.3%	2.0%	2.8%	2.3%
Reported EBIT	7.1	10.3	10.1	14.2	12.1	19.2	15.1
<i>Reported EBIT margin</i>	1.6%	1.9%	1.9%	2.3%	2.0%	2.8%	2.3%
Financial income and expenses	(5.7)	(2.0)	(4.5)	(1.5)	(3.3)	(1.5)	(2.1)
<i>% on Revenue</i>	1.3%	0.4%	0.9%	0.3%	0.6%	0.2%	0.3%
EBT	1.3	8.2	5.4	12.6	8.7	17.7	13.0
<i>Pretax margin</i>	0.3%	1.5%	1.0%	2.1%	1.5%	2.6%	2.0%
Taxes	(0.6)	(2.9)	(1.6)	(4.5)	(2.2)	(6.3)	(3.3)
<i>Tax Rate</i>	44.1%	35.6%	29.3%	35.6%	25.0%	35.6%	25.0%
Net Income	0.7	5.3	3.8	8.1	6.6	11.4	9.8
<i>Net Profit margin</i>	0.2%	1.0%	0.7%	1.3%	1.1%	1.7%	1.5%

Source: Banca Profilo elaborations and estimates on Company data

NOWC to grow in line with revenue

In accordance with our previous research, in FY24E, we anticipate the NOWC to increase in absolute terms while maintaining stable as a percentage of turnover, averaging 6.7% over the forecasted period. Overall, we project the NOWC to grow by some €5mln on average per year, and to reach €44.2mln by FY26E.

Figure 11: Net Operating Working Capital FY23-26E (€/mln)

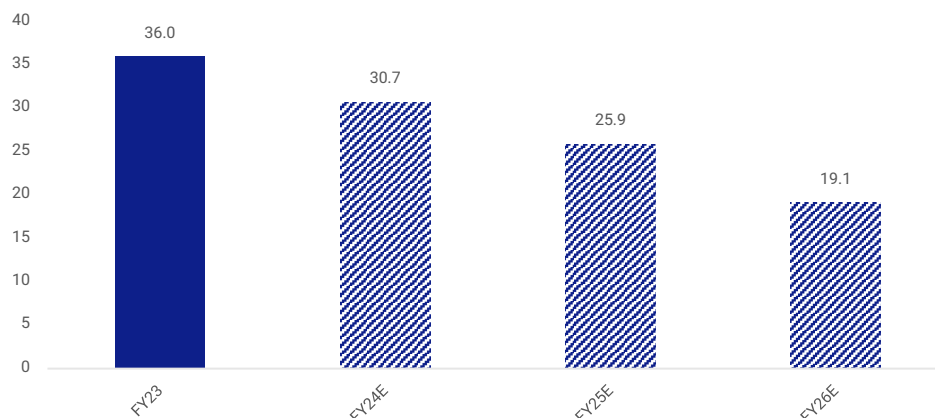


Source: Banca Profilo elaborations and estimates on Company data

Adj. Net debt at
€30.7m at the end
of 2024

After a significant increase in 2023, debt levels have now stabilized as reflected in the 1H24 results. We anticipate a gradual reduction starting in the second half of this year, with an estimated adj. Net Debt of €30.7m (vs previous €29.1m), and further declining to below €20m by 2026.

Figure 12: Net Debt (Cash) FY23-26E (€/mIn)



Source: Banca Profilo elaborations and estimates on Company data

Table 5: Balance Sheet FY23-26E (€/mIn)

Balance Sheet (€/mIn)							
	FY23	FY24 OLD	FY24E	FY25 OLD	FY25E	FY26 OLD	FY26E
Intangible assets	3.8	11.3	9.4	10.5	8.9	9.7	8.3
Right of use	1.0	0.8	0.8	0.6	0.6	0.5	0.5
Tangible fixed assets	0.8	1.7	1.2	1.8	1.2	1.7	1.2
Financial assets	1.5	0.1	0.3	0.1	0.3	0.1	0.3
Fixed Assets	7.1	14.0	11.8	13.0	11.1	12.0	10.3
Inventories	27.0	35.5	28.2	39.9	34.1	43.1	35.5
<i>% on Revenue</i>	<i>6.2%</i>	<i>6.5%</i>	<i>5.5%</i>	<i>6.5%</i>	<i>5.8%</i>	<i>6.3%</i>	<i>5.4%</i>
Trade receivables	36.4	42.0	44.0	45.4	46.2	48.7	53.2
<i>% on Revenue</i>	<i>8.4%</i>	<i>7.7%</i>	<i>8.5%</i>	<i>7.4%</i>	<i>7.8%</i>	<i>7.1%</i>	<i>8.1%</i>
Trade payables	(35.1)	(44.0)	(36.8)	(47.5)	(41.3)	(50.8)	(44.5)
<i>% on COGS w/o labour cost</i>	<i>8.3%</i>	<i>8.3%</i>	<i>7.4%</i>	<i>8.0%</i>	<i>7.3%</i>	<i>7.8%</i>	<i>7.0%</i>
Net Operating Working Capital	28.3	33.6	35.4	37.8	39.0	41.0	44.2
<i>% on Revenue</i>	<i>6.5%</i>	<i>6.1%</i>	<i>6.9%</i>	<i>6.2%</i>	<i>6.6%</i>	<i>6.0%</i>	<i>6.8%</i>
Other current assets	21.9	17.9	16.7	17.8	13.5	18.0	10.2
Other current liabilities	(1.4)	(2.7)	(5.0)	(3.0)	(4.3)	(3.5)	(3.6)
Net Working Capital	48.8	48.8	47.1	52.6	48.2	55.6	50.8
<i>% on Revenue</i>	<i>11.2%</i>	<i>8.9%</i>	<i>9.1%</i>	<i>8.6%</i>	<i>8.2%</i>	<i>8.1%</i>	<i>7.8%</i>
Non current assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non current liabilities	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)
Net Invested Capital	55.1	62.1	58.1	64.8	58.6	66.9	60.4
CapEx	3.3	1.7	2.0	1.2	1.4	1.1	1.3
<i>% on Revenue</i>	<i>0.8%</i>	<i>0.3%</i>	<i>0.4%</i>	<i>0.2%</i>	<i>0.2%</i>	<i>0.2%</i>	<i>0.2%</i>
Intangible	2.7	1.3	1.6	0.9	1.1	0.8	1.0
Tangible	0.7	0.3	0.4	0.2	0.3	0.2	0.2
Share capital	2.3	11.7	2.3	11.7	2.3	11.7	2.3
Reserves and retained earnings	10.7	11.4	11.4	16.7	15.2	24.6	21.6
Group Net Income	0.7	5.3	3.8	7.9	6.4	11.1	9.5
Financial assets at fair value through equity	0.02	0.00	0.0	0.0	0.0	0.0	0.0
Shareholders' equity	13.7	28.4	17.5	36.3	23.9	47.4	33.4
Net Financial Position (Cash)	41.4	33.7	40.7	28.5	34.7	19.5	27.0

Adj. Net Financial Position (Cash)	36.0	29.1	30.7	25.5	25.9	17.2	19.1
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Source: Banca Profilo elaborations and estimates on Company data

Cumulated FCFs cut to €13.4mln in FY24-26E

As a result, we anticipate positive FCFs from FY24E onwards, reaching €6.8mln in FY26E. Cumulative FCFs for the period 2023-26E are now projected at €13.4mln, below our previous estimate of €21.8mln. This adjustment is primarily attributed to lower cumulative EBIT of €37.1mln (compared to the prior estimate of €43.7mln) and increased cash absorption by cumulative NOWC, estimated at €15.9mln versus the prior estimate of €12.7mln.

Table 6: Free Cash Flows FY23-26E (€/mln)

	Free Cash Flow (€/mln)						
	FY23	FY24 OLD	FY24E	FY25 OLD	FY25E	FY26 OLD	FY26E
EBIT	7.0	10.3	9.9	14.2	12.1	19.2	15.1
Tax rate	44.1%	26.9%	25.0%	26.9%	25.0%	26.9%	25.0%
NOPAT	3.9	7.5	7.4	10.4	9.1	14.1	11.3
D&A	1.0	2.3	2.0	2.2	2.1	2.0	2.0
Changes in Funds	0.1	0.1	0.1	0.0	0.0	0.0	0.0
Changes in NOWC	(12.7)	(5.3)	(7.1)	(4.2)	(3.6)	(3.2)	(5.2)
CapEx	(3.3)	(1.7)	(2.0)	(1.2)	(1.4)	(1.1)	(1.3)
Free Cash Flow	(11.0)	2.9	0.4	7.1	6.2	11.8	6.8

Source: Banca Profilo elaborations and estimates on Company data

Key Risks

	TYPE OF RISK	DESCRIPTION
EXTERNAL CONTEXT	<i>Hacker attack:</i> - low likelihood - high impact	Risk of hacker attacks on MarVin platform causing the loss and/or dissemination of all data collected on customers and suppliers.
	<i>Obsolescence:</i> - medium likelihood - medium impact	High level of technological innovation in the Consumer Electronics industry. Risk of having an obsolete warehouse with an increase in turnover days.
	<i>Cycle demand:</i> -medium-low likelihood -medium impact	Potential risk of contraction in demand deriving from a reduction in the activity of the main customers or from potential exogenous events that could negatively impact the business.
	<i>Theft of product in stock:</i> - medium likelihood -medium-low impact	Riba Mundo' warehouse may be subject to attempts by unauthorised person to steal products. The occurrence of such risks would have an adverse effect on the Riba Mundo results, even if the Company is insured against theft.
BUSINESS & STRATEGY EXECUTION	<i>Low marginality:</i> - medium likelihood - high impact	High revenues but risk of low margins; the Company has so far defended it, striking a balance between marginality and top line growth.
	<i>Personnel:</i> - low likelihood - medium impact	Management and key people retention, especially the management who thanks to their consolidated experience in the sector or within the scope of their specific responsibilities and competencies, contribute significantly to the development of the Company activities.
	<i>Rapid growth management:</i> - medium-low likelihood - medium-low impact	The prospect of high growth will entail an increase in technology and human capital investments compared to the current organisational structure. Should the actual growth in the coming years turn out to be lower than budgeted, Riba Mundo's ability to repay the investments in the organisational structure could be impaired, with consequent negative effects on its growth prospects as well as on its results.
	<i>Customer concentration:</i> - low likelihood - high impact	The Consumer Electronic market in which Riba Mundo operates is very competitive and there is a high possibility for customers to replace the operator. The occurrence of such risks would have a detrimental effect on the Company results.

Table 7: Risk matrix

Impact	Very high						
	High	Hacker attack; customer concentration			Low marginality		
	Medium	Personnel	Cycle demand		Obsolescence		
	Medium-Low		Rapid growth management		Theft of product in stock		
	Low						
Potential impact on the business VS likelihood of occurrence		Low	Medium-Low	Medium	High	Very high	
		Likelihood					

Source: Banca Profilo elaborations on Company data

Valuation

DCF method and market multiples

Given Riba Mundo's projected cash generation, a DCF method is well-suited for valuation. Additionally, we have identified a sample of listed comparables to provide a relevant peer group for relative valuation using market multiples.

In both valuation methods, we utilize the estimated net debt as of year-end 2024.

DCF

€24.8mln of cumulated FCFs in FY25-27E and Terminal Value at €6.6mln

To run a DCF model, we used our projections of FCFs for the 2025-27E explicit period: €24.8mln of cumulated FCFs (vs previous €21.8mln over 2024-26E). We would consider the average FCF over the 2024-27E period of €6.4mln as the Terminal Value cash flow (vs previous €7.3mln).

9.5% WACC

We would use an 9.5% WACC (vs previous 8.2%) derived from:

- a risk-free rate at 4.30%, (vs previous 4.4%) as implicitly expected by consensus on the 30Y Italian BTP yield curve (moving average of the last 100 days);
- a market risk premium equal to 5.5% (unchanged);
- a levered beta of 1.18 coming from the average of chosen listed peers (unchanged);
- a cost of debt of 10.8% (vs previous 7.6%);
- a target Debt-to-Equity (D/E) ratio of 1 (unchanged);
- a perpetual growth rate of 2% (unchanged).

Table 8: WACC calculation

WACC Calculation	
Perpetual growth rate	2.0%
WACC	9.5%
Risk free rate (30Y)	4.30%
Equity risk premium	5.5%
Beta	1.18
KE	10.8%
Cost of debt	10.8%
Tax rate	25.0%
KD	8.1%

Table 9: DCF Valuation

DCF Valuation (€/mln)					
	FY24E	FY25E	FY26E	FY27E	Over
Free Cash Flow	0.4	6.2	6.8	13.0	6.6
Years		1	2	3	
Discount factor		0.91	0.83	0.76	
NPV Free Cash Flows		5.6	5.7	9.9	
Sum of NPVs					21.2
Terminal Value					88.4
NPV Terminal Value					67.4
Enterprise Value					88.6
Net Debt as of end 2024					30.7
Equity Value					57.9
Number of shares (mln)					2.3
Per share value (€)					25.2
Current price (€)					14.0

Source: Banca Profilo elaborations and estimates on Company data

DCF valuation:
€25.2/share

The DCF method leads us to an Enterprise Value of €88.6mln (vs previous €109.9mln) and to an Equity Value of €57.9mln (vs previous €73.9mln) showing a fair value of €25.2/share, down from previous €32.1/share [Please refer to our Company Update on April 24th, 2024].

Riba Mundo's competitive arena

A sample of seven listed companies

Riba Mundo faces competition from non-listed companies such as Yukatel, TelePart, Globomatik, Datamatic, Ingram Micro and Computer Gross. Nevertheless, there are cases where Riba Mundo might operate in conjunction with some competitors that do not have a specific capability.

We selected seven listed traditional B2B Consumer Electronics distributors: Esprinet, Also Holding, DistIT, Arrow Electronics, TD Synnex Corporation, PC Connection and Sesa. None of these companies has a software as sophisticated as MarVin, the data management application that Riba Mundo created for best-in value and time Consumer Electronics trading worldwide. On the other hand, these listed selected companies can rely on strong relationships with big Consumer Electronics suppliers.

Esprinet (IT): FY23 sales €4.0bn; EBITDA margin 1.6%	<p>Esprinet is an Italian company specialized in the wholesale distribution of information technology, consumer electronics, and solutions to resellers, VARs, system integrators, specialized stores, retailers, and ecommerce portals. The Company also offers traditional wholesale sales services, logistics and financial services through consumption-based sales model. It serves customers in Italy, Spain, and Portugal. The Company was founded in 2000 and is headquartered in Vimercate, Italy.</p>
ALSO Holding (CH) FY23 sales CHF9.7bn; EBITDA margin 2.2%	<p>ALSO Holding is a B2B distributor of personal computers (hardware and software) and consumer electronics. The Company operates in Central and Northern/Eastern Europe. It was founded in 1984 and is based in Emmen, Switzerland.</p>
DistIT (SE) FY23 sales SEK2.1bn; EBITDA margin -1.2%	<p>DistIT distributes electronic products including web camera's, modems, USB connectors, docking stations, computer power supplies, HDMI cables, servers and home electronics. The Company was founded in 1968 and is headquartered in Alvsjo, Sweden.</p>
Arrow Electronics (US): FY23 sales \$33.1bn; EBITDA margin 5.2%	<p>Arrow Electronics is a global distributor of electronic components and computing solutions. It sells semiconductors, passive components, interconnect products, computing and memory and computer peripherals to more than 220,000 equipment and contract manufacturers and resellers. The Company, which generates about 70% of revenue outside the US, serves about 210,000 customers over 90 countries. The Company was founded in 1946 in New York.</p>
TD SYNnex (US): FY23 sales \$57.6bn; EBITDA margin 3.0%	<p>TD SYNnex is a leading global provider of IT hardware, software, and systems including personal computing devices and peripherals, mobile phones and accessories, printers, server and datacentre infrastructure, hybrid cloud, security, networking, communications and storage solutions and system components. SYNnex operates in the Americas, Europe and Asia-Pacific and generates about 65% of its revenues in the US. In 2021, SYNnex and Tech Data completed a merger and became TD SYNnex, a leading global distributor and solutions aggregator for the IT ecosystem. The Company was founded in 1980 and is headquartered in Fremont, California.</p>
PC Connection (US): FY23 sales \$2.9bn; EBITDA margin 4.2%	<p>PC Connection is a wholesaler of personal computers and related peripherals, software, accessories, and networking products. It offers more than 460,000 items from manufacturers such as Apple, Cisco Systems, and Microsoft as well as a range of IT services. Through its websites, catalogues, and direct sales force, Connection targets mainly small and mid-sized businesses, large corporations, government agencies and educational institutions. The Company was founded in 1982 and is headquartered in Merrimack, New Hampshire.</p>
SeSa (IT): FY23 sales €3.2bn; EBITDA margin 5.7%	<p>Sesa is the holding of the Group active throughout Italy and some foreign countries including Germany, Switzerland, Austria, France, Spain, Romania and China that constitutes the reference operator in Italy in the sector of technological innovation and IT and digital services for the business segment. We choose this Company because Sesa holds 100% of Computer Gross, a major company within the Group with 2023 revenues amounted approximately to €1.9bn compared to €3.1bn of Sesa revenues. As a market-leading value-added distributor, Computer Gross stands out in the ICT landscape for its comprehensive range of technology solutions from leading vendors including device and printing, business applications, video surveillance and more.</p>

Key peers' financials

Riba Mundo's sales growth superiority

An analysis of the key financial indicators of Riba Mundo's selected peers revealed its sustained superiority in terms of growth, confirmed also in 2023 with a 31.9% yoy increase in turnover, contrasting sharply with the median peer decline of -10.8%. While this dominance is expected to diminish over time, Riba Mundo's growth trajectory is anticipated to continue outpacing peers in the near future. In contrast, the Company consistently records margins below the peer median, trend confirmed in 2023 as well with an EBITDA margin of 2.1% compared to the peer median of 3.9%. We expect the margin gap to persist in the near term, but anticipate a gradual improvement in Riba Mundo's profitability over the coming years.

Table 10: Public peers' revenue growth and EBITDA margin

Company	Sales growth (yoy)				EBITDA margin			
	2022	2023	2024E	2025E	2022	2023	2024E	2025E
Esprinet S.p.A.	-0.1%	-14.9%	2.9%	4.9%	1.9%	1.6%	1.7%	1.8%
ALSO Holding AG	-7.5%	-16.6%	8.2%	32.2%	2.1%	2.2%	2.5%	2.3%
DistIT AB	1.5%	-17.4%	-16.5%	1.0%	2.1%	-1.2%	1.4%	4.0%
Arrow Electronics, Inc.	7.7%	-10.8%	-16.2%	5.4%	6.1%	5.2%	4.4%	4.8%
TD SYNnex Corporation	97.2%	-7.7%	0.6%	5.6%	2.7%	3.0%	3.0%	3.0%
PC Connection, Inc.	8.0%	-8.8%	-0.3%	7.4%	4.2%	4.2%	5.3%	5.1%
SeSa S.p.A.	21.4%	10.3%	8.3%	6.7%	5.5%	5.7%	7.6%	7.8%
Mean	18.3%	-9.4%	-1.9%	9.0%	3.5%	4.0%	3.7%	4.1%
Median	7.7%	-10.8%	0.6%	5.6%	2.7%	3.0%	3.0%	4.0%
Riba Mundo Tecnología S.A.	89.5%	31.9%	18.8%	14.1%	2.3%	2.1%	2.3%	2.4%

Source: Banca Profilo elaborations and estimates (as of October 24th, 2024)

Market multiples

EV/Sales multiples

To assess a relative valuation of Riba Mundo through the market multiples relative approach, we selected a sample of listed national and international companies specialized in B2B Consumer Electronics distribution. Riba Mundo competitive advantage compared to these operators is its MarVin Real Time Database to assess the best-in-value and time B2B trade.

We used a blend of FY25E EV/Sales multiple since EBITDA remains very modest in this Industry. Our selected sample comprises: Esprinet, Also Holding, DistIT, Arrow Electronics, TD SYNnex Corporation, PC Connection and SeSa.

Table 11: Market multiples

Comparables	EV / Sales
	24/10/2024
Esprinet S.p.A.	0.1x
ALSO Holding AG	0.2x
DistIT AB	0.3x
Arrow Electronics, Inc.	0.4x
TD SYNnex Corporation	0.2x
PC Connection, Inc.	0.5x
SeSa S.p.A.	0.4x
Median	0.3x
Riba Mundo Tecnología S.A.	0.1x

Source: Banca Profilo elaborations and estimates on Company data (as of October 24th, 2024)

Median FY25E EV/Sales at 0.3x

To compute valuation through market multiples, we use the median FY25E EV/Sales at 0.3x (as of October 24th, 2024), above previous at 0.2x for FY24E.

Table 12: Relative valuation

Valuation on EV/Sales market multiples (€/mln)	
	FY25E
EV/Sales	0.3x
Sales	589.0
Enterprise Value	155.8
Net Debt as of end 2024	30.7
Total Equity	125.1
Number of shares (mln)	2.3
Price per share (€)	54.4
Current price (€)	14.0

Market multiples valuation: €54.4/share The relative method results in an Enterprise Value of €155.8mln (up from previous €126.5mln) and to an Equity Value of €125.1mln (vs previous €90.6mln), or €54.4/share, compared to the prior €39.4/share *[Please refer to our Company Update on April 24th, 2024]*.

BUY with 12-month TP cut to €32.5/share Based on updated valuations, we have cut our 12-month target price to €32.5/share, a weighted average of the DCF and multiple valuation, down from €35.8/share *[Please refer to our Company Update on April 24th, 2024]*. Due to the disparity between the two valuations, we have weighted the DCF valuation at 75%. This preference stems from (i) the assumption of positive FCFs, which the Company has yet to demonstrate consistently, and (ii) the multiples being based on larger market capitalization companies, warranting a potential discount.

Given the potential upside on Riba Mundo closing price (as of October 24th, 2024), we confirm our BUY recommendation.

Appendix: The reference market

Riba Mundo Tecnología: a Consumer Electronics B2B global trader

Riba Mundo Tecnología (“Riba Mundo”) is specialized in the global B2B commerce of technological products, including smartphones, tablets, headphones, game consoles, TVs, smartwatches, personal computer components and portable electronic devices. The Company is a B2B mainly European trader, even if it operates also in the United Kingdom, United States and the United Arab Emirates, serving more than 45 countries.

The Consumer Electronics market

Global Consumer Electronics market

Consumer Electronics devices refer to a range of products designed for everyday use. The market includes several categories such as personal computing and devices, audio and video systems, mobile devices and smart home technology. These products are developed to enhance personal productivity, communication and entertainment. Main drivers propelling the Consumer Electronics market are (i) technological upgrades, (ii) consumer preferences evolution and (iii) a growing desire for cost-effective, easy-to-use and high-performance devices.

In its latest report on the subject, GfK estimates that global sales (excl. North America) in the Consumer Tech & Durables sector reached \$813bn last year, a decline of 2.9% from 2022.

Decline across regions after saturation - only Middle East/Africa outperforms

By geographical area, the Middle East & Africa witnessed robust growth, while Latin America and Eastern Europe maintained stability; however, Developed Asia, Emerging Asia, and China faced notable declines in sales revenue for 2023.

Figure 13: Consumer Tech & Durable Sales Value (excl. North America)



Source: Consumer Technology & Durables Outlook 2024, GfK

Wide variation in performance across sectors

Across sectors, there were notable variations in performance:

- Globally, Photo experienced strong revenue growth, driven by renewed consumer interest in travel and out-of-home activities.
- Small Domestic Appliances (SDA) saw a modest growth of 1.2%, attributed to higher product innovation and a lower price point.
- Telecom sales remained nearly stable, supported by short replacement cycles for products like smartphones and increased sales of 5G models.
- Major Domestic Appliances (MDA) focused on energy-efficient models due to rising electricity costs and Europe's energy efficiency labelling.
- Office, Information Tech (IT) and Consumer Electronics (TV/audio) experienced the largest decline in sales revenue compared to 2022.

Stabilization in 4Q23 and FY24 outlook

After successive improvements quarter by quarter, the final three months of last year saw Consumer Tech & Durables finally flip into positive growth, posting a 2.3% increase compared to 4Q22. This upturn was primarily driven by strong demand in Telecom (+5.9% in 4Q23 vs 4Q22), Major Domestic Appliances (MDA) (+4.9%) and Small Domestic Appliances (SDA) (+4.7%), effectively offsetting the challenges faced by the IT office and consumer electronics segments. With current market dynamics, GfK project that Consumer Tech & Durables revenue will grow by approximately 1% in FY24 and forecast a particularly pronounced demand in the telecom and small domestic appliance sectors. Products purchased during lockdowns, such as smartphones, which have shorter replacement cycles, are anticipated to drive replacement demand. Furthermore, low-cost items like IT accessories, which impose less strain on consumers' budgets, are expected to remain popular.

The Mobile Phones segment

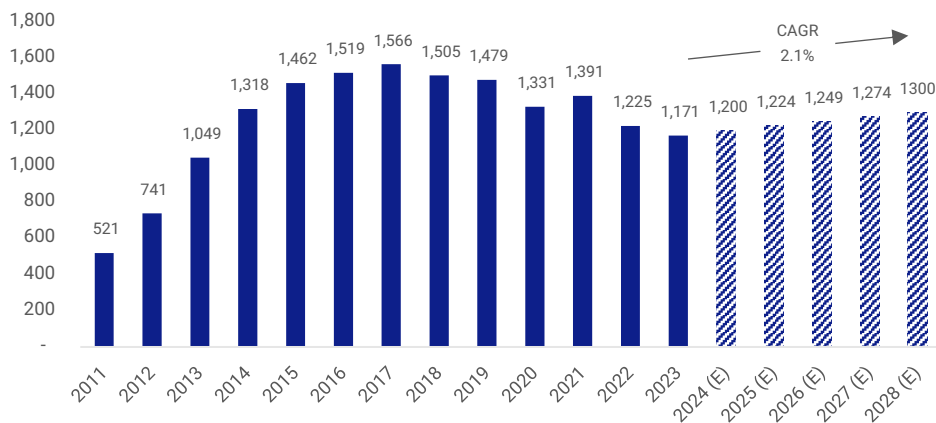
By the end of 2020, 78% of world's population were smartphone users

The Smartphone segment has been steadily developing and growing since 2008, both in market size and in number of models and vendors. By the end of 2020, 78% of world's population were smartphone users, with many people using more than one smartphone. Apple and Samsung tend to swap places at the top of the smartphone market, but the fight for the remaining places among the top five vendors is hotly contested. Huawei once had a solid hold on this position, even leading the market for a brief period, but restrictions on trade have taken a heavy toll on the Chinese smartphone manufacturer. Other Chinese manufacturers, such as Xiaomi, have primarily filled the gap left by Huawei's decline.

Mobile Phones shipments to grow at 2.8% in 2024E and 2.1% CAGR in 2023-28E

According to the International Data Corporation (IDC) Worldwide Quarterly Mobile Phone Tracker, smartphone shipments are forecasted to reach 1.20bn units in 2024, showing a 2.8% year-over-year increase, with growth expected to continue in the low single digits through 2028. Although overall volumes remain below pre-pandemic levels, IDC suggests that the market has stabilized and is progressing beyond its previous lows. The budget-economy segment (\$150-\$249), which shrank yoy in 2023 due to macroeconomic headwinds, especially in emerging markets, and the premium segment (\$600-\$799) are expected to drive the rebound.

Figure 14: Global Smartphone shipments 2011-28E (units/mln)



Source: Counterpoint, Global Smartphone Shipments 2011-2023 and IDC, Worldwide Quarterly Mobile Phone Tracker

The Tablets segment

128.5mln/units of tablets shipped worldwide in 2023

The tablets market consists of portable computers that use touchscreens as their primary input. Most tablets are slightly smaller and weigh less than an average laptop. In 2023, worldwide tablet shipments totaled 128.5mln units, a decline of 20.5% compared to 2022 and the lowest annual volume since 2011.

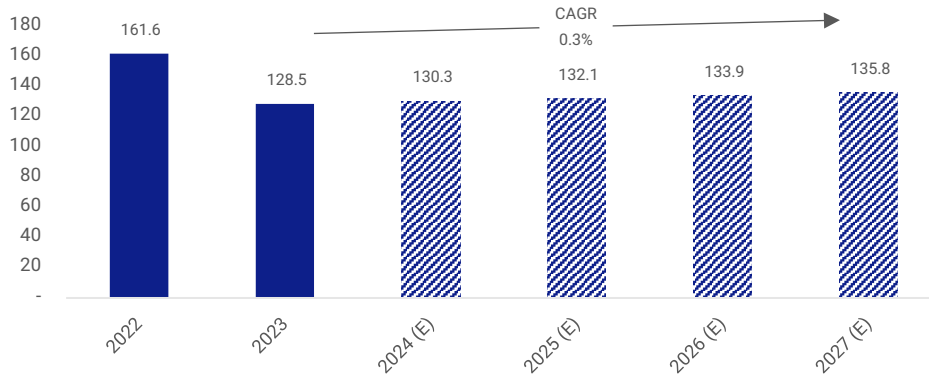
Apple remains the leading tablets vendor; Samsung follows

According to the IDC Worldwide Quarterly Personal Computing Device Tracker, Apple maintains its position as the leader in the tablets market, holding nearly 37.8% of the share in 2023, albeit experiencing a decline in recent years. This decline is attributed to the increasing market share of Samsung Android tablets, which reached 20.4% in 2023, with a total of 26.2mln units compared to Apple's 48.5mln units.

Tablets shipments to grow at 0.3% CAGR in 2023-27E

Demand has continued to cool as many macroeconomic indicators have worsened or remain unchanged in the past few months, contributing to the lowered outlook. However, IDC expects the market to rebound in 2024 with global volumes reaching 135.8mln units by 2027, a 0.3% CAGR 2023-27E.

Figure 15: Global Tablet shipments 2022-27E (units/mln)



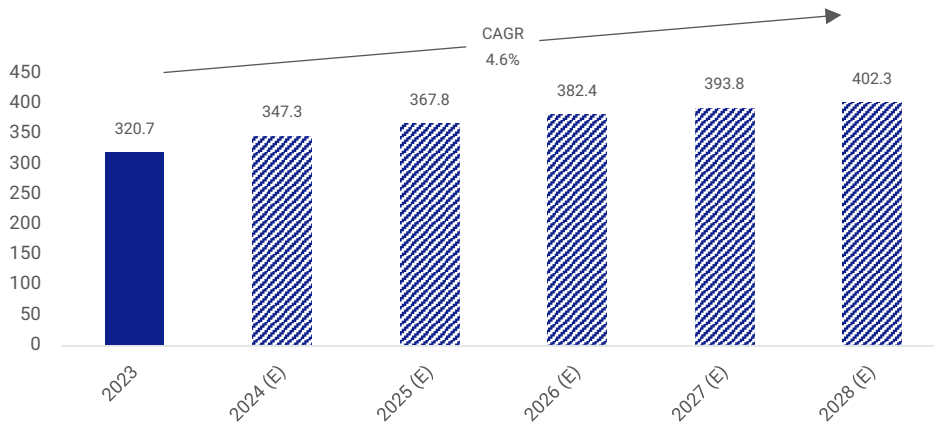
Source: IDC, Worldwide Quarterly Personal Computing Device Tracker

The Headphones segment

Earwear shipments to grow at 4.6% CAGR in 2023-28E

According to IDC, in 2023 global shipments of Earwear devices reached 320.7mln units and it is expected to grow at 4.6% CAGR over 2023-28E to reach 402.2mln units. Main driver is the changing consumer preferences for wireless headphones and earphones in the coming years.

Figure 16: Global Earwear shipments 2023-28E (units/mln)



Source: Banca Profilo elaborations on IDC data

Appendix: Overview and business model

Riba Mundo Tecnología has radically changed B2B global commerce

Riba Mundo launched its proprietary Big Data software, MarVin, to radically change the Business-to-Business (B2B) global commerce, mainly in Consumer Electronics. Riba Mundo trades Consumer Electronics among retailers and resellers, using Marvin database as the sole software.

History

An Innovative SME with a B2B model in Consumer Electronics trading

Riba Mundo is a Tech Company established in 2018 operating as a B2B trader of Consumer Electronics.

2020 pivotal change: the MarVin software was created

Riba Mundo business model follows the pivotal change made in 2020, when the MarVin software was created. The software was designed to meet the needs of its business model and it was registered with a copyright by Riba Mundo. In the following years, the Company continued its organic growth through the launch of a Global B2B E-commerce platform. Moreover, Riba Mundo strengthened its logistics through the purchase of 5,000 sqm warehouse and diversified its offering adding new product categories. In 2022, just four years after its establishment, the Company reached a milestone turnover of €329mIn and bought, together with Portobello SpA (50% stake each), E-price assets.

Ownership in ePRICE climbs to 67% in March 2024

Riba Mundo acquired 50% of share capital of PB Online for a total amount of €2.65mIn (the average market capitalization of E-price in that period - between the announcement and the acquisition - was €6.1mIn).

The offer of the "marketplace" business unit relates to eprice.it portal and consists of the following assets:

- ePrice brand and eprice.it domain;
- the goodwill, understood as the intangible value of ePrice market positioning, brand and commercial reputation, suppliers and customers networks;
- capital goods and hardware needed to ensure business continuity;
- the database including i) customers' personal data; ii) marketplace sellers' personal data; iii) users (i.e. web visitors) data;
- contracts and all authorizations related to the functioning of the business unit;
- 25% equity interest in the Dutch company International Marketing Network, which is a JV founded with 3 other operators to develop an international marketplace between Italy, France, Germany and Romania;
- 25 employees needed to ensure business continuity.

In March 2024, Riba Mundo increased its ownership in the subsidiary, now rebranded as ePRICE IT S.r.l., to 67%. This increase was achieved by subscribing to €3.7mIn of the €4.1mIn raised in a capital increase, while Portobello subscribed to the remaining portion, reducing its stake to 33%.

Group structure

IPO completed in July 2023 and raising ~€5.3mIn

The Company was listed on the Euronext Growth segment of the Milan Stock Exchange on 28th July 2023. The IPO was carried out through a capital increase. Riba Mundo issued 268k new shares raising ~€5.3mIn. The share capital is made of 2.3mIn shares. Moreover, the greenshoe option exercise concerned 11,200 ordinary shares held by main shareholder Marco Dezi, which were subscribed at 19.70€/per share (equal to the IPO price), for a total amount of €220,640.

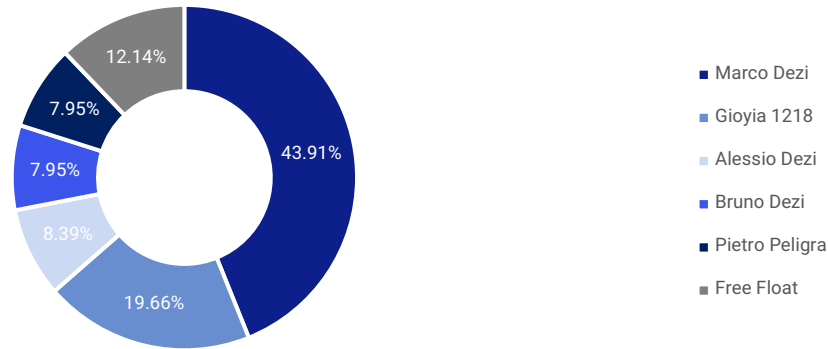
18-month lock-up

Pre-money shareholders have a 18-month lock-up period.

Marco Dezi is CEO and main shareholder with 43.91%; free float is 12.14%

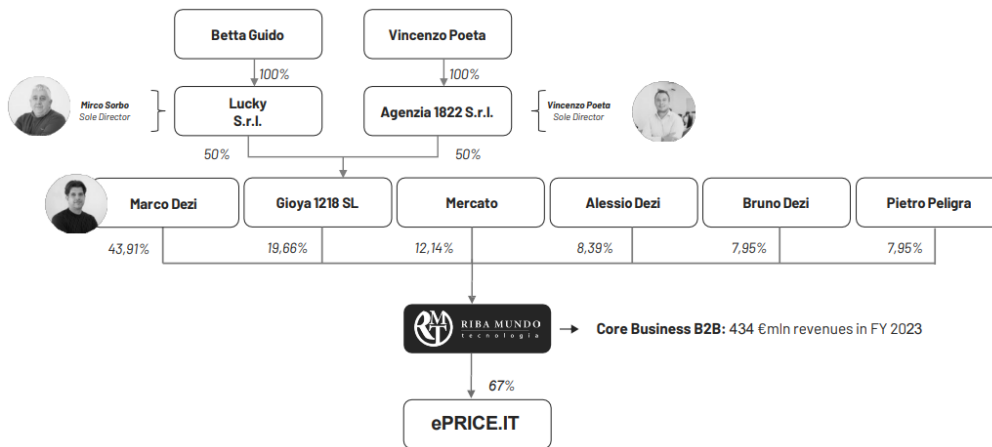
Marco Dezi, CEO of the Company, owns 43.91%, whereas Vincenzo Poeta and Mirco Sorbo, Buyer Director and Sales Director respectively, own 19.66% through Gioya 1218 SL. The remaining stake is owned by Alessio Dezi (8.39%), Bruno Dezi (7.95%) and Pietro Peligra (7.95%). Free float is 12.14%. Moreover, Riba Mundo owns 67% of ePRICE IT S.r.l.

Figure 17: Shareholders post IPO



Source: Banca Profilo elaborations on Company data

Figure 18: Group Structure post IPO



Source: Banca Profilo elaborations on Company data

Headquarter in Valencia, a strategic hub in Europe

The Company's headquarter is in Valencia (Spain), a strategic choice at 12km only distance from Valencia International Airport and the City itself is considered as a strategic logistics hub in Europe.

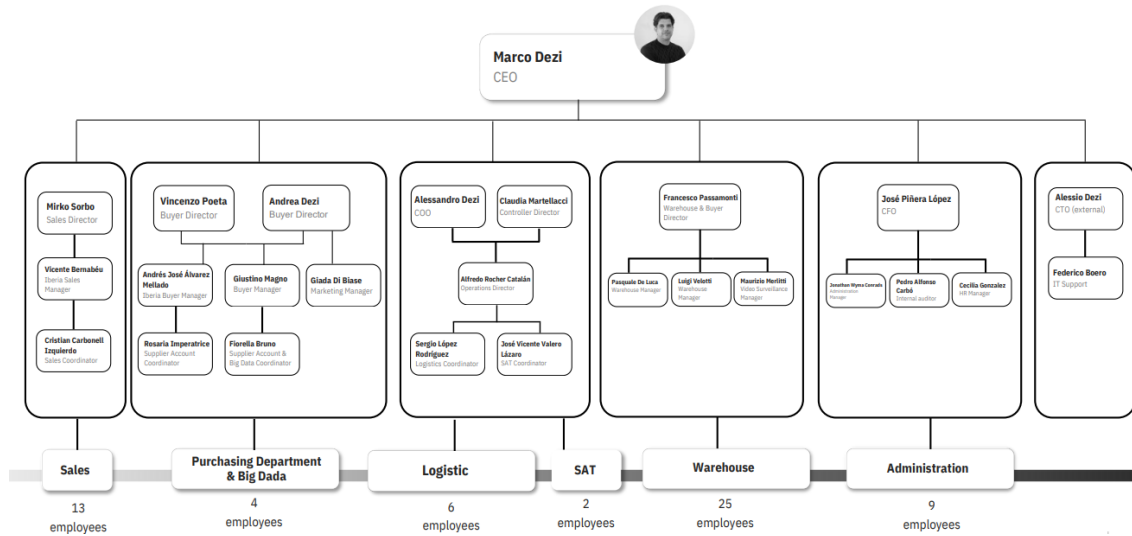
Riba Mundo traded in over 45 countries in 2023

In 2023, Riba Mundo expanded its sales to over 45 countries, with Italy leading revenue contributions at 25%, followed by Spain at 20%, Austria at 9%, France at 6% and Greece at 5%. In addition, key perspective countries include United Kingdom, the United States and the United Arab Emirates.

The Group employees 59 people including 9 executives

As of June 2024, the Group employed 59 people including 9 executives. The warehouse is the largest department with 25 employees.

Figure 19: Riba Mundo's Organizational chart and workforce



Source: Banca Profilo elaborations on Company data

Marco Dezi: CEO & Partner

Marco Dezi, main shareholder and CEO of Riba Mundo, graduated in Business & Economics in Rome, took an MBA in Milan and mastered in Marketing at the Business School Sole 24 Ore. He set up his first business (sold in 2004) focused on the importation and assembling of LCD and Plasma TVs.

Mirco Sorbo: Sales Director

Mirco Sorbo is Riba Mundo Sales Director. He holds 25 years of experience in phones and tablets trading.

Vincenzo Poeta: Buyer Director

Vincenzo Poeta is Riba Mundo Buyer Director. He has been working as a buyer in Consumer Electronics since 2010. He coordinates the in-depth analysis of end-markets, looking for most appealing products categories and best purchasing prices for each brand.

Jose Pinera Lopez: Secretary and CFO

Jose Pinera Lopez is Riba Mundo Secretary and CFO. He graduated in Business Administration at Catolica University in San Antonio de Murcia; he then took an MBA at the Luiss Business School in Rome and, finally, an Executive MBA at ENAE Business School in Murcia. Mr. Lopez has been working in the Food Industry for more than 15 years; he successfully completed the sale of the company where he had previously worked as CEO.

Product range

Broad and diversified product portfolio including 14 main categories

Riba Mundo has a broad and diversified product portfolio, including smartphones, computing, gaming, smartwatches, speakers, headphones, office supplies, home and ecosystem products, household appliances, personal technologies, photo and video devices, tablets, toys and TV & Accessories.

Over 300 brands and 6,000 SKUs in 14 categories

Riba Mundo offering is made of more than 6,000 references (stock keeping units, "SKUs") and over 300 brands in 14 different Consumer Electronics categories. The Company's aim is to progressively expand its products range, leveraging on MarVin capacity to Big Data analysis and spotting the most prospectively requested SKUs. The Group's SKUs rose from 775 in 2020 to 6,259 in 2023.

Business Model and Value Chain

Data-driven layer in global B2B Consumer Electronics commerce

Riba Mundo business model has its roots in its proprietary MarVin software. The Group operates worldwide buying products at the lowest price from global suppliers and reselling it to global customers, i.e. retailers and resellers.

MarVin technology at the core of the business

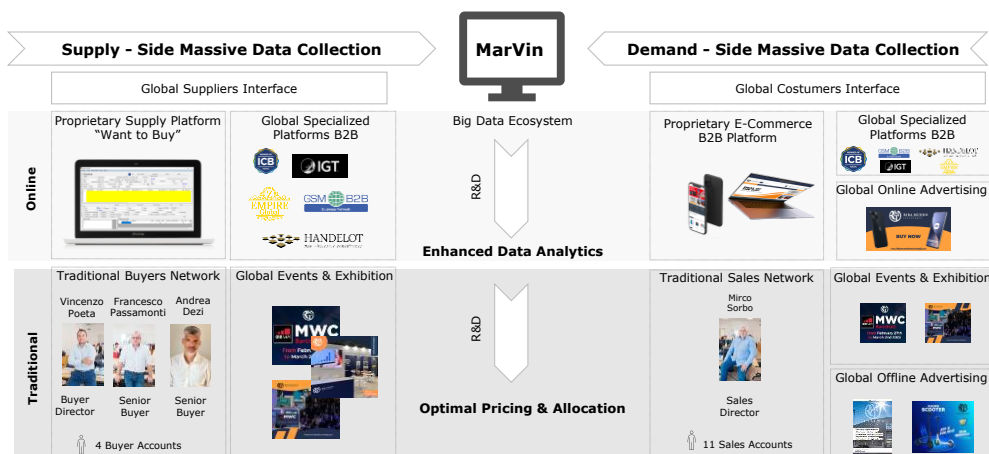
MarVin was created in 2020 and it relies on a fully centralized Big Data ecosystem, which integrated automated business processes from warehouse management to customer orders analysis and optimal pricing & allocation. In details, using MarVin, the Group can benefit from:

- Global big data analytics, which gives real-time visibility on the existing stock and on the demand-supply pricing dynamics worldwide;
- Decision-making on data analytics which spots real time buying and selling opportunities worldwide;
- Optimal pricing & allocation in any market trends;
- Data-driven market forecast through data empowered algorithmics for forecasting pricing and stock evolution;
- Accelerated inventory rotation based on data driven stock optimization;
- Efficient inventory management through MarVin-linked inbound and outbound flows of goods accelerating pick-ups;
- Transport costs minimization thanks to international courier costs monitoring for shipping processes optimization;
- Business process automation to minimize Sales Accounts discretion.

MarVin supply and demand cross analysis

MarVin is integrated both on demand and supply side. On one hand, MarVin works out the quantities that are needed for an optimal stock and the right target price. Therefore, both in online (Proprietary Supply Platform “Want to Buy” and Global Specialized Platforms B2B) and traditional form (traditional buyer network and global events and exhibition), Riba Mundo procures its resources from suppliers. On the other hand, the Group uses MarVin algorithm to sell its products at the optimal price both online (proprietary E-Commerce B2B platform, global specialized platforms B2B and online advertising) and on traditional channels (traditional sales network, global events and exhibition or global offline advertising).

Figure 20: Riba Mundo supply and demand cross analysis



Source: Banca Profilo elaborations on Company data

Supply Side Channel

Combining online and traditional procurement channels

Riba Mundo uses few channels for procurement:

- Its proprietary Supply Platform, named “Want to Buy” which indicates the optimal quantity and type of electronic item to purchase;
- Its membership to Global Specialized B2B Platforms, including ICB, Igt, Z-empire, Handelot and Gsm;
- Traditional networks of four experienced buyers, including Vincenzo Poeta, Mirco Sorbo and Andrea Dezi who negotiate significant size orders;
- Participation to specific events and exhibitions focused on consumer electronics to expand its supplier network on a global scale.

The proprietary supply platform “Want to Buy”

Thanks to its proprietary platform “Want to Buy”, which is integrated in MarVin, Riba Mundo can quickly identify both the type and the optimal quantity of electronic products to purchase. MarVin can compare global prices in real-time, not only through the identification of the arithmetic average of the sales prices charged but also through the calculation of the “potential” average, re-measured according to a propriety algorithm.

Thanks to its ability to import, standardise and reprocess data, MarVin can return a complete information to set the best procurement in terms of both quantity and price and thus guarantee the targeted margin and minimum stock piling.

In addition, MarVin can draw up detailed reports taking into account current and future stock requirements and suggest a range of possible solutions to efficiently pursue the predetermined purchasing, storage and subsequent resale objectives (such as the automatic creation of orders to suppliers according to predetermined deadlines, to avoid the out-of-stock of a certain product or the reporting of products on which price reductions are necessary).

Demand Side Channel

On and off-line distribution channels

Riba Mundo resells to its customers through on- and off-line channels:

- Its proprietary e-Commerce B2B multilingual (7 languages) platform which leverages on around 1.7k registered users (as of June 2024). It also offers a real-time update of tailored offering in terms of price and stock;
- Global specialized B2B Platforms to reach out to new customers;
- Global online advertising, SEO and digital marketing to improve its e-Commerce positioning;
- Traditional sales network of experienced first-class senior executives and 11 Sales Accounts usually managing larger orders from tier-one customers;
- Offline advertising which typically involves leaflets and billboards in major cities;
- Global B2B Consumer Electronics events & exhibitions to expand customers’ network on a global scale.

Retailers and Resellers

Riba Mundo’s main customers are:

- Retailers/e-Tailers which are basically B2C stores;
- Resellers that act as an intermediary between either Consumer Electronics producers or distributors and final customers.

In 1H24, Riba Mundo served 188 resellers and 1503 Retailers/e-Tailers. Riba Mundo continues to increase the weight of Retailers/e-Tailers on revenues to improve profitability.

“Drop Shipping” service offered mainly to E-tailers

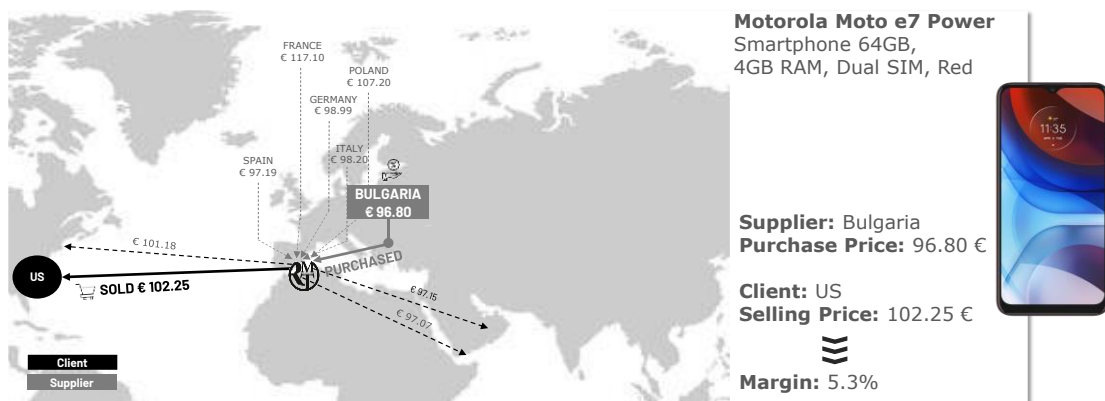
Riba Mundo has been working to increase its strategic positioning in the E-tailers market by offering a new service called “Drop Shipping” which is a form of retail business in which the E-tailers accepts customer orders without keeping stock on hand. By doing this, it eliminates the costs of maintaining warehouses – or even a storefront – purchasing and storing inventory and reduce the related personnel. Overall, Riba Mundo will take care of products shipping to end customers, thus streamlining the whole distribution process.

Case Study and value chain operation

Case study of Riba Mundo’s value chain

By analysing a specific purchase and resale transaction of a Motorola smartphone, it is possible to gain a deeper understanding of Riba Mundo’s value chain. In this case study, the Company buys a Motorola smartphone from Bulgaria for €96.8 and resells it in the US for €102.25, gaining a 5.3% margin.

Figure 21: Riba Mundo customer base structure in 2022



Source: Banca Profilo elaborations on Company data

Order and delivery management

Riba Mundo developed a warehouse application to manage and handle the stock

In order to optimize the logistics including in-coming, products storage and deliveries, Riba Mundo developed an application, linked and fully integrated in MarVin and running on Android and iOS systems, which is used by warehouse staff to manage the handling of goods. The application also indicates the specific position of products according to the calculated rotation, optimising the route within the warehouses. Thanks to this application, the available stock is always mapped and updated.

An efficient and well organised warehouse thanks to MarVin systems integration

The warehouse is approximately 4,500 square metres and is composed of:

- 3 separate areas: storage area, entrance area and exit area;
- 4 workstations for goods entry;
- 6 picking and check stations;
- 6 stations for final packaging;
- 4 electric forklifts for picking, including 2 electric pallet trucks for goods positioning and picking and 2 forklift trucks for loading and unloading;
- 64 pallet racks with a total capacity of approximately 1,200 pallets. There is also space for another 800 pallets outside the racks.

The warehouse is organised using MarVin algorithms, with the rationale of placing the highest-rotation products in the easiest to collect parts of the warehouse and leading the pickers to

spend as little time as possible on picking, also through the application installed on the smartphones provided to the warehouse staff.

Moreover, MarVin uses its algorithms to calculate the target duration for which each SKU should remain in stock: if the turnover index for a SKU is higher than the target calculated by MarVin, the price of the SKU is gradually increased until the stock is completely sold; conversely, if the turnover index is lower than the target, the price is gradually reduced until the stock is completely sold.

**Fast shipping within
24 hours to European
countries at the
lowest real-time cost**

Thanks to agreements with major national and international couriers, Riba Mundo is able to guarantee products delivery within 24 hours to all European countries, and thanks to MarVin, to optimise transport costs through data analysis that selects, in real time, the best courier for each type of shipment. To this end, MarVin uses, among others, key elements such as actual and volumetric weight of the product, as well as the courier rates in the various destination countries.



Riba Mundo Tecnología S.A. ID Card

Recommendation

Target Price

Upside

BUY

32.5 €

132%

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Company Overview

Riba Mundo is a Tech Company established in 2018 operating as a B2B trader of Consumer Electronics. The Company launched its proprietary Big Data software, MarVin, to radically change Business-to-Business (B2B) distribution, mainly in Consumer Electronics. Riba Mundo trades Consumer Electronics to retailers and resellers, using MarVin as the only software. MarVin was created in 2020 and it relies on a fully centralized Big Data ecosystem, which integrated automated business processes from warehouse management to customer orders analysis and optimal pricing & allocation. In details, using MarVin, the Group can benefit from:

- Global Big Data Analytics, which gives real-time visibility on the existing stock and on the demand-supply pricing dynamics worldwide;
- Decision-making on Data Analytics which spots real time buying and selling opportunities worldwide;
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- Business Process Automation to minimize Sales Accounts discretion.

The Group operates worldwide buying products at the lowest price from global suppliers and reselling it to global customers, i.e. retailers and resellers. Riba Mundo Tecnología has a broad and diversified product portfolio, including smartphones, computing, gaming, smartwatches, speakers, headphones, office supplies, home and ecosystem products, household appliances, personal technologies, photo and video devices, tablets, toys and TV & Accessories. The Company's aim is to progressively expand its products range, leveraging on MarVin capacity to Big Data analysis and spotting the most prospectively requested SKUs. The Group's SKUs rose from 775 in 2020 to 6,259 in 2023.

On March 27, 2024, Riba Mundo increased its stake in ePRICE IT S.r.l. to 67%, gaining control and positioning itself for entry into the B2C market.

SWOT Analysis

Strengths

- Know-how and proprietary technology through MarVin
- Extensive geographical network enabling broad market reach and customer access
- Extensive product catalog that meets diverse customer needs and supports competitive differentiation across multiple markets
- Strategic positioning for fast deliveries and time to market
- Big Data disruptive business model
- Customer oriented approach
- Market positioning as a global B2B distributor

Weaknesses

- Limited industry-wide profit margins in an increasingly competitive market
- Rapid growth challenges and high debt costs strain resources and financial flexibility

Opportunities

- B2C market expansion through ePRICE
- Highly scalable business
- Large addressable market
- Highly fragmented competition
- US market penetration for Consumer Electronics
- M&A opportunities
- Products range diversification, including Pharmaceuticals, White Goods and Toys

Threats

- Risk of rapid product and inventory obsolescence due to evolving market trends and technology advancement

Main Catalysts

- 👍 Consumer Electronic market is expected to grow at 2.5% CAGR in 2022-27E
- 👍 Higher marginality in new categories such as personal, household and micro-mobility products
- 👍 Increasing the weight of Retailers/e-Tailers on Revenues in the next years to further improve profitability

Main Risks

- 👎 Risk of hacker attacks on Marvin platform
- 👎 Risk of having an obsolete warehouse with an increase in turnover days
- 👎 Highly competitive reference market with low marginality



Riba Mundo Tecnología S.A. ID Card

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Recommendation

BUY

Target Price

32.5 €

Upside

132%

Main financial data		FY23	FY24E	FY25E	FY26E
<i>(€/mln)</i>					
Revenue		434.2	516.0	589.0	655.0
	<i>yoy</i>	<i>31.9%</i>	<i>18.8%</i>	<i>14.1%</i>	<i>11.2%</i>
Gross Profit		20.7	26.4	31.2	36.0
	<i>Gross margin</i>	<i>4.8%</i>	<i>5.1%</i>	<i>5.3%</i>	<i>5.5%</i>
Adj. EBITDA		9.2	11.9	14.1	17.1
	<i>Adj. EBITDA margin</i>	<i>2.1%</i>	<i>2.3%</i>	<i>2.4%</i>	<i>2.6%</i>
Reported EBIT		7.1	10.1	12.1	15.1
	<i>Reported EBIT margin</i>	<i>1.6%</i>	<i>1.9%</i>	<i>2.0%</i>	<i>2.3%</i>
EBT		1.3	5.4	8.7	13.0
	<i>Pretax margin</i>	<i>0.3%</i>	<i>1.0%</i>	<i>1.5%</i>	<i>2.0%</i>
Net Income		0.7	3.8	6.6	9.8
	<i>Net Profit margin</i>	<i>0.2%</i>	<i>0.7%</i>	<i>1.1%</i>	<i>1.5%</i>
Adj. Net Financial Position (Cash)		36.0	30.7	25.9	19.1
Shareholders' equity		13.7	17.5	23.9	33.4
Net Operating Working Capital		28.3	35.4	39.0	44.2
CapEx		3.3	2.0	1.4	1.3
Free Cash Flow		(11.0)	0.4	6.2	6.8

Activity ratios		FY23	FY24E	FY25E	FY26E
Days of inventory On Hand (DOH)		21	20	19	19
Days of Sales Outstanding (DSO)		24	28	28	28
Number of days of payables		28	26	25	25
Fixed Assets Turnover ratio (FAT)		61.5	43.9	53.1	63.4

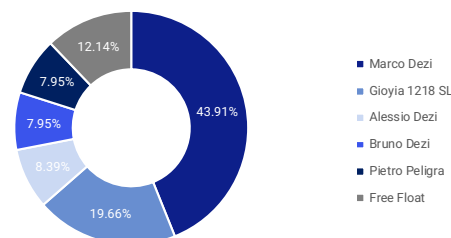
Liquidity ratios		FY23	FY24E	FY25E	FY26E
Current ratio		1.7	2.6	2.6	2.7
Cash conversion cycle		18	22	22	22

Solvency ratios		FY23	FY24E	FY25E	FY26E
Net Debt (Cash)-to-Equity		2.6x	1.8x	1.1x	0.6x
Net Debt (Cash)-to-EBITDA		4.5x	2.6x	1.8x	1.1x
Interest Coverage ratio		1.2x	2.2x	3.6x	7.3x

Profitability ratios		FY23	FY24E	FY25E	FY26E
Return On Invested Capital (ROIC)		7.1%	12.8%	15.5%	18.7%
Return On Capital Employed (ROCE)		3.5%	6.2%	6.8%	7.9%

Company Description	
Company Sector	Consumer Electronic Wholesalers
Price (as of October 25, 2024)	€ 14.0
Number of shares (mln)	2.3
Market Cap (€/mln)	€ 32.2
Reference Index	FTSE Italia Growth Index
Main Shareholders	Marco Dezi and Gioya 1218 SL
Daily Average Volumes	173
Sample of comparables	Esprinet (IT), Also Holding (CH), DistIT (SE), Arrow Electronics (US), TD Synnex Corporation (US), PC Connection (US) and SeSa (IT)

Group Structure



Data of peers		FY22	FY23	FY24E	FY25E
<i>Median</i>					
Sales growth (yoy)		7.7%	-10.8%	0.6%	5.6%
EBITDA margin		2.7%	3.0%	3.0%	4.0%

Multiples of peers		FY24E	FY25E
<i>Median</i>			
EV/Sales		0.27x	0.26x

Source: Bloomberg, Facset, Banca Profilo estimates and elaborations

Disclaimer

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ADDITIONAL INFORMATION

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