

IDNTT On the Verge of Doubling Its Size

ADD | Fair Value: €6.4 (€6.4) | Current Price: €3.5 | Upside: 83%

€ Million	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
Total Revenues	5.9	8.5	9.9	21.9	24.0	26.2	28.6
EBITDA	1.6	2.5	2.7	4.0	5.1	6.1	6.9
margin	26.8%	29.1%	27.0%	18.1%	21.1%	23.2%	24.2%
Net Profit	0.9	1.7	1.4	2.8	3.6	4.4	5.1
margin	16.0%	19.7%	14.2%	12.7%	15.1%	16.9%	17.8%
EPS	n.a.	0.2	0.2	0.4	0.5	0.6	0.7
NFP	(0.8)	(2.8)	(1.9)	(1.8)	(5.4)	(9.8)	(15.0)

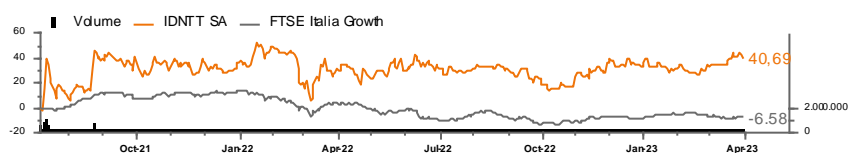
Source: Company Data (2020A-2022A), KT&Partners' forecasts (2023E-2026E)

FY22A Financial Results. In a challenging macroeconomic scenario characterized by rising inflation and a high stock-market volatility, in 2022 IDNTT grew for the third year in a row, demonstrating a strong resilience and flexibility to the changing market conditions. The Group reported FY22A sales at €9.9mn (+16.8% YoY), in line with our estimate of €9.8mn. In detail, large clients achieved €6mn in FY22A (+17% YoY), accounting for the 60.5% of FY22 sales, while PA and SME business units generated €3mn (+58.6% YoY) and €0.9mn (-39.6% YoY), respectively, accounting for 30.7% and 8.8% of FY22 sales. Despite the change of the government following the 2022 election, with the consequent potential slowdown of some contracts, the business related to Public Administration realized a significant growth, well above our estimate of €2.7mn. On the contrary, the SME slowdown is mainly attributable to increasing inflation, that mostly affects small and mid-enterprises. In terms of EBITDA, IDNTT showed an increase from €2.5mn in FY21 to €2.7mn in FY22 (€2.8mn our estimate). Whereas FY22A EBITDA margin was 1.9 pp below FY21A figure, standing at 27% (-2.1pp vs our estimates), mainly due to the strengthening of IDNTT's workforce with skilled professionals to sustain the business growth. FY22A EBIT stood at €2.3mn (+8.3% YoY), while FY22A net income slightly decreased to €1.4mn in 2022 from €1.7mn in 2021 mainly due to extraordinary expenses related to the M&A operations, IPO costs, and a higher tax-rate incidence (18.7% in 2022 vs 12% in 2021). Finally, NFP moved -€2.8mn in 2021 to -€1.9mn (vs -€2.2mn estimated), mainly because of the cash-out of €2.1mn related the acquisition of In-Sane! in November 2022 and shares' buybacks.

Change in Estimates. On the back of FY22A financial results and Group's pro-forma sales revenues, we revised our estimates of IDNTT for the 2023E-25E period and included FY26E projections. We upward revised sales revenues for the 2023E-2025E period, considering the opposing effect of: i) the far-better-than-expected In-Sane!'s sales performance, which reported €10.1mn of sales revenues vs our estimate of €7mn; and ii) a slowdown in the IDNTT's SME revenues. Therefore, as a net result of these effects, we increased FY23E Group's total revenues from €20.6mn to €21.9mn, anticipating a CAGR2022A-2026E of 30.2% up to €28.6mn by the end of 2026E. At the EBITDA level, we decreased our FY23E EBITDA estimate from €5.1mn to €4mn as we considered an increase in service costs because we include a higher contribution of In-Sane!'s to the Group, which should reach its peak in FY24E. However, the EBITDA is expected to growth at a CAGR22A-26E of 26.8% reaching €6.9mn in FY26E. Given the expected increasing synergies between IDNTT and In-Sane! in the following years, we project EBITDA margin growing from 18.1% in FY23A to 24.2% in FY26E. At the bottom-line level, we now forecast a FY23E net income of €2.8mn vs our prior estimate of €3.8mn, expecting to grow at a CAGR22A-26E of 38%. Finally, we revised downward FY23E Net debt from our prior estimate of -€7.1mn to -€1.8mn, mainly due to a higher DSO consequently the higher PA's incidence on Group's sales, which has longer payment deadlines.

Valuation. We updated our valuation – based on both DCF and EV/EBITDA multiple models – following the new estimates. Therefore, we obtained an equity value of €48.2mn or €6.4ps, +83% on current market price.

Performance Chart – Since IPO



Research Update

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Market Data

Main Shareholders			
Christian Traviglia			59.11%
Andrea Besana			2.27%
Alberto Costa (tramite PPA Professional Partners)			0.67%
Azioni Proprie			1.42%
Mkt Cap (€ mn)			26.4
EV (€ mn)			23.5
Shares out.			7.5
Free Float			36.54%
Market multiples	2023	2024	2025
EV/EBITDA			
IDNTT SA	6.1x	4.8x	4.0x
Comps Average	7.5x	6.6x	6.3x
IDNTT SA vs Average	-18%	-27%	-36%
P/E			
IDNTT SA	9.5x	7.2x	5.9x
Comps Average	15.0x	12.4x	10.7x
IDNTT SA vs Average	-37%	-41%	-44%

Stock Data

52 Wk High (€)	3.66
52 Wk Low (€)	2.68
Avg. Daily Trading 90d	5,379
Price Change 1w (%)	-0.56
Price Change 1m (%)	3.53
Price Change YTD (%)	5.07

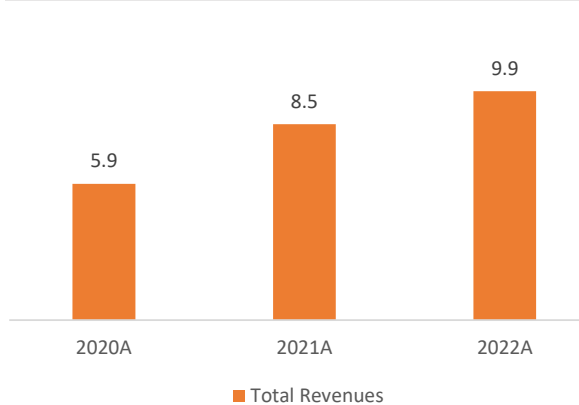
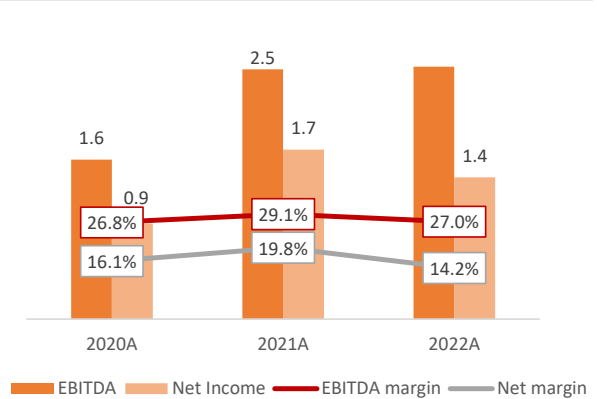
Key Figures – IDNTT SA

Current price (€)	Fair Value (€)		Sector				Free Float (%)
3.5	6.4		Digital Marketing				36.54%
Per Share Data	2020A	2021A	2022A	2023E	2024E	2025E	2026E
Total shares outstanding (mn)	7.5	7.5	7.5	7.5	7.5	7.5	7.5
EPS	n.m.	0.22	0.19	0.37	0.49	0.59	0.68
Dividend per share (ord)	n.a.	n.a.	2%	n.a.	n.a.	n.a.	n.a.
Dividend pay out ratio (%)	n.a.	n.a.	8%	n.a.	n.a.	n.a.	n.a.
Profit and Loss (EUR million)	2020A	2021A	2022A	2023E	2024E	2025E	2026E
Total Revenues	5.9	8.5	9.9	21.9	24.0	26.2	28.6
EBITDA	1.6	2.5	2.7	4.0	5.1	6.1	6.9
EBIT	1.3	2.1	2.3	3.6	4.7	5.7	6.5
EBT	1.2	1.9	1.7	3.5	4.5	5.5	6.4
Taxes	(0.2)	(0.2)	(0.3)	(0.7)	(0.9)	(1.1)	(1.3)
Tax rate	20%	12%	19%	20%	20%	20%	20%
Net Income	0.9	1.7	1.4	2.8	3.6	4.4	5.1
Net Income attributable to the Group	0.9	1.7	1.4	2.8	3.6	4.4	5.1
Balance Sheet (EUR million)	2020A	2021A	2022A	2023E	2024E	2025E	2026E
Total fixed assets	0.8	0.8	2.6	2.5	2.4	2.3	2.2
Net Working Capital (NWC)	(0.6)	0.9	1.3	4.8	5.6	6.3	7.0
Provisions	(0.2)	(0.2)	(0.1)	(0.7)	(1.3)	(2.0)	(2.7)
Total Net capital employed	(0.0)	1.4	3.7	6.6	6.6	6.6	6.5
Net financial position/(Cash)	(0.8)	(2.8)	(1.9)	(1.8)	(5.4)	(9.8)	(15.0)
Group Shareholder's Equity	0.8	4.3	5.7	8.3	12.0	16.4	21.5
Minorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Shareholder's Equity	0.8	4.3	5.7	8.3	12.0	16.4	21.5
Cash Flow (EUR million)	2020A	2021A	2022A	2023E	2024E	2025E	2026E
Net operating cash flow	1.3	2.2	2.2	3.3	4.1	4.9	5.6
Change in NWC	1.3	(1.5)	(2.2)	(3.5)	(0.8)	(0.7)	(0.7)
Capital expenditure	(0.5)	(0.4)	(0.5)	(0.3)	(0.3)	(0.3)	(0.3)
Other cash items/Uses of funds	0.1	0.1	0.0	0.6	0.6	0.7	0.7
Free cash flow	2.3	0.4	(0.4)	0.0	3.7	4.6	5.3
Enterprise Value (EUR million)	2020A	2021A	2022A	2023E	2024E	2025E	2026E
Market Cap	n.m.	n.m.	26.4	26.4	26.4	26.4	26.4
Minorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net financial position/(Cash)	(0.8)	(2.8)	(1.9)	(1.8)	(5.4)	(9.8)	(15.0)
Enterprise value	n.m.	n.m.	24.4	24.6	21.0	16.5	11.3
Ratios (%)	2020A	2021A	2022A	2023E	2024E	2025E	2026E
EBITDA margin	26.8%	29.1%	27.0%	18.1%	21.1%	23.2%	24.2%
EBIT margin	21.7%	25.0%	23.2%	16.3%	19.4%	21.7%	22.8%
Gearing - Debt/equity	-105.1%	-66.3%	-34.3%	-21.4%	-44.8%	-59.9%	-69.8%
Interest cover on EBIT	0.9%	0.3%	0.4%	0.0%	0.0%	0.0%	0.0%
NFP/EBITDA	-0.51x	-1.14x	-0.73x	-0.45x	-1.06x	-1.62x	-2.17x
ROCE	n.m.	148.4%	61.8%	54.6%	70.6%	86.3%	100.3%
ROE	123.8%	39.5%	24.8%	33.3%	30.4%	27.0%	23.7%
EV/Sales	4.14x	2.87x	2.46x	1.12x	1.02x	0.93x	0.85x
EV/EBITDA	15.46x	9.86x	9.11x	6.15x	4.81x	4.01x	3.53x
P/E	27.86x	15.70x	18.76x	9.50x	7.24x	5.94x	5.17x
Free cash flow yield	0.09x	0.02x	-0.02x	0.00x	0.15x	0.19x	0.22x
Growth Rates (%)	2020A	2021A	2022A	2023E	2024E	2025E	2026E
Sales	39.7%	44.2%	16.7%	120.5%	9.7%	9.0%	9.1%
EBITDA	141.8%	56.7%	8.2%	48.2%	27.9%	19.8%	13.7%
EBIT	223.8%	66.3%	8.3%	55.4%	30.5%	21.5%	14.7%
Net Income	269.9%	77.5%	-16.4%	97.5%	31.1%	21.9%	14.9%

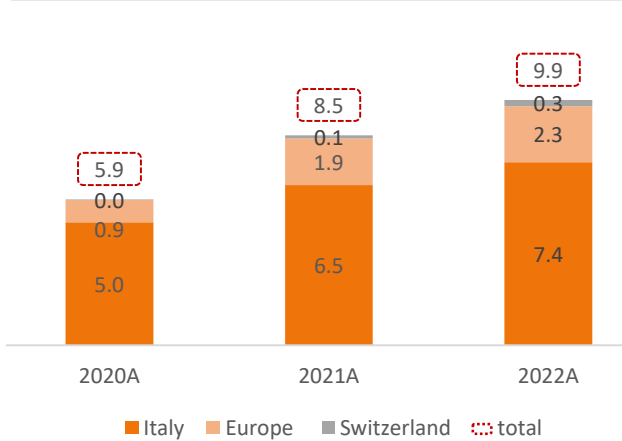
Source: Company Data (2020A-2022A), KT&Partners' forecasts (2023E-2026E)

Key Charts

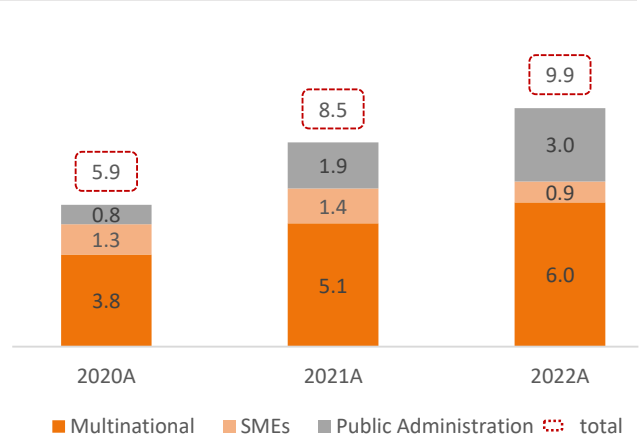
Total Revenues (€mn)

EBITDA and Net Income (€mn, %)¹

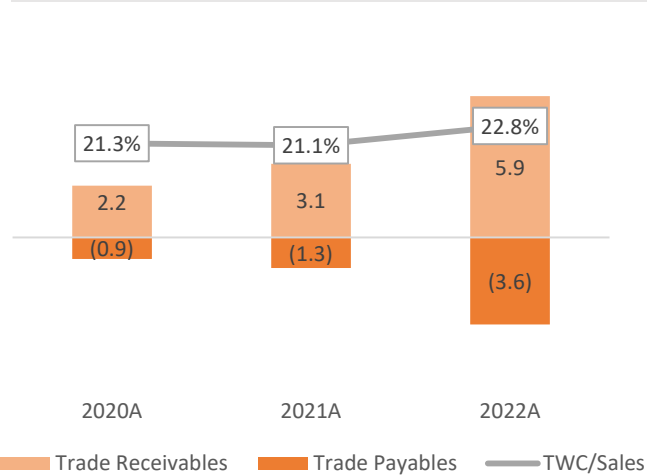
Sales Revenues Breakdown by Geographical Area (€mn)



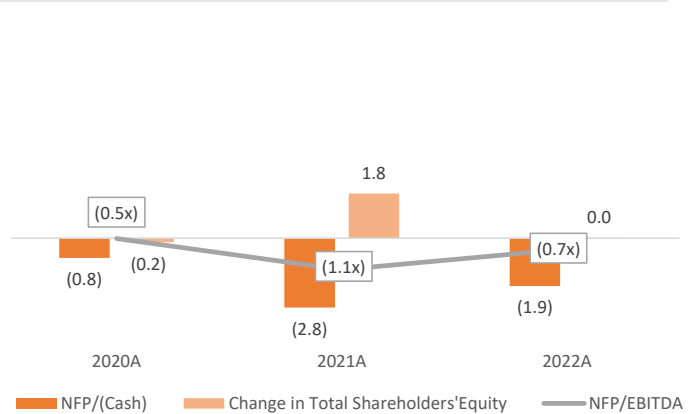
Sales Revenues Breakdown by Clients (€mn)



Trade Working Capital (€mn, %)



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

¹ Margins are calculated on Total Revenues

Overview

Company description

IDNTT is a Swiss-based Martech content factory founded in 2010, active in the production of daily, multichannel, data-driven content aimed at promoting interaction and leading the traffic on customers' social-media channels, e-commerce, and physical stores, converting the content into online/offline sales and increasing clients' brand awareness.

Thanks to its scalable and replicable business model, IDNTT in the precedent years has strengthened its international presence, opening new subsidiaries in Spain, Romania, and recently in the Netherlands. The Company, on the grounds of its multicultural and multilingual background, can boast a higher customer satisfaction than its competitors, since it is able to provide content that is not only in the local language, but that reflects the prevalent culture of the audience to which the content is targeted.

In November 2022, IDNTT announced the acquisition of the 60% of In-Sanel Srl's share capital, one of the five most important Italian talent management agencies active in influencer marketing, with a portfolio of more than 170 content creators, influencers, and gamers. Through this acquisition, IDNTT continues its growth path and expands its presence in the content-creation field, completing its core offering with a growing business, becoming one of the first Italian martech companies to have combined content marketing with the influencer marketing.

Investment Case

- **An ample omnichannel product portfolio** that includes hundreds of data-driven contents for e-commerce, social media, online/offline sales, In-Store TV, OTT TV, and event live streaming.
- **A high-standing and well-diversified client portfolio** that has included more than 5,000 clients belonging to several industries (telco, consumer electronics, food, services, sports) and composed of international and national companies known worldwide and with a strong brand recognition.
- **Impressive revenues growth, profitability, and cash flow generation**. Since 2019, IDNTT has registered a strong growth path, more than doubling its sales volume, peaking at €9.9mn in 2022 reporting total revenues CAGR2019–22 of +33.6%. Moreover, it also improved significantly in terms of profitability: EBITDA grew at a double digit CAGR2019–2022 of +60.1% and the EBITDA margin increased from 15.5% to 27% in 2022.
- **A proactive and young environment** that stimulates ideas and innovation to create smart, modern, and effective digital content for its client base.
- **A smart, lean, and efficient organizational model**. IDNTT adopts an internal organizational model whereby each IDNTT employee is staffed in the most suitable position based on his/her skills and expertise.
- **Strong positioning in the digital marketing competitive arena**. IDNTT can boast a privileged position in the digital marketing international arena as it is one of the most complete martech companies in terms of digital services provided, even compared to larger international players. Moreover, IDNTT is also able to guarantee a higher profitability margin than its competitors with an EBITDA margin at 27% vs an average of 16.7% in its competitive arena.
- **A dynamic and fast-growing market**. characterized by a strong M&A trend aggregation that in the following years will be driven by new martech technologies and innovations, increasing CX awareness, and massive governments' funds to digitalize public institutions.

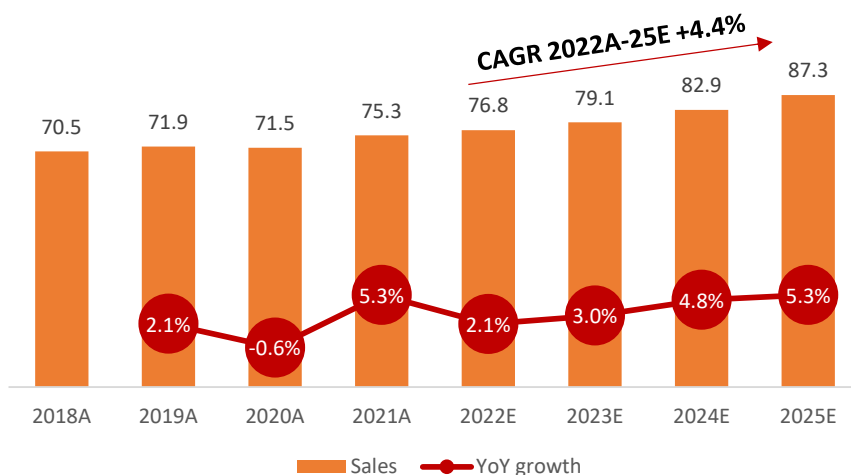
Recent Developments

- **IDNTT Broadens its Client Portfolio Entering the Luxury & Fashion Sector.** On March 21, 2023, IDNTT announced that it has signed an important multi-year agreement with the historic Italian company operating in the Luxury & Fashion sector SOMMA&C, owned by KITON SpA group for the 60% and owner of the SVEVO brand. IDNTT will support the Company in the distribution of digital content to enhance the growth strategy and the positioning of the SVEVO brand in the domestic market, strengthening also the internationalization strategy, intercepting the needs of the sophisticated Tech Luxury Knitwear market.
- **IDNTT Expands its Customer Base with an Important Top-quality Real Estate.** On March 5, 2023 IDNTT announced the collaboration with Engel & Völkers Italia, a leading group in the brokerage of top-quality real estate, present in more than 30 countries and 5 continents and with more than 1,600 employees in Italy. The agreement aims to create a collaboration that can lead to the creation of "omnichannel" contents through IDNTT's experience in digital & social communication, advertising campaigns, video production, and support for traditional and digital marketing initiatives.
- **IDNTT Enlarges its Shareholder Base with a Swiss Institutional Fund.** On February 27, 2023, IDNTT announced that a major Swiss institutional fund, operating in the small cap capital market, had entered IDNTT's equity following the purchase from President and CEO Christian Traviglia of 140,000 ordinary shares, at a price of €3.40ps, representing approximately 1.87% of the share capital. Following the transaction, the free float rose from 34.72% to 36.54%.
- **IDNTT Growing Appeal from Institutional Investors.** On January 16, 2023, IDNTT announced the expansion of the shareholder base with two primary institutional investors, following the purchase of 305,000 shares (about 4% of the capital) at an agreed price of €3.40ps, of which 265,000 from President and CEO Christian Traviglia and 40,000 from partner Umanware Srl (a company traceable to Christian Traviglia). This operation represents a recognition of the quality and the growth path of IDNTT achieved so far, as well as promising further expectations for future development.

Market Update

According to the latest industry report released in November 2022 by Anitec-Assinform, the Italian digital marketing sector, after a significant growth of 5.3% in 2021 (from €71.5bn to €75.3bn), is expected to reach about €76.9bn in 2022 (+2% YoY). For the following years, the Italian digital market is expected to continue its growth path at a CAGR 2022A-2025E of 4.4%, reaching €87.3bn at the end of 2025.

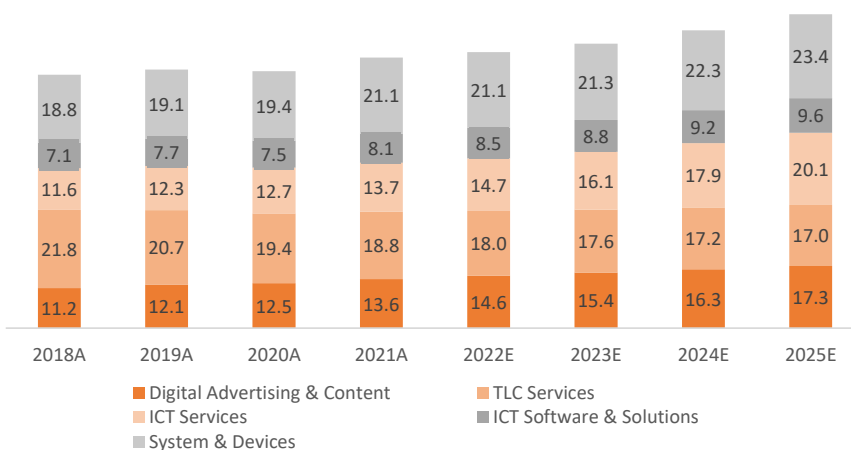
2018A-2025E Italian Digital Market (€bn, %)



Source: KT&Partners' Elaboration on Anitec-Assinform

Within the Italian digital marketing sector, the Digital Advertising & Content category, (IDNTT's main business) in 2022 is projected to reach €14.6bn, growing by €1bn from 2021 (+7.35% YoY). In the following years, the Digital Advertising & Content will show the second highest growth after ICT Services with a CAGR22E-25E of 5.9%, reaching €17.3mn at the end of FY25E.

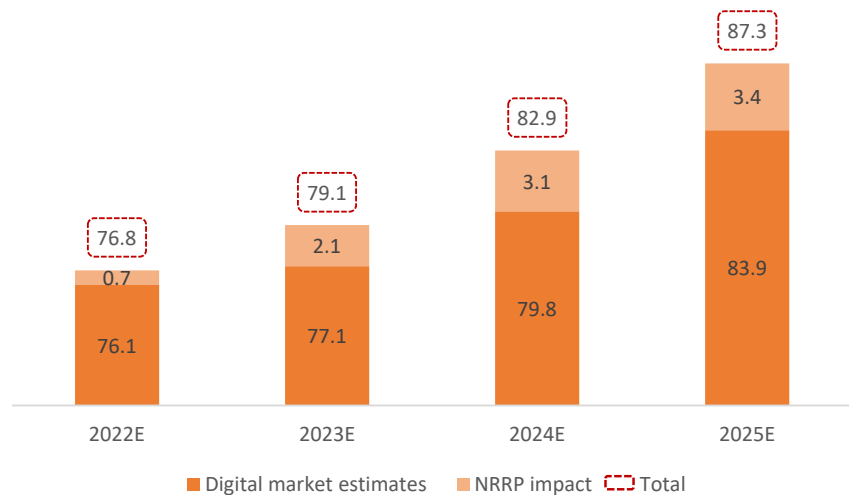
2018A-2025E Italian Digital Market Breakdown by Category (€bn, %)



Source: KT&Partners' Elaboration on Anitec-Assinform

According to the Anitec-Assinform report, the National Recovery and Resilience Plan (NRRP) will have a significant effect on the digital market over the 2023-2025 period, whose first impacts have already been shown in 2022. The report estimates an overall NRRP impact on the digital marketing sector of €8.5bn, mostly aimed at digitalizing Public Administration, where IDNTT has shown this year a growth of +58.6% YoY. The NRRP's estimated impact over the digital market size is anticipated to increase progressively from 2022 to 2025, arriving to account for 4% of the market value in 2025E with €3.4bn.

NRPP's Effect on Digital Market Estimates (€bn)

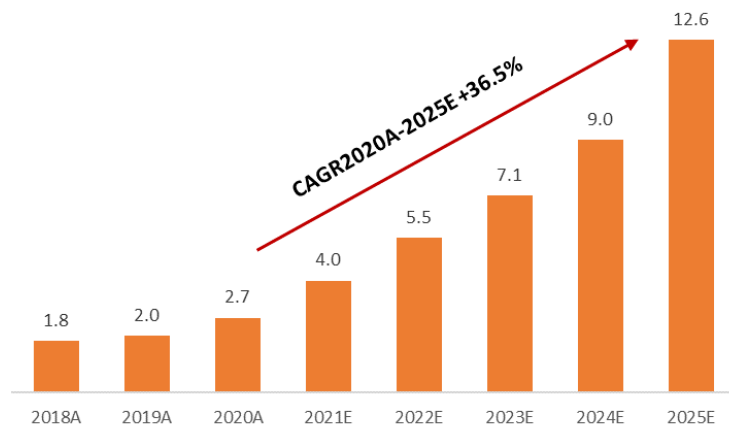


Source: KT&Partners' Elaboration on Anitec-Assinform

Metaverse

With the acquisition of In-Sane! company, IDNTT has broadened its core offering with services that can be directly performed in the metaverse. According to McKinsey, this market could be worth \$5tn by 2030, with consumers engaging in 5 main activities: gaming, socializing, fitness, commerce, and distance learning. Thanks to the numerous gamers and streamers under contract with In-Sane!, users can interact with them living, purchasing gamers' personalized items, and downloadable content (DLC) to enhance the user's experience.

AR-VR Visors Market size (\$bn)



Source: KT&Partners' Elaboration on Milano Finanza - "Metaverse: a guide to the next gen internet"

Influencer Marketing

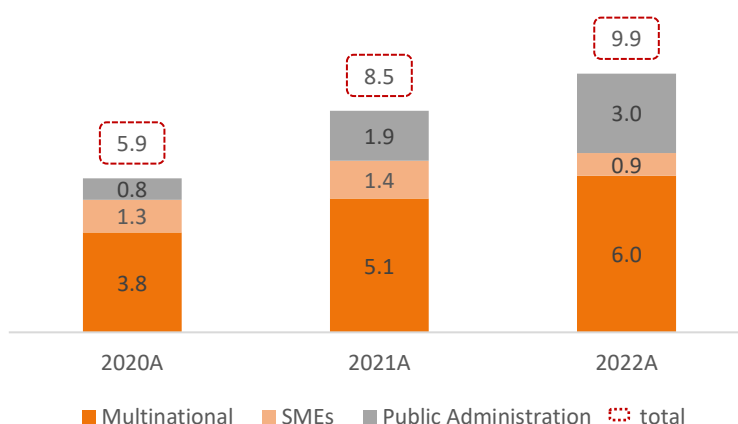
According to the latest UPA's influencer marketing presentation, in 2021, global influencer marketing, In-Sane!'s main Industry, reached a value €14bn, growing at a double-digit growth from the €9.7bn reported in the preceding year. Also, in Italy influencer marketing is always more utilized by companies in their marketing and communication strategies. In 2022, 81% of the surveyed companies adopted influencer marketing strategies to promote their products on social-media platforms. Marketers started also to allocate an increasing share of their budgets to influencer marketing, + 8% YoY in 2022. In the next years, Italian influencer marketing is expected to continue to grow at a rate above that of the European average, considering also that in Italy there is a higher percentage of influencers on the total population compared to other European countries.

FY22 Financial Results

In a challenging year characterized by tumultuous geopolitical scenario, rising inflation, and a high stock-market volatility, in 2022 IDNTT grew for the third year in a row, demonstrating a strong resilience and flexibility to the changing market conditions.

The Group reported FY22A sales revenues at €9.9mn (+16.8% YoY), in line with our estimate of €9.8mn. In detail, large clients achieved €6mn of FY22A sales revenues (+17% YoY), while PA and SME business units generated €3mn (+58.6% YoY) and €0.9mn (-39.6% YoY), respectively. Despite the change of the government following the 2022 election, with the consequent potential slowdown of some contracts, the business related to Public Administration realized a significant growth, well above our estimate of €2.7mn. On the contrary, the SME slowdown is mainly attributable to the increasing inflation, that mostly affects small and mid-enterprises.

IDNTT's Sales Revenues Breakdown by Business Unit (€mn)



Source: KT&Partners' Elaboration on Company Data

In terms of EBITDA, IDNTT showed an increase from €2.5mn in FY21 to €2.7mn in FY22, in line with our estimate of €2.8mn; whereas FY22A EBITDA margin was 1.9 pp below FY21A figure standing at 27% (29.1% our projection) mainly due to the strengthening of IDNTT's workforce with skilled professionals to sustain the business growth. FY22A EBIT stood at €2.3mn (+8.3% YoY), while FY22A net income slight decrease to €1.4mn in 2022 from €1.7mn in 2021, mainly due to extraordinary expenses related to the M&A operations and a higher tax rate incidence (18.7% in 2022 vs 12% in 2021).

Finally, NFP moved from a cash position of -€2.8mn in 2021 to -€1.9mn mainly because of the cash outflow of €2.1mn concerning the acquisition of In-Sane! in November 2022 and the several shares' buybacks. In addition, the BoD announced a dividend of 0.015ps to be paid in May 2023.

FY20A–22A Income Statement vs FY22 Estimates

€ million	FY20A	FY21A	FY22A	YoY %	FY22E	A vs E %
SME	1.3	1.4	0.9	-39.6%	1.7	-50.1%
Big Players	3.8	5.1	6.0	17.0%	5.3	12.5%
PA	0.8	1.9	3.0	58.6%	2.7	12.6%
Sales Revenues	5.9	8.5	9.9	16.8%	9.8	15.2%
Other Revenues	0.0	0.0	0.0		-	
Total Revenues	5.9	8.5	9.9	16.7%	9.8	14.9%
Cost of Services	(2.4)	(3.2)	(3.9)		(3.7)	
Personnel Expenses	(1.9)	(2.8)	(3.4)		(3.2)	
Other Operating Expenses	(0.0)	(0.0)	(0.0)		(0.0)	
EBITDA	1.6	2.5	2.7	8.2%	2.8	15.0%
<i>EBITDA margin</i>	26.8%	29.1%	27.0%	-2.1%	29.1%	2.1%
D&A and Provisions	(0.3)	(0.3)	(0.4)		(0.4)	
EBIT	1.3	2.1	2.3	8.3%	2.5	15.3%
<i>EBIT margin</i>	21.7%	25.0%	23.2%	-1.8%		-23.2%
Financial Income and Expenses	(0.0)	(0.0)	(0.0)		(0.0)	
Extraordinary items	(0.0)	(0.1)	(0.2)		-	
Other miscellaneous income and expenses	(0.1)	(0.1)	(0.4)		-	
EBT	1.2	1.9	1.7	-9.5%	2.5	28.4%
Taxes	(0.2)	(0.2)	(0.3)		(0.5)	
<i>Tax Rate</i>	19.5%	12.0%	18.7%		20.0%	
Net Income	0.9	1.7	1.4	-16.4%	2.0	16.7%
<i>Net margin</i>	16.1%	19.8%	14.2%	-5.6%	20.1%	5.9%
Minorities	0.0	0.0	-		-	
Net Income attributable to the Group	0.9	1.7	1.4	-16.3%	2.0	16.8%
<i>Net margin</i>	16.0%	19.7%	14.2%	-5.6%	20.1%	5.9%

Source: KT&Partners' Elaboration on Company Data

Change in Estimates

On the back of FY22A financial results and the Group's pro-forma sales revenues, we revised our estimates of IDNTT for the 2023E–25E period and included FY26E projections.

We revised sales revenues for the 2023E–2025E period, considering a double and opposing effect of:

- the far-better-than-expected In-Sane!'s sales performance, which reported €10.1mn of sales revenues vs our estimate of €7mn. To take into account in our projections In-Sane! FY22A's growth, we increased sales estimate, assuming a growth at a CAGR22A–26E of 5%, increasing from €10.1mn in FY23E to €11.7mn in FY26E.
- a slowdown in the IDNTT's SME sales revenues, which we expect to decrease from €2.6mn of our prior estimate to €1mn in 2023E, as this business unit is more sensible to macroeconomic environment uncertainties.

Therefore, as a net result of these two effects, we increased FY23E Group's total revenues from €20.6mn to €21.9mn, anticipating a CAGR2022A–2026E of 30.2% up to €28.5mn by the end of 2026E.

At the EBITDA level, we decreased our FY23E EBITDA estimate from €5.1mn to €4mn, as we considered an increase in service costs as we are including a higher contribution of In-Sane!'s to the Group. However, the EBITDA is expected to growth at a CAGR22A–26E of 26.8%, reaching €6.9mn in FY26E. Given the expected increasing synergies between IDNTT and In-Sane! in the following years, we project EBITDA margin growing from 18.1% in FY23A to 24.2% in FY26E.

At the bottom-line level, we now forecast a FY23 net income of €2.8mn vs our prior estimate of €3.8mn, expected to growth at a CAGR22A–26E of 38%.

Finally, we revised downward FY23E NFP from our prior estimate of -€7.1mn to -€1.8mn, mainly due to a higher DSO, consequently the higher PA's incidence on Group's sales, which has longer payment deadlines.

€ Millions	2020A	2021A	2022A	2023E	2023E	Change	CAGR	2024E	2024E	Change	2025E	2025E	Change	2026E	CAGR
	Actual	Actual	Actual	Old	New		2020A–23E	Old	New		Old	New		New	2022A–26E
Revenues	5.9	8.5	9.9	20.6	21.9	6.1%	54.8%	23.3	24.0	3.2%	26.0	26.2	0.7%	28.6	30.2%
YoY Change (%)	39.7%	44.2%	16.7%	107.9%	120.5%			12.8%	9.7%		11.8%	9.0%		9.8%	
EBITDA	1.6	2.5	2.7	5.1	4.0	-22.8%	36.0%	6.0	5.1	-15.9%	7.0	6.1	-13.2%	6.9	26.8%
YoY Change (%)	141.8%	56.7%	8.2%	92.0%	48.2%			17.3%	27.9%		16.1%	19.8%		-1.3%	
EBITDA Margin	26.8%	29.1%	27.0%	24.9%	18.1%			25.9%	21.1%		26.9%	23.2%		24.2%	
EBIT	1.3	2.1	2.3	4.7	3.6	-24.5%	40.9%	5.6	4.7	-16.7%	6.6	5.7	-13.7%	6.5	29.7%
YoY Change (%)	223.8%	66.3%	8.3%	105.9%	55.4%			18.1%	30.5%		17.3%	21.5%		-0.9%	
EBIT Margin	21.7%	25.0%	23.2%	23.0%	16.3%			24.1%	19.4%		25.3%	21.7%		22.8%	
Net Income	0.9	1.7	1.4	3.8	2.8	-26.8%	43.1%	4.5	3.6	-18.8%	5.3	4.4	-15.6%	5.1	38.0%
YoY Change (%)	269.9%	77.5%	-16.4%	170.0%	97.5%			18.1%	31.1%		17.3%	21.9%		-3.1%	
Net Margin	16.1%	19.8%	14.2%	18.4%	12.7%			19.3%	15.1%		20.2%	16.9%		17.8%	
NFP	(0.8)	(2.8)	(1.9)	(7.1)	(1.8)	5.3		(11.8)	(5.4)	6.5	(17.4)	(9.8)	7.5	(15.0)	
YoY Change (%)	-583.7%	251.4%	-31.1%	265.3%	-8.4%			66.6%	201.0%		46.7%	83.5%		-13.5%	

Source: Company data, KT&P's Elaborations.

Valuation

Following our projections of IDNTT's future financials, we carried out the valuations by applying the DCF and market multiples methods (we based our valuation on 7.5mn shares).

1. EV/EBITDA multiple, which returns an equity value of €35.6mn or a fair value €4.8ps;
2. P/E multiple, which returns an equity value of €37.9mn or a fair value of €5.1ps;
3. DCF analysis based on WACC of 10.3% and 1.5% perpetual growth, returns an equity value of €59.7mn or a fair value of €8ps.

The average of the two methods yields an equity value of €48.2mn or a fair value of €6.4ps.

Valuation Recap

	Equity Value €mn	Value per share €
EV/EBITDA	35.6	4.8
P/E	37.9	5.1
Average - multiples	36.8	4.9
DCF	59.7	8.0
Average	48.2	6.4

Source: FactSet, KT&Partners' elaboration

Market Multiples Valuation

Following our comps analysis, we evaluated the company by using the 2023E–25E EV/EBITDA and P/E market multiples of the peer sample. Our valuation also includes a 15% liquidity/size discount and takes into account our estimates of IDNTT's EBITDA and Net Income for 2023, 2024, and 2025. We also considered FY22 NFP at €-1.9mn. We end up with our IDNTT's equity value of €35.6mn for EV/EBITDA and of €37.9mn through the P/E method.

Peer Comparison – Market Multiples 2022A–2025E

	Exchange	Market Cap	EV/SALES 2022	EV/SALES 2023	EV/SALES 2024	EV/SALES 2025	EV/EBITDA 2022	EV/EBITDA 2023	EV/EBITDA 2024	EV/EBITDA 2025	EV/EBIT 2022	EV/EBIT 2023	EV/EBIT 2024	EV/EBIT 2025	P/E 2022	P/E 2023	P/E 2024	P/E 2025
S4 Capital plc	London	1,063	1.0x	1.0x	0.9x	0.7x	8.3x	6.9x	5.7x	4.8x	n.m	7.5x	6.1x	5.1x	n.m	12.7x	9.8x	8.1x
SYZGY AG	XETRA	75	1.0x	0.9x	0.9x	n.a.	6.2x	5.6x	5.2x	n.a.	n.m	9.5x	8.6x	n.a.	n.m	16.0x	14.1x	n.a.
Next Fifteen Communications Group PLC	London	939	1.6x	1.4x	1.3x	1.3x	7.1x	6.2x	5.7x	5.4x	8.0x	7.0x	6.5x	6.3x	10.5x	9.4x	8.7x	8.2x
Septeni Holdings Co., Ltd.	Tokyo	527	1.9x	1.4x	1.5x	1.4x	8.1x	13.0x	12.4x	9.5x	9.1x	10.4x	10.1x	7.9x	11.4x	13.5x	12.9x	10.6x
ISPD Network	Euronext Paris	60	0.7x	0.6x	0.6x	n.a.	6.9x	5.6x	5.1x	n.a.	11.8x	8.1x	6.6x	n.a.	14.5x	9.4x	7.8x	n.a.
Alkemy SpA	Milan	73	0.8x	0.8x	0.7x	0.7x	9.9x	6.5x	5.7x	5.1x	15.4x	8.8x	7.5x	6.5x	13.2x	11.0x	8.9x	7.7x
DigiTouch SpA	Milan	38	n.a.	0.8x	0.8x	n.a.	n.a.	5.0x	4.6x	n.a.	n.a.	8.0x	7.8x	n.a.	16.9x	14.2x	13.5x	n.a.
Perion Network Ltd	Milan	1,695	2.2x	1.9x	1.7x	1.6x	11.1x	9.4x	8.3x	7.5x	12.5x	11.7x	10.1x	n.a.	17.3x	15.3x	14.1x	14.9x
Average peer group		505	1.5x	1.2x	1.1x	1.2x	9.2x	7.5x	6.6x	6.3x	11.4x	8.9x	7.8x	6.2x	14.0x	15.0x	12.4x	10.7x
Median peer group		77	1.3x	1.0x	0.9x	1.3x	8.2x	6.5x	5.7x	5.4x	11.8x	8.8x	7.5x	6.3x	13.9x	13.5x	12.9x	9.4x
IDNTTSA	Milan	26	2.5x	1.1x	1.0x	0.9x	9.1x	6.1x	4.8x	4.0x	10.6x	6.8x	5.2x	4.3x	0.02x	0.01x	0.01x	0.01x

Source: FactSet, KT&Partners' elaboration

EV/EBITDA Multiple Valuation

Multiple Valuation (€mn)	2023E	2024E	2025E
EV/EBITDA Comps	7.5x	6.6x	6.3x
IDNTT SA EBITDA	4.0	5.1	6.1
Enterprise value	29.7	33.6	38.1
Average Enterprise Value		33.8	
Liquidity/Size Discount		15%	
Enterprise Value Post-Discount		28.7	
IDNTT SA FY22E Net Debt		(1.9)	
IDNTT SA FY22E Minorities		0.0	
Equity Value		35.6	
Number of shares (mn)		7.5	
Value per Share €		4.8	

P/E Multiple Valuation

Multiple Valuation (€mn)	2023E	2024E	2025E
P/E Comps	15.0x	12.4x	10.7x
IDNTT SA Net Income	2.8	3.6	4.4
Equity Value	41.5	45.0	47.4
Average Equity Value		44.6	
Liquidity/Size Discount		15%	
Equity Value Post-Discount		37.9	
Number of shares (mn)		7.5	
Value per Share €		5.1	

Source: FactSet, KT&Partners' elaboration

DCF Valuation

We have also conducted our valuation using a four-year DCF model, based on 14% cost of equity, 3% cost of debt, and a D/E ratio of 46% (based on the advertising industry). The cost of equity is a function of the risk-free rate of 4.20% (vs. 3.97% of our last update, Italian 10y BTP, last three months average), 4.95% equity risk premium (Damodaran for a mature market), and a premium for size and liquidity of 4.35% (source: Duff&Phelps). We, therefore, obtained 10.3% WACC.

We discounted 2023E–26E annual cash flow and considered a terminal growth rate of 1.5%; then we carried out a sensitivity analysis on the terminal growth rate (+/- 0.25%) and on WACC (+/- 0.25%).

DCF Valuation				
€ Millions	2023E	2024E	2025E	2026E
EBIT	3.6	4.7	5.7	6.5
Taxes	(0.7)	(0.9)	(1.1)	(1.3)
D&A	0.4	0.4	0.4	0.4
Change in Net Working Capital	(3.5)	(0.8)	(0.7)	(0.7)
Change in Funds	0.6	0.6	0.7	0.7
Net Operating Cash Flow	0.3	4.0	4.9	5.6
Capex	(0.3)	(0.3)	(0.3)	(0.3)
M&A Capex	-	-	-	-
FCFO	0.0	3.7	4.6	5.3
g	1.5%			
Wacc	10.3%			
FCFO (discounted)	0.0	3.4	3.9	4.0
Discounted Cumulated FCFO	11.3			
TV	60.8			
TV (discounted)	46.4			
Enterprise Value	57.7			
NFP FY2022A	(1.9)			
Minorities FY2021A	0.0			
Equity Value	59.7			
Current number of shares (mn)	7.5			
Value per share (€)	8.0			

WACC ASSUMPTIONS	10.3%
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Source: Company data, KT&Partners' elaboration

Sensitivity Analysis						
€ Millions	WACC					
		10.8%	10.6%	10.3%	10.1%	9.8%
Terminal growth Rate	1.0%	54.2	55.5	57.0	58.5	60.1
	1.3%	55.3	56.8	58.3	59.9	61.6
	1.5%	56.6	58.1	59.7	61.4	63.2
	1.8%	57.9	59.5	61.2	62.9	64.8
	2.0%	59.2	60.9	62.7	64.6	66.6

Source: Company data, KT&Partners' elaboration

Appendix

Peer Comparison

In order to define IDNTT's peer sample, we carried out an in-depth analysis of Italian and internationally listed companies active in the digital marketing sector. In selecting potential peers, we consider IDNTT's offering and revenue mix, business model, growth, and profitability profile.

For peer analysis, we built a sample of nine companies, which includes:

- **SYZGY**: listed on Xetra Stock Exchange with a market capitalization of €75mn, SYZGY assists companies to improve customer experience with sales and provides them digital solutions in performance and media marketing. The firm is focused on the creation and design of digital solutions and products for brands, companies, and people. In FY22A, the Company achieved €70.6mn of sales revenues.
- **Next Fifteen Communications Group**: listed on the London Stock Exchange with a market capitalization of €939mn, Next Fifteen Communications Group provides a broad range of communications services. It is active in the production of digital and technology services and products, spanning digital content, online marketing, marketing communications, market research, and public and media relations. In FY22A, the Company achieved €638.7mn of sales revenues.
- **Septeni Holdings**: listed on the Tokyo Stock Exchange with a market capitalization of €527mn, Septeni Holdings is engaged in the provision of digital marketing and social media platform services. The Company offers digital marketing transformation of companies, providing solutions utilizing data and artificial intelligence. In FY21A, the Company achieved €214mn of sales revenues.
- **ISPD Network (Antevenio)**: listed on Euronext Paris Stock Exchange with a market capitalization of €60mn, ISPD Network engages in online advertising and interactive marketing. The Company's offering includes services such as web advertising, performance marketing, affiliate marketing, mobile marketing, and email marketing. In FY21A, the Company achieved €105.9mn of sales revenues.
- **Alkemy**: listed on Borsa Italiana Stock Exchange with a market capitalization of €73mn, Alkemy engages in marketing and information technology consulting services. The Company utilizes a data-driven approach to maximize a marketing mix. Its digital marketing offering includes content marketing, SEO/SEM, influencer marketing, CRO, lead generation, and media audit. In FY22A, the Company achieved €105mn of sales revenues.
- **DigiTouch**: listed on Borsa Italiana Stock Exchange with a market capitalization of €38mn, DigiTouch engages in digital advertising, technology, and e-commerce business. The Company utilizes a full-funnel approach to assist enterprises along all the phases of the customer journey, adopting an integrated marketing strategy that includes content e-social marketing, influencer marketing, event planning, UX writing, omnichannel media planning, marketing automation, and performance marketing. In FY21A, the Company achieved €37.3mn of sales revenues.
- **Doxee**: listed on Borsa Italiana Stock Exchange with a market capitalization of €77mn, Doxee provides technology solutions for customer communication management and digital customer experience business systems. The Company helps enterprises to innovate their client communication processes, to digitize invoice management and the archiving of documents, and to set up personalized and interactive communication with their customers. In FY22, the Company achieved €25mn of sales revenues.

- **S4 Capital:** listed on the London Stock Exchange with a market capitalization of €1.1bn, S4 Capital Plc engages in the provision of digital advertising and marketing services. It operates through the Content Practice and Data and Digital Media segments. The Content Practice segment includes creative content, campaigns, and assets for paid, social, and earned media from digital platforms and apps to brand activations that aim to convert consumers at every possible touchpoint. The Data and Digital Media segment encompasses full-service campaign management analytics, creative production and ad serving, platform and systems integration and transition, and training and education. In FY22, the Company achieved €1.2bn of sales revenues.
- **Perion Network:** listed on NASDAQ with a market capitalization of 1.7bn, Perion Network engages in the provision of advertising solutions to brands, agencies, and publishers. It operates through the following geographical segments: North America (mainly US), Europe, and Other. The firm solutions include Publisher Platform, Search Monetization, SORT-Cookieless Targeting, High Impact Creative, and Actionable Monitoring. In FY22, the Company achieved €609mn of sales revenues.

Peers Comparison – Sales and EBITDA Growth 2020A-25E

Company Name	Sales				Sales			CAGR 2022-'25
	2020	2021	2022	YoY 21-22	2023	2024	2025	
S4 Capital plc	385.5	798.9	1,253.5	56.9%	1,253.5	1,248.6	1,420.1	4.2%
SYZGY AG	55.5	60.1	70.6	17.4%	70.6	76.1	81.4	4.9%
Next Fifteen Communications Group PLC	362.5	549.8	638.7	16.2%	638.7	718.4	764.2	6.2%
Septeni Holdings Co., Ltd.	148.6	166.4	214.0	28.6%	214.0	272.5	249.8	5.3%
ISPD Network	54.4	105.7	105.9	0.2%	105.9	111.4	116.3	3.2%
Alkemy SpA	73.9	94.0	104.9	11.6%	104.9	117.7	127.7	6.8%
DigiTouch SpA	31.3	37.3	46.5	24.6%	46.5	52.4	56.7	6.8%
Perion Network Ltd	287.8	404.8	609.2	50.5%	609.2	671.2	752.3	7.3%
Doxee S.p.A.	17.7	20.9	25.5	21.8%	25.5	37.4	43.4	19.4%
Peers Average	144.2	226.8	341.0	50.3%	341.0	367.3	401.3	5.6%
IDNTT SA	5.9	8.5	9.9	16.8%	21.8	24.0	26.1	38.2%

Company Name	EBITDA				EBITDA			CAGR 2022-'25
	2020	2021	2022	YoY 21-22	2023	2024	2025	
S4 Capital plc	66.9	113.9	148.0	29.9%	177.3	215.3	255.8	20.0%
SYZGY AG	7.6	12.5	11.6	-7.0%	12.8	13.8	n.a.	n.a.
Next Fifteen Communications Group PLC	58.8	102.2	144.6	41.5%	164.0	178.1	190.1	9.5%
Septeni Holdings Co., Ltd.	28.4	35.5	47.7	34.7%	29.6	31.1	40.5	-5.3%
ISPD Network	0.6	6.4	10.1	58.4%	12.4	13.7	n.a.	n.a.
Alkemy SpA	4.4	9.5	9.0	-5.3%	13.8	15.7	17.6	25.0%
DigiTouch SpA	4.5	5.3	7.2	34.7%	8.5	9.2	n.a.	n.a.
Perion Network Ltd	19.5	47.2	117.0	n.m.	138.8	157.0	173.1	13.9%
Doxee S.p.A.	4.2	5.3	5.3	0.0%	8.5	11.3	14.6	40.2%
Peers Average	19.6	33.9	55.6	63.9%	62.9	71.7	115.3	27.5%
IDNTT SA	1.6	2.5	2.7	8.2%	4.0	5.1	6.1	31.4%

Source: FactSet, KT&P's elaboration

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

IDNTT SA

Price: €3.5 | Fair Value: €6.4

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