

WEBSOLUTE

Growing revenues and profitability: 1H21 Ebitda at Euro 1.6 m, +117%, EBITDA margin of 16%

FY20 top-line growth of 56%: 1H21 figures confirm the validity of the Websolute's business model based on a solid and well diversified client base and continuous strategic investments in product development. The top line came to Euro 9.3 m, +56% vs. 1H20 (Euro 6.0 m) supported by the resumption of new business activity for the Group's clients which mainly operate in industries less impacted by the negative effects of the pandemic and hence now keen to accelerate investments in digitalization essential to continue to compete in the market. In terms of product lines 1H21 saw a strong performance across almost all major product lines and in particular Digital Marketing +39%, Digital platforms +34%, Brand Identity +38%, Social, Influencer marketing +38%, Mobile App + 46%, ECommerce Strategy & Management +31% and Software Licenses and Marketplace services B2B + 243%. Good performance also of the new businesses (W.Academy, More and W-Mind Benefit Corporation).

Profitability margins above pre-covid levels. Furthermore, profitability continued to improve, with 1H21 EBITDA of Euro 1.6 m, +117% vs Euro 0.7 m in 1H20 and +41% vs. 1H19 (Euro 1.1 m). Ebitda margin stood at 16.3%, +5.3 pp vs. 1H21 (11.0%) as a result of the higher sales volumes triggering a 4.6 pp reduction of personnel expenses on revenues (c. 51% of operating costs) despite an increase in absolute terms by 32% reflecting a policy aiming at increasing internal competence and strengthen the organizational structure to better address future growth targets. EBIT came in at Euro 0.8 m (Euro 0.1 m in 1H20) after D&As of Euro 0.8 m vs. Euro 0.6 m in 1H20 following the recent investment activity. Net Income was of Euro 0.4 m (Euro 0.1 m in 1H20).

A solid balance sheet cash flow to support strategic investment. Net debt at the end of the period considered came in at Euro 2.7 m, down from Euro 3.1 m at the end of December 2020 thanks to good operating cash flow and after Euro 0.3 m of purchase of own shares and total investments of Euro 0.8 m mainly aiming at strengthening of the product portfolio in areas such as e-commerce, VR/AR and Data Driven marketing automation. Working Capital at the end of 1H21 stood at 2.0 m vs. Euro 2.2 m in FY20 thanks to good management of trade receivables with a reduction in DSOs to 109 days (125 days previously).

Positive outlook confirmed. In line with strategic guidelines Websolute has over the last 18 months continued to focus on investments in product development and M&A to strengthen the product portfolio and is now, in our view, well positioned to exploit the expected acceleration of the digital sector in Europe boosted in Italy by investments from the NRRP. Looking at 2H21, Management stated that current trading is showing promising signs, with a +64% increase of the order portfolio of Websolute SpA at the end of July and an average of 30-40% increase in the subsidiaries' portfolios. We also expect that once the new service offering is fully integrated, the Group should be able to benefit both from commercial and production synergies.

Estimate revision. Based on the above and considering 1H21 results we finetuned our revenue estimate now assuming Euro 19.3 m (Euro 18.2 m pr.) We also increased EBITDA margin to 16% (12 pr.). Overall, we made an average FY21-22 adjustment in revenues and EPS of +11% and +127% respectively. We also added FY23 to our explicit forecast period and we highlight that our estimates do not include any potential M&A transactions which we expect to be a major future growth driver.

Valuation: Based on our new estimates and updated market data, we upgrade our target price to Euro 5.22 p.s. (Euro 2.55 p.s. previously), providing for a +105% upside on current stock price and obtained by weighting equally the DCF and the multiple comparison analysis. At our target price the stock would be trading at EV/EBITDA 21/22 multiples of 16.4x and 11x respectively.

Sector: Technology

Target Price (Euro)	5.22 (2.55)
Market Price (Euro)	3.56
Market Cap (Euro m)	33
EV (Euro m)	36

As of September 28, 2021

Share Data

Market	AIM Italia
Reuters/Bloomberg	WEB:IM
ISIN	IT0005384901
N. of Shares	9.513.843
Free Float	23.01%
CEO	Lamberto Mattioli

Financials

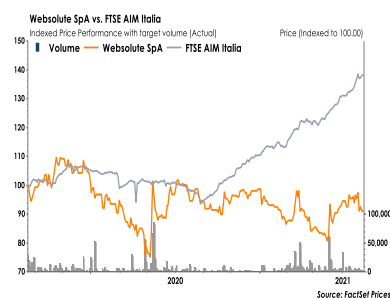
	2020A	2021E	2022E	2023E
Revenues	14.8	19.3	22.9	26.2
YoY %	+5%	+30%	+19%	+14%
EBITDA	1.4	3.1	4.6	5.8
EBITDA %	10%	16%	20%	22%
EBIT	0.5	1.6	3.0	4.2
EBIT %	4%	8%	13%	16%
Net Income	0.3	1.2	2.2	3.1
Net Debt / (Cash)	3.1	1.2	(0.7)	(4.2)
Group's Net Equity	3.9	4.9	6.7	8.9

Performance

	1M	3M	6M
Absolute %	85.4	109.4	140
Relative (FTSE AIM Italia) %	91	93	112
52-week High/Low (Eu)	3.56	1.15	

IR TOP RESEARCH

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KEY FINANCIALS

Profit&Loss Statement	2018A	2019A	2020A	2021E	2022E	2023E
Sales	12,3	12,8	13,3	18,3	21,9	25,2
Revenues (VoP)	12,8	14,1	14,8	19,3	22,9	26,2
EBITDA	1,7	2,1	1,4	3,1	4,6	5,8
EBIT	1,1	0,9	0,5	1,6	3,0	4,2
Financial Income (charges)	(0,1)	(0,1)	(0,1)	(0,1)	(0,1)	(0,1)
Pre-tax profit (loss)	1,1	0,8	0,4	1,5	3,0	4,2
Taxes	(0,4)	(0,3)	(0,1)	(0,4)	(0,7)	(1,0)
Net profit (loss)	0,7	0,5	0,3	1,2	2,2	3,1
Balance Sheet						
Net working capital (NWC)	1,8	1,2	2,2	1,3	2,2	2,5
Net fixed assets	3,2	5,4	7,5	7,8	7,4	6,9
M/L Funds	(1,3)	(1,5)	(1,8)	(1,9)	(2,1)	(2,3)
Net Capital Employed	3,7	5,2	7,9	7,2	7,6	7,1
Net Debt	2,5	0,9	3,1	1,2	(0,7)	(4,2)
Minorities	0,3	0,5	0,9	1,0	1,5	2,1
Equity	0,9	3,8	3,9	4,9	6,7	9,2
Cash Flow						
EBIT	1,1	0,9	0,5	1,6	3,0	4,2
D&A	0,5	1,1	0,9	1,5	1,5	1,6
Provisions and write-downs	0,1	0,2	0,0	0,0	0,0	0,0
Tax	(0,4)	(0,3)	(0,1)	(0,4)	(0,7)	(1,0)
Change in M/L Funds	0,3	0,2	0,3	0,2	0,2	0,2
Gross Cash Flow	1,6	2,0	1,6	2,9	4,0	4,9
Change in NWC	(0,3)	0,6	(1,0)	0,9	(0,9)	(0,3)
Operating Cash Flow	1,4	2,6	0,7	3,7	3,1	4,6
Capex	(2,1)	(3,5)	(2,5)	(1,7)	(1,0)	(1,0)
Change in other non-current asset	(0,1)	(0,1)	(0,5)	(0,2)	(0,2)	(0,1)
Financial Income (charges)	(0,1)	(0,1)	(0,1)	(0,1)	(0,1)	(0,1)
Free Cash Flow	(0,9)	(1,0)	(2,5)	1,8	1,8	3,5
Change in Equity	(0,6)	2,5	0,2	0,0	0,0	0,0
Change in Net debt	(1,4)	1,5	(2,3)	1,8	1,8	3,5
Per Share Data						
Current Price	3,56					
Total shares out (mn)	9,51					
EPS	0,1	0,1	0,0	0,1	0,2	0,3
FCF	(0,1)	(0,1)	(0,3)	0,2	0,2	0,4
Pay out ratio	n.a.	95%	0%	0%	0%	100%
Ratios						
EBITDA margin	13,1%	15,2%	9,6%	16,0%	20,0%	22,0%
EBIT margin	8,8%	6,3%	3,5%	8,2%	13,3%	16,1%
Net Debt/Equity	273,8%	23,2%	78,0%	25,0%	-9,8%	-45,8%
Net Debt/(Net Debt + Equity)	73,3%	18,8%	43,8%	20,0%	-10,9%	-84,3%
Net Debt/EBITDA	1,49	0,41	2,17	0,40	-0,14	-0,73
Interest cover EBIT	15,14	13,60	7,04	31,72	60,85	84,30
ROE	76,2%	13,4%	8,7%	23,4%	33,4%	33,9%
ROCE	39,9%	23,0%	7,9%	27,3%	50,1%	73,8%
Free Cash Flow Yield	n.m.	n.m.	n.m.	5,3%	5,4%	10,4%
Growth Rates						
Revenues (VoP)	69%	10%	5%	30%	19%	14%
EBITDA	168%	28%	-33%	117%	49%	26%
EBIT	173%	-22%	-41%	205%	92%	39%
Net Profit	85%	-27%	-32%	235%	95%	39%

Key Financials 1H19-21

Euro m	1H 2021	1H 2020	1H 2019	2020A	2019A
Sales	9.3	6.0	6.2	13.3	12.8
	+56%	-4%	-3%	+4%	+4%
Revenues	9.9	6.8	6.8	14.8	14.1
yoy	47%	-1%	3%	5%	10%
EBITDA	1.6	0.7	1.1	1.4	2.1
margin	16%	11%	17%	10%	15%
EBIT	0.8	0.1	0.8	0.5	0.9
margin	8%	2%	12%	4%	6%
Net Profit	0.4	0.1	0.6	0.3	0.5
Net Working Capital (NWC)	2.0	1.3	1.1	2.2	1.2
Fixed net assets	7.4	5.5	4.0	7.5	5.4
Funds	(1.9)	(1.5)	(1.3)	(1.8)	(1.5)
Net Capital Employed	7.6	5.2	3.8	7.9	5.2
Minorities	1.0	0.5	0.4	0.9	0.5
Net Debt (Cash)	2.7	0.9	2.4	3.1	0.9
Equity	3.9	3.7	1.0	3.9	3.8
Sources	7.6	5.2	3.8	7.9	5.2

Source: Group Data

Estimates revision

Eu m	20A	21E Old	21E New	22E Old	22E New	23E New
Revenues (VoP)	14.8	18.2	19.3	19.9	22.9	26.2
change	n.a.		6%		15%	14%
yoy	5%	23%	30%	9%	19%	32%
EBITDA	1.4	2.2	3.1	3.0	4.6	5.8
change	n.a.		40%		53%	26%
margin	10%	12%	16%	15%	20%	22%
EBIT	0.5	0.7	1.6	1.4	3.0	4.2
margin	4%	4%	8%	7%	13%	16%
Net Profit	0.3	0.5	1.2	1.0	2.2	3.1
yoy	-32%	67%	284%	100%	95%	212%
change	n.a.		130%		124%	39%
EPS	0.03	0.05	0.12	0.11	0.24	

Eu m	20A	21E Old	21E New	22E Old	22E New	23E New
Net Working Capital (NWC)	2.2	2.0	1.3	2.2	2.2	2.5
Fixed net assets	7.5	7.8	7.8	7.4	7.4	6.9
Funds	(1.8)	(1.9)	(1.9)	(2.1)	(2.1)	(2.3)
Net Capital Employed	7.9	7.9	7.2	7.5	7.6	7.1
Minorities	0.9	1.0	1.0	1.3	1.5	2.1
Net Debt (Cash)	3.1	2.6	1.2	1.2	(0.7)	(4.2)
Group's Equity	3.9	4.3	4.9	5	6.7	9.2
Sources	7.9	7.9	7.2	7.5	7.6	7.1

Source: Group Data for FY20A and IR Top Estimates for FY21-22E

VALUATION
Valuation Summary

Method	Weight	Price (Eu p.s.)	Equity Value (Eu m)
Multiple analysis EV/EBITDA & P/E 21/22 and AIM Peers	50%	4.38	40.3
DCF (WACC 7.08% and g 1.0%)	50%	6.06	55.6
Target Price	100%	5.22	47.9

Multiples Comparison

	Country	Market Cap	Price	Sales 2021E	Sales yoy 21/20	EBITDA % 2021E	NI % 2021E
Digital Value	Italy	857	86.0	545.3	24%	10%	5%
Digital360	Italy	96	5.2	36.4	39%	21%	8%
DigiTouch	Italy	22	1.6	39.0	25%	15%	2%
MAPS	Italy	48	4.4	23.8	33%	19%	11%
Neosperience	Italy	49	6.6	19.2	17%	23%	2%
Relatech	Italy	105	2.8	36.4	99%	16%	11%
Average		196.3	17.8	116.7	40%	17%	6%
Websolute		33	3.56	18.3	37%	16%	7%

Source: FactSet data as of September 27th, 2021 and Group data for Websolute

	EV/EBITDA		P/E	
	21E	22E	21E	22E
Digital Value	15.9	13.7	30.8	26.1
Digital360	n.a.	n.a.	0.0	23.3
DigiTouch	4.0	3.5	38.8	25.8
MAPS	9.4	7.4	23.0	17.2
Neosperience	10.1	7.9	52.0	18.9
Relatech	13.3	10.3	29.0	23.1
Average	10.6	8.6	34.7	22.4
Websolute	10.5	7.1	25.8	13.2
Premium/Discount to Peers	-0.5%	-17.5%	-25.7%	-41.0%

Source: FactSet data as of September 27th, 2021 and IR Top estimates for Websolute

INDUSTRY COMPARISON
Websolite Spa (WEB-IT): IR Top estimates and Factset Data

AIM Sector: average data for listed on AIM Italia included in the Technology sub sector: Almaxwave (AIW-IT), AMM (AMM-IT), Circle (CIRC-IT), CY4gate (CY4-IT), Cyberoo (CYB-IT), DHH (DHH-IT), Digital Value (DGV-IT), Doxee (DOX-IT), Eles (ELES-IT), Esautomotio (ESAU-IT), Expert.ai (EXAI-IT), Finlogic (FNL-IT), FOS (FOS-IT), Jonix (JNX-IT), Growens (GROW-IT), MAPS (MAPS-IT), Matica Fintec (MFT-IT), Neosperience (NSP-IT), Neurosoft (NRST-IT), OSAI Automation System (OSA-IT), Powersoft (PWS-IT), Prismi (PRM-IT), REEVO (REEVO-IT), Relatech (RLT-IT), Reti (RETI-IT), Softec (YSFT-IT), Sourcesense (SOU-IT), Tecma Solutions (TCM-IT), Vantea Smart (VNT-IT), Vetrya (VTY-IT), Websolite (WEB-IT).

Industry Peers: average data for a selected group industrial peers: Digital Value (DGV-IT), Digital360 (DIG-IT), DigiTouch (DGT-IT), MAPS (MAPS-IT), Neosperience (NSP-IT), Relatech (RLT-IT).

AIM Italia: average financial and market data for all the companies listed on AIM Italia, reported price performance data are related to the FTSE Italia Index

	WEB-IT	Technology	XS0072	
	Websolite	AIM Sector	Peers Avg	FTSE AIM Italia
Key financials Euro m				
Revenues	14.8	36.9	92.9	39.7
EBITDA	1.4	4.5	11.7	5.5
EBITDA %	9.5%	12.3%	12.6%	13.7%
EBIT	0.5	2.0	7.4	2.0
EBIT %	3.4%	5.4%	7.9%	4.9%
Earnings	0.3	1.3	4.8	1.0
Earnings %	2.3%	3.5%	5.1%	2.5%
NFP/EBITDA	3.1	-0.9	-3.4	2.8
FY18-20 Revenues CAGR	-29%	3%	25%	-11%
FY20-22 Revenues CAGR	153%	77%	33%	98%
Market data				
Market Cap Euro m	29.7	85.9	196.3	65.5
EV Euro m	31.6	85.0	109.7	67.7
Free Float	23%	27%	80%	33%
ADTT YTD (Eu k)	27.835	190.141	55.228.942	133.651
Market Multiples				
EV/Sales 2021	2.2	2.7	2.0	11.5
EV/Sales 2022	1.8	2.1	1.6	8,5
EV/EBITDA 2021	10.5	13.6	10.6	22,3
EV/EBITDA 2022	7.1	8.6	8.6	15,6
EV/EBIT 2021	20.4	25.6	22.5	31,9
EV/EBIT 2022	11.7	15.9	14.9	26,7
P/E 2021	25.8	33.7	34.7	3,1
P/E 2022	13.2	21.3	22.4	30,4
Earnings Yield	3.4%	3.0%	2.9%	3.1%
Stock Performance				
1D	31.1%	2.1%	2%	-0.2%
1W	65.1%	1.1%	4%	-1.1%
1M	62.5%	1.9%	6%	-0.7%
3M	83.5%	18.6%	37%	12.4%
6M	140.0%	36.2%	54%	32.0%
YTD	59.6%	50.1%	160%	43.0%
1Y	118.3%	68.4%	117%	68.5%

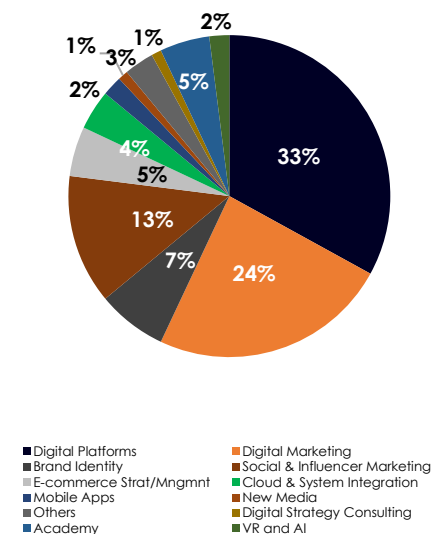
 FactSet and PMI Capital data as of September 27th, 2021, Group data and IR TOP Research estimates for Ilpra

WEBSOLUTE IN BRIEF

Group Description

Founded in 2001 by Claudio Tonti and Lamberto Mattioli (current chairman and CEO), Websolute Spa is an innovative SME and operating holding company of the Websolute Group, Italian leader in digital communication, digital marketing, and e-commerce. In 2015 Maurizio Lanciaprìma became a Partner, with a shareholding equal to that of the founding partners. The Group is characterized by a wide and constantly updated product and service offering and a capillary presence in the national territory thanks to 13 local offices and 21 sales professionals. With approx. 180 employees and a client base of ~700 mostly Mid/Large sized companies highly diversified in terms of industry. Websolute efficiently produces and controls in-house the entire value creation chain, from strategic consulting to the implementation and maintenance of digital services aimed at enhancing the brand to the implementation of marketing strategies and the integration of e-commerce activities aimed at development and consolidation of the business of its customers.

Revenues breakdown by segment



Strategy	Investment Opportunity
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Over the next years the Group's growth strategy will focus on:

- Strengthening the direct commercial structure in order to increase geographical presence in Italy
- Creation of an indirect commercial network through partnership agreements with advertising agencies and research/integration of personnel specialized in the commercial field
- Websolute Academy, special training in the commercial, technical and consulting field for Group resources
- M&A

- Wide product and service offering
- High portion of recurring revenues
- Continuous focus on innovation and R&D
- Strong M&A and integration track record
- Wide and diversified client portfolio, high standing clients
- Long term relationship with clients and continuous scouting activities
- Strong M&A track record

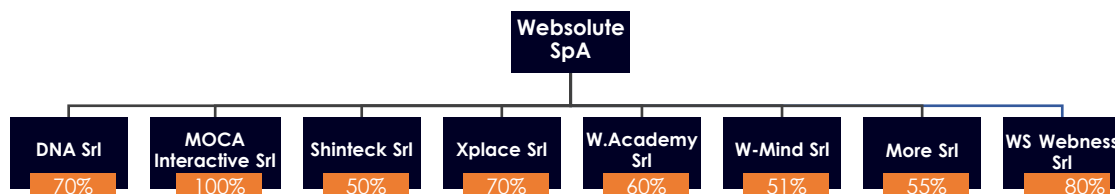
Product/Service Portfolio	Governance
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Product/Service Portfolio
The Group's product/service offering is characterized by its wide range of integrated services designed ad-hoc to satisfy every client's specific need.

- Digital platforms
- Digital Marketing
- Brand UX-CX & Customer Journey
- Social & Influencer Marketing
- Academy Business school
- VR/AR
- Data Science & AI

- **Lamberto Mattioli** – Chairman (General Commercial Director)
- **Maurizio Lanciaprìma** – CFO, Investor Relations Manager & E-commerce Business Strategy
- **Claudio Tonti** - Marketing and Digital Strategy
- **Paolo Pecetto** – Board Member
- **Alfonso Del Giudice** – Independent director

Group Structure



WEBSOLUTE ON AIM ITALIA
IPO

Trading Market: AIM Italia – Borsa Italiana SpA
 Date: September 30th. 2019
 Price: 1.50 Eu
 Capital raised: 3 Eu m equity through a capital increase
 Capitalisation: 12.9 Eu m

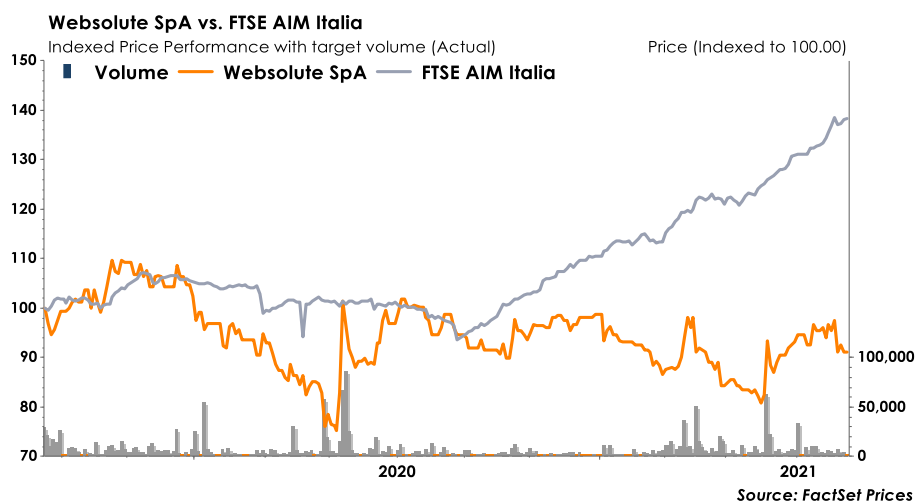
SHARES (as of September 28th. 2021)

Code: WEB
 Bloomberg: WEB:IM
 Reuters: WEB.MI
 ISIN ordinary shares: IT0005384901
 Shares: 9.513.843
 Price: 3.56 Eu
 Performance from IPO: +137%
 Capitalisation: Euro 33 m
 Free Float: 23.01%
 NomAd: Integrae SIM S.p.A.
 Specialist: Integrae SIM S.p.A.

WARRANT 2019-2022

Alphanumeric Code: WWEB22
 ISIN: IT0005385197
 Issued warrants: 8.648.950
 Exercise ratio: 1.1 new instrument every 10 warrants held.
 Exercise periods:
 2nd exercise period 01/11/21 – 30/11/2021. exercise price € 1.65
 3rd exercise period 01/11/22 – 30/11/2022. exercise price € 1.82

Number of outstanding Warrants at September 24th, 2021: 8.648.950.

STOCK PERFORMANCE

OWNERSHIP

Shareholder	N° of shares	%
Lyra S.r.l. (Lamberto Mattioli)	1,875,115	19.71%
Cartom S.r.l. (Maurizio Lanciaprima)	1,875,115	19.71%
W S.r.l. (Claudio Tonti)	1,875,115	19.71%
Innovative RFK S.p.a.	1,220,531	12.83%
Paolo Pescetto	100,405	1.06%
Heirs Hasmonai Hazan	38,616	0.41%
Antares Srl	15,446	0.16%
Own shares	324,500	3.41%
Market	2,189,000	23.01%
Total	9,513,843	100.00%

UPDATES

This Research is an update coverage made by IR Top Consulting S.r.l. (IR Top) on WEBSOLUTE (the "Company"). Update frequency might depend on circumstances considered to be important (corporate events and changes of recommendation, etc.) or on further advisory commitment. Last Research on the same Company was released on April 23rd 2021.

Opinions and estimates of this Research are as the date of this material and are subject to change. Information and opinions have been obtained from sources public and believed to be reliable, but no warranty is made as to their accuracy or correctness. Past performances of the Company are not guarantee of future results.

During the last 12 months, the following indications have been disseminated:

Date	Target Price	Market Price	Validity Time
28 September 2021	5.06	3.56	12 months
23 April, 2021	2.55	1.31	12 months
8 October 2020	2.30	1.44	12 months
13 May 2020	3.26	1.64	12 months
14 November 2019	3.66	2.26	12 months

VALUATION METHODOLOGY (HORIZON: 12M) IR Top Research obtained a fair value using different valuation methodologies including Discounted Cash Flow method and Multiple-based models.

Moreover, IR Top Research used a proprietary model, "AIM Positioning rating", which incorporates a number of variables selected by IR Top based on research of "Osservatorio AIM Italia", managed by IR Top and focused on research about performance of Companies listed on AIM Italia.

Detailed information about the valuation or methodology and the underlying assumptions and information about the proprietary model used is accessible at IR Top premises.

RESEARCH TEAM

Edoardo Fumagalli (Analyst)

No other people or companies participated or anyhow contributed to the Research. Neither the members of the research team, nor any person closely associated with them have any relationships or are involved in circumstances that may reasonably be expected to impair the objectivity of the Research, including interests or conflicts of interest, on their part or on the part of any natural or legal person working for them, who was involved in producing the Research.

INTERESTS INVOLVED AND CONFLICTS

This document has been prepared by IR Top, *Partner Equity Markets* of Italian Stock Exchange, part of LSE Group, on behalf of the Company according to a contract, under which IR Top undertook to prepare this report expressing only independent, fair and balanced views on the Company. The fees agreed for this Research do not depend on the results of the Research. This Research has been disclosed to the issuer to which the Research, directly or indirectly, relates before its release. It is incumbent on the Company to provide timely and constructive feedback on draft Research prior to publication. It is IR Top's sole discretion as to whether comment and feedback from the Company is incorporated into the Research prior to publication and where it is, a further iteration to the draft will be sent to the Company for comment.

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