

RETI S.p.A

A Campus to drive Technology & Sustainability

- A pioneer in System Integration for Mid & Large Corps: founded in 1994, Reti is specialized in System Integration services and supports companies in the Enterprise segment in their digital transformation by providing a wide range of IT Solutions, Business Consulting and Managed Service Provider services implemented using the main Key Enabling Technologies. Reti can rely on over 300 highly qualified employees and well-established partnerships with the major international IT vendors (Microsoft, Apple, Cisco, Oracle, etc.).
- Sustainable IPO on AIM Italia. Reti listed on AIM Italia on September 8th, 2020. The IPO price was set at Euro 1.00 per share, corresponding to a market capitalization of Euro 12.5 m and with a resulting free float of 19.99%. Total capital raised was of Euro 2.5 m. Reti S.p.A. was the first IT Benefit Corporation to list on AIM Italia and has recently become a certified B- Corp®.
- Technology Campus for innovation. Innovation, technological research and training is carried out at the Campus, which is split in 6 Competence Centres: Business & Artificial Intelligence, Cyber Security, Project Management and Business Analysis, ERP, IoT and Cloud. The Campus allows Reti to increase entry barriers and remain highly competitive with an innovative service offering.
- COVID-19 resilience of Digital market in Italy. In 2020, with the outbreak of the Covid pandemic, the Italian digital market showed strong resilience recording only a slight contraction (-0.6%) compared to a -9.2% in GDP, and mainly driven by emerging technologies (cloud, big data, AI, blockchain etc.). In 2021 the market is expected to grow by +3.5% YoY. Technology plays an essential role in a post Covid scenario as businesses have gained awareness about the crucial importance of ICT and digital. The industry faces a unique opportunity to offer solutions that will positively impact productivity and help enterprises to move forward.
- Solid growth above market rates. Over the FY17-19 period Reti was able to increase revenues at a CAGR of +9% well above market rates (+2.3%). In FY20 Reti continued to gain market share (+4% vs. a market contraction of -0.6%) and reached total revenues of Euro 21.8 m. EBITDA in FY20 reached Euro 2.5 m, +16% YoY and with an EBITDA margin of 11.4%, up from 10.3% in FY19 thanks to operational leverage (higher sales volumes and optimization of project management). Net Income stood at Euro 0.8 m, +58% vs. FY19. Net Debt was of 11.9 m of which Euro 1.4 m related to the core business.
- Continuous growth driven by new know-how. We believe that Reti can grow revenues at a 20-23 CAGR of +11%, continuing to outperform the market as the Company is well positioned thanks to the Campus and high focus on professional expertise and constant scouting for new talents, both key growth drivers in this market EBITDA should grow at a CAGR of 17%. with an increase in EBITDA margin by 210 bps.
- Valuation. We set a Euro 2.30 p.s. target price of Reti, providing for a +53% upside on current stock price and obtained by weighting equally the DCF and the multiple comparison analysis. At our TP the stock would be trading at EV/EBITDA 2021 and 2022 multiple of 14.4x and 12.2x respectively.

Sector: Technology

Target Price (Euro)	2.30
Market Price (Euro)	1.50
Market Cap (Euro m)	18.7
EV (Euro m)	35.3

As of June 2nd, 2021

Share Data

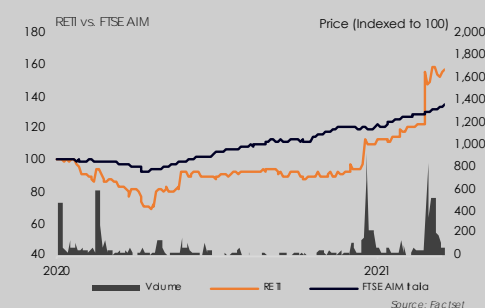
Market	AIM ITALIA
Bloomberg	RETI.IM
ISIN	IT0005418204
N. of Shares	12,499,000
Free Float	19.99%
CEO	Bruno Paneghini

Financials

	2019A	2020A	2021E	2022E	2023E
Revenues	21.2	22.0	24.3	26.9	29.6
	yoy +10%	+4%	+11%	+10%	+10%
EBITDA	2.2	2.5	2.8	3.3	4.0
EBITDA %	10%	11%	12%	12%	14%
EBIT	1.2	1.3	1.6	2.2	2.8
EBIT %	6%	6%	7%	8%	9%
Net Income	0.6	0.8	1.0	1.4	1.9
Net Debt	13.6	11.9	9.7	7.9	5.9

Performance

	1M	3M	1Y
Absolute	+20%	+73%	+88%
Relative (FTSE Italia STAR)	+13%	+45%	+32%
52-week High/Low (Eu)	1.55		0.61



IR TOP RESEARCH

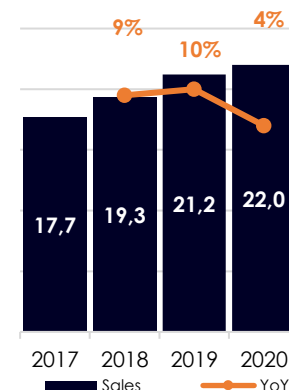
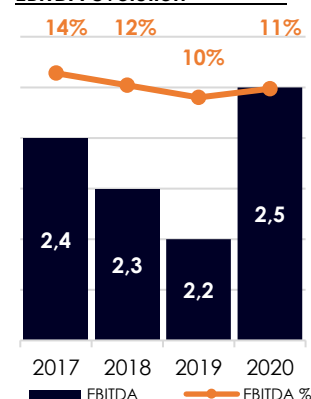
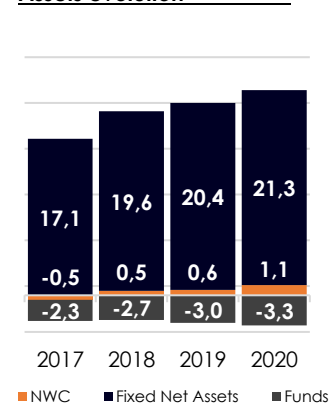
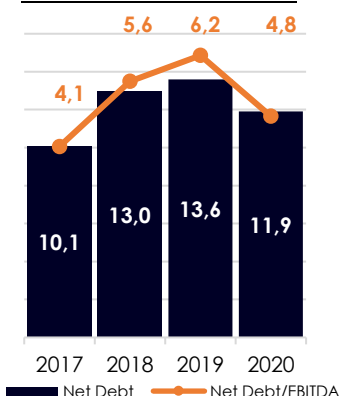
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KEY FINANCIALS

	2017A	2018A	2019A	2020A	2021E	2022E	2023E
Profit & Loss Statement							
Revenues (VoP)	17.7	19.3	21.2	22.0	24.3	26.9	29.6
EBITDA	2.4	2.3	2.2	2.5	2.8	3.3	4.0
EBIT	1.7	1.4	1.2	1.4	1.6	2.2	2.8
Financial Income (charges)	(0.1)	(0.1)	(0.2)	-0.2	(0.2)	(0.1)	(0.1)
Pre-tax profit (loss)	1.6	1.2	0.9	1.3	1.4	2.0	2.7
Taxes	(0.5)	(0.4)	(0.4)	-0.3	(0.4)	(0.6)	(0.8)
Net profit (loss)	1.0	0.8	0.6	0.9	1.0	1.4	1.9
Balance Sheet							
Net working capital	(0.5)	0.5	0.6	1.1	0.8	1.1	1.6
Fixed Net Assets	17.1	19.6	20.4	21.3	20.7	20.1	19.4
Funds	(2.3)	(2.7)	(3.0)	(3.3)	(4.0)	(4.6)	(5.2)
Net Capital Employed	14.3	17.4	18.0	19.2	17.5	16.6	15.8
Net Debt (Cash)	10.1	13.0	13.6	11.9	9.7	7.9	5.9
Equity	4.2	4.4	4.4	7.3	7.8	8.7	9.9
Cash Flow							
Net Profit		0.8	0.6	0.9	1.0	1.4	1.9
Non cash items		1.3	1.3	1.4	1.9	1.7	1.8
Change in Working Capital		(1.0)	(0.2)	(0.5)	0.3	(0.3)	(0.5)
Cash Flow from Operations		1.1	1.7	1.9	3.2	2.8	3.2
Capex		(3.4)	(1.7)	(2.1)	(0.5)	(0.5)	(0.5)
Operating Free Cash Flow		(2.3)	(0.0)	(0.2)	2.7	2.3	2.7
Dividend		(0.5)	(0.6)	(0.5)	(0.5)	(0.5)	(0.7)
Free Cash Flow to Equity		(2.9)	(0.6)	1.1	2.2	1.8	2.0
Per Share Data							
Current Price	1.50						
Shares out. fully diluted (m)	12.5						
EPS		0.1	0.0	0.1	0.1	0.1	0.2
FCF		(0.2)	(0.0)	0.1	0.1	0.2	0.2
Pay out ratio		96%	0%	55%	50%	50%	50%
Ratios							
EBITDA margin	13.8%	12.0%	10.3%	11.4%	11.6%	12.4%	13.5%
EBIT margin	9.6%	7.3%	5.5%	6.4%	6.8%	8.2%	9.6%
Net Debt/Equity	241.0%	294.2%	306.2%	163.0%	124.1%	90.7%	59.9%
Net Debt/EBITDA	4.11	5.60	6.24	4.76	3.43	2.37	1.48
Interest cover EBIT	13.19	10.80	5.67	7.00	10.05	16.84	29.37
ROE	24.4%	17.0%	12.9%	12.3%	13.0%	16.3%	19.0%
ROCE	15.7%	10.7%	8.5%	8.9%	11.9%	16.9%	23.1%
Growth Rates							
Revenues (VoP)		9%	10%	4%	11%	10%	10%
EBITDA		-6%	-6%	16%	12%	18%	20%
EBIT		-17%	-17%	17%	20%	33%	30%
Net Profit		-26%	-24%	58%	12%	40%	33%

Sales evolution

EBITDA evolution

Assets evolution

Net Debt evolution


Source: Consolidated Group data for FY 2019-2020, IR TOP Research estimates for FY 2021-2023

RETI SNAPSHOT

Company description

Reti is a leading system integrator in Italy and engages in the provision of IT Solutions, Business Consulting and Managed Service Provider services to Mid & Large Corporate clients. Reti's has a strong focus on sustainability and is Benefit Corporation and has obtained the qualification of B Corp

Management

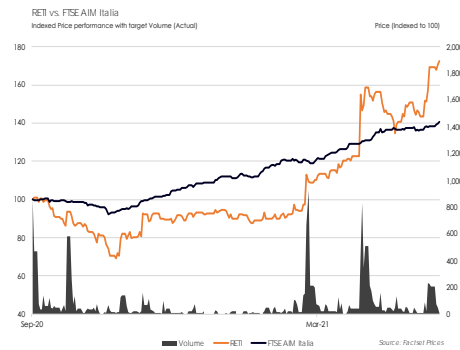
Bruno Paneghini – Chairman & CEO
Federica Camagna – CFO
Lorenzo Beliusse – Marketing Director

Key Shareholders

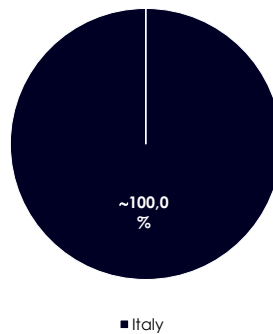
Paneghini Holding S.r.l. – 80.01%
Free Float – 19.99%

Key data charts

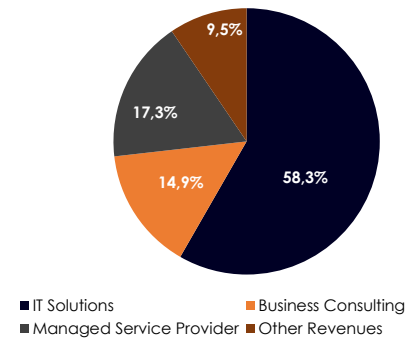
Stock price performance



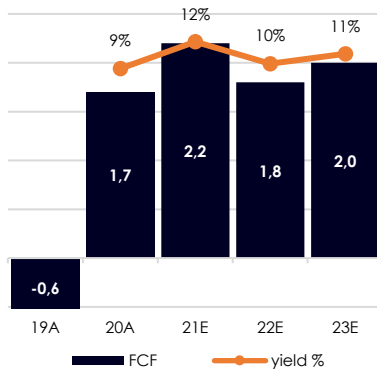
Revenues by geography.



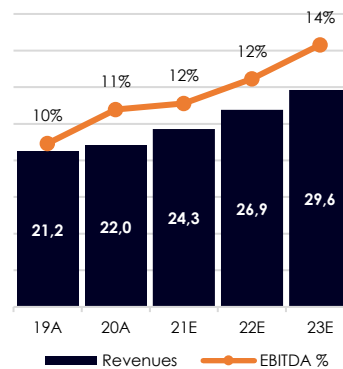
Revenues by business segment



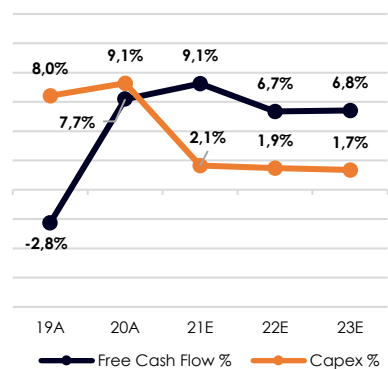
Free Cash Flow focus



Revenues and EBITDA margin



FCF and CAPEX on Sales



Source: Consolidated Group data for FY 2019-2020, IR TOP Research estimates for FY 2021-2023. Factset Prices

Investment thesis

- **Campus and Competence Centres:** State-of-the-art centre of excellence, a strategic asset to develop multidisciplinary technical skills for IT innovation. Within the Campus, divided into six Competence Centres, Reti studies, programs, and tests technological innovations, developing innovative prototypes for subsequent implementation at its customers' premises.
- **Benefit Corporation, B-Corp and ESG Report:** Reti is a pioneer in sustainability and the creation of value for stakeholders and was the first IT Benefit Corporation to list on the AIM Italia market. The Company obtained a formal B-Corp certification in February 2020 and published its first ESG Report already in 2019.
- **Technological Partnerships:** continuous investments in innovation and scouting of new strategic partnerships with the most relevant players of the IT sector, with the objective of identifying and applying new technological solutions.
- **Track Record:** Over 25 years of experience in the Italian market has made Reti one of the principal players in IT Consulting market with focus on BFSI, IT, Telco and Manufacturing companies.
- **Quick customer response. quality and customization of the projects:** by setting up teams of experts from the Campus's six competence centres, the Company can develop cutting-edge solutions, respond quickly and, at the same time, exhaustively to the many requirements of its customers, and also offer them customized solutions that perfectly respond to the required quality standards.
- **Know-how and Quality:** 305 highly qualified professionals specialized in Key Enabling Technologies (KET): IT Security, Big Data & Analysis, Artificial Intelligence, IoT, Cloud Computing, Efficiency and quality recognized by the Company's customers

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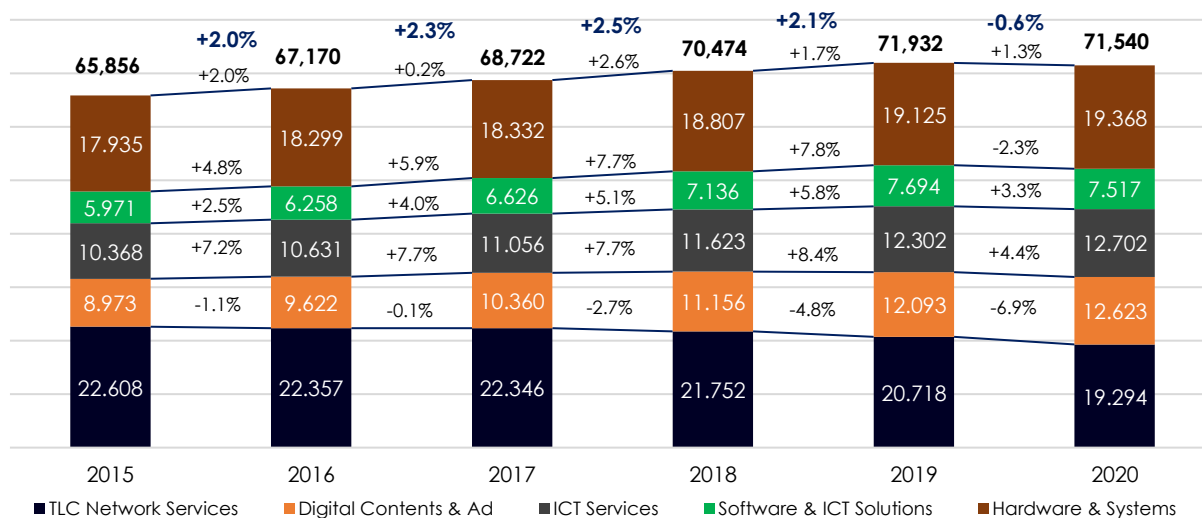
REFERENCE MARKET

Retis Reference market is the Italian Digital market and to certain extend also the Business consulting market.

Italian Digital Market

According to Anitec-Assinform, the Italian Digital market has been growing at a 2015-2019 CAGR of 2.2% to a total value of c. 72 b in 2019, overperforming the growth of the overall economy also thanks to a boost in 2018 from the full implementation of the Industry 4.0 plan.

Italian Digital market 2015 – 2020 – Euro m



Source: NetConsulting cube, April 2021

In 2020, with the outbreak of the Covid pandemic, the Italian digital market showed strong resilience recording only a slight contraction (-0.6%) compared to a -9.2% in GDP mainly thanks to the continued (although slower) growth of ICT Services (+3.3% YoY), Hardware & Systems (+1.3% YoY), and Digital Contents & Advertising (+4.4% YoY) whereas software and ICT solutions and in particular the TLC network services saw a significant slowdown.

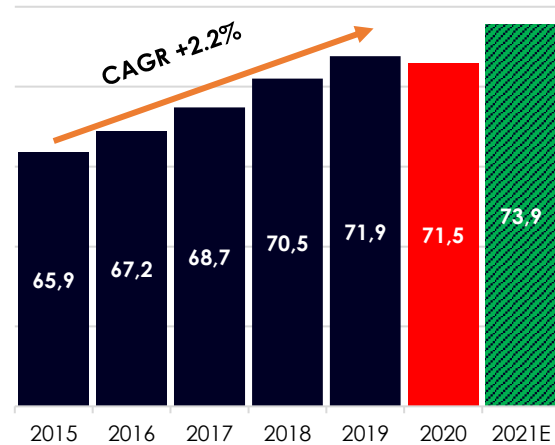
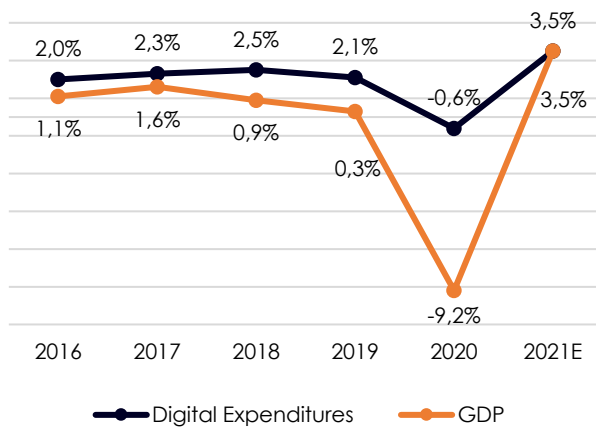
In terms of technology, innovative technologies also defined “Digital Enablers”, showed to be the most resilient ones, reaching a total weight of 21% of the total market (19.5% in 2019). Overall, this segment grew by 7.1% with interesting growth rates in the mobile business (Euro 4.326 m,+4.4%), cloud (Euro 3.408 m, +20.4%), cybersecurity (Euro 1.238 m,+9%), big data (Euro 1.152 m,+8.7%), wearable (Euro 700 m,+8.9%), Web management platforms (Euro 527 m,+10%), artificial intelligence e cognitive computing (Euro 250 m,+16.3%) e blockchain technologies (Euro 26 m,+18.2%). The only component which showed a contraction YoY was IoT, -3.1% (Euro 3.393 m), following the lockdown related freezing of projects and technology investments of industrial companies.

Estimates for 2021 suggest that, thanks to a more optimistic view on the general economic landscape resulting from the eventual slowdown of the pandemic, the digital market should grow at a +3.5% YoY rate (matching perfectly GPD dynamics for the year), with a continuous contribution from the AI, Blockchain and Cloud segments. Moreover, investments in digitalization financed by the PNRR are expected to further boost market acceleration.

We highlight that in a post COVID scenario the ICT industry faces a unique opportunity to offer solutions that will positively impact business productivity and help enterprises minimise disruption as they respond to the crisis and move forward. Emerging technologies have helped businesses adapt to a new normal. On the one hand, COVID-19 has created a challenging environment for business to invest in innovation and that has caused a drop in IT spending. On the other hand, emerging technologies represent a way to help both businesses and society respond to the crisis response.

Digital market & GDP Growth

Italian Digital Market 2015-2021 – Euro b



Source: NetConsulting cube, April 2021

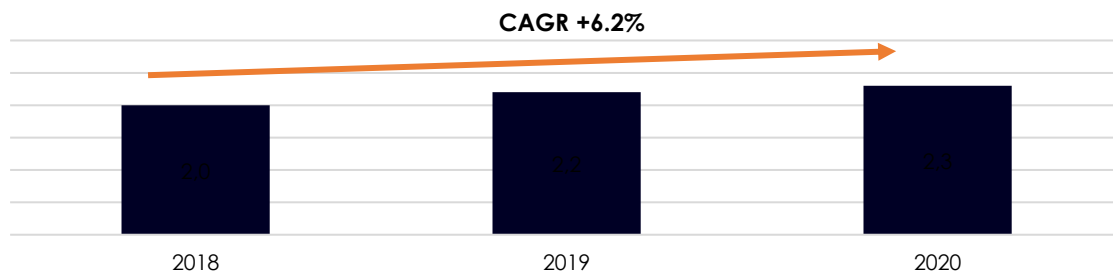
The Emerging technologies in the frontline to drive growth are expected to include:

- **Big Data & Analytics:** The understanding, management and processing of large amounts of data no longer concern only the marketing and risk management divisions but also the operations, which are focused on precise business requirements and objectives and the need to address products and services to the most specific targets. Such issues have always been strategic, and the emergency situation has made them even more crucial: the market for Big Data solutions, worth Euro 1,060 m in 2019, is expected to grow with a **9% CAGR for the 2019-2022 period**.
- **Artificial Intelligence:** In 2019, the Artificial Intelligence (AI) market in Italy grew at a sustained pace (+60% compared to 2018), reaching Euro 215 m. The use of Artificial Intelligence (AI) is expected to increase at high rates, with a **2022E/2019 CAGR of +21%**. Use cases within Italian companies increased with greater use of sophisticated algorithms to improve or optimize each and every aspect of their business: from customer relations to production processes to operations;
- **Cloud:** The Cloud market reached just under Euro 3 b at the end of 2019 and is expected to grow with a **CAGR of 18% until 2022**. The trend and the presence of Cloud-based technologies in all the technological scenarios show the strength of its role as an enabler. The availability of data in the Cloud makes corporate digitalization feasible, enabling the mobility of workers, simulation, and monitoring of data and their protection and valorisation.
- **IoT:** The adoption of IoT platforms generated a market of over Euro 3.5 b in 2019, which, although slowing in 2020, is expected to grow with a **CAGR of 9% over the 2019-2022 period**. Market development is driven, in particular, by the industry's demand for platforms to simulate processes, products, services (digital twin), and the demand for systems to prevent critical issues and assess future results.

Business Consulting Market

According to Assintel, total expenditures by Italian companies for Business Consulting services amount to Euro 2.2 b in 2019, +6.2% vs. 2018 and is expected to continue to grow at the same pace also in 2020 (+6.2%) bringing total expenditures to Euro 2.3 b.

Business Consulting Market – Euro b



Source: Assintel. The ICT Market and digital evolution in Italy. 2020

COMPETITIVE POSITIONING

Reti's main competitors in the Italian market are a mix of larger international players and small local companies. Within the industry Reti distinguishes itself by the comprehensive range of solutions offered, its ability to use the most innovative technologies and focus on its personnel training thanks to the Tech Campus. These qualities allow the Company to be highly competitive in terms of profitability, with an EBITDA margin above the median value of competitors (10.3% in FY20 vs. 8.8%).

Competitive Positioning Overview

	IT solutions	Business Consulting	MSP	Comp. %	2019 Sales	Employees	EBITDA %	Pers. %	Services %	Cogs %
Reti	✓	✓	✓	-	21.2	300	10.3%	68.8%	16.9%	2.9%
Reply	✓	✓	✓	100%	1,250.2	9,059	16.6%	49.7%	32.0%	1.7%
Sesa			✓	50%	1,195.1	2,224	5.5%	6.5%	7.5%	80.5%
Beta80	✓	✓	✓	75%	48.7	367	9.1%	39.0%	41.5%	9.2%
4ward	✓	✓	✓	75%	9.9	59	16.0%	35.0%	13.7%	35.7%
Teorema	✓	✓	✓	75%	10.3	121	n.m.	62.3%	21.4%	15.1%
Horsa	✓	✓	✓	75%	114.0	794	8.7%	34.4%	26.9%	26.1%
Blueit	✓		✓	50%	19.6	127	5.1%	51.2%	33.6%	6.6%
Softjam	✓		✓	50%	13.1	88	4.8%	35.2%	33.1%	21.2%
Sorint	✓			50%	54.2	769	7.8%	58.7%	27.2%	4.3%
Porini	✓			25%	9.0	79	8.9%	38.1%	49.1%	0.7%
Median							8.8%	39.4%	27.2%	9.2%

Source: Company data and IR Top elaboration on competitors' financial statements

We highlight that Reply, the competitor closest to Reti in terms of business, presents an EBITDA margin of 16.6%, the highest among the panel companies. Compared directly to Reti, other than being able to rely on higher sales volumes (economies of scale) Reply also benefits from a sales mix with higher weight of Fixed Price contracts (characterized by a higher profitability). One of the strategic goals of Reti over the next years is to increase the component of Fixed price costs in order to further increase margins.

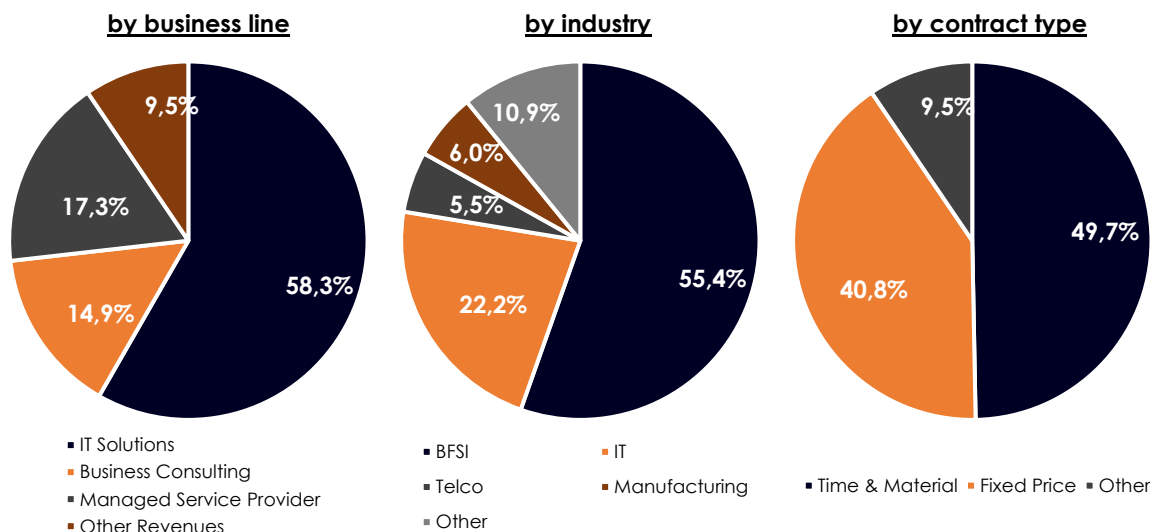
Compared to its competitors, Reti cost structure shows lower incidence of service costs and COGS vs. median of competitors but with a higher weight of personnel costs. This suggests that competitors make more frequent use of resale of services (management of outsourced activities and independent contractors) and HW / SW compared to Reti which operates with a business model based on internal know-how.

GROUP PROFILE

Founded in 1994 by Bruno Paneghini (chairman and CEO) Reti S.p.a is one of the leading Italian players in the IT consulting sector specialized in System Integration services. The Company was the first IT Benefit Corporation to list on AIM Italia, and became, in February 2020, the first Italian Stock Exchange listed company to obtain a B-Corp® certification. The corporate mission to combine profit and benefit is expressed through the Company's most strategic asset, the Engineering Solutions & technologies Campus which allows Reti to offer innovative services and thereby remain highly competitive.

The Company supports Mid & Large Corporates in their digital transformation processes through 3 synergic business lines: IT Solutions, Business Consulting and Managed Service Provider.

Revenues breakdown FY20



Source: Company Data

The Company, which is headquartered in Busto Arsizio (VA), realized almost all of its sales in Italy and has a client base of over c. 100 Mid & Large enterprises with focus on "IT Spending" industries: BFSI, IT, Telco and Manufacturing.

With 305 highly qualified employees, well-established partnerships with the major international IT vendors (Microsoft, Apple, Cisco, Oracle, etc.), Reti has grown revenues at a 2017-2020 CAGR of 7.5%, significantly above market growth rates and reported FY20 revenue of Euro 22.0 (+4% vs 2019) and an EBITDA Margin of 11.4%.

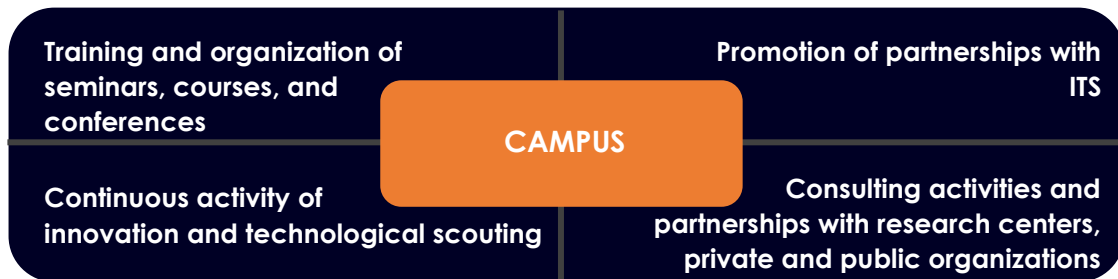
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BENEFIT CORPORATION AND B-CORP ON AIM ITALIA

Reti's mission is to bring together the two corporate core values: profit and benefit. This is formally made by the expansion of the corporate purpose to include the Company's positive impact on society, workers, the community, and the environment in addition to profit as its legally defined goals and thereby become a Benefit Corporation. In February 2020, the Company also became the first company listed on the Italian Stock Exchange to obtain a B-Corp® certification which aimed to assess and certify the social and environmental impact that core activities have on its stakeholders' network. In 2021, Reti released its second sustainability report (the first has been released in 2020).

This sustainable business model is expressed through the Engineering Solutions & Technologies Campus, the strategic asset that brings together the two corporate dimensions (Profit & Benefit). The Campus is an internal technological research hub focusing on the most innovative trends as Artificial Intelligence, Cyber Security and Cloud.

Campus Key Activities

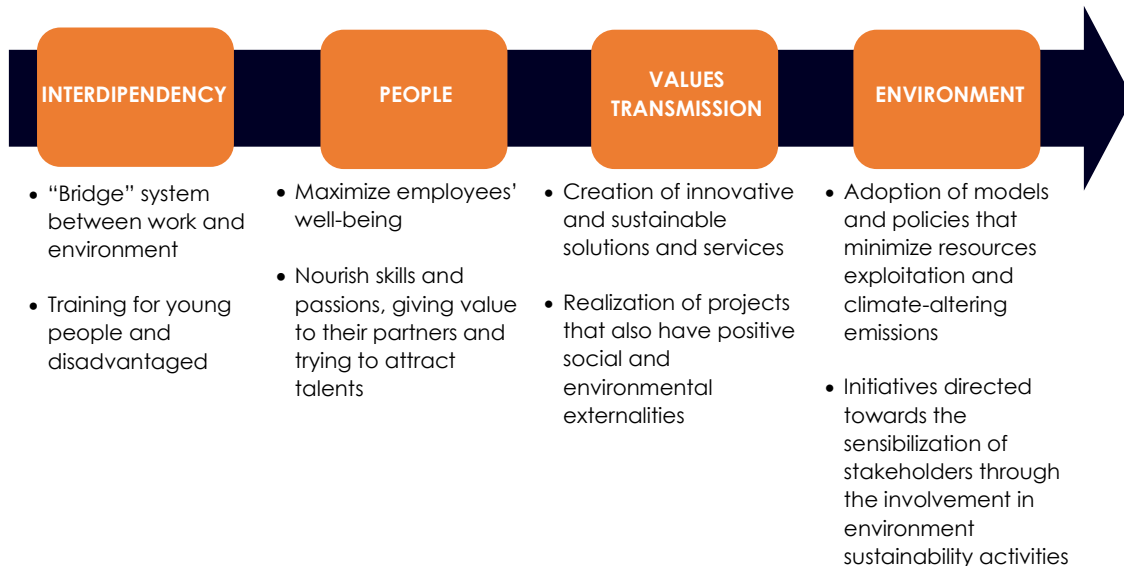


Source: Company Presentation

Benefit Corporation

A Benefit Corporation is a legal form of for-profit organization which is characterized by a high level of transparency and accountability. This kind of form gives investors the certainty that a company will maintain its sustainability and transparency commitments in the future, by including formal requirements related to these themes in its statute.

Benefit Corporation Key Features



Source: Company Presentation

B-Corp

The B Corp® certification is an international certification issued by B Lab, a non-profit organization with offices in the United States, Europe, Canada, Australia and New Zealand. To become a certified B Corp® and maintain the certification, companies must obtain a minimum score on an assessment which measures social and environmental performance, while also integrating in the governing documents their commitment toward stakeholders. As of May 2021, there are over 3500 certified B Corp® across 150 sectors and more than 70 different countries, with Italy counting more than 100 B Corp®.

The B Corp® status grants a company the possibility to stand out in the market thanks to its transparency, the ability to measure its industry-benchmarked performance, a strengthened governance (accountable for the well-being of stakeholders), and the capability to attract and retain the brightest minds and talents.

In order to maintain the certification, a B Corp® is required to turn its legal form into a Benefit Corporation, which has been officially introduced in Italy as of 1 January 2016.

While B Corp® and Benefit Corporations present a lot of similarities in terms of obligations and the way in which they are perceived by its stakeholders and the market, they also differ in some key points. In particular:

- Benefit Corporations auto-assess their performance, while B Corp® must achieve a minimum verified score on the B Impact Assessment provided by B Lab;
- B Corp® have to renew their certification every two years, while Benefit Corporations are only required to maintain transparency in terms of their activities;
- Being issued by a private institution, the B Corp® certification entails a revenue-based yearly fee, while the process of changing a company's legal status into a Benefit Corporation only requires a one-time State filing fee which varies by country;

B-Corp: reasons why for investors

- Greater transparency through access to operational, sustainability, and impact data not shared in financial statements;
- Standardized, industry-specific benchmarks for management best practices;
- Third-party audits of progress on performance metrics over time;
- Improved governance standards and public accountability;
- Stronger ability to attract and retain impact-driven talent, particularly millennials;
- Potential to attract and build more trusting relationships with consumers;
- Collaborative partnerships with a community of like-minded businesses.

THE RETI ENGINEERING SOLUTIONS & TECHNOLOGIES CAMPUS

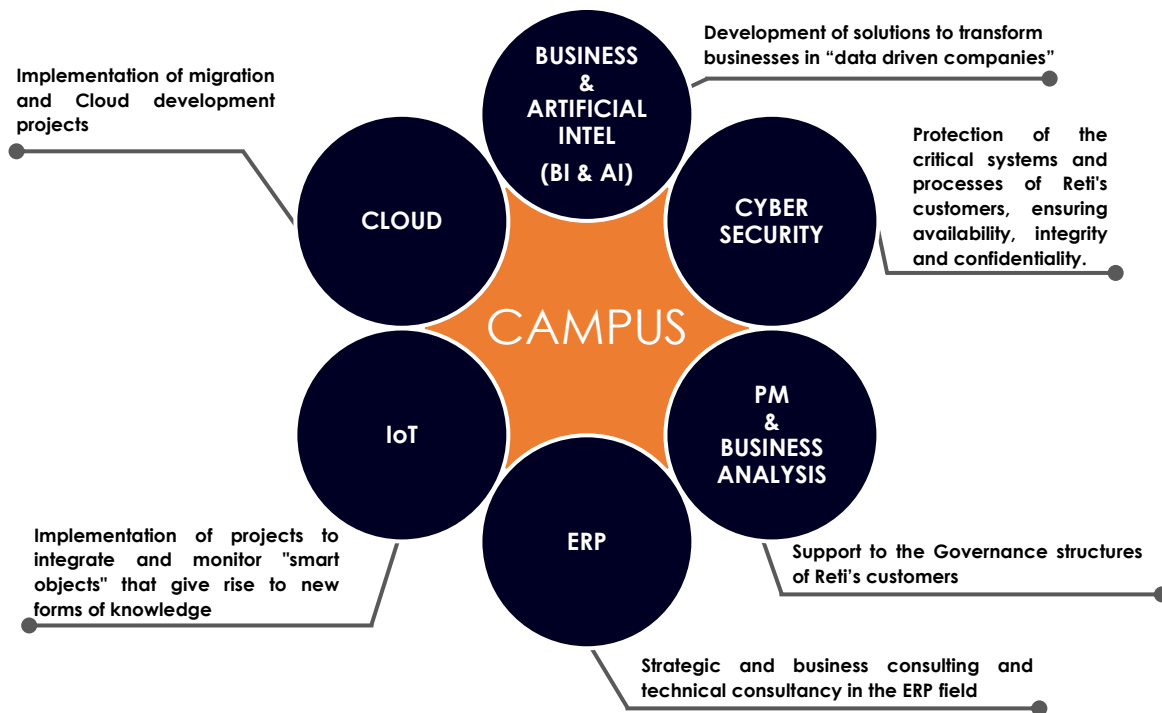
The Engineering Solutions & Technologies "Campus" is the Company's strategic asset. an Innovation Centre where the projects developed by Reti come to life. The Campus' primary objective is to study, design, develop, and apply IT solutions designed to solve theoretical and technological problems mainly related to the BFSI, IT, Telco, and Manufacturing sectors. The Campus is divided into six IT Innovation Competence Centres: Business & Artificial Intelligence, Cyber Security, Project Management and Business Analysis, ERP, IoT, and Cloud. The centres are characterized by being cross-cutting between the various business lines of the Company thanks to the key enabling technologies (KETs).

The Campus acts as a technological workshop focused on the strategic resolution of engineering problems and the technological transformation of our customers' business.

The key activities of the Campus are (i) constant R&D activity, (ii) creation of partnerships with tech companies and research centres, (iii) and professional training through the promotion of seminars, courses, conventions and (iv) collaborations with post-diploma highly specialized institutes (ITS).

The Campus is located in the centre of Busto Arsizio in a 20.000 m² historical area divided in 7 LABs built according to the most innovative building automation criteria and surrounded by important pieces of contemporary art to offer employees working spaces specifically designed to facilitate the sharing of experience and ideas.

Reti's Campus Key Features



Source: Company Presentation

THE RETI ACADEMY – A VIRTUOUS CYCLE OF CONTINUOUS LEARNING

At the core of the Campus. Reti has developed the Academy which is the best expression of the Company's focus on human capital. The Reti Academy offers on the one hand seminars, learning workshops and technological and managerial experience-based training for employees and on the other workshops aimed at involving new talents and potential clients

Through a structured and continuous process of technical training, Reti is able to keep its personnel constantly updated on the most innovative technologies. In 2020, 76% of Reti's employees were involved in training programs.

BUSINESS LINES & SOLUTIONS PORTFOLIO

Reti offers a wide and well diversified portfolio of solutions through three business lines:

IT Solutions (Euro 12.7 m – 58.3% of revenues)

The Company provides application solutions for the management of business processes, information sharing and the facilitation of collaborative processes by combining business knowledge with the development of technological solutions. Reti is also able to develop platforms and IT infrastructures able to satisfy every client's need of innovation, networking and digitization:

- **Artificial Intelligence:** Activities aimed at the creation of projects that allow Customers to adopt predictive models to support strategic decision-making processes for their business with shorter time-to-market;
- **Business Intelligence:** realization of projects that allow the customer to extract value from data, structuring a system that returns indicators that ease the strategy definition process;
- **Cloud & Infrastructure:** Projects that are based on Cloud services while maintaining an overall vision with respect to business processes;
- **Desktop & device management:** specific projects in a Client framework such as "massive" migrations of workstations towards new platforms;
- **Security + Identity:** implementation of Security projects through Security Assessment, Vulnerability assessment and Identity Management;
- **Software Development:** Digital Transformation projects based on Microsoft (.Net + SQL), Mobile and Oracle (Java + Oracle) technologies;
- **Arianna:** end-to-end platform, internally developed by Reti, which enables internal users to be independent in configuring and managing regulatory requirements (budget, financial forecast, reporting, IFRS, Solvency II, etc.) by automating them and reducing manual operations.

Managed Service Provider (Euro 3.8 m – 14.9% of revenues)

The Company provides customers with infrastructure and applications management and assistance services. These services include constant monitoring and proactive analysis of the client's IT systems to prevent any technical inconveniences and is carried out by a team of highly skilled professionals specialized in IT Consulting, Network Infrastructure Application Development and Management, Security Operations Center, Proactive Monitoring and Cloud Operation.

- **Management and Assistance Service on infrastructures and applications:** a service carried out thanks to the skills of professionals specialized in: IT Consulting, Network & Infrastructure, Application Development and Management, Security & Protection, Proactive Monitoring and Cloud Operation;
- **Security Operations Centre (SOC):** which is able to detect, contain and respond to malwares thanks to active monitoring. Innovative instruments and special skills are used to manage and monitor both the customer's technologies and processes in order to highlight potential informatic violations and coordinate the necessary responses. This process is structured in several steps that range from a periodic Periodic Asset Discovery, Vulnerability Assessment and Programmed Penetration Tests, Intrusion Detection, Behavioural Monitoring, and SIEM & Log Management.

Business Consulting (Euro 3.2 m – 17.3% of revenues)

Reti helps its customers to implement business strategies thanks to a team of specialists in Project, Program Portfolio Management and Business Analysis.

- **Finance & Insurance:** consulting activity in the Finance & Insurance field to support the transformation of both the business model and the customers' behaviour towards a digital experience;
- **PM & BA:** consulting activity that enables the link between stakeholders in order to analyse, communicate and validate requirements needed to modify business processes and informational systems. The consulting activity takes place through the understanding of problems and opportunities that characterize the business context of the customer, advising solutions that allow the company to reach its strategic objectives.

The 3 business lines are highly synergetic in terms of cross-selling between each other which allows to increase while at the same time increasing customer retention rate.

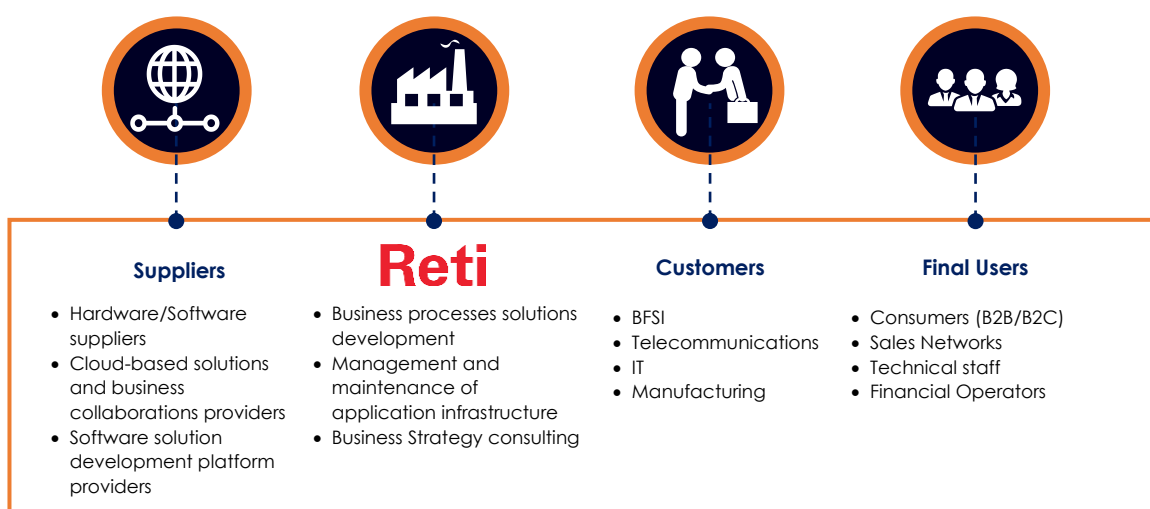
REVENUE MODEL

The Company's revenue model is based on a mix of Fixed Price and Time & Material contracts. Fixed Price contracts (40.8% of 2020 revenues) involve the realization of tailor-made solutions after a detailed determination of deliverables and deadlines related to the project or service provided. Time & Material contracts (49.7% of 2020 revenues) foresee payments based on an estimate of days and professionals needed, which are then adjusted according to eventual extensions of the period dedicated to the project. A third revenue stream (accounting for 9.5% of 2020 revenues) comes from the resale of third-party Hardware, Software or services which are linked with a fixed fee.

INDUSTRY BUSINESS SYSTEM, BUSINESS MODEL AND VALUE CHAIN

Thanks to a network of suppliers of hardware/software products and cloud-based solutions for business collaboration and platforms for the development of software solutions and to the innovation activities carried out by the CoE of the Campus, Reti is able provides its clients with [tailor made] solutions and services able to meet the requirements and needs of a wide range of users and end users (individual consumers (B2B/B2C), commercial networks, technical staff and financial operators).

Reti's Business System



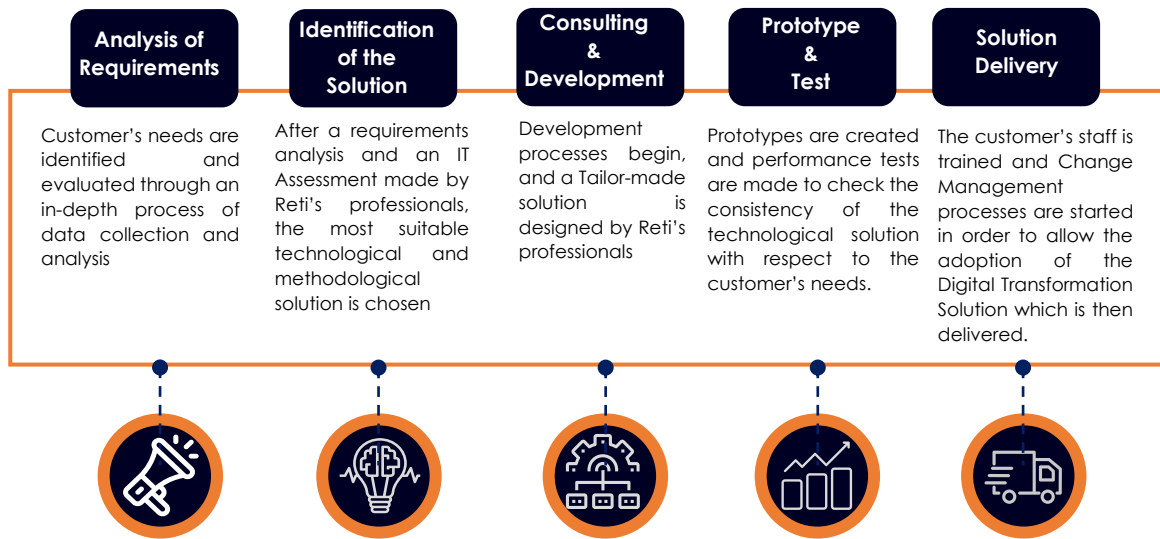
Source: Company Presentation

BUSINESS MODEL

Reti provides and develops IT solutions which aim at helping clients optimize business critical processes. In order to do this, the Company carefully selects the professional team best suited to offer a service where the value added is the quality and customization of the service provided. The business model is built on three activities.

- **Presale & Assessment:** research of new opportunities through **inbound marketing and cross-selling**. After being qualified by the Marketing structure, leads are then managed by the sales team, which sets and carries out pre-sales meeting through the presentation of Demos, proof of concepts and IT assessment activities. At a later stage, after an estimate of times and costs of the project, the Sales department drafts the contracts along with the technical annexes which are then signed by the customer.
- **Developing & Delivery:** launch of the Digital transformation project by setting up a team of experts (from the 6 Competence Centres) to implement the "custom" solution requested by the customer. While a Project Manager monitors the deadlines and budget for the operation, the experts' team develops and tests the solution which is then delivered to the customer, along with a training plan useful to adapt to the new solution.
- **Maintenance & Evolution:** if contractually required, the Company submits its solutions to the Managed Service Provider line, which then monitors the product for possible malfunctions, providing maintenance, predictive analytics and eventually updates or further developments for its services.

Integrated Value Chain

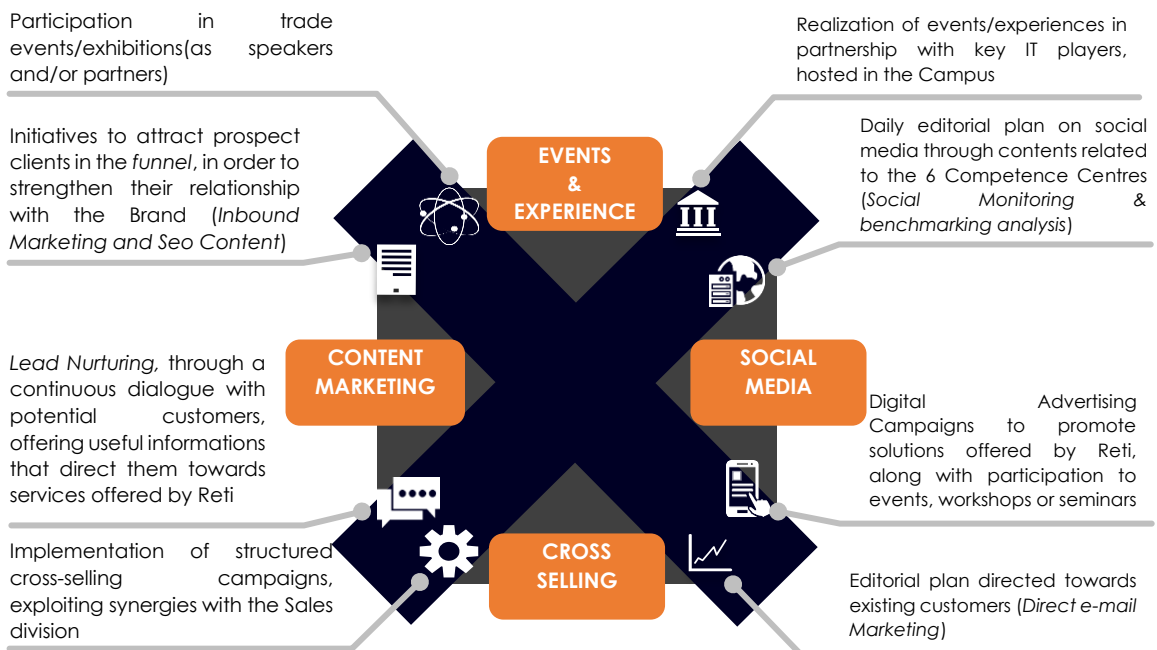


Source: Company Presentation

Marketing mix

Reti's marketing strategy has the objective of strengthening the Company's brand and positioning on the market, while at the same time creating new business opportunities.

Marketing Strategy Key Features



Source: Company Presentation

Partnerships

Thanks to its highly professional imprint Reti can claim well-established partnerships with some of the most important global IT vendors such as Microsoft, Apple, Cisco, Oracle, Dell, VMware and more.

Partnerships Highlights



Source: Company Presentation

Customers & Suppliers

The Company can rely on a client portfolio of over 100 Medium & Large Corporate customers with a strong focus on BFSI, IT, Telecommunication and Manufacturing with a combined 89% of revenues. The combined weight on total sales of the top 5 clients (in terms of revenue contribution) remained mostly stable (approx. 55%) from 2016 to 2019, with the top 2 having started their relationships with Reti respectively in 1994 and 1999.

In terms of Industry, BFSI represent c. 55% of total revenues and IT c. 22%, with a combined incidence growing with respect to last year's results.

Customers breakdown by Industry – Euro k

	20A	%	19A	%	Change %
BFSI	12,083	55%	10,995	52%	+10%
IT	4,848	22%	4,409	21%	+10%
Telco	1,208	6%	1,787	9%	-32%
Manufacturing	1,317	6%	1,444	7%	-9%
Other	2,373	11%	2,376	11%	0%
Total Sales	21,829	100%	21,012	100%	+4%



Source: Company Data

HISTORICAL MILESTONES

- 1994** – Reti Srl is incorporated in Busto Arsizio (VA)
- 1999** – The Company becomes a "GOLD Partner" for Microsoft
- 2001** – Reti transitioned from a limited liability company to a joint-stock company
- 2006** – A new headquarter is inaugurated in Busto Arsizio in order to support the Company's growth
- 2012** – First certified financial statements audited by KPMG
- 2014** – Launch of the **Reti Academy** project aimed towards technical training of the Company's professionals, through a structured learning program which alternates lectures with lab sessions. In the same year. Comunicazione e Sicurezza Srl is merged by incorporation
- 2016** – Start of the **Campus** project which, thanks to technological labs, allows Reti a competitive time-to-market and an always updated portfolio of solutions. Strumenti e Finanza Srl is merged by incorporation
- 2017** – Preparation for admission to the **ELITE** path of Borsa Italiana, adoption of the **231 model** and the **ethics code**, bestowal of the "Impresa Responsabile 2017" award
- 2020** – Request of the **AgriTech** patent (IoT), development of the first **ESG report**, start of the procedure to obtain the **B-Corp certification**. **IPO on AIM Italia**
- 2021** – Reti becomes the first Company listed on the Italian Stock Exchange to obtain **B-Corp certification**

INNOVATION

The Company has a firm focus on innovation

FINTECH

- **Competence Centre:** CLOUD
- **Business line:** IT Solutions + Business Consulting (PM & BA)
- **Solution Developed:** Home Banking Platform oriented towards a "millennial" customer base. Development of a mobile app with a custom UI and UX study; integration of back office systems in order to implement a full cloud solution (linking both front-office and back-office) which represents one of the first products of this kind on the Italian landscape. Use of AI to provide first level support to final customers.
- **Enabling Technologies:** iOS, Android, AI, Cloud Architecture and microservices. Management of the project through an Agile approach.
- **Result:** Creation of a new concept of Bank through "gamification" processes that appeal to younger generations.

INSURTECH

- **Competence Centre:** BUSINESS INTELLIGENCE
- **Business line:** IT Solutions + Business Consulting (PM & BA)
- **Solution Developed:** Application named "Choose" for the subscription of life insurance policies, which provides users with all the necessary information through tutorial and glossary instruments. The entirely digital solution allows the customer to subscribe an insurance policy using a 100% paperless model.
- **Enabling Technologies:** Native App (Objective-C for iOS and Java for Android) and related support frameworks (iOS and Android) along with a digital signature model.
- **Result:** with just a few clicks, through its PC or smartphone, the final user can subscribe a life insurance policy without having to physically go to a subsidiary branch.

AGRITECH

- **Competence Centre:** CLOUD
- **Business line:** IT Solutions
- **Solution Developed:** Integrated system which automatizes and controls remotely (24/7) tree cultivation in pots, in semi-closed environments
- **Enabling Technologies:** IoT. A system of high efficiency led which generates a high-power light flow focused on three main wavelengths tailored to vegetative growth.
- **Result:** the IoT system continually monitors with regular and customizable parameters the environmental parameters and alerts the Maintenance sector via Cloud in case of abnormal detections.

PREDICTIVE TRANSPORT

- **Competence Centre:** ARTIFICIAL INTELLIGENCE
- **Business line:** IT Solutions
- **Solution Developed:** Platform able to provide users the possibility to acquire travel documents through a "contactless" payment system. Thanks to the application of Machine Learning which, operating on a set of data, performs predictive analysis with tailor made statistic models.
- **Enabling Technologies:** Microsoft Azure, SQL, Data Warehouse, Machine Learning.
- **Result:** Thanks to the ability to interpret users' behavior, their customer satisfaction has been improved through the reduction of lines in stations; at the same time the client has grown its revenues and reduced its costs.

SWOT Analysis

STRENGTHS

- Quick reaction times to customers' requests
- Tailor made and high-quality projects
- Specialized competencies in several fields
- High and constant personnel training
- Ability to understand and model solutions developed by third parties
- Campus as a strategic asset
- Management track record
- Relevant partnerships with the most relevant global IT vendors

WEAKNESSES

- Commercial Salesforce
- Brand Awareness
- Difficulties in acquiring Human Resources
- Customers concentration

OPPORTUNITIES

- Growing IT Market
- Industry 4.0 tax breaks
- Client base expansion, also due to COVID-19
- M&A opportunities
- Growing demand for ERP technologies
- Lagging Italian IT Markets

THREATS

- High staff turnover
- Difficulties in maintaining current market share due to the Company being positioned in the premium segment
- Risk connected to the ability to adapt with technology evolution
- Stagnation phase of the Italian market

ESG FOCUS

Reti's core values rely not only on customer satisfaction and technological excellence, but also on the wellbeing of all stakeholders. In 2021 the Company became a certified B Corp®, in order to assess and certify the social and environmental impact that core activities have on its stakeholders' network. In 2021 Reti released its second sustainability report (with the first one being released in 2020).

Sustainability path



The ICT sector is recognized as strategic for the development of sustainable business models. However, Reti's commitment goes beyond the mere presence in a sustainable industry and is outlined along four lines of action and impact areas.

ESG and Sustainability of the IT sector

Strategic Role of the IT sector	Reti's ESG Commitment
<ul style="list-style-type: none"> • Digital transformation as a driver of sustainable development; • Innovation that focuses on applied research and development and promotes ideas, to support production chains; • Sustainable and inclusive development, where innovation is there to serve people, communities and local areas, while respecting environmental sustainability. 	<ul style="list-style-type: none"> • Interdependence: strengthen the link with the local area – supporting training and the entry in the labour market of new generations; • People: create a welfare system to cultivate and attract talents; • Business solutions: creation of innovative solutions and services, characterized by a positive social and environmental impact; • Environment: adoption of responsible utilization policies for natural resources that reduce environmental impact

Source: Company Data

ESG highlights

Corporate Overview	Euro 22,0 m of Revenues (+4% vs 2019)	Leading player in IT Consulting	> 100 Mid & Large Corporate customers	Partnerships with top tier IT Vendors
Environment Performance	Benefit Corporation	B-Corp Certification	Growing Energy Efficiency	Circular Economy Approach
Social Performance	More than 300 employees	97% of employees with permanent contracts	55% of employees under 30 years old	Focus on Smart Working
Initiatives in the region	Campus for tech & Engineering Solutions	18 events in 2019 with > 2000 participants	Training and organization of conferences	Promotion of partnerships with ITS

Source: Company Data

Main ESG Projects

TRAINING ISLAND

Reti, along with “Innovazione Apprendimento Lombardia Srl” lunched the “Training Island” project, which is finalized to work integration of disabled individuals. With respect to this initiative, Reti has provided, as of 31st December 2019, a total of 864 training hours.

ITSINCOM FOUNDATION

Reti is a founding member of the ITSINCOM Foundation, with the objective of promoting the exchange of ideas, projects, methods, and skills among Instruction and Professional Training stakeholders on one side and the productive sector on the other.

TECH TALENT FACTORY FOUNDATION

Reti is a founding member of the Tech Talent Factory Foundation. Created in 2016, the Foundation supports integration processes between school, technical training and the labor market. TTF operates in the “Communication and Information Technologies” field to promote the development of specialized skills in the tech field for young graduates.

SCHOOL-WORK ALTERNATION

Reti hosts initiatives directed towards technical training and job orientation, in order to promote a direct knowledge of the labor market and ease young graduates' transition from school into a working environment.

BORTOLASO FOUNDATION

In 2019, Reti made a spontaneous donation in favor of the “Bortolaso Totaro Sponga” Foundation. The Foundation promotes the popularization and valorization of fiber art and, more in general, of contemporary art, through exhibitions, publications and events that involve both national and international artists.

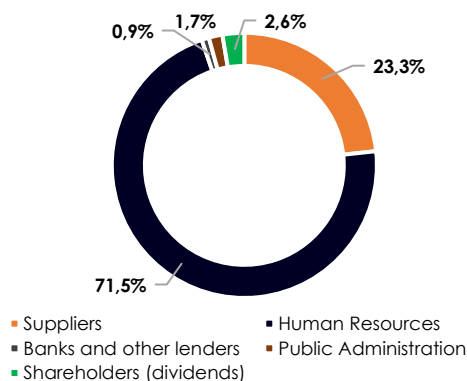
Source: Company Information Memorandum

The calculation of the economic value distributed shows the economic value directly generated by a company during the period and its distribution to the various internal and external stakeholders. In 2020, almost 72% of the economic value generated is distributed to the Company's employees, something that further proves the human capital strategic relevance in Reti's business model.

Economic Value Distributed – Euro k

2020 Focus

Company	2020	2019
Economic Value Generated	22,263,169	21,302,969
Suppliers	(4,835,734)	(4,573,277)
Human Resources	(14,848,138)	(14,559,015)
Banks and other lenders	(183,558)	(239,438)
Public Administration	(347,052)	(361,302)
Shareholders (dividends)	(550,000)	(550,000)
Economic Value Distributed	(20,764,483)	(20,283,033)
Economic Value Retained	1,498,686	1,019,936



Source: Company data

The Economic Value Generated concerns the Value of Production, as reported in the Financial Statements (Revenues and Other Operating Revenues), net of losses on receivables, and supplemented by financial income.

Social Impact Created

As evidence has grown that ESG issues have financial implications, ESG valuation is increasingly seen as part of institutional investors fiduciary duty. As investors are trying to combine financial return with an alignment with broader objectives of society, integrating valuation models with sustainable data is becoming more and more important.

The Social Impact of Reti has been estimated at Euro 8.8 m in a report elaborated by Prof. Rossi, Associate professor at the Department of Sociology and Social Research of the University of Milano Bicocca, and measures values not traditionally reflected in financial statements, including social, economic, and

environmental factors. This value expresses the additional value created for stakeholders in terms of social impact thanks to the Company's ability to respond to the social and environmental needs of stakeholders through its business products, services, and solutions. In Reti this value is created in the Campus which represents the "space" where the model and business solutions and services are created and completed.

More in detail, the Social Impact created by Reti is defined as the long-term sustainable change in the conditions of people, or in the environment, that the Company helps to achieve. The analysis involved two separate impact areas: welfare activity and community projects and Business Projects and solutions.

Impact areas	Value (Euro m)
Welfare activity and community/territory projects	4.3
Business Projects and solutions	4.4
Total Social Impact	8.8

Welfare activity and community/territory projects

Acting in line with its corporate mission, Reti promotes social projects and activities which generate positive cultural and economic impacts on the community. This in turn generates a positive social impact in the mid-long term, which is the fundamental goal for a socially oriented enterprise.

The economic value is assimilable to the company's ability to attract investors, skilled work and the promotion of an entrepreneurship attentive not only to profit, but also to the common good. The method used to calculate this value is the Impact Value Chain, a tool that illustrates how a company's activities lead to the outcome and impact:

Input: all resources of different nature (money, skills, time, and buildings) used in activities related to the production of social value;

Output produced: for each stakeholder capital goods and/or services obtained from the active participation or by an activity carried out by the Company in a value creation chain;

Outcome: the measurable benefits of the outputs.

The principal stakeholders individuated for the Company are employees, young talents involved in training activities and community territory and the time horizon for the impact was determined in 2018-2023 in line with business plan. The discount rate has been set at 3.5%.

Welfare activity & Community Projects – Euro k

	Total	2019	2020	2021	2022	2023
2018	888	787	100			
2019	929	466	345	118		
2020	775		392	298	84	
2021	806			381	292	132
2022	757				429	328
2023	455					455
Nominal Value	4,611	1,253	837	798	805	916
Discounted Value	4,333	1,253	809	745	726	798

Source: Report di Valutazione dell'Impatto di Reti S.p.a.

Business projects and solutions

To increase its impact towards customers, Reti is committed to create innovative and sustainable products and services through the active promotion of its values, the adoption of an open business model in terms of exchange of ideas and skills, the connection between people and technology, as well as through projects that also have positive social and environmental purposes.

The positive environmental/social impact and generation of economic value for the community connected to the services developed by Reti have been declined in four impact areas: Digital inclusion, Green ICT, Efficiency & quality, and Health&Security. The ability of Reti to develop solutions and services with positive social and environmental impacts configures the underlying model of Reti's business as resilient and aligned with best sector practices.

The analysis carried out examined three different types of projects: digital banking, urban mobility and Cloud migration. The benefits have been analysed and determined in line with the methodology used for the Welfare activity and community projects.

Business Projects & Solutions – Euro k

	Total	2019	2020	2021	2022	2023
2020	2,177		3,177		84	
2021	587			587		
2022	490				490	
2023	441					441
Nominal Value	4,697		3,177	587	490	441
Discounted Value	4,446		3,070	548	442	385

Source: "Report di Valutazione dell'Impatto di Reti S.p.a."

OWNERSHIP

Reti S.p.a. is controlled by Bruno Paneghini (90%) and Ilenia Carnio (10%) through Paneghini Holding S.r.l. through a majority stake of 80.01%.

Shareholder	Shares	%
Paneghini Holding S.r.l.	10,000,000	80.01%
Free Float	2,499,000	19.99%
Total	12,499,000	100.00%

GOVERNANCE & ORGANISATIONAL STRUCTURE

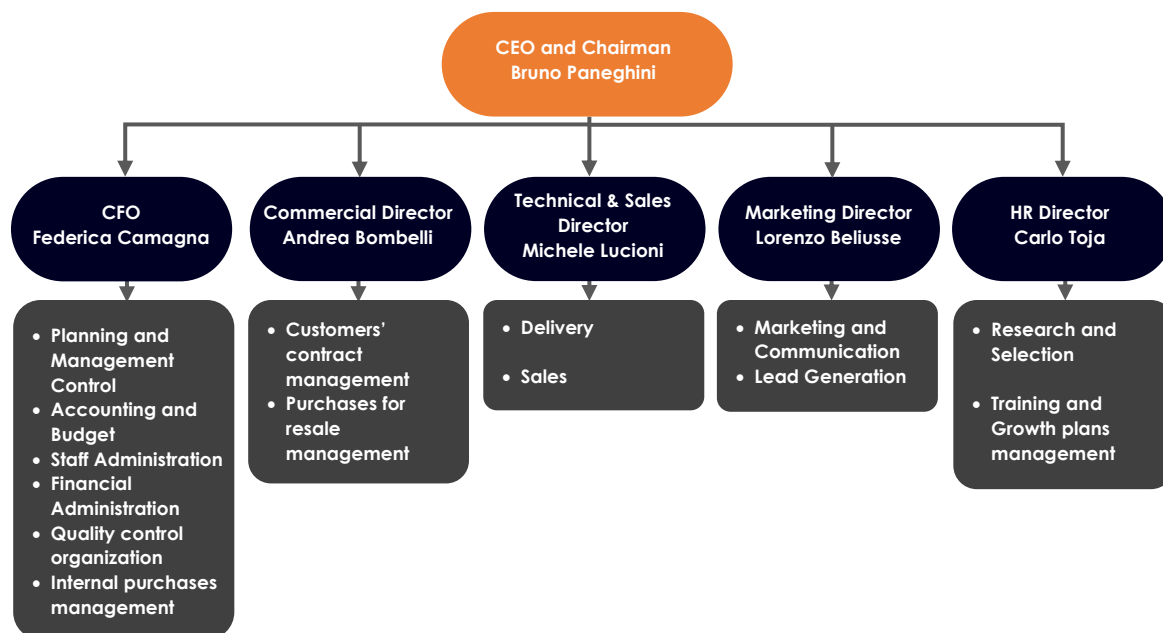
Board of directors: 3 members, of which 1 independent and 1 non-executive.

List vote: 10%

Organization and Management model: The Company has approved an organization and management model pursuant to the Legislative Decree n. 231/2001 and a Code of Ethics.

Remuneration Policy: The Company has implemented remuneration policies that consider social and environmental targets

Organisational Structure



Source: Company Presentation

IT Governance – Security & Privacy

Reti has adopted a system of procedures aimed at mitigating risks which are common for companies operating in the IT sector, with the objective of maximizing proper management and full privacy of the data used. In 2020 the Company didn't register any episode of privacy violation or data breaches.

- Three main procedures have been implemented:
- Management and Data Protection procedure
 - Incident Response procedure
 - Vulnerability Scan Management procedure

KEY MANAGEMENT FIGURES

Bruno Paneghini – Chairman & CEO

Bruno Paneghini's entrepreneurial imprinting comes from the world of Olivetti. While taking the first steps of his brilliant career in Ivrea, he was inspired by the principles of that unrivalled development model that managed to blend the best industrial spirit, a strong vocation for innovation, and an authentic and concrete attention to developing the local area and its communities.

A spirit, a vocation, and an attention that Bruno Paneghini later was able to transpose to Busto Arsizio, the city where he was born and to which since 1994 he has linked the now twenty-five-year-old entrepreneurial project of Reti SpA.

Federica Camagna – CFO

After graduating in Market and Business Finance and completing a master's degree for CFO at the Carlo Cattaneo University of Castellanza. Federica began her professional career as an auditor at KPMG S.p.A. During the first few years, she performed audit assignments under Italian and international civil law. group reporting packages, and quarterly checks on the proper keeping of accounts. In 2013 she joined Reti S.p.A. as Head of Planning and Management Control, and since 2017, she has held the position of Director of Administration, Finance, and Control.

Lorenzo Beliusse – Marketing Director

After graduating in Information Technology from the University of Milan. in the 2000s, he embarked on a career that led him to employ management techniques, in the world of consulting in many large digital transformation projects. His attention to developing strategies and communication issues led him, through numerous training courses, to implement communication and strategic marketing projects. He is the Marketing Director of Reti S.p.A.

STRATEGY

Reti's strategy aims to consolidate its position in the IT market, leveraging the guidelines that have characterized its growth over the years, i.e., by continuously developing skills that can enable it to expand and diversify its customers and solutions portfolio.

- **Expansion and strengthening the Campus** in order to maintain a competitive time- to-market and to create a network that favours the participation and collaboration of all the stakeholders in the Company's ecosystem through action including:
 - strengthening of the Reti Academy in order to continue to develop the CoEs and maintain excellence on KETs
 - development of internal processes for prototyping tailor-made technological solutions;
 - optimization of processes related to stress tests, testing and delivery
 - expansion of LAB buildings and development of ECO sustainable and flexible environments able to quickly respond to new requirements of ways of working
- **Continuous development of ESG strategy** by i) increase the Company's positive social and cultural impact (training activities and dissemination events) ii) favour the personal and professional development of employees in line with the work life balance thinking by creating a working environment designed to increase professional skills iii) increase its positive impact towards customers by creating innovative and sustainable products and services iv) minimize the use of resources and emissions
- **HR investments (recruiting and retention)** activities aimed at recruiting personnel specialized in the 6 CoEs Personnel retention is strictly linked to the development of initiatives that benefits employees such as managerial/technical training, courses intended to obtain international certifications, services included in the Company's welfare plan and a rewarding compensation system;
- **Scouting of new strategic partnerships** with key players in the IT sector to identify and apply new technological solutions in order to keep an always up to date product and services portfolio;
- **Strengthening of internal sales force** through the introduction of new professionals dedicated exclusively to the sales activity;
- **External growth:** Approx. 30% of the IPO proceeds will be dedicated to M&A with focus on small/medium sized companies which will allow Reti to increase professional skills and acquire new know-how especially in the Business Intelligence and Artificial Intelligence fields.

FINANCIALS
Historical results overview

Over the FY17-19 period Reti was able to increase revenues at a CAGR of +9% well above market rates (+2.3%) and driven mainly by the IT solutions business line and in particular by software development and cloud activities. In FY20 Reti, continued to gain market share (+4% vs. a market contraction of -0.6%) and reached total revenues of Euro 21.8 m thanks especially to strong performances of the IT solutions (58% of total revenues) and Managed Service Provider segments (17% of total revenues) which grew respectively by +3% and +10% YoY. The Business Consulting Segment represents 15% of total revenues and saw a slight contraction of -8% vs. FY19. Other Revenues mainly refer to resale of HW/SW and amounted to Euro 2.1 m in FY20 (vs Euro 1.7 m in FY19).

Sales breakdown by Business line – Euro k

	20A	%	19A	%	18A	%	Ch % 20/19	Ch % 19/18
IT Solutions	12,730	58%	12,330	59%	10,634	55.7%	+3%	+15.9%
Business Consulting	3,243	15%	3,531	17%	3,727	19.5%	-8%	-5.2%
Managed Service Provider	3,784	17%	3,427	16%	3,159	16.5%	+10%	+8.5%
Other Revenues	2,072	9%	1,723	8%	1,589	8.3%	+20%	+8.5%
Total Sales	21,829	100%	21,012	100%	19,109	100%	+4%	+10.0%

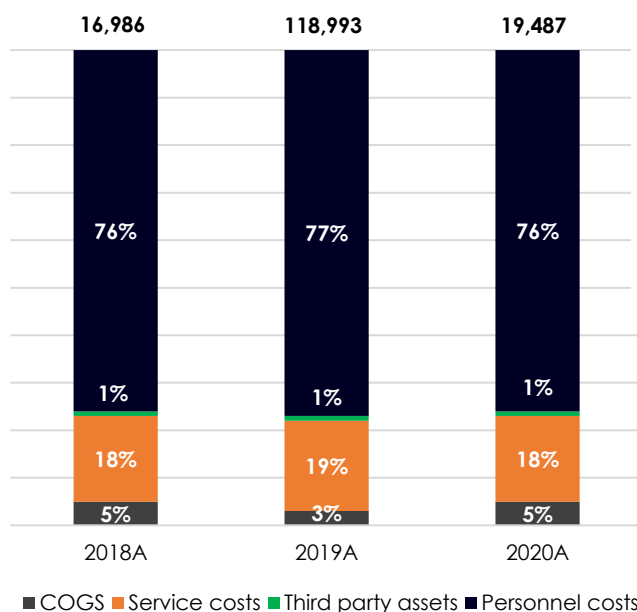
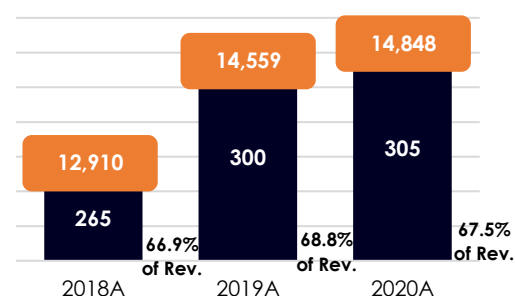
Source: Company Data

Income Statement – Euro m

	20A	19A	18A
Sales	21.8	21.0	19.1
	yoy	+4%	+9.9%
Revenues (VoP)	22.0	21.2	19.3
	yoy	+4%	+9.8%
EBITDA	2.5	2.2	2.3
	margin	11.4%	10.3%
EBIT	1.4	1.2	1.4
	margin	6%	5.5%
Pre tax profit	1.3	0.9	1.2
Net Profit	0.9	0.6	0.8

Source: Company Data

From PV to EBITDA. The cost structure has been rather stable over the period considered, and with a business model based on human resources the most important cost item is personnel (76-77% of total costs), followed by services cost (18-19% of total costs) mainly represented by staff and resale of services. EBITDA in FY20 reached Euro 2.5 m, +16% YoY and with an EBITDA margin of 11.4%, up from 10.3% in FY19 thanks to operational leverage (higher sales volumes and optimization of project management).

Costs breakdown – Euro k

Personnel costs detail – Euro k


Average	2020A	2019A	2018A
Executives	2	3	3
Middle Managers	15	15	14
Employees	287	281	247
Blue-Collar Workers	1	1	1
Personnel	305	300	265

Source: Company Data

In FY20 D&As reached Euro 1.1 m (Euro 1.0 m FY19) of which c. Euro 0.9 m depreciation mainly related to the construction of the Reti Tech Campus. FY20 EBIT was of Euro 1.4 m (6.2% on PV) and Net income was of Euro 0.9 m (4.1% on PV), vs. Euro 0.6 m in FY19.

Balance Sheet – Euro m

	20A	19A	18A
Net Working Capital (NWC)	1.1	0.6	0.4
Fixed net assets	21.3	20.4	19.6
Funds	(3.3)	(3.0)	(2.7)
Net Capital Employed	19.2	18.0	17.3
Net Financial Position (Cash)	11.9	13.6	12.9
Total Equity	7.3	4.4	4.4
Sources	19.2	18.0	17.3

Source: Company Data

In FY20 Net Fixed Assets stood at Euro 21.3 m of which Euro 20.4 m (96%) relative to tangible assets and in particular to the Reti Technological Campus (historical cost of Euro 21 m). Intangibles of Euro 0.9 m, include c. Euro 424 k mainly related to costs incurred during the listing process.

The important investment in the Campus aims at creating value through constant development of the Competence Centres which allows to maintain a high level of expertise in Key Enabling Technologies (KET) as well as a competitive time-to-market.

Reti further holds participations in two ITSs with the aim of promoting technical and scientific culture at regional and national level, favouring the entry into the professional job market in the ICT sector.

- Fondazione ITS per la informazione e la comunicazione (Euro 6 k)
- Fondazione ITS Tech Talent Factory (Euro 5 k)

Net working capital at the end of FY20 stood at Euro 1.1 m, with Commercial Working Capital of Euro 7.0 m up from Euro 5.5 m in FY19 mainly due to an increase in account payables after an acceleration in revenues in the last part of the year. Other assets/(liabilities) includes items such as payables to employees for remuneration and social security charges, tax receivables and payables as well as accruals and deferrals.

Net Working Capital Focus – Euro m

	20A	19A	18A
Account Receivables	8.6	6.7	7.1
Account Payables	(1.6)	(1.2)	(1.5)
Operating Working Capital	7.0	5.5	5.6
Other Current Assets	0.4	0.4	0.6
Other Current Liabilities	(6.4)	(5.2)	(5.7)
Net Working Capital	1.1	0.6	0.5

Source: Company Data

Net Debt at the end of December 2020 was of Euro 11.9 m, down from Euro 13.6 m as of prior year. The Company splits Net Debt in debt related to the core business and debt related to the real-estate investment for the acquisition and development of the Campus. The Net Debt related to Reti's core business is defined as the Company's cash, marketable securities, and short-term credit facilities, whereas short, medium- and long-term bank debts have been allocated to the Campus. In FY20 the core business related Net debt was of Euro 1.4 m, significantly down from Euro 3.2 m in FY19 thanks to good operating cash flow (Euro 1.9m) and IPO proceeds (Euro 2.5 m).

Net Financial Position Focus – Euro m

	20A	19A	18A
Cash	(2.6)	(0.7)	(0.3)
Marketable Securities	-	(0.8)	(2.3)
Short Term Credit Facilities	4.0	4.7	4.8
Short term Bank Debts (1)	3.5	3.7	3.0
Medium-Long term Bank Debts (2)	6.9	6.6	7.7
Other financial Debts	0.02	0.03	0.04
Net Financial Position	11.9	13.6	12.9
Core Busines Net Debt	1.4	3.2	2.2
Campus' Net Debt (=1+2)	10.5	10.4	10.7

Source: Company Data

ESTIMATES

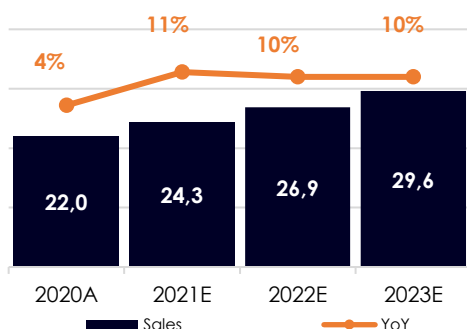
In the 2017-2020 period Reti was able to increase its revenues at a 7.5% CAGR, largely outperforming its reference market. In the 2020-2023 period, we forecast a revenue CAGR of 10.5% with revenues reaching Euro 29.4 m in FY23. The Company should hence continue to perform above expected market growth rates as it is well positioned to compete in the market thanks to its high level of professional expertise and constant scouting for new talents, key growth drivers in this market. Other assumptions to our estimates are:

- EBITDA should grow at a 2020-2023 CAGR of 16.7% and an increase in EBITDA margin by 210 bps, thanks to operational leverage (fixed costs spread over higher sales volumes) and a better business mix, including higher weight of fixed price contracts.
- Total Capex over the 3-year period of Euro 1.5 m mainly related to the Tech Campus and R&D.
- Working capital: after an increase in DSOs in FY20 we assume a progressive recovery in FY21-23. DPOs are assumed to remain stable at 2019/2020 average.
- In line with the dividend distribution to shareholders in 2021, we assumed a 50% pay-out ratio dividend policy over the period considered.
- Our estimates do not include any M&A activity although this remains a strategic growth pillar for Management.

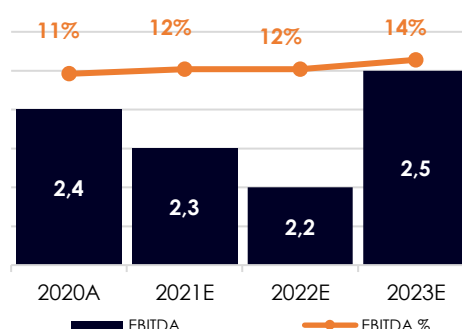
Income Statement estimates – Euro m

		20A	21E	22E	23E
Sales		21.8	24.1	26.7	29.4
	yoy	+4.0%	+10.6%	+10.4%	+10.4%
Revenues (VoP)		22.0	24.3	26.9	29.6
	yoy	+4.0%	+10.5%	+10.4%	+10.4%
EBITDA		2.5	2.8	3.3	4.0
	margin	11.4%	11.6%	12.4%	13.5%
EBIT		1.4	1.6	2.2	2.8
	margin	6%	6.8%	8.2%	10.0%
Net Profit		0.9	1.0	1.4	1.9

Revenues evolution – Euro m



EBITDA – Euro m

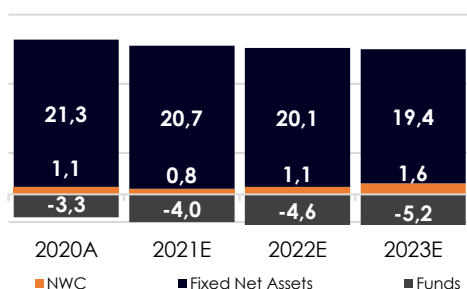


Source: Consolidated Group data for FY 2019-2020, IR TOP Research estimates for FY 2021-2023

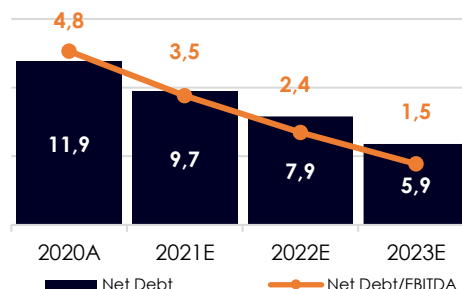
Balance Sheet estimates – Euro m

	20A	21E	22E	23E
Net Working Capital (NWC)	1.1	0.8	1.1	1.6
Fixed net assets	21.3	20.7	20.1	19.4
Funds	(3.3)	(4.0)	(4.6)	(5.2)
Net Capital Employed	19.2	17.4	16.6	15.8
Net Financial Position (Cash)	11.9	9.7	7.9	5.9
Total Equity	7.3	7.8	8.7	9.9
Sources	19.2	17.4	16.6	15.8

Assets evolution



Net Debt evolution



Source: Consolidated Group data for FY 2019-2020, IR TOP Research estimates for FY 2021-2023

VALUATION

We set a Euro 2.30 p.s. target price of Reti, providing for a +53% upside on current stock price and obtained by weighting equally the DCF and the multiple comparison analysis. At our TP the stock would be trading at EV/EBITDA 2021 and 2022 multiples of 14.4x and 12.2x respectively.

Valuation Summary

Method	Weight	Price (Eu)
Multiple analysis	50%	2.41
DCF	50%	2.19
Target Price	100%	2.30

Implied multiples @ our TP

	EV/EBITDA
2020A	16.1x
2021E	14.4x
2022E	12.2x
2023E	10.1x

Multiples Comparison

We chose a peer group made up of 15 international industry players for our multiple analysis. We have summarized the main characteristics of the peers in the table below. As can be seen the sizes of the selected companies vary from Euro 522 m to Euro 155 b, along with their growth prospects through 2023 (2-27% 20-23 CAGR). To account for the larger size and higher liquidity of peers we applied a 25% discount on Reti's enterprise value to obtain our valuation.

Companies	Market Cap	Price	Sales 2021E	Sales CAGR 20-23	EBITDA % 2021E	EBITDA CAGR 20-23	EV/EBITDA	
							2021E	2022E
Reply	4,912	131.3	1,432	11%	16%	11%	20.2	18.3
Bouvet	649	6.3	256	9%	16%	9%	15.4	13.9
Tieto	3,115	26.3	2,811	2%	18%	8%	7.8	7.5
Devoteam	868	104.2	795	6%	12%	5%	8.6	7.9
Indra Sistemas	1,276	7.2	3,159	4%	10%	70%	5.7	5.2
CapGemini	25,520	151.2	17,141	6%	16%	8%	11.9	11.4
Atos	5,918	53.8	11,351	2%	14%	7%	5.0	4.6
Bechtle	6,592	157.0	6,376	9%	6%	8%	16.4	15.2
Accenture	153,549	230.9	40,216	7%	19%	7%	19.3	17.9
Aubay	572	43.3	454	4%	12%	7%	10.1	9.7
Cancom	1,834	47.6	1,696	7%	8%	14%	10.8	9.5
EPAM Systems	22,234	394.2	2,827	25%	19%	24%	41.4	33.3
Globant	7,193	174.0	930	27%	20%	30%	38.2	31.2
Netcompany	4,791	95.8	458	18%	28%	17%	37.6	31.5
Sopra Steria	3,083	150.1	4,574	5%	11%	9%	7.6	6.8
Average	16,140	118.2	6,298	9%	15%	16%	17.1	14.9
Reti	18.7	1.5	24.3	11%	12%	17%	12.6	10.7
<i>Premium/Discount to Peers</i>							-26%	-28%

Source: FactSet data as of June 2nd, 2021

DCF model

Our DCF model yields a target price of Euro 2.19 m and was run using our FCF estimates of for the 2021E-23E explicit period and a WACC of 6.33%, based on the following assumptions:

WACC assumptions	
Perpetual growth rate	1.00%
Pre-tax cost of debt	2.00%
Tax rate	24.00%
Cost of debt after tax	1.52%
WACC	6.33%
Risk free rate (BTP 10Y 24 months average)	1.34%
β levered	1.11
Equity risk premium	6.85%
Ke	8.91%
Target Leverage	35.00%

DCF Valuation		
<i>Euro m</i>		
Sum of PV 2021-23 FCFs	5.7	14.2%
Discounted terminal value	34.1	85.8%
Enterprise Value	39.7	100.0%
Net Debt / (Net Cash)	11.9	
Dividend	0.5	
Equity Value	27.4	
Number of Shares	12.5	
Price per share	2.19	

PEERS' DESCRIPTION

- **Reply:** Reply SpA engages on conception, design and development of solutions based on the new communication channels and digital media. It supports the main European industrial groups in defining and developing new business models utilizing big data, cloud computing, customer relationship management, mobile, social media and Internet of Things paradigms. The firm also offers consultancy, system integration and application management and business process outsourcing. The company was founded by Mario Rizzante and Oscar Pepino in June 1996 and is headquartered in Turin, Italy.
- **Bouvet:** Bouvet ASA engages in the provision of information technology, digital communications, and enterprise management solutions. It operates through the following geographical segments: Norway; Sweden; and Other Countries. Its services include Artificial Intelligence and Software Engineering. The company was founded on May 3, 1995 and is headquartered in Oslo, Norway.
- **Tieto:** TietoEVRY Corp. engages in the provision of software and digital services. It also offers consulting services to enterprises and public institutions, and information technology solutions to Nordic markets, including healthcare, welfare, and public sector. The company was founded in 1968 and is headquartered in Espoo, Finland.
- **Devoteam:** Devoteam SA engages in the provision of innovative technology consulting services. Its portfolio includes Agile information technology (IT) transformation management, digital workplace, data as a service, cybersecurity, business process excellence, and customer experience. The company was founded by Stanislas de Bentzmann and Godefroy de Bentzmann on October 27, 1995 and is headquartered in Levallois-Perret, France.
- **Indra Sistemas:** Indra Sistemas SA is a global consulting, technology, innovation, and talent company, which engages providing information technology services. The company offers consulting services & outsourcing of business processes. It also provides solutions & services for the transport & traffic, energy industry, public administration, healthcare, financial services, security & defense and telecom & media sectors. The company was founded in 1993 and is headquartered in Alcobendas, Spain.
- **CapGemini:** Capgemini SE provides consulting, technology, professional, and outsourcing services. The company operates through the following segments: Consulting Services, Technology & Engineering Services, Application Services and Other Managed Services. The Consulting Services segment aims to help the group's clients identify build and carry through transformation programs that will improve growth and sharpen their competitive edge on a long-term basis. The Technology & Engineering Services segment assistance and support to internal IT and engineering teams at client premises. The Outsourcing services business involves guiding and supporting a client's information systems and associated activities and providing assistance to clients in the outsourcing of their IT systems. The Local Professional services business delivers professional technology services to suit local requirements for infrastructures, applications, engineering, testing and operations. Capgemini was founded by Serge Kampf on October 1, 1967 and is headquartered in Paris, France.
- **Atos:** ATOS SE engages in the provision of digital transformation. It offers end-to-end orchestrated hybrid cloud, big data, business applications and digital workplace solutions. The company was founded in 1972 and is headquartered in Bezons, France.
- **Bechtle:** Bechtle AG engages in the provision of information technology services. It operates through the IT System House & Managed Services, and IT E-commerce segments. The IT System House & Managed Services segment offers strategy consulting services, as well as sale of hardware, software, and application solutions. Furthermore, the firm provides project planning and roll-out, system integration, cloud services, and maintenance and training services. It can also be tasked to operate a clients complete IT infrastructure as a managed service. The IT E-commerce segment offers its clients within a multi-brand strategy, telephone and internet hardware, as well as standard software via the Internet and telesales under the Bechle direct and ARP brands. The company was founded by Klaus von Jan, Ralf Klenk, and Gerhard Schick on July 21, 1983 and is headquartered in Neckarsulm, Germany.
- **Accenture:** Accenture Plc engages in the provision of management consulting, technology, and outsourcing services. It operates through the following segments: Communications, Media, and Technology; Financial Services; Health and Public Service; Products; Resources; and Other. The company was founded in 1989 and is headquartered in Dublin, Ireland.

- **Aubay:** Aubay SA engages in integration and technology consulting. It specializes in information and industrial systems, networks and telecommunications. The company was founded by Christian Aubert in 1998 and is headquartered in Boulogne-Billancourt, France.
- **Cancom:** CANCOM SE engages in the provision of information technology (IT) infrastructure and professional services. The firm serves the retail, public, manufacturing, education, and healthcare sectors. It operates through the Cloud Solutions and IT Solutions segments. The Cloud Solutions segment comprises of the shared managed services business, as well as product and service businesses. The IT Solutions segment consists of the comprehensive strategic and technical consulting and services system integration business, as well as planning and turnkey implementation. The company was founded by Klaus Weinmann, Regina Weinmann, and Stefan Kober on January 27, 1992 and is headquartered in Munich, Germany.
- **EPAM Systems:** EPAM Systems, Inc. engages in the provision of software product development and digital platform engineering services. It operates through the following geographical segments: North America, Europe, and Russia. The company was founded by Leonid Lozner and Arkadiy Dobkin in 1993 and is headquartered in Newtown, PA.
- **Globant:** Globant SA engages in the provision of information technology services. It offers application development and maintenance, testing, and infrastructure management. The company was founded by Martín Migoya, Martín Gonzalo Umaran, Guibert Andrés Englebienne, and Néstor Augusto Nocetti in 2003 and is headquartered in Luxembourg.
- **Netcompany:** Netcompany Group A/S engages in the provision of information technology services. It operates through the Public Sector, and Private Sector segments. The Public Sector segment offers end-to-end information technology services to central and local government. The Private Sector segment delivers business critical information technology solutions covering various areas such as e-commerce, billing, document and case management, system integration, customer relationship management and enterprise risk management, and artificial intelligence and information management. The company was founded by André Rogaczewski, Claus Jørgensen and Carsten Krogh Gomard in 2000 and is headquartered in Copenhagen, Denmark.
- **Sopra Steria:** Sopra Steria Group SA engages in the business of digital transformation. It provides consulting, systems integration, software development, infrastructure management and business process services. The firm also offers social business, mobility, big data, cloud, cybersecurity, enterprise architecture, enterprise resource planning, banking solutions, human resources solutions, real estate software, collaborative and information management. It serves the aerospace, insurance and social, banking, defence, homeland security, public sector and healthcare, telecommunications, media and entertainment, transport, retail and energy utilities sector. The company was founded by Léo Gantelet, François Odin, and Pierre Pasquier on January 5, 1968 and is headquartered in Paris, France.

RETI ON AIM ITALIA

IPO

Trading Market: AIM Italia – Borsa Italiana Spa
Date: September 10th, 2020
Price: 1.00
Capital raised: Euro 2.5 m
Capitalisation: Euro 12.5 m

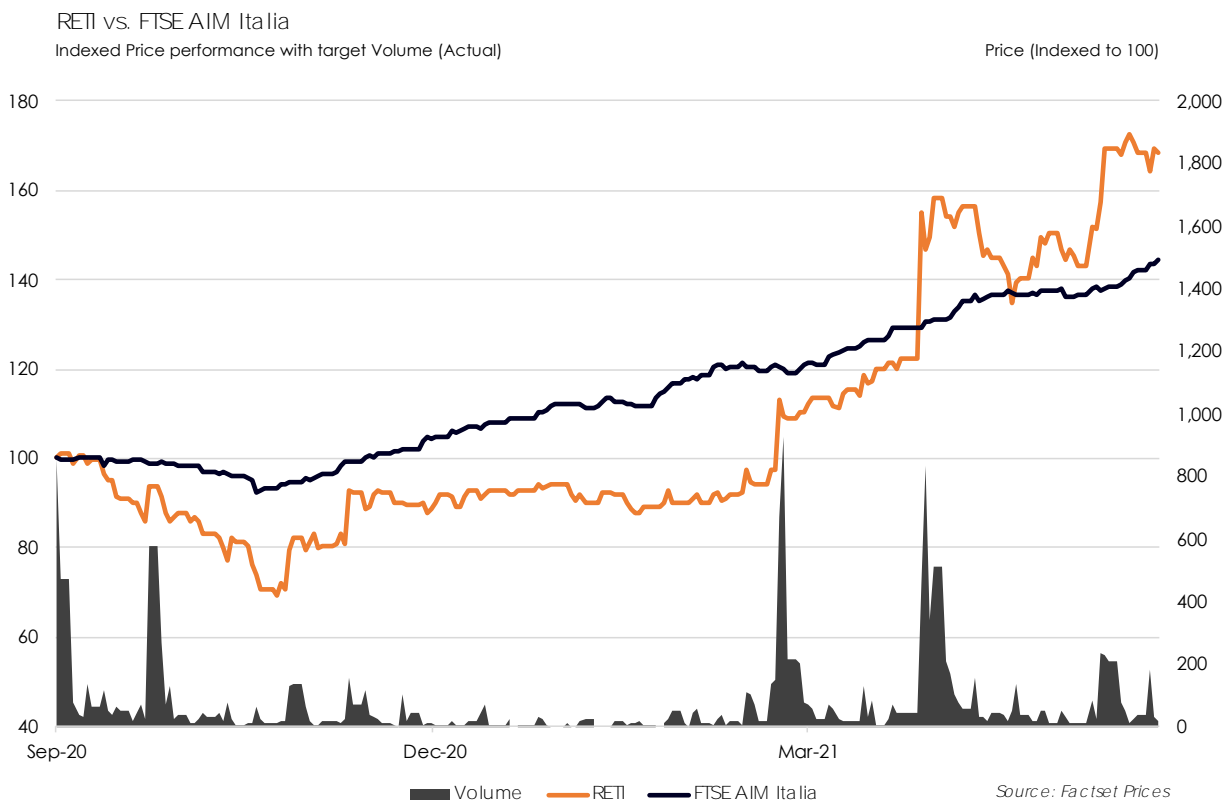
SHARES (as of June 2nd, 2021)

Code: RETI
Bloomberg: RETI:IM
Reuters: RETI.MI
ISIN: IT0005418204
Shares: 12,499,000
Price: Euro 1.50
Performance from IPO: +50%
Capitalisation: Euro 19.2 m
Free Float: 19.99%
NomAd: Integrae Sim SpA
Auditing firm: Nexia Audirevi

Shareholder	N° of shares	%
Paneghini Holding S.r.l.	10,000,000	80.01%
Market	2,499,000	19.99%
Total	12,499,000	100.00%

Source: Company data as of June 2nd, 2021

STOCK PERFORMANCE



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