

EQUITY RESEARCH

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Websolute

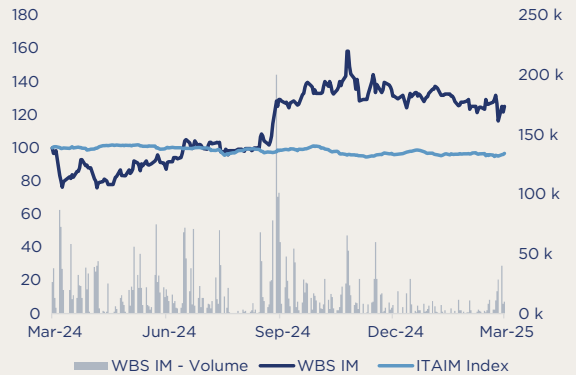
Euronext Growth Milan | Digital | Italy

<p>Rating</p> <p>BUY</p> <p>unchanged</p>	<p>Target Price</p> <p>€ 4,20</p> <p>prev. unchanged</p>
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Key Multiples	FY24A	FY25E	FY26E	FY27E
EV/Sales	0,9x	0,8x	0,7x	0,7x
EV/EBITDA	5,1x	3,8x	3,2x	2,7x
EV/EBIT	12,3x	7,3x	4,9x	3,7x
P/E	22,3x	11,8x	8,0x	6,0x
NFP/EBITDA	1,4x	0,9x	0,5x	n/a

Key Financials (€/mln)	FY24A	FY25E	FY26E	FY27E
Revenues	22,68	25,50	28,10	30,90
EBITDA Adjusted	4,04	5,40	6,40	7,70
EBIT	1,67	2,80	4,15	5,50
Net Income	0,66	1,25	1,85	2,45
Net Financial Position	5,71	4,71	3,16	(0,09)
EBITDA Adj. margin	17,8%	21,2%	22,8%	24,9%
EBIT margin	7,3%	11,0%	14,8%	17,8%
Net income margin	2,9%	4,9%	6,6%	7,9%

Stocks performance relative to FTSE Italia Growth



Stock Data

Risk	Medium
Price	€ 1,45
Target price	€ 4,20
Upside/(Downside) potential	190,8%
Ticker - Bloomberg Code	WBS IM
Market Cap (€/mln)	€ 14,78
EV (€/mln)	€ 20,49
Free Float (% on ordinary shares)	23,94%
Shares Outstanding	10.226.825
52-week high	€ 1,98
52-week low	€ 0,90
Average Daily Volumes (3 months)	5.940

Stock performance	1M	3M	6M	1Y
Absolute	-2,4%	-8,3%	-6,8%	20,4%
to FTSE Italia Growth	-2,7%	-8,8%	-4,7%	23,8%
to Euronext STAR Milan	0,4%	-9,0%	-4,5%	23,4%
to FTSE All-Share	-5,7%	-25,1%	-22,8%	5,1%
to EUROSTOXX	-2,2%	-20,0%	-17,0%	11,6%
to MSCI World Index	3,5%	-7,4%	-8,0%	11,3%

Source: FactSet

Main Ratios	FY24A	FY25E	FY26E	FY27E
ROA	7,7%	13,5%	19,8%	24,0%
ROIC	7,3%	13,0%	18,1%	25,4%
ROE	17,1%	30,8%	32,2%	30,4%
Current Ratio	1,51	1,45	1,62	1,76

Source: FactSet

FY24A Results

In FY24A, the Group recorded revenues of € 22.68 million, marking a 14.7% increase compared to the previous year and exceeding projected estimates. This solid performance was driven by the acquisition of Lunghezza D'Onda and the strong growth of the main business areas. EBITDA reached € 4.00 million (+61.6%), with a significant improvement in profitability (Adjusted EBITDA margin at 17.8%). EBIT stood at € 1.67 million, while Net Income reached € 0.66 million, reflecting a strong recovery from the previous year's loss. The Group continued its strategic expansion through targeted investments in innovation, artificial intelligence, and technological development, further strengthening its competitive positioning in key market sectors.

Estimates and Valuation Update

Following the publication of the FY24A annual report, we have revised our estimates for the current and upcoming years. Specifically, we project FY25E revenues of € 25.50 million and an Adjusted EBITDA of € 5.40 million, corresponding to a margin of 21.2%. Looking ahead, we anticipate revenues to grow to € 30.90 million by FY27E (CAGR 24A-27E: 10.9%), with Adjusted EBITDA reaching € 7.70 million (Adjusted EBITDA margin of 24.9%), up from € 4.04 million in FY24A (Adjusted EBITDA margin of 17.8%). From a financial perspective, we estimate a net cash position (NFP cash positive) of € 0.09 million by FY27E. The equity value of Websolute has been assessed using both the DCF methodology and market multiples of a selected peer group. The DCF method, incorporating a prudential specific risk of 2.5% in the WACC calculation, yields an equity value of € 53.6 million. The market multiples approach results in an equity value of € 32.4 million. **Consequently, the average equity value stands at approximately € 43.0 million. The target price is set at € 4.20, with a BUY rating and a MEDIUM risk level.**

Economics & Financials

TABLE 1 - ECONOMICS & FINANCIALS

CONSOLIDATED INCOME STATEMENT (€/mln)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenues	19,78	22,68	25,50	28,10	30,90
Other revenues	1,69	1,43	1,40	1,40	1,40
Value of Production	21,47	24,11	26,90	29,50	32,30
COGS	0,88	0,89	1,00	1,10	1,20
Services	7,60	8,72	9,40	10,00	10,75
Use of asset owned by others	0,37	0,41	0,40	0,45	0,45
Employees	9,72	9,91	10,80	11,35	12,00
Other operating costs	0,43	0,19	0,20	0,20	0,20
EBITDA	2,48	4,00	5,10	6,40	7,70
<i>EBITDA Margin</i>	<i>12,5%</i>	<i>17,6%</i>	<i>20,0%</i>	<i>22,8%</i>	<i>24,9%</i>
Non recurrent items	0,10	0,04	0,30	0,00	0,00
EBITDA Adjusted	2,57	4,04	5,40	6,40	7,70
<i>EBITDA Adj. Margin</i>	<i>13,0%</i>	<i>17,8%</i>	<i>21,2%</i>	<i>22,8%</i>	<i>24,9%</i>
D&A	2,30	2,33	2,30	2,25	2,20
EBIT	0,18	1,67	2,80	4,15	5,50
<i>EBIT Margin</i>	<i>0,9%</i>	<i>7,3%</i>	<i>11,0%</i>	<i>14,8%</i>	<i>17,8%</i>
Financial management	(0,46)	(0,27)	(0,30)	(0,30)	(0,30)
EBT	(0,28)	1,39	2,50	3,85	5,20
Taxes	0,18	0,73	1,25	2,00	2,75
Net Income	(0,46)	0,66	1,25	1,85	2,45
of which Minorities Income	0,10	0,16	0,15	0,15	0,15
CONSOLIDATED BALANCE SHEET (€/mln)	FY23A	FY24A	FY25E	FY26E	FY27E
Fixed Assets	7,20	9,95	9,15	8,40	7,70
Account receivable	6,99	7,61	8,40	9,20	10,00
Inventories	0,13	0,18	0,20	0,20	0,20
Account payable	1,75	1,82	2,10	2,10	2,35
Operating Working Capital	5,36	5,97	6,50	7,30	7,85
Other receivable	1,73	1,74	1,90	2,10	2,30
Other payable	3,27	3,73	4,10	3,95	4,70
Net Working Capital	3,82	3,98	4,30	5,45	5,45
Severance & other provisions	2,50	2,51	2,70	2,80	2,90
NET INVESTED CAPITAL	8,52	11,42	10,75	11,05	10,25
Share capital	0,20	0,20	0,20	0,20	0,20
Reserves	4,28	3,17	2,75	3,85	5,55
Net Income	(0,57)	0,50	1,10	1,70	2,30
Equity	3,92	3,87	4,05	5,75	8,05
Minorities Equity	1,05	1,84	1,99	2,14	2,29
Cash & cash equivalents	1,92	2,19	1,04	1,04	2,69
Short term financial debt	2,56	2,23	1,75	1,70	1,60
M/L term financial debt	2,91	5,67	4,00	2,50	1,00
Net Financial Position	3,56	5,71	4,71	3,16	(0,09)
SOURCES	8,52	11,42	10,75	11,05	10,25

CONSOLIDATED CASH FLOW (€/mln)	FY24A	FY25E	FY26E	FY27E
EBIT	1,67	2,80	4,15	5,50
Taxes	0,73	1,25	2,00	2,75
NOPAT	0,94	1,55	2,15	2,75
D&A	2,33	2,30	2,25	2,20
Change in NWC	(0,16)	(0,32)	(1,15)	(0,00)
Change in receivable	(0,63)	(0,79)	(0,80)	(0,80)
Change in inventories	(0,06)	(0,02)	0,00	0,00
Change in payable	0,07	0,28	0,00	0,25
Change in others	0,46	0,21	(0,35)	0,55
Change in provisions	0,01	0,19	0,10	0,10
OPERATING CASH FLOW	3,13	3,72	3,35	5,05
Capex	(5,09)	(1,50)	(1,50)	(1,50)
FREE CASH FLOW	(1,96)	2,22	1,85	3,55
Financial Management and Other	(0,27)	(0,30)	(0,30)	(0,30)
Change in Financial debt	2,43	(2,15)	(1,55)	(1,60)
Change in equity	0,08	(0,92)	0,00	0,00
FREE CASH FLOW TO EQUITY	0,27	(1,15)	0,00	1,65

Source: Websolute Historical Data and Integrae SIM estimates

Company Overview

Websolute operates in the digital communications and digital marketing sector, and, thanks to almost twenty years of experience and vertical skills gained in the various areas of its activities, offers its customers a vast range of business digital services and solutions. Leveraging cloud services provided by major Italian and global players and widespread global digital platforms, the Group takes care of the entire value creation process for its customers with its own resources, ranging from strategic consultancy through to the implementation and maintenance of digital services to strengthen brands, and the creation of tailor-made marketing strategies to help its customers develop their businesses.

The Group supports its customers on the Italian market, responding to their needs in terms of: branding (how companies communicate their brand through digital channels); marketing (how companies look for markets and how customers look for products); commerce (how companies sell and how customers want to buy); and technology (as an enabling factor to support the above processes).

FY24A Results

TABLE 2 - ACTUAL VS ESTIMATES FY24A

€/mln	Revenues	EBITDA Adj.	EBITDA Adj. %	EBIT	Net Income	NFP
FY24A	22,68	4,04	17,8%	1,67	0,66	5,71
FY24E	22,40	4,00	17,9%	1,75	1,10	4,29
Change	1,3%	1,0%	0,0%	-4,8%	-39,6%	n/a

Source: Integrae SIM

Through a press release commenting on the full-year results, the Group stated: “We are pleased with the results for the 2024 financial year, which reflect revenue growth and a significant improvement in profitability. The portfolio companies are now making a highly positive contribution to the execution of our business plan, and the financial and economic results demonstrate the effectiveness of our investments, the solid level of integration achieved—even for the most recent acquisitions—and the high quality of work delivered by the management teams of our various companies. In 2024, we continued our M&A strategy with the acquisition of 70% of Lunghezza D’Onda, alongside investments in innovative products and services, particularly in the field of Generative AI. Thanks to the investments carried out during the year (growth capex), we have developed a proprietary technology stack and an AI product portfolio, enabling us to secure contracts with major clients. This has expanded our track record with strong market references that have placed their trust in us. Our order backlog includes multiple contracts and negotiations for new Generative AI services, which will allow us to generate additional revenues in this new business segment as early as 2025. The Group will continue on its growth path, with a strong focus on areas where we hold a significant competitive advantage, particularly in maintaining our leadership in the Home & Design sector and ensuring a rapid time-to-market for AI-driven project sales. We will also evaluate further strategic transactions aimed at enhancing industrial capabilities, optimizing business activities, and improving core profitability through the exploitation of commercial, product, and operational synergies. Additionally, we expect to drive revenue growth by leveraging shared commercial initiatives and increasingly competitive structural and operational performance.”.

At the end of FY24A, the Group achieved revenues of € 22.68 million, marking an increase compared to the previous year’s figure of € 19.78 million (+14.7%) and exceeding our estimate of € 22.40 million. A more detailed analysis of this item reveals that productive revenues with margins amounted to approximately € 20.80 million, registering a 6.8% increase compared to € 19.50 million in FY23A. These include revenues from Lunghezza D’Onda, a company acquired on April 2, 2024, which contributed approximately € 0.92 million. Additionally, recurring productive revenues with margins accounted for 43.0% of the total, thanks also to the positive contribution of Lunghezza D’Onda, whose business model is characterized by a high level of recurring revenues.

Examining the specific growth of individual business areas, the Digital, Social, and Media Marketing segment improved by 12.0% (€ 10.30 million); the Platform & Technology Services area recorded a +4.0%, reaching € 8.10 million; Consulting (brand, UX-UI, digital strategy) grew by 108.0%, reaching revenues of € 0.80 million in FY24A. Conversely, the Digital Academy segment declined to € 1.60 million (-24.0%), mainly due to delays in the publication of certain training incentive calls.

EBITDA stood at € 4.00 million, showing strong growth compared to € 2.48 million in FY23A (+61.6%) and aligning with our annual estimates of € 4.00 million. Consequently, the EBITDA margin increased from 12.5% in FY23A to 17.6% in the recently concluded fiscal year. Considering values before non-recurring components (approximately € 0.04 million related to severance costs incurred to accelerate organizational efficiency), Adjusted EBITDA amounted to € 4.04 million, up from the adjusted 2023 figure of € 2.57 million. The improvement in margins reflects the positive effects of the Group's timely and effective normalization of structural costs. Total characteristic costs increased by 5.9% compared to FY23A. However, net of so-called "commercialized" costs, the increase was reduced to 2.4%. Moreover, considering the normalization of the 2023 consolidation scope, including Lunghezza D'Onda Srl's characteristic costs of approximately € 0.35 million, the increase was just 0.5% compared to the previous year.

EBIT, after depreciation and amortization amounting to € 2.33 million, stood at € 1.67 million (€ 0.18 million in 2023), compared to our estimates of € 1.75 million. The EBIT margin reached 7.3%, compared to 0.9% in FY23A and our estimates of 7.8%. Net Income amounted to € 0.66 million, showing a strong improvement compared to the loss of € 0.46 million recorded at the end of the previous year.

On the balance sheet side, NFP moved from € 3.56 million in FY23A to a debt of € 5.71 million in FY24A. This balance positively reflects the Group's economic and financial performance but is negatively impacted by the financial effects of acquiring 70.0% of Lunghezza D'Onda for a total consideration of € 3.47 million. Additionally, the balance was influenced by cash outflows related to the purchase of treasury shares for approximately € 0.54 million and the payment of dividends to minority shareholders of Lunghezza D'Onda Srl, in accordance with the acquisition agreements, for an amount of € 0.12 million. During FY24, the Group undertook a series of significant strategic, productive, product, and organizational investments:

- **Strategic investments:** The Group focused resources on identifying potential targets in high-growth market niches, aiming to enhance its know-how and internal tools. In this context, in 2024, the acquisition of 70.0% of Lunghezza D'Onda Srl was finalized. The company owns the Showefy© software suite, acquired for a consideration of € 3.47 million, including an "earn-out" of approximately € 0.31 million, earned upon achieving the EBITDA targets for FY23, based on the financial statements approved by the shareholders' meeting of the subsidiary;
- **Productive and product investments:** The Group allocated resources to developing and implementing new innovative applications, focusing particularly on functionalities based on generative artificial intelligence. The Group's established expertise in AI—ranging from research to technical applications in highly advanced sectors—enabled the enhancement of the effectiveness and efficiency of available technical solutions, expanding their customer target. This strategy strengthens the Group's positioning as a leader in integrating generative AI across various industries. In 2024, a core AI-based technological platform was developed, upon which vertical solutions will be implemented to address multiple needs. Group companies worked on projects ranging from consulting services (with products dedicated to production processes and commercial relationship management) to specialized applications in augmented and virtual reality, performance marketing, social marketing, and the creation of audiovisual, multimedia, and storytelling content;
- **Organizational investments:** The Group also allocated resources for the analysis

and implementation of generative artificial intelligence in certain production and operational processes. The adoption of these technologies, stemming from a forward-looking strategic vision, will enable the optimization of specific service production activities starting in 2024, improving profitability, raising quality standards, and reducing process development times.

FY25E - FY27E Estimates

TABLE 3 - ESTIMATES UPDATES FY25E-27E

€/mln	FY25E	FY26E	FY27E
Revenues			
New	25,50	28,10	30,90
Old	25,10	28,10	n/a
<i>Change</i>	1,6%	0,0%	n/a
EBITDA Adjusted			
New	5,40	6,40	7,70
Old	5,40	7,00	n/a
<i>Change</i>	0,0%	-8,6%	n/a
EBITDA Adj. Margin			
New	21,2%	22,8%	24,9%
Old	21,5%	24,9%	n/a
<i>Change</i>	-0,3%	-2,1%	n/a
EBIT			
New	2,80	4,15	5,50
Old	3,10	4,70	n/a
<i>Change</i>	-9,7%	-11,7%	n/a
Net Income			
New	1,25	1,85	2,45
Old	2,10	3,25	n/a
<i>Change</i>	-40,5%	-43,1%	n/a
NFP			
New	4,71	3,16	(0,09)
Old	1,54	(2,31)	n/a
<i>Change</i>	n/a	n/a	n/a

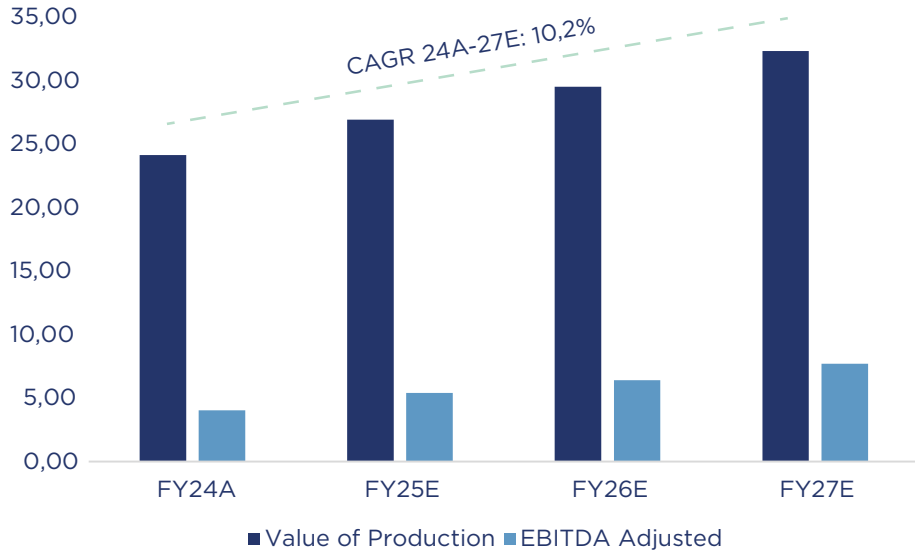
Source: Integrae SIM

Following the publication of the FY24A annual report, we have revised our estimates for the current and upcoming years.

Specifically, we project FY25E revenues of € 25.50 million and an Adjusted EBITDA of € 5.40 million, corresponding to a margin of 21.2%. Looking ahead, we anticipate revenues to grow to € 30.90 million by FY27E (CAGR 24A-27E: 10.9%), with Adjusted EBITDA reaching € 7.70 million (Adjusted EBITDA margin of 24.9%), up from € 4.04 million in FY24A (Adjusted EBITDA margin of 17.8%).

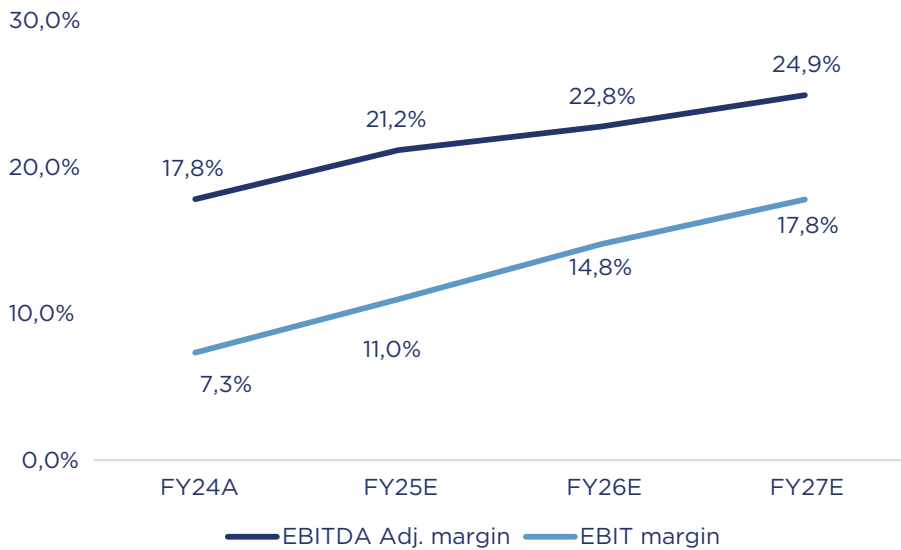
From a financial perspective, we estimate a net cash position (NFP cash positive) of € 0.09 million by FY27E.

CHART 1 - VOP AND EBITDA FY24A - FY27E



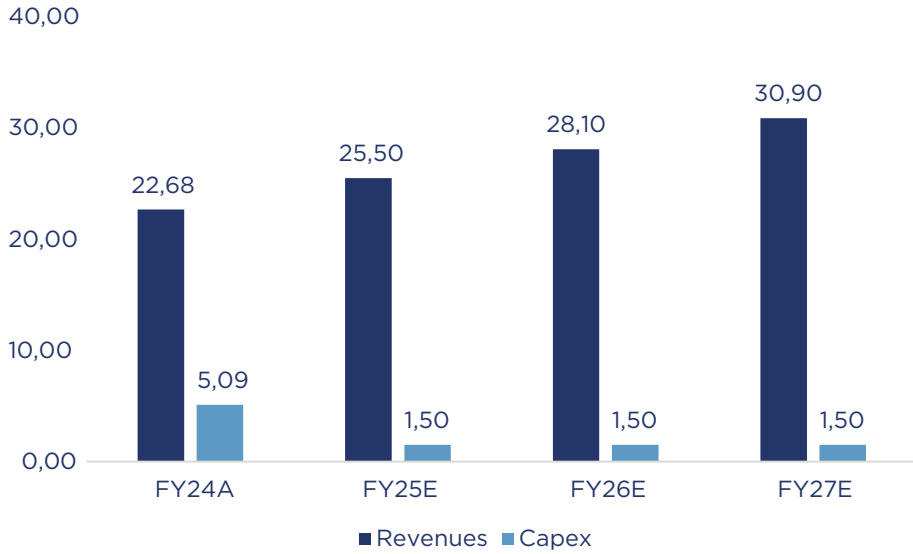
Source: Integrae SIM

CHART 2 - MARGIN % FY24A- FY27E



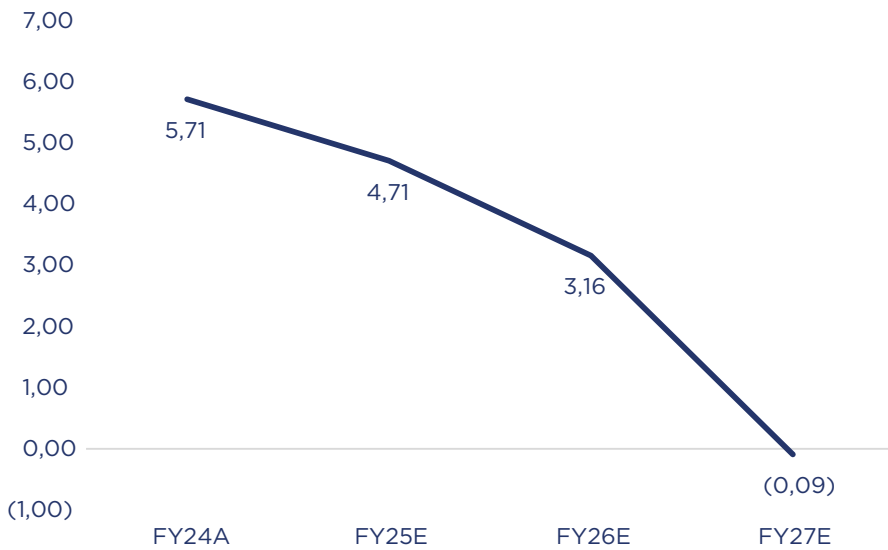
Source: Integrae SIM

CHART 3 - CAPEX FY24A - FY27E



Source: Integrae SIM

CHART 4 - NFP FY24A - FY27E



Source: Integrae SIM

Valuation

We conducted our valuation of the equity value of Websolute based on the DCF method and multiples of a sample of comparable companies.

DCF Method

TABLE 4 - WACC

WACC			7,07%
D/E 81,82%	Risk Free Rate 2,67%	β Adjusted 0,8	α (specific risk) 2,50%
Kd 3,50%	Market premium 7,26%	β Relevered 0,7	Ke 10,78%

Source: Integrae SIM

For prudential purposes, we included a specific risk of 2.5%. The result is therefore a WACC of 7.07%.

TABLE 5 - DCF VALUATION

DCF	% of EV	
FCFE actualized	8,9	15%
TV actualized DCF	50,4	85%
Enterprise Value	59,3	100%
NFP (FY24A)	5,7	
Equity Value	53,6	

Source: Integrae SIM

With the above data and taking our estimates and assumptions as a reference, the result is an **equity value of € 53.6 million**.

TABLE 6 - EQUITY VALUE SENSITIVITY ANALYSIS

€/mln	WACC							
	5,6%	6,1%	6,6%	7,1%	7,6%	8,1%	8,6%	
Growth Rate (g)	3,0%	117,1	97,2	82,9	72,2	63,7	57,0	51,4
	2,5%	98,5	84,0	73,1	64,6	57,8	52,1	47,4
	2,0%	85,2	74,1	65,5	58,5	52,8	48,1	44,1
	1,5%	75,1	66,4	59,3	53,6	48,7	44,7	41,2
	1,0%	67,3	60,2	54,3	49,4	45,3	41,7	38,6
	0,5%	61,0	55,0	50,1	45,9	42,3	39,2	36,4
	0,0%	55,8	50,8	46,5	42,9	39,7	36,9	34,5

Source: Integrae SIM

Market Multiples

Our panel consists of companies operating in the same sector as Websolute, although many have a larger market capitalization. These companies have also been used for the Beta calculation in the DCF method. The panel includes:

TABLE 7 - MARKET MULTIPLES

Company Name	EV/EBITDA			EV/EBIT			P/E		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Neosperience SpA	6,4 x	5,1 x	4,3 x	19,8 x	9,9 x	8,4 x	26,1 x	11,6 x	12,3 x
Cyberoo S.p.A.	5,5 x	4,4 x	n/a	8,3 x	6,0 x	n/a	12,6 x	9,6 x	n/a
Reply S.p.A.	13,2 x	12,2 x	11,2 x	16,0 x	14,6 x	13,3 x	24,2 x	22,1 x	20,1 x
Growens S.p.A.	17,2 x	9,1 x	n/a	n.m.	n.m.	9,3 x	n.m.	n.m.	n.m.
Tinexta SpA	6,4 x	5,7 x	5,3 x	10,3 x	8,7 x	8,2 x	8,6 x	7,2 x	6,7 x
Median	6,4 x	5,7 x	5,3 x	13,1 x	9,3 x	8,9 x	18,4 x	10,6 x	12,3 x

Source: Integrae SIM

TABLE 8 - MARKET MULTIPLES VALUATION

€/mln	FY25E	FY26E	FY27E
Enterprise Value			
EV/EBITDA	32,79	36,76	40,54
EV/EBIT	36,70	38,62	48,73
P/E	23,03	19,62	30,11
Equity Value			
EV/EBITDA	28,08	33,60	40,63
EV/EBIT	31,99	35,46	48,82
P/E	23,03	19,62	30,11
Average	27,70	29,56	39,85

Source: Integrae SIM

Using EV/EBITDA, EV/EBIT and P/E market multiples, **the equity value of Websolute is approximately € 32.4 million.**

Equity Value

TABLE 9 - EQUITY VALUE

Average Equity Value (€/mln)	43,0
Equity Value DCF (€/mln)	53,6
Equity Value Multiples (€/mln)	32,4
Target Price (€)	4,20

Source: Integrae SIM

The results give an average equity value of approximately € 43.0 million.

The target price is therefore € 4.20 (prev. € 4.20). We confirm a BUY rating and MEDIUM risk.

TABLE 10 - TARGET PRICE IMPLIED VALUATION MULTIPLES

Multiples	FY24A	FY25E	FY26E	FY27E
EV/EBITDA	12,2 x	9,5 x	7,6 x	6,3 x
EV/EBIT	29,2 x	17,4 x	11,7 x	8,9 x
P/E	64,7 x	34,4 x	23,2 x	17,5 x

Source: Integrae SIM

TABLE 11 - CURRENT PRICE IMPLIED VALUATION MULTIPLES

Main Ratios	FY24A	FY25E	FY26E	FY27E
EV/EBITDA	5,1x	3,8x	3,2x	2,7x
EV/EBIT	12,3x	7,3x	4,9x	3,7x
P/E	22,3x	11,8x	8,0x	6,0x

Source: Integrae SIM

Disclosure Pursuant to Delegated Regulation UE n. 2016/958

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Date	Price	Recommendation	Target Price	Risk	Comment
16/04/2024	1,07	Buy	4,20	Medium	Update
30/05/2024	1,04	Buy	4,20	Medium	Breaking News
13/06/2024	1,15	Buy	4,20	Medium	Breaking News
24/09/2024	1,53	Buy	4,20	Medium	Update

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The BUY, HOLD and SELL ratings are based on the Upside Potential (increase in value or return that the investment could achieve based on the current price and a future target price set by the analysts), and the risk associated to the share analyzed. The degree of risk is based on the liquidity and volatility of the share, and on the rating provided by the analyst and contained in the report. Due to daily fluctuations in share prices, the upside potential may temporarily fall outside the proposed range

Upside Potential (for different risk categories)

Rating	Low Risk	Medium Risk	High Risk
BUY	Upside \geq 7.5%	Upside \geq 10%	Upside \geq 15%
HOLD	-5% < Upside < 7.5%	-5% < Upside < 10%	0% < Upside < 15%
SELL	Upside \leq -5%	Upside \leq -5%	Upside \leq 0%
U.R.	Under Review		
N.R.	Not Rated		

Valuation methodologies (long term horizon: 12 months)

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- It plays, or has played in the last 12 months, the role of broker in charge of the share buyback activity of Websolute SpA;
- In the IPO phase, Integrae SIM played the role of global coordinator.