Soges Group

Sector: Hospitality

VALUETRACK

Luca Bernini
luca.bernini@value-track.com

Marco Greco
marco.greco@value-track.com

Plenty of room(s) to grow

Soges Group is a rapidly expanding company specialized in the high-end hotel facilities management. Its portfolio currently includes 8 properties (with one additional property announced), all located in Tuscany and operated under the "Place of Charme" brand.

Dynamic player with potential for a virtuous growth cycle

After divesting from its student housing business in 2019, Soges retained a centralized headquarter, which has effectively leveraged to pursue a M&A-driven growth strategy in the hotel sector, resulting in a 37.6% CAGR2019-2023. This approach also allowed Soges to exploit its positive operating leverage, quickly building margins. Soges is now poised to sustain this trend, as each acquisition generates the capital needed to fuel further expansion, creating a self-reinforcing growth cycle.

Solid operations + market opportunity = Scalability

Soges boasts a mix of features we deem extremely valuable:

1) Solid operational framework. Soges excels in acquiring and managing hotels, focusing on wealthy international tourists, with a systematic process for selection and management, allowing for immediate economies of scale;

2) Attractive market opportunity. Tuscany is a safe haven for tourism and is filled by independents properties facing generational exchange issues, thus providing a substantial pool of targets for Soges to scale its business;

3) Scalability and financial strength. Soges can grow rapidly through acquisition of new management contracts, relying on positive operating leverage and asset-light business model.

Growth Strategies and Financials 2024E-2028E

We expect Soges to keep acquiring new contracts, expanding staff, and boosting its brand visibility. Medium-term growth options could be the entrance in new areas, a second brand, and new partnerships or white label projects. We see: 1) VoP growing at 14.8% CAGR2023-2028E to €31.8mn in 2028E; 2) EBITDA margin converging to 13.0% in FY28E; 3) FCF progressively increasing and leading to €2.0mn Net Cash By 2028E, when FCF Yield should stand in the 17-18% range.

Fair Equity Value at €4.05 per share (€3.90 fully diluted)

We set Soges Fair Equity Value at €4.05 p.s. (€3.90 fully diluted), resulting from Peers' analysis and DCF model. Even assuming EV/EBITDA FY2 remains stable at 5.0x, there is still a > 100% rerating potential in the next 3 years due to the business scalability and operating leverage.

Fair Value (€)	**4.05**
Market Price (€)	**1.95**
Market Cap. (€m)	**10.0**

KEY FINANCIALS (€m)	2023	2024E	2025E
VALUE OF PRODUCTION	15.9	16.9	22.0
EBITDAR ADJ.	2.9	3.5	5.2
EBITDA	1.5	1.7	2.5
EBIT	0.5	0.8	1.3
ADJ. NET PROFIT	0.3	0.3	0.8
EQUITY	1.5	3.7	4.6
NET FIN. POS.	-3.4	-2.9	-2.5
EPS ADJ. (€)	0.06	0.07	0.16

Source: Soges Group S.p.A. (historical figures), Value Track (2024-25E estimates)

KEY RATIOS	2023	2024E	2025E
EBITDA MARGIN (%)	9.1	10.3	11.3
EBIT MARGIN (%)	3.4	4.6	6.1
NET DEBT / EBITDA (x)	2.4	1.7	1.0
NET DEBT / EQUITY (x)	2.3	0.8	0.6
EV/SALES (x)	0.8	0.8	0.6
EV/EBITDA (x)	9.2	7.4	5.1
EV/EBIT (x)	25.1	16.5	9.4
P/E ADJ. (x)	nm	29.0	12.4

Source: Soges Group S.p.A. (historical figures), Value Track (2024-25E estimates)

STOCK DATA	
FAIR VALUE (€)	4.05
MARKET PRICE (€)	1.9
SHS. OUT. (m)	5.1
MARKET CAP. (€m)	10.0
FREE FLOAT (%)	21.2
AVG. -20D VOL. ('000)	11,925
RIC	SOGES.MI
52 WK RANGE	1.95-2.21

Source: Stock Market Data

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Executive Summary

Business Profile

Soges Group ("Soges") is a rapidly expanding **hotel management company** operating in the **medium-to-high-end segment**.

Initially established in 2000 as a student housing company, Soges has pivoted its business model back in 2019 divesting its student housing division and focusing entirely in the Ho.Re.Ca. sector.

Since then, the company has grown significantly, achieving a **37.6% CAGR2019-2023**, driven by a robust management contracts' acquisition strategy.

As a result, the company currently manages a portfolio of eight hotels (for a total of 338 rooms), all located in Tuscany, under the commercial brand "**Place of Charme**."

Soges primarily generates revenue through accommodation services, which accounted for 76% of total revenue in 2023. Restaurant services contributed 18%, with the remaining 6% from bars and events.

Corporate Profile

Soges is a family-owned business. Indeed:

- Galardi Family holds a 77.9% stake through Gala Holding, while free float stands at 21.18%;
- The Top Management structure is led by family members: Paolo Galardi (Chairman) and Andrea Galardi (CEO).

What we like about Soges business model

Soges Group is establishing itself as a strong player in the Italian hospitality sector, leveraging a very dynamic but solid operational framework centred on strategic acquisitions, and a centralized management approach to drive growth.

As a result, the company's focus on premium hotels in Tuscany, combined with its asset-light business model ensures a scalable and financially robust business.

More in details, we would point out the following as key positive features of Soges business model:

- **Well defined market positioning**. Soges focuses on properties in regions with high tourist attractiveness, such as Florence and the Chianti region, targeting premium properties like farmhouses and historical buildings with the potential for high-value enhancements;
- **Dynamic scouting and acquisition activity.** Soges has a proven positive track record in continuously scouting for new properties, with a systematic acquisition process that efficiently includes target research, screening, due diligence, acquisition and renovation;
- **Centralized Management.** Several key functions (e.g., sales, marketing, procurement, finance, HR, IT) are centralized in the Florence Headquarter while hotel resident managers handle day-to-day operations (e.g., overseeing on-site guest services and related operations, including the bar, accommodation, cleaning, and maintenance of common areas).

The above-mentioned key features of Soges business model make the company well positioned to achieve highly rewarding economic and financial performances such as:

- **Scalability / Accelerated growth rates**. Achieved thanks to the continuous addition of new properties to be managed. We note that ca. 60% of 2023 revenues came from properties acquired between 2019 and 2023;
- **Good visibility on future Top Line evolution**. Indeed, management contracts usually have a long expiry thus granting a solid revenue base to exploit;
- **Positive operating leverage**. As several key functions are centralized, every new property added to the group's portfolio can exploit its full profitability potential with minimal incremental

costs at Headquarter level. As a result, the more properties the Group adds to its portfolio and the higher the Group's EBITDA margin goes;

- **High Capital Efficiency**. Soges manages hotel operations without owning the properties, thus abating its capital needs. Not even Working Capital is a problem as the company maintains low Days Sales Outstanding (DSO) and favourable terms with suppliers, resulting in negative Net Working Capital in recent years.

Attractive Reference Market

If we rule out black swan risks (e.g., outbreaks, wars and so on) possibly impacting tourist flows, we see Soges' reference market as highly supportive. Indeed:

- Italy has the largest hotel market in Europe, dominated by mid-range (3 to 4-star) hotels and medium-sized properties (25 to 99 rooms), with a low penetration of international hotel chains;
- As far as Soges current catchment area is concerned, Tuscany remains a top tourist destination, attracting 10-11% of all tourists in Italy, though hotel occupancy has not fully returned to pre-pandemic levels;
- The fragmented nature of Tuscany's hotel market, combined with limited interest from large chains, provides Soges with room to operate without facing significant direct competition;
- The evolving regulatory scenario in Italy's short-term rental sector is likely to reduce competition from platforms like Airbnb, potentially redirecting tourist flows back to traditional hotels and possibly increasing their pricing power.

Growth Strategies / Goals

In the short term we expect Soges to focus on:

- Keep pushing on the acquisition of new management contracts;
- Adding managerial staff at headquarter (e.g. a business development manager);
- Devoting resources to increase awareness for "Place of Charme" brand.

Revenue growth is, in particular, the priority as it allows for higher and higher profitability thanks to positive operating leverage.

As far as the medium term is concerned, we would expect Soges to:

- Explore new market segments, for instance by launching a second brand more business oriented;
- Explore new geographies, expanding into high-end tourist areas like Versilia, Sardinia, Venice, Milan and so on.

Additionally, partnerships with real estate companies to manage properties and exploring "white label" operations might be valuable growth options to pursue.

Financials: Fast Growth and Positive Operating Leverage

Soges is growing at **fast speed** with **strong operational leverage** significantly boosting profitability. Indeed, in **FY23**:

- **Revenues** were up **+46% y/y** to €15.8mn, fuelled by both organic growth (31% y/y) and by the acquisition of new management contracts (15% y/y contribution);
- **EBITDAR Adj.** (for non-recurring revenues) stood at **€2.9mn** (+93.3% y/y), with EBITDAR margin Adj. reaching the 18.0% threshold (+507bps);
- **EBITDA Adj.** increased threefold to **€1.3mn**, EBITDA Adj. margin at 8.4% (+456bps);

As far as **2024E-28E** financial forecasts are concerned, we deem Soges capable to expand its managed contract's portfolio at a pace of **at least a couple of new hotels each year** throughout the forecasting horizon (equivalent to additional €2.0mn-€2.5mn revenues per year).

Thanks to significant operational leverage, this expansion should substantially improve margins and cash flow, creating a virtuous growth cycle. As a result, we forecast:

- **Value of Production** up at ca. **+14.8% CAGR2023-2028E** to ca. €32mn in 2028E;
- **EBITDAR Adj.** (for non-recurring revenues) at **€8.0mn** (**+23.3% CAGR2023-2028E**), with EBITDAR margin Adj. reaching the 25.0% threshold;
- **EBITDA margin converging to 13%** (EBITDA28E at €4.1mn) benefitting from operating leverage and further economies of scale;
- Free Cash Flow generation, progressively increasing and leading **Net Cash to €2.0mn in 2028**.

Valuation

We initiate coverage on Soges with a **Fair Equity Value of €4.05 per share** (€3.90 fully diluted), based on the average of two valuation approaches:

- **Peer analysis**, leading to **€3.50 per share** (€3.35 fully diluted) and further cross-checked at maturity (2028E);
- **DCF model**, leading at ca. **€4.60 per share** (€4.45 fully diluted), of which €2.1 per share related to the current business perimeter and €2.5 per share related to the new management contracts that we are including in our forecasts.

The rolling valuation cross-check confirms the stock's **huge re-rating potential**. Indeed, assuming stable FY2 EV/EBITDA multiple at 5.0x this **re-rating could exceed 100% over 3 years**, driven by the combined effect of business scalability and positive operating leverage.

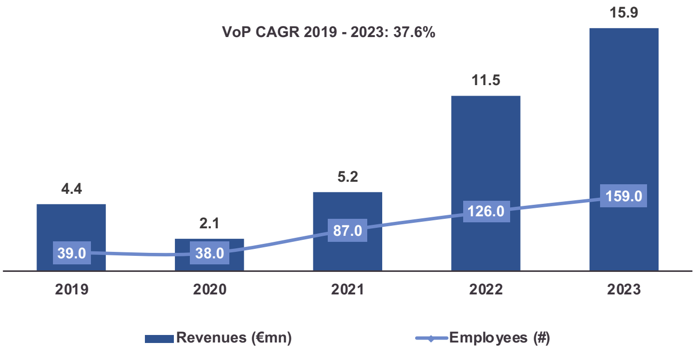
At €4.05 fair value p.s., the stock would trade at 1.1x EV/Sales and 9.4x EV/EBITDA for 2025E, positioning it at half the EV/Sales of its peers and roughly in line on EV/EBITDA.

Corporate Profile

Founded in 2000 as a student housing management company, Soges has expanded its operations in 2014 to include the management of non-proprietary hotels. By 2019, it had divested its student housing operations to focus exclusively on its core business of hotel and luxury facility management. The Group specializes in the management of premium properties and related restaurants/bars, also providing various ancillary services. As of September, its portfolio includes 8 properties (with one additional property announced), all located in Tuscany and operated under the "Place of Charme" brand. The portfolio also comprises 5 restaurants and 7 bars. The company's offering is particularly appealing to international tourists, who account for 75% of its revenues.

With **2023 VoP and EBITDA at €15.9mn and €1.5mn respectively**, Soges Group is a fast-growing hotel management company operating in the medium-to- high-end segment. The company offers accommodation services in hotels situated in Florence and the countryside region of Chianti under its commercial brand "Place of Charme". Its steady growth trajectory (37.6% CAGR2019-2023), fuelled by a solid M&A strategy, has resulted in a portfolio of 8, properties, 5 restaurants and 7 bars.

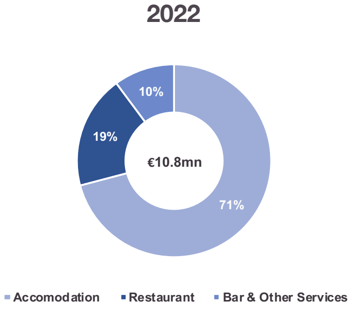
Soges Group: Revenues Historical Evolution 2019-2023 (€mn)

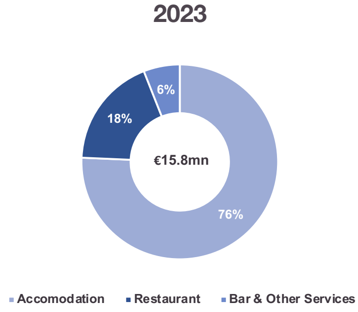


Source: Soges Group, Value Track analysis

In 2023, the Company's primary revenue source was accommodation services, contributing 76% to the total revenue. Restaurant services followed, accounting for 18%, while other services, including bars and events such as corporate meetings and celebrations, made up the remaining 6%.

Soges Group: Revenues from Sales by Product Segment - FY22 and FY23





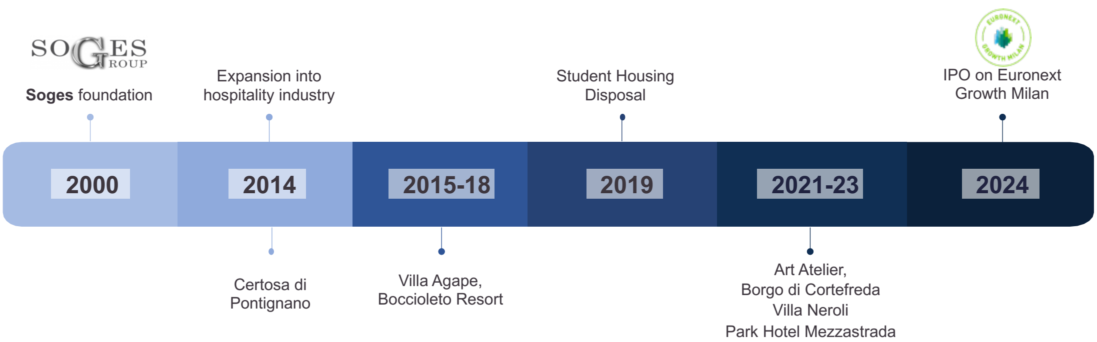
Source: Soges Group, Value Track analysis

Historical Milestones

Here we highlight the main historical milestones that contributed to shape Soges' evolution.

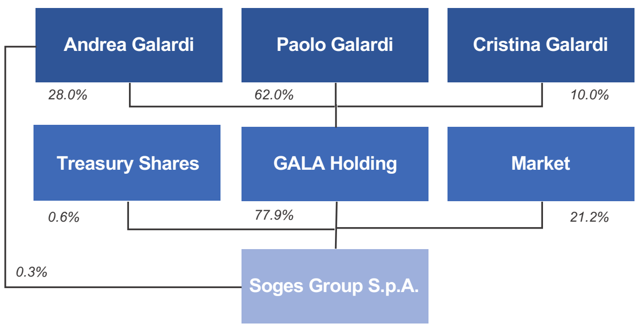
- **Founded in 2000** by Paolo and Andrea Galardi, as a student housing company;
- In **2014**, Soges expanded into the hospitality industry by acquiring Certosa di Pontignano;
- By **2018**, the Company managed 7 student housing properties (ca. 1,000 apartments) in northern and central Italy, and 4 hospitality properties, including "Certosa di Pontignano" (2014), "Art Hotel Villa Agape" (2015), Coverciano Technical Center (2017), and "Boccioleto Resort" (2018);
- Since **2019**, following the divestment of its Student Housing division, SOGES focused solely on the Ho.Re.Ca. sector, acquiring 5 additional hospitality properties: Art Hotel Atelier and "Borgo di Cortefreda (2021), Villa Neroli (2022), Park Hotel Chianti and Podere Mezzastrada (2023). Currently, SOGES manages eight properties, five of which feature in-house restaurants;
- In **2024**, Soges went public at €2.25 per share (€11.6 post-money market capitalization), implying an 8.0x EV/EBITDA 2023. Issuing 1.08mn shares (21.2% of equity), it raised €2.4mn (no greenshoe option was exercised), incurring IPO costs of €0.88mn. Post-IPO, Soges acquired the operations of Park Hotel Chianti, Borgo di Cortefreda and Hotel Malaspina, while Art Atelier Hotel's capacity was increased by 14 rooms;
- **As of today**, the Company manages 8 hotels, for a total of 338 rooms (ca.42 rooms per facility on average); in 2023, the Company achieved an 82% occupancy rate on average in its hotels. With the acquisition of Hotel Malaspina in July 2024 and its opening scheduled in 2025, the Group will bring its managed facilities to 9 adding ca. 30 additional rooms to its portfolio.

Soges Group: Corporate Structure



Source: Soges Group

Soges Group: Shareholders Structure



Source: Soges Group

Corporate Governance

Shareholders and Group structure

Soges' Share Capital amounts to €770,374.50 and is composed of a total of **5,135,830 ordinary shares** with no nominal value, divided as shown in the table below. Soges Group is under the control of the **Galardi Family** through Gala Holding, which holds 77.9% of the Group's shares. Gala Holding itself is owned by Paolo Galardi, who holds 62%, Andrea Galardi with a 28% share, and Cristina Galardi, who owns 10%. Additionally, Andrea Galardi personally holds a minor 0.31% direct stake. The remaining 21.18% share is free float.

Soges Group: Shareholding Structure

Shareholder	Share Capital (#)	As % of Total
Gala Holding	4.000.000	77.9%
Andrea Galardi	16.003	0.3%
Treasury Shares	31.997	0.6%
Free Float	1.087.830	21.2%
Total	**5.135.830**	**100.0%**

Source: Soges Group

Top Management: Structure & Powers

As of June 2024, the Group has a workforce of **218 employees**, approximately 18 of whom are dedicated to administrative functions, while the remainder are responsible for managing the hotel facilities. It should be noted that around 40 of these employees are seasonal workers, hired to meet the increased demand during peak season. Consequently, the Group's **workforce in a steady state would consist of approximately 170 employees**.

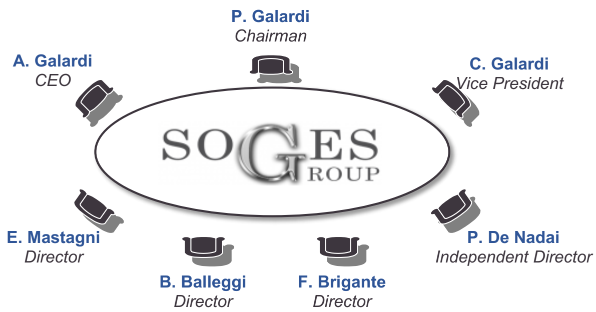
Its top management includes Paolo Galardi (Chairman), Andrea Galardi (CEO), Simona Cappelletti (CFO) together with other 4 Directors, 1 indipendent Director and the Vice President Cristina Galardi.

Soges Group: Key People (left) and Board of Directors (right)

Paolo Galardi
Chairman
Founder of the company, with over 30 years of experience in commercial relations with public and private entities. He oversees investments, liaises with institutional organizations, and shapes the strategic vision. He is also the deputy vice president of FederAlberghi Florence and a knowledgeable expert on regional economic dynamics.

Andrea Galardi
CEO
Co-Founder and CEO since 2000, playing a key role in the company's growth and development. He directly managed the 2019 business unit sale and is responsible for the vision and strategy of the Soges project.

Simona Cappelletti
CFO
Chief Financial Officer of Soges, with extensive experience in accounting, administration, and finance roles in the sector. Currently, she supports the CEO and President in her capacity as CFO.



Source: Soges Group

What we like about Soges

We have identified the following positive features that should drive Soges successful growth:

1) Solid operational framework. Soges excels in acquiring and managing hotel properties, focusing on a specific market niche of wealthy international tourists, and employing a systematic process for properties selection and management, allowing for immediate economies of scale;

2) Attractive market opportunity. The Group has the advantage of operating in the Tuscan market, a safe haven for tourism filled by independents properties facing generational exchange issues and inefficiencies. Owners might prefer the financial simplicity of earning rent over active management, thus providing a substantial pool of targets for Soges to scale its business;

3) Scalability and Financial Strength. Soges can grow rapidly through acquisition of new management contracts, relying on positive operating leverage and asset-light business model.

#1 Solid Framework for Hotel Scouting & Management

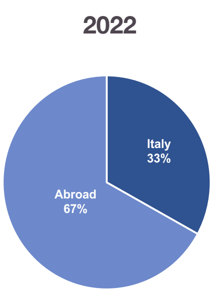
Well-defined Market positioning

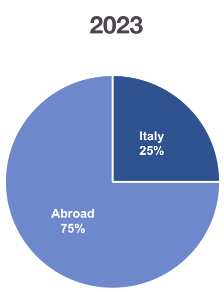
Soges targets a very specific market niche, by focusing on regions and hotels properties with unique features and significant potential for high-value enhancements. The company's clientele typically comprises international visitors with medium to high spending power, who are looking for authentic experiences in Tuscany and Italy. In 2023, the primary clients originated from the USA (15%), Germany (8%), France (4%), and the UK (4%).

With that profile in mind, Soges Group prioritizes properties that exhibit the following characteristics:

1) **High Tourist Attractiveness**: areas of significant artistic, cultural, and scenic value, such as Florence, the Chianti region, coastlines, and mountains;
2) **Premium Properties**: farmhouses, and historical buildings, that are well-integrated into their local contexts, each maintaining a distinct charm that reflects the brand's identity. The focus is on 4-star hotels or 3-star hotels with the potential to be upgraded to 4;
3) **Brand Compatibility**: properties are chosen for their potential to meet the tastes of Soges' typical clientele and to align with the quality standards of the "Place of Charme" brand. This strategic alignment helps maintain a consistent brand image and customer experience;
4) **Cost and Development Opportunities**: The Company strategically ensures that investments are poised to generate favourable returns. Common scenarios include financially stable hotels where current ownership seeks exit strategies due to fatigue or generational shifts, as well as properties with substantial potential for requalification.

Clients Breakdown by Nationality 2022-2023





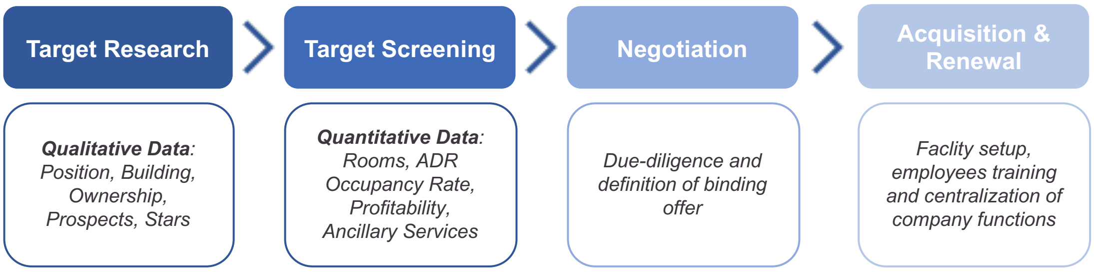
Source: Soges Group, Value Track analysis

Systematic Process for acquisition and management of Properties

To support its expansion strategy, Soges engages in a continuous scouting process for new properties to manage. This systematic acquisition process generally spans **1 year from initial screening to formal acquisition**, followed by an **additional 6 months dedicated to optimizing profitability** and achieving full operational capacity.

The main steps of this process are: 1) Target Research, 2) Target Screening, 3) Due Diligence and Negotiation, 4) Acquisition and Renovation.

Steps of the Property Acquisition Process



Source: Soges Group

1) **Target Research (continuous)**: qualitative research and analysis throughout the year, with increased resource allocation during the off-season to minimize impact on current operations;
2) **Target Screening (1-5 months)**: quantitative analysis based on critical KPIs, which are listed in the table below, and related to size, appeal, visitor frequency, profitability and services offered.

Qualifying KPIs for Property Acquisition

KPI	Selective Criteria
Number of rooms	30-100 rooms (*)
Occupancy Rate (OR)	Between 60% - 80%
Average Daily Rate (ADR)	Between €100 - €180
EBITDA Margin	Between 7 - 15%
Secondary Services	Properties with < €1mn revenues should focus on lodging only; those with over €1.5mn should offer restaurants or other ancillary services

Source: Soges Group, (*) urban hotels under 30 rooms must generate at least €1mn revenues.

3) **Due Diligence and Negotiation (2-4 months)**: After identifying a property, Soges initiates a due diligence phase with the assistance of external consultants. This process encompasses economic, financial, tax, labor, administrative, legal, and urban planning evaluations to identify any issues or discrepancies. Concurrently, Soges negotiates the economic and contractual terms with the counterparties. If the due diligence results are favourable, the process moves forward to the signing of a lease or rental agreement;
4) **Acquisition and Renovation (2-3 months)**: Upon acquisition, the new property is renovated, focusing on energy efficiency, modernization, amenities, and technological upgrades. Soges collaborates with experienced hotel construction professionals to ensure high-quality work and strict timeline control. Simultaneously, Soges optimizes staff performance, markets the property, and centralizes administration to streamline operations and maintain service excellence.

Upon this stage, the property is fully operational, with profitability stabilizing within 6 months.

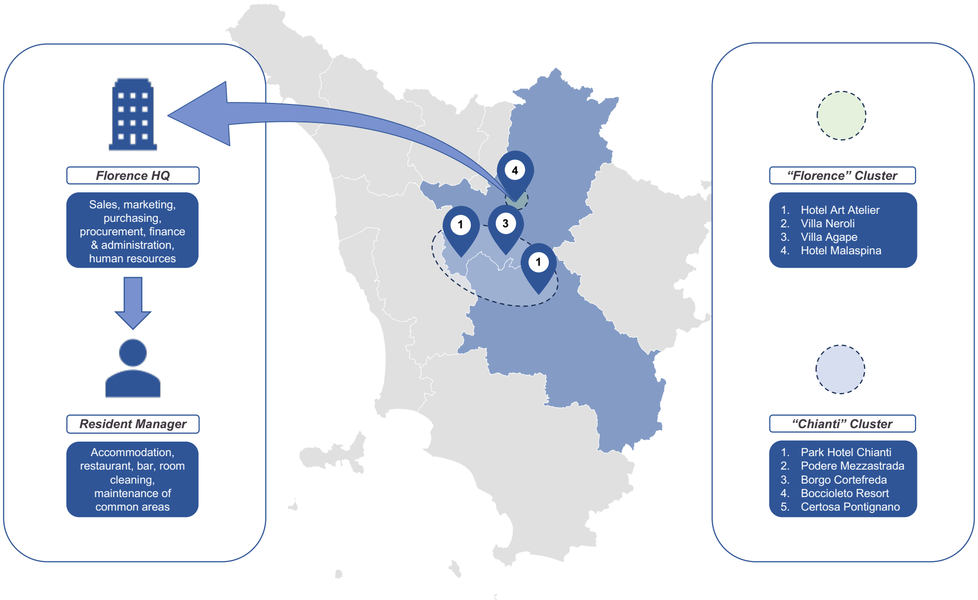
Centralized management approach

A key point in Soges business model is that it employs a centralized management strategy for its properties, bringing under one roof all of the activities that can be systematically applied across the property portfolio to achieve immediate economies of scale, while direct operational management is delegated to resident and restaurant managers. As a consequence:

- **The Headquarter** centralizes functions related to sales, marketing, procurement, finance, human resources, and IT, collaborating closely with resident managers;
- **Resident managers** are responsible for overseeing on-site guest services and related operations, including the bar, accommodation, cleaning, and maintenance of common areas.

This strategy is especially advantageous for family-owned and single-asset hotels, where owners typically manage only one property. By joining Soges' network, these properties can immediately achieve significant enhancements in operational efficiency, occupancy rates and profit margins.

Distribution of Soges Group Properties in Tuscany



Source: Soges Group, Value Track analysis

#2 Attractive Market Opportunity

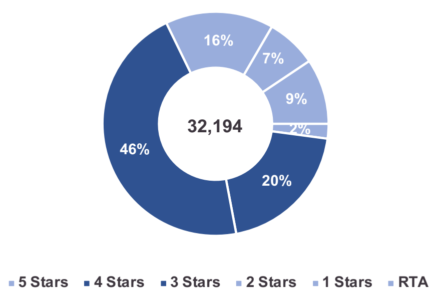
Italian Hotel Market Features

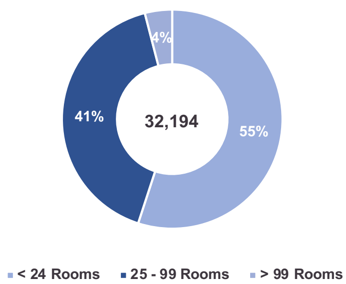
With approximately **32,194 properties**, the Italian Hotel Market is the largest in Europe, surpassing Germany's 30.6k hotels, Spain's 19.7k, and France's 17.1k, according to the latest 2022 Eurostat data.

As illustrated by the most recent market data, the market shows the following features.

- **Dominance of mid-range hotels**: the market is primarily characterized by mid-range establishments, with hotels rated 3 to 4 stars constituting 60% of the total market (*ISTAT*);
- **Mostly medium-sized properties**: 41% of Italian hotels consist of 25 to 99 rooms, partly due to the country's unique geographical layout, characterized by compact city centers, quaint seaside towns, and traditional villages. These areas often cannot accommodate large hotel infrastructures due to space constraints and the desire to preserve local charm and authenticity (*ISTAT*);
- **Prevalence of direct management**: Italy's hotel industry primarily features direct management, with a high prevalence of family-run hotels, reflecting the sector's traditional and family-oriented operations (*Horwath HTL Italy Hotels & Chains Report 2023*);
- **Low penetration of international chains**: international hotel chains made up just 20% of Italy's market, strongly below the European average of over 45% (*Thrends Chains Monitor 2023*);
- **Concentration in central and north Italy**: Emilia-Romagna leads with 13% of the country's hotels, followed by Veneto at 10%, Lombardy at 9%, and Tuscany at 8%. Note the exclusion of Trentino Alto Adige these general market analyses, as its uniquely high numbers are largely motivated by cross-border travel dynamics.

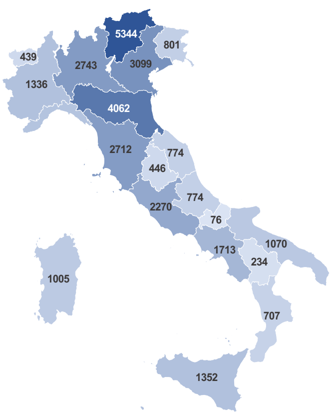
Italian Hotels in 2023: Breakdown by Number of Stars (left) and Rooms (right)

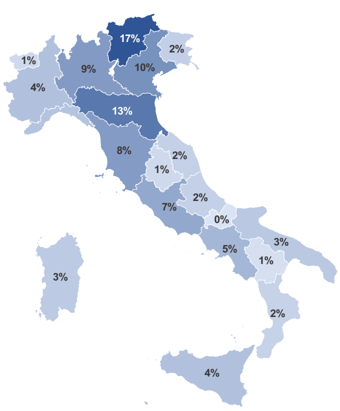




Source: ISTAT, Value Track analysis

Distribution of Hotels by Region in 2023: Absolute Numbers (left) and Percentage of Total (right)



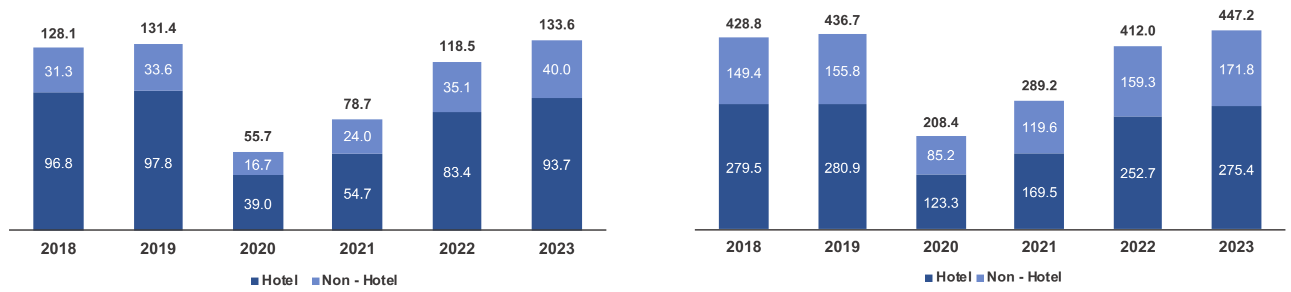


Source: ISTAT, Value Track analysis

Recent Performance: Hotels Behind in Broad Post-Pandemic Rebound

In 2023, tourism in Italy reached unprecedented levels, with over **134mn arrivals** (up 12% YoY and 2% vs. 2019) and **447mn stays** (up 8% YoY and 2% vs. 2019) across various hospitality facilities. This growth was **primarily driven by non-hotel accommodation**, while focusing solely on the hotel sector, both arrivals and stays still lag behind pre-pandemic figures by 4% and 2% respectively.

Italian Hospitality Traffic: Arrivals (left) and Overnight Stays (right) from 2019 to 2023



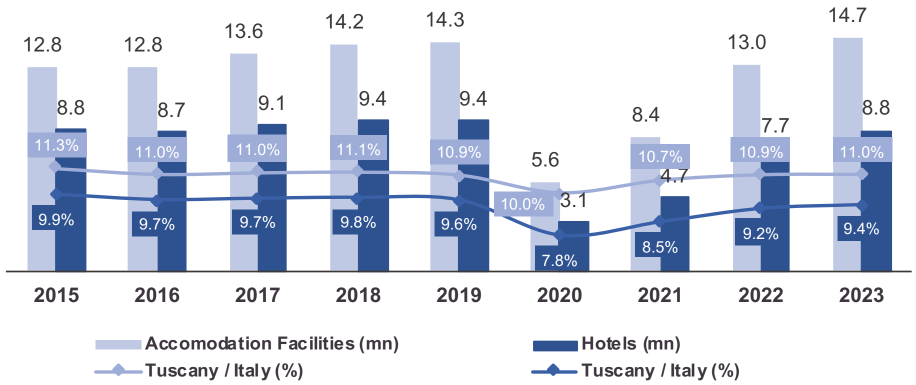
Source: ISTAT, Value Track analysis

Still, Tuscany is an "Evergreen" for Tourism

Soges enjoys the advantage of operating in the highly resilient and prosperous tourism market of Tuscany. Analyzing the data from the Tuscan hospitality sector, we highlight the following key points.

- **Tuscany is clearly a top choice**: the region consistently ranks as a top tourist location, accounting for approximately 10-11% of all tourists visiting the country;
- **Pre-Pandemic levels unmet**: in sync with nationwide data, hotel occupancy has not yet returned to 2019 levels (8.8mn in FY23 vs. 9.4mn peak in 2019, reflecting a 6.6% decline);

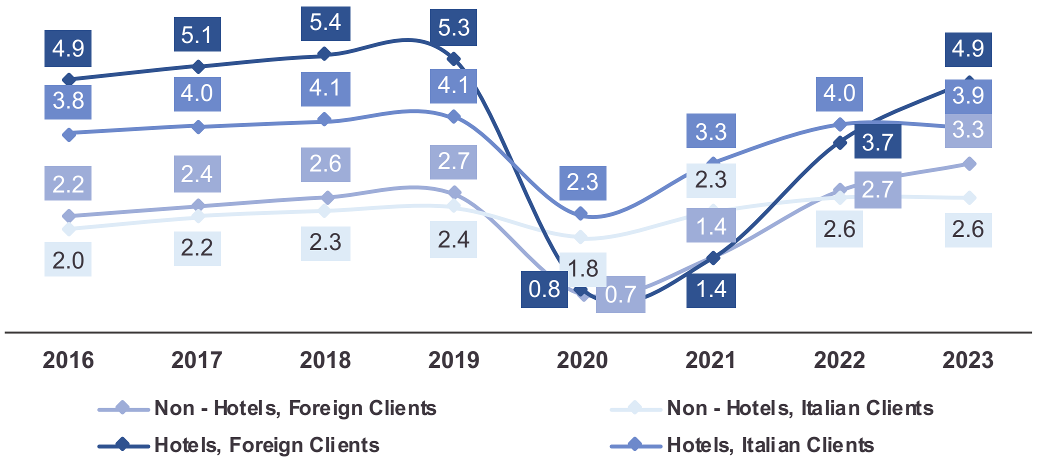
Tourist Presence in Italy (2015-2023) and Tuscany's Share in Hotel Facilities and Other Accomodations



Source: ISTAT, Value Track analysis

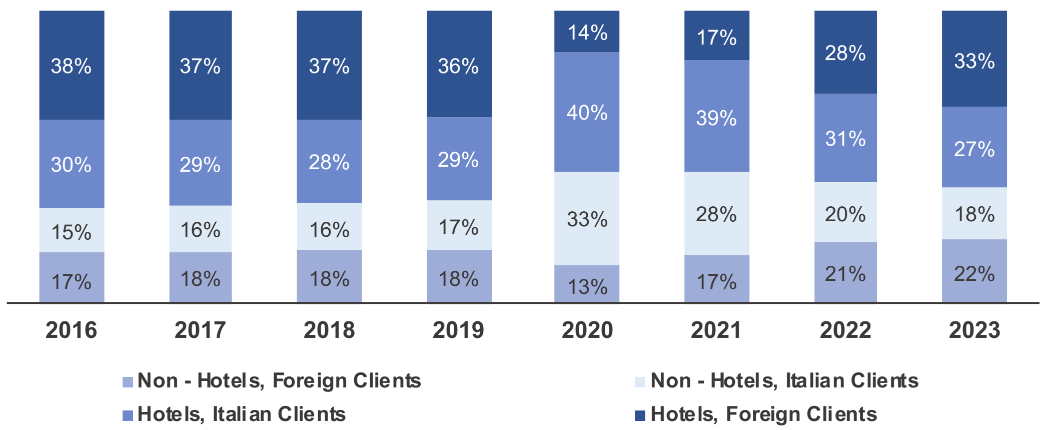
- **Tourists still prefer hotels**: hotels remain the preferred choice for 60% of tourists, although there is a gradual shift towards alternative types of accommodations such as vacation rentals, hostels, serviced apartments (e.g., Airbnb), and boutique guesthouses;
- **Hotels favoured by internationals**: hotels are mainly chosen by international tourists, with 55% of hotel guests being international in 2023, essentially returning to the pre-pandemic distribution (ca. 56%) after a period in which data was altered by the pandemic aftermath.

Historical Trend of Guests in Tuscany by Origin and Accommodation Type (mn)



Source: ISTAT, Value Track analysis

Annual Distribution of Customer Types in Hotel and Non-Hotel Accommodations in Tuscany



Source: ISTAT, Value Track analysis

The Market Opportunity of Independent Hotels

Management screenings indicate that approximately 68% of hotels in Tuscany are independently / family-operated. This statistic highlights a substantial market opportunity for Soges, which can target a broad spectrum of mid-range and premium independent hotels that:

- **Face generational change issues**, such as situations where successors are either unwilling or unavailable to manage hotel, or current owners prefer the financial simplicity of earning rent over active management;
- **Currently underperform**, due to inefficient family-management practices, presenting a prime opportunity for professional intervention and turnaround strategies;
- **Could immediately gain from joining Soges' Network**, by implementing its best practices, centralized management functions, and leveraging established industry relationships.

Competition Is Active, but Manageable

Tuscany's diverse and geographically dispersed tourist attractions contribute to a highly fragmented hospitality market characterized by intense competition. However, several strategic factors manage to mitigate these challenges effectively.

1) **Plenty of opportunities**: with many small and independent hotels, the market is far from saturation, allowing new entrants like Soges substantial room for growth without facing the immediate risk of an overcrowded market;
2) **Non-priority for large chains**: unlike other Italian hotspots, Tuscany is not the primary focus for big hotel chains, which tend to concentrate on larger urban centres and top-luxury segments. This relative lack of interest from big chains reduces direct competition, providing smaller players more operational breathing space;
3) **Positive Spillover Effects**: the dense clustering of hotels in Tuscany and Florence creates a district-like competitive environment that enhances overall demand and drives more traffic for all of the market participants.

To delineate Soges' competitive landscape, we have conducted a detailed analysis of major entities within the hospitality sector, focusing on operators managing 4-star establishments. The findings from this analysis are summarized in the table below, listing the key competitors.

Competitive Market: Key Financials from Last Available Year

Property	VoP	EBIT	EBIT Margin (%)	Net Profit
International				
Starhotels (2021)	86.8	-13.5	<0	-18.1
Minor Hotels (2023)*	2,163.0	303.2	14.0%	128.1
Best Western (2023)	960.2	na	na	na
25hours Hotels (2022)	141.3	9.2	6.5%	6.3
Hilton Worldwide (2023)	10,235.0	2,225.0	21.7%	1,141.0
Marriott International (2023)	23,713.0	3,935.0	16.6%	3,083.0
National				
Adler Resort & Lodges (2022)	2.6	0.1	3.3%	0.1
Uappala Hotels (2022)	6.6	0.5	7.4%	0.3
Regional (Tuscany)				
Siena Inns (2023)	0.2	0.0	5.7%	0.0
To Florence Hotels (2023)	2.0	-0.1	<0	-0.1
Ross Hotels Group (2023)	8.6	0.7	8.4%	0.5
Aggregate	**37,319.2**	**6,460.1**	**17.3%**	**4,341.2**
Average	**3,392.7**	**646.0**	**10.5%**	**434.1**
Median	**86.8**	**0.6**	**7.9%**	**0.4**

Source: Soges Group (*) former NH Hotel Group

The "Wild-West Era" of short-term rentals may be over

The recent regulatory reforms in Italy, effective from September 2024, might imply a significant shift in the competitive landscape for short-term rentals, particularly affecting platforms like **Airbnb**. These changes aim to level the playing field by **imposing stricter rules on short-term rental properties**, which have historically operated with fewer restrictions compared to traditional hotels.

We draw attention to these recent regulatory updates:

1) **National Identification Code (CIN):** From September 2024, all short-term rental properties must register with the National Database of Accommodation Structures (BDSR) and obtain a CIN. This code must be visibly displayed on the property and in all marketing materials;
2) **Taxation Shift**: As of 2024, the flat tax rate for short-term rentals will increase from 21% to 26% for landlords renting out more than one property in a given year. This aims to discourage the widespread use of multiple properties for short-term rentals;
3) **Entrepreneurial Classification**: Property owners renting more than 4 units will now be classified as operating a business and will be required to register for VAT;
4) **Safety and Compliance Standards**: Short-term rental properties must now meet stringent safety and health regulations, including fire prevention measures and the installation of carbon monoxide detectors. These measures align short-term rentals with long-standing hotel compliance standards.

While the exact outcome remains to be seen, we see potential for cautious optimism based on precedent from similar regulations in other locations. As an example, very similar measures in New York (*Local Law 18*) led to a sharp decline in rental listings, adding an estimated 2mn hotel room nights in 2024 and $380mn in additional revenue. This shift restored pricing power to hotels, with **room rates rising by up to 8%** *(Source: Commercial Observer, The Real Deal)*.

#3 Scalability and Financial Strength

Strong growth fuelled by expanding properties portfolio

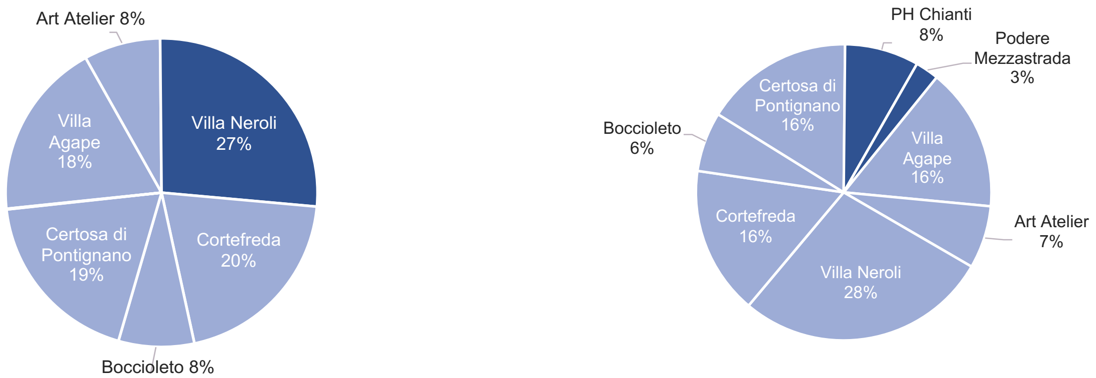
Soges Group has been able to grow at a **37.6% CAGR2019-2023**, with external growth, coming from the expansion of the property portfolio, playing a significant role.

Specifically, we highlight that:

1) Acquired entities contribution to Revenues was 27%/11% in 2022/2023, respectively;
2) In 2023, 61% of Revenues were generated from properties acquired between 2019 and 2023;
3) *Booking.com* ratings were improved by +0.4 points on average, with post-2019 acquisitions seeing an even greater increase of +0.6 points.

We also highlight that transactions occurred at favourable terms and were thoughtfully planned as a part of a broader industrial project with the goal of integrating the targets into a network of premium hotels throughout Tuscany, each configured to capitalize on unique district-specific advantages and points of interest. All this applies also to the last acquisition, recently announced (July 2024) and that will generate Revenues starting as of 2025.

Soges Group: Properties Impact on Revenues FY22-FY23



Source: Soges Group, Value Track analysis

Soges Group: Acquisition Milestones

Property	Acq. Year	Rooms	Restaurant	Avg. Daily Rate	Occup. Rate
Certosa di Pontignano	2014	52	✔	€ 98	79%
Art Hotel Villa Agape	2015	31	✔	€ 203	93%
Boccioleto Resort & SPA	2018	28	✔	€ 118	86%
Art Hotel Atelier	2021	33		€ 170	91%
Borgo di Cortefreda	2021	55	✔	€106	82%
Villa Neroli	2022	76	✔	€ 153	85%
Park Hotel Chianti	2023	43		€ 101	79%
Podere Mezzastrada	2023	20		€ 115	59%
Hotel Malaspina	2024	31		TBD	TBD

Source: Soges Group, Value Track analysis

Improving margins, one hotel at a time

Soges operates from the central headquarters in Florence, which, despite not directly generating any revenue, is pivotal for managing and monitoring operations. This structure, with fixed costs of ca. €1.7mn in 2023 and a staff of 18, plays a crucial role in the company's **positive operational leverage capability**.

Indeed, each new property included into the portfolio contributes significantly to EBITDA with minimal incremental overhead costs (e.g., hiring 1/2 more staff members at headquarters).

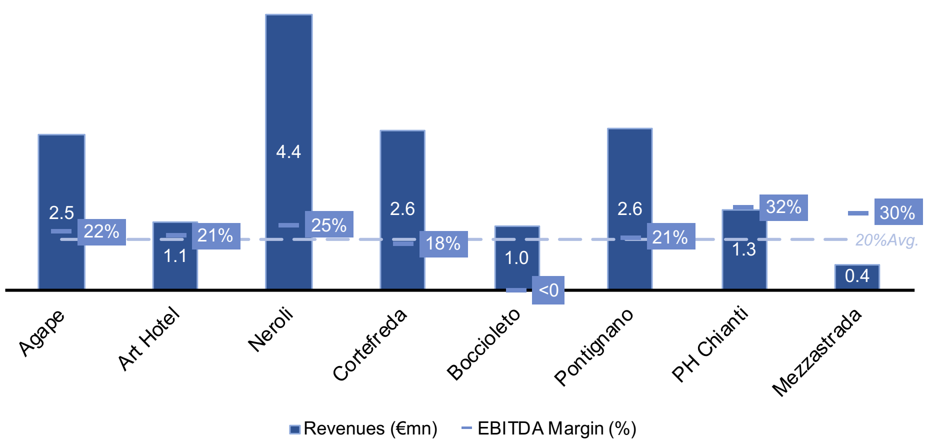
As an example, let's assume the acquisition of a facility generating €5mn in Revenue, with EBITDAR and EBITDA margins of 30% and 20% respectively, in line with the average of Soges' portfolio for the same year. Assuming that operating expenses (Opex) do not increase, or increase minimally (though they are neglected in this example), the improvement in EBITDA margin ranges between 2% to 3% for the first €1mn EBITDA. Of course, additional €1mn increase in EBITDA are expected to yield diminishing marginal returns, yet this simplified simulation suggests there is **potential for EBITDA margin increases up to a theoretical ceiling of 20%.** This can be even higher if the target boasts an higher margin, which is not so uncommon considering that 5 out of 8 Soges properties boast margins exceeding 20%.

Soges Group: Operating Leverage potential

P&L (€mn)	2023	Hotel 1	2023 + H1	Hotel 2	2023+H1+H2
Revenues	**15.9**	**5.0**	**20.9**	**5.0**	**25.9**
Cogs + Opex	-13.0	-3.5	-16.5	-3.5	-20.0
EBITDAR	**3.0**	**1.5**	**4.5**	**1.5**	**6.0**
EBITDAR Margin (%)	*18.6%*	*30.0%*	*21.4%*	*30.0%*	*23.0%*
EBITDA	**1.5**	**1.0**	**2.5**	**1.0**	**3.5**
EBITDA Margin (%)	*9.1%*	*20.0%*	***11.7%***	*20.0%*	***13.3%***

Source: Soges Group, Value Track analysis

Revenues and EBITDA Margin per Managed Property in 2023



Source: Soges Group, Value Track analysis

Asset light business model

Soges oversees hotels operations **without holding direct ownership** of the real estate assets. Indeed, rather than acquiring the building itself, the company opts for management contracts, and avoids the risks associated with property ownership.

As a consequence, the Group runs a relatively lean and asset light business model, which is labour intensive but not that capital intensive.

The Group's only real estate transaction is the **acquisition of Borgo di Cortefreda**, initiated in 2021 and completed in July 2024.

However, we do not anticipate significant disruptions to the balance sheet or the company's business model, as the acquisition should occur through a finance lease and accounted with the Capital Method ("Patrimoniale") under Italian Gaap, with which it should be treated similarly to a traditional lease contract. As such, the effects on P&L and BS should be as follow:

1) Soges records only the monthly lease payments as rental expense on the income statement;
2) The leased asset is not recognized on Soges balance sheet, until the purchase option is exercised, and the ownership transfers to the lessee;
3) The €1.4mn initial cash-out occurred in July will be matched by a prepaid expense of the same amount, which and amortized over the lease term.

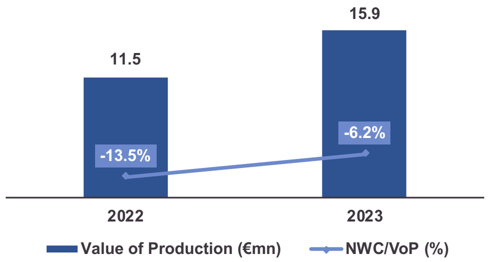
Efficient Working Capital Management

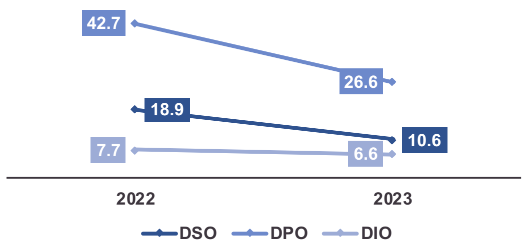
A key strength of Soges lies in its working capital structure, a key point in the hospitality industry where upfront payments is standard practice. This allows Soges to maintain **exceptionally low DSO**, typically within the **10-20 day range**, significantly enhancing its cash flow efficiency.

Furthermore, Soges successfully negotiates favourable terms with its suppliers, ensuring that trade payables remain higher than receivables.

This careful balancing act maximizes operational cycle efficiency (NWC was negative in FY22-23), and ultimately secures more regulated cash inflows/outflows.

Soges Group: VoP vs. Net Working Capital (left) and Operating Cycle metrics FY22-FY23 (right)





Source: Soges Group, Value Track analysis

Growth Strategies / Goals

In the short term we expect Soges to focus on acquiring new management contracts, adding managerial staff at headquarter, and increasing brand awareness for "Place of Charme. Boosting revenue size is, in particular, the most important goal as it would unlock further margins improvement thanks to positive operating leverage.

In the medium term we would expect Soges to explore new market segments and geographies, potentially launching a second brand and expanding into high-end tourist areas like Sardinia and Venice. Additionally, partnerships with real estate companies to manage properties and exploring "white label" operations might be valuable growth options.

The Goal: boosting revenue size

As previously described, Soges business model is highly scalable and doesn't deserve material incremental G&A costs to manage a higher number of properties. On the contrary, a higher number of properties would allow to achieve higher profitability ratios / stronger financial stance thus fostering a promising virtuous circle.

We hint that the revenue size that should allow EBITDA margin to overcome the 15% threshold is in the €40mn region.

Short-Term strategies

- **Continuous scouting for new management contracts to acquire.** Indeed, this is the fastest way to achieve the above mentioned €40mn revenue goal and to efficiently exploit Soges profitability potential;
- **Managerialization.** A couple of additional managers (e.g. a fully dedicated business development manager) are needed at the Headquarter level in order to fully unlock Soges growth capability;
- **Boosting the awareness of "Place of Charme" brand,** via both online marketing and offline activities (e.g., participation to industry fairs and so on).

Medium-Term strategies / growth options

In the medium term it could be interesting / profitable to capitalize on Soges management capabilities by addressing different market segments / geographies and to add new partnership on both the business and financial side. Some examples:

- **Start building a second brand,** such as a business oriented one;
- **Enter new geographies,** thus enlarging the current catchment area. Versilia could be the closer target, followed by selected high-end touristic "spots" such as Sardinia, Sicily, Milan, Venice and so on;
- **Signing agreements with Real Estate companies** interested to own the assets for which Soges acquires the management contract. This could be extremely valuable in the acquisition of small groups of hotels where assets ownership and operations management currently coincide;
- **Signing agreement to start operating under "white label"**, where hotel is operated by Soges but branded and marketed under another well-known international brand.

Recent Financial Performance

In 2023, Soges posted a robust 46% y/y Revenue increase (Value of Production 39% y/y), fuelled by both organic growth within its 2022 perimeter (31% y/y) and the acquisition of new management contracts (15% y/y, i.e. Hotel Mezzastrada and Park Hotel Chianti). Strong operational leverage significantly boosted profitability, with EBITDA Adj. increased threefold, a margin improvement of +456 bps to 8.4%. Net Debt rose to €3.4mn, up from €2.7mn in FY22, driven by €1.6mn in Capex, between property improvements and pre-IPO investments and affected by some working capital needs. Clearly, as the IPO occurred in 2024, 2023 financials do not include IPO proceeds.

Key messages

Key highlights from Soges's **2023** financial results are as follows:

- **Value of Production** at **€15.9mn** (+38.7% y/y), with Revenues from Sales at €15.8mn (+46.3% y/y), driven by both organic (30.8% y/y) and external growth (15.5% y/y);
- **EBITDAR Adj.** (for non-recurring revenues) **at €2.9mn** (+93.3% y/y), with **EBITDAR margin Adj. reaching the 18.0% threshold** (+507bps);
- **EBITDA Adj. increased threefold to €1.3mn**, **EBITDA Adj. margin at 8.4%** (+456bps);
- **Net Financial Position at €3.4mn** after €1.6mn Capex in the year, entirely absorbing the EBITDA generated, and further weighted by NWC dynamics.

Soges Group: Key Financials FY22-FY23

(€, mn)	2022	2023	y/y
Value of Production	**11.5**	**15.9**	**38.7%**
Gross Profit	10.2	14.1	38.5%
Gross Margin (%)	*88.7%*	*88.5%*	*-17bps*
EBITDA	**0.9**	**1.5**	**59.4%**
EBITDA Margin (%)	*7.9%*	*9.1%*	*118bps*
Net Profit	**0.3**	**0.4**	**43.0%**
Net Margin (%)	*2.5%*	*1.9%*	*-62bps*
EBITDAR Adj.	**1.5**	**2.9**	**93.3%**
EBITDAR Adj. Margin (%)	*12.9%*	*18.0%*	*507bps*
EBITDA Adj.	**0.4**	**1.3**	**nm**
EBITDA Adj. Margin (%)	*3.9%*	*8.4%*	*456bps*
Net Profit Adj.	**0.3**	**0.3**	**4.8%**
Net Adj. Margin (%)	*2.5%*	*1.9%*	*-62bps*
Net Debt (-) Cash (+)	**-2.7**	**-3.4**	**-0.7mn**

Source: Soges Group, Value Track analysis

Profit & Loss Account

A Year of both organic growth and external expansion

FY23 Revenues from Sales stood at €15.8mn (+46.3% y/y), result of both organic growth (30.8% y/y) and the consolidation of the economic data of newly acquired management contracts (15.5% y/y), and related to Park Hotel Chianti and Podere Mezzastrada.

Value of Production (+38.7% y/y), also includes €161k Non-Recurring Revenues, such as Industry 4.0 grants and other extraordinaries, for which we adjust main P&L figures.

Soges Group: Revenues Breakdown by Property FY22-FY23

(€, mn)	2022	2023	y/y
Art Hotel Villa Agape	2.0	2.5	23.5%
Art Hotel Atelier	0.9	1.1	26.3%
Villa Neroli	2.9	4.4	52.9%
Borgo di Cortefreda	2.2	2.6	17.4%
Boccioleto Resort & Spa	0.8	1.0	21.6%
Certosa di Pontignano	2.0	2.6	27.0%
Park Hotel Chianti	-	1.3	nm
Podere Mezzastrada	-	0.4	nm
Total Revenues	**10.8**	**15.8**	**46.3%**
Other Revenues	0.7	0.2	-77.3%
Value of Production	**11.5**	**15.9**	**38.7%**

Source: Soges Group, Value Track analysis

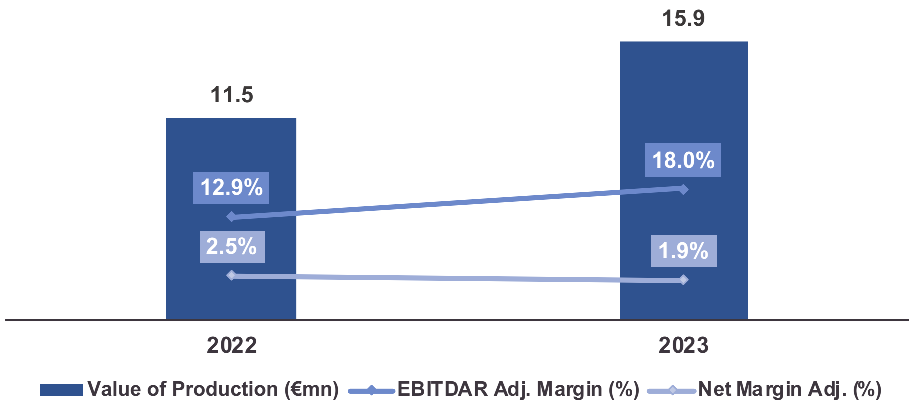
Margins positively affected by two new contracts addition

Profitability improvement is driven by two items: 1) the ramp-up of portfolio assets' revenue, which saw an average 20-25% growth y/y, with Villa Neroli up 60% due to only being operational for 292 days in FY22 (restructuring works); 2) margin uplift from new management contracts added, contributing an estimated €620k in EBITDAR and €530k in EBITDA for FY23.

More in detail:

- **FY23 EBITDAR Adj.** (for non-recurring revenues) **amounted to €2.9mn** (+93.3% y/y), with **EBITDAR margin Adj. reaching the 18.0% threshold** (+507bps);
- **FY23 EBITDA Adj. increased threefold to €1.3mn**, with **EBITDA margin Adj. at 8.4%** (+456bps);
- On the **cost side**, we observe a reshuffling due to a significant rise in the cost of Labour (40.4% of VoP; 36.9% in FY22), offset by a decrease in Services (27.9% of VoP; 33.1% in FY22) and Raw Materials (11.5% of VoP; 13.0% in FY22), while Cost of Rent was broadly stable in the 8-9% range;
- **FY23 EBIT stood at €0.5mn** (+55.8% y/y), with EBIT Margin improving at 3.4% (+37bps) growing more than proportionally due to lower incidence of D&A;
- **FY23 Reported Net profit stood at €0.4mn** (+43.0% y/y), as a results of the above, together with higher financial charges related to an increased debt level (+€184k y/y) and but negative taxes (i.e. gains, as deferred tax assets exceed current taxes) related to previous tax losses positively assessed as recoverable.

Soges Group: VoP, EBITDAR Adj. & Net Margins Adj. evolution FY22-FY23



Source: Soges Group, Value Track analysis

Soges Group: P&L FY22-FY23

(€, mn)	2022	2023	y/y
Value of Production	**11.5**	**15.9**	**38.7%**
Raw Materials, Δ Inventory	-1.3	-1.8	40.8%
Gross Profit	**10.2**	**14.1**	**38.5%**
Gross Margin (%)	***88.7%***	***88.5%***	***-17bps***
Costs of Services	-3.8	-4.5	16.9%
Costs of Rent	-1.0	-1.5	51.4%
G&A	-0.2	-0.3	8.6%
Labour Costs	-4.2	-6.4	51.9%
EBITDA	**0.9**	**1.5**	**59.4%**
EBITDA Margin (%)	***7.9%***	***9.1%***	***118bps***
D&A	-0.6	-0.8	36.6%
Provision	0.0	-0.1	nm
EBIT	**0.3**	**0.5**	55.8%
Interest Expenses	-0.1	-0.3	nm
Other Non-Op. Inc./Exp.	0.0	0.0	nm
Pre-Tax Profit	**0.2**	**0.2**	3.7%
Taxes	0.1	0.2	nm
Net Profit	**0.3**	**0.4**	**43.0%**
Net Margin (%)	*2.5%*	*1.9%*	*-62bps*
EBITDAR Adj.	**1.5**	**2.9**	**93.3%**
EBITDAR Adj. Margin (%)	*12.9%*	*18.0%*	*507bps*
EBITDA Adj.	**0.4**	**1.3**	**nm**
EBITDA Adj. Margin (%)	*3.9%*	*8.4%*	*456bps*
Net Profit Adj.	**0.3**	**0.3**	**4.8%**
Net Adj. Margin (%)	*2.5%*	*1.9%*	*-62bps*

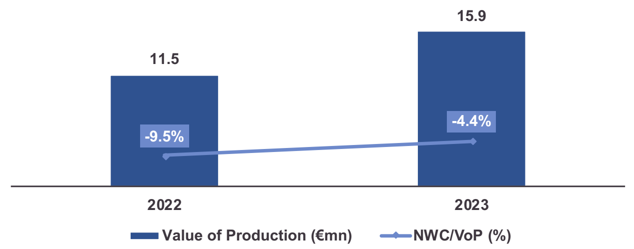
Source: Soges Group, Value Track analysis

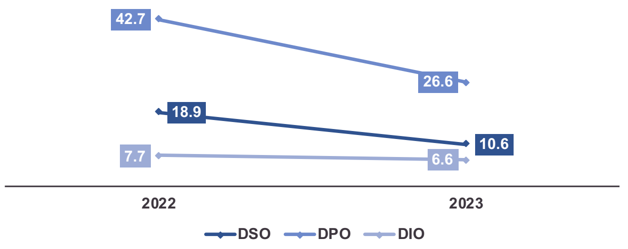
Balance Sheet & Cash Flow Statement

At Balance Sheet and Cash Flow level we note at the end of FY23:

- **Net Fixed Assets stood at €6.6mn**, following cumulative €3.4mn investments in FY22-FY23 (€1.6mn in 2023). These reflect partly the €700k invested in portfolio properties over the 2 years, but mainly investments related to pre-IPO structuring, including management systems, IT platforms, and other capitalized costs;
- **Net Working Capital stood at -€0.7mn** (-€1.1mn in FY22), absorbing ca. €400k due to an adverse receivables/payable dynamic but still in negative territory and definitely under control;
- **Net Debt at €3.4mn** (vs. €2.7mn as of FY22), as a result of aforementioned cash absorptions/generations. Net Debt structure underwent substantial changes due to the borrowing of new bank debt (ca. + €1.8mn Total Debt y/y) to finance investments for new acquisitions.

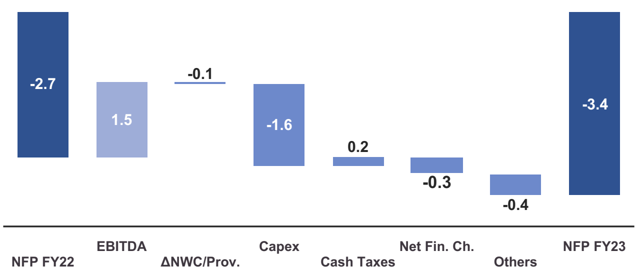
Soges Group: FY22-FY23 NWC on VoP (%, left) and Cash Conversion Cycle (days, right)

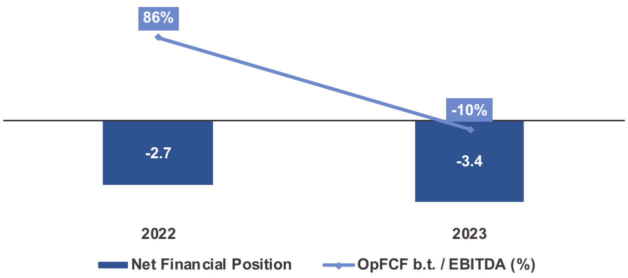




Source: Soges Group, Value Track analysis

Soges Group: Net Debt bridge (left) and Net Debt & OpFCF/EBITDA Evolution (right)





Source: Soges Group, Value Track analysis

Soges Group: Balance Sheet FY22-FY23

(€, mn)	2022	2023	y/y
Net Fixed Assets	5.7	6.6	16.0%
Net Working Capital	-1.1	-0.7	nm
Provisions	0.6	1.0	53.0%
Total Capital Employed	**4.0**	**4.9**	24.3%
Group Net Equity	**1.2**	**1.5**	21.8%
Net Financial Position	**-2.7**	**-3.4**	**-0.7mn**

Source: Soges Group, Value Track analysis

Forecasts 2024E-2028E

The coming years are set to be a period of rapid expansion for Soges, which we deem capable to expand its managed contract's portfolio at a pace of at least a couple of hotels each year. Thanks to significant operational leverage, this expansion should substantially improve margins and cash flow, creating a virtuous growth cycle. Each new addition boosts cash generation, aided by NWC and minimal Capex, which in turn supports further acquisitions and expansions. As a result, we forecast: 1) Value of Production up at ca. 14.8% CAGR2023-2028E to ca. €32mn in 2028E; 2) EBITDA margin converging to 13% benefitting from operating leverage and further economies of scale; 3) Free Cash Flow generation, progressively increasing and leading Net Cash to €2.0mn in 2028.

Forecasts guidelines

As far as 2024E-28E financial forecasts are concerned, we note that our estimates:

- Are built in accordance with IT GAAP principles (OIC);
- Include the acquisition of at least a couple of new management contracts per year throughout the forecasting horizon (equivalent to additional €2.0mn-€2.5mn revenues per year). The features of these hotels (margins, rooms, etc.) are expected in line with those of Soges' existing portfolio. Should these acquisitions occur earlier than projected, growth profile could improve dramatically.

Key Forecasts

In our base case, we expect Soges Group key financials to evolve as follows:

- **Value of Production** at **€31.8mn in 2028E** increasing at 14.8% CAGR2023-2028E;
- **Reported EBITDA at 4.1mn in 2028E,** growing faster than top line, with **Margin at 13.0% in 2028E**, ca. 390bps higher than 2023 driven by operating leverage and economies of scale;
- **Net Financial Position at break-even in 2027E** and turning into cash in 2028, at €2.0mn.

Soges Group: Key Financials FY23-FY28E

(€, mn)	2023	2024E	2025E	2026E	2027E	2028E	23-28E CAGR
Value of Production	**15.9**	**16.9**	**22.0**	**25.3**	**28.5**	**31.8**	**14.8%**
Gross Profit	14.1	14.9	19.4	22.4	25.2	28.2	14.8%
Gross Margin (%)	*88.5%*	*88.2%*	*88.5%*	*88.5%*	*88.5%*	*88.5%*	*0.0%*
EBITDA	**1.5**	**1.7**	**2.5**	**3.1**	**3.5**	**4.1**	**23.3%**
EBITDA Margin (%)	*9.1%*	*10.3%*	*11.3%*	*12.1%*	*12.4%*	*13.0%*	*390bps*
Net Profit	**0.4**	**0.4**	**0.8**	**1.2**	**1.3**	**2.0**	**36.4%**
Net Margin (%)	*1.9%*	*2.0%*	*3.7%*	*4.8%*	*4.4%*	*6.0%*	*409bps*
EBITDAR Adj.	**2.9**	**3.5**	**5.2**	**6.2**	**7.0**	**8.0**	**22.7%**
EBITDAR Adj. Margin (%)	*18.0%*	*21.0%*	*23.7%*	*24.4%*	*24.7%*	*25.0%*	*705bps*
Net Profit Adj.	**0.3**	**0.3**	**0.8**	**1.2**	**1.3**	**1.9**	**44.2%**
Net Adj. Margin (%)	*1.9%*	*2.0%*	*3.7%*	*4.8%*	*4.4%*	*6.0%*	*409bps*
Net Debt (-) Cash (+)	**-3.4**	**-2.9**	**-2.5**	**-1.8**	**0.0**	**2.0**	**5.5mn**

Source: Soges Group, Value Track analysis

Profit & Loss Account

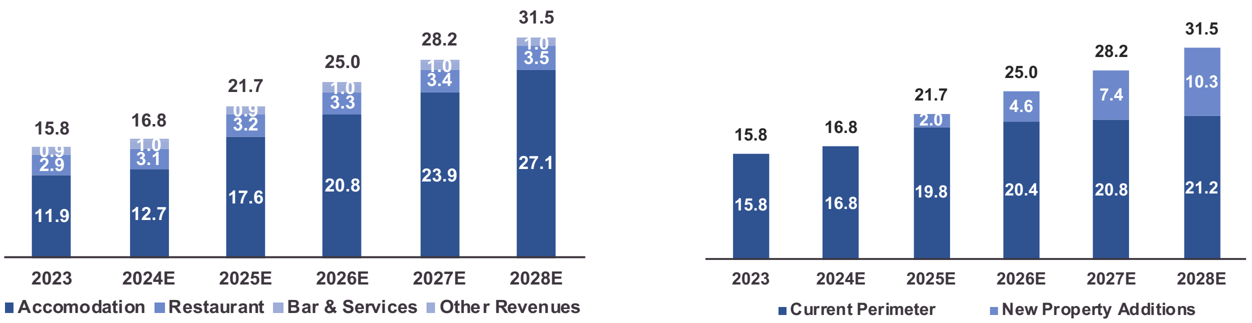
Revenues from Sales growing at 14.8% CAGR

We forecast Soges to reach **€31.5mn Revenues from Sales in 2028E** (VoP €31.8mn), increasing at 14.8% CAGR2023-2028E with breakdown shifting even more towards accommodation segment.

We highlight the following key points:

1) **Growth Drivers**: Growth is anticipated to be mainly driven by the acquisition of new management contracts (we forecast one or two per year, but the company can manage an even higher number) and in the short term also by the capacity expansion of Art Atelier (July '24) and the opening of Hotel Malaspina (expected in March '25);
2) **Seasonality Dynamics**: Soges' revenues exhibit some seasonality as second half of the year encompasses the peak summer tourist season and the end-of-year festive season. As such, we expect revenues to be more heavily weighted towards 2H;
3) **Breakdown by BUs**: We forecast the weight of Accommodation on Total Revenues to increase significantly, growing at a 17.8% CAGR2023-2028E. This growth is primarily driven by the ramp-up of recent projects, including the Art Atelier capacity expansion and Hotel Malaspina, which notably lacks dining facilities. We do not anticipate significant changes in the revenue contribution from properties already in the portfolio, as key operational metrics are forecasted to continue mirroring historical trends. We assume much lower growth for the Restaurant segment (3% CAGR2023-2028E) and Other Services, which are expected to remain stable around €1mn. In the long term, revenue mix should be shaped by whether new hotels include dining options, though accommodation will remain the main revenue driver.

Soges Group: Revenues Breakdown FY23-28E by segment (€mn, left) and Current vs. New Perimeter (€mn, right)



Source: Soges Group, Value Track analysis

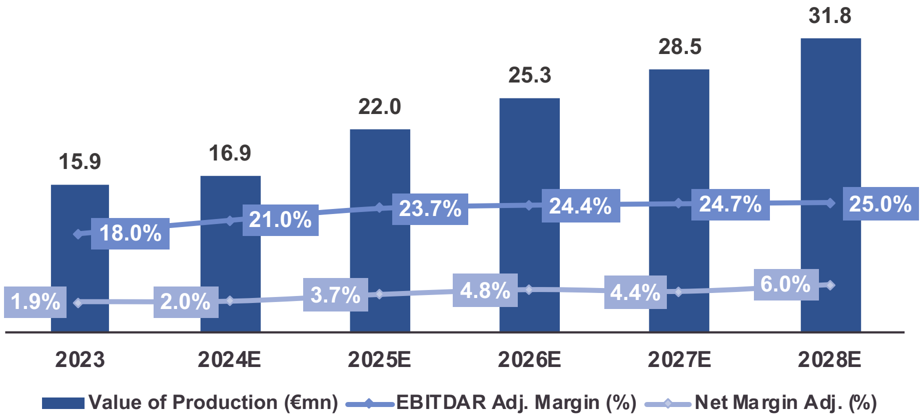
Profitability expected to benefit from operating leverage

Our main assumptions as for profitability and margins are the following:

- **EBITDAR Margin Adj.** (for non-recurring revenues) at **21.0% in 2024E**, positively impacted by the expansion project of Art Atelier which alone should bring ca. €300k additional EBITDAR (and ca. €200k EBITDA), and gradually converging toward **25.0% in 2028E**, as profitability gradually benefits from each property added;
- **EBIT Margin** at **4.6% in 2024E** and converging to **9.3% in 2028E** as we expected the limited Capex to results in D&A growing at a slower pace than EBITDA;
- **Net Profit** at **€0.4mn in 2024E** and expected to quintuple to **€2.0mn by 2028E**, with Net Financial Charges peaking in 2025 before declining according to current amortization plans. The

Tax Rate should become significant only in 2027-28, when the company should have utilized its current tax capacity (previous losses).

Soges Group: VoP, EBITDAR Adj. & Net Margins Adj. evolution FY23-28E



Source: Soges Group, Value Track analysis

Soges Group: P&L FY23-FY28E

(€, mn)	2023	2024E	2025E	2026E	2027E	2028E
Value of Production	**15.9**	**16.9**	**22.0**	**25.3**	**28.5**	**31.8**
Raw Materials, Δ Inventory	-1.8	-2.0	-2.5	-2.9	-3.3	-3.7
Gross Profit	**14.1**	**14.9**	**19.4**	**22.4**	**25.2**	**28.2**
Gross Margin (%)	***88.5%***	***88.2%***	***88.5%***	***88.5%***	***88.5%***	***88.5%***
Costs of Services	-4.5	-4.5	-6.3	-7.2	-8.1	-9.1
Costs of Rent	-1.5	-1.9	-2.9	-3.3	-3.7	-4.0
G&A	-0.3	-0.3	-0.4	-0.4	-0.5	-0.5
Labour Costs	-6.4	-6.6	-7.5	-8.4	-9.4	-10.4
EBITDA	**1.5**	**1.7**	**2.5**	**3.1**	**3.5**	**4.1**
EBITDA Margin (%)	***9.1%***	***10.3%***	***11.3%***	***12.1%***	***12.4%***	***13.0%***
D&A	-0.8	-1.0	-1.1	-1.4	-1.5	-1.2
Provision	-0.1	0.0	0.0	0.0	0.0	0.0
EBIT	**0.5**	**0.7**	**1.3**	**1.7**	**2.0**	**3.0**
Interest Expenses	-0.3	-0.4	-0.4	-0.3	-0.3	-0.2
Other Non-Op. Income/Expenses	0.0	0.0	0.0	0.0	0.0	0.0
Pre-Tax Profit	**0.2**	**0.4**	**0.9**	**1.4**	**1.8**	**2.8**
Taxes	0.2	-0.1	-0.1	-0.1	-0.5	-0.8
Net Profit	0.4	**0.3**	0.8	1.2	1.3	2.0
Net Profit Adj.	**0.3**	**0.3**	**0.8**	**1.2**	**1.3**	**1.9**
Net Profit Adj. Margin (%)	***1.9%***	***2.0%***	***3.7%***	***4.8%***	***4.4%***	***6.0%***

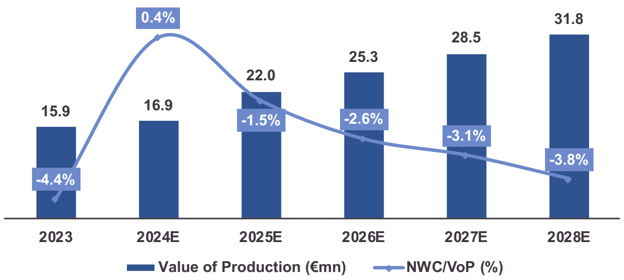
Source: Soges Group, Value Track analysis

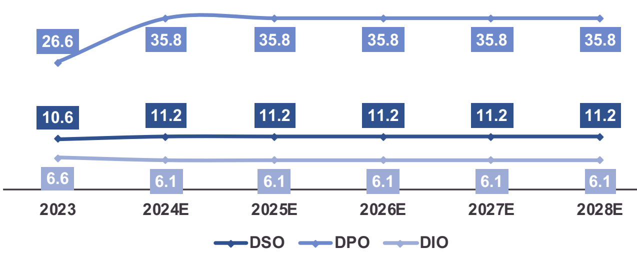
Balance Sheet & Cash Flow Statement

In 2024-2028E years, we expect the progressive improvement in margins, structurally negative NWC, and disciplined Capex to contribute to a gradual acceleration in the company's cash generation profile. In more details, we expect:

- **Net Working Capital** absorption to peak in 2024E, driven by the €1.4mn prepayment for the Cortefreda lease, recognized as a prepaid asset to be amortized over future periods, as well as tax credits linked to the IPO. Thereafter, NWC is expected to gradually normalize, returning to negative levels typical of this business model;
- **Net Fixed Assets** growing to **€10.2mn in 2028E**, reflecting investments on newly "acquired" properties. As the company grows beyond its current undersized phase, we expect the Capex-to-Revenue ratio to decline significantly;
- **Net Financial Position** breaking even in 2027E and reaching **€2.0mn (Net Cash) in 2028E.** This implies €3.4mn FCF generation (net of €1.9mn IPO costs), mostly in 2027E and 2028E, i.e. when cash conversion ratio ($OpFCF_{b.t.}$/EBITDA) should surpass the 70% threshold.

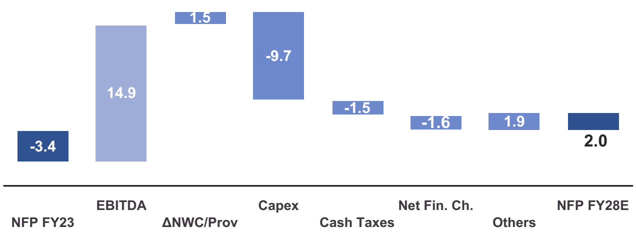
Soges Group: FY23-28E NWC on VoP (%, left) and Cash Conversion Cycle (days, right)

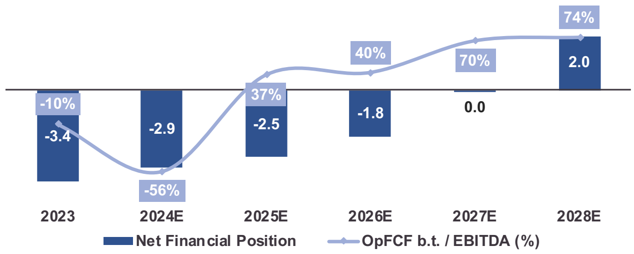




Source: Soges Group, Value Track analysis

Soges Group: Net Debt bridge (left) and Net Debt & OpFCF/EBITDA Evolution (right)





Source: Soges Group, Value Track analysis

Soges Group: Balance Sheet FY23-FY28E

(€, mn)	2023	2024E	2025E	2026E	2027E	2028E
Net Fixed Assets	6.6	7.8	8.7	9.8	9.8	10.2
Net Working Capital	-0.7	0.1	-0.3	-0.7	-0.9	-1.2
Provisions	1.0	1.1	1.3	1.5	1.7	1.9
Total Capital Employed	**4.9**	**6.7**	**7.1**	**7.6**	**7.1**	**7.1**
Group Net Equity	**1.5**	**3.7**	**4.6**	**5.8**	**7.1**	**9.1**
Net Financial Position	**-3.4**	**-2.9**	**-2.5**	**-1.8**	**0.0**	**2.0**

Source: Soges Group, Value Track analysis

Soges Group: Cash Flow FY23-FY28E

(€, mn)	2023	2024E	2025E	2026E	2027E	2028E
EBITDA	1.5	1.7	2.5	3.1	3.5	4.1
Δ NWC	-0.4	-0.8	0.4	0.3	0.2	0.3
Capex	-1.6	-2.1	-2.1	-2.4	-1.5	-1.6
Δ Provisions	0.3	0.2	0.2	0.2	0.2	0.2
OpFCF b.t.	**-0.1**	**-1.0**	**0.9**	**1.2**	**2.5**	**3.1**
As a % of EBITDA	*-10.0%*	*-55.7%*	*37.4%*	*39.8%*	*70.3%*	*73.6%*
Cash Taxes	0.2	-0.1	-0.1	-0.1	-0.5	-0.8
OpFCF a.t.	**0.0**	**-1.1**	**0.8**	**1.1**	**2.0**	**2.3**
Capital Injections	0.0	1.9	0.0	0.0	0.0	0.0
Others (incl. Financial Inv.)	-0.4	0.0	0.0	0.0	0.0	0.0
Net Financial Charges	-0.3	-0.4	-0.4	-0.3	-0.3	-0.2
Dividends Paid	0.0	0.0	0.0	0.0	0.0	0.0
Δ Net Financial Position	**-0.7**	**0.5**	**0.4**	**0.8**	**1.7**	**2.1**

Source: Soges Group, Value Track analysis

Valuation

We initiate coverage on Soges with €4.05 fair equity value p.s. (€3.90 fully diluted), based on the average of two valuation approaches: 1) Peer analysis, focused on 2025E financials and further cross-checked at maturity (2028E); 2) DCF model, broken down into three components: current portfolio, new acquisitions, and headquarter. At fair value, the stock would trade at 1.1x EV/Sales and 9.4x EV/EBITDA for 2025E, positioning it at half the EV/Sales of its peers and roughly in line on EV/EBITDA. That said, we would like to highlight two aspects about Soges' investment case: 1) we calculate fair value for current perimeter to be at least equal to or greater than the current market price, with all the upside potential from new contracts essentially coming at no additional cost and carrying relatively low execution risk; 2) We believe that the leverage effect can transfer from margin to equity value, leading to more than proportional growth in equity as well.

Valuation summary

We set **Soges Fair Equity Value p.s.** at **€4.05 (€3.90 Fully Diluted)**, obtained as average of:

- **DCF model**, aimed at capturing Soges medium-term growth potential, cash generation capability and risk profile, leading at ca. €4.60 per share (€4.45 fully diluted), of which €2.1 per share related to the current business perimeter (headquarter + currently managed hotel facilities) and €2.5 per share related to the new management contracts that we are including in our forecasts;
- **Peers Analysis**, aimed at assessing Soges valuation based on its 2025E expected performance compared to peers and leading to €3.50 per share (€3.35 fully diluted).

Soges Group: Valuation Summary

Methodologies	Fair Equity Value (€, mn)	Fair Equity Value p.s. (€)	F.D. Fair Equity Value p.s. (€)
DCF Model	23.6	4.60	4.45
Peers' Multiples	18.0	3.50	3.35
Fair Equity Value	**20.8**	**4.05**	**3.90**

Source: Value Track analysis

At fair value, the stock would trade at **1.4x - 1.1x EV/Sales** and **13.6x - 9.4x EV/EBITDA** for 2024E and 2025E, respectively. Given the company's small size, multiples below the EBITDA level will become more meaningful in 1-2 years.

Soges Group: Sensitivity of implicit stock trading multiples at fair value levels

Equity Value per share	EV / Sales (x)			EV / EBITDA (x)			EV / EBIT (x)			P/E Adj. (x)		
	24E	25E	26E	24E	25E	26E	24E	25E	26E	24E	25E	26E
€ 3.55	1.2	1.0	0.8	12.2	8.4	6.5	27.0	15.5	11.7	nm	22.6	14.9
€ 3.80	1.3	1.0	0.9	12.9	8.9	7.0	28.6	16.5	12.5	nm	24.2	16.0
€ 4.05	**1.4**	**1.1**	**0.9**	**13.6**	**9.4**	**7.4**	**nm**	**17.4**	**13.2**	nm	**25.8**	**17.1**
€ 4.30	1.5	1.1	1.0	14.4	9.9	7.8	nm	18.4	14.0	nm	27.4	18.1
€ 4.55	1.5	1.2	1.0	15.1	10.4	8.2	nm	19.4	14.8	nm	29.0	19.2

Source: Value Track analysis

Discounted Cash Flow Model

We run a DCF model base on a rolling capital structure and calculate **Soges Fair Equity Value p.s. at €4.60** (€4.45 fully diluted). For the sake of clarity, we performed further analyses that allow us to split Soges' €4.60 DCF equity value p.s. in:

- **€2.12** per share attributable to the current business perimeter, i.e. the sum of the negative valuation of the headquarter operations (€-5.49 p.s.), as this is mainly a cost centre, and of the positive net present value (€7.50) of the current portfolio of managed facilities;
- **€2.48** per share attributable to the new management contracts that we are assuming will be acquired in the next years.

In a nutshell, the DCF analysis hints that purchasing Soges at its current stock market price offers access to an asset whose current perimeter is worth already more than its market value, with significant upside potential that could potentially double its equity value, while carrying relatively low execution risk.

Our DCF is based on the following assumptions:

- Reference date Dec 2024, with 2025E-30E as explicit forecasts time horizon;
- 2.0% Risk Free Rate in line with medium term inflation target;
- Unlevered Beta at 1.03, weighted average between *Hotel Europe* and *Restaurants Europe* (*Source: Damodaran);*
- 5.2% implied Italian equity risk premium (*Source: Damodaran*);
- 3.0% Soges specific small-size risk premium;
- 5.0% pre-tax and 3.8% after-tax cost of debt.
- 1% Perpetuity Growth Rate ("g").

The result is a WACC that starts from 9.1% in 2025E (36% Net Debt/Total Capital Employed) and lands at 9.8% in 2030E (Net Cash).

Terminal Value is calculated with perpetual growth model, and implies 6.4x EV/EBITDA exit multiple, well below current FY24E sector multiples even factoring a 25% small-size discount.

Soges Group: DCF Model with Rolling Capital Structure

€mn	Base Case	Fully Diluted
PV of Future Cash-Flows 2025E-2030E	7.3	7.3
PV of Terminal Value 2030E	19.3	19.3
Fair Enterprise Value (€mn)	**26.5**	**26.5**
Net Cash Position 2024E	-2.9	-2.9
Cash-in from Warrants	0.0	1.0
Fair Equity Value (€mn)	**23.6**	**24.6**
Nosh (mn)	5.14	5.54
Fair Equity Value p.s.	**4.60**	**4.45**
o/w attributable to facilities already under contract	7.60	7.04
Contracts to be acquired for new facilities	2.48	2.48
Headquarter	-5.49	-5.08

Source: Value Track analysis

Peers Analysis

Peers Selection

To pick companies that could adequately describe the Soges' business, we opted for international comparables active in the hospitality industry, which are also skewed towards asset light business models, i.e. managing and franchising their portfolio rather than directly owning the properties. These companies include the renowned Hilton, Marriot, Intercontinental, Accor, Hyatt, and Windham. On the other hand, we also selected two hotel chains that prefer to maintain direct control on the assets they manage (Melia and Minor), but they also manage third parties' properties. Emma Villas is the only domestic, EGM-listed comparable, though its business model differs slightly, operating more as a tour operator than a pure-play property manager.

Here below, a short description of each comparable of our cluster.

Soges Group: Peers Description

Hilton Worldwide Holdings (HLT) – American multinational hospitality company that manages and franchises a wide portfolio of hotels, resorts, and timeshare properties. Hilton owns or leases 51 properties, manages 800 properties, and franchises 6,679 properties to independent franchisees or companies. Market Cap is ca. €47.7bn.

InterContinental Hotels Group (IHG) – British multinational hospitality company with 6,430 properties and 954,836 rooms worldwide, but owing only around 0.5% of its portfolio, with franchising making up the majority of properties. Market Cap is around €14.1bn.

Accor (AC) – French multinational hospitality company that owns, manages and franchises hotels, resorts and vacation properties.[5] It is the largest hospitality company in Europe, and the sixth largest hospitality company worldwide, operating 5,584 locations and 821,518 rooms (ca. 75% managed and 25% owned or leased). Market Cap is ca. €9.2bn.

Hyatt Hotels Corporation (H) – American multinational hospitality company that manages and franchises luxury and business hotels, resorts, and vacation properties (more than 1,350 hotels and all-inclusive properties in 69 countries, but only around 6% owned). Market Cap is around €13.4bn.

Wyndham Hotels & Resorts (WH) – American hospitality company and largest hotel franchisor in the world (owning around only 1% of its total portfolio), with more than 9,200 hotels in over 95 countries, represented by 24 brands. Market Cap is around €5.5bn.

Marriott Vacations Worldwide (VAC) – Branch of the American multinational that operates, franchises, and licenses lodging brands that include hotel, residential, and timeshare properties. Marriot boasts 1,597,380 rooms split among 8,785 properties, of which only 50 are both owned and managed by Marriott. Market Cap is ca. €2.4bn.

Meliá Hotels International (MEL) – Spanish hotel chain, one of the largest domestic operators of holiday resorts and the 17th biggest chain worldwide, operating 724 hotels in 40 countries. It owns approximately 35% of its total properties, distinguishing from other major hotel chains that tend to focus more on asset-light models. Market Cap is ca. €1.4bn.

Minor Hotels Europe & Americas (NHH) – Formerly NH Hotel Group, it is a Spanish hotel chain that operates over 350 hotels in 35 countries (primarily Europe and Latin America). Minor Hotels includes a high proportion of owned properties (ca. 20%) to maintain direct control over its assets. Market Cap is ca. €1.8bn.

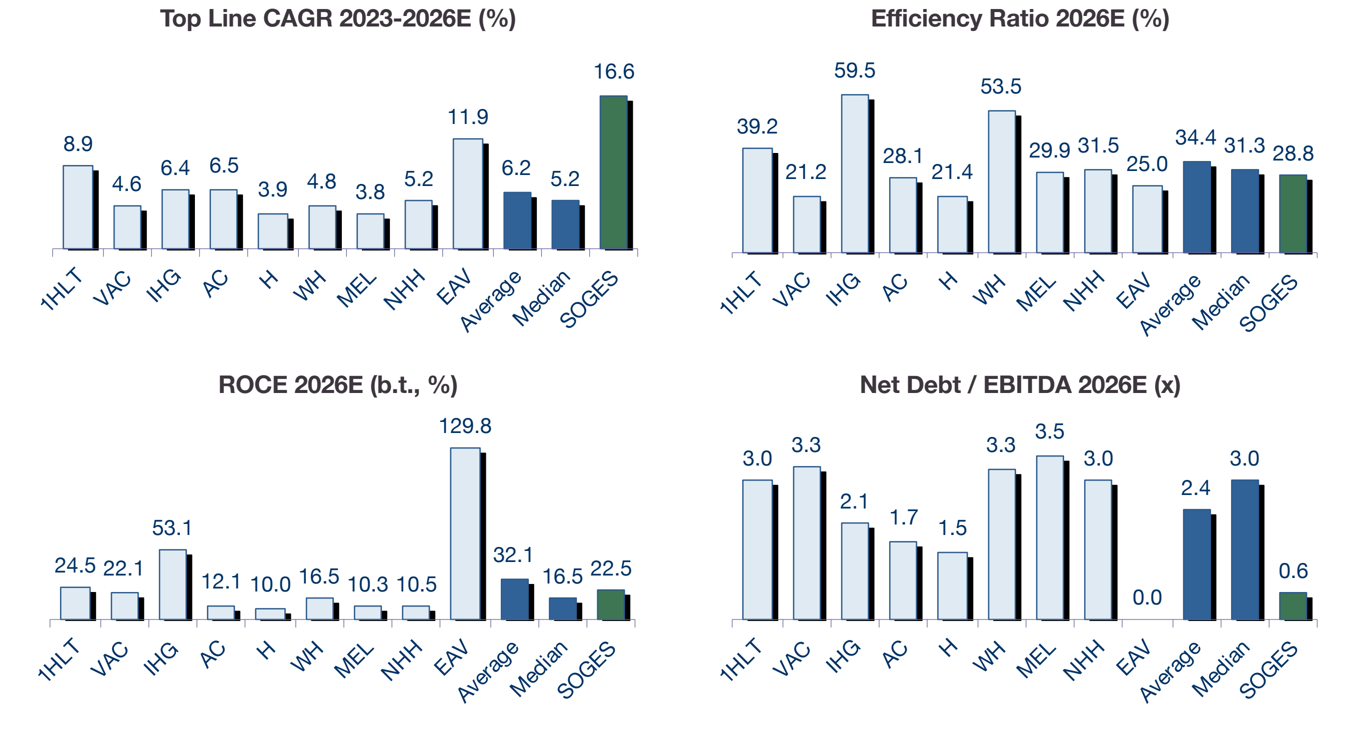
Emma Villas (EAV) – Italian incoming tour operator in the weekly rental sector of prestigious villas and farmhouses with private pools, managing around 700 properties throughout Italy, welcoming more than 55,000 international guests each year. Market Cap is ca. €19mn.

Operating Benchmark

By looking at selected comparables' consensus, we can infer the following benchmark analysis.

- **Growth**. Soges is expected to grow faster over the next three years (16.6% CAGR2023-2026E) with respect to the whole panel, given its much earlier-stage status. Emma Villas should follow closely at 11.9%, with Hilton being the highest-growing incumbent at 8.9%;
- **Profitability**. Soges should lag behind its peers in terms of profit margin due to the time needed to reach critical mass and start scaling it business model. The same goes for Emma Villas. However, when looking at the Efficiency Ratio into 2026E (i.e. the sum of Top Line CAGR and EBITDA Margin), Soges is very close to the median value of the whole cluster and ranks fifth out of the 10 companies considered;
- **Capital Intensity**. Soges' business model efficiency is also reflected in its expected return on capital figures at the end of our forecasted period. Indeed, we estimated a 22.5% ROCE (before taxes) in 2026E, vs. the comparables' median of 16.5%, thanks to the advantages of a young and asset light model;
- **Financial Leverage**. Finally, Soges is also less leveraged than international hospitality companies, expected to maintain a Net Debt / EBITDA ratio below the 1.0 threshold over the next three years. As expected, the companies with the highest share of proprietary assets are also among the most leveraged firms.

Soges Group: Operating Benchmark vs. Peers



Source: Market Consensus, Value Track analysis

Stock Market Multiples Benchmark

The entire peer group is trading at **median 10.1x-9.4x EV/EBITDA 2024E-2025E**, but we note some dispersion that seems to be correlated with size, profitability, capital intensity, and geographic location. Indeed, US-based companies trade at 13.4x EV/EBITDA 2024E on average, while European peers are trading at ca. 50% discount. Emma Villas is trading at a modest 3.2x EV/EBITDA, partly reflecting the lower steady-state margins typical of a tour operator business model.

Soges Group: Peers Trading Multiples

Peers	Market Cap (€mn)	EV/Sales (x)			EV/EBITDA (x)			EV/EBIT (x)			P/E Adj. (x)		
		2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
Hilton Worldwide	44,357	5.3	5.0	4.6	17.4	16.4	15.3	21.5	18.7	17.1	32.1	26.6	24.2
InterContinental Hotels Group	14,391	8.1	7.6	7.2	15.6	14.5	13.6	16.7	15.5	14.5	22.2	20.2	18.7
Hyatt Hotels Corporation	14,346	2.4	2.3	2.2	14.3	13.3	12.4	nm	24.2	21.3	9.8	35.4	29.3
Accor	8,167	2.1	2.0	1.9	10.1	9.4	8.6	13.7	12.5	11.3	16.3	14.3	12.7
Wyndam Hotels & Resorts	5,459	5.9	5.7	5.4	12.2	11.6	11.0	15.6	14.1	13.3	21.8	17.6	16.8
Marriott Vacations Worldwide	2,454	1.1	1.0	1.0	7.5	6.7	6.0	10.5	8.9	9.0	11.7	8.6	8.6
Minor Hotels Europe & Americas	1,773	1.6	1.6	1.5	6.0	6.0	5.7	11.2	11.5	10.9	2.1	2.0	1.9
Melia Hotels International	1,409	1.8	1.7	1.6	7.0	6.5	6.0	13.5	12.5	11.3	2.5	2.5	2.4
Emma Villas	19	0.4	0.3	0.2	3.1	2.2	1.3	3.7	2.5	1.5	3.5	3.1	2.8
Total Average	**10,264**	**3.2**	**3.0**	**2.8**	**10.4**	**9.6**	**8.9**	**13.3**	**13.4**	**12.2**	**13.6**	**14.5**	**13.0**
Total Median	**5,459**	**2.1**	**2.0**	**1.9**	**10.1**	**9.4**	**8.6**	**13.6**	**12.5**	**11.3**	**11.7**	**14.3**	**12.7**
Soges Group @ Mkt Price	**10**	**0.8**	**0.6**	**0.5**	**7.4**	**5.0**	**3.9**	**16.5**	**9.4**	**6.9**	**29.5**	**12.4**	**8.2**
Discount vs. Total Median (%)	*-*	*-63%*	*-71%*	*-75%*	*-27%*	*-46%*	*-55%*	*21%*	*-25%*	*-39%*	*nm*	*-13%*	*-36%*
Fair Multiples @25% discount		**1.5**	**1.5**	**1.4**	**7.6**	**7.0**	**6.4**	**10.2**	**9.4**	**8.5**	**8.8**	**10.7**	**9.6**

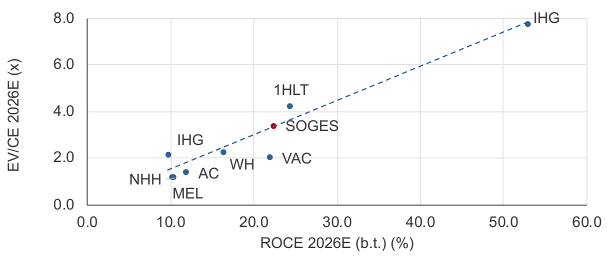
Source: Market Consensus, Value Track analysis

From the value maps below, we can also infer a strong industry correlation between asset-light business models and implied market valuation:

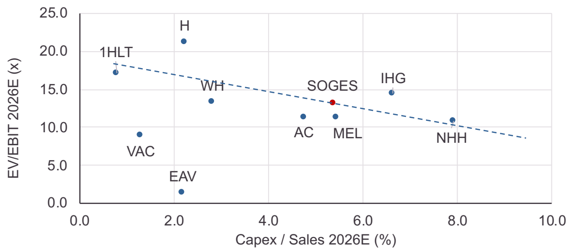
- Peers with high return on capital metrics tend to boast strong EV / Capital Employed multiples;
- Peers with high share of proprietary assets (i.e. companies that need to invest more capital) are not rewarded as much as stocks that tend to focus on managing third parties' hotels.

Soges Group: Operating Benchmark vs. Peers

EV / Capital Employed 2026E (x) vs. ROCE 2026E (%) (*)



EV / EBIT 2026E (x) vs. Capex / Sales 2026E (%)



Source: Market Consensus, Value Track analysis, (*) EAV Not Meaningful

Valuing Soges based on peers' current market multiples

We take into consideration 2025E as base valuation year, employing EV/Sales, EV/EBITDA as most relevant multiples, while excluding EV/EBIT and P/E from our analysis, deeming them disproportionately affected by the "undersized" stage of the company. Note that the peer group predominantly reports under IAS/IFRS accounting standards, with the exceptions being EMMA Villas and Soges, whose financials where aligned with IFRS-based comparables.

We set the "fair" FY25E multiples at the median of the cluster, taken with a 25% discount which we deem appropriate to factor the difference size /markets, i.e. **1.5x EV/Sales** and **7.0x EV/EBITDA**.

Applying these multiples to Soges' FY25E Revenues and EBITDAR (coherently with IFRS comps), and factoring in an EV adjusted for the worsened Net Financial Position (due to the inclusion of leasing debt per IFRS16), we derive a Fair Equity Value per share of **€3.51 per share** (€3.44 fully diluted).

Soges Group: Valuation based on Relative Peer Multiples

	Base Case		Fully Diluted	
	EV /Sales (IFRS)	EV/EBITDA (IFRS)	EV /Sales (IFRS)	EV/EBITDA (IFRS)
Median FY25E (x)	1.5x	7.0x	1.5x	7.0x
Equity Value (€mn)	15.8	20.3	16.8	21.3
NoSh (#)	5.1		5.5	
Equity Value p.s. (€)	**3.08**	**3.95**	**3.03**	**3.84**
Equity Value p.s. Avg. (€)	**3.51**		**3.44**	

Source: Value Track analysis

Cross check #1: valuation at maturity

To cross-check our valuation, we forecast what could be the value of Soges in FY28E, assuming the sector does not materially re-rate/de-rate compared to today. In short, we apply to Soges 2028E KPIs the current 2024E multiples of the comparable companies identified above: average 7.5x EV/EBITDA. Then, as this is the valuation expected for 2028, in order to calculate the expected equity value as of today, we apply a 15% IRR, consistent with a moderate risk profile and life stage. Such analysis **confirms our valuation at €3.50 p.s.** (€3.35 fully diluted).

Soges Group: Valuation at maturity

€mn	Base Case	Fully Diluted
EBITDA 2028E	4.1	4.1
Target FY1 EV/EBITDA (x)	7.5	7.5
EV Soges at 2028E	30.9	30.9
Net Debt (+) / Cash (-)	-2.0	-3.0
Equity Value 2028E	33.0	34.0
Equity Value @15% IRR	18.0	18.5
Fair Equity Value p.s. (€)	**3.50**	**3.35**

Source: Value Track analysis

Soges Group: Valuation at maturity with Sensitivity Analysis

Equity Value P.S.(€)		EV/EBITDA FY24E		
		7.0x	7.5x	8.0x
IRR (%)	13.0%	3.56	3.78	4.03
	14.0%	3.43	3.64	3.88
	15.0%	3.30	3.50	3.74
	16.0%	3.18	3.37	3.60
	17.0%	3.06	3.25	3.47

Source: Value Track analysis

Cross Check #2: Rolling valuation

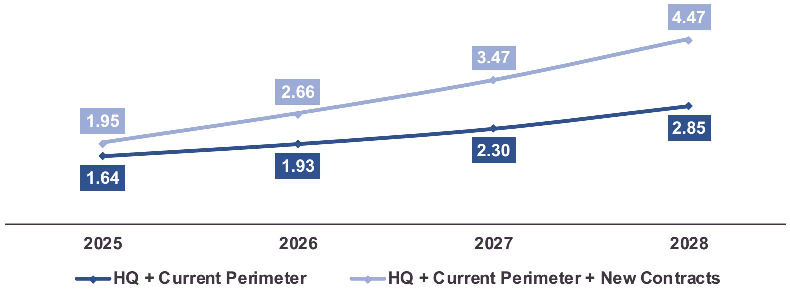
Based on current stock market price, Soges is trading at ca. 5.0x EV/EBITDA multiple'25E (i.e. FY2). Assuming FY2 EV/EBITDA multiple to remain stable at ca. 5.0x in the future allows us to highlight the **huge stock price rerating potential** (more than 100% in three years) **driven by the combined effect of business scalability and positive operating leverage**. Again, for the sake of clarity we split the above-mentioned rerating potential between the current business perimeter and the future one. It's self-evident that a proper execution of the management contracts acquisition strategy is an important stock price rerating driver.

Soges Group: Rolling valuation

	2025E	2026E	2027E	2028E
HQ + Current Perimeter				
EBITDA	2.1	2.2	2.2	2.3
EV @ 5.0x EV/EBITDA	10.7	11.2	11.1	11.6
Net Financial Position	-2.3	-1.3	0.7	3.1
Fair Equity Value	8.4	9.9	11.8	14.6
Fair Equity Value P.S.	**1.64**	**1.93**	**2.30**	**2.85**
New Perimeter				
EBITDA	0.4	0.8	1.3	1.9
EV @ 5.0x EV/EBITDA	1.8	4.2	6.7	9.4
Net Financial Position (~ Capex)	-0.2	-0.5	-0.7	-1.0
Fair Equity Value	1.6	3.8	6.0	8.3
Fair Equity Value P.S.	**0.31**	**0.73**	**1.17**	**1.62**
HQ + Current + New Perimeter				
Fair Equity Value P.S.	**1.95**	**2.66**	**3.47**	**4.47**

Source: Value Track analysis

Soges Group: Equity Value at Stable 5.0x EV/EBITDA multiple



Source: Value Track analysis

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IL PRESENTE DOCUMENTO NON COSTITUISCE O FORMA PARTE DI, NE' VA CONSIDERATO IN ALCUN MODO, UN'OFFERTA O UN INVITO PER LA SOTTOSCRIZIONE O L'ACQUISTO DI STRUMENTI FINANZIARI. NÈ IL PRESENTE DOCUMENTO NÈ QUANTO IN ESSO CONTENUTO NON COSTITUISCE INOLTRE UNA PROPOSTA CONTRATTUALE OVVERO UN'ASSUNZIONE DI OBBLIGHI DI QUALSIASI GENERE. IL PRESENTE DOCUMENTO NON E' STATO PUBBLICATO MA È SOLAMENTE STATO MESSO A DISPOSIZIONE DI INVESTITORI QUALIFICATI. QUALSIASI DECISIONE DI SOTTOSCRIVERE O ACQUISTARE LE AZIONI NELL'AMBITO DELL'OFFERTA DOVRÀ QUINDI FONDARSI ESCLUSIVAMENTE SULLE INFORMAZIONI CONTENUTE NEI DOCUMENTI DI OFFERTA PRODOTTI IN CONNESSIONE ALL'OFFERTA. IL PRESENTE DOCUMENTO PUÒ ESSERE DISTRIBUITO NEL REGNO UNITO UNICAMENTE (a) (I) A SOGGETTI RIENTRATI NEL CAMPO DI APPLICAZIONE DELL'ARTICOLO 19 O DELL'ARTICOLO 49 DEL FINANCIAL SERVICES AND MARKET ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (E SOLTANTO NELLA MISURA IN CUI LE CONDIZIONI PREVISTE NEI MENZIONATI ARTICOLI SIANO SODDISFATTE, OVVERO LO SARANNO AL MOMENTO DELLA DISTRIBUZIONE DEL PRESENTE DOCUMENTO) O (II) A QUALSIASI ALTRO SOGGETTO A CUI L PRESENTE DOCUMENTO POSSA ESSERE LEGALMENTE DISTRIBUITO; E (b) INVESTITORI QUALIFICATI AI SENSI DELL'ARTICOLO 2(1)(E) DEL REGOLAMENTO PROSPETTI (REGOLAMENTO(UE) 1129/2017) (UNITAMENTE CONSIDERATI, "SOGGETTI RILEVANTI"). IL PRESENTE DOCUMENTO NON DEVE ESSERE PRESO IN CONSIDERAZIONE NE' SU DI ESSO PUO' ESSERE FATTO AFFIDAMENTO DA PARTE DI SOGGETTI NON RILEVANTI. QUALSIASI INVESTIMENTO O ATTIVITÀ' DI INVESTIMENTO A CUI IL PRESENTE DOCUMENTO SI RIFERISCE VA EFFETTUATA ESCLUSIVAMENTE NEI CONFRONTI DI SOGGETTI RILEVANTI. IL PRESENTE DOCUMENTO PUÒ ESSERE DISTRIBUITO IN ITALIA SOLTANTO AGLI INVESTITORI QUALIFICATI, AI SENSI DELL'ARTICOLO 2 DEL REGOLAMENTO PROSPETTI. PERTANTO IL PRESENTE DOCUMENTO NON PUÒ IN ALCUN MODO ESSERE DISTRIBUITO: (I) AL PUBBLICO INDISTINTO; (II) ATTRAVERSO CANALI DI DIVULGAZIONE, ATTRAVERSO I QUALI LE INFORMAZIONI SIANO O E' PROBABILE CHE SIANO RESE PUBBLICHE, OSSIA CHE DIVENGANO ACCESSIBILI A UN GRAN NUMERO DI PERSONE; (III) A SOGGETTI NON RIENTRANTI NELLA SUDDETTA DEFINIZIONE DI INVESTITORI QUALIFICATI. RICEVENDO IL PRESENTE DOCUMENTO, VI IMPEGNATE A RISPETTARE LE RESTRIZIONI IVI PREVISTE. IL PRESENTE DOCUMENTO E' STATO PREDISPOSTO IN MODO AUTONOMO RISPETTO A SOGES S.PA. (LA "SOCIETÀ"), AI SUOI AZIONISTI E ALLE SUE CONTROLLATE E LE PREVISIONI E VALUTAZIONI IVI CONTENUTE SONO ESPRESSE ESCLUSIVAMENTE DA VALUE TRACK S.R.L. NELL'AMBITO DELLA SUA NORMALE ATTIVITÀ DI RICERCA E NON SONO STATE AUTORIZZATE O APPROVATE DA TERZI SOGGETTI. VALUE TRACK S.R.L. NON È AUTORIZZATO A FORNIRE INFORMAZIONI O RILASCIARE DICHIARAZIONI O GARANZIE PER CONTO DELLA SOCIETÀ, DEI SUOI AZIONISTI O DELLE SUE CONTROLLATE, I LORO RISPETTIVI CONSULENTI O QUALSIASI ALTRO SOGGETTO A QUESTI CONNESSO. NONOSTANTE OPPORTUNE PRECAUZIONI SIANO STATE PRESE AFFINCHÉ' TUTTI I FATTI RAPPRESENTATI NEL DOCUMENTO SIANO CORRETTI E LE PREVISIONI, OPINIONI E VALUTAZIONI IVI CONTENUTE SIANO RAGIONEVOLI, TUTTAVIA VALUE TRACK S.R.L. NON HA EFFETTUATO ALCUNA VERIFICA INDIPENDENTE RISPETTO ALLE INFORMAZIONI CONTENUTE NEL PRESENTE DOCUMENTO E PERTANTO NE' VALUE TRACK S.R.L. NE' LA SOCIETA' NE' I SUOI AZIONISTI O E SUE CONTROLLATE, I LORO RISPETTIVI CONSULENTI O QUALSIASI ALTRO SOGGETTO A QUESTI CONNESSO, NE' I LORO RISPETTIVI AMMINISTRATORI, DIRIGENTI O IMPIEGATI SARANNO IN ALCUN MODO CONSIDERATI RESPONSABILI DEL CONTENUTO DEL PRESENTE DOCUMENTO E NESSUN AFFIDAMENTO DOVRA' ESSERE FATTO IN MERITO ALLA PRECISIONE, COMPLETEZZA O CORRETTEZZA DELLE INFORMAZIONI CONTENUTE NEL PRESENTE DOCUMENTO. NESSUN SOGGETTO POTRÀ PERTANTO ESSERE RITENUTO RESPONSABILE DEI DANNI DERIVANTI DALL'UTILIZZO DEL PRESENTE DOCUMENTO O DAL SUO CONTENUTO OVVERO DEI DANNI COMUNQUE CONNESSI AL PRESENTE DOCUMENTO. VALUE TRACK S.R.L. (O I SUOI DIRIGENTI, AMMINISTRATORI O IMPIEGATI) POTREBBE, NEI LIMITI CONSENTITI DALLA LEGGE, TROVARSI A DETENERE STRUMENTI FINANZIARI DELLA (OVVERO OPZIONI, WARRANT O ALTRI DIRITTI RELATIVI ALLA, OVVERO UN INTERESSE NELLE AZIONI O ALTRI STRUMENTI FINANZIARI DELLA) SOCIETA' E POTREBBE AGIRE SUL MERCATO O COME CONTROPARTE IN TRANSAZIONI RELATIVE A TALI STRUMENTI FINANZIARI.