



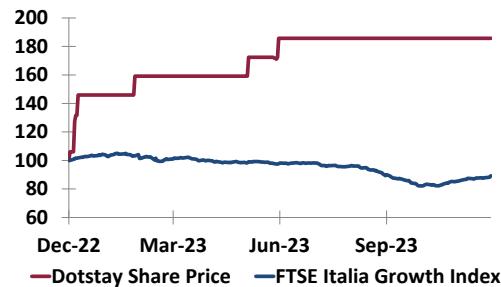
Focus on subleases and longer rentals

NEUTRAL

Current Share Price (€): 7.00

Target Price (€): 6.40

Dotstay - Performance since IPO



Source: S&P Capital IQ - Note: 29/12/2022 (IPO offer price)=100

Trading update: over 80% up on IPO

Since IPO, Dotstay share price went up to €7.00, +86% on the IPO offer price of €3.77, while the Italia Growth index lost 11%, affected by 2023 economic and geopolitical turmoil.

H1 2023 in line with seasonality

Dotstay revenues in H1 2023 were €339k vs €106k in H1 2022, of which €308k from rents and property management services and €30k from IPO costs tax relief. H1 revenues approximate 30% of our 2023 FY estimate; according to management, this result is logical in view of seasonality with revenues concentrated in H2 due to universities restart and job position opening. Operating loss was €(457)k, vs €(77)k in H1 2022, due to the increase of properties under sublease agreement and under management. Period net loss at €(573)k. Net cash was €1.2m, from €1.9m as of December 2022.

Company data

ISIN number	IT0005523839
Bloomberg code	DOT IM
Reuters code	DOT.MI
Industry	Real Estate
Stock market	Euronext Growth Milan-PRO
Share Price (€)	7.00
Date of Price	28/12/2023
Shares Outstanding (m)	2.5
Market Cap (€m)	17.7
Market Float (%)	22.4%
Daily Volume	0
Avg Daily Volume since IPO	148
Target Price (€)	6.40
Upside (%)	-9%
Recommendation	NEUTRAL

Outlook: KPIs confirm growth, focus on sublease model

As of September 2023, Dotstay was running 50 properties in sublease and 19 as property manager, compared to 37 and 18, respectively, as of June 2023. In light of current real estate market framework, where the slowdown in properties sales has resulted in a demand increase for rents, management stated that business expansion is now focused on mid/long-term sublease: despite higher cost in the short-term, this model is expected to provide revenue stream continuity and projections visibility.

Target Price €6.40 per share and NEUTRAL rating

Dotstay rising focus on sublease and trading performance implies a review of our estimates, still holding expansion with major Italian cities coverage as target for the next years. On the assumption that the revised growth path would be overall accomplished, our updated valuation points to a target price of €6.40 per share, confirming the NEUTRAL rating.

Share price performance

	1M	3M	IPO
Dotstay - Absolute (%)	0%	0%	86%
FTSE Italia Growth Index (%)	5%	-1%	-11%
IPO Range H/L (€)		7.00	3.77
IPO Change (€) / %		3.23	86%

Source: S&P Capital IQ

Analysts

Luigi Tardella - Head of Research
ltardella@envent.it
Mauro Durante mdurante@envent.it

EnVent Italia SIM S.p.A.

Via degli Omenoni, 2 - 20121 Milano (Italy)
Phone +39 02 22175979

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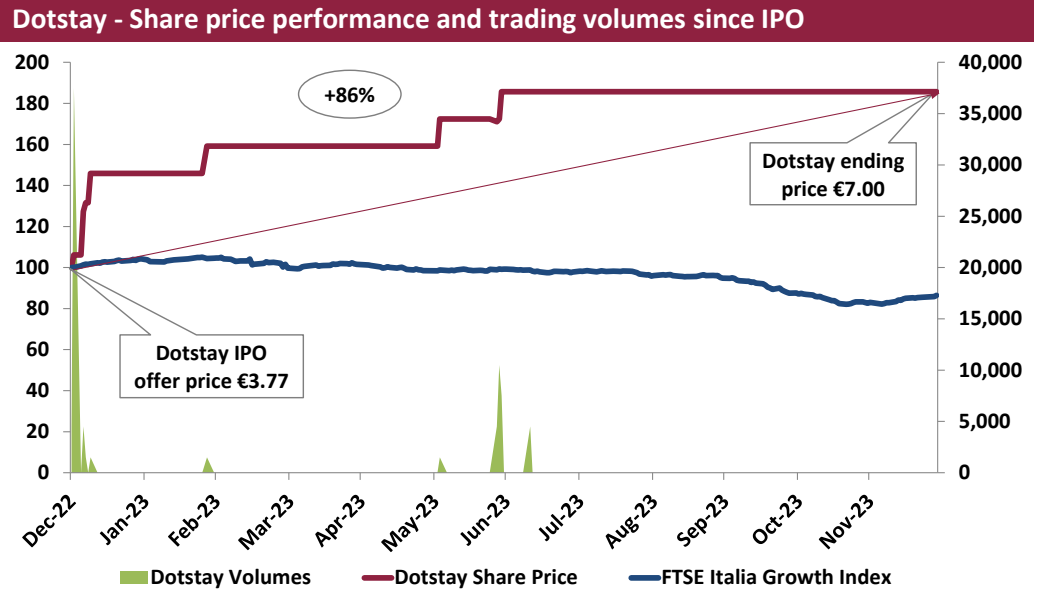
KEY FINANCIALS AND ESTIMATES (€k)	2022	2023E	2024E	2025E	2026E	2027E
Revenues	413	941	2,266	3,156	4,269	5,710
EBITDA	(145)	(723)	(1)	272	625	1,098
Margin	neg	neg	0%	9%	15%	19%
EBIT	(223)	(810)	(109)	140	471	925
Margin	neg	neg	neg	4%	11%	16%
Net Income (Loss)	(252)	(822)	(123)	96	335	662
Net (Debt) Cash	1,876	676	426	460	816	1,546
Equity	2,260	1,437	1,314	1,410	1,745	2,407

MULTIPLES

EV/Revenues	39.9x	17.5x	7.3x	5.2x	3.9x	2.9x
EV/EBITDA	neg	neg	neg	60.6x	26.3x	15.0x

Source: Company data 2022A, EnVent Research 2023-27E

Market update



Source: EnVent Research on S&P Capital IQ - Note: 29/12/2022 (IPO offer price)=100

Investment case

Digital relocation and property management service with a proprietary platform to serve both landlords and tenants

Dotstay SpA, listed on Euronext Growth Milan - PRO since December 2022, is a digital relocation specialist, offering a wide array of services to address both landlords and tenants, matching medium/long-term rental supply and demand. On the supply side, Dotstay manages or sublets properties on behalf of landlords, matching demand with offer and providing homeowners a package of administrative and management services; through its fully-owned subsidiary DS Real Estate, it also provides paperwork and real estate brokering services. On the demand side, people temporarily relocating are typical users of Dotstay web platform: to prospective tenants Dotstay offers services to promptly find their right mid-term housing. The first step is the help of a local personally dedicated assistant, named *Angel*, who, based on its knowledge of the local market and housing opportunities, will accompany the customer and guide the search.

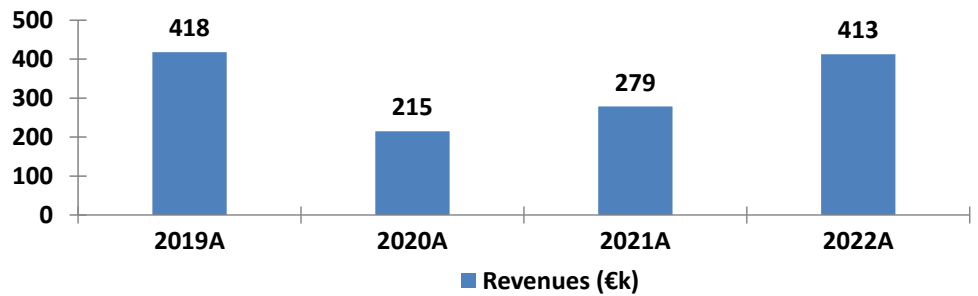
Dotstay aspires to be a reference point for professionals, executives, visitors, academics and students who, in an increasingly dynamic and fluid job/study market, need to find a matching accommodation in a new city in a quick and safe way. Dotstay wants to take advantage of this mobility pattern in place, matching the gap between users and local real estate agencies through its platform for online booking, adding the value of a local expert person.

Strategy: property portfolio and geographical expansion, technology update

Key pillar of Dotstay strategy is properties under management portfolio development in Milan and Italy, targeting attractive locations for workers and students. Final goal is to become the first digital relocation network, evolving its platform into a global online marketplace for individual relocators and relocation companies.

Revenues recovery to pre-pandemic level

Historical Revenues and EBITDA



Source: Company data - Note: Consolidated figures

Drivers

Industry drivers

Growing potential market. Overall, the number of workers and students relocating globally each year is estimated in over 200 million, of which 45 million in Europe. Global mobility trends of most organizations and international exchanges for students and academics (i.e. the iconic EU program Erasmus which counts almost 1 million participants each year) are expected to drive growth in this market segment (Sources: UN Population division report 2010; European migration network report 2013; EU Erasmus annual report 2020).

Anti-cyclical real estate market niche. As opposed to the non-essential short-term vacation rental segment, which can be materially impacted by general economic conditions and other variables or events, as happened during the outbreak of Covid-19 pandemic causing low occupancy, the niche demand for mid/long-term rentals coming from international mobility and relocations, being for essential purposes (work or study) does not fluctuate with seasonal trends and should be more resilient to downturns than travel and tourism.

Dynamic second home market in Italy. The Italian second home market is among the largest in Europe. Figures show 5.5 million of available second homes in 2019, representing 17% of the total stock (Source: Agenzia delle Entrate, *Gli immobili in Italia - 2019, 2020*).

Home rental from DIY to professionalization. The home rental market is more and more becoming professionally managed. As long as homeowners discover short/mid/long-term rents as business opportunity, the demand for professional property management is likely to grow in the years to come.

Switching from short-term to mid-term rental. Covid-19 pandemic has disrupted the global travel and tourism industry and turned the vacation rental industry upside down, inducing property managers to reshape their business model from short-term to mid-term rental. Among reasons: people looking for mid-term rentals

are more likely to be traveling or moving for essential purposes; reduced frequency of check-ins and cleaning, thus less property management; more respect of rules and neighbors.

Company drivers

Full-service proposition for relocation: a time-consuming and stressful task. Dotstay core service is the *Angel* tour, a visit of the town guided by the personal assistant across up to 5 apartments preselected according to customer requirements indicated at booking on the online platform. Additional services such as a local SIM card, an airport pickup service and support in administrative procedures (i.e. residence permit) turn Dotstay service into a comprehensive and turnkey offer for relocating people.

Hassle-free outsourcing service for homeowners. The key value of Dotstay service to homeowners is the takeover of the property management process on their behalf: search and selection of referenced tenants, home visits, administrative duties, check-in/out, maintenance and cleaning.

Riding the wave of PropTech real estate trend through the proprietary platform. Dotstay has developed inhouse a digital platform for the management of its activities, working as interface with users and homeowners. The platform technology and network are made of several modules and scalable and will be extended to become a marketplace for users, *Angels*, homeowners, real estate agencies and other relocation specialists. A database of registered users and records of services provided is also included in the platform.

B2B partnerships. Dotstay has been securing affiliations with universities and corporates to promote its services to relocating academics, students and professionals. Partnerships are crucial to spread awareness and increase the number of registered users.

Easily extendable operations. Operations have been designed in an efficient and versatile way, enabling rapid activation of a new location with the combination of local resources and supervision at a central level.

Challenges

Short operating history. Dotstay is still an early-stage company, with few years of running operations. Until now, it has set up operations, built its platform and invested in efforts to grow the homeowner base and the user community, incurring net losses since inception. Being still in an investment phase, Dotstay plans to continue making investments in business, personnel, platform and marketing.

Drive traffic to the digital platform. The increasing awareness of Dotstay among potential users and homeowners is a key factor to increase traffic on its platform

and grow revenue. As such, effective sales and marketing efforts to drive user and homeowner acquisition, including performance and brand marketing, PR and communications, and especially spontaneous word of mouth, are fundamental for the growth strategy. The payback of the investment in marketing is however uncertain and also dependent on its size.

Growth of property portfolio under management. Dotstay business also depends on the ability to attract new rental homeowners to its platform and maintain relationships with the existing homeowner base. The expansion of the portfolio of properties available for mid/long-term rental in Italy, and abroad in the next future, could be slower than planned, due to the need of selecting high quality assets satisfying requirements of demanding customers, enabling occupancy maximization and thus the desired profitability.

Low/medium barriers to entry, high rivalry. The competitive playground of the market for relocation services and in general the property management market is quite fragmented and heterogeneous, populated by both multinational companies or domestic businesses. Barriers to entry are generally low/medium, however, scale and network may represent obstacles to new entrants. A full-proposition service is a differentiating factor compared to competition.

Occupancy risk. Occupancy management and optimization is a key task, given that Dotstay directly rents properties from landlords with long-term agreements for mid-term subrental to tenants, thus being exposed to real estate market fluctuations.

Picking the right locations. During the development, it will be crucial to identify as target locations the cities with a high supply rate of properties coming into the mid-term rental market and matching the needs of relocating people, thus expected to enjoy sound growth rates.

Period corporate facts

- October 2023: 12,000 Dotstay 2023-25 warrants (IT0005523821) have been exercised in the first exercise period between October 2-13, 2023, at a strike price of €4.14, with a conversion ratio of 1 share : 4 warrants, for a total amount of 3,000 shares and €12k raised

Business update

- October 2023: Dotstay has become a EuRA (European Relocation Association) member

Material transactions on share capital

H1 2023 figures

Consolidated Profit and Loss

€k	H1 2022	H1 2023
Revenues	99	308
Capitalization of R&D costs	0	0
Other income	7	31
Total Revenues	106	339
YoY %	-	220%
Services	(78)	(301)
Leases	(69)	(297)
Personnel	(10)	(56)
Other operating costs	(26)	(142)
Operating costs	(183)	(796)
EBITDA	(77)	(457)
Margin	-72%	-135%
D&A	(35)	(95)
EBIT	(112)	(552)
Margin	-106%	-163%
Interest	(4)	(21)
EBT	(116)	(573)
Margin	-109%	-169%
Income taxes	0	0
Net Income (Loss)	(116)	(573)
Margin	-109%	-169%

Consolidated Balance Sheet

€k	H1 2022	2022	H1 2023
Account receivables	0	4	1
Account payables	(12)	(510)	(140)
Trade Working Capital	(12)	(506)	(139)
Other assets (liabilities)	(133)	37	(278)
Net Working Capital	(145)	(470)	(417)
Intangible assets	189	772	706
Non-current assets	232	861	883
Provisions	(14)	(8)	(4)
Net Invested Capital	72	383	463
Net Debt (Cash)	(162)	(1,876)	(1,224)
Equity	235	2,260	1,687
Sources	72	383	463

Source: Company data – Note: H1 2022 separate financial statements of Dotstay SpA; since 2022 consolidated financial statements of Dotstay SpA and DS Real Estate Srl, wholly owned subsidiary

Consolidated Cash Flow

€k	H1 2022	H1 2023
EBIT	(112)	(552)
Current taxes	0	0
D&A	35	95
Provisions	(17)	(4)
Cash flow from P&L operations	(94)	(462)
Trade Working Capital	0	(368)
Capex	(35)	(32)
Other assets and liabilities	(57)	315
Operating cash flow after WC and capex	(185)	(546)
Interest	(4)	(21)
Financial assets	(7)	(85)
Paid-in capital	325	0
Net cash flow	129	(652)
Net (Debt) Cash - Beginning	33	1,876
Net (Debt) Cash - End	162	1,224
Change in Net (Debt) Cash	129	(652)

Ratio analysis

KPIs	H1 2023
ROE	neg.
ROS (EBIT/Sales)	neg.
DSO	1
DPO	47
TWC/Revenues	-24%
NWC/Revenues	-71%
Net Debt / EBITDA	cash
Net Debt / Equity	cash
Net Debt / (Net Debt+Equity)	cash
Cash flow from operations / EBITDA	88%
FCF / EBITDA	104%

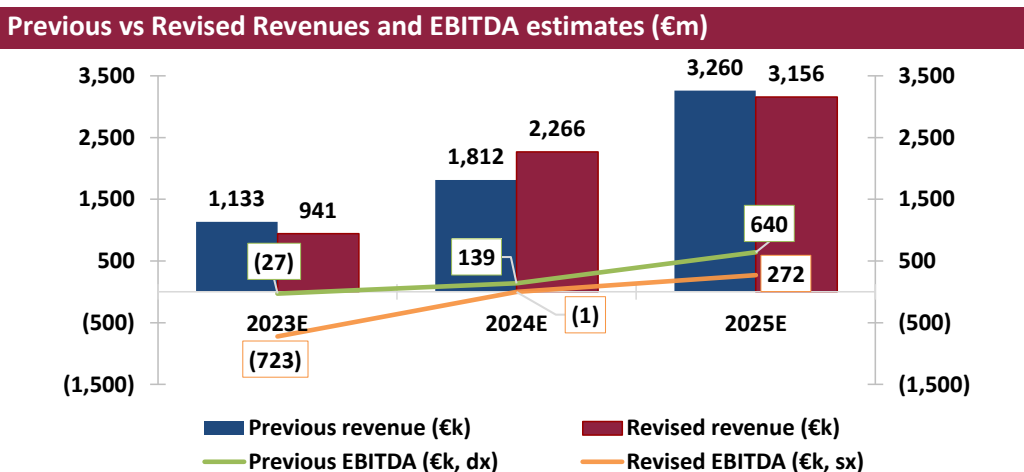
Source: Company data – Note: H1 2022 separate financial statements of Dotstay SpA; since 2022 consolidated financial statements of Dotstay SpA and DS Real Estate Srl, wholly owned subsidiary

Note: H1 KPIs calculated on LTM economics

Estimates revision

We have incorporated the sublease revenue generation model in our projections and, based on mid-term revenues visibility according to assumptions on an average rent and property development grow rate, we have set new estimates for Dotstay. We have revised our model according to the fast growth perspective inherent to the focus on sublease, in a framework of mismatch of rent demand and offer in the local real estate market. Key assumptions are property portfolio expansion, sublease cost and expected margin impact and working capital dynamics. As major value driver we have assumed an overall 25-40% rent margin, depending on tenant turnover, vacancy and length of contracts. G&A cost less than proportional growth contributes to the target value expected.

Change in estimates



Source: EnVent Research

€k	Revised			Previous			Change %		
	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2024E
Revenues	941	2,266	3,156	1,133	1,812	3,260	-17%	25%	-3%
EBITDA	(723)	(1)	272	(27)	139	640	-2592%	-101%	-58%
<i>Margin</i>	-77%	0%	9%	-2%	8%	20%			
EBIT	(810)	(109)	140	(117)	23	494	-593%	-584%	-72%
<i>Margin</i>	-86%	-5%	4%	-10%	1%	15%			
Net Income (Loss)	(822)	(123)	96	(118)	12	352	-599%	-1169%	-73%
Net (Debt) Cash	676.5	425.6	459.8	1,274.8	1,128.6	1,369.5			
<i>Net Debt / EBITDA</i>	<i>cash</i>	<i>cash</i>	<i>cash</i>	<i>cash</i>	<i>cash</i>	<i>cash</i>			

Source: EnVent Research

Financial projections

Consolidated Profit and Loss

€k	2022	2023E	2024E	2025E	2026E	2027E
Revenues	375	914	2,211	3,079	4,165	5,598
Capitalization of R&D costs	27	27	55	77	104	112
Other income	11	0	0	0	0	0
Total Revenues	413	941	2,266	3,156	4,269	5,710
YoY %	48%	128%	141%	39%	35%	34%
Services	(207)	(307)	(315)	(284)	(299)	(316)
Leases	(202)	(1,080)	(1,588)	(2,170)	(2,873)	(3,782)
Personnel	(50)	(140)	(210)	(308)	(347)	(347)
Other operating costs	(99)	(137)	(155)	(123)	(125)	(168)
Operating costs	(558)	(1,664)	(2,267)	(2,884)	(3,644)	(4,612)
EBITDA	(145)	(723)	(1)	272	625	1,098
Margin	-35%	-77%	0%	9%	15%	19%
D&A	(77)	(87)	(108)	(132)	(154)	(173)
EBIT	(223)	(810)	(109)	140	471	925
Margin	-54%	-86%	-5%	4%	11%	16%
Interest	(8)	(13)	(14)	(6)	(6)	(6)
EBT	(231)	(822)	(123)	134	465	919
Margin	-56%	-87%	-5%	4%	11%	16%
Income taxes	(21)	0	0	(38)	(130)	(257)
Net Income (Loss)	(252)	(822)	(123)	96	335	662
Margin	-61%	-87%	-5%	3%	8%	12%

Source: Company data 2022A, EnVent Research 2023-27E

Consolidated Balance Sheet

€k	2022	2023E	2024E	2025E	2026E	2027E
Account receivables	4	15	37	51	70	94
Account payables	(510)	(102)	(138)	(172)	(220)	(285)
Trade Working Capital	(506)	(87)	(101)	(121)	(151)	(192)
Other assets (liabilities)	37	(100)	(50)	(50)	(50)	(50)
Net Working Capital	(470)	(187)	(151)	(171)	(201)	(242)
Intangible assets	772	866	970	1,074	1,109	1,111
Fixed assets	18	23	27	28	27	25
Financial assets	72	72	72	72	72	72
Non-current assets	861	961	1,068	1,173	1,208	1,207
Provisions	(8)	(14)	(30)	(52)	(78)	(104)
Net Invested Capital	383	761	888	950	929	862
Net Debt (Cash)	(1,876)	(676)	(426)	(460)	(816)	(1,546)
Equity	2,260	1,437	1,314	1,410	1,745	2,407
Sources	383	761	888	950	929	862

Source: Company data 2022A, EnVent Research 2023-27E

Consolidated Cash Flow

€k	2022	2023E	2024E	2025E	2026E	2027E
EBIT	(223)	(810)	(109)	140	471	925
Current taxes	(21)	0	0	(38)	(130)	(257)
D&A	77	87	108	132	154	173
Provisions	(23)	6	16	23	26	26
Cash flow from P&L operations	(189)	(717)	15	257	521	867
Working Capital	494	(420)	14	20	30	41
Capex	(204)	(187)	(215)	(237)	(189)	(172)
Other assets and liabilities	(227)	137	(50)	0	0	0
Operating cash flow after WC and capex	(126)	(1,187)	(237)	40	362	736
Interest	(8)	(13)	(14)	(6)	(6)	(6)
Financial assets	(50)	0	0	0	0	0
Capex - IPO cost	(460)	0	0	0	0	0
IPO proceeds	2,160	0	0	0	0	0
Paid-in capital	326	0	0	0	0	0
Net cash flow	1,843	(1,200)	(251)	34	356	730
Net (Debt) Cash - Beginning	33	1,876	676	426	460	816
Net (Debt) Cash - End	1,876	676	426	460	816	1,546
Change in Net (Debt) Cash	1,843	(1,200)	(251)	34	356	730

Source: Company data 2022A, EnVent Research 2023-27E

Ratio analysis

KPIs	2022	2023E	2024E	2025E	2026E	2027E
ROE	-11%	-57%	-9%	7%	19%	28%
ROS	-59%	-89%	-5%	5%	11%	17%
DSO	3	5	5	5	5	5
DPO	300	20	20	20	20	20
TWC/Revenues	-135%	-9%	-5%	-4%	-4%	-3%
NWC/Revenues	-125%	-20%	-7%	-6%	-5%	-4%
Net Debt/EBITDA	nm	nm	nm	nm	nm	nm
Net Debt/Equity	nm	nm	nm	nm	nm	nm
Net Debt/(Net Debt+Equity)	nm	nm	nm	nm	nm	nm
Cash flow from operations/EBITDA	nm	nm	nm	95%	83%	79%
FCF/EBITDA	nm	nm	nm	15%	58%	67%

Source: Company data 2022A, EnVent Research 2023-27E

Valuation

Available market multiples come from different cases, business models and stage of development, resulting in erratic and divergent multiples, making difficult to rely on those for the excess of subjectivity that would have been involved, given the low comparability with companies also subject to different market dynamics. As a consequence, we continue to apply the Discounted Cash Flows method as a suitable valuation tool on our 2023-27E financial projections. However, as an early-stage company, we point out the consequent critical size of terminal value.

Discounted Cash Flows

Updated assumptions:

- Risk free rate: 3.9% (Italian 10-year government bonds interest rate – 30 days average. Source: Bloomberg, December 2023)
- Market return: 13.1% (30 days average. Source: Bloomberg, December 2023)
- Market risk premium: 9.3%
- Beta: 0.8 (judgmental on Italian Real Estate average)
- Cost of equity: 11.3%
- Cost of debt: 5.5%
- Tax rate: 24% (IRES)
- 40% debt/(debt + equity) as target capital structure
- WACC 8.4%
- Perpetual growth rate after explicit projections (G): 3.5%
- Terminal Value assumes a normalized sustainable EBITDA margin of 25%

DCF Valuation

€k	2023E	2024E	2025E	2026E	2027E	Perpetuity
Revenues	941	2,266	3,156	4,269	5,710	5,859
EBITDA	(723)	(1)	272	625	1,098	1,465
<i>Margin</i>	<i>-77%</i>	<i>0%</i>	<i>9%</i>	<i>15%</i>	<i>19%</i>	<i>25%</i>
EBIT	(810)	(109)	140	471	925	1,365
<i>Margin</i>	<i>-86%</i>	<i>-5%</i>	<i>4%</i>	<i>11%</i>	<i>16%</i>	<i>23%</i>
Taxes	0	0	(38)	(130)	(257)	(381)
NOPAT	(810)	(109)	102	341	669	984
D&A	87	108	132	154	173	100
Provisions	6	16	23	26	26	26
Cash flow from P&L operations	(717)	15	257	521	867	1,110
Trade Working Capital	(420)	14	20	30	41	59
Capex	(187)	(215)	(237)	(189)	(172)	(100)
Other assets and liabilities	137	(50)	0	0	0	0
Yearly Unlevered Free Cash Flows	(1,187)	(237)	40	362	736	1,068
- H1 Unlevered Free Cash Flows	546					
Free Cash Flows to be discounted	(641)	(237)	40	362	736	1,068
WACC	8.4%					
Long-term growth (G)	3.5%					
Discounted Cash Flows	(616)	(209)	33	273	511	
Sum of Discounted Cash Flows	(8)					
Terminal Value						21,600
Discounted TV	14,996					
Enterprise Value	14,988					
Net cash as of 30/06/2023	1,224					
Equity Value	16,211					

DCF - Implied multiples	2023E	2024E	2025E	2026E	2027E
EV/Revenues	15.9x	6.6x	4.7x	3.5x	2.6x
EV/EBITDA	neg	neg	55.1x	24.0x	13.6x
EV/EBIT	neg	neg	107.1x	31.8x	16.2x
P/E	neg	neg	168.5x	48.4x	24.5x
Discount of current market price vs DCF	10%				
Current Price - Implied multiples	2023E	2024E	2025E	2026E	2027E
EV/Revenues	17.5x	7.3x	5.2x	3.9x	2.9x
EV/EBITDA	neg	neg	60.6x	26.3x	15.0x
EV/EBIT	neg	neg	117.7x	35.0x	17.8x
P/E	neg	neg	183.9x	52.8x	26.7x

Source: EnVent Research

Market multiples perspective

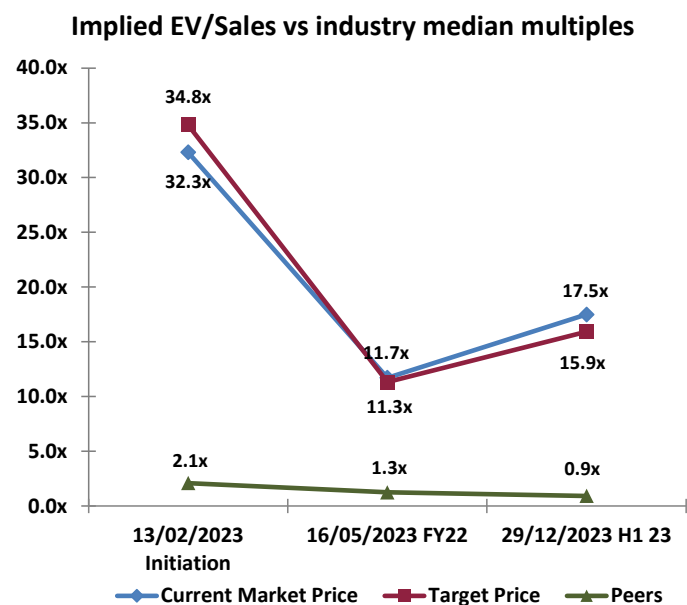
We have applied to our 2023-25 estimates the combined median EV/Revenues and EV/EBITDA multiples of the selected peer groups, using data from 3Y analyst consensus. Dotstay is currently trading far above market peers.

	EV/REVENUES				EV/EBITDA			
	2022	2023E	2024E	2025E	2022	2023E	2024E	2025E
CleanBnB	0.5x	0.2x	0.1x	0.1x	13.6x	2.2x	1.4x	1.0x
G Rent	7.1x	n.a.	n.a.	n.a.	neg	n.a.	n.a.	n.a.
Vacasa	0.4x	0.1x	0.1x	0.1x	neg	5.0x	3.0x	1.5x
Emma Villas	na	0.4x	0.3x	0.3x	na	2.7x	2.3x	1.9x
Sonder	3.3x	2.8x	2.3x	1.9x	neg	neg	neg	nm
Home To Go	1.0x	1.2x	1.0x	0.8x	neg	nm	19.6x	9.3x
Mean	2.5x	0.9x	0.7x	0.6x	13.6x	3.3x	6.6x	3.4x
Dotstay	19.9x	17.5x	7.3x	5.2x	neg	neg	neg	60.5x

Source: EnVent Research on S&P Capital IQ, 28/12/2023

Target Price

Premium market price



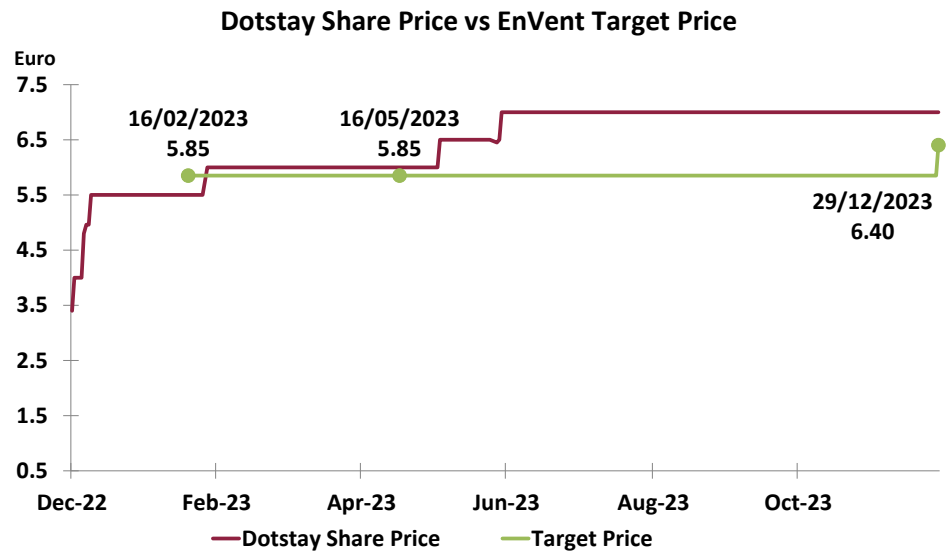
Source: EnVent Research on S&P Capital IQ, 29/12/2023

Our updated valuation points to a €6.40 per share target price and we thus confirm the NEUTRAL rating on Dotstay.

Please refer to important disclosures at the end of this report.

Dotstay Price per share	€
Target Price	6.40
Current Share Price (28/12/2023)	7.00
Premium (Discount)	-9%

Source: EnVent Research



Source: EnVent Research on S&P Capital IQ, 29/12/2023

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Rating system and rationale (12-month time horizon):

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The stock price indicated in the report is the last closing price on the day of Production.

Date and time of Production: 28/12/2023 h. 7.00pm

Date and time of Distribution: 29/12/2023 h. 6.15pm

DETAILS ON STOCK RECOMMENDATION AND TARGET PRICE

Date	Recommendation	Target Price (€)	Share Price (€)
13/02/2023	NEUTRAL	5.85	5.50
16/05/2023	NEUTRAL	5.85	6.00
29/12/2023	NEUTRAL	6.40	7.00

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