



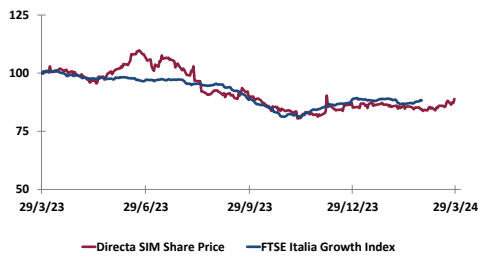
FY 2023, interest margin surge drives record profits, earning yield over 12%. Mr. A. Busi appointed new CEO. BoD propose dividend yield ca. 5% and €4m buyback

OUTPERFORM

Current Share Price (€): 3.61

Target Price (€): 5.90

Directa SIM Milano - 1Y Performance



Source: S&P Capital IQ - Note: 29/03/2024=100

Company data

| | |
|------------------------|-----------------------|
| ISIN number | IT0001463063 |
| Bloomberg code | D IM |
| Reuters code | D.MI |
| Industry | Financial services |
| Stock market | Euronext Growth Milan |
| Share Price (€) | 3.61 |
| Date of Price | 28/03/2024 |
| Shares Outstanding (m) | 18.8 |
| Market Cap (€m) | 67.7 |
| Market Float (%) | 19.8% |
| Daily Volume | 20,500 |
| Avg Daily Volume YTD | 20,119 |
| Target Price (€) | 5.90 |
| Upside (%) | 63% |
| Recommendation | OUTPERFORM |

Share price performance

| | 1M | 3M | 6M | 1Y |
|----------------------------|-----|-----|------|------|
| Directa SIM - Absolute (%) | 5% | 4% | -1% | -11% |
| FTSE Italia Growth (%) | -2% | -2% | -3% | -13% |
| 1Y Range H/L (€) | | | 4.46 | 3.27 |
| YTD Change (€)/% | | | 0.15 | 4% |

Source: S&P Capital IQ

Analysts

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Trading update: share price finds support, volume picks up

Over the past 12 months, Directa's stock maintained a positive correlation with the Italia Growth Index which lost around 13%. After a peak of €4.5 in March 2023, the stock exhibited a bearish trend reaching a low of €3.3 in November 2023. Subsequently, it recovered to €3.67 in early December before entering in a trading range of €3.4 to €3.6. Trading volumes showed an upward trend, with higher average peaks observed between December and January.

FY 2023: earning yield of 12.3%, net income up 46% YoY, dividend cash out €0.17 per share, €4m buyback

Customers were roughly 80,000 as of December 2023, +27% YoY. Customers' assets peaked at €4.7bn, +34% YoY. Total filled orders were over 4m YoY, slightly below compared to FY22. Net fees were €13.7m, -2% YoY, net interest margin was €15.7m, +64% YoY, brokerage margin was €29.5m, up by 25% YoY. FY23 EBT was €11.9m, +59% YoY, while net income was €8.2m, up by 46% YoY, implying an earning yield of 12.3%. Net equity was €37.6m vs €29.9m in December 2022, +26% YoY. CET1 and TCR improved to 846% from 572% at FY22. Italian market share stood over 5.1% vs 5.6% in 2022 (source: Assosim). The BoD will propose a dividend of €3.2m (i.e. €0.17 per share, dividend yield approximately 5%) and €4m in buyback. New CEO Mr. Andrea Busi (former CFO).

2024 outlook: promising start, customers and assets on the rise

Management has confirmed a positive start to 2024. Customers increased by 4,000 new accounts. Total assets exceeding €5bn, increased by €400m year to date. Brokerage grew by 21% and filled orders by 14%. The Company confirms its commitment to expand its services with the planned launch of its private banking business line, expected to be operational in the second half of the year. Management considers trans-listing possibility. Mr. Tedeschi (6% capital share), outgoing CEO, exclude overhang risk in the near term.

Target price €5.90 per share (from €5.4), OUTPERFORM rating confirmed

Reported data have shown sequential improvement in metrics over the past four years supporting our growing projections. We view the appointment of Mr. A. Busi as the new CEO favorably, as it ensures continuity in Directa's strategical positioning. On these premises, we believe that the return on equity investments combined with the capital solidity make Directa a compelling investment opportunity. Directa currently trades at 9.3x 2024E P/E, a 34% discount to 14.0x international peers median. We confirm the OUTPERFORM rating and raise the target price to €5.90 per share (from €5.40), 63% potential upside on current share price.

Consolidated key financials and estimates

| €m | 2019A | 2020A | 2021A | 2022A | 2023A | 2024E | 2025E | 2026E |
|---|-------|-------|-------|-------|-------|-------|-------|-------|
| Brokerage Margin | 12.5 | 18.8 | 23.3 | 23.5 | 29.5 | 29.9 | 31.9 | 34.9 |
| Net Income (Loss) | (0.0) | 2.4 | 5.2 | 5.6 | 8.2 | 7.3 | 8.0 | 9.2 |
| Total Assets | 66.4 | 55.1 | 94.1 | 92.3 | 97.5 | 112.8 | 123.4 | 135.5 |
| Equity | 14.8 | 17.1 | 26.6 | 29.9 | 37.6 | 44.9 | 52.9 | 62.1 |
| Trading Customers Assets (Cash+Securities), €m | | 1,905 | 3,016 | 3,484 | 4,681 | 5,383 | 5,921 | 6,514 |
| Trading Customers (including non active), thousands | | 36.5 | 50.8 | 61.3 | 78.1 | 85.9 | 90.2 | 94.8 |
| Trading Executed orders, million | | 3.85 | 4.07 | 4.19 | 4.02 | 4.42 | 4.59 | 4.77 |
| Trading Fee income, €m | | 16.7 | 19.9 | 19.5 | 19.1 | 21.0 | 21.8 | 22.7 |
| Trading Fee expense/Fee income | | 31.0% | 29.6% | 28.0% | 28.2% | 28.2% | 28.2% | 28.2% |
| Cost/Income | | 0.63 | 0.55 | 0.61 | 0.52 | 0.57 | 0.56 | 0.55 |
| Earnings per share, basic (€) | | 0.00 | 0.28 | 0.30 | 0.44 | 0.39 | 0.42 | 0.49 |
| ROE (Net Income/Equity) | | 14.3% | 19.7% | 18.7% | 21.8% | 16.2% | 15.1% | 14.8% |

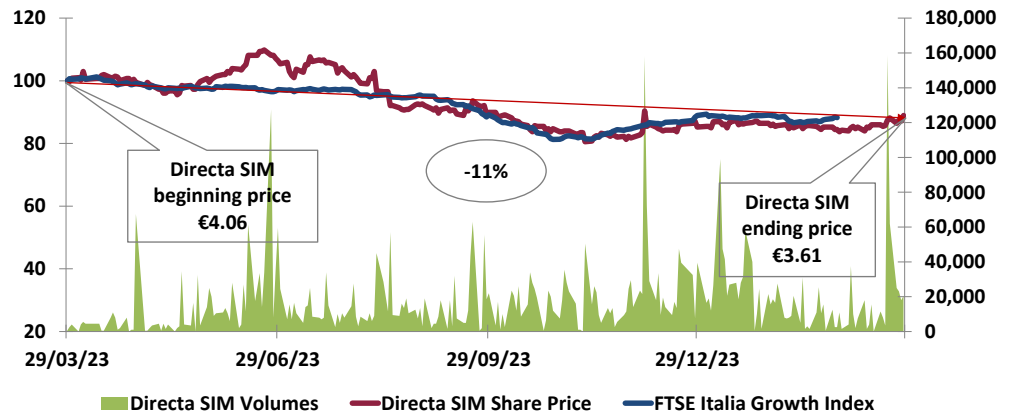
Source: Company data 2020-23A, EnVent Research 2024-26E

Market update

Directa SIM - 1Y Share price performance and trading volumes

Trading price range LTM €3.27-4.46 per share

-11% vs. -13% of Italia Growth index along the same period

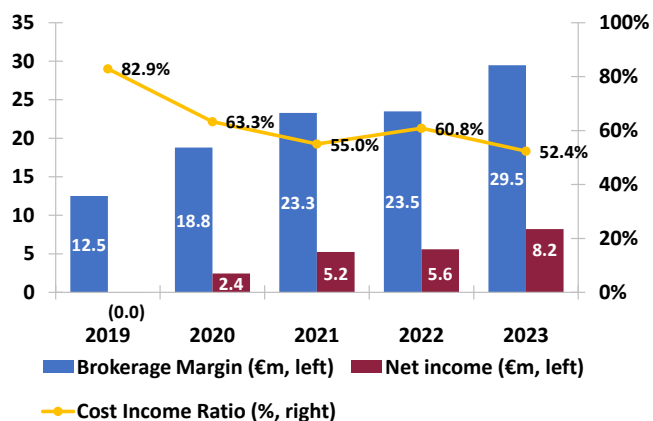


Source: EnVent Research on S&P Capital IQ, 28/03/2024 - Note: 29/03/2023 =100

Investment case

Directa SIM, listed on Euronext Growth Milan, offers online trading services to individuals and institutional investors, through software platforms developed in-house and available in multi-device mode. First in Italy and one of the first in the world to go into business. Directa allows its customers to invest in a wide range of financial instruments traded on Euronext Italian markets, on main US stock exchange markets (NYSE, AMEX, NASDAQ), on some European stock exchange markets (XETRA, CBOE Europe) and with securities traded on EUREX, LMAX and CME derivative markets. Services also available for indirect customers of 140 banks operating in Italy, partners of Directa.

Historical Brokerage Margin, Net income and Cost Income Ratio



Source: Company data

Industry and Company drivers

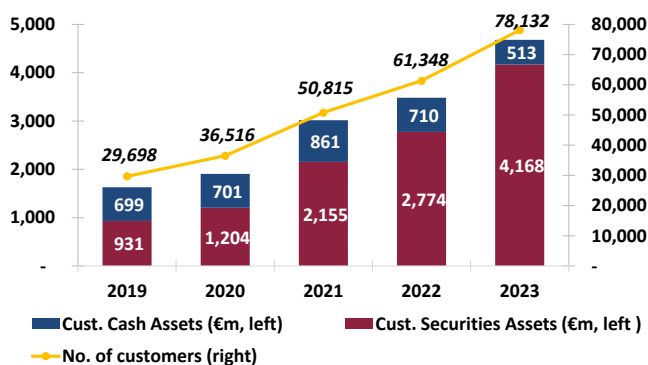
- Internet banking eases access to global markets for retail investors
- Investment products and services cost among main levers to lure investors
- Growing weight of Millennials and Generation Z on targeted investors
- Competitive technology advantage from in-house software platforms
- Solid top management track record in the industry
- Partnership with local banks and financial advisors
- Launch of private banking business

Challenges

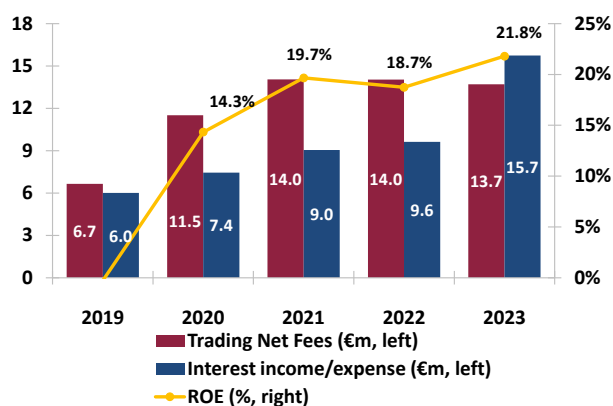
- Online trading cyclicality directly correlated with market volatility
- Competition from foreign players
- Self-investors catchment area addressed also by expert competition
- Highly regulated market, possible impact of legislation changes

Selected KPIs

Customers securities, cash and total number



Brokerage Margin main components and ROE



Source: Company data

FY 2023 results

- Net fees at €13.7m down by 2.1% YoY
- Interest income/expenses at €15.7m up by 6.5% YoY
- Brokerage margin at €29.5m up by 25.5% YoY
- Personnel and G&A expenses increased by 5.0% and 11.6%, mainly due to IT staffing needs and to the private banking start-up project
- EBT €11.9m, +59% YoY, net profit €8.2m, +46% YoY
- Net equity €37.6m, +25.7% YoY, after €2.64m dividend H1 2023 cash-out
- CET1 and TCR improved to 846% from 572% at FY22

Business update

Directa performance in 2023 recalls the growth trend of latest years, with customers number reaching over 78,000 (+27% vs 2022 year-end) and assets at €4.7bn (+34% YoY). Total filled orders were 4m in line YoY, with cash market weighing 65% of total. In 2023, Directa share of the Italian RTO industry slightly declined from previous year 5.6% to 5.1% (source: Assosim).

The BoD will propose a dividend of €3.2m (i.e. €0.17 per share, dividend yield approximately 5%, +6.2% YoY) and €4m in buyback

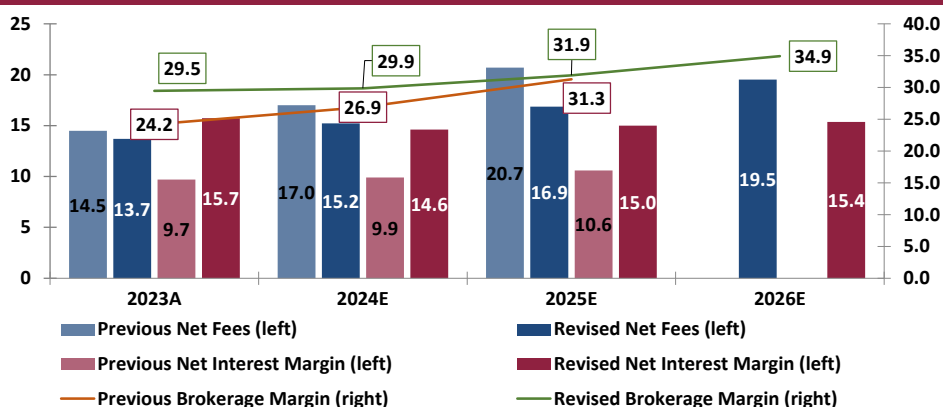
Estimates revision

We are refining our estimates to incorporate fiscal year 2026. Our approach hinges on the following:

- Analysis of FY23 actual financial data and any deviations from our prior estimates.
- Anticipating an upward adjustment of the net interest margin, reflecting recent market trends.
- Affirming the rise in net fees and the driving forces behind this increase
- Adjusting the launch schedule for the Private Banking business line, whose investment financing is expected to influence estimates for 2024-25. However, we foresee a positive contribution starting from 2026 onwards.

Change in estimates

Previous vs Revised Net Fees, Net Interest and Brokerage margin estimates (€m)



Source: EnVent Research

| €m | Revised | | | | Previous | | | | Change % | | | |
|---------------------|---------|-------|-------|-------|----------|-------|-------|-------|----------|-------|-------|-------|
| | 2023A | 2024E | 2025E | 2026E | 2023A | 2024E | 2025E | 2026E | 2023A | 2024E | 2025E | 2026E |
| Net Fees | 13.7 | 15.2 | 16.9 | 19.5 | 14.5 | 17.0 | 20.7 | n.a. | -5% | -10% | -19% | n.a. |
| Net Interest Margin | 15.7 | 14.6 | 15.0 | 15.4 | 9.7 | 9.9 | 10.6 | n.a. | 62% | 48% | 42% | n.a. |
| Brokerage Margin | 29.5 | 29.9 | 31.9 | 34.9 | 24.2 | 26.9 | 31.3 | n.a. | 22% | 11% | 2% | n.a. |
| EBT | 11.9 | 10.8 | 11.8 | 13.6 | 7.5 | 8.8 | 11.4 | n.a. | 59% | 23% | 4% | n.a. |
| Net Income (Loss) | 8.2 | 7.3 | 8.0 | 9.2 | 5.0 | 5.9 | 7.7 | n.a. | 64% | 23% | 3% | n.a. |
| Equity | 37.6 | 44.9 | 52.9 | 62.1 | 32.2 | 38.1 | 45.8 | n.a. | 17% | 18% | 15% | n.a. |

Source: EnVent Research

Financial projections

Consolidated Profit and Loss

| €m | 2019A | 2020A | 2021A | 2022A | 2023A | 2024E | 2025E | 2026E |
|---|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Fee income | 10.1 | 16.7 | 19.9 | 19.5 | 19.1 | 21.4 | 24.9 | 30.4 |
| Fee expense | (3.5) | (5.2) | (5.9) | (5.5) | (5.4) | (6.2) | (8.1) | (10.9) |
| Net fees | 6.7 | 11.5 | 14.0 | 14.0 | 13.7 | 15.2 | 16.9 | 19.5 |
| Interest income/expense | 6.0 | 7.4 | 9.0 | 9.6 | 15.7 | 14.6 | 15.0 | 15.4 |
| Net income (loss) from trading & dividends | (0.2) | (0.2) | 0.2 | (0.2) | 0.0 | 0.0 | 0.0 | 0.0 |
| Brokerage Margin | 12.5 | 18.8 | 23.3 | 23.5 | 29.5 | 29.9 | 31.9 | 34.9 |
| Writedown/writeup on financial assets | (0.0) | (0.8) | (0.0) | (0.0) | (0.4) | 0.0 | 0.0 | 0.0 |
| Net Financial Margin | 12.5 | 18.0 | 23.2 | 23.5 | 29.0 | 29.9 | 31.9 | 34.9 |
| Personnel | (3.8) | (5.3) | (5.8) | (6.5) | (7.2) | (8.0) | (8.7) | (9.6) |
| G&A | (6.6) | (6.6) | (7.0) | (7.8) | (8.2) | (9.0) | (9.3) | (9.5) |
| D&A | (2.0) | (2.0) | (1.9) | (1.9) | (1.9) | (1.9) | (2.0) | (2.2) |
| Other income (expenses) | (0.0) | (0.1) | (1.1) | 0.2 | 0.2 | (0.1) | (0.1) | (0.1) |
| Income (loss) from divestments and stakes owned | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EBT | 0.1 | 4.1 | 7.4 | 7.5 | 11.9 | 10.8 | 11.8 | 13.6 |
| EBT/Brokerage margin | 1.0% | 21.7% | 31.9% | 31.8% | 40.4% | 36.3% | 37.1% | 38.9% |
| Income taxes | (0.2) | (1.6) | (2.2) | (1.9) | (3.7) | (3.6) | (3.9) | (4.4) |
| Net Income (Loss) | (0.0) | 2.4 | 5.2 | 5.6 | 8.2 | 7.3 | 8.0 | 9.2 |

Source: Company data 2018-23A, EnVent Research 2024-26E

Consolidated Balance Sheet

| €m | 2019A | 2020A | 2021A | 2022A | 2023A | 2024E | 2025E | 2026E |
|--|-------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|
| Cash and bank deposits | 23.3 | 7.5 | 14.0 | 9.7 | 12.7 | 19.9 | 27.5 | 36.6 |
| Loans | 28.5 | 29.7 | 59.8 | 63.6 | 66.4 | 73.0 | 75.9 | 78.9 |
| Current assets different from loans | 8.6 | 11.9 | 14.8 | 13.4 | 12.9 | 14.2 | 14.9 | 15.6 |
| Non-current assets | 6.0 | 5.9 | 5.5 | 5.5 | 5.6 | 5.8 | 5.1 | 4.4 |
| Total Assets | 66.4 | 55.1 | 94.1 | 92.3 | 97.5 | 112.8 | 123.4 | 135.5 |
| Current liabilities | 2.2 | 3.0 | 3.0 | 3.3 | 3.3 | 3.3 | 3.3 | 3.3 |
| Funding | 48.2 | 33.4 | 62.7 | 57.2 | 54.7 | 62.2 | 64.5 | 66.9 |
| Provisions | 1.1 | 1.6 | 1.8 | 1.8 | 1.9 | 2.4 | 2.8 | 3.2 |
| Total Liabilities | 51.6 | 38.0 | 67.5 | 62.4 | 59.9 | 68.0 | 70.5 | 73.4 |
| Equity | 14.8 | 17.1 | 26.6 | 29.9 | 37.6 | 44.9 | 52.9 | 62.1 |
| Total Liabilities and Equity | 66.4 | 55.1 | 94.1 | 92.3 | 97.5 | 112.8 | 123.4 | 135.5 |

Source: Company data 2018-23A, EnVent Research 2024-26E

Consolidated Cash Flow

| €m | 2020A | 2021A | 2022A | 2023A | 2024E | 2025E | 2026E |
|--|------------|------------|------------|-------------|-------------|-------------|-------------|
| EBT | 4.1 | 7.4 | 7.5 | 11.9 | 10.8 | 11.8 | 13.6 |
| Current taxes | (1.6) | (2.2) | (1.9) | (3.7) | (3.6) | (3.9) | (4.4) |
| D&A | 2.0 | 1.9 | 1.9 | 1.9 | 1.9 | 2.0 | 2.2 |
| Current assets, net | (2.6) | (2.8) | 1.7 | 0.5 | (1.3) | (0.8) | (0.7) |
| Provisions | 0.5 | 0.2 | 0.0 | 0.1 | 0.5 | 0.3 | 0.4 |
| Cash flow from operations | 2.3 | 4.5 | 9.3 | 10.7 | 8.4 | 9.5 | 11.1 |
| Capex | (1.9) | (1.5) | (1.9) | (1.9) | (2.2) | (1.4) | (1.5) |
| Operating cash flow after capex | 0.4 | 3.0 | 7.4 | 8.8 | 6.3 | 8.2 | 9.6 |
| Paid-in capital/IPO proceeds | 0.0 | 4.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Stakes/financial assets adjustments | (0.0) | 0.1 | (0.0) | (0.0) | 0.0 | 0.0 | 0.0 |
| Dividends and other Net Equity changes | (0.2) | (0.2) | (2.3) | (0.5) | 0.0 | 0.0 | 0.0 |
| Operating cash flow and equity inflow/outflow | 0.2 | 7.4 | 5.0 | 8.3 | 6.3 | 8.2 | 9.6 |

Source: Company data 2018-23A, EnVent Research 2024-26E

Ratio analysis

| KPIs | 2019A | 2020A | 2021A | 2022A | 2023A | 2024E | 2025E | 2026E |
|---|-------|-------|-------|-------|-------|-------|-------|-------|
| Trading Customers Assets (Cash+Securities), €m | 1,630 | 1,905 | 3,016 | 3,484 | 4,681 | 5,383 | 5,921 | 6,514 |
| Trading Customers (including non active), thousands | 29.7 | 36.5 | 50.8 | 61.3 | 78.1 | 85.9 | 90.2 | 94.8 |
| Trading Executed orders, million | 2.51 | 3.85 | 4.07 | 4.19 | 4.02 | 4.42 | 4.59 | 4.77 |
| Trading Fee income, €m | 10.1 | 16.7 | 19.9 | 19.5 | 19.1 | 21.0 | 21.8 | 22.7 |
| Trading Fee expense/Fee income | 34.4% | 31.0% | 29.6% | 28.0% | 28.2% | 28.2% | 28.2% | 28.2% |
| Cost/Income | 0.83 | 0.63 | 0.55 | 0.61 | 0.52 | 0.57 | 0.56 | 0.55 |
| Earnings per share, basic (€) | | | 0.28 | 0.30 | 0.44 | 0.39 | 0.42 | 0.49 |
| ROE (Net Income/Equity) | -0.3% | 14.3% | 19.7% | 18.7% | 21.8% | 16.2% | 15.1% | 14.8% |

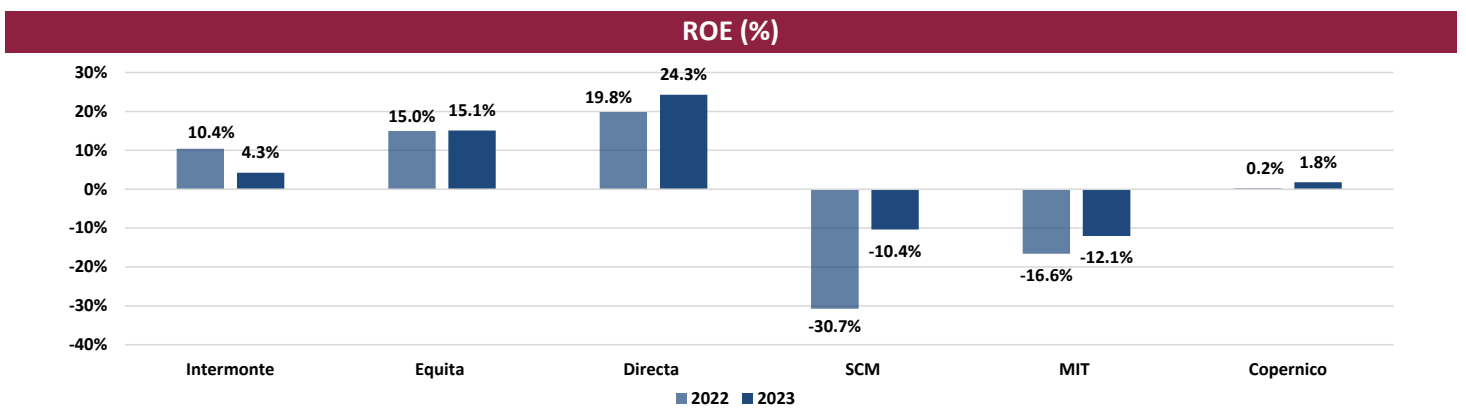
Source: Company data 2018-23A, EnVent Research 2024-26E

Industry outlook

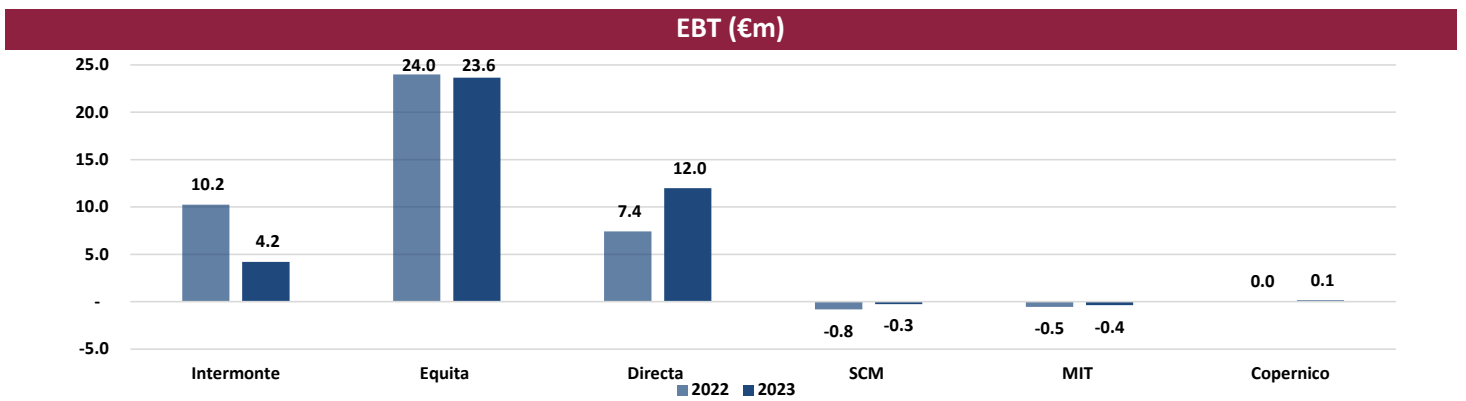
The global online trading platform market in 2023 attained a value around \$11b and it is expected to reach over \$15b by 2028, with a CAGR of 7.4%, driven by a confluence of factors, including the worldwide digitalization trend, wider internet penetration, artificial intelligence advancements, growing accessibility of platforms through mobile devices and investments in the financial education of investors (source: Research and Markets, *Online Trading Platform Global Market*, 2024).

Industry benchmark

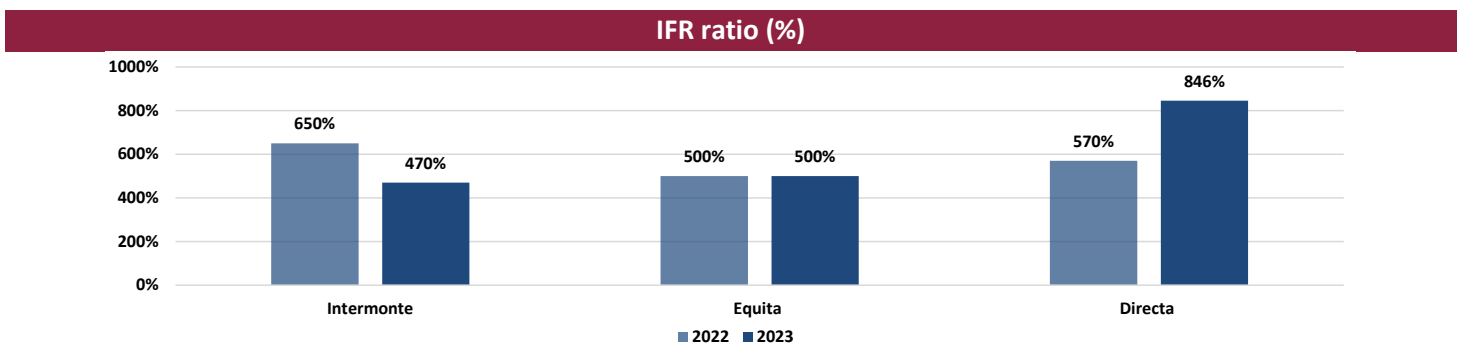
SIM sector key performance indicators - EGM listed SIM cluster



Source: EnVent Research on companies data



Source: EnVent Research on companies data



Note: For SCM, MIT and Copernico no available data

Source: EnVent Research on companies data

Valuation

We have updated our market multiples and free cash flow to equity model (FCFE).

Market multiples

We have updated the market multiples of international online trading services providers. Considering different geographical and regulatory scope, we deem this shortlist partially comparable to Directa as per business model, relevant market, risks, and outlook.

For a complete representation, we include a list of only Italian SIMs/brokers to compare Directa on TCR (Total Capital Ratio) and CET1 (Common Equity Tier 1) ratios and having a comparison at P/Es levels, but not applying them in our valuation process.

Below, we apply the median P/E multiples to Directa's net income projections for 24-2026E.

| Company | 2024E | P/E 2025E | 2026E |
|---|--------------|--------------|--------------|
| International peers | | | |
| flatexDEGIRO AG | 10.7x | 9.6x | 8.4x |
| Interactive Brokers Group, Inc. | 17.3x | 16.7x | 15.0x |
| The Charles Schwab Corporation | 21.4x | 17.0x | 14.9x |
| Plus500 Ltd. | 7.7x | 7.5x | 7.0x |
| Robinhood Markets, Inc. | 28.5x | 25.2x | 21.8x |
| XP Inc. | 13.9x | 12.1x | 10.2x |
| Swissquote Group Holding Ltd | 14.0x | 12.6x | 10.7x |
| Mean | 16.2x | 14.4x | 12.6x |
| Median | 14.0x | 12.6x | 10.7x |
| Italian peers | | | |
| Equita Group S.p.A. | 10.5x | 8.6x | 7.9x |
| Intermonte Partners SIM S.p.A. | 15.3x | 10.9x | n.a. |
| MiT Sim S.p.A. | 35.4x | 11.8x | n.a. |
| Copernico Sim S.p.A. | 30.9x | 11.7x | 8.2x |
| SCM SIM S.p.A. | 21.1x | 7.7x | n.a. |
| Mean | 22.7x | 10.2x | 8.0x |
| Median | 21.1x | 10.9x | 8.0x |
| Directa SIM current market price | 9.3x | 8.5x | 7.3x |

Source: EnVent Research on S&P Capital IQ, 01/04/2024

Multiples application

| Multiples - Online trading providers | €m | | P/E Multiple | Equity Value (€m) |
|--------------------------------------|------------|---------------|--------------|-------------------|
| Directa | | | | |
| 2024E Earnings | 7.3 | <i>Median</i> | 14.0x | 101.8 |
| 2025E Earnings | 8.0 | <i>Median</i> | 12.6x | 100.5 |
| 2026E Earnings | 9.2 | <i>Median</i> | 10.7x | 98.5 |
| Mean | | | | 100.3 |

Source: EnVent Research

Free cash flow to equity model

Updated assumptions:

- FY23 actual data regarding current equity available to shareholders after covering capital requirements
- Risk free rate: 3.2% (Italian 10-year government bonds interest rate – last 30 days average. Source: Bloomberg, April 2024)
- Market return: 11.8% (last 30 days average. Source: Bloomberg, April 2024)
- Market risk premium: 8.6%
- Beta: 1 (neutral value, since listed peers' values too erratic)
- Cost of equity: 11.4%
- Perpetual growth rate after explicit projections: 3.5%
- Terminal Value assumes no upfront fees for new AUM originated by incoming financial advisors. We separately estimate the impact of upfront fee after 2025.

FCFE Valuation model

| €m | 2024E | 2025E | 2026E | Perpetuity |
|--|--------------|------------|------------|-------------|
| Net cash flow to be discounted | 6.2 | 6.3 | 6.6 | 7.7 |
| Cost of Equity (Ke) | 11.4% | | | |
| Long-term growth (G) | 3.5% | | | |
| Discounted Cash Flows | 5.6 | 5.1 | 4.8 | |
| Sum of Discounted Cash Flows | 15.5 | | | |
| Terminal Value | | | | 98.0 |
| Discounted Upfront Fee post projections | (5.0) | | | |
| Discounted Terminal Value | 71.0 | | | |
| Excess capital as of 31/12/2023 | 29.8 | | | |
| Equity Value | 111.2 | | | |

Source: EnVent Research

Valuation rationale

Consensus outlook for 2024: key points

- **Economic growth:** moderate global growth is expected, with easing inflation potentially boosting consumer spending.
- **Inflation:** inflation is expected to decline but remain above central bank targets in the short term.
- **Interest rates:** rates are expected to remain high in the first part of 2024, followed by a stabilization or slight decrease later in the year.
- **Stock market:** performance is expected to be uncertain, with potential periods of volatility. Value and defensive sectors may hold promise.
- **Bond market:** yields are likely to rise in the first half, with potential stabilization or decline in the second half.
- **Currencies:** the US dollar is expected to be strong in the first half, possibly weakening in the second half.
- **Commodities:** prices may stabilize or decline, with energy remaining a volatile

exception.

- **Emerging technologies:** artificial intelligence, blockchain, and fintech could have a growing influence on financial markets.
- **China:** moderate economic growth in China could have implications for global markets.
- **Geopolitical risks:** ongoing tensions in Ukraine and other regions could impact markets.

Well-positioned for changes in market landscape

Central banks' monetary tightening has led market participants to anticipate a return of inflation to normal levels. However, these expectations may be overly optimistic, potentially underestimating the challenges of achieving inflation normalization. This mismatch could cause significant volatility within financial markets.

Moreover, due to expectations of moderate and not declining economic growth, interest rates may remain high in the near term. This could continue to make fixed-income investments relatively attractive due to their competitive risk/return trade-off vs to other asset classes.

We recognize that Directa's profitability in 2023 was boosted by the unusually high interest rates. However, we still expect an absolute contribution from net interest margin close to last year. In addition, we expect some stability for this metric over the next three years due to customer growth and the expectation of gradual normalization of interest rates.

Finally, the direct correlation between increased trading activity and rising market volatility, coupled with the gradual declining appeal of the bond asset class under assumptions of interest rate normalization, suggests that Directa is well positioned to capitalize from both of these emerging trends.

Target Price

FY 2023 figures confirm Directa's growth path and the validity of its strategic positioning that allows it to leverage the different cores of the business in conjunction with market changes. CET1 and TCR ratios are also on the rise due to the highest-ever recorded profitability. Market conditions are expected to support this trend in the medium term. The Company's renewed focus on implementing the private banking business unit is also a positive indication.

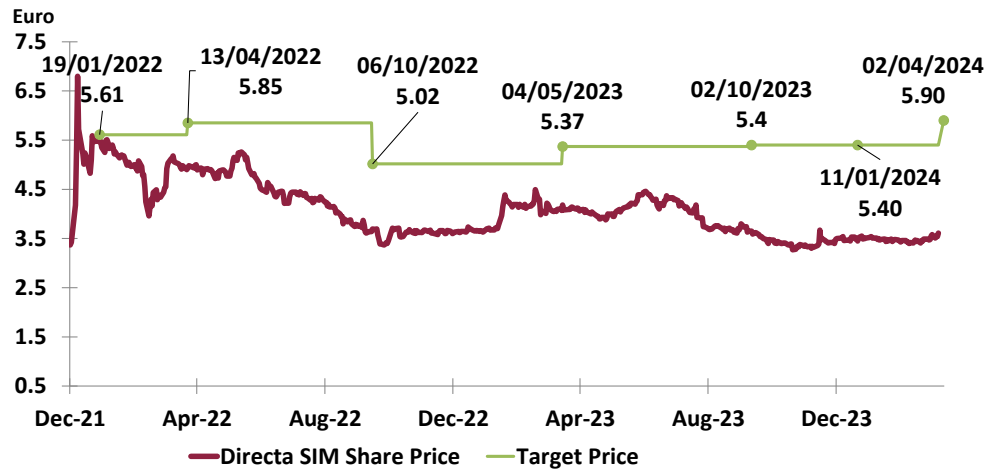
Our FCFE model led to an equity value of €5.90 target price per share (from €5.40), implying a 63% upside on current stock price, and the OUTPERFORM rating.

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

| Directa SIM price per Share | € |
|----------------------------------|------|
| Target price | 5.90 |
| Current Share Price (28/03/2024) | 3.61 |
| Premium (Discount) | 63% |

Source: EnVent Research

Directa Share Price vs. EnVent Target Price



Source: EnVent Research on S&P Capital IQ, 02/04/2024

Directa Implied Multiples

| Company | P/E | | |
|---|--------------|--------------|--------------|
| | 2024E | 2025E | 2026E |
| International peers | | | |
| Mean | 16.2x | 14.4x | 12.6x |
| Median | 14.0x | 12.6x | 10.7x |
| Directa SIM current market price | 9.3x | 8.5x | 7.3x |
| Directa SIM EnVent Target Price | 15.3x | 14.0x | 12.1x |

Source: EnVent Research on S&P Capital IQ, 02/04/2024

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Equity ratings and valuations are issued in absolute terms, not relative to market performance.

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

OUTPERFORM: stocks are expected to have a total return above 10%;

NEUTRAL: stocks are expected to have a performance between -10% and +10% consistent with market or industry trend and appear less attractive than Outperform rated stocks;

UNDERPERFORM: stocks are among the least attractive in a peer group, with the target price 10% below the current market price;

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NOT RATED: no rating or target price assigned.

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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: 28/03/2024 h. 7.00pm

Date and time of Distribution: 02/04/2024 h. 6.20pm

DETAILS ON STOCK RECOMMENDATION AND TARGET PRICE

| Number of companies covered: | 23 | OUTPERFORM | NEUTRAL | UNDERPERFORM | SUSPENDED | UNDER REVIEW | NOT RATED |
|----------------------------------|----|------------|---------|--------------|-----------|--------------|-----------|
| Total Equity Research Coverage % | | 91% | 9% | 0% | 0% | 0% | 0% |
| of which EnVent clients % * | | 85% | 50% | na | na | na | na |

* Note: Companies to which corporate and capital markets services were supplied in the last 12 months.

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| Date | Recommendation | Target Price (€) | Share Price (€) |
|------------|----------------|------------------|-----------------|
| 19/01/2022 | NEUTRAL | 5.61 | 5.51 |
| 14/04/2022 | OUTPERFORM | 5.85 | 4.93 |
| 06/10/2022 | OUTPERFORM | 5.02 | 3.64 |
| 05/04/2023 | OUTPERFORM | 5.37 | 4.07 |
| 02/10/2023 | OUTPERFORM | 5.40 | 3.65 |
| 11/01/2024 | OUTPERFORM | 5.40 | 3.50 |
| 02/04/2024 | OUTPERFORM | 5.90 | 3.61 |

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