



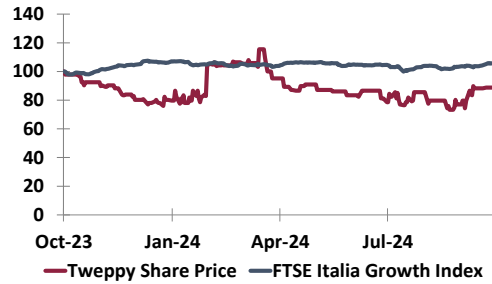
Acquisition of Syncrogest to add business process platform for the maintenance industry

OUTPERFORM

Current Share Price (€): 0.83

Target Price (€): 1.22

Tweppy - 1Y Performance



Source: S&P Capital IQ - Note: 21/10/2023=100

Company data

ISIN number	IT0005437113
Bloomberg code	TWEP IM
Reuters code	TWEP.IM
Industry	Software
Stock market	Euronext Growth Milan
Share Price (€)	0.83
Date of Price	21/10/2024
Shares Outstanding (m)	2.3
Market Cap (€m)	1.9
Market Float (%)	33.3%
Daily Volume	0
Avg Daily Volume YTD	4,808
Target Price (€)	1.22
Upside (%)	47%
Recommendation	OUTPERFORM

Share price performance

	1M	3M	6M	1Y
Tweppy - Absolute (%)	15%	13%	-7%	-11%
FTSE Italia Growth (%)	2%	1%	1%	5%
1Y Range H/L (€)		1.08		0.69
YTD Change (€) / %		0.08		10%

Source: S&P Capital IQ

Analysts

Viviana Sepe vsepe@envent.it
Ivan Tromba itromba@envent.it

EnVent Italia SIM S.p.A.

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

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Diversifying software portfolio with Syncrogest acquisition

Tweppy has acquired 100% of Syncrogest, an Italian software company offering a cloud SaaS platform for management of technical assistance services. Target customers are installation, maintenance and IT firms. Deal consideration of €741k. Syncrogest FY23 key financials: revenues €262k, EBITDA €67k (25.4% margin), net cash of €119k. The acquisition rationale is to diversify Tweppy software portfolio.

Trading update

Over the last 12 months Tweppy has always traded in the €0.70-0.80 range, except for March-April with the stock reaching the tentative takeover bid price of €1 per share. Overall Tweppy share price decreased 11%, while the FTSE Italia Growth index gained 5% in the same period.

H1 2024 financial performance

Revenues, entirely software licenses after discontinuing the RE renovation business, were €0.7m (€0.9m pro-forma), up by 47% on H1 2023, with operating profit at breakeven (€0.07m pro-forma). Net loss of €(0.3)m (vs €(0.2)m in H1 2023). Net income adjusted almost at breakeven (as in H1 2023). Net financial debt was €1.3m, from €0.9m as of December 2023, after Syncrogest first acquisition disbursement of €0.4m. In H1 2024 consolidated financial statements Syncrogest results accounted for 45 days.

Target Price €1.22 per share and OUTPERFORM rating confirmed

H1 2024 results are almost congruous with our full year expectations, also considering that in H2 Syncrogest will contribute fully to Tweppy turnover. We deem that the additional revenues coming from Syncrogest will support our 2025-26E sales estimates. Factoring in H1 results, we are making some finetuning on operating costs and capex. Based on our updated valuation, we confirm the target price of €1.22 per share and the OUTPERFORM rating on the stock, given the 47% potential upside on current share price.

KEY FINANCIALS AND ESTIMATES

€m	2023	2024E	2025E	2026E
Revenues	1.6	1.7	2.0	2.3
YoY %	-	6.9%	18.9%	14.8%
EBITDA	0.1	0.1	0.2	0.4
Margin	7.5%	4.0%	11.8%	18.0%
EBIT	(0.4)	(0.5)	(0.5)	(0.3)
Margin	neg	neg	neg	neg
Net Income (Loss)	(0.2)	(0.4)	(0.4)	(0.3)
Net (Debt) Cash	(0.9)	(1.3)	(1.0)	(0.3)
Equity	2.5	2.0	1.6	1.3
DCF - Implied multiples	2023	2024E	2025E	2026E
EV/Revenues	2.7x	2.5x	2.1x	1.8x
EV/EBITDA	36.1x	63.0x	18.0x	10.2x

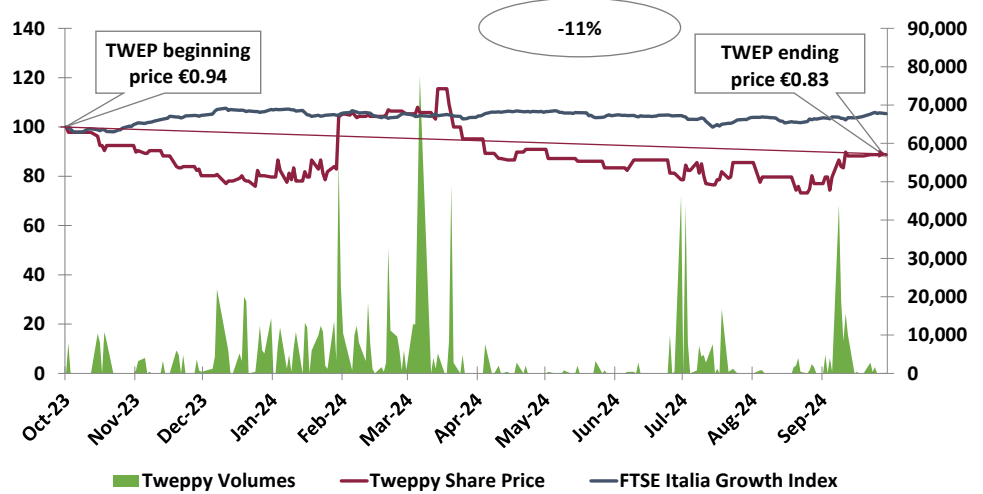
Source: Company data 2023A, EnVent Research 2024-26E

Market update

Tweppy - 1Y Share price performance and trading volumes

Trading price range €0.69-1.08 per share

-11% for Tweppy, vs +5% for the Italia Growth Index



Source: EnVent Research on S&P Capital IQ - Note: 21/10/2023=100

Investment case

SaaS platforms in digital management consulting for SMEs

Syncrogest acquisition in May 2024

Revenue visibility

Tweppy is a digital enabler company for SMEs: the core offer is a cloud SaaS platform that enables workflow optimization and monitoring. In addition, through the acquisition of Syncrogest in 2024, Tweppy added to its portfolio a SaaS platform for management of technical assistance services. Target customers are small businesses, accounting and law firms, installation and maintenance firms, apartment building administrators, labor consultants, insurance and travel agencies and IT firms. The proprietary technology and proven know how qualify Tweppy as one among the must-have partners for small organizations willing to digitalize their daily operations and communication flow. Tweppy's platform works alongside customers specific ERP to manage and monitor internal and external communications, filing the information flow with specific criteria for each project or task.

Tweppy offers its platform through monthly or annual subscriptions fee scheme, with different services included and tailored for the number of customers' users, providing recurring revenues; this and a strong customer loyalty, implying a low churn rate, allows revenues stream continuity and projections visibility. Potential targets are reached only through online marketing campaigns.

Drivers

Industry and company drivers

- Hassle-free solution powered by in-house technology
- Functions centralization
- Easy to use functionality specifically developed for target businesses
- Accessible anytime through internet browser or smartphone/tablet
- Selling proposition to serve a wide range of target clients
- Growth without huge capex

Challenges

- Brand awareness and reputation buildup
- Market competitiveness within the industry
- Rise of alternatives fueled by AI

Risk profile: *medium-high*

Competitive forces		
Force	Factors	Materiality of risk map
Customers	<ul style="list-style-type: none"> • Can choose and switch between products with limited hassle • Consumer experience is crucial • Target functions are key decision driver 	<p>The materiality of risk map is a 2x2 grid. The vertical axis represents risk, with 'Higher risk' at the top and 'Lower risk' at the bottom. The horizontal axis represents impact, with 'Lower impact' on the left and 'Higher impact' on the right. Bubbles of varying sizes and colors represent different competitive forces: 'Suppliers' is a small green bubble in the lower-left quadrant; 'Competitive rivalry' is a medium yellow bubble in the upper-left quadrant; 'New entrants' is a medium yellow bubble in the lower-right quadrant; 'Substitutes' is a large orange bubble in the upper-right quadrant; and 'Customers' is the largest orange bubble in the upper-right quadrant. The text 'Overall risk profile MEDIUM-HIGH' is placed in the upper-right area of the grid.</p>
Substitutes	<ul style="list-style-type: none"> • AI is pushing automation in working operations 	
Competitive rivalry	<ul style="list-style-type: none"> • No clear leader • Few players with client focus • Bigger players could introduce similar functionalities 	
New entrants	<ul style="list-style-type: none"> • Low barriers to entry • Main barriers: investment in brand, marketing, product differentiation 	
Suppliers	<ul style="list-style-type: none"> • No suppliers' issues 	

Source: EnVent Research

H1 2024 results

- Sales, only software, €0.7m (+47% on H1 2023)
- EBITDA at breakeven (as in H1 2023)
- Net loss €(0.3)m (vs €(0.2)m in H1 2023)
- Net financial debt €1.3m, from €0.9m as of December 2023, due to Syncrogest first acquisition disbursement for €0.4m

Consolidated Profit and Loss

€m	H1 2023	H1 2024
Sales	1.1	0.7
Other income	0.0	0.0
Total Revenues	1.0	0.7
YoY %	n.a.	-24.6%
Services	(0.6)	(0.5)
Personnel	(0.2)	(0.2)
Other operating costs	(0.1)	(0.0)
Operating costs	(0.9)	(0.7)
EBITDA	0.0	(0.0)
Margin	3.5%	neg
D&A	(0.3)	(0.3)
EBIT	(0.2)	(0.3)
Margin	neg	neg
Impairment of financial assets	(0.0)	0.0
Interest	0.1	(0.0)
EBT	(0.2)	(0.3)
Margin	neg	neg
Income taxes	(0.0)	(0.0)
Net Income (Loss)	(0.2)	(0.3)
Margin	neg	neg

Source: Company data

Note: Consolidated financial statements as a result of Syncrogest acquisition in May 2024

Consolidated Balance Sheet

€m	H1 2023	H1 2024
Trade receivables	0.3	0.3
Trade payables	(0.1)	(0.1)
Trade Working Capital	0.2	0.2
Other assets (liabilities)	0.9	0.2
Net Working Capital	1.1	0.4
Intangible assets	0.7	0.7
Goodwill	2.0	2.4
Property, plant and equipment	0.0	0.0
Non-current assets	2.7	3.2
Provisions	(0.0)	(0.0)
Net Invested Capital	3.7	3.5
Bank debt	0.6	0.7
Cash and equivalents	-0.7	-0.6
Net Debt (Cash)	1.1	1.3
Equity	2.6	2.2
Sources	3.7	3.5

Consolidated Cash Flow

€m	H1 2023	H1 2024
EBIT	(0.2)	(0.3)
Current taxes	(0.0)	(0.0)
D&A	0.2	0.3
Provisions	0.0	0.0
Cash flow from P&L operations	(0.0)	(0.0)
Trade Working Capital	(0.1)	0.0
Other assets and liabilities	0.8	0.4
Capex	(0.3)	(0.2)
Acquisition investment - goodwill	(2.0)	(0.7)
Operating cash flow after working capital and capex	(1.7)	(0.5)
Interest	0.1	(0.0)
Paid-in Capital	0.0	0.0
Changes in Equity	(0.0)	0.0
Net cash flow	(1.7)	(0.4)
Net (Debt) Cash - Beginning	0.6	(0.9)
Net (Debt) Cash - End	(1.1)	(1.3)
Change in Net (Debt) Cash	(1.7)	(0.4)

Source: Company data

Ratio analysis

	H1 2023	H1 2024
ROE	neg	neg
ROS	neg	neg
ROIC	neg	neg
DSO	41	68
DPO	21	28
TWC/Revenues	16%	33%
NWC/Revenues	101%	55%
Net Debt / Equity	0.4x	0.6x
Net Debt / (Net Debt+Equity)	0.3x	0.4x

Note: H1 KPIs calculated on LTM economics

Business update

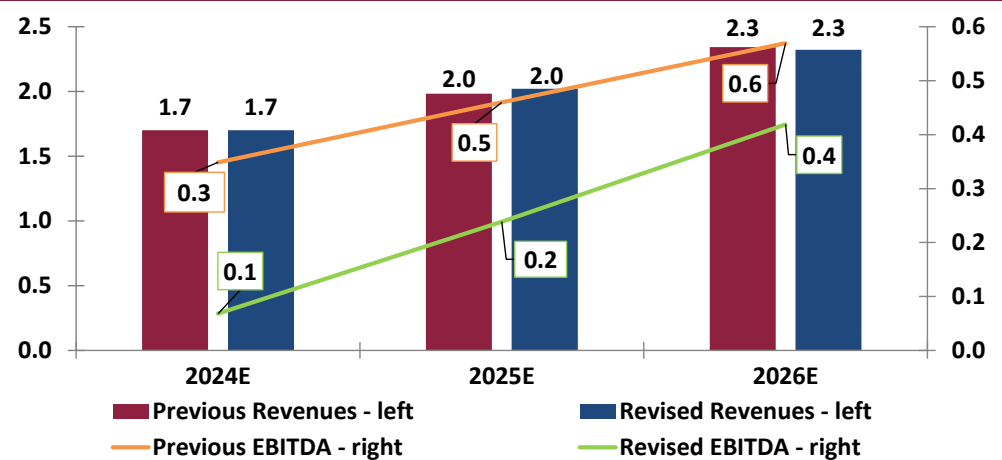
- May 2024: acquisition of 100% of Syncrogest, an Italian company which offers a cloud SaaS platform for management of technical assistance services. The deal consideration is €741k: €391k at closing, €175k until 12 months €175k until 24 months. Syncrogest FY23 key financials: revenues €262k, EBITDA €67k (25.4% margin) and net cash of €119k.

Estimates revision

H1 2024 results are almost congruous with our full year expectations, also considering that in H2 Syncrogest will contribute fully to Tweppy turnover. We deem that the additional revenues coming from Syncrogest will support our 2025-26E sales estimates, that we maintain unchanged. Factoring in H1 results, we are making some finetuning on operating costs and capex.

Change in estimates

Previous vs Revised Revenues and EBITDA estimates (€m)



Source: EnVent Research

€m	Revised			Previous			Change %		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
Sales	1.7	2.0	2.3	1.7	2.0	2.3	0%	0%	0%
Revenues	1.7	2.0	2.3	1.7	2.0	2.3	0%	0%	0%
EBITDA	0.1	0.2	0.4	0.3	0.5	0.6	-80%	-48%	-26%
<i>Margin</i>	4.0%	11.8%	18.0%	20.5%	23.2%	24.3%			
EBIT	(0.5)	(0.5)	(0.3)	(0.2)	(0.1)	(0.1)	224%	312%	397%
<i>Margin</i>	<i>neg</i>	<i>neg</i>	<i>neg</i>	<i>neg</i>	<i>neg</i>	<i>neg</i>			
Net Income (Loss)	(0.4)	(0.4)	(0.3)	(0.2)	(0.1)	(0.1)	149%	184%	184%
Net Debt (Cash)	1.3	1.0	0.3	0.4	0.0	(0.7)			
<i>Net Debt / EBITDA</i>	19.1x	4.0x	0.6x	1.2x	0.1x	cash			

Source: EnVent Research

Financial projections

Consolidated Profit and Loss				
€m	2023	2024E	2025E	2026E
Sales	1.7	1.7	2.0	2.3
<i>of which: Casasold</i>	<i>0.6</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
<i>of which: Tweppy</i>	<i>1.1</i>	<i>1.7</i>	<i>2.0</i>	<i>2.3</i>
Change in work in progress	(0.1)	0.0	0.0	0.0
Other income	0.1	0.0	0.0	0.0
Revenues	1.6	1.7	2.0	2.3
YoY %	-16.7%	6.9%	18.9%	14.8%
Services	(0.9)	(1.0)	(1.1)	(1.1)
Personnel	(0.5)	(0.6)	(0.7)	(0.7)
Other operating costs	(0.1)	(0.1)	(0.1)	(0.1)
Operating costs	(1.5)	(1.6)	(1.8)	(1.9)
EBITDA	0.1	0.1	0.2	0.4
<i>Margin</i>	<i>7.5%</i>	<i>4.0%</i>	<i>11.8%</i>	<i>18.0%</i>
D&A	(0.3)	(0.30)	(0.4)	(0.4)
EBIT Adjusted	(0.2)	(0.2)	(0.1)	0.0
<i>Margin</i>	<i>neg</i>	<i>neg</i>	<i>neg</i>	<i>0.5%</i>
Goodwill amortization	(0.2)	(0.3)	(0.3)	(0.3)
EBIT	(0.4)	(0.5)	(0.5)	(0.3)
<i>Margin</i>	<i>neg</i>	<i>neg</i>	<i>neg</i>	<i>neg</i>
Impairment of financial assets	(0.1)	0.0	0.0	0.0
Interest	0.2	(0.1)	(0.1)	(0.1)
EBT	(0.3)	(0.6)	(0.5)	(0.4)
<i>Margin</i>	<i>neg</i>	<i>neg</i>	<i>neg</i>	<i>neg</i>
Income taxes	0.0	0.2	0.1	0.1
Net Income (Loss)	(0.2)	(0.4)	(0.4)	(0.3)
<i>Margin</i>	<i>neg</i>	<i>neg</i>	<i>neg</i>	<i>neg</i>

Source: Company data 2023, EnVent Research 2024-26E

Note: Consolidated financial statements as a result of Syncrogest acquisition in May 2024

Consolidated Balance Sheet

€m	2023	2024E	2025E	2026E
Trade receivables	0.4	0.4	0.4	0.5
Trade payables	(0.1)	(0.1)	(0.1)	(0.1)
Trade Working Capital	0.3	0.3	0.3	0.4
Deferred income	(0.7)	(1.0)	(1.0)	(1.3)
Other assets (liabilities)	1.3	1.0	0.8	0.5
Net Working Capital	0.8	0.3	0.1	(0.4)
Intangible assets	0.7	0.7	0.6	0.4
Goodwill	1.8	2.3	1.9	1.6
Non-current assets	2.6	3.1	2.6	2.1
Provisions	(0.0)	(0.1)	(0.1)	(0.1)
Net Invested Capital	3.4	3.3	2.6	1.6
Bank debt	0.7	0.7	0.7	0.7
Other financial debt	1.2	1.0	0.9	0.7
Cash and equivalents	(1.1)	(0.5)	(0.6)	(1.2)
Net Debt (Cash)	0.9	1.3	1.0	0.3
Equity	2.5	2.0	1.6	1.3
Sources	3.4	3.3	2.6	1.6

Source: Company data 2023, EnVent Research 2024-26E

Consolidated Cash Flow

€m	2023	2024E	2025E	2026E
EBIT	(0.4)	(0.5)	(0.5)	(0.3)
Current taxes	0.0	0.2	0.1	0.1
D&A	0.5	0.6	0.7	0.8
Provisions	0.0	0.0	0.0	0.0
Cash flow from P&L operations	0.2	0.2	0.4	0.5
Trade Working Capital	(0.2)	0.0	(0.1)	(0.1)
Deferred income	0.7	0.2	0.1	0.3
Other assets and liabilities	0.3	0.3	0.2	0.3
Capex	(0.3)	(0.4)	(0.2)	(0.3)
Acquisition investment - goodwill	(2.0)	(0.7)	0.0	0.0
Operating cash flow after WC and capex	(1.4)	(0.3)	0.4	0.8
Interest	0.2	(0.1)	(0.1)	(0.1)
Net cash flow	(1.3)	(0.4)	0.3	0.7
Net (Debt) Cash - Beginning	0.4	(0.9)	(1.3)	(1.0)
Net Debt Cash - End	(0.9)	(1.3)	(1.0)	(0.3)
Change in Net Debt (Cash)	(1.3)	(0.4)	0.3	0.7

Source: Company data 2023, EnVent Research 2024-26E

Ratio analysis

KPIs	2023	2024E	2025E	2026E
ROE	neg.	neg.	neg.	neg.
ROS (EBIT/Revenues)	neg.	neg.	neg.	neg.
DSO	69	65	65	65
DPO	27	30	30	30
TWC/Revenues	17%	15%	16%	17%
NWC/Revenues	53%	19%	neg.	neg.
Net Debt/EBITDA	7.6x	19.1x	4.0x	0.6x
Net Debt/Equity	0.4x	0.6x	0.6x	0.2x
Cash flow from P&L operations / EBITDA	150%	351%	166%	129%
FCF / EBITDA	neg.	neg.	175%	185%

Source: Company data 2023, EnVent Research 2024-26E

Valuation

We have updated our Tweepy valuation through the Discounted Cash Flows method. Available market multiples come from cases and business models excessively different and thus we would not rely on those multiples for the excess of subjectivity that would have been involved, given the low comparability with larger companies, subject to hugely different market dynamics.

Discounted Cash Flows

Updated assumptions:

- Risk free rate: 3.1% (last 30 days average. Source: Bloomberg, October 2024)
- Market return: 11.3% (last 30 days average. Source: Bloomberg, October 2024)
- Market risk premium: 8.1%
- Beta: 1.2 (judgmental)
- Cost of equity: 12.9%
- Cost of debt: 6.0%, from 5.0%
- Tax rate: 24% (IRES)
- 40% debt/(debt + equity) as target capital structure, from 35%
- WACC 9.6%, according to above data, from 10.2%
- Perpetual growth rate after explicit projections (G): 2.5%, from 3.0%
- Terminal Value assumes a 20% EBITDA margin

DCF Valuation

€m	2023	2024E	2025E	2026E	Perpetuity
Revenues	1.6	1.7	2.0	2.3	2.4
EBITDA	0.1	0.1	0.2	0.4	0.5
<i>Margin</i>	<i>7.5%</i>	<i>4.0%</i>	<i>11.8%</i>	<i>18.0%</i>	<i>20.0%</i>
EBIT	(0.4)	(0.5)	(0.5)	(0.3)	0.4
<i>Margin</i>	<i>neg</i>	<i>neg</i>	<i>neg</i>	<i>neg</i>	<i>15.0%</i>
Taxes	0.1	0.1	0.1	0.1	(0.1)
NOPAT	(0.3)	(0.4)	(0.3)	(0.2)	0.3
D&A	0.5	0.6	0.7	0.8	0.1
Provisions	0.0	0.0	0.0	0.0	0.0
Cash flow from operations	0.3	0.2	0.4	0.5	0.4
Trade Working Capital	(0.2)	0.0	(0.1)	(0.1)	(0.0)
Other assets and liabilities	1.0	0.5	0.3	0.6	0.0
Capex	(2.4)	(1.1)	(0.2)	(0.3)	(0.1)
Unlevered free cash flow	(1.3)	(0.3)	0.4	0.8	0.3
- H1 unlevered free cash flow		0.7			
Free Cash Flow to be discounted		0.4	0.4	0.8	0.3
WACC	9.6%				
Long-term growth (G)	2.5%				
Discounted Cash Flows		0.4	0.3	0.6	
Sum of Discounted Cash Flows	1.3				
Terminal Value					3.7
Discounted TV	3.0				
Enterprise Value	4.3				
Net Debt as of 30/06/24	(1.3)				
Equity Value	3.0				

DCF - Implied multiples	2023	2024E	2025E	2026E
EV/Revenues	2.7x	2.5x	2.1x	1.8x
EV/EBITDA	36.1x	63.0x	18.0x	10.2x
EV/EBIT	neg.	neg.	neg.	neg.
P/E	neg.	neg.	neg.	neg.

Source: EnVent Research

Target Price

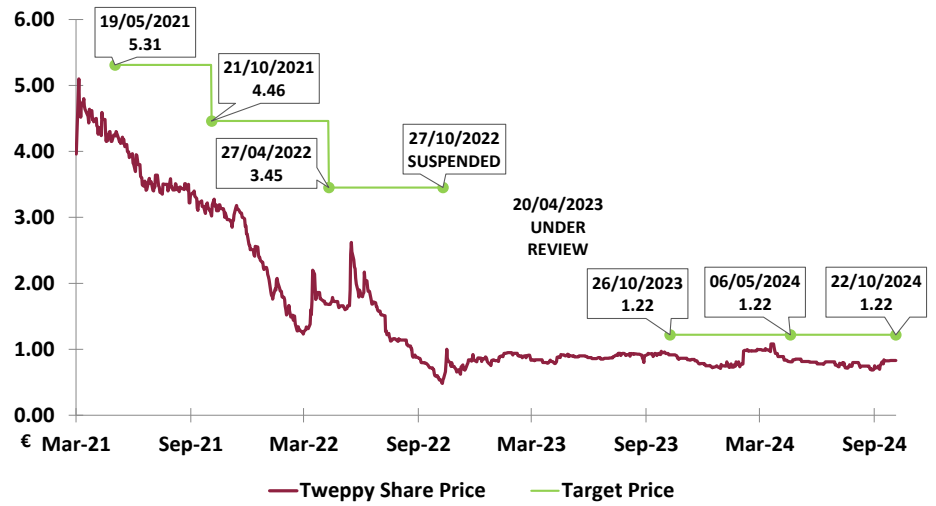
Our updated DCF valuation confirms the target price of €1.22 per share, implying a 47% upside on current stock price, and the OUTPERFORM rating on the stock.

Tweppy Price per Share	€
Target Price	1.22
Current Share Price (21/10/2024)	0.83
Premium (Discount)	47%

Source: EnVent Research

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

Tweppy Share Price vs EnVent Target Price



Source: EnVent Research on S&P Capital IQ, 22/10/2024

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

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Date and time of Production: 21/10/2024 h. 7.00pm

Date and time of Distribution: 22/10/2024 h. 6.15pm

DETAILS ON STOCK RECOMMENDATION AND TARGET PRICE

Date	Recommendation	Target Price (€)	Share Price (€)
19/05/2021	OUTPERFORM	5.31	4.25
21/10/2021	OUTPERFORM	4.46	3.02
27/04/2022	OUTPERFORM	3.45	1.68
27/10/2022	SUSPENDED	na	0.54
26/04/2023	UNDER REVIEW	na	0.79
26/10/2023	OUTPERFORM	1.22	0.92
06/05/2024	OUTPERFORM	1.22	0.82
22/10/2024	OUTPERFORM	1.22	0.83

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Number of companies covered:	26	OUTPERFORM	NEUTRAL	UNDERPERFORM	SUSPENDED	UNDER REVIEW	NOT RATED
Total Equity Research Coverage %		88%	12%	0%	0%	0%	0%
of which EnVent clients % *		73%	33%	na	na	na	na

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