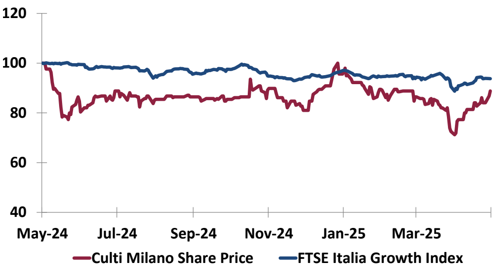
CULTI MILANO

OUTPERFORM

Current Share Price (€): 13.10

Target Price (€): 21.30

Culti Milano - 1Y Performance



Source: S&P Capital IQ - Note: 07/05/2024=100

Company data

ISIN number	IT0005257347
Bloomberg code	CULT IM
Reuters code	CULT.MI
Industry	Fragrances and personal care
Stock market	Euronext Growth Milan
Share Price (€)	13.10
Date of Price	07/05/2025
Shares Outstanding (m)	3.1
Market Cap (€m)	40.6
Market Float (%)	10.9%
Daily Volume	2,750
Avg Daily Volume YTD	934
Target Price (€)	21.30
Upside (%)	63%
Recommendation	OUTPERFORM

Share price performance

	1M	3M	6M	1Y
Culti Milano - Absolute (%)	25%	-1%	-1%	-11%
FTSE Italia Growth (%)	6%	-1%	-1%	-6%
1Y Range H/L (€)			14.75	10.50
YTD Change (€)/%			-1.30	-9%

Source: S&P Capital IQ

Analysts

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Focus on core business, regular progress while navigating regional differences

Trading update

Culti Milano share price LTM experienced an up&down trend: after a drop in May 2024 (from above €14 to below €12), stock tracked the market until peaking over €14 in January 2025, followed by a slump near €10 in April 2025. To date, Culti share price is in the region of €12 (-11% LTM, compared to Italia Growth Index at -6% over the same period).

FY24: Sales and profitability up, financial position turning to cash

FY24 Culti Milano consolidated sales, excluding Bakel after its divestment, were €20.8m (€24.7m including Bakel), +9% YoY, with Culti and Scent growth offsetting the slowdown of Asian joint venture (-14%) and in the Middle East market. By geography, Asia still leads as reference market, followed by Italy (+10%) and Europe, while the new distribution in the US market pushed up sales. Adjusted EBITDA was €4.7m vs €4.2m in FY23, +12% YoY, close to 23% margin on sales. Net income at €4.0m, vs €1.6m in FY23, after €1.2m Bakel divestment gain effect. Net financial position turned to €0.2m cash, from €3.2m debt as of December 2023, after €2.6m Bakel debt deconsolidation and €0.3m dividend payout.

Bakel divestment

We recall that in December 2024 Culti announced divestment from Bakel, its skincare subsidiary, which is expected to be listed on Euronext Growth Milan within H1 2025. Bakel had been originally acquired in 2019 (50.01% for a consideration of €2.5m). Culti sold a 25.11% stake to founding shareholder at book value (€1.26m); as residual stake is 24.9%, Bakel is now outside Culti consolidation scope.

Target Price €21.30 per share and OUTPERFORM rating confirmed

According to management, business expansion carries on as planned in both domestic and European markets focusing on retail and in USA with a new sales partner, while a sales bounce back is expected by the joint ventures in Hong Kong and Great China. With Bakel out of consolidation scope, we have restated our estimates factoring in FY24, confirming our value perspective. Culti is currently trading at 2025E EV/Sales of 1.7x, around 30% discount on median peers. We confirm our €21.30 target price (63% upside on current share price) and the OUTPERFORM rating.

KEY FINANCIALS AND ESTIMATES

€m	2024PF	2025E	2026E	2027E
Revenues	**22.6**	**25.6**	**28.5**	**31.8**
EBITDA	**4.7**	**5.6**	**6.3**	**7.2**
Margin	*21%*	*22%*	*22%*	*23%*
Net Income (Loss)	**4.0**	**3.3**	**3.7**	**4.4**
Trade Working Capital	**7.3**	**8.3**	**9.0**	**9.9**
Net (Debt) Cash	**0.2**	**2.7**	**6.1**	**9.8**
Equity	**12.0**	**15.0**	**18.5**	**22.6**
KEY RATIOS				
TWC/Sales	32%	32%	31%	31%
ROE	33%	22%	20%	19%
Earnings per Share (€)	1.47	1.20	1.37	1.60

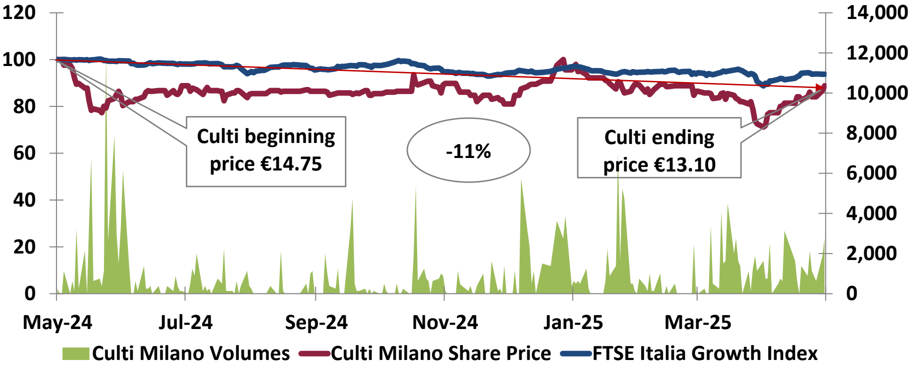
Source: Company data 2024PF (Culti Milano not including Bakel), EnVent Research 2025-27E

Market update

Trading price range €14.75-10.50 per share

-11% for Culti Milano, vs -6% of the Italia Growth Index

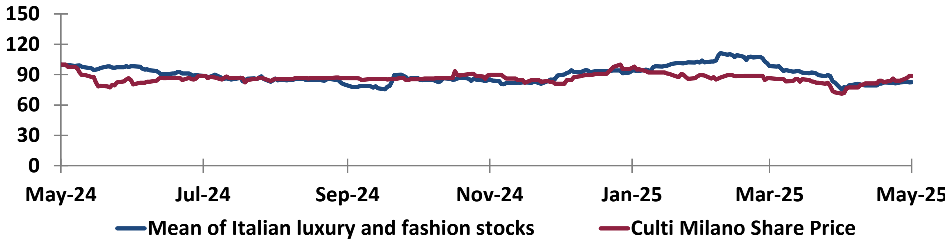
Culti Milano - 1Y Share price performance and trading volumes



Source: EnVent Research on S&P Capital IQ - Note: 07/05/2024=100

-18% for Italian luxury and fashion stocks

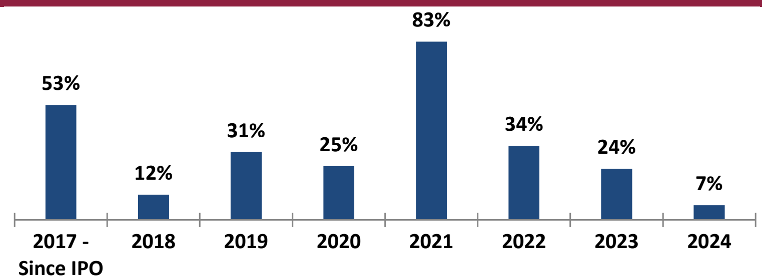
Italian luxury and fashion stocks - 1Y Market performance



Source: EnVent Research on S&P Capital IQ, May 2025

Lowest trading volumes in 2024, with over 700k average shares daily traded

Culti Milano - Liquidity analysis and velocity turnover



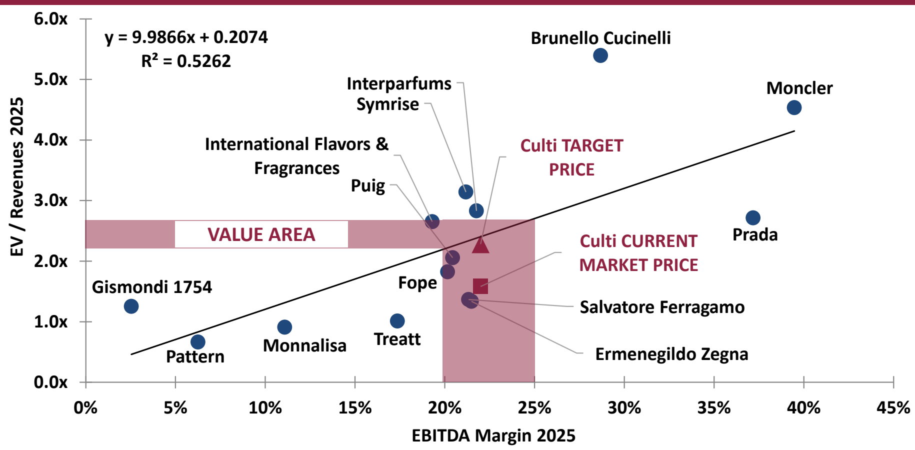
Note: Velocity turnover on total shares: ratio of total trades to total ordinary shares in a given period

Source: EnVent Research on S&P Capital IQ

Fair correlation between industry and supply chain

Diversified business models

Luxury and Fragrances stocks - Regression analysis and Culti target positioning



Source: EnVent Research on S&P Capital IQ, May 2025

Investment case

Pioneer of interior fragrances

High-end market segment

Diversification by acquisitions

Strategy

Culti Milano, listed on Euronext Growth Milan, is an Italian interior fragrance company in the premium and luxury segments. Fragrances are designed and distributed under own brand, through stores in Italy, European and Asian prestige department or multi-brand stores and online. Scent Company B2B olfactory branding services, including in-house made fragrances, are provided to the hospitality and retail industries. Established in 1990, acquired in 2004 by Intek, Culti undergone a repositioning in 2010, got listed in 2017, then grew organically and through acquisitions: Bakel in 2019 (now non-controlling interest) and Scent Company in 2020. Strategic goals are the continuing expansion of the distribution network in all continents, targeting selected distributors and department stores in Asia and Americas, leveraging on the presence in Italy and Europe.

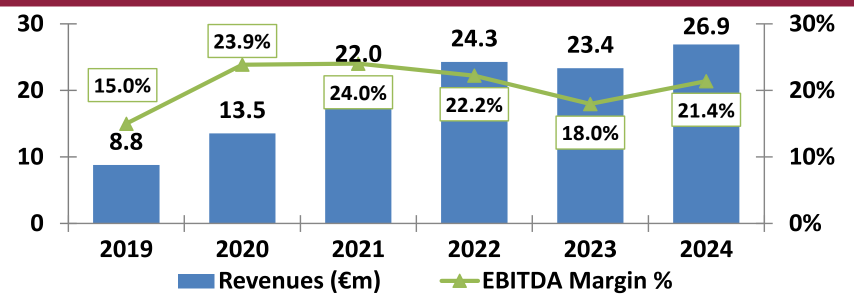
Industry and Company drivers

- Culti Milano brand representing world renowned Italian design and style
- Digital communication and online sales suitable for Culti industries
- Lean business model, wide international distribution network

Challenges

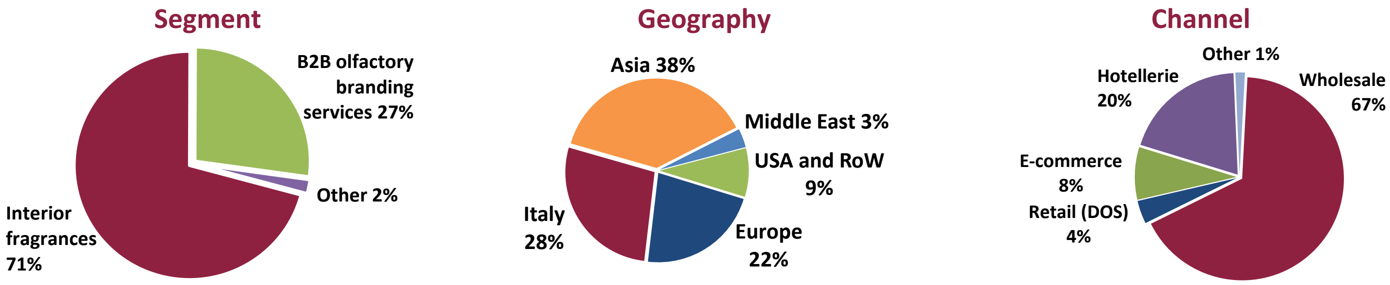
- Continuing relationships with distributors and department stores
- Online presence and sales
- Market slowdowns push promotional sales
- Low exposure to the US market

Historical revenues and EBITDA



Source: EnVent Research on Company data

Sales breakdown FY24



Source: Company data – Note: Consolidated sales

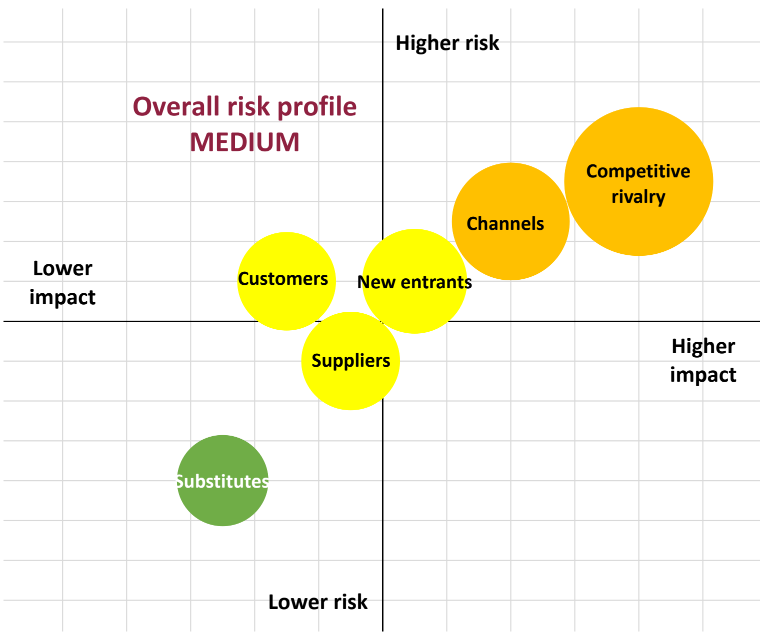
Risk/opportunity assessment

Business risk: medium

Competitive forces

Force	Factors
Competitive rivalry	• High rivalry • Competition on product quality and exclusivity, design and style • Exclusivity and brand perception are powerful differentiation factors
Channels	• High power of retailers • Distributors and department stores: high power
New entrants	• Low barriers to entry, no significant investments • Threat: top luxury and perfume brands
Customers	• End-customers: average power
Suppliers	• Fragrance suppliers: high power • Packaging suppliers and outsourcing manufacturers: average power
Substitutes	• Low power of substitute products

Materiality of risk map



Source: EnVent Research

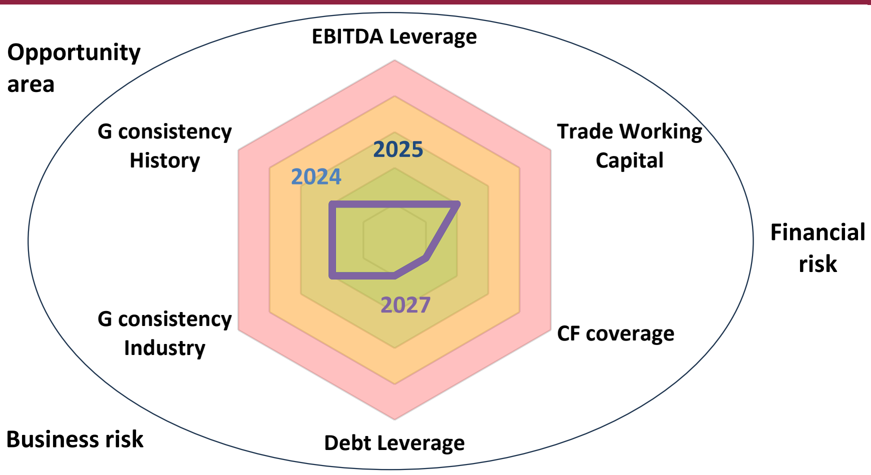
Financial risk: low

Ratios map

Healthy financial position

Low risk projections, consistent with history and industry

No substantial change over forecast period



Source: EnVent Research

FY24 results

Culti Milano reported FY24 consolidated sales, excluding Bakel, of €20.8m, +9% YoY; Scent and Culti sales growth offset the Asian joint venture slowdown (-14%). By geography, Asia still leads as reference market, followed by Italy (+10%) and Europe; Middle East market slowdown (+20%) was offset by America growth (+44%). Cost reduction in services and personnel resulted into higher profitability, with adjusted EBITDA at €4.7m, vs €4.2m in FY23, +12% YoY, close to 23% margin. Net income at €0.9m vs €1.6m in FY23, including effect from Bakel divestment of €1.2m.
Culti FY24 consolidated performance including Bakel: €24.8m sales, +9% YoY; €26.9m total revenues, +15.3%; €5.3m EBITDA (+30% YoY), over 21% profitability, and €3.8m net income, vs €1.0m in FY23.

Inventory and trade receivables increase, with also a slight reduction in trade payables, resulted in €2.2m Trade Working Capital absorption like for like. Other assets at €1.0m for €1.1m Bakel second payment tranche payable. Net financial position at €0.2m cash, from €3.2m debt as of December 2023 (€0.5m debt like for like), after €2.6m debt out of consolidation scope with Bakel, €0.5m capex and €0.3m dividend.

2023-24PF refers only to Gruppo Culti without Bakel; 2023-24 Profit and Loss includes Bakel in consolidation scope while 2024 Balance Sheet doesn't, as reported by Company.

Consolidated Profit and Loss

€m	2023	2024	2023PF	2024PF
Sales	22.6	24.8	19.1	20.8
Change in inventory	0.2	1.0	0.2	1.0
Other income	0.5	1.2	0.5	0.8
Total Revenues	**23.4**	**26.9**	**19.8**	**22.6**
YoY %	*-3.9%*	*15.3%*	*-*	*14.0%*
Materials	(5.5)	(6.6)	(4.6)	(5.5)
Services	(9.3)	(9.0)	(7.4)	(7.2)
Personnel	(3.7)	(4.0)	(3.0)	(3.3)
Other operating costs	(1.7)	(1.8)	(1.5)	(1.7)
EBITDA	**3.2**	**5.5**	**3.3**	**4.9**
Margin	*13.6%*	*20.4%*	*16.9%*	*21.8%*
Non-recurring items	(0.9)	0.2	(0.9)	0.2
Adjusted EBITDA	**4.1**	**5.3**	**4.2**	**4.7**
Margin on sales	*18.0%*	*21.4%*	*22.2%*	*22.7%*
D&A	(1.4)	(1.6)	(0.8)	(0.9)
EBIT	**1.7**	**3.9**	**2.5**	**4.0**
Margin	*7.4%*	*14.4%*	*12.8%*	*17.8%*
Bakel Financial gain	0.1	1.2	0.1	1.2
Interest	(0.5)	(0.4)	(0.4)	(0.2)
EBT	**1.2**	**4.7**	**2.2**	**4.9**
Margin	*5.4%*	*17.6%*	*11.2%*	*21.9%*
Income taxes	(0.2)	(0.9)	(0.7)	(0.9)
Net Income (Loss)	**1.0**	**3.8**	**1.6**	**4.0**
Margin	*4.5%*	*14.3%*	*7.8%*	*17.7%*

Consolidated Balance Sheet

€m	2023	2024	2023PF	2024PF
Inventory	5.7	6.1	4.7	6.1
Trade receivables	4.6	4.3	3.7	4.3
Trade payables	(3.7)	(3.0)	(3.3)	(3.0)
Trade Working Capital	6.6	7.3	5.1	7.3
Parent company payables	(0.6)	(0.6)	(0.6)	(0.6)
Other assets (liabilities)	0.4	1.0	(0.1)	1.0
Net Working Capital	**6.3**	**7.7**	**4.3**	**7.7**
Intangible assets	6.8	4.0	4.5	4.0
Fixed assets	0.6	0.5	0.5	0.5
Financial assets	0.2	1.4	2.7	1.4
Non-current assets	**7.6**	**5.9**	**7.7**	**5.9**
Provisions	**(2.2)**	**(1.7)**	**(1.9)**	**(1.7)**
Net Invested Capital	**11.8**	**11.8**	**10.1**	**11.8**
Net Debt (Cash)	**3.2**	**(0.2)**	**0.5**	**(0.2)**
Equity	**8.6**	**12.0**	**9.5**	**12.0**
Sources	**11.8**	**11.8**	**10.1**	**11.8**

Consolidated Cash Flow

€m	2023	2024	2024PF
EBIT	**1.7**	**3.9**	**4.0**
Current taxes	(0.2)	(0.9)	(0.9)
D&A	1.4	1.5	0.8
Provisions	0.7	(0.4)	(0.2)
Cash flow from P&L operations	**3.6**	**4.1**	**3.7**
Trade Working Capital	(0.4)	(0.7)	(2.2)
Intercompany position	0.1	(0.0)	(0.0)
Other assets and liabilities	(0.3)	(0.6)	(1.1)
Capex	(2.4)	1.4	(0.4)
Operating CF after WC & capex	**0.6**	**4.1**	**(0.0)**
Interest	(0.5)	(0.4)	(0.2)
Exchange gain (loss)	(0.1)	0.0	0.0
Bakel Financial gain	0.1	1.2	1.2
Financial assets	0.1	(1.1)	1.3
Change in Equity	(1.2)	(0.1)	(1.2)
Dividends	(0.3)	(0.3)	(0.3)
Net cash flow	**(1.2)**	**3.4**	**0.8**
Net (Debt) Cash - Beginning	(2.0)	(3.2)	(0.5)
Net (Debt) Cash - End	(3.2)	0.2	0.2
Change in Net (Debt) Cash	**(1.2)**	**3.4**	**0.8**

Source: Company data

Ratio analysis

KPIs	2023	2024	2023PF	2024PF
ROE	12%	32%	16%	33%
ROS (EBIT/Sales)	8%	16%	13%	19%
ROIC (NOPAT/Invested Capital)	13%	25%	19%	26%
DOI	92	89	90	106
DSO	61	52	57	61
DPO	68	52	73	63
TWC/Sales	29%	29%	27%	35%
Cash flow from P&L /EBITDA	115%	74%	0%	76%
FCF/EBITDA	18%	75%	0%	neg

Business update

- Second Culti shop opened in Kuwait
- New sales distribution partner in USA
- New division Culti Milano Own

Period corporate facts

Shareholders meeting approved:

- €0.10 per share dividend distribution (total consideration: €273k)
- Management incentive scheme through a phantom shares plan (155k Culti Milano shares)
- Culti Milano shares buyback up to €500k

Bakel divestment

In December 2024 Culti announced the divestment from its skincare subsidiary Bakel, originally acquired in 2019 (50.01% for a consideration of €2.5m). Culti sold a 25.11% stake to the founding shareholder at book value (€1.26m); Bakel is expected to be listed on Euronext Growth Milan within H1 2025. According to the terms of the transaction, 0.21% has been paid at deal signing, while the residual 24.9% is due by June 2028 and subject to upward adjustments based on IPO price. As the residual stake is 24.9%, Bakel is now outside Culti consolidation scope.

Outlook

Home fragrances market: steady growth

According to specialized magazine Formes de Luxe on data provided by retail consulting company Circana, the home fragrance segment has been steadily growing since early 2000s, driven by the premium segment, with a peak in 2020-21 - when consumers rediscovered home fragrances during lockdowns - and there has been no reversal since then: market reached $450m in 2023 (+4% YoY) across Europe and North America. The trend of spending more time at home (whether due to remote work, lifestyle changes, etc) led to a growing interest in creating pleasant living environments also through home fragrance products. Industry shows great potential alongside incumbents for luxury fine fragrance brands, whose are reimagining traditional home fragrance products as home decorative objects. Furthermore, consumers are increasingly choosing fragrance for themselves: half of these beauty shoppers are interested in scents that support their well-being, as a mood-boosting solutions for stress relief and relaxation, mainly in the US (where home fragrances are regularly used by almost 70% of consumers), Europe (notably UK and Italy) and China.

According to research company Global Market Insight, the Home Fragrance Market was worth $10bn in 2023 globally and is anticipated grow at over 5.5% 2024-32 CAGR. There is a growing demand for eco-friendly and sustainable home fragrance products, with customers looking for natural ingredients and environmentally friendly packaging.

Source: Formes de Luxe website
https://www.formesdeluxe.com/article/market-monitor-a-focus-on-the-home-fragrance-sector.64706
https://www.formesdeluxe.com/article/luxury-home-fragrance-analyzing-the-scent-of-success.64485
Global Market Insight, *Home Fragrance Market,* 2024

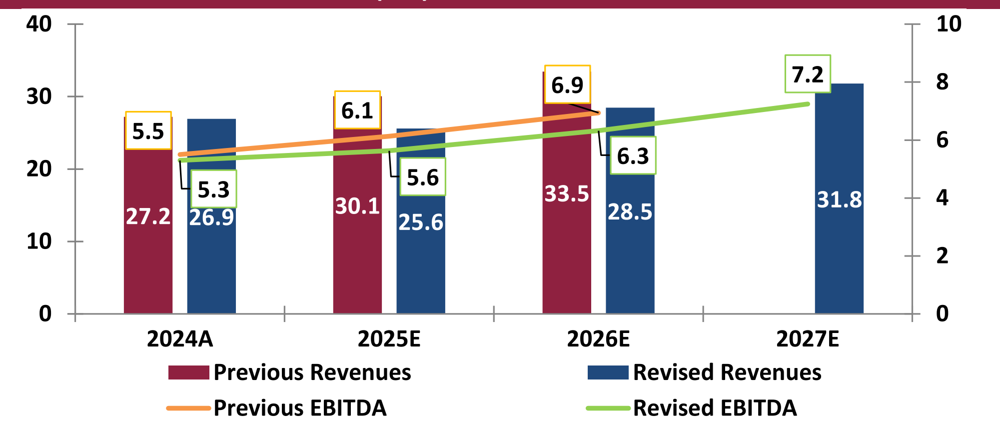
Estimates revision

After Bakel divestment, we restate our estimates, considering only Culti Milano and Scent subsidiary, whose performance was consistent with our latest estimates. In this framework, we factor in FY24 revenues, costs and TWC dynamics to finetune our previous estimates and add 2027E to our projections.

Previous estimates include Bakel, revised estimates don't

Change in estimates

Revenues and EBITDA estimates (€m) - Previous vs Revised



Source: EnVent Research - Note: columns left axe, curves right axe

€m	Revised 2024A	2025E	2026E	2027E	Previous 2024E	2025E	2026E	Change % 2024E	2025E	2026E
Sales	24.8	24.4	27.5	30.5	26.0	28.9	32.2	-5%	-15%	-15%
Revenues	26.9	25.6	28.5	31.8	27.2	30.1	33.5	-1%	-15%	-15%
EBITDA	5.3	5.6	6.3	7.2	5.5	6.1	6.9	-4%	-8%	-9%
Margin	*20%*	*22%*	*22%*	*23%*	*20%*	*20%*	*21%*			
EBIT	3.9	4.7	5.3	6.2	4.0	4.7	5.6	-3%	0%	-4%
Margin	*14%*	*18%*	*19%*	*19%*	*15%*	*16%*	*17%*			
Net Income (Loss)	3.8	3.3	3.7	4.4	2.6	3.1	3.7	50%	7%	2%
Net (Debt) Cash	0.2	2.7	6.1	9.8	(0.9)	2.0	5.3	-124%	39%	15%

Source: EnVent Research

Financial projections

Consolidated Profit and Loss

€m	2024PF	2025E	2026E	2027E
Sales	20.8	24.4	27.5	30.5
Change in inventory	1.0	0.6	0.5	0.8
Other income	0.8	0.5	0.5	0.5
Total Revenues	**22.6**	**25.6**	**28.5**	**31.8**
YoY %	-	*13.3%*	*11.2%*	*11.8%*
Materials	(5.5)	(6.4)	(7.2)	(7.9)
Services	(7.2)	(8.3)	(9.4)	(10.4)
Personnel	(3.3)	(3.5)	(3.6)	(3.8)
Other operating costs	(1.7)	(1.8)	(2.0)	(2.4)
EBITDA	**4.9**	**5.6**	**6.3**	**7.2**
Margin	*21.8%*	*22.0%*	*22.2%*	*22.8%*
Non-recurring items	0.2	0.0	0.0	0.0
Adjusted EBITDA	**4.7**	**5.6**	**6.3**	**7.2**
Margin	*20.9%*	*22.0%*	*22.2%*	*22.8%*
D&A	(0.9)	(0.9)	(1.0)	(1.0)
EBIT	**4.0**	**4.7**	**5.3**	**6.2**
Margin	*17.8%*	*18.4%*	*18.8%*	*19.5%*
Bakel Financial gain	1.2	0.0	0.0	0.0
Interest	(0.2)	(0.2)	(0.2)	(0.2)
EBT	**4.9**	**4.6**	**5.2**	**6.0**
Margin	*21.9%*	*17.8%*	*18.2%*	*19.0%*
Income taxes	(0.9)	(1.3)	(1.5)	(1.7)
Net Income (Loss)	**4.0**	**3.3**	**3.7**	**4.4**
Margin	*17.7%*	*12.8%*	*13.1%*	*13.7%*

Source: Company data 2024PF, EnVent Research 2025-27E

Consolidated Balance Sheet

€m	2024PF	2025E	2026E	2027E
Inventory	6.1	6.7	7.2	7.9
Trade receivables	4.3	4.9	5.5	6.1
Trade payables	(3.0)	(3.3)	(3.7)	(4.2)
Trade Working Capital	7.3	8.3	9.0	9.9
Parent company payables	(0.6)	(0.6)	(0.6)	(0.6)
Other assets (liabilities)	1.0	1.0	1.0	1.0
Net Working Capital	**7.7**	**8.7**	**9.4**	**10.3**
Intangible assets	4.0	3.6	3.1	2.6
Fixed assets	0.5	0.5	0.4	0.3
Equity investments and financial assets	1.4	1.4	1.4	1.4
Non-current assets	**5.9**	**5.4**	**4.9**	**4.3**
Provisions	**(1.7)**	**(1.8)**	**(1.8)**	**(1.8)**
Net Invested Capital	**11.8**	**12.3**	**12.4**	**12.8**
Net Debt (Cash)	**(0.2)**	**(2.7)**	**(6.1)**	**(9.8)**
Equity	**12.0**	**15.0**	**18.5**	**22.6**
Sources	**11.8**	**12.3**	**12.4**	**12.8**

Source: Company data 2024PF, EnVent Research 2025-27E

Consolidated Cash Flow

€m	2025E	2026E	2027E
EBIT	**4.7**	**5.3**	**6.2**
Current taxes	(1.3)	(1.5)	(1.7)
D&A	0.9	1.0	1.0
Provisions	0.0	0.0	0.0
Cash flow from P&L operations	**4.4**	**4.9**	**5.6**
Trade Working Capital	(1.0)	(0.7)	(0.9)
Other assets and liabilities	0.0	0.0	(0.0)
Capex	(0.5)	(0.5)	(0.5)
Operating cash flow after WC and capex	**2.9**	**3.8**	**4.2**
Interest	(0.2)	(0.2)	(0.2)
Dividends	(0.3)	(0.3)	(0.3)
Net cash flow	**2.5**	**3.4**	**3.7**
Net (Debt) Cash - Beginning	0.2	2.7	6.1
Net (Debt) Cash - End	2.7	6.1	9.8
Change in Net (Debt) Cash	**2.5**	**3.4**	**3.7**

Source: EnVent Research 2025-27E

Consolidated Ratio analysis

KPIs	2024PF	2025E	2026E	2027E
ROE	33%	22%	20%	19%
ROS (EBIT/Sales)	18%	18%	19%	19%
ROIC (NOPAT/Invested Capital)	24%	28%	31%	35%
DOI	106	100	95	95
DSO	61	60	60	60
DPO	63	60	60	60
TWC/Sales	32%	32%	31%	31%
Cash flow from P&L operations/EBITDA	neg.	78%	78%	77%
FCF/EBITDA	neg.	52%	60%	57%
Dividend yield	0.8%	0.8%	0.8%	0.8%
Pay-out ratio	7%	8%	7%	6%

Source: Company data 2024PF, EnVent Research 2025-27E

Valuation

Key value drivers are:

- Reputation of Made in Italy products
- Continuity of relationship with distributors and department stores
- Underlying reference market with room to increase prices on high-end products
- Non-capital-intensive business model, balanced financial structure and stable cash flow generation driven by international sales

We have updated our DCF valuation. After Bakel divestment, we are not considering our panel of cosmetic peers in the market multiples valuation, and we are not carrying on the Sum of the Parts method.

Discounted Cash Flows

Updated assumptions:

- Risk free rate: 3.9% (last 30 days average. Source: Bloomberg, May 2025)
- Market return: 13.3% (last 30 days average. Source: Bloomberg, May 2025)
- Market risk premium: 9.4%
- Beta: 0.9 (judgmental as per financial risk assessment)
- Cost of equity: 12.3%
- Cost of debt: 6.0%
- Tax rate: 24% (IRES)
- 30% debt/(debt + equity) as target capital structure
- WACC calculated at 10.0%, according to above data, from 9.0%
- Perpetual growth rate after explicit projections (G) 3.0%, from 2.5%
- Terminal Value assumes 22% EBITDA margin on revenues, from 20%

DCF Valuation

€m		2024PF	2025E	2026E	2027E	Perpetuity
Revenues		**22.6**	**25.6**	**28.5**	**31.8**	**32.8**
EBITDA		**4.9**	**5.6**	**6.3**	**7.2**	**7.2**
Margin		*22%*	*22%*	*22%*	*23%*	*22%*
EBIT		**4.0**	**4.7**	**5.3**	**6.2**	**6.7**
Margin		*18%*	*18%*	*19%*	*19%*	*20%*
Taxes		(1.1)	(1.3)	(1.5)	(1.7)	(1.9)
NOPAT		**2.9**	**3.4**	**3.9**	**4.5**	**4.8**
D&A			0.9	1.0	1.0	0.5
Provisions			0.0	0.0	0.0	0.0
Cash flow from P&L operations			**4.3**	**4.9**	**5.5**	**5.3**
Trade Working Capital			(1.0)	(0.7)	(0.9)	(0.5)
Intercompany receivables and payables			0.0	0.0	0.0	0.0
Other assets and liabilities			0.0	0.0	(0.0)	0.0
Capex			(0.5)	(0.5)	(0.5)	(0.5)
Yearly unlevered free cash flow			**2.9**	**3.8**	**4.1**	**4.4**
Free cash Flow to be discounted			**2.9**	**3.8**	**4.1**	**4.4**
WACC	10.0%					
Long-term growth (G)	3.0%					
Discounted Cash Flows			**2.6**	**3.1**	**3.1**	
Sum of Discounted Cash Flows	**8.8**					
Terminal Value						**62.5**
Discounted TV	**46.9**					
Enterprise Value	**55.7**					

DCF - Implied multiples	**2024PF**	**2025E**	**2026E**	**2027E**
EV/Sales	2.7x	2.3x	2.0x	1.8x
EV/EBITDA	11.3x	9.9x	8.8x	7.7x
Discount of current market valuation vs DCF		***27%***		
Current market price - Implied multiples	**2024PF**	**2025E**	**2026E**	**2027E**
EV/Sales	1.9x	1.7x	1.5x	1.3x
EV/EBITDA	8.2x	7.2x	6.4x	5.6x

Source: EnVent Research

We recall that Culti Milano owns 11.95% own shares. To consider the possible effect on share price value, we have applied two different approaches: as relevant method the equity value net of treasury shares number and value (2,725,750) and, for comparison, the own shares book value as disposable surplus asset. We recall that own shares full value should be subject to adjustments depending on disposal or other transaction terms.

Equity value net of own shares

(Equity value / outstanding shares)

Enterprise Value	**55.7**
Net Cash as of 31/12/2024	0.2
Minorities as of 31/12/2024	(0.1)
Equity Value	**55.9**
Net shares (m)	2.7
Equity Value per Share (€)	**20.49**

Control proxy: own shares as disposable surplus asset

(Equity value / total existing shares)

Enterprise Value	**55.7**
Net Cash as of 31/12/2024	0.2
Minorities as of 31/12/2024	(0.1)
Own shares as of 31/12/2024	4.8
Equity Value	**60.7**
Equity Value per Share (€)	**19.61**

Source: EnVent Research

Market multiples

Company	EV/Revenues 2025E	EV/Revenues 2026E	EV/Revenues 2027E	EV/EBITDA 2025E	EV/EBITDA 2026E	EV/EBITDA 2027E	EV/EBIT 2025E	EV/EBIT 2026E	EV/EBIT 2027E	P/E 2025E	P/E 2026E	P/E 2027E
Italian Luxury & Fashion												
Prada	2.7x	2.5x	2.3x	7.3x	6.7x	6.2x	11.5x	10.4x	9.3x	15.5x	13.9x	12.6x
Salvatore Ferragamo	1.4x	1.3x	1.3x	6.4x	5.8x	5.4x	36.3x	24.2x	18.4x	nm	nm	nm
Moncler	4.5x	4.2x	3.9x	11.5x	10.7x	9.7x	15.4x	14.2x	12.9x	22.5x	20.7x	18.7x
Brunello Cucinelli	5.4x	4.9x	4.4x	nm	nm	nm	nm	nm	nm	nm	nm	nm
Ermenegildo Zegna	1.3x	1.3x	1.2x	6.2x	5.8x	5.2x	14.3x	12.4x	10.6x	18.3x	15.2x	12.9x
Fope	1.8x	1.6x	1.5x	9.1x	7.9x	6.9x	10.9x	9.4x	8.1x	15.9x	13.6x	11.7x
Gismondi 1754	1.3x	1.1x	1.0x	nm	nm	9.8x	neg	24.6x	14.8x	neg	neg	nm
Monnalisa	0.9x	0.9x	na	8.2x	7.1x	na	neg	neg	15.6x	neg	neg	na
Mean	**2.4x**	**2.2x**	**2.2x**	**8.1x**	**7.3x**	**7.2x**	**17.7x**	**15.9x**	**12.8x**	**18.0x**	**15.9x**	**13.9x**
Median	**1.6x**	**1.5x**	**1.5x**	**7.7x**	**6.9x**	**6.5x**	**14.3x**	**13.3x**	**12.9x**	**17.1x**	**14.6x**	**12.7x**
Flavours and fragrances												
Givaudan	5.3x	5.1x	4.8x	nm	nm	nm	27.2x	25.6x	24.2x	30.5x	28.7x	26.8x
International Flavors & Fragrances	2.7x	2.7x	2.6x	13.7x	13.5x	12.6x	26.6x	24.9x	22.2x	17.5x	16.3x	15.1x
Puig	2.1x	1.9x	1.8x	10.1x	9.3x	8.6x	12.8x	11.8x	10.8x	14.7x	13.5x	12.2x
Symrise	3.1x	3.0x	2.8x	14.8x	13.7x	12.8x	20.5x	18.4x	16.9x	26.7x	23.8x	21.3x
Interparfums	2.8x	2.7x	2.6x	13.0x	12.4x	11.6x	14.5x	13.7x	12.8x	19.7x	18.7x	17.7x
Treatt	1.0x	1.0x	0.9x	5.8x	5.3x	4.8x	8.1x	7.4x	6.8x	12.0x	10.8x	9.6x
Mean	**2.8x**	**2.7x**	**2.6x**	**11.5x**	**10.8x**	**10.1x**	**18.3x**	**17.0x**	**15.6x**	**20.2x**	**18.6x**	**17.1x**
Median	**2.7x**	**2.7x**	**2.6x**	**13.0x**	**12.4x**	**11.6x**	**17.5x**	**16.1x**	**14.9x**	**18.6x**	**17.5x**	**16.4x**
Peers Combined Mean	**2.6x**	**2.4x**	**2.4x**	**9.6x**	**8.9x**	**8.5x**	**18.0x**	**16.4x**	**14.1x**	**19.3x**	**17.5x**	**15.8x**
Peers Combined Mean wo extremes	**2.5x**	**2.3x**	**2.3x**	**9.5x**	**8.8x**	**8.4x**	**17.1x**	**16.4x**	**13.9x**	**18.8x**	**17.0x**	**15.3x**
Peers Combined Median	**2.4x**	**2.2x**	**2.3x**	**9.1x**	**7.9x**	**8.6x**	**14.5x**	**14.0x**	**12.9x**	**17.9x**	**15.8x**	**14.0x**

Source: EnVent Research on S&P Capital IQ, 07/05/2025

We have updated our multiples valuation applying to our 2025-27 estimates the selected peer groups combined median EV/Revenues and EV/EBITDA multiples from 3Y analyst consensus.

Market multiples application

€m						Equity value net of own shares	
Culti Valuation		**Peers combined median**	**EV**	**Net Cash (Debt)**	**Minorities**	**Equity Value**	**Equity Value per Share (€)**
2025E Sales	**24.4**	2.4x	57.5	0.2	(0.1)	57.7	
2026E Sales	**27.5**	2.2x	60.3	0.2	(0.1)	60.4	
2027E Sales	**30.5**	2.3x	70.5	0.2	(0.1)	70.6	
Mean						*62.9*	**23.08**
2025E EBITDA	**5.6**	9.1x	51.0	0.2	(0.1)	51.1	
2026E EBITDA	**6.3**	7.9x	49.8	0.2	(0.1)	49.9	
2027E EBITDA	**7.2**	8.6x	62.2	0.2	(0.1)	62.3	
Mean						*54.4*	**19.97**
Mean							**21.53**

Source: EnVent Research

Valuation Summary

Target Price (€) - Equity value net of own shares	
21.53	**Multiples**
20.49	**DCF**
21.01	**Avg**
60%	Upside

Source: EnVent Research

Target Price

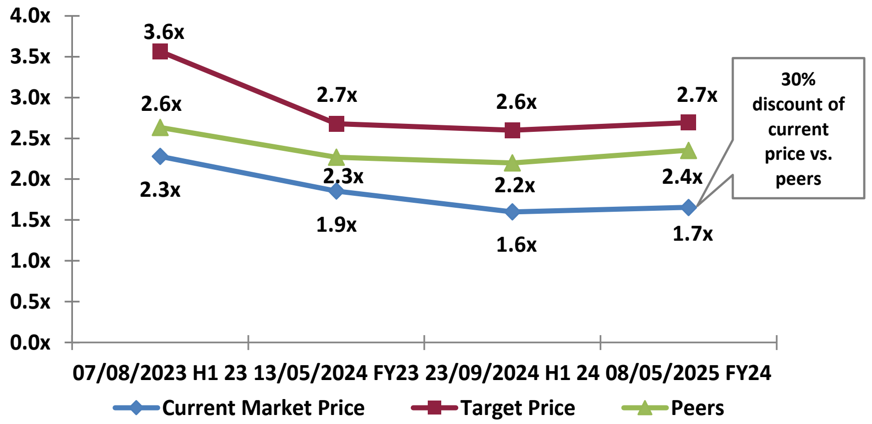
Our updated estimates and valuation models outcome overall supports our previous €21.30 target price, implying a 68% upside on current stock price, and we thus reaffirm the OUTPERFORM rating.

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

Culti Milano Price per Share	€
Target Price	**21.30**
Current Share Price 7/5/2025	13.10
Premium (Discount)	**63%**

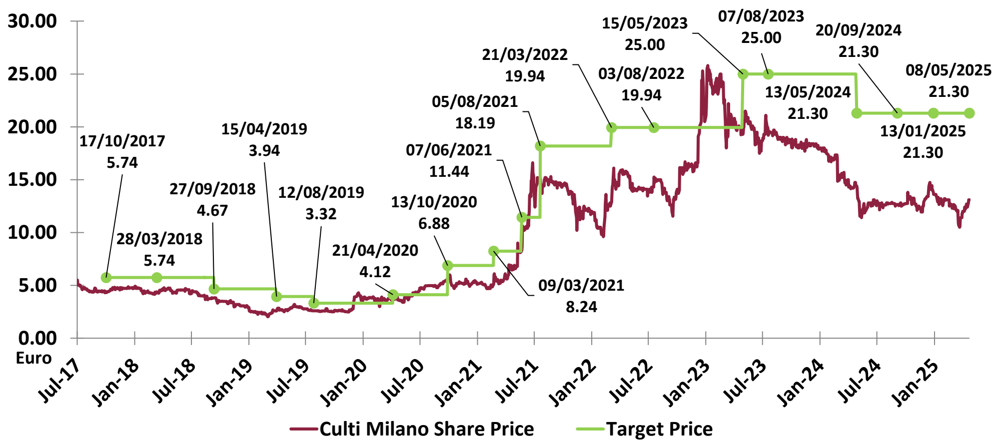
Source: EnVent Research

Implied EV/Revenues vs current market price



Source: EnVent Research on S&P Capital IQ, 08/05/2025

Culti Milano Share Price vs EnVent Target Price



Source: EnVent Research on S&P Capital IQ, 08/05/2025

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The "OUTPERFORM", "NEUTRAL", AND "UNDERPERFORM" recommendations are based on the expectations within a 12-month period from the date of rating indicated in the front page of this publication.

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 expected to have a downside within the reference market or industry, with a target price more than 10% below the current market price;

UNDER REVIEW: target price under review, waiting for updated financial data, or other key information such as material transactions involving share capital or financing;

SUSPENDED: no rating/target price assigned, due to material uncertainties or other issues that seriously impair our previous investment ratings, price targets and earnings estimates;

NOT RATED: no rating or target price assigned.

Some flexibility on the limits of the total return rating ranges is permitted, especially during high market volatility cycles.

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

Date and time of Production: 07/05/2025 h. 7.00pm

Date and time of Distribution: 08/05/2025 h. 6.20pm

DETAILS ON STOCK RECOMMENDATION AND TARGET PRICE

Date	Recommendation	Target Price (€)	Share Price (€)
17/10/2017	OUTPERFORM	5.74	4.41
28/03/2018	OUTPERFORM	5.74	4.36
27/09/2018	OUTPERFORM	4.67	3.81
15/04/2019	OUTPERFORM	3.94	2.58
12/08/2019	OUTPERFORM	3.32	2.60
21/04/2020	NEUTRAL	4.12	3.64
13/10/2020	OUTPERFORM	6.88	5.70
09/03/2021	OUTPERFORM	8.24	5.10
07/06/2021	OUTPERFORM	11.44	8.30
05/08/2021	OUTPERFORM	18.19	15.20
21/03/2022	OUTPERFORM	19.94	12.90
03/08/2022	OUTPERFORM	19.94	14.30
15/05/2023	OUTPERFORM	25.00	19.30
07/08/2023	OUTPERFORM	25.00	19.20
13/05/2024	OUTPERFORM	21.30	14.40
23/09/2024	OUTPERFORM	21.30	12.65
14/01/2025	OUTPERFORM	21.30	13.80
08/05/2025	OUTPERFORM	21.30	13.10

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