

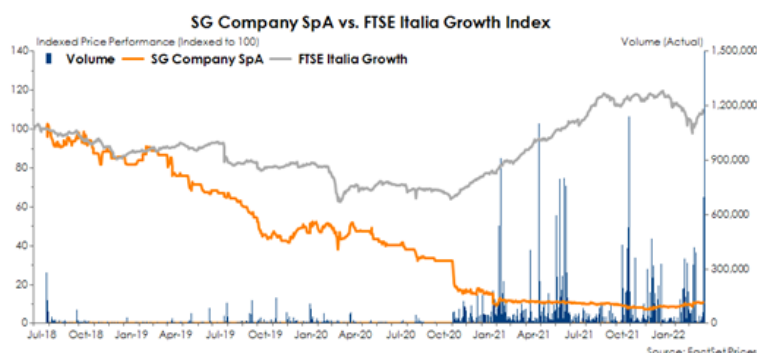
FY21 results better than our expectations

Sector: Technology

Top-line growth above expectations (+14% YoY). SG Company Società Benefit just released FY21 results with sales of Euro 11.4 m, +14% vs. prior year and above our estimates (both Euro 10.0 m). Growth was driven by a strong 2H with sales of Euro 7.4 m vs. 4.4 m in 2H20 as Covid related restrictions slowly started to ease. EBITDA came in at Euro 1.5 m recovering from the negative result in FY20 (Euro -3.4 m) thanks to an important cost containment plan resulting in total savings of > Euro1.0 m (personnel and G&A) and Euro 2.4 m in Covid-19 related state-aid ("Ristori" law). Net result was negative of Euro 0.1 m, above our estimates (Euro -0.7 m) and prior year (Euro -4.1 m). On the balance sheet side, Net Debt improved significantly to Euro 0.8 m from Euro 3.4 m at the end of FY20 following the two capital increases successfully closed for a total of Euro 3.6 m. (Euro 2.4 m 1Q and 1.2 in 4Q at Euro 0.2 p.s.). Net Equity at year-end 2021 stood at Euro 2.9 m.

New FY22-23 industrial Plan and continuous ESG path. Management highlighted that the first quarter of FY22 was still strongly affected by the uncertainties regarding the pandemic but with a timid recovery in the requests from clients over the last few weeks. Given however the longer than expected duration of the pandemic Management updated the FY22-23 industrial plan now providing for i) FY22-23 sales of Euro 20.8 m and Euro 25.2 m respectively, ii) FY22-23 EBITDA of Euro 0.5 and Euro 1.1 m respectively and iii) Net Det of Euro 2.0 and 1.0 m in FY22 and 23 respectively. In addition, Net Equity is expected at Euro 7.0 m at the end of FY23. The new targets are based on a strategy including: i) development of media services, ii) implementation of metaverse related services, iii) development and management of third-party concept events, iv) international expansion and v) M&A. Regarding the latter, we highlight that the Group has c. Euro 5.0 m of available cash at hand which could serve as firepower for external growth. We also highlight that the Company has continued its outlined ESG path with the approval of its first Impact report.

Estimates revision and TP update. We updated our estimates to largely align with Management's forecast. Overall, we made a change in sales, EBITDA and EPS of -29%, -59% and -54% respectively. On the back of the FY21 results and changes to our future estimates, our updated DCF model yields a TP of Euro 0.64 p.s., in line with our previous one (Euro 0.63 p.s.) and with a potential upside on current share price of 130%. Over the last 24 months, and in light of the drastic impact of the pandemic on the digital&live events market, the Group was forced to accelerate an important process of innovation and diversification already lined out before the crisis. Thanks to the investments made over this period we believe that the Group is well positioned to continue to adapt to new market trends and the digital evolution of the industry, while at the same confirm its position as a leader in the live events business, once the market goes back to normal.



Target Price 0.64 (0.63 pr.)

Market Cap (€ m) **9**

EV (€ m) **10**

Market Price (€) **0.28**

As of 4th April, 2022

Share Data

| Market | Euronext Growth Milan |
|------------------------|-----------------------|
| Bloomberg | SGC.IM |
| ISIN | IT0005337172 |
| N. of Shares | 31,862,070 |
| Market | 61.71% |
| Warrants Outstanding | 17,968,265 |
| Strike price war. (Eu) | 0.66 |
| Exerc. Period war. | Nov 22-25 |
| CEO | Davide Verdesca |

Financials

| | 2020A | 2021A | 2022E | 2023E |
|------------|-------|-------|-------|-------|
| Sales | 10.0 | 11.4 | 20.8 | 25.2 |
| YoY % | -73% | +14% | 83% | 21% |
| EBITDA | (3.4) | 1.5 | 0.5 | 1.1 |
| EBITDA % | n.m. | 13% | 2% | 4% |
| EBIT | (4.1) | (0.1) | 0.3 | 0.8 |
| EBIT % | n.m. | n.m. | 1% | 3% |
| Net Income | (3.1) | (0.1) | 0.2 | 0.5 |
| Net D/(C) | 3.0 | 0.8 | 0.3 | (0.2) |
| Net Equity | (1.1) | 2.9 | 3.1 | 3.6 |

Performance

| | 1M | 3M | 6M |
|-------------------------------|------|------|------|
| Absolute % | +17% | +24% | +10% |
| Relative (FTSE Italia Growth) | +8% | +36% | +14% |
| 52-week High/Low (Eu) | 0.19 | / | 0.32 |

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This Note is issued by arrangement with MIT SIM SpA, the Specialist engaged by the Company.