

UPDATE

EQUITY RESEARCH

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# Circle

Euronext Growth Milan | Engineering | Italy

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Rating

**BUY**

unchanged

Target Price

**€ 10,50**

prev. € 8,00

Risk



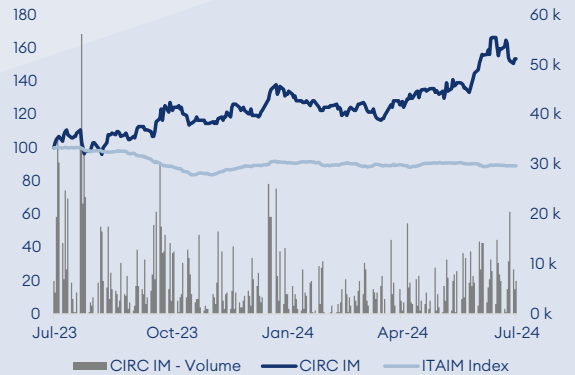
Medium

Upside potential

**30,2%**

Key Financials (€/mln)	FY23A	FY24E	FY25E	FY26E
Revenues	10,3	12,9	17,0	21,9
VoP	13,2	15,7	20,6	25,3
EBITDA	3,2	3,8	5,2	6,5
EBIT	2,0	2,4	3,6	4,6
Net Income	1,7	1,7	2,6	3,3
EBITDA Margin	24,1%	24,2%	25,3%	25,5%
EBIT margin	15,5%	15,0%	17,3%	18,0%
Net Income margin	12,7%	10,8%	12,4%	12,8%

## Stocks performance relative to FTSE Italia Growth



## Stock Data

Price	€ 8,06
Target price	€ 10,50
Upside/(Downside) potential	30,2%
Ticker	CIRC IM
Market Cap (€/mln)	€ 37,21
EV (€/mln)	€ 27,70
Free Float	36,76%
Share Outstanding	4.616.865
52-week high	€ 8,88
52-week low	€ 4,86
Average daily volumes (3 months)	5.996

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Stock performance	1M	3M	6M	1Y
Absolute	6,6%	24,4%	18,5%	56,5%
to FTSE Italia Growth	7,9%	24,9%	20,6%	67,4%
to Euronext STAR Milan	6,9%	22,6%	16,2%	52,4%
to FTSE All-Share	7,3%	23,5%	6,3%	34,4%
to EUROSTOXX	7,4%	24,9%	7,2%	39,6%
to MSCI World Index	2,9%	17,4%	3,2%	32,0%

Main Ratios	FY23A	FY24E	FY25E	FY26E
EV/EBITDA	8,7 x	7,3 x	5,3 x	4,3 x
EV/EBIT	13,5 x	11,8 x	7,8 x	6,1 x
P/E	22,1 x	21,9 x	14,6 x	11,4 x

## Strategic Roadmap 2024-2027 «Connect 4 Agile Growth»

On June 11, 2024, Circle announced the approval by the Board of Directors of its Strategic Roadmap 2024-2027, entitled Connect 4 Agile Growth and aimed at bringing together the development of cutting-edge ICT products, federation services and the logistics chain, with particular attention given to human resources. The Strategic Plan for 2027, built on the Group's unique and distinctive market positioning, places an emphasis on "smart cooperation", with a view to guaranteeing compliance with evolving regulations, and to promoting harmonious collaboration between logistics operators and industry on the one hand, and infrastructure systems, nodes and hubs in the EU/MED area on the other.

## Estimates Update

Taking into account the guidelines shared by the Company in its press release, we have adjusted our estimates for both the current year and the following years. In particular, we now estimate an FY24E value of production of € 15.70 million, and an EBITDA of € 3.80 million, corresponding to a margin of 24.2%. In the following years, we expect the value of production to reach € 30.35 million (CAGR 23A-27E: 23.1%) in FY27E, with EBITDA equal to € 7.95 million (corresponding to a margin of 26.2%), up from € 3.19 million in FY23A (corresponding to an EBITDA margin of 24.1%).

## Valuation Update

We conducted our valuation of the equity value of Circle based on the DCF method and multiples of a sample of comparable companies. The DCF method (including, for prudential purposes, a specific risk of 2.5% in the calculation of the WACC) returned an equity value of € 49.9 million. Using market multiples, the equity value of Circle was calculated as € 47.0 million (including a 25.0% discount). The results give an average equity value of approximately € 48.5 million. The target price is € 10.50, with a BUY rating and MEDIUM risk.

# Economics & Financials

TABLE 1 – ECONOMICS & FINANCIALS

CONSOLIDATED INCOME STATEMENT (€/mln)	FY22A	FY23A	FY24E	FY25E	FY26E	FY27E
Revenues	9,06	10,35	12,90	16,95	21,90	27,25
Other revenues	1,79	2,86	2,80	3,60	3,40	3,10
<b>Value of Production</b>	<b>10,85</b>	<b>13,21</b>	<b>15,70</b>	<b>20,55</b>	<b>25,30</b>	<b>30,35</b>
COGS	0.43	0.05	0.05	0.10	0.10	0.10
Services	3.85	4,17	4.90	6,40	7,90	9,45
Use of assets owned by others	0.17	0,41	0.40	0.40	0.45	0,50
Employees	4,31	5,10	6,20	8,00	9,85	11,65
Other operating costs	0.12	0,29	0.35	0.45	0,55	0,70
<b>EBITDA</b>	<b>1,96</b>	<b>3,19</b>	<b>3,80</b>	<b>5,20</b>	<b>6,45</b>	<b>7,95</b>
<i>EBITDA Margin</i>	<i>18.1%</i>	<i>24,1%</i>	<i>24,2%</i>	<i>25,3%</i>	<i>25,5%</i>	<i>26,2%</i>
D&A	0,97	1,14	1,45	1,65	1,90	2,05
<b>EBIT</b>	<b>1,00</b>	<b>2,05</b>	<b>2,35</b>	<b>3,55</b>	<b>4,55</b>	<b>5,90</b>
<i>EBIT Margin</i>	<i>9.2%</i>	<i>15,5%</i>	<i>15,0%</i>	<i>17,3%</i>	<i>18,0%</i>	<i>19,4%</i>
Financial management	(0,03)	(0,02)	0.00	0.00	0.00	0.00
<b>EBT</b>	<b>0,97</b>	<b>2,03</b>	<b>2,35</b>	<b>3,55</b>	<b>4,55</b>	<b>5,90</b>
Taxes	0.13	0.35	0,65	1,00	1,30	1,65
<b>Net Income</b>	<b>0,83</b>	<b>1,68</b>	<b>1,70</b>	<b>2,55</b>	<b>3,25</b>	<b>4,25</b>

CONSOLIDATED BALANCE SHEET (€/mln)	FY22A	FY23A	FY24E	FY25E	FY26E	FY27E
<b>Fixed Assets</b>	<b>3,82</b>	<b>4,13</b>	<b>4,25</b>	<b>4,20</b>	<b>3,60</b>	<b>2,50</b>
Account receivable	5,63	5,92	5,95	7,85	10,15	12,60
Inventory	0.04	0.04	0.05	0.05	0.10	0.10
Account payable	2.56	2,31	2,35	2,85	3,35	3.85
<b>Operating Working Capital</b>	<b>3,11</b>	<b>3,65</b>	<b>3,65</b>	<b>5,05</b>	<b>6,90</b>	<b>8,85</b>
Other receivable	1,70	1,29	2,00	1,90	1,55	1,25
Other payable	2.13	2,04	2,15	2,15	2,15	2,15
<b>Net Working Capital</b>	<b>2,68</b>	<b>2,90</b>	<b>3,50</b>	<b>4,80</b>	<b>6,30</b>	<b>7,95</b>
Severance & other provisions	1.06	1,18	1,60	2,00	2,55	3,15
<b>NET INVESTED CAPITAL</b>	<b>5.43</b>	<b>5,86</b>	<b>6,15</b>	<b>7,00</b>	<b>7,35</b>	<b>7,30</b>

Share capital	0.27	0.27	0,31	0,31	0,31	0,31
Reserves	7,21	8,01	13,65	15,35	17,90	21,15
Net Income	0,83	1,68	1,70	2,55	3,25	4,25
<b>Equity</b>	<b>8,31</b>	<b>9,96</b>	<b>15,66</b>	<b>18,21</b>	<b>21,46</b>	<b>25,71</b>
Cash & cash equivalents	2,34	2,08	7,66	9,01	11,31	15,11
Short term financial debt	0,52	0.43	0.15	0.10	0.00	0.00
M/L term financial debt	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net Financial Position</b>	<b>(1,82)</b>	<b>(1,65)</b>	<b>(7,51)</b>	<b>(8,91)</b>	<b>(11,31)</b>	<b>(15,11)</b>
Other financial receivable	1.06	2,45	2,00	2,30	2,80	3,30
<b>NFP Adjusted</b>	<b>(2,88)</b>	<b>(4,10)</b>	<b>(9,51)</b>	<b>(11,21)</b>	<b>(14,11)</b>	<b>(18,41)</b>
<b>SOURCES</b>	<b>5.43</b>	<b>5,86</b>	<b>6,15</b>	<b>7,00</b>	<b>7,35</b>	<b>7,30</b>

CONSOLIDATED CASH FLOW (€/mln)	FY23A	FY24E	FY25E	FY26E	FY27E
EBIT	2,05	2,35	3,55	4,55	5,90
Taxes	0.35	0,65	1,00	1,30	1,65
<b>NOPAT</b>	<b>1,70</b>	<b>1,70</b>	<b>2,55</b>	<b>3,25</b>	<b>4,25</b>
D&A	1,14	1,45	1,65	1,90	2,05
Change in NWC	(0,23)	(0,60)	(1,30)	(1,50)	(1,65)
Change in receivable	(0,29)	(0,03)	(1,90)	(2,30)	(2,45)
Change in inventory	0.00	(0,01)	0.00	(0,05)	0.00
Change in payable	(0,26)	0.04	0,50	0,50	0,50
Change in others	0,31	(0,59)	0.10	0.35	0.30
Change in provisions	0.11	0.43	0.40	0,55	0,60
<b>OPERATING CASH FLOW</b>	<b>2,72</b>	<b>2,98</b>	<b>3,30</b>	<b>4,20</b>	<b>5,25</b>
Capex	(1,46)	(1,57)	(1,60)	(1,30)	(0,95)
<b>FREE CASH FLOW</b>	<b>1,27</b>	<b>1,41</b>	<b>1,70</b>	<b>2,90</b>	<b>4,30</b>
Financial management	(0,02)	0.00	0.00	0.00	0.00
Change in Financial debt	(0,09)	(0,28)	(0,05)	(0,10)	0.00
Change Other financial receivable	(1,39)	0.45	(0,30)	(0,50)	(0,50)
Change in equity	(0,03)	4,00	0.00	0.00	0.00
<b>FREE CASH FLOW TO EQUITY</b>	<b>(0,26)</b>	<b>5,58</b>	<b>1,35</b>	<b>2,30</b>	<b>3,80</b>

Source: Circle and Integrae SIM estimates

## Company Overview

Founded in Genoa in 2012, Circle SpA is the innovative SME at the head of CIRCLE Group, specialized in the analysis and development of products for the innovation and digitalization of port sectors and intermodal logistics, and in providing international consultancy on the Green Deal and the Energy Transition. In addition to Circle, forming part of the Group are the software houses Info.era, NEXT Freight (formerly “Progetto Adele”) and Cargo Start, acquired respectively at the end of 2017, in July 2019 and in December 2022, the consultancy companies Magellan Circle and Magellan Circle Italy, and the newco NEXT Customs. The synergies between the individual components of Circle Group have made it possible to expand the portfolio of solutions offered in the fields of IoT, Optimization, Digital Twins, Big Data and Process Automation, and to further develop the related software products: Milos® (a suite aimed at all intermodal logistics players, including inland terminals, port terminals, ports, marine terminal operators - MTOs, and shipping agencies); Sinfomar Port Community System; Master SPED® and Milos® Global Supply Chain Visibility, dedicated to shipping and logistics, and to commerce and industry, respectively; and Star Tracking®, a solution for airport-to-airport tracking.

Completing the offer in the Supply Chain field are so-called “federation services” that facilitate the migration of customers to a more efficient cloud-based digital business model, integrated with customer systems that are already in place. Through Magellan Circle (with its offices in Porto and Brussels) and Magellan Circle Italy, Circle operates in the field of European institution advocacy, supporting public bodies and companies in identifying their

European positioning (Strategic Communications and Advocacy) and funding opportunities (e.g. EU Funding Accelerator), with verticalization regarding themes of the Green Deal and the Energy Transition.

The acquisition in December 2022 of 51.0% of Cargo Start, an innovative start-up specialized in the development and sale of innovative technological air cargo products and services, has allowed Circle to strengthen its offerings in a rapidly expanding and strategic segment through its Connect 4 Agile Growth Strategic Roadmap.

Circle also leads the Log@Sea business network, functional to strengthening its offerings of advanced Gate Automation solutions for port and intermodal hubs.

In December 2023, Circle subscribed to the 20.0% capital increase of the share capital of ACCUDIRE, an innovative Venetian startup offering a collaborative digital platform facilitating global supply chain players in exchanging information and managing document flows that accompany goods shipments, including in particular the e-CMR. This electronic waybill has now been standardized in international and European law, and approved by the Italian Parliament, and by the United Nations, which, from September 26, 2024, will allow its use in place of paper documentation, therefore opening up a huge new market segment.

Finally, Circle established NEXT Customs in February 2024, a newco dedicated to digital customs optimization services and oriented to the continuing harmonization of customs processes and the exploitation of innovative digital customs procedures, a highly strategic area for the development of the Connect 4 Agile Growth Strategic Roadmap.

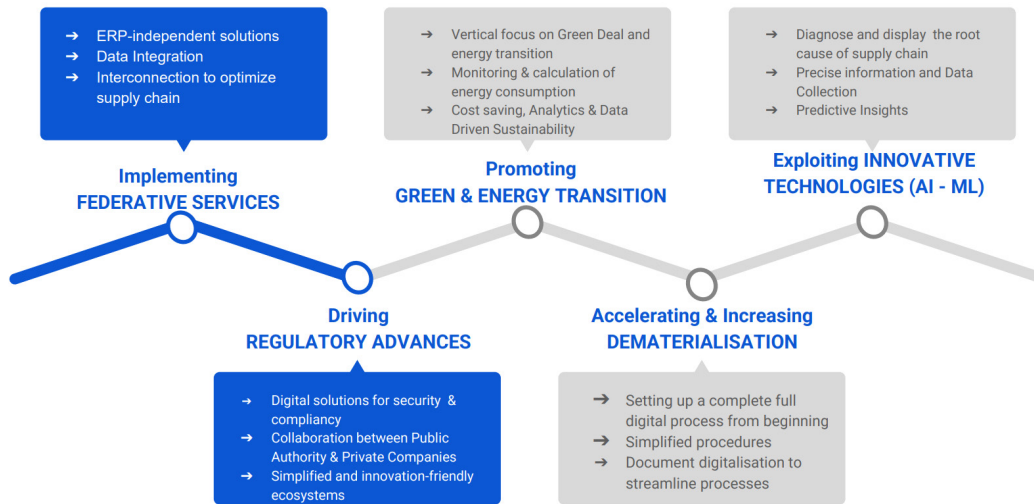
## Strategic Roadmap 2024-2027 «Connect 4 Agile Growth»

On June 11, 2024, Circle announced the approval by the Board of Directors of its Strategic Roadmap 2024-2027, entitled Connect 4 Agile Growth and aimed at bringing together the development of cutting-edge ICT products, federation services and the logistics chain, with particular attention given to human resources. The Strategic Plan for 2027, built on the Group's unique and distinctive market positioning, places an emphasis on "smart cooperation", with a view to guaranteeing compliance with evolving regulations, and to promoting harmonious collaboration between logistics operators and industry on the one hand, and infrastructure systems, nodes and hubs in the EU/MED area on the other. In this context, innovative technology plays a fundamental role, as it facilitates global connectivity, broadening the reach of the market and the pool of potential customers, in alignment with the Group's internationalization strategy, and contributing to inclusive digital growth. With its in-depth understanding of the sector, the Group can leverage federative ICT solutions that benefit from the positive effects of EU-funded projects, with a view to enhancing R&D and innovation, from an early analysis of regulations and their application through to their transformation into digital tools.

The growth strategy of the Connect 4 Agile Growth Strategic Roadmap 2024-2027 is based

on the consolidation of the Group's competitive positioning through both internal and external growth.

CHART 1 – PILLAR BUSINESS PLAN

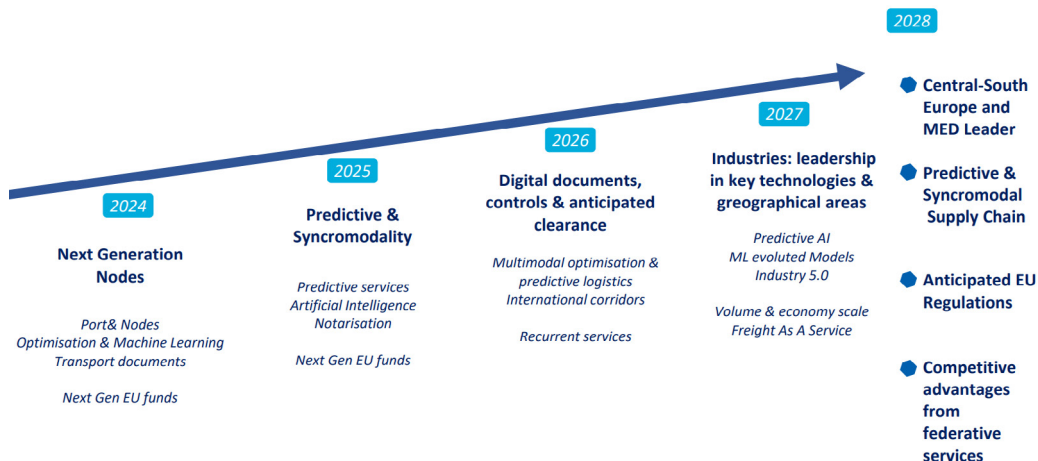


Source: Circle

In particular, the internal growth is envisaged according to the following guidelines:

- **The implementation of federative services:** making the logistics chain increasingly federative, launching not only vertical solutions on the market, specific for the various players in the supply chain, but also interoperable and intelligent federative systems. These new systems will digitize and automate the exchange of information, facilitating continuous flows of information and improving efficiency and transparency throughout the logistics chain;
- **Promotion of the Green & Energy Transitions:** offering tools aimed at monitoring and reducing one's energy consumption and carbon footprint, in line with the Environmental, Social and Governance principles;
- **Creation of solutions in line with European regulations, projects and principles:** predicting regulatory changes and gathering relevant information in advance of mandatory deadlines, in order to transform the changes into opportunities;
- **Acceleration of digitization processes:** simplifying procedures for digitalizing and dematerializing documents;
- **Exploiting innovative technologies for the Supply Chain:** solving problems through solutions based on machine learning and artificial intelligence.

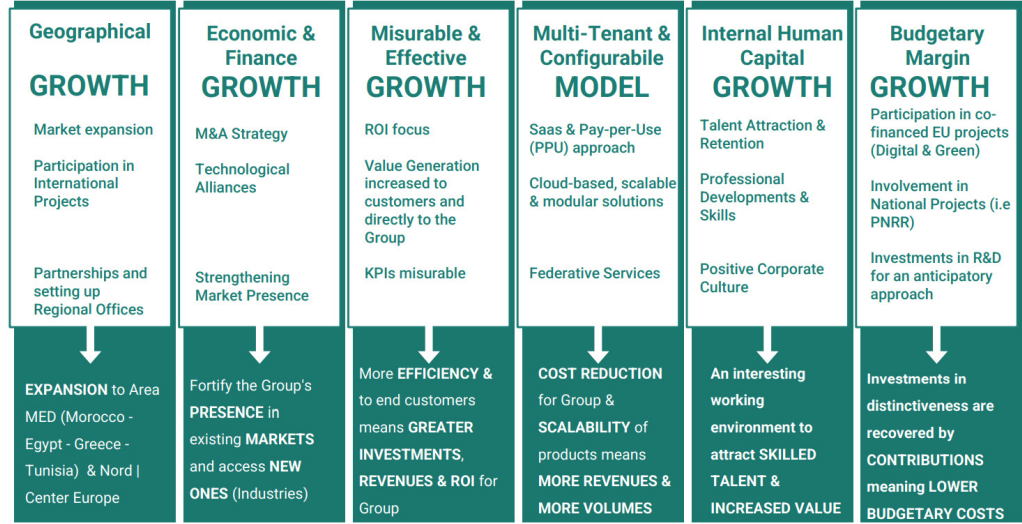
CHART 2 – SYSTEMATIC M&A



Source: Circle

Growth through external lines, on the other hand, will see the expansion of the Group’s presence in selected foreign markets, such as Morocco, Turkey, Egypt, Greece, Western Europe, and the Middle East, and further cooperation with Persian Gulf and Middle Eastern countries planning to invest in the infrastructure, transport and energy sectors. Finally, the strategy involves continuous development of strategic mergers and acquisitions, as illustrated in the above graph.

CHART 3 – MAIN DRIVERS



Source: Circle

In addition to growth at a geographical level, among the main drivers of the Group’s Con-

nect 4 Agile Growth Strategic Roadmap 2024-2027 is the continuous development of proprietary cloud-based products, as well as improvements to the effectiveness of the Group's IT solutions, made possible by monitoring and timely analyses of the main KPIs and the development of human capital. Regarding the latter, we note that the Company is actively implementing its *Talent Attraction & Retention Policy*. Finally, the growth strategy will see participation in projects co-financed by the EU and the NextGenerationEU Recovery and Resilience Facility (RRF), by the first half of FY26E.

Furthermore, on June 27, 2024, Circle announced that it had resolved to increase its paid-up share capital, in a divisible and progressive manner, for a maximum value amounting to € 4.00 million, including a share premium, by issuing a maximum of 600,000 ordinary shares.

Also on June 27, 2024, the Group announced that it had successfully concluded the capital increase reserved for qualified and institutional investors, through the Accelerated Bookbuilding procedure. A first tranche was reserved for Eiffel Investment Group, an asset manager with approximately € 6.00 billion of assets under management, and approximately 100 employees, located in France (Paris), BeNeLux (Amsterdam), the United States (New York), Poland (Warsaw), Italy (Milan), and the United Arab Emirates (Abu Dhabi). Eiffel Investment Group's investor base includes large institutional investors, such as insurance companies, mutual funds, pension funds, banks, large family offices, public investors, and retail investors. Its fund supports the growth of companies aiming for not only strong financial performance, but also positive impacts for the environment and society, through four main investment strategies: private debt, private equity, energy transition infrastructure, and listed shares and credit.

The reserved capital increase saw the issuing of 514,800 new ordinary shares, at a price of € 7.00 per share, for a total value of € 3,603,600.00 (including the share premium). We note that the shares were issued at a premium compared to the volume weighted average price (VWAP) of the market value of the shares in the 180 trading days preceding the effective date of the reserved capital increase.

In Circle Group's press release, CEO Luca Abatello commented: *"We are extremely satisfied with this agreement and with the trust placed in us by such an important international fund that has chosen Circle Group to make this important investment, one of the largest in an Italian company. Furthermore, this additional capital injection will allow us to further accelerate our M&A dossiers, which are now at an advanced stage, and therefore to effectively and quickly pursue the recently shared objectives of our Connect 4 Agile Growth Plan"*.

On July 8, 2024, the second tranche of the reserved capital increase was successfully concluded, again implemented through the Accelerated Bookbuilding procedure. The further tranche saw the subscription, by a primary international institutional investor, of a further 55,770 new ordinary shares, at a price of € 7.10 per share, for a total value of € 395,967.00 (including the premium).

In Circle Group's press release, CEO Luca Abatello commented: *"We are extremely satisfied*



with the overall result of the capital increase, and honored by the trust that this further important international institutional investor has shown by choosing to invest in Circle Group. The conclusion of this operation, together with that achieved last June 27, has allowed us to fully reach the envisaged amount, which will allow us to further accelerate our growth strategy through external channels, and to effectively and quickly pursue the recently shared objectives of the Connect 4 Agile Growth Plan”.

Based on the Group’s communication, the new composition of the share capital is as shown below:

TABLE 2 – CIRCLE SPA SHAREHOLDERS

Shareholders	# Ordinary Shares	% Shares
Innotech Srl	2.157.276	46,73%
Alessandro Orsini	115.500	2,50%
Andrea Villani	115.500	2,50%
Azioni Proprie	16.500	0,36%
Eiffel Investment Group	514.800	11,15%
Free Float	1.697.289	36,76%
<b>Total</b>	<b>4.616.865</b>	<b>100%</b>

Source: Circle

## FY24E – FY27E Estimates

TABLE 3 – ESTIMATES UPDATES FY24E-27E

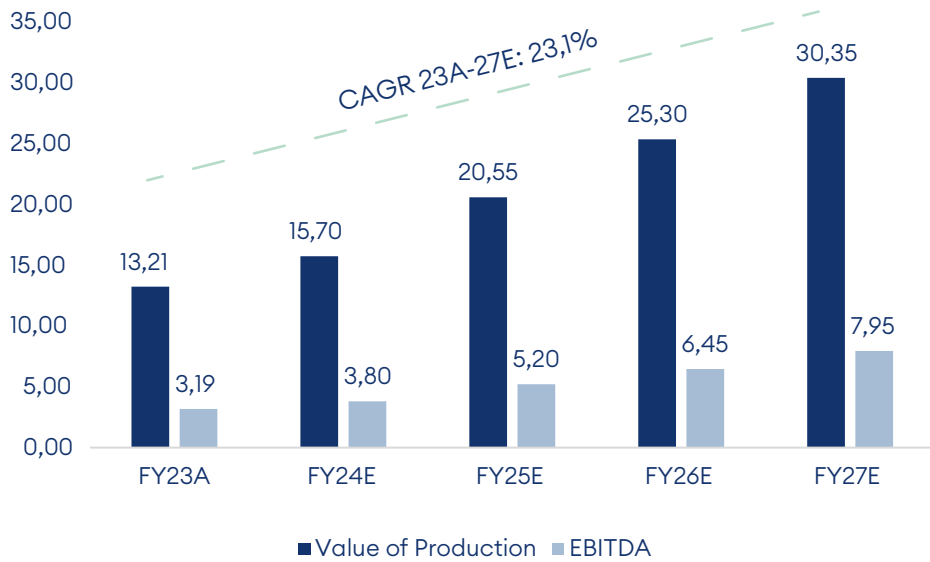
€/mln	FY24E	FY25E	FY26E	FY27E
<b>Value of Production</b>				
New	15,70	20,55	25,30	30,35
Old	15,70	19,35	22,95	26,00
Change	0.0%	6.2%	10.2%	16.7%
<b>EBITDA</b>				
New	3,80	5,20	6,45	7,95
Old	3,80	4,70	5,60	6,40
Change	0.0%	10.6%	15.2%	24,2%
<b>EBITDA %</b>				
New	24,2%	25,3%	25,5%	26,2%
Old	24,2%	24,3%	24,4%	24,6%
Change	0.0%	1.0%	1.1%	1,6%
<b>EBIT</b>				
New	2,35	3,55	4,55	5,90
Old	2,70	3,55	4,40	5,10
Change	-13,0%	0.0%	3.4%	15,7%
<b>Net Income</b>				
New	1,70	2,55	3,25	4,25
Old	2,10	2,70	3,30	3,80
Change	-19,0%	-5,6%	-1,5%	11,8%
<b>NFP Adjusted</b>				
New	(9,51)	(11,21)	(14,11)	(18,41)
Old	(5,36)	(7,66)	(10,46)	(13,86)
Change	n/a	n/a	n/a	n/a

Source: Integrae SIM

Taking into account the guidelines shared by the Company in its press release, we have adjusted our estimates for both the current year and the following years.

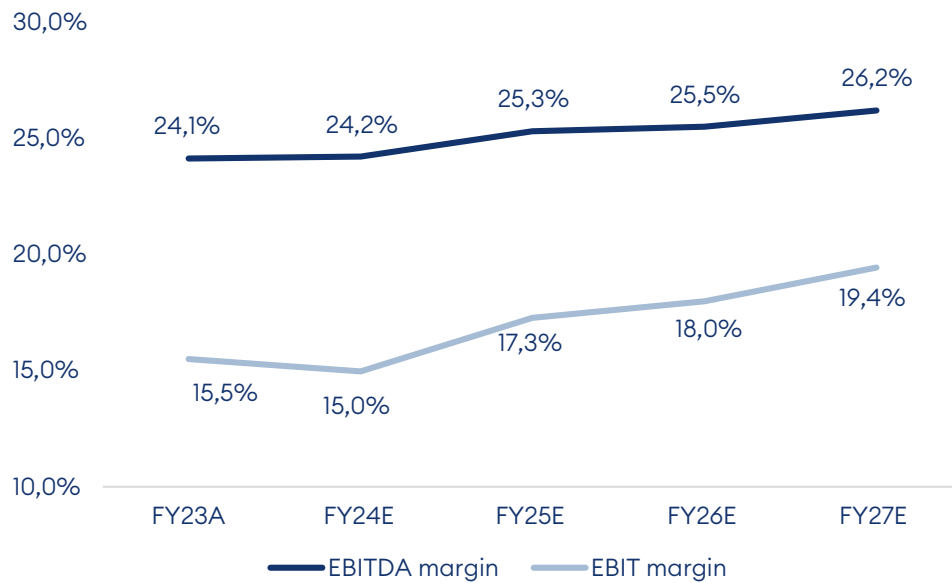
In particular, we now estimate an FY24E value of production of € 15.70 million, and a EBITDA of € 3.80 million, corresponding to a margin of 24.2%. In the following years, we expect the value of production to reach € 30.35 million (CAGR 23A-27E: 23.1%) in FY27E, with EBITDA equal to € 7.95 million (corresponding to a margin of 26.2%), up from € 3.19 million in FY23A (corresponding to an EBITDA margin of 24.1%). The growth in EBITDA and margins is mainly attributable to the increase in the number of proprietary products, which have higher margins and lower associated direct expenses. Regarding estimated investments, we expect Capex 2024E-2027E to reach approximately € 5.42 million. Finally, we estimate a cash positive Adjusted NFP (including receivables due from the European Union, structurally deferred according to European Community regulations) for FY24E , equal to € 9.51 million, considering the effect of the reserved capital increase of € 4.00 million.

CHART 4 – VOP AND EBITDA FY23A-27E



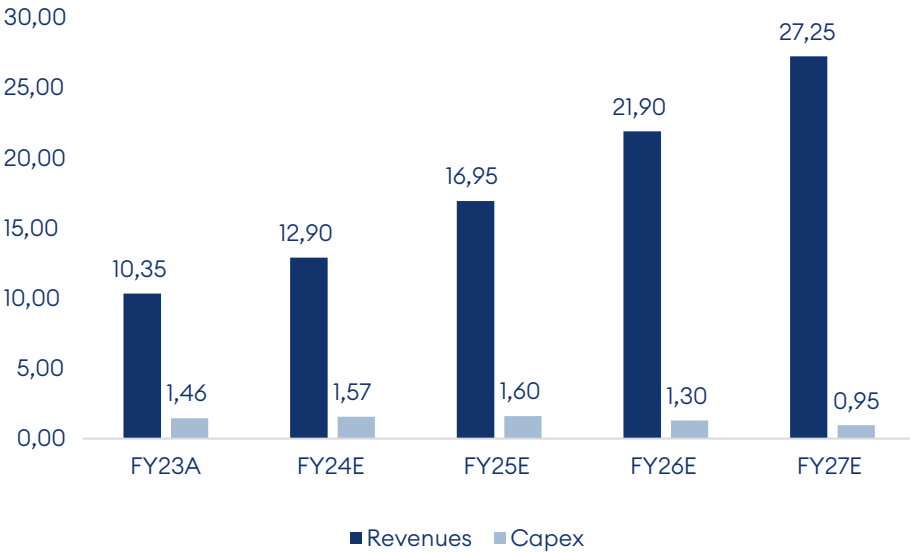
Source: Integrae SIM

CHART 5 – MARGIN FY23A-27E



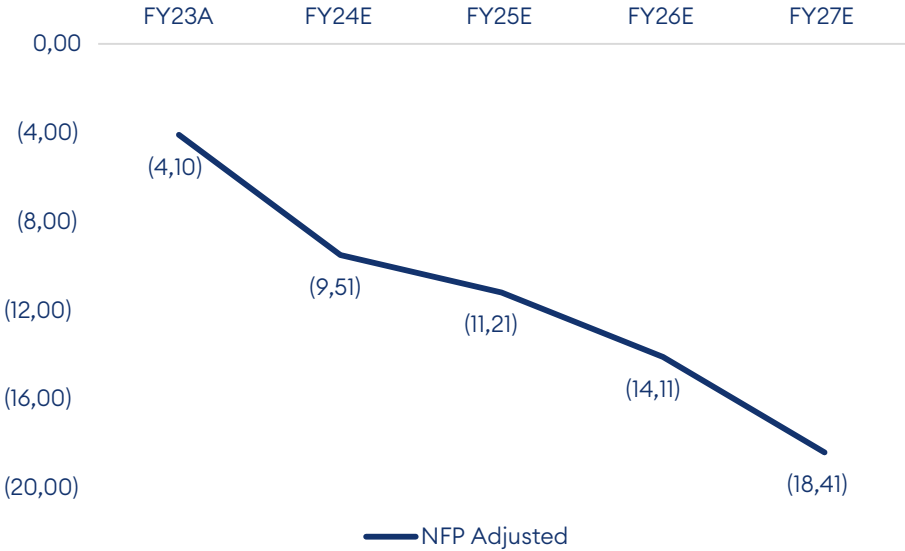
Source: Integrae SIM

CHART 6 – CAPEX FY23A-27E



Source: Integrae SIM

CHART 7 – NFP ADJUSTED FY23A-27E



Source: Integrae SIM

# Valuation

We conducted our valuation of the equity value of Circle based on the DCF method and multiples of a sample of comparable companies.

## DCF Method

TABLE 4 - WACC

WACC			10,91%
D/E 5,26%	Risk Free Rate 3,40%	$\beta$ Adjusted 0.8	$\alpha$ (specific risk) 2,50%
$K_d$ 1,00%	Market Premium 6,79%	$\beta$ Relevered 0.7	$K_e$ 11,44%

Source: Integrae SIM

For prudential purposes, we included a specific risk of 2.5%. This gives a WACC of 10.91%.

TABLE 5 – DCF VALUATION

DCF		% of EV
FCFO actualized	8,2	20%
TV actualized DCF	32,3	80%
Enterprise Value	40,4	100%
NFP Adjusted (FY24E)	(9,5)	
Equity Value	49,9	

Source: Integrae SIM

With the above data and taking our estimates and assumptions as a reference, the result is an *equity value* of **€ 49.9 million**.

TABLE 6 - EQUITY VALUE - SENSITIVITY ANALYSIS

€/mln		WACC						
Growth Rate (g)		9.4%	9.9%	10.4%	10.9%	11.4%	11.9%	12.4%
	3.0%	67,5	63,1	59,4	56,1	53,1	50,6	48,3
	2.5%	63,9	60,1	56,7	53,8	51,1	48,8	46,7
	2.0%	60,8	57,4	54,4	51,7	49,4	47,2	45,3
	1.5%	58,1	55,1	52,3	49,9	47,8	45,8	44,0
	1.0%	55,7	53,0	50,5	48,3	46,3	44,5	42,9
	0.5%	53,6	51,1	48,9	46,8	45,0	43,3	41,8
	0.0%	51,7	49,4	47,4	45,5	43,8	42,2	40,8

Source: Integrae SIM

## Market multiples

Our panel is made up of companies operating in the same sector as Circle, but many with larger capitalizations. These companies are the same used to calculate Beta for the DCF method. The panel is made up of:

TABLE 7 – MARKET MULTIPLES

Company Name	EV/EBITDA			EV/EBIT		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Capgemini SE	10,0 x	9,3 x	8,7 x	12,1 x	11,0 x	10,1 x
Reply S.p.A.	13,7 x	12,5 x	11,4 x	16,7 x	15,1 x	13,6 x
Computacenter Plc	8,5 x	8,0 x	7,6 x	10,8 x	10,1 x	9,6 x
Accenture Plc	15,9 x	14,8 x	13,7 x	19,5 x	18,2 x	16,7 x
PSI Software SE	69,4 x	8,5 x	7,1 x	n/a	13,1 x	10,1 x
<b>Peer median</b>	<b>13,7 x</b>	<b>9,3 x</b>	<b>8,7 x</b>	<b>14,4 x</b>	<b>13,1 x</b>	<b>10,1 x</b>

Source: FactSet

TABLE 8 – MARKET MULTIPLES VALUATION

€/mln	FY24E	FY25E	FY26E
<b>Enterprise Value (EV)</b>			
EV/EBITDA	52,0	48,3	56,4
EV/EBIT	33,8	46,5	46,0
<b>Enterprise Value post 25% discount</b>			
EV/EBITDA	39,0	36,2	42,3
EV/EBIT	25,3	34,9	34,5
<b>Equity Value</b>			
EV/EBITDA	48,5	47,4	56,4
EV/EBIT	34,8	46,1	48,6
<b>Average</b>	<b>41,7</b>	<b>46,8</b>	<b>52,5</b>

Source: Integrae SIM

The equity value of Circle was calculated using EV/EBITDA and EV/EBIT market multiples. After applying a 25.0% discount, the result is an **equity value of € 47.0 million**.

TABLE 9 – EQUITY VALUE

Average Equity Value (€/mln)	48,5
Equity Value DCF (€/mln)	49,9
Equity Value multiples (€/mln)	47,0
Target Price (€)	10,50

Source: Integrae SIM

The results give an average equity value of approximately € 48.5 million. **The target price is therefore € 10.50 (prev. € 8.00). We confirm a BUY rating and MEDIUM risk.**

TABLE 10 – TARGET PRICE IMPLIED VALUATION MULTIPLES

Multiples	FY23A	FY24E	FY25E	FY26E
EV/EBITDA	12,2 x	10,2 x	7,5 x	6,0 x
EV/EBIT	19,0 x	16,6 x	11,0 x	8,6 x
P/E	28,8 x	28,5 x	19,0 x	14,9 x

Source: Integrae SIM

TABLE 11 – CURRENT PRICE IMPLIED VALUATION MULTIPLES

Main Ratios	FY23A	FY24E	FY25E	FY26E
EV/EBITDA	8,7 x	7,3 x	5,3 x	4,3 x
EV/EBIT	13,5 x	11,8 x	7,8 x	6,1 x
P/E	22,1 x	21,9 x	14,6 x	11,4 x

Source: Integrae SIM

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03/08/2023	5,15	Buy	6,70	Medium	Breaking News
07/08/2023	5,05	Buy	6,70	Medium	Breaking News
18/08/2023	4,94	Buy	6,70	Medium	Breaking News
23/08/2023	5,55	Buy	6,70	Medium	Breaking News
29/08/2023	5,65	Buy	6,70	Medium	Breaking News
01/09/2023	5,60	Buy	6,70	Medium	Breaking News
14/09/2023	5,60	Buy	6,70	Medium	Breaking News
09/10/2023	6,45	Buy	7,70	Medium	Update
21/11/2023	6,10	Buy	7,70	Medium	Breaking News
29/11/2023	6,40	Buy	7,70	Medium	Breaking News
05/12/2023	6,40	Buy	7,70	Medium	Breaking News
13/12/2023	6,20	Buy	7,70	Medium	Breaking News
04/01/2024	6,80	Buy	7,70	Medium	Breaking News
04/01/2024	6,80	Buy	7,70	Medium	Breaking News
10/01/2024	6,80	Buy	7,70	Medium	Breaking News
16/01/2024	6,80	Buy	7,70	Medium	Breaking News
27/02/2024	6,20	Buy	7,70	Medium	Breaking News
06/03/2024	6,30	Buy	7,70	Medium	Breaking News
14/03/2024	6,40	Buy	7,70	Medium	Breaking News



04/04/2024	6,40	Buy	8,00	Medium	Update
17/04/2024	6,96	Buy	8,00	Medium	Breaking News
23/05/2024	7,06	Buy	8,00	Medium	Breaking News
04/06/2024	6,86	Buy	8,00	Medium	Breaking News
06/06/2024	7,14	Buy	8,00	Medium	Breaking News

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SELL	ETR $\leq$ -5%	ETR $\leq$ -5%	ETR $\leq$ 0%
U.R.	Rating e/o target price Under Review		
N.R.	Stock Not Rated		

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