

## EQUITY RESEARCH


### UPDATE

Production | 23.04.2025, h. 06:30 p.m.  
Published | 24.04.2025, h. 07:00 a.m.

# Circle

Euronext Growth Milan | Engineering | Italy

Rating

 **BUY**

unchanged

Target Price

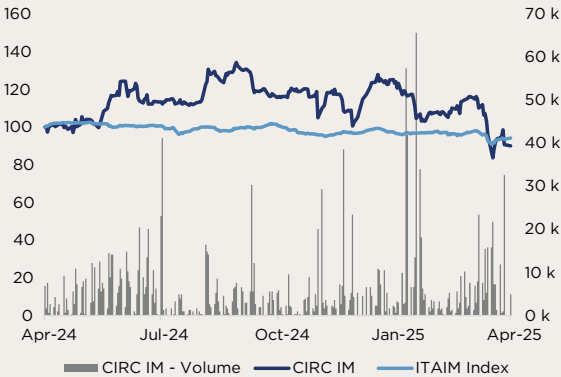
**€ 10,00**

prev. 10,50

Key Multiples	FY24A	FY25E	FY26E	FY27E
EV/Sales	2,3x	1,4x	1,2x	0,9x
EV/EBITDA	8,2x	4,8x	4,1x	3,3x
EV/EBIT	14,8x	9,2x	7,4x	5,4x
P/E	20,0x	13,2x	11,2x	8,3x
NFP/EBITDA	n/a	n/a	n/a	n/a

Key Financials (€/mln)	FY24A	FY25E	FY26E	FY27E
Revenues	10,7	18,0	21,5	26,6
Value of Production	14,6	23,0	25,5	30,4
EBITDA	3,0	5,2	6,0	7,4
EBIT	1,7	2,7	3,4	4,6
Net Income	1,5	2,2	2,6	3,5
EBITDA Margin	20,7%	22,6%	23,5%	24,4%
EBIT Margin	11,5%	11,7%	13,1%	15,0%
Net income Margin	10,0%	9,6%	10,2%	11,5%

### Stocks performance relative to FTSE Italia Growth



### Stock Data

Risk	Medium
Price	€ 6,08
Target price	€ 10,00
Upside/(Downside) potential	64,4%
Ticker	CIRC IM
Market Cap (€/mln)	€ 29,07
EV (€/mln)	€ 24,77
Free Float	37,70%
Share Outstanding	4.781.865
52-week high	€ 9,30
52-week low	€ 5,56
Average Daily Volumes (3 months)	8.821

Mattia Petracca | [mattia.petracca@integraesim.it](mailto:mattia.petracca@integraesim.it)  
Edoardo Luigi Pezzella | [edoardo.pezzella@integraesim.it](mailto:edoardo.pezzella@integraesim.it)

Stock performance	1M	3M	6M	1Y
Absolute	-24,0%	-28,8%	-23,8%	-11,6%
to FTSE Italia Growth	-20,9%	-26,3%	-17,5%	-5,9%
to Euronext STAR Milan	-18,5%	-20,3%	-14,4%	-3,6%
to FTSE All-Share	-17,6%	-30,3%	-28,7%	-19,5%
to EUROSTOXX	-18,0%	-26,7%	-27,0%	-14,9%
to MSCI World Index	-17,2%	-17,6%	-16,1%	-15,8%

Source: FactSet

Main Ratios	FY24A	FY25E	FY26E	FY27E
Current ratio	1,5x	2,0x	2,2x	2,5x
ROIC	11,6%	16,8%	21,1%	31,9%
ROE	10,0%	14,3%	15,5%	18,2%
ROA	5,9%	8,1%	9,2%	11,1%

Source: Integrae SIM

## FY24A Results

Circle's Value of Production for FY24A stood at €14.58 million, compared to €13.21 million recorded at the end of 2023 and below the €15.70 million estimated in our previous report. EBITDA stood at €3.01 million in FY24A, marking a slight decrease of 5.5% compared to €3.19 million in the previous year. The EBITDA Margin was 20.7%, down approximately 3.5 percentage points from the FY23A figure of 24.1%. EBIT, after depreciation and amortisation totalling €1.34 million, amounted to €1.68 million (vs. €2.05 million in FY23A). Net Income totalled €1.45 million, marking a 13.5% decline compared to €1.68 million in FY23A. From a balance sheet perspective, the Net Financial Position (NFP) improved to a cash positive €1.96 million, compared to a cash positive €1.65 million as of 31 December 2023.

## Estimates and Valuation Update

In light of the results published in the annual report for FY24A, we have adjusted our estimates for both the current year and the following years. In particular, we now estimate an FY25E value of production of € 23.00 million, and an EBITDA of € 5.20 million, corresponding to a margin of 22.6%. In the following years, we expect the value of production to reach € 33.00 million (CAGR 24A-28E: 22.7%) in FY28E, with EBITDA equal to € 8.30 million (corresponding to a margin of 25.2 %), up from € 3.01 million in FY24A (corresponding to an EBITDA margin of 20.7%). From a balance sheet perspective, in line with our expectations, the Adjusted Net Financial Position (NFP) could reach a cash positive value of €5.24 million in FY25E. 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 € 44.8 million. Using market multiples, the equity value of Circle was calculated as € 50.8 million (including a 25.0% discount). The results give an average equity value of approximately € 47.8 million. **The target price is € 10.00, with a BUY rating and MEDIUM risk.**

# Economics & Financials

TABLE 1 - ECONOMICS & FINANCIALS

CONSOLIDATED INCOME STATEMENT (€/mln)	FY23A	FY24A	FY25E	FY26E	FY27E	FY28E
Revenues	10,35	10,69	18,00	21,50	26,55	29,50
Other revenues	2,86	3,88	5,00	4,00	3,80	3,50
<b>Value of Production</b>	<b>13,21</b>	<b>14,58</b>	<b>23,00</b>	<b>25,50</b>	<b>30,35</b>	<b>33,00</b>
COGS	0,05	0,23	0,30	0,30	0,35	0,40
Services	4,17	4,81	7,50	8,25	9,85	10,55
Use of assets owned by others	0,41	0,47	0,70	0,75	0,75	0,80
Employees	5,10	5,83	9,00	9,85	11,60	12,50
Other operating costs	0,29	0,22	0,30	0,35	0,40	0,45
<b>EBITDA</b>	<b>3,19</b>	<b>3,01</b>	<b>5,20</b>	<b>6,00</b>	<b>7,40</b>	<b>8,30</b>
<i>EBITDA Margin</i>	<i>24,1%</i>	<i>20,7%</i>	<i>22,6%</i>	<i>23,5%</i>	<i>24,4%</i>	<i>25,2%</i>
D&A	1,14	1,34	2,50	2,65	2,85	3,00
<b>EBIT</b>	<b>2,05</b>	<b>1,68</b>	<b>2,70</b>	<b>3,35</b>	<b>4,55</b>	<b>5,30</b>
<i>EBIT Margin</i>	<i>15,5%</i>	<i>11,5%</i>	<i>11,7%</i>	<i>13,1%</i>	<i>15,0%</i>	<i>16,1%</i>
Financial management	(0,02)	0,02	(0,10)	(0,10)	(0,10)	(0,10)
<b>EBT</b>	<b>2,03</b>	<b>1,69</b>	<b>2,60</b>	<b>3,25</b>	<b>4,45</b>	<b>5,20</b>
Taxes	0,35	0,24	0,40	0,65	0,95	1,15
<b>Net Income</b>	<b>1,68</b>	<b>1,45</b>	<b>2,20</b>	<b>2,60</b>	<b>3,50</b>	<b>4,05</b>

CONSOLIDATED BALANCE SHEET (€/mln)	FY23A	FY24A	FY25E	FY26E	FY27E	FY28E
<b>Fixed Assets</b>	<b>4,13</b>	<b>10,78</b>	<b>10,60</b>	<b>10,00</b>	<b>8,90</b>	<b>7,50</b>
Account receivable	5,92	7,07	10,80	12,40	14,10	15,50
Inventory	0,04	0,30	0,30	0,30	0,35	0,40
Account payable	2,31	2,75	4,30	4,75	5,55	6,15
<b>Operating Working Capital</b>	<b>3,65</b>	<b>4,62</b>	<b>6,80</b>	<b>7,95</b>	<b>8,90</b>	<b>9,75</b>
Other receivable	1,29	4,40	4,20	3,40	2,75	2,50
Other payable	2,04	5,82	5,90	6,00	6,10	6,10
<b>Net Working Capital</b>	<b>2,90</b>	<b>3,19</b>	<b>5,10</b>	<b>5,35</b>	<b>5,55</b>	<b>6,15</b>
Severance & other provisions	1,18	1,53	2,00	2,55	3,15	3,50
<b>NET INVESTED CAPITAL</b>	<b>5,86</b>	<b>12,44</b>	<b>13,70</b>	<b>12,80</b>	<b>11,30</b>	<b>10,15</b>
Share capital	0,27	0,32	0,32	0,32	0,32	0,32
Reserves	8,01	14,97	16,42	18,62	21,22	24,72
Net Income	1,68	1,45	2,20	2,60	3,50	4,05
<b>Equity</b>	<b>9,96</b>	<b>16,74</b>	<b>18,94</b>	<b>21,54</b>	<b>25,04</b>	<b>29,09</b>
Cash & cash equivalents	2,08	3,40	5,24	7,64	11,64	15,94
Short term financial debt	0,43	1,43	0,20	0,10	0,00	0,00
M/L term financial debt	0,00	0,00	2,10	1,60	1,20	0,80
<b>Net Financial Position</b>	<b>(1,65)</b>	<b>(1,96)</b>	<b>(2,94)</b>	<b>(5,94)</b>	<b>(10,44)</b>	<b>(15,14)</b>
Other financial receivable	2,45	2,34	2,30	2,80	3,30	3,80
<b>NFP Adjusted</b>	<b>(4,10)</b>	<b>(4,30)</b>	<b>(5,24)</b>	<b>(8,74)</b>	<b>(13,74)</b>	<b>(18,94)</b>
<b>SOURCES</b>	<b>5,86</b>	<b>12,44</b>	<b>13,70</b>	<b>12,80</b>	<b>11,30</b>	<b>10,15</b>

CONSOLIDATED CASH FLOW (€/mln)	FY23A	FY24A	FY25E	FY26E	FY27E	FY28E
<b>EBIT</b>	<b>2,05</b>	<b>1,68</b>	<b>2,70</b>	<b>3,35</b>	<b>4,55</b>	<b>5,30</b>
Taxes	0,35	0,24	0,40	0,65	0,95	1,15
<b>NOPAT</b>	<b>1,70</b>	<b>1,44</b>	<b>2,30</b>	<b>2,70</b>	<b>3,60</b>	<b>4,15</b>
D&A	1,14	1,34	2,50	2,65	2,85	3,00
<b>Change in NWC</b>	<b>(0,23)</b>	<b>(0,29)</b>	<b>(1,91)</b>	<b>(0,25)</b>	<b>(0,20)</b>	<b>(0,60)</b>
Change in receivable	(0,29)	(1,15)	(3,73)	(1,60)	(1,70)	(1,40)
Change in inventory	0,00	(0,26)	0,00	0,00	(0,05)	(0,05)
Change in payable	(0,26)	0,45	1,55	0,45	0,80	0,60
Change in others	0,31	0,68	0,28	0,90	0,75	0,25
Change in provisions	0,11	0,36	0,47	0,55	0,60	0,35
<b>OPERATING CASH FLOW</b>	<b>2,72</b>	<b>2,84</b>	<b>3,36</b>	<b>5,65</b>	<b>6,85</b>	<b>6,90</b>
Capex	(1,46)	(7,98)	(2,32)	(2,05)	(1,75)	(1,60)
<b>FREE CASH FLOW</b>	<b>1,27</b>	<b>(5,14)</b>	<b>1,04</b>	<b>3,60</b>	<b>5,10</b>	<b>5,30</b>
Financial management	(0,02)	0,02	(0,10)	(0,10)	(0,10)	(0,10)
Change in Financial debt	(0,09)	1,01	0,87	(0,60)	(0,50)	(0,40)
Change Other financial receivable	(1,39)	0,11	0,04	(0,50)	(0,50)	(0,50)
Change in equity	(0,03)	5,33	0,00	0,00	0,00	0,00
<b>FREE CASH FLOW TO EQUITY</b>	<b>(0,26)</b>	<b>1,32</b>	<b>1,85</b>	<b>2,40</b>	<b>4,00</b>	<b>4,30</b>

Source: Circle and Integrae SIM estimates

## Company Overview

Founded in Genoa in 2012, Circle S.p.A. is the Innovative SME at the head of the CIRCLE Group specialising in the analysis and development of products for the innovation and digitalisation of the port and intermodal logistics sectors and in the international consultancy on topics concerning the Green Deal and energy transition.

In addition to Circle, the Group includes the software houses Info.era, NEXT Freight (formerly 'Adele Project') and Cargo Start, acquired at the end of 2017, July 2019 and December 2022 respectively, the consulting companies Magellan Circle and Magellan Circle Italy, NEXT Customs, as well as the subsidiary ACCUDIRE.

The synergies between the individual components of the CIRCLE Group have made it possible to expand the portfolio of solutions offered in the areas of IoT, Optimisation, Digital Twin, Big Data and Process Automation, and to strengthen the software products: Milos® - a suite aimed at all players in intermodal logistics such as inland terminals, port terminals, ports, MTOs and maritime agencies -, the Extended Port Community System, the Master SPED® and Milos® Global Supply Chain Visibility solutions, dedicated respectively to freight forwarding and logistics and to trade and industry, as well as Star Tracking®, an airport-to-airport tracking solution.

To complete the offer in the Supply Chain area, the so-called 'Federative Services' are able to make the migration of customers towards a digital business model more efficient and offered in cloud mode.

Through Magellan Circle (with offices in Porto and Brussels) and Magellan Circle Italy, Circle operates in the field of advocacy at European Institutions, supporting Public Bodies and Companies by identifying their positioning at a European level (Strategic

Communication and Advocacy) and funding opportunities (Eu Funding Accelerator), with a vertical focus on Green Deal and energy transition issues.

The acquisition of the 51% of shares of Cargo Start in December 2022, a company specialising in the development and sale of innovative technological products and services for air cargo, allowed Circle to strengthen its offering in a rapidly expanding segment that is strategic to the Connect 4 Agile Growth industrial path.

Circle owns 92% of eXyond, formerly Log@Sea business network, active in offering advanced Gate Automation solutions aimed at port and intermodal nodes. On December 27th, 2024, eXyond acquired the business unit owned by Telepass Innova S.p.A. (a subsidiary of Telepass S.p.A.). The Business Unit includes the Infomobility Business Unit (resulting from the merger by incorporation of the company InfoBlu S.p.A. into Telepass Innova) active in advanced traffic monitoring and management services on the Italian road and motorway network, and the Telematics Business Unit (resulting from the merger by incorporation of the company KMaster S.r.l. into Telepass Innova) active in the provision of telematics services, based on proprietary technology platforms, to companies operating in the logistics, transport and insurance sectors.

Circle subscribed to a capital increase equal to 21% of the share capital of ACCUDIRE, an Innovative Startup from Veneto that provides a Collaborative Digital Platform capable of helping players along global Supply Chains in the exchange of information and in the management of document flows accompanying goods shipments, starting first and foremost with the e-CMR (or electronic waybill, part of an international standard and transposition law just approved by the Italian Parliament).

Finally, in February 2024 Circle established NEXT Customs, dedicated to digital customs optimisation services and functional to the continuation of initiatives aimed at the harmonisation of customs processes, a highly strategic area for the evolution of the Connect 4 Agile Growth path.

## FY24A Results

TABLE 2 – ACTUAL VS ESTIMATES FY24A

€/mln	VoP	EBITDA	EBITDA %	EBIT	Net Income	NFP Adj.
FY24A	14,58	3,01	20,7%	1,68	1,45	(4,30)
FY24E	15,70	3,80	24,2%	2,35	1,70	(9,51)
Change	-7,2%	-20,8%	-3,5%	-28,7%	-14,5%	n/a

Source: Integrae SIM

TABLE 3 – ACTUAL VS ESTIMATES FY24A ADJUSTED

€/mln	VoP	EBITDA Adj.	EBITDA Adj. %	EBITA Adj.	Net Income Adj.	NFP Adj.
FY24A	14,58	3,30	22,6%	2,00	1,80	(4,30)
FY24E	13,21	3,19	24,1%	2,05	1,68	(4,10)
Change	10,3%	3,5%	-1,5%	-2,2%	7,1%	n/a

Source: Integrae SIM

TABLE 4 – ACTUAL VS ESTIMATES FY24A PRO-FORMA

€/mln	VoP PF	EBITDA PF	EBITDA PF %	EBIT	Net Income	NFP Adj.
FY24A	21,40	4,30	20,1%	n/a	n/a	(4,30)
FY24E	13,21	3,19	24,1%	2,05	1,68	(4,10)
Change	62,0%	34,9%	-4,0%	n/a	n/a	n/a

Source: Integrae SIM

In the annual results press release, Luca Abatello, CEO and Charman of Circle SpA, stated: *“The year 2024 represented a pivotal moment in the Group’s evolution. The integration of solutions and the launch of new offerings at the Group level continued, fuelling organic growth and internal synergies. This was achieved despite a challenging macroeconomic environment and increasing delays in the implementation of certain projects linked to the EU and the National Recovery and Resilience Plan (PNRR). For this reason, we have already accelerated our strategy and completed significant acquisitions aligned with the ‘Connect 4 Agile Growth’ plan. Furthermore, we continue to focus on the Industrial & Distribution sector through our MILOS GSCV product, also in response to the growing number of requests, which provide us with the opportunity to develop verticalised solutions in line with our strategic objectives—particularly in the fresh food (cold chain) and steel industry sectors.”*

To provide a representation more closely aligned with the actual business performance, it is worth recalling that on 27 December 2024, eXyond, a subsidiary of the Circle Group (92.0% owned by Circle SpA and 8.0% by Aitek SpA), acquired a business unit from Telepass Innova SpA, a wholly owned subsidiary of Telepass SpA, for a total consideration of €6.20 million. The transaction involved the acquisition of the Infomobility and Telematics business lines, thereby strengthening the Circle Group’s offering in the transport, telematics, and infomobility sectors. It enabled the integration of advanced traffic monitoring services and telematic solutions targeted at companies operating in the logistics, transport, and insurance sectors.

In the same month, eXyond also acquired a 54.54% stake in Circle Garage, an

innovative SME specialising in the development of technological solutions for data analysis, software development, and the creation of applications deployed on cloud infrastructures. This acquisition significantly enhanced the Group's digital and technological capabilities, reinforcing eXyond's positioning as a key enabler of high-value innovative solutions in the digitalisation of industrial and logistics processes.

To enable a more meaningful comparison, the tables presented above report both the pro forma 2024 financial results, which include the Infomobility and Telematics business lines acquired from Telepass Innova and Circle Garage (consolidated only at the balance sheet level as of 31.12.2024), and the adjusted results, which exclude non-recurring costs amounting to approximately €0.30 million, costs that will impact revenues and margins during 2025.

The international macroeconomic context, characterised by persistent geopolitical tensions and weakened global trade flows, hurt the logistics sector, delaying certain projects and contributing to a contraction in industrial production for 2024. According to Istat, industrial output declined by -3.5% compared to 2023.

In this context, Circle's Value of Production for FY24A stood at €14.58 million, compared to €13.21 million recorded at the end of 2023 and below the €15.70 million estimated in our previous report. The Company noted that the FY24A figure was influenced by synergies with Partners & Alliances acquired during the year but not economically consolidated (€0.60 million for the Telepass Innova Alliance, now eXyond) and by the postponement of the Accudire acquisition, with an impact of €0.70 million.

Revenues from proprietary software products, also offered in SaaS (Software as a Service) mode via cloud platforms, were in line with FY23A, at €3.20 million. Additionally, Milos® federative services amounted to approximately €0.90 million, marking a 20.0% increase compared to 2023 (€0.75 million).

The pro forma Value of Production reached €21.40 million, reflecting a 62.0% increase year-on-year. This growth was mainly driven by the rise in pro forma revenues from proprietary software products, which reached €6.10 million, a significant increase (+92.0%) from €3.20 million in FY23A.

EBITDA stood at €3.01 million in FY24A, marking a slight decrease of 5.5% compared to €3.19 million in the previous year. The EBITDA Margin was 20.7%, down approximately 3.5 percentage points from the FY23A figure of 24.1%. Conversely, pro forma EBITDA (€4.30 million) and Adjusted EBITDA (€3.30 million) showed respective increases of 34.9% and 3.5% compared to figures as of 31 December 2023.

EBIT, after depreciation and amortisation totalling €1.34 million, amounted to €1.68 million (vs. €2.05 million in FY23A), compared to our forecast of €2.10 million. The EBIT Margin stood at 11.5%, down from 15.5% in FY23A. Excluding non-recurring costs incurred during the year, Adjusted EBIT amounted to €2.00 million.

Net Income totalled €1.45 million, marking a 13.5% decline compared to €1.68 million in FY23A. However, excluding non-recurring expenses, Adjusted Net Income showed an increase of approximately 7.1% year-on-year.

Concerning pro forma EBIT and Net Income, the Company clarified that, due to the acquisition of a business unit, it is not possible to make a fully homogeneous comparison or to appropriately aggregate the related financial and fiscal components.

From a balance sheet perspective, the Net Financial Position (NFP) improved to a cash positive €1.96 million, compared to a cash positive €1.65 million as of 31 December 2023.

The evolution of the NFP reflects, on the one hand, the positive impact of capital increases totalling €5.10 million subscribed by Eiffel and Algebris Investments Limited and, on the other, investments of approximately €1.30 million for new product development, as well as a total outlay of €3.40 million for the acquisitions of Circle Garage and the business unit from Telepass Innova SpA, and non-recurring costs of around €0.30 million.

The Adjusted NFP, which includes receivables from the European Union that are structurally deferred due to EU accounting rules, was cash positive at €4.30 million in FY24A, up from €4.10 million in FY23A.

The Group's multi-year backlog, calculated on the basis of management data with visibility through to 2026 and including Telepass Innova and Circle Garage, reached €28.50 million as of 31 December 2024, representing a substantial increase of 109.0% compared to €13.60 million as at 31 December 2023.

The introduction of e-CMR and eFTI represents a major step forward in the digitalisation of the logistics sector, enhancing efficiency, safety, and transparency in transportation. These tools will facilitate the integration of digital controls across the multimodal logistics chain, reducing both time and costs.

At the same time, the launch of the ZES UNICA and the refinancing of the ZLS offer new opportunities for regional development. Within this scenario, Circle, through eXyond, MagellanCircle, and the new NewCo PCS, is strengthening innovative solutions focused on a connected, interoperable, and sustainable logistics ecosystem, while continuously monitoring economic indicators to adapt its strategic approach.

The Company also stated that, given the conclusion of the current EU funding cycle launched in 2020, MagellanCircle is currently undergoing a strategic repositioning phase. Particular attention is being paid to the implementation of the new European guidelines, including the Competitiveness Compass, Industrial Green Deal policies, and port strategy, in light of rapidly evolving trends and the emergence of increasingly relevant areas such as Advocacy & Defence.

In the air cargo sector, due to still limited volumes, substantial investments will be required in the first half of 2025 to complete the service offering and expand ongoing projects to major national and international airport hubs.

## FY25E - FY28E Estimates

TABLE 5 - ESTIMATES UPDATES FY25E-28E

€/mln	FY25E	FY26E	FY27E	FY28E
<b>Value of Production</b>				
New	23,00	25,50	30,35	33,00
Old	20,55	25,30	30,35	n/a
Change	11,9%	0,8%	0,0%	n/a
<b>EBITDA</b>				
New	5,20	6,00	7,40	8,30
Old	5,20	6,45	7,95	n/a
Change	0,0%	-7,0%	-6,9%	n/a
<b>EBITDA %</b>				
New	22,6%	23,5%	24,4%	25,2%
Old	25,3%	25,5%	26,2%	n/a
Change	-2,7%	-2,0%	-1,8%	n/a
<b>EBIT</b>				
New	2,70	3,35	4,55	5,30
Old	3,55	4,55	5,90	n/a
Change	-23,9%	-26,4%	-22,9%	n/a
<b>Net Income</b>				
New	2,20	2,60	3,50	4,05
Old	2,55	3,25	4,25	n/a
Change	-13,7%	-20,0%	-17,6%	n/a
<b>NFP Adjusted</b>				
New	(5,24)	(8,74)	(13,74)	(18,94)
Old	(11,21)	(14,11)	(18,41)	n/a
Change	n/a	n/a	n/a	n/a

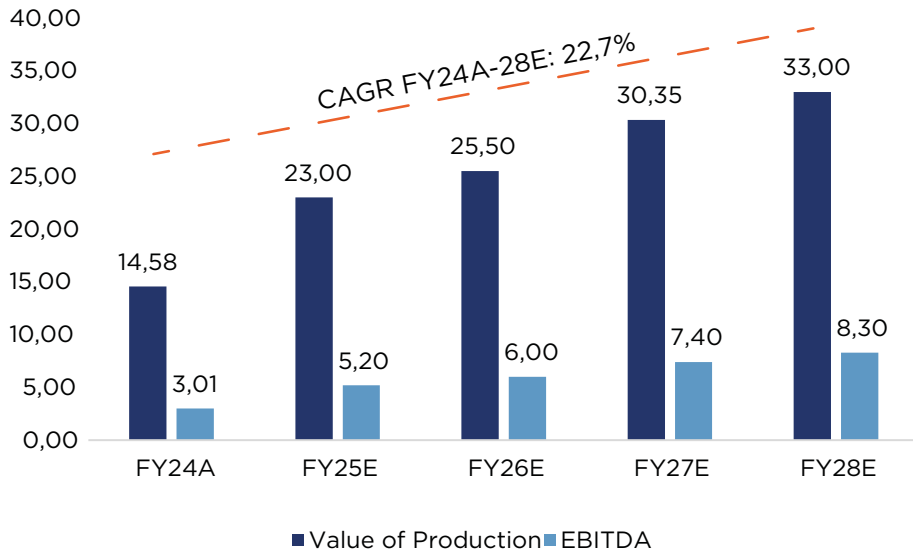
Source: Integrae SIM

In light of the results published in the annual report for FY24A, we have adjusted our estimates for both the current year and the following years.

In particular, we now estimate an FY25E value of production of € 23.00 million, and an EBITDA of € 5.20 million, corresponding to a margin of 22.6%. In the following years, we expect the value of production to reach € 33.00 million (CAGR 24A-28E: 22.7%) in FY28E, with EBITDA equal to € 8.30 million (corresponding to a margin of 25.2 %), up from € 3.01 million in FY24A (corresponding to an EBITDA margin of 20.7%).

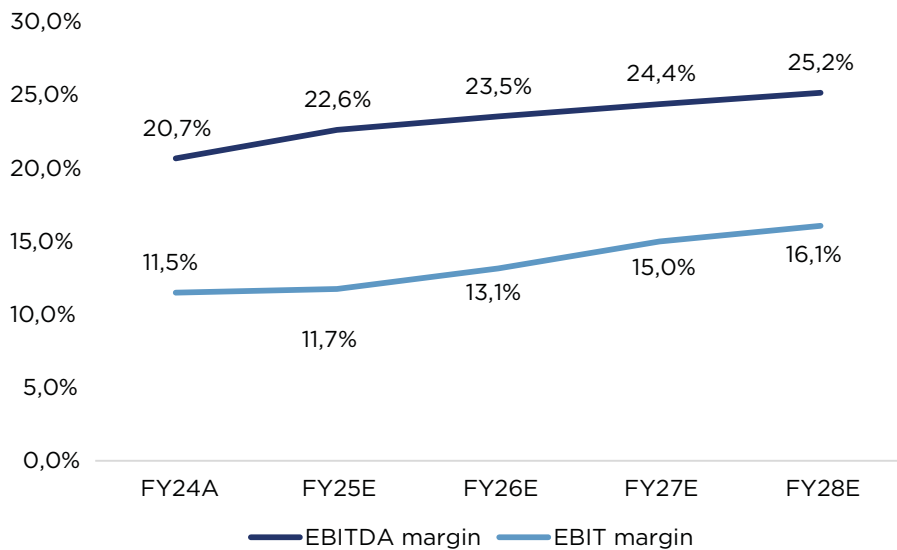
With regard to estimated investments, we expect Capex for the period 2025E-2028E to amount to approximately €7.72 million. Lastly, we estimate an adjusted Net Financial Position (including receivables due from the European Union, which are structurally deferred due to EU regulations) to be cash positive at €5.24 million for FY25E.

CHART 1 - VOP AND EBITDA FY24A-28E



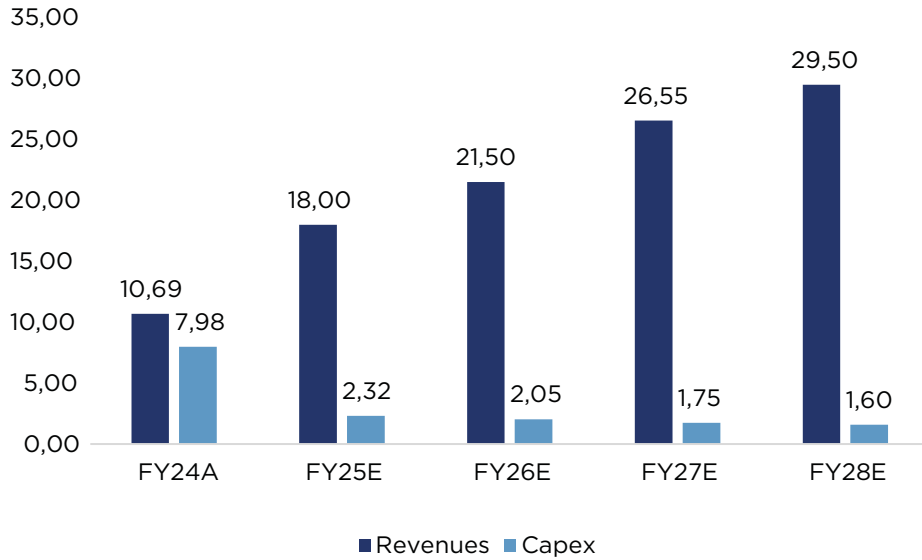
Source: Integrae SIM

CHART 2 - MARGIN FY24A-28E



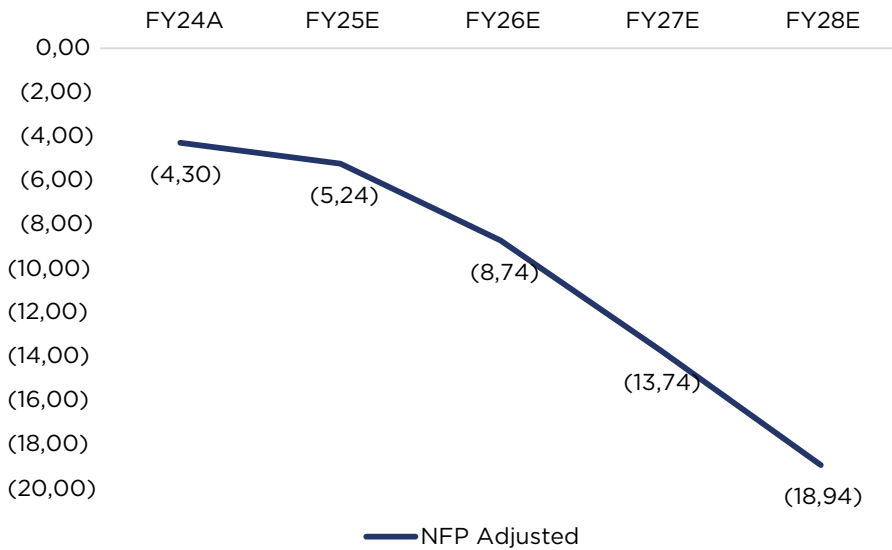
Source: Integrae SIM

CHART 3 - CAPEX FY24A-28E



Source: Integrae SIM

CHART 4 - NFP ADJUSTED FY24A-28E



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 6 - WACC

WACC			11,36%
D/E 11,11%	Risk Free Rate 2,81%	β Adjusted 1,0	α (specific risk) 2,50%
Kd 3,00%	Market premium 7,26%	β Relevered 1,0	Ke 12,38%

Source: Integrae SIM

For prudential purposes, we included a specific risk of 2.5%. The result is therefore a WACC of 11.36%.

TABLE 7 - DCF VALUATION

DCF	% of EV	
FCFO actualized	10,4	26%
TV actualized DCF	30,1	74%
Enterprise Value	40,5	100%
NFP Adjusted (FY24A)	(4,3)	
Equity Value	44,8	

Source: Integrae SIM

With the above data and taking our estimates and assumptions as a reference, the result is an equity value of € 44.8 million.

TABLE 8 - EQUITY VALUE SENSITIVITY ANALYSIS

€/mln	WACC							
Growth Rate (g)		9,9%	10,4%	10,9%	11,4%	11,9%	12,4%	12,9%
	3,0%	60,5	56,6	53,2	50,2	47,6	45,2	43,1
	2,5%	57,4	53,9	50,9	48,2	45,8	43,6	41,7
	2,0%	54,7	51,6	48,9	46,4	44,2	42,2	40,4
	1,5%	52,3	49,5	47,0	44,8	42,8	40,9	39,3
	1,0%	50,2	47,7	45,4	43,4	41,5	39,8	38,2
	0,5%	48,4	46,0	43,9	42,0	40,3	38,7	37,3
	0,0%	46,7	44,5	42,6	40,8	39,2	37,7	36,4

Source: Integrae SIM

## Market Multiples

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

**TABLE 9 - MARKET MULTIPLES**

Company Name	EV/EBITDA			EV/EBIT		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Capgemini SE	7,1 x	7,0 x	6,6 x	8,6 x	8,1 x	7,7 x
Reply S.p.A.	11,8 x	10,8 x	10,0 x	14,2 x	13,0 x	11,9 x
Computacenter Plc	6,5 x	6,1 x	6,3 x	8,5 x	7,9 x	7,2 x
Accenture Plc	13,8 x	13,1 x	12,2 x	16,9 x	15,9 x	14,7 x
PSI Software SE	16,9 x	12,3 x	9,5 x	39,5 x	21,6 x	14,5 x
<b>Peer median</b>	<b>11,8 x</b>	<b>10,8 x</b>	<b>9,5 x</b>	<b>14,2 x</b>	<b>13,0 x</b>	<b>11,9 x</b>

Source: FactSet

**TABLE 10 - MARKET MULTIPLES VALUATION**

€/mln	FY25E	FY26E	FY27E
<b>Enterprise Value (EV)</b>			
EV/EBITDA	61,2	65,1	70,2
EV/EBIT	38,3	43,5	54,0
<b>Enterprise Value post 25% discount</b>			
EV/EBITDA	45,9	48,8	52,7
EV/EBIT	28,8	32,6	40,5
<b>Equity Value</b>			
EV/EBITDA	51,1	57,6	66,4
EV/EBIT	34,0	41,4	54,2
<b>Average</b>	<b>42,6</b>	<b>49,5</b>	<b>60,3</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 € 50.8 million**.

# Equity Value

TABLE 11 – EQUITY VALUE

Average Equity Value (€/mln)	47,8
Equity Value DCF (€/mln)	44,8
Equity Value Multiples (€/mln)	50,8
Target Price (€)	10,00

Source: Integrae SIM

The results give an average equity value of approximately € 47.8 million.

**The target price is therefore € 10.00 (prev. € 10.50). We confirm a BUY rating and MEDIUM risk**

TABLE 12 – TARGET PRICE IMPLIED VALUATION MULTIPLES

Multiples	FY24A	FY25E	FY26E	FY27E
EV/EBITDA	14,4 x	8,4 x	7,2 x	5,9 x
EV/EBIT	26,0 x	16,1 x	13,0 x	9,6 x
P/E	32,9 x	21,7 x	18,4 x	13,7 x

Source: Integrae SIM

TABLE 13 – CURRENT PRICE IMPLIED VALUATION MULTIPLES

Multiples	FY24A	FY25E	FY26E	FY27E
EV/EBITDA	8,2 x	4,8 x	4,1 x	3,3 x
EV/EBIT	14,8 x	9,2 x	7,4 x	5,4 x
P/E	20,0 x	13,2 x	11,2 x	8,3 x

Source: Integrae SIM

# Disclosure Pursuant to Delegated Regulation UE n. 2016/958

## Analyst/s certification

*The analyst(s) which has/have produced the following analyses hereby certifies/certify that the opinions expressed herein reflect their own opinions, and that no direct and/or indirect remuneration has been, nor shall be received by the analyst(s) as a result of the above opinions or shall be correlated to the success of investment banking operations. Neither the analysts nor any of their relatives hold administration, management or advising roles for the Issuer. Mattia Petracca is Integrae SIM's current Head of Research. Giuseppe Riviello, Alessandro Colombo, Edoardo Luigi Pezzella and Alessia Di Florio are the current financial analysts.*

## Disclaimer

*This publication was produced by INTEGRAE SIM SpA. INTEGRAE SIM SpA is licensed to provide investment services pursuant to Italian Legislative Decree n. 58/1998, released by Consob, with Resolution n. 17725 of March 29th 2011.*

*INTEGRAE SIM SpA performs the role of corporate broker for the financial instruments issued by the company covered in this report.*

*INTEGRAE SIM SpA is distributing this report in Italian and in English, starting from the date indicated on the document, to approximately 300 qualified institutional investors by post and/or via electronic media, and to non-qualified investors through the Borsa Italiana website and through the leading press agencies.*

*Unless otherwise indicated, the prices of the financial instruments shown in this report are the prices referring to the day prior to publication of the report. INTEGRAE SIM SpA will continue to cover this share on a continuing basis, according to a schedule which depends on the circumstances considered important (corporate events, changes in recommendations, etc.), or useful to its role as specialist.*

*The table below, shows INTEGRAE SIM's recommendation, target price and risk issued during the last 12 months:*

Date	Price	Recommendation	Target Price	Risk	Comment
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
12/07/2024	8,06	Buy	10,50	Medium	Update
17/09/2024	8,74	Buy	10,50	Medium	Breaking News
08/10/2024	8,18	Buy	10,50	Medium	Update
13/11/2024	8,28	Buy	10,50	Medium	Breaking News
15/11/2024	8,00	Buy	10,50	Medium	Breaking News

*The list of all recommendations on any financial instrument or issuer produced by Integrae SIM Research Department and distributed during the preceding 12-month period is available on the Integrae SIM website.*

*The information and opinions contained herein are based on sources considered reliable. INTEGRAE SIM SpA also declares that it takes all reasonable steps to ensure the correctness of the sources considered reliable; however, INTEGRAE SIM SpA shall not be directly and/or indirectly held liable for the correctness or completeness of said sources.*

*The most commonly used sources are the periodic publications of the company (financial statements and consolidated financial statements, interim and quarterly reports, press releases and periodic presentations). INTEGRAE SIM SpA also makes use of instruments provided by several service companies (Bloomberg, Reuters, JCF), daily newspapers and press in general, both national and international. INTEGRAE SIM SpA generally submits a draft of the analysis to the Investor Relator Department of the company being analyzed, exclusively for the purpose of verifying the correctness of the information contained therein, not the correctness of the assessment. INTEGRAE SIM SpA*

has adopted internal procedures able to assure the independence of its financial analysts and that establish appropriate rules of conduct for them. Integrae SIM SpA has formalized a set of principles and procedures for dealing with conflicts of interest. The Conflicts Management Policy is clearly explained in the relevant section of Integrae SIM's web site ([www.integraesim.it](http://www.integraesim.it)). This document is provided for information purposes only. Therefore, it does not constitute a contractual proposal, offer and/or solicitation to purchase and/or sell financial instruments or, in general, solicitation of investment, nor does it constitute advice regarding financial instruments. INTEGRAE SIM SpA does not provide any guarantee that any of the forecasts and/or estimates contained herein will be reached. The information and/or opinions contained herein may change without any consequent obligation of INTEGRAE SIM SpA to communicate such changes. Therefore, neither INTEGRAE SIM SpA, nor its directors, employees or contractors, may be held liable (due to negligence or other causes) for damages deriving from the use of this document or the contents thereof. Thus, Integrae SIM does not guarantee any specific result as regards the information contained in the present publication, and accepts no responsibility or liability for the outcome of the transactions recommended therein or for the results produced by such transactions. Each and every investment/divestiture decision is the sole responsibility of the party receiving the advice and recommendations, who is free to decide whether or not to implement them. Therefore, Integrae SIM and/or the author of the present publication cannot in any way be held liable for any losses, damage or lower earnings that the party using the publication might suffer following execution of transactions on the basis of the information and/or recommendations contained therein.

This document is intended for distribution only to professional clients and qualified counterparties as defined in Consob Regulation no. 20307/2018, as subsequently amended and supplemented, either as a printed document and/or in electronic form.

#### Rating system (long term horizon: 12 months)

The BUY, HOLD and SELL ratings are based on the Upside Potential (increase in value or return that he investment could achieve based on the current price and a future target price set by the analysts), and the risk associated to the share analyzed. The degree of risk is based on the liquidity and volatility of the share, and on the rating provided by the analyst and contained in the report. Due to daily fluctuations in share prices, the upside potential may temporarily fall outside the proposed range

#### Upside Potential (for different risk categories)

Rating	Low Risk	Medium Risk	High Risk
BUY	Upside $\geq$ 7.5%	Upside $\geq$ 10%	Upside $\geq$ 15%
HOLD	-5% < Upside < 7.5%	-5% < Upside < 10%	0% < Upside < 15%
SELL	Upside $\leq$ -5%	Upside $\leq$ -5%	Upside $\leq$ 0%
U.R.	Under Review		
N.R.	Not Rated		

#### Valuation methodologies (long term horizon: 12 months)

The methods that INTEGRAE SIM SpA prefers to use for value the company under analysis are those which are generally used, such as the market multiples method which compares average multiples (P/E, EV/EBITDA, EV/EBIT and other) of similar shares and/or sectors, and the traditional financial methods (RIM, DCF, DDM, EVA etc). For financial securities (banks and insurance companies) Integrae SIM SpA tends to use methods based on comparison of the ROE and the cost of capital (embedded value for insurance companies).

The estimates and opinions expressed in the publication may be subject to change without notice. Any copying and/or redistribution, in full or in part, directly or indirectly, of this document are prohibited, unless expressly authorized.

#### Conflict of interest

In order to disclose its possible interest conflict Integrae SIM states that:

- It operates or has operated in the past 12 months as the entity responsible for carrying out the activities of Euronext Growth Advisor of the Circle SpA;
- It plays, or has played in the last 12 months, role of specialist financial instruments issued by Circle SpA;
- In the IPO phase, Integrae SIM played the role of global coordinator