

COMPANY UPDATE



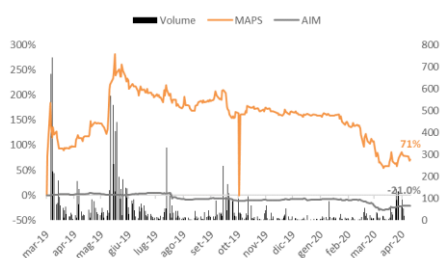
Fair Value: €3.46
(prev. €4.21)

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Relative Performance Chart since IPO



Market Data:

Current Price (€)	2.05
Fair Value (€)	3.46
Market Cap (€mn)	18.72
52 Wk High (€)	5.60
52 Wk Low (€)	1.80
Free Float (%)	0.0
Avg. Daily Trading 90d	26,188
Price Change 1w (%)	-1.44
Price Change 1m (%)	2.50
Price Change YTD (%)	25.92
EV/EBITDA 2019A	4.94
EV/EBITDA 2020E	4.48
P/E 2019A	9.50
P/E 2020E	12.11

Strong Focus on Proprietary Solutions

2019 key facts. 2019 has been a milestone year for Maps. It saw the listing of the company on the AIM market on March 7th, raising ca. €3mn through capital increase. On the business side, Maps strengthened its foreign activities, signing an agreement with a primary German healthcare company. Furthermore, the company renewed the agreement with the European Food and Safety Authority, a contract that has generated ca. €2mn yearly revenues in the last five years. Finally, the company extended its ongoing activity with Regione Puglia and extended its activity with Genoa Municipality.

2019 financial results. In line with its strategy, Maps increased its revenue from its proprietary solutions, increasing the incidence of recurring fees to 22.3% (from ca. 20% of PF18). Total revenues reached €17.0mn (+3% YoY and -11% with respect to our estimates), while EBITDA grew by 4% YoY reaching €3.8mn (vs our estimate of €3.9mn). EBITDA margin increased to 22.2%, which is the result of: i) the higher profitability of proprietary solution; ii) the higher costs associated with the company's listing and workforce increase; and iii) the positive effect of IFRS 16 introduction. D&A costs increased due to the IFRS 16 application and therefore reduced EBIT to €2.0mn (-36% YoY and -25% with respect to our estimates). On the other side, the positive effect of the Artex call fair value adjustment led to a net margin in line with 2018 pro-forma results, despite the lower profitability on the operating level. NFP, impacted by both capital increase and higher investments, has been equal to €4.4mn.

Recent developments. 2020 started with brand-new commercial agreements for Maps. Among others, the company closed a deal with Emilia Romagna for the supply of healthcare services for a maximum of €5.5mn over the next three years. Looking at the other division, Maps renewed its agreement with Philip Morris for additional €180k and signed a partnership with Circle offering its proprietary solution to the logistics market.

Impact of COVID-19 on Maps' business. 2020 is the year of the outbreak of COVID-19, which forced governments worldwide to define lockdown measures, slowing down the economy globally. In our estimates we considered the 2019 financial results, the new agreements signed by Maps, the objective of the company to focus on proprietary solutions which guarantee higher profitability, and of course the COVID-19 outbreak effects. We developed three different scenarios based on: i) lockdown duration; ii) impact on 2020E revenues; and iii) recovery rate in the forthcoming years. The scenarios foresee:

- Worst-case: 2020E revenues at €18.5mn reaching €25.1mn in 2022E;
- Base-case: 2020E revenues at €19.0mn reaching €26.4mn in 2022E;
- Best-case: 2020E revenues at €19.5mn reaching €27.0mn in 2022E.

Valuation. Our valuation is based on the base-case scenario, resulting in a fair value of €31.6mn or €3.46ps, implying an upside of 69% on the current market price. To capture all the scenarios in the valuation, we performed a sensitivity analysis on fair value associated with the financial forecast scenarios. The minimum fair value - associated with the worst-case scenario - is equal to €3.02ps, while the best-case scenario results in a fair value of €3.69ps.

€ Million	Total Revenues	EBITDA	EBITDA Margin	EBIT	Net Profit	Net Margin	EPS
2017A PF	14.51	2.07	14.3%	1.50	0.95	10.4%	n.m.
2018A PF	16.57	3.64	22.0%	3.18	2.03	19.2%	n.m.
2019A	17.03	3.79	22.2%	2.04	1.97	12.0%	0.22
2020E	18.98	4.17	22.0%	2.28	1.55	12.0%	0.17
2021E	22.58	5.27	23.3%	3.08	2.13	13.6%	0.23
2022E	26.35	6.36	24.1%	3.85	2.79	14.6%	0.31
2023E	31.01	7.57	24.4%	4.72	3.43	15.2%	0.38

Source: Company data, KT&Partners' estimates

Maps Group's Key Data

	Current price (€)	Fair Value (€)	Sector						Free Float (%)
	2.05	3.46	Information Technologies						26.5
Per Share Data									
		2016A	2017A	2018A	2019A	2020E	2021E	2022E	2023E
Total shares outstanding (mn)		n.m.	n.m.	n.m.	9.13	9.13	9.13	9.13	9.13
EPS		n.m.	n.m.	n.m.	0.22	0.17	0.23	0.31	0.38
Dividend per share (ord)		n.a.	n.a.	n.a.	-	-	-	-	-
Dividend pay out ratio (%)		n.a.	n.a.	n.a.	0%	0%	0%	0%	0%
Profit and Loss (EUR thousand)									
Revenues		12,313	14,514	16,570	17,030	18,975	22,584	26,347	31,013
EBITDA		1,853	2,072	3,639	3,788	4,175	5,272	6,358	7,570
EBIT		1,580	1,504	3,181	2,042	2,278	3,075	3,852	4,724
EBT		1,406	1,276	2,804	2,503	2,119	2,915	3,827	4,700
Taxes		(422)	(327)	(778)	(533)	(572)	(787)	(1,033)	(1,269)
Tax rate		30%	26%	28%	21%	27%	27%	27%	27%
Net Income		-	-	-	-	-	-	-	-
Net Income attributable to the Group		984	949	2,026	1,970	1,547	2,128	2,794	3,431
Balance Sheet (EUR thousand)									
Total fixed assets		-	6,687	7,210	10,307	9,893	9,197	8,290	7,044
Net Working Capital (NWC)		-	3,438	3,244	6,966	6,253	7,746	9,288	11,186
Provisions		-	-	-	-	-	-	-	-
Total Net capital employed		-	7,645	7,583	13,814	12,387	12,883	13,218	13,570
Net financial position/(Cash)		-	4,493	2,989	4,444	1,471	(161)	(2,620)	(5,699)
Group Shareholder's Equity		-	3,152	4,593	9,370	10,916	13,045	15,838	19,269
Minorities		-	-	-	-	-	-	-	-
Total Shareholder's Equity		-	3,152	4,593	9,370	10,916	13,045	15,838	19,269
Cash Flow (EUR thousand)									
Net operating cash flow		-	-	2,861	3,255	3,603	4,485	5,325	6,301
Change in NWC		-	-	194	(3,723)	713	(1,493)	(1,541)	(1,898)
Capital expenditure		-	-	(1,132)	(2,721)	(1,500)	(1,500)	(1,600)	(1,600)
Other cash items/Uses of funds		-	-	550	579	318	300	300	300
Free cash flow		-	-	2,473	(2,609)	3,134	1,791	2,483	3,104
Enterprise Value (EUR thousand)									
Market Cap		n.a.	n.a.	n.a.	28,586	18,723	18,723	18,723	18,723
Minorities		-	-	-	-	-	-	-	-
Net financial position/(Cash)		-	4,493	2,989	4,444	1,471	(161)	(2,620)	(5,699)
Enterprise value		n.a.	n.a.	n.a.	33,031	20,193	18,561	16,103	13,023
Ratios (%)									
EBITDA margin		15.0%	14.3%	22.0%	22.2%	22.0%	23.3%	24.1%	24.4%
EBIT margin		12.8%	10.4%	19.2%	12.0%	12.0%	13.6%	14.6%	15.2%
Gearing - Debt/equity			142.5%	65.1%	47.4%	13.5%	-1.2%	-16.5%	-29.6%
Interest cover on EBIT		2.8%	4.1%	2.1%	-27.1%	7.0%	5.2%	0.6%	0.5%
NFP/EBITDA			216.8%	82.1%	117.3%	35.2%	-3.1%	-41.2%	-75.3%
ROCE			19.7%	42.0%	14.8%	18.4%	23.9%	29.1%	34.8%
ROE			30.1%	44.1%	21.0%	14.2%	16.3%	17.6%	17.8%
EV/Sales		n.m.	n.m.	n.m.	1.10	0.99	0.83	0.71	0.60
EV/EBITDA		n.m.	n.m.	n.m.	4.94	4.48	3.55	2.94	2.47
P/E		n.m.	n.m.	n.m.	9.50	12.11	8.80	6.70	5.46
Free cash flow yield		n.m.	n.m.	n.m.	-14%	17%	10%	13%	17%
Growth Rates (%)									
Sales		7.3%	17.9%	14.2%	2.8%	11.4%	19.0%	16.7%	17.7%
EBITDA		8.0%	11.8%	75.6%	4.1%	10.2%	26.3%	20.6%	19.1%
EBIT			-4.8%	111.5%	-35.8%	11.6%	35.0%	25.2%	22.7%
Net Income			-3.6%	113.4%	-2.7%	-21.5%	37.6%	31.3%	22.8%

Source: Company data, KT&Partners' elaborations

Company Overview

Maps is one of the main Italian digital transformation enablers focused on big data software solutions, offering its services and products to **large enterprises, the healthcare sector and public administration.**

The company is characterized by strong client retention: clients with a 5+ years relationship generated more than 65% of revenues in 2018.

Maps' business model is based on:
a) proprietary solutions, which guarantee recurring revenues, and
b) customized services.

FY19 Results Summary

During 2019 Maps signed several commercial deals strengthening each of its divisions: Large Enterprise, Healthcare and Gzoom. Among the most relevant developments of 2019 are:

- **Healthcare division:** Maps signed an agreement with Atos Group for the supply of Maps' Patient Journey solution in Germany and also achieved a new patent for the solution "Clinika";
- **Large Enterprise division:** the most relevant deal closed has been the renewal of an agreement with the European Food and Safety Authority (EFSA) related to Maps' "Running Services & Application Maintenance" services. EFSA is one of Maps' most important clients, having generated ca. €2mn of yearly revenues in the last five years;
- **Gzoom division:** Maps signed an agreement with the Engineering department to keep developing the Gzoom platform for Regione Puglia, a project with a value of ca. €190k, and won a tender from the Municipality of Genoa.

In 2019 Maps registered total revenues of €17.0mn, up by 3% YoY (and 11% below our estimates). The proprietary solutions strongly contributed to the company growth, also increasing the weight of recurring subscription fees up to 22.3% of total revenues (from 20.0% in PF2018).

The growth of proprietary solution sales and the associated growth of subscription fees positively contributed to Maps' gross margin, which in 2019 reached 43.7%.

During 2019 Maps strengthened the company workforce in both the commercial and administrative divisions. On the other side, the introduction of IFRS 16 lowered general expenses due to the different way of accounting for rental costs. The combined effect of increased people costs, higher costs associated with the listing on AIM Italia and the IFRS 16 application led to an EBITDA of €3.8mn, +4% YoY though 2% lower than our estimates. 2019 EBITDA margin is basically in line with 2018 pro-forma results at 22.2% (vs 22.0% in the pro-forma 2018 results).

Looking at EBIT level, the higher costs in the commercial and administrative division, along with the higher D&A associated with both higher than expected investments and the IFRS 16 application, led to a reduction in EBIT to €2.0mn (-36% YoY and -25% with respect to our estimates).

Finally, net income reached €2.0mn, in line with pro-forma 2018, mainly thanks to the Artex call option fair value adjustment, which contributed positively by €0.7mn on the bottom line.

Finally, NFP stood at €4.4mn, higher by €1.5mn YoY and with respect to our 2019 estimates. The main effects which impacted 2019 NFP were: a) on the positive side a capital increase of €3mn associated with the AIM listing and a reduction of the Artex call debt; and b) on the other side, higher than expected investments and lower than expected operating cash flow; c) introduction of IFRS 16 and d) Royalty acquisition.

Maps' FY19 Results

€ thousand	FY17PF	FY18PF	FY19A	YoY	FY19E	A vs E
Subscription Fee	2,973	3,315	3,804	15%	4,573	-17%
Services Fee	10,535	12,088	11,682	-3%	13,464	-13%
Other Revenues	1,006	1,167	1,544	32%	1,190	30%
Total Revenues	14,514	16,570	17,030	3%	19,227	-11%
Growth %	17.9%	14.2%	2.8%		12.9%	
Direct Labour Costs	(6,449)	(6,725)	(6,962)		(8,483)	
Direct Services Costs	(2,710)	(2,651)	(2,633)		(2,692)	
Gross Profit	5,355	7,194	7,435	3%	8,053	-8%
Gross Margin	36.9%	43.4%	43.7%		41.9%	
Commercial Costs	(1,229)	(1,340)	(1,521)		(1,596)	
General and Administrative Costs	(2,054)	(2,215)	(2,126)		(2,576)	
EBITDA	2,072	3,639	3,788	4%	3,880	-2%
EBITDA margin	14.3%	22.0%	22.2%		20.2%	
Growth %	11.8%	75.6%	4.1%		2.4%	
D&A and Provisions	(568)	(458)	(1,746)		(1,171)	
EBIT	1,504	3,181	2,042	-36%	2,710	-25%
EBIT margin	10.4%	19.2%	12.0%		14.1%	
Growth %	-4.8%	111.5%	-35.8%		32.7%	
Financial Income and Expenses	(62)	(79)	553		(374)	
Extraordinary items	(166)	(298)	(92)		-	
EBT	1,276	2,804	2,503	-11%	2,335	7%
Taxes	(327)	(778)	(533)		(631)	
Tax Rate	25.6%	27.7%	21.3%		27.0%	
Net Income	949	2,026	1,970	-3%	1,705	16%
Net margin	6.5%	12.2%	11.6%		8.9%	
Growth %	-3.6%	113.4%	-2.7%		-13.5%	
NFP	4,493	2,989	4,444		3,057	45%

Source: Company data, KT&Partners' elaborations

Estimates Review

In the first two months of 2020 Maps started with the foot on the accelerator, signing conspicuous deals in both the Healthcare and Large Enterprise divisions. The company closed an agreement with Emilia Romagna for a three-year project that will be delivered by the Healthcare division and will grant a maximum of €5.5mn over the next three years. Furthermore, the Patient Journey solution has been chosen by the Italian auxologic institution bringing more than €100k to the company. On the other side, Maps signed a partnership with Circle offering the “SmartAggregator” solution to the logistic market. Finally, Maps extended its activity with Philips Morris International with new orders for ca. €180k.

Looking at the strategy, Maps is aiming to enhance the revenues mix by strengthening the proprietary solutions revenues, which are expected to guarantee higher profitability. We expect that this strategy will slightly reduce top-line growth, but will have a strong impact on EBITDA margin, especially starting from 2021.

Change in Estimates 2020-2022 - Pre Covid Scenario

€ thousand	2018PF	2019A	2020E		Change	2021E		Change	2022E		Change	CAGR 2019-22	CAGR 2019-22
			Old	New -Pre covid		Old	New -Pre covid		Old	New -Pre covid			
			KT&P	KT&P		KT&P	KT&P		KT&P	KT&P			
Revenues	16,570	17,030	22,653	19,948	-11.9%	26,542	23,230	-12.5%	31,146	27,101	-13.0%	22.3%	16.7%
YoY Change (%)		2.8%	33.0%	17.1%		17.2%	16.5%		17.3%	16.7%			
EBITDA	3,639	3,788	4,977	4,489	-9.8%	6,209	5,539	-10.8%	7,694	6,757	-12.2%	26.6%	21.3%
YoY Change (%)		4.1%	31.4%	18.5%		24.8%	23.4%		23.9%	22.0%			
EBITDA margin%	22.0%	22.2%	22.0%	22.5%		23.4%	23.8%		24.7%	24.9%			
EBIT	3,181	2,042	3,407	2,592	-23.9%	4,359	3,342	-23.3%	5,534	4,250	-23.2%	39.4%	27.7%
YoY Change (%)		-35.8%	66.9%	27.0%		27.9%	28.9%		27.0%	27.2%			
EBIT margin%	19.2%	12.0%	15.0%	13.0%		16.4%	14.4%		17.8%	15.7%			
Net Income	2,026	1,970	2,360	1,776	-24.7%	3,054	2,323	-23.9%	4,023	3,086	-23.3%	26.9%	16.1%
YoY Change (%)		-2.7%	19.8%	-9.9%		29.4%	30.8%		31.7%	32.8%			
Net margin%	12.2%	11.6%	10.4%	8.9%		11.5%	10.0%		12.9%	11.4%			
NFP/(Cash)	2,989	4,444	791	1,333	543	(1,690)	(695)	995	(5,119)	(3,436)	1,683		
YoY Change		1,455	(3,654)	(3,111)		(2,481)	(2,029)		(3,429)	(2,741)			

Source: Company data, KT&Partners' elaborations

However, starting from March 2020, COVID-19 hit countries worldwide, making necessary a general lockdown, which as expected induced a global economic slowdown. Maps promptly acted in this new environment launching a Royalty Zerocoda, a new solution for the retail and drug stores to reduce queues and consequently gatherings and waiting times.

In the revision of our estimates we therefore took into account: i) Maps' 2019 results; ii) the new agreements signed in the first months of 2020; iii) the strong activity on proprietary solution sales; and iv) COVID-19's potential impact on Maps' business. We therefore developed three scenarios based on the following variables: i) lockdown duration; ii) reduction of 2020 estimated revenues; and iii) recovery rate in the forthcoming years.

The scenarios are the following:

- **Worst-case:** as per the worst-case scenario, we assume: i) a lockdown of three months; ii) reduction of 2020E revenues by 7% (compared to pre-COVID-19 estimates), associated with six months of lower

commercial activity; and iii) no recovery in the 2021-2023 period due to a general slowdown of the market. In this scenario we assume an average EBITDA margin of 22% in the 2020-2022 period.

- **Base-case:** for the base-case scenario, our assumptions are: i) lockdown of two months; ii) reduction of 2020E revenues by 5% (compared to pre-COVID-19 estimates), associated with four months of slowdown in commercial activity; and iii) a recovery of 50% starting from 2021. In this scenario we assume an average EBITDA margin of 23% in the 2020-2022 period.
- **Best-case:** Our best-case scenario foresees: i) two months of lockdown; ii) reduction of 2020E revenues by 2% (compared to pre-COVID-19 estimates), associated with two months of lower commercial activity; and iii) a recovery rate of 100% thanks to increasing interest towards digital transformation. In this scenario we assume an average EBITDA margin of 24% in the 2020-2022 period.

Change in Estimates 2020-2022 - Worst-Case Scenario

€ thousand	2019A	2020E		Change Old vs New	2021E		Change Old vs New	2022E		Change Old vs New	CAGR 2019-22	CAGR 2019-22
		Old KT&P	New Post- covid KT&P		Old KT&P	New Post- covid KT&P		Old KT&P	New Post- covid KT&P			
Revenues	17,030	22,653	18,489	-18.4%	26,542	21,531	-18.9%	31,146	25,119	-19.4%	22.3%	13.8%
YoY Change (%)	2.8%	33.0%	8.6%		17.2%	16.5%		17.3%	16.7%			
EBITDA	3,788	4,977	3,791	-23.8%	6,209	4,811	-22.5%	7,694	5,810	-24.5%	26.6%	15.3%
YoY Change (%)	4.1%	36.8%	0.1%		24.8%	26.9%		23.9%	20.8%			
EBITDA margin%	22.2%	22.0%	20.5%		23.4%	22.3%		24.7%	23.1%			
EBIT	2,042	3,407	1,894	-44.4%	4,359	2,614	-40.0%	5,534	3,304	-40.3%	39.4%	17.4%
YoY Change (%)	-35.8%	7.1%	-7.2%		27.9%	38.0%		27.0%	26.4%			
EBIT margin%	12.0%	15.0%	10.2%		16.4%	12.1%		17.8%	13.2%			
Net Income	1,970	2,360	1,266	-46.3%	3,054	1,792	-41.3%	4,023	2,393	-40.5%	26.9%	6.7%
YoY Change (%)	-2.7%	16.5%	-35.7%		29.4%	41.5%		31.7%	33.6%			
Net margin%	11.6%	10.4%	6.8%		11.5%	8.3%		12.9%	9.5%			
NFP/(Cash)	4,444	791	1,540	94.8%	(1,690)	32	-101.9%	(5,119)	(2,098)	-59.0%		
YoY Change (%)		-73.5%	-65.3%		-313.7%	-97.9%		202.9%	-6593.3%			

Source: Company data, KT&Partners' elaborations

Change in Estimates 2020-2022 - Base-Case Scenario

€ thousand	2019A	2020E		Change Old vs New	2021E		Change Old vs New	2022E		Change Old vs New	CAGR 2019-22	CAGR 2019-22
		Old KT&P	New Post- covid KT&P		Old KT&P	New Post- covid KT&P		Old KT&P	New Post- covid KT&P			
Revenues	17,030	22,653	18,975	-16.2%	26,542	22,584	-14.9%	31,146	26,347	-15.4%	22.3%	15.7%
YoY Change (%)	2.8%	33.0%	11.4%		17.2%	19.0%		17.3%	16.7%			
EBITDA	3,788	4,977	4,175	-16.1%	6,209	5,272	-15.1%	7,694	6,358	-17.4%	26.6%	18.8%
YoY Change (%)	4.1%	36.8%	10.2%		24.8%	26.3%		23.9%	20.6%			
EBITDA margin%	22.2%	22.0%	22.0%		23.4%	23.3%		24.7%	24.1%			
EBIT	2,042	3,407	2,278	-33.1%	4,359	3,075	-29.4%	5,534	3,852	-30.4%	39.4%	23.6%
YoY Change (%)	-35.8%	7.1%	11.6%		27.9%	35.0%		27.0%	25.2%			
EBIT margin%	12.0%	15.0%	12.0%		16.4%	13.6%		17.8%	14.6%			
Net Income	1,970	2,360	1,547	-34.5%	3,054	2,128	-30.3%	4,023	2,794	-30.6%	26.9%	12.3%
YoY Change (%)	-2.7%	16.5%	-21.5%		29.4%	37.6%		31.7%	31.3%			
Net margin%	11.6%	10.4%	8.2%		11.5%	9.4%		12.9%	10.6%			
NFP/(Cash)	4,444	791	1,471	86.0%	(1,690)	(161)	-90.5%	(5,119)	(2,620)	-48.8%		
YoY Change (%)		-73.5%	-66.9%		-313.7%	-111.0%		202.9%	1525.8%			

Source: Company data, KT&Partners' elaborations

Change in Estimates 2020-2022 - Best-Case Scenario

€ thousand	2019A	2020E	2020E	Change Old vs New	2021E	2021E	Change Old vs New	2022E	2022E	Change Old vs New	CAGR	
		Old KT&P	New Post- covid KT&P		Old KT&P	New Post- covid KT&P		Old KT&P	New Post- covid KT&P		2019-22 OLD	2019-22 COVID
Revenues	17,030	22,653	19,462	-14.1%	26,542	23,150	-12.8%	31,146	27,007	-13.3%	22.3%	16.6%
YoY Change (%)	2.8%	33.0%	14.3%		17.2%	19.0%		17.3%	16.7%			
EBITDA	3,788	4,977	4,379	-12.0%	6,209	5,520	-11.1%	7,694	6,652	-13.5%	26.6%	20.6%
YoY Change (%)	4.1%	36.8%	15.6%		24.8%	26.0%		23.9%	20.5%			
EBITDA margin%	22.2%	22.0%	22.5%		23.4%	23.8%		24.7%	24.6%			
EBIT	2,042	3,407	2,483	-27.1%	4,359	3,323	-23.8%	5,534	4,146	-25.1%	39.4%	26.6%
YoY Change (%)	-35.8%	7.1%	21.6%		27.9%	33.9%		27.0%	24.8%			
EBIT margin%	12.0%	15.0%	12.8%		16.4%	14.4%		17.8%	15.4%			
Net Income	1,970	2,360	1,696	-28.1%	3,054	2,309	-24.4%	4,023	3,009	-25.2%	26.9%	15.2%
YoY Change (%)	-2.7%	16.5%	-13.9%		29.4%	36.2%		31.7%	30.3%			
Net margin%	11.6%	10.4%	8.7%		11.5%	10.0%		12.9%	11.1%			
NFP/(Cash)	4,444	791	1,516	91.7%	(1,690)	(263)	-84.4%	(5,119)	(2,899)	-43.4%		
YoY Change (%)		-73.5%	-65.9%		-313.7%	-117.4%		202.9%	1000.7%			

Source: Company data, KT&Partners' elaborations

Valuation

Following the projections of Maps' future financials, we carried out the valuations of the company by applying two major methods: i) the market multiples analysis based on EV/EBITDA and P/E, and ii) the DCF model.

We based our valuation on the base-case financial projection leading to an average of the three different valuation methods, giving Maps' an equity value equal to €31.6mn or €3.46 per share.

Furthermore, we performed a sensitivity analysis by changing the estimates of 2020 revenues and the recovery rate, going from a minimum of €3.02 - associated with the worst-case scenario - to a maximum of €3.69 - associated with the best-case scenario.

Fair Value (€ps) - Scenario Sensitivity

		Recovery rate				
		0.0%	25.0%	50.0%	75.0%	100.0%
Delta Rev 2020	-7%	3.02	3.07	3.32	3.37	3.43
	-6%	3.07	3.12	3.35	3.40	3.45
	-5%	3.38	3.42	3.46	3.49	3.53
	-4%	3.46	3.49	3.52	3.64	3.67
	-2%	3.52	3.54	3.55	3.67	3.69

Source: FactSet, KT&Partners' estimates

Peer Comparison

We carried out an in-depth analysis of potential public companies that could be considered as peers of Maps, taking into account its software development business and its digital transformation services.

Firstly, we built a nine-company sample (see appendix). Secondly, we analyzed the peer companies by considering their marginalities on EBITDA and net income level.

Peers have a level of marginality which is below Maps' 2019 results: the average EBITDA margin in 2019 recorded by peers was 15.0%, whereas Maps' margin registered in the same period was 22.2%. At net income level, the peers' average net margin was equal to 6.6%, while Maps' was 11.6%.

Market Multiple Valuation

Following the comparables analysis, we proceeded with the definition of market multiples of the peer group, focusing on 2020-2022 data.

Peers Comparison - Market Multiples

Company Name	Exchange	Market Cap	EV/SALES 2020	EV/SALES 2021	EV/SALES 2022	EV/EBITDA 2020	EV/EBITDA 2021	EV/EBITDA 2022	EV/EBIT 2020	EV/EBIT 2021	EV/EBIT 2022	P/E 2020	P/E 2021	P/E 2022
Reply S.p.A.	Milan	2,361	1.8x	1.7x	1.6x	11.9x	10.7x	9.8x	14.5x	12.9x	12.9x	21.2x	18.4x	17.2x
Capgemini SE	Euronext Paris	13,051	0.9x	0.8x	0.8x	6.3x	5.7x	5.5x	7.9x	7.3x	7.3x	12.3x	10.8x	9.9x
adesso SE	XETRA	282	0.8x	0.7x	0.6x	8.5x	6.4x	5.8x	17.9x	10.5x	10.5x	23.3x	12.9x	11.0x
GPI SpA	Milan	102	0.8x	0.7x	n.a.	5.6x	5.2x	n.a.	11.0x	9.3x	n.a.	10.8x	8.7x	n.a.
Expert System SpA	Milan	99	2.9x	2.7x	n.a.	18.3x	14.7x	n.a.	n.m.	26.8x	26.8x	n.m.	n.m.	n.a.
Atos SE	Euronext Paris	6,388	0.8x	0.8x	0.8x	6.0x	5.5x	5.2x	9.1x	8.3x	8.3x	8.0x	7.3x	6.7x
Software AG	XETRA	2,090	2.2x	2.1x	2.0x	9.3x	8.8x	7.9x	11.1x	10.4x	10.4x	16.4x	15.5x	13.8x
Altran Technologies SA	Euronext Paris	3,796	1.6x	1.5x	1.5x	10.3x	9.5x	8.7x	14.6x	13.1x	13.1x	17.5x	15.4x	14.4x
Sopra Steria Group SA	Euronext Paris	2,124	0.7x	0.7x	0.6x	6.9x	6.1x	5.2x	9.8x	8.4x	8.4x	10.7x	8.9x	7.5x
Average peer group		3,366	1.4x	1.3x	1.1x	9.2x	8.1x	6.9x	12.0x	11.9x	12.2x	15.0x	12.2x	11.5x
Median peer group		2,124	0.9x	0.8x	0.8x	8.5x	6.4x	5.8x	11.0x	10.4x	10.4x	14.3x	11.9x	11.0x

Source: FactSet

We based our evaluation upon 2020-2022 EV/EBITDA and P/E multiples, including a size discount of 15%, and our estimates of Maps' EBITDA and net income for 2020-2022.

EV/EBITDA Valuation

Multiple Valuation (€mn)	2020E	2021E	2022E
EV/EBITDA Comps	9.2x	8.1x	6.9x
Maps EBITDA	4.17	5.27	6.36
Enterprise value	38.6	42.5	43.8
Maps FY18E Net Debt Adj.	4.4	4.4	4.4
Equity Value	34.1	38.1	39.3
Average Equity Value		37.2	
<i>Size Discount</i>		<i>15%</i>	
Equity Value Post-Discount		31.6	
<i>Number of shares (thousand)</i>		9,133	
Value per Share €		3.46	

Source: FactSet, KT&Partners' estimates

P/E Valuation

Multiple Valuation (€mn)	2020E	2021E	2022E
P/E Comps	15.0x	12.2x	11.5x
Maps Net Income	1.55	2.13	2.79
Equity Value	23.2	26.0	32.1
Average Equity Value		27.1	
<i>Size Discount</i>		<i>15%</i>	
Equity Value Post-Discount		23.1	
<i>Number of shares (thousand)</i>		9,133	
Value per Share €		2.53	

Source: FactSet, KT&Partners' estimates

DCF Model

We have also conducted our valuation using a four-year DCF model, based on 11.4% cost of equity, 3.0% cost of debt and a target capital structure with 50% of debt. The cost of equity is a function of the risk-free rate of 1.60% (Italian 10y BTP), 6.5% mature market expected return and a premium for size and liquidity of 4.0%. We, therefore, obtained 8.3% WACC.

We discounted 2020E-23E annual cash flows and considered a terminal growth rate of 1.5%, then we carried out a sensitivity analysis on the terminal growth rate (+/- 0.25%) and on WACC (+/- 0.25%).

DCF Valuation

€ million	2020E	2021E	2022E	2023E
EBIT	2.3	3.1	3.9	4.7
Taxes	(0.6)	(0.8)	(1.0)	(1.3)
D&A	1.9	2.2	2.5	2.8
Change in Net Working Capital	0.7	(1.5)	(1.5)	(1.9)
Net Operating Cash Flow	4.6	3.3	4.1	4.7
Capex	(1.5)	(1.5)	(1.6)	(1.6)
FCFO	3.12	1.79	2.48	3.10
g	1.5%			
Wacc	8.3%			
FCFO (discounted)	2.9	1.8	2.5	3.1
Discounted Cumulated FCFO	10.3			
TV	46.01			
TV (discounted)	34.2			
Enterprise Value	44.5			
NFP FY19	4.44			
Equity Value	40.1			
# shares (k)	9,133			
Value per share (€)	4.39			

Source: KT&Partners' elaborations

Sensitivity Analysis (€mn)

		WACC				
		8.8%	8.6%	8.3%	8.1%	7.8%
Terminal growth Rate	1.0%	35.0	36.3	37.6	39.0	40.5
	1.3%	36.1	37.4	38.8	40.3	41.9
	1.5%	37.2	38.6	40.1	41.7	43.4
	1.8%	38.4	39.8	41.4	43.2	45.0
	2.0%	39.6	41.2	42.9	44.8	46.8

Source: KT&Partners' elaborations

Appendix

Firstly, we built a nine-company sample, consisting of:

- **Reply SpA:** listed on the Borsa Italiana, with a market capitalization of ca. €2bn. Reply engages in the creation and implementation of solutions based on new communication channels and digital media. It supports its clients in defining and developing new business models using big data, cloud computing, customer relationship management, mobile, social media and IoT paradigms. In 2019, Reply reached revenues of €1.2bn.
- **Capgemini SE:** listed on Euronext Paris with a market capitalization of ca. €14bn. Capgemini provides consulting, technology, professional and outsourcing services. The consulting services business aims to help the group's clients in digital transformation programs, while the technology services business involves system integration and IT application development. Revenues for 2019 reached €14.1bn.
- **Adesso AG:** listed on XETRA (Frankfurt, Germany) with a market capitalization of ca. €300mn. Adesso is engaged in the provision of IT services, focused on consulting and software development, and IT solutions, i.e. distribution of software products and industry-specific or industry-neutral solutions. The company reached revenues of €450mn in 2019.
- **GPI SpA:** listed on Borsa Italiana with a market capitalization of ca. €100mn. GPI provides IT management and consulting services focusing on the health and social assistance sectors. It registered €237mn of revenues in 2019.
- **Expert System SpA:** listed on Borsa Italiana with a market capitalization of ca. €100mn. Expert System engages in the development of semantic technology, providing solutions for online activities. In 2019, Expert reached revenues of €32mn.
- **Atos SE:** listed on Euronext Paris with a market capitalization of ca. €7bn. Atos provides consulting and system integration services. It provides managed services and NPO, cloud operations, big data and cyber security solutions. Atos reached revenues of €11.6bn in 2019.
- **Software AG:** listed on XETRA (Frankfurt, Germany) with a market capitalization of ca. €2bn. Software AG engages in the development and provision of technology solutions for digitalization. It reached revenues of €891mn in 2019.
- **Altran Technologies SA:** listed on Euronext Paris with a market capitalization of ca. €4bn. Altran engages in the provision of technological innovation consulting and engineering services. It offers solutions to address transformation and innovation need. Altran reached revenues of €3.2bn in 2019.
- **Sopra Steria Group SA:** listed on Euronext Paris with a market capitalization of ca. €2.3bn. Sopra Steria Group engages in the business of digital transformation, providing consulting, system integration, software development, infrastructure management and business process services. In 2019, revenues equaled €4.4bn.

Peers Comparison - EBITDA Margin and Net Margin

Company Name	EBITDA Margin							Net Margin						
	2016	2017	2018	2019	2020	2021	2022	2016	2017	2018	2019	2020	2021	2022
Reply S.p.A.	11.1%	11.9%	12.5%	14.2%	15.4%	15.7%	15.9%	8.7%	8.8%	9.6%	9.6%	8.9%	9.4%	9.3%
Capgemini SE	13.3%	13.5%	13.8%	15.7%	14.2%	14.6%	14.6%	7.3%	6.4%	5.5%	6.1%	6.9%	7.3%	7.6%
adesso SE	9.1%	8.0%	7.9%	9.7%	9.2%	10.7%	10.7%	4.7%	3.4%	3.7%	3.9%	2.6%	4.1%	4.4%
GPI SpA	12.6%	12.2%	11.2%	12.2%	13.6%	14.2%	n.m.	4.6%	4.2%	4.6%	3.9%	3.8%	4.7%	n.m.
Expert System SpA	neg	neg	11.5%	10.8%	16.1%	18.1%	n.m.	neg	neg	neg	neg	neg	neg	n.m.
Atos SE	12.5%	13.8%	12.0%	15.6%	13.6%	14.4%	14.9%	4.8%	5.0%	5.3%	3.6%	6.9%	7.6%	8.2%
Software AG	29.7%	30.4%	29.2%	28.9%	23.3%	24.3%	25.8%	16.1%	16.0%	19.0%	17.4%	12.9%	13.8%	15.0%
Altran Technologies SA	11.4%	11.8%	14.1%	16.6%	15.4%	15.9%	16.7%	5.8%	6.1%	2.8%	4.5%	6.4%	7.0%	7.2%
Sopra Steria Group SA	8.6%	8.4%	8.2%	11.3%	10.0%	10.8%	12.1%	4.0%	4.5%	3.1%	3.6%	3.6%	4.5%	5.3%
Average	13.5%	13.8%	13.4%	15.0%	14.5%	15.4%	15.8%	7.0%	6.8%	6.7%	6.6%	6.5%	7.3%	8.1%
MAPS	15.0%	14.3%	22.0%	22.2%	22.0%	23.3%	24.1%	8.0%	6.5%	12.2%	11.6%	8.2%	9.4%	10.6%

Source: Maps' company presentation, FactSet, KT&Partners' estimates

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