

Italy – Crowdfunding

Trusters' good results partially offset a still harsh year for CFM

23rd April 2024

FY-23 RESULTS RELEASE

RIC: CFM.MI
BBG: CFM IM

CrowdFundMe's 2023 results showed growing revenues thanks to the full effect of the acquisition of Trusters, while EBITDA came in still negative, also on the back of certain non-recurring expenses. Pending a more accommodating monetary policy, a tough environment is still expected in 2024 especially concerning crowdfunding projects whereas Trusters, thanks to its fixed-income and less cyclical nature, is likely to perform rather well.

Rating:

Buy

Price Target:

€ 2.60 (€ 3.00)

Upside/(Downside): 25.0%

Last Price: € 2.08

Market Cap.: € 3.6m

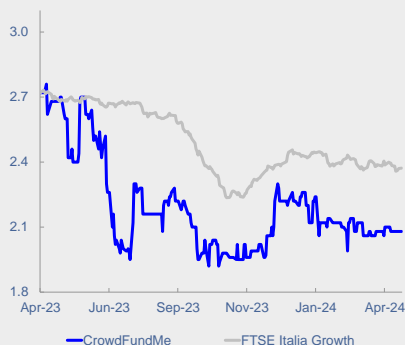
1Y High/Low: € 2.78 / € 1.86

Avg. Daily Turn. (3M, 6M): € 4k, € 4k

Free Float: 48.3%

Major shareholders:

Tommaso Baldissera Pacchetti	34.0%
Benedetto Pirro	12.0%
Digitech Srl (Trusters)	5.7%



Stock price performance

	1M	3M	12M
Absolute	1.0%	-1.9%	-23.5%
Rel.to FTSE IT Growth	1.9%	1.1%	-10.7%
Rel.to Peers	0.5%	-20.0%	-24.7%

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Estimates fine-tuned. New DCF-based PT at € 2.60/s (€ 3.00). Buy confirmed

Following the results release, we have updated our model, factoring in a more cautious top line progression resulting from a still unfavourable environment for crowdfunding investments, leaving all the other assumptions on margins evolution unchanged. The combined result is an average 6.8% and 22.0% decline in revenues and EBITDA in 2024-25, respectively. We have also introduced projections for 2026. Moreover, CFO SIM has updated the valuation criteria, bringing the risk-free rate up to date (from 4.20% to 4.18%, considering the 10Y Italian government bond's 200-day moving average) and postponed its first valuation projection to 2024. The combined result points to a new DCF-based PT of € 2.60/s (€ 3.00), 25.0% upside to current price levels. Buy confirmed.

Top line up by 51.5% YoY driven by Trusters, now the main source of revenues

Revenues soared by 51.5% YoY to € 1.5m, compared to € 1.0m registered in 2022, mainly driven by the full contribution of Trusters, the leading P2P Lending Real Estate platform acquired in Nov-22 and whose contribution to FY-22 results was negligible as it was consolidated for only one month. On a pro-forma basis (i.e. by consolidating Trusters for 12 months in FY-22), we rudimentarily calculated that revenues declined c. 11% YoY, mainly as a result of the several rate hikes performed by ECB, which led investors to prefer fixed-income securities bearing less risk to the detriment of riskier and illiquid assets. Top line was lower by c. 10% compared to our estimate primarily as a consequence of the abovementioned reasons. Moreover, the company's operations in the last quarter were partially halted in order to make the structure compliant with the new ECSP regulation, entered into force in November. Noteworthy, based on a total funds raise of approximately € 33m (vs € 39m in FY-22), CrowdFundMe's revenues were € 669k (c. 44% of total), while Trusters totalled € 846k, thus becoming the main source of revenues for the group.

EBITDA negative for € 170k. Bottom line burdened by goodwill amortisation

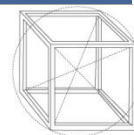
EBITDA was negative for € 170k (-€ 121k in FY-22) and came in lower compared to our estimate as a result of lower revenues as well as higher-than-expected costs incurred to adapt the company's structure with the new ECSP regulation. However, Trusters' EBITDA came in positive, benefiting from the less cyclical nature of the business as well as the first tangible results from its integration within the group. Net loss amounted to € 902k, compared to a net loss of € 422k recorded in FY-22, reflecting lower EBITDA due to the abovementioned reasons as well as higher D&A charges, mainly due to the full effect of the goodwill amortisation related to the acquisition of Trusters (c. € 280k).

Net Financial Position at € 0.1m cash after Capex of € 0.3m, higher than forecasted

Net Financial Position stood at € 0.1m cash compared to € 0.4m at year-end 2022, mainly resulting from a still slightly negative Op. Cash Flow and Capex for € 0.3m, which came in higher compared to our estimate. Group equity was € 2.9m.

CrowdFundMe, key financials and ratios

€ m	2022	2023	2024e	2025e	2026e
Revenues	1.001	1.516	2.035	2.415	2.778
Value of Production	1.155	1.786	2.035	2.415	2.778
EBITDA	(0.121)	(0.170)	0.140	0.424	0.610
EBIT	(0.422)	(0.897)	(0.439)	(0.074)	0.179
Net Profit	(0.422)	(0.902)	(0.442)	(0.104)	0.081
NFP (cash)/debt	(0.435)	(0.082)	(0.137)	(0.443)	(0.908)
EBITDA margin	-12.1%	-11.2%	6.9%	17.6%	22.0%
EBIT margin	-42.2%	-59.2%	-21.6%	-3.1%	6.5%
EPS stated FD €	(0.26)	(0.53)	(0.26)	(0.06)	0.05
EPS growth	n.m.	n.m.	n.m.	n.m.	n.m.
ROCE	Neg.	Neg.	Neg.	Neg.	6.8%
NWC/Sales	-18.7%	-14.1%	-10.6%	-8.0%	-6.9%
EV/Sales x	5.78	2.73	1.68	1.29	0.96
EV/EBITDA x	n.m.	n.m.	24.5	7.4	4.4
EV/EBIT x	n.m.	n.m.	n.m.	n.m.	14.8
PER x	n.m.	n.m.	n.m.	n.m.	43.9
Free Cash Flow Yield	-57.4%	-7.9%	1.5%	8.6%	13.0%





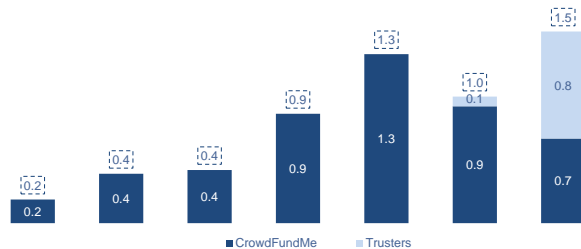
The Company at a Glance

Founded in 2013 by the current CEO, Tommaso Baldissera Pacchetti, CrowdFundMe is the first-mover and one of the leading crowdfunding platforms in Italy, allowing start-ups and SMEs to raise capital to fund their innovative projects via its user-friendly online portal. Originally focused on Equity Crowdfunding campaigns, over the years CrowdFundMe has continuously completed its offering of crowdfunding investment instruments, introducing Real Estate and P2P Lending projects as well as mini-bonds dedicated to debt investors. CrowdFundMe is authorised by the public authority responsible for regulating the Italian financial markets (CONSOB), and represents today the only crowdfunding platform listed on the Italian stock exchange.

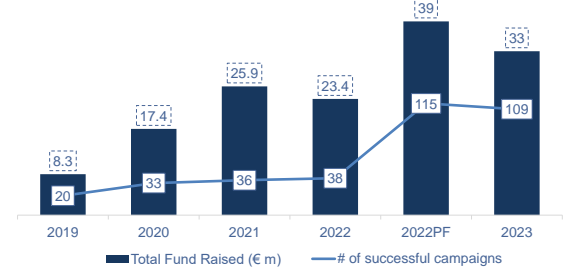
In the period 2016-22, the total funds raised per year as well as the number of projects launched on CrowdFundMe's platform soared exponentially. Indeed, the number of projects successfully concluded went from just 3 in 2016 to 38 in 2021, increasing more than tenfold. Moreover, by considering the acquisition of Trusters in 2022 as if it was consolidated at the beginning of the year, the total number of initiatives successfully concluded skyrocketed to 115. Consequently, total funds raised passed from € 300k in 2016 to € 41.5m in 2022, with approximately 18,000 investors participating to the campaigns compared to just 157 in 2016.

FY-23 results showed Revenues of € 1.5m, EBITDA negative for € 170k, as well as a bottom line negative for € 902k. Net Financial Position stood at € 0.1m (cash).

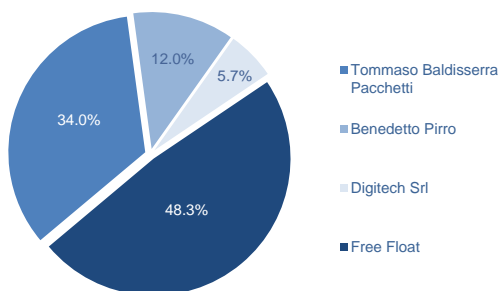
2017-23 top line evolution



2019-23 n. of campaigns and funds raised



Shareholders Structure



Peer group absolute performance

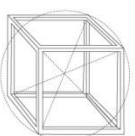
%	1D	1W	1M	3M	6M	YTD
Funding Circle Holdings PLC	2.6	4.1	5.0	40.6	32.1	20.3
LendingClub Corp	2.4	3.7	(4.1)	(4.4)	52.1	(7.4)
Median	2.5	3.9	0.4	18.1	42.1	6.4
CrowdFundMe SpA	0.0	0.0	1.0	(1.9)	5.1	(6.3)

Sources: CFO SIM, Refinitiv Eikon

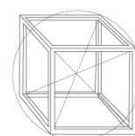
Peer group multiples table

Price & EV multiples x	Sales FY1	Sales FY2	EBITDA FY1	EBITDA FY2	EBIT FY1	EBIT FY2	PER FY1	PER FY2
Funding Circle Holdings PLC	0.20	0.14	6.30	0.7	neg.	3.5	neg.	16.2
LendingClub Corp	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	34.9	10.9
Median	0.20	0.14	6.3	0.7	n.a.	3.5	34.9	13.6
CrowdFundMe SpA	1.68	1.29	24.5	7.4	neg.	neg.	neg.	neg.

Sources: CFO SIM, Refinitiv Eikon



Income statement (€ m)	2022	2023	2024e	2025e	2026e
Revenues	1.001	1.516	2.035	2.415	2.778
Value of Production	1.155	1.786	2.035	2.415	2.778
Raw material and processing	(0.005)	(0.004)	(0.004)	(0.005)	(0.006)
Services	(0.719)	(1.210)	(1.221)	(1.292)	(1.445)
Personnel expenses	(0.489)	(0.580)	(0.589)	(0.598)	(0.607)
Other opex	(0.064)	(0.162)	(0.081)	(0.097)	(0.111)
EBITDA	(0.121)	(0.170)	0.140	0.424	0.610
D&A	(0.301)	(0.727)	(0.579)	(0.498)	(0.431)
EBIT	(0.422)	(0.897)	(0.439)	(0.074)	0.179
Financials	0.001	0.002	(0.003)	(0.003)	(0.003)
Re/(Devaluation) of financial assets	(0.002)	0.000	0.000	0.000	0.000
Forex gain/(loss)	0.000	0.000	0.000	0.000	0.000
Pre-Tax profit	(0.423)	(0.895)	(0.442)	(0.077)	0.176
Income taxes	0.000	(0.004)	0.000	0.000	(0.048)
Minorities	0.000	(0.003)	0.000	(0.026)	(0.046)
Net Profit	(0.422)	(0.902)	(0.442)	(0.104)	0.081
Balance sheet (€ m)	2022	2023	2024e	2025e	2026e
Net Working Capital	(0.187)	(0.214)	(0.216)	(0.193)	(0.192)
Net Fixed Assets	3.755	3.217	2.738	2.355	2.039
Equity Investments	0.001	0.001	0.001	0.001	0.001
Other M/L Term A/L	(0.152)	(0.133)	(0.148)	(0.172)	(0.195)
Net Invested Capital	3.417	2.871	2.374	1.991	1.653
Net Financial Position	(0.435)	(0.082)	(0.137)	(0.443)	(0.908)
Minorities	0.083	0.086	0.086	0.113	0.159
Group's Shareholders Equity	3.769	2.867	2.424	2.321	2.402
Financial Liabilities & Equity	3.417	2.871	2.374	1.991	1.653
Cash Flow statement (€ m)	2022	2023	2024e	2025e	2026e
Net income before minorities	(0.423)	(0.899)	(0.442)	(0.077)	0.127
Depreciation	0.301	0.727	0.579	0.498	0.431
Other non-cash charges	(0.340)	0.129	0.016	0.024	0.023
Cash Flow from Oper. (CFO)	(0.462)	(0.043)	0.152	0.444	0.581
Change in NWC	0.051	0.026	0.003	(0.023)	(0.001)
FCF from Operations (FCFO)	(0.411)	(0.017)	0.155	0.421	0.580
Net Investments (CFI)	(3.188)	(0.288)	(0.100)	(0.115)	(0.115)
Free CF to the Firm (FCFF)	(3.599)	(0.304)	0.055	0.306	0.465
CF from financials (CFF)	3.126	(0.047)	(0.000)	0.000	(0.000)
Free Cash Flow to Equity (FCFE)	(0.472)	(0.351)	0.055	0.306	0.465
Financial ratios	2022	2023	2024e	2025e	2026e
EBITDA margin	-12.1%	-11.2%	6.9%	17.6%	22.0%
EBIT margin	-42.2%	-59.2%	-21.6%	-3.1%	6.5%
Net profit margin	-42.2%	-59.5%	-21.7%	-4.3%	2.9%
Tax rate	0.0%	-0.4%	0.0%	0.0%	27.5%
Op NWC/Sales	-18.7%	-14.1%	-10.6%	-8.0%	-6.9%
Interest coverage x	n.m.	n.m.	n.m.	n.m.	(52.88)
Net Debt/EBITDA x	n.m.	n.m.	n.m.	n.m.	n.m.
Net Debt-to-Equity x	n.m.	n.m.	n.m.	n.m.	n.m.
ROIC	Neg.	Neg.	Neg.	Neg.	4.9%
ROCE	Neg.	Neg.	Neg.	Neg.	6.8%
ROACE	Neg.	Neg.	Neg.	Neg.	6.9%
ROE	Neg.	Neg.	Neg.	Neg.	3.4%
Payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%
Per share figures	2022	2023	2024e	2025e	2026e
Number of shares # m	1.71	1.71	1.71	1.71	1.71
Number of shares Fully Diluted # m	1.71	1.71	1.71	1.71	1.71
Average Number of shares Fully Diluted # m	1.59	1.71	1.71	1.71	1.71
EPS stated FD €	(0.26)	(0.53)	(0.26)	(0.06)	0.05
EBITDA €	(0.08)	(0.10)	0.08	0.25	0.36
EBIT €	(0.26)	(0.52)	(0.26)	(0.04)	0.10
BV €	2.25	1.72	1.46	1.42	1.49
FCFO €	(0.26)	(0.01)	0.09	0.25	0.34
FCFF €	(2.26)	(0.18)	0.03	0.18	0.27
FCFE €	(0.30)	(0.20)	0.03	0.18	0.27
Dividend €	0.00	0.00	0.00	0.00	0.00

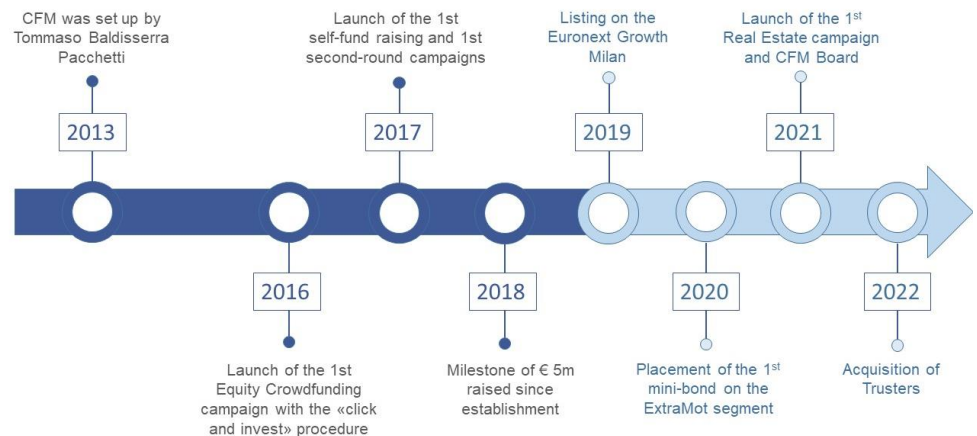


CrowdFundMe in a Nutshell

Founded in 2013 by the current CEO, Tommaso Baldissera Pacchetti, CrowdFundMe is the **first-mover and one of the leading crowdfunding platforms in Italy**, allowing start-ups and SMEs to raise capital to fund their innovative projects via its user-friendly online portal.

Originally focused on Equity Crowdfunding campaigns, over the years CrowdFundMe has continuously completed its offering of crowdfunding investment instruments, introducing **Real Estate and P2P Lending projects as well as mini-bonds** dedicated to debt investors. CrowdFundMe is authorised by the public authority responsible for regulating the Italian financial markets (CONSOB), and represents today **the only crowdfunding platform listed on the Italian stock exchange**.

Chart 1 – CrowdFundMe, Company history



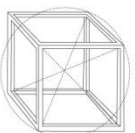
Source: Company data, CFO SIM

CrowdFundMe was set up on the founder's idea of creating a digital showcase capable of connecting fresh and innovating entrepreneurial ideas and investors through a user-friendly and effective platform. In 2014, the company entered in the register of authorised equity crowdfunding portals drafted by CONSOB, and launched its very first campaign in 2015. In Aug-16, the company launched the first campaign with the revolutionary procedure 'click and invest', enabling investors to participate directly from home. Moreover, just eight months later, it announced the successful completion of the 10th campaign, including the self-placement of the 13.8% of CrowdFundMe's share capital for a total consideration of € 278k. In 2019, it reached the milestone of € 5m raised since its foundation. **CrowdFundMe was admitted on Euronext Growth Milan in March 2019** and, still today, is the only crowdfunding portal listed on the Italian stock exchange.

The fresh resources collected with the IPO were used to execute the ambitious plan aimed at placing CrowdFundMe as a landmark of the Italian crowdfunding landscape, chiefly by means of targeted investments in order to support marketing activities, expand its product offering and take advantage of M&A opportunities. As a matter of fact, **CrowdFundMe placed in first mini-bond to qualified retail investors (2021), launched its first Real Estate crowdfunding campaign along with the Bulletin Board to improve investments liquidity (2021), and finalised the acquisition of Trusters in late 2022**, now offering P2P Lending projects. As of today CrowdFundMe, on a pro-forma basis, **has more than 90,000 registered users and 16,000 investors**, has successfully launched more than 500 campaigns and raised over € 160m.

CrowdFundMe allows crowdfunding investments in innovative start-ups and SMEs by making use of a very straightforward model, comprising the following main steps:

- **Project Analysis:** thanks to a user-friendly platform, an entrepreneur submits their project on CrowdFundMe's website. Afterwards, **a dedicated team analyses the**



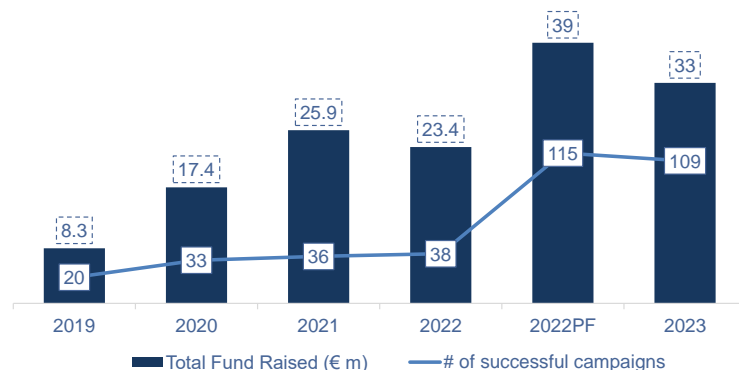
project to spot possible improvements and gauge its completeness, feasibility and overall potential.

- **Screening, Selection and Publication:** CrowdFundMe refines the Business Plan and starts focusing on a communication strategy along with the effectiveness of the storytelling. Additionally, it entrusts to third-party advisors activities focused on exploring market interest and valuation. If the initiative ticks all the boxes, CrowdFundMe launches the investment campaign by uploading the project on its portal **for 45 to even 90 days or until the targeted amount is achieved.**
- **Secondary Market:** in March-21, the company introduced the **Bulletin Board, an online proprietary section where investors are able to partially or totally cash out** their investment, materially enhancing the exchanges of these historically illiquid financial instruments.

Beyond acting as an intermediary matching demand for funding and supply, **CrowdFundMe offers additional services to start-ups and SMEs throughout the entire campaign**, among which: advisory services relative to corporate strategy, optimisation of the financial structure, draw up of Business Plans, marketing campaign and arrangement of meetings with investors.

CrowdFundMe generates its revenues by applying a % fee on the total capital raised of successful campaigns, which fluctuated around 5% over the past years. On top of that, a secondary source of revenues is represented by all the aforementioned advisory services. FY-23 results exhibited **Revenues of € 1.5m, EBITDA negative for € 170k**, and a bottom line negative for € 902k. **Net Financial Position stood at € 0.1m (cash).**

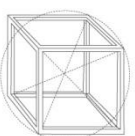
Chart 2 – CrowdFundMe, 2016-23 successful campaigns and funds raised – € m



Source: Company data, CFO SIM

In the period 2016-22, the total funds raised per year as well as the number of projects launched on CrowdFundMe's platform soared exponentially. Indeed, the number of projects successfully concluded went from just 3 in 2016 to 38 in 2021, increasing more than tenfold. Moreover, **considering the acquisition of Trusters in 2022** as if it was consolidated at the beginning of the year, **the total number of initiatives successfully concluded skyrocketed to 115.** Consequently, **total funds raised passed from € 300k in 2016 to € 41.5m in 2022, with approximately 16,000 investors participating compared to just 157 over the same period.**

The average funds raised per campaign was just € 109k in 2016 and peaked in 2021 to € 725k, mainly in light of CrowdFundMe's focus on initiatives with greater fund needs as well as the impact of the mini-bond campaigns which, on average, raised roughly € 1.1m each. Over the same period, the average ticket by an investor rose from approximately € 2,000 to € 4,300, which highlights the ever-increasing confidence of the Italian investors in CFM's projects and, overall, in the alternative finance industry.

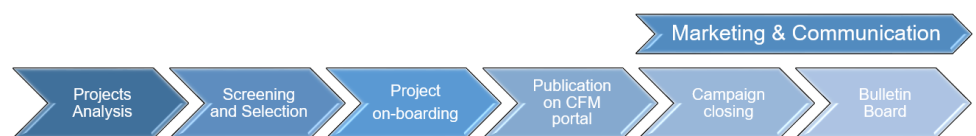


Business Model

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Originally focused on Equity Crowdfunding campaigns, **over the years CFM has continuously completed its offering** of crowdfunding investment instruments, **introducing Real Estate and P2P Lending projects as well as mini-bonds** dedicated to debt investors. CrowdFundMe is authorised by CONSOB, and, as of today, is the only crowdfunding portal listed on the Italian stock exchange.

Chart 3 – CrowdFundMe, Business Model



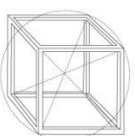
Source: Company data, CFO SIM

A CrowdFundMe campaign is usually organised as follows:

- **Project Analysis:** thanks to a user-friendly platform, an entrepreneur can submit their project on CrowdFundMe website by filling out a form with the required documentation attached. Afterwards, **a dedicated team analyses the project** to spot possible improvements and gauge its completeness, feasibility and overall potential.
- **Screening and Selection:** if the project clears the aforementioned step, CrowdFundMe carries out a more in-depth analysis in order to refine the Business Plan and starts focusing on communication strategy along with the effectiveness of the storytelling. Additionally, it entrusts to third-party advisors activities focused on exploring market interest and valuation and, where appropriate, appoints industry experts in the event of projects with complex technicalities.
- **Publication on CrowdFundMe portal:** if the initiative ticks all the boxes, CrowdFundMe launches the investment campaign by **uploading the project on its portal for 45 to even 90 days or until the targeted amount is achieved**. Once a project ends successfully, CrowdFundMe tracks progress for at least two years, updating shareholders with KPIs on a quarterly basis.

It is worth to note that CrowdFundMe, as all the other portals authorised by CONSOB, is not allowed to complete the orders received by investors but must transmit them to an authorised operator, primarily banks and Italian investment firms (SIMs).

- **Secondary Market:** in March-21, CrowdFundMe launched **Bulletin Board, an online proprietary section where investors are able to partially or totally cash out** their investment, materially enhancing the exchange of these historically illiquid financial instruments. A well-functioning secondary market sparks a virtuous cycle, as it enables market participants to partially or totally cash out their investment and redeploy the resources in other initiatives, thus attracting new class of investors and luring in innovative start-ups and SMEs to submit new projects to the platform. It is worth noting that the **Bulletin Board is exclusively dedicated to trading shares of the initiatives launched by CrowdFundMe** and that, above all, **CFM does not apply any brokerage commission**.



Beyond acting as an intermediary matching the demand for funding and supply, **CrowdFundMe offers additional services to start-ups and SMEs throughout the entire campaigns**, among which:

- advisory services relative to business development, corporate strategy by means of in-depth market researches and analysis and optimisation of the financial structure;
- draw up of business plans;
- targeted marketing campaigns, both online and offline;
- arrangement of meetings, workshops, panel discussions and events to promote the campaign.

CrowdFundMe generates its revenues by applying a % fee on the total capital raised of the successful campaigns, which fluctuated around 5% over the past years. On top of that, a secondary source of revenues is represented by all the aforementioned advisory services.

Since its foundation, CrowdFundMe was able to select, finance through its platform and support successful start-ups and SMEs, which, in some cases, managed to conclude second-round investments or be listed on Euronext Growth Milan or Euronext Access Paris, thus offering investors an exit opportunity with attractive returns.

Table 1 – CrowdFundMe, Top 15 campaigns by funds raised in a single campaign

Company	Project	Funds raised (€ m)	Year	# investors
Atiu	Sustainable glass decorations	5.0	2022	21
Tulip	Online supermarket	3.8	2022	207
GTV	Investment holding	3.8	2021	130
Deep Speed	Electric propulsion systems	2.9	2020	435
Biogenera	Biotechnology platform	2.9	2021	643
Innovative-RFK	Investment holding	2.5	2019	73
Bio4Dreams	Incubator of start-ups	2.5	2023	124
EgoSistema	Fitness Club network	2.5	2023	97
Glass to Power	Glass photovoltaic panels	2.3	2018	495
Arco FC	Battery for electric vehicles	2.1	2022	732
Infinityhub	Sustainability projects	2.0	2021	332
Biovalley	Investment holding	1.7	2022	14
MIEEG	Eco-friendly micro generators	1.7	2021	360
GasGas	EV charging stations	1.5	2022	268
EasyGlamping	Glamping	1.4	2023	252

Source: Company data, CFO SIM

It is interesting to note how a good number of the top 15 initiatives relate to sustainability projects, such as carbon-free propulsion systems (Deep Speed), revolutionary glass-made photovoltaic panels (Glass to Power), EV batteries (Arco FC) and recharging stations (GasGas) or eco-friendly micro generators of electricity (MIEEG). Indeed, it showcases the ever-increasing focus on sustainability projects by both nascent start-ups and investors.

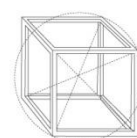


Table 2 – CrowdFundMe, Successful campaigns concluded via IPO or M&A

Company	Project	Funds raised (€ m)	Exit	Year
CleanBNB	Online services	3.9	IPO on EGM	2019
Crowdfundme	Crowdfunding portal	2.8	IPO on EGM	2019
TrenDevice	Phones refurbishment	2.7	IPO on EGM	2020
Innovative-RFK	Investment holding	2.5	Crowdlisting on EPA	2019
Glass to Power	Glass photovoltaic panels	2.3	Crowdlisting on EPA	2022
Innovative-RFK	Investment holding	1.3	Minibond crowdlisting	2020
3A Sport	Apparel distributor	1.2	Minibond crowdlisting	2021
Alea	Software	n.a.	Acquired by Leonardo	2021
Bloovery	Digital platform	n.a.	Acquired by Colvin	2022

Source: Company data, CFO SIM

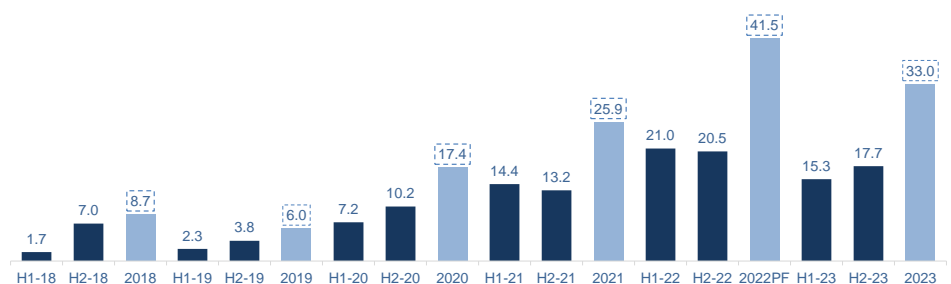
Notwithstanding crowdfunding investments are rather illiquid by nature, **there are three main exit opportunities for investors: 1) an IPO, 2) an M&A or, if available, 3) a sale on a secondary market**, such as on CrowdFundMe's Bulletin Board. Amongst CFM's initiatives, three offered investors an exit opportunity via an IPO on Euronext Growth Milan (CleanBNB, CrowdFundMe and TrenDevice), while four were admitted on a public exchange following the conclusion of the fund raising campaign. Additionally, two start-ups, Alea and Bloovery, were acquired by Leonardo and a Spanish start-up Colvin, respectively.

Since 2016, the total funds raised per year as well as the number of projects launched on CrowdFundMe's platform soared exponentially. Indeed, the number of projects successfully concluded went from just 3 in 2016 to 38 in 2021, increasing more than tenfold. Moreover, **considering the acquisition of Truster's in 2022** as if it was consolidated at the beginning of the year, **the total number of initiatives proposed skyrocketed to 115**. Consequently, **total funds raised passed from € 300k in 2016 to roughly c. 39.0m in 2023, with approximately 16,000 investors participating to the campaigns compared to just 157 in 2016**.

It is worth underlining that the remarkable rise in the total number of projects launched and funds raised went hand in hand with a rise in the average investment per campaign. As a matter of fact, **the average funds raised per campaign was just € 109k in 2016 and peaked in 2021 to € 725k**, mainly in light of CrowdFundMe's focus on initiatives with greater fund needs as well as the impact of the first mini-bond campaigns which, on average, raised roughly € 1.1m each.

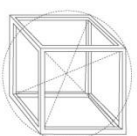
On the contrary, **in 2022PF the average funds raised per campaign dropped significantly to € 328k, mostly due to the impact of Truster's business model**, which provides for a higher number of projects with an investment target, on average, spanning from € 150k to € 300k, lower compared to CrowdFundMe's. In addition, Truster's minimum investment ticket is € 250, compared to € 500 of CrowdFundMe. In 2023, the funds raised per campaign, on average, stood at € 303k.

Chart 4 – CrowdFundMe, 2018-2023 semester over semester funds raised - € m



Source: Company Presentation

Historically, total funds raised in the first semester accounted for 33%-36% of FY results whereas in the last couple of years were approximately equally split.



SWOT Analysis

The SWOT analysis, also known as SWOT Matrix, is a structured planning method used to evaluate the strengths, weaknesses, opportunities and threats involved in a project or in a business venture. A SWOT analysis can be carried out with regard to a product, place, industry or person. It involves specifying the objective of the business venture or project and identifying the internal and external factors that are favourable and unfavourable to achieving that objective.

- **Strengths:** characteristics of the business that give it an advantage over others.
- **Weaknesses:** characteristics that place the business at a disadvantage vs. others.
- **Opportunities:** elements that the project could use to its advantage.
- **Threats:** elements in the environment that could cause harm or be detrimental for the business or project.

The technique is credited to Albert Humphrey, who led a research project at Stanford University between the 60s/70s using Fortune 500 data.

S.W.O.T. ANALYSIS

STRENGTHS

- ❑ CrowdFundMe is second largest Italian crowdfunding portal for **number of successfully launched projects and funds raised**
- ❑ **A comprehensive and highly-diversified offer** of crowdfunding investment instruments
- ❑ **Management team with extensive know-how** in equity crowdfunding projects
- ❑ **CrowdFundMe's Bulletin Board will increase the liquidity** and facilitate disinvestments

WEAKNESSES

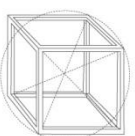
- ❑ **Few key people represent a vital asset** for the company
- ❑ CrowdFundMe still operates in an **early-stage phase**
- ❑ CrowdFundMe is expected to remain **unprofitable in the short-term**

OPPORTUNITIES

- ❑ **Crowdfunding as an asset class is still very underdeveloped** compared to the Anglo-Saxon countries
- ❑ **Dematerialisation of LLC shares** will considerably enhance the attractiveness of crowdfunding investments
- ❑ New European Regulation opens up **cross-border campaigns**
- ❑ **M&A opportunities via a stock deal** in a still very fragmented and rising market

THREATS

- ❑ A **high interest rate environment** could harm equity crowdfunding campaigns
- ❑ **Tighter credit constraints** could slow down business expansion
- ❑ A **low operating cash flow** could jeopardise key investments
- ❑ An **enter of a cross-border player with larger scale** could increase competition



FY-23 Results

CrowdFundMe posted FY-23 results exhibiting growing revenues thanks to the full contribution of Trusters, albeit lower compared to our expectations as the fourth quarter was negatively affected to by a partial halt in activities in order to become compliant with the new European regulation.

Moreover, EBITDA and bottom line came in below our estimates mainly as a result of lower revenues as well as higher-than-expected costs incurred to adapt the company's structure with the new ECSP regulation.

Table 3 – CrowdFundMe, 2023-22 results summary

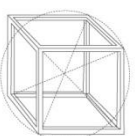
€ m	2023	2022	% YoY	2023e	% Diff.
Revenues	1.516	1.001	51.5	1.685	(10.0)
Increase in finished products	0.000	0.000		0.000	
Other revenues	0.270	0.154		0.193	
Value of Production	1.786	1.155	54.6	1.877	(4.9)
Raw material and processing	(0.004)	(0.005)		(0.008)	
Services	(1.210)	(0.719)		(1.230)	
Personnel expenses	(0.580)	(0.489)		(0.586)	
Other opex	(0.162)	(0.064)		(0.098)	
EBITDA	(0.170)	(0.121)	(40.2)	(0.045)	n.m.
% margin	(11.2)	(12.1)		(2.7)	
D&A	(0.727)	(0.301)		(0.667)	
EBIT	(0.897)	(0.422)	n.m.	(0.712)	n.m.
% margin	(59.2)	(42.2)		(42.3)	
Financials	0.002	(0.001)		(0.006)	
Pre-Tax profit	(0.895)	(0.423)	n.m.	(0.718)	n.m.
% margin	(59.0)	(42.2)		(42.6)	
Income taxes	(0.004)	0.000		0.000	
Tax rate	-0.4%	0.0%		0.0%	
Minorities	(0.003)	0.000		0.001	
Net Profit	(0.902)	(0.422)	n.m.	(0.716)	n.m.
% margin	(59.5)	(42.2)		(42.5)	
NFP debt/(cash)	(0.082)	(0.435)	n.m.	(0.187)	n.m.
Net Equity	2.953	3.852	(23.3)	3.134	(5.8)

Source: Company data, CFO SIM estimates

Revenues soared by 51.5% YoY to € 1.5m, compared to € 1.0m registered in 2022, mainly driven by the full contribution of Trusters, the leading P2P Lending Real Estate platform acquired in Nov-22 and whose contribution to FY-22 results was negligible as it was consolidated for only one month. **On a pro-forma basis** (i.e. by consolidating Trusters for 12 months in FY-22), **we rudimentarily calculated that revenues declined c. 11% YoY**, mainly as a consequence of the several rate hikes performed by ECB, which led investors to prefer fixed-income securities bearing less risk to the detriment of riskier and illiquid assets, such as equity crowdfunding projects.

Top line was lower by c. 10% compared to our estimate, primarily as a consequence of the abovementioned weaknesses in demand. Moreover, **the company's operations in the last quarter of 2023 were partially halted** (c. one month) in order to make the structure compliant with the new ECSP regulation, entered into force in November.

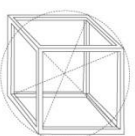
Noteworthy, based upon a total funds raise of approximately € 33m (vs € 39m in FY-22), CrowdFundMe recorded revenues for € 669k (c. 44% of total), while Trusters totalled € 846k, thus becoming the main source of revenues for the group.



EBITDA was negative for € 170k (-€ 121k in FY-22) and came in lower compared to our estimate as a result of lower revenues as well as higher-than-expected costs incurred to adapt the company's structure to the new ECSP regulation. However, **Trusters' EBITDA came in positive**, benefiting from the less cyclical nature of the business as well as the first tangible results from its integration within the group.

Net loss amounted to € 902k, compared to a net loss of € 422k recorded in FY-22, reflecting lower EBITDA due to the abovementioned reasons as well as higher D&A charges, mainly due to the full effect of the goodwill amortisation related the acquisition of Trusters (c. € 280k).

Net Financial Position stood at € 0.1m cash compared to € 0.4m at year-end 2022, mainly resulting from a still slightly negative Op. Cash Flow and Capex for € 0.3m, which came in higher compared to our estimate. **Group equity was € 2.9m.**



Estimates, Valuation & Risks

CrowdFundMe's 2023 results showed growing revenues thanks to the full effect of the acquisition of Trusters, although below our expectations mainly as a consequence of the still unfavourable market environment, exacerbated by the partial halt of operations (c. 30 days) in Q4 to make the organisational structure compliant with the new European regulation. EBITDA came in negative and below our forecast due to higher-than-expected opex, while bottom line was mostly impacted by the amortisation of goodwill related to the acquisition of Trusters.

Pending a more accommodating monetary policy from central banks, which should reignite the interest for relatively riskier and illiquid assets such as crowdfunding investments, **a tough environment is still expected for CrowdFundMe in 2024, especially with respect to equity crowdfunding projects.** On the contrary Trusters, the group's subsidiary focused on P2P Lending projects **is performing above expectations**, signalling some modest signs of recovery in investor confidence for Real Estate initiatives.

In addition, in the short-term **CrowdFundMe is predicted to take advantage of the dematerialisation of shares of Srl** (Limited Liability Company), in light of the entry into force of the "DDL Capitali" Legislative Decree, which is expected to improve the liquidity and the efficiency of both the primary and secondary market. In particular, CrowdFundMe plans to provide to start-ups and SMEs an all-around service to manage the whole dematerialisation process at Euronext Securities Milan.

Following the results release, **we have updated our model**, factoring in a more cautious top line progression resulting from a still unfavourable environment for crowdfunding investments, leaving all the other assumptions on the operational costs unchanged. **The combined result is an average 6.8% and 22.0% decline in revenues and EBITDA in 2024-25, respectively.** We have also introduced projections for 2026.

Table 4 - CrowdFundMe, 2024e new/old estimates

€ m	New	Old	% Diff.	€ m Diff.
Revenues	2.0	2.2	(6.1)	(0.1)
EBITDA	0.1	0.2	(29.4)	(0.1)
% margin	6.9	9.1		
EBIT	(0.4)	(0.4)	14.6	(0.1)
% margin	(21.6)	(17.7)		
Net Profit	(0.4)	(0.4)	15.0	(0.1)
% margin	(21.7)	(17.8)		
Y/E net debt/(cash)	(0.1)	(0.2)	(35.6)	0.1

Source: CFO SIM

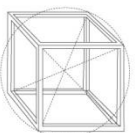
Table 5 – CrowdFundMe, 2025e new/old estimates

€ m	New	Old	% Diff.	€ m Diff.
Value of Production	2.4	2.6	(7.6)	(0.2)
EBITDA	0.4	0.5	(14.6)	(0.1)
% margin	17.6	19.0		
EBIT	(0.1)	(0.0)	n.m.	(0.1)
% margin	(3.1)	(0.5)		
Net Profit	(0.1)	(0.0)	n.m.	(0.1)
% margin	(4.3)	(0.1)		
Y/E net debt (net cash)	(0.4)	(0.6)	(21.4)	0.1

Source: CFO SIM

Moreover, CFO SIM has updated the valuation criteria, bringing the risk-free rate up to date (from 4.20% to 4.18%, considering the 10Y Italian government bond's 200-day moving average) and postponed its first valuation projection to 2024.

The combined result points to a new DCF-based PT of € 2.60/s (€ 3.00), entailing a 25.0% upside to current price levels. Buy recommendation confirmed.



DCF

In applying the DCF valuation method, we assess explicit estimates until 2028 and a cautious long-term growth of 2.5%. Cash flows are discounted back at a weighted average cost of capital calculated according to the following parameters:

Table 6 – WACC derived from:

Interest costs, pre-tax	3.5%
Tax rate	27.5%
Int. costs, after taxes	2.5%
Risk premium, incl. small size premium	9.0%
Risk-free (10Y Gov. Bond 200dd mov. avg.)	4.18%
Beta levered (x)	1.00
Required ROE	13.2%

Source: CFO SIM, Refinitiv Eikon

Risk premium at 9.0% factors in the minute size of the company and basically all Euronext Growth Milan market segment related concerns that an investor might have. The WACC is computed using a **Beta = 1** and a **100%-equity** structure, as CrowdFundMe still operates in an early-stage phase and is virtually debt-free.

Table 7 – CrowdFundMe, DCF model

€ m	2024e	2025e	2026e	2027e	2028e	TV
EBIT	(0.4)	(0.1)	0.2	0.6	0.8	
Tax rate	27.5%	27.5%	27.5%	27.5%	27.5%	
Operating profit (NOPAT)	(0.3)	(0.1)	0.1	0.4	0.6	
Change working capital	0.0	(0.0)	(0.0)	(0.0)	0.0	
Depreciation	0.6	0.5	0.4	0.3	0.2	
Investments	(0.1)	(0.1)	(0.1)	(0.1)	(0.2)	
Free Cash Flows	0.2	0.3	0.4	0.6	0.6	5.4
Present value	0.1	0.2	0.3	0.4	0.3	3.0
WACC	13.2%	13.2%	13.2%	13.2%	13.2%	
Long-term growth rate	2.5%					

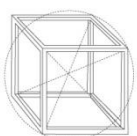
Source: CFO SIM

Table 8 – CrowdFundMe, DCF derived from:

€ m	
Total EV present value € m	4.4
	<i>thereof terminal value</i>
NFP FY-23	0.1
Pension provision	(0.0)
Equity value € m	4.5
#m shares	1.7
Equity value €/s	2.60
<i>% upside/(downside)</i>	25.0%

Source: CFO SIM

The application of our DCF model generates an equity value of € 4.5m, € 2.60/s for CrowdFundMe, 25.0% upside with respect to current price levels.



The following tables illustrate that sensitivity, 1) compared to changes in the terminal growth rate, produces an equity value of € 2.47-2.75/s (perpetuity range between 1.75% and 3.25%), while 2) if compared to changes in the free risk rate it produces an equity value of € 2.42-2.81/s (free risk range between 4.93% and 3.43%) and 3) if compared to changes in the risk premium, including small size premiums, it results in an equity value of € 2.26-3.05/s (risk premium range between 10.5% and 7.50%).

Table 9 – CrowdFundMe, equity value sensitivity to changes in terminal growth rate

€ m	1.75%	2.00%	2.25%	2.50%	2.75%	3.00%	3.25%
Present value of CF	1.4	1.4	1.4	1.4	1.4	1.4	1.4
PV of Terminal Value	2.8	2.9	2.9	3.0	3.1	3.2	3.3
Total value	4.2	4.2	4.3	4.4	4.5	4.6	4.6
NFP FY-23	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Pension provision	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Equity value	4.2	4.3	4.4	4.5	4.5	4.6	4.7
Equity value/share €	2.47	2.51	2.56	2.60	2.65	2.70	2.75

Source: CFO SIM

Table 10 – CrowdFundMe, equity value sensitivity to changes in free risk rate

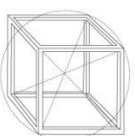
€ m	3.43%	3.68%	3.93%	4.18%	4.43%	4.68%	4.93%
Present value of CF	1.4	1.4	1.4	1.4	1.4	1.4	1.4
PV of Terminal Value	3.3	3.2	3.1	3.0	2.9	2.8	2.7
Total value	4.8	4.6	4.5	4.4	4.3	4.2	4.1
NFP FY-23	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Pension provision	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Equity value	4.8	4.7	4.6	4.5	4.3	4.2	4.1
Equity value/share €	2.81	2.74	2.67	2.60	2.54	2.48	2.42

Source: CFO SIM

Table 11 – CrowdFundMe, equity value sensitivity to changes in risk premium

€ m	7.50%	8.00%	8.50%	9.00%	9.50%	10.00%	10.50%
Present value of CF	1.5	1.4	1.4	1.4	1.4	1.4	1.3
PV of Terminal Value	3.7	3.5	3.2	3.0	2.8	2.6	2.5
Total value	5.2	4.9	4.6	4.4	4.2	4.0	3.8
NFP FY-23	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Pension provision	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Equity value	5.2	4.9	4.7	4.5	4.2	4.1	3.9
Equity value/share €	3.05	2.89	2.74	2.60	2.48	2.36	2.26

Source: CFO SIM



Market Multiples

CrowdFundMe is one of the leading crowdfunding platforms in Italy, allowing start-ups and SMEs to raise capital to fund their innovative projects via its user-friendly online portal. Over the years CFM has continuously completed its offering of crowdfunding investment instruments, introducing Real Estate and P2P Lending projects as well as mini-bonds dedicated to debt investors.

Given the absence of a domestic peer, as **CrowdFundMe is the only listed crowdfunding platform in Italy, we set up a peer group made up of two international companies operating in the crowdfunding, P2P Lending as well as micro-credit industry.** As such, we have selected:

Funding Circle Holdings plc provides a loan platform for small and mid-size enterprises. The company operates through four segments: 1) United Kingdom Loans, 2) United States Loans, 3) United Kingdom Flexipay and, 4) Other Loans. The Other Loans segment includes the company's businesses in Germany and the Netherlands. It reinvents small business lending through machine learning, technology, and data. Its 4D work system includes data accumulation, data engineering, data science, and decision engine platform. The company's products include FlexiPay, FlexiPay card, and embedded finance. FlexiPay is a line of credit that allows businesses to make purchases and then spread the cost over three months, paying it back in three equal monthly installments. FlexiPay card is another way for customers to use their FlexiPay line of credit, helping them to pay for everyday business expenses and make purchases. Its embedded finance solution enables partners to offer its loans on their platforms.

LendingClub Corporation is a bank holding company, which operates a digital marketplace bank. The bank's customers can gain access to a range of financial products and services designed to help them digitally manage their lending, spending and savings. It offers a range of products and services aimed at supporting its members and further improving their financial health. The company offers products and services to commercial customers, as well as to range of institutional investors for its unsecured personal loans and auto loans, and for its patient and education finance loans. For depositors, it offers digital experience features, such as ATM fee rebates, rewards and interest rates. Its commercial lending business includes commercial and industrial loans, commercial real estate loans, small business loans and equipment loans and leases.

Based on CFO SIM estimates, entailing only organic growth, **CrowdFundMe offers investors slightly lower sales growth and profitability at the EBITDA level.**

Table 12 – CrowdFundMe, peer group summary table

€ m	Country	Mkt Cap	Sales FY1	EBITDA FY1	EBITDA margin	Sales CAGR ₂₃₋₂₆	EBITDA CAGR ₂₃₋₂₆	EBIT CAGR ₂₃₋₂₆	EPS CAGR ₂₃₋₂₆	NFP/EBITDA	NFP FY1
	UK	199	215	7	3.1%	51.3%	n.m.	n.m.	n.m.	n.m.	(157)
	US	838	672	71	10.5%	3.8%	18.6%	82.1%	31.2%	n.m.	(1,161)
Median		519	444	39	8.7%	27.5%	18.6%	82.1%	31.2%	n.a.	(659)
CrowdFundMe SpA	IT	4	2	0	6.9%	22.4%	n.m.	n.m.	n.m.	n.m.	(0.14)

Sources: CFO SIM, Refinitiv Eikon

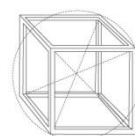


Table 13 – CrowdFundMe, peer group EV multiple table

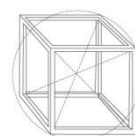
x	Sales FY1	Sales FY2	Sales FY3	EBITDA FY1	EBITDA FY2	EBITDA FY3
Funding Circle Holdings PLC	0.20	0.14	n.a.	6.3	0.7	n.a.
LendingClub Corp	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Median	0.20	0.14	n.a.	6.30	0.7	n.a.
CrowdFundMe SpA	1.68	1.29	0.96	24.5	7.4	4.4
<i>% premium/(discount) to peers</i>	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>

Sources: CFO SIM, Refinitiv Eikon

Table 14 – CrowdFundMe, peer group EV & price multiple table

x	EBIT FY1	EBIT FY2	EBIT FY3	PER FY1	PER FY2	PER FY3
Funding Circle Holdings PLC	neg.	3.5	n.a.	neg.	16.2	n.a.
LendingClub Corp	n.m.	n.m.	n.m.	34.9	10.9	10.5
Median	n.a.	3.5	n.a.	34.9	13.6	10.5
CrowdFundMe SpA	neg.	neg.	14.8	neg.	neg.	43.9
<i>% premium/(discount) to peers</i>	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>

Sources: CFO SIM, Refinitiv Eikon



Peer Stock Performance

CrowdFundMe was listed on Euronext Growth Milan on 25-Mar-19 at € 9.00/share corresponding to a post-money market capitalisation of € 13.3m. **CrowdFundMe now trades below the IPO price**, and reached a 1Y maximum price of € 2.78/s on 12-May-23 and a minimum level of € 1.86/s on 21-Jul-23.

Table 15 – CrowdFundMe, peer group and index absolute performance

	1D	1W	1M	3M	6M	YTD	1Y
Funding Circle Holdings PLC	2.6	4.1	5.0	40.6	32.1	20.3	(9.2)
LendingClub Corp	2.4	3.7	(4.1)	(4.4)	52.1	(7.4)	11.6
Median	2.5	3.9	0.4	18.1	42.1	6.4	1.2
CrowdFundMe SpA	0.0	0.0	1.0	(1.9)	5.1	(6.3)	(23.5)
MSCI World Index	0.8	(1.1)	(4.0)	2.9	17.8	3.6	16.3
EUROSTOXX	0.5	(0.7)	(1.7)	8.0	19.9	7.0	9.0
FTSE Italia All Share	(0.5)	(0.8)	(2.7)	10.9	22.1	10.3	19.7
FTSE Italia STAR	0.4	(1.6)	(3.6)	(1.1)	15.1	(3.8)	(5.1)
FTSE Italia Growth	0.1	(0.4)	(0.9)	(3.0)	3.9	(3.0)	(12.8)

Source: Refinitiv Eikon

Table 16 – CrowdFundMe, relative performances

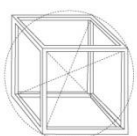
	1D	1W	1M	3M	6M	YTD	1Y
to Peers Median	(2.5)	(3.9)	0.5	(20.0)	(37.1)	(12.7)	(24.7)
to MSCI World Index	(0.8)	1.1	5.0	(4.8)	(12.7)	(9.9)	(39.8)
to EUROSTOXX	(0.5)	0.7	2.7	(9.9)	(14.9)	(13.3)	(32.6)
to FTSE Italia All Share	0.5	0.8	3.7	(12.8)	(17.1)	(16.6)	(43.2)
to FTSE Italia STAR	(0.4)	1.6	4.6	(0.7)	(10.0)	(2.5)	(18.4)
to FTSE Italia Growth	(0.1)	0.4	1.9	1.1	1.2	(3.3)	(10.7)

Source: Refinitiv Eikon

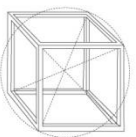
Risks

The principal investment **risks** associated with CrowdFundMe include:

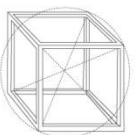
- higher interest rates or adverse macroeconomic conditions could harm equity crowdfunding campaigns;
- tight credit constraint could slow down business expansion;
- a lower operating cash flow could jeopardise key investments to update and improve the crowdfunding platform;
- regulatory changes could reshape competitive landscape and nullify previously secured competitive advantages.



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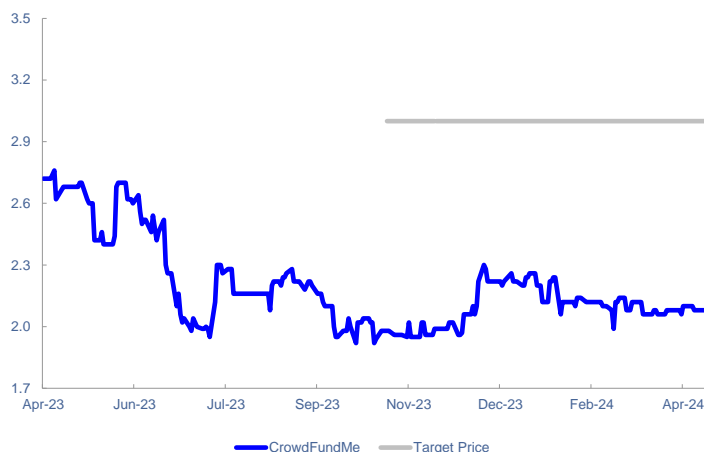
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DATE	TARGET PRICE	RATING
23/04/2024	€ 2.60	BUY
26/10/2023	€ 3.00	BUY

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- a **SELL** rating is assigned if the target price is at least 15% lower than the market price;
- a **NEUTRAL** rating is assigned if the difference between the current price and target price lies within the +/- 15% range identified using the preceding criteria.

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