

Italy – Sport Entertainment

Racing to become a landmark in the motorsport entertainment

11th November 2024

INITIATION OF COVERAGE

RIC: GTA.MI
BBG: GT IM

GT Talent Group operates in the motorsport entertainment sector providing its passionate customer base with high-adrenaline driving experiences aboard of most well-known sportscars. Moreover, in 2020 the company launched “GT Talent”, an innovative and well-crafted show dedicated to amateur drivers cultivating the dream to transform a mere passion into a profession, poised to be scaled internationally.

Rating:
Neutral

Price Target:
€ 4.00

Upside/(Downside): 8.1%

Last Price: € 3.81

Market Cap.: € 4.9m (excl. PAS)

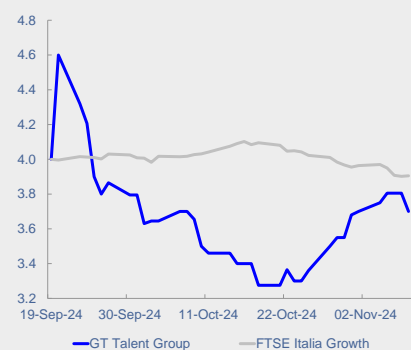
1Y High/Low: € 4.80 / € 3.26

Avg. Daily Turn. (10D, 3M): € 4k, € 8k

Free Float: 27.4%

Major shareholder:

Cosimo Saracino 69.7%



Stock price performance

	1M	3M	12M
Absolute	6.9%	n.a.	n.a.
Rel.to FTSE IT Growth	10.3%	n.a.	n.a.
Rel.to Peers	12.5%	n.a.	n.a.

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We initiate coverage with a Neutral recommendation and a PT of € 4.00/s, 8.1% upside
CFO SIM initiates coverage on GT Talent Group with a Neutral recommendation and a PT of € 4.00/s, 8.1% upside to current price levels. CFO SIM believes that the DCF model is the most appropriate methodology to get a reasonable valuation, in order to better factor in the medium-/long-term value of the stock. The DCF model is based on the following parameters: $g=2.5\%$, $Beta=1$, $WACC=8.8\%$ and a 50:50 debt/equity balance-sheet structure. Consequently, we obtained a valuation of GT Talent Group of € 4.00/s. Based upon our estimates, the stock is currently fairly priced. A sizeable upside to our projections could arise from the successful replication of the GT Talent show in the United States.

On-track experiences and an innovative talent show dedicated to aspirational talents
Set up in 2015 by the passion of the current CEO Cosimo Saracino, GT Talent Group, certified as an innovative SME, operates in the motorsport entertainment sector running its operations through two highly-complementary companies: CarSchoolBox and Scuderia Gentile. The former offers unique driving experiences aboard the most famous sportscars around more than 15 well-known circuits across Italy. The latter is entirely focused on the realisation of “GT Talent”, a format where drivers’ skills are put to the test and evaluated by a judging panel made up of four prominent and competent motorsport testimonials.

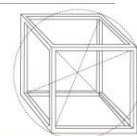
Sales and EBITDA CAGR_{23-26e} of 35.6% and 36.1%, driven by a huge scalability potential
CFO SIM estimates exhibit a top-line CAGR_{23-26e} of 35.6%. As regards CarSchoolBox, we project a CAGR_{23-26e} of 21.6%, mainly resulting from a steady increase in the number of driving experiences sold, in the B2C and B2B segments, as well as the average price paid by each customer, mainly driven by a better utilisation rate of the current fleet of supercars and a more effective commercial strategy. Scuderia Gentile is anticipated to exhibit the highest growth rate (CAGR_{23-26e} of 59.1%), in light of the huge company’s potential to scale the GT Talent show globally. A fast increase in popularity across the main international streaming platforms and TV channels should lead to a steep rise in the number of viewers and participants. EBITDA is expected to soar at a CAGR_{23-26e} of 36.1%, on the back of a better absorption of the main operational costs, while bottom line is anticipated to remain negative, burdened by high D&A and interest rate expenses. NFP is predicted to grow steadily and peak at € 4.2m in 2026, due to the huge investments required by the show.

Key focus on expanding the supercar fleet and scale the GT Talent show in the US
The IPO resources will be mainly used to rebalance the group’s capital structure by lowering the current indebtedness. Management’s efforts underpinning the next growth stage of the company will be primarily focused on: 1) enlarging the supercars fleet, mainly via lease agreements, 2) expanding the B2B business segment, 3) strengthening the commercial salesforce, and 4) the rapid expansion of the GT Talent show abroad, primarily in the US.

GT Talent Group, key financials and ratios

€ m	2023	2024e	2025e	2026e
Revenues	1.440	1.693	2.673	3.589
Value of Production	2.670	2.159	3.284	4.120
EBITDA	0.207	(0.107)	0.236	0.521
EBIT	0.160	(0.377)	(0.521)	(0.305)
Net Profit	(0.004)	(0.610)	(0.768)	(0.552)
NFP debt / (cash)	2.741	3.190	3.917	4.196
EBITDA margin	7.8%	-4.9%	7.2%	12.7%
EBIT margin	6.0%	-17.5%	-15.9%	-7.4%
EPS stated FD €	(0.00)	(0.47)	(0.48)	(0.35)
ROCE	5.4%	Neg.	Neg.	Neg.
NWC/Sales	-17.4%	-11.8%	-13.1%	-17.4%
EV/Sales (x) *	4.68	4.73	3.27	2.51
EV/EBITDA (x) *	32.6	n.m.	37.0	17.3
EV/EBIT (x) *	42.2	n.m.	n.m.	n.m.
PER (x) *	n.m.	n.m.	n.m.	n.m.
Free Cash Flow Yield *	-83.1%	-35.6%	-10.8%	-5.0%

*calculated with market cap. excluding Price Adjustment Shares



The Company at a Glance

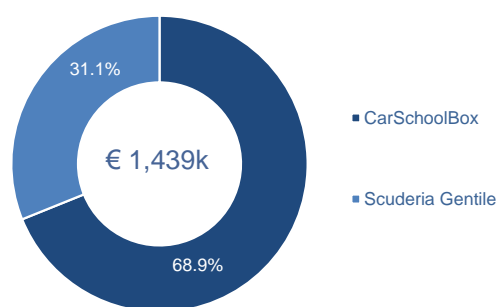
Set up in 2015 by the passion of the current CEO Cosimo Saracino, GT Talent Group is an innovative SME that operates in the motorsport entertainment sector, providing its passionate customer base with high-adrenaline driving experiences aboard the most well-known sportscars around the main Italian circuits. Moreover, the company offers aspirational talents the chance to become professional drivers by participating in its innovative and well-crafted talent show, "GT Talent".

GT Talent Group runs its operations through two highly-complementary subsidiaries:

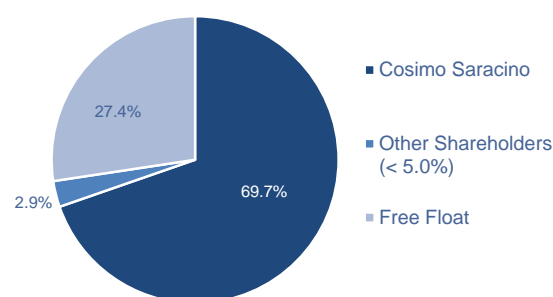
- 1) **CarSchoolBox**, which specialises in the offering of high-adrenaline driving experiences aboard of the most famous sportscars, taking place at more than 15 well-known circuits across Italy;
- 2) **Scuderia Gentile**, established in 2020 and engaged in the design, development and realisation of "GT Talent", the first-ever domestic motorsport talent show dedicated to amateur drivers cultivating the dream to transform a mere passion into a profession.

In 2023, GT Talent Group achieved revenues of € 1.4m with an EBITDA of € 0.2m, 7.8% margin on VoP, while bottom line was slightly below the break-even level. Net Financial Position stood at € 2.6m debt, as a result of the huge investments carried out over the last years, mostly related to the development of the GT Talent show, laying the foundation for the company's future growth.

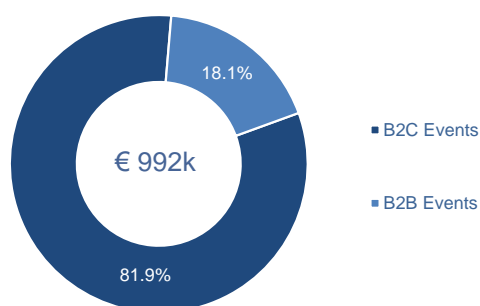
2023 consolidated top-line breakdown



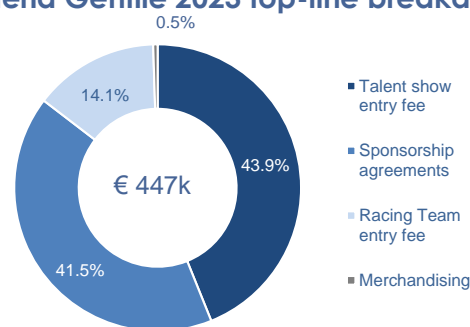
Shareholding Structure



CarSchoolBox 2023 top-line breakdown



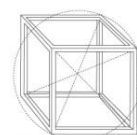
Scuderia Gentile 2023 top-line breakdown



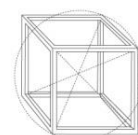
Peer group multiples table

EV & PER multiples x	Sales FY1	Sales FY2	EBITDA FY1	EBITDA FY2	EBIT FY1	EBIT FY2	PER FY1	PER FY2
ATM Grupa SA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Lady Bacardi Media SpA	0.01	n.m.	0.0	n.m.	n.a.	2.6	1.4	1.2
Squirrel Media SA	0.65	0.45	4.6	3.8	5.8	12.4	11.5	10.8
Zinc Media Group PLC	0.42	n.a.	6.5	n.a.	n.a.	n.a.	n.a.	n.a.
Median TV Production & Broadcasting	0.42	0.45	4.6	3.8	5.8	7.5	6.5	6.0
Bowlero Corp	2.25	2.10	6.9	6.2	n.a.	27.1	27.4	18.0
Compagnie des Alpes SA	1.38	1.42	4.8	4.7	8.0	7.4	6.1	5.5
Erlebnis Akademie AG	n.a.	n.a.	n.a.	n.a.	5.1	6.4	4.5	4.0
Experience Co Ltd	0.70	0.57	4.9	3.3	4.0	23.2	10.7	7.2
Hollywood Bowl Group PLC	2.24	2.07	6.1	5.8	8.0	14.6	13.7	13.1
Major Cineplex Group PCL	1.22	1.08	5.1	4.2	7.5	15.2	12.8	11.5
Ollamani SAB	0.81	0.90	4.4	5.3	n.a.	7.8	11.5	5.4
Pinstripes Holdings Inc	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.a.
Round One Corp	2.00	1.82	7.1	6.2	n.a.	18.0	16.0	13.3
Median Leisure & Recreation	1.38	1.42	5.1	5.3	7.5	14.9	12.2	9.3
GT Talent Group SpA	4.73	3.27	n.m.	37.0	n.m.	n.m.	n.m.	n.m.

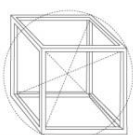
Sources: CFO SIM, Refinitiv Eikon



Income statement (€ m)	2023	2024e	2025e	2026e
Revenues	1.440	1.693	2.673	3.589
Increase in finished products and Internal Works	1.077	0.458	0.471	0.461
Other revenues	0.153	0.008	0.140	0.070
Value of Production	2.670	2.159	3.284	4.120
Raw material and processing	(0.258)	(0.227)	(0.312)	(0.350)
Services	(1.355)	(1.198)	(1.708)	(2.011)
Personnel expenses	(0.292)	(0.301)	(0.339)	(0.414)
Other opex	(0.558)	(0.540)	(0.690)	(0.824)
EBITDA	0.207	(0.107)	0.236	0.521
D&A & Provision	(0.047)	(0.270)	(0.757)	(0.827)
EBIT	0.160	(0.377)	(0.521)	(0.305)
Financials	(0.153)	(0.232)	(0.246)	(0.246)
Forex gain/(loss)	(0.002)	0.000	0.000	0.000
Re/(Devaluation) of financial assets	0.000	0.000	0.000	0.000
Pre-Tax profit	0.005	(0.609)	(0.768)	(0.552)
Income taxes	(0.009)	0.000	0.000	0.000
Minorities	(0.000)	(0.000)	(0.000)	(0.000)
Group's Net Profit	(0.004)	(0.610)	(0.768)	(0.552)
Balance sheet (€ m)	2023	2024e	2025e	2026e
Net Working Capital	(0.250)	(0.199)	(0.350)	(0.625)
Net Fixed Assets	3.335	4.340	4.133	3.856
Financial Fixed Assets	0.054	0.000	0.000	0.000
Other M/L Term A/L	0.267	0.655	0.973	1.252
Net Invested Capital	3.405	4.796	4.755	4.483
Net Financial Debt	2.741	3.190	3.917	4.196
Minorities	0.136	0.137	0.137	0.138
Group's Shareholders Equity	0.528	1.469	0.701	0.149
Financial Liabilities & Equity	3.405	4.796	4.755	4.483
Cash Flow statement (€ m)	2023	2024e	2025e	2026e
Net income before minorities	(0.004)	(0.609)	(0.768)	(0.552)
Depreciation	0.047	0.270	0.757	0.827
Other non-cash charges	(0.181)	(0.104)	(0.109)	(0.239)
Cash Flow from Oper. (CFO)	(0.138)	(0.443)	(0.119)	0.037
Change in NWC	0.250	(0.051)	0.151	0.275
FCF from Operations (FCFO)	0.113	(0.494)	0.031	0.311
Net Investments (CFI)	(3.436)	(1.221)	(0.550)	(0.550)
Free CF to the Firm (FCFF)	(3.323)	(1.716)	(0.519)	(0.239)
CF from financials (CFF)	3.331	2.551	0.250	0.000
Free Cash Flow to Equity (FCFE)	0.007	0.835	(0.269)	(0.239)
Financial ratios	2023	2024e	2025e	2026e
EBITDA margin	7.8%	-4.9%	7.2%	12.7%
EBIT margin	6.0%	-17.5%	-15.9%	-7.4%
Net Profit margin	-0.3%	-36.0%	-28.7%	-15.4%
Tax rate	n.m.	n.m.	n.m.	n.m.
Op. NWC/Sales	-17.4%	-11.8%	-13.1%	-17.4%
Interest Coverage (x)	1.0	Neg.	Neg.	Neg.
Net Debt-to-Equity (x)	5.19	2.17	5.59	28.14
ROIC	Neg.	Neg.	Neg.	Neg.
ROCE	5.4%	Neg.	Neg.	Neg.
ROACE	10.8%	Neg.	Neg.	Neg.
ROE	Neg.	Neg.	Neg.	Neg.
Payout ratio	0.0%	0.0%	0.0%	0.0%
Per share figures	2023	2024e	2025e	2026e
Number of shares outstanding # m	1.000	1.292	1.292	1.292
Number of shares outstanding (including PAS shares) # m	1.000	1.392	1.392	1.392
Number of shares Fully Diluted # m	1.000	1.587	1.587	1.587
Average Number of shares Fully Diluted # m	1.000	1.294	1.587	1.587
EPS stated FD €	(0.004)	(0.471)	(0.484)	(0.348)
EBITDA €	0.207	(0.083)	0.149	0.328
EBIT €	0.160	(0.291)	(0.328)	(0.192)
BV €	0.664	1.012	0.528	0.181
FCFO €	0.113	(0.382)	0.020	0.196
FCFF €	(3.323)	(1.326)	(0.327)	(0.150)
FCFE €	0.007	0.646	(0.169)	(0.150)
Dividend €	0.000	0.000	0.000	0.000



1. Investment Summary.....	5
2. GT Talent Group in a Nutshell.....	6
3. IPO Structure & Governance.....	8
4. The Reference Market.....	10
4.1. National and International MotorSport Market	10
4.2. European MotorSport Talent Shows	11
4.3. Italian Competitive Landscape.....	14
5. Business Model	16
5.1. CarSchoolBox: high-adrenaline driving experiences.....	16
5.2. Scuderia Gentile: the creator of the GT Talent show.....	20
6. Strategy.....	24
7. SWOT Analysis.....	25
8. Recent Results.....	26
8.1. FY-23 Results.....	27
8.2. H1-24 Results.....	28
9. Financial Forecasts.....	29
10. Valuation & Risks.....	33
10.1. DCF.....	34
10.2. Market Multiples.....	36
10.3. Peer Stock Performance.....	39
10.4. Risks.....	39



1. Investment Summary

GT Talent Group, certified as an innovative SME, operates in the **motorsport entertainment sector**, providing its passionate customer base with **high-adrenaline driving experiences** aboard the most well-known sportscars around the main Italian circuits. Moreover, the company offers aspirational talents the chance to become professional drivers by participating in its **innovative and well-crafted talent show, "GT Talent"**.

The group runs its operations in Rovello Porro (Como) through two highly-complementary subsidiaries: 1) **CarSchoolBox**, which offers on-track driving experiences aboard the most famous sportscars around the main Italian racetracks and, 2) **Scuderia Gentile**, focused on devising, developing and realising "GT Talent", the first motorsport talent show exclusively dedicated to amateur drivers.

We believe that in the short-term the IPO fresh resources will be mainly used to rebalance the group's capital structure by lowering the current indebtedness, which poses significant challenges in meeting the company's short and long-term obligations. Moreover, the management's efforts underpinning the next growth stage of the company will be primarily geared towards: 1) the **expansion of the fleet of supercars**, 2) the development of the B2B segment, 3) the **strengthening of the commercial salesforce**, and 4) the **rapid expansion of the GT Talent show abroad, primarily in the US**.

CFO SIM's estimates exhibit a top-line CAGR_{23-26e} of 35.6%. As regards **CarSchoolBox**, we project a **CAGR_{23-26e} of 21.6%**, mainly resulting from a steady increase in the number of driving experiences sold, both to the B2C and B2B segments, as well as the average price paid by each customer, driven by the expansion of the fleet of supercars and a more effective commercial strategy. **Scuderia Gentile is anticipated to exhibit the highest growth rate (CAGR_{23-26e} of 59.1%)**, in light of the huge company's potential to scale the GT Talent show globally. A fast increase in popularity across the main international streaming platforms and TV channels should lead to a steep rise in the number of viewers and participants. **EBITDA is expected to soar at a CAGR_{23-26e} of 36.1%**, on the back of a better absorption of the main operational costs, while bottom line is anticipated to remain negative, burdened by high D&A and interest rate expenses. **NFP is predicted to grow steadily and peak at € 4.2m in 2026**, due to the huge investments required by the show.

CFO SIM initiates coverage on GT Talent Group with a Neutral recommendation and a PT of € 4.00/s, 8.1% upside to current price levels. CFO SIM believes that **the DCF model is the most appropriate methodology to get a reasonable valuation**, in order to better factor in the medium-/long-term value of the stock and considering the lack of comparable companies resulting from the peculiar business model of GT Talent Group. The **DCF model** is based on the following parameters: $g=2.5\%$, $\text{Beta}=1$, $\text{WACC}=8.8\%$ and a 50:50 debt/equity balance-sheet structure, reflecting the relatively high current indebtedness of the company. Consequently, we obtained a valuation of GT Talent Group of € 4.00/s. Based upon our estimates, the stock is fairly priced. A sizeable upside to our projections could arise from the successful replication of the GT Talent show in the United States.

The **main investment risks** associated with GT Talent include: 1) a significantly high level of indebtedness, which could not allow to properly run the business in the short-term; 2) a high execution risk relative to the strategy aimed at making "GT Talent" a successful and established show, as it currently requires huge investments and relies on hard-to-estimate revenue streams; 3) a few key relevant people representing a vital asset for the company; 4) a slowdown in economic activity, which could reduce the consumers spending for discretionary services such as those offered by the company.

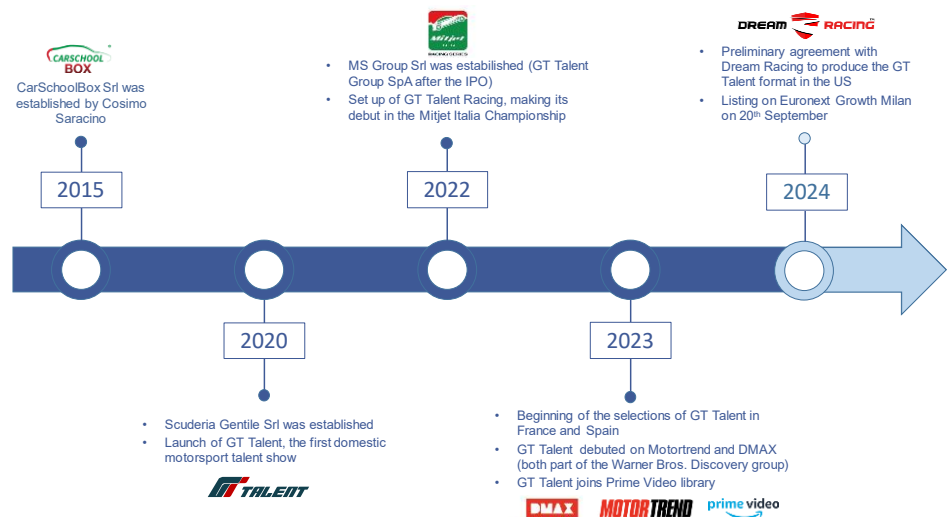


2. GT Talent Group in a Nutshell

GT Talent Group, certified as an **innovative SME**, operates in the **motorsport entertainment sector**, providing its passionate customer base with **high-adrenaline driving experiences** aboard the most well-known sportscars around the main Italian circuits. Moreover, the company offers aspirational talents the chance to become professional drivers by participating in its **innovative and well-crafted talent show, "GT Talent"**.

Set up in 2015 by the passion of the current CEO Cosimo Saracino, GT Talent Group has undertaken a steady growth path that led the company to establish itself as one of the few leaders in this market niche. In the short-term, **the company aims to enrich its driving experiences by expanding the fleet of available supercars and is poised to bring the GT Talent show to an international level**, leveraging on its massive scalability potential.

Chart 1 – GT Talent Group, the group's history

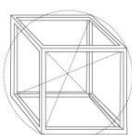


Source: Company Presentation

The group runs its operations in Rovello Porro (Como) through two highly-complementary subsidiaries:

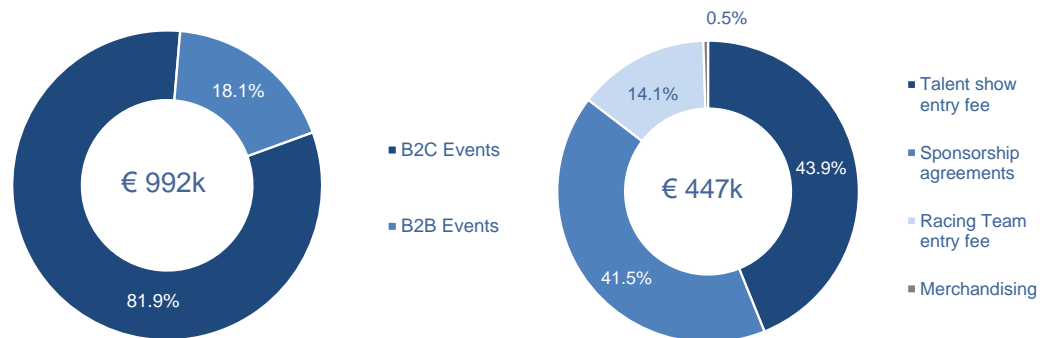
- ✓ **CarSchoolBox Srl**, established in 2015, offers on-track driving experiences aboard the most famous sportscars around the main Italian racetracks, with the idea to provide its passionate customers with unforgettable experiences and memories. Moreover, it engages in the organisation of bespoke corporate events.
- ✓ **Scuderia Gentile Srl**, set up in 2020, is focused on devising, developing and realising GT Talent, the first motorsport talent show exclusively dedicated to amateur drivers cultivating the dream to transform a mere passion into a profession. Participants showcase their skills and abilities in numerous tests under the supervision of a judging panel made up of prominent former Italian drivers and testimonials.

In the wake of the first successes and the heightened interest of younger generations in motorsport events, **in 2022 the company managed to also establish the GT Talent Racing Team**, making its debut in the Mitjet Italia Championship.



The show is currently available on the leading streaming platform Discovery+ and debuted on MotorTrend and DMAX (both part of the Warner Bros Discovery Group). The company has recently undertaken the **internalisation path of the show**, with **the start of the selection phase in France and Spain** and the signing of a **preliminary agreement with the American company XR Consulting, parent company of Dream Racing**, with the aim to launch the format in the US market.

Chart 2 – GT Talent Group, 2023 CarSchoolBox & Scuderia Gentile revenues breakdown



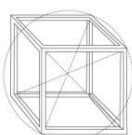
Source: CFO SIM elaboration on company data

On a consolidated basis, in 2023 GT Talent Group achieved revenues of € 1.4m with an EBITDA of € 0.2m, 7.8% margin on VoP, while bottom line was slightly below the break-even level. Net Financial Position stood at € 2.6m debt, as a result of the huge investments carried out over the last years, mostly related to the development of the GT Talent show, laying the foundation for the company's future growth.

In the near future, the management's efforts underpinning the next growth stage of the company will be primarily geared towards:

- ✓ **the expansion of the fleet of sportscars**, mainly via lease agreements in order to reduce its reliance on third-party car rentals and, consequently, the overall operating costs;
- ✓ **expanding the B2B segment**: the company plans to gradually **increase B2B events and certified safe driving programs**, benefiting from the incentives available to companies to enhance workplace safety. Moreover, the B2B segment is characterised by a **more loyalty customer base** (i.e. subject to less reshuffle compared to the B2C segment) as well as **higher margins**.
- ✓ **the strengthening of the commercial salesforce** as well as enhancing the brand awareness of both CarSchoolBox and the GT Talent show by undertaking targeted omnichannel marketing campaigns;
- ✓ **the rapid expansion of the GT Talent show abroad**, either with a direct presence or by entering into long-term partnerships with local players. As a matter of fact, in mid-October **GT Talent has signed a preliminary agreement with the US-based company XR Consulting to set up GT Talent USA, a 50/50 joint venture** headquartered in Las Vegas, with the aim to land the talent show in the US market. The final terms of the agreement will be defined by year-end and **GT Talent USA will enter into operations as from 2025**.

We want to underline that, **based on our estimates, in the short-term the IPO fresh resources will be mainly used to rebalance the group's capital structure** by lowering the current indebtedness, which poses significant challenges in meeting the company's short and long-term obligations.



3. IPO Structure & Governance

GT Talent Group went public on Euronext Growth Milan on 20-Sept-24 at € 4.00/share, corresponding to a post money market capitalisation of € 5.6m, including the Price Adjustment Shares, which are not listed (market cap excluding PAS at € 5.2m). The IPO comprised a **primary offering for a total amount of approximately € 1.6m**.

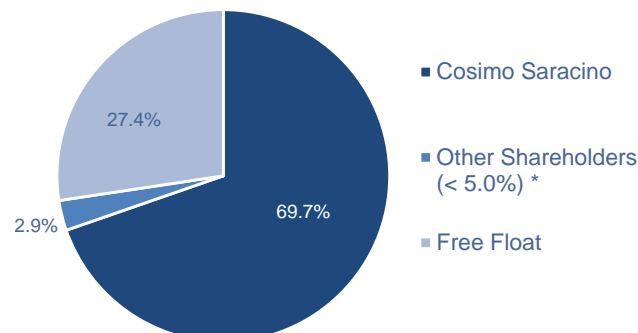
A warrant free of charge was assigned for each share subscribed. The warrants are exercisable according to a 2:1 conversion ratio within three distinct exercise periods in November 2025, 2026 and 2027, at a strike price of € 4.40, € 4.84, and € 5.32, respectively.

Moreover, the founder and major shareholder Cosimo Saracino accepted to qualify 100,000 shares as **Price Adjustment Shares** (7.2% of the share capital), which will automatically be converted into ordinary shares if GT Talent Group meets certain targets with respect to Revenues and Net Financial Position in 2025-26, namely:

- **2025:** Revenues of € 3.5m and Net Financial Position of € 2.6m;
- **2026:** Revenues of € 4.5m and Net Financial Position of € 2.6m.

If GT Talent Group fails to meet the aforementioned targets, the corresponding value of the Price Adjustment Shares will be returned pro-quota to the market via their cancellation.

Chart 3 – GT Talent Group, Shareholding structure

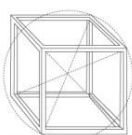


Source: CFO SIM elaboration on company data * 6-months lock up

Currently, **GT Talent Group's share capital is primarily owned by Cosimo Saracino** (ca. 69.7%), who has an 18-months lock-up agreement since the IPO date, while some other major shareholders, holding ca. 2.9% of the share capital, are bound by a lock-up of 6 months. Free Float stands at 27.4%. Moreover, on September 13th Italian Motor Holding Srl committed to the subscription of a share capital increase equal to € 217,500 at the IPO price of € 4.00/s, to be finalised by year-end.

The consolidation scope includes two subsidiaries:

- **CarSchoolBox Srl** is focused on providing its passionate customer base with high-adrenaline driving experiences onboard of the most famous luxury sportscars around the main Italian circuits.
- **Scuderia Gentile Srl**, which engages in the design, development, and realisation of GT Talent, the first-ever domestic motorsport talent show dedicated to amateur drivers. Moreover, it manages all the activities of the proprietary GT Talent Racing Team. The company is **74% owned by GT Talent Group SpA**, while two minority shareholders hold the remaining 26% stake.



GT Talent Group operates with a **team** composed of a few key people:

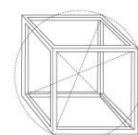
- **Cosimo “Mimmo” Saracino** is the **Founder** and **Chief Executive Officer** of GT Talent Group. After a brief experience in Driving Box in Barcelona, serving as Chief Operating Officer, he decided to set up CarSchoolBox in 2015, tapping into his passion and his previous experience in the field. Later, in 2020 he decided to establish Scuderia Gentile, with the aim of creating the GT Talent show.
- **Andrea Soro** serves as **Board Member with responsibilities for finance** of GT Talent Group. After graduating in Business Economics at the Bocconi University of Milan in 1992, he started his career in Kleinwort Benson in London in the Corporate Finance and M&A team, becoming Managing Director. In 2002, he became vice-manager of M&A and Strategic Development department of Unicredit and, later, he was appointed Managing Director of Credit Suisse Financial Institutions. As from 2017 he served as Chief Financial Officer of Banca Carige for two years, managing the bank's bail-in procedure. Since 2021 he has been Executive Partner of Oryx Finance, a financial and industrial consultancy firm focused on M&A and restructuring activities.
- **Andrea Maini** serves as **Chief Financial Officer** of GT Talent Group. After graduating in Economics in 1988 at the University of Pavia, he started his career as an auditor in Deloitte. In 1995 he became controller of CIFA Spa and, subsequently, he served as Chief Financial Officer of several companies, among which Media Lario Technologies, MicroFinanza Rating and Selerant.
- **Pierandrea De Marco** serves as **Board Member** of GT Talent Group. In 1996, he began his career as a professional driver, taking part to several championships and gaining a significant experience in the motorsport field. Moreover, he is one of the instructors of the company, owning important qualifications such as a second-level “Istruttore Federale ACI Csai” and the “ACI Csai Internazionale C concorrente conduttore” licenses. As from 2022, he takes part in several motorsport TV shows either as a professional driver or as a stuntman. Moreover, he has been serving as **Head of GT Talent Racing Team** since its foundation.

The Board of Directors is composed of 4 members, one of whom being an independent director.

Table 1 – GT Talent Group, Board of Directors

Name	Role
Cosimo Saracino	Chief Executive Officer
Pierandrea De Marco	Director
Andrea Soro	Director
Simonetta Bono	Independent Director

Source: Company data



4. The Reference Market

GT Talent Group operates in the motorsport entertainment sector, providing its customers with 1) the exciting experience of driving a supercar on several Italian racetracks, 2) the opportunity to take part in the motorsport talent show, "GT Talent", and 3) the chance to be part of the GT Talent Racing Team for drivers in possession of the ACI Sport Licence.

4.1. National and International Motorsport Market

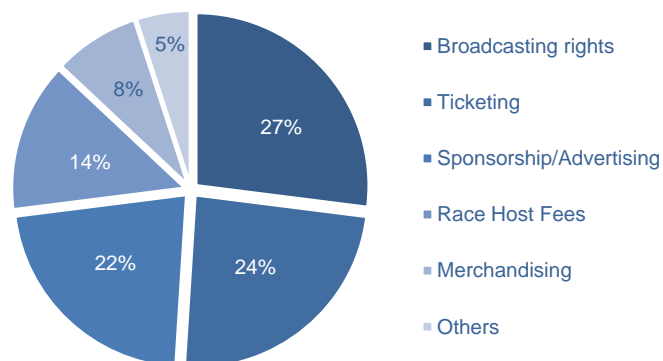
The definition of motorsport includes a wide variety of disciplines such as car racing, motorcycle racing, karting, powerboat racing and off-road racing. To be considered part of the category, the sport must be practiced using a motor vehicle that can be driven on different roads, tracks, water or even in the air.

There are several motorsport competitions for each kind of vehicle and Formula 1 is the most popular, followed by MotoGP and NASCAR (especially in North America). Moreover, the growing interest in sustainability topics coupled with the huge investments aimed at the electrification of the automotive sector, resulted in the creation of dedicated competitions like Formula-E. In particular, over the last years, the sector's outstanding growth was spurred by: 1) **an increase in Formula 1 championship's revenues**, 2) **the rising popularity of motorsports among younger generations** thanks to the spread of social media platforms and the production of enticing contents on the major streaming platforms (i.e. Drive to Survive on Netflix), and 3) **the emerging of other racing categories**, such as those involving electric vehicles.

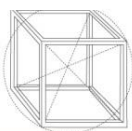
The global motorsport market is anticipated to reach \$ 24.1bn in 2030 (CAGR₂₄₋₃₀ of 7.2%), mainly driven by an increase in racing events and the consequent boost in advertisements and sponsorships spending by companies wishing to promote their products.

The recent steep increase in popularity in motorsports, especially among millennials, prompted the leading worldwide broadcasters to invest a meaningful amount of resources to secure rights. As a matter of fact, **broadcasting rights represent the largest part of revenues for motorsport companies together with ticket sales**, accounting for 27% and 24% of the total in 2023, respectively. Moreover, the contribution of sponsorship agreements stood at 22% of the total, followed by race host fees (14%) and merchandising (8%).

Chart 4 – GT Talent Group, Global motorsport market revenues breakdown, \$ bn



Source: IndustryARC, Motorsports Market – Forecast (2024-2030), 2023



4.2. European Motorsport Talent Shows

The market for motorsport talent shows embraces a wide variety of activities, which attract a significant fanbase of motorsport enthusiasts. With the creation of racing competitions such as Formula 1 back in the 50s, the interest in motorsports spread widely, laying the foundation for the creation of innovative experiences and events. **Europe characterises by an unparalleled cultural heritage for racing cars**, reflecting the massive experience and tradition in car craftsmanship (especially in Italy and the UK) as well as the success of motorsport events.

The first talent shows were created in the early 2000s and were mainly focused on cooking and singing competition. Since then, the interest in such entertainment contents, together with the aspiration of being part of them, steadily increased. **Their huge success and popularity paved the way for the creation of talent shows in selected niches, such as those focused on motorsports**, giving fans the chance to gather and share their passion by competing in several races.

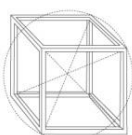
As of today, **talent shows are easily accessible as they are broadcasted both on TV as well as on streaming platforms**, allowing users to enjoy contents anywhere and anytime, reaching a global audience. Furthermore, these platforms offer **unique interactive experiences** (pre-race show, behind the scene footage, virtual laps, live polls, and Q&A sessions) to enable real-time engagement, furtherly empowered by social media interactions, and foster the creation of online communities.

In light of the continuous technological progresses, new business opportunities are emerging and could be tapped into by content creators to furtherly increase the interest in the shows. For instance, **Augmented and Virtual Reality are recent innovations that could be used to provide viewers' an all-around immersive experience:**

- **Augmented Reality** allows to try virtual test driving or participate in vehicles' virtual tours using smartphones, increasing the overall interactivity.
- **Virtual Reality** enables to experience the excitement of driving a supercar or participating in interactive competitions directly from home and could be exploited to attract new enthusiasts willing to try racing in a safe environment.

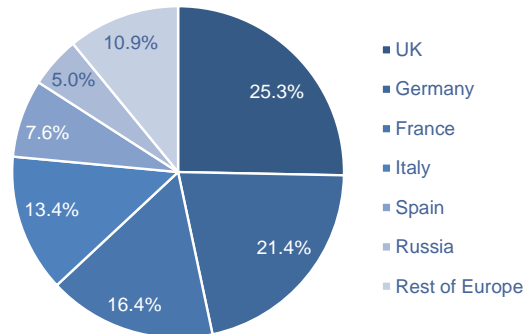
The sources of income of a motorsport talent show are rather diversified, mainly involving: 1) **sponsorship agreements**, companies interested in large audiences reachable thanks to the broadcasting on TV and streaming platforms, 2) **subscribers**, which usually pay a fee to take part as competitors, and 3) **views on streaming platforms**, whose major interest is to include successful shows to their catalogue with the aim to improve the overall engagement.

Motorsport talent shows are watched by a particular niche of people with a huge passion for racing, thus the competition with other types of talent shows is rather minimal. Additionally, **entry barriers are rather high, resulting from the huge initial investments needed and the difficulty to come up with a sufficiently differentiated storytelling**, although small first-movers may struggle to compete with larger and established players with huge financial firepower.



The European motorsport talent show market was worth \$ 1.9bn in 2023, growing from approximately \$ 1.7bn in 2018, thus showing a CAGR₁₈₋₂₃ of 3.1%. According to Orbis' "2024 Europe & North America Talent Show Market Research" report, **the UK is by far the leading country with a market share in excess of 25.3%**, followed by Germany (21.4%), France (16.4%), Italy (13.4%), Spain (7.6%) and Russia (5.0%).

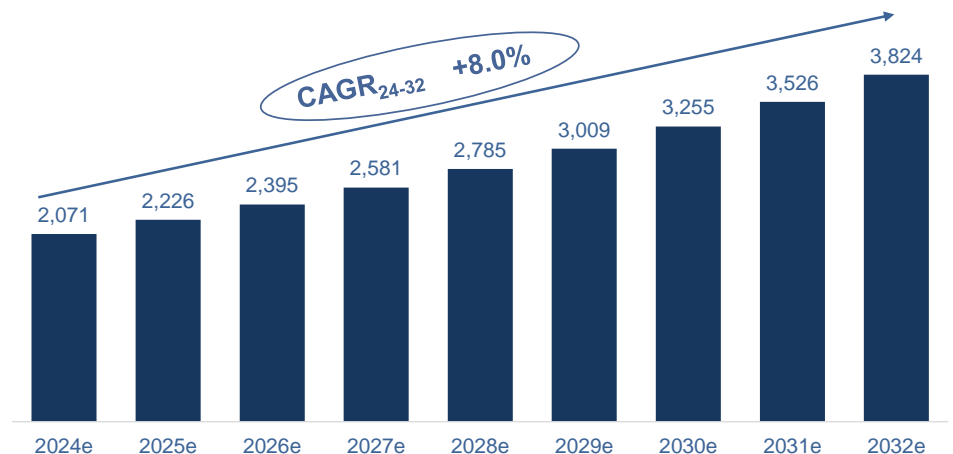
Chart 5 – GT Talent Group, 2023 European motorsport talent show market by geography



Source: 2024 Europe & North America Talent Show Market Research Report

In the upcoming years, the market is expected to continue its steady growth path, **totalling approximately \$ 3.8bn in 2032** (CAGR₂₄₋₃₂ equal to 8.0%). France (9.0%), followed by Italy (8.4%) and the UK (8.1%) are the countries projected to show the largest growth rates.

Chart 6 – GT Talent Group, 2024e-32e European motorsport talent show market, \$ m



Source: 2024 Europe & North America Talent Show Market Research Report

Main growth drivers are: 1) **the increasing popularity of motorsport events** (F1 in particular), 2) **the development of strategic partnerships with automotive industry leaders**, allowing them to showcase prototypes, concept cars and cutting-edge technologies during the show and, 3) **a continuous growth in targeted programmes aiming at instilling passion for motorsports**, specifically devised to attract the younger part of the population.

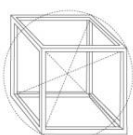
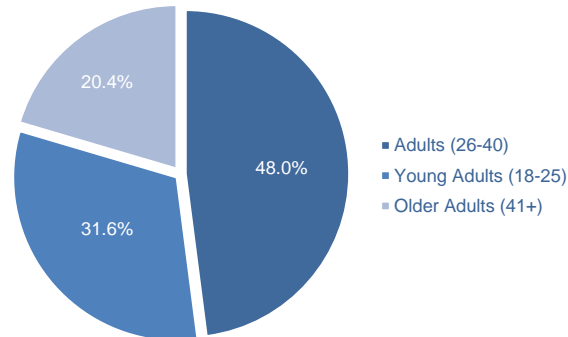


Chart 7 – GT Talent Group, 2023 European motorsport talent show market by category



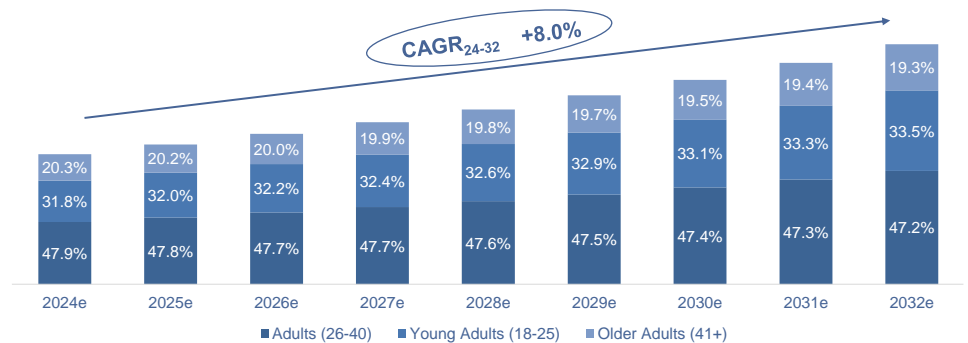
Source: 2024 Europe & North America Talent Show Market Research Report

According to the report, talent shows can be grouped into **four main motorsport categories**, including:

- **Racing:** characterised by high-speed and adrenaline performances, whose growth is driven by prominent racing competitions like Formula 1 and NASCAR.
- **Club events:** promoting meet-ups for car enthusiasts who share a passion for specific vehicles or brands.
- **Karting:** enabling aspirational drivers to approach the racing world with safer and more affordable experiences.
- **Rally:** well-known in Europe thanks to famous events like the Monte Carlo Rally, is characterised by racing on different terrains and challenging conditions.

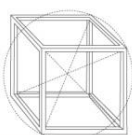
Over the forecasted period, **Karting events will enjoy the highest growth rate (CAGR₂₄₋₃₂ of 9.6%)**, followed by Rally (CAGR₂₄₋₃₂ of 8.9%), Club events (CAGR₂₄₋₃₂ of 8.5%) and Racings (CAGR₂₄₋₃₂ of 7.8%).

Chart 8 – GT Talent Group, 2024e-32e European market growth forecast by category



Source: 2024 Europe & North America Talent Show Market Research Report

The main categories of viewers of motorsport talent shows are represented by 1) **Adults** (26-40 years old), which accounted for almost half of revenues in 2023 and is predicted to grow with a CAGR₂₄₋₃₂ of 7.8%, 2) **Young Adults** (18-25 years old), which is the category expected to experience the highest growth over the coming years (CAGR₂₄₋₃₂ of 8.7%), and, 3) **Older Adults** (CAGR₂₄₋₃₂ of 7.3%) which includes the population over 41 years old.



4.3. Italian Competitive Landscape

The Italian market niche focused on the provision of driving experiences aboard fast and renowned sportscars is rather fragmented into small-sized players, predominantly headquartered in Northern and Centre Italy. Usually, **competitors strive to differentiate their offer based on price, racetrack, type of supercar, booking flexibility and additional services** (for instance photoshoots, videos, insurance etc.).

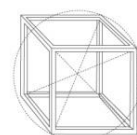
Chart 9 – GT Talent Group, 2022 P&L KPIs of CarSchoolBox main competitors (€ k)

Company	Country	Region	2022 Value of Production	2022 EBITDA	2022 EBITDA margin (%)	2022 Net Profit
		Lombardy	917	77	8.4%	8
		Lombardy	4,007	468	11.7%	52
		Tuscany	3,579	249	6.9%	27
		Friuli-Venezia Giulia	2,085	443	21.3%	152
		Emilia Romagna	n.a.	n.a.	n.a.	n.a.

Source: Company Presentation, AIDA

CarSchoolBox's major competitors feature a **total turnover ranging from € 1m up to € 4m**, flanked by an **EBITDA margin approximately between 7% and 12%**. In greater detail:

- **Puresport Srl** represents one of the leading players in the competitive landscape, offering a broad spectrum of on-track driving experiences aboard more than 10 supercars, comprising selected models of Ferrari, Lamborghini, Porsche and Mercedes, as well as **7 different single-seaters**. PureSport's events take place around 8 Italian venues, with exclusive agreements with the circuits of Monza and Cremona, in addition to 4 different circuits available abroad. Similarly to CarSchoolBox, Puresport arranges events for companies and VIPs, established the "Road to Race" academy and **is expected to launch a racing talent show for single-seater cars. Puresport can be deemed as one of the closest competitors to CarSchoolBox** due to its geographical positioning, entertainment offering and overall expansion strategy.
- **RSE Italia Srl** allows its customer base to choose their favourite on-track driving experience **among a list of 32 different supercars** which comprises, inter alia, renowned brands such as Alfa Romeo, Aston Martin, Ferrari, Lamborghini, McLaren and Mercedes. The offering includes 21 racetracks, with exclusive agreements with a few of them. In addition, RSE offers driving classes and also the opportunity to rent either a supercar or a yacht to further complete its portfolio of experiences.
- **WeCanRace Srl** provides on-track experiences aboard **12 supercars** (among which Alfa Romeo, BMW, Ferrari, Lamborghini, and Porsche) in more than 15 Italian circuits. WCR's offer includes also B2B events dedicated to companies and short- and long-term rental of supercars.
- **Passione GT Noleggi Srl** offers driving experiences aboard 9 supercars (including renowned brands such as BMW, Ferrari, Lamborghini, McLaren, Porsche, Renault, and Subaru) and **Legends Cars** around 12 Italian circuits.



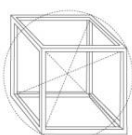
GT Talent Group realised the **first motorsport talent show dedicated to amateur drivers**, eager to take the chance to begin a professional career in this field. Other similar formats launched in Italy are:

- **Rally Italia Talent** is dedicated to **rally fans** and provides the winner with the opportunity to participate in a race for an Aci Sports' Trophy or Championship. The talent is composed of three stages: regional selections, semifinals and final, and it is broadcasted by Sky since 2017.
- **Road to Race** is a new format just launched by Puresport enabling the winner to participate in a **single-seaters' race of the F2000 Formula Trophy championship**. The selection phase started in October and will be followed by several tests for the first ten classified drivers.

Chart 10 – GT Talent Group, Scuderia Gentile's major competitors

Company	Country	Main Broadcasters	Geographical coverage
		Amazon Prime Video, Discovery	Europe
		Bell Media, ANT1, Sky Sports, ESPN	World
		Sky	Italy
		Discovery*	n.d.

Source: Company Presentation
* Broadcasting expected in 2025



5. Business Model

GT Talent Group is headquartered in a 2,000 sqm facility in Rovello Porro (Como) where part of the space is dedicated to the storage of the vehicles fleet and the proprietary truck-trailers to meet all the logistics needs. In addition, the company has two additional offices inside the Arese racetrack, located not far from Milan. GT Talent Group runs its operations through two highly-complementary companies: **CarSchoolBox** and **Scuderia Gentile**. Moreover, as of 2024 GT Talent Group was awarded the status of 'innovative SME'.

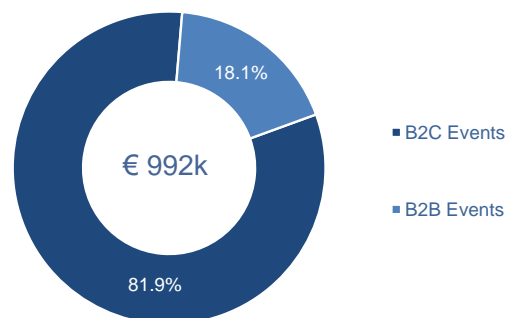
5.1. CarSchoolBox: high-adrenaline driving experiences

CarSchoolBox, the historical subsidiary of the group as well as the **largest contributor in terms of revenues** (68.9% in FY-23), specialises in the offering of unique driving experiences aboard the most famous sportscars, taking place at more than 15 well-known circuits across Italy. **It leverages a best-in-class team of qualified instructors, most of them being former professional drivers** employed under collaboration agreements and freelance contracts for the specific event.

The company sells its experiences **directly to end-customers (B2C, 82% of FY-23 CSB's revenues) in the form of gift cards or online vouchers** distributed through both the offline and online sales channels and takes care, directly or indirectly, of the **organisation of unique corporate events (B2B, 18% of FY-23 CSB's revenues)**.

CarSchoolBox opened a corner shop inside one of the biggest department stores in Northern Italy, next to a racetrack. In this manner, a potential customer can receive further tips from promoters and be guided step by step in booking the experience that best meets his needs directly at the interactive totems. Furthermore, **CSB takes part in selected sports entertainment events and organises training courses on safe driving**.

Chart 11 – GT Talent Group, FY-23 CSB's revenues breakdown by segment



Source: CFO SIM elaboration on company data

As regards the online strategy, GT Talent Group's driving experiences can be purchased directly on its recently renovated website or on selected third-party portals with whom the company has entered into strategic partnerships, including SmartBox, Groupon, WonderBox, Regali24 and TantoSvago. In such a case, **the reselling partner retains a fee on the price applied, normally ranging from 10% to 30%** and, according to the predefined policy, CarSchoolBox receives the consideration either at the time the experience is booked or after the provision of the service.

Usually, when the driving experience is booked, **GT Talent Group's commercial team shortly reaches the customer in order to define the last details and upsell additional services**, such as 1) professional simulators, akin to those used by motorsport drivers, 2) SKID Pan experiences to master the control and recovery of skidding car in wet or icy conditions and 3) hot laps aboard supercars.

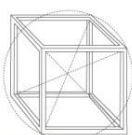


Chart 12 – GT Talent Group, online third-party resellers of CarSchoolBox's experiences



Source: Analyst Presentation

The company leverages the most widespread social media platforms (Instagram, Facebook, LinkedIn), also working with ad hoc testimonials, and relies on recurrent newsletters to continuously nurture its customer base.

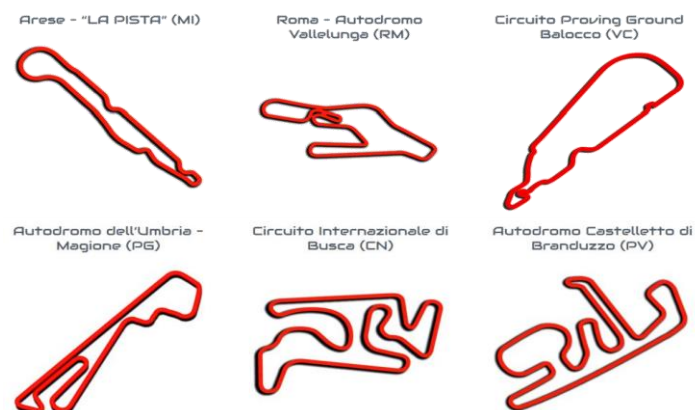
Furthermore, **CarSchoolBox provides** (directly or indirectly through third-party agencies) **its high-adrenaline driving experiences to companies** looking for unforgettable events for its employees, such as team-building activities. In such a case, the company either takes care of the arrangement of the whole event or entrusts all the activities to specialised event organisation agencies, allowing high flexibility in relation to the location, date (usually occurring mid-week), and customised activities. **Major customers previously served include large employers in multiple sectors**, such as ABB, Vodafone, Petronas, Fineco, A2A and Radio Italia.

Noteworthy, in the short- and medium-term **the group plans to considerably expand the B2B segment, given its higher margins and loyalty of the customer base.**

CarSchoolBox's experiences are highly customisable since potential customers are able to choose from a wide spectrum of:

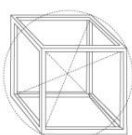
- **Locations:** following an analysis of the main customers' features (age, gender, geographical position, etc.) based upon data collected on its website or on social media platforms, other than a feasibility study by the technical department, CarSchoolBox identifies the best racetracks where the events will take place.

Chart 13 – GT Talent Group, major racetracks where experiences took place in 2023



Source: Company Presentation

Then, **CarSchoolBox books the location for the selected day paying a variable fee ranging from € 3k to € 20k** according to the length and fame of the racetrack. In FY-23, the company held events in more than 15 renowned circuits, among which Vallelunga (Rome) and Vairano (Pavia).



- **Dates:** based upon 1) an analysis of data from past events (number of reservations and general preferences), 2) availability of dates of the host circuits, and 3) trends in recent orders, the company schedules and books the venues in advance, reserving more days in a given month for the most popular racetracks. **The calendar for the year ahead is entirely scheduled in November.** Typically, events arranged for companies (B2B) take place in mid-week whilst on weekends for end-customers (B2C).
- **Sportscars:** GT Talent Group's fleet used for both CarSchoolBox activities as well as the GT Talent show comprises several sportscars of top-branded companies, among which Ferrari, Lamborghini and Subaru.

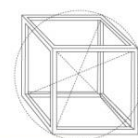
In order to offer its customers the most comprehensive list of sportscars to choose from and, at the same time, maintain operational flexibility, the company frequently enters into leasing and rental agreements with specialised companies with whom has established enduring relationships. As of today, **the company has leased three sportscars, including a Ferrari 488 GTB and Lamborghini Huracan EVO** while the vehicles under rental agreements mainly include three well-known Ferrari models, a Lamborghini Gallardo along with the one used to take part in the MitJet Championship. Finally, **the company fully owns an Audi R8.** In 2023, the expense for sportscars rented from third parties amounted to € 209k.

In addition to the abovementioned, CarSchoolBox owns **three trucks and two tractor-trailers to meet all the crucial logistics needs**, namely efficiently moving the supercars fleet and the staff from one racetrack to another. The pre-event logistics activities, coordinated by experienced personnel, include a mechanical inspection of each sportscar to ensure customers safety as well as the correct procurement of the exhibition material.

Table 2 – GT Talent Group, company's major proprietary, leased or rented sportscars

	Model
	Audi Q8*
	Audi R8
	Lamborghini Huracan EVO*
	Ferrari 488 GTB*
	Lamborghini Gallardo*
	Ferrari F8 Tributo*
	MitJet*

Source: Company Presentation; * leased or rented



In the event of unexpected issues (engine or mechanical failure), the staff promptly looks for a replacement to rent or, under extreme circumstances, postpone the experience.

- **Number of laps:** CarSchoolBox's comprehensive offering allows **customers to choose among 5 different packages** (Rookie, Pro, Champion, Master and Legend), from a minimum of two laps up to ten. The price for each package falls within the range of **€ 100 - € 400**, and **expires after 18 months**.

Naturally, aside from the abovementioned standardised packages, **a potential customer is able to fully-customise the driving experience as desired** by selecting the favourite supercar, number of laps and racetrack among those available on CarSchoolBox's website.

On the day of the event, the driving experiences are scheduled in several timeslots. All in all, the event consists of three distinct stages:

- **Check-in:** drivers are required to showcase their driving license and fill out a liability release. During this phase, the company has the opportunity to upsell the experience, for instance suggesting additional laps or even a vehicle upgrade.
- **Briefing:** here, a qualified CarSchoolBox's instructor explains to participants the main safety rules and shows the basic functioning of the vehicles. Noteworthy, **the instructor will always be on board**.

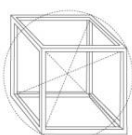
Chart 14 – GT Talent Group, CarSchoolBox's driving experiences



Source: Company Presentation

- **Reconnaissance and lights out:** the drivers are finally taken trackside. After a lap aboard a SUV to let them visually learn the circuit and where the instructor provides tips and illustrates the main breakpoints, participants finally enjoy their driving experience.

At the end of the day, **CarSchoolBox releases a customised certificate of attendance to each participant** and allows them to purchase selected merchandising under the Ferrari and Lamborghini brands, on the back of a **distribution agreement secured with both companies**.

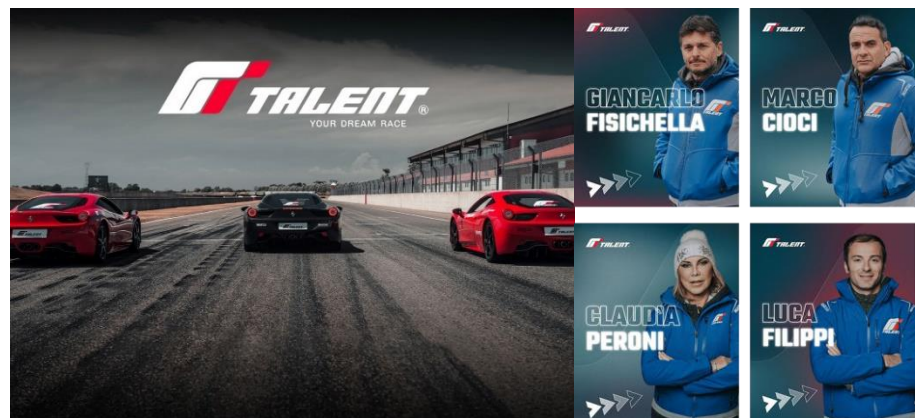


5.2. Scuderia Gentile: the creator of the GT Talent show

Established in 2020 by the current CEO Cosimo Saracino, **Scuderia Gentile engages in the design, development, and realisation of GT Talent, the first-ever domestic motorsport talent show** dedicated to amateur drivers cultivating the dream to transform a mere passion into a profession.

The format, now in its third season, is organised into four different stages (selections, qualifying, semifinals and finals) where drivers' skills are put to the test and evaluated by a judging panel made up of four competent and prominent motorsport testimonials. The **GT Talent show has landed on the major streaming platforms** (Discovery+, MotorTrend) and, in 2023, has embarked on an internalisation path by beginning the selection process in France and Spain.

Chart 15 – GT Talent Group, GT Talent show 2023 judging panel



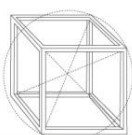
Source: Company Presentation

Moreover, **the company set up a proper racing team named GT Talent Racing**, which is composed of drivers, race engineers, mechanics and professional technicians. In particular, **the team made its debut in the Italian MitJet Championship in 2022**, racing with 6 professional drivers on board of 3 GT supercars. Every supercar is required to pay a **€ 12k registration fee** to take part in the championship.

The GT Talent show is closely linked with the GT Talent Racing Team as, each year, **the talent's winner is given the chance to race with the team for one race**. In the near future, the company plans to move up to higher categories and set up a dedicated programme for junior drivers with the aim of making them grow and, subsequently, debut in various motorsport categories.

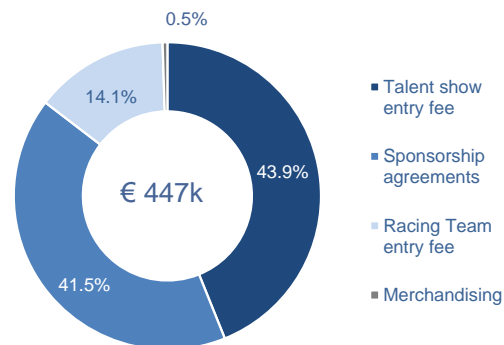
In FY-23, Scuderia Gentile's business model comprised four distinct revenue sources:

- **An entry fee paid by each driver taking part in the GT Talent show (43.9% of the total)** is currently equal to € 219 for the ongoing selections of the 4th season.
- **Sponsorship agreements (41.5% of the total)**, contributing to the realisation of the TV show either through a cash consideration or the provision of technical equipment. In FY-23, main sponsorship agreements comprised, inter alia, Sparco (an Italian leading manufacturer of motorsport equipment), Goodyear, Shell and Radio Italia.
- **An entry fee to race with the GT Talent Racing Team (14.1% of the total)** is paid by each driver participating in the Italian MitJet Championship.
- **Official merchandising (0.5% of the total)**, exhibited at every location where the selections are held.



It is worth mentioning that **an additional revenue source will be visible in the next years**. In detail, it will consist of a cash consideration based on the number of views on the major streaming platforms (Discovery+, MotorTrend etc.) or a significant contribution to the overall production costs.

Chart 16 – GT Talent Group, FY-23 Scuderia Gentile's revenues breakdown



Source: CFO SIM elaboration on company data

The GT Talent's format can be broken down into a **Preliminary Stage** and a **Final Stage**. The former can further be fragmented into three different phases (Selection, Qualifying and Semifinals), which are propaedeutic to the selection of the drivers who will gain access to the latter. The Semifinal and Final stages are those being filmed and subsequently broadcasted.

The company takes care of the selection of the racetracks where the **Preliminary Stage** will take place. In the latest edition, the company selected four popular circuits located across the whole peninsula (Northern and North-Central, South-Central and Southern Italy) in order to maximise the number of participants and spread awareness of the initiative, other than three circuits across France and Spain.

After participants, aged between 18 and 65, have selected their desired racetrack and date among those listed on GT Talent's website, the Preliminary Stage unfolds as follows:

- **Selection:** drivers will face three different tests, namely: 1) **Driving Simulator**, 2) **Skid Car**, designed to test the drivers' skills in a 'loss of grip' condition simulated thanks to a special equipment put on the back wheels and, 3) **Track Test** driving GT supercars, also including a bonus/malus points award based on a predetermined scheme noted by a qualified instructor on board.
- **Qualifying**, comprising a go-kart race where only half of the drivers will pass to the Semifinals.
- **Semifinals:** drivers are required to race aboard a MitJet supercar, and only eight of them will be admitted to the Final Stage.

Scuderia Gentile drafts the script of the Final Stage in close collaboration with a media production company, to which all the production and distribution activities are entrusted. Afterwards, the company selects the racetrack that best fits to the needs to gauge the drivers' skills in the Final Stage.

Presented by Paolo Piva, radio speaker of Radio Italia and RDS, **the Final Stage envisages several tests where the drivers' abilities** are evaluated by a judging panel composed of four prominent motorsport testimonials.

In the latest edition, the jury comprised **Giancarlo Fisichella** (former F1 driver and last Italian to win an F1 Grand Prix), **Marco Cioci** (former GT driver), **Claudia Peroni**, (journalist and former rally driver), and **Luca Filippi** (former GP2, IndyCar and Formula-E driver).

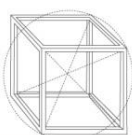


Chart 17 – GT Talent Group, Talent show's team and major broadcasters



Source: Company Presentation

The winner is awarded the chance to **pursue the ACI Sport License** and, most importantly, to take part in an **official race in the MitJet Championship with the GT Talent Racing Team**.

The success of the format paved the way for **the internalisation of the show in 2023** as Scuderia Gentile hosted three dates of the selection process in well-known racetracks located in France (La Fertè Gaucher) and Spain (Catalunya and Jarama), respectively. The same three racetracks were confirmed for the next GT Talent edition, expected to be broadcasted in 2025.

Moreover, in October 2024 **GT Talent has signed a preliminary agreement with a US-based company**, XR Consulting LLC, to land the talent show on the US market.

XR Consulting, via its subsidiary **Dream Racing**, offers driving experiences aboard of the most famous sportscars (among which Ferrari, Lamborghini and Porsche) around the fascinating **Motor Speedway race track of Las Vegas**.

Notably, the agreement provides for:

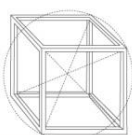
- The creation of **GT Talent USA, a 50/50 joint venture** headquartered in Las Vegas;
- A governance structure that will allow the full consolidation of the newly-established joint venture by GT Talent;
- XR Consulting's know-how, expertise as well as its established relationships with sponsors and broadcasters, will be made available to the replication of the GT Talent show in the US market.

The final terms of the agreement will be defined by year-end and **GT Talent USA will enter into operations as from 2025**.

Scuderia Gentile's FY-23 revenues totalled € 447k, mostly related to the drivers' subscription fee and the sponsorship agreements while the contribution stemming from the streaming of the show on the OTT platforms is still negligible, although expected to gain traction in the upcoming years.

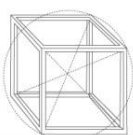
In particular, the sponsorship agreements finalised by Scuderia Gentile may be of various nature, such as:

- **A one-time cash consideration**, mainly employed for the organisation, production and marketing activities;
- **The provision of branded technical equipment**, to be showcased during the episodes (i.e. Sparco or Goodyear);
- **Incurring certain operating costs** (i.e. Radio Italia markets the show through its channels).



On the contrary, the agreements with the streaming platforms entail a consideration based upon:

- **Number of streaming hours;**
- **A % of the operating expenses**, (an agreement of this kind is under discussion with Discovery+);
- **A cash contribution for each episode uploaded** to a platform's library (an arrangement of this kind is under discussion with the Mediaset group).



6. Strategy

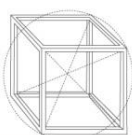
GT Talent Group has established itself as one of the leading Italian motorsport entertainment companies by embarking on a steady growth path since its foundation, less than 10 years ago. Now, the management's efforts underpinning the next growth stage of the company will be primarily geared towards 1) the expansion of the fleet of supercars, mainly through lease agreements, 2) the development of the B2B segment, 3) the strengthening of the commercial salesforce as well as, 4) the rapid expansion of the GT Talent show abroad, primarily in the US.

We want to underline that, **based on our estimates, in the short-term the IPO fresh resources will be mainly used to rebalance the group's capital structure** by lowering the current indebtedness, which poses significant challenges in meeting the company's short and long-term obligations.

In greater detail, GT Talent Group's medium-term strategy will be focused on:

- **Enlarge the asset base dedicated to core activities:** in particular, the company's management intends to **progressively expand its supercars fleet**, so as to reduce its reliance on third-party car rentals and, consequently, the overall operating costs.
- **Expanding the B2B segment:** the company plans to gradually **increase B2B events and certified safe driving programs**, benefitting from the incentives made available to companies to enhance workplace safety. Moreover, the B2B segment is characterised by a **more loyal customer base** (i.e. is subject to less reshuffle compared to the B2C segment) as well as **higher margins**.
- **Strengthening the commercial salesforce and brand awareness:** in order to cope with the ambitious expansion plan, the company aims to 1) **reinforce its technical and commercial teams** and, 2) **enhance the brand awareness** of both CarSchoolBox and the GT Talent show by undertaking targeted omnichannel marketing campaigns. Finally, a portion of proceeds **will be allocated to update the IT systems**. In particular, the company has completely renovated and recently launched its brand-new website.
- **Internationalisation of the business:** the company plans to gain a bolder presence abroad, mainly in Europe and the US, either with a **direct presence** or by entering into **long-term partnerships** with local players. The internationalisation of the GT Talent show coupled with an ever-increasing worldwide presence in TV schedules and streaming platforms should act as a strong growth driver in the medium term.

As a matter of fact, in mid-October **GT Talent signed a preliminary agreement to set up GT Talent USA, a 50/50 joint venture headquartered in Las Vegas, with the aim to land the talent show on the US market**, marking a significant milestone in the company's expansion strategy.



7. 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

- ❑ **One of the leading domestic players** providing high-adrenaline driving experiences
- ❑ GT Talent Group is **a first-mover in the realisation of a motorsport talent show** in Italy
- ❑ **Comprehensive offer** across segments (**B2C and B2B**) leveraged via an omnichannel distribution strategy
- ❑ **The GT Talent show provides a unique marketing lever** to cross-sell and up-sell the company's services

WEAKNESSES

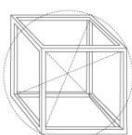
- ❑ **Continuous reshuffle of the customer base**, since the services offered are intrinsically not recurrent
- ❑ **Smaller size** compared to main peers
- ❑ **Few key relevant people** represent a vital asset for the company
- ❑ **The GT Talent show requires substantial investments every year** for its production

OPPORTUNITIES

- ❑ **The rapid expansion of the GT Talent show**, empowered by the potential speed of dissemination thanks to streaming platforms
- ❑ **The replication of the GT Talent show** in the United States
- ❑ **Acquisition of new sportscars** to expand the proprietary fleet and enhance the overall selling proposition

THREATS

- ❑ A **slowdown in economic activity could reduce consumers spending** on discretionary services
- ❑ **Launch of similar talent shows** from close competitors
- ❑ **Risks related to the impossibility of refinancing the current indebtedness**



8. Recent Results

Hereafter we summarise the key financial metrics of CarSchoolBox and Scuderia Gentile, in order to provide a comprehensive overview of the group's two subsidiaries over the 2021-2023 period.

Table 3 – GT Talent Group, FY 2021-23 CarSchoolBox's results summary

€ m	2023	2022	2021	% CAGR ₂₁₋₂₃
Revenues	1.098	0.922	0.454	55.4
Increase in finished products and Internal Works	0.253	(0.006)	0.007	
Other revenues	0.112	0.002	0.079	
Value of Production	1.462	0.917	0.540	64.6
EBITDA	(0.030)	0.077	(0.100)	n.m.
% margin	-2.1%	8.4%	-18.5%	
EBIT	(0.030)	0.031	(0.112)	n.m.
% margin	-2.1%	3.4%	-20.8%	
Pre-Tax profit	(0.063)	0.018	(0.125)	n.m.
% margin	-4.3%	2.0%	-23.1%	
Net Profit	(0.055)	0.008	(0.089)	n.m.
% margin	-3.8%	0.8%	-16.6%	

Source: Company data, CFO SIM analysis

In FY-23, CarSchoolBox reported revenues of € 1,098k from € 454k in FY-21 (CAGR₂₁₋₂₃ over 55%), benefitting from a steady increase in the sale of driving experiences intended for both the B2C and B2B customer segments. Value of Production reached € 1,462k and primarily includes the capitalisation of costs aimed at the development of new experiences for the B2B segment as well as a windfall profit (ca. € 98k) stemming from the sale of a proprietary vehicle.

Notwithstanding a growing top line, EBITDA came in still below the break-even level in FY-23, after posting a positive figure (€ 77k, 8.4% margin on VoP) in the prior year.

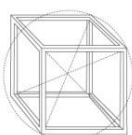
Table 4 – GT Talent Group, FY 2021-23 Scuderia Gentile's results summary

€ m	2023	2022	2021	% CAGR ₂₁₋₂₃
Revenues	0.458	0.296	0.361	12.5
Increase in finished products and Internal Works	0.815	0.976	0.070	
Other revenues	0.041	0.039	0.021	
Value of Production	1.314	1.311	0.453	70.3
EBITDA	0.174	0.105	0.076	50.9
% margin	13.2%	8.0%	16.9%	
EBIT	0.131	0.071	0.062	45.5
% margin	10.0%	5.4%	13.7%	
Pre-Tax profit	0.012	0.068	0.055	(53.3)
% margin	0.9%	5.2%	12.2%	
Net Profit	0.002	0.045	0.040	(79.8)
% margin	0.1%	3.5%	8.8%	

Source: Company data, CFO SIM analysis

Since its foundation in 2020, Scuderia Gentile embarked on an outstanding growth path, as top-line passed from € 361k in FY-21 to € 458k in FY-23, mainly reflecting the increasing success of the GT Talent show. In greater detail, drivers' subscriptions and sponsorship agreements contributed 43.9% and 41.5% of the total, respectively, while the remainder was ascribable to the participation fee to race with GT Talent Racing Team and the sale of selected merchandising. However, the latter had an overall negligible impact.

EBITDA totalled € 174k, up by 65.5% YoY with margin expanding 520bps on the back of higher operating leverage. Nevertheless, the bottom line remained slightly above the break-even level mainly as a result of both higher financial charges and, to a lesser extent, D&A expenses. The magnitude of the latter, however, was partially mitigated by the company's decision to suspend the amortisation of both tangible and intangible assets, in accordance with the Legislative Decree 198/2022.



8.1. FY-23 Results

In 2023, GT Talent Group has drawn up its first consolidated financial statements and, consequently, the reported results are not comparable with the prior year.

Table 5 – GT Talent Group, 2023 results summary

€ m	2023
CarSchoolBox	0.992
Scuderia Gentile	0.447
Revenues	1.439
Increase in finished products and Internal Works	1.077
Other revenues	0.153
Value of Production	2.670
Raw material and processing	(0.258)
Services	(1.355)
Personnel expenses	(0.292)
Other opex	(0.558)
EBITDA	0.207
% margin	7.8
D&A	(0.049)
EBIT	0.158
% margin	6.0
Financials	(0.153)
Pre-Tax profit	0.005
% margin	0.2
Income taxes	(0.009)
Tax rate	n.m.
Minorities	(0.000)
Net Profit	(0.004)
% margin	
NFP debt/(cash)	2.621
Net Equity	0.664

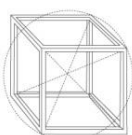
Sources: Company data

On a consolidated basis, in 2023, **GT Talent Group achieved revenues of € 1,439k**, driven by a steady growth of both business lines. In particular, **CarSchoolBox totalled € 992k (68.9% of the total)**, mainly driven by the B2C customers, accounting for 81.9% of the total while the remainder was attributable to the fast-growing B2B sales channel, engaged in the end-to-end organisation of corporate events. Scuderia Gentile's revenues totalled € 447k, up by approximately 50% YoY.

Value of Production was € 2,670k. The gap with revenues **comprises € 1,007k related to the increase in fixed assets for internal works**, reflecting all the expenses incurred for 1) the realisation of the GT Talent show (ca. € 800k), 2) the development of new projects regarding CarSchoolBox's B2B activities and, 3) an R&D project aimed at the realisation of a unique wearable technology intended for monitoring drivers' parameters. Moreover, the Other Revenues line item encompasses a windfall profit of roughly € 150k resulting from the sale of a proprietary supercar along with certain non-core fixed assets.

EBITDA was € 207k, 7.8% margin on VoP, while **EBIT came in at € 158k, 6.0% margin**, as the company decided to make use of the option to suspend the amortisation of both tangible and intangible assets, in accordance with the Legislative Decree 198/2022. **Net Profit came in slightly below the break-even level**, primarily burdened by net financial charges of € 153k.

Net Financial Position stood at € 2,621k debt (12.6x EBITDA₂₃, 4.9x Net Equity₂₃), as a result of the huge investment plan aimed to sustain the company's future growth. In particular, **Capex totalled € 3.4m**, mainly reflecting the capitalisation of costs incurred for the realisation of the GT Talent show and only partially offset by a favourable NWC dynamic.



8.2. H1-24 Results

In 2024 GT Talent Group reported its first interim results, thus the reported results are not comparable with the prior year.

Table 6 – GT Talent Group, H1-24 results

€ m	H1-24
CarSchoolBox	0.704
Scuderia Gentile	0.201
Revenues	0.905
Increase in finished products and Internal Works	0.356
Other revenues	0.001
Value of Production	1.263
Raw material and processing	(0.142)
Services	(0.619)
Personnel expenses	(0.192)
Other opex	(0.303)
EBITDA	0.007
% margin	0.6%
D&A & Provision	(0.134)
EBIT	(0.127)
% margin	-10.0%
Financials	(0.139)
Pre-Tax profit	(0.265)
% margin	-21.0%
Income taxes	(0.050)
Tax rate	-18.8%
Minorities	(0.005)
Group's Net Profit	(0.320)
% margin	-25.3%
NFP debt/(cash)	4.168

Sources: Company data

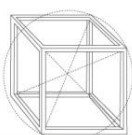
In H1-24, revenues were € 905k. In terms of business lines:

- **CarSchoolBox (77.8% of total revenues)** totalled € 704k, driven by an increase in average revenue per B2C events (€ 31k per event, up from € 23k in FY-23), accounting for 84.7%. Additionally, 7 B2B events were realised during the semester (10 events in 2023);
- **Scuderia Gentile (22.2% of total revenues)** contributed € 201k, fuelled by talent subscriptions (748 since the launch in April), along with sponsorship and pilot fees.

Value of Production was € 1,263k, after an increase in fixed assets for internal works of € 356k, primarily linked to expenses for the talent show.

EBITDA was € 7k, 0.6% margin on VoP, while **EBIT came in negative by € 126k**, burdened by an increase in amortisation mainly attributable to a change in the accounting treatment for lease payments. **Net Profit came in negative by € 215k**, following net financial charges of € 139k and taxes.

Net Financial Position stood at € 4,168k debt, considerably increasing from € 2,621k debt reported at year-end 2023, following a negative operating cash flow of € 207k and capex of € 717k, mainly attributable to listing costs, GT Talent show production costs and the development of the new B2B experience for CarSchoolbox.



9. Financial Forecasts

Set up in 2015 by the passion of the current CEO Cosimo Saracino, **GT Talent Group has undertaken a steady growth path that led the company to establish itself as one of the few leaders in this market niche.** In the short term, the company's management aims to enrich CarSchoolBox's driving experiences by expanding the fleet of supercars and racetracks available and, most importantly, bringing the GT Talent show to an international level, leveraging its massive scalability potential.

Our estimates are made on a post-money basis and consequently do include the injection of the IPO fresh resources (nearly € 1.6m) as well as the impact of the related listing costs (c. € 0.7m).

In the short-term, **we believe that the IPO fresh resources will be mainly used to rebalance the group's capital structure** by lowering the current indebtedness, which poses significant challenges in meeting the company's short and long-term obligations.

It is worth remembering that **the founder and main shareholder of GT Talent Group, i.e. Cosimo Saracino, accepted to qualify 100,000 shares as Price Adjustment Shares** (7.2% of the share capital), which are not listed and subjected to the achievement of certain targets with respect to Revenues and Net Financial Position in 2025-26, namely:

- **2025:** Revenues of € 3.5m and Net Financial Position of € 2.6m;
- **2026:** Revenues of € 4.5m and Net Financial Position of € 2.6m.

Should GT Talent Group not achieve the abovementioned targets, the Price Adjustment Shares will be cancelled according to a linear progression.

Top-line estimates are based on different assumptions for each of the group's two subsidiaries:

- **CarSchoolBox is expected to expand at a CAGR_{23-26e} of 21.6%**, driven by a steady increase in the number of driving experiences sold as well as the average price paid by each customer, mainly resulting from 1) enriching the fleet of available supercars and racetracks, 2) a higher visibility of CarSchoolBox brand primarily due to a more effective digital marketing strategy and, 3) new strategic partnerships with large sellers of gift cards or online vouchers. Furthermore, **the B2B segment is expected to represent a meaningful source of revenues over the projection period**, having a positive impact on margins too, given its higher value-added. **As for 2024, the company expects to organise approximately 13 corporate events.**
- **Scuderia Gentile is anticipated to exhibit the highest growth rate over the 2023-26 period (CAGR_{23-26e} of 59.1%)**, reaching roughly € 1.8m in 2026, in light of the huge company's potential to scale the GT Talent show globally. In particular, a fast increase in the popularity of the show across the main international streaming platforms and TV channels should increase the number of viewers by a sizeable amount which, in turn, attract companies eager to enter into sponsorship agreements to market their products, generating a virtuous cycle that can lead to a dramatically rise in revenues.

However, **we deem the execution risk of the initiative as rather high**, as the show is still in an early-stage phase and requires huge initial investments to be scaled. Additionally, the two main streams of revenues, i.e. sponsorship agreements and broadcasting, have low visibility and are usually not recurrent.

Overall, **CFO SIM expects revenues to show a 35.6% CAGR_{23-26e}.**

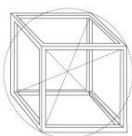


Table 7 – GT Talent Group, 2023-26e top-line growth evolution breakdown

€ m	2023	2024e	2025e	2026e	% CAGR ₂₃₋₂₆
Revenues	1.440	1.693	2.673	3.589	35.6
CarSchoolBox	0.992	1.232	1.468	1.784	21.6
Scuderia Gentile	0.448	0.462	1.205	1.804	59.1
% YoY					
Revenues	-	17.5	57.8	34.3	
CarSchoolBox	-	24.1	19.2	21.5	
Scuderia Gentile	-	3.1	160.9	49.8	
% on total					
Revenues	100.0	100.0	100.0	100.0	
CarSchoolBox	68.9	72.7	54.9	49.7	
Scuderia Gentile	31.1	27.3	45.1	50.3	

Sources: Company data, CFO SIM estimates

Over the 2023-26 period, **the revenues breakdown exhibits the exponential growth of Scuderia Gentile**, whose contribution is expected to account for more than half of the total in 2026, from just 31% in 2023, thanks to the sizeable growth potential of the GT Talent show.

Table 8 – GT Talent Group, 2023-26e profitability evolution

€ m	2023	2024e	2025e	2026e	% CAGR ₂₃₋₂₆
CarSchoolBox	0.992	1.232	1.468	1.784	21.6
Scuderia Gentile	0.448	0.462	1.205	1.804	59.1
Revenues	1.440	1.693	2.673	3.589	35.6
Increase in finished products and Internal Works	1.077	0.458	0.471	0.461	
Other revenues	0.153	0.008	0.140	0.070	
Value of Production	2.670	2.159	3.284	4.120	15.6
Raw material and processing	(0.258)	(0.227)	(0.312)	(0.350)	
Services	(1.355)	(1.198)	(1.708)	(2.011)	
Personnel expenses	(0.292)	(0.301)	(0.339)	(0.414)	
Other opex	(0.558)	(0.540)	(0.690)	(0.824)	
EBITDA	0.207	(0.107)	0.236	0.521	36.1
% margin	7.8	(4.9)	7.2	12.7	
D&A & Provision	(0.047)	(0.270)	(0.757)	(0.827)	
EBIT	0.160	(0.377)	(0.521)	(0.305)	n.m.
% margin	6.0	(17.5)	(15.9)	(7.4)	

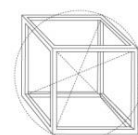
Sources: Company data, CFO SIM estimates

We predict the **Value of Production to exceed € 3.5m in 2026** from € 2.7m registered in FY-23 (CAGR_{23-26e} of 15.6%). A large contribution to this specific line item is given by **the capitalisation of costs incurred for the realisation of the GT Talent show**.

More specifically, **we estimate that the production costs of the GT Talent show are approximately € 0.9m for each season**, in part expensed directly in the P&L (primarily regarding the selection phase) while the remainder, largely relative to the production and editing phase, capitalised on the balance sheet.

EBITDA is expected to soar with a CAGR_{23-26e} of 36.1%, reaching € 0.5m, 13.0% margin on VoP, in 2026 thus growing slightly more than proportionally to top-line. As regards Scuderia Gentile, a gain in traction of the GT Talent show should lead to a better absorption of the operational costs, especially those relative to the video production. With respect to CarSchoolBox's B2C and B2B events, growing revenues should lead to a better utilisation rate of the current supercars fleet and lessen the incidence of the rental costs for racetracks.

It is worth noting that EBITDA is expected to decline sharply below the break-even level in FY-24 in virtue of a change in the accounting policies relative to the costs incurred for the realisation of the GT Talent show as, until 2023, were entirely capitalised on the balance sheet.



D&A expenses are predicted to increase in 2024 compared to 2023, as the company has decided to make use of the option to suspend the amortisation of both the tangible and intangible assets in 2023. A meaningful acceleration in D&A expenses is projected in 2025 and 2026, reflecting the beginning of the amortisation of the GT Talent show's seasons expected to generate broadcasting revenues.

Table 9 – GT Talent Group, 2023-26e below EBIT evolution

€ m	2023	2024e	2025e	2026e	% CAGR ₂₃₋₂₆
EBIT	0.160	(0.377)	(0.521)	(0.305)	n.m.
% margin	6.0	(17.5)	(15.9)	(7.4)	
Financials	(0.153)	(0.232)	(0.246)	(0.246)	
Re/(Devaluation) of financial assets	(0.002)	0.000	0.000	0.000	
Forex gain/(loss)	0.000	0.000	0.000	0.000	
Pre-Tax profit	0.005	(0.609)	(0.768)	(0.552)	n.m.
% margin	0.2	(28.2)	(23.4)	(13.4)	
Income taxes	(0.009)	0.000	0.000	0.000	
Tax rate	n.m.	n.m.	n.m.	n.m.	
Minorities	(0.000)	(0.000)	(0.000)	(0.000)	
Group's Net Profit	(0.004)	(0.610)	(0.768)	(0.552)	n.m.
% margin	(0.2)	(28.2)	(23.4)	(13.4)	

Sources: Company data, CFO SIM estimates

Consequently, **EBIT and Net Profit are expected to remain negative** over the forecasted period, burdened by the abovementioned reasons along with high-interest rate expenses (estimated above € 200k per year), also resulting from a Net Financial Position progressively worsening.

Table 10 – GT Talent Group, 2023-26e Net Financial Position and financial solidity

€ m	2023	2024e	2025e	2026e
Net Financial Position debt/(cash)	2.741	3.190	3.917	4.196
Gross debt	2.267	3.267	3.517	3.517
EBITDA	0.207	(0.107)	0.236	0.521
Shareholders' equity	0.528	1.469	0.701	0.149
Minorities	(0.000)	(0.000)	(0.000)	(0.000)
Interest charges	(0.153)	(0.232)	(0.246)	(0.246)
Interest Coverage (EBITDA) - x	1.4	(0.5)	1.0	2.1
NFP/EBITDA (x)	12.6	n.m.	16.6	8.0
NFP/Equity	4.9	2.2	5.6	28.1
Debt/Equity	4.3	2.2	5.0	23.6

Sources: Company data, CFO SIM estimates

Over the 2024-26 period, CFO SIM forecasts cumulated capex of € 2.3m, namely approximately € 600k per year in addition to the capitalisation of the listing costs in 2024 amounting to € 0.7m. The bulk of the investments in intangible assets relates to **the capitalisation of costs intended for the realisation of the GT Talent show (i.e. video production and editing), to the tune of € 450k per year**, while the investment in tangible assets mainly relates to the initial direct costs of leased sportscars and, to a minor extent, technical and technological equipment.

As a result, **GT Talent Group is anticipated to exhibit a negative Free Cash Flow in 2024-26**, with Net Financial Position projected to increase steadily and peak at € 4.2m (8.0x EBITDA) in 2026. Moreover, based on our assumptions **Net Equity is expected to decline over the 2024-26 period**, from approximately € 1.5m in 2024 to € 0.2m in 2026.

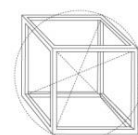
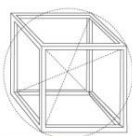


Table 11 – GT Talent Group, 2023-26e NWC, NFP and Return on Capital evolution

€ m	2023	2024e	2025e	2026e
Op. NWC	(0.250)	(0.199)	(0.350)	(0.625)
Inventories	0.000	0.000	0.000	0.000
Receivables	0.233	0.266	0.360	0.361
Payable	(0.484)	(0.465)	(0.710)	(0.986)
Op. NWC/Sales (%)	-17.4%	-11.8%	-13.1%	-17.4%
Capital Employed	2.972	4.912	4.403	3.863
Capital Employed turnover	1.1	2.3	1.3	0.9
NFP debt/(cash)	2.741	3.190	3.917	4.196
NFP repayment YoY (€ m)	2.741	0.449	0.727	0.279
ROACE%	10.8	Neg.	Neg.	Neg.
ROCE %	5.4	Neg.	Neg.	Neg.
ROE %	Neg.	Neg.	Neg.	Neg.
EBITDA	0.2	(0.1)	0.2	0.5
CAPEX	(3.436)	(1.221)	(0.550)	(0.550)
Free Cash Flow	(3.323)	(1.716)	(0.519)	(0.239)
EBITDA FCF conversion %	Neg.	Neg.	Neg.	Neg.

Sources: Company data, CFO SIM estimates

GT Talent Group enjoys favourable NWC dynamics, as a large share of CarSchoolBox driving experiences are usually converted into cash when sold and subscription fees to take part in the talent show are received as advanced payments early in the year. **As a matter of fact, in FY-23 DSO and DPO stood at 32 and 72 days, respectively.**



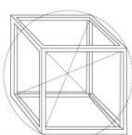
10. Valuation & Risks

CFO SIM initiates coverage on GT Talent Group with a Neutral recommendation and a PT of € 4.00/s, 8.1% upside to current price levels. CFO SIM believes that **the DCF model is the most appropriate methodology to get a reasonable valuation**, in order to better factor in the medium-/long-term value of the stock and considering the lack of comparable companies resulting from the peculiar business model of GT Talent Group.

The **DCF model** is based on the following parameters: $g=2.5\%$, $\beta=1$, $WACC=8.8\%$ and a 50:50 debt/equity balance-sheet structure, reflecting the relatively high current indebtedness of the company. In accordance with the DCF model, we obtain a **valuation of GT Talent Group of € 4.00/s**. A sizeable upside, currently not factored in, could arise from the successful replication of the GT Talent show in the United States.

Since the share price is below the warrants' strike price relative to the first conversion period in 2025, set at € 4.40, we preferred to not factor in any potential cash-in and correspondent increase in the number of shares outstanding stemming from their exercise. Moreover, **our estimates are below the targets set by the Price Adjustment Shares mechanism**, with respect to Revenues and Net Financial Position in both 2025 and 2026. Thus, we computed the per-share equity value by taking into consideration the outstanding number of shares and excluding the conversion of PAS into ordinary shares.

Moreover, we have run a market multiple analysis by defining two distinct peer groups, namely: 1) companies operating in the TV production and broadcasting sector and 2) players offering leisure and recreation experiences.



10.1. DCF

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

Table 12 – WACC derived from:

Interest costs, pre-tax	7.0%
Tax rate	30.0%
Int. costs, after taxes	4.9%
Risk premium, incl. small size premium	9.0%
Risk-free (10Y Gov. Bond 200dd mov. avg.)	3.74%
Beta levered (x)	1.00
Required ROE	12.7%

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 **50:50 debt/equity** balance-sheet structure, reflecting the relatively high current indebtedness of the company, and **Beta = 1**.

Table 13 – GT Talent Group, DCF model

€ m	2024e	2025e	2026e	2027e	2028e	TV
EBIT	(0.4)	(0.5)	(0.3)	0.4	0.7	
Tax rate	30.0%	30.0%	30.0%	30.0%	30.0%	
Operating profit (NOPAT)	(0.3)	(0.4)	(0.2)	0.3	0.5	
Change working capital	(0.1)	0.2	0.3	0.2	0.1	
Depreciation	0.3	0.8	0.8	0.7	0.5	
Investments	(1.2)	(0.6)	(0.6)	(0.5)	(0.5)	
Free Cash Flows	(1.3)	(0.0)	0.3	0.6	0.6	9.2
Present value	(1.3)	(0.0)	0.3	0.5	0.4	6.5
WACC	8.8%	8.8%	8.8%	8.8%	8.8%	
Long-term growth rate	2.5%					

Source: CFO SIM

Table 14 – GT Talent Group, DCF derived from:

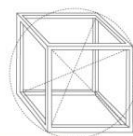
€ m	
Total EV present value € m	6.4
<i>thereof terminal value</i>	101.4%
NFP FY-23 + IPO Proceeds	(1.2)
Pension provision	(0.0)
Minorities	(0.0)
Equity value € m	5.2
#m shares (excl. treasury shares and PAS)	1.292
Equity value €/s	4.00
<i>% upside/(downside)</i>	8.1%

Source: CFO SIM

The application of our DCF model generates an equity value of € 5.2m, € 4.00/s for GT Talent Group.

Since the share price is below the warrants' strike price relative to the first conversion period in 2025, set at € 4.40, we preferred to not factor in any potential cash-in and correspondent increase in the number of shares outstanding stemming from their exercise.

Moreover, our estimates are below the targets set by the Price Adjustment Shares mechanism, with respect to Revenues and Net Financial Position in both 2025 and 2026. Thus, the per-share equity value was computed by taking into consideration the outstanding number of shares and excluding the conversion of PAS into ordinary shares.



The following tables illustrate that sensitivity, 1) compared to changes in the terminal growth rate, produces an equity value of **€ 3.46-4.75/s (perpetuity range between 1.75% and 3.25%)**, while, 2) if compared to changes in the risk-free rate, it produces an equity value of **€ 3.67-4.44/s (risk-free range between 4.49% and 2.99%)** and, 3) if compared to changes in the risk premium, including small size premiums, it results in an equity value of **€ 3.35-4.90/s (risk premium range between 10.50% and 7.50%)**.

Table 15 – GT Talent Group, equity value sensitivity to changes in terminal growth rate

€ m	1.75%	2.00%	2.25%	2.50%	2.75%	3.00%	3.25%
PV of Cash Flows	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
PV of Terminal Value	5.8	6.0	6.3	6.5	6.8	7.1	7.4
Enterprise Value	5.7	5.9	6.2	6.4	6.7	7.0	7.4
NFP last reported + IPO Proceeds	(1.2)	(1.2)	(1.2)	(1.2)	(1.2)	(1.2)	(1.2)
Pension provision	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Minorities	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Equity value	4.5	4.7	4.9	5.2	5.5	5.8	6.1
Equity value/share €	3.46	3.64	3.83	4.00	4.25	4.49	4.75

Source: CFO SIM

Table 16 – GT Talent Group, equity value sensitivity to changes in risk-free rate

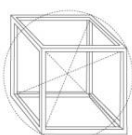
€ m	2.99%	3.24%	3.49%	3.74%	3.99%	4.24%	4.49%
PV of Cash Flows	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
PV of Terminal Value	7.0	6.8	6.7	6.5	6.4	6.2	6.1
Enterprise Value	6.9	6.8	6.6	6.4	6.3	6.1	6.0
NFP last reported + IPO Proceeds	(1.2)	(1.2)	(1.2)	(1.2)	(1.2)	(1.2)	(1.2)
Pension provision	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Minorities	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Equity value	5.7	5.5	5.4	5.2	5.0	4.9	4.7
Equity value/share €	4.44	4.30	4.16	4.00	3.91	3.79	3.67

Source: CFO SIM

Table 17 – GT Talent Group, equity value sensitivity to changes in risk premium

€ m	7.50%	8.00%	8.50%	9.00%	9.50%	10.00%	10.50%
PV of Cash Flows	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
PV of Terminal Value	7.6	7.2	6.8	6.5	6.2	5.9	5.7
Enterprise Value	7.5	7.1	6.8	6.4	6.1	5.8	5.5
NFP last reported + IPO Proceeds	(1.2)	(1.2)	(1.2)	(1.2)	(1.2)	(1.2)	(1.2)
Pension provision	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Minorities	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Equity value	6.3	5.9	5.5	5.2	4.9	4.6	4.3
Equity value/share €	4.90	4.58	4.30	4.00	3.79	3.56	3.35

Source: CFO SIM



10.2. Market Multiples

GT Talent Group operates in the **motorsport entertainment sector**, providing its passionate customer base with **high-adrenaline driving experiences** aboard the most well-known sportscars around the main Italian circuits. Moreover, the company offers aspirational talents the chance to become professional drivers by participating in its **innovative and well-crafted talent show, "GT Talent"**.

In order to run a market multiple analysis, we set two distinct peer groups, namely 1) companies operating in the TV production and broadcasting sector and 2) players offering leisure and recreation experiences.

Our **peer group of TV production and broadcasting companies** encompasses:

ATM Grupa SA: a Poland-based company listed on the Warsaw Stock Exchange since 2017. The firm is engaged in the production of tv shows, film, talk shows and game shows mainly broadcasted by Polish channels. Moreover, it offers production equipment and infrastructures, online video contents and PC softwares for Kids.

Lady Bacardi Media SpA: an Italian company listed on the Euronext Growth Milan segment of Borsa Italiana since 2019 and on the Euronext Growth Paris since 2022. The firm produce and distribute film and television contents and is engaged in four main activities: 1) production and post-production services, 2) video content creation, 3) creation, encoding and digital distribution services and 4) casting management.

Squirrel Media SA: formerly Vertice Trescientos Sesenta Grados SA, is a Spain-based company listed on Euronext Growth Paris since 2021. The company's business is structured in two segments: 1) Cinema, where it comprises the production and co-production of feature films, as well as the distribution and exploitation of rights to audiovisual works; 2) Television, where the company is engaged in the production of films, documents, entertainment programs and competitions for various television channels and audiovisual production.

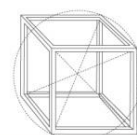
Zinc Media Group PLC: is a United Kingdom-based company, listed on the London Stock Exchange since 2017. The company and its subsidiaries produce quality television and cross-platform content. The company operates through two segments: Television and Content Production. The Television segment include the **production of television content**. The Content Production segment includes brand and corporate film production, radio and podcast production and publishing

The **peer group of leisure and recreation experiences companies** comprises:

Bowlero Corp: an American company listed on the New York Stock Exchange since 2021. The firm manages bowling centers and entertainment venues, offering innovative experiences as well as arcades, food and beverage. The company operates via different brands, e.g. Bowlero, Bowlmor Lanes and AMF.

Compagnie des Alpes SA: a French company listed on Euronext Paris since 1989. The firm manages several sky resorts in the Alps region and amusement parks in Europe. Moreover, since the acquisition of MMV in October 2022, it has become a key player in mountain hospitality.

Erlebnis Akademie AG: a Deutsch company listed on the Frankfurt Stock Exchange since 2008. The firm designs, create and manages 13 treetop walks and adventure forests mainly in Germany and Czech Republic. Moreover, the company is engaged in the creation and management of several kids amusement parks integrated in the woods in Germany, Slovakia and Alsace.



Experience Co Ltd: an Australian company listed on the Australian Securities Exchange since 2018. Its offering encompasses several experiences such as tandem skydiving, reef-based diving, snorkelling, rainforests tours, and aerial adventures.

Hollywood Bowl Group PLC: a United Kingdom-based company listed on the London Stock Exchange since 2018. The firm manages bowling and mini-golf centers in the United Kingdom, via three brands: Hollywood Bowl, Putt&Play and Splitsville.

Major Cineplex Group PCL: a Thailand-based company listed on the Stock Exchange of Thailand since 2003. The firm operates as service provider for movie shows and entertainment, encompassing five segments: 1) theatre business, 2) media and advertisement, 3) bowling and karaoke, 4) space rental and 5) movie contents.

Ollamani SAB: a Mexican company listed on the Mexican Stock Exchange since 2023. The firm was part of Televisa Group, from which it has inherited some business units after the corporate split. It is engaged in several activities within the entertainment sector, such as sports teams' management, gaming and the publication and distribution of magazines.

Pinstripes Holdings Inc: an America company listed on the Toronto Stock Exchange since 2021. The firm offers curated experiences in three different sectors: 1) casual dining, 2) entertainment such as bowling and bocce and 3) private events like birthday parties and weddings.

Round One Corp: a Japanese company listed on the Tokyo Stock Exchange since 2017. The firm manages and set up indoor leisure areas, encompassing bowling alleys, arcade games, karaoke, billiard and sports challenges

Table 18 – GT Talent Group, 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
ATM Grupa SA	PL	84	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Lady Bacardi Media SpA	IT	11	158	130	82.5%	n.a.	n.a.	40.0%	451.3%	n.m.
Squirrel Media SA	ES	113	202	32	15.7%	32.2%	13.4%	4.9%	-7.7%	0.5
Zinc Media Group PLC	UK	17	49	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.a.
Median TV Production & Broadcasting		51	158	81	49.1%	32.2%	13.4%	22.5%	221.8%	0.5
Bowlero Corp	US	1,576	1,143	411	36.0%	6.4%	13.8%	16.9%	n.m.	2.4
Compagnie des Alpes SA	FR	775	1,231	403	32.7%	3.6%	n.a.	n.a.	n.a.	2.3
Erlebnis Akademie AG	DE	10	30	9	30.1%	7.4%	17.5%	n.m.	n.m.	n.a.
Experience Co Ltd	AUS	58	89	17	19.1%	10.6%	43.6%	n.m.	n.m.	0.3
Hollywood Bowl Group PLC	UK	653	276	107	38.8%	8.8%	5.8%	4.0%	8.1%	n.m.
Major Cineplex Group PCL	TH	320	231	66	28.5%	5.4%	10.6%	20.5%	-0.3%	n.m.
Ollamani SAB	MEX	196	316	55	17.3%	18.4%	10.4%	n.a.	10.2%	1.1
Pinstripes Holdings Inc	US	36	136	10	7.3%	n.a.	n.m.	n.m.	n.m.	n.a.
Round One Corp	JP	1,880	1,052	326	31.0%	8.9%	9.6%	n.a.	13.8%	0.7
Median Leisure & Recreation		320	276	66	30.1%	8.1%	10.6%	16.9%	9.1%	1.1
GT Talent Group SpA	IT	5	2	(0)	-6.3%	35.6%	36.1%	n.m.	n.m.	n.m.

Sources: CFO SIM, Refinitiv Eikon

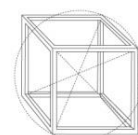


Table 19 – GT Talent Group, peer group EV multiple table

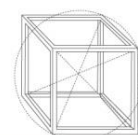
x	Sales FY1	Sales FY2	Sales FY3	EBITDA FY1	EBITDA FY2	EBITDA FY3
ATM Grupa SA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Lady Bacardi Media SpA	0.01	n.m.	n.a.	0.0	n.m.	n.a.
Squirrel Media SA	0.65	0.45	0.37	4.6	3.8	3.2
Zinc Media Group PLC	0.42	n.a.	n.a.	6.5	n.a.	n.a.
Median TV Production & Broadcasting	0.42	0.45	0.37	4.6	3.8	3.2
Bowlero Corp	2.25	2.10	n.a.	6.9	6.2	n.a.
Compagnie des Alpes SA	1.38	1.42	1.31	4.8	4.7	4.2
Erlebnis Akademie AG	n.a.	n.a.	0.65	n.a.	n.a.	2.2
Experience Co Ltd	0.70	0.57	0.47	4.9	3.3	2.4
Hollywood Bowl Group PLC	2.24	2.07	1.92	6.1	5.8	5.4
Major Cineplex Group PCL	1.22	1.08	1.02	5.1	4.2	3.8
Ollamani SAB	0.81	0.90	0.57	4.4	5.3	2.9
Pinstripes Holdings Inc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Round One Corp	2.00	1.82	1.59	7.1	6.2	5.5
Median Leisure & Recreation	1.38	1.42	1.02	5.1	5.3	3.8
GT Talent Group SpA	4.73	3.27	2.51	n.m.	37.0	17.3
% premium/(discount) to TV production Peers	n.m.	n.m.	n.m.	n.a.	n.m.	n.m.
% premium/(discount) to Leisure & Recreation Peers	n.m.	n.m.	n.m.	n.a.	n.m.	n.m.

Sources: CFO SIM, Refinitiv Eikon

Table 20 – GT Talent Group, peer group EV and price multiple table

x	EBIT FY1	EBIT FY2	EBIT FY3	PER FY1	PER FY2	PER FY3
ATM Grupa SA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Lady Bacardi Media SpA	0.1	n.m.	n.a.	2.6	1.4	1.2
Squirrel Media SA	7.8	6.7	5.8	12.4	11.5	10.8
Zinc Media Group PLC	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Median TV Production & Broadcasting	4.0	6.7	5.8	7.5	6.5	6.0
Bowlero Corp	12.8	10.9	n.a.	27.1	27.4	18.0
Compagnie des Alpes SA	9.9	9.0	8.0	7.4	6.1	5.5
Erlebnis Akademie AG	n.a.	n.a.	5.1	6.4	4.5	4.0
Experience Co Ltd	12.0	6.1	4.0	23.2	10.7	7.2
Hollywood Bowl Group PLC	8.8	8.6	8.0	14.6	13.7	13.1
Major Cineplex Group PCL	11.1	8.2	7.5	15.2	12.8	11.5
Ollamani SAB	7.3	12.5	n.a.	7.8	11.5	5.4
Pinstripes Holdings Inc	n.a.	n.a.	n.a.	n.m.	n.m.	n.a.
Round One Corp	n.a.	n.a.	n.a.	18.0	16.0	13.3
Median Leisure & Recreation	10.5	8.8	7.5	14.9	12.2	9.3
GT Talent Group SpA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
% premium/(discount) to TV production Peers	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
% premium/(discount) to Leisure & Recreation Peers	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Sources: CFO SIM, Refinitiv Eikon



10.3. Peer Stock Performance

GT Talent Group was listed on Euronext Growth Milan on 20-Sep-24 at € 4.00/share corresponding to a post-money market capitalisation of approximately € 5.6m. **GT Talent Group currently trades slightly below the IPO price**, and reached an intraday 1Y maximum price of € 4.80/s on 20-Sep-24 and a minimum level of € 3.26/s on 18-Oct-24.

Table 21 – GT Talent Group, peer group and index absolute performance

%	1D	1W	1M	3M	6M	YTD	1Y
ATM Grupa SA	(1.6)	0.2	(1.2)	(1.6)	7.3	20.9	27.8
Lady Bacardi Media SpA	0.0	0.0	0.0	(4.9)	(13.2)	(51.5)	(52.4)
Squirrel Media SA	(2.4)	(6.8)	(13.9)	(23.5)	(20.5)	(16.8)	(11.4)
Zinc Media Group PLC	0.0	(4.8)	(9.9)	(15.1)	(23.9)	(32.6)	(36.2)
Median TV Production & Broadcasting	(0.8)	(2.4)	(5.5)	(10.0)	(16.9)	(24.7)	(23.8)
Bowlero Corp	(0.4)	11.3	(2.6)	2.1	4.7	(18.8)	12.3
Compagnie des Alpes SA	(1.2)	1.2	10.2	16.9	3.7	8.4	10.7
Erlebnis Akademie AG	0.0	(3.8)	(5.1)	(14.6)	(16.4)	(24.4)	(32.6)
Experience Co Ltd	0.0	(7.4)	0.0	(10.7)	(16.7)	(35.9)	(34.2)
Hollywood Bowl Group PLC	(0.3)	(2.5)	2.5	1.0	(10.7)	3.2	17.6
Major Cineplex Group PCL	1.4	(1.4)	(7.8)	4.4	(4.1)	(5.4)	(11.9)
Ollamani SAB	(0.8)	4.7	(7.5)	(15.2)	(7.0)	n.a.	n.a.
Pinstripes Holdings Inc	2.0	1.3	32.6	(62.2)	(74.4)	(93.0)	(92.7)
Round One Corp	(2.4)	13.1	9.0	46.4	48.4	91.2	91.9
Median Leisure & Recreation	(0.3)	1.2	0.0	1.0	(7.0)	(12.1)	(0.6)
GT Talent Group SpA	(2.8)	0.0	6.9	n.a.	n.a.	n.a.	n.a.
MSCI World Index	0.1	3.6	1.6	10.0	10.9	19.6	31.7
EUROSTOXX	(0.7)	(1.1)	(3.2)	3.1	(4.9)	5.2	12.5
FTSE Italia All Share	(0.5)	(2.2)	(1.3)	6.2	(2.4)	10.7	17.7
FTSE Italia STAR	(1.1)	(1.5)	(3.2)	0.7	(7.1)	(6.0)	4.2
FTSE Italia Growth	0.1	(1.5)	(3.4)	(0.2)	(5.3)	(5.8)	2.1

Source: Refinitiv Eikon

Table 22 – GT Talent Group, relative performance

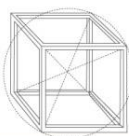
%	1D	1W	1M	3M	6M	YTD	1Y
to MSCI World Index	0.0	(3.6)	5.3	n.a.	n.a.	n.a.	n.a.
to EUROSTOXX	(2.0)	1.1	10.2	n.a.	n.a.	n.a.	n.a.
to FTSE Italia All Share	(2.3)	2.2	8.3	n.a.	n.a.	n.a.	n.a.
to FTSE Italia STAR	(1.7)	1.5	10.1	n.a.	n.a.	n.a.	n.a.
to FTSE Italia Growth	(2.8)	1.5	10.3	n.a.	n.a.	n.a.	n.a.
To Median TV Production & Broadcasting	(2.0)	2.4	12.5	n.a.	n.a.	n.a.	n.a.
To Median Leisure & Recreation	(2.3)	(1.2)	6.9	n.a.	n.a.	n.a.	n.a.

Source: Refinitiv Eikon

10.4. Risks

The main investment **risks** associated with GT Talent Group include:

- a significantly high level of indebtedness, which could not allow to properly run the business in the short-term;
- a high execution risk relative to the strategy aimed at making "GT Talent" a successful and established show, as it currently requires huge investments and relies on hard-to-estimate revenue streams;
- a few key relevant people representing a vital asset for the company;
- a slowdown in economic activity, which could reduce the consumers spending for discretionary services such as those offered by the company.



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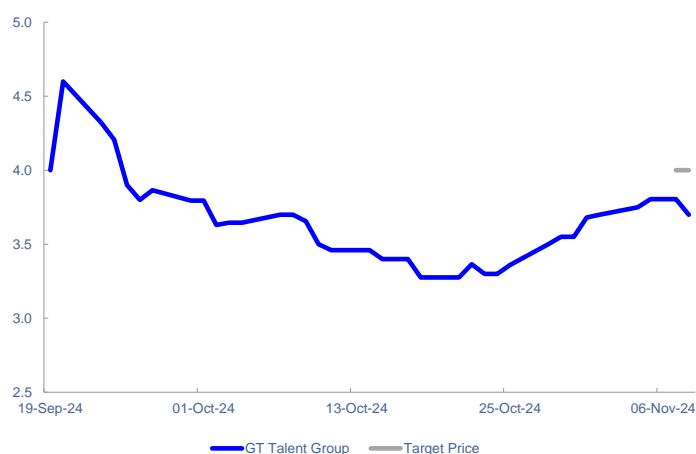
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DATE	TARGET PRICE	RATING
11/11/2024	€ 4.00	NEUTRAL

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