

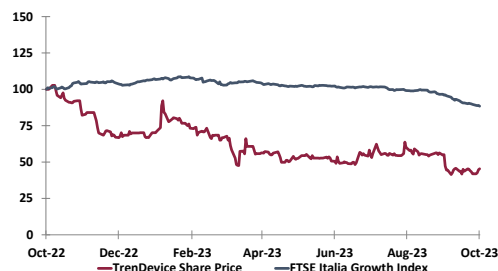


## OUTPERFORM

**Current Share Price (€): 0.27**

**Target Price (€): 0.50**

### TrenDevice - 1Y Performance



Source: S&P Capital IQ - Note: 19/10/2022=100

### Company data

ISIN number	IT0005422792
Bloomberg code	TD IM
Reuters code	TD.IM
Industry	Online consumer electronics retail
Stock market	Euronext Growth Milan
Share Price (€)	0.27
Date of Price	19/10/2023
Shares Outstanding (m)	18.9
Market Cap (€m)	5.0
Market Float (%)	40.0%
Daily Volume	21,000
Avg Daily Volume YTD	60,856
Target Price (€)	0.50
Upside (%)	89%
Recommendation	OUTPERFORM

### Share price performance

	1M	3M	6M	1Y
TrenDevice - Absolute (%)	-18%	-19%	-21%	-55%
FTSE Italia Growth (%)	-8%	-13%	-15%	-13%
1Y Range H/L (€)			0.60	0.24
YTD Change (€) / %			-0.14	-35%

Source: S&P Capital IQ

### Analysts

Luigi Tardella - Head of Research  
ltardella@envent.it  
Silvestro Bonora sbonora@envent.it

### EnVent Italia SIM S.p.A.

Via degli Omenoni, 2 - 20121 Milano (Italy)  
Phone +39 02 22175979

This Note is issued by arrangement with BANCA FINNAT, Issuer's Specialist

This document may not be distributed in the United States, Canada, Japan or Australia or to U.S. persons.

## Focusing on profitable sale channels, management guided €1.9-2.1m EBITDA in 2024

### Trading update: underperformance, on the way to capital strengthening

Over the past 12 months, TrenDevice share price lost 55%, also following the effect of capital stock increase announcement in the last part of September. In this period, the stock has fallen from €0.75 per share at 2022 September end to €0.27 per share as of today, settling around capital increase subscription price. During the same period, the Italia Growth index lost 13%.

### H1 2023: foreign marketplace discontinuation and cost cutting recovered margin, then Q3 sales were 20% up

H1 2023 total revenues were €8.8m, including €0.5m from Regione Campania grant and tax incentives, compared to €10.1m in H1 2022. TrenDevice sales €8.2m, -15% YoY, primarily due to foreign marketplace sales ending, as per management; EBITDA was €0.6m, 7.4% margin, from break-even in H1 2022. Period net loss was €(0.5)m compared to €(0.9)m in H1 2022. Net financial debt was €5.9m from €5.6m at FY22. KPIs Q3 2023 update: sales were €4.6m, +20% on Q3 2022, EBITDA was €0.3 vs €0.2m in Q3 2022. Raised €0.9m (at €0.26 per share) through share capital increase to support growth.

### Outlook: H2 sales and margin expected to grow

Following Q3 2023 updates, management expects revenue growth driven by retail store network expansion and e-commerce channel, which would be added to the rising sales in the last quarter of the year, historically concentrated around Black Friday and Christmas. Management guidelines indicate EBITDA for 2024 at €1.9-2.1m.

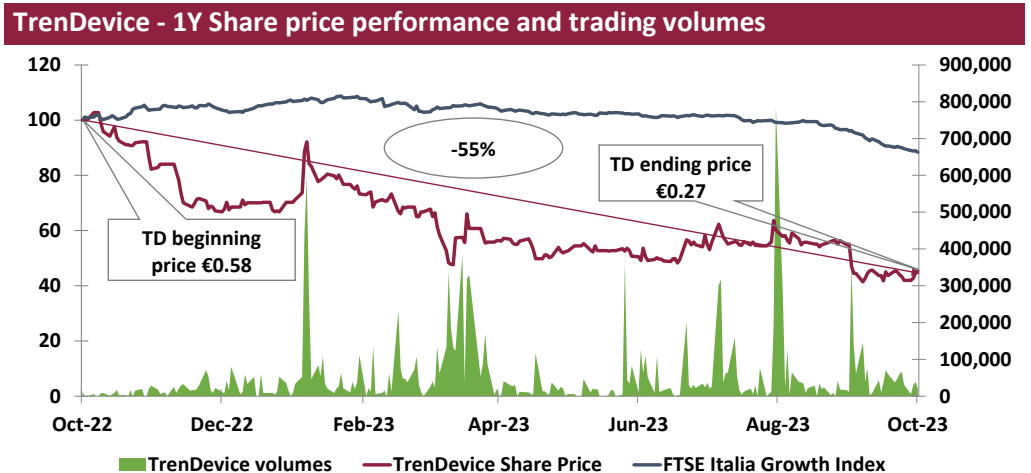
### Target Price €0.50 per share (from €0.60), OUTPERFORM rating confirmed

We have trimmed our FY23E sales forecast, considering a higher share from retail store sales and Q4 favorable seasonal trends. In our view, in the mid-term, enhancing operating leverage is crucial for sustaining profitability. Considering the increased number of shares, our revised valuation sets a target price of €0.50 per share (from €0.60), upholding our OUTPERFORM rating and implying 89% potential upside from the current share price.

€m	2018	2019	2020	2021	2022	2023E	2024E
Revenues	5.1	7.4	9.8	16.6	21.0	20.5	24.8
EBITDA	0.3	0.7	0.8	0.5	0.7	1.6	1.8
Margin	6%	9%	8%	3%	4%	8%	7%
Net Income (Loss)	0.0	0.0	(0.2)	(1.0)	(1.4)	(1.0)	(1.0)
Net (Debt) Cash	(2.0)	(1.8)	(1.5)	(4.1)	(5.6)	(4.9)	(5.3)
Equity	0.3	0.7	3.2	2.3	3.1	3.0	2.0
<b>KEY RATIOS</b>							
TWC/Sales	7%	2%	6%	10%	6%	5%	5%
Capex/Revenues	10%	14%	25%	11%	11%	7%	6%
Net Debt/EBITDA	6.9x	2.7x	2.0x	8.4x	7.6x	3.1x	2.9x

Source: Company data 2018-22A, EnVent Research 2023-24E

## Market update



Source: EnVent Research on S&P Capital IQ - Note: 19/10/2022=100

## Investment case

**Pioneer in the circular economy, a landmark for refurbished smart devices in Italy**

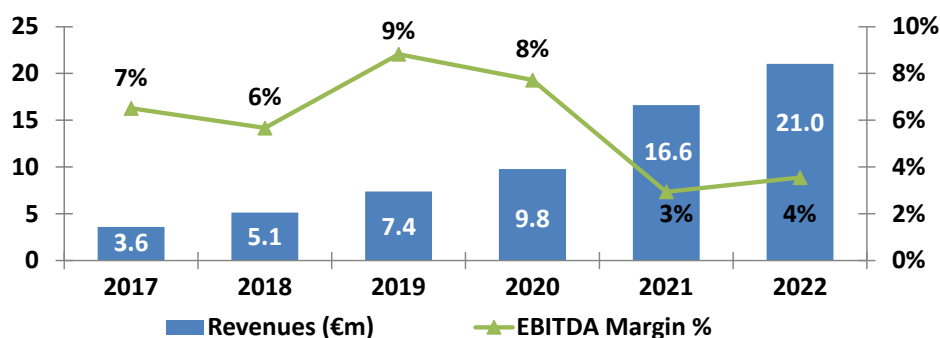
**Diversified sales channels and product&service portfolio**

**Strategy: from a pure B2C online retailer to a multi-service partner for the mobile industry**

TrenDevice, listed on Euronext Growth Milan, is an Italian online re-commerce platform of refurbished premium smartphones, tablets, laptops and wearables, which offers fully performing products with mint/near mint appearance at a lower price than a brand-new item. Founded in 2013, TrenDevice is among the circular economy pioneers in Italy, providing a quality and hassle-free service to saving and sustainability-conscious customers. Products are sold through the own online e-commerce website TrenDevice.com and retail stores. Additional revenues come from: sale of own-branded accessories; services such as memberships, repair, warranty extension, insurance; device rental; fees from the C2C marketplace of used e-devices Validato.it; education courses; franchising fees.

TrenDevice strategy envisages: opening retail stores in key Italian cities (both directly owned and franchised), to enter the unexplored physical channel for refurbished devices; the continuing expansion and diversification of the product&service portfolio.

### Historical Revenues (€m) and EBITDA



Source: Company data

### Industry and Company drivers

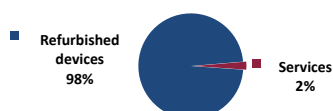
- Smartphones' sales driven by both new launches and replacement needs
- Smartphones become underperforming, refurbished ones are smarter options
- Amplified awareness on ESG themes
- Lifetime service of the used device, with control over the entire value chain
- Proprietary e-commerce platform and data
- Ancillary value-added services

### Challenges

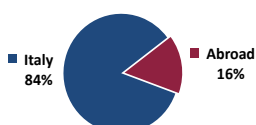
- Highly competitive arena
- Well-funded foreign competitors
- Price pressure within the industry challenges profitability
- Inventory required to meet retail stores and devices rental business demand

### Sales breakdown, 2022

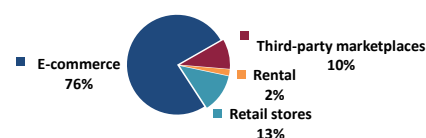
#### Product/service portfolio



#### Geography



#### Channels



Source: Company data

### H1 2023 results, improving working capital and margin

- Total revenues at €8.8m, including €0.5m from Regione Campania grant and tax incentives
- Material costs weight on total revenues was 72%, 80% in H1 2022
- EBITDA at €0.6m, breakeven in H1 2022
- Net loss €(0.5)m, €(0.9)m in H1 2022
- Net debt at €5.9m vs €5.6m at year-end 2022
- Trade working capital decreased to €0.7m from €1.3m at year-end 2022, thanks to lower inventory (€1.6m vs €1.9m) and receivables (€0.3m vs €0.5m), while payables rose at €1.3m from €1.1m at year-end 2022

### Profit and Loss

€m	H1 2022	H1 2023
Sales	9.6	8.2
Other income	0.5	0.6
<b>Revenues</b>	<b>10.1</b>	<b>8.8</b>
YoY %	92%	-13%
Materials	(8.1)	(6.3)
Services	(1.2)	(0.9)
Personnel	(0.8)	(0.9)
Other operating costs	(0.1)	(0.1)
<b>Operating costs</b>	<b>(10.1)</b>	<b>(8.2)</b>
<b>EBITDA</b>	<b>0.0</b>	<b>0.6</b>
Margin	0.0%	7.4%
D&A	(0.9)	(1.0)
Provisions	(0.1)	(0.1)
<b>EBIT</b>	<b>(0.9)</b>	<b>(0.5)</b>
Margin	-9%	-5%
Interest	(0.4)	(0.4)
<b>EBT</b>	<b>(1.3)</b>	<b>(0.9)</b>
Margin	-13%	-10%
Income taxes	0.4	0.3
<b>Net Income (Loss)</b>	<b>(0.9)</b>	<b>(0.5)</b>
Margin	-9%	-6%

Source: Company data

### Balance Sheet

€m	H1 2022	2022	H1 2023
Inventory	1.8	1.9	1.6
Trade receivables	0.2	0.5	0.3
Trade payables	(0.7)	(1.1)	(1.3)
Trade Working Capital	1.3	1.3	0.7
Other assets (liabilities)	0.4	1.0	1.5
<b>Net Working Capital</b>	<b>1.7</b>	<b>2.3</b>	<b>2.2</b>
Intangible assets	4.7	6.2	5.9
Property, plant and equipment	0.8	0.9	0.9
Financial assets	0.0	0.0	0.0
<b>Non-current assets</b>	<b>5.4</b>	<b>7.0</b>	<b>6.8</b>
<b>Provisions</b>	<b>(0.2)</b>	<b>(0.7)</b>	<b>(0.6)</b>
<b>Net Invested Capital</b>	<b>6.9</b>	<b>8.7</b>	<b>8.4</b>
Bank debt	2.2	2.4	2.6
Bonds	3.8	3.9	3.9
Other financial debt (Shareholders)	0.3	0.0	0.0
Cash and equivalents	(0.8)	(0.7)	(0.6)
<b>Net Debt (Cash)</b>	<b>5.6</b>	<b>5.6</b>	<b>5.9</b>
<b>Equity</b>	<b>1.4</b>	<b>3.1</b>	<b>2.5</b>
<b>Sources</b>	<b>6.9</b>	<b>8.7</b>	<b>8.4</b>

### Cash Flow

€m	H1 2022	H1 2023
<b>EBIT</b>	<b>(0.9)</b>	<b>(0.5)</b>
Current taxes	0.4	0.3
D&A	0.9	1.0
Provisions	0.0	(0.0)
<b>Cash flow from P&amp;L operations</b>	<b>0.3</b>	<b>0.9</b>
Trade Working Capital	0.2	0.6
Capex	(1.7)	(0.8)
Other assets and liabilities	(0.0)	(0.5)
<b>Operating cash flow after WC and capex</b>	<b>(1.2)</b>	<b>0.2</b>
Interest	(0.4)	(0.4)
<b>Net cash flow</b>	<b>(1.5)</b>	<b>(0.2)</b>

### Ratio analysis

KPIs	H1 2022	H1 2023
ROE	-81%	-37%
ROS	-10%	-6%
DSO	3	6
DPO	11	26
DOI	34	36
TWC/Sales	6%	4%
Net Debt / EBITDA	11.5x	4.2x
Net Debt / Equity	4.1x	2.3x
Cash flow from P&L operations / EBITDA	nm	nm
FCF / EBITDA	neg	33%

## Business update

- August 2023: TrenDevice released “TrenDevice Assistant”, a virtual assistant based on ChatGPT's artificial intelligence aiming to help customers purchases.
- Opening of a retail store in Bergamo

## Corporate period facts

### €0.9m share capital increase

- July 2023: 1.5m price adjustment shares cancelled
- In October 2023 share capital increase worth €0.9m

## Sustainability update

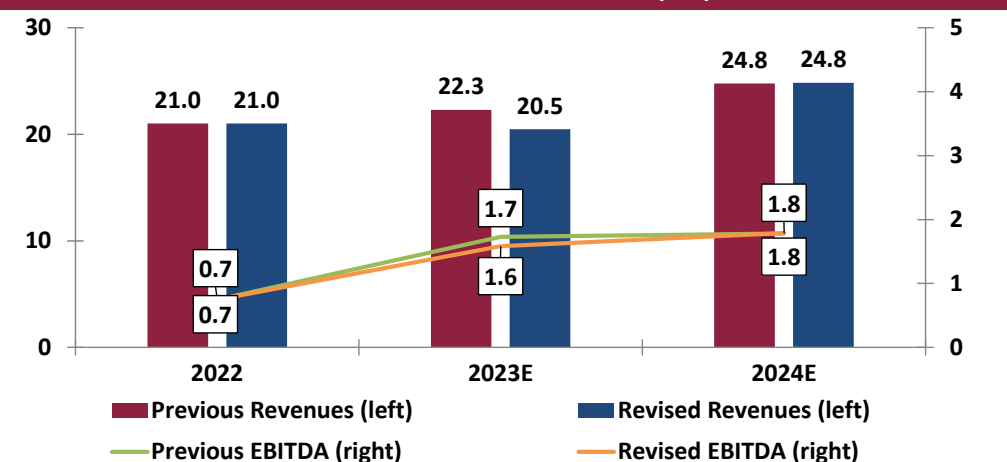
In H1 2023, TrenDevice saved an estimated 945 tons of CO<sub>2</sub>, down by 46% on H1 2022.

## Valuation rationale and estimates revision

We believe that macroeconomic headwinds, by translating into shrinking consumer purchasing power, may favor demand for refurbished products. Potential for a strong H2 performance, fostered by favorable seasonality, is likely to be further supported by an increased emphasis on the more profitable sales channels. On the other hand, main challenge for TrenDevice remains the achievement of an effective operating leverage, considering the high weight of material costs on profitability. Taking these factors into account, we have made a slight reduction to our sales forecast for FY23E. This adjustment considers an increased share of sales stemming from retail store channels and an expected upswing in Q4, driven by favorable seasonality. Nevertheless, we stand by our previous estimates on FY24E.

### Change in estimates

Previous vs Revised Revenues and EBITDA estimates (€m)



Source: EnVent Research

€m	Revised			Previous			Change %		
	2022	2023E	2024E	2022	2023E	2024E	2022	2023E	2024E
<b>Sales</b>	19.8	19.4	24.0	19.8	21.2	24.0	0%	-9%	0%
<b>Revenues</b>	21.0	20.5	24.8	21.0	22.3	24.8	0%	-8%	0%
<b>EBITDA</b>	0.7	1.6	1.8	0.7	1.7	1.8	0%	-8%	0%
<i>Margin</i>	4%	8%	7%	4%	8%	7%			
<b>EBIT</b>	(1.3)	(0.5)	(0.6)	(1.3)	(0.4)	(0.6)	0%	-41%	1%
<i>Margin</i>	-6%	-2%	-2%	-6%	-2%	-2%			
<b>Net Income (Loss)</b>	(1.4)	(1.0)	(1.0)	(1.4)	(0.8)	(0.9)	0%	-26%	-10%
<b>Net Cash (Debt)</b>	(5.6)	(4.9)	(5.3)	(5.6)	(5.7)	(5.9)			
<i>Net Debt / EBITDA</i>	7.6x	3.1x	2.9x	7.6x	3.3x	3.3x			

Source: EnVent Research

## Financial projections

### Profit and Loss

€m	2018	2019	2020	2021	2022	2023E	2024E
Sales	5.1	7.2	9.3	15.8	19.8	19.4	24.0
Other income	0.0	0.2	0.5	0.8	1.2	1.1	0.8
<b>Total revenues</b>	<b>5.1</b>	<b>7.4</b>	<b>9.8</b>	<b>16.6</b>	<b>21.0</b>	<b>20.5</b>	<b>24.8</b>
YoY %	42.7%	44.2%	32.4%	69.9%	26.6%	-2.6%	21.3%
Materials	(4.2)	(5.6)	(7.4)	(12.8)	(16.4)	(15.0)	(18.4)
Services	(0.5)	(0.7)	(1.0)	(2.2)	(2.1)	(1.9)	(2.4)
Personnel	(0.1)	(0.3)	(0.5)	(1.1)	(1.7)	(1.8)	(2.0)
Other operating costs	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)	(0.2)	(0.2)
<b>Operating costs</b>	<b>(4.8)</b>	<b>(6.7)</b>	<b>(9.0)</b>	<b>(16.1)</b>	<b>(20.3)</b>	<b>(18.9)</b>	<b>(23.0)</b>
<b>EBITDA</b>	<b>0.3</b>	<b>0.7</b>	<b>0.8</b>	<b>0.5</b>	<b>0.7</b>	<b>1.6</b>	<b>1.8</b>
Margin on Sales	5.7%	9.0%	8.1%	3.1%	3.8%	8.2%	7.4%
Margin on Revenues	5.7%	8.8%	7.7%	2.9%	3.5%	7.7%	7.2%
D&A	(0.1)	(0.4)	(0.9)	(1.4)	(1.9)	(2.1)	(2.4)
Provisions	0.0	(0.0)	(0.1)	(0.1)	(0.2)	0.0	0.0
<b>EBIT</b>	<b>0.2</b>	<b>0.2</b>	<b>(0.2)</b>	<b>(1.0)</b>	<b>(1.3)</b>	<b>(0.5)</b>	<b>(0.6)</b>
Margin	3.3%	2.3%	-2.1%	-6.0%	-6.3%	-2.4%	-2.3%
Interest	(0.1)	(0.2)	(0.2)	(0.4)	(0.8)	(0.8)	(0.8)
<b>EBT</b>	<b>0.0</b>	<b>0.0</b>	<b>(0.4)</b>	<b>(1.3)</b>	<b>(2.1)</b>	<b>(1.3)</b>	<b>(1.4)</b>
Margin	0.6%	0.1%	-4.1%	-8.1%	-10.1%	-6.4%	-5.5%
Income taxes	(0.0)	(0.0)	0.2	0.4	0.7	0.3	0.4
<b>Net Income (Loss)</b>	<b>0.0</b>	<b>0.0</b>	<b>(0.2)</b>	<b>(1.0)</b>	<b>(1.4)</b>	<b>(1.0)</b>	<b>(1.0)</b>
Margin	0.6%	0.0%	-2.4%	-5.8%	-6.9%	-4.7%	-4.1%

Source: Company data 2018-22A, EnVent Research 2023-24E

### Balance Sheet

€m	2018	2019	2020	2021	2022	2023E	2024E
Inventory	0.6	0.7	1.5	1.9	1.9	1.9	2.3
Trade receivables	0.1	0.0	0.1	0.3	0.5	0.3	0.4
Trade payables	(0.3)	(0.6)	(1.1)	(0.6)	(1.1)	(1.1)	(1.4)
Trade Working Capital	0.3	0.1	0.5	1.6	1.3	1.0	1.3
Other assets (liabilities)	(0.0)	(0.1)	0.2	0.4	1.0	1.0	1.0
<b>Net Working Capital</b>	<b>0.3</b>	<b>0.0</b>	<b>0.8</b>	<b>2.0</b>	<b>2.3</b>	<b>2.1</b>	<b>2.3</b>
Intangible assets	2.0	2.5	4.0	4.3	6.2	5.4	4.4
Property, plant and equipment	0.0	0.1	0.1	0.3	0.9	1.1	1.2
<b>Non-current assets</b>	<b>2.0</b>	<b>2.5</b>	<b>4.1</b>	<b>4.6</b>	<b>7.0</b>	<b>6.5</b>	<b>5.6</b>
<b>Provisions</b>	<b>(0.0)</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>(0.2)</b>	<b>(0.7)</b>	<b>(0.7)</b>	<b>(0.7)</b>
<b>Net Invested Capital</b>	<b>2.3</b>	<b>2.5</b>	<b>4.7</b>	<b>6.3</b>	<b>8.7</b>	<b>7.9</b>	<b>7.2</b>
<b>Net Debt (Cash)</b>	<b>2.0</b>	<b>1.8</b>	<b>1.5</b>	<b>4.1</b>	<b>5.6</b>	<b>4.9</b>	<b>5.3</b>
<b>Equity</b>	<b>0.3</b>	<b>0.7</b>	<b>3.2</b>	<b>2.3</b>	<b>3.1</b>	<b>3.0</b>	<b>2.0</b>
<b>Sources</b>	<b>2.3</b>	<b>2.5</b>	<b>4.7</b>	<b>6.3</b>	<b>8.7</b>	<b>7.9</b>	<b>7.2</b>

Source: Company data 2018-22A, EnVent Research 2023-24E

### Cash Flow

€m	2018	2019	2020	2021	2022	2023E	2024E
<b>EBIT</b>	<b>0.2</b>	<b>0.2</b>	<b>(0.2)</b>	<b>(1.0)</b>	<b>(1.3)</b>	<b>(0.5)</b>	<b>(0.6)</b>
Current taxes	(0.0)	(0.0)	0.2	0.4	0.7	0.3	0.4
D&A	0.1	0.4	0.9	1.4	1.9	2.1	2.4
Provisions	0.0	0.1	0.0	0.1	0.4	0.0	0.0
<b>Cash flow from P&amp;L operations</b>	<b>0.3</b>	<b>0.7</b>	<b>0.9</b>	<b>0.9</b>	<b>1.7</b>	<b>1.9</b>	<b>2.2</b>
Trade Working Capital	0.3	0.2	(0.4)	(1.0)	0.3	0.2	(0.3)
Other assets and liabilities	0.0	0.1	(0.3)	(0.2)	(0.6)	0.0	0.0
Capex	(0.5)	(1.0)	(2.5)	(1.9)	(2.4)	(1.5)	(1.5)
<b>Operating cash flow after WC and capex</b>	<b>0.1</b>	<b>(0.1)</b>	<b>(2.3)</b>	<b>(2.2)</b>	<b>(1.0)</b>	<b>0.7</b>	<b>0.4</b>
Interest	(0.1)	(0.2)	(0.2)	(0.4)	(0.8)	(0.8)	(0.8)
Paid-in capital - IPO proceeds 2020	0.0	0.4	2.7	0.0	1.2	0.9	0.0
Other equity adjustments	0.0	0.0	0.0	0.0	(1.0)	0.0	0.0
<b>Net cash flow</b>	<b>0.0</b>	<b>0.2</b>	<b>0.2</b>	<b>(2.5)</b>	<b>(1.6)</b>	<b>0.8</b>	<b>(0.4)</b>
Net Debt (Beginning)	(2.0)	(2.0)	(1.8)	(1.5)	(4.1)	(5.6)	(4.9)
Net Debt (End)	(2.0)	(1.8)	(1.5)	(4.1)	(5.6)	(4.9)	(5.3)
<b>Change in Net Debt (Cash)</b>	<b>0.0</b>	<b>0.2</b>	<b>0.2</b>	<b>(2.5)</b>	<b>(1.6)</b>	<b>0.8</b>	<b>(0.4)</b>

Source: Company data 2018-22A, EnVent Research 2023-24E

### Ratio analysis

KPIs	2018	2019	2020	2021	2022	2023E	2024E
ROE	10%	0%	-7%	-43%	-47%	-32%	-52%
ROS (EBIT/Sales)	3%	2%	-2%	-6%	-7%	-3%	-2%
ROIC (NOPAT/Invested Capital)	5%	5%	-3%	-11%	-11%	-5%	-6%
DSO	5	1	3	5	7	5	5
DPO	20	28	39	12	18	20	20
DOI	42	36	60	44	35	35	35
TWC/Sales	7%	2%	6%	10%	6%	5%	5%
Capex/Revenues	10%	14%	25%	11%	11%	7%	6%
Net Debt/EBITDA	6.9x	2.7x	2.0x	8.4x	7.6x	3.1x	2.9x
Net Debt/Equity	6.6x	2.4x	0.5x	1.8x	1.8x	161%	265%
Cash flow from P&L operations/EBITDA	108%	101%	121%	175%	229%	122%	121%
FCF/EBITDA	51%	neg	neg	neg	neg	42%	22%
Basic EPS (€)	na	na	neg	neg	neg	neg	neg

Source: Company data 2018-22A, EnVent Research 2023-24E

## Valuation

We have updated our DCF and market multiples.

### Discounted Cash Flows

Updated assumptions:

- Risk free rate: 3.9% (Italia 10-year government bonds interest rate – last 30 days average. Source: Bloomberg, October 2023)
- Market return: 12.4% (last 30 days average. Source: Bloomberg, October 2023)
- Market risk premium: 8.5%
- Beta: 1.1 (judgmental, on the back of peer market data)
- Cost of equity: 13.0%
- Cost of debt: 5%
- Tax rate: 24% IRES
- 50% debt/(debt + equity)
- WACC calculated at 8.4%, according to above data

- Perpetual growth rate after explicit projections (G): 3%
- Terminal Value assumes a normalized sustainable EBITDA margin of 8%

### DCF Valuation

€m	2018	2019	2020	2021	2022	2023E	2024E	Perpetuity
<b>Revenues</b>	<b>5.1</b>	<b>7.4</b>	<b>9.8</b>	<b>16.6</b>	<b>21.0</b>	<b>20.5</b>	<b>24.8</b>	<b>25.6</b>
<b>EBITDA</b>	<b>0.3</b>	<b>0.7</b>	<b>0.8</b>	<b>0.5</b>	<b>0.7</b>	<b>1.6</b>	<b>1.8</b>	<b>2.0</b>
<i>Margin</i>	6%	9%	8%	3%	4%	8%	7%	8%
<b>EBIT</b>	<b>0.2</b>	<b>0.2</b>	<b>(0.2)</b>	<b>(1.0)</b>	<b>(1.3)</b>	<b>(0.5)</b>	<b>(0.6)</b>	<b>1.0</b>
<i>Margin</i>	3%	2%	-2%	-6%	-6%	-2%	-2%	4%
Taxes	(0.0)	(0.0)	0.1	0.3	0.4	0.1	0.2	(0.3)
<b>NOPAT</b>	<b>0.1</b>	<b>0.1</b>	<b>(0.1)</b>	<b>(0.7)</b>	<b>(0.9)</b>	<b>(0.4)</b>	<b>(0.4)</b>	<b>0.8</b>
D&A	0.1	0.4	0.9	1.4	1.9	2.1	2.4	1.0
Provisions	0.0	0.1	0.0	0.1	0.4	0.0	0.0	0.0
<b>Cash flow from P&amp;L operations</b>	<b>0.3</b>	<b>0.6</b>	<b>0.8</b>	<b>0.7</b>	<b>1.4</b>	<b>1.7</b>	<b>2.0</b>	<b>1.8</b>
Trade Working Capital	0.3	0.2	(0.4)	(1.0)	0.3	0.2	(0.3)	0.1
Other assets and liabilities	0.0	0.1	(0.3)	(0.2)	(0.6)	0.0	0.0	0.0
Capex	(0.5)	(1.0)	(2.5)	(1.9)	(2.4)	(1.5)	(1.5)	(1.0)
<b>Yearly unlevered free cash flow</b>	<b>0.1</b>	<b>(0.1)</b>	<b>(2.4)</b>	<b>(2.3)</b>	<b>(1.3)</b>	<b>0.5</b>	<b>0.2</b>	<b>0.9</b>
<b>- H1 unlevered free cash flow</b>						<b>(0.0)</b>		
<b>Free Cash Flow to be discounted</b>						<b>0.5</b>	<b>0.2</b>	<b>0.9</b>
WACC	8.4%							
Long-term growth (G)	3.0%							
<b>Discounted Cash Flows</b>						<b>0.5</b>	<b>0.2</b>	
Sum of Discounted Cash Flows	0.6							
<b>Terminal Value</b>								<b>16.3</b>
Discounted TV	14.5							
<b>Enterprise Value</b>	<b>15.1</b>							
Net Debt as of 30/06/23	(5.9)							
<b>Equity Value</b>	<b>9.3</b>							
<b>Equity Value per share (€)</b>	<b>0.49</b>							

Source: EnVent Research

DCF - Implied multiples	2018	2019	2020	2021	2022	2023E	2024E
EV/Revenues	3.0x	2.0x	1.5x	0.9x	0.7x	0.7x	0.6x
EV/EBITDA	52.1x	23.2x	20.0x	31.0x	20.3x	9.6x	8.5x
EV/EBIT	nm	nm	neg	neg	neg	neg	neg
P/E	nm	nm	neg	neg	neg	neg	neg
<b>Discount of current market price vs DCF</b>	<b>-34%</b>						
Current market price - Implied multiples	2018	2019	2020	2021	2022	2023E	2024E
EV/Revenues	1.9x	1.3x	1.0x	0.6x	0.5x	0.5x	0.4x
EV/EBITDA	34.2x	15.2x	13.1x	20.3x	13.3x	6.3x	5.5x
EV/EBIT	58.3x	58.3x	neg	neg	neg	neg	neg
P/E	nm	nm	neg	neg	neg	neg	neg

Source: EnVent Research



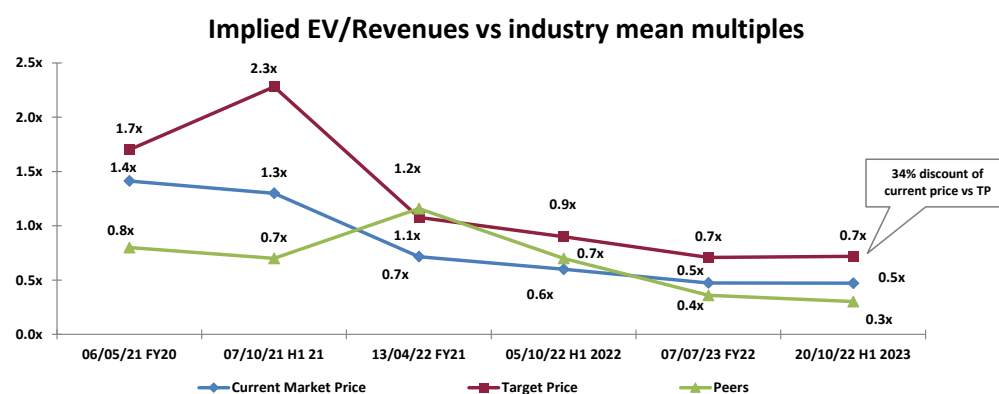
## Market multiples

The peer group we have analyzed, except for Largo, includes a variety of business models. Losses or unfavorable performances within this group can result in outlier multiples, thereby unsuitable as references for valuation. Consequently, our rating process is based on DCF methodology, offering a more solid approach to valuation, considering the trends in multiples as a secondary metric.

Company	EV/Revenues			EV/EBITDA			EV/EBIT			P/E		
	2022	2023E	2024E	2022	2023E	2024E	2022	2023E	2024E	2022	2023E	2024E
Jumia	0.5x	0.4x	0.4x	neg	neg	neg	neg	neg	neg	neg	na	na
Largo	0.4x	0.2x	0.1x	neg	neg	20.5x	neg	neg	neg	neg	neg	neg
Cellularline	0.7x	0.6x	0.5x	14.5x	4.1x	3.5x	neg	5.9x	4.8x	neg	5.4x	4.0x
UniDevice	0.0x	0.1x	0.1x	3.5x	6.7x	4.3x	4.3x	6.9x	5.6x	6.3x	7.6x	6.3x
musicMagpie	0.2x	0.3x	0.3x	11.9x	4.4x	3.5x	neg	neg	neg	neg	neg	neg
<b>Mean</b>	<b>0.4x</b>	<b>0.3x</b>	<b>0.3x</b>	<b>10.0x</b>	<b>5.1x</b>	<b>8.0x</b>	<b>4.3x</b>	<b>6.4x</b>	<b>5.2x</b>	<b>6.3x</b>	<b>6.5x</b>	<b>5.2x</b>
<b>Median</b>	<b>0.4x</b>	<b>0.3x</b>	<b>0.3x</b>	<b>11.9x</b>	<b>4.4x</b>	<b>3.9x</b>	<b>4.3x</b>	<b>6.4x</b>	<b>5.2x</b>	<b>6.3x</b>	<b>6.5x</b>	<b>5.2x</b>
<b>TrenDevice</b>	<b>0.5x</b>	<b>0.5x</b>	<b>0.4x</b>	<b>14.3x</b>	<b>6.3x</b>	<b>5.6x</b>	<b>neg</b>	<b>neg</b>	<b>neg</b>	<b>neg</b>	<b>neg</b>	<b>neg</b>

Source: EnVent Research on S&P Capital IQ, 19/10/2023

## Target Price



Source: EnVent Research on S&P Capital IQ, 20/10/2023

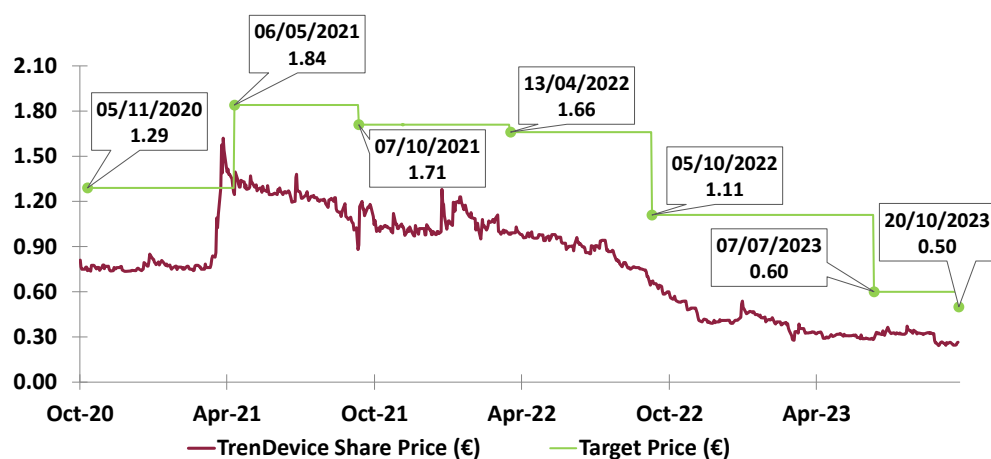
We stand by our view that TrenDevice's valuation should include its intangible assets, like its customer base and proprietary platform, despite its current financial challenges. Our assessment considers factors such as existing debt, recent market fluctuations due to risk, and derated multiples. Factoring in the increased number of shares we have set a target price of €0.50 (from €0.60), reaffirming our OUTPERFORM rating on the stock, implying a 89% potential upside from the current price.

TrenDevice Price per Share		€
<b>Target Price</b>		<b>0.50</b>
Current Share Price (19/10/2023)		0.27
<b>Premium (Discount)</b>		<b>89%</b>

Source: EnVent Research

Please refer to important disclosures at the end of this report.

### TrenDevice Share Price vs EnVent Target Price



Source: EnVent Research on S&P Capital IQ, 20/10/2023

**DISCLAIMER** (for more details go to [www.enventgroup.eu](http://www.enventgroup.eu) under “Legal notices” - “Disclaimer”)

This publication has been prepared by Luigi Tardella, Head of Research Division, Silvestro Bonora and Alberto Bacciga, Equity Analysts, on behalf of the Research & Analysis Division of EnVent Italia SIM S.p.A. (“EnVent”). EnVent Italia SIM is authorized and regulated in Italy by Consob (Register of Investment Firms Reg. No. 315).

According to article 35, paragraph 2b of Euronext Growth Milan Rules for Companies (Regolamento Emittenti Euronext Growth Milan), EnVent has been commissioned to produce Equity Research, and particularly this publication, for the Company by arrangement with Banca Finnat, the Specialist engaged by the Company.

This publication does not represent to be, nor can it be construed as being, an offer or solicitation to buy, subscribe or sell financial products or instruments, or to execute any operation whatsoever concerning such products or instruments. This publication is not, under any circumstances, intended for distribution to the general public. Accordingly, this document is only for persons who are Eligible Counterparties or Professional Clients only, i.e. persons having professional experience in investments who are authorized persons or exempted persons within the meaning of the Financial Services and Markets Act 2000 and COBS 4.12 of the FCA’s New Conduct of Business Sourcebook. For residents in Italy, this document is intended for distribution only to professional clients and qualified counterparties as defined in Consob Regulation n. 16190 of the 29th October 2007, as subsequently amended and supplemented.

This publication, nor any copy of it, can not be brought, transmitted or distributed in the United States of America, Canada, Japan or Australia. Any failure to comply with these restrictions may constitute a violation of the securities laws provided by the United States of America, Canada, Japan or Australia.

EnVent does not guarantee any specific result as regards the information contained in the present publication, and accepts no responsibility or liability for the outcome of the transactions recommended therein or for the results produced by such transactions. Each and every investment/divestiture decision is the sole responsibility of the party receiving the advice and recommendations, who is free to decide whether or not to implement them. The price of the investments and the income derived from them can go down as well as up, and investors may not get back the amount originally invested. Therefore, EnVent and/or the author(s) of the present publication cannot in any way be held liable for any losses, damage, or lower earnings that the party using the publication might suffer following execution of transactions on the basis of the information and/or recommendations contained therein.

The purpose of this publication is merely to provide information that is up to date and as accurate as possible. The information and each possible estimate and/or opinion and/or recommendation contained in this publication is based on sources believed to be reliable. Although EnVent makes every reasonable endeavour to obtain information from sources that it deems to be reliable, it accepts no responsibility or liability as to the completeness, accuracy or exactitude of such information and sources. Past performance is not a guarantee of future results.

Most important sources of information used for the preparation of this publication are the documentation published by the Company (annual and interim financial statements, press releases, company presentations, IPO prospectus), the information provided by business and credit information providers (as Bloomberg, S&P Capital IQ, AIDA) and industry reports.

EnVent has no obligation to update, modify or amend this publication or to otherwise notify a reader or recipient of this publication in the case that any matter, opinion, forecast or estimate contained herein, changes or subsequently becomes inaccurate, or if the research on the subject company is withdrawn. The estimates, opinions, and recommendations expressed in this publication may be subject to change without notice, on the basis of new and/or further available information.

EnVent intends to provide continuous coverage of the Company and the financial instrument forming the subject of the present publication, with a semi-annual frequency and, in any case, with a frequency consistent with the timing of the Company’s periodical financial reporting and of any exceptional event occurring in its sphere of activity.

A draft copy of this publication may be sent to the subject Company for its information and review (without valuation, target price and recommendation), for the purpose of correcting any inadvertent material inaccuracies. EnVent did not disclose the rating to the issuer before publication and dissemination of this document.

**ANALYST DISCLOSURES**

For each company mentioned in this publication, all of the views expressed in this publication accurately reflect the financial analysts’ personal views about any or all of the subject company (companies) or securities.

Neither the analysts nor any member of the analysts’ households have a financial interest in the securities of the subject Company. Neither the analysts nor any member of the analysts’ households serve as an officer, director or advisory board member of the subject company. Analysts’ remuneration was not, is not or will be not related, either directly or indirectly, to specific proprietary investment transactions or to market operations in which EnVent has played a role (as Euronext Growth Advisor, for example) or to the specific recommendation or view in this publication. EnVent has adopted internal procedures and an internal code of conduct aimed to ensure the independence of its financial analysts. EnVent Research analysts and other staff involved in issuing and disseminating research reports operate independently of EnVent Group business. EnVent, within the Research & Analysis Division, may collaborate with external professionals. It may, directly or indirectly, have a potential conflict of interest with the Company and,

for that reason, EnVent adopts organizational and procedural measures for the prevention and management of conflicts of interest (for details [www.enventgroup.eu](http://www.enventgroup.eu) under “Legal notices” - “Disclaimer”, “Procedures for prevention of conflicts of interest”).

## MIFID II DISCLOSURES

**TrenDevice S.p.A.** (the “Issuer or the “Company”) is a corporate client of EnVent. This document, being paid for by a corporate Issuer, is a Minor Non-monetary Benefit as set out in Article 12 (3) of the Commission Delegated Act (C2016) 2031.

This note is a marketing communication and not independent research. As such, it has not been prepared in accordance with legal requirements designed to promote the independence of investment research and this note is not subject to the prohibition on dealing ahead of the dissemination of investment research.

## CONFLICTS OF INTEREST

In order to disclose its possible conflicts of interest, EnVent states that it acts or has acted in the past 12 months as Euronext Growth Advisor and Global Coordinator to the subject Company on the Euronext Growth Milan market, a Multilateral Trading Facility regulated by Borsa Italiana (for details [www.enventgroup.eu](http://www.enventgroup.eu) under “Legal notices” - “Disclaimer”, “Potential conflicts of interest”).

## CONFIDENTIALITY

Neither this publication nor any portions thereof (including, without limitation, any conclusion as to values or any individual associated with this publication or the professional associations or organizations with which they are affiliated) shall be reproduced to third parties by any means without the prior written consent and approval from EnVent.

## VALUATION METHODOLOGIES

EnVent Research & Analysis Division calculates range of values and fair values for the companies under coverage using professional valuation methodologies, such as the discounted cash flows method (DCF), dividend discount model (DDM) and multiple-based models (e.g. EV/Revenues, EV/EBITDA, EV/EBIT, P/E, P/BV). Alternative valuation methodologies may be used, according to circumstances or judgement of non-adequacy of most used methods. The target price could be also influenced by market conditions or events and corporate or share peculiarities.

## STOCK RATINGS

The “OUTPERFORM”, “NEUTRAL”, AND “UNDERPERFORM” recommendations are based on the expectations within a 12-month period from the date of rating indicated in the front page of this publication.

Equity ratings and valuations are issued in absolute terms, not relative to market performance.

Rating system and rationale (12-month time horizon):

OUTPERFORM: stocks are expected to have a total return above 10%;

NEUTRAL: stocks are expected to have a performance between -10% and +10% consistent with market or industry trend and appear less attractive than Outperform rated stocks;

UNDERPERFORM: stocks are among the least attractive in a peer group, with the target price 10% below the current market price;

UNDER REVIEW: target price under review, waiting for updated financial data, or other key information such as material transactions involving share capital or financing;

SUSPENDED: no rating/target price assigned, due to material uncertainties or other issues that seriously impair our previous investment ratings, price targets and earnings estimates;

NOT RATED: no rating or target price assigned.

Some flexibility on the limits of the total return rating ranges is permitted, especially during high market volatility cycles.

The stock price indicated in the report is the last closing price on the day of Production.

Date and time of Production: 19/10/2023 h. 7.00pm

Date and time of Distribution: 20/10/2023 h. 6.30pm

## DETAILS ON STOCK RECOMMENDATION AND TARGET PRICE

Date	Recommendation	Target Price (€)	Share Price (€)
05/11/2020	OUTPERFORM	1.29	0.74
06/05/2021	OUTPERFORM	1.84	1.25
07/10/2021	OUTPERFORM	1.71	0.91
13/04/2022	OUTPERFORM	1.66	0.99
01/08/2022	OUTPERFORM	1.66	0.89
05/10/2022	OUTPERFORM	1.11	0.67
07/07/2023	OUTPERFORM	0.60	0.28
20/10/2023	OUTPERFORM	0.50	0.27

#### ENVENT RECOMMENDATION DISTRIBUTION (October 20<sup>th</sup>, 2023)

Number of companies covered:	23	OUTPERFORM	NEUTRAL	UNDERPERFORM	SUSPENDED	UNDER REVIEW	NOT RATED
Total Equity Research Coverage %		83%	9%	0%	4%	4%	0%
of which EnVent clients % *		74%	50%	na	100%	0%	na

\* Note: Companies to which corporate and capital markets services were supplied in the last 12 months.

This disclaimer is constantly updated on the website at [www.enventgroup.eu](http://www.enventgroup.eu) under “Legal notices” - “Disclaimer”.  
Additional information available upon request.

© Copyright 2023 by EnVent Italia SIM S.p.A. - All rights reserved