

Simone

ISIM INTEGRÆ

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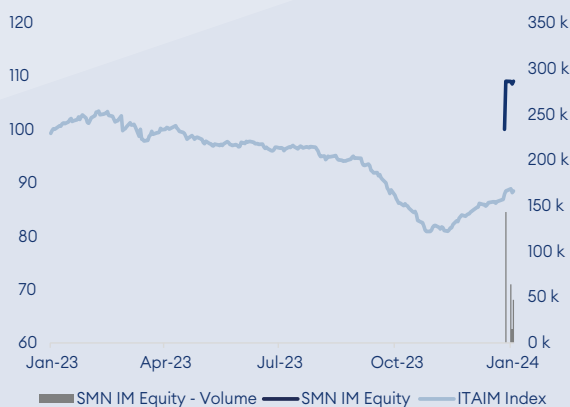
Publication 08/01/2024, h. 07:00 am

**Rating
BUY****Target Price
€ 3,10****Risk**

Medium

**Upside potential
47,4%**

Stocks performance relative to FTSE Italia Growth



Stock Data

Price	€ 2,10
Target price	€ 3,10
Upside/(Downside) potential	47,4%
Ticker	SMN IM
Market Cap (€/mln)	€ 15,75
EV (€/mln)	€ 16,77
Free Float (% on Ordinary Shares)	26,32%
Share Outstanding	7.500.000
52-week high	€ 2,20
52-week low	€ 2,00
IPO Price (29/12/2023)	€ 2,00

Key Financials (€/mln)	FY22A*	FY23E	FY24E	FY25E
Value of Production	16,5	19,0	20,5	21,8
EBITDA	1,7	3,0	3,2	3,8
EBIT	1,0	2,2	2,3	2,9
Net Income	0,7	1,5	1,6	2,0
NFP	1,0	(2,2)	(3,2)	(4,9)
EBITDA margin	10,6%	15,6%	15,4%	17,4%
EBIT margin	6,2%	11,3%	11,0%	13,1%
Net Income margin	4,5%	7,7%	7,6%	9,2%

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Sommario

1. Company Overview	4
1.1	The business 4
1.2	Company Story 5
1.3	Shareholding and Group Structure 7
1.4	Corporate Governance 9
1.5	Key People 10
1.6	Group Focus 12
1.7	ESG strategies 16
2. Business Model	18
2.1	Industry Business System 18
2.2	Value Chain 20
2.2.1	Legal-Professional Value Chain 21
2.2.2	School Value Chain 23
2.2.3	Miscellaneous Children and Teen Publishing Value Chain 24
2.3	Value Proposition 25
2.4	Business Model 27
2.5	Product and service portfolio 30
2.5.1	Products 30
2.6	Sales channels 35
2.7	Commercial network (Promoters/Distributors) 37
2.8	Customers and suppliers 38
2.8.1	Customers 38
2.8.2	Suppliers 38
3. The market	40

3.1.....	Publishing in Italy	40
3.1.1.....	The School and Professional publishing market	47
3.1.2.....	The Legal-Professional publishing market	49
3.1.3.....	Market drivers and expected growth	51
3.2.....	Market risks and related opportunities	53
4.	Competitive positioning.....	55
4.1.....	SWOT Analysis	60
5.	Economics & Financials	61
5.1.....	FY22A* and 1H23A Results	62
5.2.....	FY23E – FY26E Estimates	67
5.3.....	Use of Proceeds	71
6.	Valuation	73
6.1.....	DCF Method	73
6.2.....	Multiples Method	75
6.2.1.....	Panel composition	75
6.2.2.....	Market Multiples Valuation	78
7.	Equity Value	79

1. Company Overview

1.1 The business

Simone SpA (“Simone”, or the “Company”) is an Italian company established in Naples in 2011 and operating in the publishing sector through a number of brands, including Edizioni Simone, which has over 50 years of history. Simone is also the parent company of Gruppo Simone (the “Group”), which has the following subsidiaries: Dike Giuridica Srl, Editrice Ardea Web Srl, Il Gatto Verde Edizioni Srl, Font Café Srl, and Libri e Professioni Srl.

The Group represents an example of excellence in the Italian publishing market, and it is specialized in the publication of manuals and books for an extremely varied clientele. This clientele includes school students of all levels, as well as professionals preparing for university exams and public competitions of various kinds. The main objective of the Group is to combine the experience and expertise of its various companies, and to consolidate its positioning as a leading point of reference in the publishing sector. This is made possible by a large portfolio of proprietary content that is constantly updated by the in-house editors, as well as by a high-quality customer service.

The in-house editors guarantee efficient and constantly updated materials, in line with regulatory developments and evolving market demands. Furthermore, when it is not necessary to involve recognized external professionals, the brands Edizioni Simone, Nissolino Editore, Sistemi Editoriali and, in part, Editrice Ardea Web make use of the in-house editors for the creation of the original contents of books. Though, in the case of specific needs, external contributors are also used for editorial activities. Regarding the other brands of the Group, on the other hand, the drafting of the contents of publications, in almost all cases, is performed by external authors. The Group’s warehouses are located in Naples, but the distribution network extends the sale of manuals throughout the whole of Italy. This happens through bookstores, including Mondadori, Feltrinelli, and Ubik¹, as well as through digital channels, including Simone’s own website, Amazon, and lbs.it.

CHART 1 – GRUPPO SIMONE’S LOGO



Source: Simone

¹ Mondadori is a direct customer, while Feltrinelli and Ubik are supplied through distributors.

1.2 Company Story

CHART 2 – COMPANY STORY



Source: Simone

- **1968:** Federico del Giudice, thanks to his passion for legal subjects, began to write what would come to be considered the first “compendia”² for the preparation of law exams;
- **1975:** The sole proprietorship company, Edizioni Simone by Fortunata Calì, was established, from which the publishing house was launched in an entrepreneurial form. In these years, the sole proprietorship entered the public competitions publishing segment;
- **1988:** The individual company, Edizioni Simone by Fortunata Calì, was closed and the company Esselibri SpA was established by Federico del Giudice;
- **1998:** The company entered the school segment with the brand “Simone per la Scuola”. In the same period, Esselibri SpA acquired the brand Nissolino Editore;

² A brief summary, compilation or collection of information in a certain field of knowledge, particularly for practical educational and informative purposes.

- **2011:** The publishing branch was split from Esselibri SpA, with the establishment of the company Simone SpA³. Esselibri still operates, but is outside the Group perimeter, as it is oriented towards tourism and real estate activities;
- **2018:** After a complete financial recovery, substantially self-generated, following a period of crisis in the publishing market, due to the advent of digital publishing and a period of review of the corporate strategy, the Company pro-actively returned to face the challenges of the editorial market;
- **2019:** The Sole Director, Luca Misso, redefined the strategic objectives of the Company, to establish a Group capable of diversifying its production and of entering other market segments;
- **2022:** 100.0% acquisition, in December, of Editrice Ardea Web, further diversifying the business by entering the primary school segment;
- **2023:** Transformation, in February 2023, of Simone Srl into a SpA. Furthermore, the Company acquired, through the Group's parent company Giunima Srl, 100.0% of Dike Giuridica Srl and Il Gatto Verde Edizioni Srl, in April, and 100.0% of Font Café Srl, in May. Finally, the process of listing on the Euronext Growth Milan segment of the Italian stock exchange is completed, in order to generate further financial resources to accelerate growth.

3 *In 2017, Simone was transformed from a joint-stock company into a limited liability company. Subsequently, it was transformed back into a joint-stock company in 2023.*

1.3 Shareholding and Group Structure

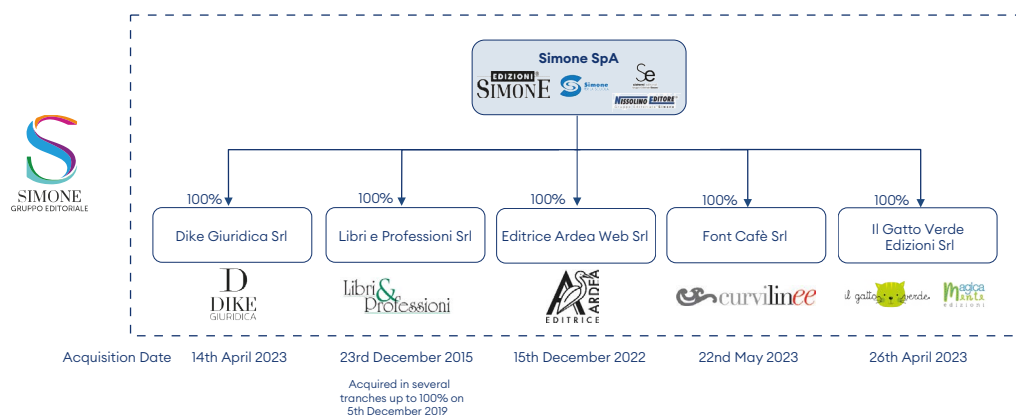
TABLE 1 – SHAREHOLDERS

Shareholders	# Shares	Multiple Voting Shares	% on Ordinary Shares	% on Voting Share Capital
Giunima Srl	3.936.744	1.687.176	69,07%	81,07%
Giulio Golan del Giudice	65.814	28.206	1,15%	1,36%
Manila del Giudice	65.814	28.206	1,15%	1,36%
Maria Novella del Giudice	65.814	28.206	1,15%	1,36%
Nicoletta del Giudice	65.814	28.206	1,15%	1,36%
Free Float	1.500.000		26,32%	13,51%
Total	5.700.000	1.800.000	100,0%	100,0%

Source: Simone

After the listing on the Stock Exchange, which took place through the placement of 1,500,000 ordinary shares, the share capital of Simone is made up of 7,500,000 shares, 1,800,000 of which are multi-voting shares entitling to 3 votes each. Giunima Srl, a holding company of the del Giudice family, holds the majority of the share capital with a stake of 69.07%; Maria Novella del Giudice, Manila del Giudice, Giulio Golan del Giudice and Nicoletta del Giudice, on the other hand, each hold 1.15% of the share capital. The remaining stake represents the free float capital, equal to 26.32%.

CHART 3 – GROUP STRUCTURE



Source: Simone

Simone SpA is also the Group parent company, which holds 100.0% of the following subsidiaries:

- **Dike Giuridica Srl:** acquired in April 2023, the subsidiary operates in the professional legal publishing market, publishing authorial works by expert jurists for judiciary, law bar and legal professional exams and public competitions;
- **Libri e Professioni Srl:** acquired by Simone in several tranches from 2015 to 2019, the subsidiary carries out support activities for Group companies, including administrative, accounting, commercial (e.g. digital marketing consultancy) and sales office support, influencer relationship management, and the creation of informative and promotional videos;
- **Editrice Ardea Web Srl:** acquired in December 2022, the subsidiary produces publications aimed at primary school students, providing officially approved school textbooks and supplementary extra-scholastic⁴ materials. The officially approved school textbooks, in paper, online and mixed versions, can be created with thematic sections, corresponding to specific aspects of individual disciplines and disciplinary fields, or with transversal themes, corresponding to the characteristics indicated by the Italian Ministry of Education (MIUR);
- **Font Café Srl⁵:** acquired in May 2023, this company works with Simone's in-house departments to produce graphics, photographic materials and layouts for all of the Group's publications, in addition to external publishing houses. The external offer is marketed under the trademark "Curvilinee".
- **Il Gatto Verde Edizioni Srl⁶:** acquired in April 2023, and established by the Group's parent company Giunima Srl, this is a start-up that produces children's books aiming to stimulate their critical thinking, particularly concerning environmental sustainability and civil and social development.

Finally, it should be noted that Dike Giuridica Srl, Il Gatto Verde Edizioni Srl and Font Café Srl were previously acquired by Simone's parent company, Giunima Srl, and then subsequently sold to the parent company Simone SpA.

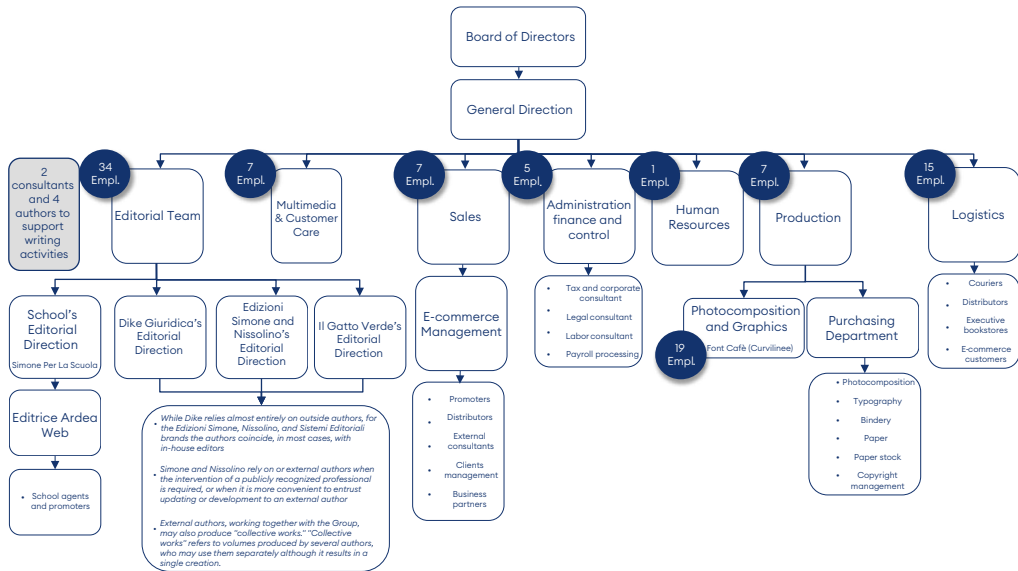
⁴ In editorial language, this means a book or text on a topic pertaining to a certain subject in the curricular program that is not required as a textbook but may be recommended as an additional purchase. This term is also used for "the complex of publications of this kind by a publishing house."

⁵ Held via the trust company Benifid Fiduciaria Srl.

⁶ Il Gatto Verde Edizioni is also the owner of the brand "Magicamente Edizioni", acquired via purchase of a business unit.

1.4 Corporate Governance

CHART 4 - CORPORATE GOVERNANCE



Source: Simone

The Group has, as of 30 September 2023, 95 employees (87.5 Full-Time Equivalent).

The Board of Directors consists of 5 members, one of which independent, and will remain in office until the approval of the financial statements ending on December 31st, 2025. In particular:

- Luca Misso is the President and CEO;
- Domenico Bianco, Roberto Aprea and Michele Caruso hold the role of Directors;
- Antonio Riccio holds the role of Independent Director.

The Board of Statutory Auditors consists, in addition to its Chair, of two Standing Auditors and two Alternate Auditors, who will also remain in office until the approval of the financial statements ending on December 31st, 2025. In particular:

- Corrado Civile holds the role of Chair of the Board of Statutory Auditors;
- Roberto Coccia and Aldo Castellano hold the role of Standing Auditors;
- Luca Scotti e Gianmarco Giarrusso are the two alternate auditors.

1.5 Key People

Luca Misso – President and CEO

Luca Misso is an expert in corporate law, extraordinary operations, the development of management control systems, and budget analysis. He has a background in resolution operations and corporate crisis management, as well as the reorganization of companies and corporate groups according to financial restructuring plans and creditor composition procedures. In 2014, he assumed the role of Sole Director, to manage the period of company crisis. In 2019, he took on general and operational management of the company.

Nicoletta del Giudice – Head of Human Resources, Communications and Training

Nicoletta del Giudice is responsible for human resources, communications and training, and is also the editorial director for Il Gatto Verde Edizioni Srl. She joined Simone in 2006, to provide support to the general manager and human resources consultant. After external work experience, from 2009 to 2012, she returned to the company as the Training Manager. In 2017, she assumed the role of Human Resources Manager, and, since 2022, has been responsible for the editorial management of Il Gatto Verde.

Luigi Iazzetta – Sales Manager

Since 2019, Luigi Iazzetta has been the Group Sales Manager, directly managing relationships with distributors, promoters, agents, wholesalers and web platforms. He joined Gruppo Simone in 1992, to work on shipping and distribution. In 1996, he moved to the Sales Office, and, in 2016, he became Sales Manager.

Maurizio D'Urzo – Logistics Manager

Coming from a family of entrepreneurs in the construction sector, Maurizio D'Urzo has always worked in Simone SpA, in fact, for over 20 years in the Logistics department. In 2012, he assumed responsibility for the management of the e-commerce channel, managing, since 2017, the relationship with the online distributor Amazon, and the reporting and invoicing of the entire distribution channel. In 2022, he assumed the role of Logistics Manager, leading the reorganization of the department.

Iolanda Pepe – Technical Director of the brand Edizioni Simone

Having started in Simone SpA, Iolanda Pepe left to pursue an independent entrepreneurial career, before returning to the company. She therefore worked as a lawyer from 1991 to 1996, before assuming the role of Editor-in-chief at Simone SpA. From 2009 to January 2023, she held the role of Editorial Director of Public Concourses and Qualifications at Simone SpA. In

2019, she became Head of Multimedia and Development, and, in 2023, Technical Director of Production for the Edizioni Simone, Nissolino and Sistemi Editoriali brands.

Dario Di Majo – Simone Technical Director for School products

Dario Di Majo has worked at Simone SpA since 1997, first as an Editor and then as Editor-in-chief of the news editorial team. Since 1998, he has worked on the creation and development of the brand Simone per la Scuola, becoming its Editorial Director and carrying out project coordination and development roles. Since January 2023, he has been Group Editorial Director for School products and board member of the company Editrice Ardea Web Srl.

Roberto Capobianco – President of the Board of Directors of Editrice Ardea Web Srl

Roberto Capobianco is the founder and president of Ardea Web publishing house, which joined Gruppo Simone in December 2022. Roberto Capobianco began his career in the publishing sector as an agent, and then went on to establish his own publishing house in the early 1990s, specializing in the editing of officially approved textbooks and extracurricular books for primary schools. Currently, he is President of the Board of Directors of Editrice Ardea Web Srl.

Gianfranco De Angelis – Font Café Executive Director

Gianfranco De Angelis is the founder of the Curvilinee brand, through which Font Café Srl provides editorial services to other publishing houses. He is also specialized in editorial graphics and illustration. Among the brand's publishing house clients are names such as Edizioni Simone, RCS, Rizzoli Education, Ardea Editrice, Loffredo Editore, Fratelli Ferraro, Edises, Eli, and La Spiga. He began working with Simone SpA in the early years of his career, in which he gained valuable experience in graphics and layout techniques.

Bernando Salemme – Production Director

Bernando Salemme joined Simone at the end of the 1980s and accumulated over 40 years of publishing production and book drafting and editing experience. Subsequently, he moved to the photocomposition department. In 1994, he became manager of the Photocomposition and Graphics department. Since 2020, he has been Production Manager of Simone SpA, managing the in-house internal Digital Printing department, which he was personally involved in the inception and design of.

1.6 Group Focus

This section provides a deeper analysis of the various companies and brands that constitute Gruppo Simone, going into further details on their individual activities.

Simone SpA

Founded by Federico del Giudice, Simone SpA is the main publishing house of the Group. The Company markets its products under the brands “Edizioni Simone”, “Simone per la Scuola”, “Nissolino Editore”, and “Sistemi Editoriali”⁷.

Simone was established with the aim of producing manuals to help university students with their studies, therefore providing compendia summarizing various fields in a clear and schematic way. Subsequently, the Company also began to specialize in volumes for professionals participating in public competitions, and in middle and high school publishing.

To date, the main focus of the company is the production of books for the professional legal sector, for the university supplementary materials sector, for middle and high school education, and for the preparation of public competitions, including competitions for the armed forces and the police.

In particular, manuals marketed under the brand “**Edizioni Simone**” are specialized in the preparation for public competitions such as the Revenue Agency Competition, the Ministry of Foreign Affairs and International Cooperation Competition, local authority competitions (including in administrative, economic, financial and technical fields), the healthcare sector competitions (including for administrative staff and nurses), extraordinary competitions, such as the Trial Office, Ministry of Justice and schools competitions, Accountant, Accounting Expert and Judiciary competitions, and the law bar exam (including the 1st and 2nd Oral Tests). Furthermore, the catalog includes compendia and hypercompendia, schematic texts, legal codes, including *major and minor*⁸ codes, manuals, and corpora that are valuable not only to professionals but also university students in preparing exams and competitions.

“**Nissolino Editore**”, on the other hand, specializes in the publication of books for preparing competitions for the armed and police forces.

Materials published under the brand “**Sistemi Editoriali**” offer a wide range of resources, including manuals aimed at experts and technicians, such as architects, engineers, surveyors, lawyers, and notaries. Additionally, the brand offers illustrated books that allow readers to cultivate interests and learn new skills.

⁷ Other brands, though more marginal, are Simone a Colori, and Finanze e Lavoro.

⁸ “Minor” is a term used to refer to smaller formats and paperback volumes, while “major” is a term used to refer to the standard large format.

Finally, “**Simone per la Scuola**” provides books designed specifically for students of lower and upper secondary schools (i.e. middle and high schools). The brand’s catalog includes books for literary disciplines, including Italian, Latin and Greek, for legal and economic disciplines, for technical and scientific disciplines, as well as for extracurricular subjects and foreign languages.

CHART 5 – SIMONE SPA’S TRADEMARKS



Source: Simone

Dike Giuridica Srl

“**Dike Giuridica**” is the result of the knowledgeable jurists who have shared their vast expertise in the field of legal publishing to produce materials for professionals operating in the constantly evolving field of law. Dike stands out from Edizioni Simone thanks to its authorial approach, leveraging the professionalism and authority of its creators.

Each book, text or digital product produced by Dike Giuridica aims to achieve the right balance between technical precision and practical applicability, in order to offer complete and detailed answers to challenging issues. Initially focused on publishing for the preparation of competitions, the publishing house extended its range to include the professional and academic world and the field of advanced training, therefore gaining a leading positioning in the sector market.

Editrice Ardea Web Srl

Editrice Ardea Web Srl is a company specialized in primary education materials, offering, through the brand “**Editrice Ardea**”, a vast range of officially approved school textbooks and extracurricular books, including holiday books. Primary school textbooks are a fundamental element in the education system, and must follow the schools authority guidelines. Their main objective is to facilitate the acquisition of lasting knowledge and skills, while simultaneously bridging gaps and enhancing students’ strengths. To achieve this, materials must be flexible and adaptable teaching tools. Materials and textbooks can therefore come in different formats, including paper, online and hybrid, and may be divided into thematic sections that correspond to the specific aspects of different disciplines and subject areas. They must also comply with the guidelines set by the Ministry of Education.

Research conducted by the Italian Publishers Association, AIE, in 2022, ranked Editrice Ardea Web Srl as the 20th national company for already approved textbooks, and 4th for new textbooks. This recognition attests to the important contribution of the publisher to the primary education sector in Italy.

Il Gatto Verde Edizioni Srl

Il Gatto Verde is a start-up aiming to create books for children that stimulate their critical thinking. The start-up is particularly focused on environmental sustainability and civil and social development. Its foundation was possible thanks to the extensive experience of the publishing Group, with over 50 years of business in the sector. The common approach taken in the production of materials by the start-up is that of revealing to children and young people often hidden aspects of their daily lives.

In the first years of life, children have an innate curiosity and thirst for knowledge, demonstrated by their tendency incessantly ask questions. However, this curiosity is often held back by adults, who can be less than attentive to the importance of this phase of growth and development. The intrinsic abilities of every child need constant practice in order to fully develop, and therefore prepare the child for adulthood. In response to such needs, the “**Il Gatto Verde Edizioni**” and “**Magicamente**” publish books aiming to cultivate and develop such innate curiosity and abilities. As for sustainability, the publishing house addresses the topic in all its facets, going beyond environmental issues to include civil and social development aspects. Furthermore, it focuses on issues related to diversity in all its forms, encouraging critical thinking in children and not limiting itself to abstract rules to be passively adhered to.

Font Café Srl

Through the trademark “**Curvilinee**”, Font Café is a company that has been active in the field of publishing and visual communication for almost thirty years. The company offers a wide range of services to the companies of the Group, as well as to other publishers and businesses. These services include graphic and content design, illustration, layout, and pre-press control processes.

In particular, regarding photocomposition, graphics and layout, Curvilinee elaborates the graphic design and layouts for covers, volumes, magazines, catalogs, illustrations for school textbooks, fiction books and professional publishing, and the design and development of advertising materials, including catalogs, brochures, leaflets, flyers, and posters.

CHART 6 – FONT CAFÉ’S MAIN CUSTOMERS



Source: Simone

As mentioned above, Libri e Professioni Srl supports the Group with administrative, accounting and commercial activities, representing approximately 1.0% of the total turnover.

CHART 7 – OTHER GRUPPO SIMONE’S TRADEMARKS

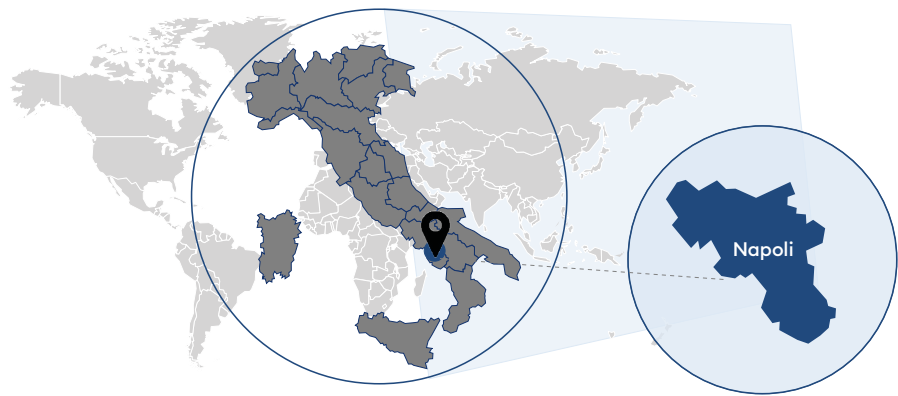


Source: Simone

Regarding the Group’s location and territorial coverage, Simone’s main site, functioning as a warehouse, office and press room⁹ is located at the address of Via Montenuovo Licola Patria 131, in Pozzuoli, in the Metropolitan City of Naples. This site provides approximately 1,400 square meters for the storage of book and materials stock, 200 square meters for the digital press room, and 1,600 square meters for offices. The Group also makes use of four additional sites for warehouses and offices, one located in Pozzuoli - Parco del Sole, two in Casoria, and one in Rome.

We note that the Group stipulated rental contracts for both the main site and the warehouses and offices. The ownership of the main site is divided between three separate owners, one of which holds 50.0% of the ownership and is a company subject to the control of the parent company. Simone therefore pays rent to each of the three owners, and the amount paid to the owner subject to the control of the parent company is based on the same rent applied to the other owners for the remaining part of the site.

CHART 8 – THE GROUP’S MAIN SITE



Source: Simone

9 The main site also hosts the offices of Font Café, Libri e Professioni, and Il Gatto Verde Edizioni.

1.7 ESG strategies

On its growth path, Gruppo Simone aims to develop long-term corporate policies that include clear sustainability strategies. In particular, the goal is to make improvements to all key environmental, social and governance (ESG) factors that can contribute to corporate development and promote internal growth.

Currently, the key factors targeted by Simone's development in the field of sustainability mainly concern the *Environmental* and *Social* pillars.

Regarding the former, in order to reduce its environmental impacts, the Group collects waste paper and recycles it to create new products, as well as imposing separate waste collection in its offices. Furthermore, Simone, through Il Gatto Verde Edizioni, publishes specific editorial projects to promote and raise awareness of the topic of sustainability. These projects help spread the culture of sustainability and engage people in concrete actions to protect the environment.

Regarding the Social area, and demonstrating its corporate values, the Group can boast an employee gender quota of approximately 45.0% women, with as much as 60.0% in prominent positions. Furthermore, Simone has also planned to introduce additional pay bonuses to women on part-time contracts with underage children. Contributing to the *Social* pillar, Simone invests an annual average of 295 hours in employee training, has just 1.0% of employees in fixed-term contracts, favors local suppliers in its supply chain, supports local sports associations through the awarding of scholarships, and has never had any recorded workplace accidents.

As anticipated above, the Group intends to develop further strategies, which can be summarized in the following key aims:

Environmental

- To assess the sustainability performance of suppliers and assign them a rating based on criteria referring to their environmental, social and governance impacts;
- To select suppliers based on their sustainability rating, favoring those with the highest rating;
- To invest in renewable energy technologies and projects, to further reduce dependence on fossil fuels and contribute to the energy transition.

Social

- To assess the social sustainability performance of suppliers, particularly regarding the working conditions of employees, and assign them a rating;
- To organize activities and initiatives aimed at raising awareness among employees, customers and the general public on sustainability issues.

Governance

- To create a new governance figure, an ESG Officer, tasked with coordinating and monitoring the Group's sustainability activities;
- To apply for the attribution of a legality rating.

CHART 9 – ESG PILLARS



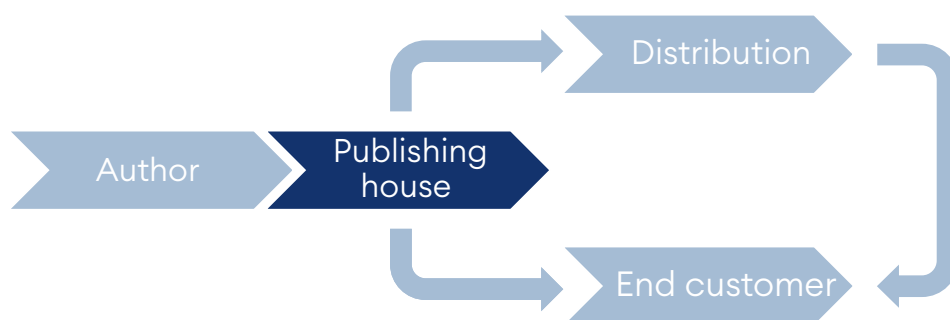
Source: Simone

2. Business Model

2.1 Industry Business System

Gruppo Simone is a publishing house¹⁰ active in the Italian publishing sector, and specialized in legal, professional, scholastic and children's publishing. The chain of publishing sector stakeholders includes authors, publishing houses, and customers.

CHART 10 – BUSINESS PLAYERS



Source: Simone

At the top of the supply chain are the authors, that is, those who create, develop and produce publishing contents. The contents must be original work of personal conception and ingenuity in order to guarantee copyright¹¹ that protects the intellectual property¹². Authors may be employees of the publishing house, and therefore in-house, or external freelancers collaborating with the publishing house. In particular, regarding the Group, if the involvement of external professionals with recognized experience is not necessary, then the in-house editors of Edizioni Simone and Nissolino will act as authors in the production of publishing materials.

¹⁰ Companies or associations with activities mainly oriented to the production and distribution of books, periodicals and other printed texts in general.

¹¹ The right to reproduce a literary work, recording, cinematographic work, etc.

¹² Creations such as inventions, literary and artistic works, designs, marks and symbols, as well as names and images used by businesses. For businesses, it is extremely important that their intellectual property is protected through intellectual property rights (IPR).

However, in the case of Simone per la Scuola, the authors are partly in-house and partly external, while for Dike and Ardea they are mainly external¹³.

The value chain then includes other publishing houses. These are companies or associations with activities mainly oriented to the production and distribution of books, periodicals and other printed texts in general. That said, modern publishing is no longer limited to the publication of merely paper works, but also involves the distribution of digital content through various channels. A publishing house may manage the entire production and commercial process of its own publications, or entrust certain processes to other companies, such as those specialized in photocomposition, printing and distribution. Gruppo Simone, though particularly specialized in legal, professional, scholastic and children's publishing, through the company Font Café, also covers graphics and photocomposition, and therefore almost the entire value chain. The distribution of the publishing products, as for the Group, may take place through various channels, including:

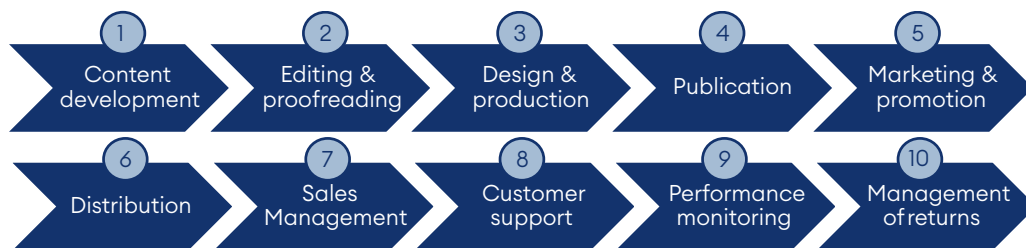
- Direct sales via the publishing house website. This channel allows the publishing house to reach readers directly, and to have greater control over the price and promotion of products;
- Sales via web platforms, such as Amazon or Ibs.it. This channel offers the publishing house greater visibility, and therefore allows it to reach a wider audience;
- Sales through physical bookstores. This channel continues to be important for publishing houses, allowing them to reach local audiences, and offer a more traditional purchasing experience;
- Sales via apps for reading and accessing editorial content in digital format. This channel offers readers the opportunity to purchase and read books in a simple, convenient way, but is relatively marginal. Due to the specific type of product marketed, which commonly represents a study tool, customers tend to almost always choose the paper version.
- Regardless of the sales channel chosen by the customer, the publishing house makes online support materials available free of charge, such as extended materials, updates and databases of preparation tests.

Finally, as for publishing sector customers, the end-customers of a publishing house are identifiable in those who purchase and use its products. Their profile may vary depending on the topics covered. In the case of Gruppo Simone, for example, the clientele is extremely varied and includes primary, middle and secondary school students, university students, professionals, public competition participants, children and teens.

¹³ In the case of Ardea, the Group prepares and edits the contents of the book, submits it to the author, who, after any revisions to the contents, gives the green light for publication.

2.2 Value Chain

CHART 11 – GROUP'S VALUE CHAIN



Source: Simone

Simone operates in the publishing market through various different business lines: the Legal-Professional line, which accounted for approximately 75.0% of FY22A* revenues; the School line, which accounted for 24.2% of FY22A* revenues; and the Miscellaneous Children and Teen Publishing line, which accounted for 0.8% of FY22A* revenues.

The value creation process for the Group extends from the moment of content creation through to the delivery of the finished product to be distributed to end-customers. The success of Simone's business depends on the creation of a virtuous, efficient integration between the various steps in the value chain, so as to maximize the quality and marketability of the final editorial products.

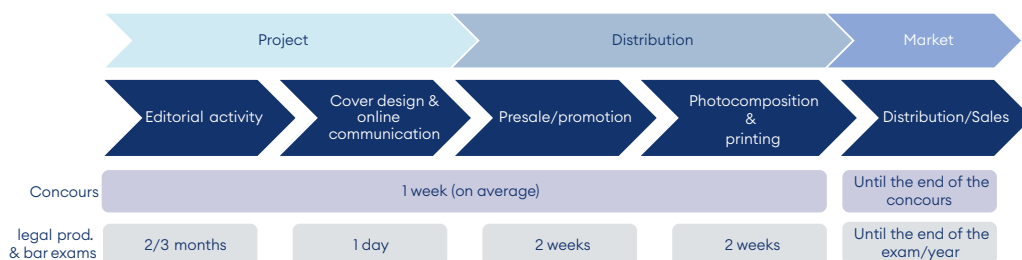
The Group's value chain is made up of 10 consecutive steps:

- Content development, the first step in the value chain, in which authors or writers (whether in-house or external) work on the development of the text contents of the materials, whether books, manuals, textbooks, or exam or competition preparation books;
- Editing and revision, the step in which the publishing house uses in-house professional editors to review and improve the quality of the texts. This step is fundamental for guaranteeing the quality of the text component of the materials and therefore the elimination of grammatical errors and stylistic imperfections;
- Design and production, the step in which the covers and layouts of the materials are finalized. The finalized files are then prepared for physical printing or digital publication;
- Publishing, which is managed in-house by the Group, to ensure that the materials are available for purchase or download;

- Marketing and promotion, which takes place through targeted campaigns, advertising, participation in book fairs, media reviews and online marketing strategies;
- Distribution, physical or digital, to bookstores, libraries and other sales channels;
- Management of the sales across various channels, constantly monitoring retail orders, inventories and returns;
- Customer support, a fundamental step in the value chain, including activities such as answering customer questions, managing returns and providing assistance in the event of any issues with the purchased products;
- Performance monitoring, throughout the entire process, is crucial for the sales performance monitoring of the materials. This allows data to be collected on sales, customer reviews and other metrics, which are then analyzed and used to evaluate the success of the various titles and to make future strategic decisions;
- Returns and refund management, the step in which the publishing house takes care of accepting returns and managing any issues relating to unsold stock.

2.2.1 Legal-Professional Value Chain

CHART 12 – LEGAL-PROFESSIONAL PRODUCTS’ VALUE CHAIN



Source: Simone

The first value creation phase, as regards the Legal-Professional publishing business line, is planning and design.

First, the texts contents are drafted. For public competition preparation materials, the process begins when the relevant public administration recruitment portal entry has been published. The in-house editorial department studies the content and requirements indicated in the published announcement, and then updates and assembles the relevant available

materials. The model for carrying out the Group's editorial activities is particularly efficient, with a reduced time-to-market that set itself apart from the rest of the competition in the market. Indeed, by leveraging the availability of a large archive catalog, and the high degree of integration of product composition processes, Simone's books and manuals can be put on the market in as little as 24 hours after the publication of the new public competition. Regarding legal publications, the timing of their placement on the market is linked to the calendar of the various professional qualifications and exams. Typically, the *time-to-market* for this type of product is approximately 2 to 3 months. We note that, for manuals for competitions and qualification exams, Simone has the possibility of making use of external authors.

Once the content design has been finalized, the focus becomes the photocomposition, graphics and online communication of the product. In particular, the cover and back cover are designed in such a way as to make the message of the manual as clear as possible to the customer and improve its usability. The graphic layout is elaborated by Font Caf , but, in order to speed up online communication, the covers are often completed by the multimedia department. This activity requires, for legal publications and qualifying exams, extremely short lead times, approximately one day.

The second phase in the value chain is distribution. The first step of this phase is pre-sale and promotional activities. This is the moment in which the products are available for pre-purchase through the website, for Edizioni Simone and Dike Giuridica branded products. Once the sales phase has properly started, the publications must be made available at the same time through all the Group's sales channels and promoted via social media platforms and official websites. In this phase, the in-house sales department takes care of pre-sales activities and the promotion of the products through the e-commerce channel. These processes, in their entirety, typically take no more than 2 weeks.

Photocomposition and printing follow within this process. The books or manuals are therefore assembled internally and prepared for the printing process, which is traditionally carried out in partnership with external printers. However, it is possible to proceed internally with the digital printing of modest runs of¹⁴ volumes in the in-house printing center. The possibility of exploiting this in-house printing service represents an excellent competitive advantage for the Group, in order to optimize time and costs in the event of any unexpected need to run small reprints, extremely quickly. This phase, which usually takes less than 2 weeks, is supervised by the internal graphics and photocomposition department, which deals with the graphic layout, and by the production department, which deals with the assembly of the volume and then printing.

The process of value creation ends with the sale of manuals through the Edizioni Simone and Dike Giuridica websites, and through web retailers, as well as through own and

14 In typography, the application of white paper on a prepared and inked composition, or more commonly, the number of copies of a newspaper, magazine or book.

third-party physical bookstores. This step is monitored by the internal and external sales department regarding making available the product to the public. For the correct execution of this phase, essential factors are properly configured levels of control¹⁵ of the sales channels and strategic sale agreements.

2.2.2 School Value Chain

CHART 13 – SCHOOL PRODUCTS’ VALUE CHAIN



Source: Simone

Upstream of the value chain of the School business line is, once again, the phase of planning and designing the book or manual. This happens approximately a year and a half before the date scheduled for the launch of the product. The creation of the editorial product is finalized in a period of time between 15 and 18 months, and is handled by the in-house editorial department, with the possible involvement of external authors.

This is followed by the graphical layout, photocomposition and printing of the final editorial product. In this phase, the volumes are assembled internally and prepared for the transfer to the printing phase, typically handled by external printers, without prejudice to the possibility of digital printing small runs in the internal printing center. The management of this phase carried out by the internal graphics and photocomposition department, which starts with the graphics setting processes from January.

The second crucial moment in the School products value chain is the promotion of the products. This phase starts with the marketing of the products , i.e. the delivery to the commercial network, which typically happens from January to May, on the initiative of the sales department. The sales department manages and assists the activities of promoters, distributors, external consultants, direct customers and commercial partners, to get the volumes out to the market. Agents deal with the promotion of the products to the teachers in charge of the approving the textbooks¹⁶. Consolidated relationships with the agents mean that Gruppo Simone can propose its offerings to the market quickly and effectively, increasing the chances of adoption and, therefore, success.

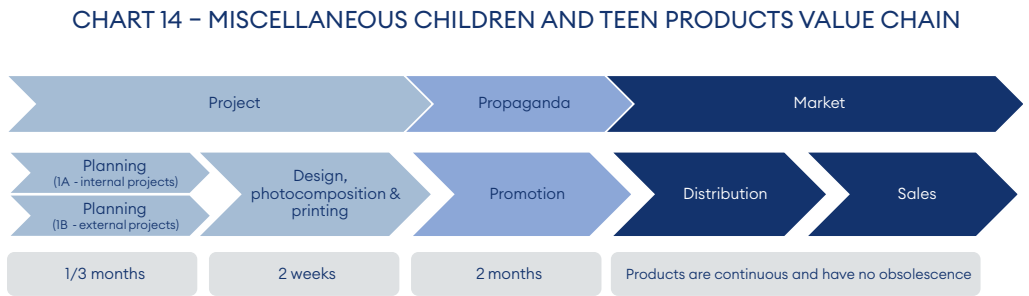
15 The levels of control ensure timely monitoring of the sales. This is carried out via the brands' websites, through which pre-sales can be monitored, and via platforms shared with promoters and distributors that allow the distribution in bookstores to be monitored.

16 The monitoring of which is the responsibility of the AIE (Italian Publishers Association).

Regarding scholastic products, excluding extra-scholastic products, to complete the adoption process, the teaching body, after analyzing the materials, must issue a resolution document definitively and officially approving the textbooks. The textbooks must present the contents of each subject, highlighting links with other disciplines, and must be compatible with the indications of the Ministry of Education (MIUR), in the case of primary school books. The approval of textbooks is typically finalized in May and this phase is coordinated by the external and internal sales department, as well as by the in-house editorial teams of the individual brands.

Finally, sales and distribution are managed so that the school materials are available through the various channels. This final phase starts in September. During the months of May and June, however, extracurricular books for the holidays and invalsi books are sold. If the purchase is made via e-commerce, the external and internal sales department, and the various parties belonging to the external distribution network are involved.

2.2.3 Miscellaneous Children and Teen Publishing Value Chain



Source: Simone

The value chain of the Miscellaneous Children and Teen Publishing business line starts once again with planning and design. In this phase, the editorial project is conceived through the in-house editorial department, in the case of in-house projects. In the case of Il Gatto Verde Edizioni, however, projects are also acquired from external authors, both Italian and foreign, and translated if necessary. The design is finalized within 1 to 3 months.

As in the case of school products, the next phase involves the graphical layout, photocomposition and printing of the editorial product, which takes approximately 2 weeks. The volumes are assembled internally, and prepared the printing process, which is generally carried out through external printers.

The materials are promoted through the Company’s website and the e-commerce channels, and physically at sales points, typically bookstores. This activity is supported by the activity of the internal sales department, as well as by the main national distribution agents. The promotion process takes approximately 2 months.

At this point, the products are ready to be distributed. In the case of Il Gatto Verde Edizioni, distribution is carried out through a single national distributor, which distributes copies throughout the national territory through physical sales points and the main online platforms. In the case of Magicamente, however, the plan is to use a consortium of distributors capable of achieving an especially widespread distribution of the editorial products. Once again the management of this phase is entrusted to the external sales department, and proceeds continuously, as the materials generally do not suffer from obsolescence.

Sales take place via Il Gatto Verde Edizioni and Magicamente websites, as well as via bookstores to which the distributor has been able to distribute the products. Target customers for Il Gatto Verde and Magicamente products are, traditionally, parents with children aged 3 to 10 years. Furthermore, for this product category, returns tend to be limited, and the circulation is around 1,500 to 2,000 copies.

2.3 Value Proposition

Gruppo Simone presents itself to the market as an integrated publishing Group, focused on the specific editorial niches in which it excels with recognized competence and quality, constantly maintaining high standards of professionalism, with an offer that ranges from specialist training to public competitions and children’s education.

CHART 15 – VALUE PROPOSITION



Source: Simone

Simone’s value proposition is based on three fundamental advantages that distinguish the Group from other national competitors in the sector:

- **A broad offer:** the Group is a leading reference in the legal and professional publishing sector, thanks to its vast range of high quality products, constantly adapted to customer needs, and service that fully meets expectations.
- **Rapid time-to-market:** In making use of the expertise of its in-house editors, Simone guarantees customers a rapid time-to-market, thus ensuring the quick availability of materials. Furthermore, it is committed to constantly upda-

ting the numerous manuals and compendia, maintaining high standards of quality and relevance.

- **Expertise:** With over 50 years of sector experience, the Group has consolidated such an expertise to guarantee full control of the crucial phases of the value chain. This expertise transforms into remarkable operational speed, reliability and customer satisfaction.

Furthermore, thanks to the expertise of the in-house editors, with their considerable experience and consolidated know-how, the manuals, books and texts marketed by the Group are perceived by customers as giving considerable added value. Reinforcing this is the fact that various publications offer buyers additional learning opportunities through free online extensions.

As will be seen in more detail, Simone's products are made easily available thanks to various sales channels. In addition to the company websites, distribution also takes place through major platforms, such as Amazon and Ibs.it¹⁷, as well as physical bookstores. These channels recognize the Group's companies as reliable and serious partners, with fundamental qualities that confirm their high standing and promote the continuation of profitable partnerships.

¹⁷ Part of Feltrinelli Group.

2.4 Business Model

The Group's business is organized into the following business lines:

- Legal-Professional;
- School;
- Miscellaneous Children and Teen;
- Other.

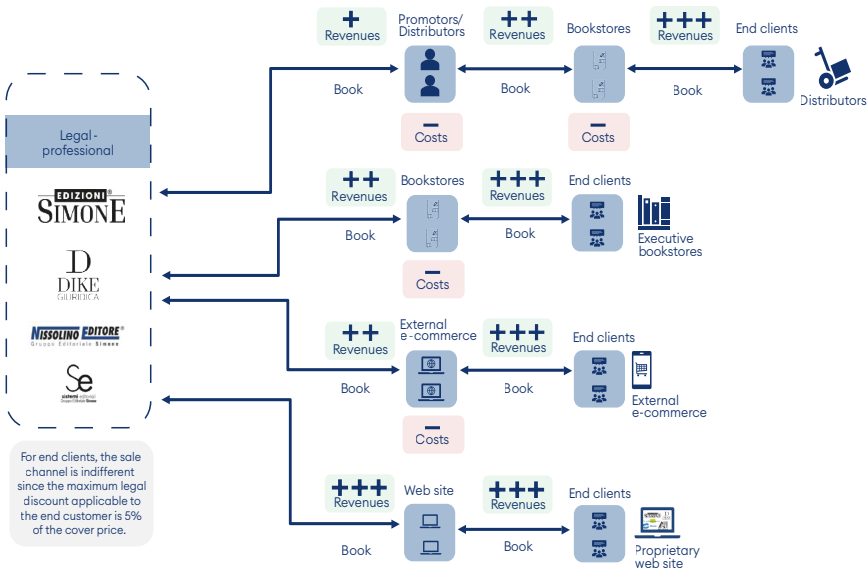
CHART 16 – BUSINESS LINES



Source: Simone

In order to describe Gruppo Simone’s business model in detail, a separate analysis of the operating models of each business line will be given.

CHART 17 – LEGAL-PROFESSIONAL’S BUSINESS MODEL



Source: Simone

Taking into consideration the business model of the legal-professional business line, which encompasses the publications of Simone SpA, Dike Giuridica Srl, Nissolino Editore and Sistemi Editoriali, four different operating methods can be identified, depending on the various distribution channels that can be adopted. In particular:

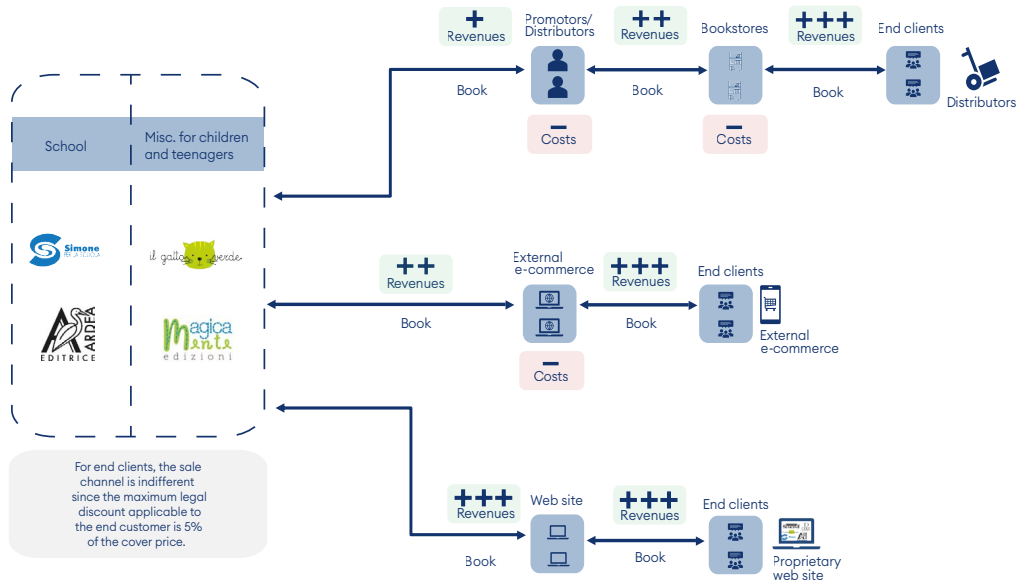
- Placement on the market through **distributors**, involving a triple commercial passage of editorial products. These products are first delivered to distributors and promoters, which supply the physical sales points where end-customers can purchase them. In this case, the Group sells the products to distributors, applying an invoice discount of 16.5-18.0%, depending on the specific nature of the distribution contract signed with them. The publisher also gives a discount to individual bookstores, granting an overall invoice discount of approximately 52.0%. This distribution method is therefore the least profitable for the Group;
- Direct marketing through **physical sales points**, i.e. traditional bookstores, therefore not involving the intermediation of distributors or promoters, but instead reaching direct agreements between the Group and the bookstores. Also in this case, the Group's revenues are to be considered net of the invoice discount reserved for direct sales to bookstores (typically around 35.0-50.0%, according to the specific contractual agreements stipulated with the points of sale);
- Sales through **third-party e-commerce**, according to mechanism similar to that reported for physical sales points. The Group, in this case, sells its products to e-commerce platforms applying a discount on the invoice of a similar amount to that for bookstores¹⁸;
- Finally, the Group has its **own website** through which end-customers can make direct purchases, without the involvement of third parties in terms of sales or distribution. The method is the most profitable for Simone, since it can make do without third-party services and therefore does not need to grant any discounts on invoices¹⁹. It is therefore clear that online sales through the website represent, for the Group, the best opportunity for growth and maximization of turnover. To this end, the Group's development plan includes important improvement actions for its own web platforms, and pays significant attention to the research and development regarding digitalization and technological innovation.

¹⁸ The main sales channel of this type is Amazon, which is granted a 38.0% discount on the invoice.

¹⁹ Without prejudice to the possibility of granting discounts to the end-customer, amounting, by law, to a maximum of 5.0%.

It should be noted that for the end-customer, it is not possible to identify a margin of convenience in using one of the channels over any of the others. Indeed, Italian Law of February 13, 2020, No. 15 (entitled “Provisions for the promotion and support of reading”), amending previous Law of July 27th, 2011, No. 128, (“New regulation on the price of books”), established that the maximum discount applicable to end-customer is 5.0% of the cover price.

CHART 18 – SCHOOL AND MISCELLANEOUS PUBLISHING FOR CHILDREN AND TEENAGERS’ BUSINESS MODEL



Source: Simone

















The business model is similar for the other two main business lines of the Group: School publishing, and Miscellaneous Children and Teen publishing. For both these editorial lines, however, the possibility of direct sales to bookstores is not envisaged.

2.5 Product and service portfolio

2.5.1 Products

Simone proposes, among its editorial offerings, three distinct thematic lines: legal and professional manuals, scholastic and extra-scholastic textbook, and miscellaneous publishing materials for children and teens. The Group is able to position itself on the market as a deeply integrated player, internalizing all functions and strategic contents along the production chain.

CHART 19 – SIMONE’S PRODUCTS

Company	Business lines				
	Legal-professional	School			Miscellaneous for children and teenagers
		Primary School	Middle School	High School	
Simone SpA					
Editrice Ardea Web Srl					
Dike Giuridica Srl					
Il Gatto Verde Edizioni Srl					
Curvilinee (Font Café Srl)					
Libri e Professioni Srl					

Source: Simone

In particular, part of the competitive advantage that Gruppo Simone has in the market is the result of the transversal functional support offered by Font Café Srl and Libri e Professioni Srl to the other publishing companies of the Group. Following below is an analysis of the different products marketed by the various companies.

The Group produces and markets manuals and textbooks under the brand “**Edizioni Simone**”, dedicated to the preparation of public competitions, and offering preparation texts for specific qualifying exams. The catalog of Edizioni Simone branded products is made available on the company’s website, www.edizioni.simone.it, and is made up of 4 sections:

- A first section dedicated to public competitions;

- Another section dedicated to school competitions;
- A section regarding professional texts and legal codes;
- A section containing legal codes, texts, compendia and hypercompendia designed for university use.

Regarding the management of authors' rights and copyrights, it should be noted that, for collective works, these are paid at a flat rate.

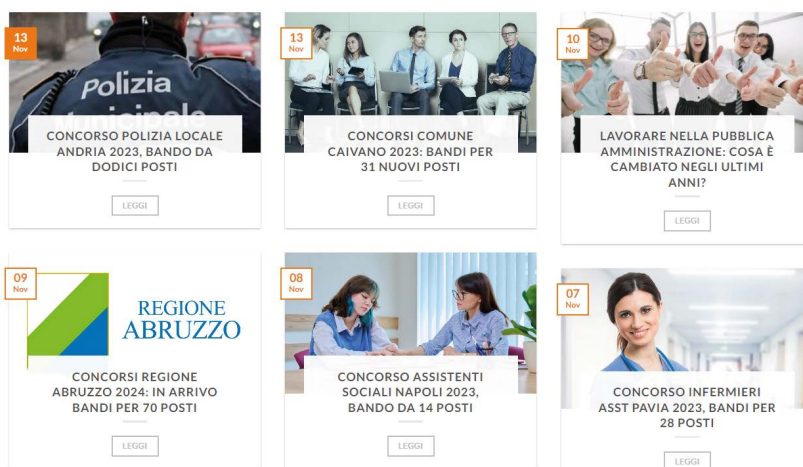
CHART 20 – EDIZIONI SIMONE'S PRODUCTS

Local Authority Competitions	Health Competitions	Special Competitions	Bar Examination
<ul style="list-style-type: none">Administrative areaEconomic and Financial AreaTechnical AreaInformation Technology AreaCompetition for employeesLocal Police	<ul style="list-style-type: none">Administrative staffNursesOSS	<ul style="list-style-type: none">Chartered Accountant and Accounting ExpertCompetition in the JudiciaryLabour ConsultantsSchools of Specialisation for the Legal ProfessionsReal Estate Agent	<ul style="list-style-type: none">Written testFirst oral testSecond oral test
			
School Competitions	Professionals	Universities	
<ul style="list-style-type: none">Extraordinary Competition Ter 2023School Competition 2023Infancy and primarySupportReligious Education teacher(...)			

Source: Simone

The Group has a blog branded **Simone Concorsi**. This virtual space provides articles, information and suggestions on new competitions, on what and how to study, on job opportunities for each specific degree or diploma course, and other useful and constantly updated news.

CHART 21 – SIMONE CONCORSI'S BLOG INTERFACE



Source: Simone

Simone per la Scuola is the educational brand of the Group, which deals with the production and marketing of scholastic texts designed for lower and upper secondary schools. The catalog features streamlined texts, low prices, supplementary materials offered free online, attention to inclusive and skills-based teaching, tools for Content and Language Integrated Learning (CLIL), materials for Interactive whiteboards (IWBs), e-books, and more. Regarding the management of authors' rights and copyrights on Simone per la Scuola products, we note that these are calculated at the end of the calendar year as a percentage of sales.

CHART 22 – SIMONE PER LA SCUOLA'S PRODUCTS



Source: Simone

Nissolino Editore is the brand that deals with the production and updating of manuals to prepare competitions for the armed and police forces.

CHART 23 – NISSOLINO EDITORE’S PRODUCTS

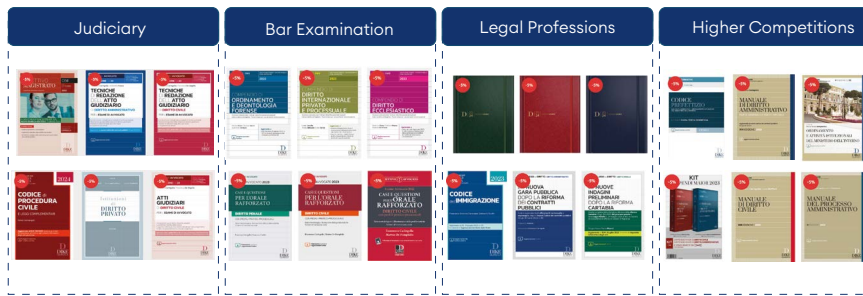


Source: Simone

Publications under the brand **Dike Giuridica** are characterized by the authorial originality of the texts, thanks to the high professionalism and standing of the writers. Each book, text or IT product seeks the right balance between technical and scientific rigor and practicality, in order to provide complete and detailed answers to challenging issues. These are legal publications into which some of the top professional and academic figures in the sector have channeled their specialist knowledge.

Regarding the management of authors’ rights and copyrights in this case, we note that the Group proceeds as follows: the editorial team commissions the work, and a contract is drawn up and signed with the author (usually on the basis of annual agreements). After a year, the technical author signing the volume is then paid the percentage of the copyright due under the contract.

CHART 24 – DIKE GIURIDICA'S PRODUCTS



Source: Simone

Ardea produces texts for primary schools, including school textbooks, extra-curricular books, and teaching guides for teachers, and also publishes children's fiction products.

Also for Ardea, authors' rights and copyrights are calculated at the end of the calendar year as a percentage of sales.

CHART 25 – ARDEA'S PRODUCTS



Source: Simone

Il Gatto Verde is a start-up that promotes editorial content for children and teens, and was created with the aim of offering materials that stimulate critical thinking, with particular focus on environmental sustainability and civil and social development.

Regarding the management of authors' rights and copyrights, the amount of the compensation paid to authors is calculated on the first print run and on the cover price, for each calendar year. Once the marketing process has started, the sales proceeds are counted, and the advance paid is deducted. The excess is then paid annually.



Source: Simone

Gruppo Simone is a positive example of digital integration. Accordingly, the Group offers online tools and applications to respond to the needs of the latest generations. These supplementary materials have contributed to the rise in the popularity and recognizability of the various brands of the Group, even among students and professionals who do not purchase Simone products, especially those in legal-professional segment. Currently 43 resources are employed in managing the digital development of the Group, which has over 4,000 digital expansions, 1,190 digital titles, various thematic blogs and free online test simulators for the preparation of public competitions, and subject-specific video lessons, with more than 20.00 million total views per year on the various own sites.

2.6 Sales channels

According to its business model, the Group has a diversified range of sales channels, in order to reach the greatest number of customers. The different sales channels used by Simone to reach end-customer include: i) own websites; ii) distributors; iii) third party e-commerce; iv) direct sales to bookstores.

- **Own websites**

The websites of Edizioni Simone, Simone per la Scuola, Editrice Ardea Web, Dike Giuridica and Il Gatto Verde offer customers virtual environments in which they can choose editorial content to purchase. The published volumes can also be pre-ordered online once the publication date has been announced. Customers can access the reserved area of the sites by registering an account. Finally, we note that direct sales to final consumers via proprietary

sites allow for the maximum margin to be achieved.

- **Distributors**

Selling through distributors involves specialized intermediaries who connect the publishing house with bookstores. The Group selects distributors according to various criteria, including their specialization, target market, geographic coverage, distribution rates and reputation. Once selected, specific contracts are stipulated that regulate the exact terms and conditions of distribution.

Once the distributors have collected the payments from the retailers, they then pay Simone according to these precise contractual terms.

For all the segments in which Gruppo Simone operates, the margin for sales through distributors is lower than for other channels.

In the case of Simone and Dike, the Group reserves the right to determine discounts due to individual bookstores, with a view to maintaining a high level of control over the supply chain.

- **Third party e-commerce**

Sales through a secondary online channel allows publishing houses to sell their editorial products through online channels other than those directly controlled by the publishing houses themselves.

The secondary online channels first collect payments from customers, and subsequently pay the publishing houses according to set contractual agreements.

For Gruppo Simone, the main secondary channels are Amazon and IBS, from which they receive higher margins than through distributors channel. Additionally, they offer greater visibility and access to a vast number of customers online, and obviate the need to directly manage sales and distribution operations.

- **Bookstores**

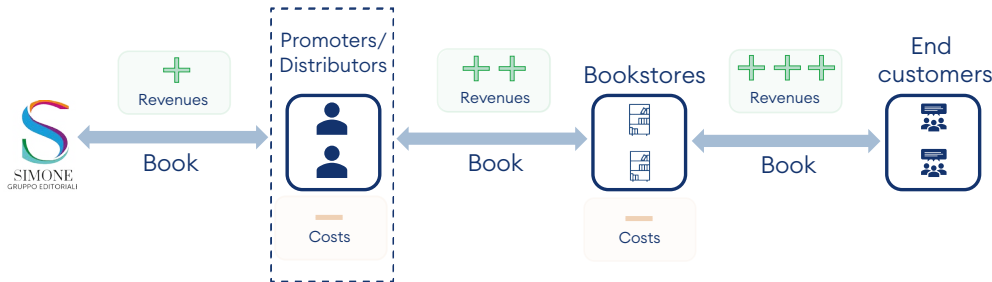
In the legal-professional segment, the Group sells its editorial products through specialized bookstores that offer a targeted selection of books. The publishing house first identifies bookstores in line with the topic, genre or subject of its products, and then negotiates direct contractual agreements with them, including payment terms, return policies, quantity discounts, and other sales-related aspects. The specialized bookstores manage the sales of the editorial products directly to customers, accepting orders, managing transactions, and providing customer assistance.

It is visible that, for this sales channel, the margin for the publishing house is similar to that obtained through third-party e-commerce.

2.7 Commercial network (Promoters/Distributors)

For its commercial network, the Group relies mainly on promoters and distributors, who are third-party entities specialized in the publishing sector that through agents promote and distribute products to bookstores. For Edizioni Simone, the Group also has a direct multifirm agent for Campania and Sicily, while for the Dike brand, it also has a direct multifirm agent for the Campania region. These entities forward orders to the publishing house, and manage distribution and supply in agreement with the bookstores and the publishing house. As previously mentioned, the distributor is remunerated by the bookstore, while the Group issues invoices relating to the sales to the distributor. Furthermore, the Group retains the right to determine specific discounts for each bookstore, in order to take advantage of various market opportunities. The use of external promoters and distributors allows for extensive coverage of the entire country, avoiding the need for significant investments in personnel and resources, and reducing the credit risk linked to individual bookstores. The total number of distributors for Edizioni Simone and Dike is seven, and these are spread throughout the national territory. For Ardea and Simone per la Scuola, on the other hand, distributors are more numerous and diversified. For Il Gatto Verde, there is one main distributor and promoter, while Magicamente currently uses all of the Group's channels. The specialization of promoters/distributors on which the Group relies guarantees a suitable positioning of the products on the market, and preserves the perception of quality associated with the various brands. Within Simone, seven employees directly manage the development of commercial activities and coordinate relations with the commercial network of promoters/distributors.

CHART 27 – DISTRIBUTOR’S MARGIN



Source: Simone

2.8 Customers and suppliers

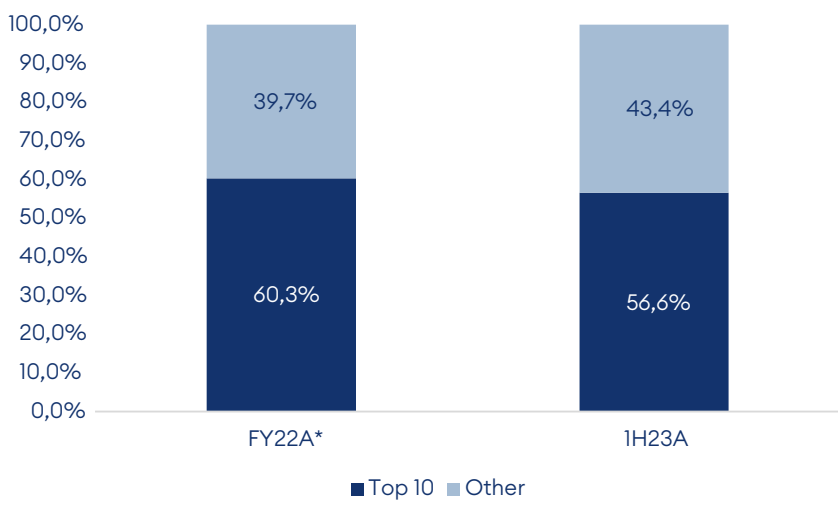
2.8.1 Customers

Regarding the business model outlined, it is possible to identify four main categories of customers for the Group, namely Amazon, distributors, physical bookstores, and third-party e-commerce.

Analyzing the customer base according to the contribution of each customer to consolidated turnover, it emerges that, in FY22A*, the turnover generated by the top 10 customers was approximately € 8.90 million, representing as much as 60.3% of the consolidated sales revenue. In 1H23A, however, this percentage dropped to approximately 56.6%.

Regarding the top 3 customers, the aforementioned percentage was 46.8% in FY22A*, and 44.6% in 1H23A. Finally, we note that Amazon represents the Group’s biggest customer, accounting for 30.3% of the Group’s turnover in FY22A*, and 25.1% as of June 30, 2023.

CHART 28 – TOP 10 CLIENTS WEIGHT FY22A* - 1H23A



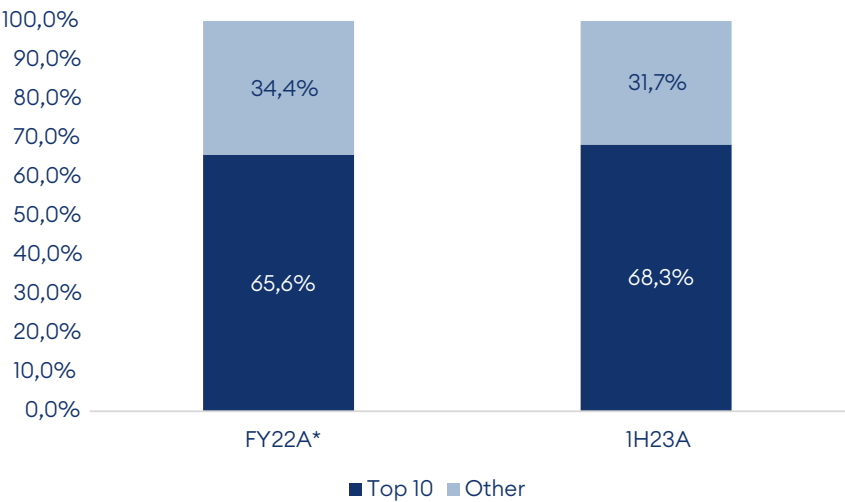
Source: Simone

2.8.2 Suppliers

Analyzing the composition of the Group’s suppliers, it emerges that, in FY22A*, costs related to the top 10 suppliers amounted to € 4.72 million, representing 65.6% of consolidated costs. In 1H23A, the costs associated with the top 10 suppliers then rose to 68.3% of consolidated costs (amounting to approximately € 2.90 million).

In particular, among the top 10, the most significant suppliers in terms of impact on costs, in both FY22A* and 1H23A, concerned the printing service, followed by paper supplies, advertising (on digital channels) and goods transport.

CHART 29 – TOP 10 PROVIDERS WEIGH FY22A* - 1H23A



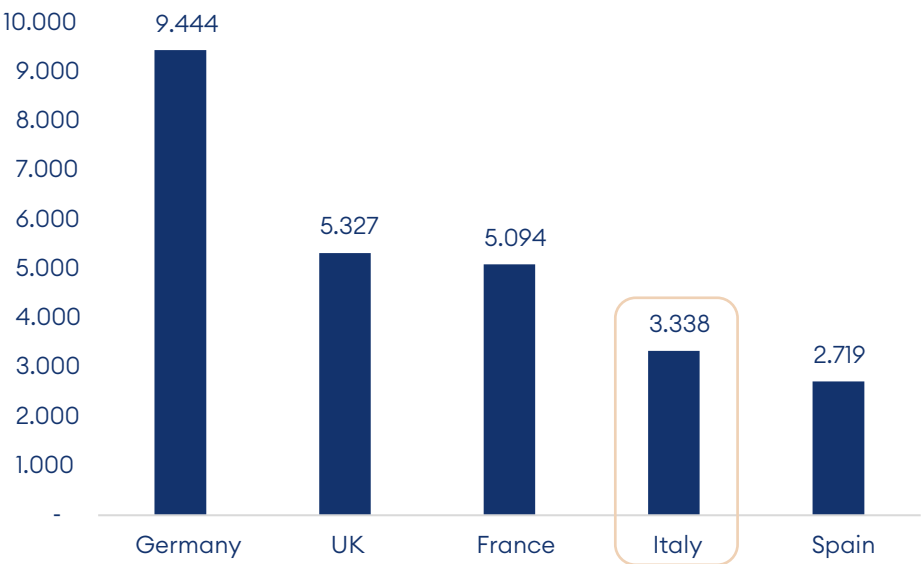
Source: Simone

3. The market

Gruppo Simone is a leading player in the Italian publishing sector. Currently the Group carries out its business exclusively in Italy, with a greater coverage in central and southern regions.

3.1 Publishing in Italy

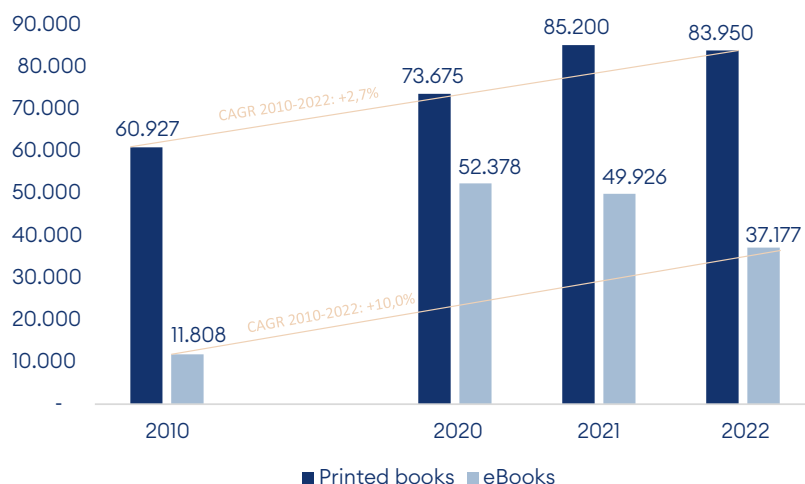
CHART 30 – EDITORIAL MARKET BREAKDOWN 2019-2022 (€/MLN)



Source: AIE Report «Rapporto sull'editoria in Italia, 2023»

In 2022, Italian publishing confirmed its leading role on the international scene, qualifying as the fourth largest market in Europe, after Germany, the United Kingdom, and France.

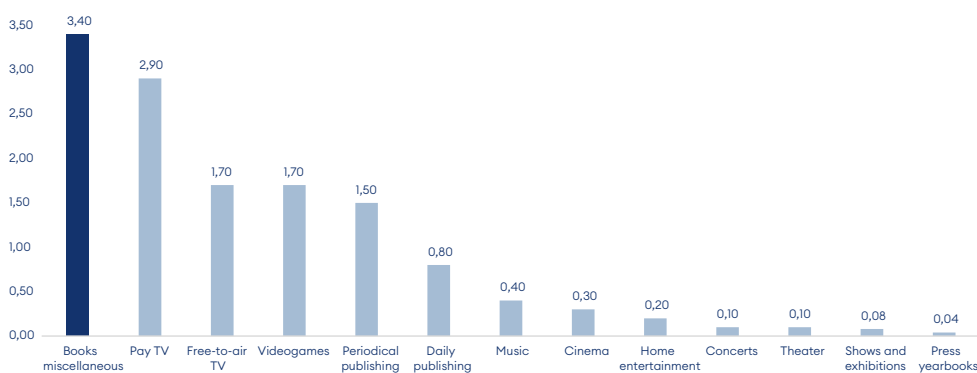
CHART 31 – PRINTED BOOKS VS. E-BOOKS 2010-2022



Source: AIE Report «Rapporto sull'editoria in Italia, 20230»

During the pandemic, the book market showed a fair amount of volatility, following in the wake of the onset of the publishing crisis, mainly driven by increases in the cost of paper and the burgeoning of digital publishing. 2022, however, proved to be a year of adjustment in the number of books published, marking a slight decrease (-1.5%) for printed volumes, and a more significant drop for e-books (-26.0%). We note, however, that the methodology for calculating numbers has changed: in fact, many publishing companies no longer consider the “multi-format” title²⁰, and enter into the counting system only the information of main format indicated by the company. In the aftermath of the publishing crisis, the book market has confirmed itself as the leading segment of the Italian cultural industry, worth in excess of € 3.38 billion.

CHART 32 – ITALIAN CULTURE INDUSTRY (€/BN)

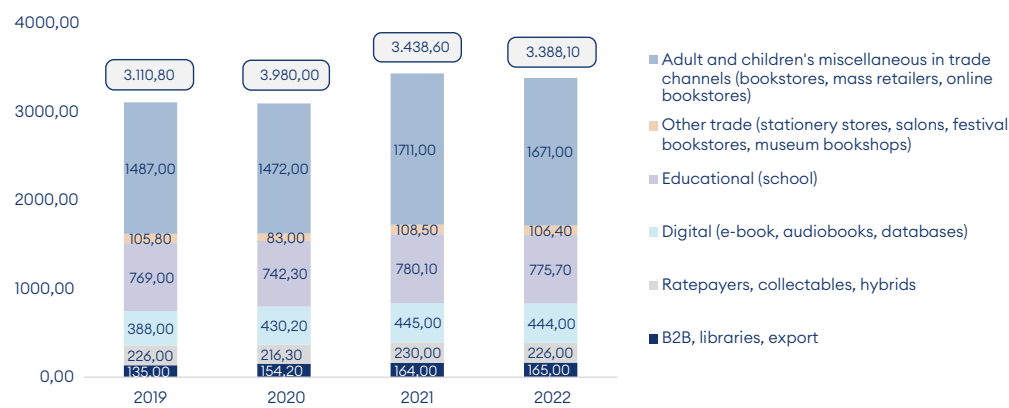


Source: AIE Report «Rapporto sull'editoria in Italia, 2023A»

²⁰ Multiple e-book products with different ISBN codes.

Analyzing the composition of the market, which, as a whole, appears to be growing at a CAGR (2019-2022) of approximately 3.0%, it emerges that the various editorial products for the trade channel accounted for approximately 49.3% of total turnover in 2022. The second largest category was that relating to school texts, which, in FY22A, made up approximately 22.9% of the overall market. This was followed by digital products (13.1%).

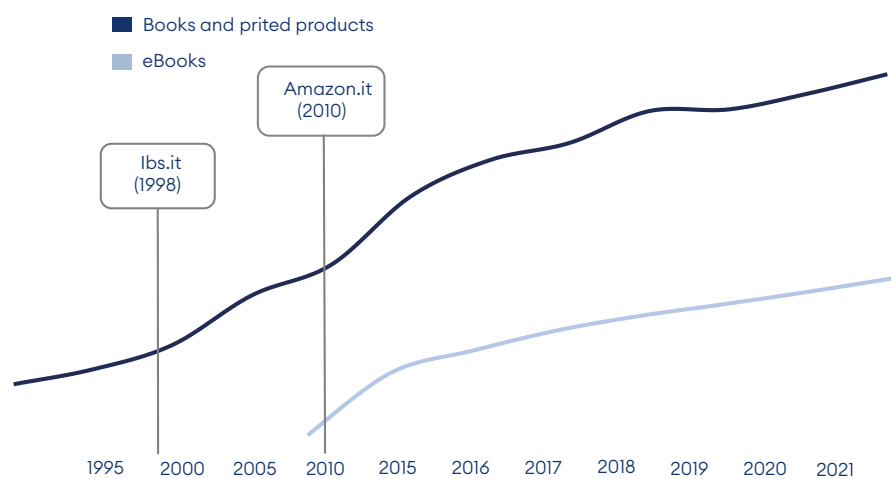
CHART 33 – MARKET TRENDS AND COMPOSITION IN ITALY (€/MLN)



Source: AIE Report «Rapporto sull’editoria in Italia, 2023A»

To date, titles appear to be commercially viable²¹ for longer than in the past. This means that, in many cases, a title dated even quite far back in time can continue to record significant sales.

CHART 34 – EXPANSION OF SUPPLY AND EXTENSION OF BOOK LIFE CYCLES



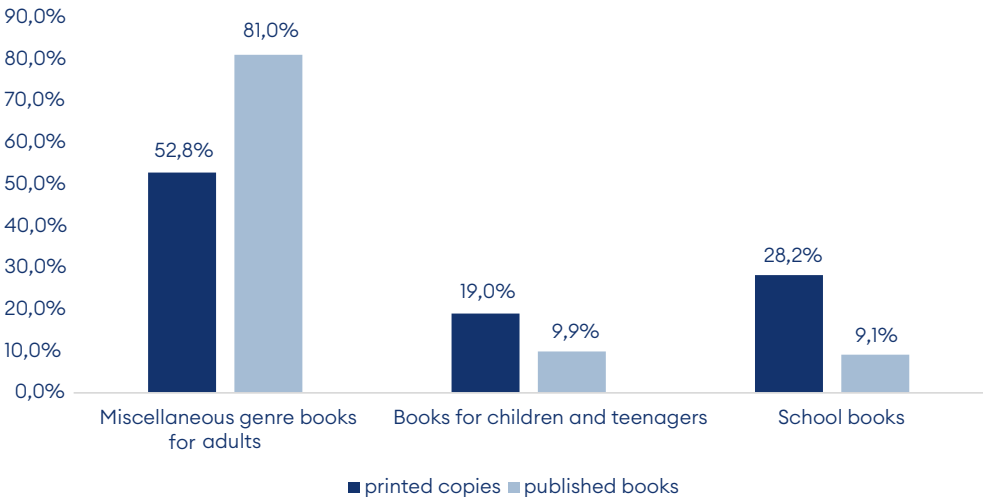
Source: AIE Report «Rapporto sull’editoria in Italia, 2023A»

21 Meaning they continue to record non-negligible sales.

For the purposes of analysis, the Italian publishing market can be split, according to subject matter, into 3 genre macro areas: Miscellaneous; Children and Teens; and School products. In particular:

- The category of Miscellaneous publications for adults is made up of the set of publications indicated by publishers as “miscellaneous”, and includes university and extracurricular texts;
- The category of publications for Children and Teens includes texts and literary genres considered suitable for an audience of children and young people, and judged so by competent authorities, such as associations of parents, teachers, and juries of sector awards;
- The School segment includes elementary, middle and upper secondary school textbooks, but excludes university and extracurricular texts.

CHART 35 – PUBLISHED TITLES AND PRINT RUNS BY GENRE FY21A (%)



Source: AIE Report “Rapporto sull’editoria in Italia, 2023A” e ISTAT “Report produzione e lettura libri 2021”

Analyzing the market on the basis of the data reported in the “Rapporto AIE sull’editoria in Italia del 2023”, from the Italian Publishers Association, AIE, it emerges that, in 2021, Miscellaneous books for adults represented 52.8% of the overall circulation. This was followed by the School category, with approximately 28.2%, and, finally, by the Children and Teens category (19.0%). The composition is slightly different if analyzed according to the number of titles published during the period. The data confirms that the Miscellaneous books for adults category appears to be the most significant, contributing 81.0% to the composition of annual titles published in the year 2021, followed by Children and Teen books (9.9%), and the School segment (9.1%).

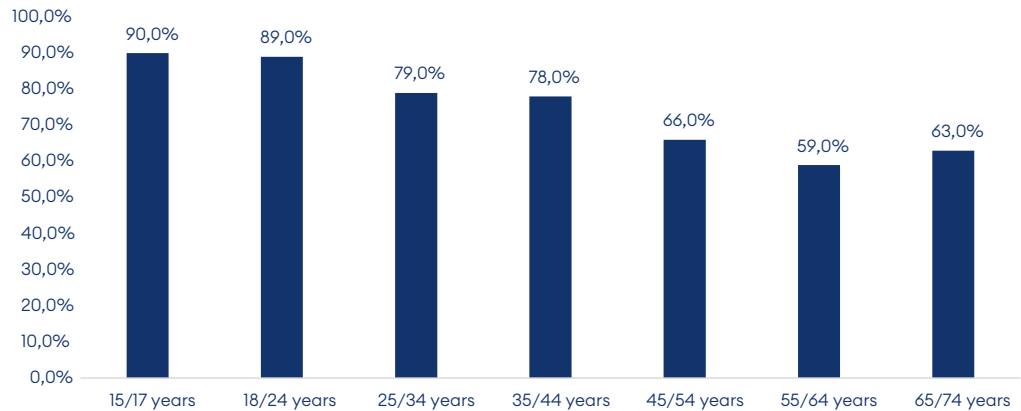
Analyzing the market with a geographical focus, it appears clear that the production of books is mainly concentrated in Lazio and Lombardy as such regions host the majority of publishing houses on the national territory.

Though the primacy of these regions is far from being equaled, in recent years, there has been a progressive growth in the number of publishing houses in the south of Italy, particularly in Campania, Puglia and Sicily. This is a positive signal for the market, demonstrating that it can penetrate into new areas more significantly, slowly but steadily reconstituting a more homogeneous editorial geography.

A similar situation is seen regarding reading in general. Indeed, the majority of Italian readers are concentrated in northern areas, while numbers in southern areas fall below the national average. Nonetheless, over the last few years, though the gap with the rest of the country is significant, demand has continued to grow in the southern regions. Despite the significant difference between the north and the south, both in the concentration of publishing houses and the number of readers, also by virtue of historical and economic reasons, publishing houses and readers are increasing in the south, and with them the cultural dynamism and economy of those territories.

In order to consolidate this positive growth trend for regions such as Sicily, Campania and Puglia, and promote the recovery of some regions that are unable to bridge this gap, such as Calabria and Basilicata, a significant cultural impetus would be needed, such that envisaged by the allocation of funds under the National Recovery and Resilience Plan (PNRR).

CHART 36 – READING DECREASES AS AGE INCREASES (% OF THE TOTAL POPULATION)

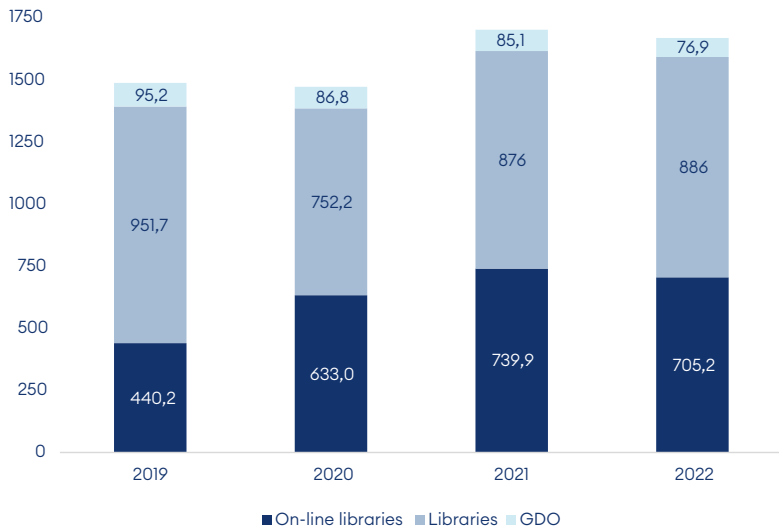


Source: “Editoria italiana: ricavi, geografia e nuove prospettive» Eurispes, 23 gennaio 2023; Report AIE «Rapporto sull’editoria in Italia, 2023A”

Regarding commercial channels, we can observe that bookstore chains and independent bookstores represent the main sales channel for editorial productions. At the same time, over the last three years, an increase in the value of sales through online bookstores has

been seen. A slight decline is evident, however, in the large-scale retail segment.

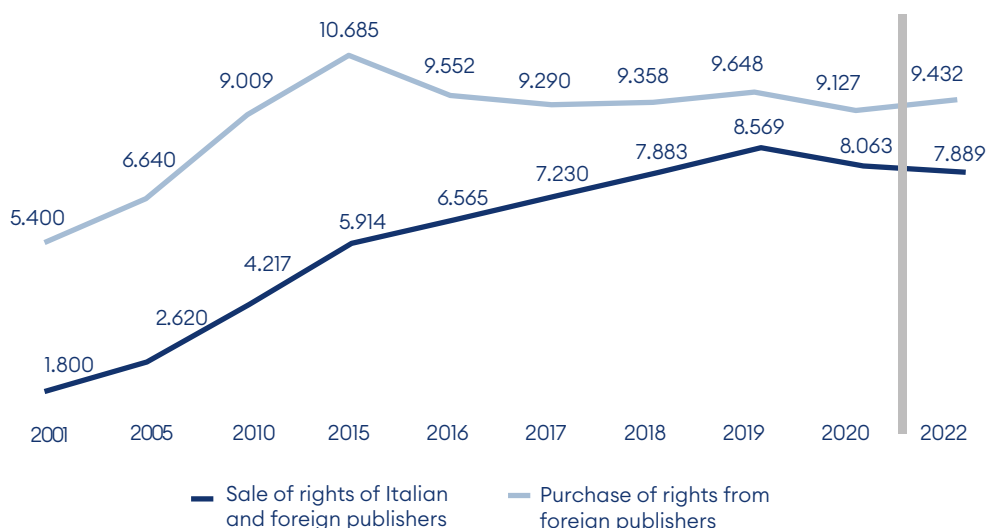
CHART 37 – PERFORMANCE OF INDIVIDUAL CHANNELS IN 2022: PHYSICAL BOOKSTORES ARE STILL GROWING (VALUES OF SALES AT COVER PRICES €/MLN)



Source: «Editoria italiana: ricavi, geografia e nuove prospettive» Eurispes, 23 gennaio 2023; Report AIE «Rapporto sull'editoria in Italia, 2023A»

Italian publishing products that are particularly appreciated abroad have been subject to export dynamics that were profoundly impacted by the macroeconomic events of the last five years. In particular, the sale of rights abroad, after the boom of 2019, appears to be stabilized over the last three years. Nonetheless, values, compared to 2010, appear to have almost doubled, and, compared to 2001, quadrupled. The national trade balance, however, remains negative as the number of copyright contracts purchased from abroad is still greater than the number sold.

CHART 38 – TRENDS IN THE SALE AND PURCHASE OF PUBLISHING RIGHTS 2001-2022
(VALUES IN NUMBERS OF PURCHASE AND SALE CONTRACTS)

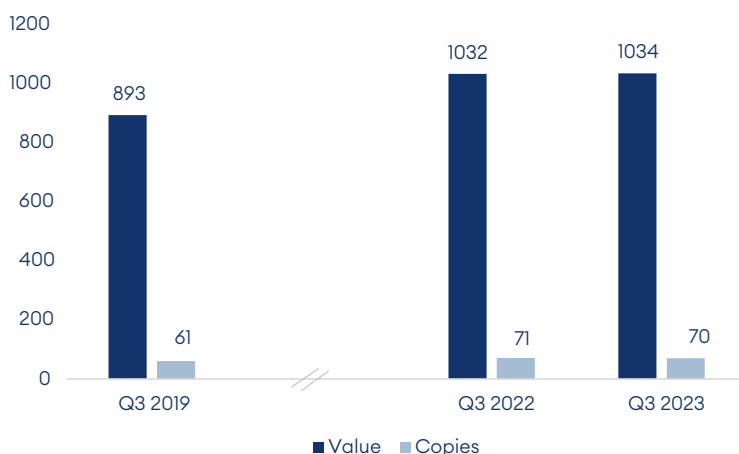


Source: AIE Report «Rapporto sull'editoria in Italia, 2023A», Report AIE «Il mercato del libro italiano ed europeo» (2023)

Taking this data into consideration, Italy emerges to be the fourth largest publishing in Europe, and the sixth in the world, following after the United States, Germany, the United Kingdom, and France.

In the first 3 quarters of 2023, editorial trade channels observed a slight growth compared to the previous year, bringing in a value of approximately € 1.03 billion, with over 70.00 million copies sold during the period.

CHART 39 – SALES (€/MLN) & COPIES SOLD COMPARED TO THE PRE-PANDEMIC PERIOD



Source: «Gli studenti in Italia e l'impatto ancora forte dell'abbandono scolastico» Openpolis

In general, the Italian publishing market appears to have consolidated since the pre-pandemic period, despite important new challenges on the horizon, including:

- Stabilizing sales and allowing companies to react to the evolving demand, as observed in the first few months of 2020 with the reorganization of editorial processes and innovations, such as regarding comic books, authors, the world of social media, and so on;
- The growth in paper and energy costs, which, until now, publishers only marginally transferred to the prices of books, and which inevitably eroded margins;
- The growth in costs impacting, in a far from insignificant way, smaller companies, with less access to financing from banks;
- Looming social concerns among families regarding “high bills”, and therefore the growth in prices of all goods and services for individuals and households.

3.1.1 The School and Professional publishing market

School publishing in particular is considered as a fundamental sector within the publishing industry in Italy, although it is profoundly dependent on national demographic dynamics. At the start of the last academic school year, more than 6.60 million pupils were enrolled in Italian state schools. In particular:

- Approximately 2.30 million students were enrolled in primary schools;
- Almost 1.60 million were enrolled in lower secondary schools;
- Approximately 2.70 million were enrolled in upper secondary schools.

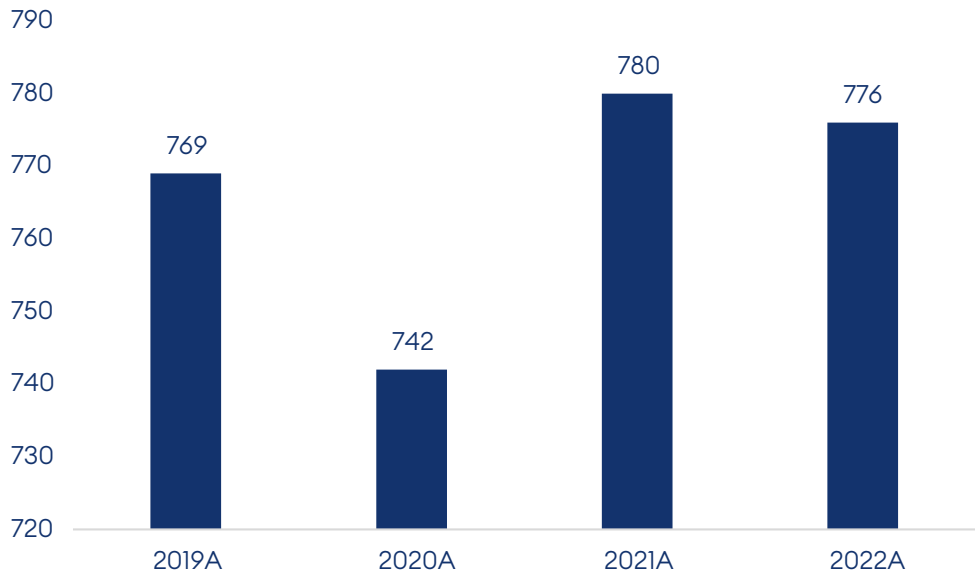
TABLE 2 – NUMBER OF STUDENTS, DIVIDED BY GRADES, IN ELEMENTARY SCHOOL

	1a	2a	3a	4a	5a	Total students
2019	467.951	484.051	491.699	507.328	515.051	2.466.080
2020	489.719	500.484	516.384	528.760	541.742	2.577.089
2021	480.347	489.727	499.964	518.742	527.782	2.516.562
2022	469.532	481.997	490.663	504.952	519.705	2.466.849
2023	446.440	457.638	467.016	478.927	489.154	2.339.175

Source: «Gli studenti in Italia e l'impatto ancora forte dell'abbandono scolastico» Openpolis

In 2023, a significant decline in the number of enrollments was seen. It is estimated that, during the financial year, there were approximately 6,000 fewer enrollments than in 2022 (428,055 vs. 422,475 in 2023). This figure, however, inevitably reflects the decreasing trend in birth rates in Italy.

CHART 40 – TRENDS AND COMPOSITION OF THE EDUCATIONAL PUBLISHING MARKET:
2019-2022 (€/MLN)



Source: «Gli studenti in Italia e l'impatto ancora forte dell'abbandono scolastico» Openpolis

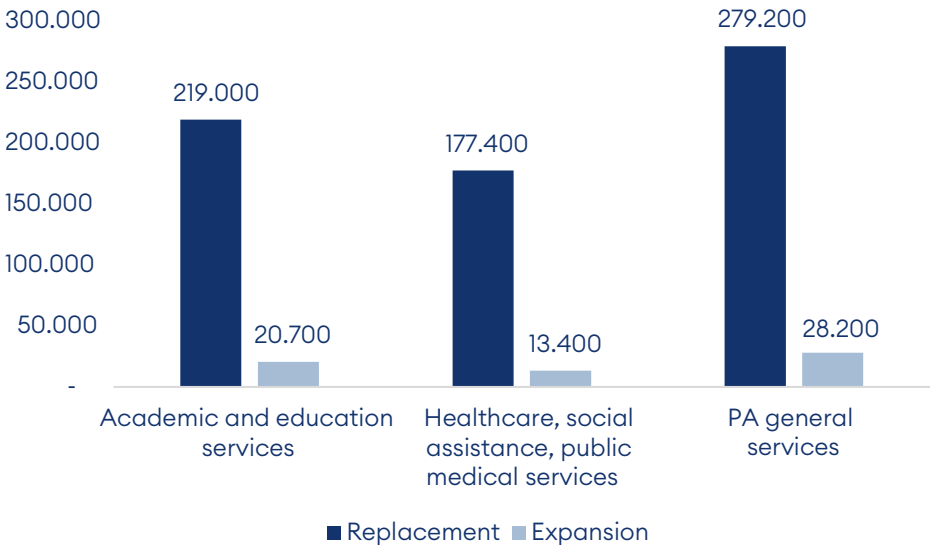
Professional publishing is a segment of the publishing industry focused on the production and distribution of materials, resources and specialized publications for an audience of professionals across various specific sectors. In particular, in Italy, the products are designed to provide relevant information, educational materials and resources to those wanting to participate in public competitions. In this regard, a significant increase in the number of public competitions announced by the various administrations, including public bodies, ministries, regions, provinces and municipalities, is expected in 2023. Furthermore, the most recent budget law announced an increase in public sector hiring, with a particular focus on young resources.

In particular, it is expected that, by the end of 2023, over 167,000 jobs will be created in the public administration, thanks to both new public competitions and to ongoing competition procedures that will conclude during the year.

3.1.2 The Legal-Professional publishing market

The next five years claim to be a period of strong growth in the hiring policies of the public administration in general. From 2023 to 2027, a total of over 738,000 new employee hires are expected in the publication administration, the result of a significant expansion in the employment stock of over 12,000 units per year, for a total of 62,000 expansions, that is, additional public employees, and replacements of over 135,000 employees per year.

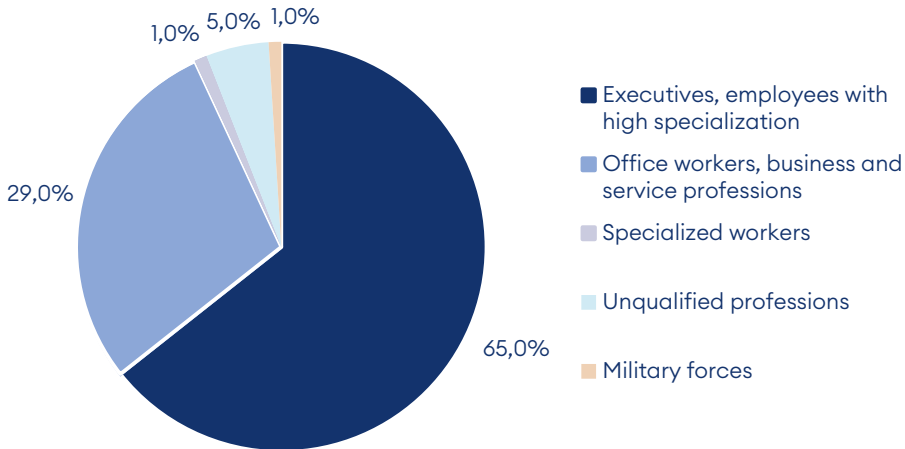
CHART 41 – NEEDS, REPLACEMENTS AND EXPANSIONS 2023-2027 (UNITS)



Source: «Previsione dei bisogni occupazionali e professionali in Italia a medio termine (2023-2027)» Sistema Informativo Excelsior; «Lavoro Pubblico 2023» FPA Data Insign

In general, the hiring policies of the public administration driving growth over the coming years will lead to employment growth particularly in the segments of education, public training services, and general publication administration services, which are significantly targeted by Simone's publications (representing approximately 74% of the total target). In particular, it will be necessary to hire graduate staff to a much greater extent than in the past.

CHART 42 – TYPE OF EDUCATION (%)



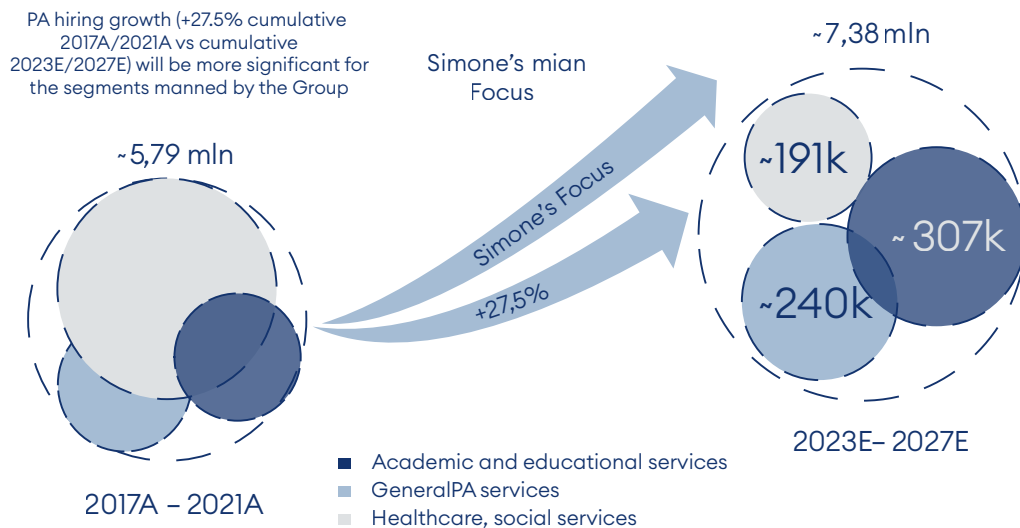
Source: «Previsione dei bisogni occupazionali e professionali in Italia a medio termine (2023-2027)» Sistema Informativo Excelsior; «Lavoro Pubblico 2023» FPA Data Insight

From the second half of 2021, there has been an increase in the number of public competitions announced. Despite this, the urgency of the public administration to proceed with a massive expansion in hirings over the coming years is evident, foreseeing the integration of over 150,000 employees per year through to 2027.

The public competitions over the coming years will be used to fill roles for highly qualified and specialized figures, such as officials, administrative and technical employees, and specialist technical officers. It is therefore expected that the hirings will mainly concern graduates for approximately 80.0% of the total, that is people accustomed to acquiring knowledge through books, manuals and textbooks.

In particular, the categories covered by Simone, most disadvantaged by hiring in the previous five-year period (2017-2021), are set to grow the most in the five-year period from 2023 to 2027.

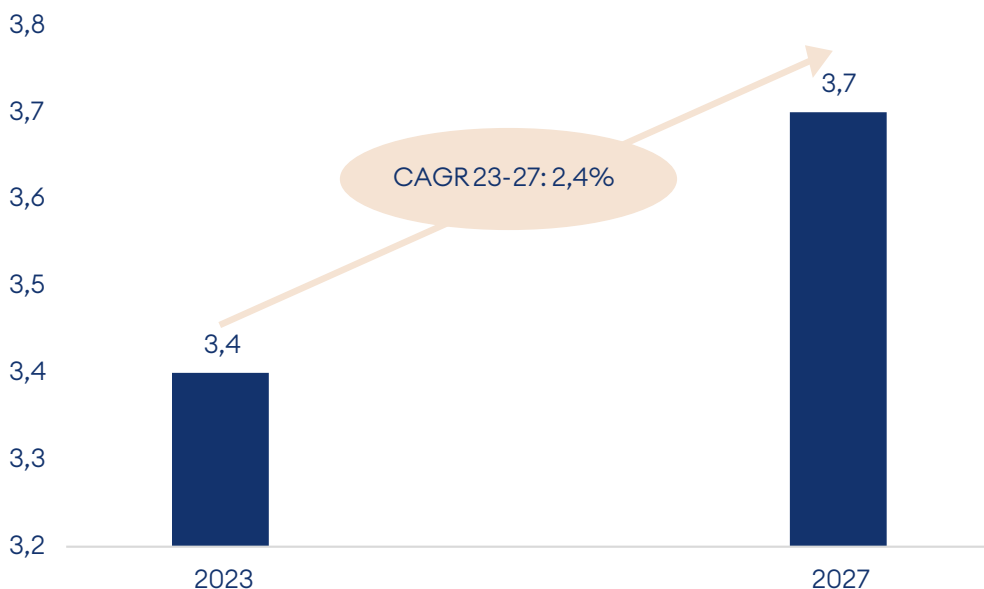
CHART 43 – CUMULATIVE PA HIRING FIGURE (2017-2023 AND 2023-2027)



Source: «Previsione dei bisogni occupazionali e professionali in Italia a medio termine (2023-2027)» Sistema Informativo Excelsior; «Lavoro Pubblico 2023» FPA Data Insight

3.1.3 Market drivers and expected growth

CHART 44 – EXPECTED TREND IN THE BOOK MARKET IN ITALY (€/BN)



Source: «Gli studenti in Italia e l'impatto ancora forte dell'abbandono scolastico» Openpolis

In 2027, it is expected that the book market in Italy will be worth around € 3.70 billion. A growth in the number of book readers is expected in Italy, albeit not necessarily in traditional paper formats, up to over 28.60 million users in 2027. In particular, in 2027, the number of readers using the digital channel as the primary means for accessing books is expected to be approximately 10.20 million.

Consistently with this data, it is estimated that revenues from the digital channel will show an annual growth rate (CAGR 23-27) of 1.57%, with an expected market worth of € 114.5 million by 2027.

The reasons for such a recovery are identifiable in eight key recovery and growth drivers in the publishing market.

CHART 45 – KEY DRIVERS OF GLOBAL RECOVERY AND EXPECTED GROWTH



Source: «Book Market» Statista 2022, «E-book Italy» Statista 2023, «Editoria: nel 2023 continua la crescita delle librerie e la discesa dell'e-commerce: ecco i libri più venduti finora» Il Libraio

- **Growth of digital publishing:** digital publishing promises to continue to grow. An increase in sales of e-books, audiobooks and subscriptions to digital reading services is expected;
- **Self-publishing:** self-publishing has become increasingly accessible thanks to platforms such as Amazon, Kindle and Direct Publishing, among others. Authors can therefore avoid going through traditional publishing houses by publishing their own volumes independently;
- **Personalized content:** finding ever new ways to offer personalized contents to readers, by adapting books and other materials to the interests and preferences of individuals, is becoming ever more important;

- **Augmented reality and virtual reality:** these technologies are starting to be used to enrich and accompany reading experiences, offering interactive and visual elements that go beyond the traditional written format;
- **Sustainability:** the publishing industry is becoming increasingly aware of the environmental impact of the production of books;
- **Data and analytics:** publishers are collecting and analyzing more data in order to better understand reader behaviors and adapt their publishing strategies accordingly;
- **Social media integration:** publishers are working to integrate social media ever more into their marketing and distribution strategies, in order to reach broader audiences;
- **New distribution methods:** publishing is exploring new distribution methods, such as the use of subscription platforms and partnerships with streaming services.

3.2 Market risks and related opportunities

This section recalls the market risks affecting the publishing industry, focusing on emerging challenges and their possible implications. At the same time, we will analyze the opportunities that these scenarios offer the Group, outlining innovative strategies for growth in the dynamic and competitive context. With reference to market risks and related opportunities, the main topics are:

- **The reduction in the number of students:** the demographic decline and the consequent reduction in enrolled students represent a tangible challenge. Nonetheless, the School segment currently constitutes less than 25.0% of the Group's overall business, while an increase in the Public Competitions segment is expected, which concerns the general public administration. Furthermore, the Group sees significant growth opportunities in the School sector, particularly in primary schools in Central-Northern Italy (considering that Ardea is mainly rooted in Central-Southern Italy). Expansion into underexploited regions would promote growth in the School segment able to more than compensate for the expected decline in student numbers;
- **Digitalization:** digitalization can be considered a threat to the traditional publishing market, but, in the case of the Group's products, it constantly represents an opportunity. Indeed, Simone leverages digitalization in offering supplementary online materials and digital tools to meet the needs of its cu-

stomers. Digitalization will also allow the Group to reach even those who no longer buy books, representing valuable leads for the development of other business lines;

- **Functional illiteracy:** The term “functional illiteracy” is used to refer to people’s inability to understand complex texts, and is commonly associated with a lower propensity to purchase books. The Group has consistently focused on the simplicity and accessibility of information as a strength, facilitating the understanding of a variety of texts and fields, and making its publications accessible to a wide spectrum of customers;
- **Increases in raw material prices and supply issues:** The international trend in inflation has significantly impacted the cost of paper, purchased by the Group through brokers. However, thanks to its inventory management policies, with prolonged cycles, and the ability to exploit market opportunities through the consolidated relationships with the brokers, the Group has managed to avoid shortage situations, to minimize the risk of sudden and volatile increases in prices, and also to partially mitigate medium-term cost increases;
- **Contraction of the Legal segment:** Recently, there has been a growing interest from customers in technical and healthcare over legal disciplines. The Group has responded promptly to this emerging demand, diversifying its offerings and introducing an increasingly wider range of products focused on technical and scientific subjects, including related competitions, exams and qualifications.

4. Competitive positioning

In carrying out its business, the Group competes with the other main players in the Italian publishing market. In a market dominated by large generalist companies, Gruppo Simone is able to compete thanks to its experience and expertise in specific areas. Considering the main market drivers, territorial coverage and the ability to penetrate the various market segments, among Simone's main competitors are the following:

TABLE 3 – MAIN COMPETITORS (2022 DATA)

€/mln	VoP	Ebitda	Ebitda %	Net Income	Net Income %	NFP
Legal-Professional						
Giuffrè Francis Lefebvre	59,5	7,6	13%	3,1	5%	(3,3)
Alpha Test	14,1	5,7	41%	(5,7)	N/A	26,9
Edises Edizioni	9,5	0,8	8%	0,4	5%	(2,3)
La Tribuna	6,8	0,8	12%	0,0	0%	2,2
Neldiritto Editore	2,1	0,1	6%	0,0	2%	(2,9)
Median	9,5	0,8	12%	0,0	3%	(2,3)
School						
Pearson	4.428,5	1.005,9	23%	0,3	0%	680,0
Arnoldo Mondadori Editore	919,4	130,7	14%	0,1	0%	121,0
Feltrinelli	521,3	19,4	4%	(4,7)	N/A	(1,5)
Zanichelli Editore	194,6	42,0	22%	14,5	7%	(58,3)
La Scuola	53,7	10,3	19%	0,3	1%	34,0
Raffaello Libri	21,0	1,6	8%	0,7	3%	(5,7)
Gius. Laterza & Figli	14,1	0,3	2%	0,1	1%	2,2
Editrice San Marco	1,7	0,2	11%	0,1	3%	(0,5)
Median	124,2	14,9	12%	0,2	1%	0,9
Miscellaneous children's publishing						
Arnoldo Mondadori Editore	919,4	130,7	14%	0,1	0%	121,0
Feltrinelli	521,3	19,4	4%	(4,7)	N/A	(1,5)
Giunti Editore	116,3	12,4	11%	2,5	2%	37,7
Sassi Editore	7,6	0,3	3%	0,1	1%	1,1
Edizioni EL	10,7	3,2	30%	2,2	21%	(2,4)
Median	116,3	12,4	11%	0,1	1%	1,1
Simone*	16,5	1,7	11%	0,7	4%	1,0

Source: Orbis

*Pro-forma data

Legal–Professional segment

Gruppo Simone stands out from its competitors in the legal-professional publishing segment due to the intrinsic characteristics of companies active in the segment. In particular, Simone stands out thanks to its vast proprietary content archive and therefore its ability to respond to the demands of an increasingly dynamic market by significantly minimizing the time-to-market. In addition, the high authorial standing and accuracy of the contents of Dike Giuridica branded products in particular, thanks to the Company's continuing partnerships with prestigious authors, contribute substantially to the high positioning of the Group, while guaranteeing the availability of a catalog of broad, varied and always updated publications.

The meticulous selection of the products, and the differentiation and innovative features of its volumes is supporting the Group's prestigious positioning. All these factors allow Simone to position itself as a market leader, particularly in the segment of competitions and exams, despite the presence of larger competitors.

- **Giuffrè Francis Lefebvre:** an Italian publishing house, well-recognized in the academic-professional legal sector, and operating since 1931;
- **Alpha Test:** a training publishing house specialized in books and courses for university education, with a particular focus on the quiz segment for competitions and entrance exam tests;
- **Edises Edizioni:** specialized in university texts in the scientific and healthcare fields, in entrance tests for medical and health faculties, and in competitions, particularly those related to the school education sector;
- **La Tribuna:** this company has been operating in the professional publishing sector since 1954, and it is specialized in the publication of legal books and magazines;
- **Neldiritto Editore:** a legal publishing house specialized in publications for the preparation of competitions and high-level qualifications, in sectors such as the judiciary, law bar exams, and the qualification of notaries.

School segment

The education sector is contested by several major national and international players, which cover a vast range of areas related to the education of children and young people, as well as specific cultural segments.

Within this highly competitive arena, the Group positions itself strategically through Editrice Ardea Web and Simone per la Scuola. As mentioned above, the first operates in the primary school segment, while the second specializes in the lower and upper secondary school seg-

ment. Both brands offer their customers the possibility of accessing online extensions that allow for further in-depth study of specific topics related to the subject of study.

- **Pearson:** a publishing and educational services subsidiary focused on publishing and educational services, acquired by Sanona Group. To date, it accounts for approximately 15.0% of the market;
- **Arnoldo Mondadori Editore:** having acquired De Agostini, it is active in the publishing, media and communications, games and services sectors. To date, it accounts for approximately 50.0% of the market;
- **Feltrinelli:** one of the main Italian bookstore chains, with 120 points of sale in 58 cities;
- **Zanichelli Editore:** Italian publishing house specialized in the publication of books, educational resources, dictionaries and linguistic tools. To date, it accounts for approximately 25.0% of the market;
- **La Scuola:** Gruppo Editoriale La Scuola Sei is specialized in philosophical, psychopedagogical, didactic and methodological topics;
- **Raffaello Libri:** a publishing house with innovative, scholastic and extracurricular products for children, from nursery through to lower secondary school age;
- **Gius. Laterza & Figli:** specialized in educational publishing and mainly non-fiction titles;
- **Editrice San Marco:** specialized in the publication of textbooks for secondary schools.

Miscellaneous Children and Teen segment

The children's publishing sector, featuring a wide range of publications, is mainly controlled by large publishers with an established market presence and high consumer recognition.

The Group intends to penetrate and develop in this market through Il Gatto Verde, for which financial results will be monitored from the end of 2023. The goal is to compete with the major players in the sector, despite their larger size, taking advantage of historical experience and distinguishing itself first and foremost by the topics covered and a unique approach.

- **Arnoldo Mondadori Editore:** an Italian holding company which, with its editorial brands, publishes books and newspapers in Italy and around the world;

- **Feltrinelli:** one of the main Italian bookstore chains, with 120 points of sale in 58 cities;
- **Giunti Editore:** a publishing house, founded in 1956, that has various brands and is ranked second among Italian publishers in terms of turnover;
- **Sassi Editore:** a publishing house specializing in gamebooks, and diversifying towards fiction;
- **Edizioni EL:** active since 1849, it has its roots in the typographical innovations and high editorial product standards.

CHART 46 – ESTABLISHMENT OF TRADEMARKS



Source: Simone

The Group boasts several important distinctive traits in the publishing market. Drivers that allow the Group to have a competitive advantage in this area are as follows:

- Professional know-how and a pool of in-house authors;
- A large archive of publication assets;
- Web positioning and web marketing, with important investments across all sales channels;
- The diversification of production segments;
- Direct relationships with end-customer via e-commerce;
- The efficiency of the Simone SpA sales channel (through Edizioni Simone), which allows products to be pre-ordered;
- Efficient sales management in the channel mix and level of control;
- Excellent management in paper supplies and high bargaining power in relation to printers;
- Continuous and rapid updating of manuals that guarantees customer satisfaction;
- Excellent visibility over the dynamics of the market, thanks to significant experience and levels of control.

4.1 SWOT Analysis

Strengths:

- Deep knowledge of the publishing market and its dynamics;
- Leadership in the legal-professional sector in terms of quality and strong brand recognizability;
- Know-how of in-house editors and contained in the in-house archive of publishing assets;
- Coverage of the key phases of the value chain, including graphics, photocomposition and layouts;
- Rapid time-to-market, especially important in public competition-related publications.

Weaknesses:

- Small size in a market substantially dominated by large publishing groups that are leaders in their segments;
- The children's publishing business is still at the start-up stage;
- Geographical coverage concentrated in Southern Italy for some of the Group companies.

Opportunities:

- Growth in margins through growth in the proprietary e-commerce channel for Edizioni Simone, Simone per la Scuola, Ardea, Il Gatto Verde and Dike Giuridica;
- Exploitation of the opportunities offered by the digital world, also regarding social platforms for learning;
- Acquisition of new publishing companies to continue the diversification process and consolidate the Group's positioning in the market.

Threats:

- Tools deriving from artificial intelligence that may replace traditional learning and entertainment materials;
- Potential decline in the number of students across schools segments;
- Potential expansion in the number of qualifying degrees, which might obviate the need for preparation texts for state exams;

5. Economics & Financials

TABLE 4 – ECONOMICS & FINANCIALS

CONSOLIDATED INCOME STATEMENT (€/mln)	FY22A*	FY23E	FY24E	FY25E	FY26E
Revenues	14,76	18,05	19,75	21,25	22,90
Other Revenues	1,70	0,90	0,75	0,55	0,55
Value of Production	16,46	18,95	20,50	21,80	23,45
COGS	2,54	2,20	2,55	2,70	2,85
Services	7,00	8,65	9,55	10,10	10,75
Use Of Asset	0,46	0,60	0,60	0,50	0,50
Employees	3,58	4,00	4,05	4,00	4,10
Other Operating Expenses	1,14	0,55	0,60	0,70	0,75
EBITDA	1,74	2,95	3,15	3,80	4,50
<i>EBITDA Margin</i>	<i>10,6%</i>	<i>15,6%</i>	<i>15,4%</i>	<i>17,4%</i>	<i>19,2%</i>
D&A	0,73	0,80	0,90	0,95	0,95
EBIT	1,01	2,15	2,25	2,85	3,55
<i>EBIT Margin</i>	<i>6,2%</i>	<i>11,3%</i>	<i>11,0%</i>	<i>13,1%</i>	<i>15,1%</i>
Financial Management	(0,06)	(0,10)	(0,05)	(0,05)	(0,05)
EBT	0,95	2,05	2,20	2,80	3,50
Taxes	0,21	0,60	0,65	0,80	1,00
Net Income	0,74	1,45	1,55	2,00	2,50

CONSOLIDATED BALANCE SHEET (€/mln)	FY22A*	FY23E	FY24E	FY25E	FY26E
Fixed Assets	7,07	7,70	6,90	6,40	5,50
Account receivable	3,71	4,75	5,35	5,80	6,35
Inventories	4,08	4,90	5,80	6,70	7,70
Account payable	2,70	4,00	3,60	3,90	4,20
Operating Working Capital	5,09	5,65	7,55	8,60	9,85
Other receivable	1,92	2,35	1,75	1,45	1,05
Other payable	2,26	2,65	2,60	2,50	2,45
Net Working Capital	4,75	5,35	6,70	7,55	8,45
Severance Indemnities & Other Provisions	1,25	1,25	1,30	1,30	1,35
NET INVESTED CAPITAL	10,57	11,80	12,30	12,65	12,60

Share Capital	3,70	4,63	4,63	4,63	4,63
Reserves	5,12	7,92	9,37	10,92	12,92
Net Income	0,74	1,45	1,55	2,00	2,50
Equity	9,55	14,00	15,55	17,55	20,05
Cash & Cash Equivalent	6,59	7,35	6,95	7,45	8,90
Financial Debt	7,62	5,15	3,70	2,55	1,45
Net Financial Position	1,02	(2,20)	(3,25)	(4,90)	(7,45)
SOURCES	10,57	11,80	12,30	12,65	12,60

CONSOLIDATED CASH FLOW (€/mln)	FY23E	FY24E	FY25E	FY26E
EBIT	2,15	2,25	2,85	3,55
Taxes	0,60	0,65	0,80	1,00
NOPAT	1,55	1,60	2,05	2,55
D&A	0,80	0,90	0,95	0,95
Change in receivable	(1,04)	(0,60)	(0,45)	(0,55)
Change in Inventories	(0,82)	(0,90)	(0,90)	(1,00)
Change in payable	1,30	(0,40)	0,30	0,30
Change in others	(0,04)	0,55	0,20	0,35
Change in NWC	(0,60)	(1,35)	(0,85)	(0,90)
Change in provisions	0,00	0,05	0,00	0,05
OPERATING CASH FLOW	1,76	1,20	2,15	2,65
Capex	(1,43)	(0,10)	(0,45)	(0,05)
FREE CASH FLOW	0,32	1,10	1,70	2,60
Financial Management	(0,10)	(0,05)	(0,05)	(0,05)
Change in Financial Debt	(2,47)	(1,45)	(1,15)	(1,10)
Change in Equity	3,00	0,00	0,00	0,00
FREE CASH FLOW TO EQUITY	0,76	(0,40)	0,50	1,45

Source: Integrae SIM

* Pro-forma data

5.1 FY22A* and 1H23A Results

TABLE 5 – KEY FINANCIALS FY22A* VS 1H23A

(€/mln)	FY22A*	1H23A
Value of Production	16,46	9,24
EBITDA	1,74	0,89
EBITDA Margin	10,6%	9,6%
EBIT	1,01	0,50
EBIT Margin	6,2%	5,4%
Net Income	0,74	0,29
Fixed Assets	7,07	7,28
Net Working Capital	4,75	5,18
NET INVESTED CAPITAL	10,57	11,21
Equity	9,55	10,02
Net Financial Position	1,02	1,19
SOURCES	10,57	11,21

Source: Simone

* Pro-forma data

The above reported pro-forma financial statement data as of December 31st, 2022, were elaborated with the aim of retroactively representing the economic and financial effects of extraordinary transactions. In particular, the analysis of the pro-forma financial statements was performed as if the acquisition of Editrice Ardea Web Srl by Simone SpA had taken place on January 1, 2022, and the acquisition of 95.0% of the share capital of Dike Giuridica Srl by Simone SpA occurred, on the date of incorporation of the company, on May 31st, 2022.

The FY22A* financial statements consolidate the balance sheet and income statement of the following companies:

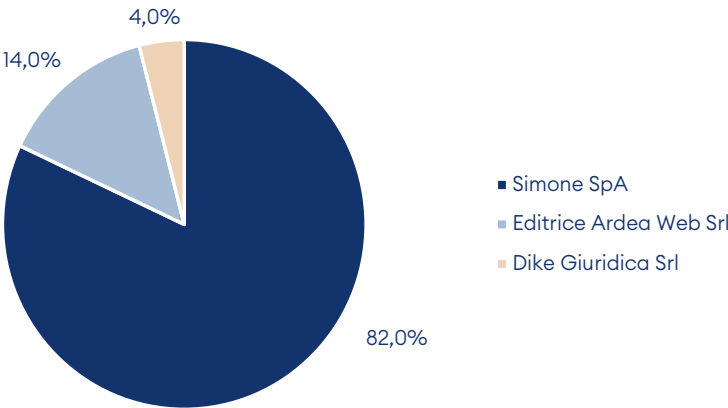
- Simone SpA, Dike Giuridica Srl (acquired by Simone SpA in April 2023, but already owned by Giunima Srl), Editrice Ardea Web Srl (acquired in December 2022), and Libri e Professioni Srl.

The 1H23A financial statements, however, consolidate as follows:

- Income statement: Simone SpA, Dike Giuridica Srl, Editrice Ardea Web Srl, and Libri e Professioni Srl;
- Balance sheet: Simone SpA, Dike Giuridica Srl, Editrice Ardea Web Srl, Libri e Professioni Srl, Il Gatto Verde Edizioni Srl (acquired in April 2023), and Font Cafè Srl (acquired in May 2023).

In the pro-forma financial statementst as of December 31st, 2022, the Group generated a value of production of € 16.46 million (€ 9.24 million in 1H23A), approximately 90.0% of which was accounted for by core revenues from the sale of books and manuals. The item referring to other revenues, on the other hand, mostly refers to operating grants, which during FY22A* amounted to approximately € 0.60 million. It is to be noticed that in FY22A*, Simone SpA represented approximately 82.0% of the consolidated revenues. The remaining 18.0% refers to Editrice Ardea Web Srl, for approximately 14.0%, and Dike Giuridica Srl, for 4.0%.

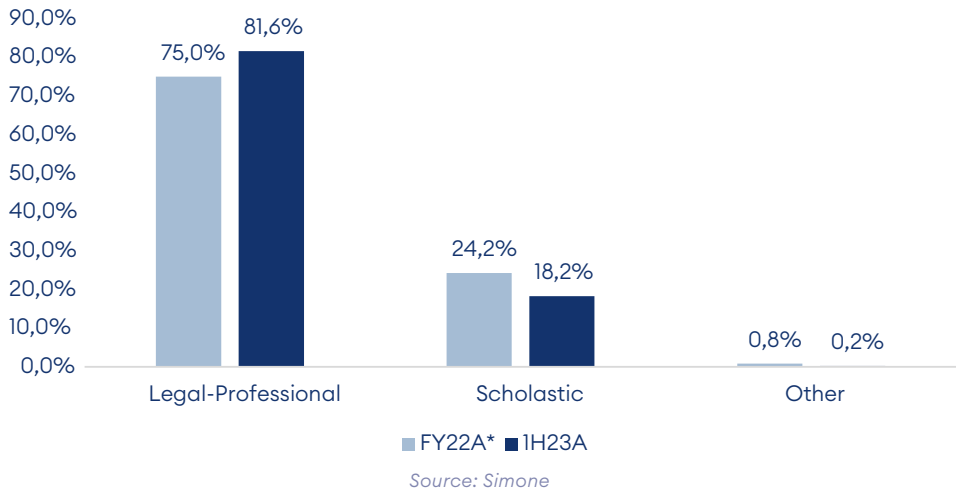
CHART 47 – REVENUES BREAKDOWN BY SUBSIDIARY FY22A*



Source: Simone

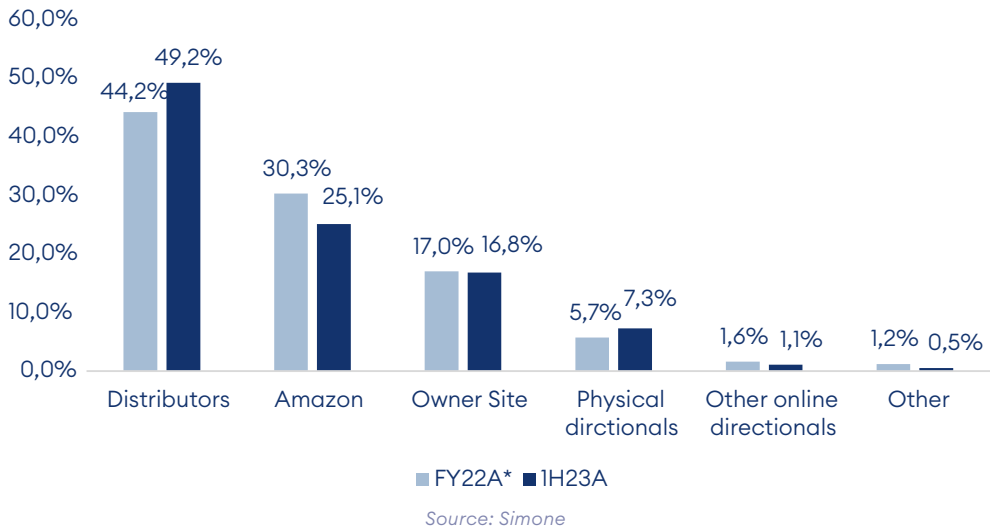
As highlighted by the following figure, in FY22A*, approximately 75.0% of the Group’s revenues were attributable to the Legal-Professional segment, represented by the companies Simone and Dike Giuridica. In 1H23A, there was a greater impact from the Legal-Professional segment (81.6%), thanks to the positive results achieved obtained by Dike Giuridica (partly due to recent regulatory changes) and to the seasonality of the School segment, which has a concentration of revenues at the start of the school year (September-October).

CHART 48 – REVENUES BREAKDOWN BY BUSINESS LINE FY22A* VS 1H23A



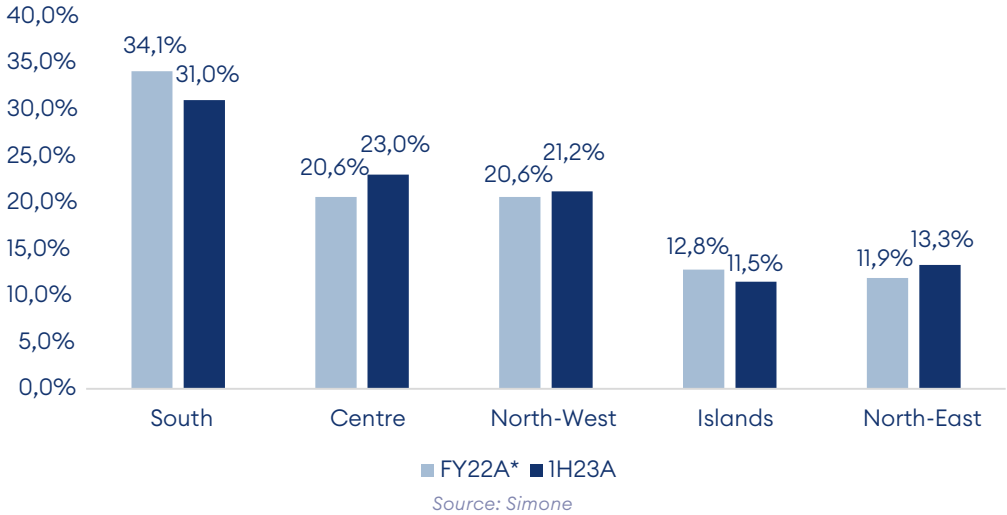
The mix of sales channels is dominated by distributors, accounting for approximately half of the total. This distribution channel remained relatively stable between FY22A* (44.2%) and 1H23A (49.2%).

CHART 49 – REVENUES BREAKDOWN BY SALES CHANNELS FY22A* VS 1H23A



Geographically, revenues were distributed relatively uniformly across the entire national territory, with a more significant representation in the south of Italy. This is significant considering that Ardea, active in the School sector, is currently concentrated almost exclusively in the south.

CHART 50 – REVENUES BREAKDOWN BY GEOGRAPHIC AREA FY22A* VS 1H23A



EBITDA in FY22A* came in at a value of € 1.74 million (€ 0.89 million in 1H23A). The EBITDA margin reported by the Group, calculated on the value of production, amounted to 10.6% for FY22A*, down, however, on 1H23A (9.6%). This effect can be traced back to a drop off in the results of the public competitions segment, expected to pick up in the second half of the year, and to the seasonality of the school segment. The main cost item contributing to EBITDA came from the cost of services, mainly consisting of printing, photogravure, book-binding and photocomposition costs (as well as advertising and copyright charges), for a value of approximately € 7.00 million in FY22A*, and € 4.92 million in 1H23A. The consumption of raw materials, including paper, packaging materials and press room consumables, amounted to approximately € 2.54 million in FY22A*, and € 1.25 million as of June 30th, 2023.

EBIT, after depreciation and amortization of € 0.73 million, came in equal to € 1.01 million (€ 0.50 million in 1H23A). The EBIT margin came in equal to 6.2% in FY22A* (5.4% in 1H23A). Net Income, on the other hand, recorded a value of € 0.74 million in FY22A* (€ 0.29 million in 1H23A).

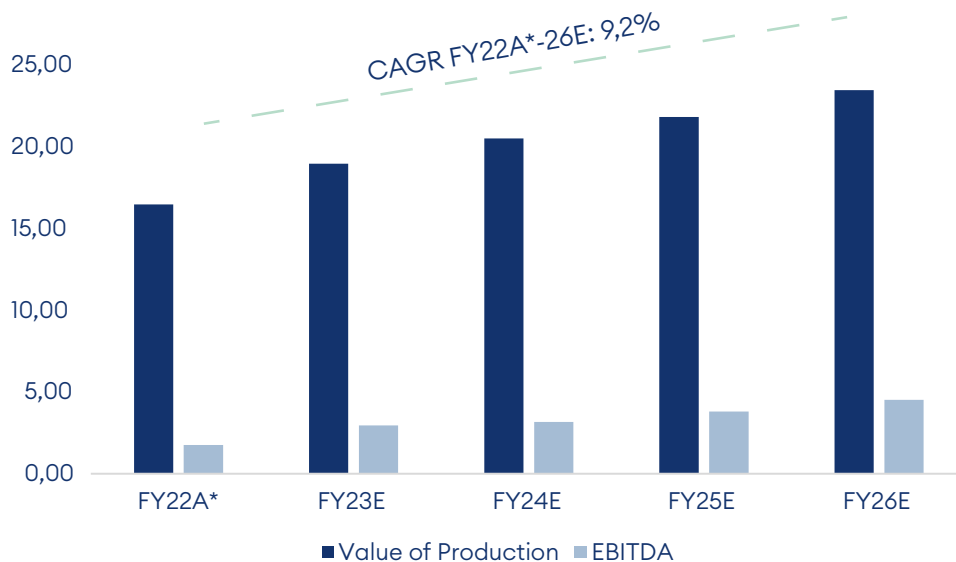
On the balance sheet, among intangible assets, the two most significant items related to the brand Edizioni Simone, which, after the revaluation carried out in 2020, had a value of approximately € 3.80 million as of June 2023, and to the goodwill deriving from consolidation activities, for approximately € 2.30 million.

NFP showed a slight worsening, going from a value of € 1.02 million of debt in FY22A* to a value of € 1.19 million of debt in 1H23A. We note that the NFP is composed of:

- Financial payables to banks for approximately € 5.50 million, including loans and credit lines, and financial assets invested but readily liquidated for approximately € 4.90 million;
- Payables to other lenders mainly attributable to the parent company's debts to former shareholders of Ardea for the purchase of the company, amounting, as of June 30th, 2023, to approximately € 1.40 million.

5.2 FY23E – FY26E Estimates

CHART 51 – VOP AND EBITDA FY22A* – FY26E



Source: Integrae SIM

* Pro-forma data

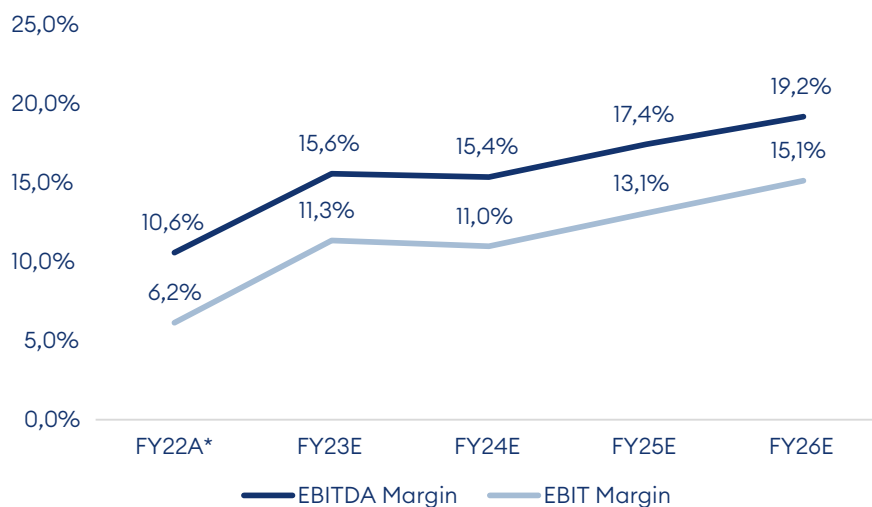
In the coming years, an increase in the value of production is expected, which, according to our estimates, will rise from € 16.46 million in FY22A* to € 23.45 million in FY26E (CAGR 22A*-26E: 9.2%), thanks to the following main drivers:

- Optimization of the mix of sales channels;
- Penetration into new publishing segments;
- Growth in the already covered market segments;
- Intra-group commercial synergies.

Note that the Group's sales revenues are invoiced net of the discounts granted to intermediaries /customers. Therefore, given the same cover prices and copies sold, the mix of sales channels can have a significant impact on sales revenues.

The revenues of the other non-publishing companies of the Group are expected, on the other hand, to contribute marginally to the consolidated results, as they exclusively carry out intra-group activities.

CHART 52 – EBITDA & EBIT MARGIN FY22A* – FY26E



Source: Integrae SIM

* Pro-forma data

In parallel, we expect an increase in EBITDA, which, according to our estimates, will rise from € 1.74 million in FY22A* to € 4.50 million in FY26E, with a 22A*-26E CAGR of 26.8%. This clear improvement in absolute terms will lead to an improvement in the EBITDA margin, which, according to our estimates, will rise from 10.6% in FY22A* to 19.2% in FY26E.

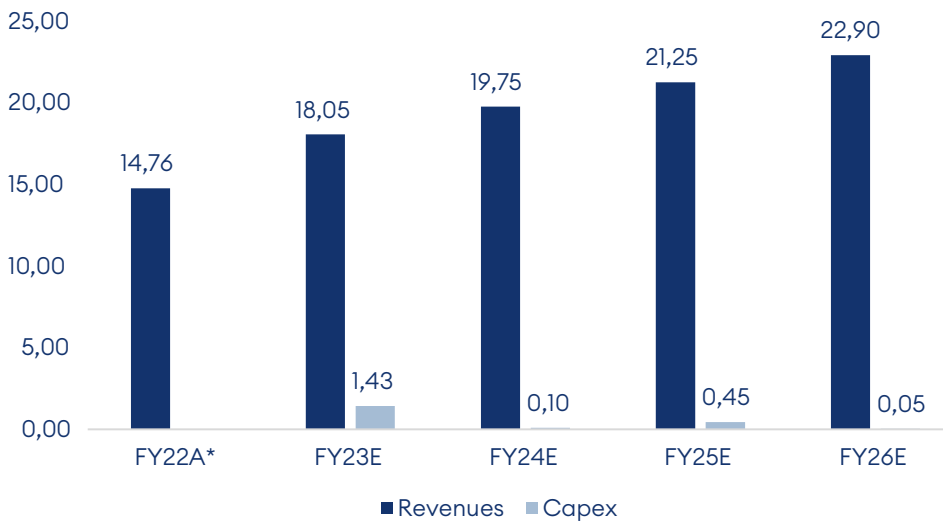
Furthermore, considering the development and efficiency plans envisaged for the period of analysis, we believe that the Group will be able to reach the higher bound of expected margins, thanks to internal commercial synergies, operating leverage, and, above all, a different mix of sales channels, privileging a greater use of solutions that guarantee more favorable conditions.

In particular, with a view to benefiting from the best commercial conditions, in the mix of sales channels, the Group is expected to promote revenues from online channels (publishing houses' websites and third-party e-commerce) over traditional channels, represented by distributors. The only direct channel, and the one with the highest margin, is represented by the publishing house's e-commerce site.

As mentioned above, we note that, with the same turnover or number of copies sold, the mix of sales channels significantly affects margins, with a higher percentage, even as much as 50.0%, of the cover price lost for certain sales channels over others.

Furthermore, we highlight again that the choice of sales channel is generally indifferent for customers, as the law prevents the application of greater discounts than 5.0% of the cover price to the final consumer.

CHART 53 – REVENUES AND CAPEX FY22A* – FY26E



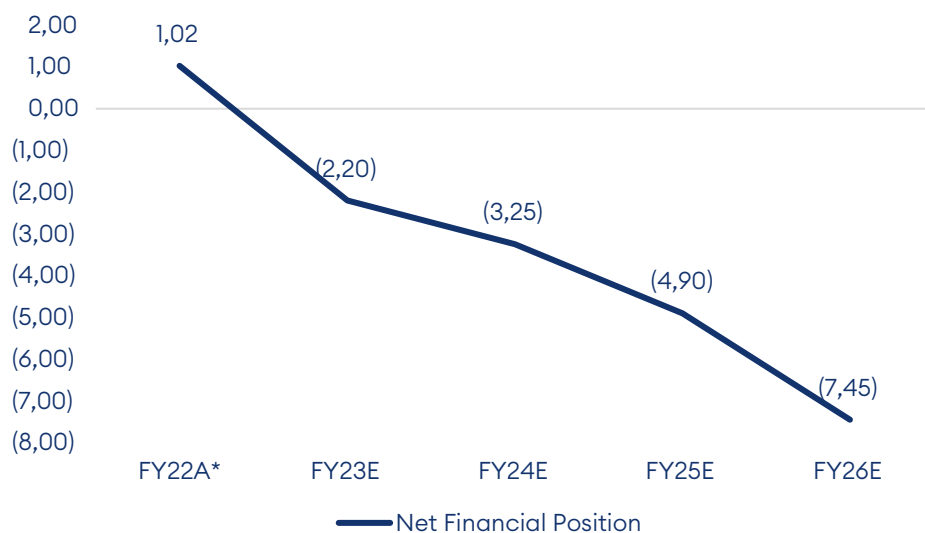
Source: Integrae SIM

* Pro-forma data

As for Capex, we believe the Group will continue to make investments to support the business growth strategies outlined above. In particular, we do not expect significant structural investments, but envisage new investments relating to:

- The replacement of printing equipment due to obsolescence;
- Digital infrastructure, including the refinement and improvement of the e-commerce platforms of each of the publishing companies.

CHART 54 – NET FINANCIAL POSITION FY22A* – FY26E



Source: Integrae SIM

* Pro-forma data

Finally, we believe that the Group can improve its NFP in the years following FY22A*, thanks to positive cash flows generated by core management and operating activities. We estimate that NFP can reach a cash positive value of € 7.45 million in FY26E, mainly driven by business growth and improved margins.

5.3 Use of Proceeds

The Group has concluded its listing on the Euronext Growth Milan market in order to acquire resources to continue its growth path. In particular, Simone has planned its post-listing objectives on strategies to consolidate its competitive positioning and on external growth, through extraordinary finance operations aimed at creating strategic productive and commercial synergies.

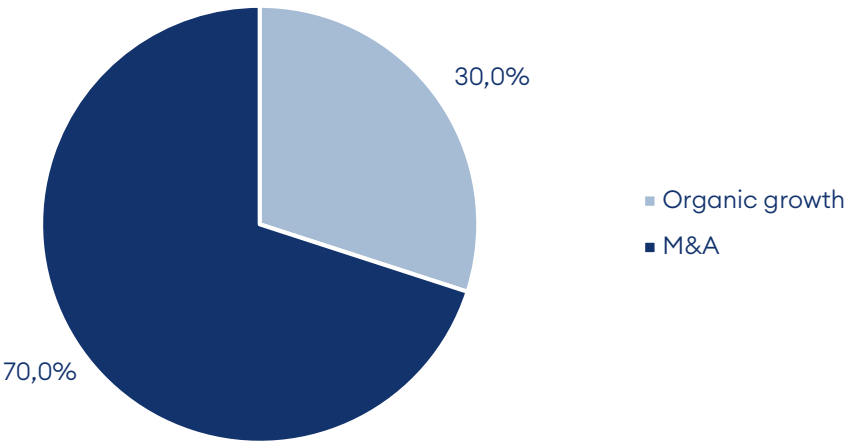
In particular, the development plan, on an organic level, will be driven by:

- A strengthening of the e-commerce channel, through the acquisition of web marketing specialized resources, in order to increase sales through the direct channels of the companies belonging to the Group;
- An increase in visibility on the web through investments in online advertising, beyond the current approximately 20.00 million views per year;
- The development of new business lines through the creation of free online technical magazines. This envisages generating revenue through advertising and, at the same time, reducing advertising costs to drive direct sales through the website;
- Development of preparation courses for competitions, through partnerships with training schools, which would compete for the use of the brands for greater recognizability;
- The hiring of specialist personnel for the drafting and continuous updating of manuals;
- Creation of a digital platform by which users can independently create a tailor-made book, choosing modules from a vast catalog, according to their level of preparation in the various topics tested in the specific public competition;
- Creation of a social platform based on gamified e-learning, with the aim of bringing university students who no longer buy books into Simone's customer base;
- Digital integration with social networks and apps, according to the strategy of media companies, in order to scale views and capitalize on the reliability of the brand, exploiting data on web channels, integrating a more marked journalistic approach, and opening up to sale of advertising spaces.

Furthermore, the Group aims to evaluate external growth opportunities through the acquisition of small to medium-sized Italian companies, with a particular focus on technical magazines and training companies. In particular, the M&A activity will focus on:

- Expanding the Group’s offerings, with the integration of new verticals, while maintaining a high level of specialization;
- Expanding its presence throughout the national territory, through brands that have their own specific strengths in areas that are currently only partially covered;
- Acquiring qualified resources in editorial and commercial fields;
- Leveraging the extensive know-how acquired by the Group in its over 50 years of business to bring value out of companies that are still small in size but have great potential for growth and market penetration.

CHART 55 – USE OF PROCEEDS



Source: Simone

6. Valuation

We conducted our valuation of Simone’s equity range based on the DCF method and multiples of a sample of comparable companies.

6.1 DCF Method

TABLE 6 – WACC

WACC			8,02%
D/E 42,86%	Risk Free Rate 3,05%	β Adjusted 0,6	α (specific risk) 2,50%
K_d 2,00%	Market Premium 8,33%	β Relevered 0,8	K_e 10,83%

Source: Integrae SIM

In particular:

- The Risk-Free Rate is represented by the Rendistato index of December 2023, with a maturity between 3 years and 7 months and 4 years and 6 months;
- The Market Premium coincides with the risk premium for the Italian market, as calculated by Professor A. Damodaran;
- D/E is calculated based on Integrae SIM estimates;
- K_e was calculated by CAPM;
- Alpha is the specific additional risk, typical of equity investments in companies characterized by small operating dimensions. Since the operating dimensions are small, the additional small cap risk was assumed to be equal to 2.5%, the average value among those suggested by leading studies on the subject (Massari Zanetti, Valutazione Finanziaria, McGraw-Hill, 2004, page 145, A. Damodaran, Cost of Equity and Small Cap Premium in Investment Valuation, Tools and Techniques for Determining the Value of Any Assets, III edizione 2012, Guatri Bini, Nuovo Trattato sulla Valutazione delle Aziende, 2009, page 236);

- Beta was calculated on the basis of competitors' 5-year unlevered Beta;
- Kd coincides with the Company's current cost of debt.

Using this data, a WACC of 8.02% was calculated.

TABLE 7 – DCF VALUATION

DCF		% of EV
FCFO actualized	4,9	22%
TV actualized DCF	17,5	78%
Enterprise Value	22,4	100%
NFP (FY23E)	(2,2)	
Equity Value	24,6	

Source: Integrae SIM

With the above data and taking our estimates and assumptions as a reference, the result is an **equity value of € 24.6 million**.

TABLE 8 – EQUITY VALUE – SENSITIVITY ANALYSIS

€/mln		WACC						
		6,5%	7,0%	7,5%	8,0%	8,5%	9,0%	9,5%
Growth Rate (g)	3,0%	41,1	36,4	32,8	29,9	27,5	25,5	23,8
	2,5%	36,9	33,2	30,2	27,8	25,8	24,1	22,6
	2,0%	33,6	30,6	28,1	26,1	24,3	22,8	21,5
	1,5%	31,0	28,5	26,4	24,6	23,1	21,8	20,6
	1,0%	28,8	26,7	24,9	23,4	22,0	20,9	19,8
	0,5%	27,0	25,2	23,7	22,3	21,1	20,1	19,1
	0,0%	25,5	23,9	22,6	21,4	20,3	19,3	18,5

Source: Integrae SIM

6.2 Multiples Method

6.2.1 Panel composition

- **Arnoldo Mondadori Editore SpA**

Arnoldo Mondadori Editore SpA is a company based in Italy, engaged in the publishing sector, and active across six segments in particular. Through the Books segment, it is active in the publication of books, the management of museum concessions, and the organization and management of exhibitions and cultural events. In the Periodicals segment, it publishes magazines in Italy and France, and also distributes third-party magazines and newspapers. In the Advertising segment, the company manages the sale of advertising spaces in magazines, websites and on radio channels. In the Digital segment, it develops company assets, including brands, contents and authoring through technology, websites and online platforms, and pursues other opportunities in the digital market sector. In the Direct segment, it is involved in active retail and direct marketing through bookstores, media shops, newsstands and book clubs. In the Radio segment, it is involved in national radio broadcasts. It operates through Anobii Ltd and Gruner+Jahr/Mondadori SpA.

- **Pearson PLC**

Pearson PLC is an international education and media company. The company is active in the education, business information and consumer publishing markets. The company focuses on three market segments, which are named as: North America, Core, and Growth. The North America business line serves educators and students in the United States and Canada, from early education through to elementary, middle and high school, and into higher education, with a range of products and services, including courses, testing and various services. Other main markets include the United Kingdom, Australia, Germany, France, Benelux, and Italy. The company supplies English-language schools in China and Brazil, works with partner schools in Brazil and India, and with vocational and higher education institutions across various countries, from Saudi Arabia to South Africa, and produces textbooks and educational software. The company creates and manages intellectual property assets, which it promotes and sells to customers under various brand names.

- **Bloomsbury Publishing PLC**

Bloomsbury Publishing PLC is a global publishing company. The company is dedicated to book publishing and other related services. The company operates through four publishing divisions: Adult, Children & Education, Academic & Professional, and Information. These divisions derive their revenues from books, sales of publishing and distribution rights, management services, and other publishing services. It specializes in humanities and social sciences, and publishes over 1,000 books and digital services every year. The company's

digital products include: Berg Fashion Library, Bloomsbury Collections, Bloomsbury Fashion Central, Churchill Archive, and Drama Online. Its subsidiaries include A&C Black Limited, Bloomsbury Publishing Inc, Bloomsbury Information Limited, Bloomsbury Professional Limited, Bloomsbury Australia PTY Limited, The Continuum International Publishing Group Limited, and Osprey Publishing Limited, among others.

- **John Wiley & Sons Inc.**

John Wiley & Sons, Inc. is a company committed to providing solutions for research, publishing and knowledge production. The company's target segments include Research, Learning, and Held for Sale or Sold. The Research line focuses on peer-reviewed scientific, technical and medical (STM) publications, content platforms, and related services to academic, corporate and government clients, academic initiatives and individual researchers. In the Learning segment, it produces print and digital scientific, professional and educational books and digital courseware for libraries, businesses, students, professionals and researchers, as well as providing assessment services for businesses and professionals. The Held for Sale or Sold segment includes businesses held for sale, such as University Services, Wiley Edge, and CrossKnowledge. Its Research customers include academic, corporate, government and public libraries, research funders, researchers, scientists, clinicians, and scientific and professional societies.

- **Lagardère SCA**

Lagardère SCA is a company based in France and engaged in the publishing industry. The company focuses on publishing, production, broadcasting and distribution, using its brands to leverage virtual and physical networks with a view to attracting and entertaining its audiences. It is divided into four business units: Lagardère Publishing, focusing on books and electronic books, regarding education, literature, and dictionaries, among other topics; Lagardère Travel Retail, focusing on travel essentials, duty free, fashion, catering, and distribution of newspapers; Lagardère Active, focusing on the press, audiovisual (radio, television and audiovisual productions), digital and advertising collection intermediation; and Lagardère Sports and Entertainment, focusing on the management of sponsorships, marketing, contents, consulting, events, athletes, stadiums, shows, concert halls, and artists.

- **Bastei Luebbe AG**

Bastei Luebbe AG is a company based in Germany and engaged in the media and publishing industry. The company publishes books and digital contents. The company's publishing portfolio includes fiction and non-fiction books, as well as electronic books and audio books. The company divides its commercial activities into three segments: Books, Novel Booklets and Puzzle Magazines, and Digital. The Books segment includes all print, audio, e-book and digital content products that can be considered books. The Books business line sells products for various brands, including paperbacks, hardbacks, e-books and digital and physical audio products. The Novel Booklets and Puzzle Magazines segment includes

narrative books, including romance and mystery novels. The Digital segment is targeted by the company's digital subsidiaries, including Daedalic Entertainment GmbH, a game publisher and developer.

TABLE 9 – COMPRARABLES FY22A (€/MLN)

Company	Country	Market Cap	EV	NFP	EV/ EBITDA	P/E	NFP/ EBITDA
Arnoldo Mondadori Editore SpA	Italy	555,4	676,4	121,0	5,2 x	10,7 x	0,9 x
Pearson PLC	UK	7.786,5	8.546,0	759,5	8,5 x	28,5 x	0,8 x
Bloomsbury Publishing Plc	UK	388,6	342,1	(46,5)	8,1 x	16,9 x	N/A
John Wiley & Sons Inc.	USA	1.636,0	2.218,2	582,2	6,6 x	104,6 x	1,7 x
Lagardere SCA	France	2.684,4	6.395,4	3.711,0	6,3 x	16,7 x	3,7 x
Bastei Luebbe AG	Germany	74,6	64,7	(9,9)	5,0 x	19,0 x	N/A
Peer Median		1.095,7	1.447,3	351,6	6,5 x	18,0 x	1,3 x
Simone SpA*	Italy	N/A	N/A	1,0	N/A	N/A	0,6 x

Source: InFinancials

*Pro-forma data

TABLE 10 – COMPARABLES FY22A (€/MLN)

Company	Sales	EBITDA	EBIT	Net Income	EBITDA Margin	EBIT Margin	Net Profit Margin
Arnoldo Mondadori Editore SpA	903,0	130,5	72,5	52,1	14,5%	8,0%	5,8%
Pearson PLC	4.341,0	1.004,7	306,3	273,5	23,1%	7,1%	6,3%
Bloomsbury Publishing Plc	300,4	42,5	28,1	23,0	14,1%	9,4%	7,7%
John Wiley & Sons Inc.	1.833,9	335,0	63,5	15,6	18,3%	3,5%	0,9%
Lagardere SCA	6.929,0	1.012,0	389,0	161,0	14,6%	5,6%	2,3%
Bastei Luebbe AG	100,0	12,9	7,4	3,9	12,9%	7,4%	3,9%
Peer Median	1.368,5	232,8	68,0	37,5	14,5%	7,2%	4,8%
Simone SpA*	16,5	1,7	1,0	0,7	10,6%	6,2%	4,5%

Source: InFinancials

*Pro-forma data

6.2.2 Market Multiples Valuation

TABLE 11 – MARKET MULTIPLES

Company Name	EV/EBITDA			EV/EBIT		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Arnoldo Mondadori Editore SpA	4,5 x	4,6 x	4,4 x	7,2 x	7,1 x	6,7 x
Pearson PLC	9,2 x	8,7 x	8,3 x	13,0 x	12,1 x	11,3 x
Bloomsbury Publishing Plc	7,8 x	8,2 x	7,5 x	9,2 x	9,8 x	9,1 x
John Wiley & Sons Inc.	7,6 x	6,5 x	6,1 x	20,9 x	11,8 x	10,6 x
Lagardere SCA	8,1 x	7,6 x	7,8 x	12,8 x	11,8 x	10,6 x
Bastei Luebbe AG	5,2 x	4,9 x	4,8 x	6,5 x	6,1 x	6,0 x
Peer median	7,7 x	7,0 x	6,8 x	11,0 x	10,8 x	9,8 x

Source: InFinancials

TABLE 12 – MARKET MULTIPLES VALUATION

€/mln	FY23E	FY24E	FY25E
Enterprise Value (EV)			
EV/EBITDA	22,8	22,1	25,9
EV/EBIT	23,7	24,2	28,1
Enterprise Value post 25,0% discount			
EV/EBITDA	17,1	16,6	19,4
EV/EBIT	17,8	18,2	21,0
Equity Value			
EV/EBITDA	19,3	19,9	24,3
EV/EBIT	20,0	21,4	25,9
Average	19,6	20,6	25,1

Source: Integrae SIM

The equity value of Simone was calculated using the average of the market multiples of EV/EBITDA and EV/EBIT. In order to include in the price a lower liquidity that will presumably characterize Simone stock compared to its comparables, we have applied a discount of 25.0%. This results in an **equity value of € 21.8 million**.

7. Equity Value

TABLE 13 – EQUITY VALUE

Average Equity Value (€/mln)	23,2
Equity Value DCF (€/mln)	24,6
Equity Value multiples (€/mln)	21,8
Target Price (€)	3,10

Source: Integrae SIM

Consequently, looking at the values obtained based on the DCF method and those obtained with the multiples method, we arrive at an average equity value of € 23.2 mln. **The target price is therefore equal to € 3.10, rating BUY and risk MEDIUM.**

TABLE 14 – IMPLIED SENSITIVITY ANALYSIS

Equity Value (€/mln)	EV/EBITDA			EV/EBIT			P/E		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
20,2	7,2 x	6,7 x	5,6 x	9,9 x	9,4 x	7,5 x	13,9 x	13,0 x	10,1 x
21,2	7,5 x	7,1 x	5,9 x	10,3 x	9,9 x	7,8 x	14,6 x	13,7 x	10,6 x
22,2	7,9 x	7,4 x	6,1 x	10,8 x	10,3 x	8,2 x	15,3 x	14,3 x	11,1 x
23,2	8,2 x	7,7 x	6,4 x	11,3 x	10,8 x	8,5 x	16,0 x	15,0 x	11,6 x
24,2	8,6 x	8,0 x	6,6 x	11,7 x	11,2 x	8,9 x	16,7 x	15,6 x	12,1 x
25,2	8,9 x	8,3 x	6,9 x	12,2 x	11,7 x	9,2 x	17,4 x	16,3 x	12,6 x
26,2	9,2 x	8,6 x	7,2 x	12,7 x	12,1 x	9,6 x	18,1 x	16,9 x	13,1 x

Source: Integrae SIM

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Equity Total Return (ETR) for different risk categories

Rating	Low Risk	Medium Risk	High Risk
BUY	ETR \geq 7.5%	ETR \geq 10%	ETR \geq 15%
HOLD	-5% < ETR < 7.5%	-5% < ETR < 10%	0% < ETR < 15%
SELL	ETR \leq -5%	ETR \leq -5%	ETR \leq 0%

U.R. Rating e/o target price Under Review

N.R. Stock Not Rated

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