HUI S.p.A.

(the "Company" or the "Issuer" or "HUI")

Value Assessment

For the purposes of the admission of the Ordinary Shares to trading on the Vienna MTF of the Vienna Stock Exchange

14 November 2024

1. General valuation approach and methodology

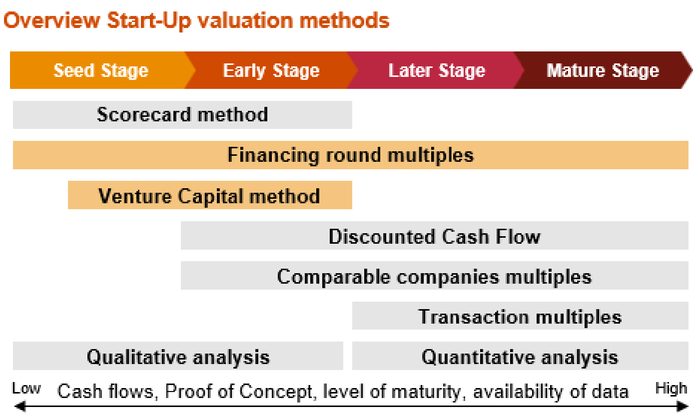
1.1. Financial planning in high growth cases

Based on the early stage of HUI and the underlying growth assumptions in the business plan, the Issuer can be considered a high growth company. Growth businesses are businesses whose revenues are expected to achieve an above-average rate of growth. They are characterized in particular by product innovations which are typically associated with high investments and upfront expenditure in development, services and sales, together with a growing need for capital. In many cases businesses of this type are still at a loss-making stage at the time of valuation, meaning that an analysis of past data in order to test the reasonableness of projections of the future development of the business is generally not appropriate.

The projection of the financial cash flows is subject to considerable uncertainty in such cases. As a result, it is necessary to analyse the competitiveness of the business's range of products and services over the long term, its market share, the availability of resources, the restructuring of the business's internal organization due to the demands of growth, and the ability of the business to finance its growth. Particular attention should be paid to the assessment of risk.

1.2. Methodology selected

In practice, company valuations are carried out using various valuation methods. When valuing a high growth company, it must be questioned whether and which of the methods commonly used in practice are relevant and whether they can be applied due to the non-existent or very short history of the Start-Up. The picture below illustrates the valuation methods available and the one chosen.



Based on the history and the early stage of HUI as well as the information available, the following two valuation methods have been selected:

- Venture Capital (VC)
- Financing Round Multiples

1.2.1. Venture Capital method

The VC method is a common valuation method for Start-Up companies. It takes the prevailing market return expectations of venture capital companies into account. The VC method is particularly suitable for the valuation of Start-Ups that are in the seed and early growth stage and still generate negative but increasing cash flows, but where the key financial ratios can already be approximately estimated.

The first step is to calculate the exit value of the startup at a certain point in the future by applying the average industry-specific revenue multiplier to the projected revenue of the exit year.

If several industries are relevant for the Start-Up, industry-specific multiples are taken into account on the basis of individual industry weights. The basis for the calculation of the multiples are the industry-specific multiples provided by a capital market information service provider (e.g. Capital IQ, Prof. Damodaran). By multiplication with the comparative value of the Start-Up, one arrives at the exit value at the time of the exit.

The exit value is then discounted to the valuation date using a risk-adjusted discount rate. There are two possible approaches to the risk-adjusted discount rate. A purely quantitative approach considers a discount rate based on the weighted average cost of capital of comparable listed companies plus a VC premium. A second approach combines helpful qualitative criteria with the score card method, which uses a set of questions to produce a score based on 4 categories: Management Experience, Product, Market and Strategy.

1.2.2. Financing Round Multiples method

The Financing Round Multiples method consists of determining how investors assessed comparable start-ups with the (implicit) valuation of financing rounds by calculating multiples from corresponding information. A multiple is to be calculated based on a (pre- or) post-money valuation of comparable start-ups, which is then applied to a comparative figure to calculate the (pre- or) post-money value of the target.

The first rounds of financing often differ in their amount from the last rounds, i.e., if a lot of capital had already been secured, it may be that not as much capital is necessary in the upcoming financing round. Therefore, a distinction is made between two multipliers: the total investment multiple and the last round multiple.

The last round multiple is only meaningful if one can assume that the historical and expected financing rounds are the same amount. The total investment multiple is to be used if the financing rounds are disproportionate.

2. VC-valuation

2.1. Score Card

The qualitative scorecard assessment of the Issuer includes both views from management and results of a commercial analysis.

2.2. Exit multiple

The underlying sales multiple of 2.8x was derived by analyzing specific sector multiples for the EU by Prof. Damodaran. Using these sector multiples allows for a comparable valuation by leveraging market-based valuation metrics of similar companies. First, the industries that correspond best to the business model of HUI were identified. As HUI has a strong focus on providing data driven insights and conveying them in a user-friendly online application, three sectors were considered: “Information Services”, “Software (Internet)” & “Software (System & Application)”. These sectors cover an EV/Sales multiple range from 1.0x to 5.0x with an average of 2.8x and reflect the overall market expectations of the respective sectors.

The future exit value range of HUI was calculated by applying the average sales multiple of 2.8x to the projected sales at the time of the expected exit. This exit value range represents the expected market value of the company at a future sale or IPO.

2.3. VC discount rate

The discount rate is based on a PwC Venture Capital market study from 2023 and amounts to 29.5%. The VC discount rate that was used to discount the Exit Values to the valuation date was calculated based on average IRR targets for early-stage companies (31.0%) and growth stage (25.0%) companies. The early-stage IRR of 31.0% was weighted with 75.0% and the growth stage IRR with 25.0%.

2.4. Value derivation

The typical holding period of a VC is between 3 and 7 years or the time with the highest growth rate expectations for a company. Hence, for the valuation of HUI the years FY27 to FY29 were used as possible exit dates. The time to exit is therefore 4 to 6 years.

Venture Capital method as of 31 December 2023

€ in millions	FY27	FY28	FY29
Time to exit (in years)	4	5	6
Sales at exit	16.4	21.7	25.3
Sales YoY, %	*65.4%*	*32.7%*	*16.4%*
Sales multiple	2.8x	2.8x	2.8x
Value at exit	**45**	**60**	**70**
VC Discount (Score x IRR)	29.5%	29.5%	29.5%
Enterprise value	**16.1**	**16.5**	**14.8**
+ Net cash as of valuation date	0.2	0.2	0.2
Post-Money Equity Value as of 31Dec22	**16.3**	**16.7**	**15.0**
- Investment needed	(2.5)	(2.5)	(2.5)
Pre-Money Equity Value as of 31Dec22	**13.8**	**14.2**	**12.5**

Industry Name	Number of firms	EV/Sales
Information Services	6	1.0x
Software (Internet)	28	2.3x
Software (System & Application)	339	5.0x
Average		**2.8x**

Applying the derived average industry multiple of 2.8x, an Enterprise value range for 100% of HUI from €12.5m to €14.2 can be calculated.

3. Financing Round Multiples valuation

The comparable financing rounds of start-ups were chosen in such a way that the last round was a Series A round, based on which a post-money valuation exists. For HUI, the seed round of €0.3m and the necessary investment of €2.5m were used.

Based on the total investment multiples, the Pre-Money Equity Value ranges from approx. €5.1m to €15.5m (range based on min and max values).

Financing Round Multiples method

€ in millions	Min	Median	Max
Seed round	0.3	0.3	0.3
Series Around	2.5	2.5	2.5
Aggregated investment volume	**2.8**	**2.8**	**2.8**
Multiple	**2.7x**	**3.2x**	**6.4x**
Post-Money valuation	**7.6**	**9.0**	**18.0**
- Series Around	(2.5)	(2.5)	(2.5)
Pre-Money valuation	**5.1**	**6.5**	**15.5**

4. Valuation summary

Based on the VC method and the financing round multiples method, a value range between €5.1m and €15.5m for the equity value of HUI can be derived.

Pre-Money Equity value range of HUI as of 31 December 2023, €m