Elsa Solutions

Sector: Industrial Goods

VALUETRACK

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FY24 in line, but challenging FY25E

Elsa is a B2B industrial company specialized in motion control (commercialization of equipment, systems and components and power electronics, since 1982) and in special purpose batteries (lithium technology, since 2009). 54% owned by the Dal Pozzo family and managed by its 2nd generation, Elsa landed on EGM in Oct 2023.

Solid FY24 delivery, backlog suggests demand is softening

FY24 Results are solid and bang in line with expectations, but sales and backlog confirm momentum in the industry is very weak:

1) VoP reached €22.3mn (+15% y/y), led by Aliant (+28.0% y/y), though 2H saw diverging trends: batteries slowed, motion control rebounded;

2) EBITDA was €2.3mn (10.1% margin, -367bps y/y) on higher structural costs, mainly from expanded R&D and production teams;

3) Net Debt improved to €4.4mn (€5.4mn in FY23), thanks to strong working capital management and factoring, despite €1mn capex on the new facility. The backlog (€7.1mn) confirms weak short-term visibility, while project intakes (#32) signal strengthening market shares and solid mid-term growth potential.

Visibility weak, FY25-26E forecasts cut accordingly

Updated KPIs and macro data confirm a weak demand environment with limited visibility and no short-term inflection in sight. As a result, we adopt a more cautious stance and cut our FY25-26E estimates: revenues down ~25% and EBITDA ~55% vs. previous forecasts, mainly reflecting underutilization of new capacity and sluggish order intake.

While softer revenue growth reduces working capital requirements and capex remains moderate, these effects only partially offset the impact of lower margins. As a result, we expect a smaller FCF generation and a more gradual deleveraging trajectory, with Net Debt projected at €3.3mn (2.1x EBITDA) by FY26E.

Fair Value down to €2.70 per share

We revise our Fair Value to €2.70/share (vs. €4.55), still derived from a blended approach based on peers' multiple analysis (focusing on FY26E and "normalized" FY27E figures, as FY25E is seen as a transitional bottom year) and DCF model.

At fair value, FY26E multiples are 0.6x EV/Sales, 8.5x EV/EBITDA and 20.7x P/E.

Fair Value (€)	**2.70**
Market Price (€)	**1.75**
Market Cap. (€m)	**6.4**

KEY FINANCIALS (€mn)	2024A	2025E	2026E
VALUE OF PRODUCTION	22.3	18.0	21.3
EBITDA	2.3	1.0	1.6
EBIT	1.7	0.4	1.0
NET PROFIT	1.0	0.1	0.5
EQUITY	10.5	10.6	11.1
NET FIN. POS.	-4.4	-4.1	-3.3
EPS (€)	0.28	0.02	0.13
DPS (€)	0.00	0.00	0.00

Source: Elsa Solutions (2024), Value Track (2025E-26E estimates)

KEY RATIOS	2024A	2025E	2026E
EBITDA MARGIN (%)	10.1	5.6	7.3
EBIT MARGIN (%)	7.6	2.3	4.5
NET DEBT / EBITDA (x)	2.0	4.1	2.1
NET DEBT / EQUITY (x)	0.4	0.4	0.3
EV/SALES (x)	0.5	0.6	0.5
EV/EBITDA (x)	4.8	10.6	6.2
EV/EBIT (x).	6.4	26.2	10.2
P/E ADJ. (x)	6.3	nm	13.4

Source: Elsa Solutions (2024), Value Track (2025E-26E estimates)

STOCK DATA	
FAIR VALUE (€)	2.70
MARKET PRICE (€)	1.75
SHS. OUT. (m)	3.68
MARKET CAP. (€m)	6.4
FREE FLOAT (%)	48.9
AVG. -20D VOL. ('000)	6,625
RIC / BBG	ELSA.MI / ELSA IM
52 WK RANGE	1.87-5.00

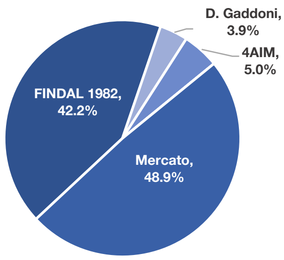
Source: Stock Market Data

EQUITY RESEARCH PRODUCED ON BEHALF OF **MIT SIM** ACTING AS SPECIALIST ON ELSA SOLUTIONS SHARES

Business Description

Elsa Solutions (ELSA) is a B2B industrial company operating in the field of motion control and special purpose batteries. Established in 1982 as an early pioneer in the field of motion control, Elsa Solutions has continually evolved and expanded its offerings. In 2009, ELSA launched its second line of business, Aliant, an original equipment manufacturer (OEM) and original design manufacturer (ODM) specializing in special purpose batteries, with focus on lithium (LFP) and more recently hydrogen technologies.

Shareholders Structure



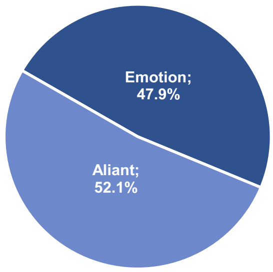
Source: Elsa Solutions

Key Financials

€mn	2023A	2024A	2025E	2026E
Value of Production	**19.4**	**22.3**	**18.0**	**21.3**
Chg. % YoY	60.7%	14.8%	-19.4%	18.7%
EBITDA	**2.7**	**2.3**	**1.0**	**1.6**
EBITDA Margin (%)	13.8%	10.1%	5.6%	7.3%
EBIT	**2.2**	**1.7**	**0.4**	**1.0**
EBIT Margin (%)	11.3%	7.6%	2.3%	4.5%
Net Profit	**1.3**	**1.0**	**0.1**	**0.5**
Chg. % YoY	nm	-20.6%	-91.2%	nm
Adjusted Net Profit	**1.3**	**1.0**	**0.1**	**0.5**
Chg. % YoY	nm	-20.6%	-91.2%	nm
Net Fin. Position	**-5.4**	**-4.4**	**-4.1**	**-3.3**
Net Fin. Pos. / EBITDA (x)	2.0	2.0	4.1	2.1
Capex	-2.2	-1.1	-0.3	-0.3
OpFCF b.t.	**-2.3**	**1.6**	**0.6**	**1.3**
OpFCF b.t. as % of EBITDA	nm	72.2%	59.7%	82.2%

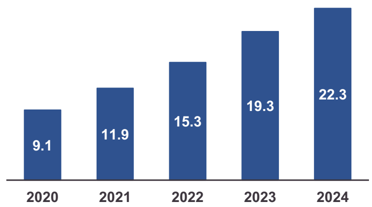
Source: Elsa Solutions (historical figures), Value Track (estimates)

FY24 Revenues by line



Source: Elsa Solutions

Revenues evolution FY19-FY24



Source: Elsa Solutions

Investment case

Strengths / Opportunities

- Excellent growth profile with good medium term visibility and a substantial capacity expansion project almost finished;
- Diversified client base operating in “Defensive” end-sectors;
- Exposure to energy transition / growing adoption of circular industrial practices, including attractive ventures in hydrogen and solid-state cells.

Weaknesses / Risks

- Challenging to-do list involving some execution risk;
- Long OEMs contract time to market;
- Capital Good industry vulnerable to a sluggish market outlook.

Stock multiples @ €2.70 Fair Value

	2025E	2026E
EV / SALES (x)	0.8	0.6
EV / EBITDA (x)	14.1	8.5
EV / EBIT (x)	34.8	13.9
EV / CAP.EMP. (x)	1.0	0.9
OpFCF Yield (%)	4.2	9.8
P / E Adj. (x)	nm	20.7
P / BV (x)	0.9	0.9
Div. Yield. (%)	0.0	0.0

Source: Value Track

FY24 Results

ELSA Solutions released its official FY24 results, with no surprises versus the provisional KPIs disclosed in January. While the figures confirm a solid performance for the year just closed, sales dynamics and backlog trends reveal clear signs of softening demand across the capital goods sector - affecting not only motion control (E-motion) but also special-purpose batteries (Aliant). Nonetheless, the ongoing inflow of new projects continues to highlight Aliant's medium-term potential and its strengthening competitive position.

Revenues: VoP +14.8% y/y supported by Aliant

Revenues reached **€21.9mn in FY24** (+14.8% y/y), with the following key dynamics:

- Division performance diverged in 2H:
    - *E-Motion* rebounded strongly in 2H (+27% y/y, after -16% in 1H);
    - *Aliant* slowed to +6% y/y in 2H (from +53% in 1H), also reflecting a backlog shift from Dec '23 to Jan '24;
- **Product mix was slightly less favorable**, with a higher-than-expected share of E-Motion, which structurally yields lower margins;
- **Aliant accounted for 52% of total sales**, confirming the group's strategic pivot towards high-value battery applications, albeit progressing at a slower pace than expected.

Elsa Solutions: P&L FY2021-2024

(€, mn)	2021	2022	2023	2024	YoY
E-motion	7.7	9.1	10.3	10.5	*+1.5%*
As a % of total Revenues	*64.5%*	*59.4%*	*53.6%*	*47.9%*	
Aliant	4.2	6.2	8.9	11.4	*+28%*
As a % of total Revenues	*35.5%*	*40.6%*	*46.4%*	*52.1%*	
Total Revenues from Sales	**11.9**	**15.3**	**19.2**	**21.9**	***+14%***

Source: Elsa Solutions, Value Track Analysis

Margins: down y/y bang in line with expectations

As for profitability, FY24 P&L reported margins closely in line with expectations:

- **EBITDA of €2.3mn** (vs. €2.7mn in FY23), with margin declining to 10.1% (from 13.8%).
  The drop reflects higher structural costs tied to:
    - expanded headcount across R&D, production, prototyping (Labour Cost +32.9% y/y);
    - increased spending to meet listing requirements / enhance insurance coverage;
- **EBIT of €1.7mn**, compared to €2.2mn in FY23, reflecting increased D&A expenses (€543k, +18.3% y/y), largely related to the new production facility and upgraded equipment (automated line);
- **Net income at €1.0mn**, down from €1.3mn despite lower financial charges (-15.7% y/y) and taxes (-34.6% y/y). The decline mainly reflects higher operating expenses, though the result remains solid considering the relative scale of strategic investments finalized during the year.

Elsa Solutions: P&L FY2021-2024

(€, mn)	2021	2022	2023	2024
Value of Production	**12.1**	**15.4**	**19.4**	**22.3**
Raw Materials, Δ Inventory (Finished Goods)	-8.5	-11.2	-13.3	-15.5
Gross Profit	**3.6**	**4.2**	**6.1**	**6.8**
Gross Margin (%)	***30.0%***	***27.2%***	***31.3%***	***30.6%***
Costs of Services	-1.2	-1.2	-1.3	-1.7
Costs of Rent	0.0	0.0	0.0	-0.1
G&A	0.0	0.0	-0.1	-0.1
Labour Costs	-1.3	-1.5	-1.9	-2.6
EBITDA	**1.0**	**1.4**	**2.7**	**2.3**
EBITDA Margin (%)	***8.3%***	***9.1%***	***13.8%***	***10.1%***
D&A	-0.3	-0.3	-0.5	-0.5
Provisions	0.0	0.0	0.0	0.0
EBIT	**0.7**	**1.1**	**2.2**	**1.7**
Interest Expenses	-0.1	-0.1	-0.4	-0.3
Pre-Tax Profit	**0.6**	**1.0**	**1.8**	**1.4**
Taxes	-0.2	-0.3	-0.6	-0.4
Net Profit	**0.4**	**0.7**	**1.3**	**1.0**
Net Profit Margin (%)	***3.5%***	***4.6%***	***6.6%***	***4.6%***

Source: Elsa Solutions, Value Track Analysis

Solid cash generation despite investment effort

As of December 2024, Elsa Solution reported a slightly better-than-expected Net Financial Position, despite **€1.1mn in capex** related to the expansion of its production site and supporting equipment. The result was driven by solid working capital management (ca. €400k cash release y/y) which was supported by an effective use of factoring - as well as prudent inventory control.

As a result, Elsa Solution delivered solid cash generation in FY24, with:

- **OpFCF $_{\text{b.t.}}$ at €1.6mn**, i.e. 72% EBITDA conversion;
- **Net Cash Generation of €950k** over the year.

Elsa Solutions: Balance Sheet FY2021-2024

(€, mn)	2021	2022	2023	2024
Net Fixed Assets	5.0	5.0	6.7	7.3
Net Working Capital	3.3	6.0	8.7	8.3
Provisions	0.4	0.5	0.5	0.6
Total Capital Employed	**7.9**	**10.4**	**14.8**	**15.0**
Group Net Equity	**3.3**	**3.9**	**9.5**	**10.5**
Net Financial Position	**-4.6**	**-6.4**	**-5.4**	**-4.4**

Source: Elsa Solutions, Value Track Analysis

Elsa Solutions: Cash Flow FY2021-2024

(€, mn)	2021	2022	2023	2024
EBITDA	1.0	1.4	2.7	2.3
Δ NWC	-1.0	-2.6	-2.7	0.4
Capex (excl. Financial Inv.)	-0.1	-0.2	-2.2	-1.1
Δ Provisions	0.1	0.2	0.0	0.0
OpFCF b.t.	**0.0**	**-1.3**	**-2.3**	**1.6**
As a % of EBITDA	*-4.5%*	*-91.9%*	*-84.6%*	*72.2%*
Cash Taxes	-0.2	-0.3	-0.6	-0.4
OpFCF a.t.	**-0.2**	**-1.6**	**-2.8**	**1.3**
Capital Injections	0.0	0.0	4.2	0.0
Others (incl. Financial Inv.)	0.0	-0.1	0.1	0.0
Net Financial Charges	-0.1	-0.1	-0.4	-0.3
Dividends Paid	-0.2	-0.1	0.0	0.0
Δ Net Financial Position	**-0.6**	**-1.8**	**1.1**	**0.9**

Source: Elsa Solutions, Value Track Analysis

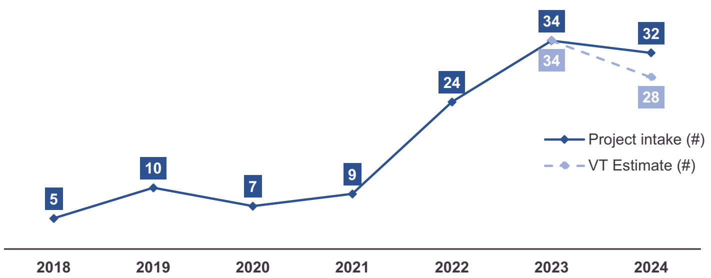
Backlog

As of December 2024, the company reported a **backlog of €7.1mn**, down from €11.4mn at FY23 and €10.9mn at mid-year, with a 75%/25% contribution from ALIANT and E-Motion, respectively. This reflects a further loss of momentum in Industrial Automation, affecting both motion control and electrification. Additionally, order visibility has shortened significantly—now at ~4 months—as clients adopt a highly cautious stance on long-term commitments. Notably, our FY25E Net Sales coverage from existing backlog stands at only **~57%**, highlighting a highly atypical visibility scenario, especially considering Aliant's usual 9–12 months backlog coverage vs. ~3 months for E-motion.

Project Intake (Aliant BU)

Aliant secured **32 new projects in FY24** (vs. 34 in FY23 and 28 in our model), a figure broadly in line with the previous year. While this signals some resilience in commercial activity, it does not yet confirm a clear recovery. Given the current backlog dynamics and overall market weakness, further evidence over the coming quarters will be needed to validate a sustained rebound. As a reminder, new project wins typically translate into revenues with an 18–24 month delay, though in the current environment such timelines may prove longer than usual. On the other hand, we believe this acquisition pace does signal an increasing market share and bodies very well for the medium-term potential.

Aliant: number of acquired projects per year (vs 2024E)



Source: Elsa Solutions

Revised forecasts

Demand weakness prompts significant downward adjustments

We have updated our model to reflect the more cautious outlook shared by management, especially in relation to visibility on orders and margin sustainability. These revised assumptions incorporate the deterioration in end-market conditions and a backlog that no longer supports the previously expected growth trajectory.

The key changes are as follows:

- **Lower Revenues**: We now forecast a ~22% y/y decline in FY25E revenues, factoring in weaker demand across both business units. The downgrade is particularly driven by a sharp slowdown in Aliant, where the backlog as of December 2024 (€5mn) covers less than half of our prior revenue assumptions. The cut is also consistent with the ~22% drop already observed in 2H24. E-Motion is likewise expected to remain under pressure, with extremely limited visibility;
- **Reduced Margins**: The Group's cost base, which expanded in FY24 to support expected medium-term growth potential, is now difficult to compress in the short term. As a result, we cut FY25E EBITDA to ~€1mn, reflecting substantial margin erosion. We assume a slow recovery starting in FY26E, subject to order intake trends;
- **Net Debt marginally higher.** Our FY25E year-end Net Debt forecast is also slightly worsened, mainly due to the factors outlined above, while working capital absorption may remain relatively contained, being supported by more favorable payables dynamics, and despite some rigidity in inventory levels and tax credit positions. Overall, the impact on cash should remain manageable.

The table below summarizes the overall impact of the model update.

Elsa Solutions: Old vs. New Estimates 2024-26E

	2024			2025E			2026E		
€mn	Old	New	Δ(%)	Old	New	Δ(%)	Old	New	Δ(%)
Value of Production	**22.1**	**22.3**	**1.0%**	**23.0**	**18.0**	**-21.8%**	**29.2**	**21.3**	**-27.0%**
EBITDA	**2.5**	**2.3**	**-11.5%**	**2.4**	**1.0**	**-58.3%**	**3.4**	**1.6**	**-53.8%**
EBITDA Margin (%)	*11.5%*	*10.1%*	*-143 bps*	*10.4%*	*5.6%*	*-487 bps*	*11.6%*	*7.3%*	*-427 bps*
EBIT	**2.1**	**1.7**	**-18.4%**	**1.8**	**0.4**	**-78.1%**	**2.8**	**1.0**	**-66.0%**
EBIT Margin (%)	*9.4%*	*7.6%*	*-180 bps*	*8.0%*	*2.3%*	*-578 bps*	*9.6%*	*4.5%*	*-514 bps*
Net Profit	**1.2**	**1.0**	**-16.5%**	**1.1**	**0.1**	**nm**	**1.8**	**0.5**	**-73.2%**
Net Fin. Position	**-4.4**	**-4.4**	**0.0**	**-3.6**	**-4.1**	**-0.6**	**-2.7**	**-3.3**	**-0.6**

Source: Value Track Analysis

Revenues from Sales flattish through 2026E

Following a 14.8% y/y increase in FY24, we now expect **Revenues from Sales to reach ~€21mn** by FY26E, well below prior projections, reflecting ongoing softness in both divisions.

- **Aliant** (51% of VoP FY26E): Despite long-term electrification tailwinds, demand remains subdued amid weak industrial automation trends and cautious OEM clients. While new capacity is fully operational, current order levels suggest underutilization will persist;
- **E-Motion** (49% of VoP FY26E): Recovery in FY24 did not alter the subdued near-term outlook. Growth remains capped by weak macro trends, despite some market share gains and a broader product portfolio.

Lower volumes weigh on margins amid fixed cost structure

The expected revenue contraction, combined with a largely inflexible cost structure (company size was more than doubled over the past 3/4 years) drives a material margin erosion in the short-term.

- **Gross Margin** is expected to remain broadly stable at **~30%**, reaching €6.4mn in 2026E;
- **EBITDA Margin** at **7.3% in 2026E**, after dipping to **5.6% in FY25E**, as the expanded cost base (headcount, ramp-up of new capacity, R&D efforts, and product diversification) is no longer covered by revenue growth;
- **EBIT** is seen at €1.0mn in 2026E (~4.5% margin), factoring in higher D&A tied to capacity expansion and IPO-related amortization;
- **Net Profit** at €1.0mn in 2026E, supported by broadly stable financial charges and tax rate.

Elsa Solutions: P&L FY2023-2026E

(€, mn)	2023	2024	2025E	2026E
Value of Production	**19.4**	**22.3**	**18.0**	**21.3**
Raw Materials, Δ Inventory	-13.3	-15.5	-12.6	-14.9
Gross Profit	**6.1**	**6.8**	**5.4**	**6.4**
Gross Margin (%)	***31.3%***	***30.6%***	***30.0%***	***30.0%***
Costs of Services	-1.3	-1.7	-1.4	-1.7
Costs of Rent	0.0	-0.1	-0.1	-0.2
G&A	-0.1	-0.1	-0.1	-0.1
Labour Costs	-1.9	-2.6	-2.7	-2.8
EBITDA	**2.7**	**2.3**	**1.0**	**1.6**
EBITDA Margin (%)	***13.8%***	***10.1%***	***5.6%***	***7.3%***
D&A	-0.5	-0.5	-0.6	-0.6
Provisions	0.0	0.0	0.0	0.0
EBIT	**2.2**	**1.7**	**0.4**	**1.0**
Interest Expenses	-0.4	-0.3	-0.3	-0.3
Pre-Tax Profit	**1.8**	**1.4**	**0.1**	**0.7**
Taxes	-0.6	-0.4	0.0	-0.2
Net Profit	**1.3**	**1.0**	**0.1**	**0.5**
Net Profit Margin (%)	***6.6%***	***4.6%***	***0.5%***	***2.2%***

Source: Elsa Solutions, Value Track Analysis

€1.1mn FCF bringing 2.1x NFD/EBITDA by FY26E

As a result of the revised top-line and margin outlook, the deleveraging path is expected to be more gradual than previously assumed. While softer growth lowers working capital absorption, this only partially offsets the EBITDA revision. With maintenance capex limited to ~€300k p.a., we now estimate annual Free Cash Flow of €1.1mn, allowing a decline in **Net Financial Debt to €3.3mn** (2.1x EBITDA) by FY26E.

Elsa Solutions: Balance Sheet FY2023-2026E

(€, mn)	2023	2024	2025E	2026E
Net Fixed Assets	6.7	7.3	7.0	6.7
Net Working Capital	8.7	8.3	8.4	8.4
Provisions	0.5	0.6	0.6	0.7
Total Capital Employed	**14.8**	**15.0**	**14.8**	**14.4**
Group Net Equity	**9.5**	**10.5**	**10.6**	**11.1**
Net Financial Position	**-5.4**	**-4.4**	**-4.1**	**-3.3**

Source: Elsa Solutions, Value Track Analysis

Elsa Solutions: Cash Flow FY2023-2026E

(€, mn)	2023	2024	2025E	2026E
EBITDA	2.7	2.3	1.0	1.6
Δ NWC	-2.7	0.4	-0.1	-0.1
Capex (excl. Financial Inv.)	-2.2	-1.1	-0.3	-0.3
Δ Provisions	0.0	0.0	0.0	0.0
OpFCF b.t.	**-2.3**	**1.6**	**0.6**	**1.3**
As a % of EBITDA	*-84.6%*	*72.2%*	*59.7%*	*82.2%*
Cash Taxes	-0.6	-0.4	0.0	-0.2
OpFCF a.t.	**-2.8**	**1.3**	**0.6**	**1.1**
Capital Injections	4.2	0.0	0.0	0.0
Others (incl. Financial Inv.)	0.1	0.0	0.0	0.0
Net Financial Charges	-0.4	-0.3	-0.3	-0.3
Dividends Paid	0.0	0.0	0.0	0.0
Δ Net Financial Position	**1.1**	**0.9**	**0.3**	**0.8**

Source: Elsa Solutions, Value Track Analysis

Valuation

The stock has continued its retracement over the last months, trading around its all-time lows and 30% below the IPO price (€2.5/share). This comes from a mix of:

- **External factors** – severe worsening of global demand outlook, low visibility around timing of the investment cycle recovery, uncertain macro and global monetary policy, messy global trading conditions ignited by the Trump unilateral actions;
- **Company specific elements** – unlucky timing of capacity expansions (completed in 4Q24) and limited appeal for very thins stocks like Elsa Solution.

However, the underlying **long term drivers of the Company equity story remain intact**, with the global electrification process due to continue (at least for industrial automation and applications and industrial mobility) and a very strong acquisition pace for new projects, also in the last quarters, suggesting Elsa is steadily gaining increasing market shares. As a result, we acknowledge that FY25 will be extremely challenging – as mirrored by our earnings cut - but the Company medium term prospects remain unchanged, albeit with a clear delay compared to initial expectations.

With all this in mind, we have revised our fair Value to **€2.70 p/sh.** (vs previous €4.55 and vs €2.5 IPO price), based on an unchanged valuation approach, which results from peers' multiple analysis and DCF model. The former is based on EV/EBITDA relative valuation (but focus moves to 2026E-2027E in order to avoid "bottom" FY25E results and capture a more "normalized" FY27E picture) and built by segment (i.e. E-motion and Aliant). As for DCF model, the main assumptions are unchanged, while updated Equity market data have caused a slight increase of WACC since our last update.

At fair value the stock multiples in FY26E – i.e. when margins should start normalizing after a "bottom" year as we see FY25E – should be at **0.6x EV/Sales, 8.5x EV/EBITDA and 20.7 P/E**, supported by a medium-term growth path we still foresee, despite with a delay of a couple of years.

i) Peers Analysis

We updated our model based on **peers' relative valuation, split between the two businesses** of motion control and batteries (given their different ratings, growth prospects, etc.) and focused on **FY26E-27E EV/EBITDA**:

1) we take peers' multiples for Aliant and E-motion respectively and apply these to our revised forecasts of the two divisions;
2) as for the valuation horizon, we move our focus beyond FY25E, as at this stage it appears it will be an extremely challenging year, not representative at all of the sector and Company financial performances, and consider FY26E and FY-27E, which will hopefully represent the year of normalized "mid-cycle" performance;
3) as for FY27E, lack of visibility around speed of recovery and lack of consensus data for peers have required some additional work on both "mid cycle" Elsa Solution financials and sector multiples. Hence, we assume Elsa Solution to reach in FY27E €27.7mn revenues (+25% vs FY24), with EBITDA margin of ~10.3% (which we see as reasonable compared to 10.1% of FY24, 13.8% of FY23 and a 9% average margin reported over years FY20-22, when Elsa Solution top line was much lower (€10-15mn) and still focused on motion control.

The table below summarizes our model and indicates an equity value range of €2.1-3.0mn, with a mid-point **value per share of €2.5**.

Elsa Solutions: Equity value based on Peers' multiples

	2026E		2027E	
Base Case (€, mn)	**Aliant**	**E-motion**	**Aliant**	**E-motion**
EBITDA	1.5	0.1	2.4	0.5
EV/EBITDA (peers')	7.1x	4.7x	5.2x	4.6x
EV Business Line	10.5	0.5	12.5	2.7
EV Elsa Solution	10.9		15.2	
Net Debt	-3.3		-4.1	
Equity Value (€ mn)	**7.6**		**11.1**	
Equity Value per Share (€)		**2.5**		

Here we summarize key multiples for the comparable stocks considered (with the panel remaining unchanged) and based on updated consensus. Despite broadly weak stock performances, the data shows a small further re-rating of the sector, again driven by deteriorating consensus rather than sector appreciation.

Elsa Solutions: Peers' Trading Multiples

Peers	EV/Sales (x)		EV/EBITDA (x)		P/E Adj. (x)	
	2025E	**2026E**	**2025E**	**2026E**	**2025E**	**2026E**
Aliant Peers						
Seri Industrial	0.4	0.4	9.7	3.4	<0	<0
Energy	0.6	0.4	>20	6.4	<0	26.9
Cembre	3.3	3.1	11.3	10.5	19.3	18.1
Tenax	0.5	0.4	3.9	3.1	na	na
Microvast	2.2	1.7	>20	12.2	<0	>50
Aliant Peers - Average	**1.4**	**1.2**	**8.3**	**7.1**	**19.3**	**22.5**
Aliant Peers - Median	**0.6**	**0.4**	**9.7**	**6.4**	**19.3**	**22.5**
E-motion Peers						
Esautomotion	0.9	0.6	3.8	2.6	na	na
LU-VE SPA	1.2	1.0	8.1	7.1	16.4	14.5
Marzocchi Pompe	0.6	0.5	8.5	4.3	<0	10.8
Comer Industries	1.1	1.0	6.6	5.8	14.7	11.9
SIT	0.5	0.5	5.4	4.0	>50	6.2
E-motion Peers - Average	**0.8**	**0.7**	**6.5**	**4.7**	**15.6**	**10.9**
E-motion Peers - Median	**0.9**	**0.6**	**6.6**	**4.3**	**15.6**	**11.4**
Total Average	**1.1**	**1.0**	**7.2**	**5.9**	**16.8**	**14.7**
Total Median	**0.7**	**0.6**	**7.3**	**5.0**	**16.4**	**13.2**

Source: Value Track Analysis

ii) DCF Valuation

Our DCF model is built for the business as a whole and gets to a **fair Equity Value** per share cut to **€3.0 (from €4.9)**, mostly on severe earnings and FCF downgrade as well as on a slightly higher WACC, as DCF assumptions are marginally updated, while reference date moves to Dec 2025.

In more details:

- reference date Dec 2025E, with 2026E-30E as explicit forecasts time horizon;
- 2% Perpetuity Growth Rate ("g"), unchanged;
- TV calculated with perpetual growth model, which implies exit multiples at discount to current FY25E market multiples, i.e. between 3.1x and 3.4x EV/EBITDA;
- 2.0% risk-free rate in line with medium/long-term ECB inflation target;
- 1.2 unlevered beta, i.e. the average of estimates for Electric components & Machinery (*Source: Damodaran*);
- 5.4% implied Italian equity risk premium (*Source: Damodaran, increased*);
- 2.75% Elsa Solutions specific small-size / execution risk premium (unchanged);
- 4.5% pre-tax and 3.4 % after-tax cost of debt (unchanged).

On a rolling capital structure, Elsa Solutions WACC starts from 10.7% in 2026E (23.1% Net Debt/Total Capital Employed) and lands at 11.3% in 2030E (Net Cash). At target 30% leverage structure, Elsa Solutions WACC is fixed at 10.5% for the whole period.

Elsa Solutions: DCF Model outcomes

€mn	Rolling Capital Structure	Target Capital Structure
PV of Future Cash-Flows 2026E-2030E	4.4	4.5
PV of Terminal Value 2030E	10.4	11.8
Fair Enterprise Value	**14.8**	**16.3**
Net Financial Position 2025E	-4.4	-4.4
Adjustments	0.0	0.0
Fair Equity Value	**10.4**	**11.9**
Fair Equity mid-point	**11.1**	
Fair Equity value p/sh	**3.0**	

Source: Value Track Analysis

Elsa Solutions: Sensitivity of DCF Model @ Target Capital Structure

Fair Equity Value (€mn)		Perpetuity Growth (%)				
		1.00%	1.50%	2.00%	2.50%	3.00%
WACC (%)	10.0%	11.4	12.1	12.9	13.8	14.8
	10.3%	10.9	11.6	12.3	13.2	14.1
	10.5%	10.5	11.2	**11.9**	12.7	13.6
	10.8%	10.1	10.6	11.3	12.1	12.9
	11.0%	9.7	10.2	10.8	11.5	12.3

Source: Value Track Analysis

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LA MANCATA OSSERVANZA DI TALI RESTRIZIONI POTREBBE COSTITUIRE UNA VIOLAZIONE DELLE LEGGI DEGLI STATI UNITI, CANADA, GIAPPONE O AUSTRALIA O DELLE ALTRE GIURISDIZIONI. IL PRESENTE DOCUMENTO NON COSTITUISCE O FORMA PARTE DI, NE' VA CONSIDERATO IN ALCUN MODO, UN'OFFERTA O UN INVITO PER LA SOTTOSCRIZIONE O L'ACQUISTO DI STRUMENTI FINANZIARI. NÈ IL PRESENTE DOCUMENTO NÈ QUANTO IN ESSO CONTENUTO NON COSTITUISCE INOLTRE UNA PROPOSTA CONTRATTUALE OVVERO UN'ASSUNZIONE DI OBBLIGHI DI QUALSIASI GENERE. IL PRESENTE DOCUMENTO NON E' STATO PUBBLICATO MA È SOLAMENTE STATO MESSO A DISPOSIZIONE DI INVESTITORI QUALIFICATI. QUALSIASI DECISIONE DI SOTTOSCRIVERE O ACQUISTARE LE AZIONI NELL'AMBITO DELL'OFFERTA DOVRÀ QUINDI FONDARSI ESCLUSIVAMENTE SULLE INFORMAZIONI CONTENUTE NEI DOCUMENTI DI OFFERTA PRODOTTI IN CONNESSIONE ALL'OFFERTA. IL PRESENTE DOCUMENTO PUÒ ESSERE DISTRIBUITO NEL REGNO UNITO UNICAMENTE (a) (I) A SOGGETTI RIENTRATI NEL CAMPO DI APPLICAZIONE DELL'ARTICOLO 19 O DELL'ARTICOLO 49 DEL FINANCIAL SERVICES AND MARKET ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (E SOLTANTO NELLA MISURA IN CUI LE CONDIZIONI PREVISTE NEI MENZIONATI ARTICOLI SIANO SODDISFATTE, OVVERO LO SARANNO AL MOMENTO DELLA DISTRIBUZIONE DEL PRESENTE DOCUMENTO) O (II) A QUALSIASI ALTRO SOGGETTO A CUI L PRESENTE DOCUMENTO POSSA ESSERE LEGALMENTE DISTRIBUITO; E (b) INVESTITORI QUALIFICATI AI SENSI DELL'ARTICOLO 2(1)(E) DEL REGOLAMENTO PROSPETTI (REGOLAMENTO(UE) 1129/2017) (UNITAMENTE CONSIDERATI, "SOGGETTI RILEVANTI"). IL PRESENTE DOCUMENTO NON DEVE ESSERE PRESO IN CONSIDERAZIONE NE' SU DI ESSO PUO' ESSERE FATTO AFFIDAMENTO DA PARTE DI SOGGETTI NON RILEVANTI. QUALSIASI INVESTIMENTO O ATTIVITÀ' DI INVESTIMENTO A CUI IL PRESENTE DOCUMENTO SI RIFERISCE VA EFFETTUATA ESCLUSIVAMENTE NEI CONFRONTI DI SOGGETTI RILEVANTI. IL PRESENTE DOCUMENTO PUÒ ESSERE DISTRIBUITO IN ITALIA SOLTANTO AGLI INVESTITORI QUALIFICATI, AI SENSI DELL'ARTICOLO 2 DEL REGOLAMENTO PROSPETTI. PERTANTO IL PRESENTE DOCUMENTO NON PUÒ IN ALCUN MODO ESSERE DISTRIBUITO: (I) AL PUBBLICO INDISTINTO; (II) ATTRAVERSO CANALI DI DIVULGAZIONE, ATTRAVERSO I QUALI LE INFORMAZIONI SIANO O E' PROBABILE CHE SIANO RESE PUBBLICHE, OSSIA CHE DIVENGANO ACCESSIBILI A UN GRAN NUMERO DI PERSONE; (III) A SOGGETTI NON RIENTRANTI NELLA SUDDETTA DEFINIZIONE DI INVESTITORI QUALIFICATI. RICEVENDO IL PRESENTE DOCUMENTO, VI IMPEGNATE A RISPETTARE LE RESTRIZIONI IVI PREVISTE. IL PRESENTE DOCUMENTO E' STATO PREDISPOSTO IN MODO AUTONOMO RISPETTO ALLA SOCIETÀ, AI SUOI AZIONISTI E ALLE SUE CONTROLLATE E LE PREVISIONI E VALUTAZIONI IVI CONTENUTE SONO ESPRESSE ESCLUSIVAMENTE DA VALUE TRACK S.R.L. NELL'AMBITO DELLA SUA NORMALE ATTIVITÀ DI RICERCA E NON SONO STATE AUTORIZZATE O APPROVATE DA TERZI SOGGETTI. VALUE TRACK S.R.L. 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NE' LA SOCIETA' NE' I SUOI AZIONISTI O E SUE CONTROLLATE, I LORO RISPETTIVI CONSULENTI O QUALSIASI ALTRO SOGGETTO A QUESTI CONNESSO, NE' I LORO RISPETTIVI AMMINISTRATORI, DIRIGENTI O IMPIEGATI SARANNO IN ALCUN MODO CONSIDERATI RESPONSABILI DEL CONTENUTO DEL PRESENTE DOCUMENTO E NESSUN AFFIDAMENTO DOVRA' ESSERE FATTO IN MERITO ALLA PRECISIONE, COMPLETEZZA O CORRETTEZZA DELLE INFORMAZIONI CONTENUTE NEL PRESENTE DOCUMENTO. NESSUN SOGGETTO POTRÀ PERTANTO ESSERE RITENUTO RESPONSABILE DEI DANNI DERIVANTI DALL'UTILIZZO DEL PRESENTE DOCUMENTO O DAL SUO CONTENUTO OVVERO DEI DANNI COMUNQUE CONNESSI AL PRESENTE DOCUMENTO. VALUE TRACK S.R.L. (O I SUOI DIRIGENTI, AMMINISTRATORI O IMPIEGATI) POTREBBE, NEI LIMITI CONSENTITI DALLA LEGGE, TROVARSI A DETENERE STRUMENTI FINANZIARI DELLA (OVVERO OPZIONI, WARRANT O ALTRI DIRITTI RELATIVI ALLA, OVVERO UN INTERESSE NELLE AZIONI O ALTRI STRUMENTI FINANZIARI DELLA) SOCIETA'.