

NOTORIOUS PICTURES

BUY

Sector: Media

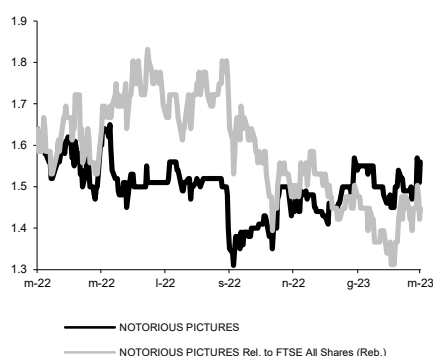
Price: Eu1.56 - Target: Eu2.20

New Advances in Film Production Business in 2023

Andrea Randone +39-02-77115.364
 andrea.randone@intermonte.it

Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	from 2.00 to 2.20		
	2023E	2024E	2025E
Chg in Adj EPS	-0.1%	-0.6%	

NOTORIOUS PICTURES - 12M Performance



Stock Data			
Reuters code:	NPI.MI		
Bloomberg code:	NPI IM		
Performance	1M	3M	12M
Absolute	6.8%	9.1%	-4.9%
Relative	8.3%	-4.9%	-12.3%
12M (H/L)	1.65/1.31		
3M Average Volume (th):	4.89		

Shareholder Data	
No. of Ord shares (mn):	22
Total no. of shares (mn):	22
Mkt Cap Ord (Eu mn):	35
Total Mkt Cap (Eu mn):	35
Mkt Float - Ord (Eu mn):	5
Mkt Float (in %):	15.2%
Main Shareholder:	
Marchetti Guglielmo	82.3%

Balance Sheet Data	
Book Value (Eu mn):	30
BVPS (Eu):	1.35
P/BV:	1.2
Net Financial Position (Eu mn):	-26
Enterprise Value (Eu mn):	62

■ **FY22 EBIT up strongly YoY, beating our estimates.** The group unveiled FY22 results on 29 March 2023. Revenues rose +36% YoY to Eu35.6mn, slightly below our Eu36.9mn estimate, while EBIT came to Eu5.6mn, +66% YoY and 4.9% better than expected. Net debt as at the end of December was Eu20.9mn (Eu8.1mn excluding the IFRS16 effect, slightly better than our Eu8.3mn estimate). The BoD will propose a DPS of Eu0.115 to the AGM with a dividend yield of 7.6% (at the last closing price).

■ **Supportive management outlook for the current year.** For 2023 the group envisages continuing growth in all business areas: i) in production, 3 films are due to be completed, with 4 scheduled for 2024. Major focus will be dedicated to research and development of international films to feed the global distribution channel. From May 2023, with the arrival of new manager Benedetta Galbiati, the new department for the development and production of TV series will start operating; ii) in distribution, the group hopes to exploit a significant pipeline (which includes the new chapter of the Hunger Games franchise) in a market environment that is expected to show recovery, while it plans to launch 6 films in Spain; iii) in the cinema business, Notorious Cinemas confirmed its important opening plan that should allow it to reach a market share of 5% in 2027.

■ **Visibility on our estimates increasing.** In light of indications from 2022 results we are trimming our 2023-24 revenue forecasts but confirming margins. We perceive increasing visibility on our forecasts for the film production business, where Notorious is working on a number of important projects and where this year a production project for an internally-developed series should get underway. Our estimates are quite cautious in assuming benefits from government grants that could represent a positive surprise (also thanks to the recognition of grants related to 2022 activities).

■ **BUY; target from Eu2.0 to Eu2.2.** 2022 results were better than expected, especially for the production business which, thanks in part to the strengthening of the management team, should show important signs of development again in 2023. The group is also working to finalise the production of its first film series. Overall, we expect the company to benefit from recovering cinema attendance trends in 2023, but we underline that our estimates increasingly rely on the production business, which is less dependent on recovery in the cinema channel. Our new target reflects the rollover of our valuation model.

Key Figures & Ratios	2021A	2022A	2023E	2024E	2025E
Sales (Eu mn)	26	36	46	61	73
EBITDA Adj (Eu mn)	10	18	22	29	36
Net Profit Adj (Eu mn)	4	4	6	8	9
EPS New Adj (Eu)	0.158	0.194	0.245	0.357	0.407
EPS Old Adj (Eu)	0.158	0.191	0.245	0.360	
DPS (Eu)	0.082	0.115	0.098	0.143	0.163
EV/EBITDA Adj	5.3	3.1	2.8	2.1	1.0
EV/EBIT Adj	16.4	9.8	8.8	6.1	3.1
P/E Adj	9.9	8.0	6.4	4.4	3.8
Div. Yield	5.3%	7.4%	6.3%	9.2%	10.4%
Net Debt/EBITDA Adj	1.6	1.2	1.2	0.9	0.0

NOTORIOUS PICTURES – Key Figures

Profit & Loss (Eu mn)	2020A	2021A	2022A	2023E	2024E	2025E
Sales	13	26	36	46	61	73
EBITDA	5	10	18	22	29	36
EBIT	-3	3	6	7	10	11
Financial Income (charges)	-0	-0	-0	-1	-1	-1
Associates & Others	0	0	0	0	0	0
Pre-tax Profit	-3	3	5	6	9	11
Taxes	1	0	-1	-1	-1	-2
Tax rate	32.7%	-14.7%	17.5%	15.0%	15.0%	15.0%
Minorities & Discontinued Operations	0	0	0	0	0	0
Net Profit	-2	4	4	6	8	9
EBITDA Adj	5	10	18	22	29	36
EBIT Adj	-3	3	6	7	10	11
Net Profit Adj	-2	4	4	6	8	9
Per Share Data (Eu)	2020A	2021A	2022A	2023E	2024E	2025E
Total Shares Outstanding (mn) - Average	22	22	22	22	22	22
Total Shares Outstanding (mn) - Year End	23	23	23	23	23	23
EPS f.d	-0.095	0.158	0.194	0.245	0.357	0.407
EPS Adj f.d	-0.095	0.158	0.194	0.245	0.357	0.407
BVPS f.d	1.094	1.252	1.366	1.350	1.547	2.775
Dividend per Share ORD	0.000	0.082	0.115	0.098	0.143	0.163
Dividend per Share SAV	0.000	0.000	0.000	0.000	0.000	0.000
Dividend Payout Ratio (%)	0.0%	51.8%	59.2%	40.0%	40.0%	40.0%
Cash Flow (Eu mn)	2020A	2021A	2022A	2023E	2024E	2025E
Gross Cash Flow	5	10	16	21	27	33
Change in NWC	2	-0	-3	-8	-4	-2
Capital Expenditure	-4	-12	-14	-14	-19	-24
Other Cash Items	0	0	0	0	0	0
Free Cash Flow (FCF)	3	-3	-2	-3	3	5
Acquisitions, Divestments & Other Items	0	0	0	0	0	0
Dividends	0	0	-2	-3	-2	-3
Equity Financing/Buy-back	0	0	0	0	0	0
Change in Net Financial Position	2	-3	-3	-4	2	4
Balance Sheet (Eu mn)	2020A	2021A	2022A	2023E	2024E	2025E
Total Fixed Assets	26	33	34	34	34	34
Net Working Capital	13	13	16	24	28	30
Long term Liabilities	-2	-1	-1	-1	-1	-1
Net Capital Employed	38	45	52	57	61	62
Net Cash (Debt)	-13	-17	-21	-26	-26	0
Group Equity	25	28	31	30	35	62
Minorities	0	0	0	0	0	0
Net Equity	25	28	31	30	35	62
Enterprise Value (Eu mn)	2020A	2021A	2022A	2023E	2024E	2025E
Average Mkt Cap	41	39	34	35	35	35
Adjustments (Associate & Minorities)	0	0	0	0	0	0
Net Cash (Debt)	-13	-17	-21	-26	-26	0
Enterprise Value	54	55	55	62	61	35
Ratios (%)	2020A	2021A	2022A	2023E	2024E	2025E
EBITDA Adj Margin	37.5%	39.5%	49.5%	47.3%	48.4%	48.6%
EBIT Adj Margin	nm	12.9%	15.8%	15.2%	16.4%	15.4%
Gearing - Debt/Equity	52.4%	59.0%	67.9%	87.0%	74.1%	0.0%
Interest Cover on EBIT	nm	12.0	17.2	14.0	19.9	22.5
Net Debt/EBITDA Adj	2.6	1.6	1.2	1.2	0.9	0.0
ROACE*	-7.6%	8.2%	11.7%	12.9%	17.0%	18.3%
ROE*	-8.3%	13.5%	14.8%	18.0%	24.7%	18.8%
EV/CE	1.4	1.3	1.1	1.1	1.0	0.6
EV/Sales	4.0	2.1	1.5	1.3	1.0	0.5
EV/EBITDA Adj	10.7	5.3	3.1	2.8	2.1	1.0
EV/EBIT Adj	nm	16.4	9.8	8.8	6.1	3.1
Free Cash Flow Yield	8.7%	-9.8%	-5.5%	-8.5%	8.1%	14.7%
Growth Rates (%)	2020A	2021A	2022A	2023E	2024E	2025E
Sales	-69.5%	95.3%	35.6%	29.0%	31.9%	20.6%
EBITDA Adj	-67.3%	106.0%	69.8%	23.4%	34.9%	21.2%
EBIT Adj	nm	nm	66.1%	24.2%	42.7%	13.1%
Net Profit Adj	nm	nm	22.8%	26.1%	45.9%	13.8%
EPS Adj	nm	nm	22.8%	26.1%	45.9%	13.8%
DPS		nm	40.2%	-14.8%	45.9%	13.8%

*Excluding extraordinary items Source: Intermonte SIM estimates

FY22 Results

The group unveiled FY22 results on 29 March 2023.

Revenues rose +36% YoY to Eu35.6mn, slightly below our Eu36.9mn estimate, while EBIT came to Eu5.6mn, +66% YoY and 4.9% better than expected. Net debt as at the end of December was Eu20.9mn (Eu8.1mn excluding the IFRS16 effect, slightly better than our Eu8.3mn estimate). The BoD will propose a DPS of Eu0.115 to the AGM. For 2023 the group envisages continuing growth in all business areas: i) in production, 3 films are due to be completed, with 4 scheduled for 2024. Major focus will be dedicated to research and development of international films to feed the global distribution channel. From May 2023, with the arrival of new manager Benedetta Galbiati, the new department for the development and production of TV series will start operating; ii) in distribution, the group hopes to exploit a significant pipeline (which includes the new chapter of the Hunger Games franchise) in a market environment that is expected to show recovery, while it plans to launch 6 films in Spain; iii) in the cinema business, Notorious Cinemas confirmed its important opening plan that should allow it to reach a market share of 5% in 2027.

Notorious – FY22 results

(Eu mn)	2H21A	2H22A	YoY chg %	2H22E	A vs E	2021A	2022A	YoY chg %	2022E	A vs E
Value of production	13.3	18.0	35%	19.3	(6.7%)	26.3	35.6	36%	36.9	(3.5%)
EBITDA	5.1	7.9	56%	7.2	9.0%	10.4	17.6	70%	17.0	3.8%
margin %	37.9%	43.8%		37.5%		39.5%	49.5%		46.0%	
D&A	(3.1)	(5.0)		(4.6)	8.5%	(7.0)	(12.0)		(11.6)	
EBIT	2.0	2.9	48%	2.6	10.0%	3.4	5.6	66%	5.4	4.9%
margin %	14.7%	16.2%		13.7%		12.9%	15.8%		14.5%	
Net fin. income/(expense)	(0.2)	(0.2)		(0.2)		(0.3)	(0.3)		(0.3)	
Pretax Profit	1.8	2.7	52%	2.5	9.6%	3.1	5.3	71%	5.1	4.7%
margin %	13.4%	15.1%		12.8%		11.8%	14.9%		13.7%	
Taxes	0.7	(0.6)		(0.4)		0.5	(0.9)		(0.8)	
Net profit	2.4	2.1	(12%)	2.1	3.3%	3.6	4.4	23%	4.3	1.6%
margin %	18.3%	11.9%		10.8%		13.6%	12.3%		11.7%	
Net Debt excl. IFRS 16	(3.4)	(8.1)		(8.3)		(3.4)	(8.1)		(8.3)	

Source: Company data and Intermonte SIM estimates

Business Updates

Reinforcing the management team

On 14 November 2022, Notorious Pictures announced that Guglielmo Marchetti would step down as Group CEO with effect from 1 January 2023. Marchetti, who controls the group through his 83% stake in the share capital, remains Chairman of the Board with a range of executive powers. At the same time, the company announced that Executive Director Laura Marongiu would leave the board, to be replaced by **Stefano Bethlen**, who became Chief Executive Officer on 1 January 2023. Bethlen came to Notorious Pictures from Titanus S.p.A. where he had been General Manager from July 2021, after a high-profile career at The Walt Disney Company Italia (from 2003); he has also been an independent consultant and producer of Italian films. On joining Notorious, he assumed operational responsibilities and simultaneously took on the role of Managing Director of Notorious Pictures. The arrival of Bethlen was good news, not only in terms of governance (separation of the Executive Chairman and Managing Director roles) but above all in operational terms. Thanks to his distinguished career, Bethlen's arrival could signal a significant acceleration in Group growth, above all in the field of film production, which has already seen exceptionally strong growth in 2022, with important productions not just in Italian but also in English for an international audience.

On 7 March 2023, the group announced the arrival of **Benedetta Galbiati** as Head of Scripted Series Development & Production, starting from May. Benedetta Galbiati has developed an extraordinary career at Endemol, which she joined in 2003 as a consultant for the acquisition of scripted formats, to become manager of scripted acquisitions in 2004 and assistant to the fiction director, eventually collaborating in the production of important series produced for both Rai and Mediaset, a path that led her to become Head of Scripted of Endemol Shine Italy in 2018. Among her successes as a producer we note "L' Allieva" (2016-2020, 3 seasons), "Mentre ero via" (2019) and the mini-series "La Sposa" (2022). Since March 2022 she has been Head of International Development of Lux Vide (a company that created extremely successful series such as Don Matteo, I Medici, Doc. In 2022 Fremantle bought the majority of Lux Vide). Her entry into Notorious is aimed at strengthening managerial skills and structuring the Editorial Department with a specific focus on series production.

The appointment in October 2022 of Jorge Vázquez as the new Managing Director of Notorious Pictures Spain completes the round of management strengthening moves.

Series Production: a possible kick off in 2023

We believe that the strengthening of the management team is the final chapter of an investment path that the group has undertaken for several years to structure itself as an important and recognised film producer. The results of 2021 and 2022 bear witness to the tangible fruits of this journey with the making of successful films both in Italian and in English sold to the main players in the sector. We think 2023 may on the one hand see further developments of this path (with the finalisation of 3 films, 2 of which are a sequel and 1 a remake in English) but above all it may see the start of a project related to the series. As we will see in terms of estimates, we don't think that revenues will be generated in 2024, but that the group can already announce the start of a project this year. We currently understand that Notorious has more than one script under evaluation. We remind that the series consists of a project that is divided into several episodes (normally 8, or less in the case of mini-series) lasting about 50 minutes each (although this parameter can also vary). Normally, the margins for this type of production are lower than those of film production (above all because the client, by appropriating the rights, also takes on the risk), however they can become very attractive if the project continues for future series (as always happens if the first series is successful).

Government Grants

Compared to 2021, revenues from television/OTT production and sales showed particularly positive performances, while, due to the end of the emergency legislation and the opening of the windows for the request for contributions, which only took place in 2023, public contributions recognised in the financial statements as at 31.12.2022 were lower than in the previous year.

Consequently, during the current year, the group is in a position to book significant government grants (greater than Eu5mn), related to both film production activities (in the form of the deduction of CapEx, hence a reduction of asset values) and cinema management (subsidies to offset the increase in energy bills and other inflation implications, as well as contributions to investments sustained to renew cinemas) impacting directly the P&L. Projected numbers only partially include the upside from full recognition of tax credits and grants..

Estimate Update

Distribution business

In 2022, Italian box office receipts came to Eu306.6mn, with cinema attendance reaching 44.5mn. Compared with 2021, these two figures mark growth of 81% and 80% respectively, but compared to the pre-Covid years (i.e. the average of the 2017-2019 period) 2022 figures are still 48% and 51.6% lower respectively. Our estimates for 2023 are consistent with a scenario in which the number of tickets sold reaches 55mn, +24% YoY but still 40% below the pre-Covid period.

The company currently envisages the launch of 16 films in 2023.

For 2023 Notorious has decided to invest in the line-up by purchasing the rights to films with greater commercial potential, against the recognition of a much higher average Guaranteed Minimum than in the past. The editorial line is divided into 3 main strands:

- **Global Franchise** (including the two main blockbusters of the year – the new *Hunger Games* and *Wonder* films – but also the first 2 episodes of the new French-produced trilogy about the 3 *Musketeers* and a new film about *Asterix and Obelix*)
- **Great stories, great casts** of important international productions (for example, John Malkovich in *Mindcage*, produced by Lionsgate, Johnny Depp in the historical drama *Jeanne Du Barry*, and *The Honeymoon*, produced by Notorious)
- **Animation** (e.g. *Argonuts*, *Betty Floods*), **Family** (e.g., *Charlotte M.*, produced by Notorious).

Production business

In 2022, Notorious completed the production of *Improvvisamente Natale*, an unconventional Christmas movie shot in Cortina in the Veneto region (the production received subsidies from the Veneto Film Commission). The film was directed by Francesco Patierno and starred Diego Abatantuono and Violante Placido. Rights were sold to Amazon Prime (for streaming of the film as of 1 December 2022) and Mediaset (for broadcasting the film on TV in December 2023).

For 2023, the group is planning 3 production projects:

- The first two projects are spillovers from *Improvvisamente Natale*; the plot was so well received that Notorious is already working on two important follow-ups: an English speaking remake of the film, with an international cast, and a sequel in Italian. These two projects should be finalised soon and be shot in summer 2023.
- Another project is the third film awaited from the successful collaboration with Director Dean Craig, following on from *Love, Wedding, Repeat* (2020) and *The Honeymoon* (2022);

The group is also working to finalise the production of the first film series: one project in particular is at an advanced phase of development and should be announced in the coming months. We are assuming production of the film series will contribute to 2024 figures.

Total estimated CapEx related to 2023 productions should be around Eu12mn. 4 films are expected to be released in 2024. There is some visibility on two projects: the first is a Christmas movie shot in English targeting an international audience and the second is the remake in Italian of the film *The War With Grandpa*, a 2020 American family comedy directed by Tim Hill.

We remind that film projects where Notorious is a fully-fledged producer will enjoy a great EBITDA benefit (production costs are almost entirely capitalised) but also significant CapEx absorption (the proceeds from the film, related to both the sale of the rights and tax credits, are deferred by at least 1 year with respect to the contractual recognition of revenues) and improvements in working capital (once revenues are recorded, payments are collected with a delay of approximately 18 months on average).

Notorious Spain

On 25 October, the group announced the appointment of Jorge Vázquez as the new Managing Director of the subsidiary. Vázquez has a strong film industry resumé gained in leading companies such as Aurum Producciones S.A., Alliance Films Inc and Entertainment One.

The 2023 line-up consists of 6 films. The line-up includes important films that have already been commented on as part of the Italian line-up, such as the new chapter of *Asterix & Obelix*, the animation film *Argonuts*, and *Jeanne du Barry* starring Johnny Depp and Louis Garrel.

Notorious Cinemas

We already commented about the number of admissions in 2022. At the present time, industry experts foresee sales of about 55-60mn tickets in 2023. This scenario implies quite cautious forecasts for the cinema distribution business and the activities of subsidiary Notorious Cinemas.

Within this scenario, 2022 numbers show how multiplexes managed by Notorious Cinemas have enjoyed growing market share, thanks to the high quality format adopted.

In March 2022, Notorious Cinemas has signed agreements to manage a new multiplex inside Merlata Bloom, which will become the largest lifestyle centre in Milan. This multiplex should be the flagship of the Notorious circuit. The Merlata Bloom multiplex is expected to open by the end of 2023. The Notorious Cinemas multiplex will be built according to the guidelines of the proprietary format "The Experience", which offers an entertainment model based on the highest technical audio and video standards, as well as top-level comfort with the latest generation cinema seats.

The government is set to continue to provide significant support for the suffering cinema business. Cinema managers are asking for tax credits based on operating costs - energy, rent, personnel and other items – and should be able to count on a significant budget of over Eu100mn.

Change in estimates

In light of indications from 2022 results we are trimming our 2023-24 revenue forecasts but confirming margins. We perceive increasing visibility on our forecasts for the film production business, where Notorious is working on a number of important projects and where this year a production project for an internally-developed series should get underway. Our estimates are quite cautious in assuming benefits from government grants that could represent a positive surprise (also thanks to the recognition of grants related to 2022 activities).

Notorious Pictures - Change in estimates

P&L NOTORIOUS	NEW			OLD			% Change		
	2022A	2023E	2024E	2022E	2023E	2024E	2022E	2023E	2024E
Revenue from Notorious Pictures	29.78	35.90	45.45	31.15	38.00	46.35	-4.4%	-5.5%	-1.9%
YoY %	25%	21%	27%	30%	22%	22%			
Revenues from Notorious Cinema	5.75	7.47	10.11	5.75	7.47	10.11	0.0%	0.0%	0.0%
YoY %	145%	30%	35%	145%	30%	35%			
Revenues from Notorious Spain	0.00	2.57	5.06	0.00	2.57	5.06			
YoY %			97%			97%			
Total Revenues	35.6	45.9	60.6	36.9	48.0	61.5	-3.5%	-4.4%	-1.5%
YoY %	36%	29%	32%	41%	30%	28%			
EBITDA Notorious Pictures	16.30	19.74	25.52	16.85	20.23	25.79	-3.2%	-2.4%	-1.0%
margin %	55%	55%	56%	54%	53%	56%			
EBITDA Notorious Cinema	0.11	1.12	2.02	0.11	1.12	2.02	0.0%	0.0%	0.0%
margin %	2%	15%	20%	2%	15%	20%			
EBITDA Notorious Spain	0.00	0.87	1.77	0.00	0.87	1.77			
margin %	33%	34%	35%	33%	34%	35%			
TOTAL EBITDA	17.6	21.7	29.3	17.0	22.2	29.6	3.8%	-2.2%	-0.9%
YoY %	70%	23%	35%	64%	31%	33%			
margin %	49.5%	47.3%	48.4%	46.0%	46.3%	48.1%			
D&A	(12.0)	(14.8)	(19.4)	(11.6)	(15.2)	(19.6)			
EBIT	5.6	7.0	10.0	5.4	7.0	10.0	4.9%	-0.1%	-0.6%
YoY %	66%	24%	43%	58%	30%	43%			
margin %	15.8%	15.2%	16.4%	14.5%	14.5%	16.3%			
Net financial income/expense	(0.326)	(0.500)	(0.500)	(0.300)	(0.500)	(0.500)			
	(0.92%)	(1.09%)	(0.82%)	(0.81%)	(1.04%)	(0.81%)			
Pretax Profit	5.3	6.5	9.5	5.1	6.5	9.5	4.7%	-0.1%	-0.6%
YoY %	71%	22%	46%	63%	28%	47%			
margin %	14.9%	14.1%	15.6%	13.7%	13.5%	15.5%			
Taxes	(0.928)	(0.972)	(1.419)	(0.759)	(0.973)	(1.427)			
Tax Rate	(17.5%)	(15.0%)	(15.0%)	(15.0%)	(15.0%)	(15.0%)			
Net profit	4.4	5.5	8.0	4.3	5.5	8.1	1.6%	-0.1%	-0.6%
YoY %	23%	26%	46%	21%	28%	47%			
margin %	12.3%	12.0%	13.3%	11.7%	11.5%	13.1%			
minorities	0	0	0	0	0	0			
Group net profit	4.367	5.508	8.038	4.299	5.511	8.088			

Source Intermonte SIM

Cash Flow

Notorious – Cash Flow Statement

(Eu mn)	2019A	2020A	2021A	2022A	2023E	2024E	2025E
Net income	5.2	(2.1)	3.6	4.4	5.5	8.0	9.1
Minorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortization & Depr.	8.8	8.0	7.0	12.0	14.8	19.4	24.3
Rights of use		(0.2)	(0.3)	(0.8)	(1.2)	(1.4)	(2.3)
Gross cash flow	14.0	5.7	10.2	15.6	19.1	26.0	31.1
Change in working capital	(5.7)	2.0	(0.3)	(3.0)	(8.1)	(3.7)	(1.8)
Other funds and provisions	(1.1)	(0.4)	(0.9)	(0.3)	0.3	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating cash flow	7.2	7.2	9.0	12.3	11.3	22.2	29.3
Capex	(10.9)	(4.2)	(12.5)	(14.2)	(14.2)	(19.4)	(24.1)
% on sales	25%	31%	47%	40%	31%	32%	33%
FCF (Eu mn)	(3.7)	3.0	(3.4)	(1.9)	(3.0)	2.8	5.1
FCF/EBITDA	-23.8%	60.5%	-33.2%	-11.0%	-13.7%	9.7%	14.5%
Acquisitions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Disposals	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividends	(1.8)	0.0	0.0	(1.8)	(2.6)	(2.2)	(3.2)
Right Issue	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	(12.2)	(1.7)	(0.3)	(0.5)	0.0	0.0	0.0
Cash Flow	(17.7)	1.4	(3.7)	(4.2)	(5.6)	0.6	1.9
NFP at bgn year Cash/(Debt)	3.4	(14.3)	(12.9)	(16.6)	(20.9)	(26.4)	(25.8)
Cash Flow: Cash/(Debt)	(17.7)	1.4	(3.7)	(4.2)	(5.6)	0.6	1.9
NFP at year end: Cash/(Debt)	(14.3)	(12.9)	(16.6)	(20.9)	(26.4)	(25.8)	(23.9)
of which: Rights of Use liabilities (IFRS16)	(10.7)	(12.3)	(13.2)	(12.8)	(14.5)	(14.5)	(14.5)
Net Cash (Debt) at YE excl. IFRS 16	(3.6)	(0.6)	(3.4)	(8.1)	(11.9)	(11.3)	(9.4)

Source: Intermonte SIM estimates

DETAILS ON STOCKS RECOMMENDATION			
Stock NAME	NOTORIOUS PICTURES		
Current Recomm:	BUY	Previous Recomm:	BUY
Current Target (Eu):	2.20	Previous Target (Eu):	2.00
Current Price (Eu):	1.56	Previous Price (Eu):	1.45
Date of report:	03/04/2023	Date of last report:	30/11/2022

DISCLAIMER (for more details go to [DISCLAIMER](#))
IMPORTANT DISCLOSURES

The reproduction of the information, recommendations and research produced by Intermonte SIM contained herein and of any its parts is strictly prohibited. None of the contents of this document may be shared with third parties without authorisation from Intermonte.

This report is directed exclusively at market professional and other institutional investors (Institutions) and is not for distribution to person other than "Institution" ("Non-Institution"), who should not rely on this material. Moreover, any investment or service to which this report may relate will not be made available to Non-Institution.

The information and data in this report have been obtained from sources which we believe to be reliable, although the accuracy of these cannot be guaranteed by Intermonte. In the event that there be any doubt as to their reliability, this will be clearly indicated. The main purpose of the report is to offer up-to-date and accurate information in accordance with regulations in force covering "recommendations" and is not intended nor should it be construed as a solicitation to buy or sell securities.

This disclaimer is constantly updated on Intermonte's website www.intermonte.it under LEGAL INFORMATION. Valuations and recommendations can be found in the text of the most recent research and/or reports on the companies in question. For a list of all recommendations made by Intermonte on any financial instrument or issuer in the last twelve months consult the [PERFORMANCE](#) web page.

Intermonte distributes research and engages in other approved activities with respect to Major U.S. Institutional Investors ("Majors") and other Qualified Institutional Buyers ("QIBs"), in the United States, via Brasil Plural Securities LLC under SEC 15a-6 guidelines. Intermonte is not registered as a broker dealer in the United States under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is not a member of the Securities Investor Protection Corporation ("SIPC"). Brasil Plural Securities LLC is registered as a broker-dealer under the Exchange Act and is a member of SIPC.

ANALYST CERTIFICATION

For each company mentioned in this report the respective research analyst hereby certifies that all of the views expressed in this research report accurately reflect the analyst's personal views about any or all of the subject issuer (s) or securities. The analyst (s) also certifies that no part of their compensation was, is or will be directly or indirectly related to the specific recommendation or view in this report.

The analyst (s) responsible for preparing this research report receive(s) compensation that is based upon various factors, including Intermonte's total profits, a portion of which is generated by Intermonte's corporate finance activities, although this is minimal in comparison to that generated by brokerage activities.

Intermonte's internal procedures and codes of conduct are aimed to ensure the impartiality of its financial analysts. The exchange of information between the Corporate Finance sector and the Research Department is prohibited, as is the exchange of information between the latter and the proprietary equity desk in order to prevent conflicts of interest when recommendations are made.

The analyst responsible for the report is not a) a resident of US; b) an associated person of a U.S. broker-dealer; c) supervised by a supervisory principal of a U.S. broker-dealer. This Research Report is distributed in the U.S. through Brasil Plural Securities LLC, 545 Madison Avenue, New York 10022.

GUIDE TO FUNDAMENTAL RESEARCH

The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales.
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium of 5.5% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the S&P500 Index, most of those on the MIBEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

Explanation of our ratings system:

BUY: stock expected to outperform the market by over 25% over a 12 month period;

OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;

NEUTRAL: stock performance expected at between +10% and -10% compared to the market over a 12 month period;

UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;

SELL: stock expected to underperform the market by over 25% over a 12 month period.

Prices: The prices reported in the research refer to the price at the close of the previous day of trading

CURRENT INVESTMENT RESEARCH RATING DISTRIBUTIONS

Intermonte SIM is authorised by CONSOB to provide investment services and is listed at n° 246 in the register of brokerage firms.

As at 31 December 2022 Intermonte's Research Department covered 121 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	20.83 %
OUTPERFORM:	51.67 %
NEUTRAL:	25.83 %
UNDERPERFORM	01.67 %
SELL:	00.00 %

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (51 in total) is as follows:

BUY:	39.22 %
OUTPERFORM:	49.02 %
NEUTRAL:	11.76 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

CONFLICT OF INTEREST

In order to disclose its possible conflicts of interest Intermonte SIM states that:

Intermonte SIM is acting as Global Coordinator in the proposed Unidata's capital increase with an agreement with the company for the publication of an equity research regarding the company and the transaction. Intermonte is also acting as Listing Agent in the proposed Unidata's Transliting. Intermonte will receive fees from the company for its activity as Global Coordinator and Listing Agent.

Within the last year, Intermonte SIM managed or co-managed/is managing or is co-managing an Institutional Offering and/or managed or co-managed/is managing or is co-managing an offering with firm commitment underwriting of the securities of the following Companies: Civitanavi Systems, GPI.

Intermonte SIM has provided in the last 12 months / provides / may provide investment banking services to the following companies: Aedes, Cy4Gate, Esprinet, GPI, Greenthesis (formerly Ambientthesis), Growens, Maire Tecnimont, Tinexta, Unidata and WIIT.

Intermonte SIM is acting as counterparty to WIIT Fin S.r.l. in connection with call and put options having WIIT S.p.A. shares and dividends as reference underlying.

Intermonte SIM is Specialist and/or Corporate Broker and/or Sponsor and/or Broker in charge of the share buy back activity of the following Companies: Abitare In, Aedes, Alkemy, Anima Holding, Aquafil, Avio, Azimut Holding, Banca Ifis, Banca Sistema, Cellularelle, Civitanavi Systems, Cyberoo, Cy4gate, DeA Capital, Datrix, EL.En, Eles, Elica, Emak, Esprinet, Expert AI, Fimit - Fondo Alpha, Fine Foods, Gefran, Go Internet, GPI, Greenthesis (formerly Ambientthesis), Gruppo Fos, GVS, IEG, Iervolino & Lady Bacardi Entertainment, IndelB, Luve, Matica Fintec, Notorious Pictures, Next Re SiliQ, Omer, Pharamnutra, Reevo, Relatech, Reply, Revv Insurance, Sababa Security, Saes Getters, Salcef, Sciucker Frames, Seco, Servizi Italia, Sesa, Sesi Industrial, Somec, Tamburi, Tinexta, Tesmec, The Italian Sea Group, TXT, Unidata, Webuild and WIIT.

Intermonte SIM has a contractual commitment to act as liquidity provider on behalf of third parties for the following company: Banca Sistema.

Intermonte SIM performs as a market maker for the following companies: A2A, Anima, Atlantia, Autogrill, Azimut Holding, BAMI, Banca Generali, Banca Mediolanum, Brembo, Buzzi, CNHI, Enel, ENI, Exor, Fineco, FCA, FTMBI, Generali, Italgas, Iren, Intesa Sanpaolo, Leonardo, Mediobanca, Moncler, Mediaset, Pirelli&C, Prysmian, Poste, Ferrari, Saipem, Snam, STM, Tenaris, Telecom Italia, Telecom Italia sav, Terna, UBI, Unicredit, Unipol, UnipolSai.

Intermonte SIM, through Websim, which constitute the digital division of Intermonte, acts as a Financial Content Provider on the following companies: Abitare In, Alkemy, Banca Sistema, Bifire S.P.A., B&C Speakers, Cleanbnb, Comer Industries, Crowdfundme, Cy4gate, Cyberoo, Digital Bros, Digital Magics, Doxee, Edliziacobatica Spa, Eles, Elica, Emak, Esi, Esprinet, Eviso, Fae Technology, Fiera Milano, Finanza.Tech, First Capital, Fope, FOS, Franchi Umberto Marmi, Giglio Group, Go Internet, GPI, Iervolino & Lady Bacardi Entertainment, Intercos, Intred, Iscc Fintech, Lindbergh, Lventure Group, Maps, Masi Agricola, Matica Fintec, Neodecortech, Nhoa, Notorious Pictures, Orsero Group, Osai Automation System, Racing Force Group, Relatech, Reti, Salcef Group, Sciucker Frames, Sebino, Solid World Group, Spindox Digital Soul, Supplymecapital, Tamburi, Tesmec, The Italian Sea Group, Tinexta, Tps Group, Trendveice, Tribuo, Ulisse Biomed, Vantea Smart, WIIT.

Intermonte SIM SpA holds net long or short positions in excess of 0.5% of the overall share capital in the following issuers:

Emittente	%	Long/Short

© Copyright 2023 by Intermonte SIM - All rights reserved

It is a violation of national and international copyright laws to reproduce all or part of this publication by email, xerography, facsimile or any other means. The Copyright laws impose heavy liability for such infringement. The Reports of Intermonte SIM are provided to its clients only. If you are not a client of Intermonte SIM and receive emailed, faxed or copied versions of the reports from a source other than Intermonte SIM you are violating the Copyright Laws. This document is not for attribution in any publication, and you should not disseminate, distribute or copy this e-mail without the explicit written consent of Intermonte SIM.

INTERMONTE will take legal action against anybody transmitting/publishing its Research products without its express authorization.

INTERMONTE Sim strongly believes its research product on Italian equities is a value added product and deserves to be adequately paid.

Intermonte Sim sales representatives can be contacted to discuss terms and conditions to be supplied the INTERMONTE research product.

INTERMONTE SIM is MIFID compliant - for our Best Execution Policy please check our Website [MIFID](#)

Further information is available