Tamburi Investment Partners S.p.A.

Dear shareholders,

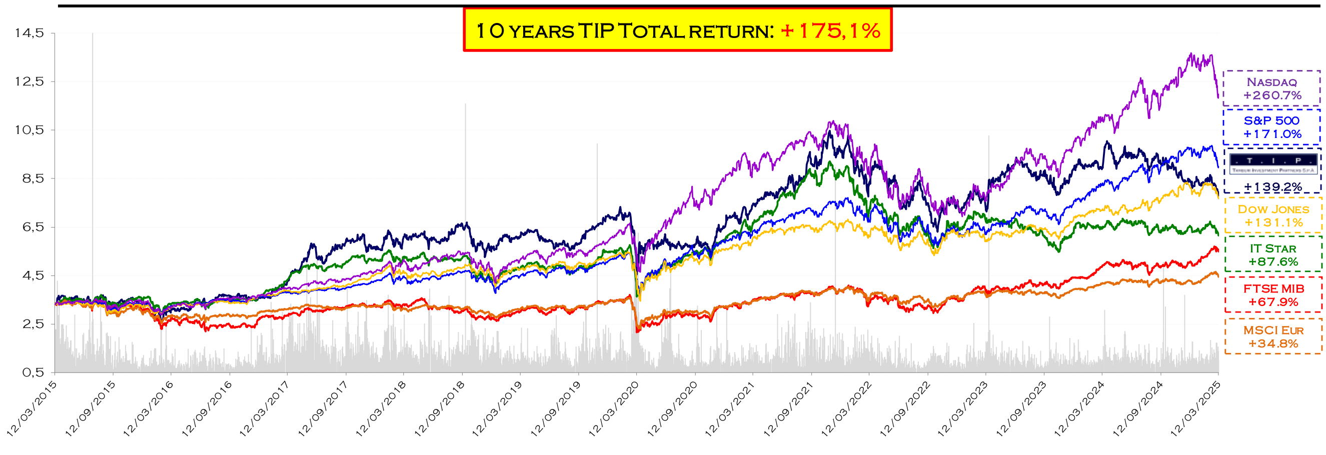
If a year ago we ventured to speak of "strange times", it is now difficult to find the right words to define the current period.

However, as professionals, rather than searching for definitions or adjectives, we must identify the paths that will allow us to navigate our investments – both ongoing and future – in the best possible way.

Before delving into analyses and evaluations, as always, we must first address TIP's performance in 2024. <u>The industrial portion, meaning the companies of the group, has performed generally well, 11 companies reported revenue growth, 8 companies maintained relatively stable revenues (+/- 5%) and only 2 saw a significant decline</u>. These results are therefore better than those of most comparable Italian or European companies, as well as the prevailing sentiment surrounding the industrial sectors in our country in recent months. Despite this, in 2024 and early 2025 TIP's stock performance has been inexplicably disappointing.

The usual chart illustrates the recent reversal in comparison to nearly a decade of outperformance against almost all global stock indexes. In reality, only the Nasdaq has truly surged ahead compared to us and others, so we must regain ground !

TIP stock vs different indexes from 21/2/2015 to 21/2/2025

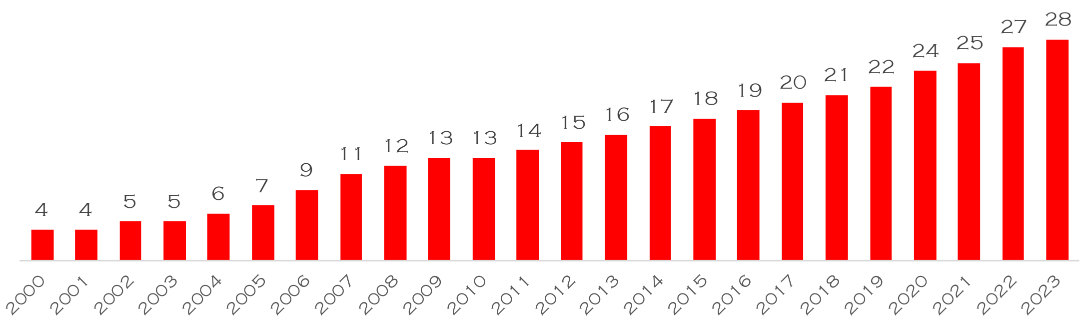


Source: Bloomberg

At the risk of repeating well-known facts, it is impossible not to highlight that in 2024, the S&P 500 index was driven by the so-called "Magnificent 7" which, thanks to an annual growth of +66.5%, contributed to more than half of the index's total growth (+23%). In Europe, and particularly in Italy, banks and the stock linked to energy and defence have significantly impacted the Ftse Mib. Considering that banking stocks, which represent substantial weight, recorded a +52.7% increase in 2024, compared to the general index's +12.6%.

As emphasized in some of my previous letters, the key issue that will heavily influence the future of international finance concerns the developments in the private equity industry that has been the undisputed leader of M&A for thirty years and currently holds stakes in nearly 30,000 companies worldwide, having, to some extent, replaced the role of stock exchanges.

Number of companies in which private equity funds have invested

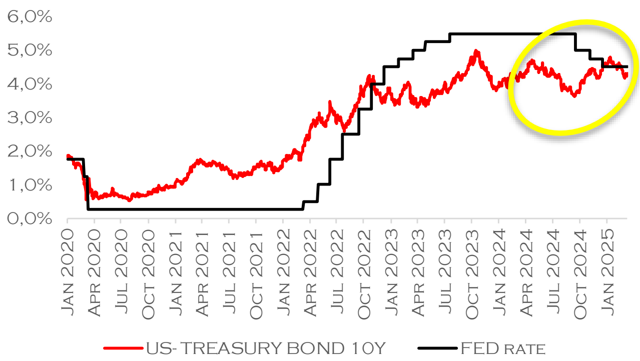


Data in thousands - source: Pitchbook

Regarding this evolution, the feeling is that the mechanism is starting to jam: increasing difficulties in raising capital, enormous challenges in divesting holdings, always relatively high costs and reduced access to credit for highly leveraged transactions, those that, when successful, have delivered the highest returns.

As for the credit world, the numerous interest rate cuts expected from central banks in 2024 did not materialize. More importantly, the current situation suggests that there will not be in the future the same level of confidence in expecting a significant downward adjustment of interest rates, both official and even more market ones. The key indicator, the U.S. 10-year Treasury yield, clearly reflects this, and the point we have reached, where market rates are moving in the opposite direction of official rates for several months, is highly significant. All of this continues to shape an already volatile landscape.

5-year evolution of the US treasury and FED rate



Source: Bloomberg

Still about banks, it is worth highlighting that over the past three years, i.e. in the period following the end of the pandemic and despite many promises, the amounts loaned to Italian companies have decreased from 876 to 772 billion, even as the national economy rebounded well. Should this trend continue, the liquidity available in the market will shrink further and since many entrepreneurs and investors have factored more credit and lower costs into their business plans, many projections would be missed, potentially with explosive consequences.

Someone might argue that while the decline in bank lending is undeniable, the so-called private debt component is growing rapidly and significantly. But who has thoroughly analyzed the implied risks in such transactions ? Who can dispute that a company choosing to seek financing not from a traditional bank but within the so-called shadow banking system, is inherently weaker and that this choice, except in certain specific cases like bridge loans, is made out of necessity because commercial banks were unwilling to (or no longer willing to) provide funding?

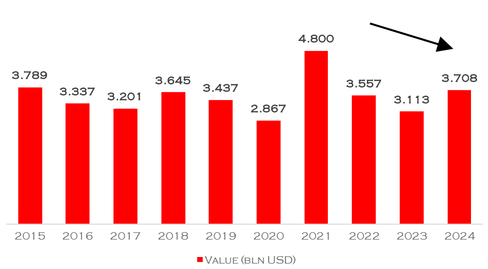
Within the accumulated debt, beyond just private debt, a significant portion includes payments of interest and principal that are heavily deferred over time (with bullet and PIK structures being examples), effectively pushing the true risk further into the future; once again, who has done the math to assess the solvency of these borrowers ? And how many leveraged transactions also carry this potential risk ? The feeling is that a large number of companies will, quite reasonably, be unable to repay their debts, placing lenders in a difficult dilemma, which at best, could be resulting in substantial extensions of repayments.

Could it be that, sooner rather than later, a significant portion of those PIK loans will once again swell the mass of NPLs that, for a few years, seemed to have disappeared ? Certainly, the flood of government-backed loans linked to COVID-19 drastically altered the credit market, but what could happens now ?

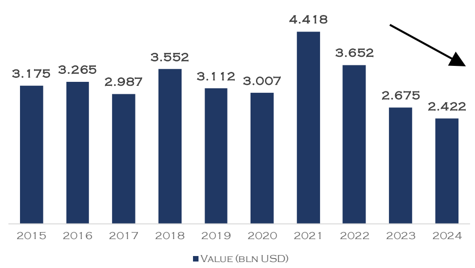
The requests for negotiated crisis settlements are rising significantly, with over 900 cases recorded in 2024 and a total exceeding 2,100 procedures over the past three years. Meanwhile, the repayment phase has begun for most of the SACE or MCC-backed loans, which include relentless step-ups in interest rates and guarantees. As a result, a further weakening of the most vulnerable and/or heavily indebted companies is foreseeable.

It is therefore reasonable to expect that the M&A trend will continue to be sluggish in the near future. A 10-year analysis – though not entirely uniform, which is why we present data from two different sources for maximum objectivity – clearly reflects this. And we see no reasons for a rebound, now.

The global M&A market



Source: Pitchbook

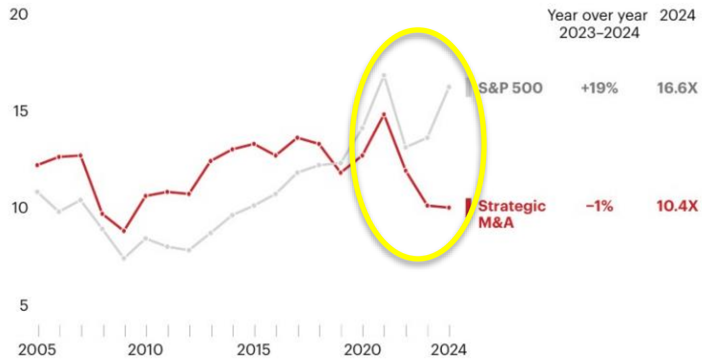


Source: KPMG

It is also reasonable to expect deal prices to continue declining, given the outlined scenario and, more importantly, the pressure to sell caused by approximately 3.5 trillion in "assets to be sold" by private equity firms, along with increasingly stringent regulations from central banks, particularly concerning highly leveraged financing.

Regarding price declines, most investment banks have a contradictory stance, often offering conflicting opinions depending on their audience. On one hand, the pricing of the – still very few – IPOs does not encourage high valuations. On the other hand, many private equity funds would have problems to communicate to their investors that the two-decade long trend of rising multiples has now reversed; however, the data in the chart presented here is undeniable.

EV/EBITDA valuations



Source: Bain

Further confirmation of this trend is the recent record fundraising (102 USD billion) by secondary funds, that have in mind returns based on significantly lower prices than those recently reported by sellers.

Moreover, the sharp increase in add-on transactions worldwide highlights how industrial and commercial considerations, thus, strategic factors, are becoming increasingly dominant in recent M&A rankings. This reinforces the idea that certain valuations can only be sustained in presence of synergy perspectives.

In essence, this is precisely what TIP has always aimed to do. Many add-ons to strengthen strategic positioning, with more than 220 acquisitions made by our companies since we became shareholders. And it is exactly what we plan to continue to do in the future, given the exceptionally low debt levels, the strong and persistent growth ambitions of our companies and the reduced competition on deals from purely financial investors.

The aggregate revenue of TIP's group companies in 2024 exceeded 25 billion, with an EBITDA of approximately 5 billion, employing more than 100,000 people.

The 2024 year-end figures for revenue, Ebitda, and NFP/Ebitda for TIP's key companies are as follows:

Listed companies

	Sales 2024 (€ mln)	Sales 2024 vs 2023	Ebitda margin adj. 2024	NFP / Ebitda adj.
amplifon	2.409	+7,0%	23,6%	1,6x
BasicNet	409	+3,1%	14,9%	1,5x
elica	452	-4,5%	6,9%	1,5x
HUGO BOSS	4.307	+2,6%	18,0%	0,1x
Interpump Group	2.078	-7,2%	22,0%	0,9x
Dexelance	324	+4,3%	15,7%	Liq.
Moncler	3.109	+7,0%	40,9%	Liq.
OVS	1.626	+6,0%	12,2%	0,8x
roche bobois	414	-3,6%	17,9%	Liq.
Sesa [1]	3.400	+7,5%	7,4%	Liq.

Private companies

	Sales 2024 (€ mln)	Sales 2024 vs 2023	Ebitda margin adj. 2024	NFP / Ebitda adj.
Alpitour World [2]	2.083	+6,7%	6,6%	1,5x
Azimut Benetti [3]	1.420	+11,3%	14,9%	Liq.
Bending Spoons	622	+72,5%	50,6%	1,9x
Beta	251	+0,3%	10,7%	3,0x
Chiorino	181	+3,0%	23,4%	Liq.
Eataly	684	+4,3%	7,8%	1,6x
Farmacie Apoteca Natura [4]	68	+39,1%	~7,5%	Liq.
Joivy [4]	116	+8,9%	7,8%	1,4x
Limonta	176	-5,6%	19,9%	Liq.
vianova	93	+13,7%	27,5%	Liq.

Actual data or Bloomberg estimates for listed companies. (1) Guidance for the fiscal year ending on April 30, 2025. (2) Results as of October 31, 2024. (3) Results as of August 31, 2024. (4) Pro-forma results.

Following these findings, particularly at the general and macroeconomic level, we deemed it necessary to carefully reassess the individual valuations of our companies, since, one cannot be convinced that certain market values are declining – and will likely continue to do so – while keeping unchanged the criteria used for such assessments.

At the conclusion of this valuation exercise, we have determined that a fair "intrinsic value" of TIP's assets currently exceeds 2.9 billion, which corresponds – net of debt – to 13.5 Euro per share.

The most recent average target price provided by the banks covering TIP's stock, is 12.55 Euro.

Regardless of absolute and relative values, it is essential to reiterate that another key factor in understanding and properly evaluating TIP is its excellent level of diversification, as confirmed by the following table:

TIP N.I.V. – Net Intrinsic Value *

NIV by industry

Luxury and design	24%
Food, retail and tourism	21%
Industrial / technology	18%
IT, digital, innovation	17%
Healthcare	10%
Treasury shares	10%

~ 2,5 billion
(>2,9 bln gross of NFP)

> 1,8 billion of capital gain
implied

~ 13,5 euro per share

NIV by year of investment

Before 2008	10%
2009/2012	7%
2013/2016	18%
2017/2018	12%
2019/2020	26%
2021/2022	21%
2023/2025	5%

* N.I.V. - Net Intrinsic Value - internal calculation of the aggregate valuation of the shares held in the investees based on the business plans prepared by us

Again this year, rather than providing a broad overview of results, most of which are already known or easily accessible through the usual sources, I will focus on a few specific situations.

Alpitour

The analysts covering TIP estimate the value - of 100% of the Alpitour Group - at approximately / or at least one billion euro.

Although no formal offers were received in 2024 at the valuation levels we would have expected, probably due to the group's complex structure and certain regulatory constraints, we believe that its strategic value, beyond its economic value, could be highly significant.

With 26 hotels under full ownership or management, including 8 five-stars in Italy, a very young fleet of 18 aircrafts, and over 2 billion in steadily growing revenue, these are undeniable figures; we now consider the 140 - 160 million in Ebitda to be structurally sustainable and the approximately 900 million in asset value confirms the group's strong financial solidity.

However, the most important fact is that Asset Italia 1, a company co-owned by TIP and various family offices, has recently exercised its pre-emptive right on approximately 36% of the company that a shareholder had decided to sell. The price agreed for that stake seemed very attractive to us and once the necessary authorizations from the relevant authorities will be obtained, the purchase is expected to be finalized, probably by next summer.

At the same time, discussions are underway with the shareholders of Asset Italia to determine who is interested in participating in this transaction; this acquisition is anyway clearly value-accretive for TIP and therefore, regardless of the level of participation from other shareholders, we are very satisfied with it.

AMPLIFON

Revenues up 7%, Ebitda at 568 million, further increases expected in 2025: an outstanding group, with over 10,000 retail locations worldwide, also experiencing a strong growth acceleration in China and the United States. We are extremely proud to have been part of this company for more than 14 years. Its undisputed leadership, in our view, can be further strengthened by the increasingly accurate level of service offered in every part of the world.

AZIMUT BENETTI

The most significant event in 2024 was the passing away of Paolo Vitelli, founder and lifelong driving force behind an exceptional group, another undisputed global leader. His foresight had already led to his daughter Giovanna taking the helm a couple of years ago, so the impact on the company has been minimal. Without any doubt, we will greatly miss his determination, his relentless drive and his ability to push everyone to raise their standards. The group continues to perform exceptionally well, with record-breaking revenue of 1.5 billion, Ebitda will be exceeding 200 million and liquidity already surpassing half a billion.

BASICNET

One of the most pleasant surprises of 2024 was Permira's acquisition of a significant minority stake in K-WAY, one of the many brands of the group. The approximately 500 million valuation attributed to the brand – but even more the strengthening of its global expansion strategy – led to an impressive, yet justified, surge in the stock price. This once again highlights the limited relevance of certain stock market prices; moreover, the other brands are also performing very well.

BENDING SPOONS

Now renowned worldwide and undoubtedly another absolute leader, an exceptional company, conceived and managed by individuals who never fail to impress in the most positive way during every interaction. Indeed, they earn recognition from anyone who knows who they are and what they have built. A rare phenomenon for our country, that continues to amaze with its growth capabilities and the Ebitda, now more than 300 million, making us incredibly proud to have believed in such a project for so many years. At the valuation of recent transactions, TIP stake is worth at least 10 times the amount invested to date.

CHIORINO

Another record level of turnover in 2024 – above 180 million, up from the previous year, and an Ebitda of 42 million – once again confirms the uniqueness of this undeniable Italian industrial excellence earmarked for the IPO once valuation parameters are deemed appropriate, paving the way for further growth and consolidate, also through M&A, its recent trajectory.

DEXELANCE

The design, lighting, and furniture sector is experiencing a retracement in results after three years of strong growth. However, DEXELANCE managed to increase its revenue to 324 million in 2024 while keeping Ebitda above 50 million, with excellent cash conversion. The company remains committed to its strategy of deeply respecting individual entrepreneurial identities, recognizing that the sector has reached its current level of excellence precisely due to the positive values of individuality, dynamism, and creativity. At the same time, it continues to pursue growth also through acquisitions, with a clear focus on the high-end market and a strong ambition to build unmatched commercial strength across various segments. The balance between retail and contract is optimal, and the future prospects are virtually limitless, especially considering the ongoing consolidation in a sector where Italy remains the undisputed global leader.

EATALY

An excellent year, with revenue growth and EBITDA exceeding 50 million, driven by highly effective management that has successfully repositioned the brand and its products at the high end in a short time. The company has continued its expansion with new store openings and innovative formats while laying the groundwork for further growth both in existing markets and new ones.

INTERPUMP

When assessing its performance relative to its industry sectors, the year has been good, albeit with a slight decline in revenue and profitability. However, this has not affected the strength of a group in which we have been invested for over twenty years and that continues to maintain outstanding profitability: the consolidated Ebitda margin of 22% is a proof of that. It is unfortunate that the recent announcement of slightly lower results, combined with a logically cautious guidance, has led investors to heavily penalize the stock. This reaction makes no sense and is likely the result of automated trading systems with which the laziness of many fund managers is now forcing us to contend with. Nonetheless, the group's quality, financial solidity, and significant M&A potential thanks to its exceptionally low debt, remain unchanged.

LIMONTA

Another good year for a clear leader in high-end textiles, supplier of major players in apparel, accessories, and home furnishings. However, revenue and profits, particularly toward the end of the year, were affected by the broader slowdown in its reference sectors. Its strong cash position (nearly 100 million, even after high dividend distributions) is preparatory to further growth through acquisitions.

MONCLER

Another exceptional year also for Moncler, with revenue growth at 3.1 billion and profitability (Ebit at 916 mln) exceeding analysts' expectations but, more importantly, yet another season that has demonstrated Remo Ruffini and his fantastic team's ability to perfectly interpret customer trends, both existing and potential, in a market that is increasingly oversaturated with offerings. LVMH's entry into the controlling holding further strengthens its industrial and commercial prospects.

OVS

After five years – including the COVID period – we can say that starting from an important company, albeit with some challenges, we have succeeded - through bold decisions and excellent management - in building a true masterpiece of retail, admired by all. Exceptional positioning, a well-segmented product range, very well targeted, a completely revamped image, and - last but certainly not least - nearly 200 million in Ebitda.

Just a few days ago, after the cancellation of part of the treasury shares, TIP surpassed the 31% ownership, putting us in a position to further increase our stake. The company will undoubtedly continue to pursue all possible M&A opportunities within the fragmented Italian retail sector while also expanding as much as possible internationally.

ROCHE BOBOIS

Strong resilience in consolidated revenue again in 2024, with an aggregate turnover of around 600 million, consolidated Ebitda margin of 18%, demonstration of the excellence of the brand's market positioning with 350 stores in some of the world's most prestigious locations and significant liquidity available for further expansion, confirm the uniqueness of a group that in recent years has further strengthened its position as the global number one in its specific segment.

SESA

With 23 acquisitions between 2024 - early 2025, Sesa reaffirms itself as the most dynamic leader in the sector and continues its growth trajectory. The guidance for 30 April 2025 forecasts 3.4 billion in revenue and 250 million in Ebitda, with over 200 million in cash, before acquisitions. Unfortunately, despite these strong fundamentals, it remains significantly undervalued in the stock market, with a market cap of "only" 1.1 billion, but its strong leadership in sectors such as Cloud, Cybersecurity, Digital Platforms, and Data Science / AI reassures us that, sooner or later, the market will recognize its value, as it deserves.

VIANOVA

A particularly significant year, marked by an acceleration in the acquisition strategy and the development of new B2B platforms. Revenue reaching about 100 million, Ebitda margin of 27%, strong cash generation and a clear determination to pursue further growth are leading the shareholders to consider different strategic options, including a stock market listing.

CONCLUSIONS

The prevailing sentiment today is that 2025 may not be so different from the previous year; so far, there are no clear signs of a rebound in orders intake even if the recent German investment program, combined with the development initiatives announced by the Chinese Congress in recent days, could hint at some acceleration. Perhaps based on these decisions, many believe that the second half of 2025 will be better than the first, at least in Europe; someone even suggest that, following the pendulum theory, the current situation cannot last much longer but it remains difficult to identify the real growth drivers that will steer the global economy in the coming months. Also because a few days ago the FED of Atlanta assumed - against all previous predictions - a coming recession in the USA.

Moreover there are numerous variables linked to the wars, that could end, tariffs that have been threatened or imposed and the effects of probable rearmament, all of which will undoubtedly have a major impact on both business and financial decisions. These factors continue to exacerbate an already uncertain landscape that, in reality, risks to no longer exist at all, with democracies evaporating, globalization ending, and a level of geopolitical aggression unseen in at least a century.

Panta rei, despite those who believe plausible predictions can still be made, we're skating on thin ice !

Many trends are shifting faster than anyone could have anticipated just looking at the dollar or the widening gap between Wall Street and Europe in recent days. Many attribute the growing disengagement from ESG themes to Trump, but the reality is that for at least two years, the world has recognized that excessive emphasis on these issues would lead to economically unjustifiable costs, though no one dared to say it. Perhaps only in the automotive industry became clear that the reckless policies of European bureaucrats were driven by misguided demagoguery. Nonetheless, on these issues as well, TIP maintains with consistency and determination its commitments.

Even the so-called luxury industry is experiencing a downturn, particularly in China, driven more by political factors than by a shift in consumer appetite for such goods; thus, also one of the few certainties of the past two / three decades in terms of no stop development, requests a reflection. On the other hand, there is a surge in demand for travel, experiences, entertainment and food & beverage in all its forms.

The global economy is anyway expected to grow by more than 3%, driven primarily by Asia, which means there is no reason to complain the focus should rather be on how best to capture this growth.

One of the few constants in recent years has been the inverse relationship between interest rates and valuation multiples. As previously mentioned, our view a year ago that central banks would have been unable to implement a significant and sustained reduction in interest rates, is confirmed. This is even more evident now, given the resurgence of inflationary pressures and the increasing need to place public debt securities.

It is highly likely that these dynamics will accelerate the shift toward high-quality companies, a trend that is already apparent. Many highly indebted companies will not survive and our earlier reference to the rise in negotiated crisis settlements was not incidental.

Therefore we take this opportunity to once again highlight the uniqueness, objective value and intrinsic quality of the exceptional companies of TIP group.

From the focus on health and the increasingly relevant silver age with AMPLIFON and APOTECA NATURA to the ability to create, offer and capture experiences with ALPITOUR and EATALY, from the forward-looking vision of BENDING SPOONS and SESA to the resilience and proven ability to maintain profitability above 20% even in mature and highly competitive sectors demonstrated by INTERPUMP. From the strong and growing presence in strategic areas such as high-end design with DEXELANCE, ROCHE BOBOIS, and LIMONTA, to the remarkable ability to outperform most competitors even in currently struggling sectors of OVS and MONCLER. The picture is completed by the outstanding global leadership in technology and style of AZIMUT BENETTI, the excellent performance of CHIORINO, the exciting prospects of VIANOVA, and the peculiarities of BETA UTENSILI, ELICA, and LANDI RENZO.

What can be added more ? First of all - if we are not missing something and trusting that we may be forgiven for our confidence - we firmly believe that TIP's current stock valuation is wrong, considering that few investment opportunities, especially for those who believe in Italy as a producer and even more as an exporter, offer such a level of risk, objectively very low. Furthermore, such growth potential and even more of strategic consolidation across various sectors with an exceptional financial and asset solidity, is truly rare.

Indeed, as reported in public disclosures, TIP share buyback is progressing steadily, the same also for some of our companies.

Thinking ahead, if the expectations of a slow economic recovery and continued decline in company valuations are correct, there is no urgency to make significant new investments. In the coming months the Alpitour transaction will require resources and we are happy about it: after all, what could be better than investing in a sector we know deeply, with strong growth potential, and where we hold an undisputed leadership position ? Especially at a pro quota price just slightly above half of what analysts consider the fair value of the entire group ?

Investment proposals are coming in at an increasing pace. There are days in which we receive multiple proposals from a wide range of (often unfamiliar) counterparties. But this is likely not only since the "TIP model" is particularly appealing, though that may be part of it, but rather because the pool of buyers is shrinking, especially in the real permanent capital industry, focused on strategic minority stakes, without the burden of drag-along clauses.

For months I have argued that IPOs will come back again, precisely due to this growing desperation from the lack of buyers, a trend observed for at least the past 18 / 24 months. In October we introduced ten of our companies, all strong IPO candidates, in an event that was truly exciting for the expertise of the managers, the entrepreneurial excellence, but above all, for the extraordinary growth projects of each company.

Once again, uniqueness. Who else in Italy - or even in Europe - has a group of ten outstanding companies ready to go public? Of course, valuation remains a key issue, with mid-caps being undervalued globally, therefore the challenge is to determine not just "at what valuation" but also "when" to bring our next IPOs to market.

TIP GROUP MAIN PRIVATE COMPANIES

Is it possible that 2025 will bring a rotation toward mid-caps, followed by a resurgence of IPOs ? What is certain, however, is that for companies with growth projects needing of financing, given the landscape described, the stock market may become unavoidable. Even if it requires to continue to fight against those who find more comfortable to ignore mid-caps, who favor passive management, who focus exclusively in the wave of investments towards the US, neglecting Europe and Asia.

We continue to closely monitor these developments, convinced that many interesting opportunities will arise. In the meantime, we are once again raising our dividend.

A special thank to all our colleagues, with whom we share the difficult decisions of this period. An enormous thank you to the entrepreneurs and managers of our group companies, who have once again validated both their and our choices. Then, most importantly, a heartfelt thank you to you, our shareholders, for the continued trust you place in us.

Giovanni Tamburi

Milan, March 14, 2025