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INVESTMENT SUMMARY

“INNOVATION BEGINS WITH US”

We initiate our coverage of **Technoprobe S.p.A.** with a **HOLD** recommendation and a **target price of €11.96**, implying a **23% downside** from the 29 January 2026 **closing price of €15.55**. Our valuation is based on a two stage Discounted Cash Flow (DCF) methodology model, supported by a sensitivity analysis.

Headquartered just outside Milan (Italy), Technoprobe produces mechanical interfaces for electrical contacting of hybrid circuits and semiconductor devices, and engages in the design, development, and production of probe cards for testing the operation of chips. The company operates at a crucial choke point in the semiconductor manufacturing value chain, providing highly engineered solutions essential for quality control in logic and foundry chip production. Technoprobe’s business model is fundamentally structured around technological specialisation, proprietary intellectual property (IP), and critical integration into the product roadmaps of leading global chip manufacturers.

Reasons supporting our recommendation

- Technoprobe is a global leader in designing and selling custom probe cards that are essential for testing semiconductor chips before packaging: a mission-critical, high-margin, high-switching-cost component in the chip manufacturing process.
- Leveraging proprietary IP, long-term contracts, and the capacity to innovate in high-growth chip testing markets.
- Founders still at the helm, bringing stability and long-term vision.
- Good sales momentum, including the recent strategic agreement with WinWay Technology to act as the exclusive developer of high-bandwidth memory testing, which could open a larger potential addressable market (Exhibit 1).
- Strong net cash position to finance both organic and bolt-ons acquisitions to further verticalize operations.

Risks to our thesis

- The market is pricing the company assuming constant growth into the EBITDA margins and sales ratio.
- Growing but still a cyclical business, with a high dependency on the semiconductors industry.
- At the current stock price the company is “**priced for perfection**”: any “surprise” in future growth and/or margins will have a significant impact on the market sentiment.
- The market’s next five years revenues and EBITDA margin CAGR are 20% and 33% respectively; meanwhile, according to our explicit DCF model, the current price implies a 16% revenue CAGR and a 6% EBITDA margin CAGR.

BUSINESS DESCRIPTION

COMPANY OVERVIEW

Technoprobe S.p.A. is a global leader in the technology supply chain of **semiconductors** and **microelectronics** which develops advanced and highly innovative solutions for the world of chip testing. Founded in **1996** by **Giuseppe Crippa**, Technoprobe specializes in the design, development, and manufacture of advanced **probe cards** (Exhibit 2), components that serve as the electromechanical interface between a semiconductor wafer and the Automatic Test Equipment (ATE) system. The core problem solved by probe cards is the detection of functional defects in integrated circuits early in the manufacturing flow, specifically during the Wafer Probe Test (WPT) stage, which occurs before the wafer is diced and packaged: early defect detection is crucial as it prevents expensive, time-consuming back-end processes from being applied to faulty chips. Technoprobe serves as a strategic partner to the world’s leading semiconductor companies: it is a technological centre of **R&D excellence** and continuous **innovation** with roughly 3,300 employees (about 1,700 of which in Italy), 4 research facilities (of which 3 in Italy and 1 in San Jose) and over 600 granted patents. The company operates across 3 continents and 10 countries (Exhibit 3), with **21 locations worldwide**: the most strategic hubs are in San Jose in the Silicon Valley (where the company engages in co-design together with the world’s biggest chips manufacturer to be better able to understand what the ‘chips of tomorrow’ will look like and prepare the probe cards to test them) and Taiwan (where the company can directly test the chips produced). Revenues by final client are mostly generated in Asia (47%) and America (46%), with the remaining in Italy (2%) and the rest of Europe (5%) (Exhibit 4).

Company Overview

Company	Technoprobe S.p.A.
GICS® Sector	Information Technology (N°45)
GICS® Industry	Semiconductors (N°4530)
Legal Headquarters	Cernusco Lombardone, Milan, Italy
Recommendation	HOLD
Initiation of Coverage	January 29, 2026
Current Price	€15.55
Target Price	€11.98
Upside / Downside	-23%

Market Data

Exchange	Euronext Milan
Ticker	TPRO-IT
ISIN	IT0005482333
Market Capitalization	€10,135M
Shares Outstanding	652 M

Key Financials

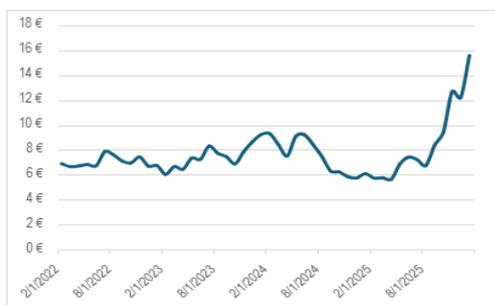
Sales	€627M
EBITDA	€208M
EBITDA margin	33.14%
EBIT	€146M
EV / Sales	11.4x
EV / EBIT	49x
P / E	60x
Net Profit	€77M
ROIC After Tax	9.68%
ROE After Tax	7.67%

Stock Performance

1 Month	+27%
3 Months	+62%
6 Months	+110%
1 Year	+160%
52 Week Low	€4.77
52 Week High	€16.60

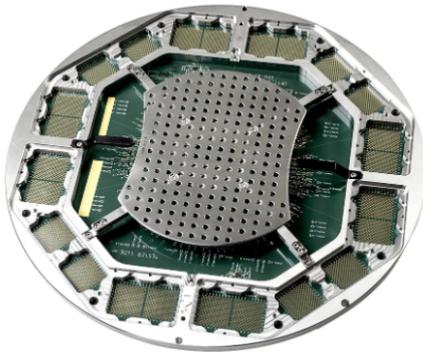
Source: FactSet, team estimation

Price (Feb 2022, Jan 2026) – Exhibit 1



Source: FactSet, team elaboration

Technoprobe Probe Card – Exhibit 2



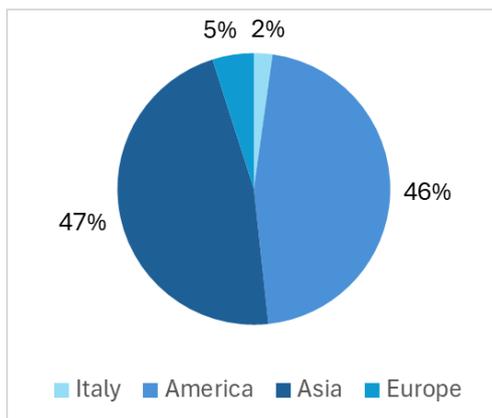
Source: Company website

Technoprobe Worldwide – Exhibit 3



Source: Company presentation

Revenue Breakdown – Exhibit 4



Source: Borsa Italiana, team elaboration

TPRO has been a public company since 15 February 2022 when it listed on Euronext Growth Milan, the Borsa Italiana market dedicated to companies with high growth potential. The IPO represented the opportunity for TPRO to gain further visibility on its reference markets: in the process the controlling shareholder T-Plus (the holding company of the Crippa family) sold a total of 100 million shares at a €5.7 price; in addition, TPRO issued 25 million new shares (representing ~4% of post-IPO shares) raising a total of €143 million in new funds (the total placement, including the shares sold by the family, amounted thus to €713 million, valuing the company at €3.4 billion). The post-IPO free float was ~21%. In May 2023 the listing was moved to the main Euronext Milan market: today TPRO boasts a market capitalization of over €10 billion.

COMPETITIVE POSITIONING & INDUSTRY OVERVIEW

STRATEGY

The company's strategy is centered on four pillars: **technology, design, manufacturing and assembly**. For Technoprobe, **design and engineering** represent the fundamental elements that provide its core competitive advantage, driven by different technical factors: customization, engineers solving physical challenges, a strong portfolio of intellectual properties and high precision in the production process.

Technoprobe's strategy is implemented on three levels:

(i) maintaining its leading technological position via R&D investments: TPRO does not want to be 'one of the suppliers', but rather the sole provider capable of testing equipment for the world's most advanced chips;

(ii) manufacturing is a somewhat a commoditised business (there are several different PCB suppliers which compete on price), so TPRO focuses on the design and engineering phases (mainly realized in the San Jose research center) which guarantee the company's value added;

(iii) no supply chain for interconnection and probe heads due to the uniqueness and complexity of the final products, the company produces internally its main components, making impossible for the competitors to just replicate the final product and thus enhancing its strategic moat. Consequently, TPRO does not compete on price, but it focuses on developing technically superior products that are difficult to substitute. Vertical integration represents a core component of Technoprobe's strategic positioning, enabling the company to share competencies across different steps of the value chain. In particular the strategy is based on three main points: i) constantly check the evolution of the underlying technology, with the aim to develop new patents and trademarks to ultimately maintain its leading position, ii) find solutions to the increasing complexity in technology, iii) maintain a strong relationship with clients and anticipate the new manufacturing capacity required. To achieve these goals, Technoprobe focuses on investing in

R&D and Human Resource Development (HRD) to expand its intellectual property and reinforce core values across multiple sectors. The critical importance of R&D is also exemplified in the recent 'challenge' between the Italian and Taiwanese research facilities: TPRO let the two sites design and develop their products **independently**, with best ones going into production. The duplication of an apparently wasteful investment is considered as a sort of 'insurance cost' to always be a step ahead of competition.

In the production cycle the Group has developed the following technological capabilities: (i) laser micromachining of both ceramics and metals; (ii) micro-component assembly using proprietary machinery; (iii) development of complex machinery and systems for component manufacturing. Each of TPRO's probe cards is 100% customised and tailored-made to the customers' needs and requirements and the evolution of the market; additionally they are '**consumables**' as their lifecycle is tied to a specific chip and depends on the type of test that the client performs; no part of the probe card can be reused and the contact period with the chip determines the product's life and consumption (on average a probe card does a million tests per chip). As a consequence, customers periodically have to buy them, ensuring Technoprobe recurring revenues.

Technoprobe's revenue model is characterized by a high-margin, dual stream derived from sophisticated engineering services and high-volume consumable products:

1) Custom development (non-recurring): the initial revenue stream is generated through the design and customization of the probe card. These are patent-protected, engineered products tailored precisely to the specifications of a new customer chip design, which requires significant investments in R&D and extensive technical collaboration with the customer, leading to a long approval process. These factors allow Technoprobe to charge substantial, one-time engineering fees, benefiting from limited competition and restricted price pressure for these custom-developed, high IP products.

2) Production and replacement (recurring): probe cards are inherently consumables due to wear and tear over millions of contacts during the testing process. Once a custom design is qualified and integrated into a customer's production line, the manufacturer must continuously purchase exact, high-quality replacements. This stream is essentially recurring, tied directly to the utilization rates of customer fabrication plants (fabs). A key structural benefit is that the cost of the probe card itself has a limited impact on the final price of the tested product: this low cost-of-component-to-value ratio means chip manufacturers prioritize quality, reliability, and guaranteed supply over minor price concessions, ensuring steady and necessary demand for

replacement units.

Technoprobe sustains its leadership through a **holistic strategy**: securing robust capital for acquisitions, diversifying its portfolio, and leveraging cross-functional expertise. Furthermore, the company ensures operational readiness by strategically managing supply chains and maintaining raw material reserves ahead of immediate demand.

One of the reasons for the IPO was to raise additional capital to pursue its growth strategy. In 2019, Technoprobe had already acquired **Microfabrica**, a US company focused on the development of microscale technological solutions applied during the production process of probe cards, for €36 million ¹. The acquisition allowed Technoprobe to: i) internalize a complex production technology (Microfabrica's submillimeter components integrate a unique technology difficult to be replicated, increasing Technoprobe's technological know-how); ii) change to 3D technology from a planar one; iii) reduce the time-to-market of products coupled with a decrease in the production costs.

That was followed by two other **acquisitions in the US**:

1) Harbor Electronics (2023, \$50 million): founded in the 1980s, Harbor is a leader in the production of advanced printed circuit boards for testing systems for the main semiconductor manufacturers, allowing TPRO to further strengthen its technological skills in the field of testing and to vertically integrate the probe card production process, bringing PCB (Printed Circuit Board) production expertise in-house ².

2) Device Interface Solutions (DIS) (2024, a division of Teradyne, for €89 million): DIS specialises in the design of high-level Device Interface Boards, strengthening TPRO's own competences in the PCBs and high-performance interfaces market and consolidating the full vertical integration of its business model. Part of the latter transaction included a reserved paid-in capital increase of ~52 million shares (representing 8% of the share capital) subscribed by **Teradyne** at the price of €7.3 which raised €386 million for TPRO (T-Plus sold Teradyne a further 2% at the same price). The **partnership** between the two companies will unlock new advanced testing solutions for their customers, accelerate growth for both companies through roadmap sharing, joint development of technology and co-marketing activities.

In January 2025 T-PLUS sold another 2.5% to **Advantest Corporation**, a leading company in the design and production of Automatic Test Equipment (ATE) listed on the Tokyo Stock Exchange.

Technoprobe's growth is driven by leveraging its established technical leadership within high-growth end markets and strategic expansion into adjacent value segments:

1) Secular Technology Drivers (AI/HPC): the primary engine of high-quality growth is the accelerating demand for high-performance chips (notably for AI and HPC - high performance computing - applications), devices that require probe cards of unparalleled complexity and pin density.

2) Product and market expansion: Technoprobe is strategically expanding its addressable market beyond WPT into the Final Testing (FT) market through test sockets and advanced packaging products, a process accelerated by the acquisition of Teradyne's DIS unit and the accompanying strategic partnership with Teradyne, a major ATE supplier for roadmap sharing and joint development. This alignment ensures that Technoprobe's interfaces are optimized for future ATE generations, effectively embedding the company deeper into the industry infrastructure and creating sustained technical competitive advantage.

3) M&A: the company actively pursues strategic, technology-driven mergers and acquisitions to acquire new skills, IP, and accelerate entry into new markets.

Technoprobe's current significant net cash position can be used to maintain this technological leadership, for example by entering the memory-chip market. Using the company's past strategies, this could (hypothetically) happen in two ways: i) internally developing the technology and infrastructure to break into this new market; or ii) acquiring niche companies already operating in the memory sector.

INDUSTRY OVERVIEW

The **semiconductor industry** is highly cyclical, with revenue growth closely linked to industry-wide capital expenditures, which in turn are driven by fluctuations in end-markets demand. During 2020-2022 the semiconductor market experienced a boom in demand for technological devices, which was followed by a period of stabilization (or even slow down) in 2023; today, the industry is undergoing a significant transformation characterized by massive investments driven by the increasing complexity of AI, integrated circuits, high performance and computing. As semiconductors become more advanced and ubiquitous, **the demand for precise, reliable, and high-throughput testing solutions has never been greater**. The niche probe cards market in which TPRO operates was valued at €3.7 billion in 2024 ³ and is expected to grow at a CAGR of 7.8% over the next 7 years to reach nearly €6.7 billion in 2032. The probe cards market can be segmented, based on technology, into Vertical ⁴, Cantilever ⁵ and MEMS, with the latter being the most dominant because of its superior performance in testing innovative semiconductor devices. The strategic challenge inherent in this market structure is the necessity of continuous, aggressive innovation: Technoprobe must constantly deploy its R&D resources to develop non-infringing, superior proprietary IP content to maintain its market leadership.

Reference 1 – Mediobanca Report of 29 March, 2022

Reference 2 –

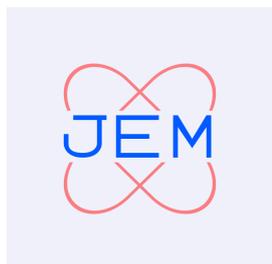
<https://www.technoprobe.com/news-and-press/news-events-publications/technoprobe-acquired-harbor-electronics>

Reference 3 – Stellar: "Probe Card Market Industry Overview, Size, Share, Growth Trends, Research Insights and Forecast (2025–2032)"

<https://www.stellarmr.com/report/probe-card-market/2743>

Reference 4 – Vertical MEMS probe cards: high density, high precision testing for advanced nodes. TPEG Vertical MEMS is the most advanced probe-card with applications in a wide range of end-markets.

Reference 5 – Cantilever and Blade Cards for legacy and cost-sensitive applications. Cantilever is a less advanced type of probe-card with some special end-markets applications.



Source: Company data

The broad semiconductor industry is highly fragmented and characterized by the presence of multiple players in its supply chain (see Appendix 4), but the probe cards segment functions as a technological **oligopoly**, with entry **barriers** that are largely technical and require massive R&D expenditures: the competitive field is highly specialized, comprising a few globally recognized leaders with the top five players collectively controlling about 73% of the global market (Exhibit 5):

- **Technoprobe**;
- **FormFactor (FORM)** (US) : a major global competitor, often recognised as the market leader;
- **Micronics Japan (MJC)** (Japan) : a key manufacturer specialised in probe card solutions;
- **Japan Electronic Materials Corporation (JEM)** (Japan) : another substantial Japanese participant, leveraging expertise in materials science;
- **MPI Corporation** (Taiwan) : involved in broader test and measurement solutions, including probe cards.

In this context, as said above, both TPRO and FORM focus their attention on R&D investments: this creates a technological **gap with competitors** that positions the companies as clear market leaders.

There are two distinct types of chips, each targeting its own market: **memory chips**, used to store data, and **non-memory chips**, employed solely for processing data. Technoprobe operates exclusively in the non-memory-chip market, while FormFactor is also present in the memory-chip segment. Technoprobe focuses predominantly on **Vertical MEMS (Micro-Electro-Mechanical Systems)**, recognized as the most advanced type of probe cards currently available as they provide the necessary density, stability, and signal integrity to test complex logic and foundry chips and necessitate rigorous quality requirements. Its technological specialization has secured Technoprobe **a leading market share** in the Vertical MEMS, estimated at **60%** in the MEMS market (**34%** for the entire non-memory tests market). Technoprobe introduced the first MEMS Vertical probe card in the market in 2007: the demand for reliable high-speed contact on high-density dies, driven by technological trends like AI, makes these specialized solutions a non-negotiable component for leading manufacturers, cementing the company's role as a critical enabler in the technology roadmap. The fabrication of MEMS probes requires specialised, high-precision processing equipment that is reportedly monopolised by a single major supplier, Japan Disco. With competition based on technological innovation, strategic partnership and geographical leadership, the winning strategy is to improve product customization, deliver the best design and reduce the time to market.

Technoprobe operates in two different segments (Appendix 5):

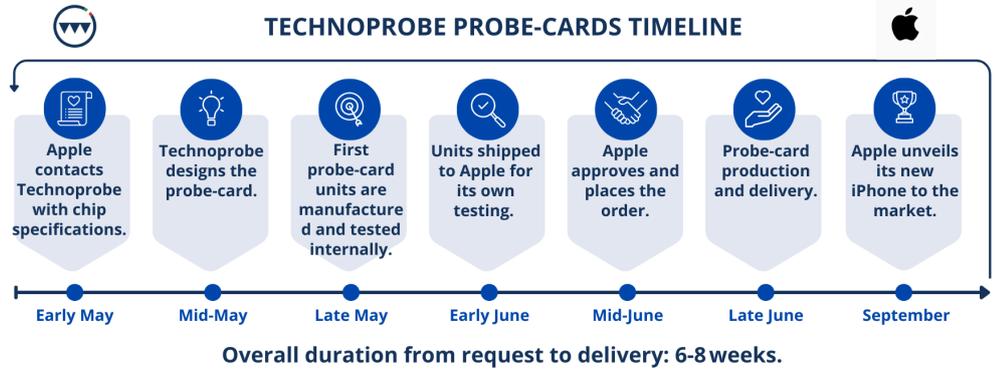
1) Frontend: the wafer fabrication, pre-assembly preparation and wafer testing, completed using two different technologies (cantilever or vertical MEMS for artificial intelligence).

2) Backend: assembly, packaging and final testing level.

From its core **Wafer Probe Test (WPT)** offering, Technoprobe has indeed recently expanded its activities into the **Final Test (FT)** stage, an expansion focused on developing and producing **Pogo Pins for test sockets**, which are viewed as the most value-added components within the test socket assembly. This strategic move was significantly accelerated by the acquisition of Teradyne's DIS business unit: by shifting from being a pure WPT specialist to a vertically integrated test solution provider, Technoprobe is enabling cross-selling opportunities and deeper integration across a customer's entire semiconductor test flow, which materially increases the Total Addressable Market (TAM) and strengthens customer lock-in.

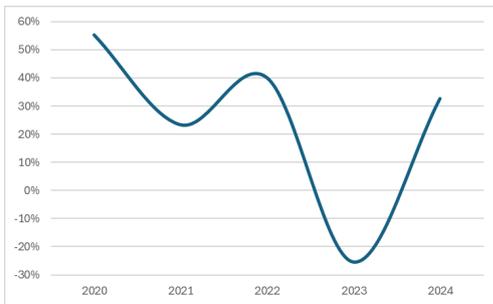
Before the acquisition of Harbor and DIS, Technoprobe's production process indeed mainly consisted of two non-integrated stages: PCB manufacturing, carried out internally, and final testing, which was outsourced to external suppliers. Following the acquisitions, the company is now able to integrate and directly perform the final testing phase (see Appendix 5): this **vertical business model** allows the company to share its knowledge through different units and represents a significant competitive advantage over its direct competitors. Technoprobe targets the most demanding **Tier 1 semiconductor manufacturers** globally, including leading Foundries, Integrated Device Manufacturers (IDMs), and Fabless companies, particularly those focused on the high-value, non-memory logic market (CPUs, GPUs, mobile processors, AI chips). Within this landscape, Technoprobe enjoys a particularly strong competitive position: it operates in a **near-duopoly** at the high-end of the market, alongside its main US rival FormFactor, while also facing specialized competition from new companies like Micronics Japan. Despite this duopolistic structure, TPRO and FormFactor, exhibit a limited pricing power due to a performance-linked pricing model. Since every probe card is a bespoke project, there is no standardized price list and the final price is determined ex-post: first Technoprobe delivers the probe cards to the client, which uses them to test its own wafers; it is only at this stage that the level of accuracy and reliability can be measured regarding the volume of chips that the probe card can process before mechanical failure or precision degradation. The prices of probe cards are then adjusted based on the actual yield demonstrated during the wafer testing phase: if they enable the customer to reduce the discard rate of good chips or increase throughput, the final price is higher; conversely, if performance falls short of technical benchmarks, the final product is rejected and a new one has to be done. In the semiconductor industry, companies prefer to sell

high precision products and services, assuming higher risk and giving the clients the right to reduce the price ex-post if the generated value is below expectations. Technoprobe mainly responds to the needs of the "giants" that dominate the global semiconductor market. Its main customers are **NVIDIA** for GPUs (graphics processing units), **Intel** for CPUs (central processing units), **Apple** and **Samsung** for consumer electronics. But how do they get their probe cards? Traditionally, Apple launches a new version of the iPhone in September: to be able to do it, it contacts Technoprobe around early May with the main specifications of the chips it will need to test with the probe cards. Technoprobe begins designing the probe cards, a task that requires 2/3 weeks: at that point (late May), TPRO starts the production and internal testing. Once finished, Technoprobe ships the probe cards to Apple to start its own tests: if everything checks out, Apple places the orders that are expected to be delivered by June. The entire process takes between 6 and 8 weeks, with Technoprobe striving to excel at every stage.



On average, the cost of a finished standard probe-card for testing a chip is around €70,000\€80,000, even if the final product price is influenced by different factors, like the level of service provided, the product's quality, and the lead time between placing the order and the product's arrival: probe cards to test AI processors can cost between €200,000 and €300,000. Clients' retention is thus driven by the deep technical integration of TPRO's products into the customer's own value chain from the prototype phase (the so-called "designed-in" advantage). Decisions regarding probe card procurement are driven primarily by technical requirements, necessitating collaboration between Technoprobe and the customer's engineering teams: the selection of a probe card is a strategic technical choice that requires inclusion in key customers' roadmaps for new product development. Switching costs are exceptionally high, providing Technoprobe with a powerful competitive buffer. The introduction of any new probe card requires a long and detailed qualification process: once qualified, the specific, patent-protected, and custom-engineered IP is deeply embedded within the customer's precise chip production flow, and moving to a competitor's product mid-cycle would entail prohibitive risk, costs, and delays to the customer's billion-dollar production runs. **Once a production line is installed, customers are locked in for its lifecycle** (but future projects can be re-tendered). The **quality of the probe card is paramount**, far outweighing its monetary cost relative to the value of the wafer being tested: because the probe card cost has a limited impact on the final product price, customers are unwilling to compromise quality for minimal savings. This dynamic reinforces the "must-have" factor for reliable, high-quality testing solutions. Furthermore, Technoprobe's operational strategy of maintaining a "local for local" production and assembly footprint ensures rapid service and proximity to customers globally: this superior service response time is critical in high-stakes manufacturing environments, further deepening the relationship and reinforcing the stickiness derived from technical necessity.

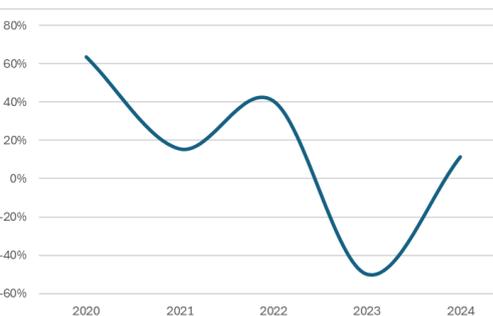
Sales growth YoY TPRO – Exhibit 6



Source: Company data, team assessment

FINANCIAL ANALYSIS

EBITDA growth YoY – Exhibit 7

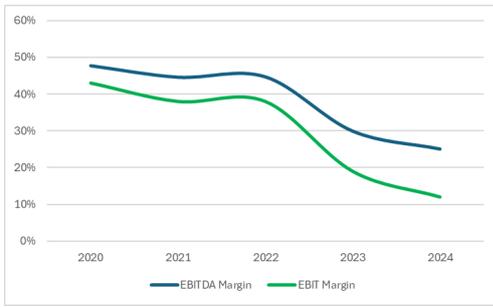


Source: Company data, team assessment

HISTORICAL & GROWTH ANALYSIS

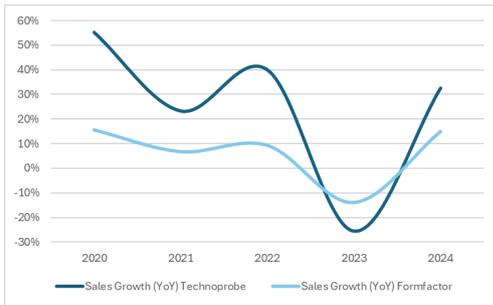
Over the past 5 years, Technoprobe has exhibited a strong financial success, but with a high degree of variability and cyclicity: TPRO's most profitable year was 2022, when **revenues** increased by 40% from the previous year and the company recorded a peak Net Profit of €148 million, but in 2023 sales were down -25% and operating profits even more (-62%) (Exhibit 6). A similar trend was also evident in its main competitor's number, further evidence of the cyclicity of the semiconductors market. TPRO then returned to sustained growth in 2024 (+33%), with a further +15% estimated for 2025 (total revenues are expected to be around €626 million for last year). A similar pattern is evidenced in the **EBITDA growth YoY** (Exhibit 7) which goes from 40% in 2022 to -50% in 2023, then from 2024 starts a slow increase (+11%), followed by another decrease (-22%) in the first six months of 2025. This behaviour is due both to the general market decline in sales and the stability of fixed costs (R&D, raw materials and personnel expenses): in 2022 the high value of sales revenue made it possible for the company to cover all its fixed costs and maintain an high EBITDA level, while in 2023 the decline in sales did not cover the fixed costs causing a reduction in the EBITDA level. This shows TPRO's strategy: the company in fact prefers to have a negative EBITDA level and have a technological moat to drive innovation and

EBITDA margin VS EBIT margin – Exhibit 8



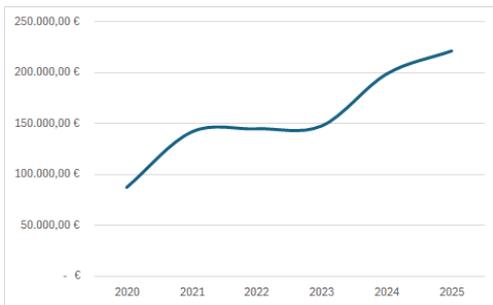
Source: Company data, team assessment

Sales growth YoY (TPRO VS FormFactor) – Exhibit 9



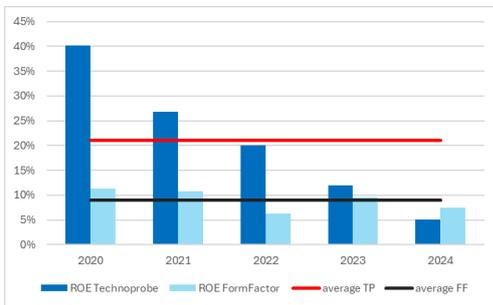
Source: Company data, team assessment

NWC evolution – Exhibit 10



Source: Company data, team assessment

ROE (TPRO VS FormFactor) – Exhibit 11



Source: Company data, team assessment

keep its leading position rather than save the EBITDA level. A similar cyclicity is evidenced in the **EBITDA margin** (Exhibit 8): from an average of 46% in 2020-2022, it decreased to 30% in 2023. The decline continued also in 2024 because of the increase in OPEX (+42%) which is not covered by the increase in sales (+33%).

Margins only recovered in the first half of 2025, when they increased to 33%, reflecting that the increase in sales (+35%) is higher than the increase in OPEX (+22%). The **EBIT margin** follows the same behaviour of the EBITDA margin (Exhibit 8): the gap between these two margins increases from 2023 due to the increase of D&A costs.

Comparing Technoprobe's **sales growth YoY** with its main competitor's FormFactor it is possible to observe two main things: i) TPRO is always above its competitor because, thanks to its innovation capacity, the company is able to capture market shares quicker; ii) the decline in sales in 2023 is greater for TPRO than FormFactor's (Exhibit 9): this is mainly due to the fact that FORM has a more diversified portfolio (including also tests for aerospace and military chips, which are less cyclical). Since 2020, revenues have grown at a **CAGR** of 14.4% reflecting the company's good performance and its higher growth with respect to the underlying market of semiconductors, which has a CAGR of 9%, according to *Gartner (report April, 2025)*.

Given that **R&D** is a core element of TPRO's strategy it is not a surprise that, as a percentage of sales, it has steadily grown from 5.9% in 2020 to 11.7% in 2024 (the jump to 13.9% in 2023 was due to the decline in sales rather than to an increase in the absolute level of R&D expenditures): R&D investments are viewed as a "strategic safeguard", a sort of "**insurance premium**" paid today to ensure the company's long-term profitability. Raw materials expenditures are also considered as an "insurance cost", in order to promptly respond to any increase in demand: TPRO prefers to buy extra raw materials protecting itself against possible price hikes and potential shortages. Raw materials constitute a major portion of inventory, which is also made by finished products and work in progress. Looking at the inventory, there is a high value of the write-offs, which means that work in progress and finished products lose value very quickly because all the probe-cards are one-off and tailor-made products.

The provisions for trade receivables are very low, meaning that Technoprobe has reliable clients that pay regularly. All these things end up with an increase in NWC that has a continuous growing trend from 2020 to 2024 and also to the first half of 2025 (Exhibit 10). Considering the recent acquisitions, the value of **goodwill** has increased in the balance sheet, reflecting the premiums paid for cutting-edge IP and specialized manufacturing capabilities. However this growth increases the company's impairment risk link to the intangible assets: in an industry characterized by rapid technological cycles, any obsolescence or failure to achieve anticipated synergies could force the company to record writedowns.

PROFITABILITY

The company's focus into vertical integration is shown by the **Capital Turnover** and **Value added over sales revenue** ratios: the decreasing value of capital turnover (that goes from 1.6x in 2020 to 1x in 2024) together with the high value of value added over sales revenues (around 60-70%) indicate the high fully vertical integration of the company, which controls each phase of the probe cards production: the acquisitions represent a cost that decreases the value of the capital turnover but at the same time represent a profit opportunity. Also ROE and ROIC highlight the strong competitive position of Technoprobe. Despite Technoprobe's **ROE** continuously decreasing from 2020 to 2024 due to the expansion of its equity base following the IPO, comparing it to FormFactor's ROE, we can observe that Technoprobe has much higher values (Exhibit 11) than its competitor, on average 21% vs 9%, meaning that in general Technoprobe is more efficient in generating profit from shareholders' equity. The **ROIC**⁶ presents the same behaviour of ROE: comparing both of them we observe similar values due to the fact that the company has a low value of debt (Exhibit 12); this decrease means that the company is generating less profit from the money invested, signaling potential increase in competition or higher capital costs.

CASH FLOW ANALYSIS

The **operating working capital dynamics** (Exhibit 13) shows that:

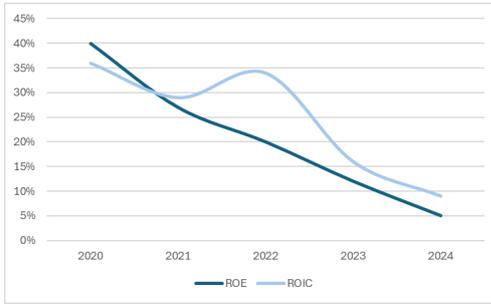
- i) Days Inventory Held (**DIH**) goes from 39 days in FY20 to 91 days in FY24, with a peak in FY23 of 105 days due to a continuous increase in inventory;
- ii) Days Sales Outstanding (**DSO**) goes from 91 days in FY20 to 79 days in FY24, with a strong reduction in FY23 due to the decline in sales;
- iii) Days Payables Outstanding (**DPO**) goes from 31 days in FY20 to 38 days in FY24. This results in an average of **DCCC** which swings around 130 days in the last two years after a strong decline in 2022. The **Free Operating Cash Flow** increased from FY20 to FY22, in FY23 it had a strong decline due to the increase in DCCC (from 95 days to 130 days) and then in FY24 it came back to be higher highlighting the increase of taxes paid. The **CapEx to Sales Ratio** remained quite stable in the last years (15.20% avg. FY20-24). The **CapEx to D&A Ratio** (Exhibit 14) has a continuous decline in the period 2020-2024, going from 3.2x in 2020 to 1.3x in 2024; this means that the company moves from a growing phase in the first period, where CapEx was much higher than D&A expenses, to a steady-state in the last years, where CapEx covers the D&A.

The **NWC to Sales Ratio** goes from 18.4% in 2020 to 35% in 2024 and reaches a value of 64%

Reference 6 – ROIC is computed as the ratio between NOPAT (using a tax rate of 27%) and NOCE. The Net Operating Capital Employed is computed as the sum of the Net Working Capital and the Net Fixed Operating Investments.

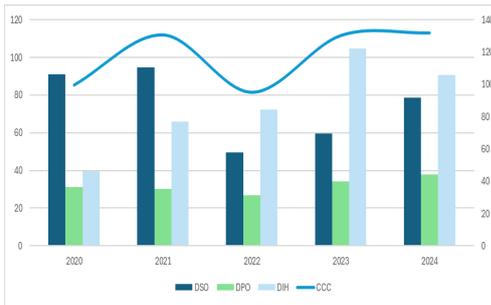
for the first semester of 2025, reflecting the high expenditures in raw materials and the consequent company's increase in use of WC; however, there is a reduction in the value of 2022 up to 19%, due to the reduction in receivables and the increase in payables.

ROE and ROIC – Exhibit 12



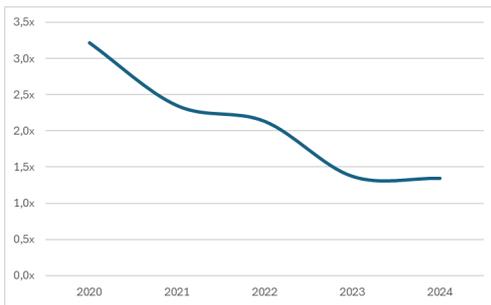
Source: Company data, team assessment

NWC days – Exhibit 13



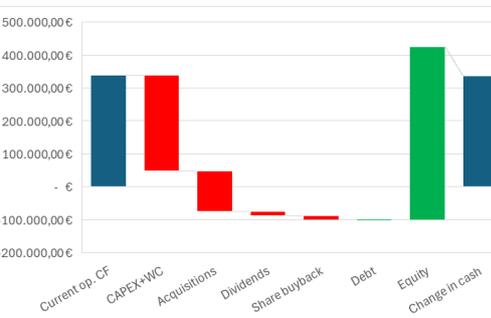
Source: Company data, team assessment

CAPEX to D&A Ratio – Exhibit 14



Source: Company data, team assessment

Capital Allocation – Exhibit 15



Source: Company data, team assessment

CAPITAL STRUCTURE ANALYSIS

The **Debt-to-Equity Ratio (D/E)** assessed at an average value of **3.71%**, highlighting the company's commitment in financing its investment (especially R&D ones) with its own capital rather than using debt; this also explains the low cost of debt (0.24% in 2024). The company's low level of debt reflects its commitment to not depend on banks and loans due to the fact that Technoprobe wants to have enough cash to support growth when needed, especially when there are opportunities for M&A; this results in a high net cash position for the company. Technoprobe's **Debt-to-Sales Ratio (D/S)** was higher than FormFactor's one in 2023 and 2024 while it was lower in the previous years (2021 and 2022); the values that we are discussing are however similar on average: about 2.9% for Technoprobe and 2.3% for FormFactor over the years 2021-2024. These ratios are a consequence of the **low debt values** for both companies and the **sales trend** which has been increasing throughout the period, with the exception of 2023. With the capital collected by the IPO, the company covers its expenses like CAPEX, acquisitions, dividends, share buyback etc. even if these are very low with respect to the amount that Technoprobe has on equity. Exhibit 15 shows that from the IPO the company is largely able to fund its own organic and external growth with the cash flows generated by the operating activities, without the need to collect debt: the company in fact operates according to an advanced family capitalism model and self-financing is proof that owners prefer solidity to immediate remuneration.

VALUATION

SALES GROWTH RATE ASSUMPTIONS

The explicit growth for the first five years consists of two steps: the first one is done for the years 2026-2027 with a revenues growth rate of 19.82% and 16.54% respectively, while the second phase is computed for the years 2028-2030 with a stable growth rate of 15%. Then it continuously declines by 2.3% every year, up to the fade rate of 3.7% in 2035 which is the value of the perpetual global growth rate (given by the average between growth rate of CHINA and USA according to World Bank).

WACC ASSUMPTIONS

Risk Free Rate	3.40%	Italian BTP 10Y.
ERP	4.8%	Given by the average of the ERP of CHINA and USA (Damoderan website).
Beta	0.82	3Y adjusted (FactSet).
Equity	€10.134,88M	Market value of equity.
Cost of Equity	7.34%	Computed with the CAPM.
Debt	€17,13M	Short term + Long term debt.
Cost of Debt	1.7%	Cost of debt implicit in lease liabilities at the end of 2024.
WACC	7.33%	

PROFITABILITY ASSUMPTIONS

The values of EBITDA for 2025 and 2026 are computed assuming a continuous linear growth in the period 2024-2027, considering both the 2024 EBITDA value and the company's guidance for the 2027 expected value of EBITDA. For the explicit forecast period, the EBITDA margin is computed according to the company's guidance (about 40%), while in the implicit forecast the EBITDA margin is considered to be stable at the fade rate of 44%.

For 2026 the D&A/Sales ratio is considered the historical average value of the company's ratio for the period 2020-2024; considering that the D&A costs accrue over time, for the following years it is assumed an increase of the ratio up to 10% that represents also the fade rate of the implicit forecast. As a consequence, the EBIT margin follows the same behaviour of the EBITDA margin and D&A ratio, growing from 29% to 34% (constant fade rate).

For the CAPEX/Sales ratio in 2026 it is considered the average value of the period 2020-2024 then, considering the recent period of various investments and acquisitions, the value of the ratio is reduced up to the fade rate of 14% assuming a growth in the company's sales.

As a consequence, also the average value of 29% for the WC/Sales ratio is reduced to 25%, that represents the fade rate for the implicit forecast (see Appendix 7).

Sales growth and WACC – Exhibit 16

		WACC							
		(%)	6.34%	6.84%	7.34%	7.84%	8.34%	8.84%	9.34%
SALES	7.3%	14.83	12.50	10.81	9.53	8.53	7.72	7.07	
	10.3%	15.21	12.81	11.07	9.76	8.73	7.91	7.23	
GROWTH	13.3%	15.59	13.12	11.34	9.99	8.93	8.09	7.39	
	16.3%	15.97	13.44	11.61	10.22	9.14	8.27	7.55	
	19.3%	16.35	13.75	11.87	10.45	9.34	8.45	7.71	
	22.3%	16.72	14.07	12.14	10.68	9.54	8.63	7.88	
	25.3%	17.10	14.38	12.41	10.91	9.75	8.81	8.04	

Source: Team assessment

DCF

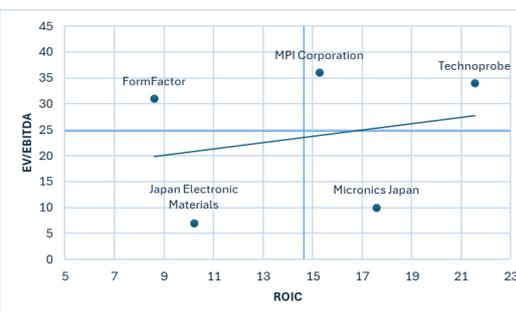
Under these several assumptions, our target price in the base case for Technoprobe is €11.96 and is obtained by running a two stages discounted cash flow model. The first stage is an explicit forecast for the period 2026-2030 while the second stage is an implicit forecast done for the years 2031-2035 (see Appendix 7). In the model the tax rate considered is 27%, that represents the historical effective average tax rate.

In addition to our base case, it is also runned the DCF on two different scenarios:

1. Optimistic scenario: here the expected revenues growth rate increases to 35% in the first stage (considering a sustained boom and CAPEX cycle in AI) and then fades to 4% in the second stage; the EBITDA margins strengthen to 46% by 40% thanks to economies of scale and higher efficiency, there is also an increase of 3% into the CAPEX/Sales ratio due to possible increases in fixed and equipment costs. In this scenario the target price increases to €16.
2. Pessimistic scenario: here revenues only grow by 8% and EBITDA margin remains at 40%, while the CAPEX/Sales ratio reduces to 12%. In this scenario the target price drops to €4.6.

From this analysis it is possible to state that the target price is more sensitive to decreases rather than rises: in the optimistic case the target price increases only by 11% while in the pessimistic case it reduces by 62%. A **sensitivity analysis** examining both WACC and sales growth illustrates how the target price behaves under different scenarios. In a positive scenario with an increase in sales growth and a decrease in WACC the target price increases, while in the opposite case (increase in WACC and decrease in sales growth) the target price falls down (Exhibit 16).

EV/EBITDA VS ROIC – Exhibit 17



Source: Team assessment

INDUSTRY PEER - MULTIPLE COMPARISON

Exhibit 17 shows a comparison between Technoprobe's performance and its main competitors, focusing on two important things: i) companies can be distinguished according to their position with respect to the trend line, ii) the competitive environment can be splitted into four main areas (high ROIC and high EV/EBITDA multiple, low ROIC and high multiple, low ROIC and low multiple, high ROIC and low multiple).

Technoprobe is positioned in the top-right quadrant: it boasts the highest ROIC within the peer group (exceeding 21%), with the market assigning it a high EV/EBITDA (approximately 34.4x); its position above the trendline indicates that the market recognizes a premium for its technological leadership or future potential growth (see Appendix 8). Technoprobe's EV/EBIT is the highest (49x) with respect to competitors due to the continuous increase in its stock price in the last semester. Also P/E is the highest (60x) with respect to its competitors: Technoprobe is the most profitable company and the market perceives that it has high possibilities of future growth, this is also reflected in the high EV/Sales of the company (11.4x) (Exhibit 18).

Since the target price obtained is lower than the current market price, it is possible to expect that TPRO's multiples are overvalued; this, added to the fact that the multiples in this industry are very variable and uncertain, leads to conclude that the multiple comparison method is not correct to price our company.

Multiples (NTM) - Exhibit 18

Company	EV/Sales	EV/EBITDA	EV/EBIT	P/E
FormFactor	6.4x	31.2x	38x	46.6x
Micronics Japan	4.1x	10.3x	18.9x	25.5x
Japan Electronic Materials	1.8x	7x	9.5x	17x
MPI Corporation	13.2x	36.1x	39.3x	44.8x
Technoprobe	11.4x	34.4x	49x	60x

Source: Team elaboration

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The company's mission is based on **environmental sustainability**, a focus on both the **community** and the people, **corporate responsibility** and product innovation and **safety**.

According to Morningstar Sustainalytics's methodology, a company's ESG risk can be defined as the sum of **unmanaged ESG risk** (the risk inherent to its core business activities that is hard to change quickly) and the **management gap** (the risk that could be managed but for which senior leadership has not yet taken adequate measures). Morningstar represents this on a scale ranging from "insignificant" to "severe" (Exhibit 19). In 2023, Technoprobe received an MSCI ESG risk rating of **35.5 points**, which corresponds to a "high" risk rating. This rating reflects that the company has some initiatives in place to address environmental, social, and governance risks, but it lacks robust policies and programs in key areas, as noted in the Morningstar Sustainalytics report dated April 2023. When comparing **Technoprobe** with its direct rival **FormFactor**, both firms receive a **low ISS ESG rating** (specifically, a **D+** on the A+ to D- scale). In recent years, however, Technoprobe has been emphasizing human-capital resilience and has set a **Net-Zero target for 2050** as part of its effort to boost its ESG standing. In the following section the ESG is analysed using a score from 0 to 10, where the selected scores reflect our methodological approach and the evaluation criteria (see Appendix 9).

ESG Rating Assessment – Exhibit 19

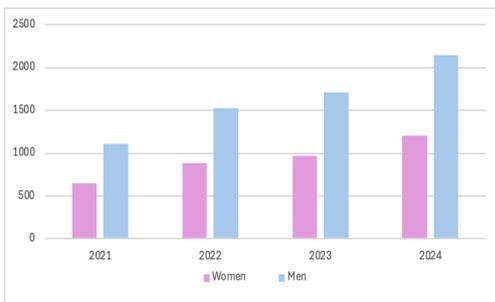
ESG Rating Score (MSCI)	Classification
0 - 9.99	Negligible
10 - 19.99	Low
20 - 29.99	Medium
30 - 39.99	High
≥ 40	Severe

Source: MSCI, team elaboration

ENVIRONMENTAL – SCORE: 7.08 / 10 – MODERATE

The sustainability report has been prepared in accordance with the European Sustainability Reporting Standards (ESRS). In response to climate change, since 2023 Technoprobe has implemented an **energy efficiency** plan in order to invest in the modernization of facilities and the implementation of new technologies to increase energy efficiency in production processes. Technoprobe has **4 renewable energy production plants** installed at the Cernusco Lombardone

Technoprobe New Hires – Exhibit 20



Source: Company data, team assessment

Shareholders Structure – Exhibit 21

Shareholders Structure	% Share Capital	% Voting Rights
T-Plus S.p.A.	56%	67%
Teradyne International Holding B.V.	10%	6%
Corporación Financiera Alba S.A.	6%	7%
Free Float	28%	20%

Source : Team elaboration

Short Term Incentives – Exhibit 22

Category	Objective	Weight	Pay Out
Economic & Financial	Revenue and EBITDA margin in Probe Card Market	85%	80%
	Revenue and EBITDA margin in Final Test Market		100%
	Reduction in waste collection (Volume/Revenue)		130%
Sustainability	Total energy (Consumption / Revenue)	10%	On/Off
	Energy from renewable sources		
Innovation	AI project finalized for productivity improvement	5%	On/Off

Source: Company report on remuneration policy

and Osnago sites. Although it does not operate in sectors with extreme water stress, Technoprobe has refined its reporting on water withdrawals and discharges, improving closed-loop cooling systems to minimise waste during thermal testing (**water stewardship**). In addition, regarding the **circular economy**, the company has refined its procedures for recovering residual metal materials from micro-machining processes, reducing the amount of waste sent for disposal. Last but not least, Technoprobe focuses its attention on monitoring the use of energy, transition to renewable sources (**greenhouse gas emissions**). Compared to 2022, the share of “green” energy was completely marginal (19 GJ), but in 2023 there was a jump to 956 GJ. The stated goal for 2024 and 2025 is the progressive reduction of dependence on fossil fuels, which currently still account for almost the entire energy mix.

SOCIAL – SCORE: 7.94 /10 – MODERATE TO HIGH

Technoprobe considers **people the key to its success** and the human factor is not just an auxiliary element, but rather the real driver of technological innovation. For these reasons, it is committed to ensure **adequate working conditions**, in terms of health and safety issues and the development of solid relationships with members of its workforce. Technoprobe pledges a **respectful and non-discriminatory workplace** that protects every employee’s **dignity and safety**, while also fostering strong ties with local communities by adopting an interaction model based on the concept of a “community of people.” In a market characterized by high competition for technical profiles, the corporate strategy focuses on three pillars: continuous **training**, career **development** paths, and **talent** retention policies. To tackle the scarcity of skilled electronic engineers, Technoprobe leverages its deep roots in the local community and its in-house academies to “cultivate” the next generation of technical talent. In fact, Technoprobe adopts a corporate social responsibility strategy that merges social solidarity with an industrial vision (fostering technical excellence and skills within the local area). For instance “Isola formativa ForMe – un ponte verso il lavoro”, in collaboration with Cooperativa Sociale Il Grappolo, with the objective to provide nine trainees with a training program that supports their entry into the workforce, developing professional profiles that are highly sought after in the market, such as mechanical installers, mechanical maintenance technicians, and logistics and shipping warehouse operators. Additionally, the company continues to invest heavily in young people, with a significant percentage of employees under the age of 30. The number of employees increased continuously from 2020 to 2024, reaching a total of 3,355 employees worldwide, including 1,724 in Italy: here new hires have shown a continuous rise in both male and female categories (Exhibit 20). The company is committed to fostering an employee-centered workplace culture and has initiated community projects, with different initiatives that strengthens their connection to the **local community**; in fact the family is actively involved in solidarity projects like the Monza Power Run to promote **teamwork** among its employees, and during the Covid-19 pandemic Technoprobe was one of the first Italian companies that opened a vaccination centre inside its own factories.

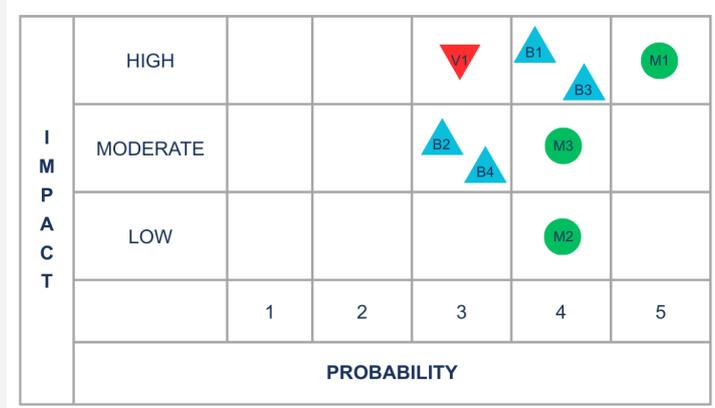
GOVERNANCE – SCORE 6.92 / 10 – MODERATE TO LOW

The profound legacy of the **Crippa family** is embedded in the roots of Technoprobe. The company’s capital is split into two share classes: **(1) Ordinary shares**, representing **32%** of the capital and **19%** of the voting power; **(2) Multiple-voting shares**, representing **68%** of the equity and **81%** of the voting power. Control is firmly in the hands of **T-PLUS S.p.A.**, which owns **56%** of the share capital and through the enhanced-voting structure commands **67%** of the voting rights; this concentration greatly limits the influence of external shareholders on major corporate decisions (Exhibit 21). Other significant shareholders are Teradyne (10% of shares but only 6% of voting rights) and Corporación Financiera Alba, S.A. (6% of shares and slightly more 6.5% of voting rights): the remaining 28% is free float. The Crippa family’s prominent role in the company is evident in the leadership roles held by Cristiano Alessandro Crippa (Chairman of the Board of Directors) and Roberto Alessandro Crippa (Vice President of the Board of Directors). This family governance protects the company from external acquisitions and promotes a long-term strategic vision, allowing it to finance high-tech R&D projects that require extended development times. On the other hand, Technoprobe elevates ESG governance by opening up to institutional investors and consolidating strategic continuity thanks to the decade-long stability provided by **Stefano Felici** (CEO since 2017) and **Stefano Beretta** (CFO since 2022). There have been no significant changes in senior-management roles in recent years; in a sector where **know-how** is everything, maintaining historical leadership reduces the risk of “brain drain” and ensures the continuation of long-term industrial plans, such as the integration of DIS Tech. **Compensation** for management is structured with both fixed and variable components, with annual and long-term bonuses and non-monetary benefits. In 2025 the Board of Directors set a fixed annual remuneration of €850,000 for the CEO role (Stefano Felici also receives a further €220,000 as Chairman of the subsidiary Technoprobe America Inc.), while the Chairman and Executive Vice Chairman receive €300,000 per annum (see Appendix 11). In addition, the CEO receives a short-term annual variable remuneration that is divided into three components: 85 % is tied to financial targets, 10 % is linked to sustainability and 5 % is based on innovation (Exhibit 22). Despite its family-owned nature, the Board is structured to meet the requirements of the Euronext Milan Market: a

significant proportion of the Board must be composed of Independent Directors to ensure that decisions are taken in the interests of all shareholders. Technoprobe expanded in 2025 to 10 members: currently 4 of them (including figures such as Giulio Sirtori and Elisabetta Cugnasca) are considered as independent under the TUF and the Corporate Governance Code. While the Crippa family maintains tight control through increased voting rights, the presence of independent directors and openness to agreements with minority shareholders demonstrate a willingness to comply with the transparency requirements necessary to compete in global markets.

INVESTMENT RISKS

Investment Risks Scatter – Exhibit 23



This section assesses the risks associated with TPRO.

Each risk is evaluated based on its probability of occurrence and the magnitude of its potential impact.

Both dimensions are measured on a three-point scale: **LOW**, **MODERATE** and **HIGH** (Exhibit 23).

Source: Team assessment

BUSINESS RISKS

B1 - CONCENTRATION RISK
PROBABILITY : 4/5

This risk carries a **HIGH** impact: 28% of 2024 receivables are attributable to a single customer, and the top two customers generated almost 50% of revenues in H1 2025. This dependence on major semiconductor manufacturers exposes the company to significant impacts in the event of the loss of key contracts.

B2 - TECHNOLOGICAL OBSOLESCENCE RISK
PROBABILITY : 3/5

This risk carries a **MODERATE** impact: technological evolution driven by AI has caused inventory write-downs of 19 % to 23 % during the 2024-2025 period. This phenomenon reflects not only the acceleration of productive consumption, but also a rapid increase in obsolescence that affects the entire supply chain: from advanced technical components to raw materials, which are now superseded by new industrial standards.

B3 - SUPPLY CHAIN RISK
PROBABILITY : 4/5

This risk carries a **HIGH** impact: raw-material prices (especially gold and copper) are highly volatile, exposing Technoprobe to geopolitical and export-license risks. The company also faces shortages of specialised engineers/technicians, relies on critical components such as PCBs, depends on specific equipment, and is vulnerable to the bargaining power of its sole major supplier, Japan Disco.

B4 - M&A EXECUTION RISK
PROBABILITY : 3/5

This risk carries a **MODERATE** impact: linked to the difficulty of achieving the expected synergies. An excessive purchase price may generate impairment losses and significantly compromise the company's overall financial performance.

MARKET RISKS

M1 - CYCLICALITY RISK
PROBABILITY : 5/5

This risk carries a **HIGH** impact: market cyclicity drives fluctuations in TPRO's revenue as demand swings. Semiconductor- and industrial-capex cycles create order-volume and margin volatility. Although the long-term outlook remains positive, the semiconductor-equipment sector is inherently cyclical.

M2 - EXCHANGE RATE RISK
PROBABILITY: 4/5

This risk carries a **LOW** impact: TPRO earns most of its revenue in USD while its costs are incurred in euros. Consequently, fluctuations in the USD/EUR exchange rate make the relationship between revenue and cost volatile.

M3 - GEOPOLITICAL RISK
PROBABILITY: 4/5

This risk carries a **MODERATE** impact: protectionist measures (such as tariffs) and geopolitical tensions (including wars) expose the company to external uncertainty. In addition, divergent global growth rates and the possibility of disruptions to international trade contribute to this risk.

V1 - VALUATION RISK
PROBABILITY : 3/5

This risk carries a **HIGH** impact because the valuation of the company is based on lots of assumptions and on a small number of variables : if these change, also the company's value will change very much.

POLITICAL - Technoprobe operates within a **European and Italian regulatory environment** increasingly focused on strengthening the semiconductor supply chain. An example is the “European Chips Act” that provides indirect support to suppliers, particularly through enhanced R&D opportunities, advanced pilot lines, and capacity investments by its clients. **Geopolitical tensions**, particularly between the USA and China, represent a systemic risk. **Protectionist policies**, introduced by the Trump administration, with the tightening of trade tariffs, have finally increased global uncertainty, weighing on trade and generating new inflationary pressures, especially in the sectors most exposed to international trade. These kinds of tensions can lead to restrictions on sensible technology exports like the probe cards, forcing the company to reorganize its supply chains and outlet markets.

ECONOMIC - The **global economy continues to grow**, but at different rates between areas. The United States maintains robust growth, while other advanced economies are slowing down, such as in China. The Italian economy remains weak, held back by the manufacturing crisis and the slowdown in services, moreover Italian exports are affected by weak global demand and US protectionist policies. Working on a global level and listing in Euro, the company is exposed to **fluctuations in exchange rates** between the euro and the other currencies in which the Group operates, in particular € and US\$. The **stability of inflation** (below 2%) thanks to the drop in energy prices and the **reduction in the cost of credit** (as a result of the ECB's expansionary monetary policy) can boost Technoprobe's growth.

SOCIAL - The growing gap between the number of STEM graduates and the massive demand from the chip industry represents a threat for the company, which cannot grow without engineers. The **digitalization of the society** is a positive megatrend for the company because the increasing demand of devices 5G, AI etc. pushes up also the chip demand, but every chip has to be tested so it increases the probe cards' market. Technoprobe's growth is rooted in a unique culture of expertise and dedication, yet global expansion demands the integration of varying **international work cultures** (USA, Taiwan).

TECHNOLOGICAL - Technological factors are the main drivers of the business. **Artificial intelligence** is driving the exponential growth in the semiconductor industry and Technoprobe benefits directly from this, as AI chips are extremely complex and require cutting-edge probe cards. Technoprobe has also to constantly invest in R&D to develop increasingly smaller and more high-performance probes, maintaining vertical control of production to ensure quality (**technological innovation** is the core business for Technoprobe).

ENVIRONMENTAL - The European directive and the Green Deal impose extremely high standards. EU **regulations** regarding heavy metal recycling and the use of chemical substances in electroplating processes, which are essential for probe production, are becoming increasingly stringent. If Technoprobe fails to comply, it risks fines or exclusion from major clients. There is difficulty in **sourcing precious metals** (gold, palladium, rhodium) for probe tips due to geopolitical crises or the depletion of mines. The transition toward **renewables** is costly. Energy prices directly influence the profit margins of production sites. **Extreme events** (floods, droughts) could impact partners in Taiwan or global logistics, resulting in a blockage of the supply chain.

LEGAL - Technoprobe's competitive advantage is based on its high IP content so protecting its **intellectual property** is critical to prevent counterfeiting and to maintain technological leadership in a highly competitive industry.

P	<ul style="list-style-type: none"> • International scenario • Geopolitical tensions • Trade policies 		T	<ul style="list-style-type: none"> • Consistent growth in AI • Innovation • Miniaturization • Automation 	
E	<ul style="list-style-type: none"> • Different growth rates • Exchange rates • Inflation and cost of credit 		E	<ul style="list-style-type: none"> • Strict environmental regulation • Resource scarcity • Energy price volatility • Climate change risk 	
S	<ul style="list-style-type: none"> • STEM talent gap • Digitalization of the society • Territorial rooting vs. global cultural integration 		L	<ul style="list-style-type: none"> • European and international regulation • Intellectual property protection 	

S	W	O	T
Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> • Product quality and customer satisfaction • “The ability of doing” • High level of product development • Strong net financial position 	<ul style="list-style-type: none"> • The company depends on an international market • Raising raw material prices 	<ul style="list-style-type: none"> • Technological advancements • Geographic expansion and emerging economies • M&A 	<ul style="list-style-type: none"> • Geopolitical tensions • Huge investments

PORTER'S 5 FORCES	SCORE	EXPLANATION
THREATS OF NEW ENTRANTS	LOW	Low due to the high entry barriers.
THREATS OF SUBSTITUTES	LOW	In the specific case of the probe cards market, the substitute product is not a completely different product, but it is just a technological evolution of the current one.
RIVALRY AMONG COMPETITORS	MODERATE TO LOW	Key players such as FormFactor (US), Micronics (JP), and Technoprobe (IT) are strategically positioned to leverage innovation and regional expansion to enhance their market presence. Established players and emerging companies, each vying to capture market share through technological advancements and strategic partnerships
POWER OF SUPPLIERS	MODERATE TO HIGH	When suppliers are not able to meet the company's demands for performance, quality and timing, the choice is to invest in internal development based on original ideas. The dependence of Technoprobe on suppliers is limited due the fully vertical integration in the manufacturing process, thanks to which the company can control each phase of the production; however the fabrication of MEMS probes requires specialised, high-precision processing equipment that is reportedly monopolised by a single major supplier, Japan Disco. This singular dependency confers significant bargaining power to the equipment supplier regarding costs, delivery timelines, and access to next-generation lithography and processing tools. Technoprobe's ability to scale production or advance its proprietary probe technology is therefore partially constrained by this external industrial monopoly.
POWER OF BUYERS	HIGH	The relationship with the customer plays a particularly important role: the high level of customization of the probe card and the technological complexity inherent in it, make our customers true partners in the product design phase.

Source: Team elaboration

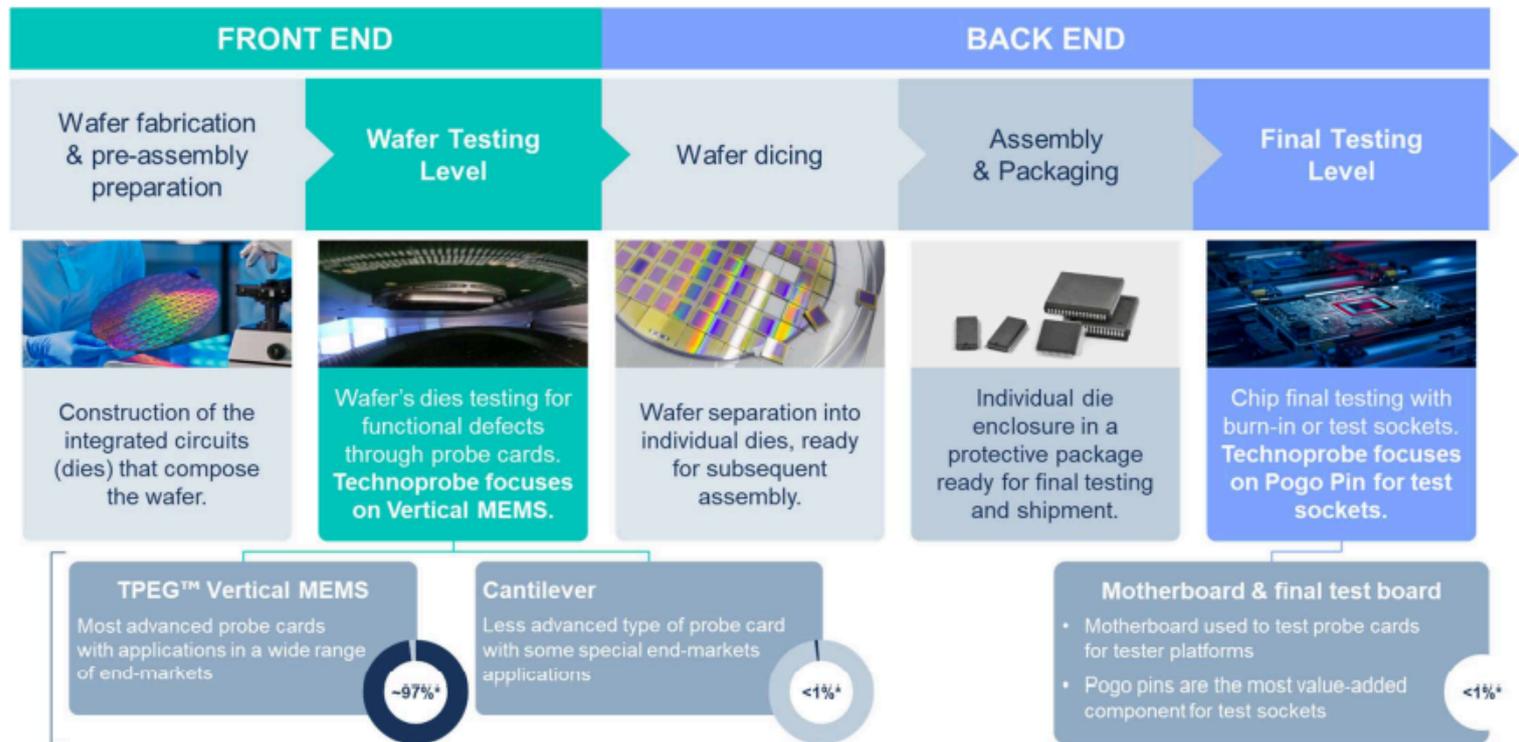
SUPPLY CHAIN – APPENDIX 4

In this context, in the face of an increasingly complex and concentrated market, the Group will continue with the vertical integration of its production processes resulting from recent acquisitions and reorganizations, both to maintain control over the entire supply chain of critical components, and in terms of technological development shared with the main manufacturers of testing machines, Teradyne and Advantest, both of which have become industrial partners.

Technoprobe supply chain is globally extended and it is divided into three main phases:

- Upstream:** In this phase, the players who make up the Group's supply chain and who deal with all operations aimed at the procurement and management of raw materials, components, finished products and services are concentrated. Specifically, the Group's supply chain consists of: supply of raw materials (including printed circuit boards (PCBs)), supply of components/finished products (including printed circuit boards), supply of indirect/auxiliary products functional to the production process, supply of machinery and production equipment, provision of services (including design services), other non-core supplies, outsourced subcontracting processing (mainly for material preparation and manufacturing services) and inbound transport.
- Own operations:** This phase concerns the internal activities that the Group companies carry out to develop new products and manage production in an efficient and innovative way, and is crucial to ensure that the final products are able to meet the needs of the market, while reflecting the required quality, sustainability and competitiveness standards. Specifically, the Group's operations consist of: logistics and warehouse management, research and development, design and technical activity of product design, production, commercial services, after-sales and management activities. Geographically, the Group's operations are concentrated in Italy, France, the United States, Taiwan, Korea, the Philippines and Singapore and also carries out commercial activities in Germany, China and Japan.
- Downstream:** this phase consists of: outbound transport, chip manufacturers (who use probe cards to test chips) and end of life of probe cards, managed directly by the customer distributed globally.

All this process constrains the company's pricing power: the product's final price in fact, is established ex-post by the consumer, after the verification of the product's efficiency and quality.



Technoprobe operates both at wafer-level and in final testing



Source: Company presentation

REFORMULATED BALANCE SHEET

Technoprobe data in thousands of €	2020	2021	2022	2023	2024	Q2 2025
Inventory	34,768	71,901	110,387	119,030	136,759	128,146
Trade receivables	80,280	102,848	75,418	67,829	118,803	140,773
Current tax receivables	-	1,898	363	38,647	17,632	15,443
Other current assets	12,790	12,365	16,884	18,925	31,099	29,819
TOTAL CURRENT OPERATING ASSETS	127,838	189,012	203,052	244,431	304,293	314,181
Goodwill	9,017	9,757	10,351	25,451	43,714	42,524
Intangibles assets	6,049	6,673	10,742	17,869	65,541	61,089
Property, plant and equipment	127,250	169,198	209,736	252,278	295,147	281,816
Deferred tax assets	6,443	13,604	16,598	20,926	21,995	20,335
Other non current assets	159	1,383	1,987	1,756	1,418	161
Non current assets held for sale	-	-	-	-	-	7,613
TOTAL FIXED OPERATING ASSETS	148,918	200,615	249,414	318,280	427,815	413,538
Non current financial assets	491	835	1,021	1,388	1,083	7,849
Cash and cash equivalents	158,296	146,754	411,031	361,800	666,377	656,829
Current financial assets	368	132	2,300	2,496	8,740	2,317
TOTAL FINANCIAL ASSETS	159,155	147,721	414,352	365,684	676,200	666,995
TOTAL ASSETS	435,911	537,348	866,818	928,395	1,408,308	1,394,714
Trade payables	27,332	32,782	40,858	38,989	56,904	47,807
Tax liabilities	22,951	1,130	21,756	1,241	5,353	10,204
Contract liabilities	286	8	-	-	-	-
Other current liabilities	18,989	30,321	38,304	33,478	53,793	47,260
TOTAL CURRENT OPERATING LIABILITIES	69,558	64,241	100,918	73,708	116,050	105,271
Provisions and allowances	2,000	11,625	20,073	20,073	21,610	21,055
Employee benefits	2,541	2,665	297	288	425	421
Deferred operating tax liabilities	388	335	320	3,485	13,643	12,361
Other non current liabilities	14	24	36	14	20	7
Liabilities directly associated with non-current Assets held for sale	-	-	-	-	-	792
TOTAL FIXED OPERATING LIABILITIES	4,943	14,649	20,726	23,860	35,698	34,636
Current financial liabilities	30,558	-	-	4,646	585	39
Non current financial liabilities	4,239	-	-	-	-	-
Current lease liabilities	623	3,135	2,352	2,013	4,955	4,374
Non-current lease liabilities	1,766	10,392	5,847	5,516	13,843	12,720
TOTAL FINANCIAL LIABILITIES	37,186	13,527	8,199	12,175	19,383	17,133
TOTAL LIABILITIES	111,687	111,095	129,843	91,065	171,131	157,040
Shareholders' equity	324,224	817,300	736,975	446,283	1,237,177	1,237,674
TOTAL LIABILITIES + EQUITY	435,911	928,395	866,818	537,348	1,408,308	1,394,714
FUNDS AND INVESTMENTS						
Total current operating assets	127,838	189,012	203,052	244,431	304,293	314,181
Total current operating liabilities	69,558	64,241	100,918	73,708	116,050	105,271
NET WORKING CAPITAL	58,280	124,771	102,134	170,723	188,243	208,910
Total fixed operating assets	139,901	190,858	239,063	292,829	384,101	371,014
Total fixed operating liabilities	4,943	14,649	20,726	23,860	35,698	34,636
NET FIXED OPERATING INVESTMENTS	134,958	176,209	218,337	268,969	348,403	336,378
NOCE	193,238	300,980	320,471	439,692	536,646	545,288
Financial investment	9,508	10,592	11,372	26,839	44,797	50,373
NIC	202,746	311,572	331,843	466,531	581,443	595,661
FINANCED BY						
EQUITY	324,224	446,283	736,975	817,300	1,237,177	1,237,674
Short term debt	31,181	6,659	2,352	3,135	5,540	4,413
Cash, cash equivalents and current financial assets	158,664	146,886	413,331	364,296	675,117	659,146
Short term NFP	(127,483)	(140,227)	(410,979)	(361,161)	(669,577)	(654,733)
Long term debt	6,005	5,516	5,847	10,392	13,843	12,720
NFP	(121,478)	(134,711)	(405,132)	(350,769)	(655,734)	(642,013)
TOTAL FUNDS	202,746	311,572	331,843	466,531	581,443	595,661

REFORMULATED INCOME STATEMENT

Technoprobe data in thousands of €	2020	2021	2022	2023	2024	Q2 2025
Total sales revenues	317,457	391,737	548,929	409,274	543,153	325,860
Net sales revenues	317,361	391,716	548,927	409,221	543,153	325,860
Other revenues	96	21	2	53	-	-
VALUE ADDED	212,007	265,962	381,062	272,265	307,121	200,468
OPEX	(166,064)	(286,536)	(303,569)	(217,039)	(406,629)	(219,517)
Raw materials	(63,899)	(70,006)	(101,043)	(88,614)	(147,128)	(80,499)
Personnel expenses	(60,614)	(97,567)	(135,702)	(143,224)	(170,597)	(94,125)
Outsources services and industrial services	(10,400)	(7,782)	(5,261)	(4,924)	(12,772)	(6,120)
Research and development costs	(3,677)	(8,308)	(10,500)	(5,270)	(9,225)	(4,592)
Maintenance and repairs	(2,971)	(5,488)	(5,029)	(6,132)	(8,129)	(4,146)
Utilities	(1,828)	(3,372)	(8,906)	(6,526)	(8,228)	(4,264)
Lease and rental costs	(1,459)	(1,189)	(1,761)	(2,091)	(4,360)	(2,197)
Other minor costs	(3,193)	(4,757)	(7,827)	(7,764)	(14,432)	(6,235)
Selling, general and administrative	(18,023)	(18,570)	(27,540)	(21,991)	(31,758)	(17,339)
EBITDA	151,393	174,698	245,360	122,738	136,524	106,343
Depreciation and amortization	14,847	25,042	36,736	42,945	69,337	32,240
EBIT	136,546	149,656	208,624	79,793	67,187	74,103
Financial income	215	81	1,237	8,606	17,109	9,037
Gains/Losses from financial investments	(8,829)	7,350	1,737	(4,747)	11,860	(35,923)
Net interest expenses	(217)	(196)	(213)	(288)	(1,606)	(609)
EBT	127,715	156,891	211,385	83,364	94,550	46,608
Taxes on recurring items	1,949	(4,468)	(4,155)	1,884	2,452	(584)
Current taxes	(34,226)	(39,887)	(61,223)	(24,533)	(36,662)	(11,020)
Adjusted net profit	95,438	112,536	146,007	60,715	60,340	35,004
Taxes on non recurring items	1,169	6,811	2,208	36,661	2,452	(614)
NET PROFIT	96,607	119,347	148,215	97,376	62,792	34,390

REFORMULATED CASH FLOW

Technoprobe data in thousands of €	2020	2021	2022	2023	2024	Q2 2025
Cash and cash equivalents at the beginning of the period	74,964	158,296	146,754	411,031	361,800	666,377
PROFIT BEFORE TAXES	129,664	152,423	207,230	85,248	97,002	46,042
Depreciation and amortization	14,819	25,042	36,736	42,945	69,337	32,240
Other non cash items	2,002	13,501	16,693	13,545	(1,399)	40,165
Financial income	(215)	(81)	(1,237)	(8,606)	(17,109)	(9,037)
Financial expenses	217	196	213	288	1,606	609
GROSS SELF FINANCING	146,487	191,081	259,635	133,420	149,437	110,019
Income taxes paid	(13,229)	(63,448)	(37,918)	(44,618)	(7,814)	(3,162)
NET OPERATING SELF FINANCING	133,258	127,633	221,717	88,802	141,623	106,857
Change in NWC	(63,998)	(46,372)	(14,481)	(27,052)	(17,209)	(41,170)
Current operating cash flow	69,260	81,261	207,236	61,750	124,414	65,687
Purchase of property, plant and equipment	(47,774)	(58,705)	(74,642)	(62,834)	(84,514)	(28,591)
Purchase of intangible assets	(470)	(987)	(5,073)	(1,093)	(9,419)	(1,318)
Disposals of property, plant and equipment	529	795	1,297	4,875	479	2,011
CAPEX	(47,715)	(58,897)	(78,418)	(59,052)	(93,454)	(27,898)
FCF (Free Cash Flow Operating)	21,545	22,364	128,818	2,698	30,960	37,789
Financial investment	43,808	(108)	(97)	1,894	(1,321)	(5,177)
Income/Expenses from financial investment	215	81	198	(36,263)	(73,987)	11,969
FCF to DEBT	65,568	22,337	128,919	(31,671)	(44,348)	44,581
Reimbursement of debt	(158)	(2,478)	(3,084)	(3,009)	(3,303)	(3,840)
Net financial expenses	(9)	(152)	(213)	(288)	(1,606)	(610)
Net increase/decrease in current financial liabilities	-	(30,407)	(4,646)	-	3	12
FCF to EQUITY	65,401	(10,700)	120,976	(34,968)	(49,254)	40,143
Dividends paid	(11,000)	(4,604)	(1,129)	-	(1,203)	-
Acquisition of minority	-	-	-	-	-	(20,420)
Acquisition of treasury shares and shares buyback	-	-	-	(11,747)	(34,669)	-
NET CASH FLOW absorbed during the period	54,401	(15,304)	119,847	(46,715)	(85,126)	19,723
New equity	-	-	139,366	-	384,744	-
New debt	30,553	-	-	-	-	-
Translation differences	(1,622)	3,762	5,064	(2,516)	4,959	(29,271)
CHANGE in STNFP	83,332	(11,542)	264,277	(49,231)	304,577	(9,548)
Cash and cash equivalents at the end of the period	158,296	361,800	411,031	146,754	666,377	656,829

Source: Team assessment

Data in € thousands		EXPLICIT FORECAST					IMPLICIT FORECAST				
Estimated Years	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	
Sales Rate	19.8%	16.5%	15.0%	15.0%	15.0%	12.7%	10.5%	8.2%	6.0%	3.7%	
COGS / Sales	45.7%	42.5%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	
R&D / Sales	12.0%	12.5%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	
SGA / Sales	5.2%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	
EBITDA margin	37.1%	40.0%	44.0%	44.0%	44.0%	44.0%	44.0%	44.0%	44.0%	44.0%	
D&A / Sales	8.2%	9.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	
Implied EBIT margin	28.9%	31.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	
Capex / Sales	15.2%	14.5%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	
WC / Sales	29.0%	27.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	
Tax Rate	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	

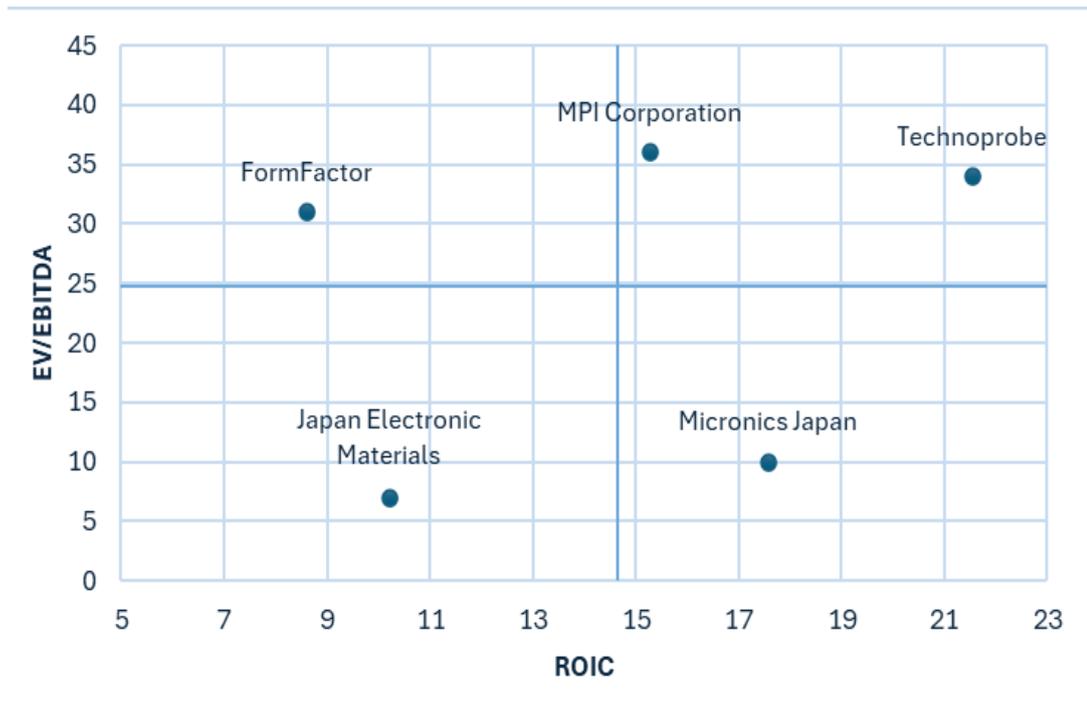
Data in € thousands		DISCOUNTED CASH FLOW MODEL									
Estimated Years	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
TOTAL REVENUES	626,600	750,800	875,000	1,006,250	1,157,188	1,330,766	1,500,305	1,657,537	1,793,787	1,900,696	1,971,022
EBITDA	207,655	278,847	350,000	442,750	509,163	585,537	660,134	729,316	789,266	836,306	867,250
EBIT	145,839	217,282	271,250	342,125	393,444	452,460	510,104	563,563	609,887	646,237	670,148
NOPAT	106,463	158,616	198,013	249,751	287,214	330,296	372,376	411,401	445,218	471,753	489,208
D&A	84,187	61,566	78,750	100,625	115,719	133,077	150,031	165,754	179,379	190,070	197,102
CAPEX	(63,033)	(114,122)	(126,875)	(140,875)	(162,006)	(186,307)	(210,043)	(232,055)	(251,130)	(266,097)	(275,943)
NWC	185,919	217,732	236,250	251,563	289,297	332,691	375,076	414,384	448,447	475,174	492,756
Var NWC	(2,324)	(31,813)	(18,518)	(15,312)	(37,734)	(43,395)	(42,385)	(39,308)	(34,062)	(26,727)	(17,581)
FCFF	125,293	74,247	131,370	194,189	203,192	233,671	269,979	305,791	339,404	368,998	392,785
DISCOUNTED FCFF	125,293	69,178	114,046	157,074	153,137	164,085	176,640	186,413	192,780	195,282	193,681

Technoprobe	2025E
Terminal value	€11.232M
Present value of terminal value	€5.538M
Enterprise value	€7.141M
Equity value	€7.797M
Target price	€11,96

Source: Team estimations

The analysis between ROIC and EV/EBITDA shows that the competitors can be divided into four main areas:

- 1) **Techprobe** and **MPI Corporation** with their high ROIC values, ensure a high return on the capital invested which is positively rated by the market, this translates into high values of EV/EBITDA and positions these two companies as theoretical leaders.
- 2) **Formfactor** is overvalued in fact the high value of EV/EBITDA is not reflected in the low ROIC; the company's high price is not justified by its returns.
- 3) **Japan Electronic Materials** has low values of both ROIC and EV/EBITDA meaning that it has a low performance.
- 4) **Micronics Japan** is in the more interesting area because of its low value of EV/EBITDA and high value of ROIC that reflect the company's efficiency which is not fully valued by the market yet.



Source: Team elaboration

ENVIRONMENTAL	METRIC	TECHNOPROBE	FORMFACTOR	SCORE (Metric)	SCORE (Bucket)
RESOURCE CONSUMPTION	Policy Water Efficiency	TRUE	TRUE	8.0	7.75
	Renewable Energy Ratio	2%	11%	6.0	
	Policy Energy Efficiency	TRUE	TRUE	8.0	
	Total Water Use / Revenue	14%	48%	9.0	
EMISSIONS	Net Zero Target	TRUE (2025)	TRUE	8.5	8.17
	Total CO2 Emissions	3,500 t	12,040 t	7.5	
	ISO 14001 Certification	TRUE	TRUE	8.5	
INNOVATION	Renewable / Clean Energy	MEDIUM	HIGH	6.5	5.33
	Eco-design in Products	HIGH	MEDIUM	7.5	
	Life Cycle Analysis	LOW	LOW	2.0	
SOCIAL	METRIC	TECHNOPROBE	FORMFACTOR	SCORE (Metric)	SCORE (Bucket)
WORKFORCE & COMMUNITY	Women Employees	34%	26%	6	8.13
	Average Training Hours	45h	32h	8.5	
	Health & Safety Policy	TRUE	TRUE	9	
	Tech Education Support	HIGH	MEDIUM	9	
HUMAN RIGHTS	Conflict Minerals Policy	HIGH	HIGH	7	7.75
	Policy Minimum Wage	TRUE	TRUE	8.5	
GOVERNANCE	METRIC	TECHNOPROBE	FORMFACTOR	SCORE (Metric)	SCORE (Bucket)
MANAGEMENT	Board Independence	40%	85%	5.5	4.75
	Board Gender Diversity	20%	33%	4	
SHAREHOLDERS	Shareholder Rights Policy	TRUE	TRUE	7.5	7.5
CSR STRATEGY	Reporting Standards	ESRS/GRI	SASB/SEC	8.5	8.5

Source: Company presentation

GOVERNANCE	TITLE	GENDER	BOARD OF DIRECTORS
Cristiano Alessandro Crippa	Chairman	Male	Yes
Roberto Alessandro Crippa	Vice chairman	Male	Yes
Stefano Felici	Chief Executive Officer (CEO)	Male	Yes
Chih Kuang Yang	Yee Wei Inc. (Technoprobe R&D Company) General Manager	Male	Yes
Gregory Stephen Smith	Non-independent and non-executive director	Male	Yes
Carlos Ortega Arias-Paz	Alba Europe's minority-shareholder director	Male	Yes
Elisabetta Cugnasca	Independent and non-executive director	Female	Yes
Susanna Pedretti	Independent and non-executive director	Female	Yes
Antonio Sanna	Independent and non-executive director	Male	Yes
Giulio Sirtori	Independent and non-executive director	Male	Yes
Stefano Beretta	Chief Financial Officer (CFO)	Male	No
Joseph Parks	Chief Technology Officer	Male	No
Paolo Cavallotti	Chief Communications and Marketing Officer	Male	No
Ines Di Terlizzi	Director of Investor Relations	Female	No
Elisa Facciotti	Board Counsel	Female	No

Source: Company presentation

REMUNERATIONS – APPENDIX 11

Section	Key Provision	Details & Metrics
Board Structure	Composition	10 Members (50% Independent Directors)
	Compliance Standard	Fully aligned with Euronext Milan & Corporate Governance Code
	Internal Committees	Control, Risk & Sustainability; Appointments & Remuneration; Related Parties
Top Management	Chief Executive Officer	Stefano Felici (In office since 2017)
	Chief Financial Officer	Stefano Beretta (Appointed Oct 1, 2022)
Fixed Compensation	CEO Base Salary	€850,000 (plus €220,000 for subsidiary chairmanship)
	Executive Chairs	€300,000 per annum
	Non-Executive Directors	€40,000 (Retainer fee)
Short-Term Incentive	Weighting	90% Financial / 10% ESG & Qualitative
	Financial KPIs	Consolidated Revenue and EBITDA vs. Budget
	Payment Threshold	0% payout if performance <90% of Budgeted Target
Long-Term Incentive	Instrument	2025-2027 Performance Shares Plan
	Dilution Cap	Max ~1% of Share Capital (approx. 6.5M shares)
	Vesting Period	3-Year Cliff Vesting (Settlement in 2028)
LTI Performance Metrics	Market Benchmark	Relative TSR vs. Peer Group & FTSE Italia Mid Cap
	Operational Benchmark	Cumulative EBITDA (3-year cycle)
	Sustainability	Integration of specific ESG Ratings
Relative TSR Peer Group	Industrial Competitors	FormFactor, Advantest, Teradyne, Cohu, Leeno

Source: Company presentation