

Hopscotch

Take care of your reputation – Initiate at Strong Buy

Relevant, nimble & profitable - Strong Buy, € 29.10 PO

Hopscotch combines a rich and relevant offer for its customers with a profitable and cash generating business model. Its healthy financial situation allows it to seize external growth opportunities with a positive impact on its growth and margins. Finally, valuation is attractive, on historical lows. We initiate at Strong Buy with a € 29.10 price objective, implying +102% upside potential.

Unique positioning and continuous enrichment of the offer

The group operates across the entire communications market, with an integrated, global and transversal offering, which closely combines consulting, digital, PR, influence and events. In a mature and competitive market, this unique offering differentiates the group from its competitors. In addition, the group is enriching and diversifying its offering in all sectors and developing business verticals (tourism, sport, CSR, etc.). Hopscotch has also digitized its offer and its campaigns and is benefiting from the continued recovery of events.

2024 will benefit from sport events & the Paris Motor Show

Mid-next year's sport events program should begin to contribute to momentum in H2 2023, but the biggest impact should be on FY2024. Activity should also be supported by the Paris Motor Show, among other major events.

Acquisitions to accelerate growth

Acquisitions are a lever to group's growth rate, which targets sectoral and/or geographic collaborations. The group signed the purchase of Interface Tourism (ITG) in July 2023 (€ 16M sales and € 8M Gross Margin) and remains on the path of acquisitions. Hopscotch aims to become a world leader in destination marketing.

New profitability profile and accretive acquisitions

The group managed to double its profitability level (EBIT to Gross Margin rate) from c.5% pre-Covid to 10.5% in 2022. Most of the savings in structural costs made during the Covid period are sustainable. We anticipate a continuous gradual improvement in margins from 9.6% in 2023E to 11.0% in 2026E, thanks only to operational leverage on fixed costs. The acquisition of ITG is expected to have an accretive impact on margins and is not yet factored into our estimates.

Cash-flow generation and healthy financial situation

The Group combines growth prospects (organic & external) with the agility of its cost structure, resulting in significant cash-flow generation (low capex and WCR), and leading to a very healthy financial situation. Company is net cash, which allows it to return to acquisitions. Capital increases could take place to partially finance them.

Attractive valuation, on historical lows

Despite its strong intrinsic qualities, shares trade on historical lows: at about 2.4x EV/EBITDA NTM (12-month rolling) and 6.5x PE, below its historical averages excluding Covid period, even though the level of sales is significantly higher (expected 2023E sales of €267M vs average sales 2015-2019 of €159M) and the ROC/Gross Margin rate has been multiplied by two to 10.5% in 2022.

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Opinion	1. Strong Buy
Closing price on 6 Nov. 2023	€ 14.4
Price objective	€ 29.1 (+102.1 %)

Market data

Bloomberg Ticker	HOP:FP
Market capitalisation (€m)	39.9
Enterprise value (€m)	41.2
Free Float (€m)	7.23 (18.14 %)
Number of shares	2 767 443
Daily volume	€ 8 920
Capital turnover rate (1 year)	2.9%
High (52 weeks)	€ 21
Low (52 weeks)	€ 13.3

Performances

Absolute perf.	1 month	6 months	12 months
	-4%	-23%	2%



Ownership

Founders : 29,96% ; Reworld Media : 28.66 % ;
Flottant : 18.14 %

Agenda

6 Feb. 2024 : Q4 sales 2023 (after market)

Key figures

	2021	2022	2023E	2024E	2025E
Sales (€m)	153,7	246,8	267,4	281,2	292,4
Change (%)	26,0%	60,6%	8,3%	5,2%	4,0%
EBITDA (€m)	12,1	13,8	13,7	14,8	15,7
EBIT (€m)	6,8	9,0	8,9	10,1	10,9
Ebit margin (%)	4,4%	3,7%	3,3%	3,6%	3,7%
Net profit (€m)	4,7	6,1	6,3	7,0	7,6
Net margin (%)	3,1%	2,5%	2,4%	2,5%	2,6%
EPS	1,53	2,12	2,21	2,44	2,66

Ratios

	2021	2022	2023E	2024E	2025E
EV / Sales	0,2	0,2	0,1	0,1	0,1
EV / EBITDA	2,3	2,9	2,6	2,0	1,5
EV / EBIT	na	na	4,0	2,9	2,1
P / E	na	na	6,3	5,7	5,2
Gearing (%)	-13%	-25%	-36%	-45%	-52%
Net debt/EBITDA	-25%	-50%	-88%	-124%	-160%
ROCE (%)	21%	22%	19%	17%	16%

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Company presentation

Communication consultancy, Digital, PR, Influence, Events

Hopscotch is the leading public relations (PR) group in France and the third largest communications group. It is run by its founders and managers, driven by complementary expertise. With more than 800 employees, the group has published 2022 turnover of € 247M and gross revenue of € 86.1M. Hopscotch listed on Euronext Growth Paris on 27 July 2022.

Mix of all communications fields

Hopscotch combines all communication expertise: digital, Public Relations & influence, events, activation, public affairs and marketing services. The group structures its expertise around agencies bearing its name "Hopscotch" (Event / PR / Travel / Decision makers / Congresses), and specialized agencies: Sopexa, Heaven, Sagarmatha, Human to Human, Le Public Système Cinéma, Le Public PR system, Sport (Alizeum, Sport&Co and Uniteam).

Expanding international footprint

The group has developed an integrated international network, with more than 30 offices spread over 5 continents.

Sustainable CSR approach

Hopscotch has been a pioneer in CSR and devotes increasing resources to developing its results in these areas. The group obtained the EcoVadis Platinum label (less than 1% of the companies evaluated). Hopscotch PR received three stars for the RSE Agences actives label, obtained for the first time by a PR agency in July 2023.

Investment thesis

Unique positioning & enrichment of the offer

The group operates across the entire communications market, with an integrated, global and transversal offering, which closely combines consulting, digital, PR, influence and events. In a mature and competitive market, this unique offering differentiates the group from its competitors. In addition, the group is enriching and diversifying its offering in all sectors and developing business verticals (tourism, sport, CSR, etc.). Hopscotch has also digitized its offer and its campaigns and is benefiting from the continued recovery of events.

Hopscotch Sport to benefit from the 2024 sport events

Mid-next year's sport events program will begin to contribute to momentum in H2 2023, but the biggest impact should be on FY2024. Activity should also be supported by the Paris Motor Show, among other major events.

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SWOT

Strengths

- A value proposition in line with clients' needs, global and transversal offer, underpinned by the complementarity of all Group's areas of expertise: influence, events, activation, digitization, internal communications, public affairs, marketing services, and more
- Ability to innovate (social networks, hybridization of formats, etc.)
- Leadership positioning in France
- Rigorous costs management and higher profitability level gained during the Covid crisis
- Net cash financial situation
- Low capex and WCR

Weaknesses

- Balance of power with clients which limits the ability to value teams and consulting services
- Limited visibility on the business
- A mainly French reach

Opportunities

- Expanding global reach
- Enriching and diversifying the offer (verticals, sectors, etc.)
- Shift from traditional communication tools towards Digital
- Artificial Intelligence

Threats

- Economic crisis
- Deteriorating consumer purchasing power
- Competitive pressure

Valuation methodology

Our price objective of € 29.1 results from an average of two valuation methodologies: discounted cash-flows and comparable trading multiples. Upside potential is attractive at 102% and we initiate coverage at Strong Buy.

Discounted cash-flow

Discounted cash-flow analysis yields € 26.5 value per share.

Comparable trading multiples

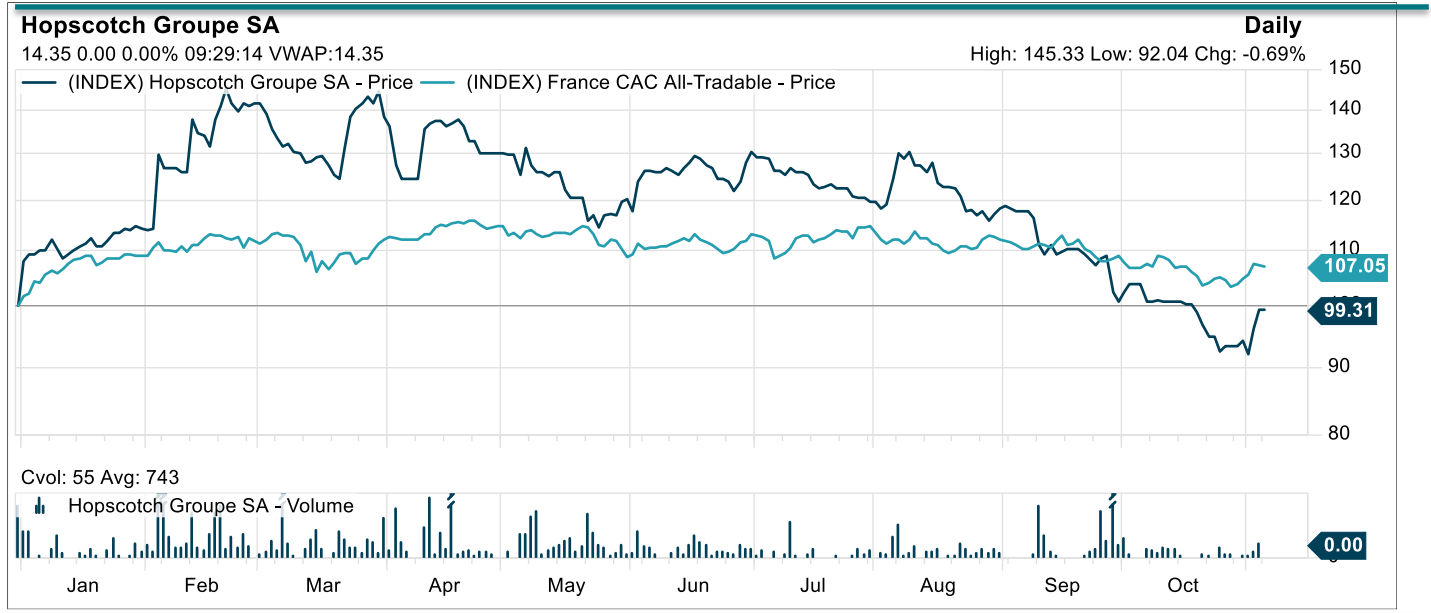
Listed peers' valuation multiples applied to our estimated financials for the group allows to calculate a € 31.7 value per share. We selected peers with turnover less than € 1bn.

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1 Recent share price performance

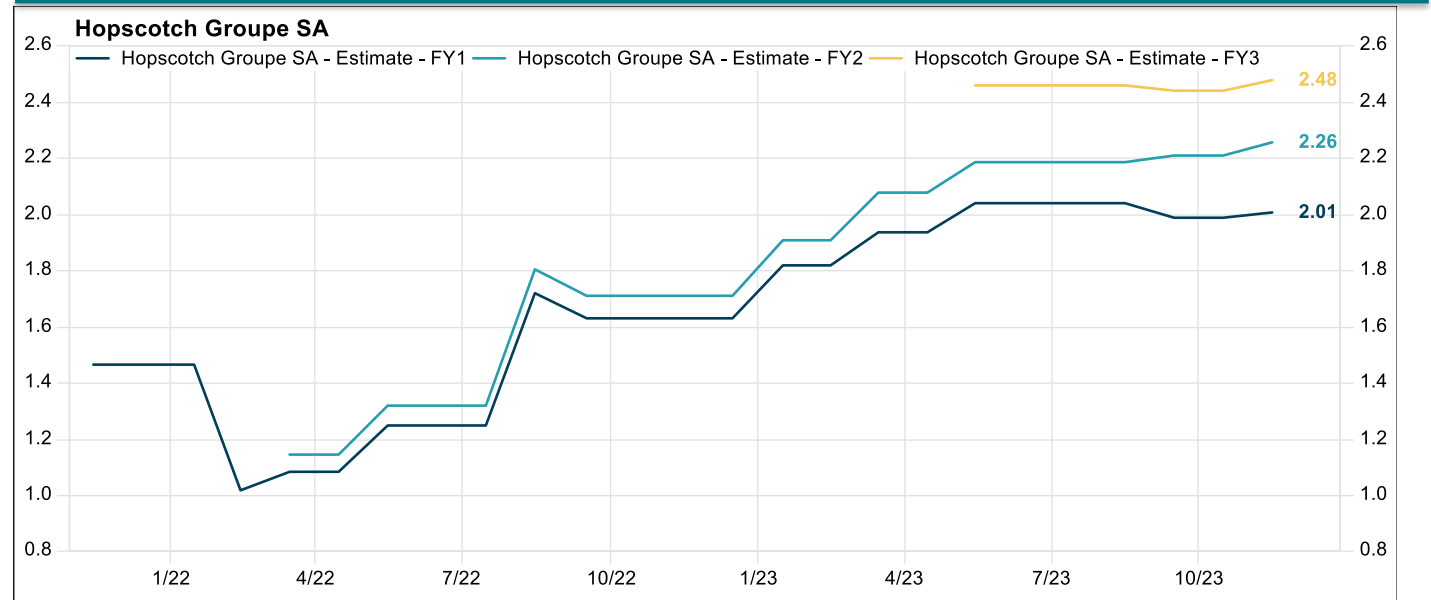
Share price performance – 12 month-rolling



Source : Factset & IE Finance

Consensus EPS (€) is stable and illustrates the group’s significant growth prospects.

EPS revisions (€)



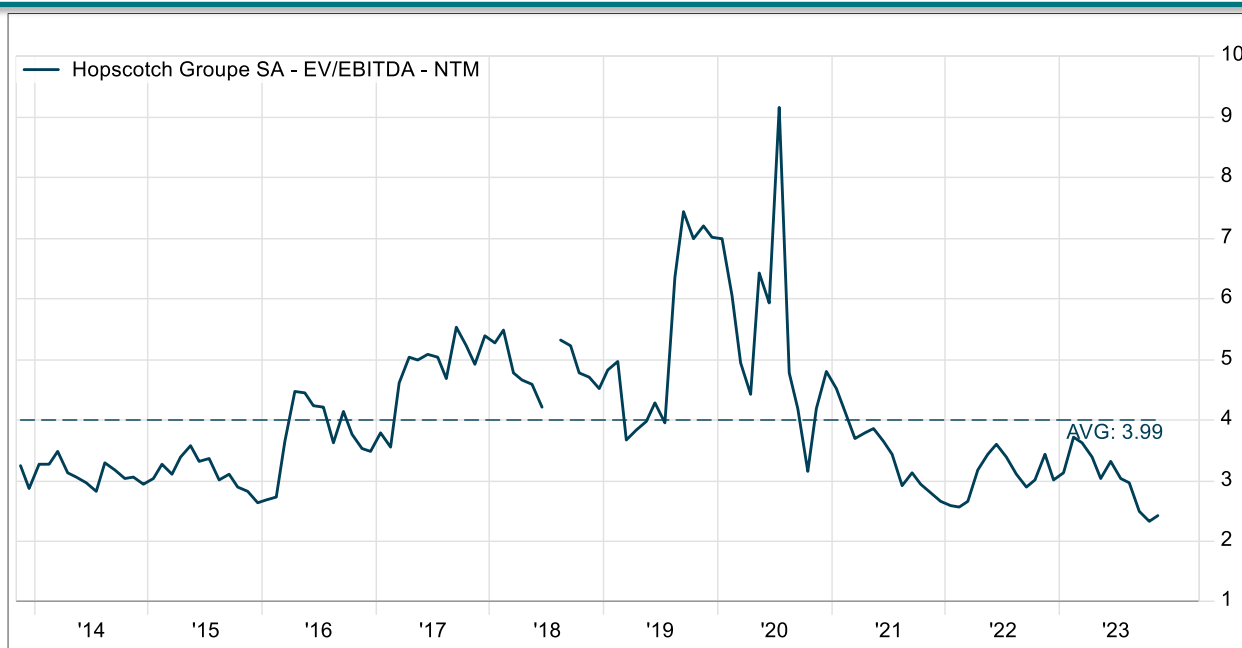
Source : Factset & IE Finance

Attractive valuation levels, on historical lows

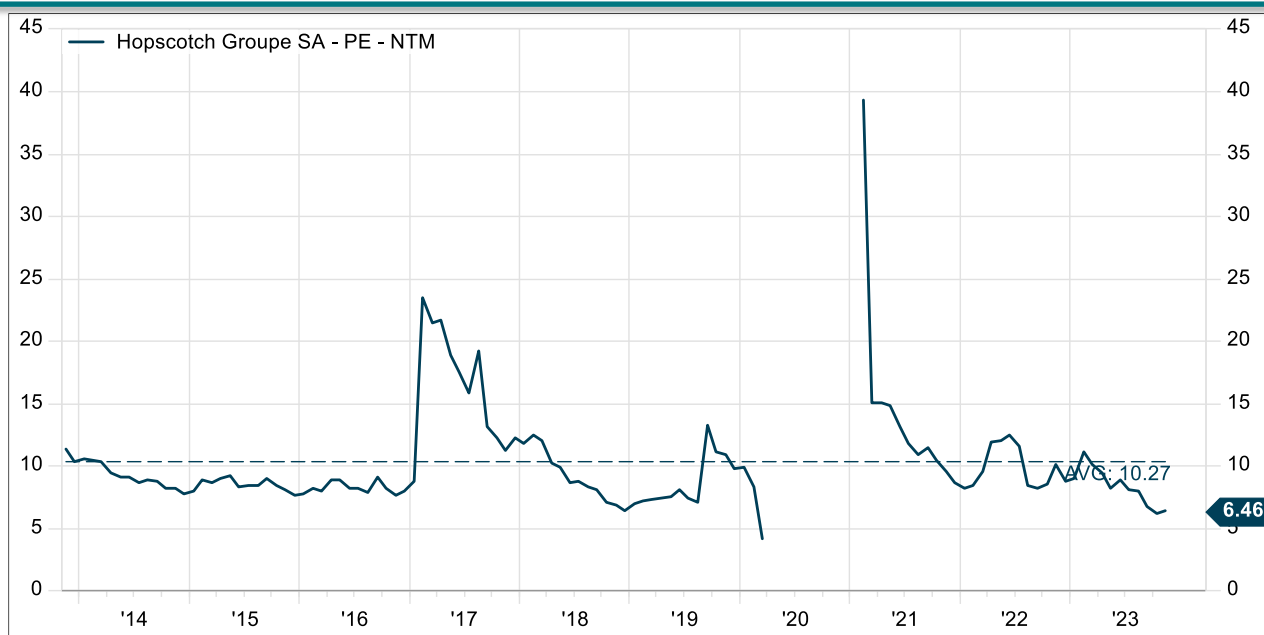
Shares have under-performed the CAC All-Tradable market index (by c.9% over 1 year) despite strong intrinsic qualities (growth, profitability, sound financial situation...). Thus, shares trade on historical lows: at about 2.4x EV/EBITDA NTM (12-month rolling) and 6.5x PE, below its historical averages excluding the Covid-period, while group sales level is significantly higher (expected 2023E sales of € 267M vs average sales 2015-2019 of € 159M) and profitability rate (EBIT to Gross Margin) has been multiplied by two to a sustainable level.

- EV/EBITDA average pre-Covid: 3.9x
- EV/EBITDA average after Covid: 3.4x
- PE average pre-Covid: 10.2x
- PE average after Covid: 9.7x

Historical valuation - EV/EBITDA NTM (x)



Historical valuation - PE NTM (x)



Source : Factset & IE Finance

2 Bird's eye view on the group

Integrated communication player

Hopscotch is a leading non-advertising communication group in France, led by its founders and managers, sharing an entrepreneur's vision, underpinned by the complementarity of its areas of expertise: influence, events, activation, digitization, internal communications, public affairs, marketing services.

Hopscotch is a #1 player in PR in France and #3 in non-advertising communication. The group brings together more than 800 collaborators in France and internationally.

Hopscotch structures its expertise around its own brand "Hopscotch" (Events / PR / Travel / Décideurs / Congrès / Luxe / Sport), and specialized agencies: AD crew, Alizeum, heaven, Hopscotch Interface Tourism, Human to Human, Le Public Système Cinéma, Le Public Système PR, Sagarmatha, Sopexa, Sport&Co and Uniteam.

The group has developed an integrated international network, with more than 30 offices spread over 5 continents. It ranked 35 out of 250 in the latest Holmes Report, which references worldwide Public Relations groups' turnover.

In 2022, the group published a turnover of € 247M and Gross Margin of € 86.1M. Hopscotch listed on Euronext Growth Paris on 27 July 2022.

A sustainable CSR approach

Hopscotch has been a pioneer concerning CSR and impact and devotes increasing resources to develop its expertise in these fields.

- The group has obtained the **EcoVadis Platinum label** (less than 1% of the evaluated companies).
- **Hopscotch PR** received **three stars** for the RSE Agences actives label, first time obtained by a PR agency in July 2023.

The group takes part in meaningful events such as Solutions COP21, has a committed governance and publishes a CSR report.

Group's key milestones

1968	Lionel Chouchan buys Promo 2000 agency, created in 1960, specialised in PR
1986	Founding of the Délires agency, notably by Frédéric Bedin and Benoît Désveaux, specialized in Event in France
1993	Birth of Le Public Système (merger of Promo 2000 and Délires)
1998	IPO of Le Public Système
2001	Acquisition of Sagarmatha (travel...)
2009	Majority stake in Heaven, online marketing and social networks
2010	Acquisition of Groupe HOPSCOTCH
2010	Founding of Hopscotch Asia in One
2014	Acquisition of ROUGE
2015	Acquisition of HMM !
2015	Public Système Hopscotch becomes HOPSCOTCH Group
2016	Minority stake in SOPEXA
2019	66% stake in SOPEXA
Dec 2020	Minority shareholding of REWORLD MEDIA in Hopscotch
Fev 2021	Transfer of M. Lionel Chouchan's shares to REWORLD MEDIA
2022	Acquisition of ALIZEUM, UNITEAM SPORT and SPORT & CO
27-juil.-2022	Transfer of Hopscotch Group to Euronext Growth Paris
Juill. 2023	Signature of the acquisition of Interface Tourism agencies

Source : Company history & IE Finance

Business legal organisational structure

The group has been deeply reorganised in 2015, towards a more efficient functioning, with a controlling holding company (Hopscotch Groupe SA) and operational subsidiaries. The subsidiaries are 100% controlled, except for Sopexa, owned at 66%.

Main subsidiaries

The subsidiaries are specialised in all non-advertising communication fields and respond to clients' needs through conception and design services and campaigns production. These services are invoiced as time spent advising and accompanying the client, and/or consulting services and event production.

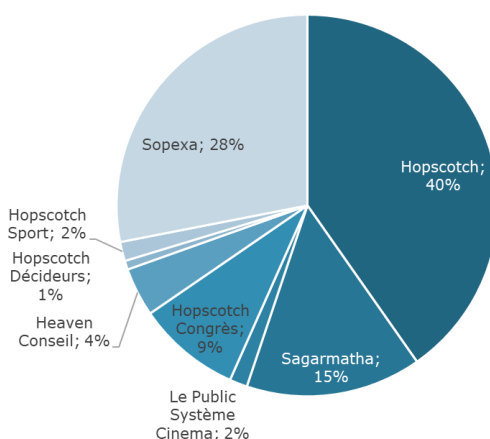
Group’s main subsidiaries

	Subsidiaries	Ownership %	Date of entry in the Group	2022 sales (€M)	Positioning
Legal organisation	Hopscotch	100%	2010	99,3	Event and PR activities
	Sagarmatha	100%	2001	36,7	Internal and digital/event-based communication campaigns
	Le Public Système Cinema	100%		3,7	Press relations, festival organization (Deauville Festival, Gérardmer Festival, Reims Polar), artistic programming, brand consultancy, events, and public relations
	Hopscotch Congrès	100%		21,7	Organisation and production of professional congresses, conferences and trade fairs in the fields of health and scientific research
	Heaven Conseil	100%	2017	10,2	Advertising agency, specialised in digital marketing
	Hopscotch Décideurs	100%	Dec 2019	1,9	PR agency, specialised in corporate and public affairs
	Hopscotch Sport	100%	June 2022	4,0	Entertainment and sportainment communication
	Hopscotch Interface Tourism *		Jan 2024	16,0	Specialised marketing in the promotion of tourist destinations and art of living
Reporting level	Group excluding Sopexa	100%		177,5	
	Sopexa	66%	H2 2019	69,3	Communication and marketing in the food, beverage and lifestyle sectors ; multi-channels
	Hopscotch Group			246,8	

Source : Company history & IE Finance

*Hopscotch Interface Tourism should be consolidated from January 2024

FY2022 sales mix by subsidiary



Source : Company history & IE Finance

Hopscotch

This subsidiary is the main agency of the group, hosting an important part of its event activities as well as almost the entire public relations (PR) businesses. As such, the entity invoices PR advisory fees and event productions. After passing through a lower level of activity linked to Covid 19, the level of activity considerably rebounded in 2022.

Sagarmatha

Sagarmatha creates internal and event-based communication campaigns, in partnership with clients, with the ambition of putting people at the heart of corporate communication strategies and therefore, mobilize companies’ human potential over the long term.

Le Public Système Cinema

This specialized agency combines 360° cinema expertises: press relations in France and abroad, festival organization (Deauville Festival, Gérardmer Festival, Reims Polar), artistic programming, brand consultancy, events, and public relations.

Hopscotch Congrès

For over 30 years, Hopscotch Congrès has been organising and producing professional congresses, conferences, and trade fairs in the fields of health, scientific research, industry, cybersecurity, and mobility, on a national and international scale.

heaven Conseil

heaven is a next-generation advertising agency, specialised in digital marketing (influence, social, brand content, media, creative tech, and research). It uses its knowledge of new digital and social behaviors to design and deploy innovative and effective strategies and campaigns, both locally and internationally.

Sopexa

Owned at 66%, Sopexa is consolidated since H2 2019.

Sopexa helps companies, brands, local authorities, and institutions in the food, beverage, and lifestyle sectors to develop and implement their international communication and influence strategies. The agency has integrated network of offices in over 20 countries and a team of 250 experts.

Sopexa has detailed knowledge of regulations governing institutional funding and can guarantee increased reliability in managing collective campaigns with joint public funding.

Its expertise covers the full range of marketing and communications activities, enabling it to support its clients with integrated 360° campaigns, including branding and creative design, influence and digital services, PR and media partnerships, and trade and shopper marketing. Sopexa's experts have long-term relationships with networks of key opinion-leading professionals, including distributors, importers, buyers, sommeliers, journalists, influencers, and the media, who they leverage to promote their clients' actions and products.

Hopscotch Décideurs

It supports decision makers in building impactful communication based on network intelligence and an understanding of circles of influence. Challenge is to create a relationship of trust with audiences and highlight the social benefits of companies, organizations, and their leaders. The agency does it by interacting and engaging in conversations with communities, whether journalists, influencers, or public decision makers, and by creating impactful content.

Hopscotch Sport

Consolidated since June 2022 in view of the large international competitions to come, Hopscotch Sport is dedicated to entertainment and sportainment. It combines three agencies (Alizeum, UniTeam, Sport&Co) with expertise in designing sports events, consultancy, and communication in sport and e-sport.

Hopscotch Interface Tourism

End of July 2023, the group announced the signature of the acquisition of the Interface Tourism agencies in France, Spain, Italy, and the Netherlands, thus extending its presence in Europe and strengthening its expertise in the promotion of tourist destinations and the art of living.

In 2022, it registered sales of € 16M and gross margin of more than € 8M. It employs around 100 people. This acquisition accelerates the development of Hopscotch's sector-specific expertise dedicated to tourism. Hopscotch's ambition is to become the world leader in destination marketing.

The group will work at implementing the synergies between the Interface Tourism teams and the Hopscotch's agencies and expertise, drawing on the many complementary sectors: influence, PR, digital, event, etc.

3 Communication spending & drivers of activity for Hopscotch

Hopscotch’s main sales drivers

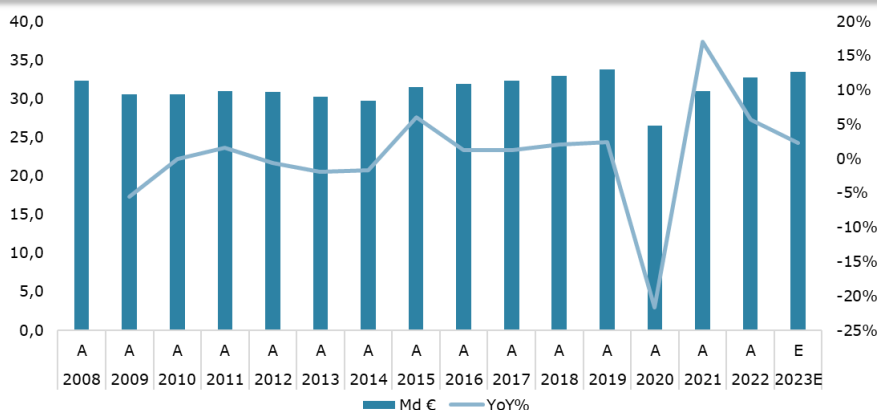
- French economic growth (GDP) and companies/organisations communication expenses ;
- Shift from traditional communication tools towards digital marketing ;
- Continuous rebound of events after Covid crisis ;
- Public Relations: a multi-channel and dynamic segment ;
- Continuous development of CSR communication.

Communication expenses: +2.3% in France in 2023E (after +6% in 2022)

In 2022 in France, advertisers’ communication investments have reached a volume of € 32.7bn, up +5.7% YoY. Expenses have been supported by global economic activity beginning of the year and post-covid rebound in specific communication areas such as events.

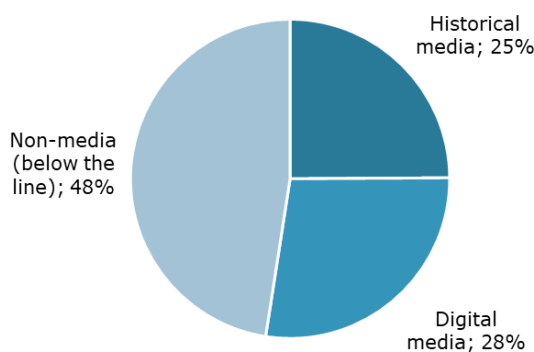
In 2023E, the market should slow down to +2.3% to reflect lower consumer spending amid high inflation and interest rates, and therefore lower advertisers’ expenses.

Advertisers’ communication spending in France (€ bn and YoY % change)



Source : IREP-France Pub & IE Finance estimates

French communication market mix in 2022



Source : IREP-France Pub & IE Finance

Economic growth in France

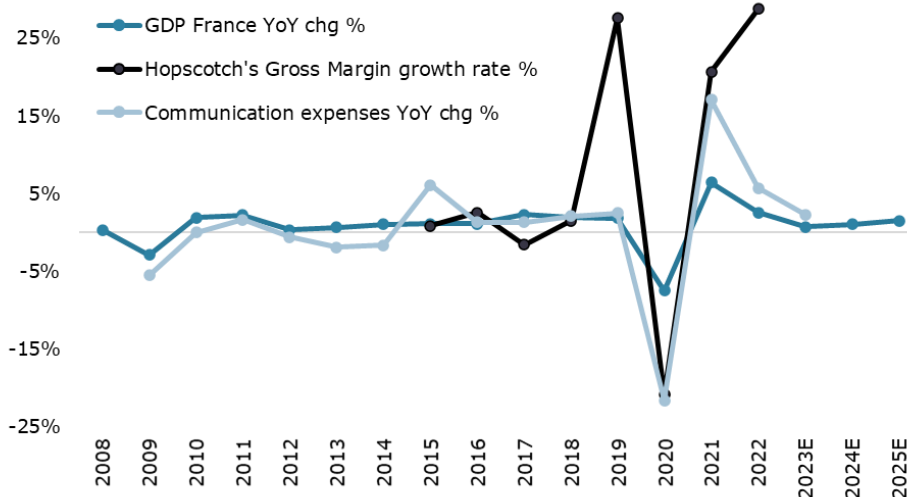
Advertisers' spending is in fine linked to economic growth.

- On average between 2008 and 2022, change in advertisers' spending has been about 0.9x that of French GDP.
- Communication spending CAGR is close to 0% over the same period.
- In times of economic slowdown (2008 and 2020), advertisers tend to preserve cash and cut communication costs. Also, they favour communication campaigns with higher ROI (notably in the digital area).

Hopscotch's gross margin also depends on (1) its positioning on the non-advertising communication field, mainly axed on PR, event and digital (more dynamic), and (2) on its relative smaller size that allows it to be more nimble and grab market opportunities.

- On average between 2014 and 2022, Hopscotch's gross margin growth has been 5.2x that of French GDP.
- Hopscotch's gross margin CAGR was 6.2% over that same period.

Hopscotch's gross margin growth vs French communication spending and GDP



Source : Insee, IREP-France Pub & IE Finance

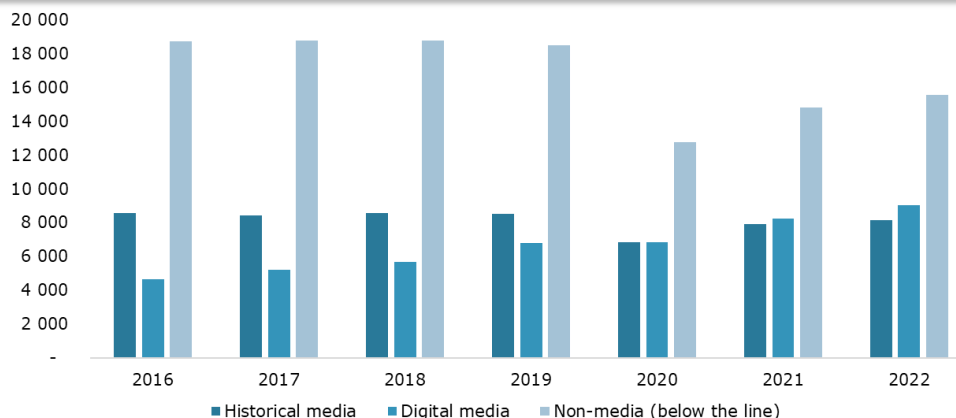
Steeper growth rates for digital marketing and events

Although overall marketing spending volume in France is relatively stable through economic cycles, its components evolve at different rates.

- Traditional media (radio, TV, newspapers, magazines...) is mature and stable to declining.
- Digital media (search campaigns, social media campaigns: influence marketing, brand content, etc.) is dynamic, notably thanks to its measurable and attractive ROI.
- Below-the-line advertising is the most important in size and should continue to progress post-Covid, underpinned notably by large events to come (sport events and the Paris Motor Show).

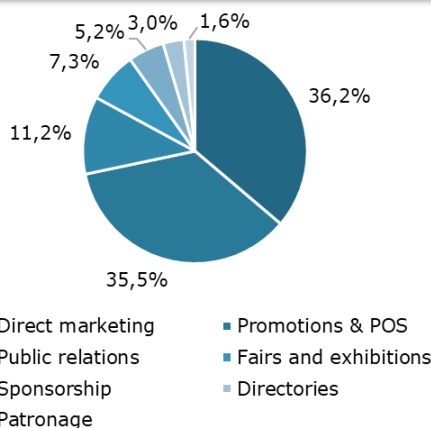
Hopscotch has an opportunistic positioning, with expertise in faster-growing communication fields such as events, digital and CSR.

Communication spending by segment in France (€M)



Source : IREP-France Pub & IE Finance

Below-the-line advertising mix in 2022 in France



Source : IREP-France Pub et IE Finance

Event should continue to progress post-Covid crisis and hybridization of formats

Event helps promote a product, a company, a brand, through a dedicated event, in order to raise awareness and build excitement in an organized, uniform, branded and strategically sound manner. Events can be conferences, festivals, charity events, exhibitions, product launches, company parties, seminars, networking events, team building, etc.

Pandemic has accelerated profound changes, notably through digitalisation, with the hybridization of events formats.

- Main benefits from hybridization of formats are the broadening of audience and the possibility to multiply the impact of events, thanks to new communication channels, such as social media.
- This formats evolution helps reduce operational risk for the communication agency.

Public Relations: a dynamic and multi-channels segment

According to the « Syndicat du Conseil en Relations Publics » (SCRCP), public relations market grew by +7% in 2022, after a steep rebound in 2021 post Covid. This segment should be resilient in 2023.

PRs help create, develop, and maintain notoriety, image and reputation of an organisation, a company, or a brand. RPs gather a large set of specialties: corporate communication, CSR communication, public affairs and lobbying, financial communication, digital/e-reputation communication, crisis communication, brand communication, media relations, event communication, internal communication, media-training, etc.

PRs have become multi-channel, with more and more differentiated audiences, which force agencies to innovate, notably in social media. Being able to commit to clients to achieve precise and tangible objectives (ROI, KPIs...) have become key and differentiating for communication agencies.

CSR: a major communication topic

Corporate Social Responsibility is a key topic for brands and companies, as their social and ecological behaviour has to be explained, accepted, and supported by the society.

CSR communication campaigns represented 11-12% of total communication spending in France in 2022, ie c.€ 3.5 bn (Kantar).

Consumers are increasingly receptive to brands' and companies' moral sense and to their commitment to reduce environmental impact. Therefore, a communication strategy axed on CSR can be very differentiating for these companies. Moreover, CSR is closely eyed by funds and investors.

4 Growth strategy: maintain leadership in Europe and boost growth through accretive acquisitions

The group aims at maintaining its leadership in France and Europe and boost group growth through overseas acquisitions with a positive impact on margins.

Maintain leadership in Europe

Positioned on the more dynamic segments of the communication market

Hopscotch is positioned on the fastest-growing parts of the non-advertising communication market (PRs, digital, event, CSR...) while being able to answer every client's needs, thanks to its integrated, global and transversal offer, one-stop shop for its clients.

A more readable offer for the customers

In order to simplify the reading of its offer and better capture customer demand, the group offers its customers a single-entry point and a global and transversal vision to respond to their communication challenges (image campaign, product launches, brands (re)positioning, CSR, impact, etc.), drawing on the group's business expertise (PR, social media, digital, events, etc.). Its added value lies in knowing how to set up, manage, and lead a community of experts in designing multi-channel campaigns together, ensuring overall consistency across all clients' contact points.

Developing vertical sector expertise

The group develops vertical sector expertise such as in sport, luxury, tourism and art of living.

- In 2022, the group reinforced its positioning in sport and e-sport through the buyout of three specialised agencies: Alizeum (sports marketing, event and digital communication, strategy and content production), Sport&Co (commercial management, support for sports organisations, management of marketing and commercial rights) and UniTeam (consulting, event production, digital and influence).
- End of July 2023, the group announced the acquisition of the four agencies of Interface Tourism, a pan-European marketing player specialized in the promotion of tourist destinations and art of living.

Digitalization of the offer

The group has adapted to new communication modes with the digitalization of its offer and campaigns, thus capturing growth in digital advertising spending.

- In April 2023, Hopscotch announced a stake buyout in the **AD CREW** agency specialized in influence marketing on social networks and digital marketing, mainly targeting younger generations. AD CREW has a unique address book with a network of nearly 15,000 influencers in 10 countries. The agency has also established exclusive partnerships with 34 content creators on YouTube, Instagram and TikTok.

Support for CSR strategies

The group has adapted its offering to environmental issues and is able to support customers in their CSR strategy.

- Hopscotch has been bringing CSR and impact issues to its ecosystem of customers, partners and employees for more than twenty years. In February 2023, the group launched a new "**Transition(s)**" offer, which aims to support clients in their CSR communication strategy, to promote their commitment and their contribution to a more sustainable society.

The leverage of acquisitions

The group aims to develop internationally, to capture other markets with higher growth profiles, to expand and diversify the customer portfolio and to strengthen the positioning with key account customers with multi-country communication strategies.

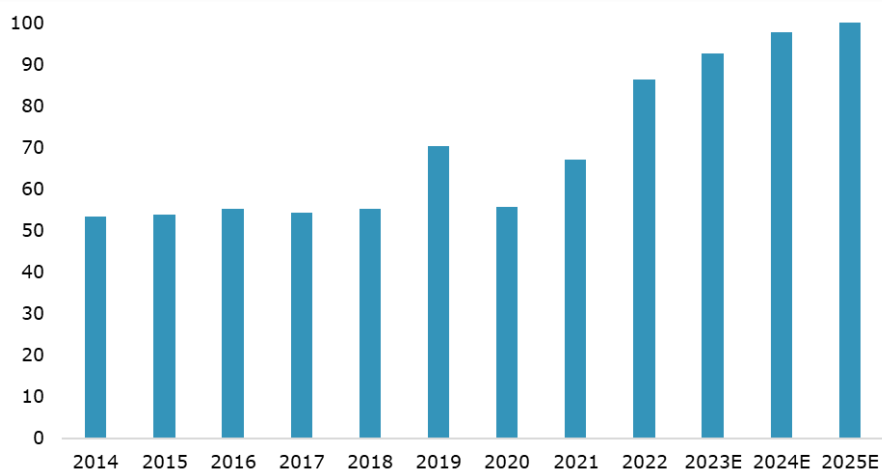
External growth is a natural leverage for the group's growth, which its solid balance sheet allows.

Therefore, the group is looking for compatible international partners present in complementary markets: Southeast Asia, North America and Europe.

- The group has announced the signing of the acquisition of Interface Tourism Group in July 2023;

In summary, we anticipate around +6% CAGR 2022-25E for group's gross margin. We have not yet integrated the acquisition of Interface Tourism, for which we are awaiting closing.

Hopscotch annual Gross Margin forecasts (€ M)



Source : Company history & IE Finance estimates

5 Hopscotch's cash-generating business model

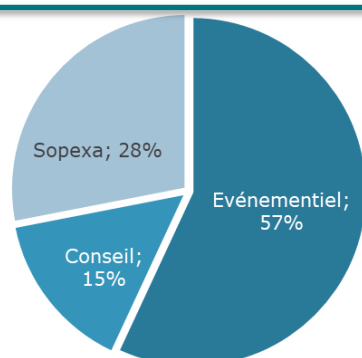
The business units are divided into two main business families: event and consulting. Reporting by legal subsidiary would make little sense, because each brings together events and consulting business units. In addition, the group publishes turnover and gross margin for Sopexa, consolidated since H2 2019. We estimate distributions of group's 2022 sales, gross margin and EBIT as follows:

Businesses	2022 Sales (€M)	2022 GM (€M)	2022 EBIT (€M)
Event	140,5	34,7	4,5
Consulting	37,0	25,9	3,0
Sopexa	69,3	25,8	1,5
Group	246,8	86,4	9,0

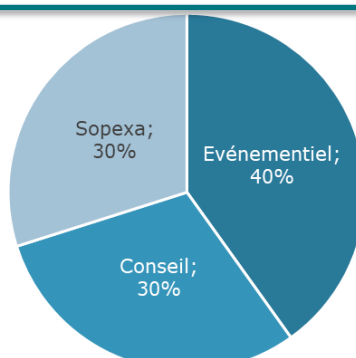
Business mix	2022 Sales	2022 GM	2022 EBIT
Event	57%	40%	50%
Consulting	15%	30%	34%
Sopexa	28%	30%	17%
Group	100%	100%	100%

Businesses	Gross Margin % of sales	EBIT margin % of GM
Event	25%	13%
Consulting	70%	12%
Sopexa	37%	6%
Group	35%	10,5%

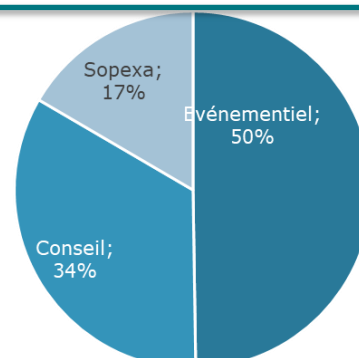
2022 sales mix...



...gross margin mix...



...and EBIT mix



Source : Company history & IE Finance estimates

Three expertise, three different business models

Event (40% of group gross margin and 50% of EBIT)

The event subsidiaries (Hopscotch, Sagarmatha, LPS Cinéma and Hopscotch Congrès) were strongly impacted by the Covid 19 crisis which limited public meetings. However, these activities have returned to a normal level over the past 12 months or so.

Visibility on events is very low, around 3-4 months. The group starts the year with an order book filled to the tune of 30-40% of the year's turnover.

The group meets customer needs through services invoiced in the form of:

- time spent in advice and support
- margin on purchases linked to event production.

The group recognizes revenue using the percentage-of-completion method. The percentage of progress retained reflects the percentage of progress of the event preparation work on the closing date estimated by the group. This depends on the delivery date of the event and the type of event.

We estimate an **EBIT/GM rate of 13% in 2022.**

Consulting (30% of GM; 34% of EBIT)

Visibility is better in this activity, with contracts lasting 6 to 12 months, generally renewed. The order book is c.60% full at the start of the year.

The group invoices its clients for time spent in advice and support by consultants. For the group, it is about valuing the time of its teams. Services are invoiced once performed.

We estimate an **EBIT/GM rate of 11.7% in 2022.**

Sopexa (30% of GM; 17% of EBIT)

Sopexa promotes agri-food sectors abroad. Some of its clients are European inter-professional associations in the agricultural and wine sectors, which benefit from European subsidies to promote their products in EU countries or third countries.

The contracts are therefore regulated and supervised in terms of margins and sales prices, because they are funded by the EC.

Visibility is high for this activity with an average contract length of 3 years.

Sopexa has a very strong structural seasonality between H1 and H2.

- S1 is dedicated to calls for tender, of which Sopexa wins a major part each year.
- H2 corresponds to the implementation of campaigns.

Thus, the turnover is generally distributed 1/3rd in H1 and 2/3rds in H2.

Growth prospects for Sopexa are limited, because the group's market share is already very significant in promoting French agri-food sectors abroad. In fact, the group wins around 80% of calls for tenders each year.

The group is working to develop this expertise in same sectors in other countries.

Finally, the Sopexa subsidiary is 66% owned by the group.

In 2022, Sopexa delivered an **EBIT/GM rate of 5.8%.**

The clients

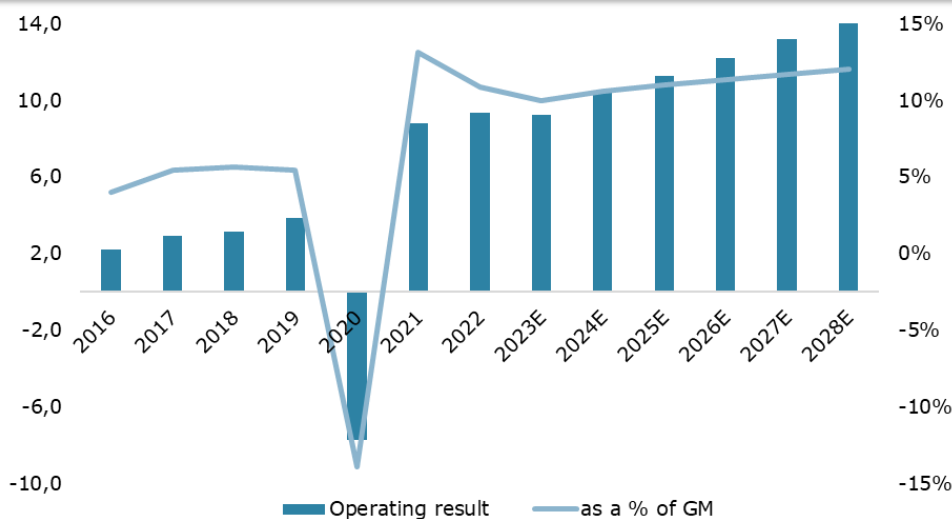
Clients are private companies, public sector players (State, local authorities, etc.) and the non-profit sector. In 2022, the group had more than 600 customers. The main customer represents 3.4% of the gross margin and the 10 largest customers combined represent less than 23% of the gross margin.

6 New post-Covid profitability profile, reinforced by accretive acquisitions

The group rigorously monitors the evolution of its variable cost margin. The productivity of each BU, and thus of the group in general, is consolidated by:

- The reorganization of the group structure during the Covid period;
- Operating leverage on fixed charges ;
- Innovations, which enable an increase in business volume, a move upmarket and differentiating expertise. The main innovations take place in digital communication: e-commerce, retail media, social media, influencer marketing, Web 3.0/Gaming, etc.
- Acquisitions that are accretive in terms of margin.

Our EBIT forecasts, in volume (€ M) and as a % of gross margin



Source : Company history & IE Finance estimates

Sustainable drop in the normative level of structural costs

The group has significantly reduced its fixed structural costs as a result of the savings plan initiated in 2020 during the Covid crisis, which resulted in a sustainable decrease in the group's general costs (in particular with the departure of 93 people at the start of the 2021 financial year, the move of Sopexa and heaven within the headquarters, as well as the subletting of part of the premises in 2021).

These savings, maintained in 2022, offer the group great responsiveness, which allows it to adapt quickly to changes in the level of activity.

Most of these savings are sustainable. Indeed, certain structural expenses (mainly external expenses and other operating expenses and income) should return to a normative level with the resumption of travel, missions, receptions, and in general prospecting expenses.

Positive impact of external growth on margins

The group targets external growth operations with higher margin levels than those of the group: Interface Tourism recorded turnover of € 16M and gross margin of more than € 8M in 2022, ie. a GM rate of more than 50%, compared to 35% for the Hopscotch group.

Innovations, to mitigate the balance of power with customers

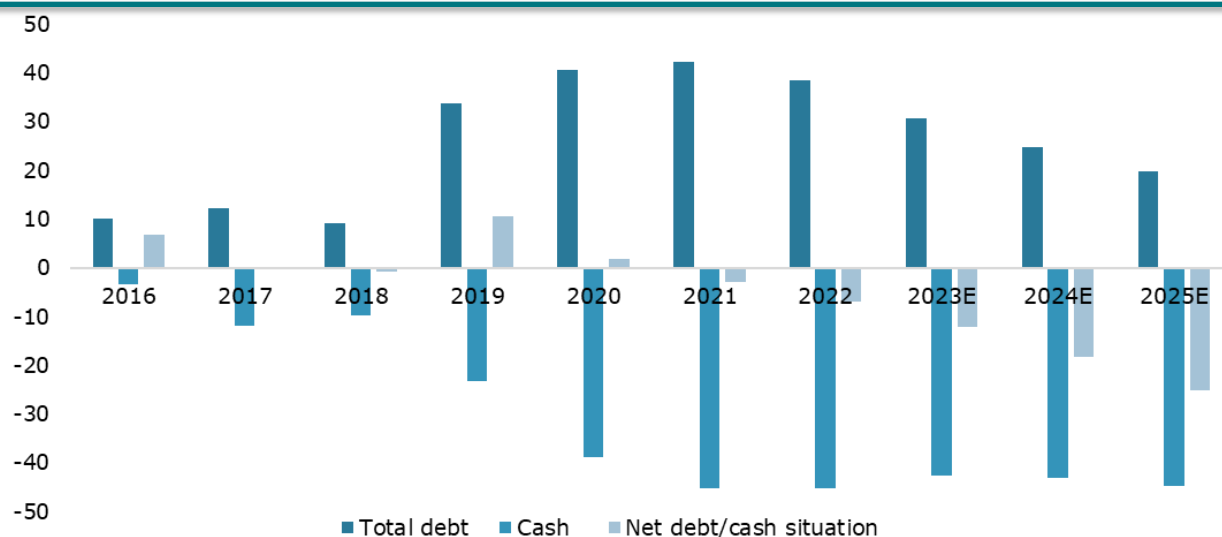
Clients have the power to drive prices down by bringing in competition and demanding the greatest transparency in costs from agencies. In addition, they are looking for an optimal return on investment. Thus, agencies' offers generally stand out for their prices, their creativity, and their ability to commit to specific ROI or KPI objectives, which have become key and differentiating.

Measuring effectiveness and influence is made possible thanks to the development of real measurement tools and methods. Concerning online campaigns, it is easier to measure the impact and thus determine the ROI.

7 Very healthy financial situation

The financial situation of the group is very solid. The group's activity generates significant cash flows and is characterized by low WCR and capex. The group thus has a cash reserve, which we believe could participate in financing acquisitions.

Net debt forecasts for the group (€M)



Source : Company history & IE Finance estimates

Capex

Capex is limited, mainly consisting of acquisitions of computer equipment.

Debt

The PGEs (total of € 17.2M at the end of June 2023) were not utilised and reimbursement began in 2022.

Dividends

After three years of interruption linked to the Covid crisis, the group decided to distribute a dividend of € 0.5 per share for the 2022 financial year (payout ratio of 24%).

8 Management & administrative bodies

The Management Committee is made up of six members:

- Frédéric Bedin, 59 years old, Chairman of the Management Board
- Benoît Desveaux, 60 years old, Managing Director
- Pierre-Franck Moley, 60 years old, Managing Director
- Valérie Bonnemet, Deputy General Director
- Marie de Beauregard, HR
- Diane Leray-Lemoine, General Secretary

Hopscotch has a Supervisory Board and a Management Board.

The Supervisory Board is made up of 6 members, 3 of whom are independent.

In particular, Mr. Pascal Chevalier has been a member of the supervisory board since February 25, 2021 and is also Chairman and CEO of Reworld Media, a major shareholder (29.1% held).

The Management Board is made up of 3 members who were all renewed by the Supervisory Board for a period of 6 years until June 13, 2028:

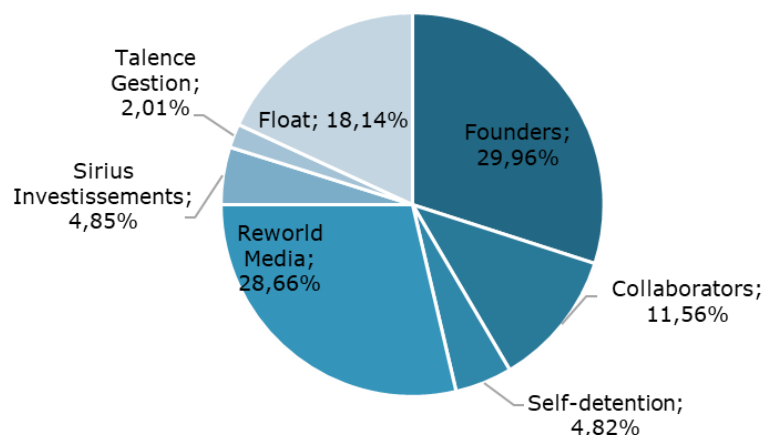
- Frédéric Bedin, Chairman of the Management Board
- Benoît Desveaux
- Pierre-Franck Moley

9 Ownership

At end of August 2023, the free float represented 18.14% of the group's share capital.

Having acquired a stake in Hopscotch in December 2020, Reworld Media has since strengthened its participation to 28.66% of shares.

Ownership at end of August 2023



Source : Company history & IE Finance

10 Our projected Financial Statements

Highlights of H1 2023 results

H1 2023 sales grew by +13% YoY and gross margin by +10%. GM was mainly driven by the Hopscotch sector (c. +12% YoY), while Sopexa was up around +3%. Half of the overall growth was linked to the consolidation of Hopscotch Sport (consolidated from H2 2022). At the business level, events grew by nearly +7%, notably driven by the buoyant Luxury sector. Consulting was up +3%.

Operating income came in at € 1.1M (vs. € 4.2M in H1 2022), mainly affected by (1) non-recurring charges of more than € 1M linked to the current external growth strategy and to prospects linked to major events planned for 2024, (2) a change in accounting method for certain expenses which penalizes the YoY comparison by approximately € 1.6M, (3) recurring expenses, linked to the organic growth policy and finally (4) an unfavourable basis of comparison (post-covid rebound of activities in 2022).

By sector, the operating profit was positive at +€ 3.6M for the Hopscotch scope in H1, and negative at -€ 2.5M for Sopexa over the period. Sopexa has a very marked seasonality, since the subsidiary carries out around 1/3 of its activity in H1, which leads it to make operational losses in H1, offset by a positive operating profit in H2.

Group's net financial position remains solid. The group continued to reimburse the (unused) State Granted Loan, the amount of which is now € 17.2M at the end of June 2023.

2023 and 2024 perspectives

- The group anticipates continued dynamism in H2 – the order book should be completed by the end of the year – and aims to maintain the same level of operating margin as last year, despite investments for growth and activity in 2024.
- Management also expressed confidence for 2024, which will be rich in major activities, in sports and with the Paris Motor Show among others.

Guidance

	Event	Revision	Details
2023			
04/05/2023	Q1 sales		The approach of the 2024 Olympics will lead to a progressive dynamic in the group's activities.
03/08/2023	H1 sales		X
27/09/2023	H1 results	H2 2023 prospects	Momentum will continue in H2
		2024 prospects	The group aims to maintain the same level of operating margin as last year 2024 will be rich in major activities, in sports and with the Paris Motor Show among others.
02/11/2023	Q3 sales	2023 prospects	Hopscotch expects to benefit from the same momentum over the full year The group's participation in the sporting events during the summer of 2024 will begin contributing to this momentum in H2 2023, but the main focus will remain on the FY2024.

Source : Company history & IE Finance

Our 2023E estimates

For 2023E, we estimate group's sales of € 267M (+8.3% YoY), with gross margin of € 93.2M and EBIT of € 8.9M, a level close to the € 9.0M published in 2022.

P&L estimates

We have not yet factored in the acquisition of Interface Tourism agencies, pending their finalization and the disclosure of the main aggregates and financing plan.

(€ M)	2021	2022	2023E	2024E	2025E
Sales	153.7	246.8	267.4	281.2	292.4
% YoY chg	26%	60.6%	8.3%	5.2%	4%
Gross Margin	67.1	86.4	93.2	98.2	102.8
Hopscotch	42.4	60.3	67.1	70.8	74
Sopexa	24.6	25.8	26.1	27.5	28.7
Consumed purchases	-87.8	-163.5	-175.9	-182.7	-190.1
% sales	57.1%	66.2%	65.8%	65%	65%
External charges	-10.3	-13.5	-16	-18	-18.4
% sales	6.7%	5.5%	6%	6.4%	6.3%
Personnal charges	-43	-55.4	-61.1	-64.4	-67
% sales	28%	22.4%	22.9%	22.9%	22.9%
Current operating income	6.8	9	8.9	10.1	10.9
% YoY chg	na	33.9%	-1.3%	12.6%	8.8%
% of gross margin	10.1%	10.5%	9.6%	10.2%	10.7%
Operating income	8.8	9.4	9.2	10.4	11.3
% YoY chg	na	6.6%	-1.2%	12.2%	8.5%
% of gross margin	13.1%	10.8%	9.9%	10.6%	11%
Other operating income & charges	2	0.3	0.3	0.3	0.3
Financial result	-1.6	-0.6	-0.6	-0.8	-0.8
Earnings before tax	7.2	8.7	8.6	9.6	10.5
Income tax	-2.2	-2.8	-2.3	-2.6	-2.8
Net income	4.7	6.1	6.3	7	7.6
% YoY chg	na	28.5%	4.6%	10.4%	9.2%
% of sales	3.1%	2.5%	2.4%	2.5%	2.6%
EPS (basic)	1.5	2.1	2.2	2.4	2.7
% YoY chg	na	38.7%	4.1%	10.4%	9.2%
Diluted EPS	1.5	2	2.1	2.3	2.5
% YoY chg	na	36.5%	3.4%	10.4%	9.2%

Source : Company history & IE Finance estimates

BS estimates

Balance Sheet (in €M)	2021	2022	2023E	2024E	2025E
ASSET					
Goodwill	15,8	19,0	20,0	21,0	22,0
Other Intangible Assets	0,1	0,1	0,1	0,1	0,1
Usage rights	9,4	6,7	5,2	5,2	5,2
Tangible Assets	1,6	1,5	1,7	1,7	1,7
Financial Assets			0,2		
Deferred tax assets	2,9	2,0	1,6	1,6	1,6
Other financial assets	2,7	3,1	3,3	3,3	3,3
Total non-current assets	32,5	32,5	32,1	32,9	33,9
Customer receivables	52,1	74,7	80,9	85,1	88,5
Other assets	14,5	23,7	25,7	27,1	28,1
Derivatives - assets	0,1	0,0	0,0	0,0	0,0
Cash assets	45,2	45,4	42,7	43,1	44,8
Total current assets	112,0	143,8	149,3	155,2	161,5
Assets classified as held for sale	1,1				
	144,5	176,3	181,4	188,1	195,4
EQUITY AND LIABILITIES					
Equity	2,0	2,0	2,1	2,1	2,1
Issuance premiums	6,5	6,5	6,5	6,5	6,5
Reserves	1,9	5,8	11,4	17,7	24,7
Treasury securities					
Results	4,0	5,6	6,3	7,0	7,6
Amounts recognized directly in equity in respect of	14,4	19,9			
Non-controlling interests	7,8	8,1	7,1	7,1	7,1
Total equity	22,3	28,0	33,4	40,4	48,1
Loans and financial debt	21,9	21,1	16,1	11,1	6,1
Rental debts	7,3	3,9	0,9	0,0	0,0
Provisions	7,7	8,1	8,2	8,2	8,2
Deferred tax liabilities	0,0				
Other liabilities					
Total non-current liabilities	36,9	33,1	25,2	19,3	14,3
Payables	32,4	43,5	47,1	49,6	51,5
Derivative instruments – Liabilities	0,0	0,1	0,2	0,2	0,2
Loans and financial debts	9,3	9,5	9,9	9,9	9,9
Rental debts	3,8	3,9	3,7	3,7	3,7
Current tax liabilities	0,6	0,5	0,1	0,1	0,1
Provisions	1,3	0,7	0,2	0,2	0,2
Other liabilities	37,9	56,9	61,6	64,8	67,4
Total current liabilities	85,3	115,2	122,9	128,5	133,0
Liabilities directly related to assets classified as held for sale					
Total equity and liabilities	144,5	176,3	181,4	188,1	195,4

Source : Company history & IE Finance estimates

Cash-Flow Statement estimates

<i>Cash-Flow Statement (in €M)</i>	2021	2022	2023E	2024E	2025E
Net result for the year	4,7	6,1	6,3	7,0	7,6
Result of discontinued activities	0,2	(0,1)	(0,0)	0,0	0,0
Total tax expense (product)	2,2	2,8	2,3	2,6	2,8
Amortization and provisions	(0,8)	4,3	0,9	0,9	0,9
FCF	7,8	13,6	9,5	10,5	11,3
Variations in working capital requirements	2,3	(2,6)	0,2	0,1	0,1
Cash generated from operations	10,1	11,1	9,7	10,6	11,4
Interest paid	0,5	0,6			
Income taxes paid	(0,7)	(2,8)	(2,3)	(2,6)	(2,8)
Net cash generated by operating activities	9,9	8,9	7,3	8,0	8,6
Acquisition of financial assets	(0,5)		(0,5)	(0,5)	(0,5)
Variation in loans and advances granted	(0,1)	(0,5)			
Payments under tangible and intangible assets	(0,4)	(0,6)	(0,5)	(0,5)	(0,5)
Net cash from investing activities	(1,0)	0,1	(1,0)	(1,0)	(1,0)
Repurchases and resales of own shares	(0,1)	(1,2)			
Collection from borrowings	5,0				
Repayment of loans and financial debts	(3,2)	(3,7)	(5,0)	(5,0)	(5,0)
Repayment of rental debts	(3,7)	(3,8)	(3,0)	(0,9)	
Net financial interest paid	(0,5)	(0,6)			
Dividends paid	(0,1)	(0,2)	(1,3)		
Net cash from financing activities	(2,7)	(9,6)	(8,0)	(6,6)	(5,9)
Net increase in cash and cash equivalents	6,2	(0,6)	(1,7)	0,4	1,7

Source : Company history & IE Finance estimates

11 Valuation: target price at € 29.1 - Strong Buy Opinion

Our price target of € 29.1 results from an average between two valuation methodologies: DCF and listed peers valuation multiples.

The upside potential is significant at 102%. We initiate coverage of the stock at Strong Buy.

Fair value of shares (EUR)	Poids	€
DCF	50%	26,5
Comparables	50%	31,7
Price objective		29,1
Last price		14,40
Upside / Downside potential		102%

Source : In Extenso Finance estimates

DCF method yields € 26.5 per share

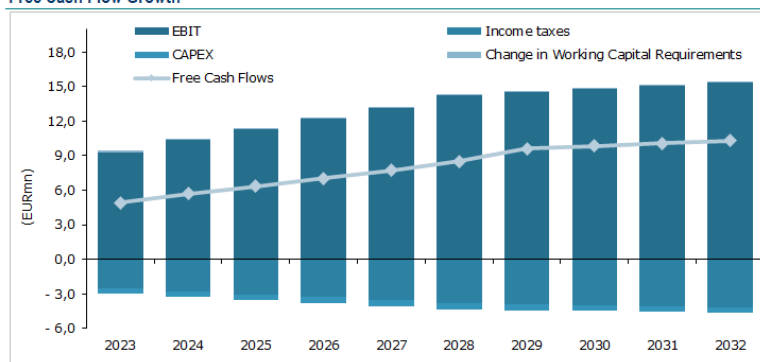
Our assumptions are detailed in the table below.

Discounted Cash Flow	Fair Value: 26,5 €						Upside: +84%						2022-2032E
	12/22	12/23	12/24	12/25	12/26	12/27	12/28	12/29	12/30	12/31	12/32	CAGR	
Free Cash Flows (31/12, €M)													
Sales	247	267	281	292	304	316	329	335	342	349	356	+3,7%	
% change		+8,3%	+5,2%	+4,0%	+4,0%	+4,0%	+4,0%	+2,0%	+2,0%	+2,0%	+2,0%		
EBIT	9,4	9,2	10,4	11,3	12,2	13,2	14,2	14,5	14,8	15,1	15,4	+5,1%	
% Margin	3,8%	3,5%	3,7%	3,9%	4,0%	4,2%	4,3%	4,3%	4,3%	4,3%	4,3%		
Tax Rate(%)	31,7%	27,0%	27,0%	27,0%	27,0%	27,0%	27,0%	27,0%	27,0%	27,0%	27,0%		
Depreciation and Amortisation	(1,5)	(1,5)	(1,5)	(1,5)	(1,5)	(1,5)	(1,5)	(0,5)	(0,5)	(0,5)	(0,5)		
As % of Sales	-0,6%	-0,6%	-0,5%	-0,5%	-0,5%	-0,5%	-0,4%	-0,1%	-0,1%	-0,1%	-0,1%		
CAPEX	0,0	(0,5)	(0,5)	(0,5)	(0,5)	(0,5)	(0,5)	(0,5)	(0,5)	(0,5)	(0,5)		
As % of Sales	0,0%	0,2%	0,2%	0,2%	0,2%	0,2%	0,2%	0,1%	0,1%	0,1%	0,1%		
Working Capital Requirements	-2,0	-2,1	-2,2	-2,3	-2,4	-2,5	-2,6	-2,7	-2,7	-2,8	-2,8	+3,7%	
As % of Sales	-0,8%	-0,8%	-0,8%	-0,8%	-0,8%	-0,8%	-0,8%	-0,8%	-0,8%	-0,8%	-0,8%		
Change in Working Capital Requirements		0,2	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1		
Free Cash Flows		5	6	6	7	8	8	10	10	10	10		
Present Value Of Free Cash Flow (EURmn)												Terminal Value	
Free Cash Flow		5	6	6	7	8	8	10	10	10	10	90	
% Chg			+16%	+11%	+11%	+10%	+10%	+13%	+2%	+2%	+2%		
Target WACC		13,8%	13,8%	13,8%	13,8%	13,8%	13,8%	13,8%	13,8%	13,8%	13,8%		
Period		0,08	1,08	2,08	3,08	4,08	5,08	6,08	7,08	8,08	9,08	9,08	
Present Value Factor		0,99	0,87	0,76	0,67	0,59	0,52	0,46	0,40	0,35	0,31	0,31	
Present Value of FCF		4,9	5,0	4,8	4,7	4,6	4,4	4,4	3,9	3,5	3,2	27,8	
WACC		13,8%											
Target Debt/Equity		0,0%											
Average Tax Rate		27,0%											
Cost of Debt		2,6%											
Risk Free Rate		3,5%											
Beta		1,09											
Equity Risk Premium		6,5%											
Small caps premium		3,2%											
Cost of Equity		13,8%											
Terminal value FCF growth		+2,1%											
Fair Value (EUR)													
Enterprise Value (EURM)		71,2											
+ Financial assets		3,3											
- Net Debt (Cash) at year-end		-6,9											
- Provisions		8,2											
- Minorities		3,3											
Equity Value (EURM)		69,9											
Nb of shares outstanding		2,64											
Fair Value (EUR)		26,5											
Current Share Price		14,4											
Upside/Downside (%)		+84%											

Source : In Extenso Finance estimates

Sensitivity analysis (EUR)		Terminal Value Growth Rate							
		1,8%	1,9%	2,0%	2,1%	2,2%	2,3%	2,4%	2,5%
WACC	12,3%	30,1	30,2	30,4	30,5	30,7	30,8	31,0	31,1
	12,8%	28,7	28,8	28,9	29,0	29,2	29,3	29,4	29,6
	13,3%	27,4	27,5	27,6	27,7	27,8	27,9	28,0	28,2
	13,8%	26,2	26,3	26,4	26,5	26,6	26,7	26,8	26,9
	14,3%	25,1	25,2	25,3	25,3	25,4	25,5	25,6	25,7
	14,8%	24,1	24,1	24,2	24,3	24,4	24,5	24,5	24,6

Free Cash Flow Growth



Peer comparison method gives share price valuation of € 31.7

Applying average multiples of a sample of stock market comparables to group's main aggregates allows us to calculate a share price valuation range of €25.7-36.8, and on average a price per share of €31.7.

We composed two samples of stock market comparables: a "SMALL" group made up of companies whose market capitalization is < €1 billion, and a "LARGE" group for market capitalizations above this threshold.

We applied only the multiples of the "SMALL" sample to our core estimates for the Hopscotch group. However, we also present the multiples of the "LARGE" sample, for comparison.

	EBITDA	EBITDA	EBIT	EBIT	RN	RN
	Cal 2024	Cal 2025	Cal 2024	Cal 2025	Cal 2024	Cal 2025
Hopscotch aggregates	14,8	15,7	10,1	10,9	7,0	7,6
<u>Retained comparables multiples (x)</u>	EV/EBITDA	EV/EBITDA	EV/EBIT	EV/EBIT	PE	PE
Group SMALL - Digital marketing & advertising agencies	6,3	5,3	8,2	8,1	10,5	8,9
Induced fair value of equity	97	87	86	92	74	68
Per share :	36,8	32,8	32,5	34,9	27,8	25,7
Fair value of shares (EUR)	31,7 €					
# shares ('000)	2 643					
Last price	14,4 €					
Upside / downside potential %	120%					

	Multiples boursiers (x)	Mcap	EV/CA			EV/EBITDA			EV/EBIT			PE		
			FY1	FY2	FY3	FY1	FY2	FY3	FY1	FY2	FY3	FY1	FY2	FY3
SMALL	Obiz	34	0,4	0,3	0,2	10,5	5,7	4,6	23,6	9,5	7,1	43,4	18,2	12,9
	Bilendi	50	0,9	0,8	0,8	5,5	4,5	3,8	11,8	8,1	6,3	25,7	12,2	7,8
	HighCo	91	0,4	0,4	0,4	2,8	2,9	2,9	3,7	3,8	3,7	9,3	9,4	9,3
	ISPD Network	54	0,4	0,4	0,3	6,3	5,0		8,3	6,3	4,9	17,3	8,1	6,3
	Ad Pepper Media Group	47	1,3	1,3	1,1		20,6	12,5			21,8			
	Solocal	11	0,7	0,7	0,6	3,8	3,8	3,2	19,4	15,5	9,3			16,0
	Reworld	183	0,6	0,6	0,6	5,6	4,7	4,2	6,3	5,5	4,9			3,6
	Next 15 Group	693	1,3	1,3	1,2	5,8	5,4	5,0	6,4	5,9	5,5	20,7	14,3	12,4
	Advantage Solutions	779	0,6	0,6	0,6	6,6	6,3	6,2	9,7	8,2	8,0		9,8	8,8
	Stagewell A	552	1,1	1,0	0,9	6,8	5,8	5,6	17,5	11,0	11,0	30,7	10,1	10,2
	S4 Capital	408	0,6	0,6	0,5	5,4	4,3	3,5	6,0	5,0	4,3	8,5	6,1	4,5
	GL Events SA	506	1,2	1,1	1,1	7,4	6,6	6,3	12,7	10,8	10,0	8,0	6,4	5,9
LARGE	4imprint	1 428	1,3	1,2	1,1	13,1	12,0	11,0	13,8	12,6	11,7	18,6	17,1	15,8
	Publicis	17 971	1,6	1,5	1,5	7,1	6,8	6,6	8,8	8,6	8,1	11,5	10,8	10,2
	Vivendi	8 759	1,1	1,0	1,1	9,1	8,0	8,2	13,5	11,4	10,6	13,1	10,8	10,1
	WPP	7 988	1,2	1,2	1,1	6,7	6,7	6,3	8,1	7,9	7,4	8,0	7,7	7,2
	Interpublic	11 398	1,5	1,5	1,4	8,3	8,1	7,7	9,7	9,4	9,0	10,5	10,4	9,9
	Omnicom	15 370	1,4	1,3	1,3	8,5	8,0	7,6	9,1	8,6	8,3	10,5	10,0	9,5
	Moyenne - SMALL			0,7	0,7	6,0	6,3	5,3	11,4	8,2	8,1	20,4	10,5	8,9
Moyenne - LARGE			1,3	1,2	8,8	8,3	7,9	10,5	9,8	9,2	12,0	11,1	10,5	
Moyenne - ALL			0,9	0,9	7,0	7,0	6,2	11,1	8,7	8,4	16,8	10,8	9,4	
Médiane - ALL			1,0	1,0	6,7	6,1	6,2	9,7	8,6	8,1	12,3	10,1	9,5	

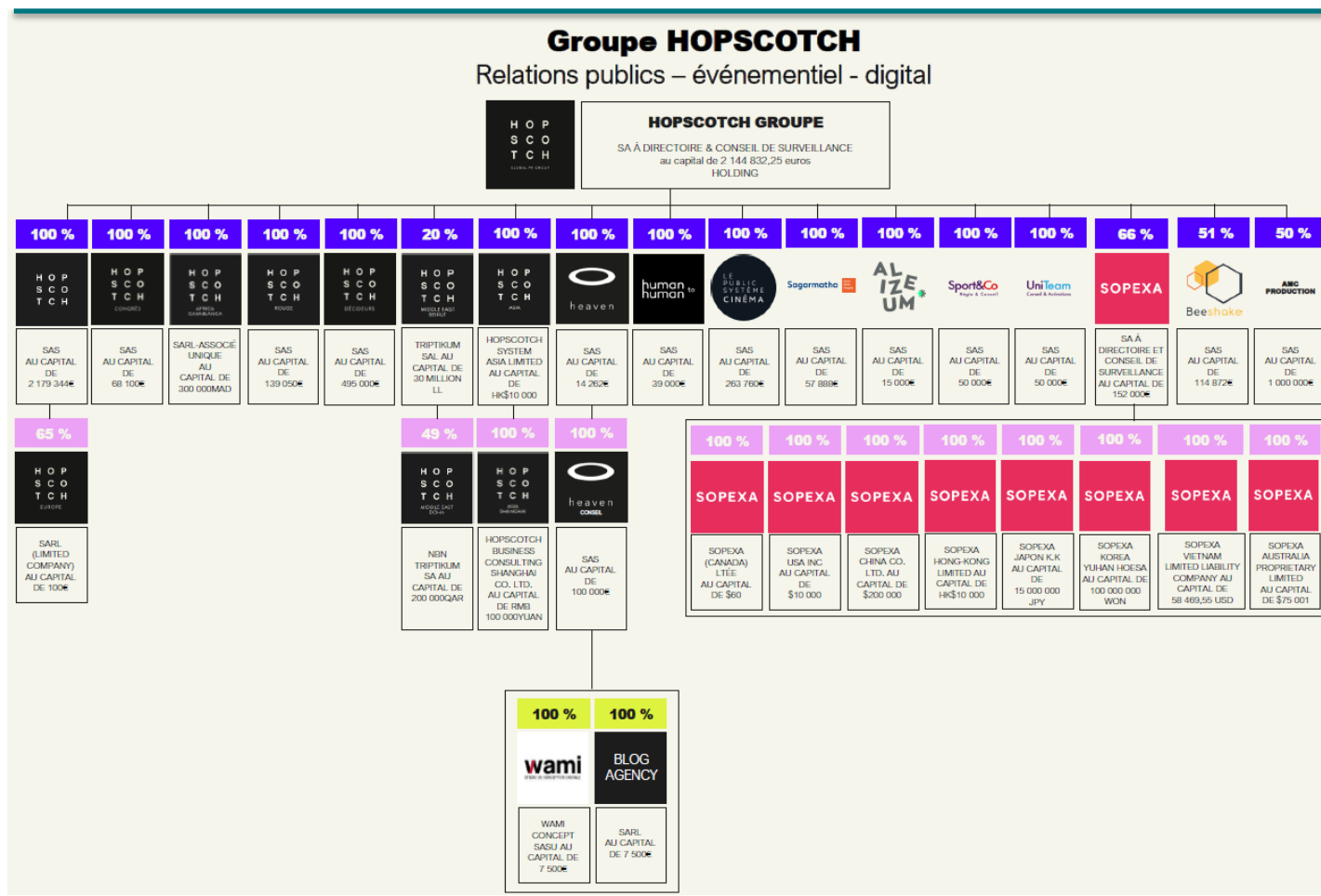
Marketing digital et agences de publicité	Sales	Sales	Sales	EBITDA	EBITDA	EBITDA	EBIT	EBIT	EBIT	RN	RN	RN
	FY1	FY2	FY3	FY1	FY2	FY3	FY1	FY2	FY3	FY1	FY2	FY3
	% var YoY	% var YoY	% var YoY	Marge	Marge	Marge	Marge	Marge	Marge	Marge	Marge	Marge
Obiz	101%	39%	9%	3%	4%	5%	1%	3%	3%	1%	2%	2%
Bilendi	2%	7%	8%	16%	19%	20%	8%	10%	12%	3%	6%	9%
HighCo	-2%	-1%	1%	14%	14%	14%	11%	11%	11%	7%	7%	7%
ISPD Network	24%	11%	9%	7%	8%	0%	5%	6%	7%	2%	5%	5%
Ad Pepper Media Group	-9%	5%	10%	2%	6%	9%	-3%	2%	5%	-3%	0%	2%
Solocal	-11%	-1%	5%	18%	18%	20%	3%	4%	7%	-3%	-2%	0%
Reworld	9%	2%	3%	11%	13%	14%	10%	11%	12%	6%	8%	9%
Next 15 Group	-19%	6%	6%	23%	24%	24%	21%	21%	22%	6%	8%	8%
Advantage Solutions	6%	2%	2%	9%	10%	10%	6%	7%	7%	0%	2%	2%
Stagewell A	-5%	10%	5%	15%	17%	16%	6%	9%	8%	1%	2%	2%
S4 Capital	-8%	5%	11%	11%	13%	15%	10%	11%	12%	5%	7%	8%
GL Events SA	8%	7%	3%	16%	17%	18%	10%	11%	11%	4%	5%	6%
4imprint	15%	10%	9%	10%	10%	10%	9%	9%	9%	7%	7%	7%
Publicis	-8%	4%	4%	22%	22%	22%	18%	18%	18%	12%	12%	12%
Vivendi	2%	11%	-6%	13%	13%	13%	9%	9%	10%	7%	7%	8%
WPP	-18%	2%	3%	18%	18%	18%	15%	15%	15%	8%	9%	9%
Interpublic	-13%	3%	7%	18%	19%	18%	16%	16%	15%	12%	11%	11%
Omnicom	2%	4%	4%	16%	17%	17%	15%	15%	15%	10%	10%	10%
Moyenne - SMALL	6%	8%	6%	14%	14%	14%	8%	9%	10%	3%	4%	5%
Moyenne - LARGE	-3%	6%	3%	16%	16%	16%	14%	14%	14%	9%	9%	10%
Moyenne - ALL	3%	7%	5%	14%	14%	15%	10%	11%	11%	5%	6%	7%

Marketing digital et agences de publici	Market cap (last)	Sales	Sales	Sales	EBITDA	EBITDA	EBITDA	EBIT	EBIT	EBIT	RN	RN	RN	
		(M)	FY1	FY2	FY3	FY1	FY2	FY3	FY1	FY2	FY3	FY1	FY2	FY3
France	Obiz	34	80	111	121	3	5	6	1	3	4	1	2	3
France	Bilendi	50	63	67	72	10	13	15	5	7	9	2	4	6
France	HighCo	91	144	142	143	21	20	20	16	16	16	10	10	10
Espagne	ISPD Network	54	131	146	159	9	11		7	9	11	3	7	9
UK	XLM Media	19	46			13			7			6		
Allemagne	Ad Pepper Media Group	47	23	24	26	0	1	2	(1)	0	1	(1)	(0)	0
France	Solocal	11	357	354	371	63	63	74	12	15	26	(10)	(7)	1
France	Reworld	183	551	564	580	63	74	83	56	64	72	33	43	50
UK	Mission Group	11												
UK	Next 15 Group	693	583	617	656	136	145	158	123	132	143	33	48	56
US	Advantage Solutions	779	4 301	4 389	4 463	404	424	432	278	325	335	9	79	89
US	Stagewell A	552	2 565	2 818	2 963	397	467	483	154	245	244	18	55	54
UK	S4 Capital	408	989	1 035	1 146	109	137	167	98	119	138	48	67	91
France	GL Events SA	506	1 419	1 514	1 552	233	263	275	136	160	173	63	79	86
UK	4imprint	1 428	1 061	1 164	1 265	106	115	125	100	109	118	77	84	90
France	Publicis	17 971	13 092	13 644	14 128	2 897	3 018	3 132	2 353	2 408	2 537	1 565	1 667	1 755
France	Vivendi	8 759	9 834	10 949	10 291	1 245	1 406	1 379	836	987	1 069	668	810	869
UK	WPP	7 988	11 870	12 088	12 404	2 112	2 137	2 243	1 749	1 809	1 917	1 001	1 042	1 116
US	Interpublic	11 398	9 469	9 715	10 440	1 751	1 802	1 896	1 500	1 546	1 615	1 091	1 096	1 151
US	Omnicom	15 370	14 622	15 149	15 721	2 377	2 513	2 631	2 203	2 326	2 431	1 462	1 532	1 614

Source : Factset & IE Finance estimates

12 Appendices

Legal organisation chart of the group (31/12/2022)



Source : Company history

The competitive environment

Hopscotch operates in a very competitive landscape, made up of players of very diverse sizes, from large international communications groups to small specialized local agencies.

The communication and marketing market is constantly evolving, mainly thanks to new technologies, allowing new players to constantly emerge.

In addition, the Covid-19 crisis also had a strong impact on the competitive ecosystem, leading to significant changes in scope among the various players.

This competitive pressure is expressed through increasingly numerous calls for tender.

Alongside large and international groups (Publicis, Havas, WPP, Omnicom, Interpublic or Dentsu) and a few large independent players (such as Hopscotch), a myriad of small specialised agencies operate on the market. France was home to more than 7,300 agencies in 2021.

However, not all agencies are in direct competition. Competitive relationships between agencies depend on their positioning but also on their size. Large integrated agencies, with a global offer, compete on price within the framework of calls for tender, in which they must distinguish themselves by the prices and the creative aspect of the project to win multi-year communication budgets of major advertisers.

The smaller "pure-player" agencies essentially compete to win shorter term contracts covering a specific client need (such as redesign of a website, design of a logo, implementation of a CRM tool, etc.). These agencies, independent and specialized, therefore face very little competition with the majors and their subsidiaries (and sometimes act as subcontractors on their behalf).

Acquisitions of agencies by large groups are explained more by the need to refine their offer and benefit from the expertise of specialized players than by the simple acquisition of a competitor.

Competition from the digital sector

An increasingly large share of communication spending is dedicated to digital marketing (e-mailing, internet display, social networks, etc.) and digital giants (Google, Facebook), tech companies (artificial intelligence) and digital players (ESN: IBM, Accenture, etc.) are diversifying into marketing, capturing a share of clients' communication expenses.

The sector's historic transactional multiples

In recent years, transactional multiples in the communication sector show on average the following valuation multiples:

- 11.3x EV/EBITDA
- 10.6 x EV/EBIT
- 15.4x P/E

Communication sector transactional multiples

Announced Date	Acquirer	Target	Target Industry	Equity Value (K€)	Enterprise Value (K€)	Sales (K€)	EV/sales	EV/EBITDA	EV/EBIT	P/E
9/20/2022	Private Group led by the Managem Group	Pozeo	Business Services; Media - Communication	24 095	25 034	30 000	0,8 x	9,1 x		
3/23/2022	Private Group led by Meanings Capi	Synolia	IT Services; Media - Communication	23 006	21 006	10 524	2,0 x	14,5 x	15,9 x	24,1 x
3/5/2021	Technology Everywhere	Appsolute	Media - Communication	449	471	1 227	0,4 x	n.s.	n.s.	n.s.
6/6/2020	European Digital Group (EDG)	Ad's up	Media - Communication	31 500	30 381	8 500	3,6 x	11,9 x		14,7 x
10/25/2019	Private Group led by Momentum Inv	Eskimoz (Groupe Y)	Internet; Media - Communication	17 681	16 800	10 000	1,7 x		10,5 x	
10/11/2019	Accenture	Sutter Mills Group	Media - Communication	19 700	19 119	5 947	3,2 x	n.s.	n.s.	
7/31/2019	Tessi	ADM Value	Business Services; Media - Communication	114 001	110 001				11,5 x	
12/20/2018	Publicis Groupe	Soft Computing	IT Services; Media - Communication	53 159	44 078	40 543	1,1 x	12,9 x	13,6 x	23,6 x
9/24/2018	Private Group led by Ardian	Clever Age	Media - Communication	16 263	16 000	17 810	0,9 x	5,3 x	5,5 x	6,3 x
9/13/2018	Lonsdale	Unédite	Media - Communication	1 549	1 549	2 467	0,6 x			5,5 x
3/8/2018	Consort NT	Estia Groupe	IT Services; Media - Communication	15 761	15 641	10 841	1,4 x		7,4 x	
2/5/2018	Altavia	Disko	Media - Communication	6 632	5 161	7 338	0,7 x	10,4 x	12,1 x	21,2 x
1/15/2018	Private Group Led by Qualium Invest	Labelium	Media - Communication	140 928	145 000	22 000	6,6 x	13,2 x		
10/4/2017	Webedia	Uptilab	Media - Communication	8 500	8 500	2 789	3,1 x			30,4 x
9/18/2017	Peopletopeople Group	Widoobiz	Internet; Media - Communication	1 500	1 745	813	2,2 x	n.s.	n.s.	n.s.
6/12/2017	Netbooster	Artefact	Media - Communication	13 672	13 672	4 900	2,8 x	22,7 x		
4/13/2017	Docapost	Ametix	IT Services; Media - Communication	22 772	22 470	14 000	1,6 x	11,2 x	11,2 x	11,4 x
11/9/2016	Maltem Consulting Group	Frianbiz	Media - Communication	2 264	1 996	840	2,4 x	7,3 x	7,5 x	12,1 x
8/31/2016	Groupe Open	La Netscouade	Media - Communication	4 000	4 251	4 230	1,0 x	n.s.	n.s.	n.s.
1/27/2016	You & Mr Jones	Fifty-five (55)	Media - Communication	34 104	27 708	20 000	1,4 x			
12/30/2015	Series B round led by CM-CIC Capit	Brainsonic	Media - Communication	11 261	11 043	10 731	1,0 x	n.s.	n.s.	
12/23/2015	SoLocal Group	Effilab	Media - Communication	5 000	5 000	2 107	2,4 x			5,2 x
9/24/2015	Havas	Fullsix	Media - Communication	45 870	70 000	70 000	1,0 x	8,6 x		
7/16/2015	Private Group led by Capital Croiss	Altima	Media - Communication	20 680	20 000	18 200	1,1 x	8,0 x		
3/24/2015	Private group led by the Managem	Makazi's Data Mark	Media - Communication	2 800	2 800					

NB:

EV (Enterprise Value) and EqV (Equity Value) are before earn out.

n.s.: transaction multiples which could be calculated but are not significant

SD: Standard Deviation

	Nb	23	12	9	10
Median		1,4 x	10,8 x	11,2 x	13,4 x
Average		1,9 x	11,3 x	10,6 x	15,4 x
Min.		0,4 x	5,3 x	5,5 x	5,2 x
Max.		6,6 x	22,7 x	15,9 x	30,4 x
SD		1,4 x	4,5 x	3,3 x	8,9 x

Source: Epsilon Research / EMAT

Important disclosures

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In Extenso Finance stock market recommendations reflect the absolute change expected in the share price from a six to twelve-months perspective (in local currencies).

1. Strong Buy	The absolute share price performance is expected to be at least +25 %
2. Buy	The absolute share price performance is expected to be comprised between +10 % and +25 %
3. Neutral	The absolute share price performance is expected to be comprised between +10 % and -10 %
4. Sell	The absolute share price performance is expected to be comprised between -10 % and -25 %
5. Strong Sell	The absolute share price performance is expected to be at least -25 %

Details of valuation methods used by In Extenso Finance in target price calculations are available at https://finance.inextenso.fr/wp-content/uploads/2022/11/Methodologie_Valo_Analyse_Fin_IEFM.pdf

Detection of potential conflicts of interest

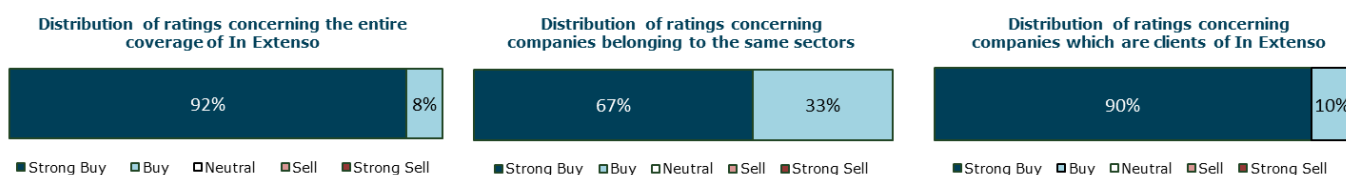
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No	No	No	No	Yes	No	No

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Rating and target price evolution throughout the last 12 months

Date	Rating	Target price
November 7 th 2023	Coverage Initiation Strong Buy	€ 29.1

Ratings distribution



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