eVISO

Sector: Technology

Intelligent Commodities Reloaded

BUY
Unchanged

TP 4.5
From 3.5

Target price upside: 107%

Change in EPS est.	FY22E	FY23E
	0.0%	0.0%

eVISO has developed a proprietary AI platform and data driven approach, successfully deployed and stress-tested in different commodity markets. In this report we have built a detailed top-down framework to assess how much value eVISO can extract from the existing four businesses. We estimate that the group could reach an EBITDA of Eu36mn at full steam (2034?), which is >10x the Eu3.3mn posted in 2021, with an implied 2021-34E CAGR of 20%. These numbers have an additional strong upside potential from new sub-segments and commodities. We increase our TP from Eu3.5 to Eu4.5 (>100% upside), combining a multiples-based valuation (Eu3.5, 70% weight) with a DCF based on our long-term framework (Eu7.0, 30% weight). We believe that the long-term potential of the group, analysed in this report, commands a strong multiple re-rating

- **A proprietary AI platform and data driven approach successfully deployed in different commodity markets.** eVISO has developed in-house a proprietary Artificial Intelligence platform for commodity markets with physical delivery. It is able to automatically collect, cluster and analyze Big Data and to elaborate forecasts to be applied to both demand and supply, optimizing volumes and pricing. The group implements a structured approach to create value when addressing new markets: 1) Analysis of potential inefficiencies; 2) Elaboration of solutions; 3) Testing and enlargement of the customer base; 4) Value maximization. eVISO has successfully deployed its platform in three segments of the regulated, complex and competitive Italian energy market. The business model has been stress-tested in extreme scenarios during 2020 and 2021. Expansion is ongoing in agri-commodities (apples). We highlight that, while we see different players with an AI, data driven, digital approach in many retail markets, we struggle to find competitors with a similar approach in the space of commodities.
- **eVISO's complexity can be simple: focus on volumes and gross margin per unit sold.** Understanding eVISO could seem very complex. It implies familiarity with AI, Bid Data, different (and sometimes regulated) reference markets. However, we believe that investors should be encouraged: eVISO can be very simple. In each business, the group links demand and offer of commodities and generates a gross margin per intermediated unit. A simple but effective way to look at eVISO is to focus on two main KPIs: intermediated volumes (growing over time) and gross margin per unit (relatively stable in each business and dependent on the specific implemented business model). Disclosure is provided by the group on these KPIs. We also believe that focusing on the evolution of the top line and profitability as a % of sales can be misleading. It is more interesting to look at EBITDA as % of the gross margin rather than as % of sales.
- **Assessing the M/L term potential in the existing businesses.** How much value can eVISO extract from the existing four main businesses? In this report, we have built a detailed top-down framework to assess the potential Gross Margin and EBITDA that eVISO could generate from them. This is based on the quantification of the reference and served markets, the potential market shares in terms of volumes and the evolution of Gross Margins per unit sold. We estimate that the group could reach a Gross Margin of Eu52mn at full steam (2034?) and an EBITDA of Eu36mn (>10x the Eu3.3mn posted in 2021), with an implied 2021-34E CAGR of 20%.
- **Buy confirmed. TP to Eu4.5 from Eu3.5 (>100% upside).** We combine our previous multiples-based valuation (Eu3.5, 70% weight) with a DCF based on the long-term framework (Eu7.0, 30% weight). Our new TP implies a triple digit valuation upside. At 6.1x CY2023 EV/EBITDA, eVISO is trading at >40% discount versus other Italian technological stocks. We believe that the long-term potential of the group commands a strong multiple re-rating.
- **A dynamic framework with several upsides.** Our top-down framework will not be static, but it will be updated according to business developments, evolution of the reference and served markets, and the competitive landscape. We see significant upside / downside risks. However, taking into account the ambition of the group and the historical track record of delivery, we believe that risks are skewed to the upside. In particular, we see a strong potential from expansion in new sub-segments and commodities. Many ventures are already under analysis or testing. In addition, we feel that the addressed market in the direct sale of electricity could be larger than we estimate.

Ticker (BBG, Reut)	EVS IM	EVS MI
Share price Ord. (Eu)		2.2
N. of Ord. shares (mn)		24.7
Total N. of shares (mn)		24.7
Market cap (Eu mn)		54
Total Market Cap (EU mn)		54
Free Float Ord. (%)		21%
Free Float Ord. (Eu mn)		11
Daily AVG liquidity Ord. (Eu k)		82

	1M	3M	12M
Absolute Perf.	-7%	-9.3%	0.0%
Rel.to FTSEMidCap	-4%	-3.1%	3.3%
52 weeks range		2.1	3.0

	FY21A	FY22E	FY23E
Sales	77	191	241
EBITDA adj.	3.3	4.8	5.9
Net profit adj.	1.3	2.6	3.3
EPS adj.	0.060	0.107	0.135
DPS - Ord.	0.016	0.025	0.033
EV/EBITDA adj.	14.4x	9.9x	7.3x
P/E adj.	42.4x	20.6x	16.3x
Dividend yield	0.7%	1.1%	1.5%
FCF yield	-0.5%	-0.4%	9.4%
Net debt/(Net cash)	(7.5)	(6.8)	(11.3)
Net debt/EBITDA	nm	nm	nm

Head of Research
Giuseppe Marsella
giuseppe.marsella@alantra.com
+39 02 63 671 620

Marco Costantini
marco.costantini@alantra.com
+39 02 63 671 614

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Financial Summary (FY ends on 30/06)

P&L account (Eu mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Total Revenues	48.6	76.7	191.4	240.5	228.5
Gross Margin	4.9	6.0	8.9	10.5	12.4
EBITDA reported	2.3	3.3	4.8	5.9	8.1
D&A	(0.7)	(1.2)	(1.9)	(2.1)	(2.1)
EBIT reported	1.7	2.1	2.9	3.8	5.0
Net financial charges	(0.1)	(0.4)	(0.1)	(0.0)	(0.0)
Associates	0.0	0.0	0.0	0.0	0.0
Extraordinary items	0.0	0.0	0.0	0.0	0.0
Pre-tax profit	1.6	1.8	2.8	3.7	4.9
Taxes	(0.4)	(0.4)	(0.7)	(1.0)	(1.4)
Minorities	0.0	0.0	0.0	0.0	(1.4)
Discontinued activities	0.0	0.0	0.0	0.0	0.0
Net profit reported	1.2	1.3	2.0	2.7	3.6
EBITDA adjusted	**2.3**	**3.3**	**4.8**	**5.9**	**7.1**
EBIT adjusted	**1.7**	**2.1**	**3.5**	**4.4**	**5.5**
Net profit adjusted	**1.2**	**1.3**	**2.6**	**3.3**	**4.2**

Margins (%)	FY20A	FY21A	FY22E	FY23E	FY24E
Gross margin	10.0%	7.8%	4.6%	4.4%	5.4%
EBITDA margin (adj)	4.8%	4.3%	2.5%	2.4%	3.1%
EBIT margin (adj)	3.4%	2.8%	1.8%	1.8%	2.4%
Pre-tax margin	3.2%	2.3%	1.4%	1.6%	2.1%
Net profit margin (adj)	2.4%	1.7%	1.4%	1.4%	1.8%

Growth rates (%)	FY20A	FY21A	FY22E	FY23E	FY24E
Sales	12.8%	57.9%	149.5%	25.7%	-5.0%
EBITDA	11.8%	41.4%	43.3%	23.6%	37.2%
EBITDA adjusted	11.8%	41.4%	43.3%	23.6%	20.2%
EBIT	13.1%	27.4%	35.3%	32.3%	30.9%
EBIT adjusted	13.1%	27.4%	63.4%	26.8%	26.7%
Pre-tax	11.4%	13.0%	57.0%	35.6%	31.2%
Net profit	10.2%	14.8%	53.5%	34.1%	30.3%
Net profit adjusted	10.2%	14.8%	98.2%	26.4%	24.9%

Per share data	FY20A	FY21A	FY22E	FY23E	FY24E
Shares	20.000	24.571	24.662	24.662	24.662
N. of shares AVG	20.000	22.286	24.662	24.662	24.662
N. of shares diluted AVG	10.000	22.286	24.662	24.662	24.662
EPS	**0.058**	**0.060**	**0.083**	**0.111**	**0.144**
EPS adjusted	**0.058**	**0.060**	**0.107**	**0.135**	**0.168**
DPS - Ord.	**0.017**	**0.016**	**0.025**	**0.033**	**0.043**
DPS - Sav.	0.000	0.000	0.000	0.000	0.000
BVPS	0.147	0.887	0.868	0.954	1.064

Enterprise value (Eu mn	FY20A	FY21A	FY22E	FY23E	FY24E
Share price Ord. (Eu)		2.3	2.2	2.2	2.2
Market cap	na	56.2	54.3	54.3	54.3
Net debt/(Net cash)	(0.0)	(7.5)	(6.8)	(11.3)	(18.4)
Adjustments	(1.4)	(0.9)	(0.2)	0.2	0.3
Enterprise value		47.9	47.2	43.1	36.1

Cash flow (Eu mn)	FY20A	FY21A	FY22E	FY23E	FY24E
EBITDA adjusted	2.3	3.3	4.8	5.9	7.1
Net financial charges	(0.1)	(0.4)	(0.1)	(0.0)	(0.0)
Cash taxes	(0.5)	(0.4)	(0.7)	(1.0)	(1.4)
Ch. in Working Capital	(1.1)	(0.0)	(0.7)	1.7	4.8
Other operating items	0.1	0.2	0.3	0.2	(0.0)
Operating cash flow	**0.8**	**2.7**	**3.6**	**6.7**	**10.4**
Capex	(2.1)	(3.0)	(3.8)	(1.6)	(2.5)
FCF	**(1.3)**	**(0.3)**	**(0.2)**	**5.1**	**7.9**
Disposals/Acquisitions	0.4	0.0	0.0	0.0	0.0
Changes in Equity	0.0	7.9	0.0	0.0	0.0
Others	0.0	0.1	0.0	0.0	(0.0)
Dividends	(0.3)	(0.3)	(0.4)	(0.6)	(0.8)
Ch. in NFP	**(1.3)**	**7.4**	**(0.6)**	**4.5**	**7.1**

Ratios (%)	FY20A	FY21A	FY22E	FY23E	FY24E
Capex/Sales	**4.4%**	**3.9%**	**2.0%**	**0.7%**	**1.1%**
Capex/D&A	3.1x	2.4x	2.0x	0.8x	1.2x
FCF/EBITDA	-56.6%	-8.3%	-4.6%	86.7%	112.1%
FCF/Net profit	-115.1%	-20.7%	-10.9%	186.8%	222.8%
Dividend pay-out	**nm**	**30.1%**	**30.1%**	**30.1%**	**30.1%**

Balance sheet (Eu mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Working capital	(0.7)	(0.5)	0.2	(1.5)	(6.3)
Fixed assets	4.0	13.0	14.9	14.4	14.6
Provisions & others	(0.3)	(0.2)	(0.6)	(0.7)	(0.7)
Net capital employed	**2.9**	**12.3**	**14.6**	**12.2**	**7.8**
Net debt/(Net cash)	**(0.0)**	**(7.5)**	**(6.8)**	**(11.3)**	**(18.4)**
Equity	2.9	19.8	21.4	23.5	26.3
Minority interests	0.0	0.0	0.0	0.0	0.0

Ratios (%)	FY20A	FY21A	FY22E	FY23E	FY24E
Working capital/Sales	**-1.4%**	**-0.6%**	**0.1%**	**-0.6%**	**-2.7%**
Net debt/Equity	**nm**	**nm**	**nm**	**nm**	**nm**
Net debt/EBITDA	**nm**	**nm**	**nm**	**nm**	**nm**

Valuation	FY20A	FY21A	FY22E	FY23E	FY24E
EV/CE		**3.8x**	**3.1x**	**3.3x**	**4.2x**
P/BV		2.8x	2.5x	2.3x	2.1x
EV/Sales		0.6x	0.2x	0.2x	0.2x
EV/EBITDA		14.4x	9.9x	7.3x	4.5x
EV/EBITDA adjusted		**14.4x**	**9.9x**	**7.3x**	**5.1x**
EV/EBIT		22.7x	16.5x	11.4x	7.3x
EV/EBIT adjusted		**22.7x**	**13.7x**	**9.9x**	**6.5x**
P/E		42.4x	26.6x	19.9x	15.2x
P/E adjusted		**42.4x**	**20.6x**	**16.3x**	**13.1x**
ROCE pre-tax	77.5%	26.7%	24.9%	31.2%	51.7%
ROE	**39.3%**	**6.7%**	**12.3%**	**14.1%**	**15.8%**
EV/FCF		-174.3x	-213.6x	8.4x	4.6x
FCF yield		**-0.5%**	**-0.4%**	**9.4%**	**14.6%**
Dividend yield		**0.7%**	**1.1%**	**1.5%**	**2.0%**

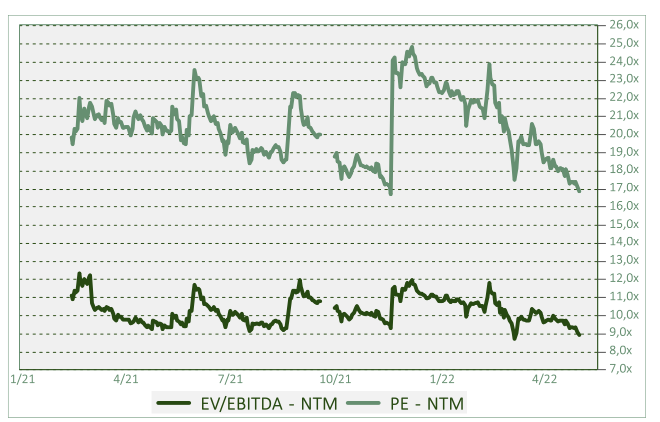
Share price performance

Good market performance from IPO

Source: Factset

Valuation

Market multiples recently down from record highs



Source: Factset

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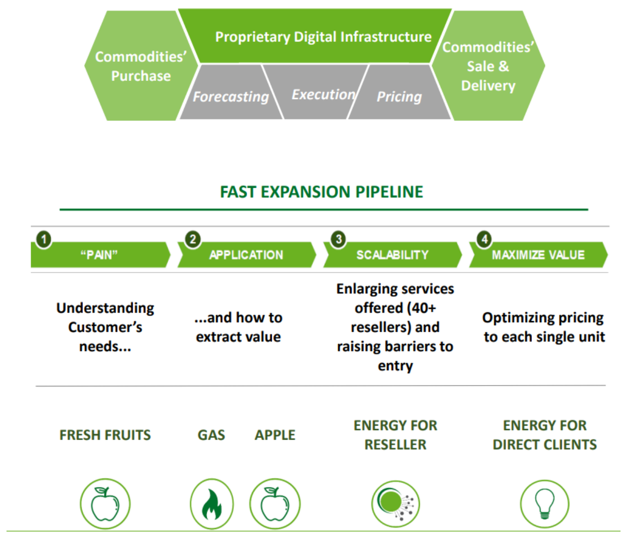
Key Charts

eVISO's AI platform and value creation approach

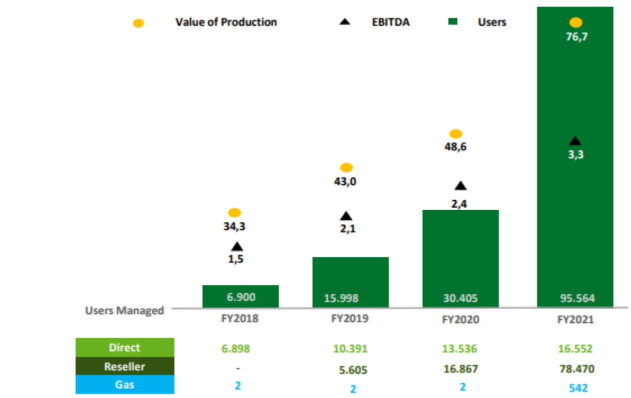
A proprietary AI platform to create value in the business of commodities,...



Source: Company presentation

Historical results

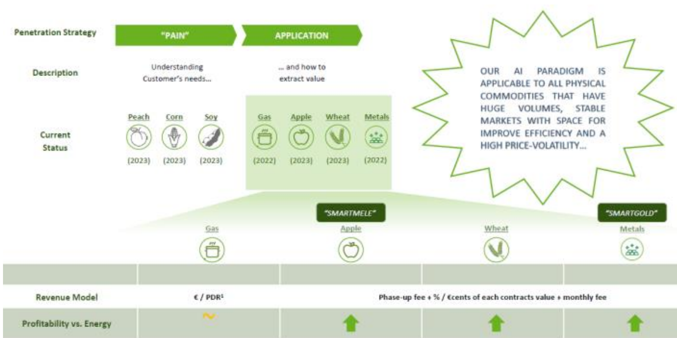
...already successfully exploited in the Italian energy business



Source: Company presentation

Expansion into new commodity markets

Ongoing expansion into other commodities



Source: Company presentation

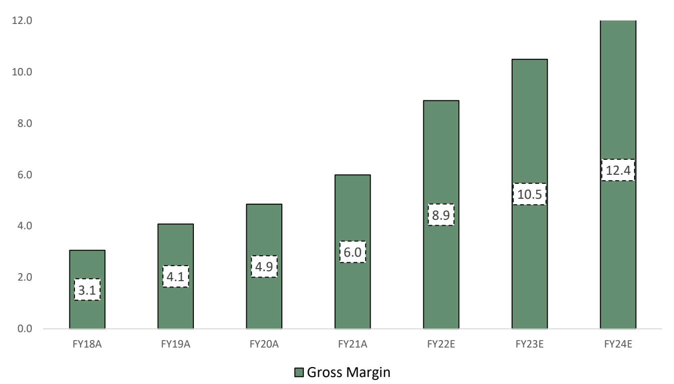
Recent launch of a marketplace in the apple business

"Smartmele" is the first application in agri-commodities

Source: eVISO

Evolution of gross margin – Eu mn

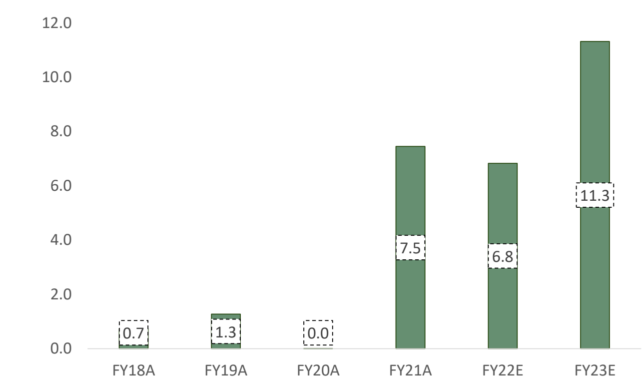
Strong P&L growth profile...



Source: eVISO, Alantra estimates

Evolution of net cash – Eu mn

...and sound balance sheet



Source: eVISO, Alantra estimates

Profile

Background

eVISO has developed a proprietary Artificial Intelligence platform for commodity markets with physical delivery, leveraging on the engineering know-how and sector expertise of its founder and management team. eVISO's AI platform is able to automatically collect, cluster and analyze Big Data and to elaborate millions of daily forecasts to be applied on both demand and supply sides, optimizing volume and pricing

eVISO has successfully deployed its AI platform in the Italian electricity trading and sale business. The group buys electricity on the wholesale market and sells it to end-users or resellers, with an innovative business model: a) 1-to-1 approach to clients and preliminary selection of the most profitable end-users; b) Monitoring of clients' meters and grouping in different clusters, to enhance forecasting capabilities and to save penalties paid on the market; c) Algo trading execution in the complex electricity market. Efficiencies and value creation can be shared with the clients. The group has delivered sales growth, very low churn and gross margin above industry standard

Positioning

eVISO (a digital native player) has developed solutions in the electricity market that incumbents, with legacy business models and traditional commercial approaches, have difficulties to replicate

First mover competitive advantage is an entry barrier for potential newcomers. We do not see examples of B2C players in the Italian electricity market, which leverage on an AI technology. This also makes eVISO a potential technology partner for resellers and for incumbents. Some ad-hoc services have been launched in 2021

According to our estimates, the group should remain a niche player in the electricity business, suggesting potential for M/L term further expansion

Growth

We expect 35% sales CAGR over FY21-24 period, driven by electricity, but with initial contribution from other commodities

We expect eVISO to continue to post above sector-average profitability in the energy business: the expansion of the direct client base and diversification in new commodities with a platform approach (most of revenues flow to gross margin) should be two profitability tailwinds in the future. By contrast, expansion in the reseller business (although important to cover fixed costs) should be a headwind. Overall, we expect eVISO to post 25% gross margin CAGR with yield on revenues declining from 8.2% in 2021 to 6.6% in 2024

Although we expect eVISO to invest in its AI platform in the coming years, GM growth should trigger margin expansion. We expect EBITDA to grow from Eu3.3mn in FY21 to Eu7.2mn in FY24, posting a 29% CAGR

Strategy

eVISO is managing expansion into other commodities: gas (where the electricity business model can be replicated and upselling potential exploited), and apples. In agri-commodities the business model should be skewed to services / marketplace. While new ventures should represent only 3.8% of sales in FY24E, successful expansion would pave the way for margin improvement, the penetration of other areas and the future exploitation of the huge amount of collected data

Over the coming years, new opex / capex will be needed to (i) develop the AI platform; (ii) build a new headquarter. Operating cash flow generation and the proceeds from the IPO should support the expected acceleration of the growth plan

Strengths	Weaknesses
Proprietary AI platform for data analysis, forecasting and execution	Time required to train a high quality salesforce
Proven and profitable application in Italian energy markets	Intrinsically low margin business
Limited capital requirements and strong FCF generation	Credit risk (commercial receivables versus SMC clients)

Opportunities	Threats
Growth of the addressed market and market share in existing businesses	Increasing commercial competition on high-margin clients in electricity
Expansion in new segments of existing businesses	Failure to exploit the platform in new commodities
Expansion in new commodities	Regulatory changes in the Italian energy market

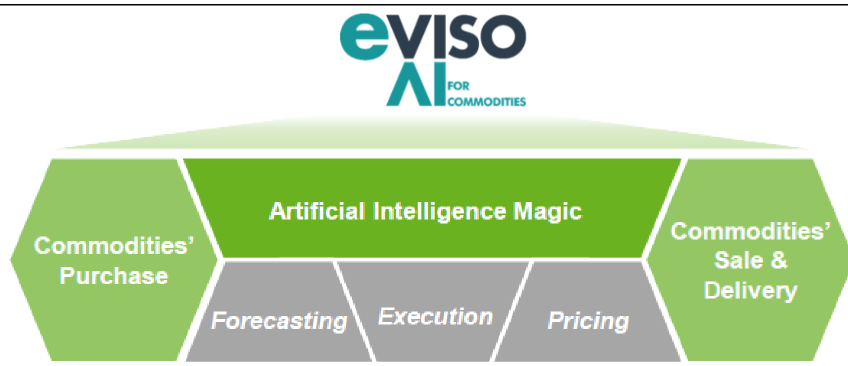
Key shareholders	Management	Next events
O Caminho Srl, 52.7%	Gianfranco Sorasio - Founder & CEO	Y 22 preliminary sales and KPIs: 25/08/2
Iscat Srl, 13.9%	Lucia Fracassi - COO	FY 22 results: 27/09/22
Pandora SS, 12.2%	Carlo Cigna - Algo Intelligence Director	General meeting: 27/28 October 2022
Free Float, 21.2%	Sergio Amorini - Sales and Customer Care Director	
	Federica Berardi - CFO	
	Joao Cordovil Wemans - Data Service Director	

A scalable AI platform for commodity markets and a proven value creation approach

eVISO has developed a proprietary Artificial Intelligence platform for commodity markets with physical delivery, leveraging on the engineering know-how and sector expertise of its founder and management team. The target markets boast some peculiarities, which are crucial for the successful deployment of the platform: 1) Large availability of data; 2) Relatively stable volumes; 3) Price fluctuations. eVISO's AI platform has three main capabilities: (i) forecasting of the demand and supply curves; (ii) autonomous high frequency order execution and (iii) data-driven pricing allowing for mass customization. The platform is dedicated to the optimization of the supply and demand of the target commodities and their matching. Efficiencies and value creation can be shared with the actors in the value chain.

eVISO – Artificial Intelligence for commodity markets with physical delivery

Value-creation from Big Data analysis and from the use of AI-powered capabilities (such as accurate forecasting, high-frequency execution and mass customization) is the paradigm of eVISO's AI platform

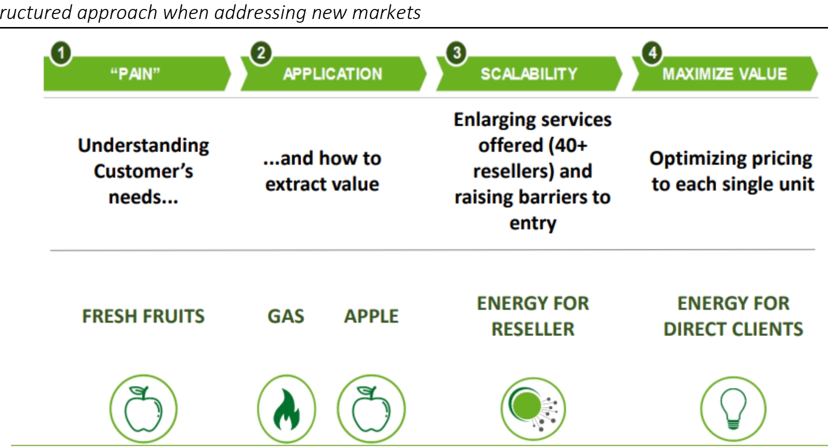


Source: Company presentation

The group has a structured approach to create value when addressing a new market: 1) Analysis of potential inefficiencies (pain points of the actors); 2) Elaboration of solutions, that can leverage on the proprietary platform; 3) Testing with few clients and then enlargement of the customer base; 4) Value maximization. Applications in electricity are already in phase 3 (resellers) and 4 (final users). Gas and Apple are in an advanced stage of phase two. Other fresh fruits are in phase 1. We highlight that, while we see different players with an AI, data driven and digital approach in many retail markets, we struggle to find a similar approach in the space of commodities.

eVISO's approach to generate value

The group has a structured approach when addressing new markets



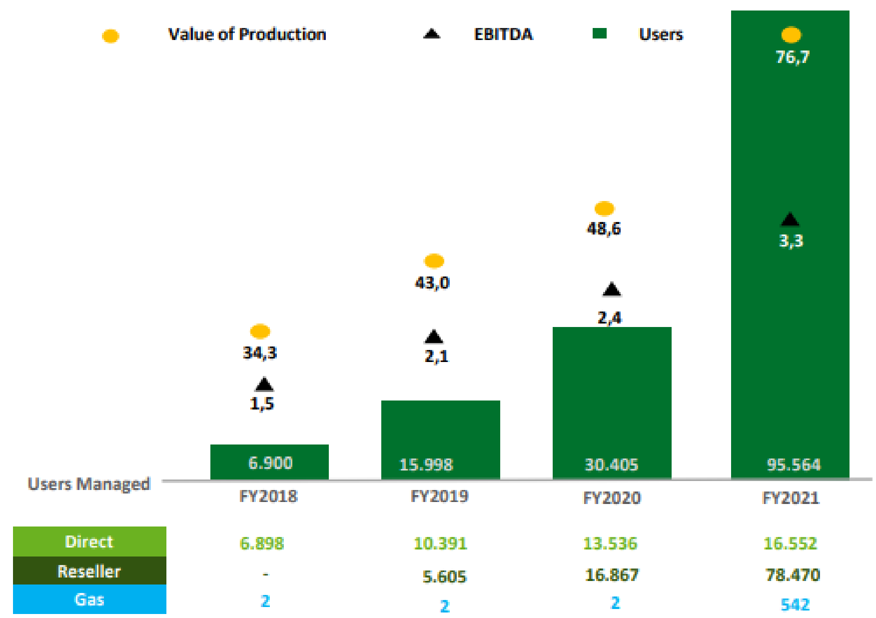
Source: Company presentation

Successful deployment in the Italian energy business

eVISO has successfully deployed its platform in three segments of the Italian energy market: 1) Sale of Electricity to Direct Clients; 2) Sale of Electricity to Resellers; 3) Sale of Gas to Direct Clients. The group has acquired an increasing number of clients and delivered a growing top line and EBITDA. We believe that the achievements have been impressive and bode well for the future, taking into account that: 1) The Italian energy market is highly regulated, complex and competitive; 2) The business model has been stress-tested in extreme scenarios: very low prices and abnormal volumes triggered by the pandemic in CY 2020; very high prices triggered by post-pandemic economic recovery and oil/gas price inflation in CY 2021 and 1H of CY 2022.

Historical results

eVISO's AI platform and value creation approach have been successfully deployed in 3 segments of the Italian energy business



Source: Company presentation

Mass customization in Electricity to Direct clients

The purchase of electricity in the market and its sale to end-users has been the first exploitation of the group's AI platform and *modus operandi*. eVISO targets SMEs and residential users. The Italian electricity market is highly suitable for eVISO's AI platform, given the presence of a huge amount of data generated from smart meters. Italy was the first European country to introduce these devices on a large scale for low voltage end-customers and it is still the first country in the world in terms of number of smart meters.

Identified pain points

The group has preliminary identified some pain points of the players in the value chain, with a focus on small end-users:

1) Small electricity consumers have no scale, resources or capabilities to invest in the minimization of their electricity bill, resulting in existing inefficiencies

2) Due to the small size, the level of service received from electricity suppliers is relatively low

Identified solutions

The business model implemented by eVISO is completely different from that of established sellers of electricity to end-users. Leveraging on the proprietary AI platform, the group:

1) Follows a one-to-one approach to clients, while traditional players have a limited number of standardized offers. eVISO has the capability to select and address users or categories with a misalignment between their specific consumption patterns and their existing commercial conditions. eVISO can both offer better commercial conditions and retain an extra profit. Clients' meters are monitored in real time and automatic alerts are sent with the goal to help clients minimize cost of energy but also make them more predictable
2) Has the ability to predict hourly demand (also thanks to grouping of clients in >70 different clusters), to order the right volumes on the market and to minimize penalties. eVISO directly operates in the official electricity market, consisting of three submarkets, with a very complex functioning. The group leverages on its platform and forecasting capabilities
3) Delivers superior execution, thanks to algorithmic forecasting and high frequency trading

All the activities are intertwined and performed as an integrated system. However, the main source of value creation is in the one-to-one approach to clients and the mass-customization. eVISO preliminary invests time and commercial resources to understand every single user's needs and designs the best commercial offer for each targeted client. This is an approach very different from that of large established players, which rely on advertising campaigns and telemarketing. By contrast, eVISO leverages on a trained and committed salesforce. Client onboarding activities include the technical analysis of the bill of the potential customer. eVISO is then able to select the potentially most profitable clients and to target them with a tailor-made offer.

Historical results: growth with Gross Margin close to 10% on sales; low switch rate

In FY 2021, eVISO sold 237 GWh of electricity to direct clients with a number of PoDs (Points of Delivery) served at YE of 16.6k. The group generated a Gross Margin of Eu3.8mn. Profitability of 9.7% was very high for this kind of business. Traditional players with a similar business model deliver Mid-Single-Digit Gross Margin on sales.

Historical figures in the direct electricity business

The group generated a Gross Margin of Eu3.8mn in FY 2021. The high GM on sales (9.7%) was triggered by the peculiar business model

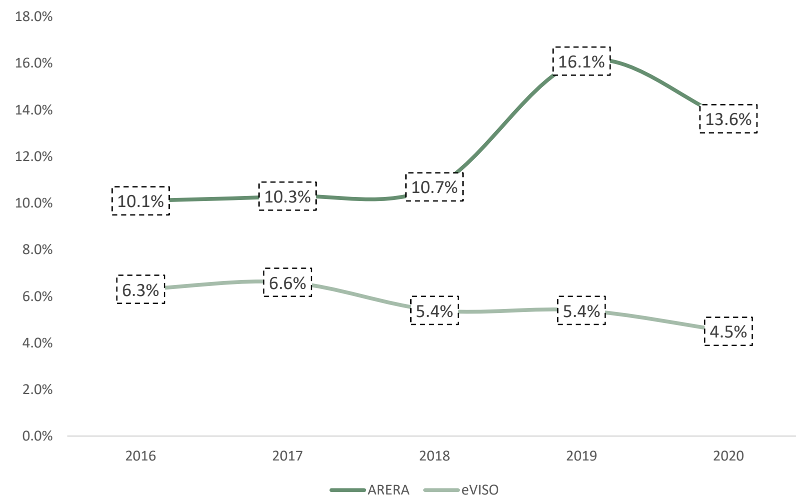
	FY18A	FY19A	FY20A	FY21A	1H22A Adj
Points of Delivery - EoP - #	**7,028**	**9,759**	**13,536**	**16,552**	**17,690**
yoy growth		*38.9%*	*38.7%*	*22.3%*	*25.5%*
GWh sold	**170**	**202**	**215**	**237**	**136**
yoy growth		*19.0%*	*6.1%*	*10.2%*	*11.8%*
Sales - Eu mn	**27.8**	**34.8**	**33.6**	**39.7**	**21.7**
yoy growth		*25.3%*	*-3.6%*	*18.2%*	*11.4%*
Gross margin - Eu mn	**2.1**	**3.0**	**3.5**	**3.8**	**2.2**
yoy growth		*43.4%*	*17.5%*	*8.2%*	*19.5%*
As % of Sales	*7.6%*	*8.7%*	*10.5%*	*9.7%*	*10.2%*

Source: Company

In addition, the group boasts a very low switch rate (4.5% in FY 2021), consistently lower than that of the Italian market (at 14% in 2020 according to ARERA - *Autorità di Regolazione per Energia Reti e Ambiente*).

Switch rate: eVISO versus the Italian market

The group boasts a very low switch rate (4.5% in FY 2021), consistently lower than that of the Italian market (at 14% in CY 2020)



Source: Company, ARERA

High level of service in Electricity to Resellers

eVISO has been offering services to electricity resellers since 2019. They are intermediaries between the so-called dispatching users (i.e. wholesalers) and the end customer, to whom they propose offers with their own brand and re-sell energy by applying a profit margin. Electricity to resellers is a lower margin business compared to that with end-users for eVISO. However, it contributes to the coverage of fixed costs. More important, eVISO obtains data related to new end-users (clients of the resellers) by having direct access to their meters. This is used to accelerate its learning curve in electricity procurement and commercial developments.

Identified pain points

eVISO has preliminarily identified two pain points of resellers:

1) They need to minimize their net working capital, as it is their sole invested capital
2) They manage a high number of requests from their clients to change technical and legal conditions of the contracts. This is a time-consuming activity for them resulting in a high cost of service

Identified solutions

eVISO has developed an innovative value proposition for resellers to optimize their WC:

- Ability to predict the energy needs of their portfolio of clients, allowing the resellers to issue an invoice by the 10th of each month and cash-in the receivable in the same month
- Offer of reverse factoring services to resellers. The reseller obtains attractive DPO on the energy purchased by eVISO. The group transfers to a bank the receivables non-recourse and the related interest charges are added to the commercial spread applied to resellers. In this business, eVISO can make use of its higher credit merit, which has been enhancing over time (also thanks to the IPO proceeds)

In addition, the group has developed a platform (CORTEX) dedicated to resellers, which have the possibility to automatically change technical and legal conditions of the contracts with their clients. CORTEX works machine-to-machine and via web, with a processing capacity of 5k requests per month. eVISO charges a commission per request successfully executed with a low marginal cost. With Cortex, eVISO shifted a variable cost (servicing) to a fixed cost (AI infrastructure).

Historical results

The group delivered a Gross Margin of Eu0.8mn in FY 2021 with a rump-up of the business in 2H. In 1H 2022 the achieved Gross Margin was higher than that generated overall in FY 2021. More than 10k requests has been processed by Cortex in CY 2021.

Historical figures in the resellers business

The group delivered a Gross Margin of Eu0.8mn in FY 2021 with a rump-up of the business in 2H

	FY18A	FY19A	FY20A	FY21A	1H22A Adj
Points of Delivery - EoP - #		5,638	16,867	78,470	121,098
yoy growth			*199.2%*	*365.2%*	809%
GWh sold		6	57	180	206
yoy growth			*869.2%*	*214.6%*	*259.9%*
Sales - Eu mn		1.1	8.0	28.2	29.1
yoy growth			*654.3%*	*253.8%*	*259.4%*
Gross margin - Eu mn		0.0	0.2	0.8	1.0
yoy growth			*756.4%*	*267.4%*	*330.8%*
As % of Sales		*2.4%*	*2.7%*	*2.8%*	*3.3%*

Source: Company

Gas is a natural upselling to electricity clients

eVISO entered the gas market with the same model applied to electricity, with purchases on the market (currently OTC) and sale to end-users and/or resellers. Its existing presence in the electricity market should accelerate the learning curve in this new business, which could also benefit from immediate cross-selling on electricity clients. Cross-selling could significantly reduce customer acquisition cost and increase the loyalty of the current customer base.

Historical results

In December 2021, eVISO has announced the achievement of 1k PDR under management in the gas business (from 542 at the end of June 2021). The contribution of the division is still negligible.

Historical figures in the gas business

The business is still at early stage

	FY18A	FY19A	FY20A	FY21A	1H22A Adj
Points of Delivery - EoP - #			2	542	997
yoy growth				*nm*	*nm*
SMC sold			1,482	265,575	667,594
yoy growth				*nm*	*nm*
Sales - Eu mn			0.0	0.1	0.9
yoy growth				*nm*	*nm*
Gross margin - Eu mn			0.0	0.0	0.1
yoy growth				*nm*	*nm*
As % of Sales			*4.0%*	*34.7%*	*11.4%*

Source: Company

Ongoing expansion in agri-commodities

eVISO aims to enter the apple market leveraging on a large availability of data, relatively stable volumes and price fluctuations. The group plans to address this market by implementing a different business model compared to the one used in energy. This new model should be based on the offering of advisory and forecasting services to producers and buyers of apples. eVISO has been injecting a large amount of data from different sources (e.g. price and volumes in national and international markets, national and international storage capacity, weather and temperature data) into its AI platform, which is now trained to predict months ahead useful information about future demand / supply volumes and prices of these commodities. eVISO aims to give access to its platform to interested parties in exchange of an access fee and a transaction fee on traded volumes. This approach could be replicated with other fresh fruits in the future.

Toward the creation of a forward market in apples

In the specific case of the apple market, eVISO is developing a marketplace, where parties can submit forward purchase & sale orders.

Identified pain points

The apple market is mainly based on spot transactions and there is no official market to buy&sell forward. By contrast, retailers can have an interest in fixing prices in advance to prepare commercial campaigns and support materials. In addition, there is no transparency on the wholesale prices in different regions.

Identified solutions

The group has launched a marketplace dedicated to apples ("Smartmele") with deferred delivery at 3 / 6 / 12 months and beyond. "Smartmele" is an innovative marketplace with digital transactions settled with characteristics and guarantees typical of those of regulated markets.

eVISO's "Smartmele" market place

In the apple business, the group powers and manages the marketplace in exchange of a phase-up fee (paid by the participants to the market, both buyers and sellers) and a transaction fee

Source: eVISO

Historical results

In apples, the business model is different compared to the consolidated activities in energy commodities, consisting of buy & sell of products in exchange of a small margin. In the apple business, the group powers and manages the marketplace in exchange of a phase-up fees (paid by the participants to the market, both buyers and sellers) and a transaction fee. The business model has potential to be significantly margin-accretive.

The venture is still at an early stage. eVISO has announced in January 2022, that negotiations started on its marketplace dedicated to apples with differed delivery at 3 / 6 / 12 months and beyond. The total value of the transactions was Eu100k. The first transaction, valued Eu88k, took place between the Italian leading producer Lagnasco and the international distributor Novafruit. eVISO is undertaking commercial efforts to attract new participants.

Focus on the relevant KPIs: volumes and gross margin per unit

"I apologise for writing you a long letter, but I didn't have time to write you a short one" (Blaise Pascal)

Understanding eVISO and its business evolution could seem very complex. It implies familiarity with Artificial Intelligence, Bid Data, complexity of different (and sometimes regulated) reference markets. We have invested time to embrace eVISO's complexity and come out with what, we believe, it is really important to know. We believe that eVISO can be very simple:

<u>In each business, eVISO links demand and offer of commodities and generates a gross margin per intermediated unit. We believe that a simple but effective way to look at the business model of eVISO and to monitor its performance is to focus on two main KPIs: **volumes sold** and **gross margin per unit**.</u>

eVISO provides periodic disclosure on the two measures. In each business, the group has been historically able to deliver growing volumes (as a result of the commercial push) and relatively stable gross margin per unit, as a result of the specific implemented business model.

Volumes and gross margin per unit in each single business are the relevant KPIs in our view

eVISO has historically delivered growth of volumes in each business, with gross margin per unit depending on the specific segment and implemented business model

	FY18A	FY19A	FY20A	FY21A	1H22A Adj
Electricity Direct					
GWh sold	170	202	215	237	136
yoy growth		19.0%	6.1%	10.2%	11.8%
Gross Margin - Eu/MWh	12.38	14.91	16.51	16.21	16.3
yoy growth		20.4%	10.7%	-1.8%	7.0%
Electricity Reseller					
GWh sold		6	57	180	206
yoy growth			869.2%	214.6%	259.9%
Gross Margin - Eu/MWh		nm	3.74	4.37	4.71
yoy growth			nm	16.8%	19.8%
GAS					
SMC sold			1,482	265,575	667,594
yoy growth				nm	nm
Gross Margin - Eu/SMC			0.03	0.17	0.11
yoy growth				563.4%	-31.3%

Source: Company

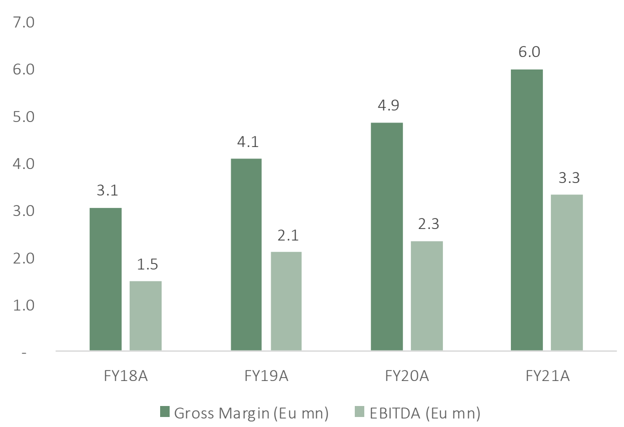
By contrast, we believe that a focus on the evolution of the top line and profitability (Gross Margin or EBITDA) as a % of sales can be misleading, for three main reasons:

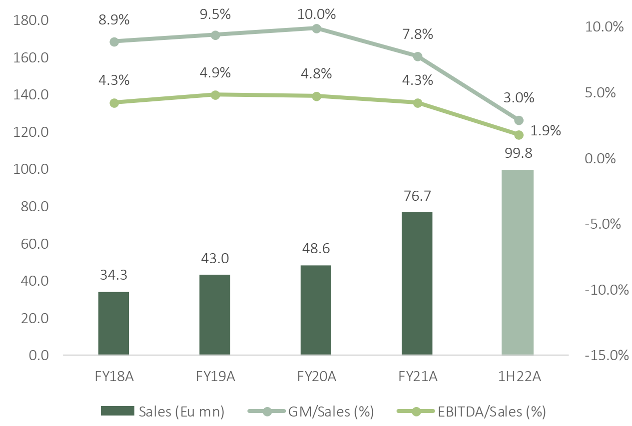
1. The commission charged by eVISO to clients is not a % of the top line (apart very few cases), but it is represented by a spread per unit of product sold. For this reason, the strong volatility of the price of electricity over the last two years had a big impact on top line and on Gross Margin as % of sales, but negligible impact on Gross Margin and EBITDA in Eu mn;
2. The top line is currently made by many pure pass-through items (system charges in the electricity business). They were eliminated by the Italian government for large part of FY 2022 (as a way to reduce the electricity bill in an inflationary environment in energy), but they should be re-introduced at some point (likely in 2H of CY 2022);
3. Margins on sales can change significantly in the different businesses, with a strong potential impact on consolidated profitability as % of sales coming from mix.

We believe that the Top line has more implications on the balance sheet (receivables and payables) rather than on the P&L.

Historical evolution of Gross Margin and EBITDA, Sales and profitability

eVISO has historically delivered growth of GM and EBITDA, thanks to an in increase in intermediated volumes. Sales and profitability as % of sales are biased by pass-through items and business mix, which had a negative impact in 2021 and 1H 2022



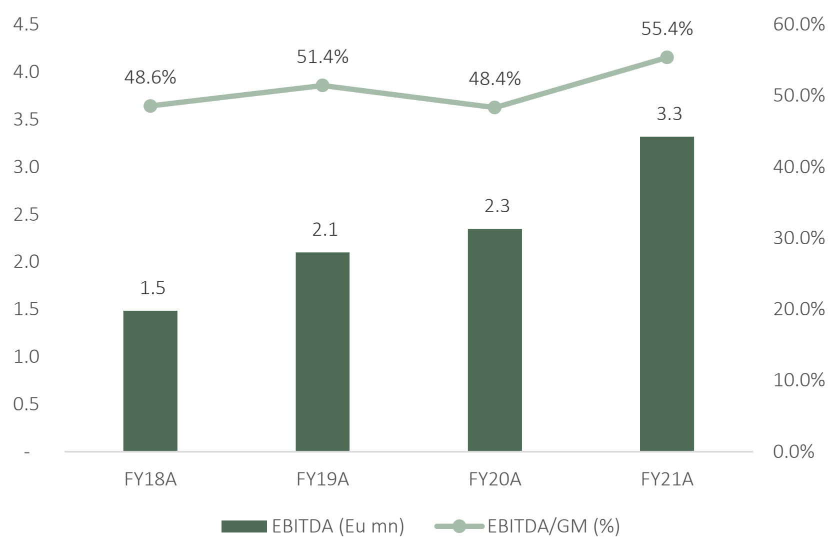


Source: Company

For the abovementioned reasons, we believe that it is more interesting to look at EBITDA as % of gross margin rather than as % of sales. In 2018-20, the ratio was relatively stable at around 50%. It was pushed up by operational leverage in 2021.

Evolution of EBITDA and EBITDA on Gross Margin

In 2018-20, the ratio was relatively stable at around 50%. It was pushed up by operational leverage in 2021



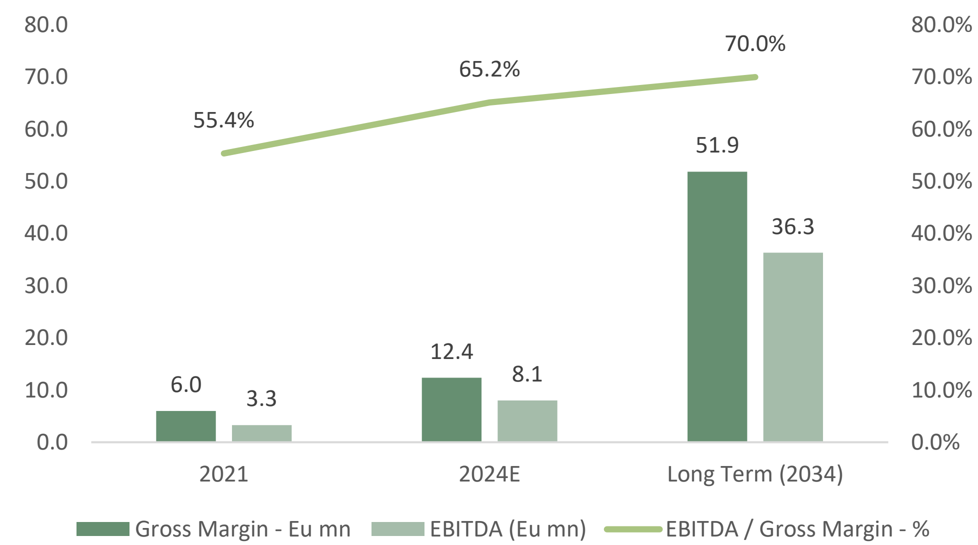
Source: Company

eVISO from a long-term top-down perspective

Four different businesses are currently contributing (with different magnitude) at the financials of the group (Electricity to Direct Clients, Electricity to Resellers, Gas to Direct Clients and Apples). Key question is: how much value can eVISO extract from them? We have built a detailed top-down framework to assess the potential Gross Margin and EBITDA that eVISO could generate from the four existing businesses. This is based on the quantification of the reference and served markets, the potential market shares in terms of volumes and the Gross Margins per unit sold. We estimate that eVISO could reach a Gross Margin of Eu52mn at full steam (2034?) and an EBITDA of Eu36mn (from Eu3.3mn in 2021), with an implied 2021-34 CAGR of 20%. Our top-down framework will not be static, but it will be updated according to business developments, evolution of the reference markets and the competitive landscape. We see significant moving parts, which represent upside / downside risks. Taking into account the ambition of the group and the historical track record on delivery, we believe that risks are skewed to the upside, in particular, considering the potential to address new commodities and market segments.

A long-term top-down view on eVISO – How much value can eVISO extract from existing businesses

According to our top-down analysis, eVISO could potentially reach a GM of Eu52mn in the long term (2034?), with an EBITDA growing at a 20% 21-34E CAGR to Eu36mn



Source: Alantra, eVISO

A top-down framework to assess the potential of the group in the existing businesses

We have developed a top-down framework to assess the potential of each existing business of eVISO, we have looked at the total size of the market in terms of volumes, the market served by eVISO, its market share and the Gross Margin per unit sold in each business. Starting from historical figures, we have tried to figure out how they can evolve in the future and what would be the outcome on the group's financials. We estimate that eVISO could reach a Gross Margin of Eu52mn at full steam (2034?) and an EBITDA of Eu36mn (from Eu3.3mn in 2021), with an implied 2021-34 CAGR of 20%.

Overview of our top-down framework across the different business lines

We estimate that eVISO could reach a Gross Margin of Eu52mn at full steam (2034?) and an EBITDA of Eu36mn (from Eu3.3mn in 2021), a 2021-34 CAGR of 20%

	2021	2024E	Long Term	Trend	Comment		2021	2024E	Long Term
Electricity Direct									
Total Market (TWh)	294.9	294.9	294.9	=					
Addressed Market (TWh)	29.0	29.0	93.6	++	Lombardy				
Market Share	0.8%	1.2%	1.5%	+	Sales force	GM (Eu mn)	3.8	5.5	22.5
MWh	**236.5**	**345.9**	**1,403.7**	+++					
GM/MWh - Eu	**16.2**	**16.0**	**16.0**	=					
Electricity Resellers									
Total Market (TWh)	294.9	294.9	294.9	=					
Addressed Market (TWh)	11.5	13.8	15.1	+	Liberalisation				
Market Share	1.6%	4.5%	10.0%	++	Commercial push	GM (Eu mn)	0.8	3.3	8.0
MWh	180.2	624.6	1,510.5	+++					
GM/MWh - Eu	4.4	5.3	5.3	=					
Gas									
Total Market (smc bn)	76.1	76.1	76.1	=					
Addressed Market (smc bn)	4.5	4.5	13.4	++	Lombardy				
Market Share	0.0%	0.1%	0.3%	++	Cross-selling. Sales force	GM (Eu mn)	0.0	0.6	4.0
mn smc	**0.27**	**5.68**	**40.09**	++++					
GM / smc - Eu	**0.17**	**0.10**	**0.10**	=					
Apples									
Total Market - bn tons	81.8	84.2	91.6	+	Global population				
Addressed Market - bn tons	16.4	16.8	18.3	+	Deliveries <3M				
Market Share	0.0%	0.1%	2.0%	++	Commercial push	GM (Eu mn)	0.0	0.9	14.7
mn tons	-	**0.02**	**0.37**	++++					
GM/tons - Eu	-	**40.0**	**40.0**	=					
Other									
Services						GM (Eu mn)	1.3	2.1	2.8
Others									

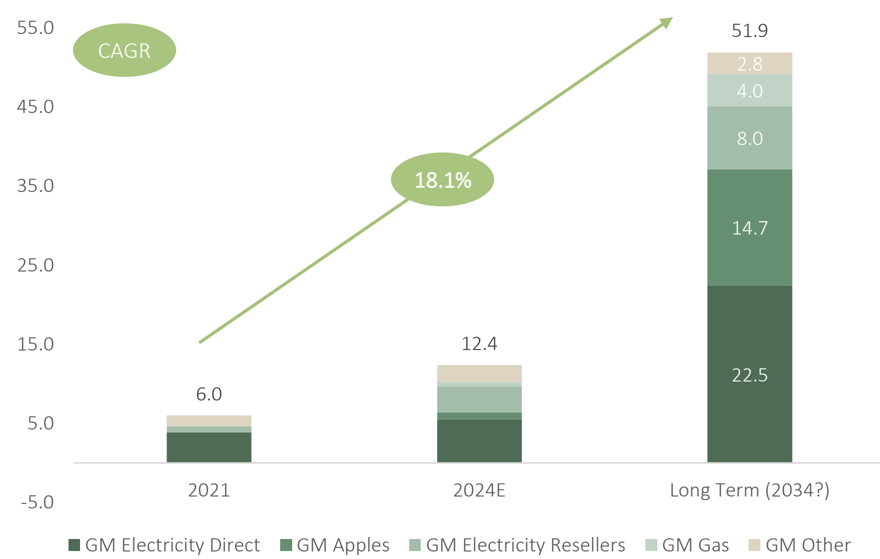
Consolidated figures	2021	2024E	LT (2034?)
GM (Eu mn)	6.0	12.4	51.9
EBITDA (Eu mn)	3.3	8.1	36.3
EBITDA / GM	55.4%	65.2%	70.0%
	CAGR 21-24E	**CAGR 24E-34E**	**CAGR 21E-34E**
GM (Eu mn)	27%	15.4%	18%
EBITDA (Eu mn)	34%	16.2%	20%

Source: Alantra, Terna, ARERA, Ministry of Ecological Transition, USDA, Worldometer, eVISO

Electricity to direct clients should remain the main business of the group. However, the other energy businesses should increasingly contribute, and Apples should become very relevant.

Gross margin by division – Eu mn

Electricity to direct clients should remain the main business of the group. However, the other energy businesses should increasingly contribute, and Apples should become very relevant



Source: Alantra, eVISO

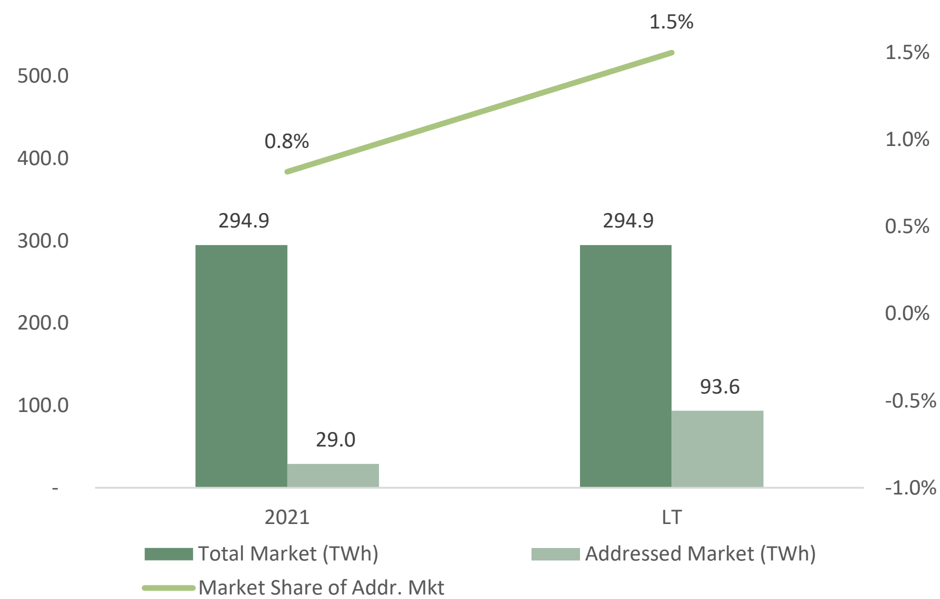
Electricity to Direct clients

Reference market, served market and eVISO's market share

We take the total consumed volumes in the Italian electricity market (excluding energy losses as well as consumption coming from trains traction), for a total estimated 295 TWh (according to Terna). The market currently served by eVISO is represented by only two Italian regions (Piedmont and Liguria), for an estimated value of 29 TWh as of 2021. We conservatively assume that the reference market is stable over time, and we add a contiguous region (Lombardy) to the market served by the group in the long run. Our estimated served market reaches 93.6 TWh in volume at full steam. We estimate a potential market share of 0.8% in 2021, projected to expand to 1.5%, thanks to investments in sales force and commercial push.

Direct Electricity Business – Total Market, Addressed Market and Market Share

Market share to grow from 0.8% in 2021 to 1.5%, with a stable total market and a bigger addressed market



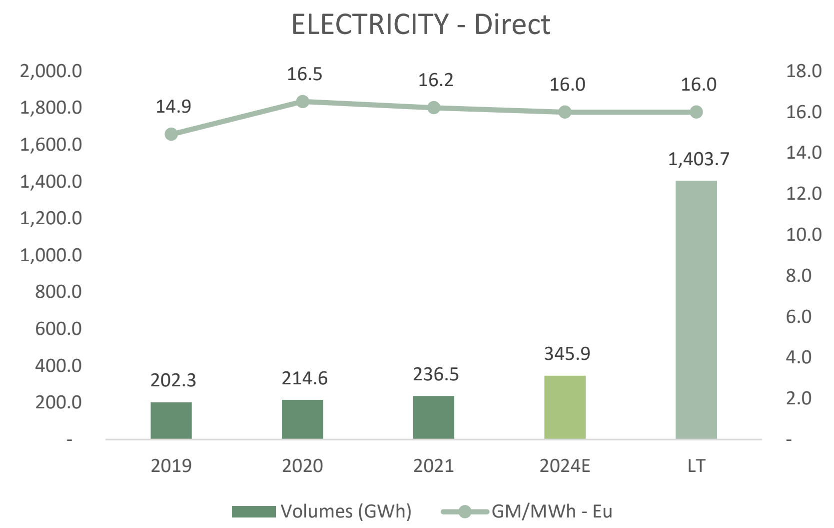
Source: Alantra, Terna, eVISO

eVISO's estimated Gross Margin at full steam

Under the above-mentioned assumptions, volumes sold should be up almost 6x versus 2021. The gross margin of eVISO in the business is a spread on the volumes sold and is not dependent from electricity prices (apart from few exceptions). Gross Margin per MWh was Eu16.2 in 2021, relatively stable over time. We believe it should remain almost stable in the future. We assume that the growth of the group is linked to investments in the sales force and replication of the cherry-picking approach in new geographies instead of increasing penetration in the same regions. A stronger penetration in the same areas could imply the acquisition of less profitable clients. Furthermore, eVISO should continue to focus its expansion only towards domestic and low-energy-voltage clients, expected to be more profitable than average.

Direct Electricity Business – Volumes and Unitary Gross Margin

While we expect GM/Unit to remain almost flat in the long term scenario, volumes should expand to 1.404 GWh



Source: Alantra, eVISO

Electricity to Resellers

Reference market, served market and eVISO's market share

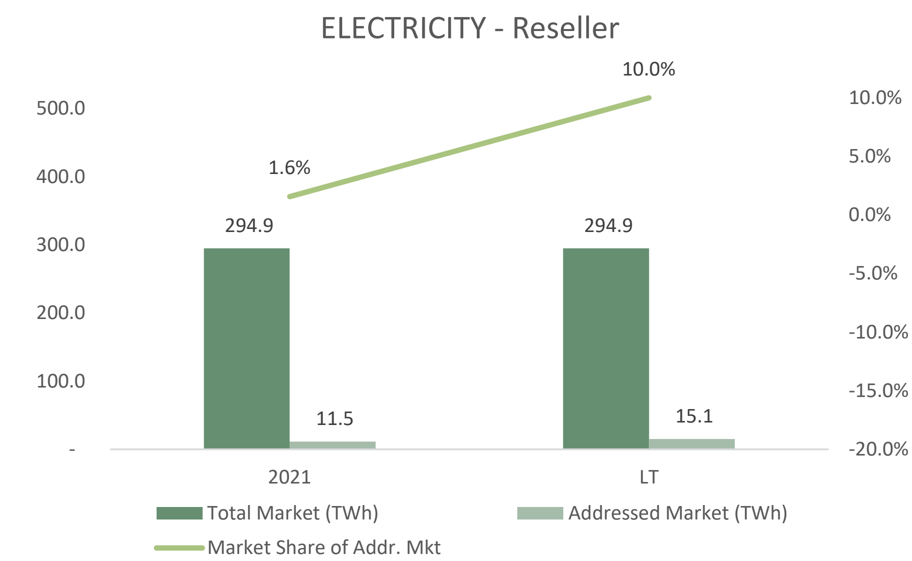
While the total reference market is the same of the Direct Electricity Business, our estimated served market is based on the following categorization of resellers:

1. Only in the domestic and low-energy-voltage markets
2. Outside of the top 20 players in the market
3. Operating in the free market for electricity

Our estimated served market accounted for 11.5 TWh as of 2021 and could potentially reach 15.1 TWh in our long-term scenario, thanks to the ongoing liberalisation of the market. We estimate eVISO's market share on the addressed market for 2021 at 1.6%. We assume that it could reach 10% at full steam, considering the ongoing rump up of the business (in 1H22 volumes served spiked to 206 GWh, up 68% vs 2H21) and the strong value proposition of the group with resellers.

Reseller Electricity Business – Total Market, Addressed Market and Market Share

We assume market share growth from 1.6% in 2021 to 10% at full steam, with a stable total market and a slightly growing addressed market (thanks to liberalisation)



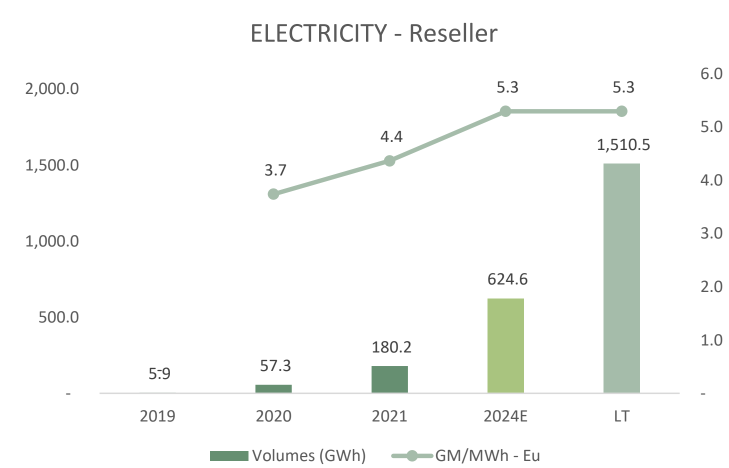
Source: Alantra, Terna, ARERA, eVISO

eVISO's estimated Gross Margin at full steam

Under the above-mentioned assumptions, volumes sold should be up >8x versus 2021. As in the Electricity to Direct Clients, the gross margin of eVISO in the business is a spread on the volumes sold and is not dependent from electricity prices. We expect unitary gross margin to slightly enlarge in the long term considering the intention of eVISO to focus on smaller clients (normally more profitable), both in terms of resellers and in terms of final clients that the resellers serve (i.e. resellers for the domestic market or serving companies with consumption under Eu100k per year). Our estimated GM/Unit grows from Eu4.4 in 2021 to Eu5.3 in our long terms scenario.

Reseller Electricity Business – Volumes and Unitary Gross Margin

We potentially see an expansion of GM/unit from Eu4.4 in 2021 to Eu5.3. Volumes could see a steep increase to 1,511 GWh in the LT



Source: Alantra, eVISO

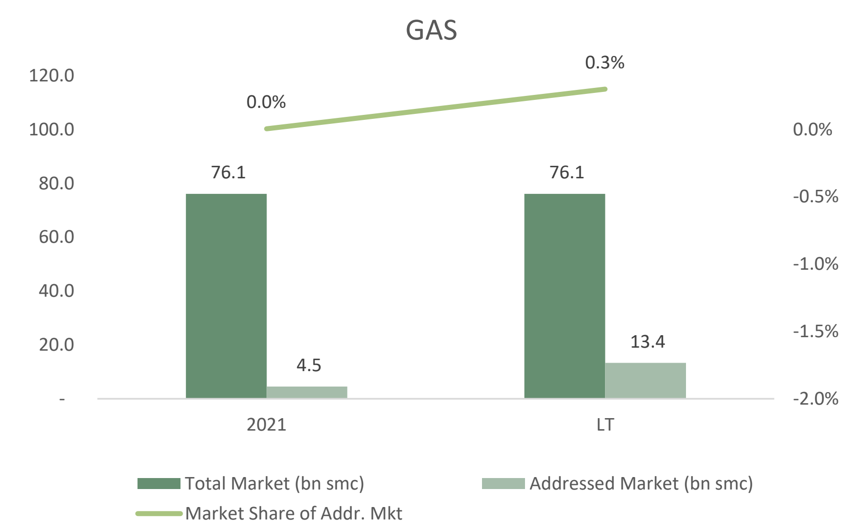
Gas

Reference market, served market and eVISO's market share

As total reference market we consider annual consumption of Natural Gas in Italy (equivalent to scm76bn in 2021). To calculate eVISO's addressed market we exclude volumes used for industrial production and power generation, and we consider only Gas distributed in Piedmont and Liguria, the same areas covered by the sale force in Electricity to Direct Clients. While we expect the overall market to remain stable at 2021 levels over time, we expect the served market to include also Lombardy in the long-term scenario (same assumption used in electricity). Our estimated market share is up from nil in FY 2021 (business still in start-up stage) to 0.3% in the LT scenario. eVISO can leverage on both the expansion of the sale force and cross-selling. We believe that the estimated market share at full steam is conservative. We want to discount the fact that while gas is today a very important energy source in the transition to green from oil and carbon, the importance in the long run is much more uncertain. The current geopolitical picture (with the ongoing conflict in Ukraine) could accelerate the switch from gas to other sources in Italy.

GAS Business – Total Market, Addressed Market and Market Share

We assume a flat reference market while we include also Lombardy in our served market in the LT. Market share at full steam is estimated at 0.3%



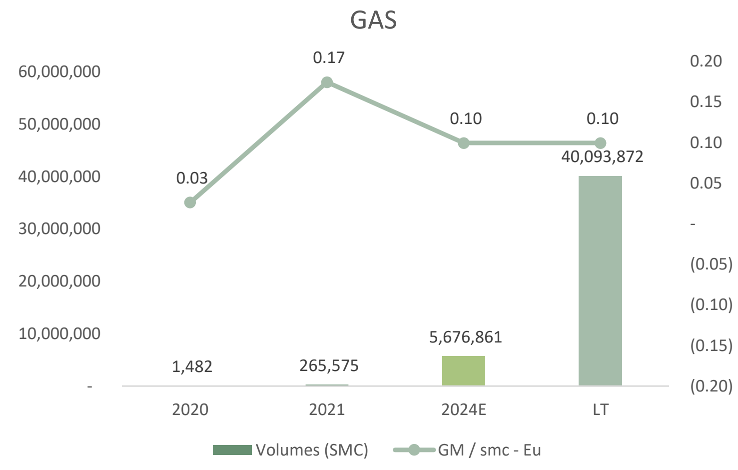
Source: Alantra, Ministry of Ecological Transition, eVISO

eVISO's estimated Gross Margin at full steam

The GAS business is still at its inception (very low quantities versus the LT scenario) and the unitary gross margin has not yet clearly stabilized to a normalized value. While it was Eu0.17/Unit in 2021, we conservatively assume a decrease to Eu0.10 in the long term. This is in line with the Gross Margin per smc reported in 1H of FY 2022 (Eu0.11), which was based on more meaningful volumes. On the other hand, volumes sold may potentially spike to smc40mn, favored by the cross-selling opportunities that should materialize with the electricity business.

GAS Business – Volumes and Unitary Gross Margin

GM/Unit should normalize to a lower level in the long term, while volumes might spike mainly thanks to cross-selling



Source: Alantra, eVISO

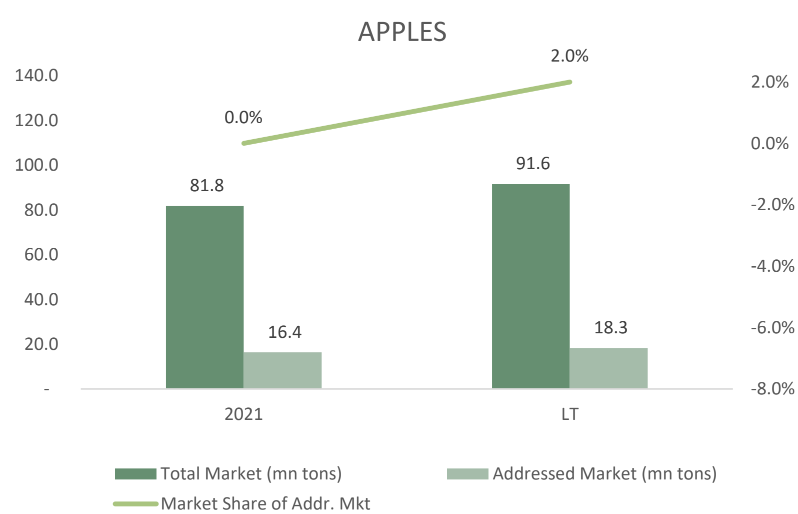
Apples

Reference market, served market and eVISO's market share

In the apple business we identify the total reference market as the yearly world production of fresh apples in 2020/2021, i.e. Tons82mn (according to the United States Department of Agriculture), which we estimate to reach Tons92mn in the LT scenario, in line with the growth of the global population estimated by Worldometer. Considering the focus of the eVISO's platform on the forward market, we consider only this part as served market (estimated at ca. 20% of the total reference market). We assume that eVISO might reach a 2% market share in the long term considering the uniqueness of the platform in the market.

APPLES Business – Total Market, Addressed Market and Market Share

We assume an increase in the total reference market from Tons82mn in 2021 to Tons92mn in the LT scenario. In our estimates market share could reach 2% at full steam



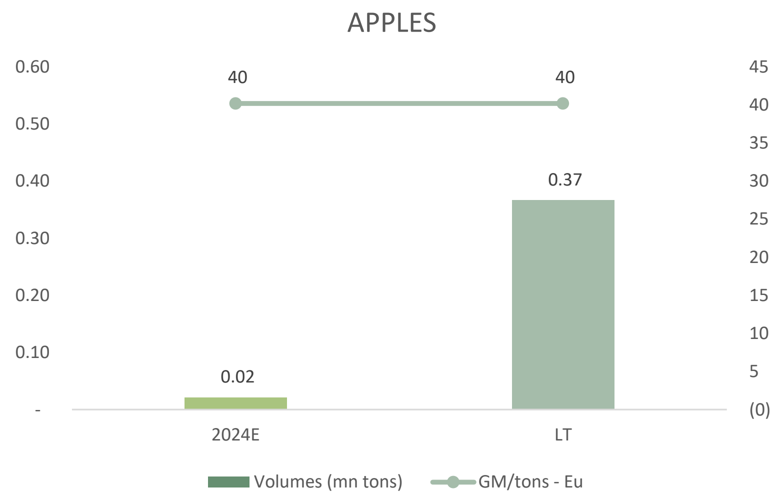
Source: Alantra, USDA, Worldometer, eVISO

eVISO's estimated Gross Margin at full steam

We estimate a GM/unit of Eu40 in the apples business at normalized levels. This is based on a 5% fee on intermediated volumes and variable costs at 20% of sales. At the moment, the business is still at early stage and there is a high degree of uncertainty on the potential market share and gross margin. We highlight that Italy is the 7th world producer of apples based on data from the USDA and WAPA, with a production of Tons2.0mn in 2020/2021. The estimated volumes of Tons0.37mn for eVISO's platform in the global market at full steam is the equivalent of 90% of the estimated Italian forward market today.

APPLES Business – Volumes and Unitary Gross Margin

GM/Unit at ca. Eu40 and Tons0.37mn volumes at full steam



Source: Alantra, eVISO

We believe that risks are skewed to the upside

Our top-down framework will not be static, but it will be updated according to business developments, evolution of the reference markets and the competitive landscape. We see significant moving parts, which represent upside / downside risks. Looking at the ambition of the group and its historical track record of delivery, we believe that risks are skewed to the upside. The ongoing construction of a new headquarter (which should be ready in 2022), with a surface of 3k sqm, gives an idea about the long-term ambition of the group.

New Headquarter

The ongoing construction of a new headquarter (which should be ready in 2H 2022), with a surface of 3k sqm, gives an idea about the long-term ambition of the group

Source: eVISO

New businesses represent a very important potential upside

So far, we have included only the activities in advanced stage of phase two and where there is a first delivery of the results. We highlight that other ventures are already under development.

There are other segments of the electricity market where the group has already produced results, but which are still very small. eVISO has elaborated a tool to calculate the electricity bill for all the Italian users, which could be monetized with other operators in the market. The group is also stipulating agreements with green energy producers to sell their output in exchange of a fee.

At the same time, eVISO could decide to exit a market, due to adverse evolution of the regulatory framework or the competitive environment. The apples business is still at very early stage for example and success is not yet secured.

Reference markets

We have assumed stable markets in terms of volumes at 2021 levels, but a low-single-digit growth has been historically experienced.

Addressed markets

We assume that eVISO expands its direct business in electricity and gas from Piedmont and Liguria to Lombardy. Other regions could be addressed in the future.

Market shares

Our estimated market shares in the different businesses could differ from what we assume. In apples there is a big question mark at the moment, due to the early-stage phase of the business. By contrast, we have been conservative in gas and probably in electricity to direct clients. Looking at the most important division (electricity to direct clients), we have elaborated a sensitivity of the Gross Margin to the long-term market share and covered regions. We see strong upside potential with more aggressive assumptions.

Sensitivity of the potential Gross Margin generated in Electricity to Direct Clients

Higher market share in a broader target territory could significantly enhanced the GM of the business at full steam

Gross Margin (Eu mn) - Electricity Direct			*+ Piedmont + Liguria*	*+ Piedmont + Liguria + Lombardy*	*+ Piedmont + Liguria + Lombardy + Emilia Rom.*	*+ Piedmont + Liguria + Lombardy + Emilia Rom. + Veneto*
			Addressed Market Direct Electricity Business (TWh) - LT			
			29	94	121	152
Market share flat at 2021	Mkt Share Direct Electricity Business - LT	0.8%	4	12	16	20
Market share flat at 2024		1.2%	6	18	23	29
Market Share Base Case		1.5%	7	22	29	36
Market Share Better Case		5.0%	23	75	97	121

Source: Alantra

Sensitivity of the potential consolidated EBITDA

Higher market share in a broader target territory in Electricity to Direct Clients could significantly enhance consolidated EBITDA at full steam

EBITDA (Eu mn) - Consolidated			*+ Piedmont + Liguria*	*+ Piedmont + Liguria + Lombardy*	*+ Piedmont + Liguria + Lombardy + Emilia Rom.*	*+ Piedmont + Liguria + Lombardy + Emilia Rom. + Veneto*
			Addressed Market Direct Electricity Business (TWh) - LT			
			29	94	121	152
Market share flat at 2021	Mkt Share Direct Electricity Business - LT	0.8%	23	29	32	34
Market share flat at 2024		1.2%	24	33	37	41
Market Share Base Case		1.5%	25	36	41	46
Market Share Better Case		5.0%	37	73	89	106

Source: Alantra

Gross margins per unit sold

This metric is relatively stable as soon as the business model is implemented and tested. However, it could be impacted by different elements in the long term such as the evolution of the competitive landscape.

EBITDA as % of Gross Margin

Growth of the business should imply operational leverage and margin expansion from current levels. The real EBITDA / Gross Margin at full steam could be different than our expected 70%. Our estimated 70% EBITDA / GM implies CAGR of SG&A at 14% between 2024 and 2034, after 17% between 2021 and 2024E. This could be conservative (EBITDA margin could be higher), taking into account that we are only considering businesses which already exists.

Valuation in a long-term scenario

We have elaborated a valuation approach based on DCF and the assumption of a gradual convergence of eVISO's EBITDA to the long-term level coming out from our top-down approach. We obtain a valuation of Eu7.0/share. Our DCF is based on the following main assumptions:

1. A first period of detailed estimates between 2022 and 2024, over which we expect Gross Margin and EBITDA CAGR of 27% and 34% respectively
2. A second period of estimates from 2024 to the long-term (assumed in 2034). We assume that eVISO is gradually able to achieve the EBITDA level coming out from our top-down framework
3. We assume that NWC remains negative in the future, generating cash in the period 2024-2034. We assume a slightly decreasing level of CAPEX as % of GM. Taking into account that we do not incorporate in our figures the expansion in new markets, the group should be able to generate operational leverage on capex in addition to opex
4. We assume 1% terminal growth rate
5. We use 8.9% WACC between 2021 and 2024, and a higher WACC of 9.4% for the period 2024-2034

Long Term DCF

By focusing on volumes, gross margin and GM/EBITDA we try to estimate the potential of each business line in a long-term view (2034)

(Eu mn)	FY18A	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E	FY33E	FY34E	TV
Value of Production	34.3	43.0	48.6	76.7	191.4	240.5	228.5											
YoY growth		*25%*	*13%*	*58%*	*149%*	*26%*	*-5%*											
EBITDA	1.5	2.1	2.3	3.3	4.8	5.9	7.1	8.3	9.8	11.6	13.6	16.0	18.9	22.2	26.2	30.8	36.3	36.7
EBITDA Margin	*4.3%*	*4.9%*	*4.8%*	*4.3%*	*2.5%*	*2.4%*	*3.1%*											
taxes on EBIT			(0.4)	(0.5)	(0.7)	(1.0)	(1.4)	(1.8)	(2.2)	(2.6)	(3.1)	(3.7)	(4.5)	(5.4)	(6.4)	(7.7)	(9.2)	(9.4)
Non recurring Cash-out			0.0	0.0	0.0	0.0	0.0											
NWC Change			(1.1)	(0.0)	(0.7)	1.7	4.8	1.2	1.5	1.7	2.0	2.4	2.8	3.3	3.9	4.6	5.5	0.0
Capex			(2.1)	(3.0)	(3.8)	(1.6)	(2.5)	(2.3)	(2.6)	(2.9)	(3.2)	(3.5)	(3.9)	(4.3)	(4.8)	(5.2)	(5.7)	(5.2)
Capex/Revenues			*-4.4%*	*-3.9%*	*-2.0%*	*-0.7%*	*-1.1%*											
Capex / GM			*-44%*	*-49%*	*-43%*	*-15%*	*-20%*	*-19%*	*-18%*	*-17%*	*-16%*	*-15%*	*-15%*	*-14%*	*-13%*	*-12%*	*-11%*	*-10%*
Free cash flow					(0.5)	5.0	8.0	5.5	6.5	7.8	9.3	11.1	13.3	15.9	18.9	22.6	26.9	274.5
Disc. Free Cash Flow					(0.5)	4.6	6.7	4.2	4.5	5.0	5.4	5.9	6.4	7.0	7.6	8.3	9.0	92.1
Year					0.0	1.0	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0	11.0	12.0	12.0

Total Disc. FCF	74.1	45%
Terminal value	92.1	55%
Total EV (Eu mn)	166.3	
NFP FY21	7.5	
Adjustments	(0.9)	
TOTAL Equity Value	172.9	
# of shares (mn)	24.7	
Fair Value per share (Eu)	7.0	

Implied multiples	FY22E	FY23E	FY24E
EV/ Sales	0.9 x	0.7 x	0.7 x
EV/ Adj. EBITDA	35.0 x	27.6 x	19.2 x
EV/Adj. EBIT	58.3 x	42.9 x	31.3 x
P/Adj. E	84.9 x	63.3 x	48.6 x

Source: Alantra

We have also built some sensitivities linked to the evolution of the four main businesses, by changing two key variables: Market Share and Addressed Market. From this analysis we can extract few key takeaways:

1. The most bearish scenario in the main business (Direct Electricity) would result in a Eu5.1/share valuation. The upside potential could get up to Eu16.7/share in the most bullish case. We highlight that we are sensitizing our results only one business at a time, everything else being equal

2. Focusing on the Apples business (which is still at very early stage), even if we assume zero contribution in terms of Gross Margin and EBITDA, we still end up with a Eu5.5/share valuation

3. Considering the thin Gross Margin on sales of the Reseller Electricity business, our valuation is not really sensitive to the underlying assumptions in terms of growth.

Sensitivity of our long-term DCF valuation to the evolution of the existing four businesses

We have also built some sensitivities linked to the evolution of the four main businesses, by changing two variables: Market Share and Addressed Market

Direct Electricity Business

	Market Share - LT \ Addressed Market - LT	+ Piedmont + Liguria: 29	+ Piedmont + Liguria + Lombardy: 94	+ Piedmont + Liguria + Lombardy + Emilia Rom.: 121	+ Piedmont + Liguria + Lombardy + Emilia Rom. + Veneto: 152
Market share flat post 2021	0.8%	5.1	5.9	6.3	6.7
Market share flat post 2024	1.2%	5.2	6.5	7.1	7.7
Market Share Base Case	1.5%	5.4	7.0	7.7	8.4
Market Share Better Case	5.0%	7.1	12.2	14.4	16.7

Reseller Electricity Business

	Market Share - LT \ Addressed Market - LT	Addressed Market flat post 2021: 11.5	Addressed Market flat post 2024: 13.8	Addressed Market Base Case: 15.1	Addressed Market Better Case: 17.0
Market share flat post 2021	1.6%	6.3	6.3	6.3	6.3
Market share flat post 2024	4.5%	6.5	6.5	6.6	6.6
Market Share Base Case	10.0%	6.8	6.9	7.0	7.1
Market Share Better Case	20.0%	7.4	7.7	7.8	8.0

GAS Business

	Market Share - LT \ Addressed Market - LT	+ Piedmont + Liguria: 4.5	+ Piedmont + Liguria + Lombardy: 13.4	+ Piedmont + Liguria + Lombardy + Emilia Rom.: 17.6	+ Piedmont + Liguria + Lombardy + Emilia Rom. + Veneto: 21.8
Market share flat post 2021	0.0%	6.6	6.6	6.6	6.6
Market share flat post 2024	0.1%	6.7	6.8	6.8	6.9
Market Share Base Case	0.3%	6.7	7.0	7.1	7.3
Market Share Better Case	1.5%	7.3	8.6	9.3	9.9

Apple Business

	Market Share - LT \ Addressed Market - LT	Addressed Market flat post 2021: 16.4	Addressed Market flat post 2024: 16.8	Addressed Market Base Case: 18.3	Addressed Market Better Case: 21.0
Market share flat post 2021	0.0%	5.5	5.5	5.5	5.5
Market share flat post 2024	0.5%	5.8	5.8	5.9	5.9
Market Share Base Case	2.0%	6.8	6.9	7.0	7.2
Market Share Better Case	5.0%	8.8	8.9	9.2	9.8

Source: Alantra

We have also elaborated a sensitivity based on the degree of the operational leverage, which could impact both EBITDA / GM and Capex / GM at terminal value. Implied operating costs excl. COGS were Eu2.7mn in 2021, and should grow at a 17.2% CAGR between 2021 and 2024, according to our estimates, as a consequence of the product development initiatives implemented by the group (mainly linked to the setup of Apples business as well as the expansion of the Gas business). By assuming a 70% EBITDA / GM in 2034 (long term scenario), implied operating costs excluding COGS could grow to Eu15.6mn at a 13.7% 24-34 CAGR, lower than the rate experienced between 2021 and 2024 due to the absence of new product development initiatives (additional product launches are upside risks not included in our long-term model).

Sensitivity of our long-term DCF valuation to EBITDA / GM and Capex / GM at terminal value

Considering the relevance of operational leverage for eViso, we sensitized our valuation by EBITDA/GM and CAPEX/GM

CAPEX / GM \ EBITDA / GM	60.0%	65.0%	70.0%	75.0%	80.0%
-14.0%	5.7	6.2	6.7	7.1	7.6
-12.0%	5.9	6.4	6.8	7.3	7.8
-10.0%	6.1	6.5	7.0	7.5	7.9
-8.0%	6.2	6.7	7.2	7.6	8.1
-6.0%	6.4	6.9	7.3	7.8	8.3

Source: Alantra

Valuation today

The stock is now trading at 8.5x-6.1x CY22-23 EV/EBITDA, with a substantial discount (>30%) versus the median of other Italian technological players.

Trading multiples

>30% discount versus peers on 2022-2023 EV/EBITDA and EV/EBIT

Company	Country	Mkt Cap (Eu mn)	EV/Sales FY22E	EV/Sales FY23E	EV/Sales FY24E	EV/EBITDA FY22E	EV/EBITDA FY23E	EV/EBITDA FY24E	EV/EBIT FY22E	EV/EBIT FY23E	EV/EBIT FY24E	PE FY22E	PE FY23E	PE FY24E
eVISO (Calendarised)	ITALY	55	0.2 x	0.2 x	0.1 x	8.5 x	6.1 x	4.3 x	11.5 x	8.0 x	5.4 x	18.2 x	14.5 x	11.5 x
Premium (discount) to Peers' Italian Technology			-93%	-93%	nm	-34%	-44%	-41%	-36%	-48%	-52%	-19%	-38%	-24%
CY4Gate SpA	ITALY	235	3.7 x	2.8 x	2.7 x	12.8 x	9.5 x	9.0 x	16.6 x	11.8 x	11.2 x	22.6 x	16.3 x	14.9 x
PITECO SpA	ITALY	184	5.6 x	4.8 x	4.1 x	12.1 x	10.0 x	8.4 x	18.1 x	15.4 x	12.7 x	17.6 x	15.5 x	13.8 x
Expert.ai S.p.A.	ITALY	65	1.9 x	1.5 x	1.0 x	na	13.2 x	4.9 x	na	na	18.1 x	na	na	40.9 x
Tecma Solutions SpA	ITALY	80	3.9 x	2.5 x	1.8 x	119.8 x	19.2 x	7.3 x	na	78.6 x	11.3 x	na	108.4 x	15.1 x
Almawave S.p.A.	ITALY	119	2.7 x	2.2 x	2.0 x	12.1 x	9.6 x	7.2 x	20.2 x	15.5 x	10.9 x	30.5 x	23.6 x	17.1 x
Datrix S.p.A.	ITALY	57	2.6 x	1.9 x	1.3 x	46.1 x	11.7 x	5.4 x	nm	20.8 x	7.2 x	nm	26.0 x	11.7 x
ALL PEERS Italian Technology	Average		3.4 x	2.6 x	2.2 x	40.6 x	12.2 x	7.0 x	18.3 x	28.4 x	11.9 x	23.5 x	38.0 x	18.9 x
	Median		3.2 x	2.3 x	1.9 x	12.8 x	10.8 x	7.3 x	18.1 x	15.5 x	11.3 x	22.6 x	23.6 x	15.0 x

Source: Factset, Alantra

eVISO has growth rates similar to those of technological peers, while we highlight that margins are not comparable, due to the peculiarities of eVISO's business model.

Financials – eVISO (calendarized) versus selected peers

Similar growth rates versus technological peers

Company	Country	Mkt Cap (Eu mn)	FY21A - FY23E average margins: EBITDA Margin	EBIT Margin	Net Income Margin	Capex / Sales	Dividend Payout	CAGR FY20A - FY23E: Sales	EBITDA Adj	EBIT Adj	EPS Adj
eVISO (Calendarised)	ITALY	55	2.8%	1.8%	1.2%	1.5%	30.1%	55.3%	31.7%	38.1%	44.4%
CY4Gate SpA	ITALY	235	31.6%	24.5%	20.5%	19.7%	0.0%	130.1%	103.2%	105.6%	30.9%
PITECO SpA	ITALY	184	46.7%	30.9%	27.8%	na	24.1%	22.0%	29.0%	29.6%	21.4%
Expert.ai S.p.A.	ITALY	65	-9.7%	-32.8%	-32.1%	26.8%	0.0%	21.0%	nm	nm	nm
Tecma Solutions SpA	ITALY	80	13.5%	3.6%	2.5%	17.3%	0.0%	81.1%	73.0%	-328.0%	-338.5%
Almawave S.p.A.	ITALY	119	23.3%	14.4%	9.1%	15.7%	0.0%	26.6%	25.9%	27.6%	0.0%
Datrix S.p.A.	ITALY	57	6.4%	-2.7%	-3.0%	14.7%	0.0%	39.8%	nm	nm	nm
PEERS Italian Technology	Average		18.6%	6.3%	4.1%	18.8%	4.0%	53.4%	57.8%	-41.3%	-71.6%
	Median		18.4%	9.0%	5.8%	17.3%	0.0%	33.2%	51.0%	28.6%	10.7%

Source: Factset, Alantra

eVISO has recently outperformed its peers. Compared to some of them, the group has a profitable and cash generative business.

Performance

Market outperformance vs peers in the last 3 months

Company	Country	Mkt Cap (Eu mn)	Performance 1W	1M	3M	6M	1YR	3YR
eVISO	ITALY	55	-0.4%	-7.5%	-9.3%	-18.0%	0.0%	na
CY4Gate SpA	ITALY	235	-4.3%	-8.9%	-9.0%	-10.2%	8.6%	na
PITECO SpA	ITALY	184	-3.0%	2.5%	-6.7%	-20.0%	-16.3%	72.1%
Expert.ai S.p.A.	ITALY	65	-4.5%	-18.9%	-40.2%	-48.0%	-60.0%	-35.2%
Tecma Solutions SpA	ITALY	80	0.0%	-4.7%	-5.6%	25.9%	49.0%	na
Almawave S.p.A.	ITALY	119	-4.1%	-14.5%	-13.2%	-19.2%	-5.3%	na
Datrix S.p.A.	ITALY	57	-5.4%	-8.6%	-12.5%	na	na	na
PEERS Italian Technology	Average		-3.6%	-8.9%	-14.5%	-14.3%	-4.8%	18.4%
	Median		-4.2%	-8.7%	-10.8%	-19.2%	-5.3%	18.4%

Source: Factset, Alantra

Today, we only partially consider our "Valuation in a long-term scenario" to set our TP of eVISO. We assign a weight of 30%, while we give 70% weight to the valuation based on CY2023 EV/EBITDA multiples of other Italian technological players. We set a TP of Eu4.5/share, which implies a triple digit upside. We believe that the long-term valuation could command a higher weight in the future, as soon as the achievement of our estimated long-term targets becomes more visible.

SOP valuation

We assign a weight of 30% to our long-term valuation and 70% to the valuation based on EV/EBITDA multiples of peers

Method	Equity Value			
	(Eu mn)	(Eu per share)	Upside (Downside)	Weight (%)
DCF Long Term	172.9	7.0	219%	30%
Peers mutliples	84.8	3.5	59%	70%
Weighted AVG	**111.2**	**4.5**	**107%**	
N. of shares (mn)		24.7		

Source: Alantra

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