EGM TECHNOLOGY

Tech picking in uncertain times

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ALANTRA
Italian Equity Research

EGM Technology

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Sector Research

Technology

Mkt Cap	Eu mn
Allcore	28
Almawave	123
Datrix	47
eVISO	59
Farmae	79
Giglio.com	43
Tecma Solutions	65

Sales (Eu mn)	FY21A	FY22E	FY23E
Allcore	27	37	44
Almawave	34	46	59
Datrix	11	17	24
eVISO	77	210	351
Farmae	82	119	143
Giglio.com	38	52	73
Tecma Solutions	13	16	29

While top line growth was the investors' key focus when looking at tech stocks in a scenario of lower for longer interest rates, we believe that, with the reverse of the trend and macroeconomic uncertainty, a strong balance sheet, a positive FCF and a proven business model are the new imperative. In this report we analyse the 7 Italian technology stocks included in our coverage and listed on the EGM: Allcore, Almawave, Datrix, eVISO, Farmaè, Giglio.com, Tecma Solutions. We have elaborated a framework to pick the best opportunities in the current environment and have combined the outcome with market multiples. We believe that Almawave, eVISO and Allcore offer the best risk/reward profile

- **A perfect storm on the technology stocks.** With a 30% negative YTD performance, the NASDAQ composite index has underperformed the S&P by 13% YTD. We believe that the end of the lower for longer interest rates scenario has highly penalised valuation of tech stocks, which are characterised by high duration of FOCF. This was coupled with a risk off mode of investors in a scenario of macroeconomic uncertainty. In addition, some specific issues affected the performance of the Big Tech. Most of the stocks in the club have evolved into conglomerates, diversifying their presence outside the core business and diluting ROCE. Finally, many technology stocks enjoyed business benefits with the virus outbreak, but they were penalised in a scenario of post-COVID normalisation.
- **We have analysed our covered tech stocks listed on EGM (the Italian technology incubator).** The Italian market is not home for technology stocks (only 2% of the market capitalisation). By contrast, the market capitalisation of tech companies (excluding Technoprobe) is 24% of the total of the EGM. We have analysed 7 technology stocks in our coverage: Allcore, Almawave, Datrix, eVISO, Farmaè, Giglio.com and Tecma Solutions. We have used a broad definition of technological stocks, including pure tech-companies but also companies whose business models are technology driven or enabled.
- **How to pick the best companies to navigate the current environment…** We believe that while top line growth was the investors' key focus when looking at tech stocks in a scenario of lower for longer interest rates, in the current context of increasing rates and macroeconomic uncertainty, a strong balance sheet, a positive FCF and a proven business model are the new imperative. We have elaborated a framework based on 4 criteria to identify the best investment opportunities in the current environment: 1) proven business model; 2) strong financial profile; 3) compliance with the "Rule of 40"; 4) front-end-loaded growth in 2022. We have attributed to each company a score from 5 (top positioning) to 1 (weak positioning) depending on the outcome of each single criteria. Based on our analysis, Almawave and eVISO offer the best profiles (being in the top positioning across 2 out of 4 criteria), followed by Allcore.
- **…and with the best risk/reward profile.** The results of our framework are coherent with the YTD market performances, with the top performers being eVISO (-2% YTD), Almawave (-13%), Allcore (-18%), and Giglio.com (-18%). These companies have performed better than the average, with other tech stocks in the panel being down more than 30% YTD. In order to identify the stocks with the best risk/reward profile we have crossed 2024 EV / EBITDA multiples with our scoring. Following this approach, Allmawave, eVISO and Allcore emerge again as the best investment opportunities with a good mix of relatively low 2024 EV / EBITDA multiples and high scoring (based on our framework). We believe that these companies could have good upside potential in the current environment, and should consequently demand a re-rating. The three stocks offer the highest upside potential in our sample versus our target prices.

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Index

Summary Financials – Technology stocks in our EGM coverage

P&L account (Eu mn)	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E
Total Revenues	150.8	230.8	416.3	639.2	679.8	752.5
Gross Margin	nm	nm	nm	nm	nm	nm
EBITDA reported	12.2	13.1	16.2	19.2	36.9	61.1
D&A	(5.1)	(6.4)	(13.0)	(15.8)	(17.6)	(19.4)
EBIT reported	7.0	6.7	3.1	3.4	19.3	41.7
Net financial charges	(2.5)	(3.6)	(1.2)	(1.4)	(1.5)	(1.3)
Associates	0.0	0.0	0.0	0.0	0.0	0.0
Extraordinary items	0.0	0.0	0.0	0.0	0.0	0.0
Pre-tax profit	4.5	3.0	1.8	2.0	17.8	40.4
Taxes	(0.9)	(1.4)	(3.9)	(1.6)	(5.1)	(11.7)
Minorities	(0.3)	(0.1)	(0.1)	(0.1)	(0.2)	(0.3)
Discontinued activities	0.0	0.0	0.0	0.0	0.0	0.0
Net profit reported	3.3	1.6	(2.2)	0.2	12.4	28.4
EBITDA adjusted	**11.3**	**13.1**	**18.4**	**21.6**	**38.1**	**61.1**
EBIT adjusted	**6.3**	**7.1**	**6.0**	**8.2**	**22.4**	**43.6**
Net profit adjusted	**2.7**	**1.9**	**2.9**	**3.9**	**14.9**	**30.0**

Margins (%)	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E
Gross margin	nm	nm	nm	nm	nm	nm
EBITDA margin	8.1%	5.7%	3.9%	3.0%	5.4%	8.1%
EBITDA margin (adj)	7.5%	5.7%	4.4%	3.4%	5.6%	8.1%
EBIT margin	4.7%	2.9%	0.7%	0.5%	2.8%	5.5%
EBIT margin (adj)	4.2%	3.1%	1.4%	1.3%	3.3%	5.8%
Pre-tax margin	3.0%	1.3%	0.4%	0.3%	2.6%	5.4%
Net profit margin	2.2%	0.7%	-0.5%	0.0%	1.8%	3.8%
Net profit margin (adj)	1.8%	0.8%	0.7%	0.6%	2.2%	4.0%

Growth rates (%)	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E
Sales		53.0%	80.4%	53.5%	6.4%	10.7%
EBITDA		7.7%	23.4%	19.0%	91.8%	65.8%
EBITDA adjusted		15.9%	41.0%	17.2%	76.2%	60.5%
EBIT		-5.2%	-54.2%	11.2%	nm	116.1%
EBIT adjusted		12.4%	-16.0%	36.6%	174.8%	94.5%
Pre-tax		-32.9%	-39.7%	8.6%	nm	126.7%
Net profit		-53.2%	-238.1%	-111.5%	nm	128.4%
Net profit adjusted		-28.4%	53.3%	33.9%	nm	101.0%

Per share data	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E
Shares	nm	nm	nm	nm	nm	nm
N. of shares AVG	nm	nm	nm	nm	nm	nm
N. of shares diluted AVG	nm	nm	nm	nm	nm	nm
EPS	nm	nm	nm	nm	nm	nm
EPS adjusted	nm	nm	nm	nm	nm	nm
DPS - Ord.	nm	nm	nm	nm	nm	nm
DPS - Sav.	nm	nm	nm	nm	nm	nm
BVPS	nm	nm	nm	nm	nm	nm

Enterprise value (Eu mn)	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E
Share price Sav. (Eu)	nm	nm	nm	nm	nm	nm
Share price Ord. (Eu)	nm	nm	nm	nm	nm	nm
Market cap	nm	nm	612.6	442.9	442.9	442.9
Net debt/(Net cash)	nm	nm	(49.3)	(32.1)	(38.0)	(61.8)
Adjustments	nm	nm	10.6	9.3	11.5	13.7
Enterprise value	nm	nm	574.0	420.1	416.3	394.8

Cash flow (Eu mn)	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E
EBITDA	11.3	11.7	16.2	19.2	36.9	61.1
Net financial charges	(2.5)	(2.9)	(1.2)	(1.4)	(1.5)	(1.3)
Cash taxes	(0.7)	(1.0)	(1.0)	(1.6)	(5.1)	(11.7)
Ch. in Working Capital	(5.1)	8.7	(2.8)	(5.1)	(1.4)	0.7
Other operating items	-	0.6	(1.0)	0.9	1.2	1.4
Operating cash flow	**3.0**	**17.2**	**10.2**	**12.0**	**30.1**	**50.2**
Capex	(12.7)	(14.3)	(23.0)	(27.6)	(23.2)	(25.3)
FCF	**(9.7)**	**2.8**	**(12.7)**	**(15.6)**	**6.9**	**24.9**
Disposals/Acquisitions	0.4	(1.9)	(43.6)	(18.6)	0.0	0.0
Changes in Equity	13.3	18.4	100.8	20.2	0.0	0.0
Others	0.1	(0.1)	(2.8)	(3.2)	(0.0)	(0.0)
Dividends	(1.1)	(0.3)	(0.7)	0.0	(0.9)	(1.1)
Ch. in NFP	**3.0**	**18.8**	**41.0**	**(17.2)**	**6.0**	**23.7**

Ratios (%)	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E
Capex/Sales	**8.4%**	**6.2%**	**5.5%**	**4.3%**	**3.4%**	**3.4%**
Capex/D&A	2.5x	2.2x	1.8x	1.7x	1.3x	1.3x
FCF/EBITDA	nm	24.2%	nm	nm	18.7%	40.7%
FCF/Net profit	nm	149.5%	nm	nm	46.2%	82.9%
Dividend pay-out	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**

Balance sheet (Eu mn)	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E
Working capital	12.7	3.8	(3.8)	2.0	4.1	4.0
Fixed assets	34.7	63.7	130.8	164.4	170.1	176.1
Provisions & others	(2.7)	(4.3)	(10.6)	(12.3)	(14.3)	(16.4)
Net capital employed	**44.8**	**63.1**	**116.4**	**154.1**	**159.9**	**163.7**
Net debt/(Net cash)	**11.6**	**(7.6)**	**(49.3)**	**(32.1)**	**(38.0)**	**(61.8)**
Equity	33.2	70.1	162.2	182.6	194.1	221.4
- Of which Minority inter.	1.4	0.6	3.5	3.6	3.9	4.2

Ratios (%)	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E
Working capital/Sales	**8.4%**	**1.6%**	**-0.9%**	**0.3%**	**0.6%**	**0.5%**
Net debt/Equity	**0.4x**	**nm**	**nm**	**nm**	**nm**	**nm**
Net debt/EBITDA adj.	**1.0x**	**nm**	**nm**	**nm**	**nm**	**nm**

Valuation	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E
EV/CE			**4.5x**	**2.5x**	**2.4x**	**2.2x**
P/BV			3.8x	2.4x	2.3x	2.0x
EV/Sales			1.4x	0.7x	0.6x	0.5x
EV/EBITDA			35.5x	21.8x	11.3x	6.5x
EV/EBITDA adjusted			**31.1x**	**19.4x**	**10.9x**	**6.5x**
EV/EBIT			188.1x	123.8x	21.6x	9.5x
EV/EBIT adjusted			**96.0x**	**51.4x**	**18.6x**	**9.0x**
P/E			-283.4x	1777.1x	35.6x	15.6x
P/E adjusted			**210.2x**	**113.4x**	**29.7x**	**14.8x**
ROCE pre-tax		12.4%	6.2%	5.6%	13.2%	24.6%
ROE	**8.0%**	**2.7%**	**1.8%**	**2.1%**	**7.7%**	**13.5%**
EV/FCF			-45.1x	-27.0x	60.4x	15.9x
FCF yield			**-2.1%**	**-3.5%**	**1.6%**	**5.6%**
Dividend yield			**0.1%**	**0.0%**	**0.2%**	**0.3%**

Source: Company data, Alantra estimates. Note: figures are based on the aggregated numbers of the following stocks: Allcore, Almawave, Datrx, eVISO, Farmaè, Giglio.com, Tecma Solutions

Executive Summary

While top line growth was the investors' key focus when looking at tech stocks in a scenario of lower for longer interest rates, we believe that, with the reverse of the trend and macroeconomic uncertainty, a strong balance sheet, a positive FCF and a proven business model are the new imperative.

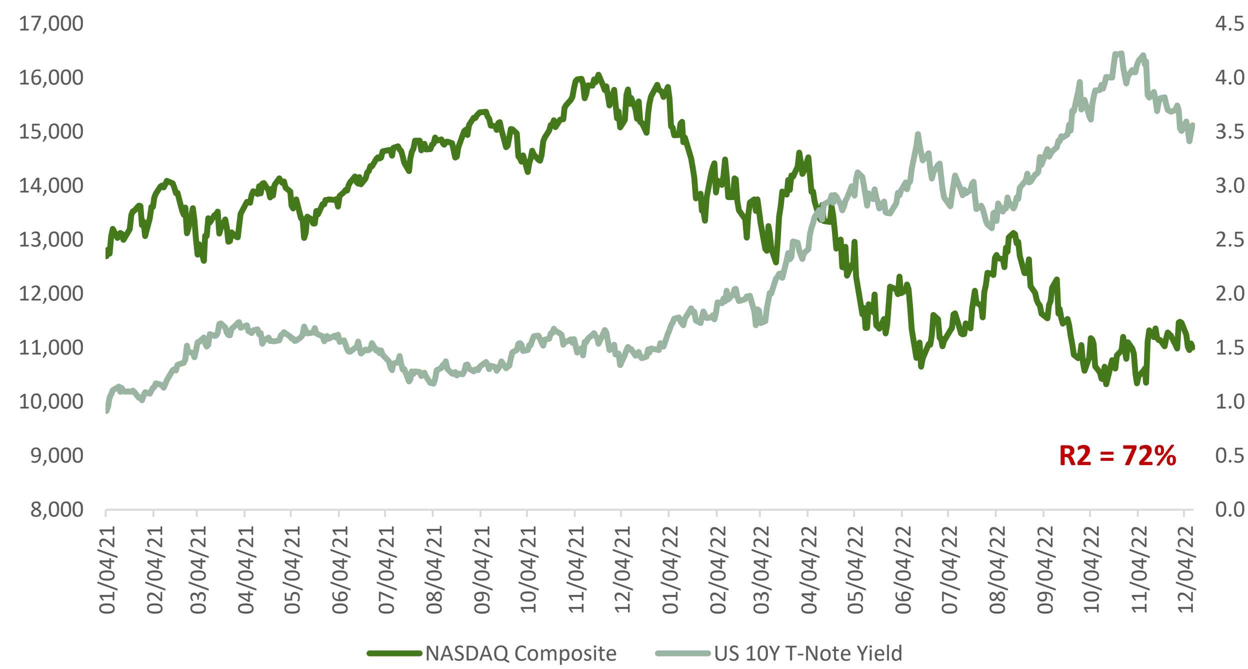
In this report we analyse the 7 Italian technology stocks included in our coverage and listed on the EGM: Allcore, Almawave, Datrix, eVISO, Farmaè, Giglio.com, Tecma Solutions. We have elaborated a framework to pick the best opportunities in the current environment and have combined the outcome with market multiples. We believe that Almawave, eVISO and Allcore offer the best risk/reward profile.

A perfect storm on the technology stocks

With a 30% negative YTD performance, the NASDAQ composite index has underperformed the S&P by 13% YTD. We believe that the trend of interest rates has been the main driver of the performance. The end of the lower for longer interest rates scenario has highly penalised valuation of tech stocks, which are characterised by high duration of FOCF. We see that performance of the equity markets and, in particular that of the NASDAQ, was hand-in-hand with interest rates (with a reverse correlation). This was coupled with a risk off mode of investors in a scenario of macroeconomic uncertainty. In addition, some specific issues affected the performance of the Big Tech. Most of the stocks in the club have evolved into conglomerates, diversifying their presence outside the core business and diluting ROCE. In a scenario of macroeconomic uncertainty, investors are starting to question whether this strategy will pay-off. Finally, many technology stocks enjoyed business benefits with the virus outbreak, which accelerated structural trends. The business and market performance of these stocks has recently reverted in a scenario of post-COVID normalisation.

Nasdaq versus US 10Y bonds. Performance from 2021

We see that recent performance of the equity markets and, in particular, that of the NASDAQ were hand-in-hand with interest rates (with a reverse correlation)



Source: Factset

We have analysed our covered *tech* stocks listed on EGM (the Italian technology incubator)

It is broadly known that the Italian market is not home for technology stocks. According to Borsa Italiana, the market capitalisation of technology stocks represents only 2% of a market mainly populated by financials (26%) and consumer discretionary (21%). The picture is different when we analyse the Euronext Growth Milan. Based on the sector classification of Factset, we estimate that 18% of the stocks listed on EGM (31 companies) belongs to the technology sector. The market capitalisation of technology stocks (excluding Technoprobe) is 24% of the total of the EGM. We have analysed 7 technology stocks in our coverage: Allcore, Almawave, Datrix, eVISO, Farmaè Giglio.com and Tecma Solutions. We have used a broad definition of technological stocks, including pure tech-companies like Almawave, Tecma and Datrix (which sell B2B technological solutions), but also companies like eVISO, Allcore, Giglio.com and Farmaè, whose business models are technology driven or technology enabled. Giglio.com and Farmaè use advanced techniques to attract consumers on their sites and to convert visits into orders. They also highly rely on software to optimize logistic complexity. eVISO uses AI and a data driven approach to optimize demand and/or offer of commodities. Allcore uses technology to acquire new customers and offers AI driven services in the traditionally tech laggard tax advisory business.

Our *tech* coverage

We cover a variegated universe of 7 technology stocks listed on EGM: Allcore, Almawave, Datrix, eVISO, Farmaè Giglio.com and Tecma Solutions

Company	Segment	Mkt Cap (Eu mn)	Revenues FY1	EBITDA FY1	Company Description
Allcore	Tax, accounting and financial solutions to SMEs	28	37.0	5.4	Allcore offers tax planning and accounting services to Italian Micro, Small and Mid-Enterprises. With process innovation, advanced marketing tools and proprietary AI powered software, Allcore has disrupted the tech laggard activity of traditional tax advisors
Almawave	Natural Language Processing, Speach Recognition and Data Analytics	123	46.4	10.0	Almawave is a leading Italian AI player in speech & text recognition with integrated service capabilities in the BigData sector. Products and solutions developed by the group and powered by its proprietary technologies are sold to corporates and PA clients in Italy and abroad.
Datrix	Augmented Analytics	47	17.2	(0.2)	Datrix has developed a fully integrated and complete proprietary Augmented Analytics platform that is able to automatically collect data from different sources (including first-party data and public data), store them in a scalable Data Lake, and automatically execute various analysis. Plug&lay ROI enhancing solutions powered by the platform are sold to corporate clients as DaaS (Data as a Service). They span across four different areas: Marketing & Sales, Fintech, Data Monetization and Machine Learning Model Serving.
eVISO	AI and Data-driven approach in the commodity markets	59	351.0	6.2	eVISO has developed in-house a proprietary Artificial Intelligence platform for commodity markets with physical delivery. The company has successfully deployed it in the Italian electricity trading and sale business, and is also managing an expansion in other commodities like gas and apples.
Farmae	Online retailer of beauty & personal care and OTC products	79	119.3	4.1	Farmaè, through its websites farmae.it, beautye.it, sanort.com (aquired in 2020), amicafarmacia.com (acquired in 2021), farmaeurope.eu (acquired in 2022), is the leading Italian online retailer of beauty & personal care and OTC products (BPC&OTC), i.e. products sold in pharmacies without prescription such as OTC medications, food supplements, cosmetics and medical devices.
Giglio.com	Online Luxury Marketplace	43	52.3	(1.1)	Giglio.com is a global independent marketplace, which has built a niche positioning in the digital luxury fashion industry from its headquarter in Palermo (Sicily). Thanks to an internally-developed, state-of-the-art technology platform (allowing for full scalability, flexibility and integration with suppliers) and the management of complex logistic activities, Giglio.com sells luxury products in the inventory of multi-brand boutiques and luxury brands to consumers in different geographies in exchange of a commission (take rate).
Tecma Solutions	Digital Real Estate solutions and services	65	16.0	(2.9)	Tecma develops high-end technology platforms and marketing tools to digitalize the go-to-market of new residential property developments. On top of virtual reality architecture and marketing tools for the sale of off-plan residential projects (www.tecmasolutions.com), Tecma offers full advisory on commercial strategies (e.g. digital concept store) and merges visual technologies with software tools for sales management that ultimately enable the “build to order” model.

Source: Alantra

How to pick the best companies to navigate the current environment…

We believe that while top line growth was the investors’ key focus when looking at tech stocks in a scenario of lower for longer interest rates, with the reverse of the trend and macroeconomic uncertainty, a strong balance sheet, a positive FCF and a proven business model are the new imperative. In order to identify the best investment opportunities in the current environment, we have elaborated a framework based on 4 criteria: 1) proven business model; 2) strong financial profile; 3) compliance with the “Rule of 40”; 4) front-end-loaded growth in 2022. We have attributed to each company a score from 1 (weak positioning) to 5 (top positioning) depending on the outcome of each single criteria. Based on our analysis, Almawave and eVISO offer the best profiles (being in the top positioning across 2 out of 4 criteria), followed by Allcore.

Alantra tech investment framework

We use 4 criteria to assess the best positioned stocks in our tech coverage to face the current environment. Almawave, eVISO and Allcore boast the best profile in our view

	Proven business model	Strong financial profile	Rule of 40	Front-end loaded growth in 2022	
ALMAWAVE	★★★★☆	★★★★★	★★★★☆	★★★★★	*18*
eVISO	★★★★★	★★★★★	★★★★☆	★★★★☆	*18*
Allcore	★★★★★	★★★★★	★★★★☆	★★☆☆☆	*16*
GIGLIO.COM	★☆☆☆☆	★★★★☆	★★★★☆	★★★☆☆	*12*
datrix AI SOLUTIONS GROUP	★★☆☆☆	★★★☆☆	★★★★☆	★★☆☆☆	*11*
TECMA BUSINESS.BEAUTY.	★☆☆☆☆	★★☆☆☆	★★★★☆	★★★☆☆	*10*
farmaè	★★★☆☆	★☆☆☆☆	★★☆☆☆	★★☆☆☆	*8*

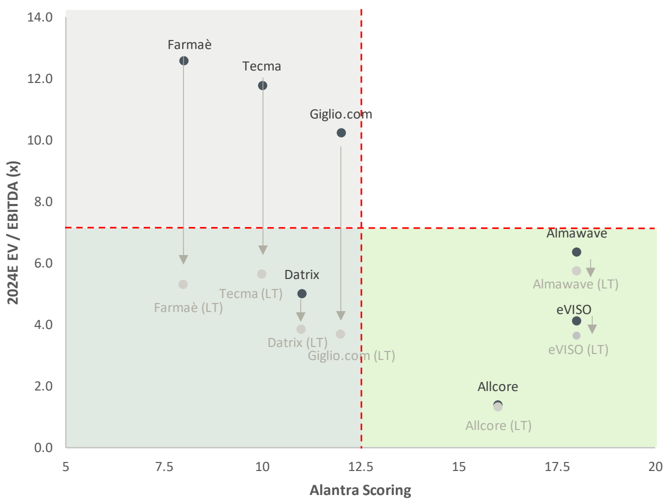
Source: Alantra

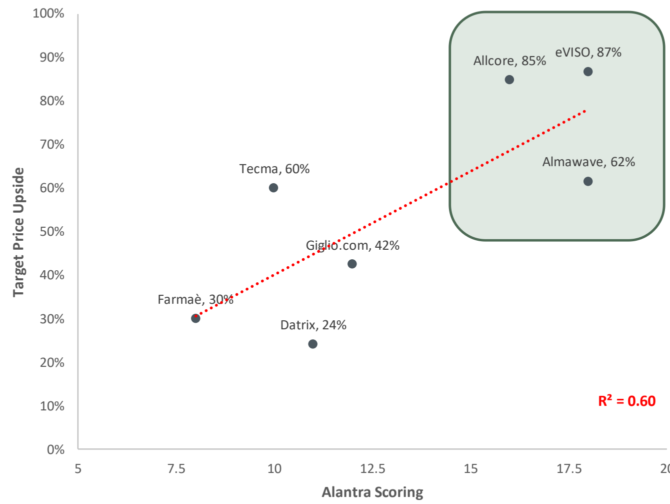
…and with the best risk/reward profile

The results of our framework are coherent with the YTD market performances, with the top performers being eVISO (-2% YTD), Almawave (-13%), Allcore (-18%) and Giglio.com (-18%). These companies have performed better than the average, with other tech stocks in the panel being down more than 30% YTD, and the EGM and STAR indexes having posted a -18% and -27% performance respectively. In order to identify the stocks with the best risk/reward profile we have crossed 2024 EV / EBITDA multiples with our scoring. While in 2022 the comparison based on market multiples is biased by the heterogeneity of our sample (very different expected growth rates and evolution of the margins), the bias should be attenuated when looking at 2024, when future growth rates should at least partially align, and EBITDA margins should be closer to full steam. Following this approach, Almawave, eVISO and Allcore emerge again as the best investment opportunities with a good mix of relatively low 2024 EV / EBITDA multiples and high scoring (based on our framework). We believe that these companies could have good upside potential in the current environment, and could consequently demand a re-rating. The three stocks offer the highest upside potential versus our target prices.

EV/EBITDA and implied upside potential on our TPs vs Alantra Scoring

Almawave, eVISO and Allcore emerge as top picks both looking at 2024 EV / EBITDA and TP upside when compared with our scoring





Source: Alantra. Note: Long Term (LT) EV/EBITDA are based on full steam EBITDA margins

A perfect storm on the technology stocks

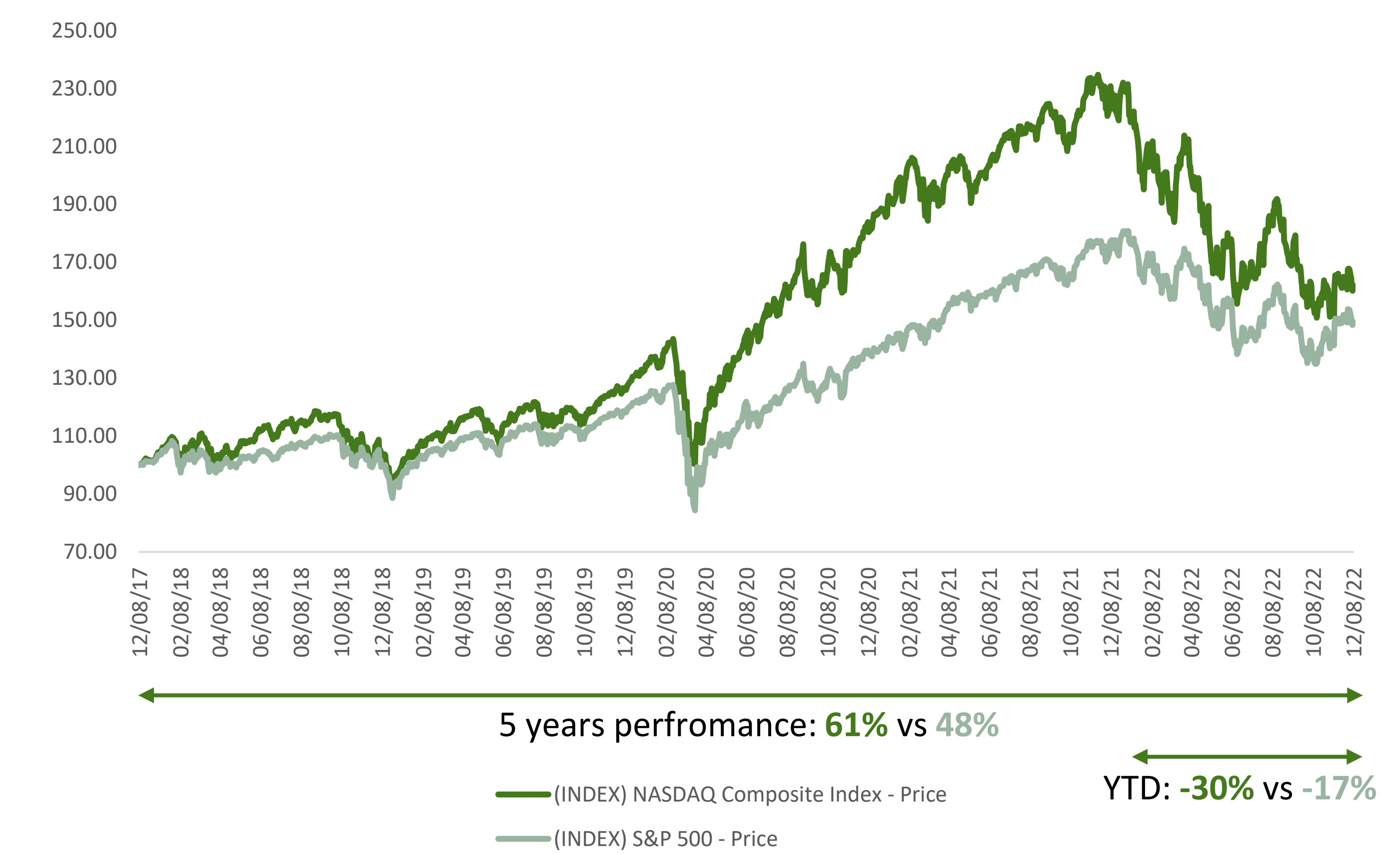
With a 30% negative YTD performance, the NASDAQ composite index has underperformed the S&P by 13% YTD. We believe that the trend of interest rates has been the main driver of the performance. The end of the lower for longer interest rates scenario has highly penalised valuation of tech stocks, which are characterised by high duration of FOCF. We see that performance of the equity markets and, in particular that of the NASDAQ, was hand-in-hand with interest rates (with a reverse correlation). This was coupled with a risk off mode of investors in a scenario of macroeconomic uncertainty. In addition, some specific issues affected the performance of the Big Tech. Most of the stocks in the club have evolved into conglomerates, diversifying their presence outside the core business and diluting ROCE. In a scenario of macroeconomic uncertainty, investors are starting to question whether this strategy will pay-off. Finally, many technology stocks enjoyed business benefits with the virus outbreak, which accelerated structural trends. The business and market performance of these stocks has recently reverted in a scenario of post-COVID normalisation.

Tech stocks have been the victim of the current high interest rates environment

With a 30% negative YTD performance, the NASDAQ composite index has underperformed the S&P by 13% YTD. The performance of the index reverted after a long period of expansion only interrupted by the virus outbreak.

Nasdaq versus S&P. Performance from the recent peak and over the recent long expansion cycle

With a -30% negative performance YTD, the NASDAQ composite index has underperformed the S&P by 13%



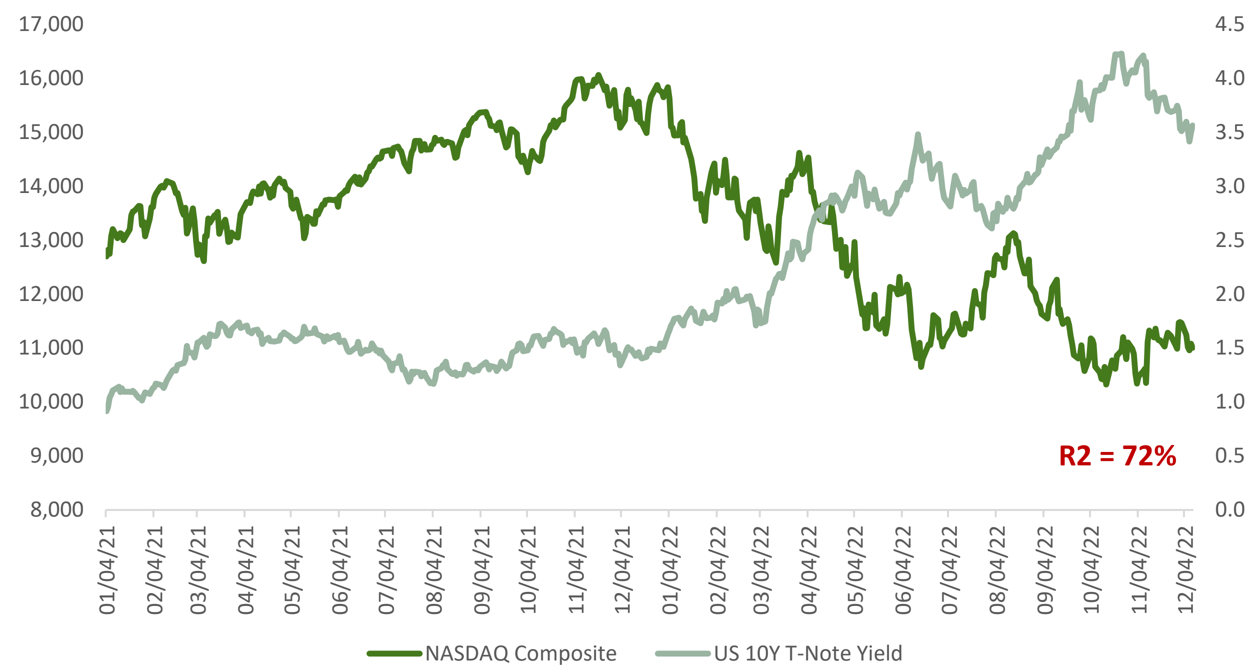
Source: Factset

Technology stocks have been in investors' favour in a scenario of low interest rates for two main reasons: 1) investors looked at riskier assets to gain performances in an environment of negative risk-free rates and preferred *growth* over *value*; 2) the high duration of the FOCF profile of tech stocks was not a big valuation issue in an environment of low interest rates. Many technology stocks had chances to get funding (or more funding) with business plans oriented to top line growth instead of profitability and cash generation. The picture has completely changed in the last year: 1) rising inflation has triggered the intervention of the central banks and the end of the easing in monetary policy after a long period of *lower for longer* interest rates; 2) the outbreak of the war in Ukraine has exacerbated the inflation trend.

The increase in interest rates has highly penalised the valuation of tech stocks, which are characterised by high duration of FOCF generation profile. We see that performance of the equity markets and, in particular that of the NASDAQ, was hand-in-hand with interest rates (with a reverse correlation). The recent rebound has been no more than a reaction to a deceleration of the inflationary trend in US and changes in the expectations on monetary policy and interest rates.

Nasdaq versus US 10Y bonds. Performance from 2021

We see that recent performance of the equity markets and, in particular, that of the NASDAQ were hand-in-hand with interest rates (with a reverse correlation)

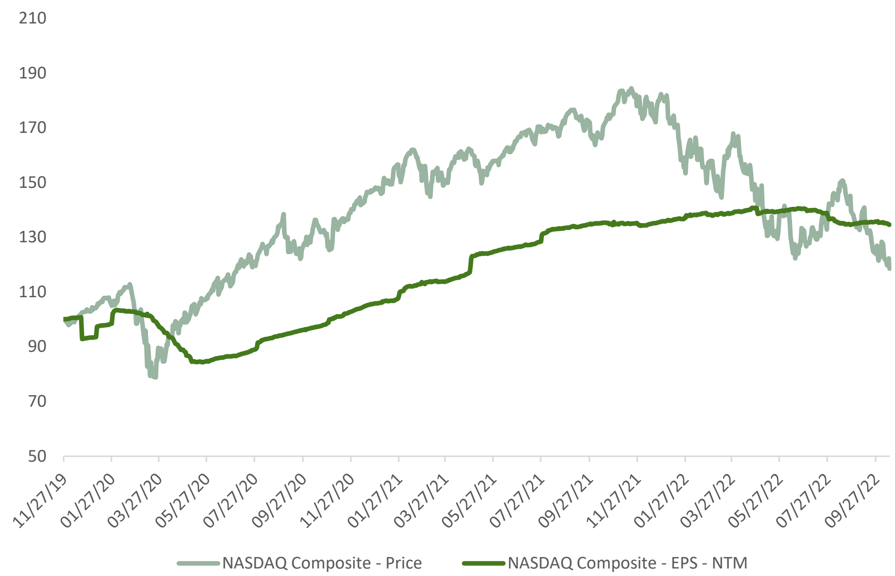


Source: Factset

While EPS estimates of the NASDAQ composite index were down only 6% YTD, the index was down 30% in the same period, meaning that the performance was largely triggered by de-rating.

Evolution of price and EPS NTM of the NASDAQ composite

The YTD negative performance was largely triggered by de-rating



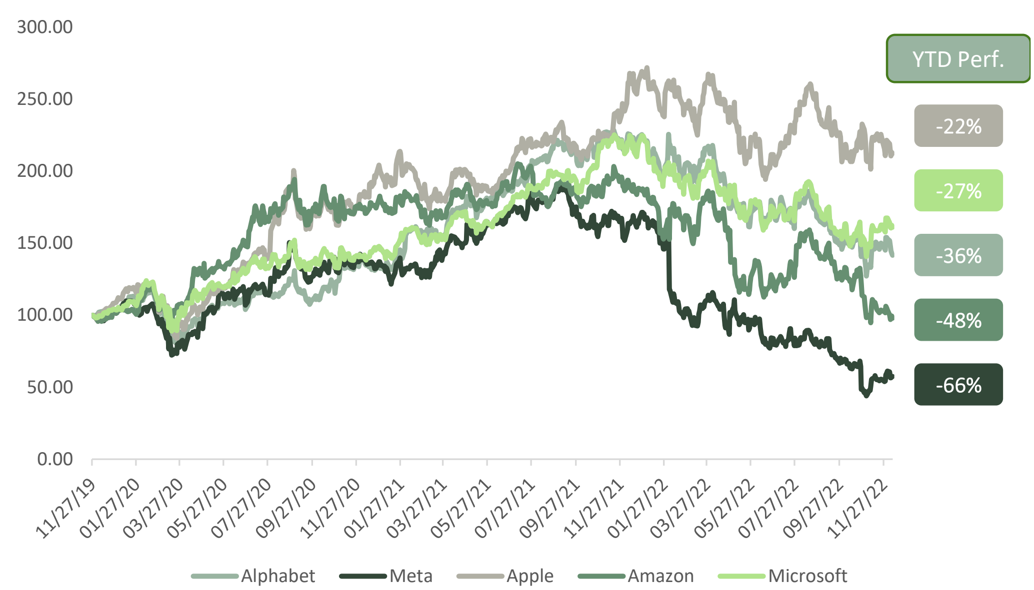
Source: Factset

No one is immune, not even the "Big Tech"

In addition, some specific issues affected the performance of the Big Tech (Alphabet, Amazon, Apple, Meta and Microsoft). Most of the groups in the club have evolved into conglomerates, diversifying their presence outside the core business and diluting ROCE. In a scenario of macroeconomic uncertainty, investors are starting to question whether this strategy will pay-off.

Last 10Y market performance of Big Tech stocks (Alphabet, Amazon, Apple, Meta and Microsoft)

The "Big Tech" has been not immune to the sell-off of technology stocks



Source: Factset

Many tech companies have also over-reacted to the COVID and post-COVID world

Many technology stocks took advantage on the virus outbreak, which has accelerated many structural trends: corporate digitalisation, online purchases, food deliveries, consumers habits and so on. The business and market performance of these stocks, positively impacted by the pandemic, have recently underperformed in a scenario of post-COVID normalisation. Just to mention a relevant example: **Netflix** posted a decline in the number of subscribers for the first time in its history in 1Q22. Its stock price in down 46% YTD. That of **Zoom** is down -60%, **Shop Apotheke** -59%, **Deliveroo** -55%.

Last 3Y market performance of selected stocks (Netflix, Zoom, Shop Apotheke, Deliveroo)

A relevant number of tech companies (which have been "COVID plays" for investors) have been recently penalised in a post-COVID environment

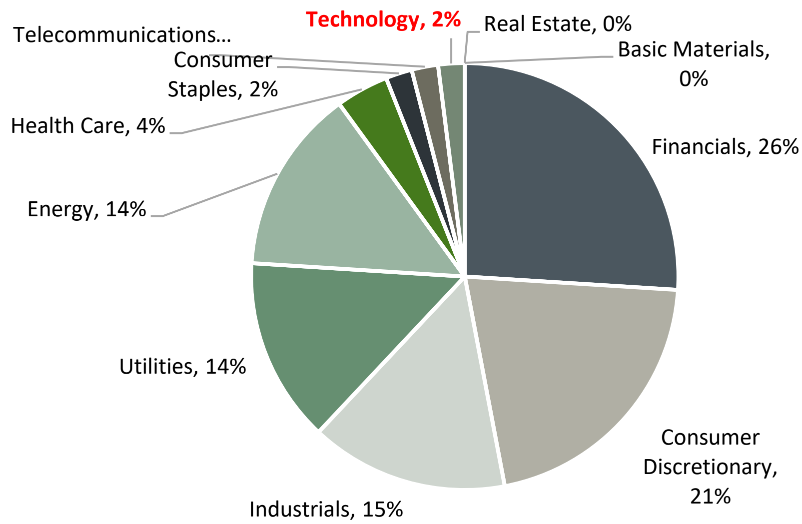
Source: Alantra on Factset data

EGM is the Italian technology incubator

It is broadly known that the Italian market is not home for technology stocks. According to Borsa Italiana, the market capitalisation of technology stocks represents only 2% of a market mainly populated by financials (26%) and consumer discretionary (21%).

Market capitalisation of companies listed on the Italian Stock Exchange by sector

The market capitalisation of technology stocks represents only 2% of total

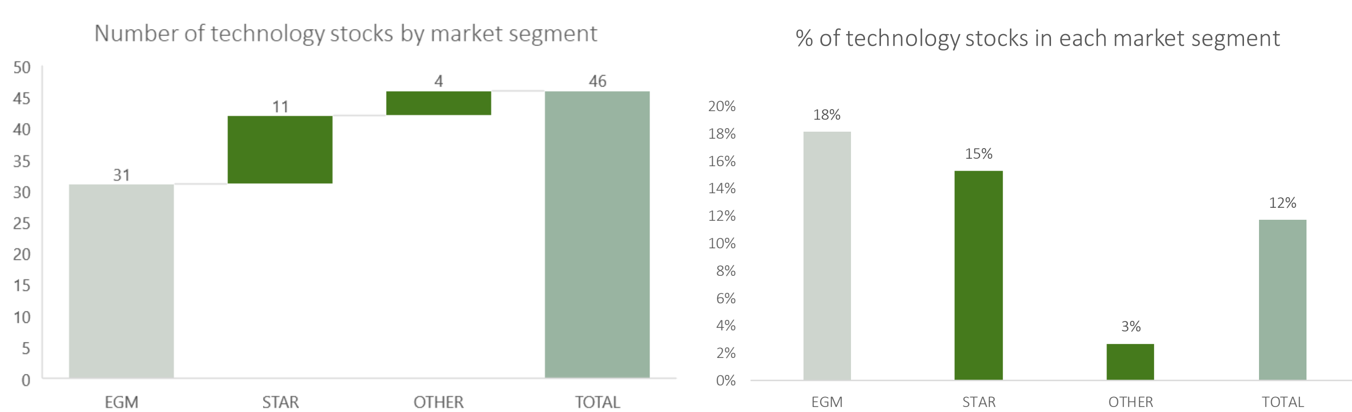


Source: Borsa Italiana – October 2022

The picture is different when we analyse the STAR segment and, in particular, the Euronext Growth Milan. Based on the sector classification of Factset, we estimate that 18% of the stocks listed on EGM (31 companies) belongs to the technology sector.

Number of technology stocks listed on the Italian stock exchange

We estimate that 18% of the stocks listed on EGM belongs to the technology sector

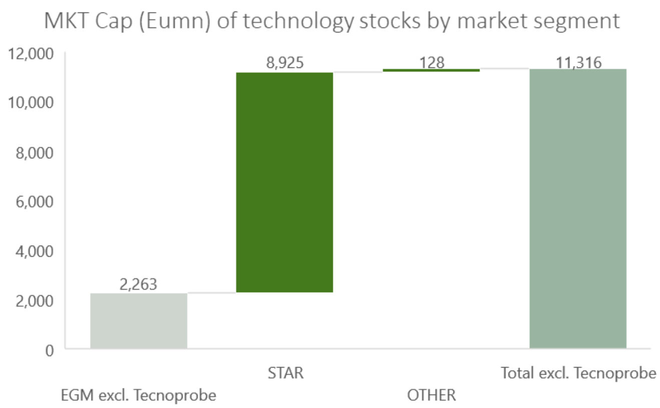


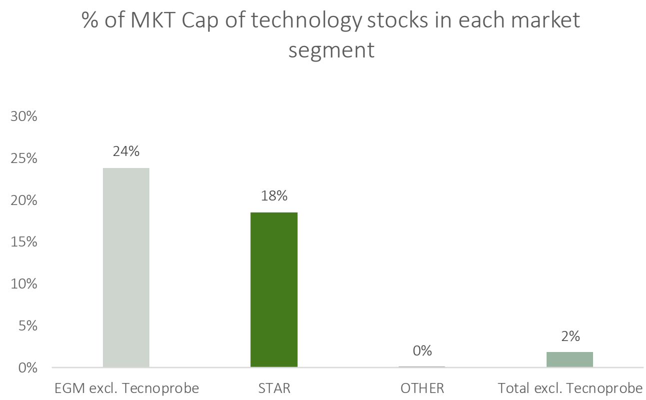
Source: Alantra elaboration based on Factset data

The relevance of the technology sector on EGM is also confirmed in terms of market capitalisation, even excluding Technoprobe (with a market capitalisation of >Eu4bn, the semiconductor group has an abnormal size in the EGM). The market capitalisation of technology stocks (excluding Technoprobe) is 24% of the total of the EGM versus 2% for the overall Italian market.

Market Capitalization of technology stocks listed on the Italian stock exchange

The market capitalisation of technology stocks (excluding Technoprobe) is 24% of the total of the EGM versus 2% for the overall Italian market





Source: Alantra elaboration based on Factset data

A variegated universe of technology groups on EGM

Cybersecurity, Artificial Intelligence, Augmented Analytics, Online retail, Digital marketplace, Taxtech, Proptech, Greentech. These are few examples of sub-technology segments represented by companies listed on the EGM. They have a combined market cap of >Eu6bn (>Eu2bn excluding Technoprobe), sales of Eu1.6bn (Eu1.2bn excluding Technoprobe) and EBITDA margin of 5% (6% excluding Technoprobe). On average, the sample posted a negative market performance around 20% in 2022.

Overview of EGM tech companies

There are 31 technology stocks in the EGM based on the classification adopted by Factset

npany Name	Sector	Market Segment	Description	Market Cap	Sales FY0 (Eu mn)	EBITDA FY0 (Eu mn)	YTD Performance
Technoprobe S.p.A.	Technology	EGM	Develops, manufactures and wholesales semiconductor wafer probe cards for the microelectronics industry	4,144	392	165	na
Digital Value SpA	Technology	EGM	Provides information technology, systems integration and software development services	742	556	56	-35%
CY4Gate SpA	Technology	EGM	Provides software design and development services	240	17	7	-17%
Almawave S.p.A.	Technology	EGM	Provides artificial intelligence based proprietary technology and digital transformation services	124	33	6	-13%
Relatech S.p.A.	Technology	EGM	Develops digital platform to provide data, artificial intelligence, blockchain and internet of things services	95	28	3	-22%
Meglioquesto S.P.A.	Technology	EGM	Operates digital platform that offers support to consumers for the choice, management, assistance of products and services for the home	85	61	9	-49%
Cyberoo S.p.A.	Technology	EGM	Develops cyber security platform that uses artificial intelligence to protects, monitors and manages information technology infrastructure	82	9	2	10%
Doxee S.p.A.	Technology	EGM	Provides cloud-based customer communication and digital experience platform solutions	81	21	5	-19%
DHH S.p.A	Technology	EGM	Provides web hosting and cloud computing services	75	20	7	-3%
Star7 S.p.A	Technology	EGM	Provides engineering services	66	59	7	-12%
ReeVo SpA	Technology	EGM	Provides data center and cyber security services	62	11	3	-21%
Growens S.p.A.	Technology	EGM	Operates cloud marketing technology company that provides communication platform as a service messaging solutions	64	71	5	-17%
OSAI Automation System SpA	Technology	EGM	Manufactures machinery for automotive and electrical appliances industries	56	39	3	-28%
Powersoft S.p.A.	Technology	EGM	Manufactures amplifiers and electronic speakers & develops software solutions	56	33	4	-1%
Spindox S.P.A	Technology	EGM	Provides IT consulting, system integration and software development services	51	57	3	-53%
Maps S.p.A.	Technology	EGM	Develops data management software solutions and provides information technology services	42	24	5	-9%
Neosperience SpA	Technology	EGM	Develops and operates software platform for digital experience	41	18	6	-24%
Expert.ai S.p.A.	Technology	EGM	Provides semantic software, which discovers, classifies and interprets text information	40	28	-11	-73%
Sourcesense S.p.A.	Technology	EGM	Provides information technology services for the business digital transformation sector	36	21	3	41%
Matica Fintec SpA	Technology	EGM	Designs and manufactures data processing systems, office & plastic card processing machinery	29	15	3	4%
Datrix S.p.A.	Technology	EGM	Develops artificial intelligence software	27	11	-2	-35%
Sababa Security S.p.A.	Technology	EGM	Provides cyber-security services	26	na	na	-7%
Reti SpA	Technology	EGM	Designs, develops and manages information technology platforms	24	25	3	-17%
FOS SpA	Technology	EGM	Provides information technology, telecommunications and engineering services	23	15	3	-15%
ELES Semiconductor Equipment S	Technology	EGM	Designs & manufactures test systems and equipment for the semiconductor industry	21	19	2	-57%
Solid World Group S.p.A.	Technology	EGM	Engages in software renewal, sale & licensing and provides training and workstation supply services	20	na	na	na
Neurosoft S.A.	Technology	EGM	Provides system engineering, cyber security and financial technology & analytic solutions	17	16	2	-24%
Lindbergh S.p.A.	Technology	EGM	Provides logistics service for maintenance technicians	15	11	2	-29%
SosTravel.com S.p.A.	Technology	EGM	Develops travel application for mobile	12	1	-1	-2%
Gambero Rosso SpA	Technology	EGM	Operates multimedia and multichannel platform company that engages in the international promotion and organization of national and international events	6	13	4	-15%
UCapital24 SpA Class A	Technology	EGM	Develops and operates financial information web platforms	5	1	-1	-42%
TOTAL EGM TECH STOCKS				6,407	1,623	304	-20% (*)
TOTAL EGM TECH STOCKS EXCLUDING TECHNOPROBE				2,263	1,231	138	-17% (**)

Source: Alantra elaboration based on Factset data. (*) = Average. (**) = Median

We cover a variegated universe of 7 *technology* stocks listed on EGM

We have analysed 7 technology stocks in our coverage: Allcore, Almawave, Datrix, eVISO, Farmaè, Giglio.com and Tecma Solutions. We have used a broad definition of technological stocks, including pure tech-companies like Almawave, Tecma and Datrix (which sell B2B technological solutions), but also companies like eVISO, Allcore, Giglio.com and Farmaè, whose business models are technology-driven or technology-enabled. Giglio.com and Farmaè use advanced techniques to attract consumers on their sites and to convert visits into orders. They also highly rely on software to optimize logistic complexity. eVISO uses AI and a data driven approach to optimize demand and/or offer of commodities. Allcore uses technology to acquire new customers and offers AI driven services in the traditionally tech laggard tax advisory business.

Our *tech* coverage

We cover a variegated universe of 7 technology stocks listed on EGM: Allcore, Almawave, Datrix, eVISO, Farmaè, Giglio.com and Tecma Solutions

Company	Segment	Mkt Cap (Eu mn)	Revenues FY1	EBITDA FY1	Company Description
Allcore	Tax, accounting and financial solutions to SMEs	28	37.0	5.4	Allcore offers tax planning and accounting services to Italian Micro, Small and Mid-Enterprises. With process innovation, advanced marketing tools and proprietary AI powered software, Allcore has disrupted the tech laggard activity of traditional tax advisors
Almawave	Natural Language Processing, Speach Recognition and Data Analytics	123	46.4	10.0	Almawave is a leading Italian AI player in speech & text recognition with integrated service capabilities in the BigData sector. Products and solutions developed by the group and powered by its proprietary technologies are sold to corporates and PA clients in Italy and abroad.
Datrix	Augmented Analytics	47	17.2	(0.2)	Datrix has developed a fully integrated and complete proprietary Augmented Analytics platform that is able to automatically collect data from different sources (including first-party data and public data), store them in a scalable Data Lake, and automatically execute various analysis. Plug&lay ROI enhancing solutions powered by the platform are sold to corporate clients as DaaS (Data as a Service). They span across four different areas: Marketing & Sales, Fintech, Data Monetization and Machine Learning Model Serving.
eVISO	AI and Data-driven approach in the commodity markets	59	351.0	6.2	eVISO has developed in-house a proprietary Artificial Intelligence platform for commodity markets with physical delivery. The company has successfully deployed it in the Italian electricity trading and sale business, and is also managing an expansion in other commodities like gas and apples.
Farmae	Online retailer of beauty & personal care and OTC products	79	119.3	4.1	Farmaè, through its websites farmae.it, beautye.it, sanort.com (aquired in 2020), amicafarmacia.com (acquired in 2021), farmaeurope.eu (acquired in 2022), is the leading Italian online retailer of beauty & personal care and OTC products (BPC&OTC), i.e. products sold in pharmacies without prescription such as OTC medications, food supplements, cosmetics and medical devices.
Giglio.com	Online Luxury Marketplace	43	52.3	(1.1)	Giglio.com is a global independent marketplace, which has built a niche positioning in the digital luxury fashion industry from its headquarter in Palermo (Sicily). Thanks to an internally-developed, state-of-the-art technology platform (allowing for full scalability, flexibility and integration with suppliers) and the management of complex logistic activities, Giglio.com sells luxury products in the inventory of multi-brand boutiques and luxury brands to consumers in different geographies in exchange of a commission (take rate).
Tecma Solutions	Digital Real Estate solutions and services	65	16.0	(2.9)	Tecma develops high-end technology platforms and marketing tools to digitalize the go-to-market of new residential property developments. On top of virtual reality architecture and marketing tools for the sale of off-plan residential projects (www.tecmasolutions.com), Tecma offers full advisory on commercial strategies (e.g. digital concept store) and merges visual technologies with software tools for sales management that ultimately enable the "build to order" model.

Source: Alantra

How to pick the best companies to navigate the current environment…

We believe that while top line growth was the investors' key focus when looking at tech stocks in a scenario of lower for longer interest rates, with the reverse of the trend and macroeconomic uncertainty, a strong balance sheet, a positive FCF and a proven business model are the new imperative. In order to identify the best investment opportunities in the current environment, we have elaborated a framework based on 4 criteria: 1) proven business model; 2) strong financial profile; 3) compliance with the "Rule of 40"; 4) front-end-loaded growth in 2022. We have attributed to each company a score from 1 (weak positioning) to 5 (top positioning) depending on the outcome of each single criteria. Based on our analysis, Almawave and eVISO offer the best profiles (being in the top positioning across 2 out of 4 criteria), followed by Allcore.

Alantra tech investment framework

We use 4 criteria to assess the best positioned stocks in our tech coverage to face the current environment. Almawave, eVISO and Allcore boast the best profile in our view

	Proven business model	Strong financial profile	Rule of 40	Front-end loaded growth in 2022	
ALMAWAVE	★★★★☆	★★★★★	★★★★☆	★★★★★	*18*
eVISO ALGO EFFICIENCY FOR COMMODITIES	★★★★★	★★★★★	★★★★☆	★★★★☆	*18*
Allcore	★★★★★	★★★★★	★★★★☆	★★☆☆☆	*16*
GIGLIO.COM	★☆☆☆☆	★★★★☆	★★★★☆	★★★☆☆	*12*
datrix AI SOLUTIONS GROUP	★★☆☆☆	★★★☆☆	★★★★☆	★★☆☆☆	*11*
TECMA BUSINESS.BEAUTY.	★☆☆☆☆	★★☆☆☆	★★★★☆	★★★☆☆	*10*
farmaè	★★★☆☆	★☆☆☆☆	★★☆☆☆	★★☆☆☆	*8*

Source: Alantra

We have elaborated a framework to assess the best companies to navigate the current environment

In our view, in an environment of low-to-negative interest rates, tech companies could sacrifice profitability and cash generation in favour of top line growth. Fundraising was indeed relatively easy, as (i) investors were much more prone to invest in risky assets; (ii) valuations skewed to terminal value were not penalised. However, the narrative has recently changed. In light of persistent inflation, rising interest rates, an unstable economic scenario and risk of economic slowdown, stocks exhibiting a cash-generative and profitable profile are more in investors' favour. Fundraising gets indeed more complicated in these times (as alternative, less-risky, investment opportunities are preferred), and valuations are tighter (with multiples decreasing from record-high levels), thus invoking the need of "bootstrapping". We have elaborated a framework to identify the best opportunities in the current environment based on 4 criteria: 1) proven business model; 2) strong financial profile; 3) compliance with the "Rule of 40" and 4) front-end-loaded growth in 2022.

Our 4 criteria and their rationale

We have elaborated a framework based on 4 criteria to identify the best positioned companies to navigate the current environment

Criteria	Formula	Rationale
Proven business model	EBITDA margin: F1 / Full Steam (E)	We believe that a proven profitable business model is an important factor to consider when selecting tech stocks in an environment of rising interest rates and risk of a potential recession. To estimate the extent to which the different business models across our tech coverage are “proven”, we look at how close actual margins are to full steam margins
Strong financial profile	Net Debt (Cash) / FCF F1	With increasing interest rates and potential to move from easy to hard lending, technological stocks could seriously struggle to get funding. In addition, financial strength is also important to support M&A, which is a core part of the strategy of most of the analysed players. We believe that investors should prefer stocks with Net cash in the balance sheet and positive FCF generation opposed to companies with net debt and negative FCF
Rule of 40	Average 22-24 organic sales growth + EBIT margin	The Rule of 40, the sum of organic sales growth and EBIT margin, is used by investors to gauge high-level stocks in the software sector. Top-ranked companies should either grow at a fast pace (more common for those in an early stage) or have a substantial profitability (more prevalent for companies with a mature business model), or both
Front-end-loaded growth in 2022	Organic sales growth 1HA / 2HE	With a deterioration in the macro picture, we believe that some companies could be exposed to the risk of a profit warning. Investors should aim to identify, which companies are at risk of falling short of estimates. The risk is lower for stocks with expected organic top line growth in 2H (4Q) below that of 1H (9m)

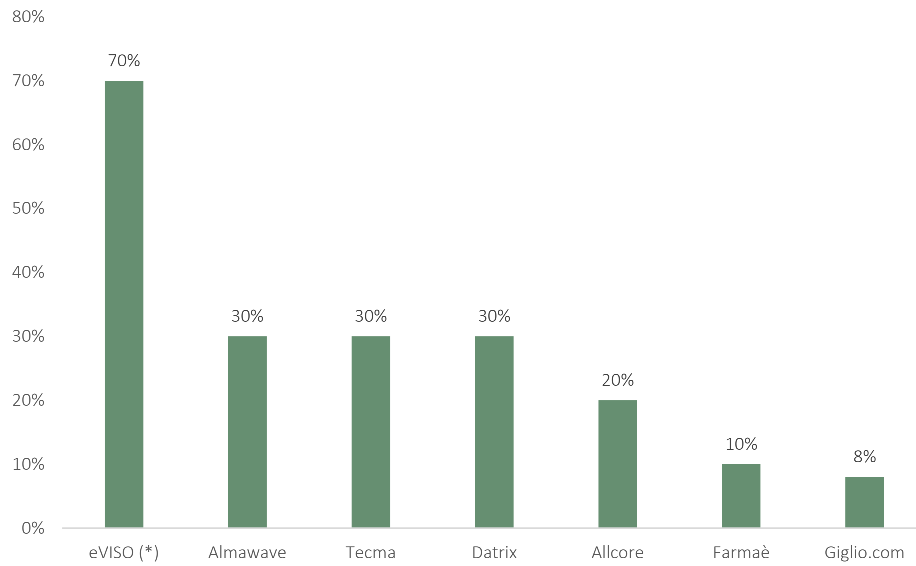
Source: Alantra

Criteria 1: Proven business model

We believe that a proven profitable business model is an important factor to consider when selecting tech stocks in an environment of rising interest rates and risk of a potential recession. Investors should tend to prefer companies with a proven profitable business model for two reasons: 1) non profitable stocks could never have the chance to be profitable; 2) DCF valuations of non-profitable stocks are usually more penalised in a scenario of increasing interest rates. To estimate the extent to which the different business models across our tech coverage are “proven”, we look at how close actual margins are vs full steam margins: the closer the company is to its full steam EBITDA margin, the better it is. We use a company-specific full-steam margin, as different industries should tend to different margins in the long-term. We use 30% EBITDA margin at full steam for **Almawave**, **Datrix** and **Tecma Solutions**. They are B2B players, whose business model in the long term should be based on the sale of on-the-shelf / SAAS products. **Allcore** is also a B2B player, but we use a lower margin (20% at full steam) as the offer of the group implies the intervention of qualified (and expensive) advisors. For the consumer retailers **Farmaè** and **Giglio.com**, we use 10% and 8% margin respectively. An online retailer should theoretically achieve a higher profitability than that of a marketplace (due to the capital invested to build an own inventory), although Giglio.com’s specific product category (luxury) should enjoy the benefits linked to geo-pricing (procurement in the Euro area and sales all over the world) and high Average Order Value (which makes easier the coverage of the fulfilment costs). **eVISO** is a special case. The top line of the group mainly consists of pass-through items. For the company, we prefer to look at EBITDA as % of Gross Margin instead of % of Sales.

Company-specific full-steam estimated EBITDA margins

We use a company-specific full-steam margin, as different industries and companies should tend to different margins in the long-term



Source: Alantra; (*) EBITDA/GM

We look at the ratio of expected F1 EBITDA margin to EBITDA margin at full steam to assess whether the business models of the different stocks are already proven. We assume that *the best way to prove that a business model can be profitable tomorrow is that the business model is already profitable.*

Proven Business Model (1)

We look at the ratio of expected F1 EBITDA margin versus EBITDA margin at full steam to assess whether the business models of the different stocks are already proven

	EBITDA margin F0	EBITDA margin F1	EBITDA margin 1H 2022	EBITDA margin - Full Steam (E)	EBITDA margin: F1/Full Steam E
eVISO (*)	56%	59%	53%	70%	84%
Almawave	26%	22%	25%	30%	72%
Allcore	8%	14%	15%	20%	72%
Farmaè	3%	3%	4%	10%	35%
Datrix	-10%	-1%	-13%	30%	-3%
Giglio.com	-4%	-2%	-5%	8%	-25%
Tecma	17%	-18%	-11%	30%	-60%

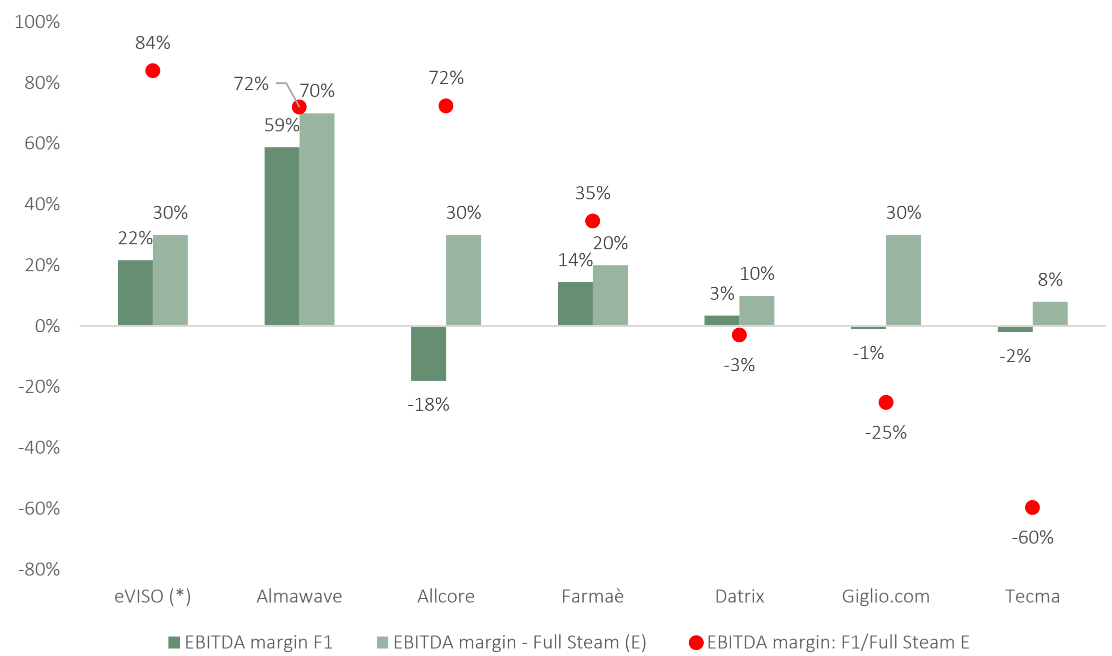
Source: Alantra; (*) EBITDA/GM. F0 = FY 2022 (YE June 2022). 1H 2022 = Jan-Jun 2022 period

By following this approach:

- **eVISO**, **Allcore** and **Almawave** are the best positioned, standing at 84%, 72% and 72% vs full steam margins respectively. Despite having substantially increased their personnel costs recently, they manage to maintain very high margins, close to their estimated respective long-term figures
- Tecma, Giglio.com and Datrix should experience 2022 negative margins and still far away from their full steam state. **Tecma** used to be highly profitable until 2021, before starting a transition phase from a business model based on digital services to a seller of software. The group has significantly invested upfront in human resources to manage the ongoing shift. **Datrix** is still relatively far to exploit scale. **Giglio.com** is still working (on the right track in our view) to maximize its KPIs: geo-mix, return rate, conversion rate, active clients and avg. spending per customer
- **Farmaè** stands in the middle: profitable but still far to achieve our estimated full steam margin. We believe that the product categories the group is involved in are not easy ones. AOV is relatively low. Access to products is relatively easy for existing competitors and newcomers. However, larger listed European peers are still loss making

Proven Business Model (2)

Based on our approach, eVISO, Almawave and Allcore are the stocks with the most proven profitable business model



Source: Alantra; (*) EBITDA/GM. F0 = FY 2022 (YE June 2022)

Criteria 2: Strong financial profile

The second criteria included in our framework is the financial profile. With increasing interest rates and potential to move from easy to hard lending, technological stocks could seriously struggle to get funding. In addition, financial strength is also important to support M&A, which is a core part of the strategy of most of the analysed players.

We believe that investors should prefer stocks with Net cash in the balance sheet and positive FCF generation opposed to companies with net debt and negative FCF. In case of groups with a net cash and negative FCF, we have looked at the ratio to see how many years (or months) companies can survive without additional funding. The outcome of the analysis is the following:

- eVISO, Allcore and Almawave emerge as best of breed. **eVISO** enjoys a negative NWC and limited maintenance CAPEX, thus being able to self-finance its growth. The company has limited M&A ambition at the moment, but having a sound, cash-positive financial profile is key to operate in the electricity market. Similarly, **Allcore** benefits from a limited working capital and CAPEX needs, as well as an already high EBITDA margin. The company managed to disrupt the typical cash cycle of the traditional tax advisors by requesting upfront payments for the acquired services (lower DSO) and by paying marketing spending with a 60-day delay (higher DPO).

- **Almawave** is a peculiar case in our view. Although the ratio Net Cash / FCF is not very high, we must consider that the group has recently financed two acquisitions in 2022, which are already paying off. The consolidated track record of profitability should allow the company to potentially get more leverage. Furthermore, in our tech coverage Almawave is the sole company part of a much larger group (Almaviva). If needed, Almawave has the option of getting funding through the support of its controlling shareholder (as it was the case in the past), which has recently got an upgrade of the credit rating from B+ to BB- by S&P. Last but not least, Almawave is the only stock in our tech coverage that has implemented a sustainability reporting. This should become an increasingly relevant asset to obtain new funding.

- Despite not having yet reached a positive FCF, **Giglio.com** has a high Net Cash / FCF ratio thanks to the available cash raised at IPO in 2021. The group has an asset light business model with negative net working capital (no inventory, typical of online marketplaces, as well as very low DSO and standard DPO) and limited fixed assets (mainly represented by intangible assets for capitalized R&D)

- **Datrix** and **Tecma** should still be cash positive at the end of 2021, but the degree of their cash burn in 2021 should absorb the available cash within a relatively short time frame

- **Farmaè** should experience net debt in the BS coupled with a negative FCF in FY1 as a consequence of (1) the expansion CAPEX related to the investments made in 2022 for the new logistic hub, (2) the negative impact on NWC driven by the enlargement of the product offer and inventory build-up.

Strong financial profile

eVISO and Allcore emerge as best of breed. Almawave is a peculiar case in our view

	FCF/Sales F1	Net Cash (Debt) F1 / Market Cap	Net Debt (Net Cash) F1 No IFRS	Net Debt (Cash) / FCF F1
eVISO (*)	1%	26%	(15.3)	FCF>0 and Net Cash
Allcore	6%	40%	(11.1)	FCF>0 and Net Cash
Almawave	*-8%*	*3%*	*(4.4)*	*1.2*
Giglio.com	-4%	23%	(9.8)	4.4
Datrix	-29%	13%	(6.1)	1.2
Tecma	-43%	4%	(2.5)	0.4
Farmaè	-2%	-22%	10.0	FCF<0 and Net Debt

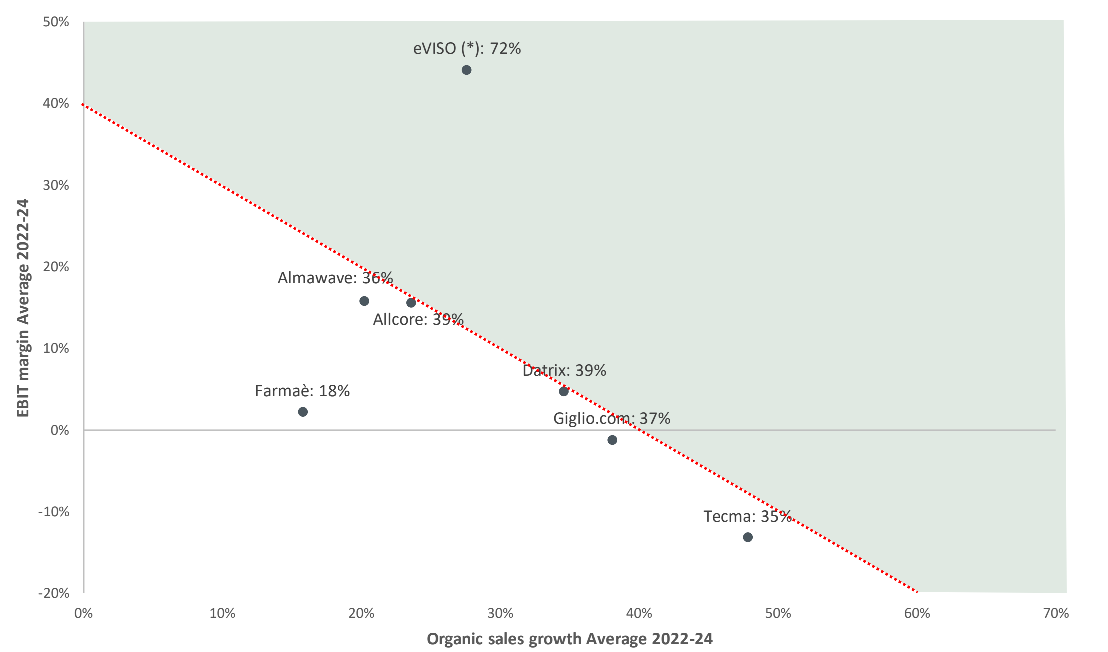
Source: Alantra; (*) F1 = FY 2023 (YE June 2023)

Criteria 3: "Rule of 40"

The Rule of 40 is used by investors to gauge high-level stocks in the software sector. Top-ranked, companies should either grow at a fast pace (more common for those in an early stage) or have a substantial profitability (more prevalent for companies with a mature business model), or both. We have based our analysis on average expected sum of organic sales growth and EBIT margin for the 2022-24 period. While many companies in our sample are very close to joining the "Rule of 40" club (Datrix, Allcore, Giglio.com, Almawave and Tecma), eVISO is way above it, expected to exhibit both high margins and high growth. However, for the company we use gross margin as a proxy of sales (as the top line is highly dependent on pass through items) and EBIT / Gross Margin as a proxy of the EBIT margin. Due to this methodology, we believe that the "Rule of 40" of eVISO could be altered, possibly implying an overstatement of both organic growth and EBIT margin. Farmaè should grow the least across the panel, impacted by re-setting of sector growth after the pandemic.

Compliance with the "Rule of 40"

While many companies across our tech coverage are very close to joining the "Rule of 40" club, eVISO is already way above it



Source: Alantra; (*) F0 = FY 2022 (YE June 2022). Gross margin is used as a proxy of sales as the top line is highly dependent on pass-thru items

Criteria 4: Front-end-loaded growth in 2022

With a deterioration in the macro picture, we believe that some companies could struggle to achieve consensus estimates in the short term. For these stocks, more appealing entry prices could materialize in the future. In order to identify these situations, we have used the released 1H22 organic top line performance (for those who reported 3Q we consider the 9M), divided by the 2H22E implied sales growth (or 4QE). A ratio below 1 means that the company needs to accelerate in 2H/4Q22E to achieve FY22 expectations, something that could not materialize in the current environment. A ratio above 1 means that the company is well positioned to achieve and potentially exceed full-year estimates. Using this method, we find that:

- Almawave and eVISO are best positioned, with the former having already achieved the total organic growth we expect for the full year in the 9M. As a matter of fact, **Almawave** has constantly delivered a 30%+ yoy organic growth in each quarter of 2022, with acquired companies having performed even better (TDAC and SisTer grew above 150% and 50% respectively in the 9M22). For **eVISO** we consider the period Jan-Jun 2022 as 1H22 and our expected Jul-Dec 2022 growth as 2H22E.

- **Giglio.com** is also well on track to achieve full-year estimates. International expansion, coupled with technological developments implemented on the platform (to ensure a best-in-class user experience, and, in turn, conversion rate) have allowed the company to deliver strong growth in the first 9M22
- Tecma, Allcore and Datrix, with ratios close to 1, are exposed to a relatively limited risk. **Tecma** has undergone a substantial cut in top line estimates after 1H22. Recent business development initiatives, the seasonality inherent in the business lines Sales & Marketing and Data Monetization, and the go-to-market activities in the ML Model Serving division should allow **Datrix** to accelerate in 2H22E, with the first few months already looking promising as disclosed by the management. **Allcore** has added new business lines, which should be on stream in 2H 2022 and contribute to organic growth
- **Farmaè** could be theoretically at risk. However, we highlight that the acceleration expected in 4Q22 versus the 9 months is not that strong in terms on basis points. In addition, the group has experienced a sequential improvement in organic performance in the first three quarters of 2022. Finally, comps are relatively easy in 4Q and the group has added new product categories to its offer

Front-end-loaded growth in 2022

Almawave and eVISO are best positioned, with the former having already achieved the total organic growth for the full year in the 9M

	Organic Sales growth 1H/9M 2022	Organic Sales growth 2H/4Q 2022 (Implied)	Organic Sales growth FY 2022E	Organic sales growth 1HA/2HE or 9M/4Q
Almawave	33.2%	-1.3%	22.5%	nm
eVISO (*)	62.5%	21.4%	44.4%	2.9
Giglio.com	40.3%	34.2%	38.0%	1.2
Tecma	22.1%	21.2%	21.6%	1.0
Allcore	36.3%	47.2%	39.3%	0.8
Datrix	26.7%	32.9%	29.9%	0.8
Farmaè	5.2%	21.7%	10.0%	0.2

Source: Alantra; (*) F0 = FY 2022 (YE June 2022). We consider Gross Margin the period Jan-Jun 2022 as 1H22, while an estimate has been taken for 2H22, as the group has already reported FY22 (YE June). Note: Almavave, Allcore, Farmaè and Giglio.com only have released 9m 2022 figures

Summary of our investment framework

To sum up, we have attributed to each company a score from 5 (top positioning) to 1 (weak positioning) depending on the outcome of each single criteria. Based on our analysis, Almawave and eVISO offer the best profiles (being in the top positioning across 2 out of 4 criteria), followed by Allcore.

Alantra tech investment framework

We use 4 criteria to assess the best equipped stocks in our coverage to face the current scenarion. Almawave, eVISO and Allcore offer the best profiles

Screening criteria	Proven business model	Strong financial profile	Rule of 40	Front-end-loaded growth in 2022		
Scoring (from 1 to 5)	EBITDA margin: F1 / Full Steam (E)	Net Debt (Cash) / FCF F1	Average 22-24 organic sales growth + EBIT margin	Organic sales growth 1HA / 2HE	Total	Score versus full potential
Almawave	4	5	4	5	**18**	90%
eVISO	5	5	4	4	**18**	90%
Allcore	5	5	4	2	**16**	80%
Giglio.com	1	4	4	3	**12**	60%
Datrix	2	3	4	2	**11**	55%
Tecma	1	2	4	3	**10**	50%
Farmaè	3	1	2	2	**8**	40%

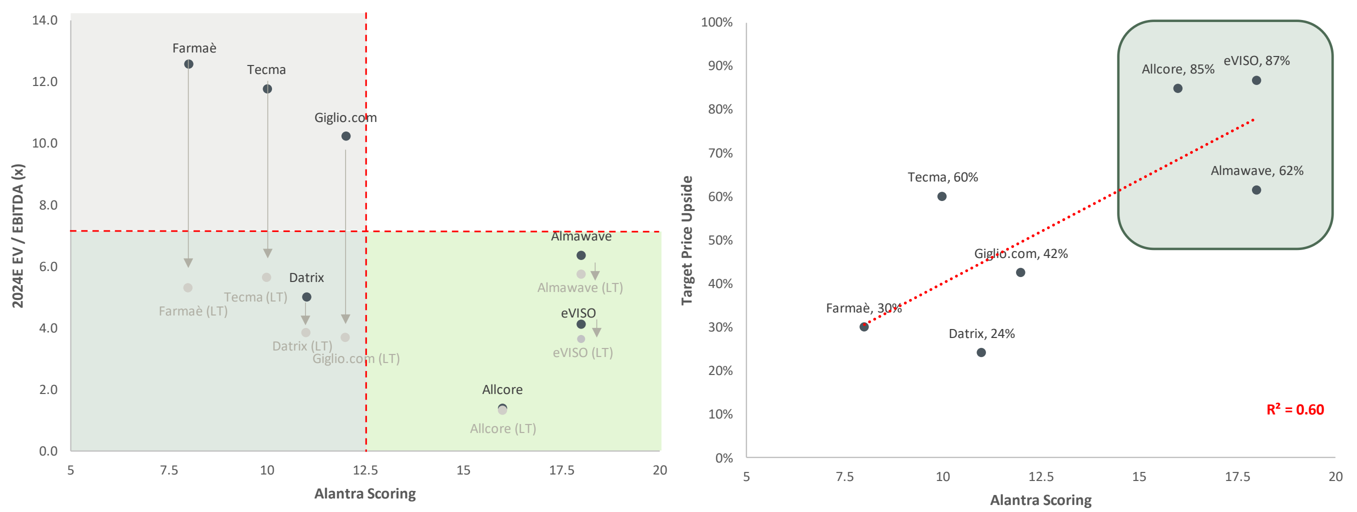
Source: Alantra

…and with the best risk/reward profile

The results of our framework are coherent with the YTD market performances, with the top performers being eVISO (-2% YTD), Almawave (-13%), Allcore (-18%) and Giglio.com (-18%). These companies have performed better than the average, with other tech stocks in the panel being down more than 30% YTD, and the EGM and STAR indexes having posted a -18% and -27% performance respectively. In order to identify the stocks with the best risk/reward profile we have crossed 2024 EV / EBITDA multiples with our scoring. While in 2022 the comparison based on market multiples is biased by the heterogeneity of our sample (very different expected growth rates and evolution of the margins), the bias should be attenuated when looking at 2024, when future growth rates should at least partially align, and EBITDA margins should be closer to full steam. Following this approach, Almawave, eVISO and Allcore emerge again as the best investment opportunities with a good mix of relatively low 2024 EV / EBITDA multiples and high scoring (based on our framework). We believe that these companies could have good upside potential in the current environment, and could consequently demand a re-rating. The three stocks offer the highest upside potential versus our target prices.

EV/EBITDA and implied upside potential on our TPs vs Alantra Scoring

Almawave, eVISO and Allcore emerge as top picks both looking at 2024 EV / EBITDA and TP upside when compared with our scoring



Source: Alantra. Note: Long Term (LT) EV/EBITDA are based on full steam EBITDA margins

Recent stock performances across the panel are consistent with our scoring

Tech stocks have been highly penalised in the current environment as: (1) DCF valuations of non-profitable stocks are usually more sensitive to interest rates hikes (mostly if early-stage in their lifecycle) and (2) investors are more in "risk off mode" pending macroeconomic uncertainty. The performance of tech stocks in our coverage reflects this, with almost all of them being down YTD. However, we see a consistency / correlation between the outcome of our framework and the relative outperformance:

- **eVISO** (-2% YTD), **Almawave** (-13%), **Allcore** (-18%), and **Giglio.com** (-18%) have been the top performers across our tech coverage on a YTD basis. These stocks have been fighting the current market downturn with an encouraging news flow of positive financial results.
- On the other hand, **Farmaè** has been the worst performing stock across the panel, with a -64% YTD decrease in market price, as a result of a derating of peers caused by a gradual return to normal after the Covid outbreak. However, (i) the stock has exhibited a sequential improvement of yoy organic growth in 3Q, and (ii) the adverse macroeconomic scenario could favour the online channel (where significant discounts are applied) over the physical one.

- **Datrix** has also been impacted by a strong derating of peers' multiples, while **Tecma** was mostly affected by relatively weak results and cash generation in 1H, as a consequence of the transition of its business model from the sale of digital services to the sale of technology.

There has been a partial bounce back more recently, with the majority of our tech coverage back to positive grounds over the last month. A deceleration of the inflation in the US has changed market expectations on the evolution of interest rates and the pace of the Fed's monetary policy.

Performance of our tech coverage across multiple time horizons

eVISO is the best performing stock on a YTD basis. 4 out of 7 stocks have gone back to positive grounds in the last month

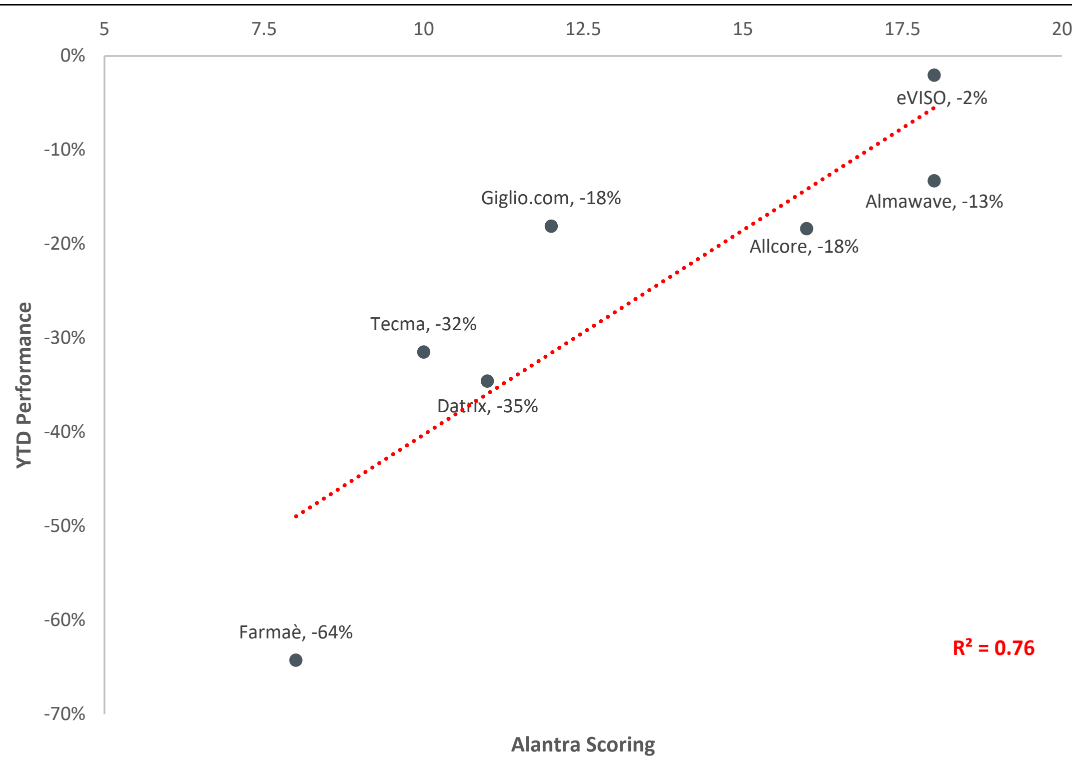
Company	Country	Mkt Cap (Eu mn)	Performance					
			YTD	1M	3M	6M	1YR	2YR
Allcore S.p.A.	ITALY	28	-18.4%	-5.1%	-0.2%	-5.3%	-20.9%	na
Almawave S.p.A.	ITALY	124	-13.3%	5.3%	4.6%	-9.2%	-14.3%	na
Datrix S.p.A.	ITALY	27	-34.6%	2.5%	26.5%	-13.6%	-34.9%	na
eVISO SpA	ITALY	59	-2.0%	-2.8%	-4.4%	-9.1%	-8.0%	na
Farmae SpA	ITALY	79	-64.3%	8.9%	5.9%	-26.7%	-62.9%	-22.3%
Giglio.com SpA	ITALY	43	-18.1%	0.6%	10.3%	1.2%	-19.1%	na
Tecma Solutions SpA	ITALY	65	-31.5%	-0.7%	-6.3%	-20.2%	-26.8%	37.4%
Tech Coverage	Average		-26.0%	1.2%	5.2%	-11.8%	-26.7%	7.5%
	Median		-18.4%	0.6%	4.6%	-9.2%	-20.9%	7.5%

Source: Factset

We highlight that a strong correlation emerges when crossing the YTD financial performances of the stocks in our coverage with the scoring coming from our framework.

High correlation of YTD stock performances with the scoring from our framework

A strong correlation emerges when crossing the YTD financial performance with the scoring coming from our framework



Source: Alantra, Factset

Only a comparison based on 2024E EV/EBITDA multiples is relatively meaningful in our view

Our sample of tech stocks in very heterogeneous in terms of sub-sectors, business models, growth rates, profitability and positioning in the life cycle.

High top line growth and margin expansion across the board

Our sample of tech stocks in very heterogeneous in terms of growth rates, profitability and positioning in the life cycle

Company	Country	Mkt Cap (Eu mn)	FY1 - FY3 average margins					CAGR FY0 - FY3			
			EBITDA Margin	EBIT Margin	Net Income Margin	Capex / Sales	Dividend Payout	Sales	EBITDA	EBIT	EPS
Allcore S.p.A.	ITALY	28	17.2%	15.5%	10.7%	3.2%	0.0%	23.4%	65.9%	69.9%	67.8%
Almawave S.p.A.	ITALY	124	23.6%	15.8%	10.6%	13.4%	0.0%	26.3%	33.8%	42.0%	33.2%
Datrix S.p.A.	ITALY	27	12.1%	4.6%	3.7%	12.6%	0.0%	40.9%	nm	nm	nm
eVISO SpA	ITALY	59	2.5%	2.0%	1.5%	0.9%	30.1%	11.6%	25.4%	36.8%	nm
Farmae SpA	ITALY	79	3.8%	2.1%	0.9%	3.1%	0.0%	26.8%	51.1%	147.4%	nm
Giglio.com SpA	ITALY	43	0.5%	-1.3%	-1.5%	2.1%	0.0%	38.1%	nm	nm	nm
Tecma Solutions SpA	ITALY	65	-0.7%	-13.2%	-9.5%	22.0%	0.0%	45.6%	37.7%	nm	nm
Tech Coverage	Average		8.4%	3.6%	2.3%	8.2%	4.3%	30.4%	42.8%	74.0%	50.5%
	Median		3.8%	2.1%	1.5%	3.2%	0.0%	26.8%	37.7%	56.0%	50.5%

Source: Alantra, Factset. Note: FY1 = 2022E except for eVISO (for which FY1 = 2023E)

For this reason, we believe that EV/Sales multiples are not applicable. A comparison based on 2024E EV/EBITDA multiples is more meaningful in our view, as growth rates after 2024 should stabilize at a more similar level and EBITDA margins should be closer to full steam. Allcore, eVISO, Datrix and Almawave emerge as the cheapest stocks.

Market multiples

Allcore, eVISO, Datrix and Almawave emerge as the cheapest stocks based on 2024 EV / EBITDA multiples

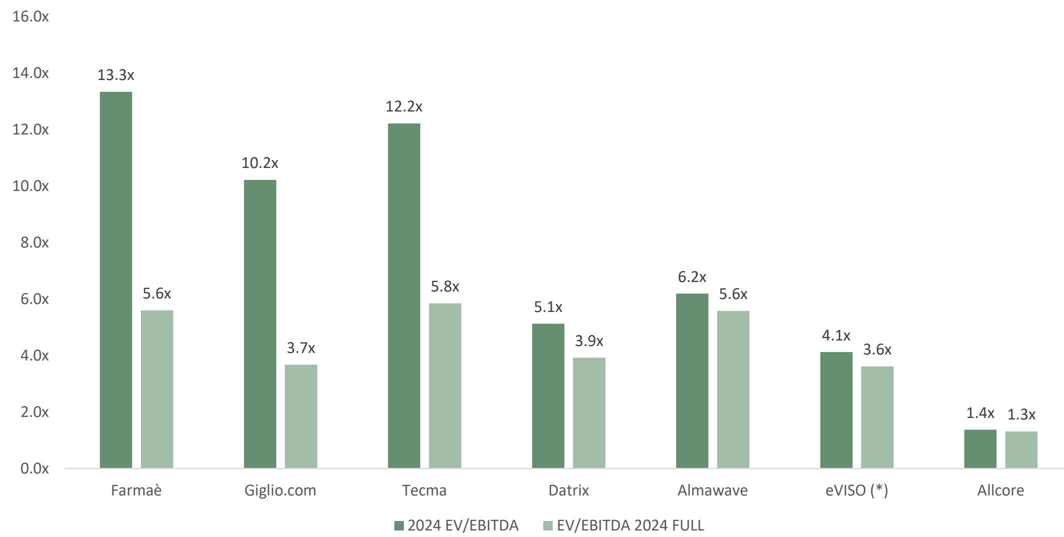
Company	Country	Mkt Cap (Eu mn)	EV/Sales			EV/EBITDA			EV/EBIT			PE		
			FY1	FY2	FY3	FY1	FY2	FY3	FY1	FY2	FY3	FY1	FY2	FY3
Allcore S.p.A.	ITALY	28	0.6 x	0.4 x	0.3 x	3.9 x	2.2 x	1.4 x	4.5 x	2.4 x	1.5 x	8.5 x	5.7 x	4.6 x
Almawave S.p.A.	ITALY	124	2.6 x	2.1 x	1.7 x	12.1 x	9.5 x	6.4 x	19.3 x	14.5 x	8.9 x	28.6 x	21.3 x	13.9 x
Datrix S.p.A.	ITALY	27	2.4 x	1.7 x	1.1 x	nm	12.0 x	5.0 x	nm	25.1 x	6.9 x	nm	29.0 x	10.2 x
eVISO SpA	ITALY	59	0.1 x	0.1 x	0.1 x	7.1 x	5.6 x	4.1 x	9.4 x	7.1 x	5.0 x	16.8 x	13.5 x	10.3 x
Farmae SpA	ITALY	79	0.8 x	0.7 x	0.5 x	23.6 x	17.3 x	12.6 x	51.4 x	31.4 x	19.1 x	124.5 x	65.6 x	34.3 x
Giglio.com SpA	ITALY	43	0.6 x	0.4 x	0.3 x	nm	78.4 x	10.2 x	nm	nm	20.7 x	nm	nm	43.9 x
Tecma Solutions SpA	ITALY	65	3.9 x	2.3 x	1.7 x	nm	153.6 x	11.8 x	nm	nm	33.8 x	nm	nm	44.7 x
Tech Coverage	Average		1.6 x	1.1 x	0.8 x	11.7 x	39.8 x	7.3 x	21.1 x	16.1 x	13.7 x	44.6 x	27.0 x	23.1 x
	Median		0.8 x	0.7 x	0.5 x	9.6 x	12.0 x	6.4 x	14.4 x	14.5 x	8.9 x	22.7 x	21.3 x	13.9 x

Source: Alantra, Factset. Note: FY1 = 2022E except for eVISO (for which FY1 = Jul 2022 – June 2023E)

However, we must consider that the comparison based on 2024 EV/EBITDA multiples is still biased and penalising for the companies that show in 2024E a remaining catch-up potential versus their theoretical profitability at full steam (Farmaè, Tecma and Giglio.com). In theory, everything else being equal, these stocks should growth more than the others after 2024, leveraging on the margin catch up potential and, as a consequence, they should command higher 2024 multiples. This bias can be attenuated, considering EV/EBITDA 2024 multiples based on full steam EBITDA margins. Allcore has almost already reached its full steam EBITDA margin and, as a consequence, 2024 EV/EBITDA remains substantially stable. The same, although at a lesser extent, is valid for eVISO, Almawave and Datrix. By contrast, Farmaè, Tecma and Giglio.com look much cheaper than with straight 2024 multiples.

Realignment of 2024 EV/EBITDA multiples based on full-steam margins

Farmaè, Tecma and Giglio.com look much cheaper with multiples calculated assuming the achievement of full steam profitability in 2024 than with straight 2024 multiples



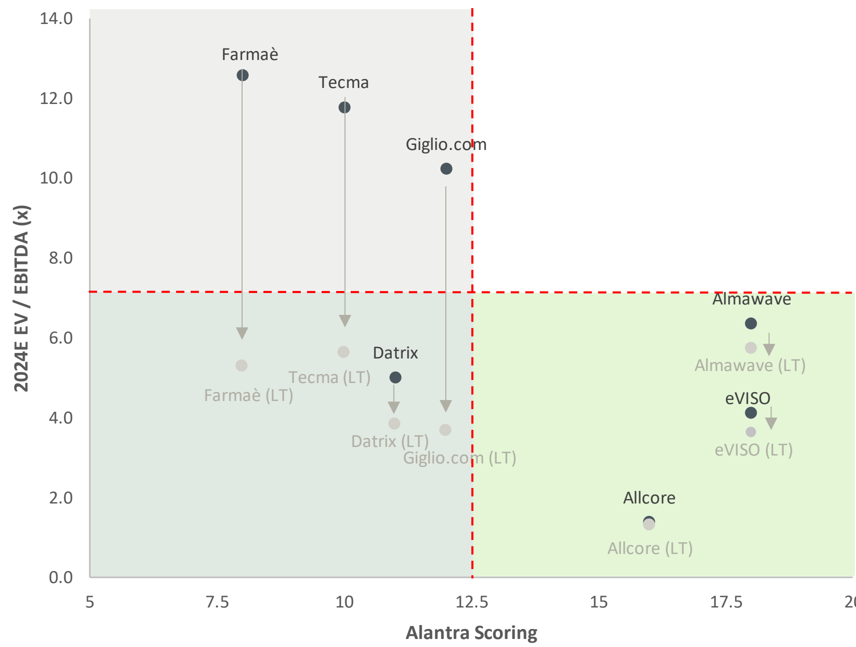
Source: Alantra, Factset. * Note: for eVISO we consider fiscal year Jul 24E - Jun 25E (FY3)

Almawave, eVISO and Allcore offer the best risk/reward profile (based on our approach) and the highest upside potential versus our TPs

In order to identify the stocks with the best risk/reward profile we have crossed 2024 EV / EBITDA multiples with our scoring. Almawave, eVISO and Allcore emerge as the best investment opportunities with a good mix of both low 2024 EV / EBITDA multiples and high scoring (based on our framework). We believe that these companies could have good upside potential in the current environment and should consequently demand a re-rating.

We have crossed 2024 EV / EBITDA multiples with our scoring

Almawave, eVISO and Allcore emerge as the best investment opportunities with a good mix of both low 2024 EV / EBITDA multiples and high scoring

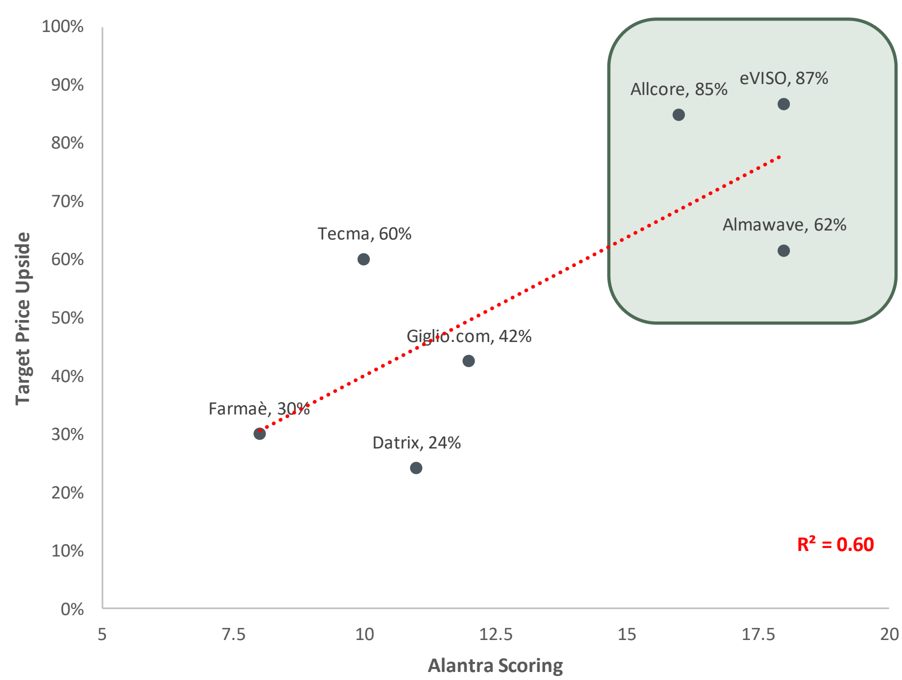


Source: Alantra. Note: LT (Long Term) means that EV/EBITDA multiples are based on 2024E sales and full steam EBITDA margins

The results of our scoring are also in line with the upside potential versus our target prices, suggesting consistency with our valuation methods.

TP upsides vs investment framework scoring

The result of our scoring is consistent with our target price upsides



Source: Alantra, Factset

Company Sections

eVISO

Sector: Technology

The AI platform for commodity markets

BUY
Unchanged

TP 4.5
Unchanged

Target price upside: 87%

Change in EPS est.	FY23E	FY24E
	0.0%	0.0%

eVISO is top ranked according to our framework: 1) proven business model; 2) strong financial profile; 3) combination of growth and margins above the "rule of 40"; 4) front-end-loaded growth. eVISO is a one-of-a-kind stock inside the Italian tech ecosystem. Starting from the electricity market and now expanding to Gas and Apples, the group managed to develop and deploy a proprietary AI platform and data driven approach in commodity markets with physical delivery. The business model has been stress-tested is scenarios of high volatility of the electricity price. We believe that the group has significant scope to enlarge its addressed markets, expand market share and in new commodities. eVISO is currently trading at 6.3x 2023 Calendarized EV/EBITDA, with a discount of >40% vs the median of peers. We confirm our Buy rating with TP of Eu4.5/share.

- **Recent business performance.** FY22 (YE Jun22) sales grew by 173% yoy, reaching Eu209.6mn. On top of the effect of strong increases in the price of electricity, rising volumes and business developments played a crucial role. Gross margin expanded across every business line, posting a more than 40% yoy growth. EBITDA came in at Eu4.8mn (+46% yoy). EBIT also posted a substantial increase, with adjusted EBIT landing at Eu3.4mn (+63% yoy). Net profit was impacted by a Eu2.9mn extraordinary tax ("Extra-profit contribution"). Finally, the company reported a net cash of Eu12.3mn (up from Eu5mn in Dec 2021), thanks to an excellent management of NWC. eVISO has recently made further steps ahead in the Apples business, with the first few transactions beginning to take place in the platform and finalisation of the first physical deliveries (in Kuwait and Brazil). The group has also re-negotiated its contracts with resellers for 2023, with improved economic and financial conditions.

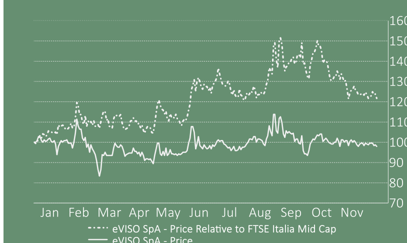
- **What do we like.** eVISO is a one-of-a-kind company inside the tech ecosystem. eVISO has developed a proprietary AI platform and data driven approach, successfully deployed and stress-tested in different commodity markets. The company has achieved exceptional results in the Italian electricity market (characterized by high regulation, complexity and competition), particularly in the indirect segment (resellers), where eVISO has a ca. 4% market share and has experienced a triple-digit growth in volumes delivered during FY 2022. On top of its strong business development capabilities, eVISO boasts a solid NWC management, which allowed the company to balance the negative effect coming from the elimination of the system charges from the electricity bills. Finally, we believe that the track record of the group bodes well for a successful deployment of the recently launched Apples business, which has high potential considering both the multi-billion addressable market as well as the uniqueness of the solution (apples marketplace where parties can submit forward purchase & sale orders).

- **Issues to be addressed.** Despite its high potential, the apples business is still in its early days, having generated almost no revenues to date. However, the solid track record in the electricity sector and the substantial product development done to build the "Smart Mele" platform are reassuring factors over the ability of eVISO to deliver on its strategy. Furthermore, we believe that in the electricity business (where eVISO generates most of its revenues and gross margin) the group is exposed to a sizeable credit risk, having as counterparty both SMEs (direct electricity business) and resellers (indirect). However, this risk is significantly attenuated by both client portfolio diversification and the payment of security deposits that the company has requests to its resellers.

- **Valuation.** We combine a multiple-based valuation (70% weight) with a DCF based on our long-term framework (30%). Please see our note ("*Intelligent commodities reloaded*") published in May for more details. We confirm our BUY rating and TP of Eu4.5/share. eVISO has been a strong relative outperformer YTD, but we believe that the long-term potential of the group commands a strong further re-rating.

Ticker (BBG, Reut)	EVS IM	EVS MI
Share price Ord. (Eu)		2.41
N. of Ord. shares (mn)		24.7
Total N. of shares (mn)		24.7
Market cap (Eu mn)		59
Total Market Cap (EU mn)		59
Free Float Ord. (%)		21%
Free Float Ord. (Eu mn)		12
Daily AVG liquidity Ord. (Eu k)		68

	1M	3M	12M
Absolute Perf.	-3%	-4.4%	-8.0%
Rel.to FTSEMidCap	-7%	-10.7%	10.6%
52 weeks range		2.1	2.8



	FY22A	FY23E	FY24E
Sales	210	351	308
EBITDA adj.	4.8	6.2	7.4
Net profit adj.	2.4	3.5	4.4
EPS adj.	0.099	0.143	0.178
DPS - Ord.	0.000	0.036	0.046
EV/EBITDA adj.	9.4x	7.1x	5.6x
P/E adj.	24.3x	16.8x	13.5x
Dividend yield	0.0%	1.5%	1.9%
FCF yield	8.9%	4.9%	5.7%
Net debt/(Net cash)	(12.3)	(15.3)	(17.8)
Net debt/EBITDA	nm	nm	nm

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Key Data (FY ends on 30/06)

P&L account (Eu mn)	FY21A	FY22A	FY23E	FY24E	FY25E
Total Revenues	76.7	209.6	351.0	307.6	291.6
Gross Margin	6.0	8.7	10.5	12.3	15.6
EBITDA reported	3.3	4.8	6.2	7.4	9.6
D&A	(1.2)	(2.0)	(2.1)	(2.1)	(2.3)
EBIT reported	2.1	2.8	4.1	5.3	7.3
Net financial charges	(0.4)	(0.3)	(0.1)	(0.1)	(0.1)
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	1.8	2.6	4.0	5.2	7.2
Taxes	(0.4)	(3.7)	(1.1)	(1.4)	(2.0)
Minorities	0.0	0.0	0.0	0.0	0.0
Discontinued activities	0.0	0.0	0.0	0.0	0.0
Net profit reported	1.3	(1.1)	2.9	3.8	5.2
EBITDA adjusted	**3.3**	**4.8**	**6.2**	**7.4**	**9.6**
EBIT adjusted	**2.1**	**3.4**	**4.7**	**5.9**	**7.9**
Net profit adjusted	**1.3**	**2.4**	**3.5**	**4.4**	**5.8**

Margins (%)	FY21A	FY22A	FY23E	FY24E	FY25E
Gross margin	7.8%	4.1%	3.0%	4.0%	5.3%
EBITDA margin (adj)	4.3%	2.3%	1.8%	2.4%	3.3%
EBIT margin (adj)	2.8%	1.6%	1.3%	1.9%	2.7%
Pre-tax margin	2.3%	1.2%	1.1%	1.7%	2.5%
Net profit margin (adj)	1.7%	1.2%	1.0%	1.4%	2.0%

Growth rates (%)	FY21A	FY22A	FY23E	FY24E	FY25E
Sales	57.9%	173.2%	67.5%	-12.4%	-5.2%
EBITDA	40.4%	46.1%	27.4%	20.0%	29.1%
EBITDA adjusted	40.4%	46.1%	27.4%	20.0%	29.1%
EBIT	26.2%	34.8%	43.2%	29.8%	37.6%
EBIT adjusted	26.2%	62.9%	35.7%	26.0%	33.8%
Pre-tax	11.8%	47.0%	54.7%	30.4%	38.2%
Net profit	13.2%	-183.1%	-366.1%	29.3%	37.1%
Net profit adjusted	13.2%	83.1%	45.2%	24.4%	32.1%

Per share data	FY21A	FY22A	FY23E	FY24E	FY25E
Shares	24.571	24.662	24.662	24.662	24.662
N. of shares AVG	22.286	24.617	24.662	24.662	24.662
N. of shares diluted AVG	12.286	24.617	24.662	24.662	24.662
EPS	**0.060**	**(0.045)**	**0.119**	**0.154**	**0.211**
EPS adjusted	**0.060**	**0.099**	**0.143**	**0.178**	**0.235**
DPS - Ord.	**0.016**	**0.000**	**0.036**	**0.046**	**0.064**
DPS - Sav.	0.000	0.000	0.000	0.000	0.000
BVPS	0.887	0.742	0.860	0.978	1.142

Enterprise value (Eu mn)	FY21A	FY22A	FY23E	FY24E	FY25E
Share price Sav. (Eu)		0.0	0.0	0.0	0.0
Share price Ord. (Eu)	2.3	2.4	2.4	2.4	2.4
Market cap	56.2	59.0	59.4	59.4	59.4
Net debt/(Net cash)	(7.5)	(12.3)	(15.3)	(17.8)	(20.1)
Adjustments	(1.4)	(0.9)	(0.2)	0.1	0.1
Enterprise value	47.4	45.8	44.0	41.7	39.4

Cash flow (Eu mn)	FY21A	FY22A	FY23E	FY24E	FY25E
EBITDA adjusted	3.3	4.8	6.2	7.4	9.6
Net financial charges	(0.4)	(0.3)	(0.1)	(0.1)	(0.1)
Cash taxes	(0.4)	(0.5)	(1.1)	(1.4)	(2.0)
Ch. in Working Capital	(0.0)	4.7	(0.5)	0.8	(0.9)
Other operating items	0.2	0.3	0.0	(0.1)	(0.0)
Operating cash flow	**2.7**	**9.1**	**4.5**	**6.7**	**6.6**
Capex	(3.0)	(3.8)	(1.6)	(3.3)	(3.1)
FCF	**(0.3)**	**5.2**	**2.9**	**3.4**	**3.5**
Disposals/Acquisitions	0.0	0.0	0.0	0.0	0.0
Changes in Equity	7.9	0.0	0.0	0.0	0.0
Others	0.1	0.0	0.0	(0.0)	(0.0)
Dividends	(0.3)	(0.4)	0.0	(0.9)	(1.1)
Ch. in NFP	**7.4**	**4.9**	**2.9**	**2.5**	**2.3**

Ratios (%)	FY21A	FY22A	FY23E	FY24E	FY25E
Capex/Sales	**3.9%**	**1.8%**	**0.5%**	**1.1%**	**1.1%**
Capex/D&A	2.4x	1.9x	0.8x	1.5x	1.4x
FCF/EBITDA	-8.3%	108.0%	47.3%	45.7%	36.1%
FCF/Net profit	-20.7%	-475.0%	99.5%	89.2%	66.4%
Dividend pay-out	**nm**	**0.0%**	**30.1%**	**30.1%**	**30.1%**

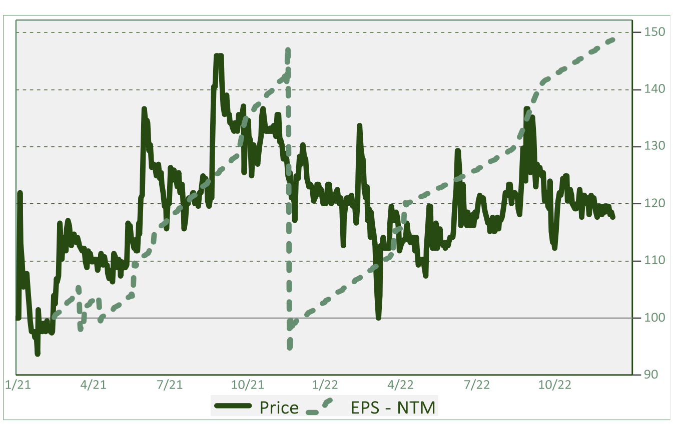
Balance sheet (Eu mn)	FY21A	FY22A	FY23E	FY24E	FY25E
Working capital	(0.5)	(8.6)	(8.0)	(8.9)	(8.0)
Fixed assets	13.0	15.0	14.5	15.7	16.5
Provisions & others	(0.2)	(0.5)	(0.5)	(0.4)	(0.4)
Net capital employed	**12.3**	**5.9**	**5.9**	**6.4**	**8.1**
Net debt/(Net cash)	**(7.5)**	**(12.3)**	**(15.3)**	**(17.8)**	**(20.1)**
Equity	19.8	18.3	21.2	24.1	28.2
Minority interests	0.0	0.0	0.0	0.0	0.0

Ratios (%)	FY21A	FY22A	FY23E	FY24E	FY25E
Working capital/Sales	**-0.6%**	**-4.1%**	**-2.3%**	**-2.9%**	**-2.7%**
Net debt/Equity	**nm**	**nm**	**nm**	**nm**	**nm**
Net debt/EBITDA	**nm**	**nm**	**nm**	**nm**	**nm**

Valuation	FY21A	FY22A	FY23E	FY24E	FY25E
EV/CE	**3.8x**	**7.1x**	**6.8x**	**6.1x**	**4.6x**
P/BV	2.8x	3.2x	2.8x	2.5x	2.1x
EV/Sales	0.6x	0.2x	0.1x	0.1x	0.1x
EV/EBITDA	14.3x	9.4x	7.1x	5.6x	4.1x
EV/EBITDA adjusted	**14.3x**	**9.4x**	**7.1x**	**5.6x**	**4.1x**
EV/EBIT	22.4x	16.1x	10.8x	7.9x	5.4x
EV/EBIT adjusted	**22.4x**	**13.3x**	**9.4x**	**7.1x**	**5.0x**
P/E	42.4x	-53.5x	20.2x	15.7x	11.4x
P/E adjusted	**42.4x**	**24.3x**	**16.8x**	**13.5x**	**10.3x**
ROCE pre-tax	26.7%	36.3%	72.5%	88.9%	102.9%
ROE	**6.7%**	**13.3%**	**16.6%**	**18.2%**	**20.6%**
EV/FCF	-172.3x	8.7x	15.1x	12.3x	11.4x
FCF yield	**-0.5%**	**8.9%**	**4.9%**	**5.7%**	**5.8%**
Dividend yield	**0.7%**	**0.0%**	**1.5%**	**1.9%**	**2.6%**

Share price performance

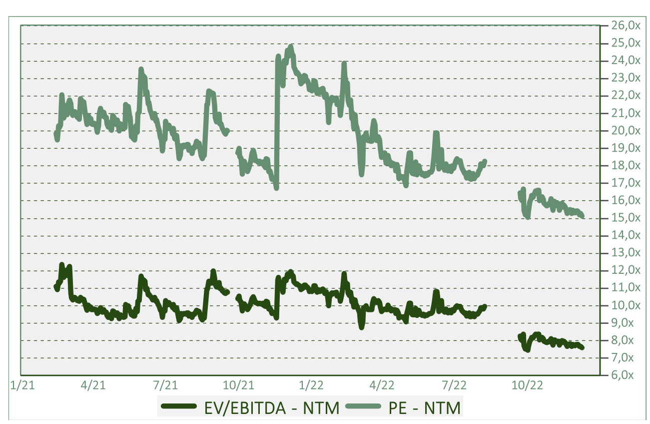
Good market performance from IPO



Source: Factset

Valuation

Market multiples near all-time lows

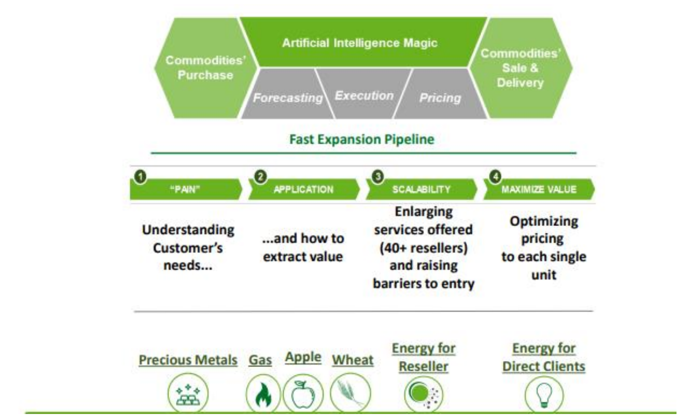


Source: Factset

Key Charts

eVISO's AI platform

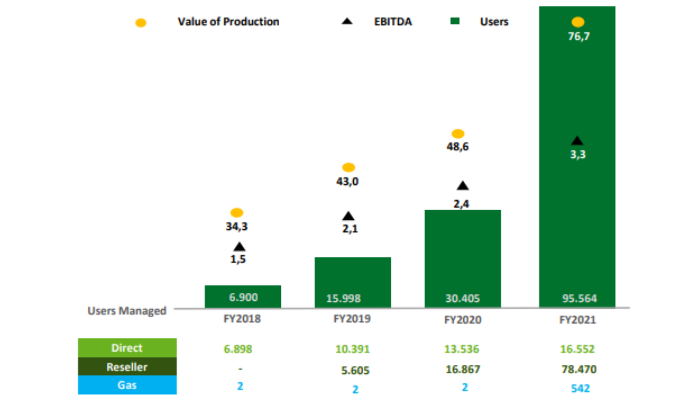
A proprietary AI platform to create value in the business of commodities,...



Source: Company presentation

Historical results

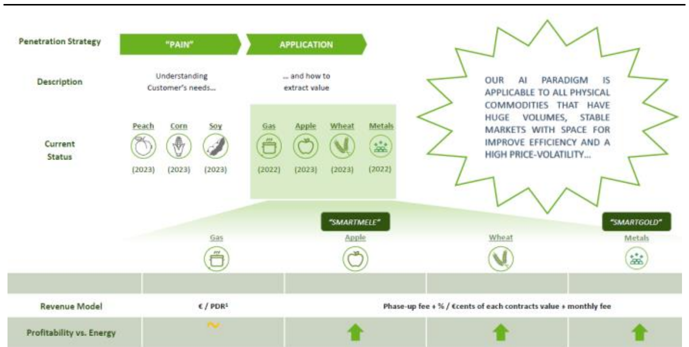
...already successfully exploited in the energy business in Italy



Source: Company presentation

Expansion into new commodity markets

Ongoing expansion into other commodities



Source: Company presentation

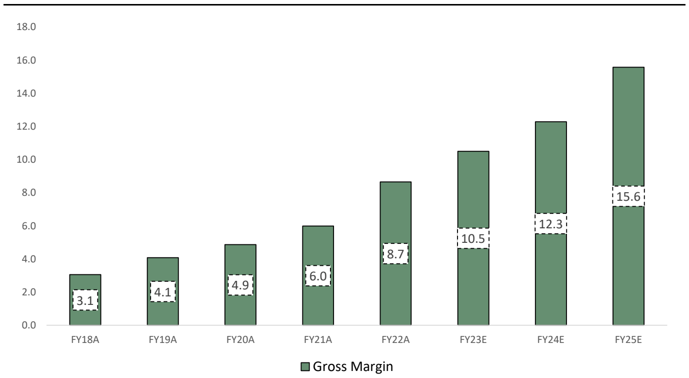
Recent launch of a marketplace in the apple business

"Smartmele" is the first application in agri-commodities

Source: eVISO

Evolution of gross margin – Eu mn

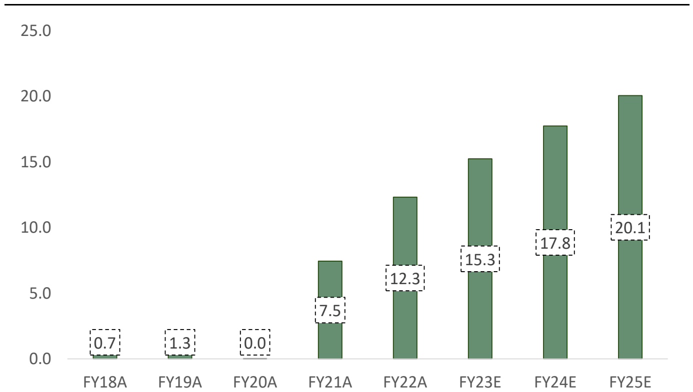
Strong P&L growth profile...



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 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 12% sales CAGR over FY22A-25E period, driven by electricity prices, 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 a 22% gross margin CAGR with yield on revenues increasing from 4.1% in 2022 to 5.4% in 2025

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 Eu4.8mn in FY22 to Eu9.6mn in FY25, posting a 26% CAGR

Strategy

eVISO is managing expansion into other commodities: gas (where the electricity business model can be replicated and upselling potential exploited), apples and metals. In agri-commodities the business model should be skewed to services / marketplace. While new ventures should represent only 3.7% of sales in FY25E, 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	Preliminary 1H23: 15 February 2023
Iscat Srl, 13.9%	Lucia Fracassi - COO	1H23: 28 March 2023
Pandora SS, 12.2%	Carlo Cigna - Algo Intelligence Director	
Free Float, 21.2%	Sergio Amorini - Sales and Customer Care Director	
	Federica Berardi - CFO	
	Joao Cordovil Wemans - Data Service Director	

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Italian Equity Research

Peers

Trading multiples

40%+ discount versus peers on 2023-2024 EV/EBITDA and EV/EBIT

Company	Country	Mkt Cap (Eu mn)	EV/Sales FY22A	EV/Sales FY23E	EV/Sales FY24E	EV/EBITDA FY22A	EV/EBITDA FY23E	EV/EBITDA FY24E	EV/EBIT FY22A	EV/EBIT FY23E	EV/EBIT FY24E	PE FY22A	PE FY23E	PE FY24E
eVISO (Calendarised)	ITALY	59	0.2 x	0.1 x	0.1 x	8.2 x	6.3 x	4.8 x	11.1 x	8.1 x	5.9 x	19.9 x	15.0 x	11.7 x
Premium (discount) to Peers' Italian Technology			-94%	-94%	-92%	-43%	-41%	-52%	-45%	-47%	-46%	-27%	-33%	-27%
CY4Gate SpA	ITALY	240	3.8 x	2.8 x	2.6 x	12.6 x	8.8 x	8.1 x	17.7 x	11.9 x	10.8 x	26.0 x	17.5 x	16.0 x
Expert.ai S.p.A.	ITALY	40	1.9 x	1.6 x	1.1 x	nm	nm	4.0 x	na	na	30.2 x	na	na	na
Tecma Solutions SpA	ITALY	65	3.9 x	2.3 x	1.7 x	nm	nm	11.8 x	na	na	34.2 x	na	na	44.6 x
Almawave S.p.A.	ITALY	124	2.6 x	2.0 x	1.8 x	16.2 x	12.4 x	12.6 x	22.5 x	15.4 x	10.1 x	28.7 x	22.4 x	15.8 x
Datrix S.p.A.	ITALY	45	2.3 x	1.6 x	1.1 x	nm	nm	nm	nm	24.0 x	6.5 x	nm	27.9 x	9.8 x
ALL PEERS Italian Technology	Average		2.9 x	2.1 x	1.7 x	14.4 x	10.6 x	9.1 x	20.1 x	17.1 x	18.4 x	27.3 x	22.6 x	21.6 x
	Median		2.6 x	2.0 x	1.7 x	14.4 x	10.6 x	9.9 x	20.1 x	15.4 x	10.8 x	27.3 x	22.4 x	15.9 x

Source: Factset, Alantra

Financials – eVISO (calendarized) versus selected peers

Lower margins versus technological peers (due to peculiarities of the business model), but comparable growth rates

Company	Country	Mkt Cap (Eu mn)	FY22A - FY24E average margins: EBITDA Margin	EBIT Margin	Net Income Margin	Capex / Sales	Dividend Payout	CAGR FY21A - FY24E: Sales	EBITDA Adj	EBIT Adj	EPS Adj
eVISO (Calendarised)	ITALY	59	2.3%	1.6%	1.0%	0.9%	30.1%	27.9%	27.6%	35.3%	39.4%
CY4Gate SpA	ITALY	240	31.6%	23.2%	16.8%	7.6%	0.0%	135.4%	112.9%	110.4%	41.5%
Expert.ai S.p.A.	ITALY	40	1.6%	-23.3%	-24.2%	25.3%	0.0%	20.3%	nm	nm	nm
Tecma Solutions SpA	ITALY	65	-0.7%	-13.2%	-9.5%	22.0%	0.0%	45.4%	37.7%	nm	nm
Almawave S.p.A.	ITALY	124	16.2%	13.8%	10.1%	13.5%	0.0%	21.1%	4.9%	28.9%	0.0%
Datrix S.p.A.	ITALY	45	1.3%	-10.2%	-8.2%	19.4%	0.0%	38.7%	nm	nm	nm
PEERS Italian Technology	Average		10.0%	-2.0%	-3.0%	17.6%	0.0%	52.2%	51.8%	69.6%	20.8%
	Median		1.6%	-10.2%	-8.2%	19.4%	0.0%	38.7%	37.7%	69.6%	20.8%

Source: Factset, Alantra

Performance

Market performance above peers in the last year

Company	Country	Mkt Cap (Eu mn)	Performance 1W	1M	3M	6M	1YR	3YR
eVISO	ITALY	59	-1.6%	-2.8%	-4.4%	-9.1%	-8.0%	na
CY4Gate SpA	ITALY	240	6.7%	15.9%	12.7%	-2.1%	-9.6%	na
Expert.ai S.p.A.	ITALY	40	0.2%	10.1%	-31.1%	-39.0%	-73.2%	-81.0%
Tecma Solutions SpA	ITALY	65	-5.1%	-0.7%	-6.3%	-20.2%	-26.8%	na
Almawave S.p.A.	ITALY	124	1.9%	5.3%	4.6%	-9.2%	-14.3%	na
Datrix S.p.A.	ITALY	45	-5.1%	2.5%	26.5%	-13.6%	-34.9%	na
PEERS Italian Technology	Average		-0.3%	6.6%	1.3%	-16.8%	-31.7%	-81.0%
	Median		0.2%	5.3%	4.6%	-13.6%	-26.8%	-81.0%

Source: Factset, Alantra

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