eVISO

Sector: Technology

Intelligent Commodities

BUY

New Coverage

TP 3.20

New Coverage

Target price upside: 46%

eVISO's innovative AI driven trading and sale of electricity is disruptive in the Italian market. The group is ready to scale-up from a negligible share and to expand in other commodities. We expect 44% FY20-23 EBITDA CAGR. Fresh money from the recent IPO (to be invested in the proprietary platform, central structure and selective technology) should be supportive

- **A scalable AI platform for commodities markets.** eVISO has developed a proprietary Artificial Intelligence (AI) platform for commodity markets with physical delivery, leveraging on the engineering know-how and sector expertise of its management. The platform has three main capabilities: (i) forecasting demand and supply curves; (ii) autonomous high frequency order execution and (iii) data-driven pricing, allowing mass customization. Target of the group is the creation of AI driven efficiencies in addressed markets to be shared with clients.

- **Disrupting application in the Italian electricity trading and sale business…** eVISO 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 (73), to enhance forecasting capabilities and to save penalties paid on the market; c) Algo trading execution in the complex electricity market. The group delivered sales growth (19% 18-20 CAGR), very low churn (5%) and gross margin above industry standard (10% in FY20).

- **…with competitive advantage and potential to scale-up** We believe that incumbents, with legacy business models and traditional commercial approaches, have difficulties to replicate the same business model. First mover competitive advantage, associated with high complexity in replicating the proprietary AI Platform, is an entry barrier for potential newcomers. We believe that eVISO has scope to scale-up its electricity business. We expect 37% top line CAGR, triggered by expansion with both direct clients and resellers. With 0.2% market share on total number of PODs in 2023e, eVISO should still be a niche player.

- **Ongoing expansion in other commodities.** eVISO is managing expansion into other commodities: gas (where the electricity business model can be replicated and upselling potential exploited), apples and wheat. In agri-commodities business model should be skewed on services / marketplace. While new ventures should represent only 5% of sales in FY23, successful expansion would pave the way for penetration of other areas. Finally, we believe that eVISO could become a service provider for larger utilities, an upside risk not included in our estimates.

- **Growth and cash.** We expect 39% FY20-23 consolidated sales CAGR, almost entirely driven by electricity business, as other commodities are still at early stage. Despite slight dilution of GM on sales (due to sales mix more skewed on resellers) and investments in central structure, EBITDA margin should grow to 5.4% in FY23 (from 3.3% in FY20) after 44% CAGR. eVISO's business is asset light and highly cash generative (62% EBITDA to FCF conversion in FY23e). We expect Eu6mn cash as of 30/06/2021 after Eu8mn proceeds from recent IPO. Fresh money should be used to enhance the technology platform, reinforce commercial and administrative staff and scouting of technological start-ups.

- **We initiate coverage with BUY rating and Eu3.2/share TP.** Listed on Dec 2020 at IPO price of Eu1.75/share, eVISO is up 21% (up 15% versus the Italian midcap index). eVISO is one of a kind group and we struggle to identify listed companies with a similar business model. We have looked at Italian technological players (mainly present on the AIM Italia segment) with some exposure to AI. On calendarized numbers (YE is 30/06), the stock is trading at 11x CY2021 EV/EBITDA or 35% discount versus peers. Peers' multiples suggest Eu3.2-3.3/share valuation, confirmed by our DCF (Eu3.2/share).

Ticker (BBG, Reut) EVS IM	EVS MI
Share price Ord. (Eu)	2.2
N. of Ord. shares (mn)	24.6
Total N. of shares (mn)	24.6
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)	318

	1M	3M	12M
Absolute Perf.	-4%	na	na
Rel.to FTSEMidCap	-10%	na	na
52 weeks range		1.9	2.5

	FY20A	FY21E	FY22E
Sales	49	68	96
EBITDA adj.	2.3	3.5	5.1
Net profit adj.	1.7	2.8	3.7
EPS adj.	0.086	0.124	0.151
DPS - Ord.	0.017	0.022	0.033
EV/EBITDA adj.	20.6x	12.1x	8.0x
P/E adj.	28.5x	17.8x	13.2x
Dividend yield	0.8%	1.1%	1.7%
FCF yield	-2.9%	-1.9%	2.8%
Net debt/(Net cash)	(0.0)	(6.2)	(7.3)
Net debt/EBITDA	nm	nm	nm

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Financial Summary (FY ends on 30/06)

P&L account (Eu mn)	FY19A	FY20A	FY21E	FY22E	FY23E
Total Revenues	43.0	48.6	68.1	96.1	129.7
Gross Margin	4.1	4.9	6.4	8.5	11.0
EBITDA reported	2.1	2.3	3.5	5.1	7.0
D&A	(0.6)	(0.7)	(1.0)	(1.3)	(1.6)
EBIT reported	1.5	1.7	2.5	3.8	5.4
Net financial charges	(0.1)	(0.1)	(0.1)	(0.1)	(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	1.4	1.6	2.4	3.7	5.4
Taxes	(0.3)	(0.4)	(0.6)	(1.0)	(1.5)
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	1.0	1.2	1.8	2.7	3.9
EBITDA adjusted	**2.1**	**2.3**	**3.5**	**5.1**	**7.0**
EBIT adjusted	**1.5**	**1.7**	**2.5**	**3.8**	**5.4**
Net profit adjusted	**1.0**	**1.2**	**1.8**	**2.7**	**3.9**

Margins (%)	FY19A	FY20A	FY21E	FY22E	FY23E
EBITDA margin	4.9%	4.8%	5.1%	5.3%	5.4%
EBITDA margin (adj)	4.9%	4.8%	5.1%	5.3%	5.4%
EBIT margin	3.4%	3.4%	3.6%	4.0%	4.2%
Pre-tax margin	3.2%	3.2%	3.5%	3.9%	4.2%
Net profit margin	2.4%	2.4%	2.6%	2.8%	3.0%
Net profit margin (adj)	2.4%	2.4%	2.6%	2.8%	3.0%

Growth rates (%)	FY19A	FY20A	FY21E	FY22E	FY23E
Sales	25.5%	12.8%	40.2%	41.1%	35.0%
EBITDA	41.5%	11.7%	48.0%	47.5%	37.5%
EBITDA adjusted	41.5%	11.7%	48.0%	47.5%	37.5%
EBIT	50.3%	13.0%	49.4%	54.5%	42.4%
EBIT adjusted	50.3%	13.0%	49.4%	54.5%	42.4%
Pre-tax	38.4%	11.3%	52.2%	57.0%	45.3%
Net profit	34.8%	10.2%	52.3%	54.3%	43.9%
Net profit adjusted	34.8%	10.2%	52.3%	54.3%	43.9%

Cash flow (Eu mn)	FY19A	FY20A	FY21E	FY22E	FY23E
EBITDA adjusted	2.1	2.3	3.5	5.1	7.0
Net financial charges	(0.1)	(0.1)	(0.1)	(0.1)	(0.0)
Cash taxes	(0.3)	(0.5)	(0.6)	(1.0)	(1.5)
Ch. in Working Capital	0.1	(1.1)	(0.2)	0.9	0.6
Other Op. items	(0.0)	0.1	(0.1)	0.1	0.1
Operating cash flow	**1.8**	**0.8**	**2.4**	**5.0**	**6.2**
Capex	(0.8)	(2.1)	(3.6)	(3.4)	(1.9)
FCF	**1.0**	**(1.3)**	**(1.1)**	**1.6**	**4.4**
Disposals/Acquisitions	(0.2)	0.4	(0.3)	0.0	0.0
Changes in Equity	0.0	0.0	8.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	(0.0)
Dividends	(0.2)	(0.3)	(0.3)	(0.5)	(0.8)
Ch. in NFP	**0.5**	**(1.3)**	**6.2**	**1.1**	**3.6**

Ratios (%)	FY19A	FY20A	FY21E	FY22E	FY23E
Capex/Sales	**1.9%**	**4.4%**	**5.2%**	**3.5%**	**1.4%**
Capex/D&A	1.3x	3.1x	3.6x	2.6x	1.2x
FCF/EBITDA	48.8%	-56.7%	-32.7%	31.1%	62.1%
FCF/Net profit	97.9%	-115.2%	-64.7%	58.7%	112.1%
Dividend pay-out	**nm**	**30.1%**	**30.1%**	**30.1%**	**30.1%**

Balance sheet (Eu mn)	FY19A	FY20A	FY21E	FY22E	FY23E
Working capital	(1.8)	(0.7)	(0.5)	(1.3)	(2.0)
Fixed assets	2.9	4.0	6.9	8.9	8.9
Provisions & others	(0.1)	(0.3)	(0.2)	(0.3)	(0.5)
Net capital employed	**0.9**	**2.9**	**6.1**	**7.2**	**6.8**
Net debt/(Net cash)	**(1.3)**	**(0.0)**	**(6.2)**	**(7.3)**	**(10.8)**
Equity	2.1	2.9	12.3	14.5	17.6
Minority interests	0.0	0.0	0.0	0.0	0.0

Ratios (%)	FY19A	FY20A	FY21E	FY22E	FY23E
Working capital/Sales	**-4.1%**	**-1.4%**	**-0.7%**	**-1.4%**	**-1.5%**
Net debt/Equity	**nm**	**nm**	**nm**	**nm**	**nm**
Net debt/EBITDA	**nm**	**nm**	**nm**	**nm**	**nm**

Per share data	FY19A	FY20A	FY21E	FY22E	FY23E
N. of shares AVG	20.000	20.000	24.571	24.571	24.571
N. of shares diluted AVG	0.000	0.000	0.000	0.000	0.000
EPS	**0.052**	**0.058**	**0.072**	**0.110**	**0.159**
EPS adjusted	**0.052**	**0.058**	**0.072**	**0.110**	**0.159**
DPS - Ord.	**0.015**	**0.017**	**0.022**	**0.033**	**0.048**
DPS - Sav.	0.000	0.000	0.000	0.000	0.000
BVPS	0.107	0.147	0.503	0.591	0.717

Enterprise value (Eu m	FY19A	FY20A	FY21E	FY22E	FY23E
Share price Ord. (Eu)	na	na	2.0	2.0	2.0
Market cap		na	49.1	49.1	49.1
Net debt/(Net cash)	(1.3)	(0.0)	(6.2)	(7.3)	(10.8)
Adjustments		(0.9)	(1.0)	(0.9)	(0.7)
Enterprise value			42.0	41.0	37.6

Valuation	FY19A	FY20A	FY21E	FY22E	FY23E
EV/CE			**6.6x**	**5.4x**	**5.2x**
P/BV			4.0x	3.4x	2.8x
EV/Sales			0.6x	0.4x	0.3x
EV/EBITDA			12.1x	8.0x	5.3x
EV/EBITDA adjusted			**12.1x**	**8.0x**	**5.3x**
EV/EBIT			17.0x	10.7x	6.9x
EV/EBIT adjusted			**17.0x**	**10.7x**	**6.9x**
P/E			27.9x	18.1x	12.6x
P/E adjusted			**27.9x**	**18.1x**	**12.6x**
ROCE pre-tax	171.5%	77.4%	51.3%	54.8%	73.5%
ROE	**48.9%**	**39.3%**	**14.2%**	**18.7%**	**22.2%**
EV/FCF			-36.9x	25.7x	8.6x
FCF yield			**-2.3%**	**3.2%**	**8.9%**
Dividend yield			**1.1%**	**1.7%**	**2.4%**

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

Opportunities	Threats
Expansion in other commodities	Increasing commercial competition on high-margin clients
Important market share growth in the electricy business	Failure to exploit the platform in new commodities
Sale of services to other utilities	Regulatory changes in the electricity market

Key shareholders
G.Sorasio 50.1%
M.Bellino Roci 15.4%
Free float 20.9%

Management
Gianfranco Sorasio - Founder & CEO
Carlo Cigna - Algo Intelligence Director
Sergio Amorini - Sales and Customer Care Director
Federica Berardi - CFO
Joao Cordovil Wemans - Data Service Director

Next events
1H21 results: 26 March 2021
FY21 results: 28 September 2021

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Executive Summary

eVISO's innovative AI driven trading and sale of electricity is disruptive in the Italian market. The group is ready to scale-up from a negligible share and to expand in other commodities. We expect 44% FY20-23 EBITDA CAGR. Fresh money from the recent IPO (to be invested in the proprietary platform, central structure and selective technology) should be supportive.

We initiate coverage with BUY rating and TP of Eu3.2/share.

A scalable AI platform for commodities markets

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 mass customization. Efficiencies and value creation can be shared with the clients. eVISO went public in December 2020 raising Eu8mn from a primary offering (on top of Eu1mn of secondary offering) to be deployed for the enhancement of the AI platform (Eu6mn), the strengthening of the commercial and administrative structure (Eu1mn) and technology acquisition via M&A (Eu0.5mn).

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 business approach.

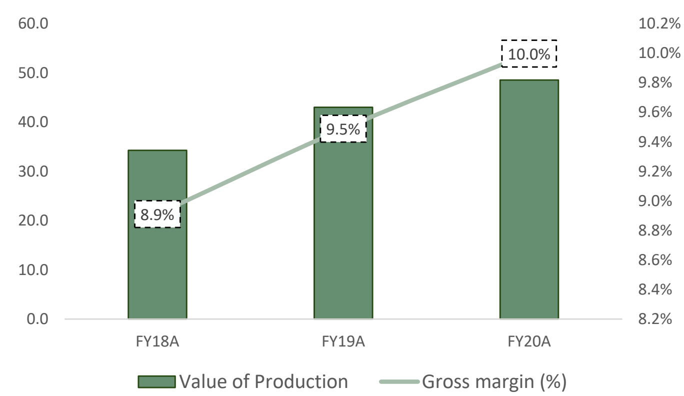
Source: Company presentation

Disruptive application in the Italian electricity market

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 (94% of FY20 Gross Margin) or resellers (6%). The business model is completely different from that of established players. Leveraging on the proprietary AI platform, the group has 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 (204 different offers) and retain an extra profit. Clients' meters are monitored in real time (3bn data collected and elaborated daily) and automatic alerts are sent with the goal to help clients minimize cost of energy but also make them more predictable. Capacity to predict hourly demand (also thanks to grouping of clients in 73 different clusters) enables to order the right volumes on the market and minimize penalties. Finally, eVISO can deliver superior execution thanks to algorithmic forecasting and high frequency trading. All the activities are intertwined and performed as an integrated system. The group delivered strong growth over the last few years (19% 2018-20 CAGR of top line and 26% of Gross Margin). More important, it generated an extra gross margin on top of the standard buy&sell margin (average GM of 9.5% over the last 3 years), thanks to the elimination of market inefficiencies and sharing of the benefits with end-users.

eVISO – Sales (Eu mn) and Gross Margin (%) - FY18-20

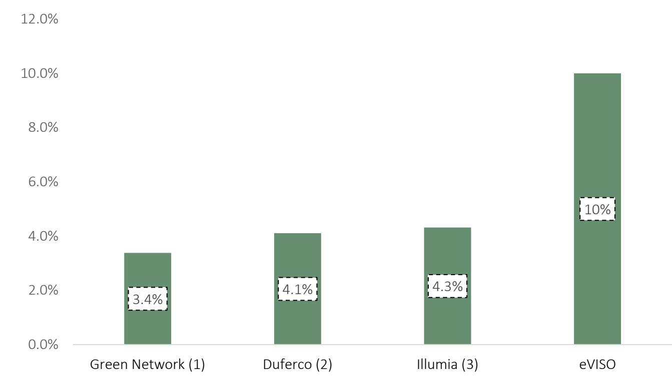
Average 9.5% gross margin over FY18-20 period…



Source: company presentation

eVISO – Gross Margin vs selected competitors

…is well above peers



Source: Companys' financial statements

Notes: (1) YE 30/04/20.; (2) YE 31/12/19. Electricity business only; (3) YE 31/12/2019. Electricity business only

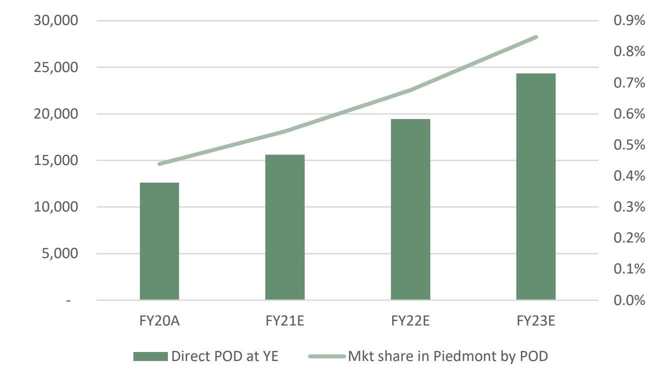
Strong competitive advantage and potential to scale-up

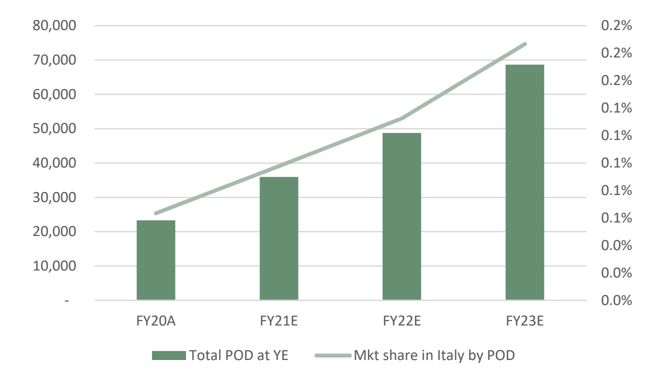
The liberalization of the electricity commercial activities created the conditions for the entry of new energy providers (from >130 in 2007 to >470 in 2019) and an increasingly competitive environment. Switching rates were at record levels in 2019 (ca 14% for domestic and ca 23% for non-domestic clients). In this scenario technology becomes key to offer quality services and achieve efficiencies. This is eVISO's playground. The group (a digital native player) was able to develop solutions that incumbents, with legacy business models and traditional commercial approaches, have difficulties to replicate. First mover competitive advantage (>50k man/hours to develop the proprietary AI platform, more than 15k reiterations) is an entry barrier for potential newcomers. While Podo has developed a similar business model in Spain (relying on 3rd parties' technology), we do not see examples of B2C players in Italy, which leverage on an AI technology. This also makes eVISO a potential technology partner for resellers and potentially for incumbents. We believe that eVISO has scope to scale up its business model from a very low share (1.1% share in Piedmont, where the group is headquartered, in terms of traded GWh). We expect 37.4% 2020-23 top line CAGR in the electricity business, triggered by expansion with both direct clients and resellers.

Electricity business – Direct PODs and market share in Piedmont, total PODs (direct + resellers) and market share in Italy

Our estimated number of direct PODs served in 2023 is the equivalent of 0.8% of the number of existing PODs in Piedmont

The total number of estimated PODs reached by eVISO in 2023 is equivalent of only 0.2% of Italian PODs.





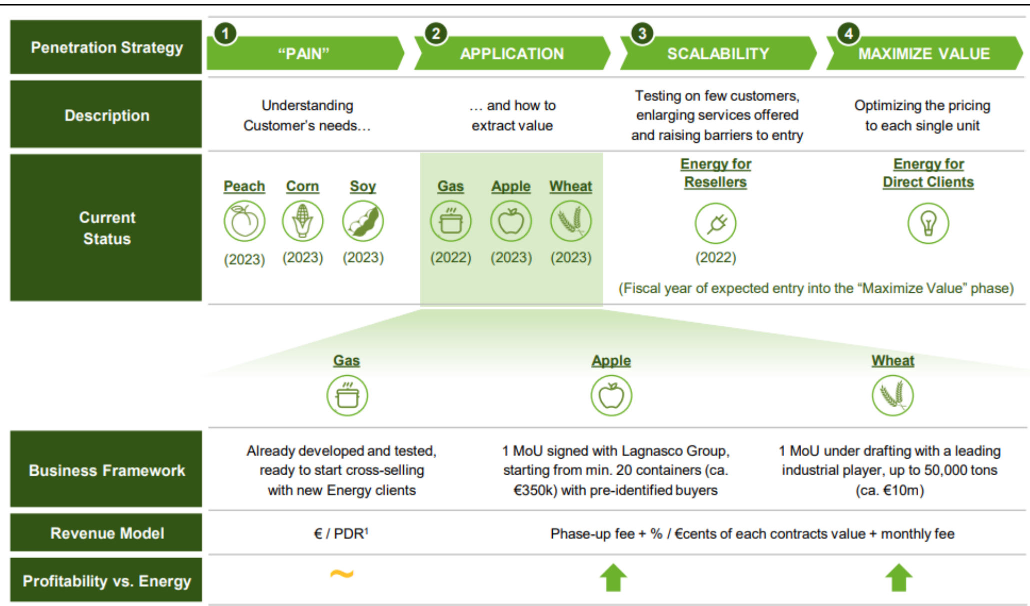
Source: eVISO company presentation, Alantra estimates

Application factory: ongoing expansion into other commodities

While electricity business is going through a phase of scale-up and value maximisation, eVISO is managing expansion into other commodities. The group is targeting Gas and up-selling to electricity clients should be the main growth driver. eVISO is also adopting its platform to enter the agri-food business. Apples and Wheat were selected as first target commodities, thanks to i) broad availability of data from national and international open databases, ii) the absence of an offer of forecasting services and iii) the geographical proximity of some of the most important Italian producers to the company's headquarter. While we expect a still limited contribution to revenue growth from these new commodities over the next 3Y, the business could be scaled-up in the medium term. Successful penetration of new markets would pave the way for further expansion in other agri-commodities. Finally, while maintaining a niche positioning in electricity/gas, eVISO could become a service provider for larger utilities. The group could support other players in the optimization of their client base or maximization of profits. While not included in our estimates, we see an upside risk from this potentially high-margin business. Overall, we expect new businesses to reach Eu4.4mn by 2023, contributing for 5% of forecasted revenues growth. Its weight on total revenues should grow from 0% in 2020 to 3% in 2023.

eVISO – Expansion into new commodity markets

eVISO proprietary AI platform allows the company to expand in new commodities market



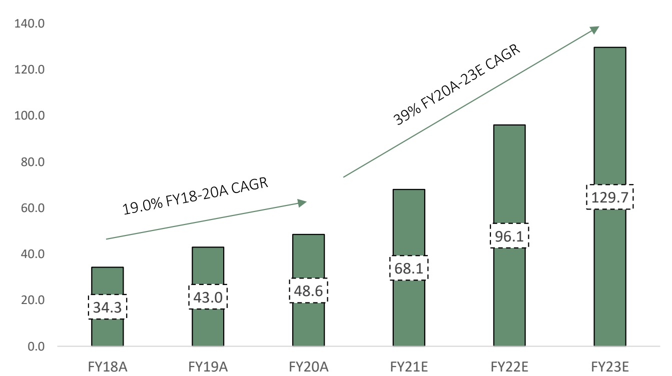
Source: Company presentation

Strong growth on the horizon

We expect 39% sales CAGR over FY20-23 period. Growth should continue to be almost entirely driven by the electricity business (95%), as other commodities are still at early stage. eVISO is able to deliver higher-than-peers' gross margins in electricity. 72% of total gross margin (net of capitalized costs and other non-recurrent revenues) comes from the ability of the company to manage data through its AI platform and the implementation of a peculiar business model. We expect eVISO to continue to post above sector-average profitability: 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 strong headwind. Overall, we expect eVISO to post 31% gross margin CAGR with yield on revenues declining from 10.0% in 2020 to 8.5% in 2023. Although we expect eVISO to invest in central structure in the coming years, GM growth should trigger margin expansion. We expect EBITDA to grow from Eu2.3mn in FY20 to Eu7.0mn in FY23, posting a 44% CAGR. EBITDA margin should expand to 5.4% by FY23 (from 3.3%).

eVISO – Value of production

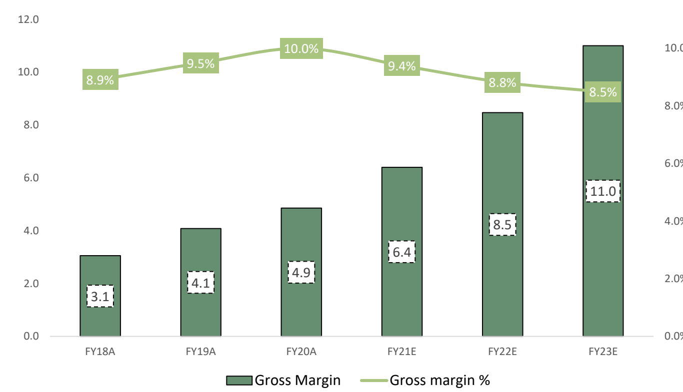
We expect 39% sales CAGR over FY20-23 period



Source: company presentation, Alantra

eVISO – Gross margin

Gross margin should decline as weight of resellers grows



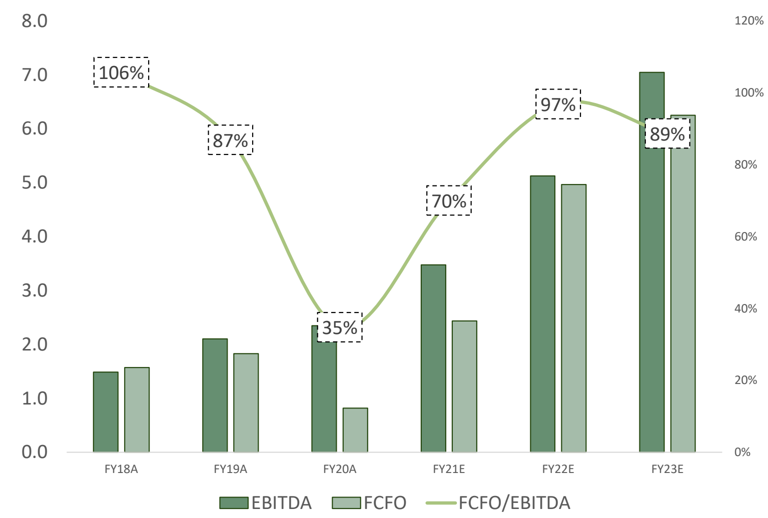
Source: company presentation, Alantra

Asset light BS, proven FCF generation and available cash from recent IPO

eVISO runs an asset light business. WC is negative and most of the fixed assets consist of intangibles (capitalized R&D costs). A cash neutral balance sheet (YE20 NFP was at zero) and a strong operating FCF generation led eVISO to gain a solid credit rating (B1.1 according to Cerved), a key requirement to operate in the energy market and to differentiate from small competitors. A healthy cash flow generation allowed eVISO to pay-out 30% of net profit over the last 3Y. We expect a similar policy in the future. We believe that eVISO is now ready to enter a new expansion phase. Over the coming years, new capex will be needed to (i) evolve its electricity platform into an open architecture and faster scale-up the business, (ii) adapt the platform to new commodity markets. Operating cash flow generation and the proceeds from IPO should support the expected acceleration of the growth plan.

eVISO– EBITDA to FCF (before capex) conversion

EBITDA is almost entirely converted into FCF before capex, as cash generation from WC almost entirely finances tax payment



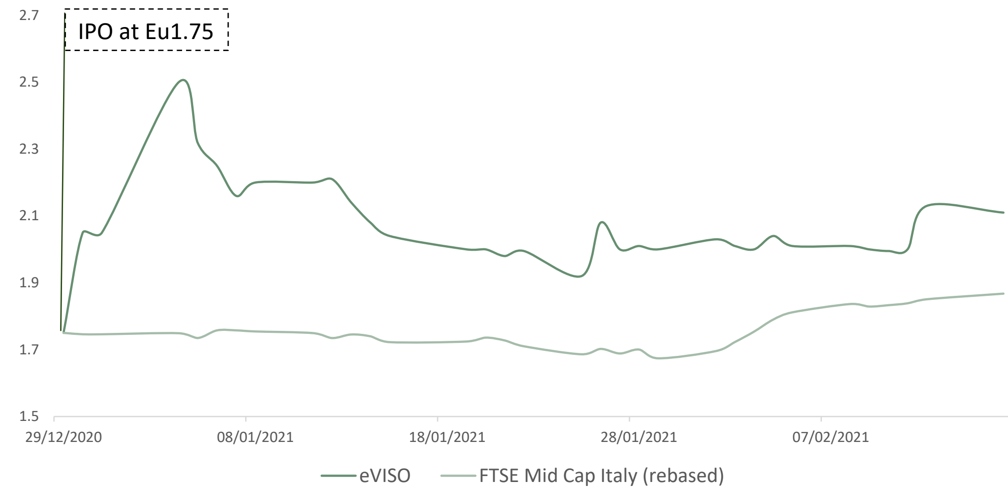
Source: eVISO company presentation, Alantra estimates

Eu3.2/share Target Price

Listed on 30th December 2020 at IPO price of Eu1.75/share, eVISO is up 21% or around 15% versus the Italian midcap index. eVISO is one of a kind group and we struggle to identify listed companies with a similar business model. We have looked at Italian technological players (mainly present on the AIM Italia segment) with some exposure to artificial intelligence. Investors could be also tempted to look at Italian utilities exposed to the electricity sector or international groups in the commodities trading business. We have included them for reference only, but we believe that comparison with eVISO is not really meaningful, as they are ex-growth. On calendarized numbers (YE is 30/06), the stock is trading at 11x CY2021 EV/EBITDA on our estimates or 35% discount versus the median of Italian technological companies in our sample. DCF can be very useful to incorporate the peculiarities of the group, its growth profile and cash generative business model. eVISO has limited working capital and capex requirements and is more cash generative than other peers (EBITDA / FCF conversation of 62% in FY2023e). We derive a DCF valuation of Eu3.2/share, using 9.4% WACC and 1.5% terminal growth rate. We set a TP of Eu3.2/share, based on the average of multiples of our selected Italian technological stocks and DCF.

eVISO –Market price versus the Italian mid cap index

Up 21% from IPO price



Source: Factset, Alantra

Main risks

We believe that the main risks related to eVISO's business can be summarised in the following factors: 1) Increasing competition could trigger margin pressure; 2) Large amount of commercial receivables from SMC clients; 3) Potential regulatory changes in the Italian electricity market; 4) Unproven track record of profitability in gas and other commodities; 5) Low profitability implies potential EPS volatility.

A scalable AI platform for commodities markets

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 mass customization. Efficiencies and value creation can be shared with the clients. No other players are using a similar approach in commodities. eVISO has built its first successful use case in the Italian electricity market, where today the company runs a profitable and growing business. It aims to apply its technology in other commodity markets such as gas (a market similar to that of electricity) and agricultural commodities (apples and wheat). eVISO went public in December 2020 raising Eu8mn from a primary offering (on top of Eu1mn of secondary offering) to be deployed for the enhancement of the AI platform (Eu6mn), the strengthening of the commercial and administrative structure (Eu1mn) and technology acquisition via M&A (Eu0.5mn).

The brainchild of a highly skilled and experienced management…

Founded in 2012 in Saluzzo (Piedmont – North West of Italy), eVISO success was built on the entrepreneurial intuition of its founder, Gianfranco Sorasio, in applying Artificial Intelligence technology to commodities markets and on the quality of the top management team, which combines technological, commercial and industry specific skills.

Gianfranco Sorasio (Founder, President and CEO). Following its degree in nuclear engineering at Politecnico of Turin and MSc in Physics at Umea Sweden University, the founder and CEO of the company has attended a master in Owner/President Management at Harvard business school between 2011 and 2013. Mr Sorasio has developed a deep expertise in the energy sector having launched several entrepreneurial projects in the field over the past 20 Years.

Joao Cordovil Wemans (Data Services Platform Director). After its MSc and PhD in Physics, Mr Wemans has attended a master in leadership at London Business school, a master in energy market at Harvard business school and one in Innovation management at Massachusetts Institute of Technology. After 10 years in the energy sector as funder of several start-ups, Mr. Wemans entered in eVISO in 2013, as digital development consultant. From 2018 to 2020 he has managed the Data Services of the company and since June 2020 he is Platform director. He has 10+ years of experience in the energy sector.

Federica Berardi (Chief Financial Officer) Federica has a degree in Geography at the University of Turin and an executive MBA at IlSole24 ore business school. She has more than 6 years of professional experience in the energy sectors gained entirely in eVISO, which she joined in 2014.

Sergio Amorini (Sales and Customer Care Director). Sergio holds a Nuclear engineer degree from Politecnico of Turin with a Master in Plasma physics (Lisbon, Portugal). He then added a Master in Relationship Management and an Executive Master in Digital Transformation and Business Strategy (IlSole24ore business school). Sergio has worked several years abroad in Spain, India, Brazil and Portugal. He has more than 9 years of professional experience in the energy sector and joined eVISO at the end of 2015.

Carlo Cigna (Algo Intelligence Director). Carlo holds a Nuclear engineer degree from Politecnico of Turin and an Executive Master at Massachusetts Institute of Technology (MIT) in Data Driven Pricing and an Executive Master in "Leading Innovation" at Harvard Business School. He has more than 9 years of professional experience in the energy sector and joined eVISO since the beginning as a consultant and since 2015 on a full-time basis.

eVISO – Management Team

Highly skilled and experienced management combining technological, commercial and industry specific skills

Gianfranco Sorasio

Founder
President and CEO

- Nuclear Engineer (PoliTo) and Ph.D. in Physics (Umea, Sweden) under L. Stenflo (Nobel Committee Chairman)
- Author of several scientific papers on supercomputers' numerical simulation
- 20+ years of experience in the Energy sector

João Cordovil Wemans

Data Services
Platform Director

- Physics Engineer (Lisbon, Portugal) and Ph.D. in Ultra-high Power Laser Technology (Lisbon, Portugal)
- Collaboration with G. Mourou (Physics Nobel Prize in 2018)
- 10+ years of experience in the Energy sector

Federica Berardi

Chief Financial
Officer

- Geography Degree (Torino) and Executive MBA in Corporate Finance & Banking (Il Sole24Ore Business School)
- 6+ years of experience in the Energy sector

Sergio Amorini

Sales & Customer
Care Director

- Nuclear Engineer (PoliTo); Master in Plasma Physics (Lisbon, Portugal); Master in Relationship Management and Executive Master in Digital Transformation & Business Strategy (Il Sole24Ore Business School)
- 9+ years of experience in the Energy sector

Carlo Cigna

Energy Intelligence
Director

- Nuclear Engineer (PoliTo) and Executive Master at Massachusetts Institute of Technology (Boston, MA) n Data Driven Pricing
- 9+ years of experience in the Energy sector

Source: Company presentation

… with a business approach based on Big Data and AI-powered capabilities…

Value-creation from Big Data analysis and from the use of AI-powered capabilities is the paradigm of eVISO business approach. Big Data and AI offer the possibility to introduce innovative win-win solutions by improving customer experience, reducing costs, and generating new revenue streams. Value creation can be shared with the clients. eVISO has developed an AI platform (called Nestore) with the target to create value in commodities markets with physical delivery. 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. Within the purchase and sale of commodities, 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 mass customization.

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 key paradigm of eVISO business approach.

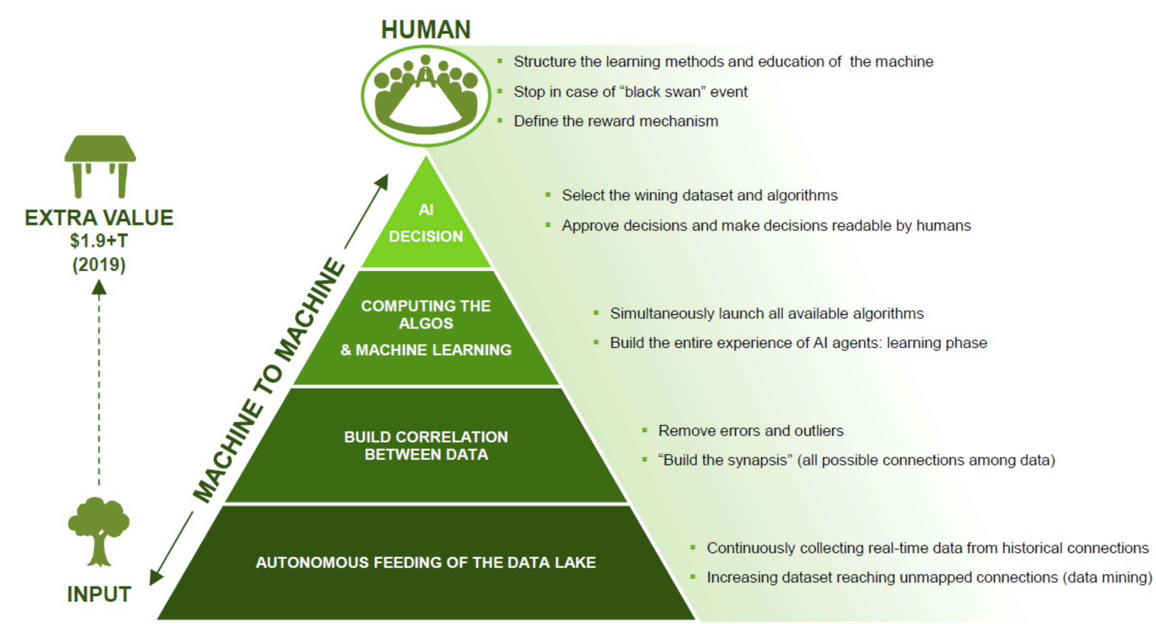
Source: Company presentation

From the collection of billions of data, the platform builds synapses forming all possible connections between data. AI selects the winning algorithms generating the most accurate forecasts and best performing strategies. eVISO's platform covers all the process behind Artificial Intelligence:

- The data lake (the database where the data collected and produced by the platform are continuously stored) is at the base of the pyramid. The data lake differs from traditional databases for the liquid type of information that can be unstructured, for example: single data, data every minute, data every hour, annual data, measures, averages, data on / off, etc.
- In a second phase, correlation factors are identified between data in order to transform a large amount of disaggregated information into a numerically lower quantity of data but capable of expressing a quality and quantity of information higher than that referable to the previous level.
- In a third phase hundreds of algorithms (algos) process previously aggregated information in order to produce forecasts and predictions. The algorithms are constantly trained with various types of techniques, such as deep learning, machine learning, etc.
- At the top of the pyramid, the decision-making process assigns a certain score to each algorithm and calculates the performance KPIs. Artificial intelligence selects the restricted group of algorithms that, for each system lap (run), produced the highest score
- The artificial intelligence system autonomously selects, always respecting the perimeter defined by the human operator, the winning algorithms
- The data value chain is rebuilt several times a day with almost entirely machine-to-machine processes. This iterative process trains the entire system several times a day and allows it to adapt to constantly changing contexts
- The human operator heads the entire process and defines the perimeter within which the platform can act. The human operator has the ability to interrupt, influence and in any case modify the decision-making process at any time.

eVISO – Proprietary platform

AI selects the winning algorithms generating the most accurate forecasts and best performing strategies

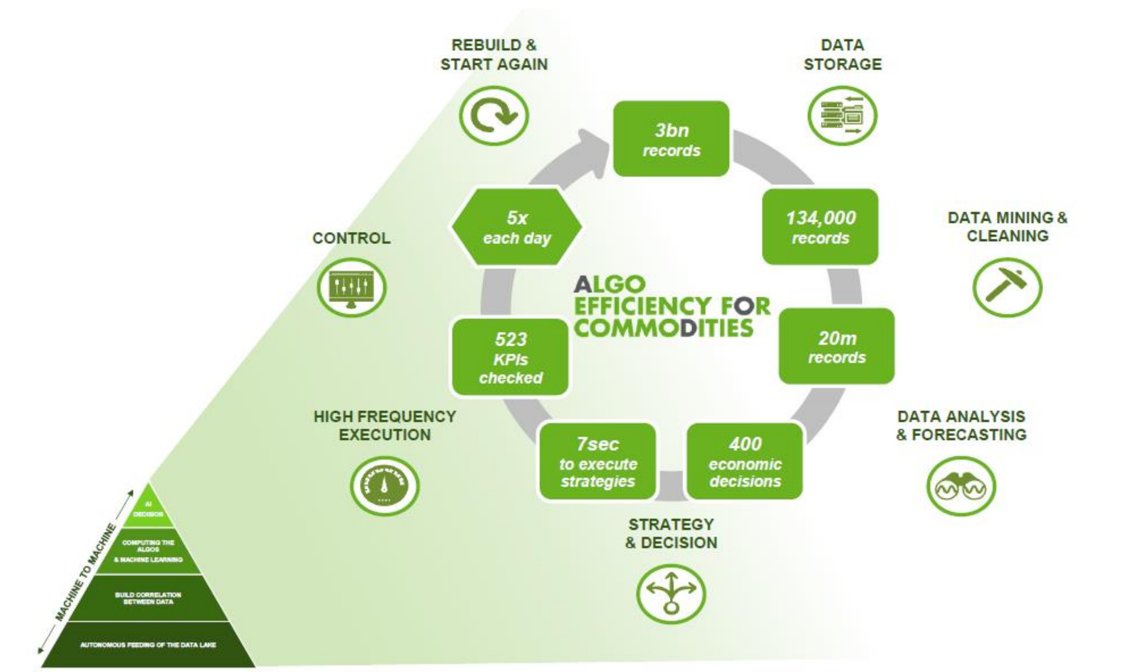


Source: Company presentation

The model is common to many other AI platforms. The peculiarity of eVISO is that its platform has been internally developed. All the building blocks of the platform are interconnected through proprietary and self-improving algorithms.

eVISO – Artificial Intelligence process for the creation of extra value

All the building blocks of the platform are interconnected through proprietary and self-improving algorithms

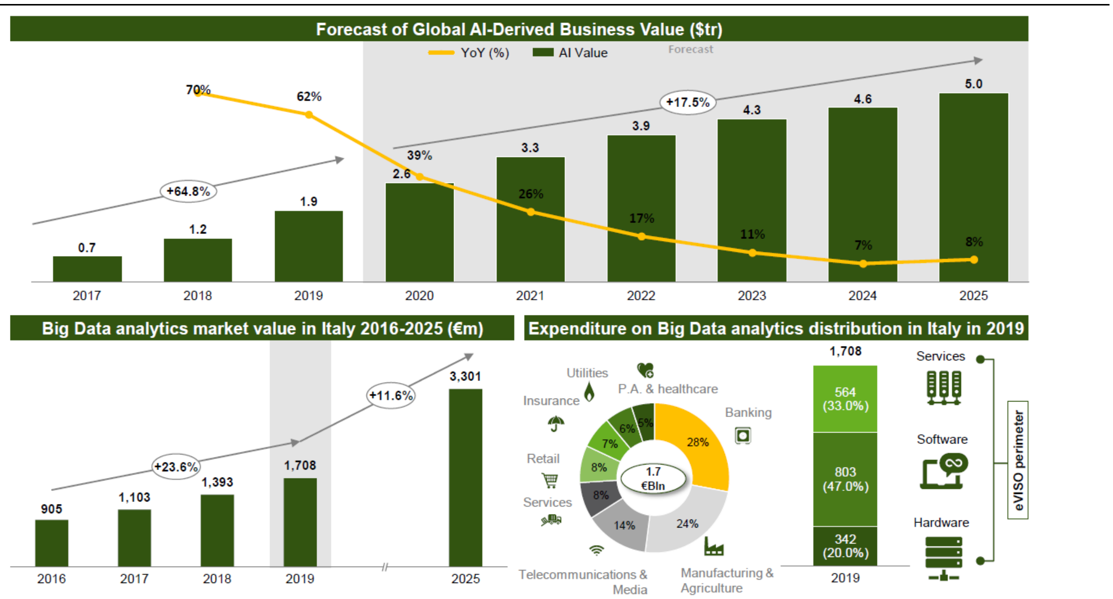


Source: Company presentation

According to Gartner the AI-derived value for global businesses is projected to total Usd5.0trillion in 2025, up 17.5% CAGR from Usd1.9 trillion in 2019. With particular focus on Italy, the Big Data market had a value of Eu1.7bn in 2019 (CAGR16-18 +24%) and is expected to reach Eu3.3bn in 2025 (CAGR +12%). About 80% of the value of the Italian Big Data market in 2019 is attributable to the software and services segments (respectively 47% and 33%). The main sectors in terms of Big Data adoption were banking, manufacturing and agriculture and telecommunications, which account for 66% of the total market value.

eVISO – Value creation from Big Data and Artificial Intelligence

The value created by applying AI technologies to traditional businesses mainly comes from improved customer experience, cost reduction and new revenue generation



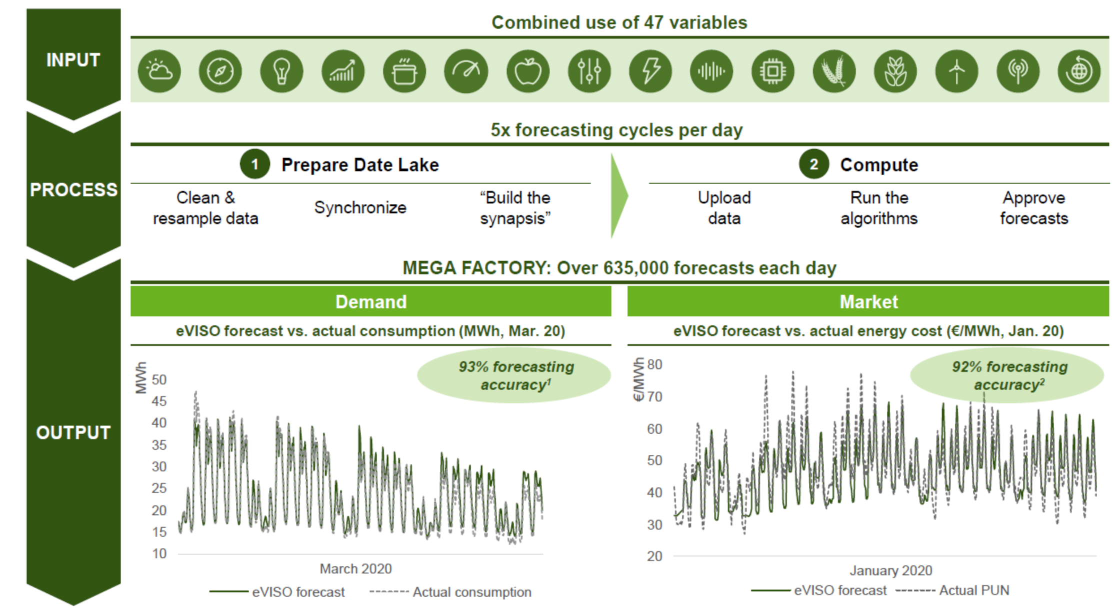
Source: Company presentation

Successful implementation in the Electricity market…

Since the start-up in 2012, eVISO has been able to build its first successful use case in the Italian electricity market, where today the company runs a profitable and fast-growing business leveraging on its proprietary platform. The Italian electricity market was highly suitable for eVISO's AI platform, given the presence of a huge amount of data generated from the installation of smart meters. Italy was the first European country to introduce smart meters on a large scale for low voltage end customers and is still the first country in the world in terms of number of smart meters. Eu49m sales, Eu4.9mn gross margin and Eu2.3mn EBITDA reported by the group in FY ended June 2020 were entirely generated in the electricity business.

eVISO – Applying AI to the Electricity market

Combined use of 47 variables for accurate forecasting of demand and market dynamics



Source: Company presentation

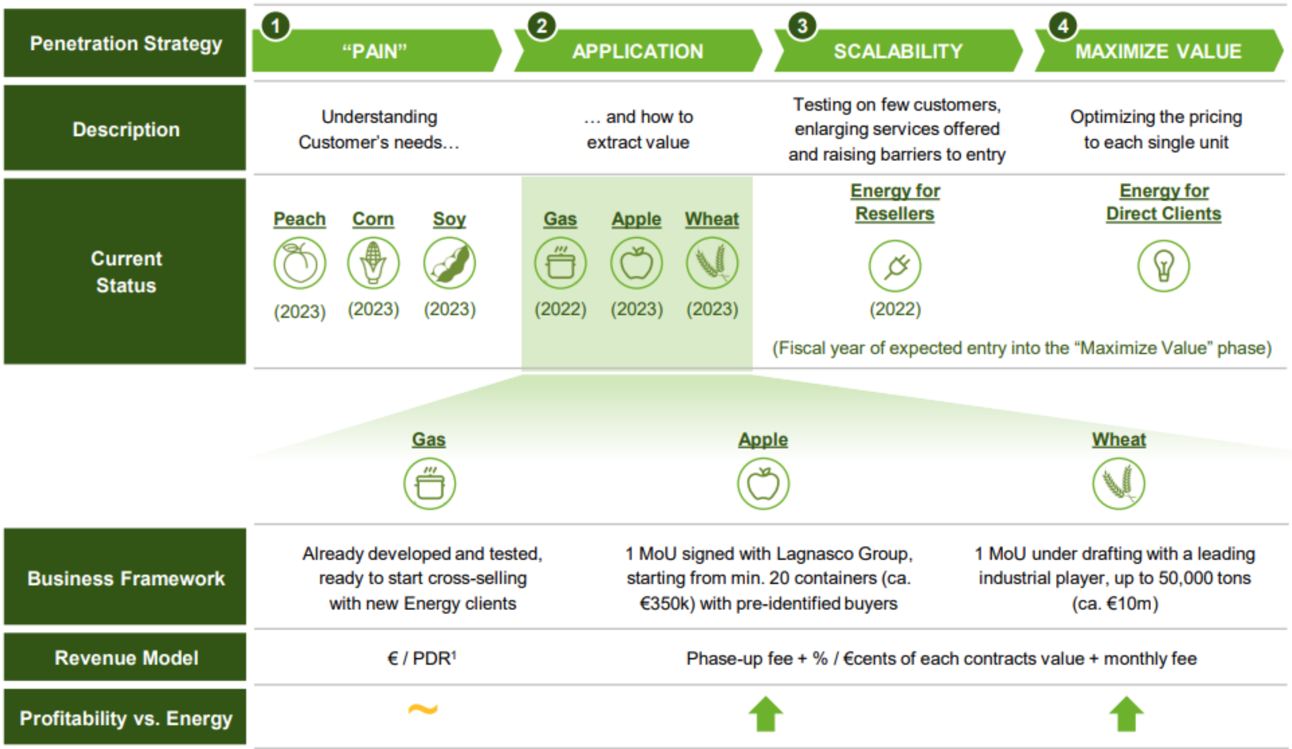
… and potential to replicate in other commodity markets

The company aims to apply its AI forecasting technology for the creation of new use cases in other commodity markets. eVISO identified gas, apple and wheat as addressable markets. Dynamics of the Italian gas business are very similar to those of electricity. In agri-commodities, eVISO can leverage on its proximity to local players in the production and distribution of apples and wheat. The group has a structured approach when addressing new markets: 1) Analysis of potential inefficiencies; 2) Ideation of solutions that can leverage on the proprietary platform; 3) Test with few clients and then enlargement of the customer base; 4) Value maximization. Applications in electricity are already in phase 3 and 4. Apple, Gas and Wheat are in phase two. Potential applications in other commodities are in phase 1.

While the business model in Gas should be similar to the one developed in the Electricity market, as they show similar mechanisms and actors, the entrance into Apple and Wheat market could see the development of new business models, still under definition.

eVISO – Expansion in new commodity markets

eVISO proprietary AI platform allows the company to enter in new commodities market



Source: Company presentation

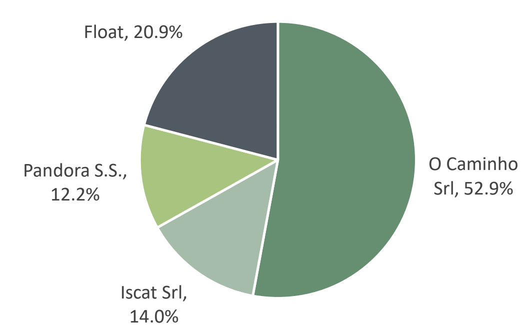
Fresh money from the recent IPO: ready to scale-up

eVISO has successfully completed the IPO process on the AIM segment of Italian Stock Exchange in December 2020, raising Eu8mn in a primary offer. Proceeds should mainly support the ambitious growth plans of the company into new commodity markets.

After the IPO the founder and CEO Gianfranco Sorasio indirectly controls a 50.1% stake in eVISO, through participations into O Caminho Srl (83.3%) and Iscat Srl (43.3%). Mauro Bellino Roci, board member, owns a 23.3% stake of Iscat Srl. and also owns 12.2% of eVISO through Pandora S.S. The floating shares represent 20.9% of the share capital. The BoD consists of 5 members and includes: CEO Gianfranco Sorasio, Joao Cordovil Wemans, Mauro Bellino Roci together with two independent directors (Antonio Di Prima and Roberto Vancini).

eVISO – Shareholding structure following the IPO

Mr. Sorasio, founder and CEO of the company, continues to hold >50% of the share capital

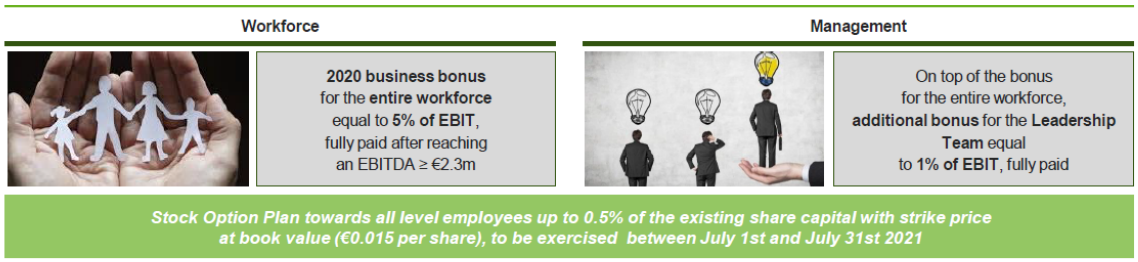


Source: Company website

Management incentive scheme is based on EBIT. In addition, a stock option plan (up to 0.5% of the existing shares is in place).

eVISO – Incentive scheme

Incentives for management and all the work force



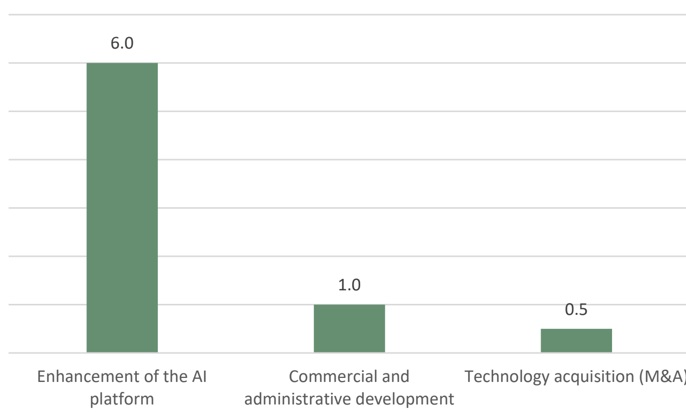
Source: Company website

eVISO has identified three strategic pillars to invest the proceeds of the IPO:

- 1. Enhancement of the AI platform: most of the resources raised during the IPO process should be invested (i) to improve the proprietary AI platform and obtain more accurate forecasts also in new commodity markets (e.g. agri-food) and (ii) to allow the platform to handle larger business volumes and a much higher amount of data
- 2. Commercial and Administrative development: eVISO plans to invest significantly in Human Capital, doubling the headcount by 2024 from 55 to 111 employees in all business divisions (e.g. commercial, administration, technology)
- 3. Technology acquisition (M&A): eVISO aims to acquire (i) majority stakes in companies with clients, technologies and know-how to be integrated with its business model and (ii) minority stakes in innovative start-ups.

eVISO – Use of Proceeds (Eu mn)

Expansion into new markets, strengthening of organizational structure and M&A thanks to the IPO



Source: Company presentation

1. Enhancement of the AI platform

The platform used today by eVISO is the result of a development process started at foundation and that led the company to shift from a Closed System, limited to data management with offers uploaded manually, to a complete Open System where each involved party can interact with the platform to access data and forecast made by Artificial Intelligence. Most of the resources raised during the IPO process should be invested (i) to improve the proprietary AI platform also for the entry into new commodity markets (e.g. agri-food) and (ii) to allow the platform to handle larger business volumes and a much higher amount of data.

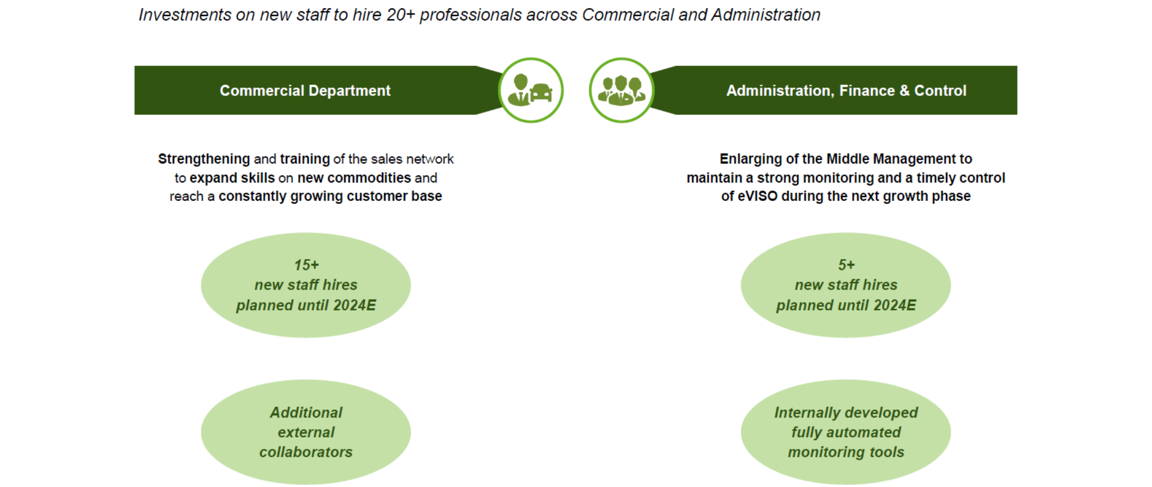
2. *Commercial and Administrative development*

eVISO plans to significantly expand its workforce over the next 3 years in order to (i) support growth into new markets both from a technological and commercial standpoint and (ii) manage the increasing administrative complexity linked with the listed status and the upcoming strong growth. In greater detail, eVISO aims to:

- increase the number of employees focused on platform development from 10 to 22 by 2024 and the number of external employees focused on platform development from 9 to 15 by 2024;
- strengthening of the commercial structure with the expansion of sales agents from 24 to 52 by 2024;
- expansion of the administrative workforce from 5 to 11 employees by 2022

eVISO – Commercial and administrative development

eVISO to expand its organizational structure heading to a period of strong growth



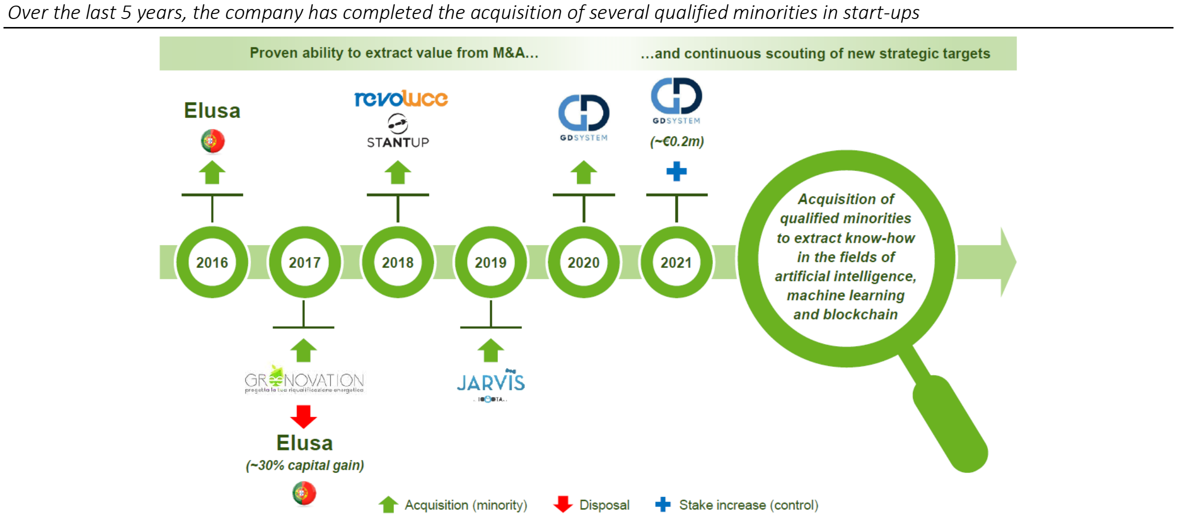
Source: Company presentation

3. *Technology acquisition (M&A)*

Over the last 5 years, the company has completed the acquisition of several qualified minorities in start-ups, which apply technology into the electricity sector (first market targeted by eVISO) in order to share and acquire know-how in the field of artificial intelligence, machine learning and blockchain. eVISO aims to acquire (i) majority stakes in companies with clients, technologies and know-how to be integrated with its business model and (ii) minorities in innovative start-ups.

eVISO – Technology acquisition

Over the last 5 years, the company has completed the acquisition of several qualified minorities in start-ups



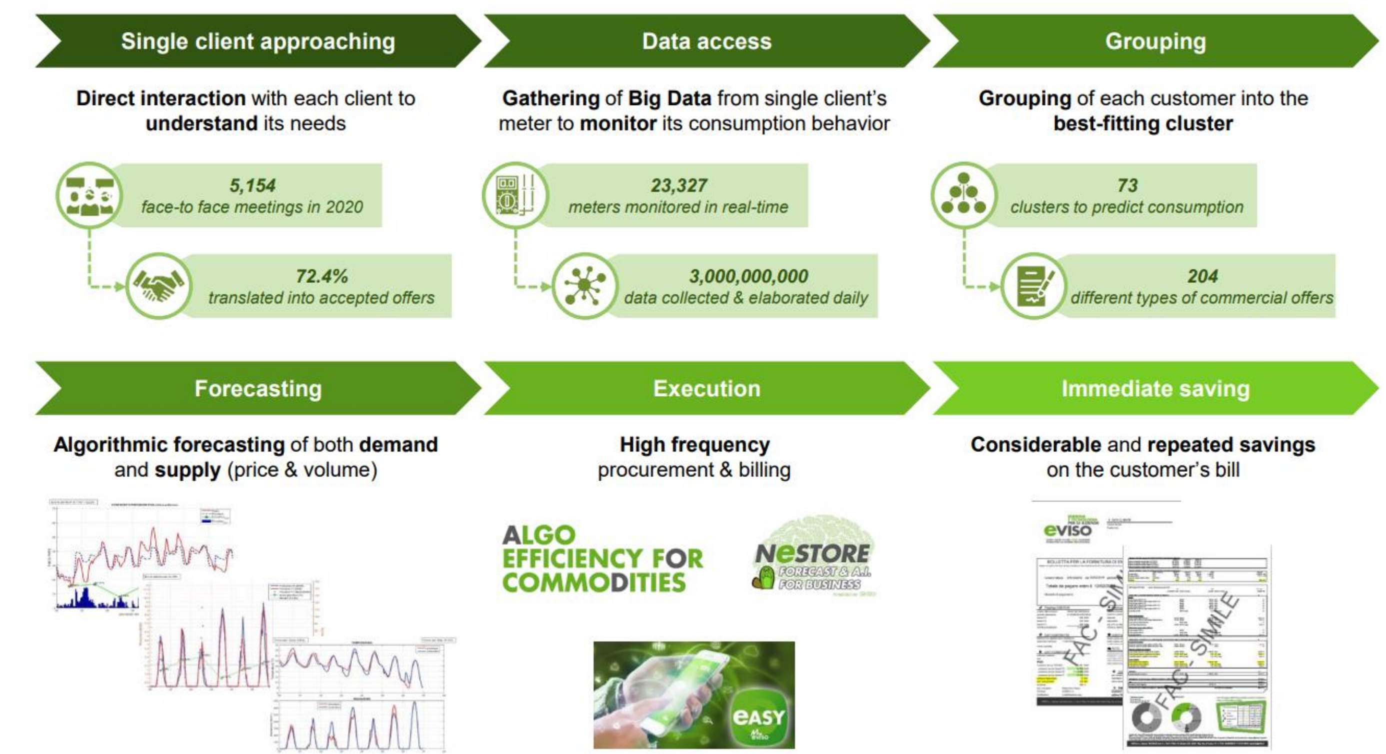
Source: Company presentation

Disruptive application in the Italian electricity market

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. The business model is completely different from that of established players. The group has 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 (204 different offers) and retain an extra profit. Clients' meters are monitored in real time (3bn data collected and elaborated daily) and automatic alerts are sent with the goal to help clients minimize cost of energy but also make them more predictable. Capacity to predict hourly demand (also thanks to grouping of clients in 73 different clusters) enables to order the right volumes on the market and minimize penalties. Finally, eVISO can deliver superior execution thanks to algorithmic forecasting and high frequency trading. All the activities are intertwined and performed as an integrated system. The group delivered strong growth over the last few years (19% 2018-20 CAGR of top line and 26% of Gross Margin). More important, it generated an extra gross margin on top of the standard buy&sell margin (average GM of 9.5% over the last 3 years), thanks to the elimination of market inefficiencies and sharing of the benefits with end-users.

eVISO's business model in the Italian electricity market

First disruptive application of eVISO's AI platform is in the Italian electricity market



Source: Company presentation

Digital native player in the Italian electricity trading and commercial business

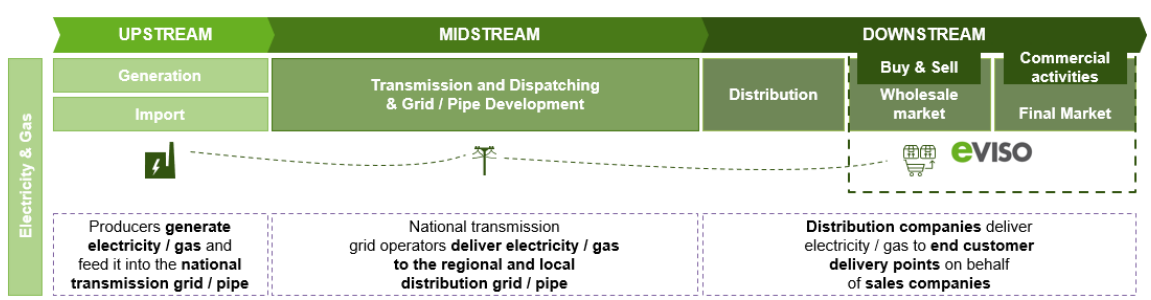
eVISO is a downstream player in the Italian national power system, which is organized in some typical activities, consisting of generation, transmission & dispatching, distribution, buy&sell on the wholesale market and commercial activities. Since the 90s, regulations have been based on two main pillars: limiting the power generation of former monopolist Enel and unbundling the different activities:

- Generation (upstream) is a liberalized activity, which converts primary energy sources (gas, wind, solar, carbon etc.) into electricity through power plants. ENEL is still the main actor in this business, although its market share is declining over time. Other players are Edison, A2A, ENI, Iren, Sorgenia
- Transmission & Dispatching (midstream) is a regulated activity. Electricity generated (or imported from other countries) is transferred to consuming zones. The grid operates as a system of communicating vessels, into which all the injected electricity is withdrawn, without the possibility of determining the plant or installation from which the electricity that is consumed originates. Dispatching activities guarantee the continuous balance of demand and supply. These activities are regulated and managed by a dedicated operator (Terma)
- Distribution (downstream) - also a regulated activity - is the delivery of electricity at medium and low voltage to users. This activity is regulated and managed by ENEL and many other different operators at local or municipal level
- Buy&sell on the wholesale market (downstream). Electricity is traded wholesale in the Italian Power Exchange (Ipex), a regulated electronic venue, where the electricity price corresponds to the clearing price resulting from the intersection between the volumes of electricity demanded and offered by its participants. The market is organized and managed by Gestore dei Mercati Energetici (GME), 100% controlled by the government. Prices are expressed in €/MWh and the most important is the National Single Price (PUN = *Prezzo Unico Nazionale*), the weighted average of zonal prices in the Day-Ahead Market. Market participants (producers, traders, wholesalers and consumers) need to demonstrate specific requirements and to provide a banking guarantee
- Commercial activities (downstream) are related to the connection of the distributors and the final users. Commercial operators sign contracts with end-users and manage and invoice them. Liberalization of these activities started in 1999. Big industrial customers were only involved at the initial stage. Liberalization was then gradually extended to smaller corporates and households. From 2022, all the users will be free to operate in the liberalized market

eVISO buys electricity on the Italian market and sells it to end-users (12,606k direct POD - Point of Delivery– at Jun 2020, mainly corporates) or resellers (9 clients with reach of 10,721k POD). The business model is completely different from that of established competitors. The peculiarity of the group is that it is a digital native player, and its activities are linked to or managed through the proprietary AI platform. The group is able to generate efficiencies and to share them with clients, thanks to 1) One-to-one approach to clients; 2) Capacity to forecast and order the right volumes and minimize penalties; 3) Algo-trading and forecasting.

The Italian power system

eVISO is positioned in the downstream business



Source: eVISO

One-to-one approach to end-users…

eVISO is focused on small and mid industrial companies, merchants and agricultural operators with: 1) Consumption of less than 1GWh per year (Eu20/30k per month bill); 2) Eu1m to Eu50m sales. eVISO serves 7,593 business users (equal to approx. 76% of revenues). The main client accounts to only 1.8% of FY20 sales. The group has extended its offer to households through a bundle offer (which includes the supply of electricity for small companies and their respective households) and a specific retail offer (to families of entrepreneurs and employees of client companies). The group serves 4,850 households (approx. 5.8% of turnover).

First key pillar of eVISO's business model with electricity end-users is the 1-to-1 approach. Target clients have no scale, resources or capabilities to invest in the minimization of their cost of electricity, resulting in existing inefficiencies. eVISO can both offer better commercial conditions and retain an extra profit. eVISO has the capability to select and address users or categories with a misalignment between their specific consumption patterns and their existing commercial conditions. The group preliminary invests time and commercial resources to understand every single user's needs and design the best commercial offers for the targeted clients. This is an approach very different from that of large established players, which rely on advertising campaigns, telemarketing and a limited number of standard commercial offers. By contrast, eVISO leverages on a trained (480 hours spent on average to train a new sale person) and committed salesforce (12 employees and 10 external agents). Client onboarding activities include the technical analysis of the bill of the potential customer. eVISO is then able select the potentially most profitable clients and to submit a tailor-made offer (204 different commercial contracts). 5,154 face-to-face meetings were organized in 2020 and 72.4% translated into accepted offers.

eVISO's sales force and commercial efforts

Trained and committed salesforce enables preliminary selection of potentially most profitable clients, which are targeted with tailor-made offers

22	Dedicated resources (12 employees, 10 external agents)
480	Hours spent on average to train a new sales person
5,154	Clients 1-to1 meetings in 2020
3,732	Offers successfully completed in 2020

Source: Alantra based on company information

After the onboarding of each new client, eVISO begins to collect data on the energy consumption from 2G meters at the client's premises (which provide a continuous data flow) or pulse sensors, amperometric sensors and clamps set up by eVISO's technicians in case of old meters. The 24/7 monitoring of clients' electricity consumption is another key point of the business model, as eVISO can:

- **Analyze data and build clusters** (73 existing clusters). Intelligent grouping of clients can be used for commercial and procurement activities
- **Forecast electricity consumption of each client.** This is very important to pre-order and procure the right volumes of electricity on the market and to avoid payment of penalties
- **Detect abnormal consumption.** eVISO sends clients automatic alerts in case of anomalies, which can prevent problems or help energy savings. This is a valuable service for the clients, but at the same time, alerts enhance rational behavior and predictability of the clients. This is again an important advantage in the forecast and procurement activity

Collection of data on energy consumption of each client

24/7 monitoring and analysis of clients' electricity consumption is a key part of the business model

24/7 monitoring of clients' electricity consumption allow to:

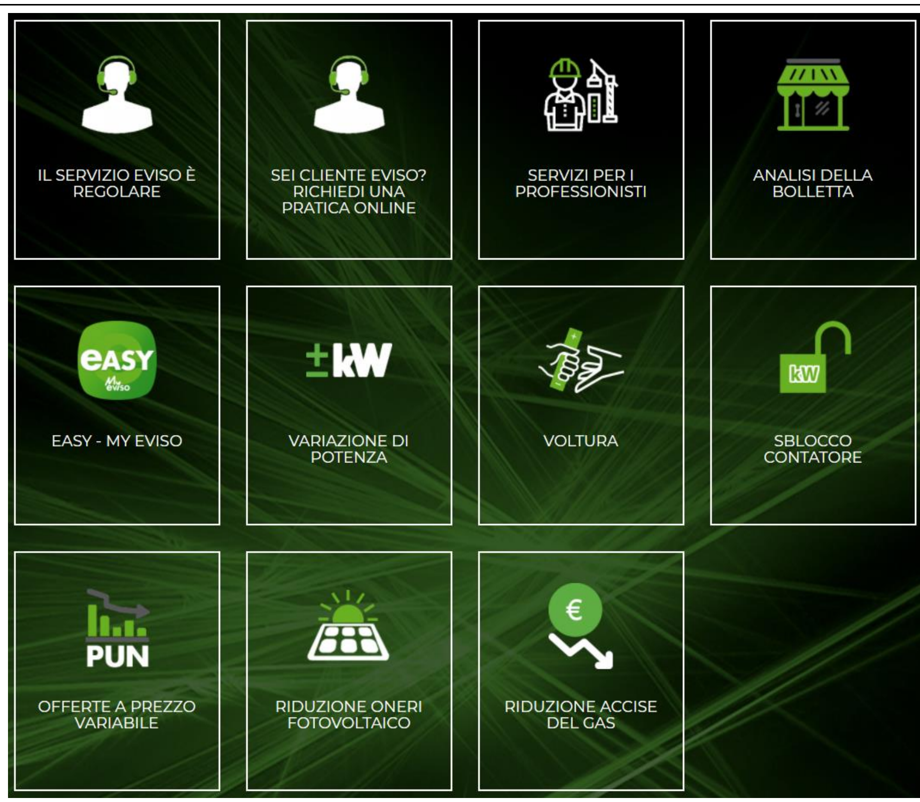
1. Analyze data and build clusters
2. Forecast electricity consumption of each client
3. Detect abnormal consumption

Source: Alantra

On top of the pure offer of electricity and alerts, eVISO has a broad range of additional services, including 100% certified energy, monthly reports, dedicated consultant, temporary activations ect.

eVISO's service offering

eVISO has a broad range of additional services, including 100% certified energy, monthly reports, dedicated consultant, temporary activations…

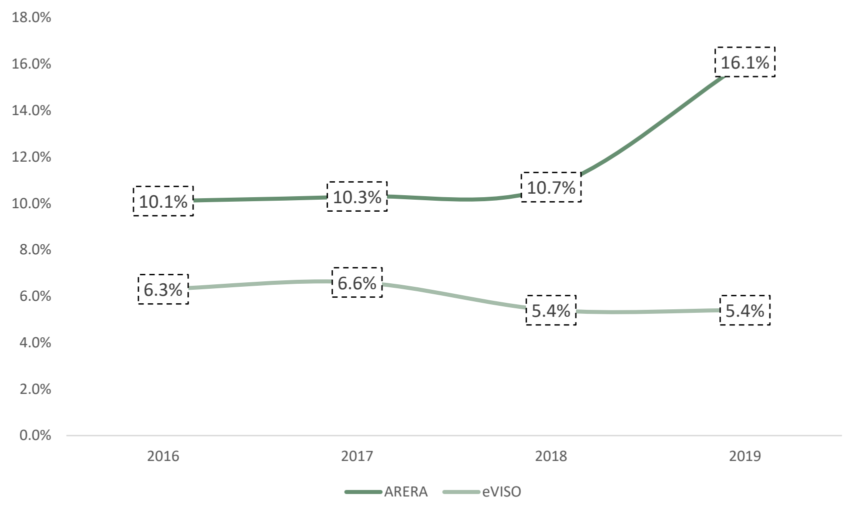


Source: eVISO's website

The group boasts a very low switch rate (5.4% in 2019), consistently lower than that of the Italian market (at 16% in 2019 according to ARERA - *Autorità di Regolazione per Energia Reti e Ambiente*).

eVISO – Switch rate FY16-19

Eviso shows a much lower Switch rate as compared to peers



Source: Company presentation

…and innovative offer for resellers

eVISO also offers services to electricity resellers. 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 the energy by applying a profit margin. The business with resellers was launched in FY19. eVISO dealt with 9 resellers at the end of FY 2020 with reach of 10,550 end users. eVISO takes care of procurement of electricity, invoicing and ancillary services. The business represented 18% of sales and 6% of GM in FY 2020.

Value proposition for resellers

eVISO has an innovative value proposition for resellers, focused on the optimisation of their working capital. This is a key point for resellers, as WC is their sole invested capital and financial strength is a regulatory requirement. eVISO can give support in two different ways:

- Ability to predict the energy needs, which allows the reseller to issue an invoice by the 10th of each month and cash-in the receivable in the same month
- Offer to resellers reverse factoring services. 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.

Advantages for eVISO

The group charges a spread to resellers. This is a lower margin business compared to that with end-users. However, it contributes to coverage of fixed costs. In addition, eVISO obtains data related to new end-users, which are used to accelerate its learning curve in electricity procurement and commercial development.

We believe that business with resellers can anticipate a future potential strategic shift. Up to now, eVISO has used its AI and Big Data capabilities to directly penetrate the electricity market and to reach end-users. In the future, the group could sell services and/or software to other existing players in the value chain.

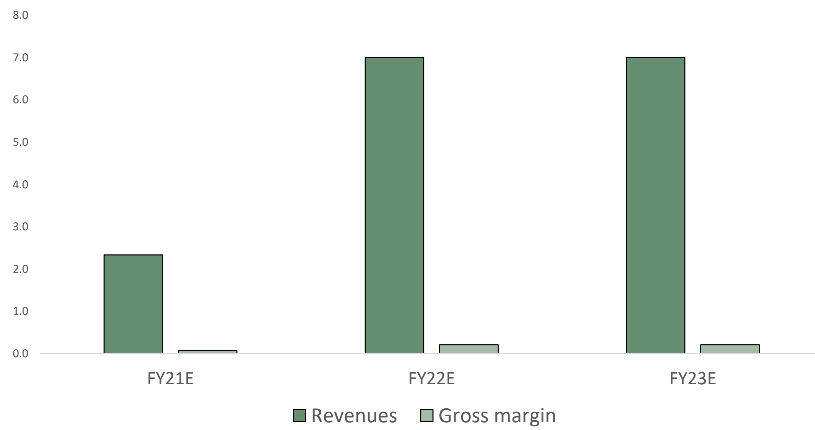
Room to scale-up the business: recent agreements double Reseller business size

eVISO has announced the signing of new contracts for the provision of additional 54GWh to reseller clients in February 2021 for a total additional 15,882 PODs. Energy provision will start from March 2021.

These new contracts should account for >Eu7mn revenues per year (based on 2020 average electricity price). With these agreements eVISO confirms the appeal of its offer and enhances visibility on this business line. The company should more than double the PODs served with reseller business (10,721 POD at June 2020 with 57GWh delivered).

eVISO – Revenues from the new agreements

With the recent new agreements eVISO should double its size in the reseller business



Source: Alantra Estimates

Strong AI driven forecast and trading capabilities

On top of the 1to1 approach to clients, eVISO generates efficiencies in the procurement of electricity on the Italian spot electricity market. Functioning and management of the market is very complex. It consists of three submarkets:

- Day-Ahead Market (MGP), where producers, wholesalers and eligible final customers may sell/buy electricity for the next day
- Intra-Day Market (MI), where producers, wholesalers and eligible final customers may change the injection/withdrawal schedules determined in the MGP. Italy is divided into 6 geographical areas and each area has its own 7 correction sections
- Ancillary Services Market (MSD), where Terna S.p.A (as Transmission System Operator), procures the ancillary services needed to manage, operate, monitor and control the power system

Timeline of activities on the MPE in respect of the day d

Functioning and management of the Italian national spot electricity market is very complex

Reference day	D-1				D											
	MGP	MI1	MI2	MSD1	MBn	RRn	MI3	MSD2	MI4	MSD3	MI5	MSD4	MI6	MSD5	MI7	MSD6
Preliminary information	11.30	15.00	16.30	n.d.	n.d.	n.d.	23.45*	n.d.	3.45	n.d.	7.45	n.d.	11.15	n.d.	15.45	n.d.
Opening of sitting	08.00**	12.55	12.55	12.55	22.30*	22.30*	17.30*	°	17.30*	°	17.30*	°	17.30*	°	17.30*	°
Closing of sitting	12.00	15.00	16.30	17.30	H-60'	H-55'	23.45*	°	3.45	°	7.45	°	11.15	°	15.45	°
Provisional results	12.42	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.
Final results	12.55	15.30	17.00	21.45	#	#	0.15	2.15	4.15	6.15	8.15	10.15	11.45	14.15	16.15	18.15

* the time refers to the day D-9

** the time refers to the day D-1

° use is made of bid/offers entered into the MSD1

Dispatching Rules

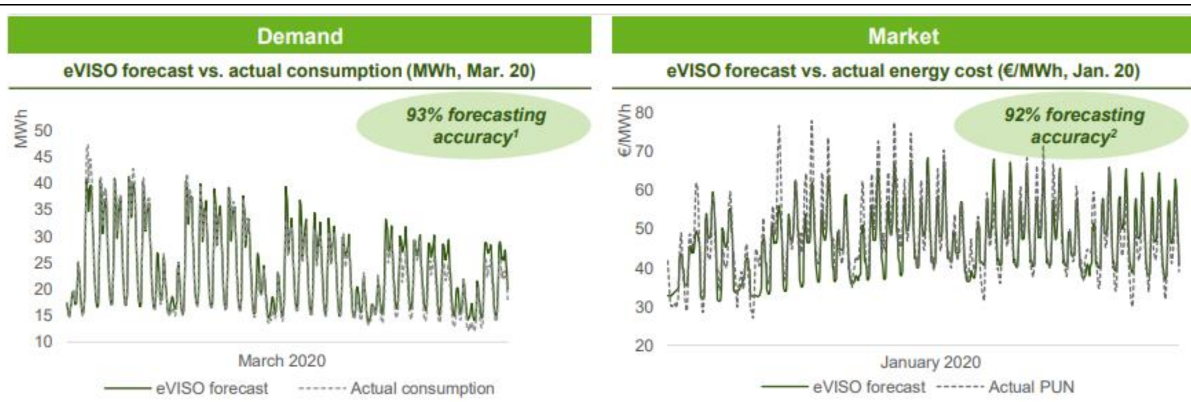
Source: https://www.mercatoelettrico.org/En/Mercati/MercatoElettrico/MPE.aspx

eVISO can generate efficiencies in two different ways:

- Capability to obtain a constantly updated profiling of the individual customer's consumption (thanks to the commercial set-up) and to group them in many clusters (73) enable realistic forecasts on future consumption. This allows the company to purchase energy with a high degree of precision in terms of quantity and avoid potential penalties linked to mismatches between volumes ordered and actually consumed. Traditional operators base energy supply on average consumption profiles. In this way they are not able to grasp the differences in consumption of the individual customer and consequently the amount of energy purchased never coincides with the actual energy needs of the customer portfolio.

eVISO forecast versus actual consumptions

Forecasting is a real competitive advantage for eVISO

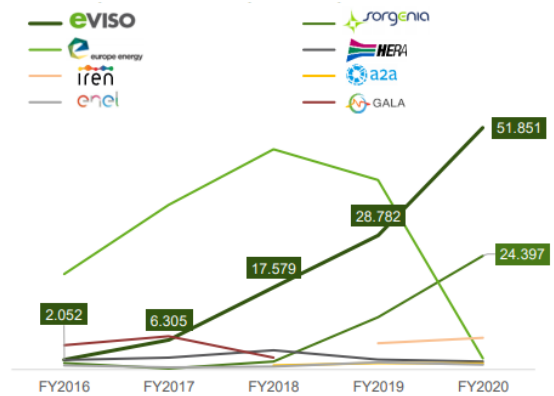


Source: Company presentation

- Algo-trading and forecast. This is very important in the Intra-Day Market. Transactions in this market, have short time windows and require great speed and solid digital infrastructure. eVISO has developed high frequency trading algorithms that make the bidding system autonomous and automated. On the contrary, the market players who rely on semi-automatic trading systems depend on the availability of the human operator, who must correct the strategy and approve the purchase manually. In FY 2020, eVISO submitted 51,851 monthly bids vs. 24,397 of the second best, with a gap widening over competitors through the years thanks to machine learning. eVISO can also take advantage of the fluctuations in the price of energy throughout the day. Each market session, for each hour and zone, affects the price, liquidity and volumes of all subsequent sessions. eVISO has developed an integrated platform that reconstructs future prices and liquidity, for each area and market, predicting the purchase and sale offers of each individual operator in order to predict the dynamics of the markets. In this way eVISO can reconstruct the market dynamics to calculate the future economic impact of its purchases, modify the strategy and maximize profit.

Monthly offers in intraday Electricity market – 2016-2020

eVISO was market leader in terms of bids in the intraday Italian electricity market and widened the gap over competitors



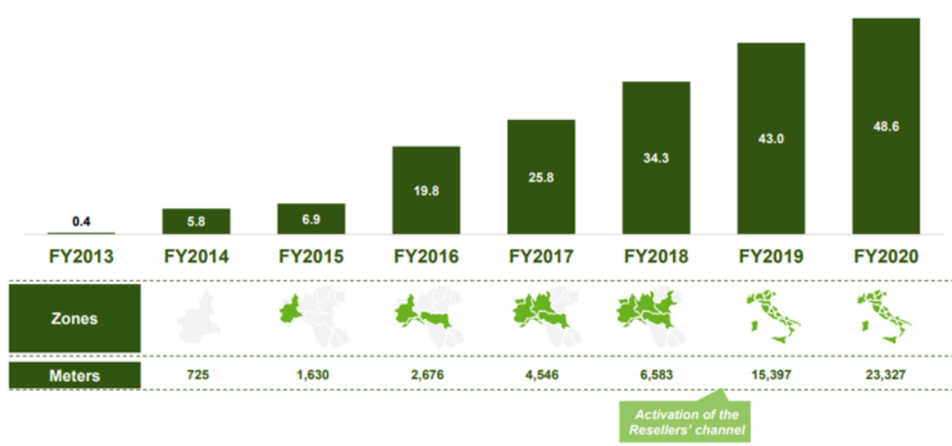
Source: Company presentation

Track record of strong top line growth…

Headquartered in Piedmont, eVISO started to address clients in its region and then expanded in contiguous areas. With the launch of the resellers' channel, the group has achieved a national coverage in terms of end users. Top line growth has been very strong: Eu49m sales in FY2020 after 19% 2018-20 CAGR.

Evolution of top line, end-users reach (meters) and geographical coverage

eVISO posted strong top line growth: 19% 2018-20 CAGR to Eu49m in FY2020



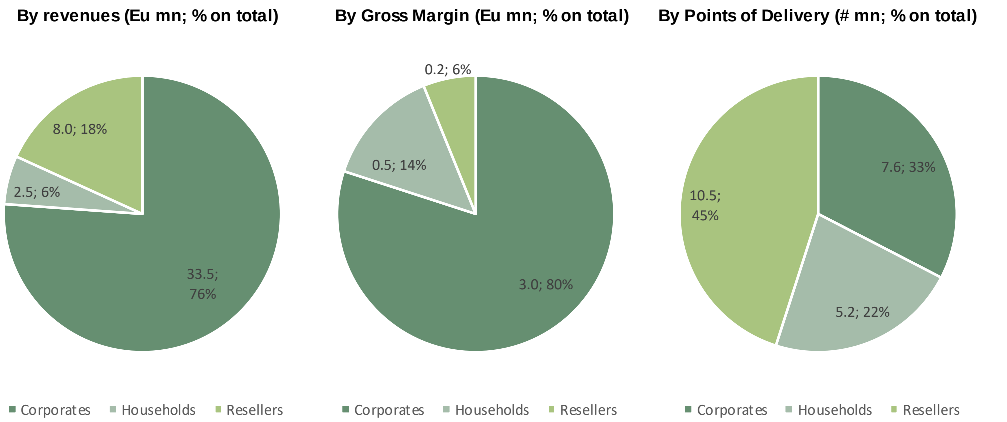
Source: Company presentation

…with focus on business clients…

76% of the group's sales and 80% of Gross Margin were generated by business clients in FY20. Households and resellers have enhanced the number of monitored meters (with positive business implications) but with limited direct contribution to financials.

Breakdown of clients - 2020

76% of sales and 80% of Gross Margin were generated by business clients. Households and resellers have enhanced the number of monitored meters



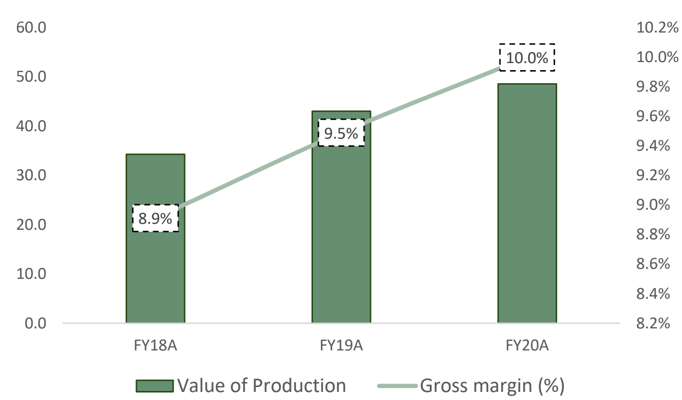
Source: Alantra estimates

…and AI driven extra Gross Margin

Purchase of electricity and sale to end-users is usually a low risk, low capital intense and low margin business. However, eVISO is able to generate an extra and growing gross margin on top of the standard buy&sell margin (average GM on sales of 9.4% over the last 3 years). GM on sales is much higher than that of similar players, thanks to the AI platform driven business model, the consequent elimination of inefficiencies and the sharing of the benefits with end-users. We have selected 3 pure players acting in the same business of eVISO. According to our estimates the GM of the group is >2x that of competitors.

eVISO – Sales (Eu mn) and Gross Margin (%) - FY18-20

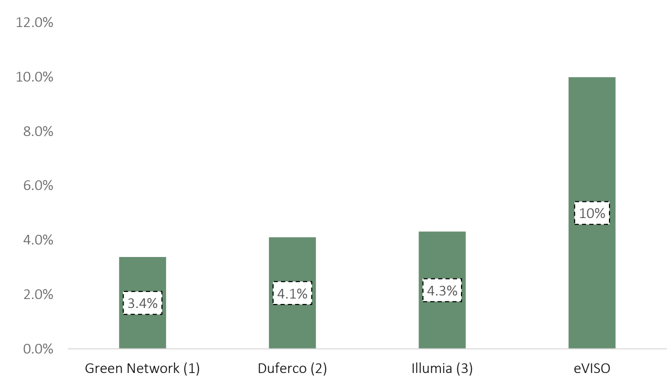
Average 9.5% gross margin over FY18-20 period…



Source: company presentation

eVISO – Gross Margin vs selected peers

…is well above peers



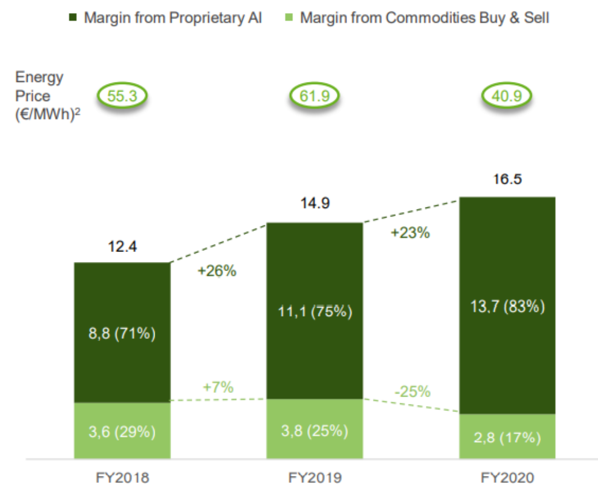
Source: Companys' financial statements

Notes: (1) YE 30/04/20.; (2) YE 31/12/19. Electricity business only; (3) YE 31/12/2019. Electricity business only

In FY 2020, eVISO generated 17% of its gross margin with direct clients (94% of total) from pure buy&sell activities and 83% from its peculiar AI driven business model. The second component is linked to preliminary selection of the potentially most profitable clients (this should be the main part of the extra margin) and superior capabilities in forecasting and trading.

eVISO: Gross Margin per MWh from direct clients (excl. resellers) – Eu/MWh, %

83% of GM from direct clients was generated on top of the commodities buy&sell margin, thanks to the AI platform contribution



Source: Company presentation

Strong competitive advantage and potential to scale-up

The liberalization of the electricity commercial activities created the conditions for the entry of new energy providers (from >130 in 2007 to >470 in 2019) and an increasingly competitive environment. Switching rates were at record levels in 2019 (ca 14% for domestic and ca 23% for non-domestic clients). In this scenario technology becomes key to offer quality services and achieve efficiencies. This is eVISO's playground. The group (a digital native player) was able to develop solutions that incumbents, with legacy business models and traditional commercial approaches, have difficulties to replicate. First mover competitive advantage (>50k man/hours to develop the proprietary AI platform, more than 15k reiterations) is an entry barrier for potential newcomers. While Podo has developed a similar business model in Spain (relying on 3rd parties' technology), we do not see examples of B2C players in Italy, which leverage on an AI technology. This also makes eVISO a potential technology partner for resellers and potentially for incumbents. We believe that eVISO has scope to scale up its business model from a very low share (1.1% share in Piedmont in terms of traded GWh). We expect 37.4% 2020-23 top line CAGR in the electricity business, triggered by expansion with both direct clients and resellers

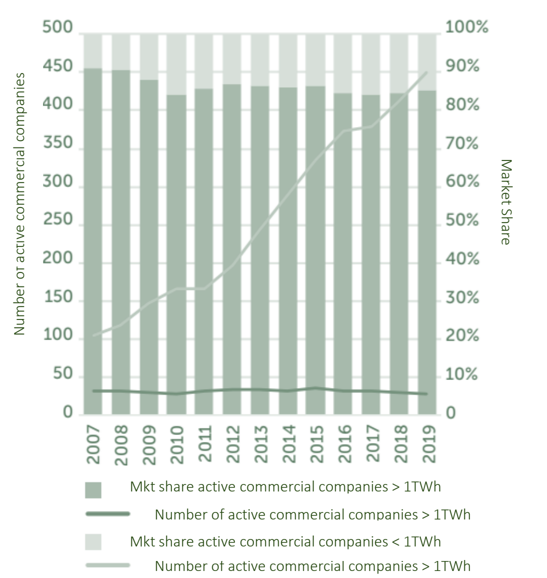
Liberalisation of the Italian electricity market…

The liberalisation of energy trading (both electricity and gas) started in Italy in 2007. The so-called "Mercato Libero" (i.e. free market) has been constantly expanding, both in terms of customers (PODs) and in terms of volumes (GWh). Starting from the beginning of 2021 all non-domestic PODs will move to Mercato Libero, and the same will happen for domestic PODs from the beginning of 2022.

The liberalisation created the conditions for the entry of new energy providers in the market and established a competitive environment which is supposed to lead to a reduction of energy prices and improved quality of services. There has been a constant increase in the number of active commercial companies, especially those with sales of less than 1 TWh. The average size of trading companies has been falling with average unitary sales volume down to 444 GWh from 1,349 GWh observed in 2007.

Italian Electricity Market – Evolution of Mercato Libero in terms of customers and of trading companies

"Mercato Libero" (i.e. free market) has been constantly expanding, both in terms of customers (PODs) and in terms of volumes (GWh). The liberalisation created the conditions for the entry of new energy providers in the market

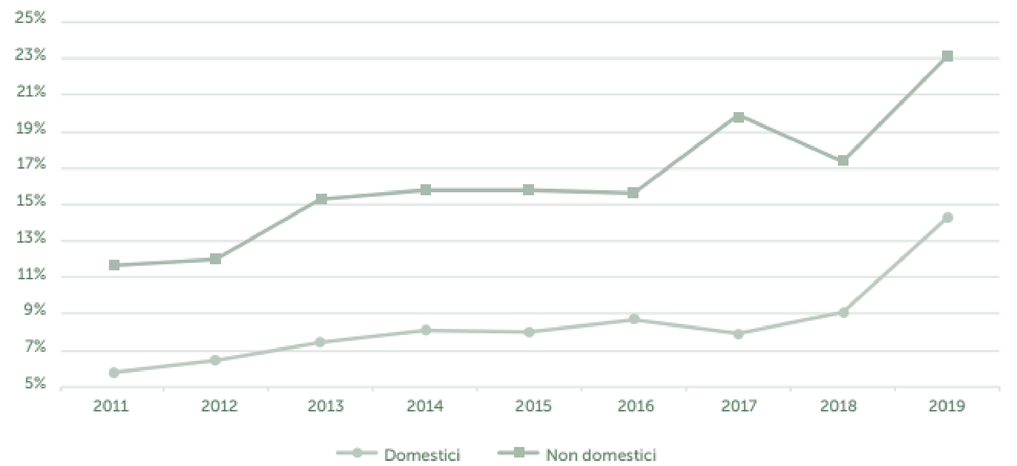


Source: ARERA, Indagine annuale sui settori regolati

The growth of Mercato Libero has been accompanied with rising switching rates (% of customers changing electricity provider in the reference year), which in 2019 was above 23% for non-domestic customers and above 14% for domestic customers.

Italian Electricity Market – Switching rate for domestic and non-domestic customers

The growth of Mercato Libero has been accompanied by a rising switching rate

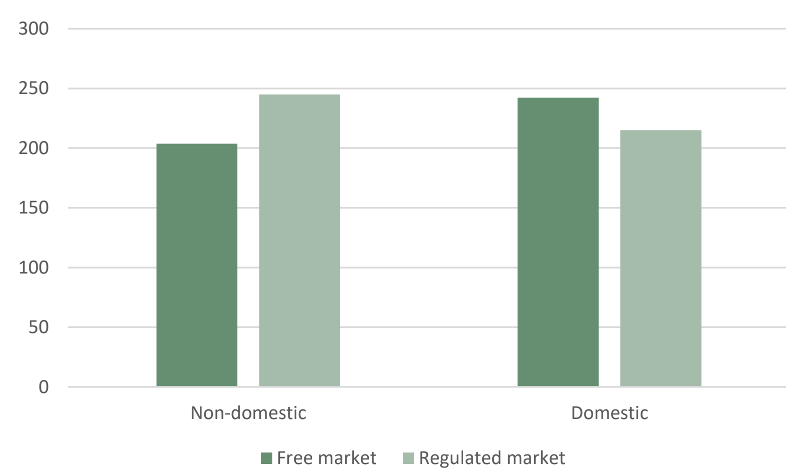


Source: ARERA, Indagine annuale sui settori regolati

The average price paid by non-domestic customers (low voltage) in the free market is lower compared to the regulated price. This result is consistent with the high level of competition, which is visible in the rising number of trading companies and switching rate. The average price paid by domestic customers in Mercato Libero instead was still higher than the one paid by domestic customers in the regulated market, indicating less strong price pressure on lower volumes customers.

Italian Electricity Market – Avg final price paid (Eu/MWh) in free and regulated markets in 2019

Stronger price pressure in the non-domestic market compared to domestic



Source: ARERA, Indagine annuale sui settori regolati

…opened opportunities for technology driven players

In a scenario of increasing competition, technology becomes key to offer high quality services and to achieve cost efficiency. eVISO is at the forefront of technology. As a digital native player, eVISO was able to develop solutions that incumbents with legacy business models and traditional commercial approaches have difficulties to replicate. The largest share of the market is represented by vertically integrated players, which benefit from more profitable upstream infrastructural businesses (e.g. generation, distribution), making them less focused on the profitability of the trading business. The commercial approach of incumbents is skewed toward a generalized approach to customers rather than a one-to-one approach, with a stronger focus on market share rather than customer selection. eVISO's data-driven pricing and mass-customization strategy implies a high level of complexity, very hard to be handled by the legacy commercial, administrative and IT systems of large incumbents. As we have already seen in other sectors, large players will probably look for partnerships with innovative digital-native players like eVISO to improve their own offerings.

Italian Electricity Market – Incumbents in Mercato Libero

The largest share of the market is represented by vertically integrated players

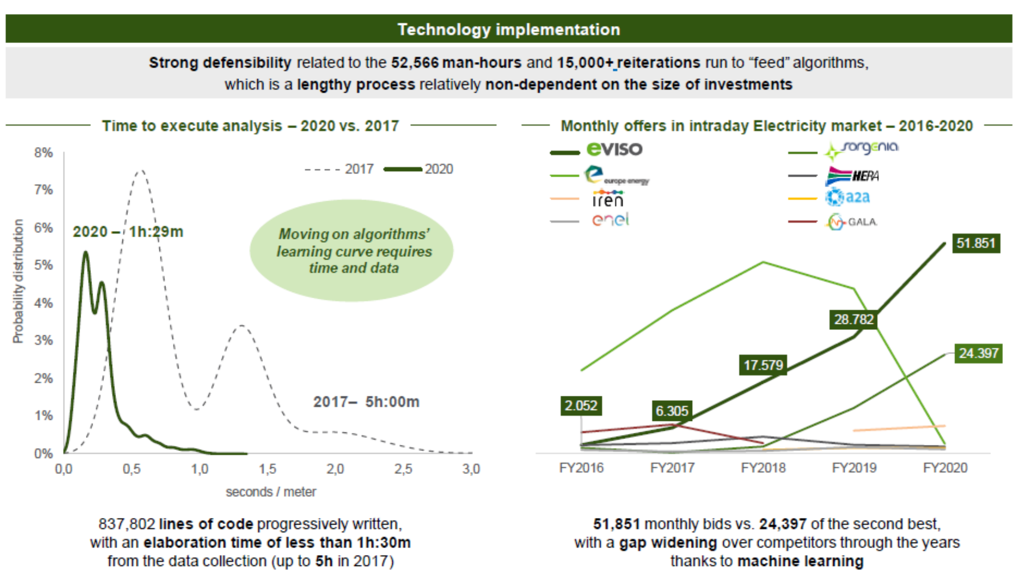
ELECTRICITY	Production	Wholesale	Trading	Forecasting	Mkt Share
Enel	x	x	x	x	26.7%
Edison	x	x	x	x	6.5%
Axpo Group		x	x		5.2%
Eni	x	x	x	x	4.9%
A2A	x	x	x		4.7%
Hera		x	x		4.5%
Green Network		x	x		3.5%
E.ON		x	x		3.4%
Iren	x	x	x		2.8%
Sorgenia	x	x	x	x	1.4%

Source: ARERA, Indagine annuale sui settori regolati, company presentation

eVISO's AI technology represents an important entry barrier for potential newcomers, since it is based on a lengthy learning process to train the algorithms (>50k man/hours and 15k+ reiterations) that could not be completely compressed.

eVISO – Technology as an entry barrier

eVISO's AI technology is based on a lengthy learning process to train the algorithms that could not be completely compressed



Source: Company presentation

Podo has developed a business model similar to that of eVISO in Spain, although it relies on technologies provided by Cloudera and Google. We do not see other examples in Italy of B2C players, which leverage on an AI technology. We would only mention two Italian players with strong digital capabilities (E4SIGHT and Sorgenia), but they compete with eVISO only on some specific activities:

- Sorgenia has integrated digital in its growth strategy and focuses on the Cloud (collaboration with Microsoft and Avanade). The company has given life to a digital transformation project and AI. It is currently using algo-trading in the Italian wholesale market
- E4SIGHT is an in-cloud software platform dedicated to predict electricity demand with a high level of accuracy that allows re-sellers of energy to improve their energy demand forecasting, reducing the spread between the declared and real energy consumption that is eventually charged to final consumers

Podo business case

Podo has developed a business model similar to that of eVISO in Spain, although not based on a proprietary platform. No players in Italy have developed similar business models

podo

Capturing and Growing Market Share with 10X More Accurate Forecasts

"We can assess what the consumption will be for everyone in Spain for next year to produce fully customized utilities offers for each home in Spain—about 28 million service points."

— Alberto Hernández Seco, Technology Manager, Podo

Podo is a Spanish utilities company, providing electricity to consumers and businesses across Spain.

Challenge

In Spain, electric providers compete for market share based on customer service and rates. Podo is revolutionizing utility services by delivering fully customized offerings. In contracting with Podo for their electricity, customers can receive rates tailored to their usage patterns, along with incentives and information that help them save energy and reduce costs.

The ability to accurately predict how much electricity each customer will use next week, month, and year is at the crux of its success. "Understanding how customers will behave in the future allows us to build customized offers," said Alberto Hernández Seco, Technology Manager for Podo.

Solution

Podo worked with Cloudera to build a cloud-based machine learning and advanced analytics platform that enables it to predict individual power consumption, and serve and manage millions of customers in an efficient and customer-friendly way. The platform can analyze millions of lines of data in seconds, reducing the time to select, segment, and deliver information. Customers can view and control their usage via the Podo app, and learn how they can adapt their consumption to times when energy is less expensive.

"We analyze over 40 billion records, along with some streaming data from smart meters and connected devices," said Alberto Hernández Seco. "We also run a variety of machine learning algorithms. The system consistently improves its forecasts as new data is introduced."

Implementation

In selecting a modern data platform, Podo needed a framework that would run on Google Cloud Platform, provide deep monitoring of the cluster, and deliver enterprise security and governance in the cloud. "As a newly created company competing in a mass market of millions, we needed rapid scalability to increase cluster size as our customer base grew," said Alberto Hernández Seco. "We chose Cloudera for the ease of use, platform capabilities, and flexibility in how we build applications. All our applications are well-managed with Cloudera Manager."

Through its implementation, Podo has also democratized access to analytics. "With Cloudera, we can apply big data thinking across the whole company," said Alberto Hernández Seco. "No decision is taken unless it is backed by data extracted from the platform."

Results

"Podo's forecasts are now ten times more accurate by applying machine learning against larger data sets," said Alberto Hernández Seco. "Our error rate is below one percent."

The ability to rapidly and more accurately analyze customer data allows Podo to create micro-targeted campaigns that help customers save money in a matter of hours. "We can assess what the consumption will be for everyone in Spain for next year to produce fully customized utilities offers for each home in Spain—about 28 million service points," said Alberto Hernández Seco. "On average, we're helping consumers and businesses reduce their electric costs up to 30 percent."

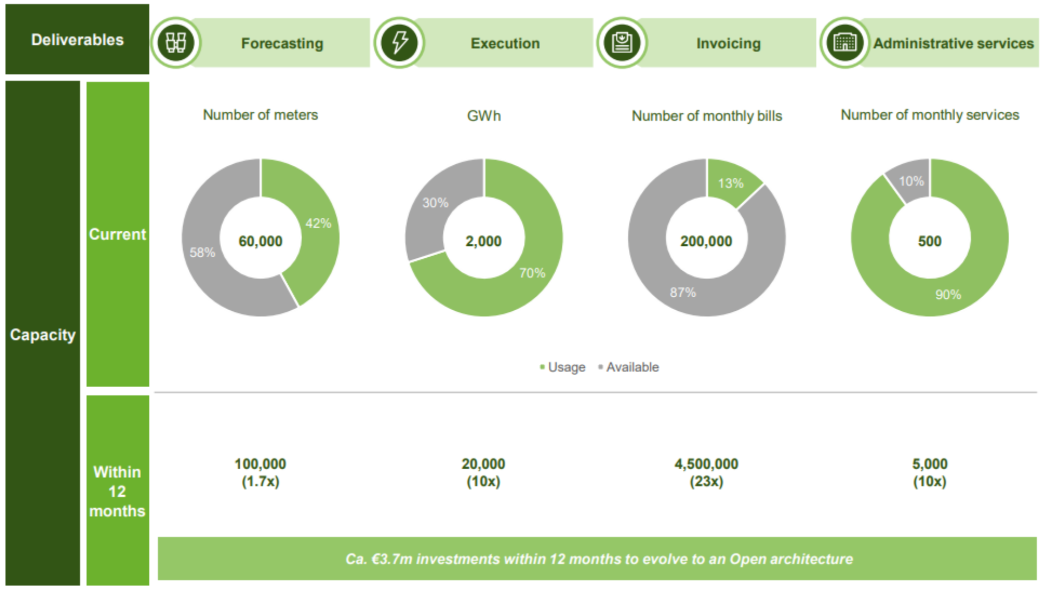
Source: Cloudera

Ready to scale up

eVISO's technology platform has significant spare capacity and would be able to process a massive volume increase with no significant additional investments. Scalability of the platform was also demonstrated by historical growth: since 2013 eVISO was able to grow its revenues from Eu0.4mn to Eu48.6mn reached in FY20. The company has committed to invest ca Eu3.7mn within 12 months from the IPO to further increase forecasting/execution and invoicing capacity to support growth and expansion into new verticals.

eVISO – Proprietary platform ready to scale up

eVISO's technology platform has significant spare capacity and would be able to process a massive volume increase with no significant additional investments



Source: Company presentation

eVISO is still a small player in the Italian electricity market. In FY20, the group has supplied ca 215 GWh to its direct customers located in Piedmont, equal to 1.1% of the energy sold in the region. The number of direct PODs served (ca 12,600 PODs) represent ca 0.4% of total PODs in the region. We expect electricity business to continue to represent the bulk of company's growth over the coming years. eVISO has ample room to:

(i) Expand Direct business by strengthening the commercial network: we expect eVISO to add several sales agents to its commercial workforce targeting new areas mainly in Piedmont (in Turin area and in the south of the region) and Liguria (in seaside places). The company should see its sales network expanding from 22 in 2020 to 45 in 2023 and its directly managed POD rising from 12,606 in 2020 to 24,347 in 2023. Households should give a significant contribution to direct clients' growth (thus lowering the average MWh consumption per POD). We expect energy selling price to grow low single digit in FY21/22 as a result of (i) PUN rebound after the Covid-related cliff experienced in FY20: we estimate approx. +20% in FY21 (average PUN in Jul 20 – Jan 21 period was almost flat YoY, while we expect an average PUN of 51.5 Eu/MWh over Feb 21 – Jun 21, well above the 29.2 Eu/MWh seen over the same period of last year) and +12% in FY22 and (ii) a decline in other ancillary costs (e.g. transportation, etc..). Overall, we expect direct sales to grow from Eu33.6mn in 2020 to Eu66.3mn in 2023, posting a 25% CAGR, and to represent the 41% of total sales growth.

Electricity business – Direct Business revenues growth

We expect an acceleration in POD directly managed thanks to continuous investments in the commercial structure

Source: eVISO company presentation, Alantra estimates

(ii) Further penetration of Reseller clients. eVISO has significant growth potentials in this business segment, launched in 2019. The company has increased its client base from 2 at YE19 to 9 at YE20 and managed POD from 5,638 to 10,721. Through resellers eVISO is quickly enlarging its geographical reach and gaining a huge amount of data to train its proprietary platform. Over FY20-23 period, we expect eVISO to add several new clients (we forecast reseller clients to reach approx. 65 clients by YE23 or almost 15% of existing resellers in 2019) expand its managed POD base up to 44,321 by 2023 (our forecast is based on an average of 600 new POD added per client as eVISO plans to increase its share on smaller resellers). Reseller business revenues should post a 71% CAGR over FY20-23 period, accounting for 40% of total sales growth over FY20-23. The recent agreements give high visibility to our estimates.

Electricity market – Reseller Business revenues growth

eVISO should add several new reseller clients over the coming years speeding up its growth

Source: eVISO company presentation, Alantra estimates

(iii) Diversify service revenues: as of today, almost all service revenues are related to traditional energy related ancillary activities (e.g. contract transfer, power changes, etc…) performed for both the direct and reseller channels. We expect these revenues to steadily grow over coming years, as the amount of GWh delivered increases over time. Service revenues also include the sale of business intelligence, cluster definition and forecasting to reseller clients. eVISO is now defining the revenue model for this segment. A positive contribution on sales (and thus on margins as no direct costs are linked to this activity) over the coming years could be an upside on our estimates. We expect services to post a 25% CAGR over FY20-23 period.

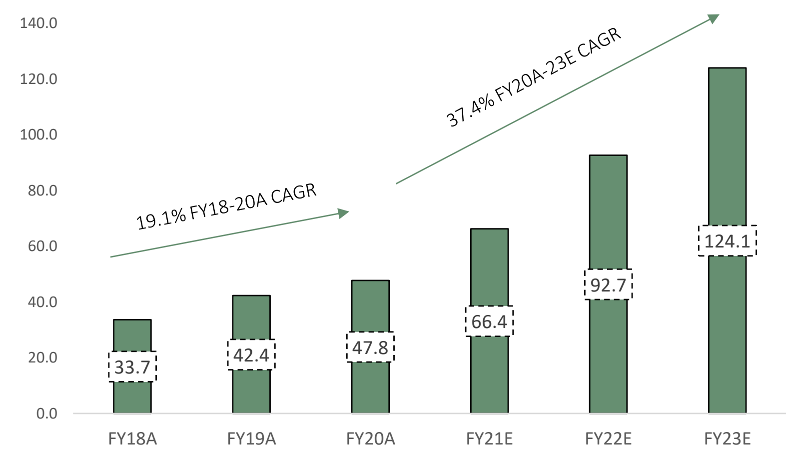
(iv) Expand into the retail business (CLARA offer): this offer, born in 2020 and addressing only the households' market with a flat monthly fee has now a negligible weight on eVISO P&L. We expect retail sales to grow exponentially over coming years, reaching Eu1.9mn sales in 2023.

AOD platform revenues, which complete the electricity business results, are pass-through sales related to the use of algo-efficiency to purchase and sell commodities. We are forecasting these sales as a % of total direct electricity sales. This business segment is not generating any gross margin.

Overall, we expect the electricity business to post a 37.4% revenues CAGR over FY20-23 period, contributing for 95% of forecasted revenues growth. Its weight on total revenues should decline from 100% in 2020 to 97% in 2023.

Electricity business – Total revenues growth

Electricity market should continue to be the largest contributor to growth, posting a 37.4% sales CAGR over FY20-23



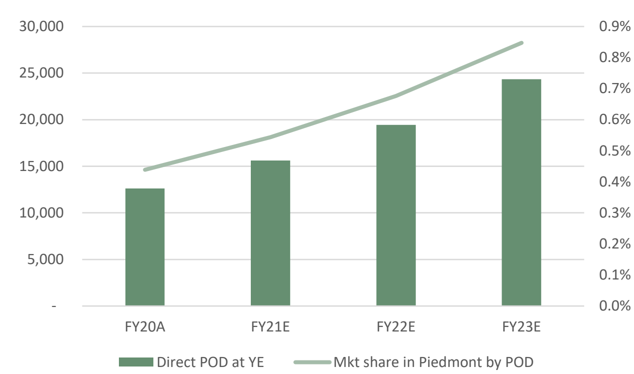
Source: eVISO company presentation, Alantra estimates

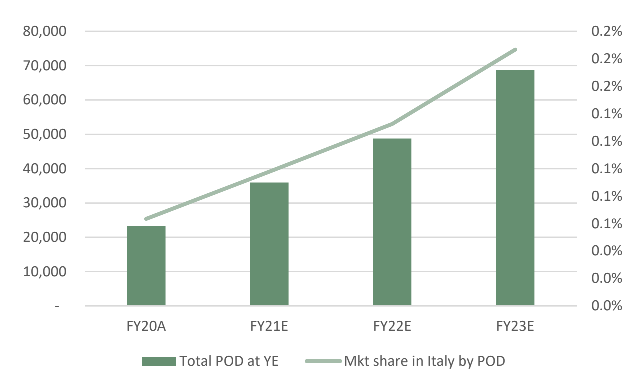
According to our estimates, the group should remain a niche player in the electricity business. Our estimated number of direct PODs served in 2023 (24,347k) is the equivalent of 0.8% of the number of existing PODs in Piedmont (the main region for direct penetration). The total number of estimated PODs in 2023 (including clients reached through resellers) of 68,668 is equivalent to only 0.2% of Italian PODs.

Electricity business – Direct PODs and market share in Piedmont, total PODs (direct + reseller) and market share in Italy

Our estimated number of direct PODs served in 2023 is the equivalent of 0.8% of the number of existing PODs in Piedmont

The total number of estimated PODs in 2023 is equivalent to 0.2% of Italian PODs.





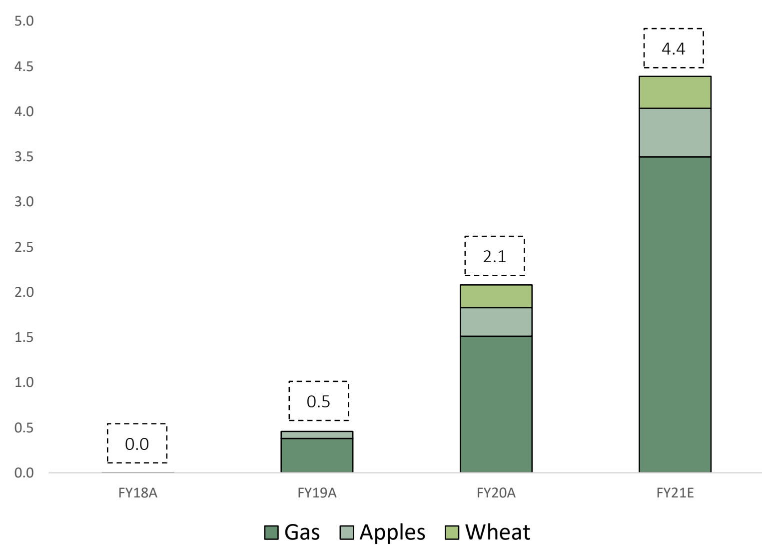
Source: eVISO company presentation, Alantra estimates

Application factory: ongoing expansion into other commodities

While electricity business is going through a phase of scale-up and value maximisation, eVISO is managing expansion into other commodities. The group is targeting Gas and up-selling to electricity clients should be the main growth driver. eVISO is also exploiting its platform in the agri-food business. Apples and Wheat are the first target commodities, thanks to i) broad availability of data from national and international open databases, ii) the absence of an offer of forecasting services and iii) the geographical proximity of some of the most important Italian producers to the company's headquarter. While we expect a still limited contribution to revenue growth from these new commodities over the next 3Y, the business could be scaled-up in the medium term. Successful penetration of new markets would pave the way for further expansion in other agri-commodities and business diversification. Finally, while maintaining a niche positioning in electricity/gas, eVISO could become a service provider for larger utilities. The group could support other players in the optimization of their client base or maximization of profits. While not included in our estimates, we see an upside risk from this potentially high-margin business. Overall, we expect new businesses to reach Eu4.4mn by 2023, contributing for 5% of forecasted revenues growth. Its weight on total revenues should grow from 0% in 2020 to 3% in 2023.

Gas, Apples, Wheat – Total revenues growth

Overall, we expect new businesses to reach Eu4.4mn by 2023, contributing for 5% of forecasted revenues growth



Source: eVISO company presentation, Alantra estimates

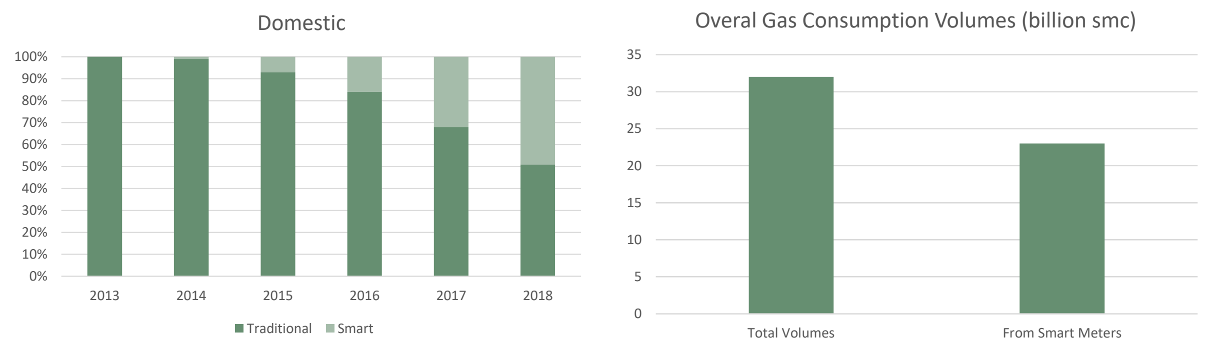
Expansion in gas should take advantage on existing presence in electricity

eVISO aims to enter 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. 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. This could significantly reduce customer acquisition cost and increase loyalty of the current customer base. eVISO has already tested its gas offer and is ready to accelerate its commercial activity in 2021. Revenue model should be based on a flat fee per PDR (i.e. Punto di ritiro). The optimization of the model should be reached by 2022. In our estimates, we expect total PDR served to jump from 2 in 2020 to 4,869 in 2023 as upselling to direct electricity client grows from 0% to 20% in 2023. Overall, we expect gas revenues to grow from zero in 2020 to Eu3.5mn in 2023.

The Italian gas market has some key similarities with the electricity market. It has a similar value chain where wholesale and commercial downstream activities are liberalized. It also offers large availability of data despite some lag in the installation of smart meters (as of December 2018, almost 50% of domestic clients had a smart meter while non-domestic PDRs have almost entirely been converted into smart devices). eVISO is procuring gas on the OTC market today. However, the functioning of the natural-gas market (MGAS) could offer to eVISO the possibility to trade gas in a day-ahead session *(Mercato del Giorno Prima)* and an intra-day session *(Mercato Infragiornaliero)* with both continuous and auction-based negotiations.

Gas market – Smart meters roll-out

Almost 50% of domestic users have access to a smart meter and approx. 72% of overall gas consumption in 2018 was measured by smart meters

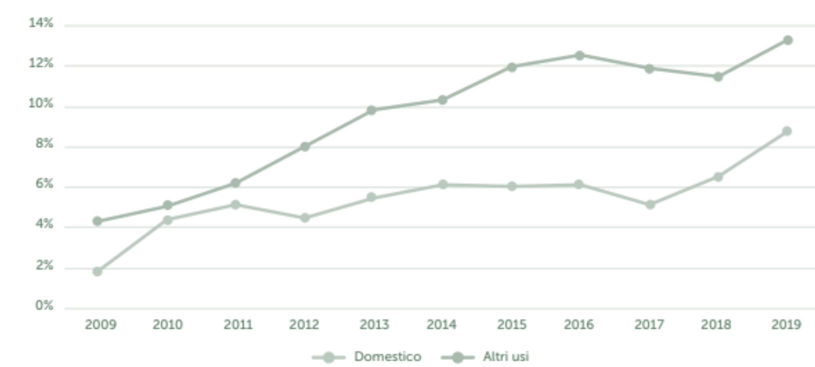


Source: https://www.arera.it/allegati/docs/19/487-19.pdf

The gas market is also living the transition from a regulated to a free market and, like in the electricity market, this transition has been accompanied by a rising number of commercial companies (from 378 in 2015 to 446 in 2019, from 165 to 237 when considering only smaller players with sales gas volumes below 10mn m^3) and rising switching rate (above 13% for non-domestic and above 9% for domestic customers in 2019).

Italian Gas Market – Switching rate for domestic and non-domestic customers

The growth of Mercato Libero has been accompanied by a rising switching rate



Source: ARERA, Indagine annuale sui settori regolati

New applications in agri-food in development phase

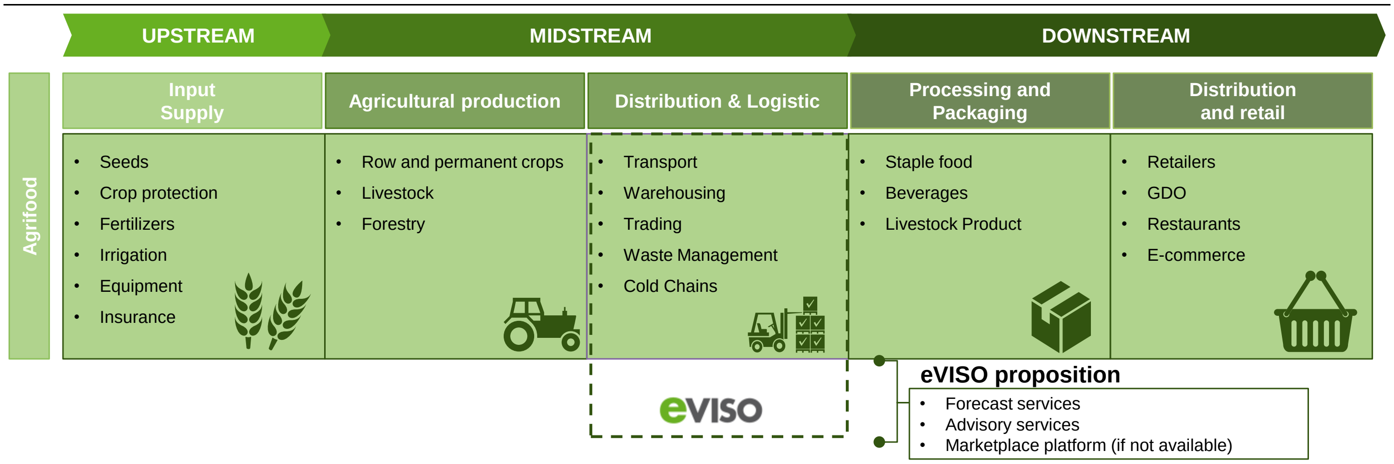
eVISO aims to enter the apple and wheat markets leveraging on large availability of data, relatively stable volumes and price fluctuations. eVISO plans to address these markets by implementing a different business model compared to energy. This new business should be based on the offering of advisory and forecasting services to producers and buyers of these agricultural commodities. eVISO has been injecting 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 and supply volumes and prices of these commodities. eVISO aims to give access to its platform to interested parties in exchange of a fee. In the specific case of the apple market eVISO is also developing a marketplace, where parties can submit purchase & sale orders, with a transaction fee paid to eVISO.

In the apple market eVISO has already signed one memorandum of understanding (MoU) with Lagnasco Group (leading player in apple production in Piedmont) for the sale of a minimum of 20 containers (approx. kg1.5mn or ca Eu350k) to pre-identified buyers. In our estimates, we expect Apple related revenues to reach Eu0.5mn in 2023. The company expects to enter in a value maximization phase by 2023.

In the wheat market eVISO has 1 MoU under drafting with a leading industrial player for approx. 50k tons of wheat (caEu10mn). We expect wheat market to generate Eu0.4mn sales as of 2023.

eVISO – Agri-food market

eVISO aims to create win-win digital solutions between producers and buyers of agrifood commodities

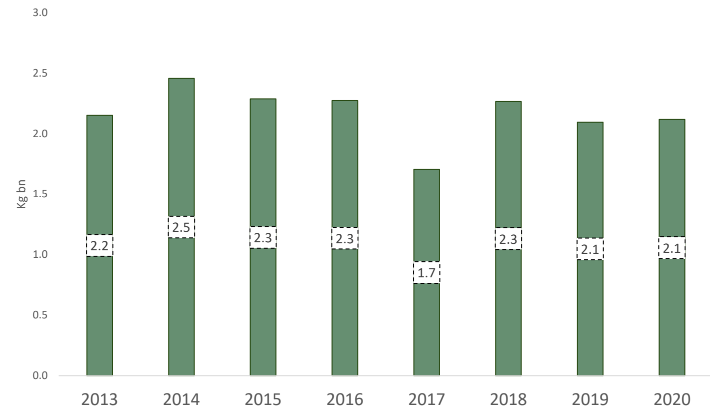


Source: eVISO

With approx. Kg2bn apples produced in 2020 (almost flat YoY), Italy is #2 European producer of apples covering 20% of EU production (Kg10.7bn estimated production in 2020). Poland is first with Kg3.4bn (+17% YoY) and France is third with Kg1.4bn (-13% YoY). Gala Apple, targeted by eVISO, is the second most popular kind in Italy with approx. Kg0.4bn production expected in 2020. The penetration of this category has increased over time growing from 13.3% in 2014 to >18% in 2020. eVISO is developing relationships with producers in Piedmont, third most productive area in Italy, which has expanded significantly over the last decade, thanks to several new fields entered in a production phase. Incidence of Piedmont production on total grew from 7% in 2013 to approx. 11% in 2020. With approx. Kg0.70bn, Gala apples represent approx. 35% of total Piedmont production. Alto Adige is the first producer of this variety. The Italian market for apples is very concentrated: 10/15 organizations of producers (OP = *organizzazioni di produttori)* represent approx. the 80% of production. According to management there is no established market for the forward trading of apples.

Apple market – Italian production

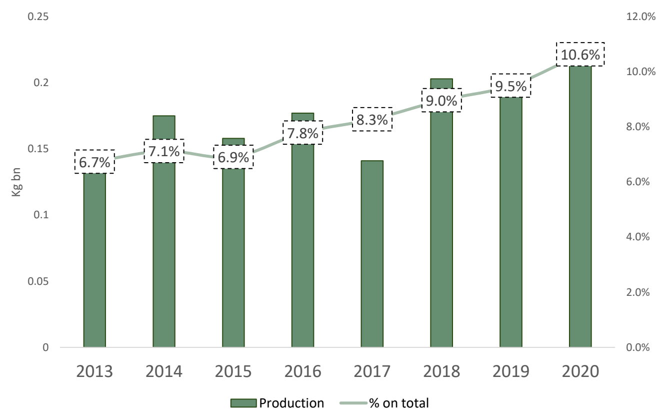
Italy is #2 producer of apples in the EU, accounting for 20% of overall output



Source: Assomela

Italian Apple market – Piedmont region

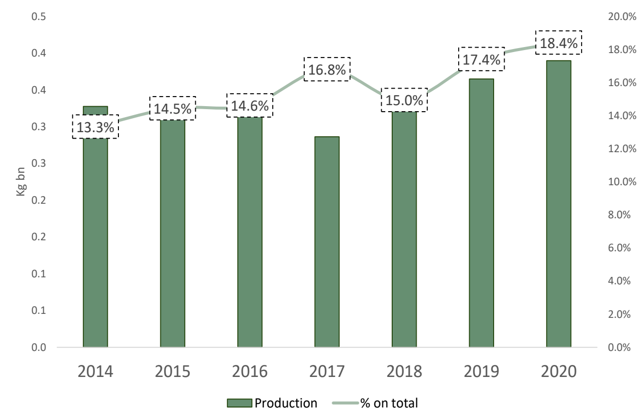
Piedmont is steadily increasing its production…



Source: Assomela

Italian Apple market – Gala quality

…and Gala quality as well

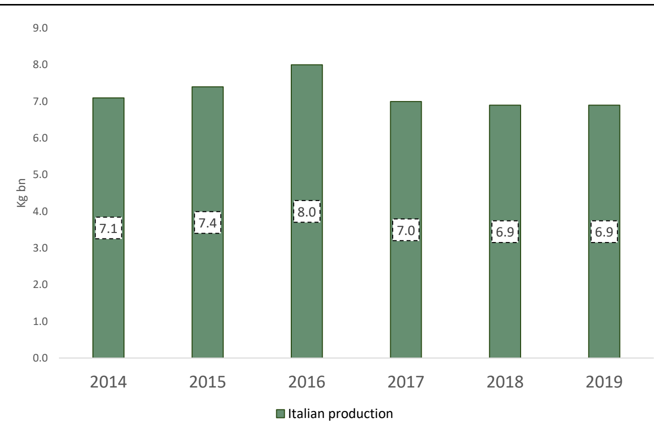


Source: Assomela

The Italian wheat market is very concentrated around some large producers and processing companies. A successful penetration in this market could allow eVISO to enlarge into other cereals (e.g. soy and corn).

Wheat market – Italian production

Italian wheat production has been broadly stable over the past years



Source: OECD FAO Agricultural Outlook

Strong growth on the horizon

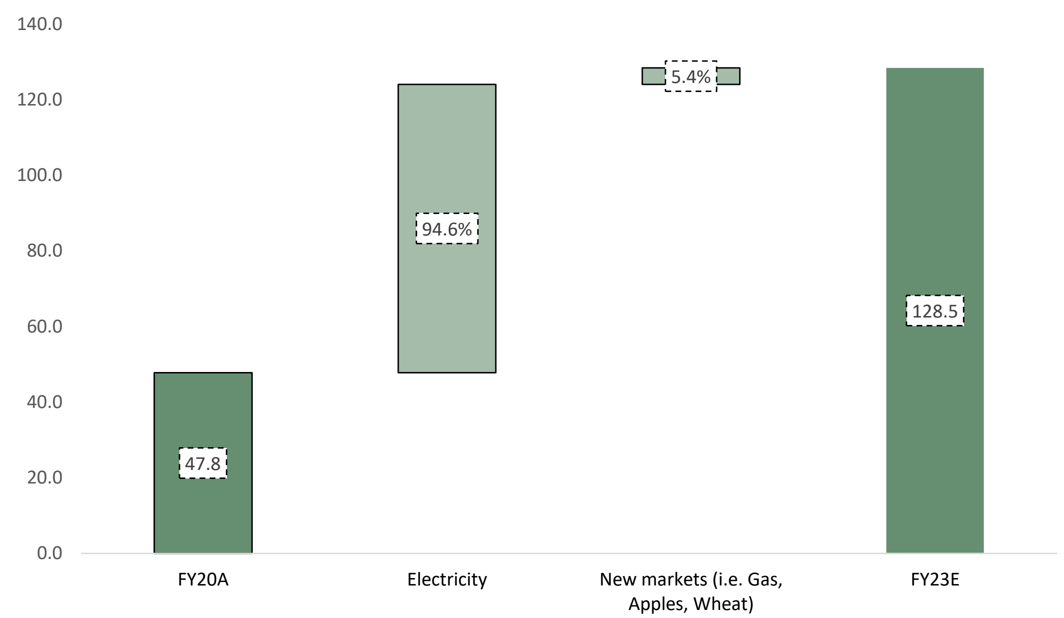
We expect 39% sales CAGR over FY20-23 period. Growth should continue to be almost entirely driven by the electricity business (95%), as other commodities are still at early stage. eVISO is able to deliver higher-than-peers' gross margins in electricity. 72% of total gross margin (net of capitalized costs and other non-recurrent revenues) comes from the ability of the company to manage data through its AI platform and the implementation of a peculiar business model. We expect eVISO to continue to post above sector-average profitability: 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 strong headwind. Overall, we expect eVISO to post 31% gross margin CAGR with yield on revenues declining from 10.0% in 2020 to 8.5% in 2023. Although we expect eVISO to invest in central structure in the coming years, GM growth should trigger margin expansion. We expect EBITDA to grow from Eu2.3mn in FY20 to Eu7.0mn in FY23, posting a 44% CAGR. EBITDA margin should expand to 5.4% by FY23 (from 3.3%).

39% FY20-23 revenues CAGR should be almost entirely electricity driven

Overall, we expect value of production to grow from Eu48.6mn in FY20 to Eu129.7mn in FY23, posting a 39% CAGR. We expect the electricity business to post a 37.4% revenues CAGR over FY20-23 period, contributing for 95% of consolidated growth. Its weight on total revenues should decline from 100% in 2020 to 97% in 2023. We expect eVISO to expand its platform into new commodities. While the entrance into new markets confirms the potential of the platform, we expect that these new businesses to provide a minor contribution up to 2023. In our estimates, new businesses account for approx. 5% of growth.

eVISO – Revenues Bridge

We expect electricity to account for approx. 95% of revenues growth

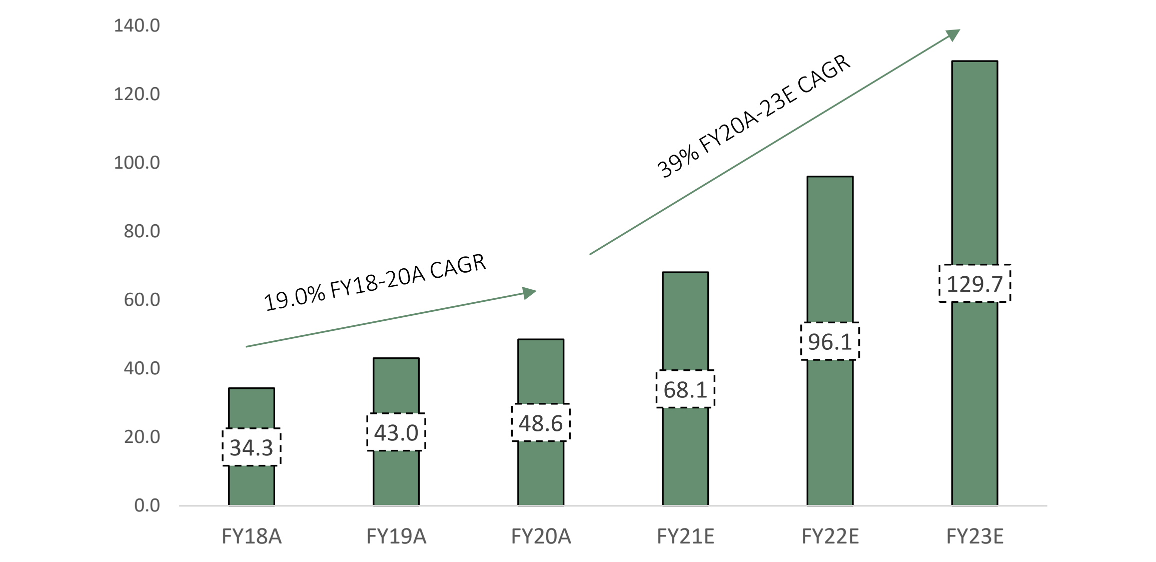


Source: eVISO company presentation, Alantra estimates

eVISO has reported over the past 3Y average Eu0.2mn revenues from R&D tax credits and average Eu0.5mn revenues from capitalized costs. Over the coming years we expect the company to increase its capitalized costs to approx. Eu1.0mn.

eVISO – Value of Production

We expect value of production to post a 39% CAGR over FY20-23



Source: eVISO company presentation, Alantra estimates

31% gross margin FY20-22 CAGR should benefit from the entrance into new markets

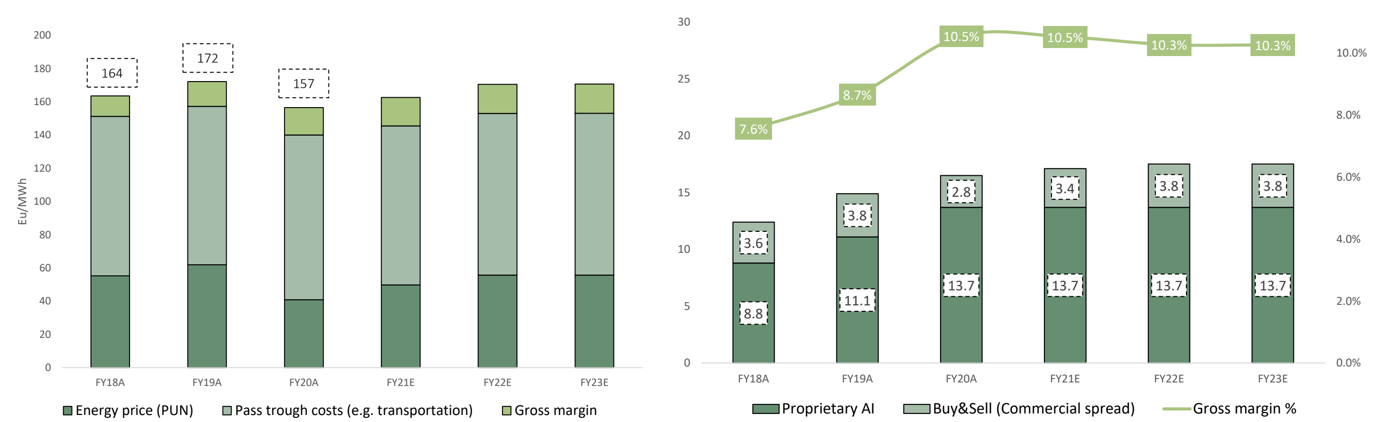
While most of the gross margin should continue to be generated by the electricity business, we expect a positive contribution from the entrance into new commodities as revenues should almost entirely flow down to profits.

Gross margin from electricity business grew from Eu2.5mn in FY18 to Eu4.1mn in FY20, posting a 29% CAGR over the period with yield on sales expanding from 7.3% to 8.6%.

This trend has been mainly driven by the expansion of gross margin from direct clients. The increase in household clients have positively impacted direct business gross margin. Going ahead, we expect that eVISO should continue to keep its extra-margin versus peers, as the company targets to expand the households client base and should continue to gain efficiency on existing clients. We have prudentially assumed a broadly stable gross margin from direct clients from 2020 levels.

Electricity market – Direct clients' gross margin

We expect eVISO to continue to deliver an extra-gross margin on direct electricity sale thanks to its proprietary platform



Source: eVISO company presentation, Alantra estimates

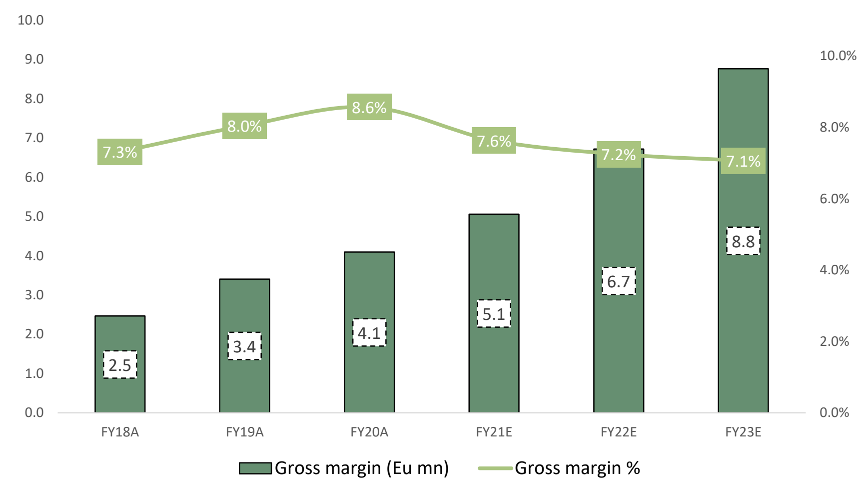
Gross margin from <u>reseller clients</u> has been quite stable since its launch in 2019, with a higher marginality gained on small resellers (4.3% gross margin in FY20) than on larger ones (2.4%). We expect these margins to slightly expand over the coming years, thanks to optimization of the managed portfolio.

Finally, <u>service revenues</u> delivered ca 30% gross margin in FY20: while profitability is under pressure on traditional electricity-related ancillary services, an upside to our estimate could be the positive contribution from the sale of big data services (related to the proprietary AI platform) to reseller clients.

<u>We expect electricity business gross margin to grow up to Eu8.8mn by FY23 posting a 29% FY20-23 CAGR. It should contribute for approx. 75.9% of total forecasted gross margin growth. Yield on sales is expected to decline from 8.6% to 7.1%, as a result of slightly lower % margin on direct clients and the increasing relevance on reseller clients, which commands a lower margin.</u>

Electricity market – Total gross margin

We expect eVISO to keep above peers' average margin; % margin should decline as reseller business increase its weight on total



Source: eVISO company presentation, Alantra estimates

Expansion into other commodity market should be highly gross margin accretive as eVISO is building its business model on the sale of platform related services which only need R&D costs to be deployed and some management costs.

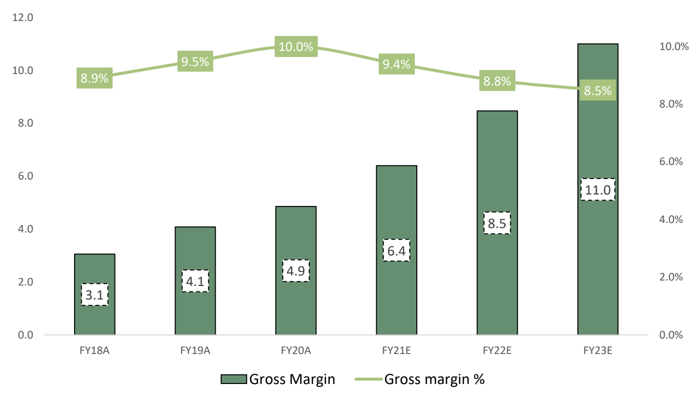
<u>We expect other businesses (i.e. gas, apples, wheat) to reach Eu1.0mn gross margin by FY23. They should contribute for approx. 24.1% of total forecasted gross margin growth.</u>

Overall, we expect gross margin to grow from Eu4.9mn in FY20 to Eu11.0mn in FY23 with margin on sales declining from 10% to 8.5% as a result of the increasing weight of lower margin reseller revenues on total.

If we adjust Gross margin to exclude revenues stemming from capitalized costs and R&D tax credits, we expect total gross margin to grow from Eu4.1mn in FY20 to Eu9.7mn in FY23, posting a 33% CAGR. Margin on sales should decline from 8.6% in FY20 to 7.6% in FY23.

eVISO – Gross margin

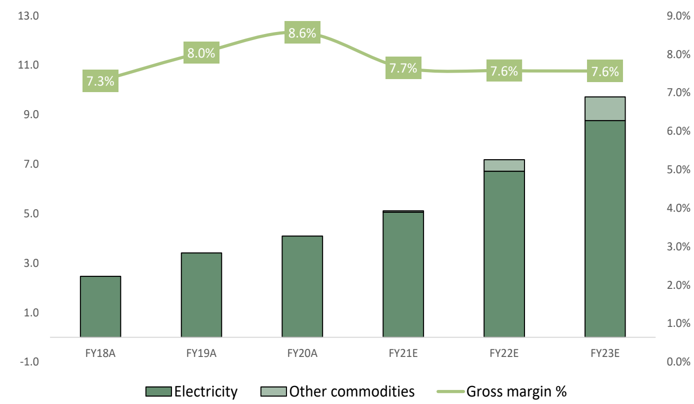
Gross margin should decline as weight of resellers grows



Source: company presentation, Alantra

eVISO – Gross margin adj.

Below we are adjusting gross margin for non-operating revenues



Source: company presentation, Alantra

Increase in volumes and new business should drive EBITDA expansion, 44% FY20-23 CAGR expected

Below the gross margin eVISO has a limited fixed costs base. Personnel and G&A represent only the 4.5% of the overall costs base. The company can run its activities with just 33 full time employees including sales agents (and with a 0% turnover in FY20), also thanks to the use of several internally developed management, monitoring and billing tools.

EBITDA has posted a 25.8% CAGR over FY18-20 period growing from Eu1.5mn in FY18 to Eu2.3mn in FY20. EBITDA margin expanded from 2.6% in FY18 to 3.3% FY20.

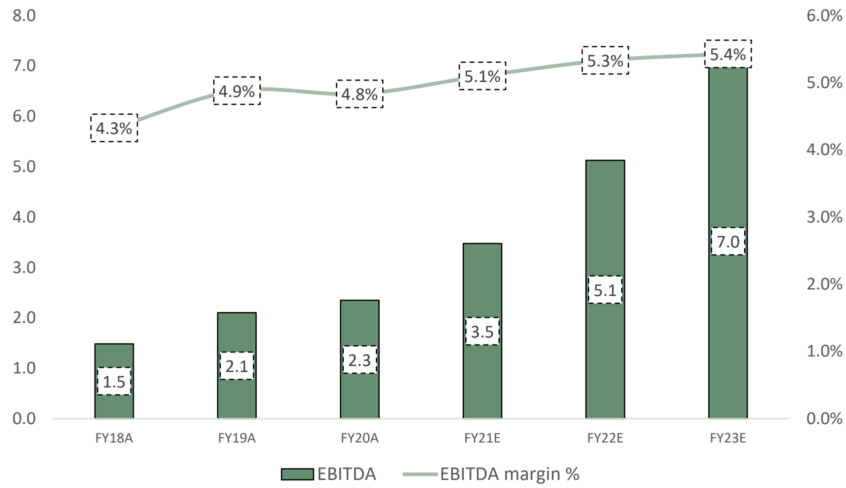
Over the coming years, we expect a significant increase in fixed costs, as the company is planning to reinforce its middle management to maintain a strong monitoring and control during the upcoming fast-growth phase.

Overall, we expect EBITDA to grow from Eu2.3mn in FY20 to Eu7.0mn in FY23, posting a 44% CAGR. EBITDA margin should expand up to 5.4% by FY23 (from 3.3%).

Being most of revenues pass-through costs, if we look at EBITDA/Gross margin ratio the margin should grow from 48.3% in FY20 to 64% in FY23 as growing volumes activate a positive operating leverage.

eVISO – EBITDA and EBITDA margin

We expect fixed costs to grow broadly in line with revenues as the company needs to reinforce its middle management



Source: eVISO company presentation, Alantra estimates

50% FY20-23 CAGR of net profit expected

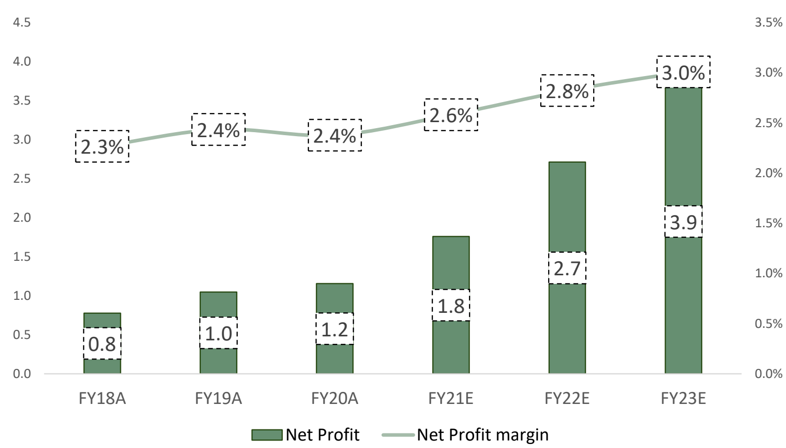
Below the EBITDA, eVISO has a light P&L with D&A accounting for approx. 1.5% of total sales and almost entirely made up of the amortization of capitalized R&D costs. Over the coming years, we expect that D&A could slightly increase as the company has invested >Eu2.0mn in FY20 for the new headquarter and AI platform development and should continue to invest also on the back of IPO proceeds.

The company has a gross debt of Eu4.3mn, well balanced between short and long term. Interest expenses were limited to 0.2% of sales in FY20 and we expect this value to be stable over coming years.

The company experienced a 28.5% average tax rate over FY18-20 period. We are keeping this figure unchanged over the coming years.

eVISO – Net Profit and Net Profit margin

Light P&L below EBITDA as the company runs an asset light business with a limited financial exposure



Source: eVISO company presentation, Alantra estimates

Asset light BS, proven FCF generation and available cash from recent IPO

eVISO runs an asset light business. WC is negative and most of the fixed assets consist of intangibles (capitalized R&D costs). A cash neutral balance sheet (YE20 NFP was at zero) and a strong operating FCF generation led eVISO to gain a solid credit rating (B1.1 according to Cerved), a key requirement to operate in the energy market and to differentiate from small competitors. A healthy cash flow generation allowed eVISO to pay-out 30% of net profit over the last 3Y. We expect a similar policy in the future. We believe that eVISO is now ready to enter a new expansion phase. Over the coming years, new capex will be needed to (i) evolve its electricity platform into an open architecture and faster scale-up the business, (ii) adapt the platform to new commodity markets. Operating cash flow generation and the proceeds from IPO should support the expected acceleration of the growth plan.

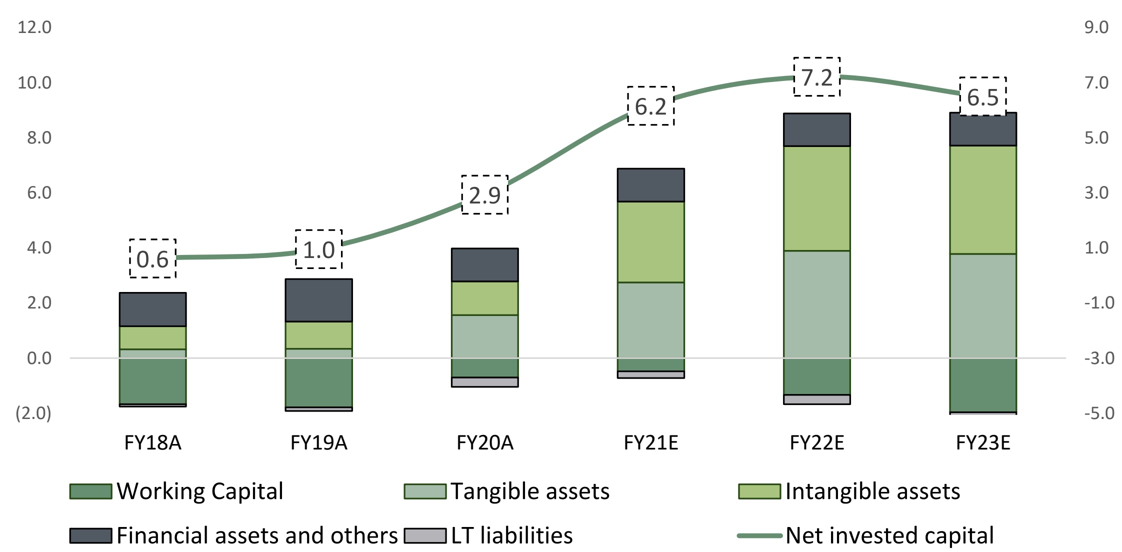
An asset light balance sheet…

As WC is negative and well under control (34 average DSO and 47 average DPO over FY18-20 period), most of eVISO balance sheet is made of intangibles (purchase of software from third parties and capitalized R&D costs). Over the last 3Y, total investments in the platform amounted to >Eu2.4mn. Tangible assets are almost entirely made up of the investments in the new headquarter completed in FY20 (Eu1.3mn). At YE20 the company held approx. Eu0.6mn investments in associates (mostly startups active in the energy business).

IPO proceeds should speed up the capex plans: we expect eVISO to invest most of the resources in the enhancement of its AI platform (approx. Eu6mn). In greater detail, management expects to invest approx. Eu3.7mn within 12M to scale-up its platform, in order to handle a massive volume increase in energy and set the stage for penetration of new markets. A minor portion of the proceeds could be used to acquire new technologies through M&A.

eVISO– Balance Sheet

eVISO runs an asset light business model…we expect BS to expand over the coming years as eVISO is accelerating its growth capex



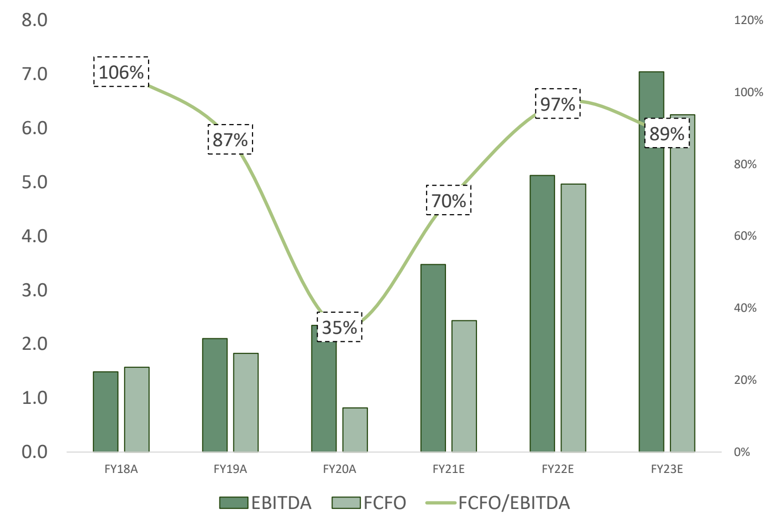
Source: eVISO company presentation, Alantra estimates

…with a sound financial profile

eVISO was able to generate a cumulated Eu4.2mn FCFO over the last 3Y. On average the company has delivered a 76% EBITDA to operating FCF (before capex) conversion with a deterioration in FY20, mainly related to a slight reduction in DSO, which led to some cash absorption from WC. Over the coming years, we expect eVISO to continue to convert almost all its EBITDA in cash flow before capex.

eVISO– EBITDA to FCF before capex conversion

EBITDA is almost entirely converted into FCF before capex, as cash generation from WC almost entirely finances tax payment

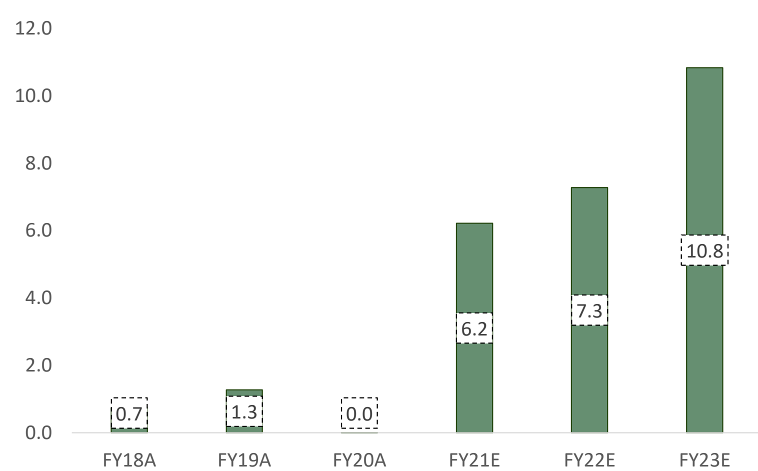


Source: eVISO company presentation, Alantra estimates

As of YE20, the company has approx. Eu4.3mn debt outstanding, well balanced between short and mid-long term. Available cash is equal to Eu4.3mn, leading net financial position close to zero. This has led eVISO to gain a solid credit rating (B1.1 according to Cerved), a key requirement to operate in the energy market and to differentiate from small competitors. Cash collected during the IPO process further strengthened eVISO financial structure.

eVISO– Net financial position

IPO proceeds further strengthened eVISO financial profile; operating cash generation should finance the upcoming capex



Source: eVISO company presentation, Alantra estimates

Valuation

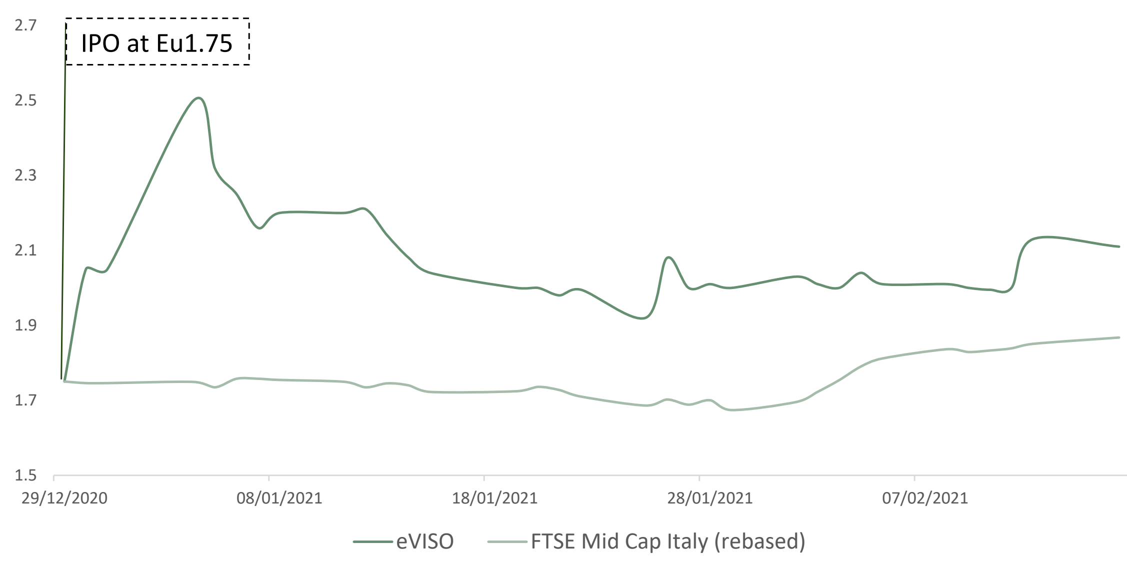
Listed on 30th December 2020 at IPO price of Eu1.75/share, eVISO is up 21% or around 15% versus the Italian midcap index. eVISO is one of a kind group and we struggle to identify listed companies with a similar business model. We have looked at Italian technological players (mainly present on the AIM Italia segment) with some exposure to artificial intelligence. Investors could be also tempted to look at Italian utilities exposed to the electricity sector or international groups in the commodities trading business. We have included them for reference only, but we believe that comparison with eVISO is not really meaningful, as they are ex-growth. On calendarized numbers (YE is 30/06), the stock is trading at 11x CY2021 EV/EBITDA on our estimates or 35% discount versus the median of Italian technological companies in our sample. DCF can be very useful to incorporate the peculiarities of the group, its growth profile and cash generative business model. eVISO has limited working capital and capex requirements and is more cash generative than other peers (EBITDA / FCF conversation of 62% in FY2023e). We derive a DCF valuation of Eu3.2/share, using 9.4% WACC and 1.5% terminal growth rate. We set a TP of Eu3.2/share, based on the average of multiples of our selected Italian technological stocks and DCF.

Up 21% from IPO price

eViso was listed on 30th December 2020 at IPO price of Eu1.75/share. The stock is up 21%, outperforming the Italian midcap index by around 15%. However, eVISO is down 16% from peak price.

eVISO –Market price versus the Italian mid cap index

Up 21% from IPO price



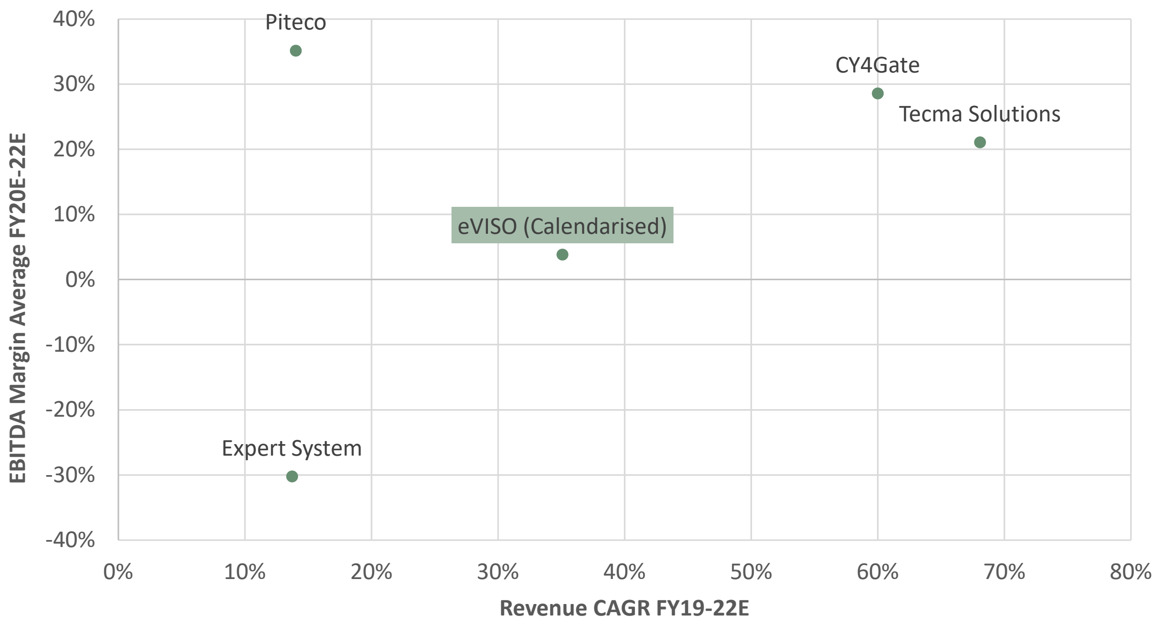
Source: Factset, Alantra

We mainly look at multiples of other Italian technological groups

eVISO is one of a kind group in our view and we struggle to identify listed companies with a similar business model. We have focused on **Italian technological groups** with some AI exposure: CY4Gate, Cyberoo, Expert System, Piteco and Tecma Solutions. They are mainly B2B players, while eVISO directly serves end-users. Focus of eVISO on trading and buy&sell activities and large amount of pass-through items in the top line imply a much lower profitability. By contrast, growth rates are comparable. We also highlight that the business model of eVISO is not capital intensive both in terms of fixed assets (low capex on sales) and Working Capital (slightly negative versus high requirements of other players).

eVISO versus Italian technological peers - Top line growth and EBITDA margin

The nature of eVISO's business and the presence of pass-through items in the top line imply lower profitability. By contrast, eVISO is in the middle in terms of growth



Source: Factset, Alantra

Investors could be also tempted to look at Italian utilities and international commodity trading groups. We have included them in our analysis for reference only. We believe that, taking into account that they are ex-growth, comparison with eVISO is not really meaningful:

- We have selected some **Italian utilities** with significant exposure to electricity: ENEL, Hera, A2A, IREN. eVISO is a pure downstream player and it is present in specific segments of the value chain, while these companies are vertically integrated. In particular, generation business is high margin and capital intensive. eVISO has lower profitability but much higher growth versus the sample.
- We have selected some **International commodity trading groups**: Glencore, Archer Daniels Midland, Bunge. Profitability of eVISO is comparable with that of this sample, but growth rates of eVISO (innovative business model and scale-up potential) are much higher.

Italian technological groups and utilities and international trading companies – Brief description

We would focus on Italian technological groups for the valuation of eVISO, as utilities and international trading companies are ex-growth

Company	Country	Mkt Cap (Eu mn)	Company Description
PEERS Italian Technology			
CY4Gate SpA	ITALY	127	Provides software design and development services
PITECO SpA	ITALY	240	Develops financial software and offers consulting services
Expert System SpA	ITALY	161	Provides semantic software, which discovers, classifies and interprets text information
Tecma Solutions SpA	ITALY	56	Provides technology and marketing services to real estate sector
PEERS Italian Utilities			
Enel SpA	ITALY	86,091	Produces, distributes and sells electricity and natural gas
A2A S.p.A.	ITALY	4,737	Engages in production, sale and distribution of electricity, gas & heat and provides environmental & integrated water cycle services
Hera S.p.A.	ITALY	4,647	Produces, transmits and distributes gas, electricity and water and provides waste management services
Iren S.p.A.	ITALY	2,922	Distributes electricity, water, and natural gas
PEERS Intern. Trading			
Glencore plc	UNITED KINGDOM	40,929	Produces and markets metal, mineral and energy and agricultural commodities
Archer-Daniels-Midland Company	UNITED STATES	25,582	Engages in the processing of oilseeds, corn, wheat, cocoa, and other agricultural commodities
Bunge Limited	UNITED STATES	8,988	Engages in the agriculture and food businesses

Source: Factset

In order to make reported figures of eVISO more comparable with those of other players (eVISO's YE is on 30/06), we have calendarized the numbers of the group. This is an important point, as the strong growth can distort comparison based on non-calendarized figures.

Financials – eVISO (celendarized) versus selected peers

eVISO shows lower profitability compared to peers' average, but higher growth and lower capital intensity

			FY20A - FY22E average margins					CAGR FY19A - FY22E			
Company	Country	Mkt Cap (Eu mn)	EBITDA Margin	EBIT Margin	Net Income Margin	Capex / Sales	Dividend Payout	Sales	EBITDA Adj	EBIT Adj	EPS Adj
eVISO (Calendarised)	ITALY	52	5.2%	3.8%	2.7%	3.8%	30.1%	35.1%	39.9%	43.7%	44.3%
PEERS	Average		18.4%	9.6%	6.3%	10.5%	37.0%	14.6%	17.6%	18.4%	-19.9%
	Median		17.0%	8.0%	4.3%	8.7%	39.3%	1.8%	4.4%	10.9%	8.0%
CY4Gate SpA	ITALY	127	41.5%	28.6%	24.6%	25.0%	0.0%	60.0%	54.8%	46.6%	na
PITECO SpA	ITALY	240	45.9%	35.1%	27.4%	1.5%	37.6%	14.0%	18.3%	22.4%	31.4%
Expert System SpA	ITALY	161	-4.5%	-30.2%	-26.3%	21.9%	0.0%	13.7%	nm	nm	nm
Tecma Solutions SpA	ITALY	56	22.3%	21.1%	14.9%	8.7%	0.0%	68.1%	72.5%	73.3%	72.7%
PEERS Italian Technology	Average		26.3%	13.6%	10.1%	14.3%	9.4%	39.0%	48.5%	47.5%	52.0%
	Median		31.9%	24.8%	19.8%	15.3%	0.0%	37.0%	54.8%	46.6%	52.0%
Enel SpA	ITALY	86,091	23.2%	14.7%	6.8%	14.2%	69.8%	0.6%	3.3%	4.3%	8.0%
A2A S.p.A.	ITALY	4,737	17.0%	8.0%	4.3%	14.1%	81.0%	1.1%	2.9%	-3.0%	-3.8%
Hera S.p.A.	ITALY	4,647	15.7%	7.6%	4.3%	7.9%	50.5%	3.4%	3.3%	2.0%	3.5%
Iren S.p.A.	ITALY	2,922	24.0%	11.2%	6.1%	17.5%	56.2%	-1.8%	3.3%	2.7%	5.3%
PEERS Italian Utilities	Average		20.0%	10.4%	5.4%	13.4%	64.4%	0.8%	3.2%	1.5%	3.3%
	Median		20.1%	9.6%	5.2%	14.2%	63.0%	0.8%	3.3%	2.3%	4.4%
Glencore plc	UNITED KINGDOM	40,929	6.6%	3.0%	2.0%	2.1%	40.0%	-2.3%	3.1%	13.8%	-323.3%
Archer-Daniels-Midland Company	UNITED STATES	25,582	5.5%	3.2%	3.2%	1.3%	39.3%	1.8%	8.9%	12.8%	15.0%
Bunge Limited	UNITED STATES	8,988	4.6%	3.6%	2.5%	1.0%	32.3%	1.5%	5.6%	9.0%	11.8%
PEERS Intern. Trading	Average		5.6%	3.3%	2.5%	1.5%	37.2%	0.3%	5.9%	11.8%	-98.9%
	Median		5.5%	3.2%	2.5%	1.3%	39.3%	1.5%	5.6%	12.8%	11.8%

Source: Factset, Alantra

Eu3.2-3.3/share valuation using EV/EBITDA multiples

Taking into account that P/E multiples are distorted by financial leverage and that eVISO has a strong cash pile (thanks to the IPO proceeds), we would focus on EV/EBITDA or EV/EBIT multiples. At 11.0x CY 2021 EV/EBITDA, eVISO trades at 36% discount versus our selected Italian peers.

Trading multiples

At 11.0x CY 2021 EV/EBITDA, eVISO trades at 36% discount versus our selected Italian peers

Company	Country	Mkt Cap (Eu mn)	EV/Sales FY20A	EV/Sales FY21E	EV/Sales FY22E	EV/EBITDA FY20A	EV/EBITDA FY21E	EV/EBITDA FY22E	EV/EBIT FY20A	EV/EBIT FY21E	EV/EBIT FY22E	PE FY20A	PE FY21E	PE FY22E
eVISO (Calendarised)	ITALY	52		0.6 x	0.4 x		11.0 x	7.3 x		15.1 x	9.7 x		24.9 x	16.6 x
Premium (discount) to Peers' Italian Technology				-89%	-90%		-36%	-35%		-37%	-43%		-12%	-26%
ALL PEERS	Average		3.4 x	2.7 x	2.2 x	21.6 x	10.2 x	8.5 x	19.2 x	15.8 x	13.6 x	21.0 x	18.6 x	15.2 x
	Median		1.6 x	1.6 x	1.6 x	8.0 x	7.7 x	7.3 x	18.4 x	14.8 x	13.4 x	16.3 x	15.1 x	14.0 x
CY4Gate SpA	ITALY	127	8.9 x	6.3 x	4.4 x	18.4 x	17.3 x	11.2 x	25.5 x	25.3 x	17.1 x	32.2 x	35.2 x	23.0 x
PITECO SpA	ITALY	240	11.2 x	8.4 x	7.5 x	25.5 x	18.0 x	15.8 x	33.0 x	24.0 x	20.5 x	34.1 x	26.0 x	22.4 x
Expert System SpA	ITALY	161	4.5 x	4.5 x	3.6 x	116.9 x	na	na	na	na	na	na	na	na
Tecma Solutions SpA	ITALY	56	5.2 x	3.2 x	1.9 x	20.9 x	15.2 x	9.0 x	22.0 x	16.2 x	9.6 x	37.3 x	28.1 x	17.0 x
ALL PEERS Italian Technology	Average		7.4 x	5.6 x	4.3 x	45.4 x	16.8 x	12.0 x	26.8 x	21.8 x	15.7 x	34.5 x	29.8 x	20.8 x
	Median		7.1 x	5.4 x	4.0 x	23.2 x	17.3 x	11.2 x	25.5 x	24.0 x	17.1 x	34.1 x	28.1 x	22.4 x
Enel SpA	ITALY	86,091	1.7 x	1.7 x	1.7 x	7.5 x	7.3 x	7.2 x	12.1 x	11.6 x	11.2 x	17.0 x	15.7 x	14.6 x
A2A S.p.A.	ITALY	4,737	1.2 x	1.2 x	1.2 x	7.0 x	7.2 x	6.8 x	14.4 x	15.4 x	14.5 x	15.5 x	15.7 x	13.8 x
Hera S.p.A.	ITALY	4,647	1.1 x	1.1 x	1.0 x	7.1 x	6.9 x	6.7 x	14.4 x	14.2 x	13.9 x	14.9 x	14.3 x	14.0 x
Iren S.p.A.	ITALY	2,922	1.6 x	1.6 x	1.6 x	6.7 x	6.5 x	6.2 x	14.9 x	14.2 x	12.8 x	13.6 x	12.4 x	10.6 x
ALL PEERS Italian Utilities	Average		1.4 x	1.4 x	1.4 x	7.1 x	7.0 x	6.7 x	13.9 x	13.9 x	13.1 x	15.3 x	14.5 x	13.3 x
	Median		1.4 x	1.4 x	1.4 x	7.0 x	7.0 x	6.7 x	14.4 x	14.2 x	13.4 x	15.2 x	15.0 x	13.9 x
Glencore plc	UNITED KINGDOM	40,929	0.5 x	0.4 x	0.4 x	8.0 x	5.6 x	5.7 x	22.6 x	10.6 x	11.9 x	20.7 x	12.0 x	10.8 x
Archer-Daniels-Midland Company	UNITED STATES	25,582	0.6 x	0.5 x	0.5 x	12.0 x	9.5 x	9.2 x	22.9 x	16.0 x	15.0 x	15.5 x	14.5 x	13.9 x
Bunge Limited	UNITED STATES	8,988	0.4 x	0.4 x	0.3 x	8.0 x	8.0 x	7.4 x	10.4 x	10.3 x	9.6 x	9.4 x	12.3 x	12.2 x
ALL PEERS Intern. Trading	Average		0.5 x	0.4 x	0.4 x	9.3 x	7.7 x	7.4 x	18.6 x	12.3 x	12.2 x	15.2 x	13.0 x	12.3 x
	Median		0.5 x	0.4 x	0.4 x	8.0 x	8.0 x	7.4 x	22.6 x	10.6 x	11.9 x	15.5 x	12.3 x	12.2 x

Source: Factset, Alantra

Using CY 2021 and 2022 EV/EBITDA multiples of Italian technology peers, we derive a valuation of Eu3.2-3.3/share.

Peers' multiples valuation

Eu3.2-3.3/share valuation using Peers' multiples

Eu mn	Italian technology peers multiples FY21E	FY22E
EBITDA Adjusted (calendarised)	4.3	6.1
EV/EBITDA Peer Group	17.3x	11.2x
Discount	*0%*	*0%*
EV based on multiples	74.5	68.3
Net Financial Position	6.8	9.1
Adjustments	0.9	0.8
Equity Value on EV/EBITDA	82.2	78.2
Eu Per Share	3.3	3.2

Source: Factset, Alantra

DCF valuation of Eu3.2/share

DCF can be very useful to incorporate the peculiarities of the group. In addition, we highlight that eVISO's business has limited working capital and capex requirements and is more cash generative than other peers (EBITDA / FCF conversation of 62% in FY 2023e). This is not captured by standard multiples.

Our DCF is based on our detailed estimates until FY 2023. We have then modelled a period of additional 3 years assuming 20% top line growth and 5.5% average EBITDA margin. We highlight that at the end of 2023, the estimated market share of eVISO in the Italian electricity market in terms of PODs should be still 0.2%, suggesting remaining growth potential. In addition, expansion in other commodities should still be at early stage in 2023.

We calculate a terminal value based on 1.5% perpetual growth rate. Our WACC (at 9.4%) is based on 7% ERP for the Italian market and 1.4 beta for eVISO. Under all the above-mentioned assumptions, we derive a valuation of Eu3.2/share.

DCF Valuation

We use 9.4% WACC and terminal growth rate at 1.5%

(Eu mn)	FY18A	FY19A	FY20A	FY21E	FY22E	FY23E	FY24E	FY25E	FY26E	TV
Value of Production	34.3	43.0	48.6	68.1	96.1	129.7	155.7	186.8	224.2	227.6
YoY growth		*25%*	*13%*	*40%*	*41%*	*35%*	*20%*	*20%*	*20%*	
EBITDA	1.5	2.1	2.3	3.5	5.1	7.0	8.5	10.2	12.2	12.2
EBITDA Margin	*4.3%*	*4.9%*	*4.8%*	*5.1%*	*5.3%*	*5.4%*	*5.5%*	*5.4%*	*5.5%*	*5.4%*
taxes on EBIT			(0.4)	(0.6)	(1.0)	(1.5)	(1.9)	(2.4)	(3.0)	(3.0)
Non recurring Cash-out			0.0	0.0	0.0	0.0	0.0	0.0	0.0	
NWC Change			(1.1)	(0.2)	0.9	0.6	0.4	0.5	0.6	0.0
Capex			(2.1)	(3.6)	(3.4)	(1.9)	(1.6)	(1.9)	(2.2)	(2.3)
Capex/Revenues			*-4.4%*	*-5.2%*	*-3.5%*	*-1.4%*	*-1.0%*	*-1.0%*	*-1.0%*	*-1.0%*
Free cash flow				(1.0)	1.6	4.3	5.5	6.4	7.5	88.8
Disc. Free Cash Flow				(0.9)	1.4	3.4	4.0	4.3	4.6	54.2
Year				*0.5*	*1.5*	*2.5*	*3.5*	*4.5*	*5.5*	*5.5*

Total Disc. FCF	16.8	24%
Terminal value	54.2	76%
Total EV (Eu mn)	71.0	
NFP FY20	0.0	
Adjustments (incl. IPO proceeds)	8.9	
TOTAL Equity Value	79.8	
# of shares (mn)	24.6	
Fair Value per share (Eu)	3.2	

Implied multiples	FY21E	FY22E	FY23E
EV/ Sales	1.1 x	0.8 x	0.5 x
EV/ Adj. EBITDA	21.3 x	14.2 x	9.9 x
EV/Adj. EBIT	29.8 x	19.1 x	12.8 x
P/Adj. E	45.4 x	29.4 x	20.5 x

Source: Alantra

DCF Valuation – Sensitivity to WACC and Terminal growth rate – Eu/share

		Wacc				
		10.4%	9.9%	9.4%	8.9%	8.4%
Terminal Growth	2.5%	3.1	3.4	3.6	3.9	4.2
	2.0%	3.0	3.2	3.4	3.7	4.0
	1.5%	2.9	3.1	3.2	3.5	3.7
	1.0%	2.8	2.9	3.1	3.3	3.5
	0.5%	2.7	2.8	3.0	3.2	3.4

Source: Alantra

Main risks

We believe that the main risks related to our estimates, rating and target price are:

Increasing competition could trigger margin pressure. Value creation of eVISO business model is based on the generation of efficiencies and their sharing with the clients. We believe that a scenario of stronger competition could lead to increase the portion of efficiencies transferred to end-users. Players could become more aggressive in the identification and acquisition of the most profitable clients. In addition, competitors could increase their forecast and execution capabilities on the electricity wholesale market. We believe this is not a short-term risk, as entry barriers exist for newcomers and incumbents will take time to adapt their established business models.

Large amount of commercial receivables from SMC. Small and micro caps (including resellers) represented almost 100% of FY 2020 sales. COVID 19 is still impacting Italian economy and eVISO could see a deterioration of the quality of its commercial receivables in the future. We highlight that clients are invoiced every month and services can be stopped in case on unpaid invoices in a relatively short time. In addition, eVISO makes a preliminary screening and selection of the resellers it deals with.

Potential regulatory changes in the Italian electricity market. eVISO generates its profits in the electricity business today. Although downstream activities were liberalised, many areas are still subject to regulation. Potential regulatory changes in the future could have an impact on the business of the group.

Unproven track record of profitability in gas and other commodities. While the business model of eVISO in the electricity business is already proven and stress-tested during the pandemic, successful expansion in other commodities cannot be taken for granted. However, we highlight that gas business shares many similarities with electricity and expansion in this field can be achieved with strong commercial synergies. In addition, our FY 2023 figures include a minor contribution from new ventures outside the electricity business.

Low profitability implies potential EPS volatility. eVISO's AI platform is mainly monetised with buy&sell activity. This is an intrinsically low margin business. Low profitability implies potential EPS volatility.

Appendix 1

eVISO – Revenues by Business segment

Eu mn		FY18A	FY19A	FY20A	FY21E	FY22E	FY23E
Electricity		33.7	42.4	47.8	66.4	92.7	124.1
	YoY Growth		*25.7%*	*12.8%*	*38.8%*	*39.7%*	*33.8%*
	on total sales %	*100.0%*	*100.0%*	*100.0%*	*99.3%*	*97.8%*	*96.6%*
Direct		27.8	34.8	33.6	40.7	53.1	66.3
	YoY Growth		*25.3%*	*-3.6%*	*21.3%*	*30.2%*	*25.0%*
	on electricity sales %	*82.5%*	*82.2%*	*70.3%*	*61.4%*	*57.2%*	*53.5%*
Retail (CLARA)				0.0	0.2	0.8	1.9
	YoY Growth				*7777.8%*	*351.3%*	*134.4%*
	on electricity sales %			*0.0%*	*0.3%*	*0.9%*	*1.5%*
Reseller			1.1	8.0	16.9	27.0	40.1
	YoY Growth			*654.3%*	*111.7%*	*59.9%*	*48.3%*
	on electricity sales %		*2.5%*	*16.7%*	*25.5%*	*29.1%*	*32.3%*
Services BAU and BIG DATA		0.6	0.7	0.8	0.9	1.2	1.5
	YoY Growth		*12.2%*	*10.1%*	*22.3%*	*26.2%*	*26.0%*
	on electricity sales %	*1.8%*	*1.6%*	*1.6%*	*1.4%*	*1.3%*	*1.2%*
AOD platform revenues		5.3	5.8	5.5	7.6	10.7	14.3
	YoY Growth		*9.2%*	*-5.4%*	*39.1%*	*39.9%*	*33.9%*
	on electricity sales %	*15.7%*	*13.7%*	*11.5%*	*11.5%*	*11.5%*	*11.5%*
Other Commodities					0.5	2.1	4.4
	YoY Growth					*353.8%*	*111.1%*
	on total sales %				*0.7%*	*2.2%*	*3.4%*
Gas					0.4	1.5	3.5
	YoY Growth					*297.5%*	*131.4%*
	on other commodities sales %				*0.6%*	*1.6%*	*2.8%*
Apples					0.1	0.3	0.5
	YoY Growth					*306.4%*	*70.1%*
	on other commodities sales %				*0.1%*	*0.3%*	*0.4%*
Wheat						0.3	0.4
	YoY Growth						*40.2%*
	on other commodities sales %					*0.3%*	*0.3%*
Total Revenues		33.7	42.4	47.8	66.8	94.8	128.5
	YoY Growth		*25.7%*	*12.8%*	*39.8%*	*41.9%*	*35.5%*
Other items		0.6	0.7	0.8	1.3	1.3	1.3
Value of Production		34.3	43.0	48.6	68.1	96.1	129.7
	YoY Growth		*25.5%*	*12.8%*	*40.2%*	*41.1%*	*35.0%*

Source: Company data, Alantra estimates from 2021

Appendix 2

eVISO – Gross Margin by Business segment

Eu mn	FY18A	FY19A	FY20A	FY21E	FY22E	FY23E
Electricity	2.5	3.4	4.1	5.1	6.7	8.8
YoY Growth		*38.2%*	*20.2%*	*23.6%*	*32.7%*	*30.5%*
gross margin %	*7.3%*	*8.0%*	*8.6%*	*7.6%*	*7.2%*	*7.1%*
on total gross margin %	*80.7%*	*83.5%*	*84.4%*	*79.1%*	*79.3%*	*79.6%*
Direct	2.1	3.0	3.5	4.3	5.5	6.8
YoY Growth		*43.4%*	*17.5%*	*21.0%*	*27.1%*	*24.9%*
gross margin %	*7.6%*	*8.7%*	*10.5%*	*10.5%*	*10.3%*	*10.3%*
on electricity gross margin %	*85.3%*	*88.5%*	*86.5%*	*84.7%*	*81.1%*	*77.7%*
Retail (CLARA)				0.0	0.1	0.3
YoY Growth					*351.3%*	*134.4%*
gross margin %				*14.1%*	*14.1%*	*14.1%*
on electricity gross margin %				*0.5%*	*1.7%*	*3.1%*
Reseller		0.0	0.2	0.5	0.9	1.4
YoY Growth			*818.7%*	*126.4%*	*70.3%*	*57.4%*
gross margin %		*2.4%*	*2.9%*	*3.1%*	*3.3%*	*3.5%*
on electricity gross margin %		*0.7%*	*5.6%*	*10.3%*	*13.2%*	*15.9%*
Services BAU and BIG DATA	0.2	0.3	0.2	0.2	0.3	0.3
YoY Growth		*9.8%*	*-16.6%*	*2.5%*	*16.1%*	*9.6%*
gross margin %	*40.3%*	*39.4%*	*29.8%*	*25.0%*	*23.0%*	*20.0%*
on electricity gross margin %	*10.0%*	*7.9%*	*5.5%*	*4.6%*	*4.0%*	*3.3%*
AOD platform revenues	0.0	0.0	0.0	0.0	0.0	0.0
YoY Growth						
gross margin %	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
on electricity gross margin %	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Other Commodities				0.1	0.5	1.0
YoY Growth					*826.6%*	*105.3%*
gross margin %				*10.9%*	*22.4%*	*21.7%*
on total gross margin %				*0.8%*	*5.5%*	*8.7%*
Gas				0.0	0.1	0.3
YoY Growth					*456.6%*	*230.5%*
gross margin %				*5.0%*	*7.0%*	*10.0%*
on other commodities gross margin %				*37.9%*	*22.8%*	*36.7%*
Apples				0.0	0.2	0.3
YoY Growth					*408.0%*	*104.2%*
gross margin %				*40.0%*	*50.0%*	*60.0%*
on other commodities gross margin %				*62.1%*	*34.0%*	*33.8%*
Wheat					0.2	0.3
YoY Growth						*40.2%*
gross margin %					*80.0%*	*80.0%*
on other commodities gross margin %					*43.2%*	*29.5%*
Other items	0.6	0.7	0.8	1.3	1.3	1.3
Gross Margin	3.1	4.1	4.9	6.4	8.5	11.0
YoY Growth		*33.6%*	*18.9%*	*31.8%*	*32.3%*	*30.0%*
gross margin on VoP %	*9.1%*	*9.6%*	*10.2%*	*9.6%*	*8.9%*	*8.6%*

Source: Company data, Alantra estimates from 2021

Appendix 3

eVISO – P&L

(Eu mn)		FY18A	FY19A	FY20A	FY21E	FY22E	FY23E
Net Sales		33.7	42.4	47.8	66.8	94.8	128.5
	YoY Growth	*0.0%*	*25.7%*	*12.8%*	*39.8%*	*41.9%*	*35.5%*
	on sales %	*98.3%*	*98.4%*	*98.4%*	*98.1%*	*98.7%*	*99.0%*
Other revenues		0.1	0.2	0.2	0.3	0.3	0.3
	YoY Growth	*0.0%*	*78.0%*	*-17.9%*	*53.4%*	*0.0%*	*0.0%*
	on sales %	*0.4%*	*0.5%*	*0.4%*	*0.4%*	*0.3%*	*0.2%*
Capitalized costs		0.5	0.4	0.6	1.0	1.0	1.0
	YoY Growth	*0.0%*	*-3.4%*	*27.9%*	*74.9%*	*0.0%*	*0.0%*
	on sales %	*1.3%*	*1.0%*	*1.2%*	*1.5%*	*1.0%*	*0.8%*
Value of Production		34.3	43.0	48.6	68.1	96.1	129.7
	YoY Growth		*25.5%*	*12.8%*	*40.2%*	*41.1%*	*35.0%*
	on sales %		*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*
Variable costs		(31.6)	(39.3)	(44.2)	(62.4)	(88.4)	(119.8)
	YoY Growth	*0.0%*	*24.6%*	*12.3%*	*41.2%*	*41.8%*	*35.4%*
	on sales %	*-92.0%*	*-91.4%*	*-91.0%*	*-91.0%*	*-10.0%*	*-11.0%*
Fixed costs		(1.3)	(1.6)	(2.0)	(2.3)	(2.5)	(3.0)
	YoY Growth	*0.0%*	*27.6%*	*27.9%*	*11.1%*	*11.0%*	*17.3%*
	on gross margin %	*-40.9%*	*-39.1%*	*-42.0%*	*-35.4%*	*-29.7%*	*-26.8%*
EBITDA		1.5	2.1	2.3	3.5	5.1	7.0
	YoY Growth		*41.5%*	*11.7%*	*48.0%*	*47.5%*	*37.5%*
	on sales %	*4.3%*	*4.9%*	*4.8%*	*5.1%*	*5.3%*	*5.4%*
D&A		(0.5)	(0.6)	(0.7)	(1.0)	(1.3)	(1.6)
	YoY Growth		*24.8%*	*8.8%*	*44.7%*	*30.0%*	*23.1%*
	on total assets %	*0.0%*	*-54.5%*	*-51.9%*	*-35.9%*	*-22.8%*	*-20.8%*
EBIT		1.0	1.5	1.7	2.5	3.8	5.4
	YoY Growth		*50.3%*	*13.0%*	*49.4%*	*54.5%*	*42.4%*
	on sales %	*2.8%*	*3.4%*	*3.4%*	*3.6%*	*4.0%*	*4.2%*
Net financial income (costs)		0.0	(0.1)	(0.1)	(0.1)	(0.1)	(0.0)
	YoY Growth		*-302.9%*	*46.4%*	*6.4%*	*0.0%*	*-60.0%*
	on sales %	*0.1%*	*-0.2%*	*-0.2%*	*-0.2%*	*-0.1%*	*0.0%*
Pre-tax profits		1.0	1.4	1.6	2.4	3.7	5.4
	YoY Growth		*38.4%*	*11.3%*	*52.2%*	*57.0%*	*45.3%*
	on sales %	*2.9%*	*3.2%*	*3.2%*	*3.5%*	*3.9%*	*4.2%*
Taxes		(0.2)	(0.3)	(0.4)	(0.6)	(1.0)	(1.5)
	tax rate %	23.0%	25.0%	25.8%	25.8%	27.0%	27.7%
Net Profit		0.8	1.0	1.2	1.8	2.7	3.9
	YoY Growth		*34.8%*	*10.2%*	*52.3%*	*54.3%*	*43.9%*
	on sales %	*2.3%*	*2.4%*	*2.4%*	*2.6%*	*2.8%*	*3.0%*

Source: Company data, Alantra estimates from 2021

Appendix 4

eVISO – Balance Sheet

(Eu mn)		FY18A	FY19A	FY20A	FY21E	FY22E	FY23E
Receivables		3.2	4.1	4.4	6.1	8.7	11.7
	% sales	*9.4%*	*9.4%*	*9.0%*	*9.0%*	*9.0%*	*9.0%*
	DSO	34	34	33	33	33	33
Payables		(4.5)	(5.6)	(5.4)	(7.5)	(10.5)	(14.2)
	% costs	*13.6%*	*13.5%*	11.5%	11.5%	11.5%	11.5%
	Days of payables	50	50	43	42	42	42
Other current assets		0.2	0.3	0.8	1.3	1.0	1.0
	% sales	0.6%	0.6%	1.7%	2.0%	1.0%	0.8%
Other current liabilities		(0.6)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)
	% sales	-1.7%	-1.3%	-1.1%	-0.7%	-0.5%	-0.4%
Net Working capital		(1.7)	(1.8)	(0.7)	(0.5)	(1.3)	(2.0)
	% sales	-4.9%	-4.1%	-1.4%	-0.7%	-1.4%	-1.5%
Proprierty, plant and equipment		0.3	0.3	1.6	2.8	3.9	3.8
Intangible assets		0.8	1.0	1.2	2.9	3.8	3.9
Financial assets		1.2	1.4	0.7	0.7	0.7	0.7
Others		0.0	0.2	0.4	0.4	0.4	0.4
Total fixed assets		2.4	2.9	4.0	6.9	8.9	8.9
Employee pension benefits		(0.1)	(0.1)	(0.2)	(0.2)	(0.3)	(0.5)
Funds			(0.0)	(0.2)			
Net Invested Capital		0.6	1.0	2.9	6.2	7.2	6.5
Short Term debts		0.3	0.5	2.5	2.5	2.5	2.5
Long Term debts		0.5	0.7	1.8	1.8	1.8	1.8
Cash		(1.6)	(2.5)	(4.3)	(10.5)	(11.6)	(15.1)
Net financial position		(0.7)	(1.3)	(0.0)	(6.2)	(7.3)	(10.8)
Share capital		0.3	0.3	0.3	8.3	8.3	8.3
Reserves		0.3	0.8	1.5	2.3	3.5	5.4
Net result		0.8	1.0	1.2	1.8	2.7	3.9
Shareholders Equity		1.4	2.1	2.9	12.3	14.5	17.6
o/w Minorities		0.0	0.0	0.0	0.0	0.0	0.0
Source of Funds		0.6	0.9	2.9	6.1	7.2	6.8

Source: Company data, Alantra estimates from 2021

Appendix 5

eVISO – Cash Flow

(Eu mn)	FY18A	FY19A	FY20A	FY21E	FY22E	FY23E
Net Profit	0.8	1.0	1.2	1.8	2.7	3.9
Interests	(0.0)	0.1	0.1	0.1	0.1	0.0
Taxes	0.2	0.3	0.4	0.6	1.0	1.5
Losses (gains) of disposal of fixed assets	0.0	0.0	0.0	0.0	0.0	0.0
Provisions	0.0	0.0	0.0	0.0	0.0	0.0
D&A	0.5	0.6	0.7	1.0	1.3	1.6
Change in net working capital	0.3	0.1	(1.1)	(0.2)	0.9	0.6
Interests paid	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.0)
Taxes paid	(0.3)	(0.3)	(0.5)	(0.6)	(1.0)	(1.5)
Use of funds	(0.0)	(0.0)	0.0	(0.1)	0.1	0.1
Other operating items	0.2	0.0	0.1	0.0	0.0	0.0
Cash flow from operating activities	1.6	1.8	0.8	2.4	5.0	6.2
Intangibles	(0.6)	(0.7)	(0.8)	(2.3)	(2.1)	(1.8)
o/w capitalized costs	(0.5)	(0.4)	(0.6)	(1.0)	(1.0)	(1.0)
o/w other				(1.0)	(0.8)	(0.5)
o/w purchase of software	(0.1)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)
Tangibles	(0.2)	(0.1)	(1.3)	(1.3)	(1.3)	(0.1)
Total Capex	(0.8)	(0.8)	(2.1)	(3.6)	(3.4)	(1.9)
o/w growth	(0.7)	(0.7)	(2.1)			
o/w maintenance	(0.1)	(0.2)	(0.0)			
Financials						
Acquisitions	0.1	(0.4)	(0.6)	(0.3)		
Disposals	(1.0)	0.2	0.9			
Cash flow from investment activities	(1.7)	(1.0)	(1.8)	(3.9)	(3.4)	(1.9)
New short term debt						
New M/L term debt						
Remboursement						
Change in shareholders equity				8.0		
Dividends	(0.1)	(0.2)	(0.3)	(0.3)	(0.5)	(0.8)
Other items		0.0				
Change in NFP		0.5	(1.3)	6.2	1.1	3.6
NFP at year beginning		0.7	1.3	0.0	6.2	7.3
NFP at YE (debt)/cash	0.7	1.3	0.0	6.2	7.3	10.8
Net Debt/EBITDA	*nm*	*nm*	*nm*	*nm*	*nm*	*0.0x*

Source: Company data, Alantra estimates from 2021

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