

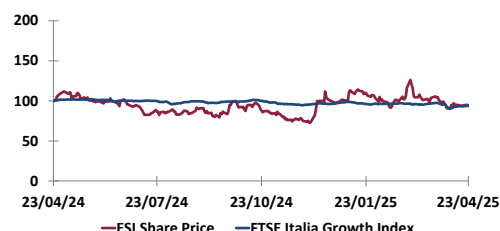


OUTPERFORM

Current Share Price (€): 1.48

Target Price (€): 2.50

ESI - 1Y Performance



Source: S&P Capital IQ - Note: 23/04/2024=100

Company data

ISIN number	IT0005421885
Bloomberg code	ESIGM IM
Reuters code	ESI.MI
Industry	Renewables
Stock market	Euronext Growth Milan
Share Price (€)	1.48
Date of Price	23/04/2025
Shares Outstanding (m)	7.5
Market Cap (€m)	11.1
Market Float (%)	32.7%
Daily Volume	3,600
Avg Daily Volume YTD	35,407
Target Price (€)	2.50
Upside (%)	69%
Recommendation	OUTPERFORM

Share price performance

	1M	3M	6M	1Y
ESI - Absolute (%)	-11%	-15%	8%	-6%
FTSE Italia Growth (%)	-3%	-2%	-5%	-6%
1Y Range H/L (€)			2.00	1.15
YTD Change (€) / %			-0.08	-5%

Source: S&P Capital IQ

Analysts

Maria Teresa Di Grado mdgrado@envent.it

Alberto Bacciga abacciga@envent.it

EnVent Italia SIM S.p.A.

Via degli Omenoni, 2 - 20121 Milano (Italy)

Phone +39 02 22175979

This Note is issued by arrangement with MIT SIM,
Issuer's Specialist

This document may not be distributed in the United
States, Canada, Japan or Australia or to U.S. persons.

Solid FY24 results, €32m backlog and strategic move to IPP

FY24 results:

- Revenues €25.1m, +48% on FY23 (10 EPC projects, 3 System integrator projects, 1 revamping and WIP changes)
- EBITDA €3.0m, €(1.6)m in FY23, margin 12%
- Net income €1.2m, €(1.7)m in FY23
- Net cash of €0.2m, €0.8m debt as of year-end 2023.
- Backlog €32.3m as of 31th December 2024

Transitioning to IPP: ESI targets 20 MW of in-house capacity

Since our latest update, ESI has announced the acquisition of an SPV authorized to develop a 3 MWp photovoltaic plant. The entire project, including the plant site, will require a €3m investment. Construction is set to begin in April 2025, with completion expected by year-end. This agreement marks the first step for ESI towards achieving 20 MW of proprietary capacity within the next three years.

Market awaits FER X boost amid strong PV growth

In 2024, global energy demand accelerated, with electricity consumption growing nearly twice as fast, driven by cooling needs, industrial activity, and the expansion of data centers and AI. In Italy, the photovoltaic market grew by 30%, adding 6.8 GW of new capacity, mainly from large-scale plants, while residential installations declined. The FER X decree, which will introduce incentives for up to 10 GW of new renewable capacity through auctions and direct access schemes, is expected to trigger a market rebound in the second half of 2025.

Target price €2.50 per share and OUTPERFORM rating confirmed

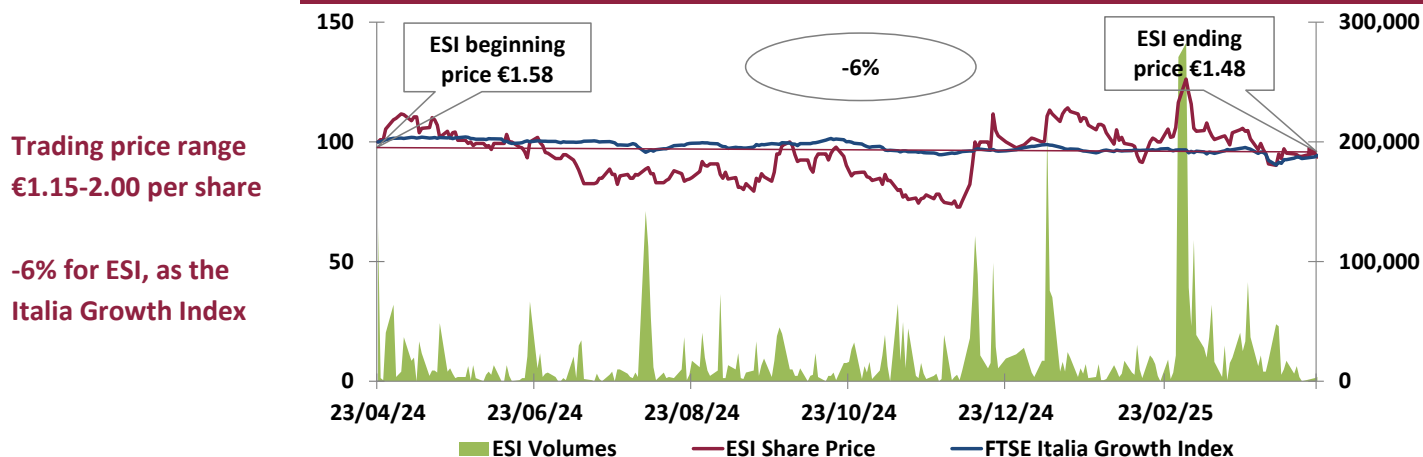
We updated and extended our estimates for ESI to 2027, factoring in the 2024 results, year-end backlog, and the Group's strategic shift from a pure EPC player to also becoming an Independent Power Producer. Our revised assumptions reflect a more gradual revenue trajectory and improved profitability, while also incorporating the ramp-up in operating costs tied to the new IPP activities and the capex required to roll out the planned 20MW pipeline. Our updated estimates and valuation confirm the target price of €2.50, implying a potential upside of 69% from the current share price. OUTPERFORM rating confirmed.

KEY FINANCIALS AND ESTIMATES (€m)	2020	2021	2022	2023	2024	2025E	2026E	2027E
Revenues	2.6	5.5	30.5	17.0	25.1	26.4	31.8	39.0
YoY %	-38.3%	113.8%	458.7%	-44.2%	47.7%	5.0%	20.6%	22.7%
EBITDA	0.6	0.1	1.2	(1.6)	3.0	2.7	3.8	4.8
Margin	23.9%	1.4%	4.0%	-9.3%	12.0%	10.0%	11.9%	12.4%
EBIT	0.4	0.1	0.7	(2.0)	2.1	1.9	2.6	3.4
Net Income (Loss)	0.4	0.1	(0.2)	(1.7)	1.2	1.2	1.6	2.1
Net (Debt) Cash	1.0	1.0	(2.3)	(0.8)	0.2	(2.4)	(4.4)	(6.1)
KEY RATIOS								
ROE	11%	3%	-6%	-60%	29%	23%	23%	23%
TWC/Sales	3%	3%	5%	2%	0%	3%	5%	6%
NWC/Sales	45%	11%	12%	10%	5%	7%	8%	9%
Net Debt/EBITDA	cash	cash	190%	-51%	cash	91%	116%	126%
Net Debt/Equity	cash	cash	67%	28%	cash	45%	64%	68%

Source: Company data 2020-24A, EnVent Research 2025-27E

Market update

ESI - 1Y Share price performance and trading volumes



Source: EnVent Research on S&P Capital IQ – Note: 23/04/2024=100

Investment case

ESI S.p.A., listed on Euronext Growth Milan since 2020, is engaged in the renewables market as EPC and system integrator. ESI develops photovoltaic, wind power plants and mini-grid, off-grid, hybrid and storage systems, covering all stages of the development from the engineering to the construction.

BU:

- EPC
- System integrator

Key figures (FY24):

- Revenues €25.1m
- EBITDA €3m
- Net cash €0.2m

Drivers

Industry drivers

Globally seeking net zero emissions. The regulatory framework is constantly updating to promote renewables, in Europe the REPowerEU plan speeded-up the process by increasing the 2030 EU target to 45% renewables in EU mix, up from the previous 40%, with an additional 169 GW to the Fitfor55 2030 target of 1067 GW. In Italy, the National Integrated Energy and Climate Plan (PNIEC) has set 2030 targets, with renewables capacity at 30% of total energy consumption and 55% of electricity generation.

Need to increase PV and wind power plants capacity. According to Terna and SNAM, to reach the PNIEC target in Italy will be needed almost 102 GW capacity from PV and wind plants by 2030, of which ca. 53GW by utility-scale PV plants (source: Terna & SNAM, *Documento di Descrizione degli Scenari*, 2022)

Oil and gas industry transitioning toward renewables. Oil and gas companies are facing pressure to adapt their traditional business model as the world shifts towards lower-carbon energy systems. Investing in sustainable power solutions should give to these companies an opportunity to diversify and to thrive in this changing landscape playing a leading role in the transition (source: McKinsey, *How oil and gas companies can be successful in renewable power*, 2023).

Advancements in renewable energy technology drive cost reductions and solar supremacy. In the last decade, technology in renewable energy has made significant strides, leading to a steep decline in cost for clean energy production. In 2022, recently deployed utility-scale renewable energy plants generated electricity at a lower cost compared to the average cost from fossil sources, new solar installations resulted in the least expensive source for electricity production in many markets (source: EY, *If every energy transition is different, which course will accelerate yours?*, 2023).

Company drivers

Completed and integrated services portfolio. ESI supports its customers in the project development from the design to the installation and commissioning of the plant, including ancillary services as monitoring and maintenance.

High-profile customers. The customer base includes prestigious utilities as Delos Power and Shell, these companies continuously invest in large scale renewable plants, the stable relationship with these customers led to multi-year and recurring agreements.

A focused portfolio. ESI retains a valuable flexibility in shifting focus among diverse customers and investors as well as own investment, depending on demand. This kind of portfolio minimizes risk and working capital investment while size of backlog gives mid-term visibility.

Over 15 years track record and part of Innovatec group. ESI and its management possess extensive experience in the renewable energy sector as EPC and system integrator. Since 2022, Innovatec has been the main shareholder and industrial partner, providing ESI business opportunities, as enabling the expansion of EPC operations to encompass larger-scale industrial PV plants.

Balanced financial structure is crucial. EPC activity undertakes a set of risks such as delays or fluctuation in materials prices that can erode margins or lead to net working capital imbalances. ESI, through tender selection and prudent cash management, has historically shown a cash financial position, instilling trust in its customers.

Challenges

Increasing competition could trigger margin pressure. The fragmented competitive arena, with low entry barriers, is a permanent feeder of competition from Italian and international players that could generate pressure on margins.

Regulatory risk. Incentive system for photovoltaics in Italy is complex and fragmented, with varying regulations and procedures at national and regional levels. This can hinder market development, especially for smaller operators.

Lengthy authorization procedures. The authorization procedures for installing photovoltaic systems can be lengthy and complex, with significant administrative burdens. This can slow down project initiation and increase costs.

Historical evolution orders intake

Announcement	Project	BU	Contract value (€m)	Capacity (MW)	Installation Revamping	Energy Storage (kWh)
Nov-20	Off-Grid PV Plant Burundi	System Integration	0.3	0.05	Installation	100
Nov-20	Off-Grid PV Plant Mozambico	System Integration	0.5	0.12	Installation	300
Dec-20	Mini-Grid PV/Hydro Plant Congo	System Integration	0.6	0.1	Installation	130
	2020		1.4	0.27		
Apr-21	Revamping of 18 PV Plants Italy	EPC	3.2	23	Installation	-
Aug-21	Hybrid PV Plant Stromboli Island	System Integration	1	0.2	Installation	1000
Aug-21	2 PV Plants Perugia	EPC	1.3	2	Installation	-
Sep-21	2 High-Voltage Energy Sub-Station	EPC	1.3	-	Installation	-
Oct-21	Framework Agreement Edison (1° and 2° Plants)	EPC	12	16	Installation	-
Nov-21	3 Off-Grid PV Hybrid Plants Mozambico	System Integration	4.3	0.4	Installation	2305
Dec-21	Framework Agreement ENEL	EPC	14.4	27	Installation	-
	2021		37.5	68.6		
Mar-22	Framework Agreement Edison (3° Plant)	EPC	7.3	10	Installation	-
May-22	Framework Agreement Edison (4° Plant)	EPC	5	6.2	Installation	-
May-22	2 PV Plants Italy	EPC	2.3	4.8	Installation	-
Jul-22	Framework Agreement Edison (5° Plant)	EPC	4	4.7	Installation	-
Aug-22	Framework Agreement Edison (6° Plant)	EPC	4.2	4.8	Installation	-
Oct-22	Revamping of 1 PV Plant Alessandria	EPC	0.5	2	Revamping	-
	2022		23.3	32.5		
Jul-23	PV Plants Lazio	EPC	12.3	52	Installation	-
Aug-23	2 PV Plants Sicilia	EPC	2.1	4.5	Installation	-
Sep-23	PV Plants Molise	EPC	2.6	3.4	Installation	-
Nov-23	PV Plants Puglia	EPC	8.6	9.8	Installation	-
	2023		25.6	69.7		
Jan-24	PV Plants Piemonte	EPC	5.7	10	Installation	-
Jan-24	Revamping Italy	EPC	23.4	60	Revamping	-
Jun-24	PV Plants Piemonte	EPC	4.2	5	Installation	-
Aug-24	Revamping Italy	EPC	6.5	15	Revamping	-
Nov-24	Revamping Italy	EPC	1.17	9.14	Revamping	-
	2024		41.0	99.1		
Jan-25	PV plant Latium	EPC	0.68	0.8	Installation	-
	2025		0.7	0.8		

Total	129.5	271.0
--------------	--------------	--------------

Source: Company data

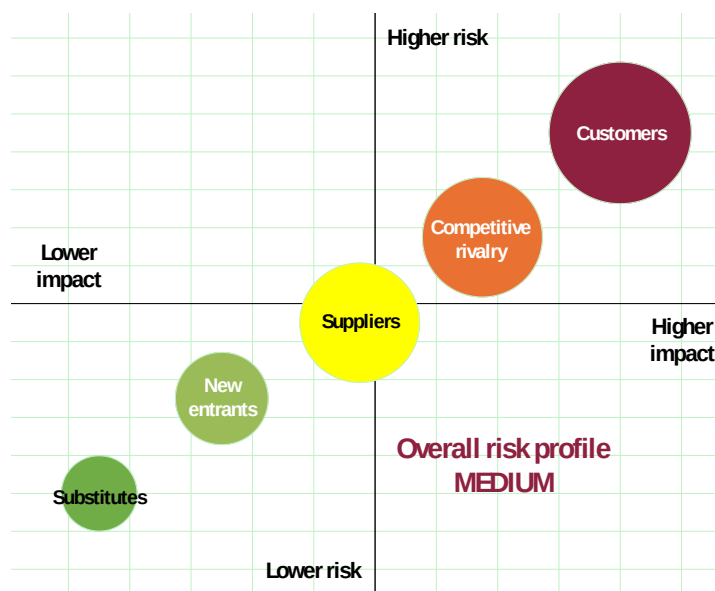
Risk/opportunity assessment

Business risk: medium

Competitive forces

Forces	Factors
Customers	• Bargaining power
Competitive rivalry	• High rivalry among existing firms • International competitors • Solar modules and other raw materials are available from multiple sources
Suppliers	• Specific requirements and know-how • Critical components manufacturing capacity constantly upgrading • Entry barriers: technical expertise, long-term relationship with customers, being qualified by the customer
New entrants	• Customers may integrate vertically • No substitute products, solar primary cost-effective source for renewable energy
Substitutes	• Production process innovation risk low

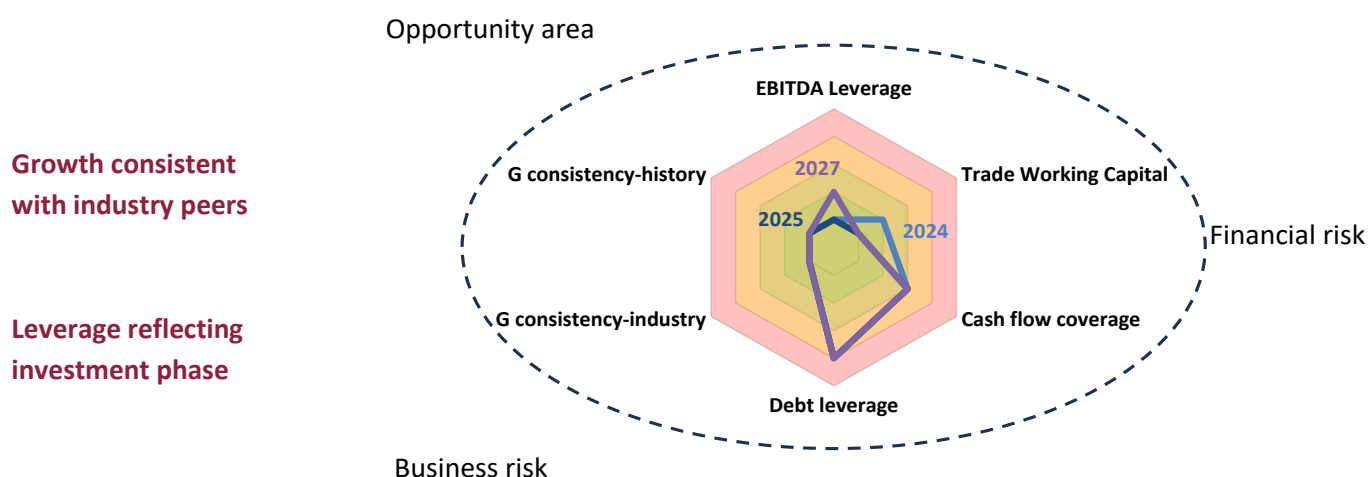
Risk map



Source: EnVent Research

Financial risk: medium/low

Ratios map



Source: EnVent Research

Growth consistent with industry peers

Leverage reflecting investment phase

FY 2024 results

- Revenues €25.1m, +48% on FY23
- EBITDA €3.0m, €(1.6)m in FY23, EBITDA margin 12%
- EBIT €2.1m, €(2.0)m in FY23
- Net cash at €0.2m, from €0.8m (debt) as of year-end 2023
- Backlog €32.3m as of 31st December 2024

Profit and Loss

€m	2023	2024
Revenues	17.0	25.1
YoY %	-44.2%	47.7%
COGS	(9.5)	(12.1)
Services	(5.5)	(6.8)
Personnel	(2.6)	(2.4)
Other operating costs	(1.0)	(0.8)
Operating costs	(9.1)	(10.0)
EBITDA	(1.6)	3.0
Margin on Revenues	-9.3%	12.0%
D&A	(0.4)	(0.9)
EBIT	(2.0)	2.1
Margin on Revenues	-11.5%	8.3%
Interest	(0.2)	(0.2)
EBT	(2.2)	1.9
Margin on Revenues	-12.9%	7.6%
Income taxes	0.5	(0.7)
Net Income (Loss)	(1.7)	1.2
Margin on Sales	-10.2%	4.7%

Source: Company data

Balance Sheet

€m	2023	2024
Inventory	16.4	23.6
Trade receivables	1.6	2.4
Trade payables	(17.6)	(26.1)
Trade Working Capital	0.4	(0.0)
Other assets (liabilities)	1.3	1.2
Net Working Capital	1.7	1.2
Intangible assets	0.8	0.6
Property, plant and equipment	1.4	2.4
Equity investments and financial assets	0.0	0.0
Non-current assets	2.2	3.0
Provisions	(0.1)	(0.3)
Net Invested Capital	3.7	3.9
Net Debt (Cash)	0.8	(0.2)
Equity	2.9	4.1
Sources	3.7	3.9

Cash Flow

€m	2023	2024
EBIT	(2.0)	2.1
Current taxes	0.5	(0.7)
D&A	0.4	0.9
Provisions	0.0	0.2
Cash flow from P&L operations	(1.1)	2.5
Trade Working Capital	1.2	0.4
Other assets and liabilities	0.8	0.0
Capex	(0.3)	(1.8)
Operating cash flow after WC and capex	0.6	1.2
Interest	(0.2)	(0.2)
Write-down of equity investments and receivables	0.0	0.0
Equity investments and financial assets	0.0	(0.0)
Changes in equity and adjustments	1.2	0.0
Net cash flow	1.5	1.0
Net Cash (Beginning)	(2.3)	(0.8)
Net Cash (End)	(0.8)	0.2
Change in Net Cash (Debt)	1.5	1.0

Source: Company data

Ratio analysis

KPIs	2023	2024
ROE	neg	neg
ROS	-6%	12%
ROIC	-53%	53%
TWC/Sales	1%	0%
NWC/Sales	10%	5%
Capex/Sales	1%	10%
Net Debt/EBITDA	-0.5x	-0.1x
Net Debt/Equity	0.3x	0.0x
Cash flow from P&L operations/EBITDA	68%	82%
FCF/EBITDA	neg	39%

Business update

The 2024 results confirm the positive trend observed in H1, with the EBITDA margin improving to 12% (negative in FY23), reflecting the management decision to focus on higher profitability projects. As of December 2024, the backlog amounts to €32m.

Development of the first proprietary solar plant

Since our latest update (24th October 2024), ESI has announced two new projects worth €0.7m and €1.2m, respectively, along with the acquisition of an SPV authorized for the development of a 3 MWp photovoltaic plant in Monterosi (Viterbo). The entire project, including the plant site, will require a €3m investment. Construction is expected to start in April 2025, with completion expected by year-end. This agreement marks the first step for ESI towards achieving 20MW of proprietary solar capacity within the next three years.

Industry outlook

Italy's solar capacity up 30% YoY

According to the latest IEA data, global energy demand grew faster than average in 2024, with electricity consumption rising at nearly double the pace, driven by higher cooling needs, increased industrial activity, transport electrification and the growing energy footprint of data centres and AI applications.

In this context, Italy's photovoltaic market added 6.80 GW of new capacity in 2024 (+30% vs. 2023), reaching around 1.9m PV plants installed. Growth was led by large-scale plants, while residential installations declined compared to the second half of the previous year, highlighting a shift in market momentum.

Source: IEA, *Global Energy Review 2025* and Italia Solare, *Fotovoltaico: crescita del 30% nel 2024, ma calano le connessioni di impianti residenziali*, 2025.

FER X is expected to powers up Italy's energy transition

FER X set to drive second-half market rebound

The Italian renewables market is currently navigating the implementation of the FER X Transitory Decree, a pivotal regulatory framework introduced on 28 February 2025, aimed at accelerating the development of clean energy projects across the country. The decree introduces a new incentive scheme for solar, wind, hydroelectric, and biogas plants, with a dual focus on supporting the construction of new capacity and the modernization of existing infrastructure.

The scheme differentiates access to incentives based on project size. Installations up to 1 MW are eligible for direct access upon commissioning, with a total of 3 GW available under this mechanism. In contrast, larger projects—those exceeding 1 MW—must participate in competitive auctions managed by the GSE (Gestore dei Servizi Energetici), through which 14.65 GW of capacity will be awarded.

Feed-in tariffs have been set to reflect the specific characteristics of each technology. Photovoltaic projects will benefit from a base tariff of €85/MWh, wind projects from €80/MWh, hydroelectric plants from €110/MWh, and biogas from wastewater treatment will receive €100/MWh. Moreover, photovoltaic systems replacing asbestos roofs are eligible for additional premiums, with incentives reaching up to €105/MWh.

The FER X Transitory Decree will remain in force until 31 December 2025, or until the available capacity is fully allocated. The market expects this regulatory boost to significantly accelerate project development in the second half of 2025, providing greater visibility for investors and strengthening Italy's path toward its renewable energy targets.

Source: MASE, Rinnovabili: entra in vigore il decreto FER X transitorio, 2024

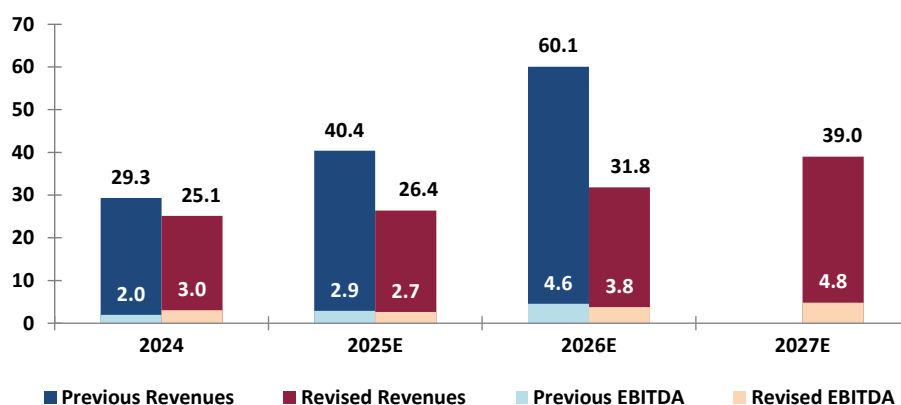
Estimates revision

We have updated and extended our estimates for ESI through 2027, factoring in the FY24 results, the €32.3m year-end backlog, and the Group's strategic evolution. While historically positioned as a pure EPC player, ESI is transitioning towards an Independent Power Producer model supported by its plan to develop 20MW of owned capacity.

Although we now assume a more gradual revenue trajectory (2024–2027 CAGR of ca 17%) in light of market dynamics and the expected regulatory acceleration in H2 2025 (with the FER X Decree), we have revised upward our assumptions on profitability. Our updated model reflects a more selective commercial strategy adopted in 2024, which led to a significant EBITDA margin rebound. Compared to previous estimates, we now project a higher margin profile over the medium term, despite a temporary softening in 2025 due to the launch phase of the new business unit and investments in corporate infrastructure.

On balance sheet side, starting in 2025, we incorporate an annual capex of €4m to reflect the phased rollout of the 20MW IPP pipeline, with the first 3MW plant expected to enter construction in April 2025. We expect a net financial position at €2.8m by end-2025, to reach €7m at the end of the forecasted period.

Change in estimates



Source: EnVent Research

€m	Revised				Previous			Change %		
	2024	2025E	2026E	2027E	2024E	2025E	2026E	2024	2025E	2026E
Revenues	25.1	26.4	31.8	39.0	29.3	40.4	60.1	-14%	-35%	-47%
EBITDA	3.0	2.7	3.8	4.8	2.0	2.9	4.6	54%	-8%	-17%
Margin	12.0%	10.0%	11.9%	12.4%	6.7%	7.1%	7.6%			
EBIT	2.1	1.9	2.6	3.4	1.6	2.5	4.1	29%	-25%	-37%
Margin	8%	7%	8%	9%	28%	27%	29%			
Net Income (Loss)	1.2	1.2	1.6	2.1	1.0	1.6	2.8	18%	-24%	-42%
Net Debt (Cash)	(0.2)	2.4	4.4	6.1	2.8	3.5	4.5			

Source: EnVent Research

Financial projections

Profit and Loss

€m	2020	2021	2022	2023	2024	2025E	2026E	2027E
Revenues	2.6	5.5	30.5	17.0	25.1	26.4	31.8	39.0
YoY %	-38.3%	113.8%	458.7%	-44.2%	47.7%	5.0%	20.6%	22.7%
COGS	(0.3)	(2.1)	(22.2)	(9.5)	(12.1)	(12.7)	(15.3)	(18.7)
Services	(0.9)	(2.4)	(4.4)	(5.5)	(6.8)	(7.2)	(8.6)	(10.6)
Personnel	(0.5)	(0.6)	(1.9)	(2.6)	(2.4)	(3.1)	(3.4)	(3.8)
Other operating costs	(0.1)	(0.3)	(0.8)	(1.0)	(0.8)	(0.8)	(0.9)	(1.1)
Operating costs	(1.6)	(3.3)	(7.1)	(9.1)	(10.0)	(11.1)	(12.9)	(15.5)
EBITDA	0.6	0.1	1.2	(1.6)	3.0	2.7	3.6	4.8
Margin on Revenues	23.9%	1.4%	4.0%	-9.3%	12.0%	10.0%	11.4%	12.4%
D&A	(0.2)	0.0	(0.5)	(0.4)	(0.9)	(0.8)	(1.2)	(1.4)
EBIT	0.4	0.1	0.7	(2.0)	2.1	1.9	2.4	3.4
Margin on Revenues	15.5%	1.4%	2.4%	-11.5%	8.3%	7.1%	7.6%	8.7%
Interest	(0.0)	(0.0)	(0.3)	(0.2)	(0.2)	(0.1)	(0.3)	(0.5)
Write-down of equity investments and receivables	0.0	0.0	(0.4)	0.0	0.0	0.0	0.0	0.0
EBT	0.4	0.0	0.0	(2.2)	1.9	1.7	2.1	2.9
Margin on Revenues	15.4%	0.7%	0.0%	-12.9%	7.6%	6.5%	6.5%	7.4%
Income taxes	(0.0)	0.1	(0.2)	0.5	(0.7)	(0.5)	(0.6)	(0.8)
Net Income (Loss)	0.4	0.1	(0.2)	(1.7)	1.2	1.2	1.5	2.1
Margin on Revenues	15.3%	2.1%	-0.7%	-10.2%	4.7%	4.7%	4.7%	5.3%

Source: Company data 2021-24, EnVent Research 2025-27E

Balance Sheet

€m	2020	2021	2022	2023	2024	2025E	2026E	2027E
Inventory	0.0	4.8	32.8	16.4	23.6	24.7	29.3	36.0
Trade receivables	0.4	0.9	3.5	1.6	2.4	2.5	2.9	3.6
Trade payables	(0.3)	(5.6)	(34.7)	(17.6)	(26.1)	(26.6)	(30.8)	(37.3)
Trade Working Capital	0.1	0.2	1.6	0.4	(0.0)	0.7	1.5	2.4
Other assets (liabilities)	1.1	0.4	2.0	1.3	1.2	1.1	1.0	1.2
Net Working Capital	1.1	0.6	3.6	1.7	1.2	1.7	2.4	3.6
Intangible assets	0.9	0.9	0.9	0.8	0.6	0.2	(0.1)	(0.5)
Property, plant and equipment	0.2	1.0	1.4	1.4	2.4	6.1	9.3	12.3
Equity investments and financial assets	0.4	0.4	0.0	0.0	0.0	0.0	0.0	0.0
Non-current assets	1.4	2.3	2.3	2.2	3.0	6.3	9.2	11.9
Provisions	(0.0)	(0.0)	(0.1)	(0.1)	(0.3)	(0.3)	(0.4)	(0.4)
Net Invested Capital	2.5	2.9	5.8	3.7	3.9	7.7	11.3	15.0
Net Debt (Cash)	(1.0)	(1.0)	2.3	0.8	(0.2)	2.4	4.4	6.1
Equity	3.6	3.9	3.5	2.9	4.1	5.3	6.9	9.0
Sources	2.5	2.9	5.8	3.7	3.9	7.7	11.3	15.0

Source: Company data 2021-24, EnVent Research 2025-27E

Cash Flow

€m	2020	2021	2022	2023	2024	2025E	2026E	2027E
EBIT	0.4	0.1	0.7	(2.0)	2.1	1.9	2.6	3.4
Current taxes	(0.0)	0.1	(0.2)	0.5	(0.7)	(0.5)	(0.6)	(0.8)
D&A	0.2	0.0	0.0	0.4	0.9	0.8	1.2	1.4
Provisions	0.0	0.0	0.1	0.0	0.2	0.0	0.0	0.0
Cash flow from P&L operations	0.6	0.2	0.5	(1.1)	2.5	2.2	3.2	4.0
Trade Working Capital	(0.1)	(0.1)	(1.4)	1.2	0.4	(0.7)	(0.8)	(0.9)
Other assets and liabilities	(1.5)	0.6	(1.6)	0.8	0.0	0.2	0.1	(0.2)
Capex	(1.0)	(0.8)	(0.4)	(0.3)	(1.8)	(4.1)	(4.1)	(4.1)
Operating cash flow after WC and capex	(2.0)	(0.1)	(2.8)	0.6	1.2	(2.4)	(1.6)	(1.2)
Interest	(0.0)	(0.0)	(0.3)	(0.2)	(0.2)	(0.1)	(0.3)	(0.5)
Write-down of equity investments and receivables	0.0	0.0	(0.4)	0.0	0.0	0.0	0.0	0.0
Equity investments and financial assets	(0.4)	(0.0)	0.4	0.0	(0.0)	0.0	0.0	0.0
Changes in equity and adjustments	2.6	0.2	0.0	1.2	0.0	0.0	0.0	0.0
Net cash flow	0.2	(0.0)	(3.3)	1.5	1.0	(2.6)	(2.0)	(1.7)
Net Cash (Beginning)	0.8	1.0	1.0	(2.3)	(0.8)	0.2	(2.4)	(4.4)
Net Cash (End)	1.0	1.0	(2.3)	(0.8)	0.2	(2.4)	(4.4)	(6.1)
Change in Net Cash (Debt)	0.2	(0.0)	(3.3)	1.5	1.0	(2.6)	(2.0)	(1.7)

Source: Company data 2021-24, EnVent Research 2025-27E

Ratio analysis

KPIs	2020	2021	2022	2023	2024	2025E	2026E	2027E
ROE	11%	3%	-6%	-60%	29%	23%	23%	23%
ROS	15%	1%	2%	-12%	8%	7%	8%	9%
ROIC	16%	3%	12%	-53%	53%	24%	23%	23%
TWC/Sales	3%	3%	5%	2%	0%	3%	5%	6%
NWC/Sales	45%	11%	12%	10%	5%	7%	8%	9%
Capex/Sales	39%	15%	1%	2%	7%	16%	13%	11%
Net Debt/EBITDA	-1.7x	-13.0x	1.9x	-0.5x	-0.1x	0.9x	1.2x	1.3x
Net Debt/Equity	-0.3x	-0.3x	0.7x	0.3x	0.0x	0.5x	0.6x	0.7x
Cash flow from P&L operations/EBITDA	na	223%	44%	68%	82%	83%	84%	84%
FCF/EBITDA	na	neg	neg	neg	39%	neg	neg	neg

Source: Company data 2021-24, EnVent Research 2025-27E

Valuation

Value drivers

- Energy transition and decarbonization commitments
- PV cost reduction
- Increasing energy demand
- PV, self-consumption and energy independence
- Development of innovative technologies
- Sustainability and environmental awareness
- Tax incentives

Valuation metrics

Our valuation metrics include discounted cash flows and market multiples:

- The DCF scenarios are intended to represent the present standpoint in the value building path.
- The Revenues, EBITDA based values are deemed to represent the current value of ESI grounding on its top-line and on industry operating profitability.

Discounted Cash Flows

Metrics and assumptions:

- Risk free rate: 3.9% (last 30 days average. Source: Bloomberg, April 2025)
- Market return: 13.3% (last 30 days average. Source: Bloomberg, April 2025)
- Market risk premium: 9.4%
- Beta: 1.0 (judgmental)
- Cost of equity: 13.3%
- Cost of debt: 6.0%
- Tax rate: 24% IRES
- 40% debt/(debt + equity) as target capital structure
- WACC calculated at 9.8%, according to above data
- Perpetual growth rate after explicit projections (G): 3%
- Terminal Value assumes a 12.0% EBITDA margin

DCF model				
€m	2025E	2026E	2027E	Perpetuity
Revenues	26.4	31.8	39.0	40.0
EBITDA	2.7	3.8	4.8	4.8
<i>Margin on Sales</i>	<i>10.0%</i>	<i>11.9%</i>	<i>12.4%</i>	<i>12.0%</i>
EBIT	1.9	2.6	3.4	4.4
<i>Margin on Sales</i>	<i>7.1%</i>	<i>8.1%</i>	<i>8.7%</i>	<i>11.0%</i>
Taxes	(0.5)	(0.7)	(0.9)	(1.2)
NOPAT	1.3	1.9	2.5	3.2
D&A	0.8	1.2	1.4	0.4
Provisions	0.0	0.0	0.0	0.0
Cash flow from operations	2.2	3.1	3.9	3.6
Trade Working Capital	(0.7)	(0.8)	(0.9)	(0.7)
Other assets and liabilities	0.2	0.1	(0.2)	0.0
Capex	(4.1)	(4.1)	(4.1)	(0.4)
Yearly Unlevered free cash flow	(2.5)	(1.7)	(1.3)	2.5
WACC	9.8%			
Long-term growth (G)	3.0%			
Discounted Cash Flows	(2.2)	(1.4)	(1.0)	1.9
Sum of Discounted Cash Flows	(4.7)			
Terminal Value				36.5
Discounted TV	27.6			
Enterprise Value	22.9			
Net cash (debt) as of 31/12/24	0.2			
Equity Value	23.1			

Source: EnVent Research

DCF - Implied multiples	2025E	2026E	2027E
EV/Revenues	0.9x	0.7x	0.6x
EV/EBITDA	8.7x	6.1x	4.7x
EV/EBIT	12.3x	8.9x	6.7x
P/E	18.8x	14.4x	11.2x

Source: EnVent Research

Market multiples

Key selection factors:

- EPC
- Renewables power plants developer
- Geographical scope: Worldwide

We've selected Italian and international companies comparable to ESI business model. Noting that many developers of PV plants are independent power producers (IPP) too, we segmented the selected companies in two clusters:

- Renewable power plants developers
- Developers and IPPs

Company	EV/EBITDA			EV/EBIT			P/E		
	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Renewable power plants developers									
PLC	4.5x	na	na	6.3x	na	na	11.4x	na	na
Emeren	6.5x	3.5x	na	40.7x	7.5x	na	31.2x	5.5x	na
ESPE	3.7x	2.8x	na	4.7x	3.4x	na	5.9x	4.2x	na
Mean	4.9x	3.2x	na	17.2x	5.4x	na	16.2x	4.9x	na
Median	4.5x	3.2x	na	6.3x	5.4x	na	11.4x	4.9x	na
Developers and IPPs									
Ecosuntek	2.6x	2.3x	na	3.4x	2.9x	na	2.5x	2.1x	na
Grenergy	8.9x	9.2x	6.2x	10.4x	12.1x	8.2x	10.9x	15.0x	12.0x
Alerion	5.3x	4.8x	5.4x	8.1x	7.5x	6.9x	5.2x	4.9x	5.0x
Ecoener	12.7x	8.5x	6.8x	19.3x	12.1x	9.6x	16.5x	8.2x	6.4x
Iniziativa Bresciane	7.9x	7.7x	7.3x	15.5x	14.8x	13.8x	11.9x	10.7x	11.4x
Altea Green Power	4.2x	3.8x	3.8x	4.5x	3.7x	3.9x	6.7x	5.6x	5.6x
Mean	6.9x	6.0x	5.9x	10.2x	8.9x	8.5x	8.9x	7.7x	8.1x
Median	6.6x	6.2x	6.2x	9.3x	9.8x	8.2x	8.8x	6.9x	6.4x

Source: EnVent Research on S&P Capital IQ, April 2025

EV/Revenue and P/E ratios offer a convenient initial starting point for industry comparisons, but their usefulness can be lessened by macroeconomic headwinds such as inflation and consequent rising financing costs that particularly burden highly leveraged companies.

Therefore, we focus on EBITDA and EBIT multiples for 2025-2026.

Market multiples application

ESI Valuation (€m)			Developers Multiples	Enterprise Value	Net Cash (Debt) as of 31/12/2024	Equity Value
2025E EBITDA	2.7	Median	4.5x	11.9	0.2	12.0
2026E EBITDA	3.8	Median	3.2x	11.9	0.2	12.1
<i>Mean 2025E-26E</i>				17.1		12.1
2025E EBIT	1.9	Median	6.3x	11.7	0.2	11.8
2026E EBIT	2.6	Median	5.4x	13.9	0.2	14.1
<i>Mean 2025E-26E</i>				19.9		13.0
ESI Equity Value						12.5
<i>All multiples mean 2025E-26E</i>						

ESI Valuation (€m)			Developers & IPP Multiples	Enterprise Value	Net Cash (Debt) as of 31/12/2024	Equity Value
2025E EBITDA	2.7	Median	6.9x	18.4	0.2	18.5
2026E EBITDA	3.8	Median	6.6x	25.0	0.2	25.2
<i>Mean 2025E-26E</i>				21.7		21.8
2025E EBIT	1.9	Median	10.2x	19.0	0.2	19.2
2026E EBIT	2.6	Median	9.3x	23.9	0.2	24.1
<i>Mean 2025E-26E</i>				21.4		21.6
ESI Equity Value						21.7
<i>All multiples mean 2025E-26E</i>						

Source: EnVent Research 2025-26E

Valuation summary and Target price

Our updated valuation, incorporating the discounted cash flow analysis and the conservative values obtained by applying market multiples, points to an equity value of €19m. We confirm the OUTPERFORM rating and the target price of €2.50 per share, indicating a potential upside of 80% from the current stock price.

Please refer to important disclosures at the end of this report.

ESI Price per Share	€
Target Price	2.50
Current Share Price (23/04/2025)	1.48
Premium (Discount)	69%

ESI Share Price vs EnVent Target Price



Source: EnVent Research

DISCLAIMER (for more details go to www.enventgroup.eu under “Disclaimer”)

This publication has been prepared by Luigi Tardella, Head of Research Division, Maria Teresa Di Grado, Co-Head of Research Division and Alberto Bacciga, Equity Analysts, on behalf of the Research & Analysis Division of EnVent Italia SIM S.p.A. (“EnVent”). EnVent Italia SIM is authorized and regulated in Italy by Consob (Register of Investment Firms Reg. No. 315).

According to article 35, paragraph 2b of Euronext Growth Milan Rules for Companies (Regolamento Emittenti Euronext Growth Milan), EnVent has been commissioned to produce Equity Research, and particularly this publication, for the Company by arrangement with MIT SIM, the Specialist engaged by the Company.

This publication does not represent to be, nor can it be construed as being, an offer or solicitation to buy, subscribe or sell financial products or instruments, or to execute any operation whatsoever concerning such products or instruments. This publication is not, under any circumstances, intended for distribution to the general public. Accordingly, this document is only for persons who are Eligible Counterparties or Professional Clients only, i.e. persons having professional experience in investments who are authorized persons or exempted persons within the meaning of the Financial Services and Markets Act 2000 and COBS 4.12 of the FCA’s New Conduct of Business Sourcebook. For residents in Italy, this document is intended for distribution only to professional clients and qualified counterparties as defined in Consob Regulation n. 16190 of the 29th October 2007, as subsequently amended and supplemented.

This publication, nor any copy of it, can not be brought, transmitted or distributed in the United States of America, Canada, Japan or Australia. Any failure to comply with these restrictions may constitute a violation of the securities laws provided by the United States of America, Canada, Japan or Australia.

EnVent does not guarantee any specific result as regards the information contained in the present publication, and accepts no responsibility or liability for the outcome of the transactions recommended therein or for the results produced by such transactions. Each and every investment/divestiture decision is the sole responsibility of the party receiving the advice and recommendations, who is free to decide whether or not to implement them. The price of the investments and the income derived from them can go down as well as up, and investors may not get back the amount originally invested. Therefore, EnVent and/or the author(s) of the present publication cannot in any way be held liable for any losses, damage, or lower earnings that the party using the publication might suffer following execution of transactions on the basis of the information and/or recommendations contained therein.

The purpose of this publication is merely to provide information that is up to date and as accurate as possible. The information and each possible estimate and/or opinion and/or recommendation contained in this publication is based on sources believed to be reliable. Although EnVent makes every reasonable endeavour to obtain information from sources that it deems to be reliable, it accepts no responsibility or liability as to the completeness, accuracy or exactitude of such information and sources. Past performance is not a guarantee of future results.

Most important sources of information used for the preparation of this publication are the documentation published by the Company (annual and interim financial statements, press releases, company presentations, IPO prospectus), the information provided by business and credit information providers (as Bloomberg, S&P Capital IQ, AIDA) and industry reports.

EnVent has no obligation to update, modify or amend this publication or to otherwise notify a reader or recipient of this publication in the case that any matter, opinion, forecast or estimate contained herein, changes or subsequently becomes inaccurate, or if the research on the subject company is withdrawn. The estimates, opinions, and recommendations expressed in this publication may be subject to change without notice, on the basis of new and/or further available information.

EnVent intends to provide continuous coverage of the Company and the financial instrument forming the subject of the present publication, with a semi-annual frequency and, in any case, with a frequency consistent with the timing of the Company’s periodical financial reporting and of any exceptional event occurring in its sphere of activity.

A draft copy of this publication may be sent to the subject Company for its information and review (without valuation, target price and recommendation), for the purpose of correcting any inadvertent material inaccuracies. EnVent did not disclose the rating to the issuer before publication and dissemination of this document.

ANALYST DISCLOSURES

For each company mentioned in this publication, all of the views expressed in this publication accurately reflect the financial analysts’ personal views about any or all of the subject company (companies) or securities.

Neither the analysts nor any member of the analysts’ households have a financial interest in the securities of the subject Company. Neither the analysts nor any member of the analysts’ households serve as an officer, director or advisory board member of the subject company. Analysts’ remuneration was not, is not or will be not related, either directly or indirectly, to specific proprietary investment transactions or to market operations in which EnVent has played a role (as Euronext Growth Advisor, for example) or to the specific recommendation or view in this publication. EnVent has adopted internal procedures and an internal code of conduct aimed to ensure the independence of its financial analysts. EnVent research analysts and other staff involved in issuing and disseminating research reports operate independently of EnVent Group business. EnVent, within the Research & Analysis Division, may collaborate with external professionals. It may, directly or indirectly, have a potential conflict of interest with the Company and,

for that reason, EnVent adopts organizational and procedural measures for the prevention and management of conflicts of interest (for details www.enventgroup.eu under “Disclaimer”, “Procedures for prevention of conflicts of interest”).

MIFID II DISCLOSURES

ESI S.p.A. (the “Issuer or the “Company”) is a corporate client of EnVent. This document, being paid for by a corporate Issuer, is a Minor Non-monetary Benefit as set out in Article 12 (3) of the Commission Delegated Act (C2016) 2031.

This note is a marketing communication and not independent research. As such, it has not been prepared in accordance with legal requirements designed to promote the independence of investment research and this note is not subject to the prohibition on dealing ahead of the dissemination of investment research.

CONFLICTS OF INTEREST

In order to disclose its possible conflicts of interest, EnVent states that it acts or has acted in the past 12 months as Euronext Growth Advisor and Global Coordinator to the subject Company on the Euronext Growth Milan market, a Multilateral Trading Facility regulated by Borsa Italiana (for details www.enventgroup.eu under “Disclaimer”, “Potential conflicts of interest”).

CONFIDENTIALITY

Neither this publication nor any portions thereof (including, without limitation, any conclusion as to values or any individual associated with this publication or the professional associations or organizations with which they are affiliated) shall be reproduced to third parties by any means without the prior written consent and approval from EnVent.

VALUATION METHODOLOGIES

EnVent Research & Analysis Division calculates range of values and fair values for the companies under coverage using professional valuation methodologies, such as the discounted cash flows method (DCF), dividend discount model (DDM) and multiple-based models (e.g. EV/Revenues, EV/EBITDA, EV/EBIT, P/E, P/BV). Alternative valuation methodologies may be used, according to circumstances or judgement of non-adequacy of most used methods. The target price could be also influenced by market conditions or events and corporate or share peculiarities.

STOCK RATINGS

The “OUTPERFORM”, “NEUTRAL”, AND “UNDERPERFORM” recommendations are based on the expectations within a 12-month period from the date of rating indicated in the front page of this publication.

Equity ratings and valuations are issued in absolute terms, not relative to market performance.

Rating system and rationale (12-month time horizon):

OUTPERFORM: stocks are expected to have a total return above 10%;

NEUTRAL: stocks are expected to have a performance between -10% and +10% consistent with market or industry trend and appear less attractive than Outperform rated stocks;

UNDERPERFORM: stocks expected to have a downside within the reference market or industry, with a target price more than 10% below the current market price;

UNDER REVIEW: target price under review, waiting for updated financial data, or other key information such as material transactions involving share capital or financing;

SUSPENDED: no rating/target price assigned, due to material uncertainties or other issues that seriously impair our previous investment ratings, price targets and earnings estimates;

NOT RATED: no rating or target price assigned.

Some flexibility on the limits of the total return rating ranges is permitted, especially during high market volatility cycles.

The stock price indicated in the report is the last closing price on the day of Production.

Date and time of Production: 23/04/2025 h. 7.00pm

Date and time of Distribution: 24/04/2025 h. 6.35pm

DETAILS ON STOCK RECOMMENDATION AND TARGET PRICE

Date	Recommendation	Target Price (€)	Share Price (€)
24/04/2024	OUTPERFORM	2.50	1.58
07/08/2024	OUTPERFORM	2.50	1.41
24/10/2024	OUTPERFORM	2.50	1.39
24/04/2025	OUTPERFORM	2.50	1.48

ENVENT RECOMMENDATION DISTRIBUTION (March 31st, 2025)

Number of companies covered:	29	OUTPERFORM	NEUTRAL	UNDERPERFORM	SUSPENDED	UNDER REVIEW	NOT RATED
Total Equity Research Coverage %		86%	10%	3%	0%	0%	0%
of which EnVent clients % *		87%	67%	100%	na	na	na

* Note: Companies to which corporate and capital markets services were supplied in the last 12 months.

This disclaimer is constantly updated on the website at www.enventgroup.eu under “Disclaimer”.

Additional information available upon request. © Copyright 2025 by EnVent Italia SIM S.p.A. - All rights reserved