Initiation of coverage – November 2025

ESI SpA

Energy

Market cap (€m)	11,3	Ticker	ESIGM-IT
Target price	**2,5 €**	Nb of shares (m)	7,5
Share price on 12/11/2025	1,5 €	12m volume average	25 868,8
Potential	66%	52w low/high	1,15€/2,10€

Buy

Empowering the energy transition

ESI SpA is an Italian company operating in the renewable energy market. It is an EPC contractor and a system integrator capable of covering the entire value chain and developing turnkey solutions for complex energy projects. Supported by strong track record, a solid order backlog, an extensive technical expertise as well as the launch of independent power production (IPP) segment, the group is well positioned to tackle a booming market and contribute, at its scale, to the urgent need to move away from fossil fuels.

We initiate coverage on the stock with a Buy recommendation and a target price of €2.5 per share, implying an upside potential of +66%.

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ESI SpA */Energy*

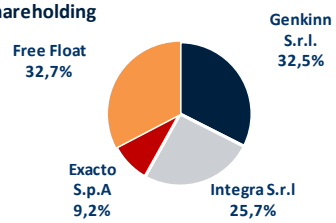
Financial summary (€m)

31/12	2024	2025e	2026e	2027e
Revenues	25,1	25,5	30,3	36,8
YoY chg (%)	*47,7%*	*1,6%*	*18,5%*	*21,6%*
EBITDA	3,0	2,7	3,5	4,8
% of sales	*12,0%*	*10,4%*	*11,6%*	*13,0%*
EBIT	2,1	1,9	2,4	3,4
% of sales	*8,3%*	*7,4%*	*8,1%*	*9,2%*
Net profit	1,2	1,1	1,3	1,9
% of sales	*4,7%*	*4,4%*	*4,4%*	*5,1%*
EPS (reported)	0,16	0,15	0,18	0,25
ROCE (%)	34,8%	15,8%	13,0%	12,4%
ROE (%)	28,9%	21,5%	20,5%	22,3%
Gearing (%)	-2,4%	55,5%	91,5%	114,1%
Net debt	-0,1	2,9	6,2	10,2
Div/share (€)	0,0	0,0	0,0	0,0
Yield (%)	0,0%	0,0%	0,0%	0,0%

Valuation metrics (x)

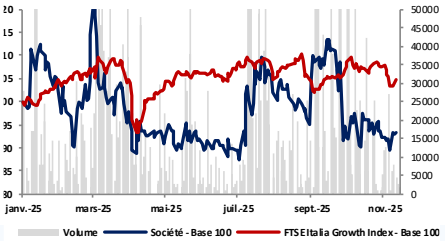
	2024	2025e	2026e	2027e
EV/sales (x)	0,5	0,6	0,6	0,6
EV/EBITDA (x)	4,1	5,4	5,1	4,6
EV/EBIT (x)	5,9	7,6	7,3	6,5
P/E (x)	10,6	10,1	8,4	6,1

Shareholding



Share price performance

	Ytd	1m	3m	12m
Performances (%)	-4,5%	-2,6%	-9,7%	18,3%



>€25m
2024 revenues

€3.0m
2024 EBITDA

€24m
Backlog to date

Snapshot

With a history spanning more than 25 years, ESI SpA is a key player in Italy's energy transition landscape. The group is an EPC (Engineering, Procurement, Construction) contractor and a system integrator covering the full life cycle of renewable energy projects.

ESI is active in utility-scale solar PV, as well as wind, *off-grid systems* and hybrid microgrids, designing and building turnkey assets for a diversified client base: governments, investment funds, NGOs, utilities, and multinational renewable energy developers.

The company is now positioned in a market set for strong structural expansion over the next few years, driven by the urgency of the ecological transition and the need to decarbonize electricity production. The European regulatory framework is promising, and its implementation in Italy (PNIEC, FER x) creates strong tailwinds for the company.

In addition to its long-standing activities as an EPC contractor and system integrator, ESI has recently launched an independent power producer (IPP) business in order to capture downstream value, build a proprietarty portfolio of high-quality assets thanks to their strong profitability and recurring cash-flows. With a 20 MWp pipeline and two projects already signed in this segment, ESI is ideally positioned to seize the opportunity.

With an EPC order backlog close to €25m to date, a proven track record of 235 MWp, a structured shareholder base, and a dynamic stream of news in recent months, we believe conditions are now in place for the group to deliver a strong and profitable growth. We forecast a 2024-2027e CAGR of nearly 15% for revenue, with an EBITDA margin that could reach 13%.

Furthermore, the stock's low valuation (5.1x EV/EBITDA 2025e) compared to its peers offers an attractive entry point for any long-term investor seeking exposure to energy transition winners.

We initiate coverage on the stock with a Buy recommendation and a target price of €2.5, yielding a substantial upside (+66%).

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ESI is a major Italian player in the renewable energy market which operates as an EPC contractor and future producer of carbon-free electricity. The company is worth keeping a close eye on.

At the heart of one of the major challenges of this century, the group's value proposition is clear: to participate, at its own scale and in its own way, in the decarbonization of our economies, particularly in the essential sector of electricity production. Over its last fiscal year, ESI generated just over €25 million in revenue, with an EBITDA margin above 10%.

Why invest in ESI?

Significant growth potential: CAGR 2024-2027e **+15%**

Improving profitability : 2027e EBITDA margin **13%**

Strong visibility : Order backlog **€24 million**

A solid balance sheet: Net debt H1 2025 **€0.6 million**

An already structured company: A team of **over 50** employees

A significant upside potential: **>60%** upside potential

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SWOT

S

Strengths

- An impressive track record
- A dual EPC/IPP model
- Expertise across the entire value chain
- A cornerstone shareholder (Innovatec)

W

Weaknesses

- Scale not reached yet
- Limited recurring revenues so far
- The development of IPP will require significant CAPEX
- Strong competition

O

Opportunities

- At the heart of one of the major challenges of the 21st century
- A promising European and national regulatory framework
- Strong international potential
- Potential M&A target once scale is reached

T

Threats

- Reliance on key employees
- Procedures in the sector can sometimes be lengthy (calls for tenders, authorizations)
- Difficulties in financing SPVs in the IPP segment
- Project delays/postponements may impact top line

Investment case

An expert in EPC contracts and system integration

With a long history and an impeccable track record, ESI SpA has developed unique technological expertise in the engineering, construction, and installation of renewable energy power generation plants. The group masters the entire value chain and is capable of delivering turnkey projects to its customers.

Strong market tailwinds

Driven by the goal of a net-zero world and the urgent need to build carbon-free energy production, the markets in which ESI operates are set to grow significantly in the coming years. The regulatory framework, both European and Italian, is very favorable, demand is dynamic, and the potential is immense. At its level, ESI also provides a relevant response to the challenge of energy sovereignty.

A winning three-pillar business model

ESI has historically been an EPC contractor and system integrator. More recently, the group has also launched an independent energy production business on its own behalf. By entering the IPP segment, ESI aims to generate recurrent, high-margin revenue streams and build a portfolio of energy-producing assets supported by long-term PPAs. A 20 MWp pipeline is already under development.

Identified competitive advantages

With a cornerstone shareholder (Innovatec Group), leading partnerships, a solid customer base, and a well-structured team, ESI bodes well to capture a growing share of a rapidly expanding market. Over the last few months, the group has also shown a strong newsflow and has greatly accelerated its commercial activity with an order book of €24m to date.

What's next ?

With a valuation that does not reflect the potential for improvement in the group's fundamentals, the stock offers an attractive entry point for any investor seeking exposure to the best players in Italy's energy transition. After a difficult start in the stock market, all the conditions are now gathered for the company to enter a phase of sustainable and profitable growth.

ESI SpA: History and activities

25 years of history at the heart of renewable energy

ESI SpA was established in 2018 following the carve-out of the renewable energy division of Work System S.r.l., an Italian engineering and construction company founded in 2002. Headquartered in Rome, the group operates across the renewable energy value chain as an EPC contractor, system integrator, and now as an Independent Power Producer (IPP). ESI is headquartered in Rome.

Drawing on nearly 25 years of accumulated operational and engineering know-how, ESI focuses on multiple segments of the renewable power market, including: large-scale PV (>1 MW), storage, equipment and ancillary works (BOP), storage, off-grid power plants, hybrid solutions, and mini-grids in rural areas.

Development history

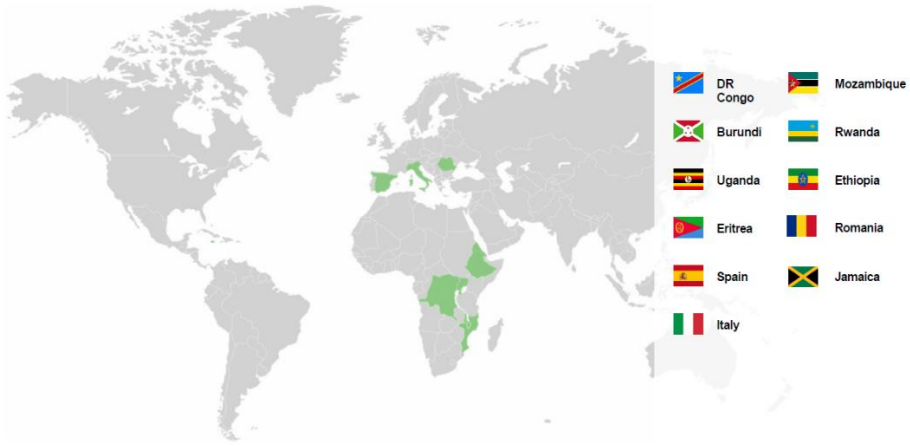
2002	Foundation of Work System Srl (WS) by Riccardo Di Pietrogiacomo, a company operating in the construction sector.
2009	Start of photovoltaic development. WS then operates as a subcontractor in the construction of plants
2015	Award of the first two international tenders, in Romania and Eritrea (2 MWp)
2016	Award of the first tender as an EPC contractor
2017	Arrival of Stefano Plocco and launch of the System Integration (SI) business
2018	Spin-off of the renewables division, which becomes Work System Integrator Srl (WSI)
2020	WSI becomes ESI S.p.A / IPO on Euronext Growth Milan, raising €3 million
2022	Innovatec Group becomes a major shareholder. Innovatec is a holding company specialized in energy efficiency and environmental sustainability. Launch of a strategic partnership
2025	Start of the Independent Power Producer (IPP) activity.

Sources: Company, Euroland Corporate

EPC (on behalf of third parties) and system integration activities are the group's traditional core businesses. The activity of selling energy on its own behalf and owning assets (IPP) was launched in early 2025.

Since its creation, ESI has built up a solid track record and has already completed more than 50 projects around the world, particularly in Italy, the group's traditional geographical area, but also in Africa. The group thus has a strong international presence.

An international presence



Sources: Company, Euroland Corporate

Management and shareholding

ESI's management team is organized around four key figures:

Riccardo Di Petrogiacomo – founder and co-CEO
Founder of Work System Srl in 2002, Riccardo Di Pietrogiacomo is also the company's co-CEO. He was previously a project manager at Omicron and has extensive experience in the construction and renewable energy sectors, first as a manager and then as an entrepreneur.

Stefano Plocco – Founder and Co-CEO
A mechanical engineer by training, Stefano Plocco held various management positions (2012-2025 Enertonica, 2015-2016 Innovatec) before joining Work System Srl as managing director in 2016. He has extensive experience in the renewable energy sector, both in Italy and internationally.

Felice Egidi – Chairman of the Board of Directors (independent)
An aeronautical engineer by training, Felice Egidi has been Chairman of the Board of Directors of ESI Spa since June 2021. He has had a long career with various energy companies (Edison, Endesa, Enel). In particular, he was Director of Public Affairs at Enel from 2015 to 2020.

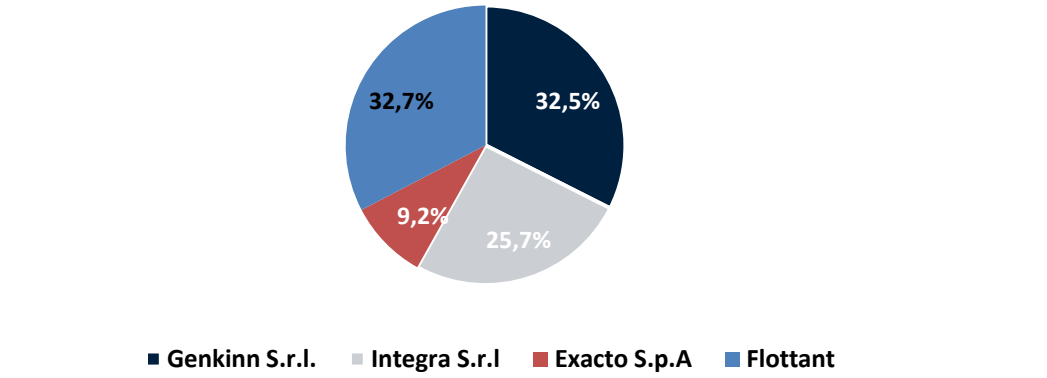
Manuela Verdecchia – Chief Financial Officer
Chief Financial Officer since July 2024, Manuela Verdecchia began her career at one of the world's leading audit firms before joining ESI in 2020 and actively contributing to the company's success.

ESI benefits from a stable shareholder base, supportive of the company's long-term development. The two founders still hold 25.7% of the capital through their holding structure Integra Srl.

ESI's majority shareholder is Innovatec Spa, via the holding company Genkinn Srl, which holds 32.5% of the capital. The company, which is listed and specializes in energy efficiency and environmental sustainability, acquired a stake in the group in July 2022 following a partial sale by the founders. This transaction (€6.5m in total, of which €3.5m was paid in cash and the balance through a equity swap) was carried out as part of an industrial and strategic partnership between Innovatec and ESI. Prior to this transaction, Integra held a majority stake of 55.8% in ESI.

The shareholder structure is completed by the free float (32.7%) and a minority stake held by Exacto SpA (9.2%), the holding company of Renergetica, a key renewable developer in Italy, which invested at the time of the company's IPO in 2020.

ESI Shareholders

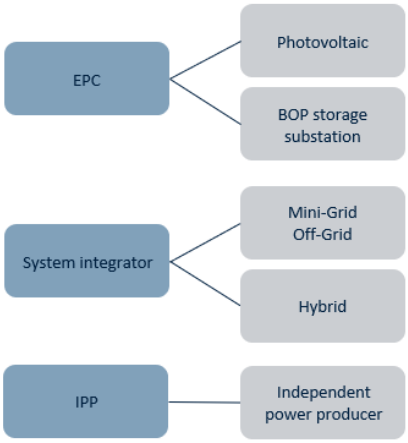


Sources: Company, Euroland Corporate

A three-pillar business model

ESI's business model relies on three complementary pillars within the renewable energy value chain, especially in the solar PV segment: EPC contracting, system integration, and independent power production (IPP).

ESI's business model and activities

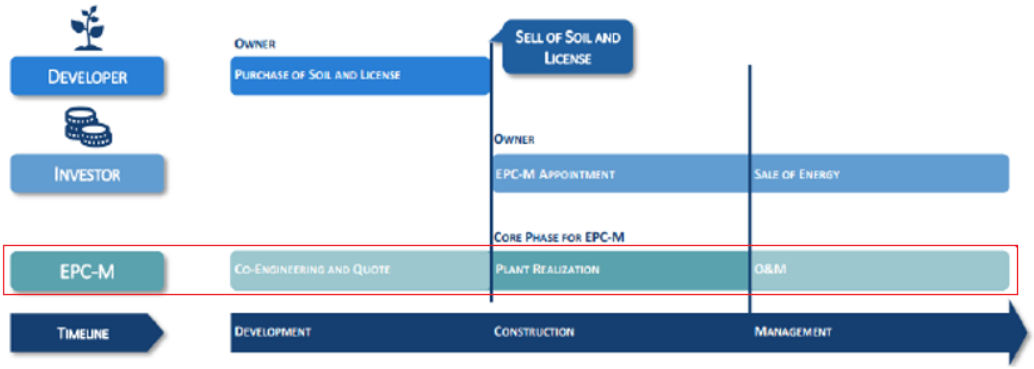


Sources: Company, Euroland Corporate

EPC activity

The EPC division is the group's historic core business and remains its main revenue driver. Through this segment, ESI provides turnkey project delivery, covering engineering, procurement, and complete installation of utility-scale PV plants (>1 MW). EPC contractors play a central, structuring role in the successful execution of renewable assets.

The role of EPC in a photovoltaic project



Sources: Comal, Euroland Corporate

This division is organized into two sub-segments :

1/ Photovoltaic EPC Services, which includes:

- EPC services, including:
  - Turnkey design and construction of large-scale PV power plants using different technologies
  - The revamping of existing units to improve performance and extend the life of power plants

2/ The construction of ancillary works (known as BOP, or Balance Of Plant) and substations, which include (particularly for wind power in this case):

- Civil engineering
- Laying underground cables for electrical connections
- The construction of control rooms and foundations for high-voltage installations

ESI covers all five phases of a renewable project's execution lifecycle — from bid selection through commissioning — ensuring full control over quality, timing, and cost structure.

The EPC model

Sources: Company, Euroland Corporate

1/ Development
During this phase, ESI management selects relevant calls for tenders based on its ability to respond to them and the potential margin to be achieved. ESI then develops the project best suited to the needs of the off-taker (the customer), both technically and economically, while incorporating the regulatory constraints and technical specificities of the site.

2/ Financial viability
ESI ensures the financial viability of the project by drawing up a monthly financing plan for the work. Once the contract has been signed, ESI is able to provide detailed cash flow projections for the project.

3/ Engineering
ESI has an in-house team of engineers specializing in the design of civil, electrical, and mechanical works, who are responsible for all technical aspects of the project design.

4/ Contract and procurement
After the preparatory phase, ESI has all the information it needs to define the various CAPEX for the project and place the first orders with suppliers according to the client's expectations.

5/ Construction

The project construction phase can then begin. It is handled entirely by ESI's teams.

Since its IPO, ESI has completed around 20 projects through its EPC business, with an installed capacity exceeding 233 MWp. A further 44 MWp is also under construction. The group also has a 24m order book (see below), which provides clear revenue visibility for the coming quarters.

Below, we show one of the group's major achievements, the Cumiana solar power plant in the Turin region. The plant was commissioned in April 2025 (10 MWp).

Cumiania farm (10 MWp)

Sources: Company, Euroland Corporate

The system integrator activity

The group's second BU focuses on system integration. Launched in 2017 with the arrival of Stefano Plocco, this division mainly designs and builds energy production and management facilities in environments where the electricity grid is either non-existent or unreliable.

In this field, ESI develops mini-grids and off-grid networks to guarantee access to electricity in areas that are sometimes remote or isolated. This activity is developed in Italy, but also in Africa, where ESI contributes on its own scale to the electrification of the continent. These projects involve high technical complexity and strategic importance, often delivering higher margins compared to standard EPC. This segment also strengthens ESI's international credibility, differentiating it from purely domestic competitors.

The group is also working on hybrid solutions (combining renewable energy production and fuel generators) and storage system, which are essential for frequency regulation and load management on medium and high-voltage lines.

The implementation of a system integration project involves five different stages, all of which are covered by ESI.

The system integrator model

Sources: Company, Euroland Corporate

1/ Call for tenders
During the tendering phase, the customer selects potential system integrators.

2/ Partnership
During the technical offer definition phase, ESI carefully selects its technology partners (control system, batteries, conversion system) in order to develop the best possible combination.

3/ Engineering
The engineering phase is essential. It is during this phase that the integration between the various components of the system is tested and refined.

4/ Contract and procurement
After the preparatory phase, ESI has all the information it needs to define the various CAPEX for the project and place the first orders with suppliers based on the customer's expectations.

5/ Construction
The complete integration of all components is carried out directly on site by the group during the construction phase.

As a system integrator, ESI has completed around fifteen projects, mostly in Africa (Mozambique, Uganda, Ethiopia, etc.). These system represent a total installed capacity of 1.7 MWp. Below is an example of a mini-grid built in the Democratic Republic of Congo in 2018 (100 kWp).

Idjwi Island, minigrid, DRC – 100 kWp

Sources: Company, Euroland Corporate

IPP activity: ownership of production assets

Launched in 2025, the IPP (Independent Power Producer) activity enables ESI to develop, build, and operate PV power plants on its own behalf. There are many advantages to becoming an operator: no contractual restrictions, greater flexibility in managing construction time, and cost savings on projects.

Above all, owning renewable energy production assets enables the group to increase its vertical integration, achieve significantly higher (and more stable) margins than those of its historical activities, generate significant cash flows, and integrate recurrence into its revenue mix through the signing of long-term PPAs for the sale of electricity.

A PPA (Power Purchase Agreement) is a long-term contract whereby a producer, most often from renewable energy sources such as solar or wind power, undertakes to sell its production to a buyer, whether a consumer company or an energy supplier.

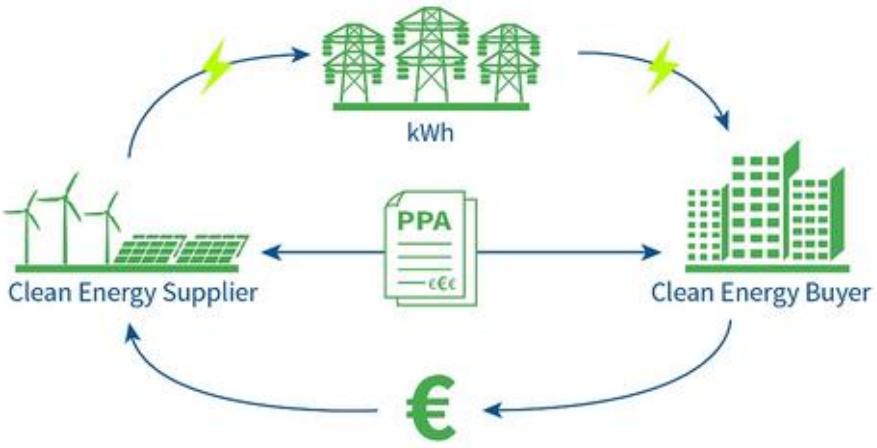
The term of the agreement is generally between ten and twenty years, which allows the producer to secure predictable revenues and the buyer to benefit from visibility on its energy costs. The price can be fixed in advance, indexed to an index, or structured according to different terms, ensuring a certain degree of stability in the face of market volatility.

These contracts can take a physical form, where electricity is delivered directly to the buyer, or a virtual or financial form, where flows pass through the market and the parties exchange the difference between the agreed price and the observed price.

In both cases, there is a dual benefit: for the producer, the PPA facilitates the financing of facilities thanks to the predictability of cash flows, while for the buyer, it provides protection against market fluctuations while contributing to their decarbonization and environmental responsibility objectives.

Beyond the bilateral relationship, PPAs play a structuring role for the entire electricity system, as they enable the deployment of renewable energies without resorting to public subsidies.

Simplified operation of a Power Purchase Agreement (PPA)



Sources: Société, Euroland Corporate

In March 2025, ESI completed the acquisition of its first SPV (special purpose vehicle), La Cava, for the construction of a 3 MW PV power plant in the province of Viterbo, Italy. The group spent €3m on the transaction. The group's own projects will be financed using leverage structure that is very standard in the industry, namely 30% equity and 70% debt on average.

ESI has ambitious goals in this area, with the company mentioning a program of 20 MW of proprietary PV capacity in the medium term. These projects are currently under development.

A proven business model and renowned customers

The market in which ESI operates functions in two primary ways: direct offers submitted to private clients, and public tenders initiated by institutional entities or large international energy companies.

Private clients consist mainly of investment funds and non-profit organizations (NGOs / ONLUS). Over the years, ESI has built a solid network of relationships with these stakeholders. When a client identifies a project opportunity, it directly contacts ESI, requesting an initial technical and economic assessment.

This preliminary assessment is usually followed by a site visit and, subsequently, by the client's own evaluation of project profitability. Only after these steps does the final offer request take place, initiating commercial negotiations. In the specific case of NGOs, the process is reversed: funding is secured first, then the purchase order is formalized.

Public clients follow a different dynamic. They mainly consist of ministerial bodies, at national or international level, tasked with promoting and supporting investment in the energy sector. Opportunities are monitored by the Tender Office, which uses specialized platforms, local partners, and consulting firms.

When a tender is identified and the technical specifications (RFP) are made available, ESI performs a comprehensive assessment of the target country and of the contractual framework. If this analysis is favorable, the team prepares the entire file—administrative, economic, and technical—which will be submitted to the contracting authority, which then conducts an overall assessment of the elements presented.

Finally, multinationals constitute a third segment, bringing together major operators in the renewable energy sector, such as Enel Green Power. Access to this market requires prior qualification : the company must demonstrate its capabilities in specific segments (photovoltaics, wind, storage) and obtain the necessary certifications in each country where it intends to operate. Once the qualification is obtained and the invitation to bid is issued, the group is then eligible to prepare and submit a tender response.

ESI has a solid track record and impressive references with clients such as Edison, Iberdrola, and Shell. These references attest to the reliability and quality of the group's offerings and execution.

Overview of ESI's clients

Sources: Company, Euroland Corporate

A booming market

A substantial market opportunity

The market environment in which ESI operates is undergoing profound structural change, driven by the European energy transition and the climate commitments made by Member States. Italy, in particular, is at the heart of this dynamic, with ambitious decarbonization targets and a historical dependence on fossil fuel imports that accentuates the need for rapid development of renewable energies.

A favorable European regulatory framework...

At the European Union level, in 2022 the Commission presented the REPowerEU plan, a strategic initiative aimed at reducing the continent's dependence on Russian gas, in a context marked by the energy crisis following the war in Ukraine. This program is not limited to a short-term response: it also aims to accelerate the transition to a more sustainable energy model by massively increasing the use of renewable energies and improving energy efficiency.

This initiative complements the Fit for 55 legislative package (2021), a cornerstone of the European Green Deal, which targets a 55% reduction in net greenhouse gas emissions by 2030 compared to 1990 levels. To achieve this, the EU is planning a significant expansion of renewable energy capacity, aiming for renewables to represent 42.5% of gross final energy consumption by 2030.

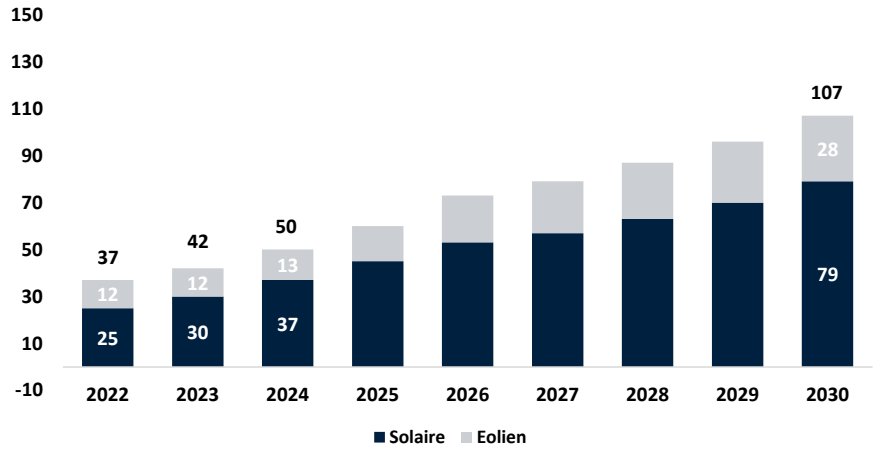
Reaching this target implies an unprecedented acceleration in the deployment of renewable capacity. According to multiple reference studies, installed capacity would need to reach approximately 600 GW of solar PV and 500 GW of wind by 2030 across Europe, illustrating both the scale of the required investments and the expected pace of deployment.

... As well as its implementation in Italy

In this context, Italy has embarked on a profound transformation of its energy system, driven both by favorable European directives and by major natural assets—notably abundant sunshine—which are strongly stimulating the deployment of renewables as a whole, and photovoltaics in particular.

Under the impetus of the PNIEC (Piano Nazionale Integrato Energia e Clima) plan, the public authorities have set themselves a similar ambition to that of Europe, with two major objectives for 2030: a 33% reduction in GHG levels (vs. 2005) and a 55% share of renewables in final energy consumption. To achieve these targets, installed solar and wind capacity should reach 107 GW by 2030, compared with 50 GW in 2024 (CAGR +13.5%), with stronger growth for photovoltaics due to the country's characteristics.

Renewable capacity projections in Italy, 2022-2030e



Sources: Terna, ANIE Rinnovabili

According to recent data (August 2025), installed photovoltaic capacity exceeded 40 GW at the end of the half-year, including all sizes of power plants (large-scale and residential). Market growth is being driven in particular by regulatory incentives such as FER X, under which the Italian government has auctioned several GW of renewable capacity at guaranteed electricity prices for 20 years.

Although temporary, these incentives nevertheless demonstrate the government's strong commitment to developing the country's renewable production capacity.

Number of PV units and installed capacity by region, H1 2025

	Regioni	Numero impianti totale
1	Lombardia	326.586
2	Veneto	274.699
3	Emilia-Romagna	198.003
4	Lazio	141.210
5	Sicilia	136.511
6	Piemonte	134.729
7	Puglia	119.183
8	Toscana	107.436
9	Campania	93.371
10	Friuli-Venezia Giulia	82.443
11	Sardegna	72.089
12	Marche	61.898
13	Calabria	59.922
14	Trentino-Alto Adige	53.162
15	Abruzzo	50.103
16	Umbria	39.367
17	Basilicata	24.451
18	Liguria	21.927
19	Molise	9.405
20	Valle d'Aosta	4.561
	Totale complessivo	**2.011.056**

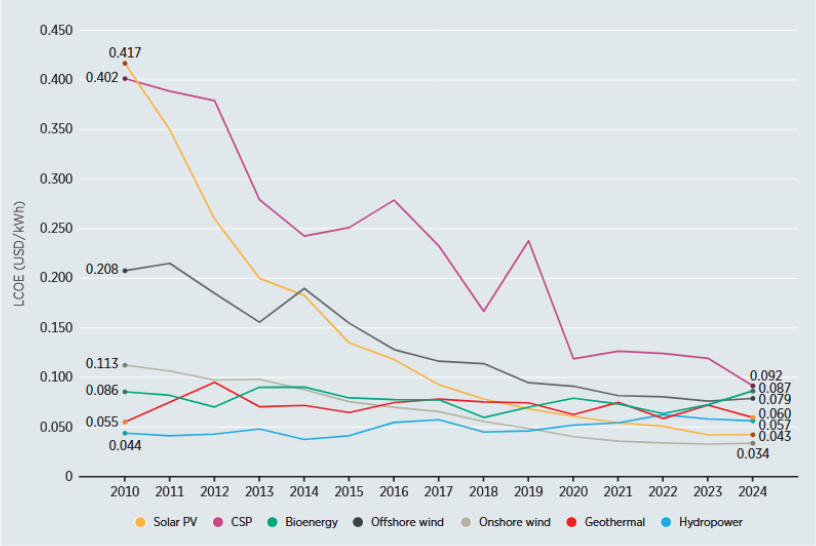
	Regioni	Potenza (MW) totale
1	Lombardia	5.419
2	Veneto	4.055
3	Puglia	3.912
4	Emilia-Romagna	3.855
5	Lazio	3.787
6	Piemonte	3.407
7	Sicilia	2.915
8	Sardegna	1.912
9	Campania	1.695
10	Marche	1.609
11	Toscana	1.588
12	Friuli-Venezia Giulia	1.317
13	Abruzzo	1.211
14	Calabria	904
15	Trentino-Alto Adige	857
16	Umbria	781
17	Basilicata	630
18	Molise	274
19	Liguria	261
20	Valle d'Aosta	42
	Totale complessivo	**40.430**

Source: Italia Solare

The competitiveness of solar energy in Italy is boosting the sector's economic appeal for green electricity producers. According to IRENA, the levelized cost of electricity

(LCOE) for (large-scale) solar projects worldwide fell below $45/MWh in Europe in 2024, compared with over $400/MWh in 2010.

LCOE by production source worldwide, 2010-2024



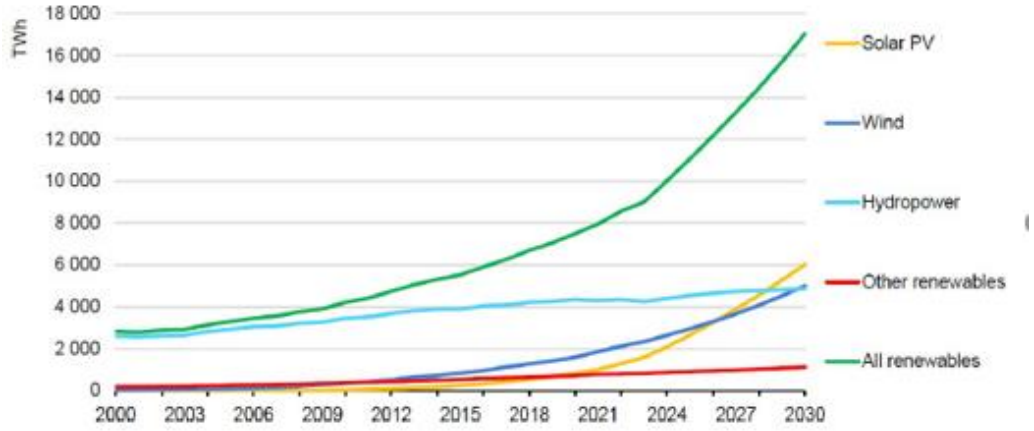
Source: IRENA

In Italy, favorable natural conditions, coupled with a drastic reduction in equipment costs, rapid industry-wide scaling, and a marked decline in long-term capital costs, have enabled the country to achieve an even greater reduction in LCOE (-87% between 2010 and 2024 according to IRENA) than the rest of the world.

Beyond Italy, where ESI is most active, global energy markets are also undergoing a rapid transition, particularly in emerging economies where renewable adoption is increasingly seen as a cost-competitive alternative to fossil fuels. While not all regions of the world are at the same stage of development, and therefore do not have the same needs in terms of energy production development, there is nevertheless a consensus on the predominant role of renewable energies.

This consensus was notably reflected in the COP 28 agreements in 2023, which resulted in two main objectives: tripling the installed capacity of renewables and doubling energy efficiency. This corresponds to installing an additional 7,000 GW (based on 2023 figures) worldwide by 2030. If this highly theoretical target is achieved, renewable energy sources should account for 46% of the global electricity production mix. This trend should naturally benefit ESI.

Global electricity production by energy source



Source: IEA

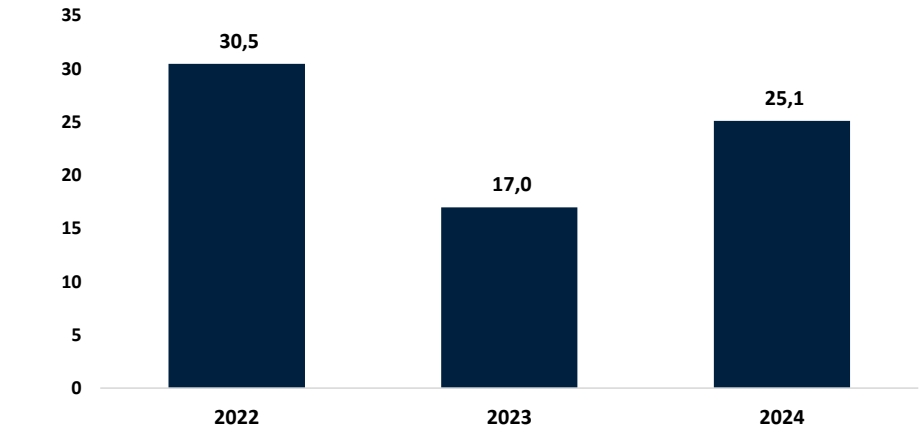
Financials and outlook

Overview of historical accounts

We present ESI's historical financial information for the last three years of activity, as previous financial years are less significant. Between 2022 and 2024, ESI generated revenues (defined as the Value Of Production under Italian standards, i.e., the sum of recognized turnover, work in progress, and other income) ranging from €15m to just over €30m.

This instability reflects the group's business model, which has historically been based on the completion of EPC projects, the number and size of which can vary quite significantly from one year to the next.

ESI revenue, 2022-2024 (€m)



Sources: company, Euroland Corporate

The income statement mirrors this pattern. ESI generated positive EBITDA profitability in 2022 and 2024, although the 2023 financial year was negative. The latter was marked in particular by a slowdown in commercial momentum, but also by a unfavorable macroeconomic conditions, including raw material inflation and cost increases, which were not immediately passed through to clients.

Last year, after an excellent financial year dominated by EPC activities (10 EPC projects delivered, 3 SI projects and 1 revamping project), the group's EBITDA reached €3.0 million for a margin of 12% due to the recognition of more profitable projects, greater selectivity and good overall management.

With controlled investments and debt under control (see below), the bottom line of the company's income statement is fairly clean. In 2024, the group's net income was €1.2 million (a 4.7% net margin).

We show the company's simplified income statement below.

Simplified P&L ESI SpA, 2022-2024 (€m)

Group P&L (€m)	2022	2023	2024
Sales	2,4	32,5	17,5
WIP	27,8	-15,7	7,4
Others	0,4	0,2	0,2
Value Of Production	**30,5**	**17,0**	**25,1**
OPEX	-29,3	-18,6	-22,1
EBITDA	**1,2**	**-1,6**	**3,0**
EBITDA margin (%)	*4,0%*	*-9,3%*	*12,0%*
D&A	-0,5	-0,4	-0,9
% sales	*1,7%*	*2,2%*	*3,8%*
EBIT	**0,7**	**-2,0**	**2,1**
Financial income	-0,7	-0,2	-0,2
One-offs	0,0	0,0	0,0
Taxes	-0,2	0,5	-0,7
Net income	**-0,2**	**-1,7**	**1,2**
Net margin (%)	*-0,7%*	*-10,2%*	*4,7%*

Sources: Company, Euroland Corporate

Looking at the balance sheet, ESI historic activity is not very capital intensive. Fixed assets are mainly tangible, but they represent only about 10% of revenue on average. In terms of working capital requirements, the large inventories typical of an EPC business are mainly financed by accounts payables, especially customer advances.

Typically, while ESI's revenue is recognized on a percentage-of-completion basis, cash receipts follow a very different pattern, with predefined payment milestones.

For EPC activities, the company generally receives a deposit of around 10% of the order amount upon signing the project (against which ESI issues a bond in the form of an insurance guarantee through a bank), then an additional 20% when the equipment and components are ordered, and another 10% when the preliminary project study is completed.

Regarding the system integration activity, the deposit paid by the customer can even be as high as 30%. The majority of the balance of the price for both types of business is generally collected once the structures have been erected, the panels installed, and the civil engineering work completed. Upon delivery of a project, and therefore upon completion of the work, a final payment may be made to ESI, which in turn issues a new warranty bond as a guarantee of the unit's proper performance.

The low capital intensity, combined with working capital financed by customer deposits, allows ESI to have a balance sheet with very limited leverage. At the close of the 2024 financial year, the group was in a positive net cash position (€0.2m), with positive FCF generation over the last two years (€1.4m) despite investment in a new warehouse during the 2024 financial year.

ESI simplified balance sheet, 2022-2024 (€m)

Group balance sheet (€m)	2022	2023	2024
Inventories	32,8	16,4	23,6
Receivables	6,5	3,5	4,5
Payables	34,7	17,6	26,1
Others	-0,9	-0,5	-0,7
Working capital	**3,6**	**1,8**	**1,3**
Fixed assets	2,3	2,2	3,0
Operating assets	**5,9**	**3,9**	**4,3**
Cash	-1,9	-0,6	-2,7
Gross financial debt	4,2	1,6	2,6
Net debt /(net cash)	**2,4**	**0,9**	**-0,1**
Provisions	0,1	0,1	0,3
Equity	3,4	2,9	4,1
Capital Employed	**5,9**	**3,9**	**4,3**

Sources: Company, Euroland Corporate

Financial outlook and estimates

Change in the scope of consolidation in H1 2025

At the end of September, ESI published its 2025 half-year results. For the first time in the group's history, consolidated financial statements were released with the launch of the IPP business, which currently consists of two initial equity investments (51% of ESI Solar in November 2024 and 100% of La Cava) and is wholly owned by ESI SpA, the parent company. These financial statements have no comparable basis.

The group's revenues amounted to €12m, broken down into €7.6m in sales (an EPC contract worth €5.6m and two revamping contracts totaling €2m), €6.8m in work in progress and €1.3m in capitalized production related to the construction of the first power plant owned by La Cava.

Production value on a like-for-like basis increased +1% compared to H1 2024 due to a delay in defining the terms of application of the FER X decree and in launching the first calls for tenders. Some ESI customers adopted a wait-and-see attitude, postponing their investment decisions. This situation had a negative impact on the pace of order intake during the first half of the year.

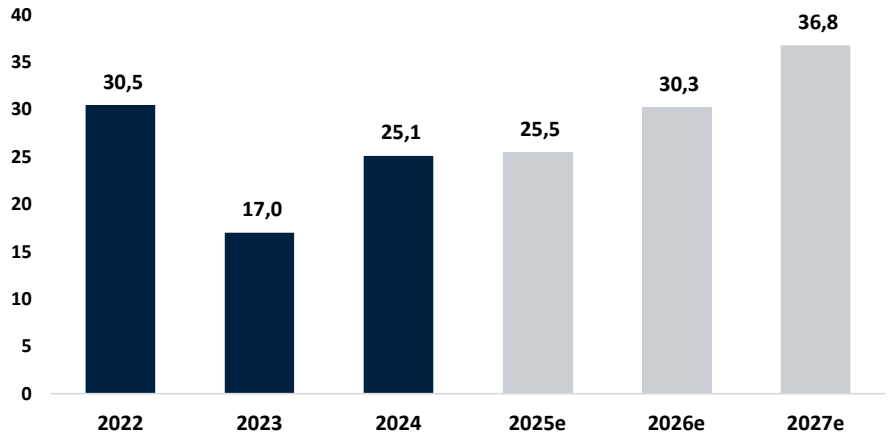
Further down the income statement, consolidated EBITDA came in at €0.7m, a 6% margin, with net income once again positive at €0.2m. On the balance sheet side, the group posted net debt of €0.6m following a new €0.4m financing loan at the parent company level.

Our estimates for 2027

ESI no longer provides quantitative financial guidance. To build our business plan, we based our estimates on our discussions with management and on the forward-looking market data available to us.

In the long term, we believe that ESI has the capacity to slightly outperform market growth due to its excellent execution capabilities, strong commercial relationships, and the gradual ramp-up of its IPP segment. For the 2024-2027e period, we are modeling a CAGR of consolidated revenues (Value Of Production) of +13.6%.

Value Of Production, ESI Group, 2024-2027e, Euroland estimates (€m)



Sources: company, Euroland Corporate

These figures are supported by the following factors:

1/ An **EPC backlog to date of €24m** with renowned customers such as Iberdrola, Delos, and Ansol, supplemented by an IPP pipeline of 20 MWp.

2/ Italy's energy transition market continues to show strong signs of vitality, particularly in the solar sector. According to the latest data from Terna, 42% of the country's electricity production is currently covered by renewable energies. Within this category, solar energy is growing at a much faster rate than the rest (+23% in the first half of the year), confirming the attractiveness of this source, particularly in a country where weather conditions are very favorable for its development.

3/ A particularly dynamic news flow since the beginning of the year, both on the EPC and the IPP, with:

- The granting of an initial €1.7m loan in July to finance the construction of the 3 MWp power plant to be owned by Monterosi (La Cava), followed by a second €1.5m loan at the end of October for the more general financing of the IPP pipeline.
- The signing in July of a turnkey EPC contract with Innovatec Energy for a 4.5 MWp power plant (worth €4.1m), followed by five revamping contracts in the Umbria region, worth a total of €2.9m (6.5 MWp).

- The appointment of ESI as **the reference EPC contractor** in the framework agreement between Innovatec and Altea Green Power. This three-year deal aims to co-develop and implement solar projects, with or without storage system, throughout Italy. The collaboration covers the entire value chain, from design and permitting to construction, management and, where applicable, acquisition of the power plants and storage system by Altea Green Power S.p.A.

4/ A solid track record in the implementation of EPC projects, both in Italy and internationally, with more than 235 MWp installed since 2017.

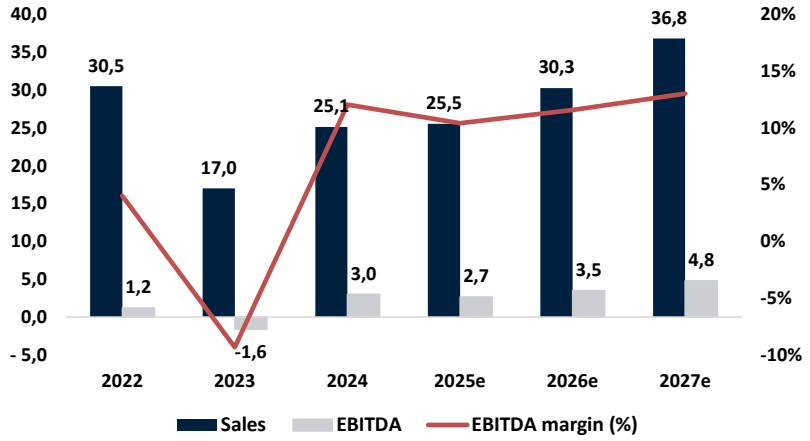
ESI's EPC track record, 2017-2025

COD	Projet	Pays	BU	Puissance (MWp)
2017	Kisobo	Ouganda	SI	0,2
2018	Wolisso	Ethiopie	SI	0,2
2018	Kashara	Congo	SI	0,1
2018	Kisaba	Ouganda	SI	0,1
2018	Rutenderi	Rwanda	SI	0,2
2018	Massawa	Erithrée	SI	0,0
2020	PV - floating	/	SI	0,0
2021	Sa Caseta	Italie	EPC	22
2021	Binatria	Italie	EPC	15,0
2021	Gitaza	Burundi	SI	0,1
2022	Fratta Todina	Italie	EPC	2,0
2022	Mpaca	Mozambique	SI	0,1
2022	Entebbe	Ouganda	SI	0,3
2023	Valenza Gropella	Italie	EPC	4,8
2023	Cascina Lombarda	Italie	EPC	7,0
2023	Cascina Castellana	Italie	EPC	9,1
2023	Cascina Disma	Italie	EPC	6,2
2024	Cascina Sant'Angelo	Italie	EPC	6,0
2024	Cascina Richiesta	Italie	EPC	9,9
2024	Recasolar	Italie	EPC	4,5
2024	Integra 1&2	Italie	EPC	2,0
2024	Curno e Mapello	Italie	EPC	3,1
2024	Keter	Italie	EPC	1,7
2024	BOP BESS	Italie	EPC	50,0
2024	Muite	Mozambique	SI	0,1
2024	Mugulama	Mozambique	SI	0,1
2024	Milhana	Mozambique	SI	0,2
2025	Cumiana	Italie	EPC	10,0
2025	Revampings	Italie	EPC	80,0
			Total	235,0

Sources: company, Euroland Corporate

In terms of profitability, the group's recent decision to focus on higher-quality EPC projects with better margins compared to the past is likely to continue. We believe that by 2027, ESI could expect an EBITDA margin of 13% (€4.8m EBITDA), driven by the combined effect of the delivery of the EPC pipeline and the ramp-up of higher-margin IPP business in the group's mix. This projection implies a +16.5% 2024-2027e CAGR at EBITDA level, slightly above the revenue CAGR.

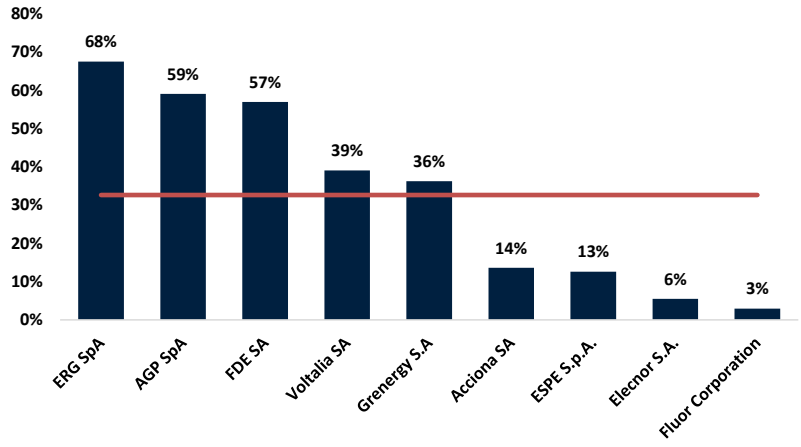
Revenue and EBITDA, ESI Group, 2022-2027e, Euroland estimates (€m)



Sources: company, Euroland Corporate

For reference, the following chart shows the FY1 EBITDA margins expected by consensus on a panel of listed companies whose business model is relatively comparable to that of ESI (development, EPC, producer, etc.). Despite differences in maturity, size, and business mix, which must naturally be taken into account, the expected average EBITDA margin is 33%, well above our projections for ESI.

FY1 EBITDA margin of ESI peers (%)



Sources: Factset, Euroland Corporate

The group's cash generation capacity is likely to change as its IPP business ramps up. While ESI has generated positive FCF over the last two years (€1.4m cumulative) due to low capital intensity and working capital funded by advance payments on EPC contracts, owning and operating assets requires much greater capital requirements. We estimate that over the next three financial years, ESI could invest around €15m in CAPEX in order to achieve its 20 MWp pipeline (€0.8m/MWp, or around €2.5m for each MW of capacity). The group will therefore need to find sources of financing to guarantee its future development.

Given the currently low leverage, we expect priority financing to occur through debt, followed by reinvestment of cash flows from initial IPP assets. ESI could also decide to "farm down" (partial sale) some of its assets to outside investors, without losing operational control of the SPV.

ESI condensed cash flow forecast, 2024-2027e, Euroland estimates (€m)

FCF computation (€m)	2023	2024	2025e	2026e	2027e
CFO	-1,9	2,8	2,0	2,6	3,6
Working capital change	2,5	-0,6	-0,7	-0,8	-1,3
Net cash from operating activities	**0,6**	**2,2**	**1,3**	**1,8**	**2,3**
CAPEX	-0,3	-1,3	-4,3	-5,1	-6,3
FCF	**0,4**	**1,0**	**-3,0**	**-3,3**	**-4,0**
Others	-1,5	1,0	3,3	2,5	2,5
Net change in cash	-1,2	2,0	0,3	-0,8	-1,5
Net debt /(net cash)	**0,9**	**-0,1**	**2,9**	**6,2**	**10,2**

Sources: Company, Euroland Corporate

Valuation and target price

Performance since IPO

Listed since the end of 2020, ESI shares have relatively struggled so far and have underperformed their benchmark.

Share price since IPO vs. FTSE Italia Growth Index, base 100 October 2020

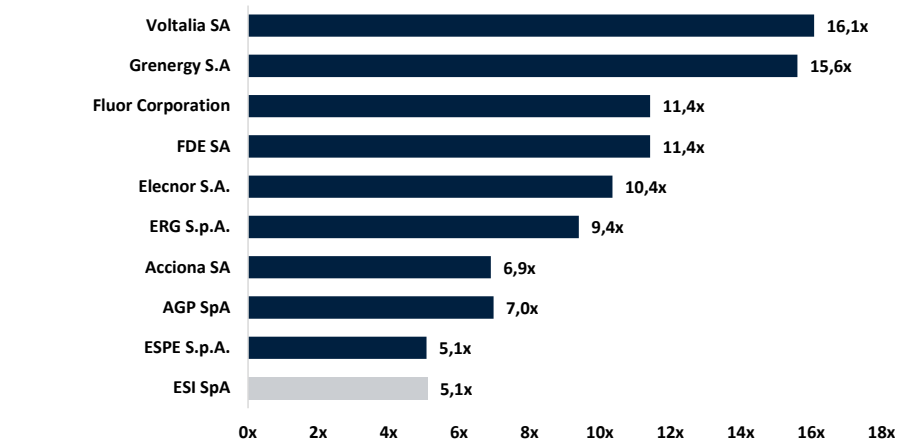
Sources: Factset, Euroland Corporate

We attribute this performance to several factors, including:

- A fairly mixed and volatile operating and financial performance between 2021 and 2023
- A certain instability in the company's top management and key positions, with numerous departures. These issues have now been resolved
- A €1.2m capital increase shortly after the IPO (2022-2023), which led to a significant change in shareholders with the arrival of Innovatec as a key investor
- A relatively low liquidity
- An enthusiasm for "green" stocks which gradually waned after the post-COVID euphoria
- A regulatory environment that has often led to a wait-and-see attitude in the Italian renewable energy market

Despite a very positive newsflow since the beginning of the year and material commercial progress, the stock is down -5% YTD, underperforming its benchmark index, which is up nearly 8%. Based on the Factset consensus, which includes only one broker excluding Euroland, the stock is trading at a significant discount to its peer group, with a 5.1x 2025e EV/EBITDA, compared to 10.4x for its peers average.

EV/EBITDA FY1 ESI vs peers (x)



Sources: Factset, Euroland Corporate

DCF = valuation of €2.2/share

To value the company, we first used the DCF approach, modeled over 10 years. We derive a valuation of €2.2/share using this method. The main DCF assumptions are as follows:

- **Revenue:** We are forecasting a CAGR of +12.4% for 2025-2034e, broadly in line with expected market growth

- **EBITDA margin:** We are assuming a normative EBITDA margin of 15%, which is deliberately conservative, pending the concrete effects of the development of IPP.

- **CAPEX:** We expect CAPEX to average around 15% of revenue over the DCF period to reflect the capital-intensive nature of IPP activities.

- **Tax rate**: 24% (Italian IRES)

- **A WACC of 12%, based on:**

    - A risk-free rate of 3.50% (source: Banque de France as of 12/11/025)
    - A risk premium of 8.50% (source: Damodaran as of 12/11/2025)
    - An unlevered beta of 1.0
    - An infinite growth rate of 2.0%
    - A pre-tax cost of debt of 5.0%
    - A debt weighting of 21.0% of the capital structure

DCF ESI SpA, Euroland (€m)

m€	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e
Revenues	**25,5**	**30,3**	**36,8**	**43,7**	**50,7**	**57,4**	**63,4**	**68,2**	**71,5**	**72,9**
YoY growth (%)	*45,6%*	*18,5%*	*21,6%*	*18,8%*	*16,0%*	*13,2%*	*10,4%*	*7,6%*	*4,8%*	*2,0%*
EBIT	**1,9**	**2,4**	**3,4**	**4,0**	**4,7**	**5,3**	**5,8**	**6,3**	**6,6**	**6,7**
EBIT margin (%)	*7,4%*	*8,1%*	*9,2%*	*9,2%*	*9,2%*	*9,2%*	*9,2%*	*9,2%*	*9,2%*	*9,2%*
- Taxes	-0,4	-0,5	-0,7	-1,0	-1,1	-1,3	-1,4	-1,5	-1,6	-1,6
Tax rate (%)	*24,0%*	*24,0%*	*24,0%*	*24,0%*	*24,0%*	*24,0%*	*24,0%*	*24,0%*	*24,0%*	*24,0%*
+ D&A	0,8	1,1	1,4	7,0	7,7	8,1	8,3	8,3	7,9	10,9
% Sales	*3,0%*	*3,5%*	*3,8%*	*16,1%*	*15,1%*	*14,1%*	*13,1%*	*12,1%*	*11,1%*	*15,0%*
Operational cash flow	**2,3**	**3,0**	**4,1**	**10,1**	**11,2**	**12,1**	**12,8**	**13,0**	**13,0**	**16,0**
Working capital	2,0	2,8	4,1	4,8	5,6	6,3	7,0	7,5	7,9	8,1
% sales	*7,8%*	*9,2%*	*11,0%*	*11,0%*	*11,0%*	*11,0%*	*11,0%*	*11,0%*	*11,0%*	*11,0%*
- working capital change	-0,7	-0,8	-1,3	-0,8	-0,8	-0,7	-0,7	-0,5	-0,4	-0,2
- CAPEX	-4,3	-5,1	-6,3	-7,0	-7,7	-8,1	-8,3	-8,3	-7,9	-10,9
% sales	*16,8%*	*16,9%*	*17,1%*	*16,1%*	*15,1%*	*14,1%*	*13,1%*	*12,1%*	*11,1%*	*15,0%*
Free Cash flow	**-2,7**	**-2,9**	**-3,5**	**2,3**	**2,8**	**3,3**	**3,8**	**4,2**	**4,6**	**5,0**
Discounted Free Cash Flow	**-2,7**	**-2,5**	**-2,7**	**1,6**	**1,7**	**1,8**	**1,9**	**1,9**	**1,8**	**1,7**
Sum of discounted FCFs	4,6									
Discounted terminal value	14,6									
Enterprise Value	**19,1**									
Net debt	2,9									
Financial assets	0,0									
Equity Value	**16,2**									
Number of shares	7,5									
Price/share (€)	**2,2**									

Sources: Company, Euroland Corporate

Below, we present the sensitivity of our valuation to assumptions regarding discount rates, perpetual growth, and normative operating margins.

ESI SpA sensitivity matrices

		Taux de croissance à l'infini				
		1,0%	**1,5%**	**2,0%**	**2,5%**	**3,0%**
WACC	**11,0%**	2,2	2,3	2,4	2,5	2,7
	11,5%	2,1	2,2	2,3	2,4	2,5
	12,0%	1,9	2,0	**2,2**	2,3	2,4
	12,5%	1,8	1,9	2,0	2,2	2,3
	13,0%	1,7	1,8	1,9	2,0	2,2

		Marge opérationnelle				
		8,2%	**8,7%**	**9,2%**	**9,7%**	**10,2%**
WACC	**11,0%**	2,1	2,3	2,4	2,6	2,7
	11,5%	2,0	2,1	2,3	2,4	2,6
	12,0%	1,9	2,0	**2,2**	2,3	2,4
	12,5%	1,8	1,9	2,0	2,2	2,3
	13,0%	1,7	1,8	1,9	2,0	2,2

Sources: Factset, Euroland Corporate

Comparable approach = valuation of €2.8/share

The second method used is the comparables method. We constructed two separate samples to reflect the evolution of ESI's business model from a single EPC contractor to a model combining EPC and IPP. In the first group of comparables, we selected the following companies: Elecnor, ERG, ESPE, Fluor Corporation, and Voltalia. In the second group, we selected Acciona, AGP, FDE, and Grenergy Renovables.

Comparable company approach ESI SpA, Euroland (€m)

		EV/sales			EV/EBITDA			EV/EBIT		
Société	**Market cap (€m)**	**FY1**	**FY2**	**FY3**	**FY1**	**FY2**	**FY3**	**FY1**	**FY2**	**FY3**
Development/EPC										
Elecnor S.A.	2 475	0,6x	0,6x	0,5x	10,4x	9,7x	9,5x	15,6x	14,0x	13,7x
ERG S.p.A.	3 379	6,3x	6,1x	5,8x	9,4x	8,7x	8,4x	17,7x	15,6x	15,2x
ESPE S.p.A.	27	0,6x	0,6x	0,5x	5,1x	3,7x	3,4x	7,4x	4,3x	4,0x
Fluor Corporation	179	6,5x	3,1x	2,6x	11,4x	6,2x	4,6x	15,2x	8,6x	6,0x
Voltalia SA	953	6,3x	5,5x	5,0x	16,1x	13,0x	10,9x	67,7x	27,2x	20,3x
IPP										
Acciona SA	10 884	0,9x	0,9x	0,8x	6,9x	7,1x	6,8x	11,0x	13,5x	12,8x
Altea Green Power S.p.A.	119	4,1x	2,0x	1,8x	7,0x	3,4x	3,1x	7,1x	3,4x	3,1x
La Francaise de l'Energie SA	179	6,5x	3,1x	2,6x	11,4x	6,2x	4,6x	15,2x	8,6x	6,0x
Grenergy Renovables S.A	2 198	5,7x	4,8x	3,2x	15,6x	13,0x	8,8x	19,7x	15,2x	11,0x
Moyenne	**2 265,9**	**4,2x**	**3,0x**	**2,6x**	**10,4x**	**7,9x**	**6,7x**	**19,6x**	**12,3x**	**10,2x**
Médiane	**953,4**	**5,7x**	**3,1x**	**2,6x**	**10,4x**	**7,1x**	**6,8x**	**15,2x**	**13,5x**	**11,0x**

€m		EBITDA			EBIT		
		FY1	**FY2**	**FY3**	**FY1**	**FY2**	**FY3**
ESI SpA		2,7	3,5	4,8	1,9	2,4	3,4
Implied EV - average		27,5	27,6	32,0	37,1	29,9	34,8
Implied EV - median		27,5	24,8	32,7	28,7	32,9	37,4
Implied EV	**31,1**						
Net debt	2,9						
Financial assets	0,0						
Equity value	**28,2**						
Discount	25,0%						
Number of shares	7,5						
Price/share (€)	**2,8**						

Sources: Company, Euroland Corporate

We have only used EV/EBITDA and EV/EBIT multiples to value ESI using comparables. We are showing the revenue multiples for information purposes, but we do not consider them to be sufficiently relevant to be used. We are applying a 25% discount to the equity value obtained to reflect ESI's much smaller size compared to its comparables.

We derive a value per share of €2.8 using this second approach.

€2.5/share, Buy recommendation

The equally weighted average of our two approaches gives a valuation of ESI at €2.5/share, representing upside potential of +66%. The FY2 EV/EBITDA implied by our valuation is 8.9x.

P&L (€m)	2022	2023	2024	2025e	2026e	2027e
Sales	30,5	17,0	25,1	25,5	30,3	36,8
EBITDA	1,2	-1,6	3,0	2,7	3,5	4,8
EBIT	**0,7**	**-2,0**	**2,1**	**1,9**	**2,4**	**3,4**
Operating income	0,7	-2,0	2,1	1,9	2,4	3,4
Net financial income (loss)	-0,7	-0,2	-0,2	-0,3	-0,4	-0,5
Tax	-0,2	0,5	-0,7	-0,4	-0,5	-0,7
Associates	0,0	0,0	0,0	0,0	0,0	0,0
Minorities	0,0	0,0	0,0	0,1	0,2	0,3
Net income, group share	**-0,2**	**-1,7**	**1,2**	**1,1**	**1,3**	**1,9**
Balance sheet (€m)	**2022**	**2023**	**2024**	**2025e**	**2026e**	**2027e**
Non current assets	2,3	2,2	3,0	6,5	10,6	15,5
o/w goodwill	0,0	0,0	0,0	0,0	0,0	0,0
Working capital	3,6	1,8	1,3	2,0	2,8	4,1
Cash and cash equivalents	**1,9**	**0,6**	**2,7**	**3,0**	**2,2**	**0,6**
Equity	3,4	2,9	4,1	5,3	6,8	9,0
Financial debt	4,2	1,6	2,6	5,9	8,4	10,9
Total balance sheet	**43,6**	**23,0**	**34,1**	**38,3**	**46,9**	**57,7**
Cash flow statement (€m)	**2022**	**2023**	**2024**	**2025e**	**2026e**	**2027e**
Cash flow from operations	0,9	-1,9	2,8	2,0	2,6	3,6
Change in working capital	-2,8	2,5	-0,6	-0,7	-0,8	-1,3
Cash flow from operating activities	**-1,9**	**0,6**	**2,2**	**1,3**	**1,8**	**2,3**
CAPEX, net	-0,4	-0,3	-1,2	-4,3	-5,1	-6,3
FCF	**-2,3**	**0,4**	**1,0**	**-3,0**	**-3,3**	**-4,0**
Capital increase	0,0	1,2	0,0	0,0	0,0	0,0
Change in financial debt	2,8	-2,7	1,0	3,3	2,5	2,5
Dividends paid	0,0	0,0	0,0	0,0	0,0	0,0
Cash flow from financing activities	**2,6**	**-1,5**	**1,0**	**3,3**	**2,5**	**2,5**
Change in cash and cash equivalents	0,1	-1,2	2,0	0,3	-0,8	-1,5
Ratios	**2022**	**2023**	**2024**	**2025e**	**2026e**	**2027e**
Sales growth (%)	458,7%	-44,2%	47,7%	1,6%	18,5%	21,6%
EBITDA margin (%)	4,0%	-9,3%	12,0%	10,4%	11,6%	13,0%
EBIT margin (%)	**2,4%**	**-11,5%**	**8,3%**	**7,4%**	**8,1%**	**9,2%**
Operating profit margin (%)	2,4%	-11,5%	8,3%	7,4%	8,1%	9,2%
Net margin (%)	-0,7%	-10,2%	4,7%	4,4%	4,4%	5,1%
CAPEX (% sales)	1,3%	1,5%	5,0%	16,8%	16,9%	17,1%
Working capital (% sales)	11,9%	10,5%	5,1%	7,8%	9,2%	11,0%
ROCE (%)	8,7%	-35,5%	34,8%	15,8%	13,0%	12,4%
ROCE ex GW (%)	**8,7%**	**-35,5%**	**34,8%**	**15,8%**	**13,0%**	**12,4%**
ROE (%)	-6,6%	-59,8%	28,9%	21,5%	20,5%	22,3%
Payout (%)	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Dividend yield (%)	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Leverage ratios	**2022**	**2023**	**2024**	**2025e**	**2026e**	**2027e**
Gearing (%)	**69,7%**	**32,3%**	**-2,4%**	**55,5%**	**91,5%**	**114,1%**
Net debt/EBITDA (x)	2,0	-0,6	0,0	1,1	1,8	2,1
Interest coverage (x)	1,7	7,1	16,7	9,0	8,3	8,8
Valuation	**2022**	**2023**	**2024**	**2025e**	**2026e**	**2027e**
Nb of shares (millions)	7,0	7,5	7,5	7,5	7,5	7,5
Average nb of shares (millions)	7,0	7,5	7,5	7,5	7,5	7,5
Price (annual average, €)	2,0	2,0	1,7	1,5	1,5	1,5
Average market capitalization (€m)	14,0	15,1	12,4	11,3	11,3	11,3
(2) Net debt (+)/ Net cash (-)	2,4	0,9	-0,1	2,9	6,2	10,2
(3) Value of minorities	0,0	0,0	0,0	0,1	0,3	0,6
(4) Value of financial assets	0,0	0,0	0,0	0,0	0,0	0,0
EV = (1)+(2)+(3)-(4)	16,4	16,1	12,3	14,3	17,8	22,1
EV/sales	**0,5x**	**0,9x**	**0,5x**	**0,6x**	**0,6x**	**0,6x**
EV/EBITDA	13,4x	ns	4,1x	5,4x	5,1x	4,6x
EV/EBIT	**22,9x**	**ns**	**5,9x**	**7,6x**	**7,3x**	**6,5x**
P/E	ns	ns	10,6x	10,1x	8,4x	6,1x
P/B	4,1x	5,2x	3,1x	2,1x	1,7x	1,3x
P/CF	ns	23,8x	5,6x	8,9x	6,3x	4,9x
FCF yield (%)	**ns**	**2,3%**	**7,8%**	**ns**	**ns**	**ns**
Per share data (€)	**2022**	**2023**	**2024**	**2025**	**2026**	**2027e**
EPS (reported)	0,0	-0,2	0,2	0,1	0,2	0,2
Book value	**0,5**	**0,4**	**0,5**	**0,7**	**0,9**	**1,2**
Dividend	0,0	0,0	0,0	0,0	0,0	0,0

Recommendation system:

EuroLand Corporate's recommendations cover the next twelve months and are defined as follows:

Buy: Upside potential of more than 15% in absolute terms compared to the current price, combined with strong fundamentals.
Accumulate: Upside potential of between 0% and 15% in absolute terms relative to the current price.
Neutral: Absolute upside potential of between -5% and +5% relative to the current price.
Reduce: Downside potential of the stock between 0% and 15% in absolute terms relative to the current price.
Sell: Downside potential of the stock greater than 15% in absolute terms relative to the current price, excessive valuation.
Under review: The recommendation is under review due to a capital transaction (takeover bid/public exchange offer/capital increase, etc.), a change of analyst, or a temporary conflict of interest between Euroland Corporate and the issuer.

Recommendation history:
Buy: Since 12/11/2025
Accumulate: (-)
Neutral: (-)
Reduce: (-)
Sell: (-)
Under review: (-)

Valuation methods:
This document may refer to valuation methods, which are summarized as follows:

1/ Stock market comparison method: the valuation multiples of the company being valued are compared to those of a sample of companies in the same sector or with a similar financial profile. The sample average establishes a valuation benchmark, to which the analyst adds any discounts or premiums resulting from their perception of the specific characteristics of the company being valued (legal status, growth prospects, profitability level, etc.).

2/ NAV method: Net Asset Value is an assessment of the market value of a company's balance sheet assets using the method that the analyst considers most appropriate.

3/ Sum-of-the-parts method: the sum-of-the-parts method consists of valuing a company's activities separately using methods appropriate to each of these activities and then adding them together.

4/ DCF method: the discounted cash flow method consists of determining the present value of the cash that a company will generate in the future. Cash flow projections are established by the analyst based on his assumptions and modeling. The discount rate used is the weighted average cost of capital, which represents the cost of the company's debt and the theoretical cost of equity estimated by the analyst, weighted by the weight of each of these two components in the company's financing.

5/ Transaction multiples method: this method consists of applying to the company being valued the multiples observed in transactions already carried out on comparable companies.

6/ Dividend discount method: this method consists of establishing the present value of the dividends that will be received by a company's shareholders, based on a dividend projection made by the analyst and a discount rate deemed relevant (generally the theoretical cost of equity).

7/ EVA method: The Economic Value Added method consists of determining the annual increase in profitability generated by a company on its assets in relation to its cost of capital (a difference also referred to as "value creation"). This excess profitability is then discounted for future years at a rate corresponding to the weighted average cost of capital, and the result is added to the net book value.

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