



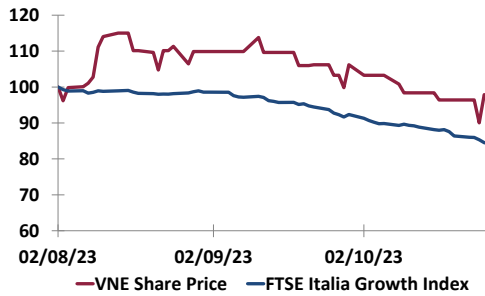
## On track, some sales shifting to H2, working on larger customers and new products

### OUTPERFORM

Current Share Price (€): 3.90

Target Price (€): 5.29

#### VNE - Performance since IPO



Source: S&P Capital IQ - Note: 02/08/2023 (IPO offer price)=100

#### Company data

ISIN number	IT0005556110
Bloomberg code	VNE IM
Reuters code	VNE.MI
Industry	Manufacturing
Stock market	Euronext Growth Milan
Share Price (€)	3.90
Date of Price	27/10/2023
Shares Outstanding (m)	3.1
Market Cap (€m)	12.1
Market Float (%)	24.4%
Daily Volume	1,050
Avg Daily Volume since IPO	1,660
Target Price (€)	5.29
Upside (%)	36%
Recommendation	OUTPERFORM

#### Share price performance

	IPO	1M
VNE - Absolute (%)	-4%	-8%
FTSE Italia Growth Index (%)	-16%	-9%
IPO Range H/L (€)	4.70	3.68
IPO Change (€) / %	-0.18	-4%

Source: S&P Capital IQ

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#### Trading update

Since the IPO, VNE share price traded in the range €3.68-4.70, recording -4% vs the IPO offer price of €4.08, with the FTSE Italia Growth index losing 16% in the same period.

#### H1 2023: on track, with some sales shifting to H2

VNE consolidated sales were €6.3m, with sales of machines €4.1m, maintenance and services €1.6m and machine rentals €0.6m. H1 2023 accounts consolidate the results of the wholly owned subsidiaries VNE Renting and VNE Services and that for this reason no comparison is available on economics, while, on balance sheet, 2022PF figures assume consolidation since beginning of the year. According to management, H1 results (less than 40% of our 2023E sales estimate) suffered supply chain delays which led to reschedule some orders to Q4 and also delays in field tests with certain new customers, mainly food retail chains. Cost of materials and components was in the region of 50% of sales, services and personnel around 20% of sales each, other operating costs below 10%. Services include €0.4m for marketing and trade fairs. EBITDA was €0.2m, 3% of sales; adjusted of IPO costs it would be €0.5m, 8% of sales. Net loss of €(0.7)m. Inventory increased by 14% vs 2022PF year-end, while trade receivables improved by 20%, Trade Working Capital decreased to €8.3m from €9.8m as of FY22 (-15%). Net financial debt was €4.7m, stable compared to €4.8m as of year-end 2022PF.

#### Business update: entering a new market segment, working on product portfolio expansion

Main achievements after IPO include the award of a tender for sales and maintenance of bus ticket machines in Spain (Granada), worth €1.3m, and five contracts for ca. 140 machines (50% direct sale, 50% renting), overall worth €0.5m. In addition, six new machines for the retail market have completed the testing phase and have been added to the product portfolio since last September.

#### Estimates finetuning

According to management, since most of industry trade fairs occur in the first months of the year, historically there is a concentration of orders delivery and sales in the second half of the year. However, we are adjusting 2023E top-line to prudentially reflect the delivery reschedule, together with factoring in of operating costs and TWC based on H1 signals.

#### Target Price €5.29 per share, from €5.77, OUTPERFORM rating confirmed

With updated estimates and valuation, we assign a target price of €5.29 to VNE, from €5.77, 36% upside potential on current share price, implying a 2023E EV/Sales of 1.2x, while VNE is trading at 0.9x. We confirm the OUTPERFORM rating on the stock.

KEY FINANCIALS AND ESTIMATES (€m)	2020	2021	2022PF	2023E	2024E	2025E
Sales	8.4	8.8	14.6	15.5	20.7	25.4
EBITDA	2.1	1.5	2.3	2.5	4.7	5.9
Margin	24.4%	17.4%	15.8%	15.8%	22.8%	23.3%
EBIT	0.4	0.4	0.8	0.5	2.2	2.8
Margin	4.3%	4.4%	5.2%	3.0%	10.4%	11.2%
Net Income (Loss)	0.2	0.0	(0.0)	0.2	1.4	1.9
Trade Working Capital	9.9	8.8	9.8	9.7	13.0	14.2
Net (Debt) Cash	(4.7)	(5.3)	(4.8)	(1.5)	(2.9)	(1.1)
Equity	11.2	11.4	13.3	16.6	18.1	20.0
KEY RATIOS AND MULTIPLES	2020	2021	2022PF	2023E	2024E	2025E
Net Debt/EBITDA	2.5x	3.5x	2.1x	0.6x	0.6x	0.2x
EV/Sales	na	na	na	0.9x	0.7x	0.5x
EV/EBITDA	na	na	na	5.6x	2.9x	2.3x

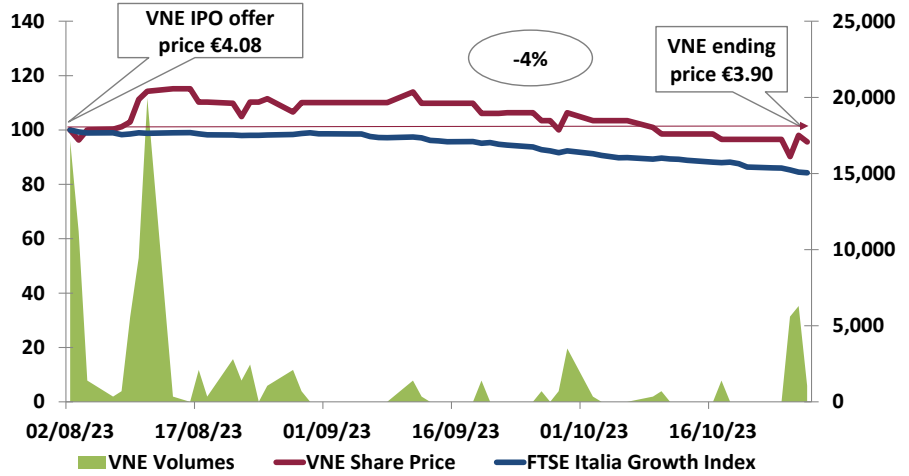
Source: Company data 2020-22PF, EnVent Research 2023-25E

## Market update

### VNE - Share price performance and trading volumes since IPO

Trading price range €3.68-4.70 per share

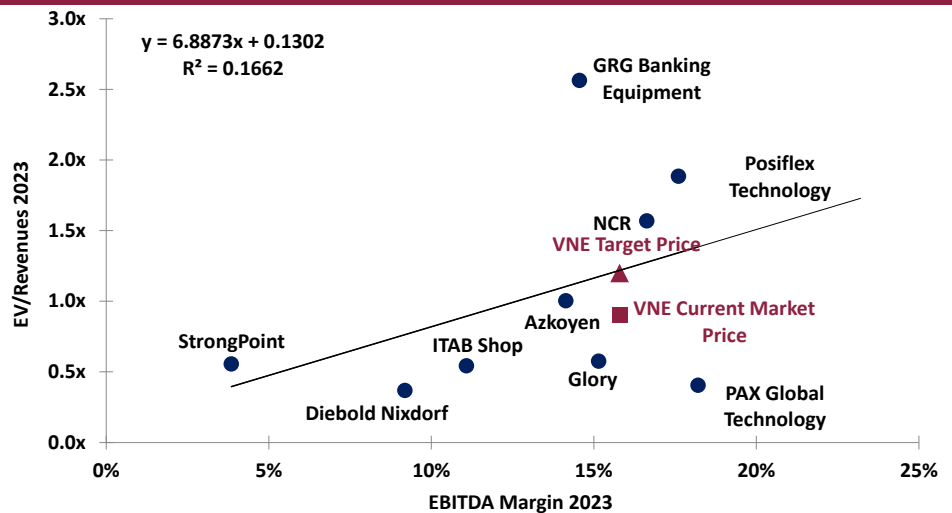
-4% for VNE since IPO, vs -16% of the Italia Growth Index in the same period



Source: EnVent Research on S&P Capital IQ - Note: 02/08/2023 (IPO offer price)=100

### Peer group - Regression analysis and VNE target positioning

Low correlation within the group



Source: EnVent Research on S&P Capital IQ, October 2023

## Investment case

Customizable self-checkout machines specialist

Bringing tech to physical stores

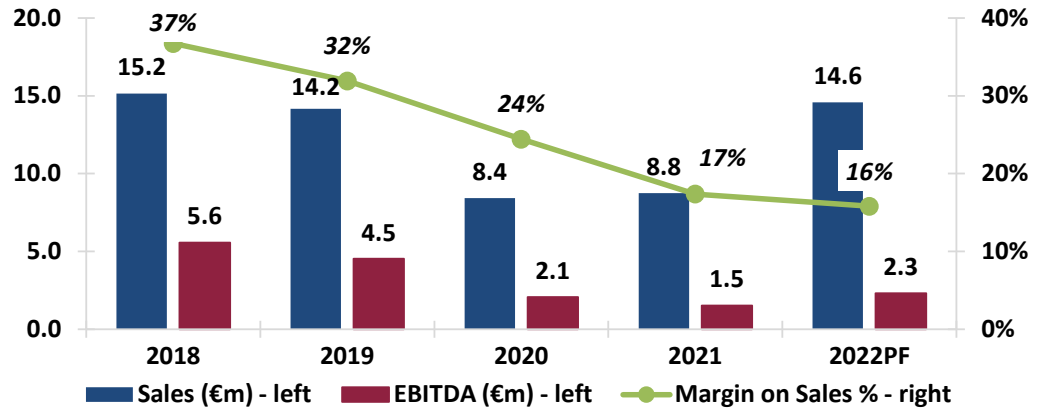
VNE SpA is an Italian producer of self-checkout automated machines for cash and digital payment transactions in physical points of sale. Self-checkouts, installed at merchants' premises, deliver payment services through interaction with a centralized multiservice IT platform owned and operated by VNE. In addition, self-checkouts automatically interface with merchants' operation systems providing data and analytics. End-markets are commercial enterprises with contact with public and visiting customers, like stores, retailers and chains in various industry segments, willing to use digitalization to evolve into *smart phygital* premises, to offer an improved customer experience and more efficient points of sale management.

**Strategy: leveraging on service offer, quality and reputation to enter additional market segments**

VNE key strategy pillars:

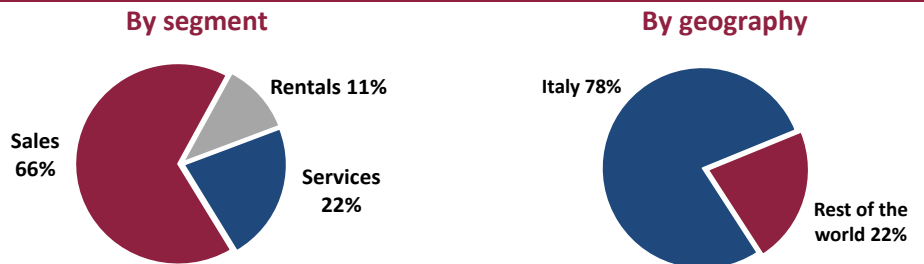
- Geographies expansion, targeting new markets in Europe and overseas
- Extension of distributors network and new partnerships in the retail segment
- R&D and marketing investments
- Acquisition of technology and know-how

**Historical Sales and EBITDA**



Source: EnVent Research on Company data - Notes: 2018-21 aggregated figures; 2022PF assumes the consolidation of VNE, VNE Renting and VNE Service since beginning of year

**Sales breakdown, FY22**



Source: Company data

**Drivers**

**Industry drivers**

**Self-checkouts driven by digitalization, benefits both for consumers and retailers.** Global self-checkout systems are driven by digitalization, automation and technology advancements, as crucial transformative factors across many sectors. Increased automation in physical commerce is spreading the use of self-checkout systems in shop operations. Digital transformation puts consumers first and helps them shop faster and easier, while retailers optimize the efficiency of processes and employees. Real-time data support monitoring stocks and sales movements, helping to anticipate changes and make proactive business decisions.

**Nowadays emotional buying experience implies *phygital* stores.** Apart from very basic food and utility goods, most goods and services offer a wide variety of options and prices, which per se implies a role played by emotional and personality factors when deciding a purchase. In turn this means that physical stores, the places where interactions are possible, are essential and cannot be substituted by e-commerce, over a certain extent. Equally, technology must be part of the equation, since the people entering a physical store do not want to give up advantages and opportunities of the digital environment they are used to live in.

**Self-checkout machines keep up with evolution of payment methods.** The evolution of payment methods such as cash, cards, mobile wallet and QR, offering simple and fast ways for end-customers to buy and pay, requires continuous update of support by self-checkout machines. The evolving market needs imply focus shifting from product quality to service-oriented software and customization.

***Platform-as-a-service* interfacing management system is what everyone will be compelled to bring in.** Industry segment enterprise software, network analytics, customer relationship management and others are the core info tools to monitor and manage a business. The self-checkout systems are a serious opportunity to speed up operations and information at the same time. Sooner or later nearly all stores and commercial networks will be compelled to bring in their own management and data collecting systems. As soon as a pioneering portion of competitors in any industry segment will adopt system interfaced self-checkout platforms-as-a-service, most others will run to follow.

**Saving of resources and time.** Solutions for the speed up of checkout times offers to both store owners and consumers significant savings in terms of resources and time. Lower cost of dedicated checkout staff for retailers and reduction of human errors/thefts complete the picture of benefits for store owners. Moreover, consumers may be provided with a full array of options, like self-exploration or staff attendance, use of cash or digital payment, traditional or self-checkout, whichever would be their preference.

### **Company drivers**

**Superior service, a smart business model.** A major VNE competitive claim is leverage on connectivity to offer a unique combination of monitoring and analytics features to the users of its machines. The partnership agreements established with major providers of enterprise management software systems designed, tailored and updated to fill the needs of a wide variety of independent retailers or specialized networks, are the foundation of a higher quality and reliability perception of VNE versus most competitors. VNE positioning is summarized by the equation: higher service-higher reliability-higher pricing-higher customer value.

**Customization, aptitude and skills.** Design and development abilities, product quality and timeliness of delivery are essential requirements for serving large customers. VNE's ability to identify and meet customer requirements through a wide choice of machines configurations and interface with operational software is proof of servicing capabilities.

**Renting, *product-as-a-service*.** Core proposition is the combination of devices rental with own platform and maintenance, which means selling services and outcomes their products can provide: for a fixed monthly fee VNE customers can access an integrated ecosystem of payments services. The concept of *product-as-a-service* is a way to boost both customers and VNE profitability, improve customer engagement and design customized solutions diversified by industry or industry segment.

**Visibility of revenues.** Both machines sales and rentals are associated with recurring revenues from ongoing fees for IT and maintenance services, providing a clear view on mid-term revenue and profitability.

**Flexible business model based on teamwork and partnerships with customers.** VNE business model relies on R&D and new product development, also in partnership with larger corporate customers, meeting their automation and analytics service needs.

**In-house design, development, innovation and manufacturing.** VNE leads the full production process, from conceptual design to assembly. R&D, innovation and new product development are at the core of VNE business model.

**On site immediate assistance as a safety measure for customer business.** VNE products are designed and equipped to monitor the product remotely and apply predictive analytics to the captured data to identify and address functioning problems, whose purpose is to provide customers with a timely technical support by selected distributors in any served country as after sale service. Assistance is a major reliability factor, which would in itself be a purchase decision catalyst, given that a machine failure or malfunctioning may cause immediate disturbance or damages on the customer operation flow and thus reputation.

**International network prepares for further expansion.** 22% of VNE revenues were generated outside Italy, mainly in UK, Spain and France. Selection of technically skilled distributors, in proximity of local customers, is part of VNE efforts to provide a superior service.

**Platform scalability.** The flexibility and adaptability of the platform allows machines to be brought to market through relatively limited promotional efforts. As already done in the UK, Spain and France, other geographies are at reach after identification of the key partners. The modular nature of the platform facilitates customization according to different kinds of customer requirements or operational software.

**Relationships with selected B2B and B2C customers.** In an industry where up-to-date technology content, reliability, technical support and responsive customer service are key competitive factors, fast growing market penetration proves that VNE has competitive advantages among competitors.

### Challenges

**Keep up the market pace and international exposure.** The effort to design, maintain or introduce innovations in the marketplace and enter developing and emerging markets could introduce different competitive requirements and imply material investments.

**Intensity of competition.** VNE operates in an intensely competitive technology industry niche, which like most other industry segments is facing rapidly changing technologies, innovations, evolving standards, frequent new product introductions, price and cost reduction. The diffusion of cashless, other payment services and automated shopping may intensify competition from other technology companies.

**Global and powerful competitors.** VNE has a smaller size than other global digital players: external competitive pressures, such as consolidation and entry of new competitors and technologies into the present market and geographies could challenge the actual and target market shares.

**Digital payments channels proliferation.** The proliferation of new payment technologies and channels, or other new payment method preferences by consumers, could reduce the general population's need or demand for cash and negatively impact VNE products transaction volumes in the future.

**Cybersecurity protection and impact.** VNE services in facilitating money transactions, give access, collect and transmit data of customers and end-users. Intrusion, theft or other breaches could result in unauthorized access harming the security of these data, which could result in claims, costs and reputational harm.

### Business update after IPO

- Award of a tender for sales and maintenance of bus ticket machines in Spain (Granada), worth €1.3m
- Five new contracts for ca. 140 machines (50% direct sale, 50% renting), overall worth €0.5m
- Six new machines for the retail market have completed the testing phase and have been added to the product portfolio since last September

## H1 2023 results

### Consolidated Profit and Loss

€m	H1 2023
Sales	6.3
Other income	0.2
<b>Revenues</b>	<b>6.5</b>
COGS	(2.9)
<b>Gross profit</b>	<b>3.6</b>
<i>Margin on Sales</i>	<i>54.9%</i>
Services	(1.2)
Personnel	(1.4)
Other operating costs	(0.5)
Operating charges	(3.0)
<b>Adjusted EBITDA</b>	<b>0.5</b>
<i>Margin on Sales</i>	<i>8.2%</i>
Non-recurring items	(0.4)
<b>EBITDA</b>	<b>0.2</b>
<i>Margin on Sales</i>	<i>2.6%</i>
D&A	(0.7)
<b>EBIT</b>	<b>(0.5)</b>
<i>Margin on Sales</i>	<i>-8.3%</i>
Interest	(0.1)
<b>EBT</b>	<b>(0.7)</b>
<i>Margin on Sales</i>	<i>-10.2%</i>
Income taxes	(0.0)
<b>Net Income (Loss)</b>	<b>(0.7)</b>
<i>Margin on Sales</i>	<i>-10.8%</i>

Source: Company data - Note: H1 2023 accounts consolidate the results of the wholly owned subsidiaries VNE Renting and VNE Services

### Consolidated Balance Sheet

€m	2022PF	H1 2023
Inventory	3.3	3.8
Trade receivables	11.0	8.7
Trade payables	(4.5)	(4.2)
Trade Working Capital	9.8	8.3
Other assets (liabilities)	1.0	1.9
<b>Net Working Capital</b>	<b>10.8</b>	<b>10.2</b>
Goodwill and other intangible assets	4.9	4.6
Property, plant and equipment	2.2	1.9
Equity investments and financial assets	1.0	1.0
<b>Non-current assets</b>	<b>8.0</b>	<b>7.5</b>
<b>Provisions</b>	<b>(0.7)</b>	<b>(0.6)</b>
<b>Net Invested Capital</b>	<b>18.1</b>	<b>17.2</b>
Bank debt	9.7	9.3
Cash and equivalents	(5.0)	(4.6)
<b>Net Debt (Cash)</b>	<b>4.8</b>	<b>4.7</b>
<b>Equity</b>	<b>13.3</b>	<b>12.4</b>
<b>Sources</b>	<b>18.1</b>	<b>17.2</b>

Source: Company data - Note: 2022PF assumes the consolidation of VNE, VNE Renting and VNE Services since beginning of year

### Consolidated Cash Flow

€m	H1 2023
<b>EBIT</b>	<b>(0.5)</b>
Current taxes	(0.0)
D&A	0.7
Provisions	(0.1)
<b>Cash flow from P&amp;L operations</b>	<b>0.0</b>
Trade Working Capital	1.5
Other assets and liabilities	(0.9)
Capex	(0.3)
<b>Operating cash flow after WC and capex</b>	<b>0.3</b>
Interest	(0.1)
Changes in equity and adjustments	(0.1)
<b>Net cash flow</b>	<b>0.0</b>
Net (Debt) Cash - Beginning	(4.8)
Net (Debt) Cash - End	(4.7)
<b>Change in Net (Debt) Cash</b>	<b>0.0</b>

Source: Company data

### Ratio analysis

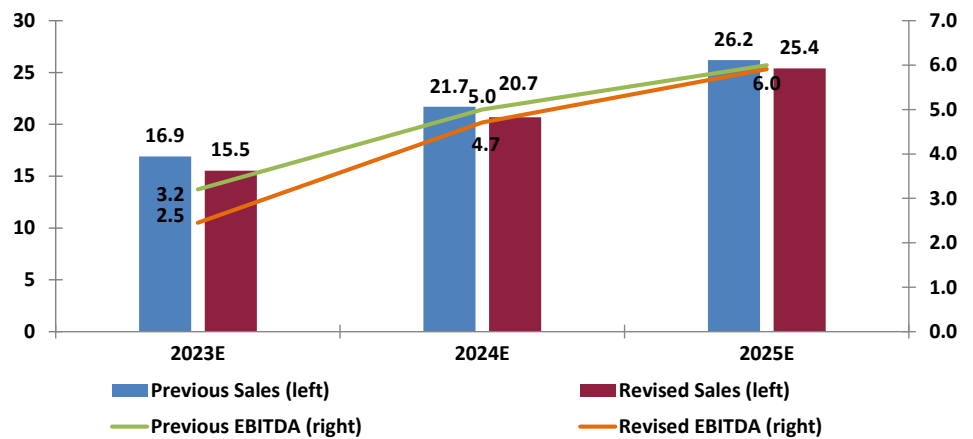
KPIs	H1 2023
ROE	neg
ROS	neg
ROIC	neg
DOI	119
DSO	205
DPO	136
TWC/Sales	66%
NWC/Sales	81%
Capex/Sales	4%
Net Debt/EBITDA	4.6x
Net Debt/Equity	0.4x
Cash flow from P&L operations/EBITDA	23%
FCF/EBITDA	193%

## Estimates revision

According to management, since most of industry trade fairs occur in the first months of the year, historically there is a concentration of orders delivery and sales in the second half of the year. We are adjusting 2023E top-line to prudentially reflect the delivery reschedule. We have factored in operating costs and trade working capital dynamics from H1 indications.

## Change in estimates

**Previous vs Revised Revenues and EBITDA estimates (€m)**



Source: EnVent Research

€m	Revised			Previous			Change %		
	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
<b>Sales</b>	15.5	20.7	25.4	16.9	21.7	26.2	-8%	-5%	-3%
<b>Revenues</b>	16.6	22.7	27.0	18.5	23.3	28.0	-10%	-3%	-4%
<b>EBITDA</b>	2.5	4.7	5.9	3.2	5.0	6.0	-23%	-6%	-2%
<i>Margin on Sales</i>	16%	23%	23%	19%	23%	23%			
<b>EBIT</b>	0.5	2.2	2.8	1.2	2.4	3.0	-61%	-10%	-5%
<i>Margin on Sales</i>	3%	10%	11%	7%	11%	11%			
<b>Net Income (Loss)</b>	0.2	1.4	1.9	0.8	1.6	2.0	-71%	-10%	-3%
<b>Net (Debt) Cash</b>	(1.5)	(2.9)	(1.1)	(1.0)	(0.4)	0.3			

Source: EnVent Research



## Financial projections

### Consolidated Profit and Loss

€m	2020	2021	2022PF	2023E	2024E	2025E
<b>Sales</b>	<b>8.4</b>	<b>8.8</b>	<b>14.6</b>	<b>15.5</b>	<b>20.7</b>	<b>25.4</b>
Change in inventory	(0.2)	0.5	(0.5)	0.5	1.2	0.8
Other income	0.5	0.9	1.1	0.5	0.8	0.8
<b>Revenues</b>	<b>8.7</b>	<b>10.2</b>	<b>15.2</b>	<b>16.6</b>	<b>22.7</b>	<b>27.0</b>
YoY %	-44.0%	16.8%	48.6%	9.4%	36.8%	19.0%
COGS	(2.8)	(4.3)	(7.4)	(8.2)	(11.3)	(13.1)
<b>Gross profit</b>	<b>6.0</b>	<b>5.9</b>	<b>7.8</b>	<b>8.4</b>	<b>11.4</b>	<b>13.9</b>
<i>Margin on Sales</i>	70.8%	67.2%	53.5%	54.2%	55.1%	54.9%
Services	(1.7)	(1.6)	(2.2)	(2.4)	(2.6)	(2.9)
Personnel	(1.5)	(1.7)	(2.1)	(2.7)	(3.3)	(3.9)
Other operating costs	(0.7)	(1.0)	(1.2)	(0.9)	(0.8)	(1.2)
Operating charges	(3.9)	(4.4)	(5.5)	(6.0)	(6.7)	(8.0)
<b>Adjusted EBITDA</b>	<b>2.1</b>	<b>1.5</b>	<b>2.3</b>	<b>2.5</b>	<b>4.7</b>	<b>5.9</b>
<i>Margin on Sales</i>	24.4%	17.4%	15.8%	15.8%	22.8%	23.3%
Non-recurring items	(0.1)	0.0	(0.0)	0.0	0.0	0.0
<b>EBITDA</b>	<b>1.9</b>	<b>1.5</b>	<b>2.3</b>	<b>2.5</b>	<b>4.7</b>	<b>5.9</b>
<i>Margin on Sales</i>	22.7%	17.4%	15.5%	15.8%	22.8%	23.3%
D&A	(1.5)	(1.1)	(1.5)	(2.0)	(2.6)	(3.1)
<b>EBIT</b>	<b>0.4</b>	<b>0.4</b>	<b>0.8</b>	<b>0.5</b>	<b>2.2</b>	<b>2.8</b>
<i>Margin on Sales</i>	4.3%	4.4%	5.2%	3.0%	10.4%	11.2%
Interest	(0.1)	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)
Write-down of equity investments and receivables	0.0	0.0	(0.5)	0.0	0.0	0.0
<b>EBT</b>	<b>0.2</b>	<b>0.3</b>	<b>0.1</b>	<b>0.3</b>	<b>2.0</b>	<b>2.7</b>
<i>Margin on Sales</i>	2.9%	3.9%	0.8%	2.1%	9.7%	10.6%
Income taxes	(0.1)	(0.3)	(0.2)	(0.1)	(0.6)	(0.8)
<b>Net Income (Loss)</b>	<b>0.2</b>	<b>0.0</b>	<b>(0.0)</b>	<b>0.2</b>	<b>1.4</b>	<b>1.9</b>
<i>Margin on Sales</i>	1.9%	0.6%	-0.3%	1.5%	7.0%	7.6%

Source: Company data 2020-22PF, EnVent Research 2023-25E - Notes: 2020-21 aggregated figures; 2022PF assumes the consolidation of VNE, VNE Renting and VNE Services since beginning of year; Write-down of trade receivables are included in other operating costs, before EBITDA, as per international practice standards

### Consolidated Balance Sheet

€m	2020	2021	2022PF	2023E	2024E	2025E
Inventory	1.8	2.6	3.3	3.8	5.1	5.9
Trade receivables	10.7	10.2	11.0	10.4	13.8	15.3
Trade payables	(2.6)	(4.0)	(4.5)	(4.6)	(5.9)	(6.9)
Trade Working Capital	9.9	8.8	9.8	9.7	13.0	14.2
Other assets (liabilities)	0.9	1.7	1.0	0.8	1.1	1.3
<b>Net Working Capital</b>	<b>10.7</b>	<b>10.5</b>	<b>10.8</b>	<b>10.5</b>	<b>14.1</b>	<b>15.6</b>
Goodwill and other intangible assets	3.6	3.5	4.9	5.2	5.0	4.7
Property, plant and equipment	2.3	2.8	2.2	2.3	1.9	1.0
Equity investments and financial assets	0.0	0.5	1.0	1.0	1.0	1.0
<b>Non-current assets</b>	<b>5.9</b>	<b>6.8</b>	<b>8.0</b>	<b>8.5</b>	<b>7.8</b>	<b>6.7</b>
<b>Provisions</b>	<b>(0.7)</b>	<b>(0.7)</b>	<b>(0.7)</b>	<b>(0.9)</b>	<b>(1.0)</b>	<b>(1.2)</b>
<b>Net Invested Capital</b>	<b>16.0</b>	<b>16.7</b>	<b>18.1</b>	<b>18.1</b>	<b>20.9</b>	<b>21.1</b>
<b>Net Debt (Cash)</b>	<b>4.7</b>	<b>5.3</b>	<b>4.8</b>	<b>1.5</b>	<b>2.9</b>	<b>1.1</b>
<b>Equity</b>	<b>11.2</b>	<b>11.4</b>	<b>13.3</b>	<b>16.6</b>	<b>18.1</b>	<b>20.0</b>
<b>Sources</b>	<b>16.0</b>	<b>16.7</b>	<b>18.1</b>	<b>18.1</b>	<b>20.9</b>	<b>21.1</b>

Source: Company data 2020-22PF, EnVent Research 2023-25E - Notes: 2020-21 aggregated figures; 2022PF assumes the consolidation of VNE, VNE Renting and VNE Services since beginning of year

## Consolidated Cash Flow

€m	2021	2022PF	2023E	2024E	2025E
<b>EBIT</b>	<b>0.4</b>	<b>0.8</b>	<b>0.5</b>	<b>2.2</b>	<b>2.8</b>
Current taxes	(0.3)	(0.2)	(0.1)	(0.6)	(0.8)
D&A	1.1	1.5	2.0	2.6	3.1
Provisions	0.0	0.0	0.2	0.1	0.2
<b>Cash flow from P&amp;L operations</b>	<b>1.2</b>	<b>2.1</b>	<b>2.5</b>	<b>4.3</b>	<b>5.3</b>
Trade Working Capital	1.0	(0.9)	0.1	(3.3)	(1.3)
Other assets and liabilities	(0.8)	0.7	0.2	(0.3)	(0.2)
Capex	(1.6)	(2.2)	(1.9)	(1.9)	(1.9)
<b>Operating cash flow after WC and capex</b>	<b>(0.1)</b>	<b>(0.3)</b>	<b>0.9</b>	<b>(1.2)</b>	<b>1.9</b>
Interest	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)
Write-down of equity investments and receivables	0.0	(0.5)	0.0	0.0	0.0
Equity investments and financial assets	(0.5)	(0.5)	0.0	0.0	0.0
Paid-in capital	0.0	2.0	0.0	0.0	0.0
Changes in equity and adjustments	0.1	0.0	0.0	0.0	0.0
IPO Proceeds	0.0	0.0	3.1	0.0	0.0
Capex - IPO cost	0.0	0.0	(0.6)	0.0	0.0
<b>Net cash flow</b>	<b>(0.6)</b>	<b>0.5</b>	<b>3.3</b>	<b>(1.4)</b>	<b>1.8</b>
Net Debt (Beginning)	(4.7)	(5.3)	(4.8)	(1.5)	(2.9)
Net Debt (End)	(5.3)	(4.8)	(1.5)	(2.9)	(1.1)
<b>Change in Net Debt (Cash)</b>	<b>(0.6)</b>	<b>0.5</b>	<b>3.3</b>	<b>(1.4)</b>	<b>1.8</b>

Source: Company data 2020-22PF, EnVent Research 2023-25E - Notes: 2020-21 aggregated figures; 2022PF assumes the consolidation of VNE, VNE Renting and VNE Services since beginning of year

## Ratio analysis

KPIs	2020	2021	2022PF	2023E	2024E	2025E
ROE	1%	0%	0%	1%	8%	10%
ROS	4%	4%	5%	3%	10%	11%
ROIC	2%	2%	4%	3%	10%	13%
DOI	117	115	106	100	100	95
DSO	380	349	225	200	200	180
DPO	159	177	127	120	120	120
TWC/Sales	117%	101%	67%	62%	63%	56%
NWC/Sales	127%	120%	74%	67%	68%	61%
Capex/Sales	na	18%	15%	12%	9%	7%
Net Debt/EBITDA	2.5x	3.5x	2.1x	0.6x	0.6x	0.2x
Net Debt/Equity	0.4x	0.5x	0.4x	0.1x	0.2x	0.1x
Cash flow from P&L operations/EBITDA	na	81%	95%	103%	91%	90%
FCF/EBITDA	na	neg	neg	36%	neg	33%

Source: Company data 2020-22PF, EnVent Research 2023-25E - Notes: 2020-21 aggregated figures; 2022PF assumes the consolidation of VNE, VNE Renting and VNE Services since beginning of year

## Valuation

Value drivers:

- Reputation of quality and service capability proven by sustained growth in target markets
- Penetration in key European markets prove competitive advantages of the product-service combination
- Revenue visibility from customers with mid/long-term contracts

The valuation of VNE has been performed through:

- Discounted Cash Flows method applied to our 2023-25E financial projections
- Market multiples

Industry market multiples, mostly from large and diversified corporations, might be misleading as source of valuable indications. As such, we attribute higher significance and weight to fundamentals and thus to DCF methodology-based values.

### Discounted Cash Flows

Updated assumptions:

- Risk free rate: 4.0% (Italian 10-year government bonds interest rate - last 30 days average. Source: Bloomberg, October 2023)
- Market return: 12.5% (last 30 days average. Source: Bloomberg, October 2023)
- Market risk premium: 8.5%
- Beta: 1 (judgmental)
- Cost of equity: 12.5%
- Cost of debt: 6%
- Tax rate: 24% (IRES)
- 30% debt/(debt + equity) as target capital structure
- WACC 10.1%, according to above data
- Perpetual growth rate after explicit projections (G): 3%
- Terminal Value assumes a 17.5% EBITDA margin

### DCF valuation

€m	2020	2021	2022PF	2023E	2024E	2025E	Perpetuity
<b>Revenues</b>	<b>8.7</b>	<b>10.2</b>	<b>15.2</b>	<b>16.6</b>	<b>22.7</b>	<b>27.0</b>	<b>27.8</b>
<b>EBITDA</b>	<b>1.9</b>	<b>1.5</b>	<b>2.3</b>	<b>2.5</b>	<b>4.7</b>	<b>5.9</b>	<b>4.9</b>
<i>Margin on Sales</i>	22.7%	17.4%	15.5%	15.8%	22.8%	23.3%	17.5%
<b>EBIT</b>	<b>0.4</b>	<b>0.4</b>	<b>0.8</b>	<b>0.5</b>	<b>2.2</b>	<b>2.8</b>	<b>2.9</b>
<i>Margin on Sales</i>	4.3%	4.4%	5.2%	3.0%	10.4%	11.2%	10.3%
Taxes	(0.1)	(0.1)	(0.2)	(0.1)	(0.6)	(0.8)	(0.8)
<b>NOPAT</b>	<b>0.3</b>	<b>0.3</b>	<b>0.5</b>	<b>0.3</b>	<b>1.6</b>	<b>2.0</b>	<b>2.1</b>
D&A				2.0	2.6	3.1	2.0
Provisions				0.2	0.1	0.2	0.0
<b>Cash flow from operations</b>				<b>2.5</b>	<b>4.2</b>	<b>5.3</b>	<b>4.1</b>
Trade Working Capital				0.1	(3.3)	(1.3)	(0.5)
Other assets and liabilities				0.2	(0.3)	(0.2)	0.0
Capex				(2.5)	(1.9)	(1.9)	(2.0)
<b>Unlevered free cash flow</b>				<b>0.3</b>	<b>(1.3)</b>	<b>1.9</b>	<b>1.6</b>
<b>- H1 unlevered free cash flow</b>				<b>(0.5)</b>			
<b>Free Cash Flow to be discounted</b>				<b>(0.2)</b>	<b>(1.3)</b>	<b>1.9</b>	<b>1.6</b>
WACC	10.1%						
Long-term growth (G)	3.0%						
<b>Discounted Cash Flows</b>				<b>(0.2)</b>	<b>(1.1)</b>	<b>1.5</b>	
Sum of Discounted Cash Flows	0.2						
<b>Terminal Value</b>							<b>22.8</b>
Discounted TV	17.9						
<b>Enterprise Value</b>	<b>18.1</b>						
Net debt as of 30/06/23	(4.7)						
IPO proceeds	3.1						
<b>Equity Value</b>	<b>16.5</b>						

Source: EnVent Research

DCF - Implied multiples		2022PF	2023E	2024E	2025E
EV/Sales		1.2x	1.2x	0.9x	0.7x
EV/EBITDA		8.0x	7.4x	3.8x	3.1x
EV/EBIT		24.1x	38.2x	8.4x	6.4x
P/E		neg	71.5x	11.4x	8.5x
<b>Discount of current market price vs DCF</b>		<b>-24%</b>			
Current market price - Implied multiples		2022PF	2023E	2024E	2025E
EV/Sales		0.9x	0.9x	0.7x	0.5x
EV/EBITDA		6.1x	5.6x	2.9x	2.3x
EV/EBIT		18.3x	29.1x	6.4x	4.8x
P/E		neg	52.7x	8.4x	6.3x

Source: EnVent Research

### Market multiples

Company	EV/Revenues			EV/EBITDA			EV/EBIT			P/E		
	2022	2023E	2024E	2022	2023E	2024E	2022	2023E	2024E	2022	2023E	2024E
<b>Producers, mostly retail segment</b>												
ITAB Shop	0.5x	0.5x	0.5x	5.8x	4.9x	4.5x	9.7x	8.1x	7.0x	14.1x	8.2x	6.8x
Posiflex Technology	1.5x	1.6x	1.4x	9.6x	9.4x	7.9x	11.7x	12.2x	10.4x	13.6x	19.3x	15.9x
StrongPoint	0.8x	0.6x	0.5x	nm	14.4x	5.5x	nm	nm	8.0x	33.5x	27.6x	7.4x
Azkoyen	1.1x	na	na	7.7x	na	na	8.9x	na	na	10.1x	na	na
Firich Enterprises	3.2x	na	na	nm	na	na	nm	na	na	25.4x	na	na
<b>Mean</b>	<b>1.4x</b>	<b>0.9x</b>	<b>0.8x</b>	<b>7.7x</b>	<b>9.6x</b>	<b>6.0x</b>	<b>10.1x</b>	<b>10.1x</b>	<b>8.5x</b>	<b>19.3x</b>	<b>18.4x</b>	<b>10.0x</b>
<b>Mean w/out extremes</b>	<b>1.1x</b>	<b>0.6x</b>	<b>0.5x</b>	<b>7.7x</b>	<b>9.4x</b>	<b>5.5x</b>	<b>9.7x</b>	<b>na</b>	<b>8.0x</b>	<b>17.7x</b>	<b>19.3x</b>	<b>7.4x</b>
<b>Median</b>	<b>1.1x</b>	<b>0.6x</b>	<b>0.5x</b>	<b>7.7x</b>	<b>9.4x</b>	<b>5.5x</b>	<b>9.7x</b>	<b>10.1x</b>	<b>8.0x</b>	<b>14.1x</b>	<b>19.3x</b>	<b>7.4x</b>
<b>Large and diversified corporations, focus on banking</b>												
NCR	1.1x	1.9x	1.9x	8.5x	10.7x	10.4x	13.6x	na	na	53.6x	na	na
Diebold Nixdorf	0.7x	0.4x	0.4x	17.8x	4.0x	3.3x	nm	4.6x	4.1x	neg	nm	5.5x
Glory	0.7x	0.6x	0.6x	12.9x	3.8x	5.5x	nm	5.3x	8.7x	na	na	na
GRG Banking Equipment	2.4x	2.6x	2.2x	16.5x	17.6x	15.7x	19.5x	15.6x	13.5x	29.8x	na	na
PAX Global Technology	0.5x	0.4x	0.4x	2.9x	2.2x	1.9x	3.0x	2.2x	1.9x	5.8x	4.8x	4.4x
<b>Mean</b>	<b>1.1x</b>	<b>1.2x</b>	<b>1.1x</b>	<b>11.7x</b>	<b>7.7x</b>	<b>7.3x</b>	<b>12.0x</b>	<b>6.9x</b>	<b>7.0x</b>	<b>29.7x</b>	<b>4.8x</b>	<b>5.0x</b>
<b>Mean w/out extremes</b>	<b>0.8x</b>	<b>1.0x</b>	<b>1.0x</b>	<b>12.6x</b>	<b>6.2x</b>	<b>6.4x</b>	<b>13.6x</b>	<b>5.0x</b>	<b>6.4x</b>	<b>29.8x</b>	<b>4.8x</b>	<b>na</b>
<b>Median</b>	<b>0.7x</b>	<b>0.6x</b>	<b>0.6x</b>	<b>12.9x</b>	<b>4.0x</b>	<b>5.5x</b>	<b>13.6x</b>	<b>5.0x</b>	<b>6.4x</b>	<b>29.8x</b>	<b>4.8x</b>	<b>5.0x</b>
<b>VNE</b>	<b>na</b>	<b>0.9x</b>	<b>0.7x</b>	<b>na</b>	<b>5.6x</b>	<b>2.9x</b>	<b>na</b>	<b>29.1x</b>	<b>6.4x</b>	<b>na</b>	<b>52.7x</b>	<b>8.4x</b>

Source: EnVent Research on S&P Capital IQ, 27/10/2023

Despite the low comparability of peers to VNE, for size, business model, sales mix, target industries and applications, we have applied to our 2023-24E projections the multiples of the *Producers* cluster deriving from 2Y analyst consensus.

### Market multiples application

VNE (€m)		Market Multiples	EV	Net debt as of 30/06/23	IPO Proceeds	Equity value
<b>2023E Sales</b>	15.5	0.9x	13.8	(4.7)	3.1	<b>12.2</b>
<b>2024E Sales</b>	20.7	0.8x	16.6	(4.7)	3.1	<b>15.0</b>
Mean			15.2			<b>13.6</b>
<b>2023E EBITDA</b>	2.5	9.6x	23.5	(4.7)	3.1	<b>21.9</b>
<b>2024E EBITDA</b>	4.7	6.0x	28.2	(4.7)	3.1	<b>26.5</b>
Mean			25.8			<b>24.2</b>

Source: EnVent Research

## Target Price

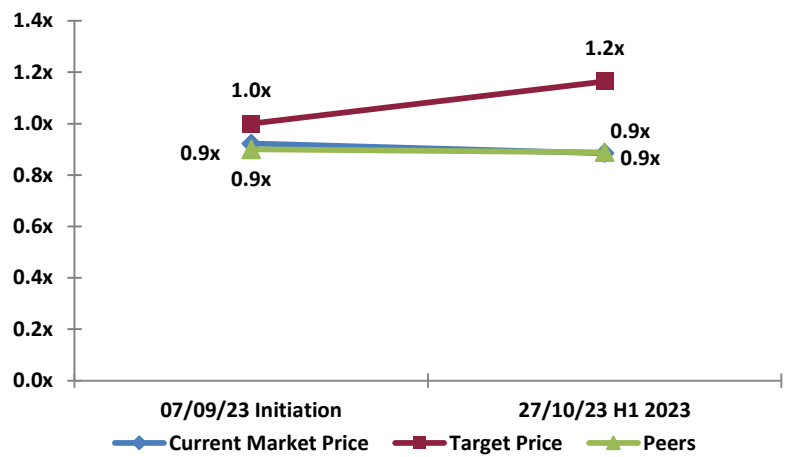
In VNE valuation, we attribute higher significance and weight to fundamentals and thus to DCF methodology-based values. Our updated estimates and valuation yield a target price of €5.29 per share, from €5.77, implying a 36% upside on current stock price. Rating OUTPERFORM confirmed.

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

VNE Price per Share	€
<b>Target Price</b>	<b>5.29</b>
Current Share Price (27/10/2023)	3.90
<b>Premium (Discount)</b>	<b>36%</b>

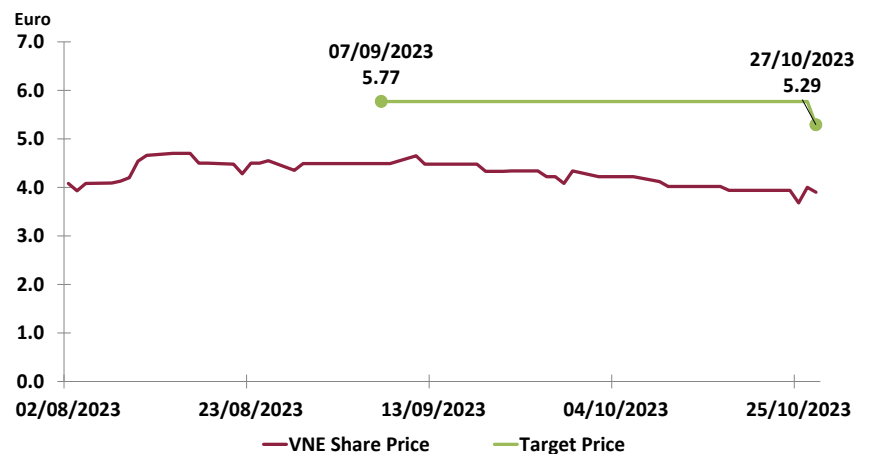
Source: EnVent Research

### Implied EV/Sales vs industry median multiples



Source: EnVent Research on S&P Capital IQ, 27/10/2023

### VNE Share Price vs EnVent Target Price



Source: EnVent Research on S&P Capital IQ, 27/10/2023

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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 are among the least attractive in a peer group, with the target price 10% below the current market price;

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Date and time of Production: 27/10/2023 h. 6.30pm

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#### DETAILS ON STOCK RECOMMENDATION AND TARGET PRICE

Date	Recommendation	Target Price (€)	Share Price (€)
07/09/2023	OUTPERFORM	5.77	4.49
27/10/2023	OUTPERFORM	5.29	3.90

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