Company Update

Rocket: business development towards Sharing

October 27th, 2022, at 19:00

Rocket Sharing Company in a nutshell

Rocket is an innovative Italian start-up mainly active in energy reselling, but also in e-commerce and loyalty programs. Its business model comprises the provision of electricity and gas (Rocket Energy) and an integrated proprietary e-commerce marketplace platform (Rocket Sharing), where users can pay not only their Rocket Energy bill, but also any other type of good or service, while being rewarded thanks to a cashback mechanism on which the platform itself is based. This mechanism creates an incentive for both consumers, who grab some bargains, and merchants/brands which gain online visibility and build customer loyalty, saving on marketing expenses.

On track to Rocket Sharing development

Rocket has recorded a constant growth since its start-up in June 2020, driven by (i) the increase in the cost of energy; (ii) customer base expansion and (iii) higher average consumption per customer. In 2021, revenue stood at €1.9mln compared to €0.4mln in 2020; in 1H22 revenue reached €1.5mln (vs €0.4mln in 1H21) and increased further to €2.6mln in 9M22 from €1mln in 9M21. Starting from 2022, Rocket Sharing proprietary platform for blockchain sharing started its activity and reached 15% of total turnover in 9M22 at €0.38mln. 1H22 EBITDA was still negative by about €0.19mln. At the end of December 2021, Shareholders' equity was €0.45mln, including €0.35mln of share capital, which had been increased for the integration of the Rocket Sharing platform. At the end of June 2022, Shareholders' equity rose further to €3.79mln for the IPO capital increase which brought 4.5mln new shares at €0.8 each. Finally, at the end of June 2022, Net Cash stood at €2.31mln.

Strategic lines and our 2022-2025 estimates

Rocket listed on the EG segment in February. The IPO proceeds will be used for: 1) Rocket Sharing marketplace development 2) Rocket ecosystem development to be connected to Rocket Sharing marketplace even through a block-chain technology, co-branding, and direct partnership agreements to increase the customer base; 3) M&A opportunities (even acquiring similar platforms) to expand its customer base and its geographical presence. We project Rocket Energy to grow its turnover to €3.7mln in 2022 and a 45% 2021-2025 CAGR to €8mln. We expect Rocket Sharing to grow its turnover to €0.54mln in 2022 and a 200% 2021-2025 to €4.6mln, doubling its weight on total revenue to more than 30%. VoP is expected at €4.2mln in 2022 to grow to €12.6mln in 2025. We assume that operating leverage will become effective in 2023 when sales volume will be enough to release positive EBITDA. Net Cash is seen to reach €4.8mln at the end of 2025, assuming no dividend distribution.

Valuation

Given its early-stage, Rocket's projected future cash flows have been based on assumptions with no robust track records. Main risks to our estimates are current macro and geopolitical scenario with high volatility and uncertainty mostly over energy and gas prices. Our DCF led to an equity value of €1/share. Our relative valuation is based on EV/Sales given the embryonic stage of the Company. As the business model comprised two distinctive units, we used a SOTP approach. Rocket Sharing peers show a median EV/Sales 22-23 at 1.3x, whereas Rocket Energy median EV/Sales 22-23 stands at 0.7x. Relative valuation led to an equity value of €0.6/share. We thus set our 12-month target price at €0.8/share and given the significant upside on current stock price, our recommendation is BUY.

Target Price (€)	**0.8**
Recommendation	**BUY**

Key information

Ticker	RKT IM
Reference Industry	Utilities, E-commerce
Stock exchange	Italian Stock Exchange
Reference Index	Euronext Growth Milan
Main Shareholder	Rocket Enterprise ltd
Main Shareholder's stake	0.5401117
Listed comparables	eVISO, Ascopiave, Iren, Hera, A2A, Acea, Edenred, Quotient Tech, Giglio Group, Promotica, Eagle Eye Solutions and Bilendi.

Market Data

Price (€) as of	04/11/22	0.46
Number of shares (mln)		12.5
Market capitalization (€mln)		5.7
Max/Min (€)	1.20	0.30
Average daily volumes		36,000

Financial Highlights

(€mln)	2020	2021	2022E	2023E	2024E
Revenue	**0.4**	**1.9**	**4.2**	**8.4**	**10.4**
yoy change (%)	*n.a.*	*412%*	*125%*	*100%*	*24%*
Rocket Energy	0.4	1.8	3.7	5.3	6.6
Rocket Sharing	0.0	0.1	0.5	3.1	3.8
EBITDA	**0.0**	**(0.1)**	**(0.2)**	**0.6**	**1.8**
margin (%)	*9%*	*-7%*	*-5%*	*7%*	*17%*
Net income	**0.0**	**(0.3)**	**(0.4)**	**0.1**	**0.9**
margin (%)	*2%*	*-16%*	*-10%*	*1%*	*9%*
NFP (cash)	**(0.1)**	**(0.5)**	**(2.5)**	**(2.5)**	**(3.3)**
Sh. Equity	0.5	0.4	3.6	3.7	4.6
NIC	0.4	0.0	1.1	1.3	1.3
NOWC	(0.1)	(0.4)	(0.1)	(0.2)	(0.2)
Capex	0.2	0.3	1.0	0.6	0.6
FCFs	**(0.2)**	**(0.1)**	**(1.6)**	**0.1**	**0.9**

Source: Banca Profilo estimates and elaborations, Company data.

Francesca Sabatini
Head of Equity Research
francesca.sabatini@bancaprofilo.it
+39 02 58408 461

Sales Desk
+39 02 58408 478

Contents

SWOT analysis

STRENGTHS	WEAKNESSES
• Exposure to both traditional and online consumption models • Innovative business model which drives to greater consumption • Energy service customers' low default rate • One-to-one tailored approach to potential energy service clients • Highly scalable business model	• Website and mobile app poor user experience [under development] • Still low customer base • Higher-than-average prices compared to free of charge similar services (Satispay and Tinaba as examples) • Little financial support compared to competitors

OPPORTUNITIES	THREATS
• Change in post-pandemic consumers' habits towards online purchases • Cross-selling opportunities coming from the gradual convergence of Rocket Sharing and Energy customer bases • Opportunities from forward-looking investments in the Blockchain technology	• Increasing competition as Italian energy market liberalization makes progress • Intense regulatory oversight in the Italian energy market with potential adverse regulatory developments • Potential service cannibalization by competitors with larger financial resources and stronger brand awareness • Russia-Ukraine conflict and its consequences in terms of increasing energy and gas prices, inflation and high uncertainty

Historical operating and financial performance

FY2021, 1H22 and 9M22

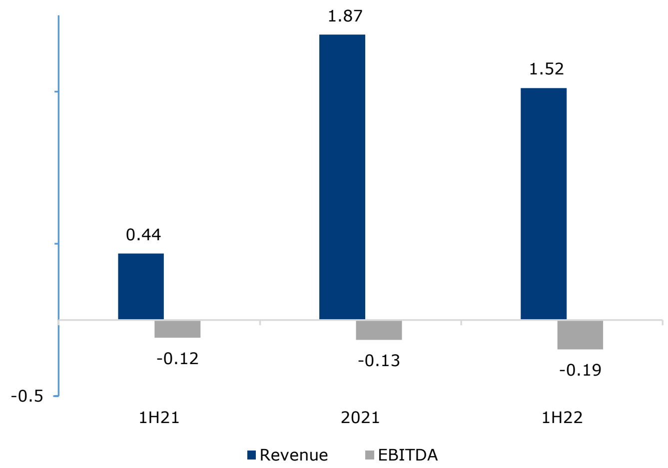
A start-up company with little history: Energy and gas reselling from 2021 Rocket Sharing from 2022

Rocket's operating activities began in June 2020 after having received the official authorization for electricity reselling in January of the same year. Gas-related activities started the following year, as Rocket received the official authorization for gas reselling in January 2021. Consequently, we have poor data to analyse Rocket historical operating and financial performance, as a whole. FY21 financials include both electricity and gas selling activities, thus offering a better representation of Rocket Energy financial structure. Moreover, we should consider that Rocket Sharing Platform was incorporated into Rocket in December 2021; therefore 1H22 financials and 9M22 revenue comprise Rocket Sharing activities.

In FY21, revenue growth driven by: (i) increasing energy selling price, (ii) expanded customer base; (iii) higher average consumption per customer In FY22 Rocket Sharing starter contributing

Going into detail of historical revenue trends, Rocket has recorded a constant growth since its operating start-up in June 2020. This increase was mainly attributable to: (i) the increase in the cost of energy, thus in its selling price to final customers, (ii) the customer base expansion (expressed in Point of Delivery, namely gas and electricity meters), and (iii) higher average consumption per customer. Once captured the initial hard-core of the customer base, Rocket's commercial focus shifted from a mass-market approach, aimed at maximizing the customer base, to a more one-to-one approach, aimed at acquiring customers with an increasingly higher consumption profile, so mainly companies. In 2021, revenue stood at €1.9mln compared to €0.4mln in 2020; in 1H22 revenue reached €1.5mln (vs €0.4mln in 1H21) and they increased further to €2.6mln in the 9M22 from €1mln in the 9M21.

Figure 1: Revenue and EBITDA trend (€, mln)



Source: Banca Profilo elaborations on Company data

In FY22 Rocket Sharing started contributing to revenue growth

Starting from 2022, Rocket Sharing proprietary platform for blockchain sharing started its activity and reached 15% of whole sales in the first nine months of this year at €0.38mln.

Cost structure: raw materials the most predominant cost item in Rocket Energy reselling activity

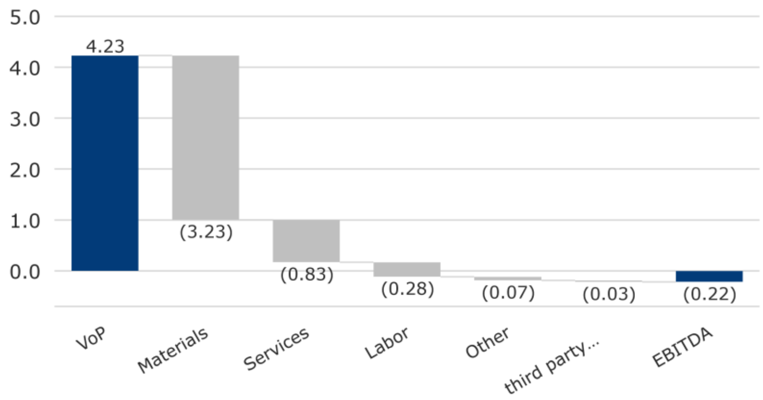
Rocket's cost structure shows:

- Raw materials cost is main cost item, which corresponds to the energy purchase price on the Italian wholesale market (eVISO is the electricity and AGSM is the gas supplier). In 1H22 raw materials cost stood at €1.17mln or 77% of Revenue, which was lower than 91% in FY21, for increasing turnover.
- The cost of purchased services is the second to highest cost item. They mainly include: (i) the commercial structure; (ii) commissions on sales and (iii) marketing and customer base engagement related costs. In 1H22, the cost of purchased services stood at €0.43mln or 28% of Revenue, up from 12% in

FY22. This cost item has become to increase its weight for marketing and development expenses on Rocket Sharing platform.

- At the end of June 2022, the workforce comprised 6 employees for a total cost of €80k or 5% on Revenue;
- The cost for the use of third-party assets stood at €16k and corresponded to the location fee for the office in Milan.

Figure 2: 1H22 EBITDA bridge (€, mln)



Source: Banca Profilo elaborations on Company data

A still negative EBITDA for the early-stage phase of the Company

1H22 EBITDA was negative by about €0.19mln or -13% on Revenue, which compares to -€0.13mln in FY21 or -7% on Revenue. In 1H22 EBIT stood at -€0.32mln leading to a Net Income of -€0.25mln.

Balance Sheet: fixed assets at €1.3mln including Rocket Sharing platform

On the Balance Sheet side, at the end of June 2022, Rocket showed €1.3mln of Fixed assets, up from €0.39mln at the end of December 2021, as the Company recorded: i) the integration of the Marketplace platform (Rocket Sharing), conferred by main shareholder Rocket Enterprise on December 3rd 2021; ii) the IPO costs for about €1mln.

A negative net operating working capital is typical in this business

At the end of June 2022, Operating Net Working Capital was basically zero, up from -€0.44 at the end of December 2021 for the business development. A negative ONWC is implicit in Rocket's business, as costs of purchasing energy from the supplier are paid usually a few days after the collection of bills from customers. More in details, at the end of June 2022, trade receivables amounted to €0.53mln, whereas trade payables amounted to €0.54mln.

Shareholders' Equity of €0.16mln, with an Equity Ratio of 66%

At the end of December 2021, the Shareholders' equity was €0.45mln, including €0.35mln of share capital, which had been increased for the integration of the Rocket Sharing platform. At the end of June 2022, the Shareholders' equity rose to €3.79mln mainly for the IPO capital increase which brought into the Company 4.5mln new shares at €0.8 each. The Share capital is now made of 12.5mln shares each valued €0.062, the remaining being the share premium leading to the specific and related Reserve.

Net cash following IPO

Finally, at the end of June 2022, Rocket had Net Cash for €2.31mln

Table 1: Profit & Loss 2020-1H22

Income Statement (€/mln)	2020	2021 1H21	2021	2022E 1H22
Revenue	**0.4**	**0.4**	**1.9**	**1.5**
yoy growth			*412%*	*249%*
Rocket Energy	**0.37**	**0.43**	**1.82**	**1.28**
yoy growth			*397%*	*194%*
% on revenue		*100%*	*97%*	*84%*
Rocket Sharing	**-**	**0.00**	**0.05**	**0.25**
yoy growth				
% on revenue			*3%*	*16%*
yoy change (%)			*412%*	
Other revenue	0.02	0.00	0.06	0.01
Value of production	**0.39**	**0.44**	**1.94**	**1.53**
yoy change (%)			*401%*	*249%*
Cost of materials and purchased services	**(0.24)**	**(0.51)**	**(1.91)**	**(1.59)**
Cost of materials	**(0.21)**	**(0.44)**	**(1.70)**	**(1.17)**
Incidence on Revenue (%)	*-58%*	*-100%*	*-91%*	*-77%*
Quota of COGS (%)	*60%*	*79%*	*82%*	*68%*
Cost of purchased services	**(0.03)**	**(0.07)**	**(0.22)**	**(0.43)**
Incidence on Revenue (%)	*-8%*	*-17%*	*-12%*	*-28%*
Quota of COGS (%)	*9%*	*13%*	*11%*	
Added Value	**0.14**	**(0.07)**	**0.02**	**(0.06)**
Margin on Revenue (%)	*39%*	*-16%*	*1%*	*-4%*
Labor cost	**(0.03)**	**(0.04)**	**(0.08)**	**(0.08)**
Incidence on Revenue (%)	*-8%*	*-9%*	*-4%*	*-5%*
Quota of COGS (%)	*9%*	*7%*	*4%*	*5%*
Wages And Salaries	(0.02)	(0.03)	(0.06)	(0.06)
Other Operating Expenses	**(0.01)**	**(0.01)**	**(0.01)**	**(0.04)**
Incidence on Revenue (%)	*-1.7%*	*-1.6%*	*-0.6%*	*-2.4%*
Quota of COGS (%)	*2%*	*1%*	*1%*	*2%*
Costs for use of third parties assets	**(0.07)**	**(0.00)**	**(0.06)**	**(0.02)**
Incidence on Revenue (%)	*-20%*	*0%*	*-3%*	*-1%*
Quota of COGS (%)	*21%*	*0%*	*3%*	*1%*
Comprehensive COGS	**(0.35)**	**(0.56)**	**(2.07)**	**(1.73)**
Incidence on Revenue (%)	*-97%*	*-128%*	*-107%*	*-113%*
EBITDA	**0.03**	**(0.12)**	**(0.13)**	**(0.19)**
Margin on Revenue (%)	*9%*	*-27%*	*-7.0%*	*-12.7%*
D&A	(0.03)	(0.08)	(0.25)	(0.13)
incidence on Revenue (%)	*-7%*	*-18%*	*-14%*	*-8%*
Incidence on Fixed Assets (%)	*-12%*		*-65%*	
EBIT	**0.01**	**(0.20)**	**(0.39)**	**(0.32)**
Margin on Revenue (%)	*2%*	*-45%*	*-21%*	*-21%*
Net financial income (expenses)	0.00	0.00	0.00	-
EBT	**0.01**	**(0.20)**	**(0.39)**	**(0.32)**
Tax Rate	*0%*	*0%*	*24%*	*22%*
Net Income	**0.01**	**(0.20)**	**(0.29)**	**(0.25)**
Margin on Revenue (%)	*2%*	*-45%*	*-16%*	*-17%*

Source: Banca Profilo elaborations on Company data

Table 2: Balance Sheet 2020-30.06.22 (€, mln)

Balance Sheet (€mln)	2020 PF 31/12	2021 31/12	2022E 30/06
Total Fixed Assets	**0.22**	**0.39**	**1.30**
Intangible assets	0.212	0.385	1.293
Tangigle assets	0.008	0.007	0.006
Financial Assets	-	-	
Operating Net Working Capital	**(0.05)**	**(0.44)**	**(0.01)**
% on Revenue	*-14%*	*-24%*	*0%*
Trade Receivable	0.20	0.48	0.53
% on Revenue	*54%*	*26%*	*18%*
Trade Payable	(0.25)	(0.92)	(0.54)
% on Revenue	*-68%*	*-49%*	*-18%*
Inventories	-	-	
Other Assets & Liabilities	**0.23**	**0.0**	**0.2**
Other Assets	**0.25**	0.31	0.34
Other Liabilities	**(0.02)**	**(0.28)**	**(0.13)**
Funds	**(0.00)**	**(0.00)**	**(0.01)**
Provisions for risks and charges		-	
TFR	(0.0)	(0.00)	(0.01)
Net Invested Capital	**0.40**	**(0.0)**	**1.5**
Consolidated Shareholders' Equity	**0.49**	**0.45**	**3.79**
Shareholders' equity	0.49	0.45	3.79
Group Net Income	0.01	(0.29)	(0.25)
Net Financial Position (Cash)	**(0.10)**	**(0.48)**	**(2.31)**

Source: Banca Profilo elaborations and estimates on Company data

Strategy and estimates

Corporate strategies

Rocket at its early stage to develop its ecosystem. Key drivers: qualified personnel, partnership with tech service providers and integrating similar platforms even abroad

Rocket is at the beginning of its journey to develop its ecosystem. Rocket's growth strategy aims to develop "the Rocket Sharing marketplace" through: (i) users' experience improvement on both website and mobile app; (ii) referral marketing and digital marketing strategies; (iii) customer service and sales structure. No less important will be the synergic integration between the Platform and the already established Rocket Energy to enable cross-selling opportunities.

Rocket has developed a Rocket Sharing proprietary blockchain as a service for merchants and companies. This is a marketplace where to buy numerous services, but it is also an opportunity for corporate networking.

The Company has already signed some strategic partnerships with tech providers, such as Relatech, and plans to:

(i) increase its workforce by recruiting qualified personnel;
(ii) invests in R&D and marketing;
(iii) sign co-branding agreements;
(iv) grow by integrating similar platforms, especially in Spain, Portugal, France and Greece.

Use of IPO proceeds

The Company listed on the EG segment in February, through a capital increase which involved 4.5mln shares at €0.8/share. Total shares are currently 12.5mln.

The IPO proceeds will be used for:

- Rocket Sharing marketplace development by (i) strengthening the sales team; (ii) marketing expenses to increase the customer base and strengthen Rocket brand awareness; (iii) adding strategic partnerships with tech service providers;
- Rocket ecosystem development to be connected to Rocket Sharing marketplace even through a block-chain technology, co-branding and direct partnership agreements to increase the customer base;
- M&A opportunities (even acquiring similar platforms) to expand its customer base and its geographical presence

Our 2022E-2024E estimates

Rocket reselling energy and Rocket Sharing platform

Starting from 2022, Rocket's revenue stream has come from the Rocket Sharing platform and the sale of energy (Rocket Energy). We therefore looked at e-commerce and loyalty programs industries for Rocket Sharing and at the energy revenues stream which is subject to energy prices fluctuations for Rocket Energy.

Revenue from energy reselling activity in the B2C segment

Expected revenues from the energy supply come from TAM, SAM & SOM, being a mature and highly competitive market. More in details, we project Rocket's revenue from the sale of energy as the sum of revenue from domestic customers (B2C) and from low-voltage business clients (B2B). Rocket's B2C turnover derives from: (i) the estimated customer base and (ii) the estimated energy cost for clients (electricity and gas bill). To forecast Rocket customer base, we analysed the potential market size by assessing the TAM (Total Addressable Market), the SAM (Serviceable Addressable Market), and the SOM (Serviceable Obtainable Market). We considered the TAM as the set of domestic users with a variable price bill indexed to the PUN. To project the cost of energy, we used official ARERA data for electricity (€ per kwh) and gas (€ per smc) as a basis, discounted by 10% to take Rocket prices into consideration; for 2022-2025 the cost of energy was estimated to move in line with market expectations, therefore as a function of Brent and Natural gas futures.

Revenue from energy reselling activity in the B2B segment

Rocket's B2B turnover relates to the sale of energy to non-domestic clients, and we project it as a function of three variables: (i) the customer base, (ii) the average consumption per customer, and (iii) the average energy cost for clients. The customer base was estimated using the same methodology as for domestic customers, therefore by estimating Rocket's Serviceable Obtainable Market on non-domestic low voltage market based on ARERA data. To estimate the cost of energy, we used ARERA data for electricity (€ per kwh) and gas (€ per smc) as a basis, discounted by 10% to take Rocket prices into consideration; in 2022-2025 the cost of energy is assumed as a function of Brent and Natural gas futures.

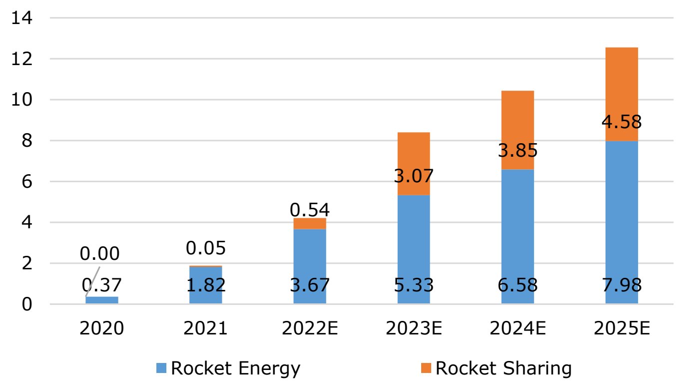
A complex scenario with increasing and volatile energy prices

The energy market trend has been showing a persisting increase of gas and PUN prices mostly due to the Russia-Ukraine war. In the 1H22, the average PUN Base Load increased more than 270% to €249/MWh. In the same semester, the average PSV gas price was 98 €/MWh, increasing more than 345% yoy. Buying and reselling energy and gas at a variable price becomes a risky activity, in a scenario of energy crisis and therefore high volatility which has brought high inflation and has been reducing marginality. Agreements with suppliers are key for defending marginality. Some European countries have applied measures to limit price pressure, but they have had negative impact on the energy business. In this complex scenario, Rocket will consolidate and develop its business, accelerating commercial agreement in line with its Strategic business plan which plan the development of two business models: traditional reselling of gas and energy and a digital marketplace platform.

Energy revenue: 45% 2021-2025 CAGR to €8mln

Overall, we project Rocket Energy to grow revenue to €3.7mln in 2022 and we forecast a 45% CAGR in 2021-2025 to €8mln.

Figure 3: Revenue projections and break down 2022-2025E



Source: Banca Profilo elaborations and estimates

Rocket Sharing revenue: methodology

Rocket's revenues from Rocket Sharing marketplace have been estimated as the sum of individual revenue items from: (i) *merchants*, namely brick-and-mortar stores which registered on the platform to sell their products and gain online visibility, (ii) web partners, brands with an already strong online presence that aim to acquire new customers, and (iii) Rocket Sharing users, who use the platform to buy products and services or pay Rocket energy bills at a discounted price. For FY22, Rocket has committed to achieving, through the PAS mechanism, €2mln in turnover with the Rocket Sharing platform. The target is ambitious and is mainly based on the objective of acquiring at least 600 merchants on the platform. Given 1H and 9M turnover at respectively €0.25mln and €0.38mln related to Rocket sharing we set our FY22 projections at €0.54mln. For the following years, the platform growth strictly depends on the outcome of investments in technology and marketing aimed at improving the user experience and increasing the customer base respectively.

Revenue from merchants

Revenue from merchants can be divided into: (i) revenue from the affiliate programs, namely the payment fee shops must pay to be active merchants on the platform, and (ii) revenue from the sale of coupons, namely the amount of coupons beforehand bought by merchants to reward their customers via cashback. Revenue from affiliate programs is a function of two variables: (i) the number of active merchants and (ii) the annual registration fee paid by merchants, set by the Company at €1,500 per year. Rocket does however plan to practice price discrimination based on the revenue level of customers. For companies and shops with a turnover higher than €2mln, a €12 registration fee will be required, for those with a turnover between €1mln and €2mln the fee declines to €6k, while to all other companies and shops will be required the basic fee, equal to €1.5k. We thus estimated that Rocket will receive an average fee of €1,650 annually. The second revenue item, namely revenue from the sale of coupons, is a function of two variables: (i) the number of active merchants and (ii) the average annual number of coupons bought by merchants. The more merchants sell through the marketplace, more coupons they will need to purchase to reward consumers.

Revenue from the sale of coupons directly to users should be low

Rocket revenue from users come from the sale of coupons directly to platform users. They are therefore a function of two main variables: (i) the customer base and (ii) Rocket's promotional campaigns. Considering that, according to the Company's strategy, Rocket Sharing core business is based on the sale of coupons to merchants and not directly to consumers, we expect turnover from direct sales of coupon to be only marginal.

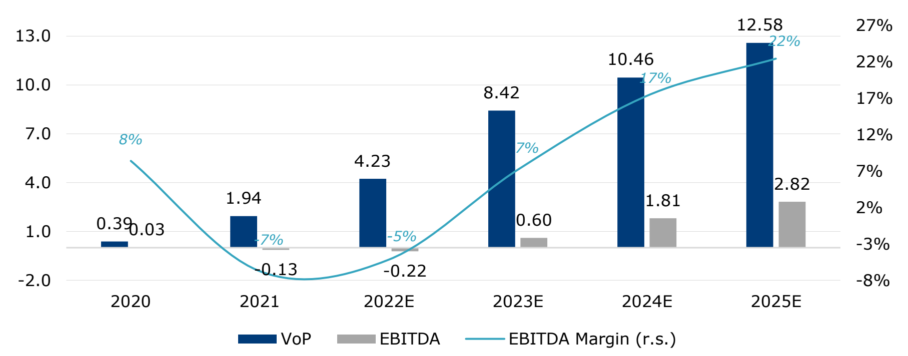
Revenue from web partners

Finally, Rocket revenue from web partners derive from the level of spending made by Rocket Sharing users on partners' proprietary e-commerce. When a Rocket Sharing user lands on the e-commerce site of a web partner (such as Booking) and makes a purchase, the partner will recognize Rocket a percentage of the user's expenditure.

Rocket Sharing revenue: 200% 2021-2025 CAGR to €4.6mln

Overall, we forecast Rocket Sharing to grow revenue to €0.54mln in 2022 and we project a 200% CAGR in 2021-2025 to €4.6mln. Therefore, Rocket Sharing platform will increase its weight on total revenue from current 15% to more than 30%.

Figure 4: Rocket VoP, EBITDA (€mln) and margin (%) projections 2022-2025



Source: Banca Profilo elaborations and estimates

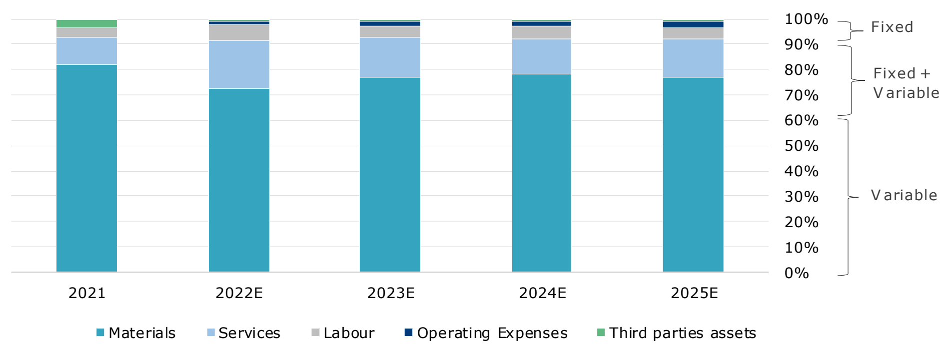
VoP: 60% CAGR 2021-2025 to €12.6mln EBITDA to become positive from 2023

The Value of Production is expected at €4.2mln in 2022 and to increase to €12.6mln in 2025 at a 60% CAGR over 2021-2025.
We assume that the operating leverage will become effective in 2023 when sales volume will be enough to release positive EBITDA. We project €0.6mln EBITDA or 7% EBITDA margin in 2023 to improve to more than 20% in 2025.

More than 75% of total COGS are for raw materials

We assume that, on average. more than 75% of COGS will be related to the purchase of energy and gas (raw material costs) on the wholesale market. Fixed costs are mainly related to labour, travelling, recruiting and rents.

Figure 5: Rocket's COGS breakdown (%)



Source: Banca Profilo elaborations and estimates

As regards to labour, we assumed 7 people at the end of 2022 and to increase by 2 each year, with labour cost weighing 5% on average on VoP in 2022E-2025E.

As the Company scale its business up, EBITDA and EBITDA margin are expected to gradually improve

As the Company scales its business, EBITDA and EBITDA margin should gradually improve, from being negative to becoming stably and consistently positive. Thanks to the progressive reduction in the incidence of fixed costs and the increase in volumes, EBITDA is expected to go from a negative value in 2021 (-€0.13mln), to €2.8mln in 2025, with margin progressively improve to 22%. The greatest contribution to EBITDA margin is expected to come from Rocket Sharing platform, whose margin should more than offset the persistently low one deriving from the energy supply service.

D&A

As a pure service company, Rocket has little in the way of depreciation and amortization. D&A will derive from the CapEx plan, estimated by the Company at €1.85mln in the three-year period 2022-2024, and from the balance sheet recognition of the platform, whose value entered in the balance sheet as at 31/12/2021 was equal to €250k. The platform will be amortized over five years.

Net Income margin to gradually improve up to 7% in 2025

We forecast tax rate at 26% on average over 2022-2025. In line with EBITDA margin improvement, profitability is also expected to improve. We see Rocket moving from a net loss of €0.3mln in 2021 to a net profit of €1.5mln in 2025 or 12% margin.

Table 3: Profit & Loss 2020-2025E (€, mln)

Profit & Loss						
€mln	**2020**	**2021**	**2022E**	**2023E**	**2024E**	**2025E**
Revenue	**0.37**	**1.87**	**4.21**	**8.40**	**10.43**	**12.56**
Rocket Energy	0.37	1.82	3.67	5.33	6.58	7.98
Rocket Sharing	0.00	0.05	0.54	3.07	3.85	4.58
other revenue	0.02	0.06	0.02	0.02	0.02	0.02
Value of production	**0.39**	**1.94**	**4.23**	**8.42**	**10.46**	**12.58**
yoy	*n.a.*	*401%*	*118%*	*99%*	*24%*	*20%*
Cost of materials and purchased services	(0.24)	(1.91)	(4.06)	(7.27)	(7.99)	(8.98)
% on Revenue	*67%*	*102%*	*97%*	*87%*	*77%*	*72%*
Added Value	**0.14**	**0.02**	**0.17**	**1.15**	**2.47**	**3.60**
yoy	*n.a.*	*-83%*	*611%*	*584%*	*114%*	*46%*
Labor cost	(0.03)	(0.08)	(0.28)	(0.34)	(0.40)	(0.47)
% on Revenue	*8%*	*4%*	*7%*	*4%*	*4%*	*4%*
Costs for use of third parties assets	(0.07)	(0.06)	(0.03)	(0.06)	(0.08)	(0.09)
% on Revenue	*20%*	*3%*	*1%*	*1%*	*1%*	*1%*
Other Operating Expenses	(0.01)	(0.01)	(0.07)	(0.14)	(0.18)	(0.21)
% on Revenue	*2%*	*1%*	*2%*	*2%*	*2%*	*2%*
COGS	**(0.35)**	**(2.07)**	**(4.45)**	**(7.82)**	**(8.65)**	**(9.76)**
% on Revenue	*97%*	*110%*	*106%*	*93%*	*83%*	*78%*
EBITDA	**0.03**	**(0.13)**	**(0.22)**	**0.60**	**1.81**	**2.82**
EBITDA Margin on Revenue	*9%*	*-7%*	*-5%*	*7%*	*17%*	*22%*
D&A	(0.03)	(0.25)	(0.32)	(0.44)	(0.56)	(0.72)
% on Revenue	*7%*	*14%*	*8%*	*5%*	*5%*	*6%*
EBIT	**0.01**	**(0.39)**	**(0.54)**	**0.17**	**1.25**	**2.11**
EBIT Margin on Revenue	*2%*	*-21%*	*-13%*	*2%*	*12%*	*17%*
Net financial income (expenses)	0.00	0.00	(0.01)	(0.01)	(0.01)	(0.01)
% on Revenue	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*
EBT	**0.01**	**(0.39)**	**(0.54)**	**0.16**	**1.25**	**2.10**
EBT Margin on Revenue	*2%*	*-21%*	*-13%*	*2%*	*12%*	*17%*
Income Tax	0.00	0.09	0.12	(0.05)	(0.35)	(0.59)
Tax rate	*0%*	*-24%*	*-22%*	*-28%*	*-28%*	*-28%*
Net Income	**0.0**	**(0.3)**	**(0.4)**	**0.1**	**0.9**	**1.5**
Net Income Margin on Revenue	*2%*	*-16%*	*-10%*	*1%*	*9%*	*12%*
EPS	*n.a.*	*n.a.*	**(0.03)**	**0.01**	**0.07**	**0.12**

Source: Banca Profilo elaborations and estimates

As regards to labour, we assumed 7 people at the end of 2022 and to increase by 2 each year, with labour cost weighing 5% on average on VoP in 2022E-2025E.

As the Company scale its business up, EBITDA and EBITDA margin are expected to gradually improve

As the Company scales its business, EBITDA and EBITDA margin should gradually improve, from being negative to becoming stably and consistently positive. Thanks to the progressive reduction in the incidence of fixed costs and the increase in volumes, EBITDA is expected to go from a negative value in 2021 (-€0.13mln), to €2.8mln in 2025, with margin progressively improve to 22%. The greatest contribution to EBITDA margin is expected to come from Rocket Sharing platform, whose margin should more than offset the persistently low one deriving from the energy supply service.

D&A

As a pure service company, Rocket has little in the way of depreciation and amortization. D&A will derive from the CapEx plan, estimated by the Company at €1.85mln in the three-year period 2022-2024, and from the balance sheet recognition of the platform, whose value entered in the balance sheet as at 31/12/2021 was equal to €250k. The platform will be amortized over five years.

Net Income margin to gradually improve up to 7% in 2025

We forecast tax rate at 26% on average over 2022-2025. In line with EBITDA margin improvement, profitability is also expected to improve. We see Rocket moving from a net loss of €0.3mln in 2021 to a net profit of €1.5mln in 2025 or 12% margin.

Table 4: Balance Sheet 2020-2025E (€, mln)

Balance Sheet							
	€mln	**2020**	**2021**	**2022E**	**2023E**	**2024E**	**2025E**
Intangible Assets		0.21	0.38	1.10	1.26	1.31	1.39
Property, Plant & Equipment		0.01	0.01	0.00	0.01	0.01	0.01
Financial Assets		-	-	-	-	-	-
Fixed Assets		**0.22**	**0.39**	**1.11**	**1.27**	**1.31**	**1.40**
Trade Receivable		0.20	0.48	0.92	1.73	2.00	2.24
Inventories		-	-	-	-	-	-
Trade Payable		(0.25)	(0.92)	(0.98)	(1.88)	(2.23)	(2.56)
Net Operating Working Capital		**(0.05)**	**(0.44)**	**(0.06)**	**(0.15)**	**(0.23)**	**(0.32)**
	% on VoP	*-14%*	*-23%*	*-1%*	*-2%*	*-2%*	*-3%*
Other Assets & Liabilities		0.23	0.03	0.08	0.18	0.24	0.31
Funds		(0.00)	(0.00)	(0.01)	(0.01)	(0.02)	(0.03)
Invested Capital		**0.40**	**(0.03)**	**1.12**	**1.28**	**1.31**	**1.36**
CapEx		**0.25**	**0.33**	**1.04**	**0.60**	**0.60**	**0.80**
	Intangible	0.24	0.33	1.04	0.59	0.59	0.79
	Tangible	0.01	0.00	-	0.01	0.01	0.01
	% on VoP	*64%*	*17%*	*25%*	*7%*	*6%*	*6%*
Shareholders' equity		**0.49**	**0.45**	**3.62**	**3.74**	**4.64**	**6.15**
Share capital		0.30	0.35	0.63	0.63	0.63	0.63
Reserves		0.28	0.49	3.81	3.81	3.81	3.81
Retained earnings		(0.10)	(0.10)	(0.39)	(0.81)	(0.70)	0.20
Group Net Income		0.01	(0.29)	(0.42)	0.12	0.90	1.51
Net Debt (Cash)		**(0.10)**	**(0.48)**	**(2.50)**	**(2.46)**	**(3.33)**	**(4.79)**

Source: Banca Profilo elaborations and estimates

Rocket Sharing platform valued at cost and equal to €250k

In December 2021 the marketplace platform has been transferred to Rocket Sharing at its cost of €250k. Rocket accounted it as a software (intangible asset) and increased its shareholders equity by €50k as share capital and the remaining €200k as share premium reserves. Besides the platform asset, we forecast €3mln capex in 2022-2025, including €1mln IPO costs which have been accounted in the 1H22.

Net operating working capital is typically negative in Rocket business model

We assume Net operating working capital to remain steadily negative, meaning that Rocket trade payables are set to exceed trade receivables over the entire explicit period. This dynamic is implicit in Rocket business model which has the following collection times: (i) revenues from merchants' affiliation programs, namely the registration on the platform and its subsequent renewal, are collected upfront, before the related service; (ii) the same is for the sale of coupons to merchants; (iii) revenues from web partners are collected approximately 30 days after their generation. As for payment times: (i) costs related to energy are paid approximately 30 days after its purchase and usually a few days after the collection of bills, and (ii) all other costs are expected to be paid within approximately 60 days of invoicing.

Net cash from €2.3mln in June 2022 to €4.8mln in 2025

Finally, on a stand-alone basis, Shareholders' Equity is expected to gradually improve and reach €6.1mln at the end of 2025. Net Cash is seen to increase and reach €4.8mln at the end of 2025. We assume no dividend distribution.

Table 5: Free Cash Flow 2020-2025E (€, mln)

Cash Flow						
€mln	**2020**	**2021**	**2022E**	**2023E**	**2024E**	**2025E**
EBIT	0.01	(0.39)	(0.54)	0.17	1.25	2.11
Tax rate	*0%*	*0%*	*0%*	*28%*	*28%*	*28%*
NOPAT	**0.01**	**(0.39)**	**(0.54)**	**0.12**	**0.90**	**1.52**
D&A	0.03	0.25	0.32	0.44	0.56	0.72
Changes in Funds	0.00	0.00	0.00	0.00	0.01	0.01
Changes in Operating NWC	0.05	0.39	(0.38)	0.09	0.08	0.09
Capex	(0.25)	(0.33)	(1.04)	(0.60)	(0.60)	(0.80)
Free Cash Flow	**(0.16)**	**(0.07)**	**(1.63)**	**0.05**	**0.94**	**1.53**

ource: Banca Profilo elaborations and estimates

Free Cash Flow

According to our Profit & Loss and Balance Sheet estimates, we estimate €0.2mln of aggregated Free Cash Flow in four years, including €3mln capex.
As EBIT becomes positive in 2023E, Rocket starts to generate Cash which is projected on average at €0.84mln over the three-year period 2023-2025.

Key risks

	TYPE OF RISK	DESCRIPTION
EXTERNAL CONTEXT	*Regulatory risk:* *- medium likelihood* *- medium impact*	The Italian utility sector is heavily regulated, being part of a public service landscape. Changes in laws and regulations may then materially impact RSC business. For example, the Italian government has again delayed the forced transition to the free energy market for domestic consumers, moving it from January 2023 to January 2024. This will partially cap RSC business expansion possibilities for 2023.
EXTERNAL CONTEXT	*Competitive risk:* *- high likelihood* *- high impact*	RSC operates in a highly competitive market scenario where existing companies already boast an established technology or a well-known brand. Moreover, in the energy market, competition may increase due to the progressive liberalization of the Italian energy supply market. As for the e-commerce business, Rocket Sharing marketplace will have to face the competition of Satispay and Tinaba, Italian competitors which have an already established brand and highly competitive pricing policies.
EXTERNAL CONTEXT	*Macroeconomic risk:* *- medium likelihood* *- medium impact*	Trends in overall economic activity have significant effects on the demand for an industry's products or services. These trends can be cyclical or structural. A deterioration in the current macroeconomic scenario or a pandemic worsening could limit Rocket Sharing marketplace ability to generate revenues, being its activities linked to consumer spending. On the other hand, the energy supply business guarantees a certain stability, representing the provision of an essential service.
BUSINESS & STRATEGY EXECUTION	*Start-up stage risks:* *- very-high likelihood* *- high impact*	RSC is characterized by a limited previous operating history and a limited set of information useful for evaluating the actual management ability to reach its strategic and financial objectives. Moreover, the Company may have to face risks and incur unexpected costs deriving from the embryonic phase of its life.
BUSINESS & STRATEGY EXECUTION	*Risk of consumer confusion:* *- medium-low likelihood* *- high impact*	As it is today, Rocket Sharing platform does not guarantee uniformity in the cashback policy, which varies from partner to partner, both in terms of percentage amount and in terms of repayment timing. This is in our opinion a key element to consider, since cashback represent the essential element on which RSC ability to attract consumers hunting bargains is based. Moreover, users may not be properly informed they must accept all third-party cookies in order to ensure the correct tracking of purchases and receive their cashback. User attention to this detail should not be taken for granted.
BUSINESS & STRATEGY EXECUTION	*Risk of losing qualified personnel:* *- low likelihood* *- medium impact*	RSC strategic and financial results strictly depend on its management and on some key figures. The Company, should there be an interruption of the professional collaboration relationships with some key figures, may be exposed to a deterioration of its competitiveness, with repercussions on both demand and economic results.
BUSINESS & STRATEGY EXECUTION	*Conflict of interest risk:* *- low likelihood* *- medium-low impact*	The presence of shareholders in the Board of Directors may create a conflict-of-interest risk. Directors must take careful account of their actions as shareholders, to ensure that they do not give rise to conflicts of interest in their work as directors. The likelihood of this risk and its potential impact on RSC business are however limited by the presence of three independent directors in the Board.
FINANCIAL	*Economic targets' miss risk:* *- medium-low likelihood* *- very high impact*	RSC, mainly due to its start-up stage of life, has not generated profits to date. In view of this and the lack of historical data for an in-depth analysis, there can be no certainty that Rocket will be able to generate profits and cash in the future, with consequent negative impacts on the balance sheet. Moreover, RSC future expected economic results have no track records to back them up. Its low financial resources might also reduce the Company's competitive advantage over competitors.
FINANCIAL	*Low financial resources related risk:* *- medium* *- high impact*	RSC, in addition to the proceeds deriving from the capital increase and the cash generated through its operating activity, may need additional financings for the execution of its expansion plan. Furthermore, being Rocket a recently established company, conditions of funding might not be particularly favourable.

Table 6: Risk matrix

Impact						
	Very high		Economic targets' miss risk			
	High		Consumer confusion risk	Low financial resources risk	Competitive risk	Start-up stage risks
	Medium	Loss of qualified personnel risk; conflicts of interest risk		Regulatory risk; macroeconomic risk		
	Medium-Low	Conflict of interest risk				
	Low					
Potential impact on the business VS likelihood of occurrence		Low	Medium-Low	Medium	High	Very high
		Likelihood				

Source: Banca Profilo elaborations on Company data

The reference market

Rocket, an integrated ecosystem with two different end markets

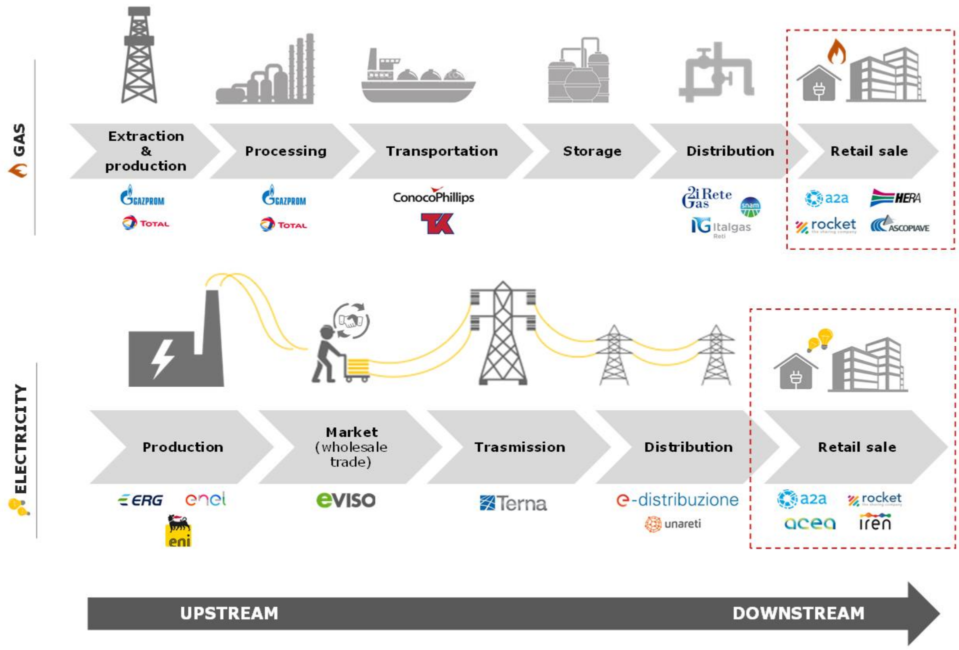
Rocket Sharing Company (RSC) is an Italian innovative start-up active in the sale of electricity and gas to Italian end-users, but with interesting expansion strategies in the e-commerce and loyalty programs markets. The most valuable RSC asset in this sense is "Rocket Sharing", a proprietary marketplace of both goods and services where consumers are encouraged to buy thanks to a cashback remuneration mechanism. Rocket's expansion plans provide for a progressive integration between the two businesses and the creation of an ecosystem where the two customer bases will gradually fit together. Given the peculiarity of the Company's business model, which integrates a proprietary marketplace with a service of energy supply, we analyzed as reference markets the Italian utilities market as well as the Italian e-commerce one.

The Italian utilities market: the regulatory framework and the energy value chain

Rocket: the last stage of energy generation and distribution supply chain

The Italian utilities market is organized in some specific and well-defined activities, consisting of generation, buy&sell on the wholesale market, transmission, distribution and retail sale. Rocket is active only in the last phase of the value chain, that of energy sales to final customers. More in detail, Rocket is a downstream player that buys gas and electricity on the wholesale market, sign contracts with end-users, both retail and business, and invoice them.

Figure 6: Gas & electricity value chain

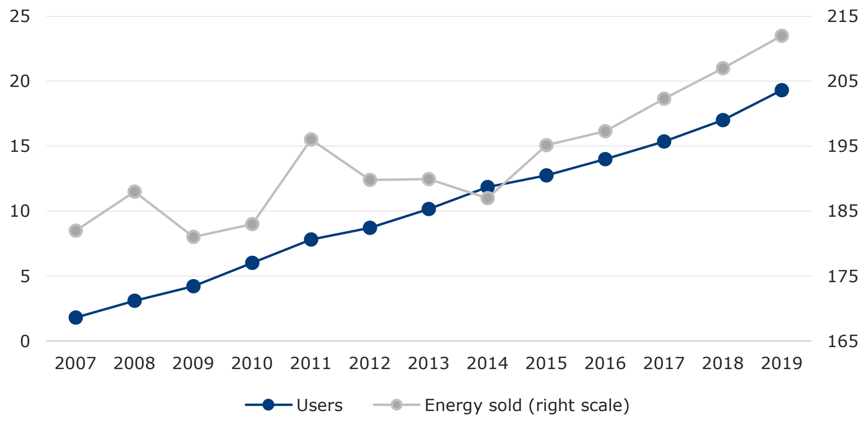


Source: Banca Profilo elaborations on public data

Managing the liberalization of Italy's retail electricity market

Although most of Italian energy operators are private, the sector is heavily regulated, being part of a public service landscape. Some phases of the value chain are however more regulated than others. For example, in the Transmission & Dispatching phase Terna operates as TSO (Transmission System Operator) and ISO (Independent System Operator) under a monopolistic regime and under a government concession. On the opposite, the phase of the value chain in which Rocket operates as a downstream player, the energy sales ones, was progressively subject to deregulation. Italy started the liberalization of the retail electricity market in 1999, but customers have been free to switch supplier since July 2007, after the creation of the so-called *Mercato Libero* (i.e. free market), a market where prices are not set by a regulator but by the meeting point between supply and demand. Italy will completely phase out electricity retail price regulation by January 1st, 2024. Until then, residential customers who do not choose their supplier are going to be served under a regulated tariff named *Maggior Tutela* (i.e. greater protection), supplied by the local distributor at a price set by the regulator. For businesses, the *Maggior Tutela* market ended in July 2021. Since its opening in 2007, the free market has been constantly expanding both in terms of customers and in terms of energy sold.

Figure 7: Users and energy sold in the free energy market over the last fifteen years



Source: Banca Profilo elaborations on ARERA data

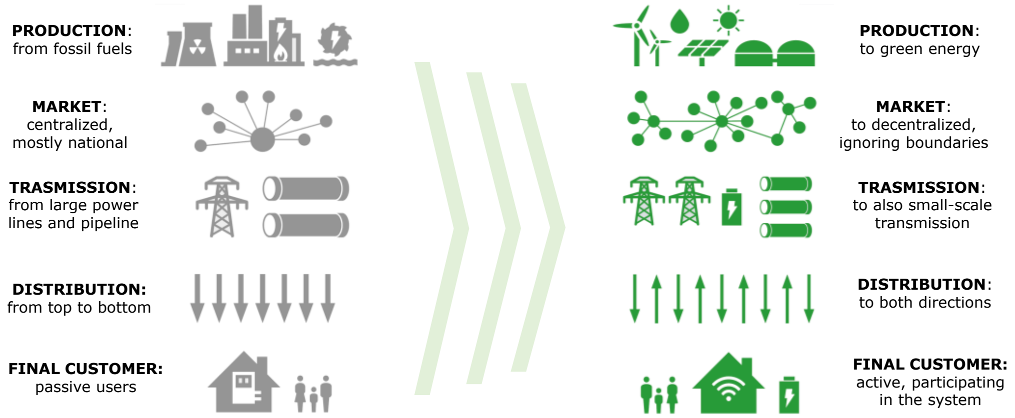
The regulatory framework: ARERA controls over the progressive market liberalization

The Italian regulatory energy framework is managed by a single body called the Regulatory Authority for Energy Networks and the Environment (ARERA), an independent administrative authority that regulates and controls electricity, natural gas, water services, waste cycle and district heating. Moreover, under the regulatory provisions issued by ARERA, state-controlled operators are envisaged and are assigned the task of promoting the correct functioning of the market and a direction towards renewable energy sources. Among them, in relation to Rocket's business, the most important entity is GSE SpA (Gestore dei Servizi Energetici) a state-controlled company which, through a subsidiary (GME), manages the platform on which the electricity price is defined following the meeting between supply and demand. Prices are expressed in €/MWh and the PUN (Single National Price) is the reference spot price of the Italian Power Exchange. PUN is the weighted average of single-zone prices, weighted on the volume of electricity specified in the bids submitted in each zone on the Power Exchange. Rocket's energy offers are indexed to the PUN: this means that the PUN is an input that affects both the purchase price of energy and the sale price to the end user.

Italian utilities: still a changing landscape

Changes in the regulatory framework have led the Italian utilities to dramatically evolve over the past twenty years. European directives have been a key driver of this transformation, mainly by breaking the existing monopolies in the relevant markets (power, gas, waste). However, the evolution of the Utilities sector is not over yet, as technological evolution along with increasing concern for the environment are forcing Utilities to revise their organizations and business models. European directives have been a key driver of this transformation here too, by setting ambitious decarbonization targets, as the EU aims to be climate-neutral by 2050. The most significant changes are expected to affect energy generation activities, since production of green energy is more and more becoming a pressing need.

Figure 8: How technology, a smart-grid system and a carbon neutral economy could change electricity value chain



Source: Banca Profilo elaborations on Wikipedia data

The Italian utilities market: Rocket competitive arena

Competitive landscape: constant entry of new operators since 2008

The liberalization of the market has dramatically changed the competitive landscape, by creating opportunities for new entrants to break into the market of both energy production and distribution. In 2020, authorized sellers of electricity on the free market amounted to 739, 16 more than in 2019 and 104 more than in 2018. According to ARERA data, the number of operators – and therefore the level of competition – has been constantly growing since 2008, the year after the liberalization of the Italian Utilities market. The largest share of the market is represented by vertically integrated players, which benefit from more profitable upstream infrastructural businesses (e.g. generation, distribution), making them less focused on the commercial business. The market share of minor operators has been stably at 15% for years.

Figure 9: Main operators in the electricity and gas energy distribution in 2020

COMPANY	ENERGY SOLD (GWh)				
	DOMESTIC CLIENTS	NON-DOMESTIC CLIENTS			TOTAL
		BT	MT	AT/AAT	
Enel	37.886	23.736	19.482	4.619	85.723
Edison	1.181	2.230	6.886	3.868	14.165
A2A	1.911	3.372	7.079	848	13.211
Hera	1.961	3.544	6.398	399	12.302
Axpo Group	117	1.723	5.731	3.415	10.984
Eni	4.322	992	4.123	825	10.263
Acea	1.970	1.705	2.423	502	6.599
E.ON	573	2.218	3.418	315	6.524
Duferco	108	791	1.238	3.039	5.176
Alperia	350	1.009	3.413	260	5.031
Engie	413	147	1.822	2.500	4.883
Iren	1.494	1.199	1.648	240	4.581
Green Network	305	1.071	2.244	876	4.495
Egea	119	1.170	2.972	204	4.465
RepowerAG	0	1.874	1.798	51	3.723
Dolomiti Energia	704	1.318	1.422	35	3.478
Sorgenia	374	1.174	1.095	33	2.676
Nova AEG - Nova Coop	23	647	1.561	33	2.263
CVA	124	768	1.248	6	2.146
Agsm Verona	323	811	917	93	2.144
Minor Operators	5.535	13.057	14.890	2.649	36.130
Total	59.791	64.556	91.806	24.807	240.960

COMPANY	VOLUME M(m^3)	QUOTA
Eni	10.196	18,4%
Edison	7.490	13,5%
Enel	6.503	11,8%
Hera	3.016	5,5%
Iren	2.536	4,6%
Energeticky A Prumyslovy Holding	2.242	4,1%
A2A	2.170	3,9%
Sorgenia	1.535	2,8%
Royal Dutch Shell	1.462	2,6%
Axpo Group	1.399	2,5%
Engie	1.099	2,0%
Estra	971	1,8%
E.ON	908	1,6%
Unogas	762	1,4%
Solvay Energy Services Italia	648	1,2%
EG Holding	523	0,9%
Dolomiti Energia	482	0,9%
Egea	431	0,8%
Acsm-Agam	428	0,8%
Alperia	426	0,8%
Minor Operators	10.074	18,2%
Total	55.302	100,0%

Source: Banca Profilo elaborations on ARERA data

Rocket's main competitive advantage

In this increasingly competitive environment, one of Rocket's competitive advantages is its one-to-one approach, with a strong focus on customer selection and customer care, an unconventional approach for traditional players, that are more oriented towards a mass-market approach. Moreover, since its establishment, Rocket's customers annual churn rate stood at 12.5%, compared to the 13.1%[1] average annual churn rate for Italian utilities, proxied by the number of domestic consumers who changed energy supplier in 2020 at least once in a year. Among the strengths of the Company, we also point out its low consumer insolvency rate. This depends on the obligation to associate the bill payment with a credit card or a bank account, through the direct withdrawal mechanism.

There is still room for improvement

On the other hand, to date, there is no catalogue that can be consulted and there is no possibility of an online activation. In our view, this element might discourage a significant portion of potential addressable customers, especially millennials. Among the potential elements that could limit the growth of Rocket's energy supply service we also point out the strict dependence of the evolution of Rocket Sharing's customer base.

Comparables' selection methodology

To select Rocket energy's competitors, we carried out an overlap analysis on Italian gas and electricity downstream player, based on revenue breakdown by:

1. type of activity (generation, energy sales and other)
2. energy source (in a broad sense, water and waste included alongside electricity and gas), and
3. geographical exposure.

Potential competitors were compared with Rocket for each of these macro-categories. For each macro-category we calculated an intermediate score equal to the weighted average between the weight of an energy source / activity on the competitor's revenue and the weight of that same energy source / activity on Rocket's revenue. Within each macro-category we have also considered energy sources and activities that Rocket does not deal with; within the weighted average calculation, the weight of these components

[1] Source: Arera, https://www.arera.it/allegati/docs/21/344-21.pdf

for Rocket is negative. The final score is the average of the intermediate scores. We selected as final competitors only those with a rating greater than 45%. We identified six main comparables: eVISO, Ascopiave, Iren, Hera, A2A and Acea.

Figure 10: Rocket Energy competitive arena

	+	-	-	+	+	-	+	
Company	Revenue breakdown by activities			Revenue breakdown by energy source			Geo revenue	Final Score
	Energy sales	* Energy production	* Energy storage, trasportation, distribution & other	Electricity	Gas	* Other (water, waste, etc.)	Exposure to Italy	
Eviso SPA	94%	0%	6%	96%	3%	1%	100%	86%
Ascopiave	80%	15%	4%	4%	80%	15%	100%	77%
Iren	49%	27%	25%	49%	27%	25%	100%	63%
Hera	**33%	**33%	**33%	29%	43%	28%	100%	57%
A2A	24%	35%	41%	50%	26%	24%	100%	54%
ACEA	15%	2%	83%	59%	3%	38%	98%	47%

Source: Banca Profilo elaborations on Company data
** Business activities not covered by Rocket Energy*
*** Data not available, so equally estimated*

eVISO (Italy)
- *€174mln FY21 revenue (ending June 22)*
- *3% EBITDA margin*

eVISO is an Italian downstream player in the Italian national power system, specialized in the supply of electricity for both domestic and non-domestic customers. eVISO buys electricity on the wholesale market and sells it to end-users or resellers. eVISO differs from traditional utilities for the use of an artificial intelligence proprietary platform used to collect, group and analyse big data intended for forecasting electricity consumption and detecting abnormal consumption. On top of the pure offer of electricity and alerts, eVISO provides a range of services related to energy supply and efficiency and specialized consulting for business customers, among others.

Ascopiave (Italy)
- *€135mln FY21 revenue*
- *50% EBITDA margin*

Ascopiave is an Italy-based company engaged in the utilities sector. The Company is primarily active in the distribution and sale of natural gas. Ascopiave SpA is also involved in the sale of electric power, heat management, co-generation and generation of electricity from photovoltaic plants. The Company holds concessions and direct contracts for the management of gas distribution services, and it operated of distribution network. The Company operates through numerous direct subsidiaries, including Ascotrade Spa, Edigas Esercizio Distribuzione Gas SpA, Blue Meta SpA, AscoEnergy Srl and Amgas Blu Srl, among others. The Company is also active in the integrated water services.

Iren (Italy)
- *€4.8bn FY21 revenue*
- *20% EBITDA margin*

Iren is an Italy-based holding company active in the utilities industry. The Company is primarily engaged in the sector of electricity, gas, district heating, integrated water service and environment. The Company's activities are divided into six sectors. The Electrical Energy Production and District Heating segment focuses on cogeneration of electrical energy and heat, district heating networks and production from renewable sources. The Market segment provides electrical energy, gas and heat. The Energy Infrastructures offers electrical energy distribution networks, gas distribution networks and Liquefied Natural Gas (LNG) degasification plants. The Integrated Water Service segment is active in the sale and distribution of water, water treatment and sewerage. The Waste Management segment focuses on waste collection and disposal. The Other Services segment offers various services for public administration, including public lighting and traffic light services, among others.

Hera (Italy)
- *€10bn FY21 revenue*
- *10% EBITDA margin*

Hera is an Italy-based company engaged in the energy, environmental and water sectors. The Company's activities are divided into five business segments: Gas, Electricity, Integrated Water Cycle, Environment and Other Services. The Gas segment includes the distribution and sale of methane gas and Liquefied Petroleum Gas (LPG) services, district heating, as well as heat management. The Electricity segment encompasses electricity production, distribution, and sales services. The Integrated Water Cycle segment includes mains water, purification, and sewerage services. The Environment segment consists of waste collection, treatment, and disposal services. The Other Services segment focuses on public lighting, telecommunications, and other minor services. It operates thought Gran Sasso and Blu Ranto in northern Italy, in Bologna, Rimini, Ravenna-Lugo, Forli-Cesena, and Imola-Faenza.

A2A (Italy)
- *€11.3bn FY21 revenue*
- *12% EBITDA margin*

A2A is an Italy-based company engaged in the electric utility sector. The Company operates through five segments. The Energy segment covers electricity generation through hydroelectric and thermoelectric plants, energy management and sale of electricity and gas. The Heat and Services segment facilitates the management of heating plants, as well as distribution of heat in the cities of Milan, Brescia, Bergamo and other municipalities, production and sale of electricity, and maintenance activities at the cogeneration plants. The Environment segment includes waste disposal, street cleaning and waster recovery, among others. The Networks segment encompasses transmission, distribution of electricity, transportation, distribution of natural gas, and water distribution, among others. The Corporate and other services segment include traffic regulation systems and video surveillance systems, among others. It operates through ACSM-AGAM and Consul System, among others.

ACEA (Italy)
- *€3.8bn FY21 revenue*
- *30% EBITDA margin*

ACEA is an Italy-based company engaged in the utility sector. The Company focuses on the production, sale and distribution of energy as well as environmental and water services. It operates through five segments. The Water segment collects, purchases, transports and distributes drinking water, and manages the sewerage system and the purification of wastewaters. The Energy segment manages the transmission and distribution of energy. The Networks segment includes its own aqueducts and networks managing the entire water cycle. The Environment segment provides laboratory, research and related consultancy services on the environment and control functions within the water cycle. The Other Services segment refers to design and management of the public lighting system for roads, museums, monuments, and archaeological sites. It operates mainly in Rome and other municipalities in Lazio.

The retail e-commerce market

Rocket Sharing platform, an innovative marketplace that rewards consumers and builds their loyalty, allowing stores to save on advertising

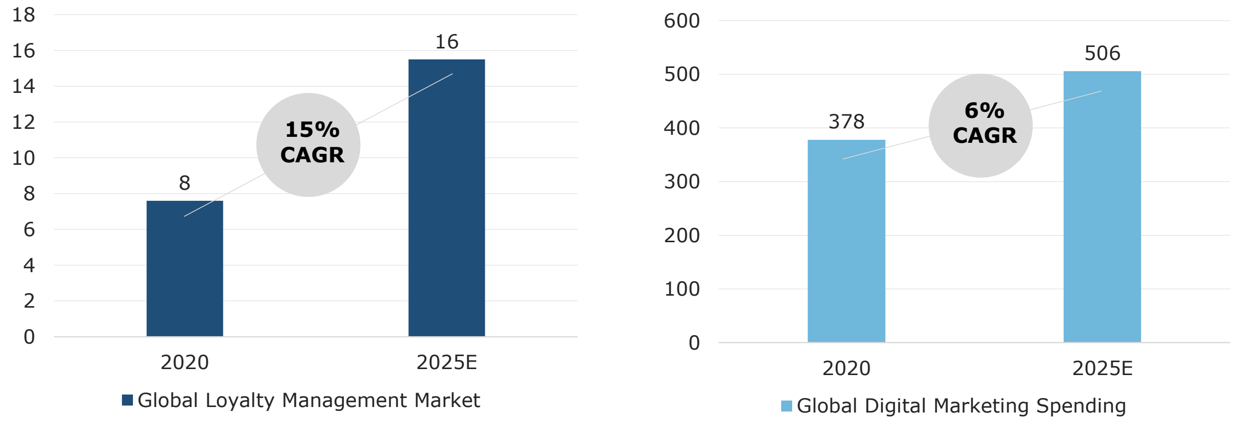
In December 2021, Rocket Sharing operational activities officially started. The asset was spun off from CoinShare Italia, a company previously founded by Luigi Maisto, and transferred into RSC with the aim of developing an integrated ecosystem. In greater detail, Rocket Sharing is a marketplace that enables users to be rewarded with a cashback at any purchase made. At the same time, it allows merchants registered on the platform to acquire greater online visibility and create a system of customer incentives and loyalty, thus saving on advertising and marketing costs. In this sense, we considered as reference markets not only the Global Marketplace industry, but also the Global Loyalty Management and the Digital Marketing Spending ones.

Global marketplace sales should hit $8.8 trillion by 2025, growing at 2020-2025 20% CAGR

Given a strong boost by the Covid-19 pandemic, global marketplace sale is forecast to grow dramatically over the next 5 years, as more companies adopt marketplaces as the best platform to promote online sales. Marketplace revenue should hit $8.8 trillion by 2025, growing at 2020-2025 20% CAGR, and increase their share on total online sales from 19% in 2020 to 24% in 2025. However, there are substantial differences in the maturity of the marketplace concept, and related services and providers. A key appeal of Rocket Sharing model is that it drives actual transactions for merchants rather than just leads or clicks. Therefore, the platform could become a performance-based online marketing tool for brick-and-mortar stores to quickly drive traffic into stores, gain online visibility and save on advertising costs. Consequently, we also considered not only macro trends for global marketplace sales, but also growth trends of Loyalty programs and Digital Marketing programs.

- The Global Loyalty Management Market size is expected to grow from $7.6bn in 2020 to $15.5bn in 2025 (15% CAGR), driven by increasing adoption of omnichannel and advanced technologies; in particular, mobile-based solutions for loyalty management are expected to gain traction, as consumers are increasingly opting for simple, portable, and easy-to-use solutions;
- Digital Marketing Spending Market is estimated to grow by $128.8bn (or 6% CAGR) to $506bn in 2025, driven by global digital transformation, increased credibility, and the proliferation of digital marketing software.

Figure 11: Global Loyalty Management Market and Global Digital Marketing Spending sizes ($, bn)

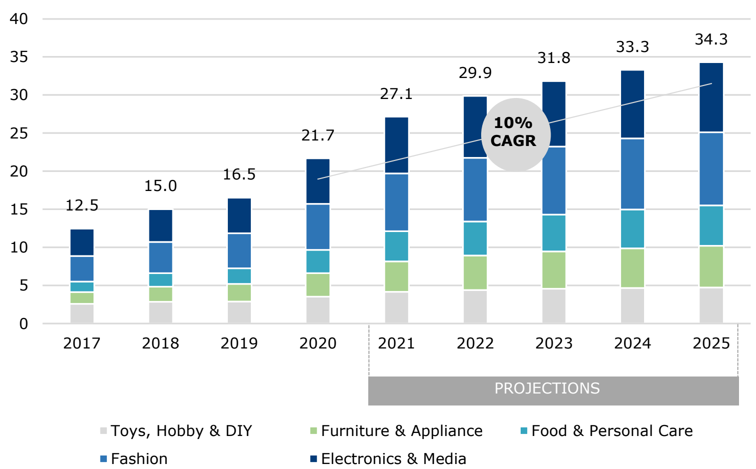


Source: Verified Market Research, Statista, TechNavio

The Italian e-commerce market is still underdeveloped

Italy is the 14th largest market for e-commerce and marketplaces, with a revenue of $21.7bn in 2020. The biggest player in the Italian e-commerce market is amazon.it, followed by esselungaacasa.it and shein.com. Altogether, the top three stores account for 25% of online revenue in Italy. Although the market is currently very concentrated among a few players, the number of Italian web shoppers has constantly increased in the last few years, in line with the constant growth in the number of Italians connected to internet (91.5%[2] of Italians declare themselves active online user). Despite the positive trends, in 2020 the Italian e-commerce market was only worth less than a fifth of the German one, as Italians are increasingly connected, but the digital divide persists and only 71% of SMEs (companies with a number of employees between 10 and 250) have a website or a web page. This is also demonstrated by the digitalization index of the economy and society (DESI 2021) prepared by the European Commission, which places Italy in fourth-last place among the countries of the euro-area. However, this gap is expected to diminish over the next few years, also thanks to PNRR investments in digitization and innovation (€42.5bn, 22% of the total €191.5bn of the Recovery Fund). As for the expected evolution of the Italian e-commerce market, revenue should grow at a 2020-2025 CAGR of 10%, resulting in a projected market volume of $34.3bn by 2025 (9% is the estimated growth rate for the German e-commerce market).

Figure 12: Italian e-commerce market size ($, bn)



Source: Statista
Note: in-scope sale of physical goods via a digital channel to a private end user (B2C), purchases via desktop computer and purchases via mobile devices.

[2] Source: Censis, https://www.key4biz.it/wp-content/uploads/2021/10/Sintesi-dei-principali-risultati.pdf

The retail e-commerce market: Rocket Sharing platform competitive arena

Overlap analysis. Final sample: Edenred, Quotient Technology, Giglio Group, Promotica, Eagle Eye Solutions and Bilendi

To select Rocket competitors, we conducted an overlap analysis based on Rocket Sharing main business features, divided between B2B services and B2C ones. For both macro-categories we identified main related services and calculated a score corresponding to the percentage of overlap of services offered with those of Rocket. Within both macro-category we have also considered services that Rocket does not deal with; within the weighted average calculation, the weight of these components for Rocket is negative. The final score is the average of the intermediate scores. We selected those companies deserving a result higher than 45% as threshold. We identified six main competitors: Edenred, Quotient Technology, Giglio Group, Promotica, Eagle Eye Solutions and Bilendi.

Figure 13: Rocket Sharing competitive arena

Company	B2B Services					B2C Services				Final Score
	+	+	+	-	-	+	+	+	+	
	B2B services	Online visibility for vendors	Customer engagement and loyalty services management	*Digital marketing services	Creation of e-commerce sites	B2C Services	Coupon or cashback rewards	Proprietary Marketplace	Indirect selling: brands and stores as vendors	
Edenred	x	x	x				x	x	x	88%
Quotient Technology Inc	x	x	x	x		x	x	x		83%
Giglio Group SpA	x	x	x	x	x	x		x		65%
Promotica SpA	x	x	x							50%
Eagle Eye Solutions Group PLC	x	x	x	x						45%
Bilendi	x	x	x	x						45%

Source: Banca Profilo elaborations and estimates
** Type of service not currently offered by Rocket Sharing*

Edenred (France)
- *€1.6bn FY21 revenue*
- *41% EBITDA Margin*

Edenred SA is a France-based company engaged in the provision of prepaid corporate service vouchers. It designs and manages solutions that enable companies to more effectively manage their employee benefits, expense management process, and incentive and rewards programs. Edenred prepaid vouchers can be used for a variety of purposes, including meals, food, fuel, business travel, childcare, shopping and so on. Edenred's flagship solution is represented by Ticket Restaurant®, which allows employees to purchase meals at the partner establishment of their choice. In the last year Edenred has also launched Ticket Compliments®, vouchers that can be used on the MyEdenred Shopping app to buy goods or services both in-store and online.

Quotient (US)
- *$521mln FY21 revenue*
- *5% EBITDA Margin*

Quotient Technology Inc is a digital media and promotions technology company that creates cohesive omnichannel brand-building and sales-driving opportunities to deliver valuable outcomes for advertisers, retailers and consumers. The Quotient platform is powered by consumer spending data, location intelligence and purchase intent data to reach millions of shoppers daily and deliver measurable, incremental sales. Its programs are delivered through its platforms across a range of network of digital properties. Quotient Technology’s flagship consumer website, Coupons.com, is one of the leading digital coupon providers today, serving shoppers with a collection of offers and discounts delivered also through mobile apps. Quotient also powers digital coupon initiatives in online marketing campaigns of major consumer-packaged goods (CPGs) brands and retailers.

Giglio Group (Italy)
- *€38mln FY21 revenue*
- *-2.5% EBITDA Margin*

Giglio Group is an Italian based company which provides e-commerce services mainly to "Made in Italy" brands. Giglio proposes itself mainly to fashion and food brands as a vertical manager of their B2C (online B2C marketing of new collections) and B2B (disposal of seasonal inventories) e-commerce channels on a global scale. More specifically, Giglio Group creates customized e-commerce websites for clients and manages all related activities, from marketing to social media, from customer care to logistics and payments. The Company also positions brands products in the showcases of the main marketplaces of the world (for both on and off-season products) and develops advanced omni-channel projects for the integration of physical sales points with e-stores. Giglio Group controls Giglio.com, an online marketplace platform which offers clothing and accessories for men, women, and children.

Promotica (Italy)
- *€39mln FY21 revenue*
- *5% EBITDA Margin*

Promotica is an Italy-based marketing company. It provides different kind of services to business customers. Its offering includes contests, award catalogues, rewarding plans and event management, among others. All the Company's solutions are customizable. The Company is specialized in the creation and management of loyalty programs. It manages all phases of loyalty and incentive campaigns, typically also providing the goods to support the campaigns (such as prizes and promotional material). Promotica serves primarily large players of the food distribution sector and to lesser extent pharmaceutical companies, banks and insurance companies.

Eagle Eye Solutions (UK)
- *£32mln FY21 revenue (ending June 2022)*
- *15% EBITDA Margin*

Eagle Eye Solutions Group PLC is a software as a service (SaaS) technology company. The Company is engaged in the marketing,validation and redemption of digital promotions in real-time for the several sectors. The Company's software platform, Eagle Eye AIR, integrates with all existing point of sale (POS) systems and creates digital offers, rewards and vouchers then delivers them to customers by e-mail, text or through a loyalty application for instant redemption. Eagle Eye AIR enables brands and merchants to set up targeted campaigns, choosing various media channels to reach specific demographic and capturing real-time data on campaign success. The Company has several additional services, such as: Eagle Eye Gift, a service that allows tracking of gift vouchers, including redemption data, and Eagle Eye Reward, a service that supports and enables the digitization of loyalty schemes.

Bilendi (France)
- *€44mln FY21 revenue*
- *22% EBITDA Margin*

Bilendi SA, formerly Maximiles SA, is a France-based company that specializes in online loyalty programs. The Company provides services for both individual Internet users and companies with online shopping facilities. It is split into four principal divisions: Maximiles TM, Maximiles Loyalty Services, Maximails Panels and Maximail. Maximiles.com operates the Internet loyalty scheme. Maximiles Loyalty Services solutions include proprietary customer loyalty programs, channel and sales promotion incentives and database management. Maximiles Panels provides survey sampling and panel recruitment and incentives services. Maximail uses member purchasing history, demographic, and lifestyle data in order to deliver e-mail marketing campaigns.

Valuation

Market multiples valuation method should be preferred at this stage

Valuing an early-stage company should differ from valuing a stable or mature one. DCF is traditionally our preferred measure to capture the intrinsic value of a company but, in this case, inputs for forecasting future cash flows were mainly based on assumptions with no track records to back them up. Nonetheless, we made estimates on prospective cash flows to try to give an assessment of the future true value of Rocket, but we would prefer using a market multiple valuation approach instead. More specifically, given Rocket's business peculiarity, as the Company is active both in the field of energy reselling and in the marketplace sector, we would undertake a sum-of-the-parts ("SOTP") analysis. This methodology is a process of valuing a company by determining what its aggregate divisions would be worth if they were spun off. SOTP is often put to use when a company, like Rocket, has business units in different industries.

DCF considerations

Cash flow inputs

To run a DCF model, we would use our projections of FCFs for the 2022E-25E explicit period coming from our Income Statement & Balance Sheet estimates. Cumulated 2022E-2025E cash flow are estimated at €0.9mln. The Terminal Value Free Cash Flow has been set as the average of 2023-2025 at €0.84mln.

WACC of 8.4%

To discount cash flows, we would use a WACC of 8.4%, derived from:
- risk free rate of 4.4%, as the 100-day moving average of 30-year BTP adding an estimated increase in interest rates;
- market risk premium of 5.5%;
- beta of 1, coming from a restricted sample of listed peers. Since the sample of comparables chosen for multiples included some large, established, and stable companies, we would cherry-pick specific comparable in order to avoid any

significant downward bias in the beta estimation. We would screen the sample to: Quotient, Promotica, Eagle Eye Solution and eVISO.

- approximated after tax cost of debt of 3.9%.
- target debt-to-equity ratio with 25% of Debt and 75% of Equity

In order to assess the Terminal Value, we would use a perpetual growth rate of 2%.

Table 7: WACC calculation

WACC Calculation	
Perpetual growth rate	2.0%
WACC	**8.4%**
Risk free rate	4.4%
Equity Risk Premium	5.5%
Beta	1.00
Cost of Equity	9.9%
After tax cost of Debt	3.9%
Tax rate	28%

Source: Banca Profilo estimates and elaborations

Equity Value at €1/share on DCF

We end up with an Equity Value of €12.2mln, including net cash at €2.3mln (at the end of June 2022), or €1/share

Table 8: DCF calculation

DCF Valuation (€ mln)	2020	2021	2022E	2023E	2024E	2025E	Over
Free Cash Flow (FCF)			**(1.63)**	**0.05**	**0.94**	**1.53**	**0.84**
Years			1	2	3	4	
Discount factor			0.92	0.85	0.78	0.72	
NPV Cash flows			(1.5)	0.0	0.7	1.1	
Sum of NPVs			(1.5)	(1.5)	(0.7)	0.4	
Terminal Value							13.1
NPV Terminal Value							9.5
Enterprise Value							9.8
Net Financial Position (cash) FY21E							(2.3)
Equity Value							**12.2**

Source: Banca Profilo estimates and elaborations

Sum of the Parts relative valuation

Sum of the Parts (SOTP) Valuation thus two sample of comparables

Given Rocket's business peculiarity, as the Company will be active both in the field of energy reselling and in the marketplace sector, we undertook a sum-of-the-parts ("SOTP") or "break-up" analysis. This decision also derives from having considered separately the energy business from that of the Rocket Sharing platform in forecasting our 2022E-2025E estimates. We therefore selected two separate sets of *comparables*, the first consisting of Italian utilities mainly active in the sale of gas and electricity, and the second consisting of European and US companies active in the e-commerce and loyalty programs sector.

Table 9: Sample benchmarking on revenue growth and EBITDA margin

	Company	Currency	Market Cap (Mln)	EV	Sales growth				EBITDA Margin			
	(Local currency)		03/11/2022		2020	2021	2022E	2023E	2020	2021	2022E	2023E
E-commerce & Loyalty	Edenred	EUR	13,343	14,145	-10%	11%	21%	11%	40%	40%	42%	42%
	Quotient Technology Inc	USD	259	242	2%	17%	-39%	10%	9%	7%	5%	16%
	Giglio Group SpA	EUR	26	42	9%	-7%	n.a	n.a	5%	-5%	n.a.	n.a.
	Promotica SpA	EUR	47	59	54%	-31%	101%	13%	12%	5%	8%	13%
	Eagle Eye Solutions Group PLC	GBP	149	145	12%	28%	24%	13%	18%	19%	20%	20%
	Bilendi	EUR	85	87	5%	29%	43%	9%	19%	21%	21%	22%
	Mean				**12%**	**8%**	**30%**	**11%**	**17%**	**15%**	**19%**	**23%**
	Median				**7%**	**14%**	**24%**	**11%**	**15%**	**13%**	**20%**	**20%**
	Rocket Sharing											
Energy	Eviso SPA	EUR	61	57	37%	133%	50%	17%	5%	3%	3%	3%
	Ascopiave SpA	EUR	567	918	31%	-18%	21%	0%	35%	59%	47%	58%
	Iren SpA	EUR	1,942	5,457	-13%	36%	27%	-3%	24%	21%	18%	19%
	Hera SpA	EUR	3,590	7,128	2%	49%	24%	-8%	14%	11%	10%	11%
	A2A SpA	EUR	3,476	8,114	-7%	71%	43%	-5%	17%	12%	9%	10%
	ACEA SpA	EUR	2,703	7,060	6%	19%	12%	1%	33%	33%	30%	30%
	Mean				**9%**	**48%**	**29%**	**0%**	**21%**	**23%**	**19%**	**22%**
	Median				**4%**	**43%**	**25%**	**-1%**	**21%**	**16%**	**14%**	**15%**
	Rocket Energy											

Source: Banca Profilo estimates and elaborations on Factset data (as of January 28, 2022)

EV/Sales should be preferred over EV/EBITDA, since the latter would not be material given the embryonic stage of the Company

The SOTP valuation provides for two distinct valuations at the enterprise value level, to then move to the total Company's Equity Value considering the estimated FY21 Net Debt coming from the aggregate Company's Balance Sheet. To compute the two enterprise values, we would use the EV/Sales as reference multiple, being Rocket in early stage with no profits for the time being. To avoid any outlier with extremely large or small values, we would prefer the Median over the Mean.

Considering the sample of *comparables* for Rocket Sharing platform, the Median 2022-2023 EV/Sales would be equal to 1.3x, while considering the sample of *comparables* for Rocket Energy, the Median 2022-2023 EV/Sales would be equal to 0.7x. These multiples should then be compared to our 2022-2023 estimated revenue for Rocket Sharing platform (€1.8mln) and for Rocket Energy (€4.5mln) respectively.

Table 10: Market multiple

	Company	EV / EBITDA			EV / Sales		
	03/11/2022	2021	2022E	2023E	2021	2022E	2023E
E-commerce & Loyalty	Edenred	21.5x	17.2x	15.2x	8.7x	7.2x	6.5x
	Quotient Technology Inc	6.7x	14.3x	4.4x	0.5x	0.8x	0.7x
	Giglio Group SpA	n.a.	N.A.	N.A.	1.1x	N.A.	N.A.
	Promotica SpA	29.0x	9.9x	5.0x	1.5x	0.7x	0.7x
	Eagle Eye Solutions Group PLC	27.5x	21.4x	18.8x	5.4x	4.3x	3.8x
	Bilendi	9.5x	6.7x	5.8x	2.0x	1.4x	1.3x
	Mean	**18.8x**	**13.9x**	**9.8x**	**3.2x**	**2.9x**	**2.6x**
	Median	**21.5x**	**14.3x**	**5.8x**	**1.7x**	**1.4x**	**1.3x**
Energy	Eviso SPA	13.9x	10.6x	8.5x	0.4x	0.3x	0.2x
	Ascopiave SpA	11.5x	12.1x	9.7x	6.8x	5.6x	5.6x
	Iren SpA	5.5x	5.1x	4.9x	1.1x	0.9x	0.9x
	Hera SpA	5.9x	5.7x	5.6x	0.7x	0.5x	0.6x
	A2A SpA	5.8x	5.7x	5.2x	0.7x	0.5x	0.5x
	ACEA SpA	5.7x	5.5x	5.4x	1.9x	1.6x	1.6x
	Mean	**8.1x**	**7.4x**	**6.5x**	**1.9x**	**1.6x**	**1.6x**
	Median	**5.9x**	**5.7x**	**5.5x**	**0.9x**	**0.7x**	**0.8x**

Source: Banca Profilo estimates and elaborations on Factset data (as of January 28, 2022)

Market multiples equity value at €0.6/share

We end up with an Equity Value of €8mln or €0.6/share.

12-month target price at €0.8; BUY

We set our 12-month target price at €0.8/share as the simple average of our DCF and market multiples valuation. Given the significant upside on Rocket current market price, our recommendation is BUY.

APPENDIX
Rocket Sharing Company overview and business model

Company's foundation

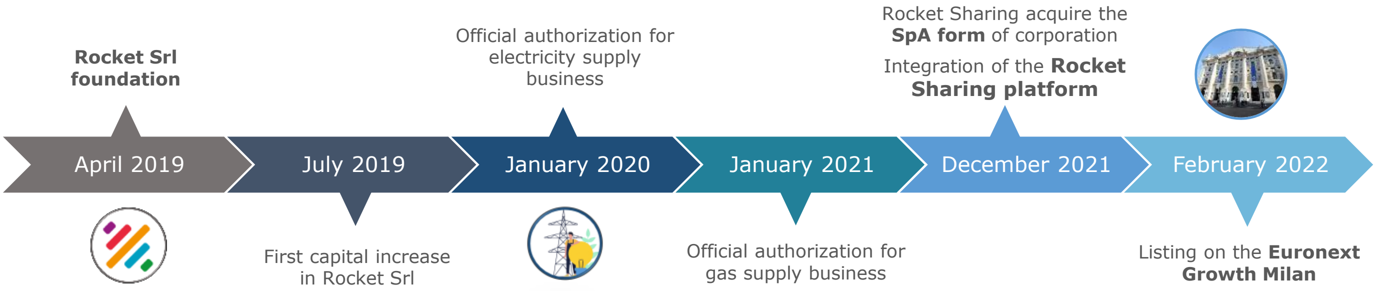
Rocket Sharing Company in a nutshell

Rocket Sharing Company (RSC) is an Italian innovative start-up mainly active in the retail sale of electricity and gas in Italy but with expansion strategies in the e-commerce and loyalty programs markets. Its business model is based on the provision of a basic service, the energy supply service, integrated with a blockchain technology and an e-commerce ecosystem. In greater detail, all of this takes place within "Rocket Sharing", Rocket's proprietary e-commerce platform, namely a marketplace where users can buy products or services from both web brands and local shops. The incentive to use the platform comes from its cashback program, which rewards consumers at every purchase. The money earned by users can be collected and used as a discount on each subsequent purchase and, once the integration of the Rocket Sharing platform will be completed, also on Rocket energy bills.

From foundation (2019) to listing (2021) in just two years

The Group was born from the over twenty years of experience of Alberto Ferlin, co-founder of the Ferlin Tiozzo & Associati studio, and Luigi Maisto, manager, entrepreneur, and expert in switching economy, sharing economy and blockchain technology. Although the Company was founded only two years ago, it is ready to go public, thanks to the management's willingness to scale Rocket's business up. Before listing, RSC acquired the SpA form of corporation and has requested the status of innovative SME.

Figure 14: Key milestones



Source: Banca Profilo elaborations on Company data

Business model

Rocket Sharing Company at a glance: an integrated ecosystem between energy services and online shopping

RSC mainly operates as a certified Italian supplier of electricity and gas with an avant-garde business model, characterized by two elements of strong innovation: (i) the opportunity for consumers to get discounts and receive cashbacks on and from paying the bill, and (ii) the transactions' recording via blockchain technology. RSC competitive advantage lies precisely in the high degree of innovation of the business model that integrates a traditional energy supply service with a highly technological and cutting-edge consumer service. The integration between the two business models derives from the presence of Rocket's energy supply service as one of the services available on "Rocket Sharing", allowing end users to save on the cost of the bill and earn from the payment of the same. Rocket is in fact listed as a *merchant* on the platform, along with physical store and web partners such as Booking, Bershka, Unieuro, Italo, Expedia, Puma and many other.

A deep dive into Rocket Sharing platform, the most valuable asset for Rocket's expansion strategies

Going into the details of the business model, "Rocket Sharing"is SaaS marketplace where customers can buy different types of products or services and get back a percentage of the amount spent. However, the platform is not a traditional marketplace such as Etsy or Amazon, where consumers directly buy a good; on Rocket Sharing consumers only have visibility of physical shops and brands which, being registered on the platform, retrocede a cashback upon purchase. The actual purchase is not made on Rocket Sharing, but either at the physical shops (later, by physically going to the store) or on the proprietary website of the brand (even immediately, being redirected to the brand's website). The cashback, which is on average equal to 6% of the total spending, will be then recognized thanks to online tracking of purchases through cookies. For users, registration is free, but there should be also premium memberships that will allow users to receive higher cashback on payment of a subscription fee. On the other hand, in order to be active *merchants* on the platform, physical shops pay an initial fee of € 1500 per year. Furthermore, in order to distribute cashbacks, *merchants* must previously purchase so-called "vouchers" from Rocket. These pre-purchased vouchers represent a virtual merchant's wallet from which the platform automatically take money to rewards via cashback consumers who made a purchase from that merchant. Each merchant will thus have its own virtual wallet of vouchers: if not, consumers will have no incentive to buy their products, as there will be no possibility of receiving cashback.

How revenues are generated

Regarding turnover, Rocket generates revenues from its marketplace through: (i) the registration fees of merchants, (ii) the sale of vouchers to merchants, (iii) the direct sale of vouchers to interested users, (iv) the premium memberships of users, and (v) a percentage of the spending level Rocket Sharing users make on third-party websites. In return, the platform offers: (i) online visibility for physical stores that do not have their own website, (ii) increased traffic and purchases on web partners' websites, (iii) a model that fuels consumption for merchants, and (iv) discounts for consumers.

Main partners and technological aspects of Rocket Sharing: website, mobile app and CRM

For consumers, the platform will be usable either through the website or the mobile app. Both are still under partial development and improvement. Merchants, on the other hand, will be able to use the platform only from the web; through the platform they will be able to monitor sales data, interact with customers and organize Direct Email Marketing or SMS Marketing campaigns, in addition to buying coupons and managing their profile. To manage the development of its marketplace, Rocket has already identified two main technological partners: (i) Relatech, which will mainly deal with the digital customer experience and a big data analysis system, and (ii) Bassbox, which will handle the integration of the platform with ancillary services.

Figure 15: Rocket Sharing platform from the consumer's point of view

Source: Banca Profilo elaborations

Rocket buys energy on the wholesale market and resells it to end customers (both B2B and B2C). PUN is the reference price

Going into the details of the energy supply service, Rocket offers its customers, both domestic (B2C) and non-domestic (B2B), electricity and gas contracts in the free energy market. Rocket buys energy to wholesale, at a price equivalent to the PUN plus a spread and resells it to end consumers at the purchase price plus a spread and the PCV (the so called Prezzo Unico Nazionale), a fixed amount discretionally defined by companies to cover commercial costs. Rocket's PVC may vary between €5 and €12 per month (€60-€144 per year). As of the end of September 2021, Rocket's energy active clients were 475, of which 193 were companies (41%) and 279 retail consumers (59%). Rocket's typical B2B customer are non-energy-intensive SMEs with turnover between €0.5mln and €50mln and with at least 5 employees.

A one-to-one approach with a strong focus on customer selection and customer care

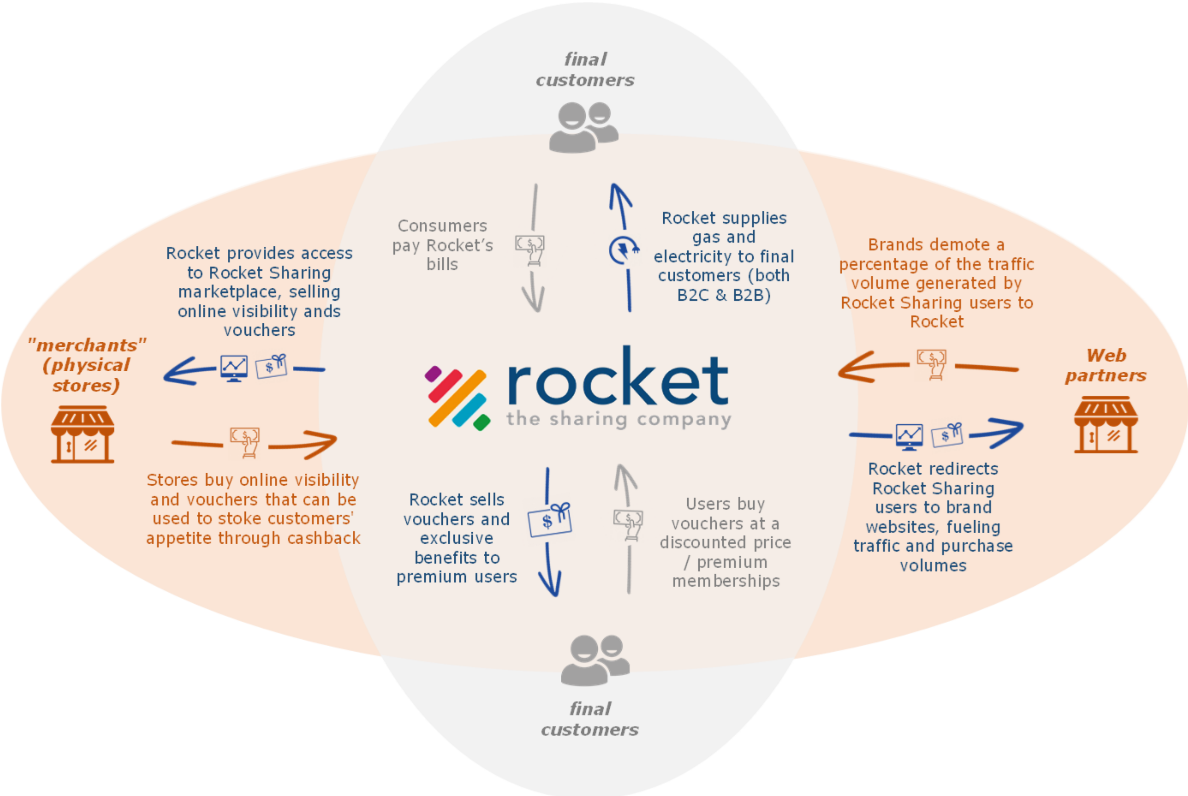
In particular, the acquisition of customers, both B2C and B2B, takes place through a lead generation process, aimed at identifying the pool of potential users of the services. This process is managed through web campaigns, social, performance and loyalty marketing, participation at institutional events and "refer-a-friend" programs. Once a panel of prospect customers has been obtained, Rocket's consultants propose to each prospect a personalized offer based on the energy contract he already has with another company. As for the energy purchase process, Rocket buys electricity from eVISO and gas from AGSM. Finally, the billing service is performed by an external provider which, after having collected the actual consumption data, proceeds to issue energy invoices and deliver them directly to Rocket customers.

Revenue model

A deep dive into Rocket's revenue model

From the integration of "Rocket Sharing" and the energy supply service, Rocket derives four main revenue items, one of which is attributable to the energy supply business, and the other three to the platform.

Figure 16: Rocket business and revenue model



Source: Banca Profilo elaborations

Revenue from Rocket Sharing marketplace

Rocket Sharing sources of revenue can be divided according to the counterparty of the transaction, between: (i) revenues from physical stores, (ii) revenues from web partners, and (iii) revenues from users of the platform.

- Revenues from physical stores come from the payment of the €1,500 annual fee. On top of it, merchants buy vouchers to guarantee a cashback for users. This revenue item is therefore closely related to the number of merchants active on the platform and the volume of purchases Rocket Sharing users make at merchant's physical stores.
- The second revenue item comes from affiliate programs with web partners, online brands such as Booking, ebay, Italo, etc; with them Rocket invoices a percentage of the total transactions generated by Rocket Sharing users on the proprietary brand website. When a user is redirected from the platform to the brand's e-commerce site and makes a purchase, the purchased made indirectly generates a revenue for Rocket, equal to a single-digit percentage of the amount spent by the customer. In the final balance, the brand pays the percentage back to Rocket which, in turn, transfers vouchers worth that amount to the brand. This revenue item depends on three main variables, the number of Rocket Sharing users, the volume of online purchases made by them and the number of web partners registered on the platform.
- The last source of revenue is represented by active users of the marketplace who can buy vouchers and register as premium users to receive increased cashback percentages.

Revenue from the sale of electricity and gas

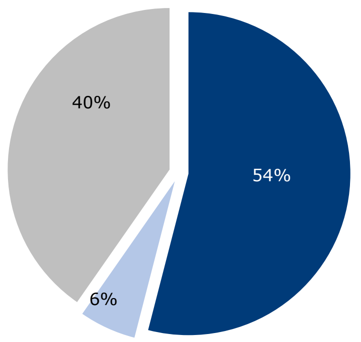
Rocket's revenue coming from the energy reselling activity is a function of three main variables: (i) the customer base, (ii) the average consumption per customer, and (iii) the average energy cost. In 2021, the energy reselling business generated almost 95% of total revenue. Even with a fully operational Rocket Sharing platform, energy revenues are expected to represent at least 60% of annual turnover of the explicit period, according to our estimates. However, energy revenues could be significantly volatile, being subject to fluctuations in energy prices.

Ownership structure

Rocket Sharing Company is 91% controlled by Rocket Enterprise Ltd

Following the IPO process which ended with the listing of Rocket Sharing Company on the EG in February, main shareholder is Rocket Enterprise Ltd with a 54% stake. 6% of RSC is held by minority shareholders and 40% is the Free Float. Rocket Enterprise is a limited private company incorporated on 15 October 2018 with the registered office located in London. Rocket Enterprise Ltd is in turn controlled by: Daniele Vigano (41.1%), Luigi Maisto (41.1%), W Capital Srl (15.3%) and by other shareholders (2.5%).

Figure 17: Ownership of the Group (%)



Source: Banca Profilo elaborations on Company data

Management

Key figures

RSC Board of Directors is made up of five members appointed up to December 2023. The Board of Statutory Auditors is made up of five members appointed up to December 2023. RSC is characterized by a limited operating history for evaluating management ability to reach its strategic and financial objectives.

Table 11:: Composition of the Board of Directors

BoD members	Position	Executive	Independent	Minority	Birth Year	Gender	Nationality
Luigi Maisto	Chairman and CEO	x			1970	M	Italian
Alberto Ferlin	Director & CFO	x			1977	M	Italian
Paolo Pescetto	Independent Director		x		1969	M	Italian
Cristina Murelli	Independent Director Director		x		1969	F	Italian
Giuseppe Puttini	Independent Director Director		x		1958	M	Italian

Source: Banca Profilo elaborations on Company data

Luigi Maisto

Luigi Maisto defines himself as a business trend setter, or rather an entrepreneur with an eye to the future. After a degree in International Commerce, Luigi Maisto co-founded MyBest Group in 2003 and in the same year became General Manager of Key21. In

April 2013 he co-founded Easy4Cloud Srl and in March 2015 founded myG21, a social e-commerce project subsequently merged into CoinShare in 2018.

Alberto Ferlin

Alberto Ferlin, who graduated in Business Administration from the Cà Foscari University of Venice, is a chartered accountant and auditor and member of the International Fiscal Association and member of the Society of Trust and Estate Practitioners. After the degree, he specialized in Tax Law at the Bocconi University, in M&A at the IPSOA training school and in corporate restructuring at the London Business School. He is Senior Partner of Studio Ferlin Tiozzo & Associati, a professional association of chartered accountants and lawyers. He previously held the position of director, bankruptcy trustee, and statutory auditor at other companies.

Paolo Pescetto

Paolo Pescetto, who graduated in Business Administration from the Bocconi University of Milan, is a chartered accountant and auditor. From 2001 to 2014 he was a professor of Business Strategies and Company Evaluation at the University of Genoa. He has worked in some leading international consulting companies (Boston Consulting Group, Bossard Consultants, Ceccarelli PIMS). Over the years he has specialized in company valuation, M&A, and structured financing of complex projects. He previously held the position of director and statutory auditor at other companies.

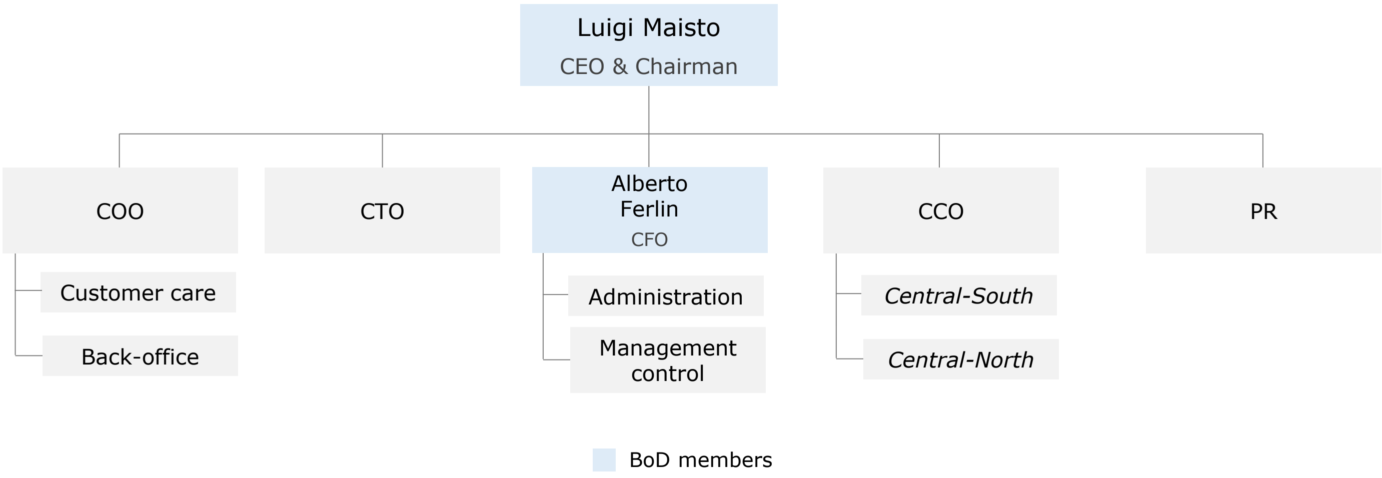
Maria Cristina Murelli

Maria Cristina Murelli, who graduated in Law from the University of Parma, is a lawyer and a "Cassazionista" layer (she can act before the Italian Supreme Court). She has worked for several years with leading Milan law firms, specializing in communication, consumer and technology law, privacy law, industrial and intellectual property law and civil law. In 2005 she founded her own firm. Her firm specializes in drafting, negotiating and finalizing strategic contracts with particular attention to issues relating to intellectual property law.

Puttini Giuseppe

Giuseppe Puttini, who graduated in Economics from the University of Naples Federico II, is a chartered accountant and auditor. He has an accountancy firm that has been in business for over thirty years with offices in Naples and Milan. He specializes in: corporate consultancy, budget analysis, and performance audit. As a consultant, he has collaborated with public administrations as well as primary private companies. He previously held the position of director and statutory auditor at other companies.

Figure 18: Company organisational chart



Source: Banca Profilo elaborations on Company data

IPO
Offering structure

Capital increase

The Company listed in February on the Euronext Growth Milan, the Italian Stock Exchange segment dedicated to small-sized companies with high growth potential. The offering was a capital increase regarding 4.5mln shares at €0.8/share leading to a total number of shares of 12.5mln, a shareholders' equity of €3.79mln and net cash of €2.3mln at the end of June 2022.

24months lock up period

Shareholders had a 24 month lock up period after the listing.

Price Adjustment Shares mechanism: the target is €2.0mln in revenue from the Rocket Sharing platform

A Price Adjustment Shares (PAS) has been set as a protective mechanism for Investors. It provides for:

- the cancellation of 100% of the shares if Rocket Sharing marketplace FY22 revenue will be below €1.0mln;
- the cancellation of 50% of the shares if Rocket Sharing marketplace FY22 revenue will be between €1.0mln and €2.0mln;
- no cancellation of shares if Rocket Sharing marketplace FY22 revenue will be above €2.0mln.

The Company has thus committed to achieve at least €2.0mln revenue from the Rocket Sharing platform in FY22. In 9M22 Rocket Sharing turnover stood at €0.38mln.

Warrant distribution

1 warrant every 2 shares were assigned within the institutional placement; moreover all shareholders received 1 Warrant every 4 shares. Four different Exercise Period and Strike Prices have been defined.

Table 12: Warrant structure

Exercise period	01/07/22-29/07/22	03/07/23-31/07/23	01/07/24-31/07/24	01/07/25-31/07/25
strike price	0.88	1.04	1.2	1.28
current warrant price		0.09		
current share price		0.46		
in the money	no	-0.67		
exercise ratio	1 share	each warrant		

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