Datrix

Sector: Technology

Where there is data smoke, there is business fire

Data are the new oil and Augmented Analytics (AA) is the combustion engine. Datrix has developed a proprietary scalable AA framework and offers corporates plug&play ROI-enhancing solutions, diversified in four verticals, to extract value from data. The Eu13.4mn net IPO proceeds should accelerate growth and recurring sales (ca. 57% in 2020A), strengthen the go-to-market and pave the way for additional M&A. We initiate with a BUY rating and TP of Eu5.4/share

- **AA is a booming market (27% 2020-25E CAGR for the niche targeted by Datrix).** While the data economy is shaping the future of humanity, IT departments of many corporates are not equipped to extract value from big data. AA helps corporates to apply a data driven approach to their business. It integrates Artificial Intelligence techniques/models (machine learning, deep learning, NLP) and data analysis, with the goal of: 1) fully automating the generation of insights and 2) assisting in their interpretation to support the decision-making processes. The global AA market targeted by Datrix (USD24bn in 2020) is expected to grow at a 27% CAGR in 2020-25.

- **Datrix has developed a unique, fully integrated and complete AA tech framework...** Leveraging on the expertise of its 3 founders (ex-Google), partnerships with tech companies, universities and research centers, Datrix has developed a fully integrated and complete proprietary AA platform. This is able to automatically collect data from different sources (including first-party data and public data), store them in a scalable Data Lake and execute various analysis.

- **...and proven / plug&play solutions.** The platform offers easily implementable ROI-enhancing solutions to corporates in 4 specific verticals: Marketing & Sales, Fintech, Data Monetization and Machine Learning Model Serving. Datrix boasts a diversified portfolio of >300 clients (22% 2020PF sales abroad). The group differentiates from large competitors, which own horizontal, mono-area solutions that require strong internal IT skills within their clients (or system integration activities). By contrast, most of Datrix's solutions are scalable and plag&play, and generate recurring (ca. 57% in 2020A) sales. The technological maturity and sophistication achieved during +10y of history are strong entry barriers for potential newcomers.

- **Ready to strengthen the go-to-market strategy and accelerate on M&A.** After validating its solutions with large corporates and establishing distribution partnerships with top players (incl. Bloomberg, Nasdaq), Datrix is ready to accelerate the go-to-market strategy, with focus on 1) the US (supported by the acquisition of Adapex in 2021), which we expect at 40% of sales in 2024E; 2) SMEs (a dedicated Inside sale structure is in place) and 3) additional direct sales and partnerships. Existing track record on M&A (3 deals in the past) and clear rational (upselling/cross-selling) set the scene for value accretive deals.

- **Strong top line growth and clear path to high margins.** We expect a 36% 2020-25 net sales CAGR (35% organic) and >75% recurring sales in 2025E. Increasing GM on sales (driven by sales mix, learning curve and business maturation) and operational leverage (mainly on R&D and G&A) should trigger strong margin expansion. We expect EBITDA margin to enter positive grounds from 2022, reaching 30% in 2025. Datrix should pass the "Rule of 40" (Organic sales growth + EBIT margin > 40%) in 2022E (ranking as one of the top performers in our sample) and improve further in the following years (>50% from 2024E). Profitability increase and control of WC should imply high EBITDA to FCF conversion at full steam (>50% in 2025).

- **We initiate with BUY and TP of Eu5.4/share**. Datrix is currently trading in line with its IPO price, despite recent pressure on tech stocks stemming from an inflationary environment and more hawkish monetary policies. At 3.1x 2022E EV/Sales, the group is trading at around 30% discount versus the average of our selected European and Italian peers. We set a TP of Eu5.4/share, based on the average of 2022-23 EV/Sales multiples of peers, cross-checked with DCF.

BUY
New Coverage

TP 5.4
New Coverage

Target price upside 31%

Ticker (BBG, Reut)	DATA IM	DATA MI
Share price Ord. (Eu)		4.1
N. of Ord. shares (mn)		15.9
Total N. of shares (mn)		15.9
Market cap (Eu mn)		65
Total Market Cap (EU mn)		65
Free Float Ord. (%)		27%
Free Float Ord. (Eu mn)		17
Daily AVG liquidity Ord. (Eu k)		327

	1M	3M	12M
Absolute Perf.	-7%	na	na
Rel.to FTSEMidCap	-6%	na	na
52 weeks range		4.1	4.5

Datrix S.p.A. - Price Relative to FTSE Italia Mid Cap
Datrix S.p.A. - Price
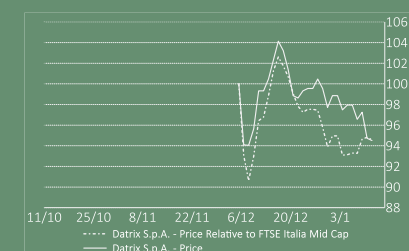
	FY20A	FY21E	FY22E
Sales	9	11	18
EBITDA adj.	(0.8)	(0.7)	1.0
Net profit adj.	(1.4)	(2.1)	(0.5)
EPS adj.	0.000	nm	nm
DPS - Ord.	0.000	0.000	0.000
EV/EBITDA adj.		nm	55.3x
P/E adj.		nm	nm
Dividend yield		0.0%	0.0%
FCF yield		-6.4%	-0.8%
Net debt/(Net cash)	0.2	(9.8)	(9.9)
Net debt/EBITDA	nm	nm	nm

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Summary Financials

P&L account (Eu mn)	FY19A	FY20A	FY21E	FY22E	FY23E
Total Revenues	5.6	9.0	11.0	18.1	24.7
First margin	na	na	na	na	na
EBITDA reported	0.1	(0.8)	(0.7)	1.0	3.9
D&A	(0.8)	(1.1)	(1.4)	(1.8)	(2.0)
EBIT reported	(0.7)	(1.9)	(2.1)	(0.8)	1.9
Net financial charges	(0.0)	(0.0)	(0.1)	(0.1)	(0.0)
Associates	0.0	0.0	0.0	0.0	0.0
Extraordinary items	0.0	0.0	0.0	0.0	0.0
Pre-tax profit	(0.7)	(1.9)	(2.1)	(0.8)	1.9
Taxes	0.2	0.5	0.0	0.0	0.0
Minorities	0.0	(0.1)	0.0	0.0	0.0
Discontinued activities	0.0	0.0	0.0	0.0	0.0
Net profit reported	(0.5)	(1.4)	(2.1)	(0.8)	1.9
EBITDA adjusted	**0.1**	**(0.8)**	**(0.7)**	**1.0**	**3.9**
EBIT adjusted	**(0.7)**	**(1.9)**	**(2.1)**	**(0.5)**	**2.2**
Net profit adjusted	**(0.5)**	**(1.4)**	**(2.1)**	**(0.5)**	**2.2**

Margins (%)	FY19A	FY20A	FY21E	FY22E	FY23E
First margin	na	na	na	na	na
EBITDA margin	1.9%	-8.9%	-6.2%	5.6%	15.8%
EBITDA margin (adj)	1.9%	-8.9%	-6.2%	5.6%	15.8%
EBIT margin	-12.4%	-20.6%	-18.9%	-4.4%	7.6%
EBIT margin (adj)	-12.4%	-20.6%	-18.9%	-2.6%	8.9%
Pre-tax margin	-12.8%	-20.6%	-19.4%	-4.7%	7.5%
Net profit margin	-9.4%	-16.0%	-19.4%	-4.7%	7.5%
Net profit margin (adj)	-9.4%	-16.0%	-19.4%	-2.9%	8.8%

Growth rates (%)	FY19A	FY20A	FY21E	FY22E	FY23E
Sales	na	59.3%	22.0%	65.2%	36.4%
EBITDA	na	na	na	na	282.7%
EBITDA adjusted	na	na	na	na	282.7%
EBIT	na	na	na	na	na
EBIT adjusted	na	na	na	na	na
Pre-tax	na	na	na	na	na
Net profit	na	na	na	na	na
Net profit adjusted	na	na	na	na	na

Per share data	FY19A	FY20A	FY21E	FY22E	FY23E
Shares			15.890	16.514	16.514
N. of shares AVG			15.890	16.514	16.514
N. of shares diluted AVG			15.890	16.514	16.514
EPS			**nm**	**nm**	**0.112**
EPS adjusted			**nm**	**nm**	**0.132**
DPS - Ord.			**0.000**	**0.000**	**0.000**
DPS - Sav.			0.000	0.000	0.000
BVPS			1.277	1.217	1.330

Enterprise value (Eu mn)	FY19A	FY20A	FY21E	FY22E	FY23E
Share price Ord. (Eu)	na	na	4.1	4.1	4.1
Market cap			64.8	64.8	64.8
Net debt/(Net cash)	0.3	0.2	(9.8)	(9.9)	(11.7)
Adjustments	0.5	0.7	0.7	1.2	1.6
Enterprise value			55.8	56.1	54.8

Cash flow (Eu mn)	FY19A	FY20A	FY21E	FY22E	FY23E
EBITDA reported		(0.8)	(0.7)	1.0	3.9
Net financial charges		(0.0)	(0.1)	(0.1)	(0.0)
Cash taxes		0.0	0.0	0.0	0.0
Ch. in Working Capital		0.3	(0.5)	(0.2)	(0.7)
Other Op. items		0.2	0.1	0.5	0.4
Operating cash flow		**(0.3)**	**(1.1)**	**1.2**	**3.6**
Capex		(1.7)	(3.1)	(1.7)	(1.9)
FCF		**(2.0)**	**(4.2)**	**(0.5)**	**1.7**
Disposals/Acquisitions		0.0	(4.0)	0.0	0.0
Changes in Equity		1.9	18.1	0.7	0.0
Others		0.2	0.0	0.0	0.0
Dividends		0.0	0.0	0.0	0.0
Ch. in NFP		**0.1**	**10.0**	**0.2**	**1.7**

Ratios (%)	FY19A	FY20A	FY21E	FY22E	FY23E
Capex/Sales	nm	18.6%	28.3%	9.4%	7.7%
Capex/D&A	nm	1.6x	2.2x	0.9x	0.9x
FCF/EBITDA	nm	250.0%	615.8%	-49.4%	44.6%
FCF/Net profit	nm	139.1%	196.4%	59.3%	93.8%
Dividend pay-out	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**

Balance sheet (Eu mn)	FY19A	FY20A	FY21E	FY22E	FY23E
Working capital	0.7	0.4	0.9	1.1	1.8
Fixed assets	3.9	4.9	10.4	10.2	10.1
Provisions & others	(0.4)	(0.6)	(0.7)	(1.2)	(1.6)
Net capital employed	**4.3**	**4.7**	**10.6**	**10.2**	**10.3**
Net debt/(Net cash)	0.3	0.2	(9.8)	(9.9)	(11.7)
Equity	3.9	4.3	20.3	20.1	22.0
Minority interests	0.1	0.2	0.0	0.0	0.0

Ratios (%)	FY19A	FY20A	FY21E	FY22E	FY23E
Working capital/Sales	**13.0%**	**4.8%**	**8.3%**	**6.3%**	**7.3%**
Net debt/Equity	**7.8%**	**4.5%**	**nm**	**nm**	**nm**
Net debt/EBITDA	**2.9x**	**nm**	**nm**	**nm**	**nm**

Valuation	FY19A	FY20A	FY21E	FY22E	FY23E
EV/CE			**4.9x**	**4.9x**	**4.6x**
P/BV			3.2x	3.2x	3.0x
EV/Sales			5.1x	3.1x	2.2x
EV/EBITDA			nm	55.0x	14.0x
EV/EBITDA adjusted			**nm**	**55.0x**	**14.0x**
EV/EBIT			nm	nm	29.0x
EV/EBIT adjusted			**nm**	**nm**	**24.8x**
P/E			nm	nm	34.9x
P/E adjusted			**nm**	**nm**	**29.8x**
ROCE pre-tax			-25.1%	-4.2%	18.9%
ROE			**-10.5%**	**-2.6%**	**9.9%**
EV/FCF			-13.3x	-111.3x	31.5x
FCF yield			**-6.4%**	**-0.8%**	**2.7%**
Dividend yield			**0.0%**	**0.0%**	**0.0%**

Source: Company data, Alantra estimates from 2021

Strengths	Weaknesses
Unique fully integrated and complete AA tech framework	Early development stage of distribution agreements and inside sales
Plug&Play solutions proven with large clients	Back-end loaded FCF generation profile
Strong management team	Dependancy on one large suppplier (Google)

Opportunities	Threats
International expansion	Regulatory changes in personal data protection
Expansion with SME	Stronger competition from larger players
Development of new technologies / verticals	

Key shareholders	Management	Next events
FMC Growth S.r.l. 43.8%	Fabrizio Milano D'Aragona - CEO	
United Ventures One Sicaf Euveca S.p.A. 8.2%	Mauro Arte - COO	
8a+ Investimenti SGR S.p.A. 5.6%	Claudio Zamboni - CRO	
	Giuseppe Venezia - CFO	

Executive Summary

Data are the new oil and Augmented Analytics (AA) is the combustion engine. Datrix has developed a proprietary scalable AA framework and offers corporates plug&play ROI enhancing solutions, diversified in four verticals, with the aim to extract value from data.
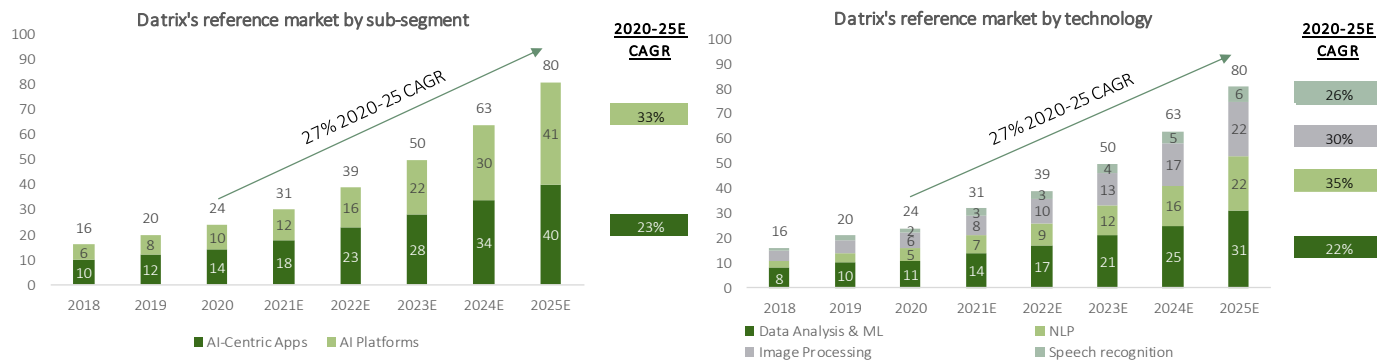
The Eu13.4mn net IPO proceeds (100% primary offer) should accelerate growth, recurring sales (ca. 57% in 2020), strengthening the go-to-market strategy and paving the way for additional M&A. We initiate coverage with a BUY rating and a TP of Eu5.4/share.

The data economy is shaping the future of humanity. Augmented Analytics is a booming market

The convergence of several trends, including the increasing migration of socio-economic activities to the Internet, the advent of Internet of Things and the decline in the cost of data collection, storage and processing, are leading to the generation and use of a huge volume of data. The data economy is shaping the future of humanity. According to IDC, the volume of data created and replicated in the world in 2020 was 64.2 zettabytes and it is expected to experience a 23% 2020-25 CAGR. The use of data should increasingly distinguish winning and losing corporates. However, while few large digital groups (Google, Facebook, Amazon, Microsoft…) have built their success on the use of data, many firms struggle to do it, and SME have no financial resources to optimise data analytics. Augmented Analytics is born to democratise data. It consists of a new approach to data analysis that integrates AI techniques (Machine Learning, Natural Language Processing, Deep Learning) to augment the ability of people to understand data and apply them to the business. AA tools make data analytics affordable for any corporate with limited deployment of resources. According to an Oliver Wayman research based on IDC, the global AA market covered by Datrix (valued at USD24bn in 2020) should grow at a 27% 2020-25E CAGR.

Evolution of Datrix's reference market by sub-segment and technologies – USD bn

Datrix's reference market was valued at USD24bn in 2020. It is expected to post a 27% 2020-25 CAGR. Datrix covers all the main AI technologies
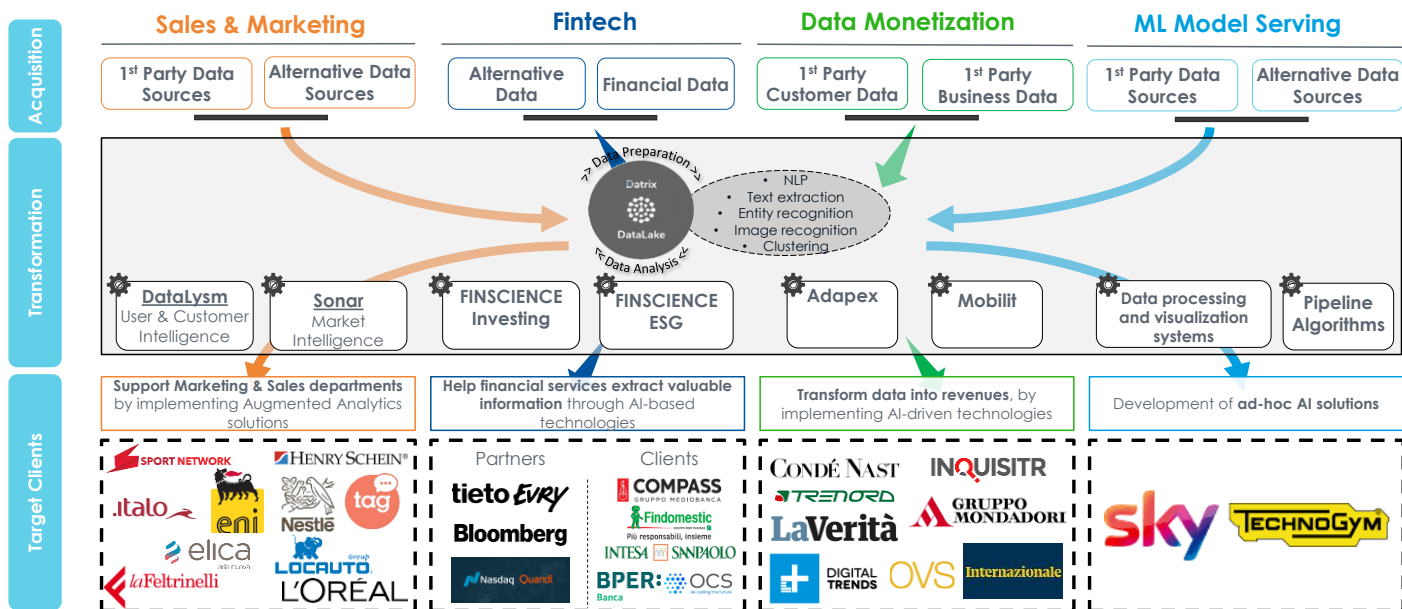

Source: Company presentation based on Oliver Wyman research, IDC (2021)

A unique, fully integrated and complete AA tech framework

With origins in 2010, Datrix has leveraged on the expertise of its founders (ex-Google) and partnerships with tech companies, universities and research centres to develop a fully integrated and complete proprietary AA platform. This is able to automatically collect data from different sources (including first-party data and public data), store them in a scalable Data Lake, and automatically execute various analysis. The platform is sold to corporate clients as DaaS (Data as a Service), with solutions in four different areas: Marketing & Sales, Fintech, Data Monetization and Machine Learning Model Serving. The group added M&A to organic growth to increasingly capitalize on its platform, and delivered 2020PF sales of Eu9.8mn after a 58% 2018-2020PF CAGR. Datrix solutions are sold to a diversified client base (>300 corporate clients in 2020PF) in Italy and abroad (22% of 2020PF sales). Management team is excellent and structured, the shareholding base includes top investors, and the BoD sees 3 independent directors.

Datrix AA technology framework

Datrix's fully integrated and complete AA tech framework is able to generate insights in 4 different verticals with the combination of public and first-party data

Source: Company presentation

Recurring business from ready-to-use solutions

Datrix uses its technological framework to offer corporate clients ready-to-use solutions in four different verticals: Marketing & Sales, Fintech, Data Monetization and Machine Learning Model Serving. Datrix's solutions share some key peculiarities: 1) they do not need the intervention of a data scientist, the IT department of the client or 3rd party system integrators; 2) they are affordable for any corporate, although Datrix does not really target micro and small caps; 3) Excluding the Fintech business, they integrate public data with first-party data; 4) they are able to generate recurring revenue streams (ca. 57% of 2020A sales). Datrix differs from large competitors, which own horizontal, mono-area solutions and require either strong internal skills within client companies or system integration activities. The technological maturity and sophistication of the proprietary platform achieved during +10y of history, management quality, credentials developed with a large portfolio of clients and agreements with outstanding distribution partners are strong entry barriers for potential newcomers.

Datrix's 4 divisions at a glance

Datrix's solutions 1) are ready to use; 2) are affordable for any corporate; 3) mix analysis of first-party and public data; 4) are able to generate recurring revenue streams (57% of 2020A sales)

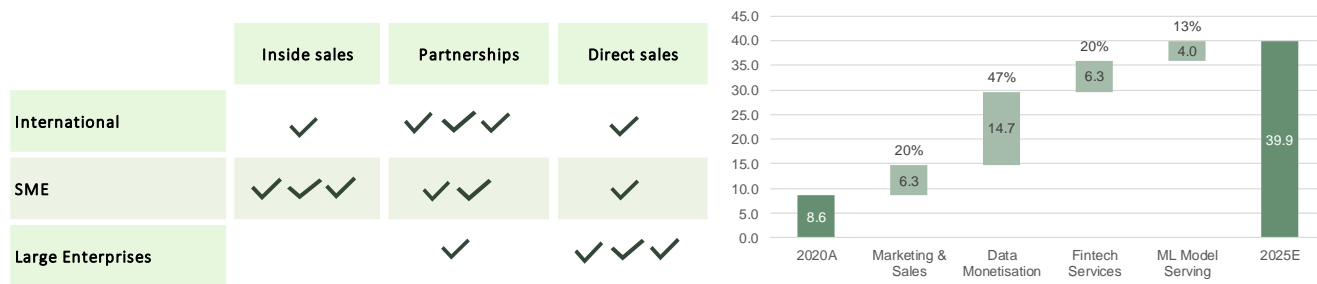|	Sales & Marketing	Fintech	Data Monetisation	Machine Leaning Model Serving
Activity	Augment performance of marketing and sales through the combination of AI, data and human expertise	Help financial services to extract/distill valuable information in an innovative way through AI-based technologies and alternative non-conventional data	Transform data into revenues, by implementing AI-driven technologies	Help organizations competing in the era of data by developing artificial intelligence applications and models that drive revenue increase or cost decrease along all business functions
Business goal	1. Attract & acquire more customers; 2. Improve Customer Retention & Loyalty; 3. Increase Customer Life-Time Value; 4. Innovate Market Research generating faster insights from a huge amount of non-conventional data; 5. Spend time on leads who are the most likely to convert; 6. More coordination between Marketing & Sales Departments	1. Generate new investment ideas integrating traditional financial data with alternative data 2. Improve portfolio diversity with thematic investments 3. Identify emerging risk factors and measure if/how users opinions might affect financial outputs 4. Have fast credit decisions through an in-depth analysis of client's creditworthiness	1. Maximize profits from ADV Inventory (Publishers) 2. Enable new data-driven revenue streams (Retailers) 3. Generate transparent exchange of value for data generators (users), data collectors (publishers) and data buyers (advertisers)	1. Demand Forecasting 2. Fraud & Anomaly Detection 3. IoT Activity detection 4. Logistics & Warehouse Optimization 5. Inventory & Partes Optimization 6. Workforce productivity optimization
Target sectors	Multi-sector	Finance and Banking	Publishers, Retailers	Multi-sector
Supportive trends	1. Superior top line growth generated by predictive analytics; 2. Increasing importance of first-party data and need to combine them with external data	1. Rise of thematic investments; 2. Superior returns of AI-led hedge funds	Growth of programmatic advertising spending	1. Growth of IOT Investment: 2. Growth of Industry 4.0 Supporting Technologies
Current clients (examples)	Eni, Nestlé, Locauto, La Feltrinelli, Elica, L'Oréal	Credem, Compass, Intesa, BPER	Gruppo Mondadori, Inquisitr, OVS, Trenord	Sky, Technogym
Main products	Datalysm, Sonar	Alternative Data Intelligence, Alternative ESG, Quantamental Investing, Alternative Scores, KDM	Datalit, Adapex, Mobilit	Pipeline Algorithms, Data Processing & Viz systems
Group's companies involved	3rdPlace, ByTek	FinScience	PaperLit, Adapex	3rdPlace
Revenue model	Set-up fee + Recurring subscription	Recurring subscription	Revenue sharing / Recurring subscription	Setup price + Recurring fee + Maintenance and model upgrade
2020PF Sales - Eu mn	7.5	0.1	2.1	0.2
% of total group sales	76%	1%	21%	2%
2020PF-25E Sales CAGR	13%	144%	50%	79%
Business cases	Italo, IBS.it	1. Monitoring of specific companies or stocks 2. Spot of new trends before they are trending 3. Identification of macro-topics within a theme of interest 4. Analysis of in depht specific topics or phenomena	Inquisitir, Condé Nast, Gruppo Mondadori, Hyundai	Sky, Technogym

Source: Datrix's websites, Company presentation, Alantra

Strengthening the go-to-market with focus on the US, SMEs and potential new verticals

Since 2010, the group has invested to build its integrated technological framework. We believe that Datrix is now ready to accelerate the-go-to-market with strong contribution of Reselling partnership programs and Inside sales on top of direct sales. Recent efforts to set-up the distribution network should bear fruits in the coming years. Additionally, despite having 90% of 2020A sales in Italy (mainly from large corporates), we believe that the group can expand in new geographies (the US is in pole position) and in the SMEs space, and potentially develop new AA solutions. By business vertical, we expect a rebalance of the weight of the four divisions, with Marketing & Sales down to 34% in 2025E from 87% in 2020A. Business maturation and sales mix should reduce the weight of one-off / set up revenues on total. According to our estimates, recurring sales should move from ca. 57% in 2020A (in % of total sales) to >75% in 2025E. M&A is a potential accelerator. The group has already acquired and integrated three companies to strengthen its expertise and positioning. M&A focus should be on the acquisition of new SME clients. The acquired companies can be integrated within the existing technological framework, benefitting from implementation of best practices and setting the stage for upselling and cross-selling opportunities.

Top line growth drivers and contribution by division

Datrix should concentrate distribution efforts on its international expansion as well as the broadening of its offering to SMEs, on top of large clients. Data Monetization should be the main contributor to top line growth, also thanks to the acquisition of Adapex (Eu1.3mn sales in 2020), consolidated from Nov 2021
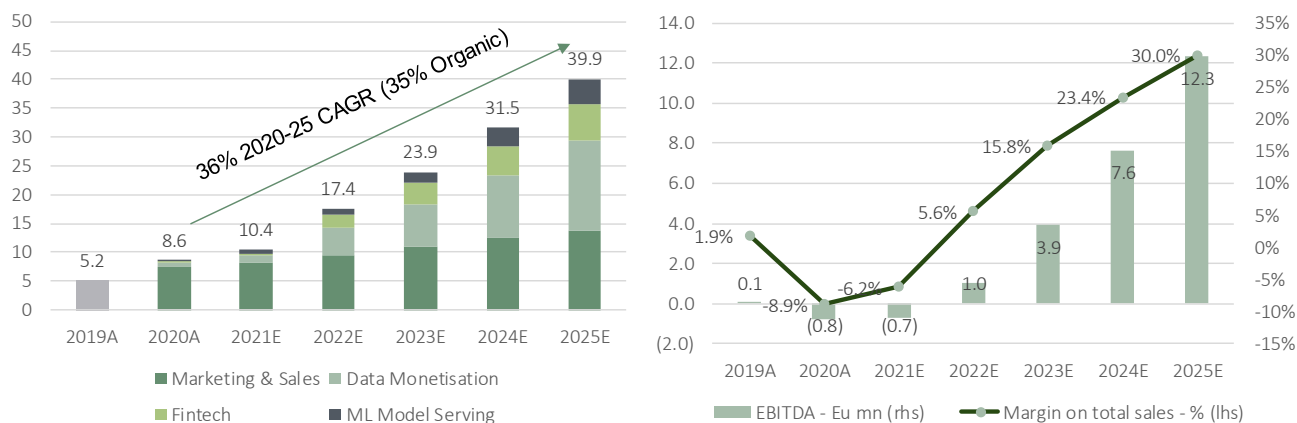
	Inside sales	Partnerships	Direct sales
International	✓	✓ ✓ ✓	✓
SME	✓ ✓ ✓	✓ ✓	✓
Large Enterprises		✓	✓ ✓ ✓

Source: Alantra

Strong top line growth and clear path to high margins

We expect Datrix to deliver a very strong top line growth in the next few years: 36% 2020-25E CAGR, of which 35% organic. From a loss-making business in 2021 (EBITDA margin expected at -6%), EBITDA should turn positive in 2022E and EBIT in 2023E. We believe that EBITDA margin and EBIT margin should reach, respectively, 30% and 25% on sales at full steam in 2025E. Profitability should be driven by: 1) expansion of gross margin, thanks to learning curve (processes optimisation), business maturation (lower weight of set-up fees) and sales mix (lower growth of lower margin Marketing & Sales division) and 2) operational leverage (in particular on R&D and G&A costs). Datrix should pass the "Rule of 40" from 2022E (Organic sales growth + EBIT margin >40%) and improve further in the following years (>50% from 2024E), ranking as one of the top performers in our sample.

Evolution of Net Sales, EBITDA and margin

Strong top line growth (36% 2020-25E CAGR) and strong profitability at full steam (EBITDA margin at 30% in 2025E)
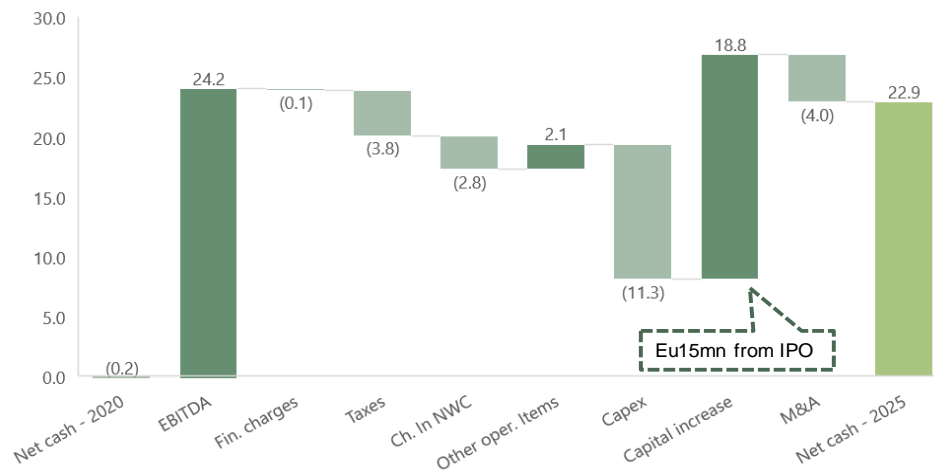
Source: Company presentation for historical figures, Alantra estimates

Strong FCF generation from 2024E

We believe that Datrix will continue to invest in R&D in the coming years to support business growth. We expect Capex / Sales at 9% on average in the period 2021-25, excluding IPO costs. Datrix should have a positive, although limited, Net Working Capital at full steam (average NWC on sales at 7% in 2021-2025), which should absorb some cash. Capex and Net Working Capital needs, coupled with relatively low EBITDA margin in the coming years, should imply low/negative FCF generation in 2021-23. This setting should change from 2024 onwards, when high margins should more than offset cash flow headwinds. EBITDA to FCF conversion should be above 60% in 2024E (helped by no taxes in the year) and >50% in 2025E. Cash out from the acquisition of Adapex (Eu3.8mn EV) has been partially funded with the Eu2.5mn capital increase in 1H 2021 dedicated to 8a+ and OCS.

2020-2025E Net Cash bridge

We expect strong FCF generation from 2024E

Source: Company presentation for historical figures, Alantra estimates

Valuation: TP of Eu5.4/share

We have selected three different panels of comparable companies for Datrix: 1) European SMC groups in the data value chain. They share many similarities with the company; 2) Italian B2B solution providers in Artificial Intelligence and Cyber Security listed on Euronext Growth Milan (Cy4Gate, Cyberoo, Almawave, Expert.ai); 3) US names in the data value chain. Apart the differences in the business model, US peers are much larger than Datrix. We have not taken them into account. We have focused on EV/Sales multiples, as many players (including Datrix) are not yet mature, and multiples based on profitability figures are not meaningful. Datrix is currently trading in line with its IPO price, despite pressure on tech stocks stemming from an inflationary environment and more hawkish monetary policies. At 3.1x 2022E EV/Sales, the group is trading at around 30% discount versus the average of European and Italian peers. We set a TP of Eu5.4/share, based on the average 2022-23 EV/Sales of peers. This is cross-checked with DCF.

Trading multiples

Company	Country	Mkt Cap (Eu mn)	EV/Sales FY21E	FY22E	FY23E	EV/EBITDA FY21E	FY22E	FY23E	EV/EBIT FY21E	FY22E	FY23E	PE FY21E	FY22E	FY23E
DATRIX	ITALY	37	5.1 x	3.1 x	2.2 x	nm	55.0 x	14.0 x	nm	nm	24.8 x	nm	nm	29.8 x
Premium (discount) to Peers' Median			-34%	-47%	-56%	nm	258%	-26%	nm	nm	-62%	nm	nm	-8%
PEERS	Average		11.7 x	8.0 x	5.9 x	277.4 x	202.1 x	101.8 x	36.7 x	1,696.4 x	179.5 x	45.0 x	477.0 x	270.2 x
	Median		7.7 x	5.9 x	5.1 x	21.6 x	15.3 x	18.9 x	36.6 x	28.5 x	64.6 x	45.5 x	37.0 x	32.5 x
Splunk Inc.	UNITED STATES	16,625	7.9 x	6.6 x	5.3 x	na	na	356.7 x	na	na	na	na	na	na
Snowflake, Inc. Class A	UNITED STATES	76,287	70.9 x	42.8 x	27.1 x	na	1,285.6 x	498.8 x	na	na	809.9 x	na	3,139.6 x	807.3 x
Alteryx, Inc. Class A	UNITED STATES	2,983	7.5 x	6.3 x	5.2 x	1,801.2 x	171.1 x	53.7 x	na	10,048.3 x	98.7 x	na	na	146.2 x
Anaplan, Inc.	UNITED STATES	6,064	11.2 x	9.0 x	7.1 x	na	na	146.7 x	na	na	494.5 x	na	na	1,331.1 x
Elastic NV	UNITED STATES	7,284	9.5 x	7.5 x	5.6 x	na	274.0 x	79.2 x	na	na	196.2 x	na	na	na
Magnite, Inc.	UNITED STATES	1,595	5.6 x	4.2 x	3.2 x	16.4 x	12.5 x	9.6 x	na	na	101.4 x	23.4 x	17.2 x	12.7 x
US Comparables	Average		18.8 x	12.7 x	8.9 x	908.8 x	435.8 x	190.8 x	na	na	340.1 x	23.4 x	1,578.4 x	574.4 x
	Median		8.7 x	7.1 x	5.4 x	908.8 x	222.5 x	113.0 x	na	na	196.2 x	23.4 x	1,578.4 x	476.8 x
Blue Prism Group Plc	UNITED KINGDOM	1,470	11.2 x	5.6 x	4.9 x	na	na	na	na	na	na	na	na	na
FD Technologies PLC	UNITED KINGDOM	533	1.8 x	1.6 x	1.4 x	16.1 x	13.6 x	11.2 x	48.2 x	38.3 x	24.2 x	63.4 x	49.3 x	32.5 x
dotDigital Group plc	UNITED KINGDOM	655	8.9 x	7.9 x	6.7 x	26.2 x	24.8 x	21.5 x	37.8 x	35.1 x	30.4 x	45.5 x	44.5 x	40.9 x
Exasol AG	GERMANY	159	5.5 x	4.4 x	3.5 x	na	na	na	na	na	na	na	na	na
European Comparables	Average		6.9 x	4.9 x	4.1 x	21.1 x	19.2 x	16.3 x	43.0 x	36.7 x	27.3 x	54.4 x	46.9 x	36.7 x
	Median		7.2 x	5.0 x	4.2 x	21.1 x	19.2 x	16.3 x	43.0 x	36.7 x	27.3 x	54.4 x	46.9 x	36.7 x
Almawave S.p.A.	ITALY	136	3.8 x	3.1 x	2.5 x	15.4 x	13.0 x	10.5 x	25.4 x	21.8 x	17.1 x	44.8 x	37.0 x	29.0 x
Expert.ai S.p.A.	ITALY	113	3.2 x	2.6 x	1.8 x	na	na	16.4 x	na	na	na	na	na	na
Cyberoo S.p.A.	ITALY	74	7.2 x	3.9 x	2.3 x	44.9 x	9.0 x	4.0 x	na	12.8 x	4.7 x	na	21.7 x	8.7 x
CY4Gate SpA	ITALY	169	9.1 x	6.1 x	5.2 x	21.6 x	15.3 x	13.0 x	35.3 x	21.9 x	18.4 x	48.0 x	30.0 x	23.6 x
Italian Comparables	Average		5.8 x	3.9 x	3.0 x	27.3 x	12.5 x	10.9 x	30.4 x	18.8 x	13.4 x	46.4 x	29.6 x	20.4 x
	Median		5.5 x	3.5 x	2.4 x	21.6 x	13.0 x	11.7 x	30.4 x	21.8 x	17.1 x	46.4 x	30.0 x	23.6 x

Source: Factset, Alantra

Main risks. We believe that the main risks related to Datrix's business can be summarised in the following factors: 1) Early stage go-to-market of different business lines; 2) Path to profitability; 3) Potential regulatory changes; 4) Dependence from one large supplier; 5) Stronger competition from larger players.

Augmented Analytics is a booming market

The convergence of several trends, including the increasing migration of socio-economic activities to the Internet, the advent of Internet of Things and the decline in the cost of data collection, storage and processing, are leading to the generation and use of a huge volume of data. The data economy is shaping the future of humanity. According to IDC, the volume of data created and replicated in the world in 2020 was 64.2 zettabytes and it is expected to experience a 23% 2020-25 CAGR. The use of data should increasingly distinguish winning and losing corporates. However, while few large digital groups (Google, Facebook, Amazon, Microsoft…) have built their success on the use of data, many firms struggle to do it, and SME have no financial resources to optimise data analytics. Augmented Analytics is born to democratise data. It consists of a new approach to data analysis that integrates AI techniques (Machine Learning, Natural Language Processing, Deep Learning) to augment the ability of people to understand data and apply them to the business. AA tools make data analytics affordable for any corporate with limited deployment of resources. According to an Oliver Wayman research based on IDC, the global AA market covered by Datrix (valued at USD24bn in 2020) should grow at a 27% 2020-25E CAGR.

The Data Economy is shaping the future of humanity…

The Data economy (production, distribution and consumption of digital data) is shaping the future of humanity. The confluence of several trends, including the increasing migration of socio-economic activities to the Internet, the development of Internet of Things, and the decline in the cost of data collection, storage and processing, are leading to the generation and use of huge volumes of data. It is estimated that approximately 90% of data in the world today were created in the last two years. According to IDC, the volume of data created and replicated in the world in 2020 was 64.2 zettabytes and it is expected to experience a 23% 2020-25 CAGR. Individuals and businesses are using data to reduce search and transaction costs and make informed choices. Data are facilitating scientific and medical research, making society more productive. It is helping to improve the efficacy of public policy, delivery of public services, transparency and accountability. Data are helping governments to track progress on every sustainable development goal and to deliver broad-based social welfare.

Volume of data created and replicated worldwide (Zettabytes)

According to IDC, the volume of data created and replicated in the world is expected to experience a 23% 2020-25 CAGR
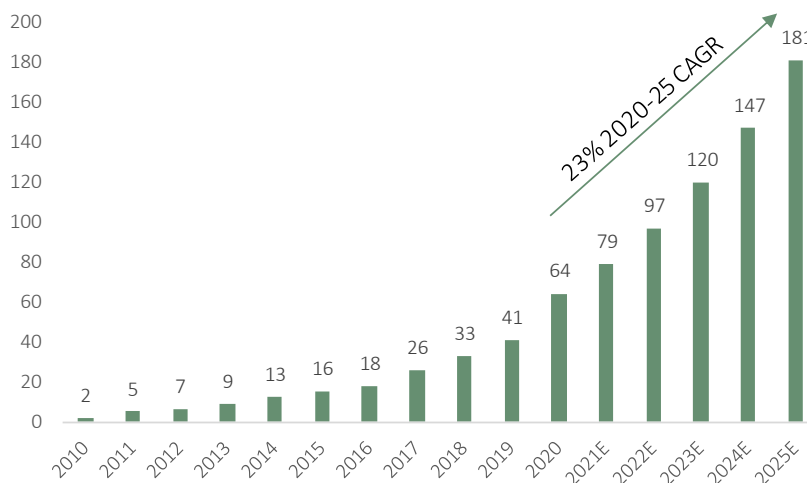
Source: IDC

…but extracting value from big data is not for everybody

The governance and enrichment of data, together with a correct and efficient analysis of it, should increasingly draw a line between companies that will maintain their competitiveness and those that will go out of business. Making the most use of data will create value in a variety of operations, from the optimisation of value chains in global manufacturing and services to more efficient use of labour, to tailored customer relationships. What is key is the capability to generate useful insights, impact and value from data.

The data market as a value chain: from data sources to economic impact

Generation of insights and impact is the key goal of the data value chain

Source: United Nations (Data Economy: Radical transformation or dystopia?)

However, while few large digital groups (Google, Facebook, Amazon, Microsoft…) have built their success on data analysis, many firms struggle to do it.

"The world's most valuable resource is no longer oil, but data"

Many large digital groups (Google, Facebook, Amazon, Microsoft…) have built their success on the use of data
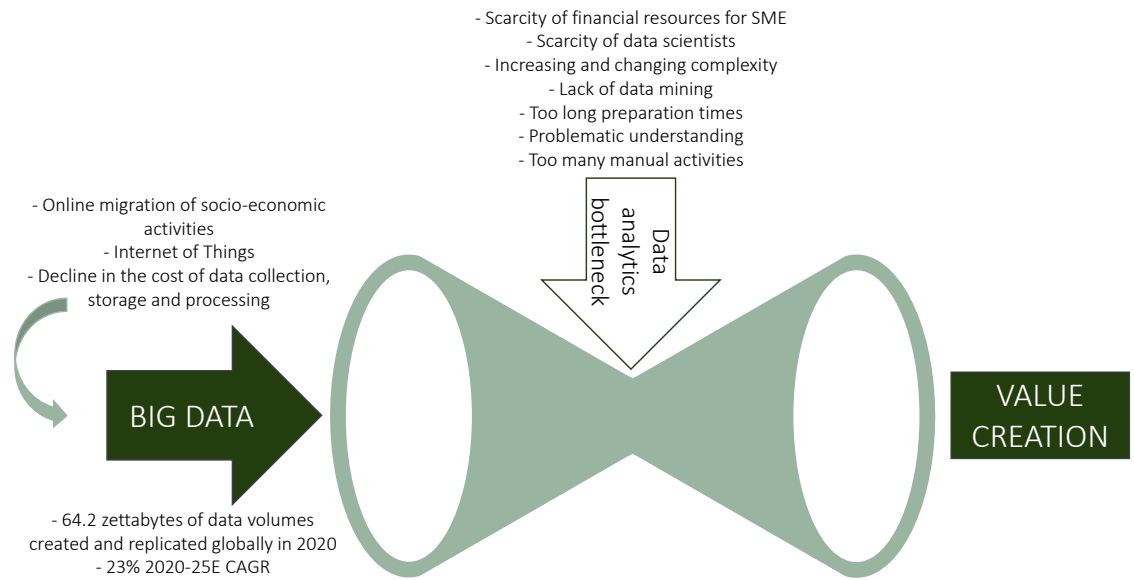

Source: The Economist

The universe of data analytics needs to grapple with few outstanding obstacles: lack of data mining, too long preparation times, problematic understanding and data scientists shortage, each of these being aggravated by the fact that the data preparation, exploration and operation phases still involve manual processes in many organizations. Finally, data scientists and internal management of the data value chain is simply financially not affordable for SME.

Getting value from Big Data is not for everybody

*Corporates face several issues in trying to get value from data*

- Scarcity of financial resources for SME
- Scarcity of data scientists
- Increasing and changing complexity
- Lack of data mining
- Too long preparation times
- Problematic understanding
- Too many manual activities

Data analytics bottleneck

- Online migration of socio-economic activities
- Internet of Things
- Decline in the cost of data collection, storage and processing

BIG DATA

VALUE CREATION

- 64.2 zettabytes of data volumes created and replicated globally in 2020
- 23% 2020-25E CAGR

Source: Alantra, IDC

Augmented Analytics democratizes data…

Augmented Analytics is born to solve data analytics issues. **It consists in a new approach to data analysis that integrates AI techniques (Machine Learning, Deep Learning, Natural Language Processing) to augment the ability of people to understand data and apply them to the business.** Augmented Analytics makes data, insights, predictions and possible actions accessible and understandable by several people, not necessarily technical, at all company levels. Augmented Analytics allows all companies, regardless of their size, to extract meaningful information from multiple data sources, and derive and propose intelligent and actionable business decisions. Thanks to AA, the future of analytics should become almost as simple to use and as accessible to everyone as Google search.

Augmented Analytics combines data already present in the company (structured and unstructured) with external data sources (Alternative Data) that traditionally are not processed. After automated and unbiased data cleaning / analysis, this technology recognizes patterns and trends, discovers anomalies and predicts cause factors. At the end of the process, it delivers operational insights and suggestions, easily understandable and applicable by marketers. The final decision of the actions to be taken among the proposed ones is left to the "human" expert.

Traditional and AA approach to data analysis

AA consists of a new approach to data analysis that makes use of AI techniques to augment the ability of people to understand data and derive actionable insights
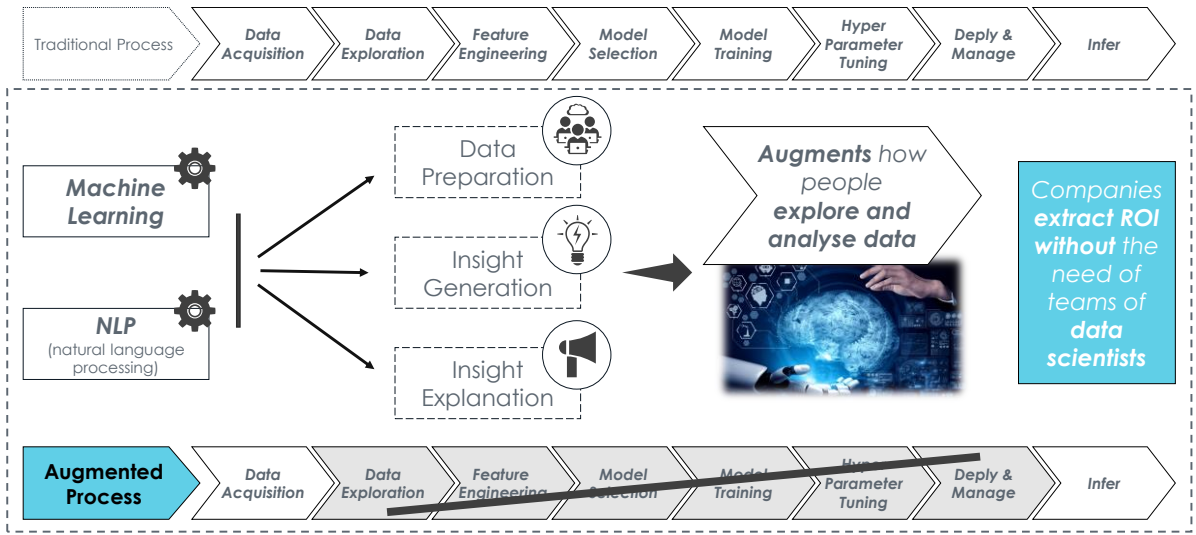
Source: Company presentation

Applications can be spread in different industries and involve different business functions. In Marketing & Sales, corporates can use AA to target only the leads generated by advertising campaigns with the highest likelihood to be converted. Publishers can use AA to maximize the monetization of their audience. Institutional Investors can use AA to maximize their returns or to check weather CSR reporting matches the external perception of a listed company.

…and are expected to be a booming market

The global market of AI based software was valued at USD264bn in 2020, according to Oliver Wayman research. It is expected to grow at a 18% 20-25E CAGR. Datrix covers two sub-segments, which represent 9% of the total market: AI Platforms (tools and technologies to analyze, organize, access, and provide advisory services based on a range of structured and unstructured information) and AI-Centric apps (cognitively enabled process and industry applications that automatically learn, discover, and make recommendations or predictions, where AI technologies - machine learning and user/data interaction - are central and critical to the function).

Evolution of AI software market and Datrix's reference segments (2020)

The global market of AI software was valued at USD264bn in 2020. It is expected to grow at a 18% 2020-25E CAGR. Datrix covers two sub-segments, which represent 9% of the total
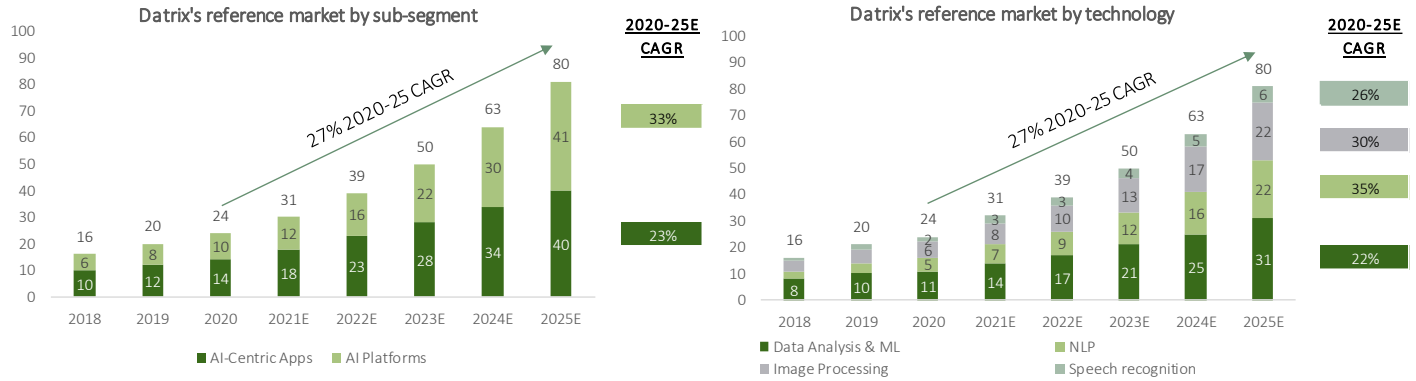

Source: Company presentation based on Oliver Wyman research, IDC (2021)

The market covered by Datrix was valued at USD24bn in 2020. It is expected to outperform the broader market of AI applications, with a 27% 2020-25 CAGR. Within this ecosystem, Datrix covers all the main AI technologies, excluding Speech Recognition (a small market segment).

Evolution of Datrix's reference market by sub-segments and technologies – USD bn

Datrix's reference market was valued USD24bn in 2020. It is expected to post a 27% 2020-25 CAGR. Datrix covers all the main AI technologies

Source: Company presentation based on Oliver Wyman research, IDC (2021)

A unique fully integrated and complete AA tech framework

With origins in 2010, Datrix has leveraged on the expertise of its founders (ex-Google) and partnerships with tech companies, universities and research centres to develop a fully integrated and complete proprietary AA platform. This is able to automatically collect data from different sources (including first-party data and public data), store them in a scalable Data Lake, and automatically execute various analysis. The platform is sold to corporate clients as DaaS (Data as a Service), with solutions in four different areas: Marketing & Sales, Fintech, Data Monetization and Machine Learning Model Serving. The group added M&A to organic growth to increasingly capitalize on its platform, and delivered 2020PF sales of Eu9.8mn after a 58% 2018-2020PF CAGR. Datrix solutions are sold to a diversified client base (>300 corporate clients in 2020PF) in Italy and abroad (22% of 2020PF sales). Management team is excellent and structured, the shareholding base includes top investors, and the BoD sees 3 independent directors.

A unique, fully integrated and complete proprietary AA platform...

Datrix has developed a fully integrated and complete proprietary Augmented Analytics platform. It collects data from 3 different sources (Alternative Data, Open Structures Data and Corporate data) with an automated ETL (Extract, Transform and Load) process. It stores data in a single scalable Datrix Data Lake. It applies AI methodologies (Machine Learning, Deep Learning, Natural Language Processing) and proprietary algorithms to generate Augmented Analytics solutions in 4 different business verticals (Sales & Marketing, Fintech, Data Monetization and Machine Learning Model Serving).

Datrix AA technology framework (1)

*Datrix has developed a unique, fully integrated and complete AA tech framework...*
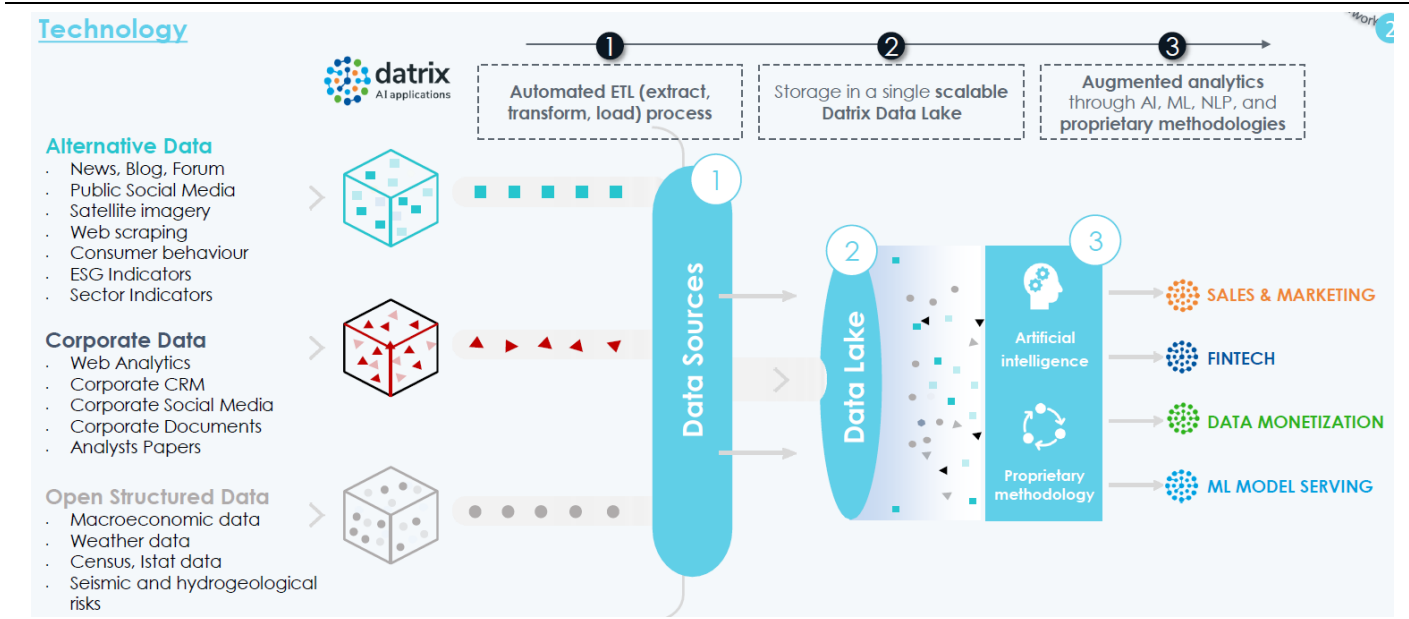
Source: Company presentation

In the offer of specific solutions to clients, Datrix combines public data (already stored in its Data Lake) with first-party data (information only available to corporates about their clients and their behaviours). Datrix's platform supports all the most important software tools used by corporates, making first-party data acquisition automatic after the (eventual) initial set-up.

17

Datrix AA technology framework (2)

...able to generate insights in 4 different verticals with the combination of public and first-party data
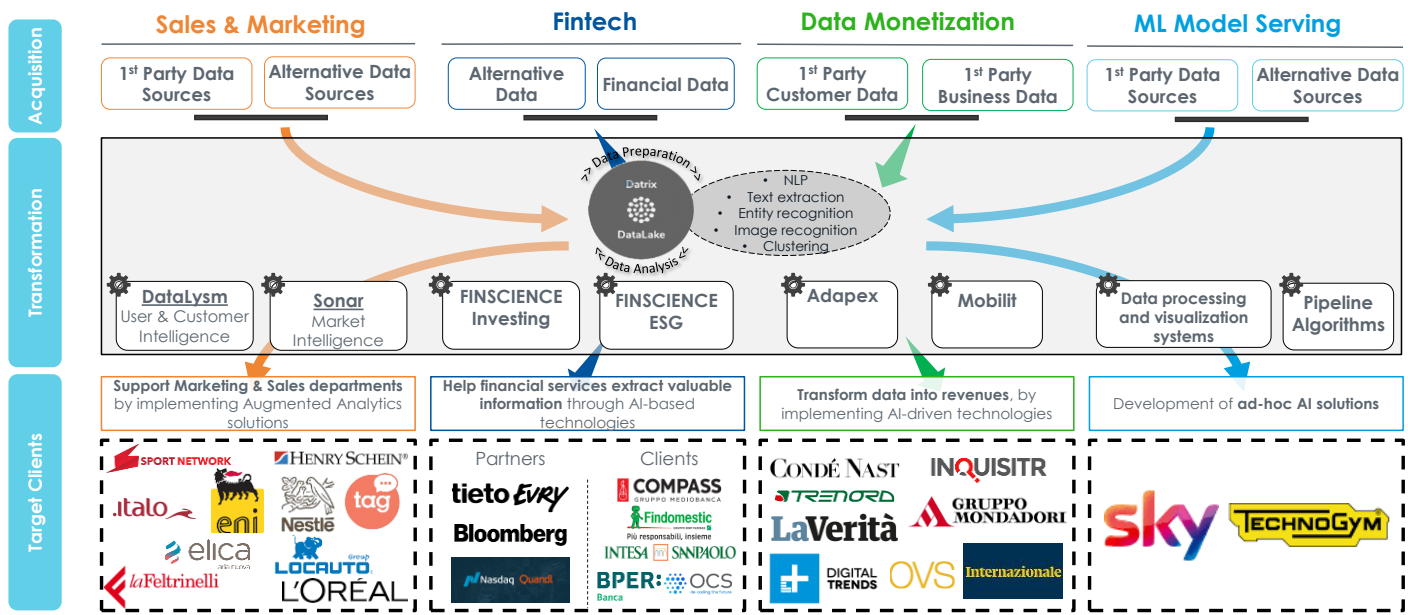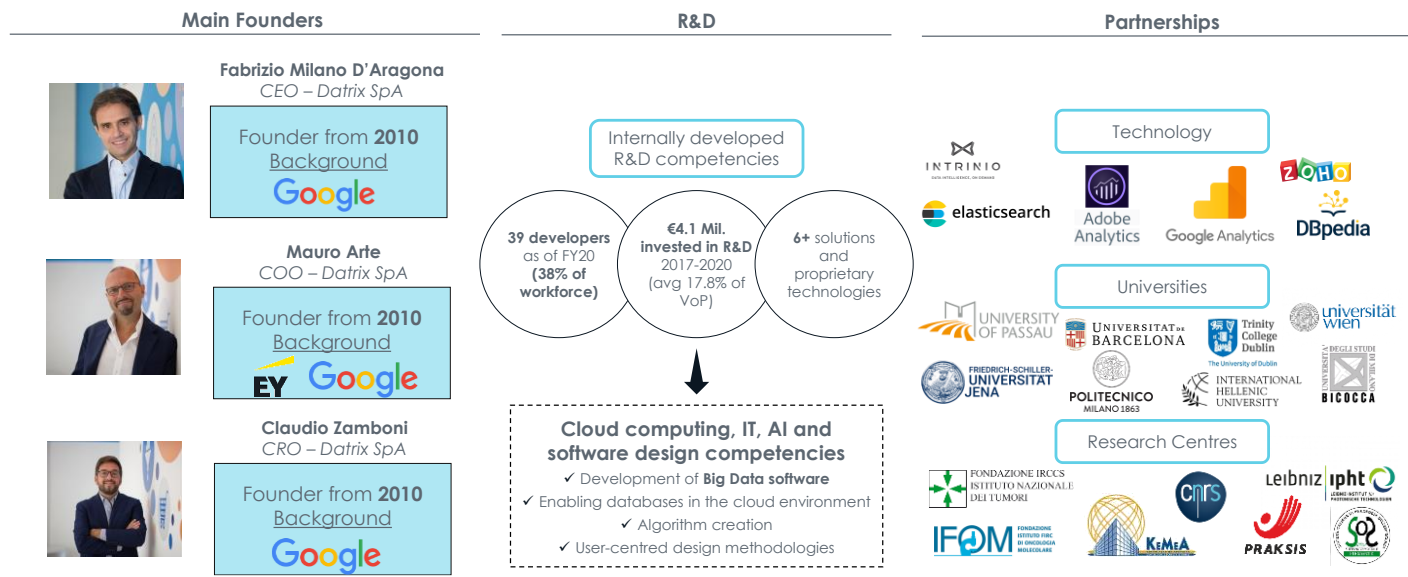

Source: Company presentation

The current technological framework is the result of the combination of three assets: 1) the talent and background of the three main founders, ex-Google; 2) investments in R&D (Eu4.1mn in 2017-20); 3) collaborations with tech groups, universities and research centers.

Datrix's key assets to develop its technology framework

Datrix has leveraged on 3 assets to build its technology framework: 1) the talent and background of the two founders (ex-Google); 2) investments in R&D (Eu4.1mn in 2017-20); 3) collaborations with tech groups, universities and research centers
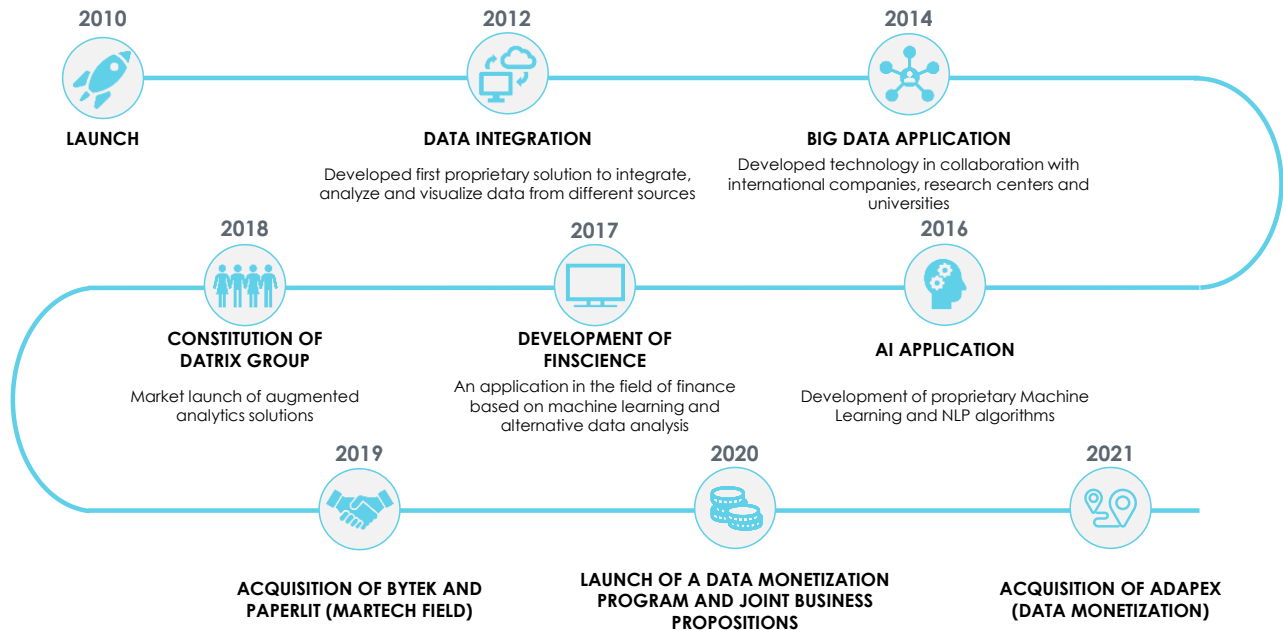

Source: Company presentation

Datrix took more than 10 years to achieve the current set-up. Most of the developments have been historically organic. However, the group has recently added M&A: two acquisitions in 2019 (Bytek and Paperlit, consolidated from 2020) and one in 2021 (Adapex). Paperlit and Adapex are data monetization specialists, while Bytek is involved in Sales & Marketing.

Datrix's historical milestones

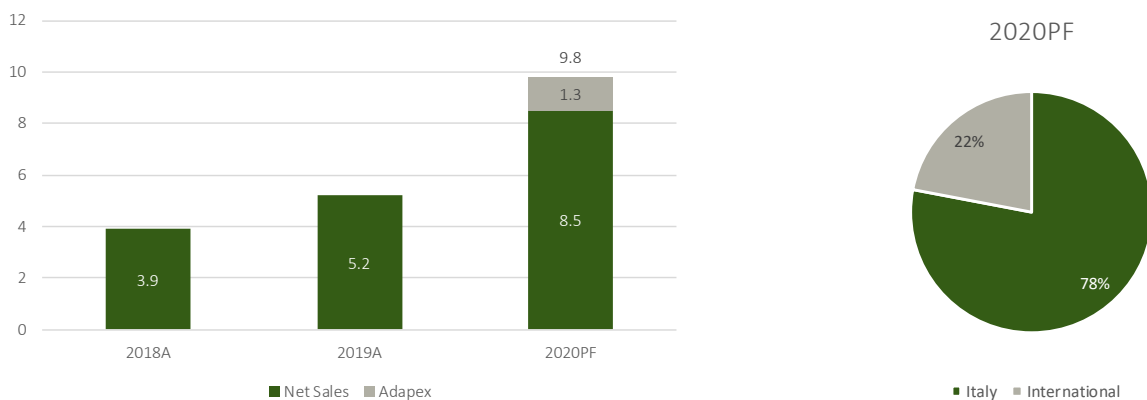*Today's Datrix is a mix of organic developments and M&A*

2010 — LAUNCH

2012 — DATA INTEGRATION
Developed first proprietary solution to integrate, analyze and visualize data from different sources

2014 — BIG DATA APPLICATION
Developed technology in collaboration with international companies, research centers and universities

2018 — CONSTITUTION OF DATRIX GROUP
Market launch of augmented analytics solutions

2017 — DEVELOPMENT OF FINSCIENCE
An application in the field of finance based on machine learning and alternative data analysis

2016 — AI APPLICATION
Development of proprietary Machine Learning and NLP algorithms

2019 — ACQUISITION OF BYTEK AND PAPERLIT (MARTECH FIELD)

2020 — LAUNCH OF A DATA MONETIZATION PROGRAM AND JOINT BUSINESS PROPOSITIONS

2021 — ACQUISITION OF ADAPEX (DATA MONETIZATION)

Source: Company presentation

Eu9.8mn Net Sales in 2020PF achieved with a combination of organic growth and M&A

Datrix posted Eu9.8mn 2020PF Net Sales, out of which 22% outside Italy. M&A has been an important catalyst for growth in the history of the group. After developing its IT framework, Datrix has acquired capabilities and clients in specific verticals through acquisitions. 57% of 2020A sales were recurring.

Datrix's net sales

Eu9.8mn 2020PF Net Sales, out of which 22% outside Italy

Net Sales / Adapex:
- 2018A: 3.9
- 2019A: 5.2
- 2020PF: 8.5 (Net Sales) + 1.3 (Adapex) = 9.8

2020PF: Italy 78%, International 22%

Source: Datrix

Datrix has engineered AA specific solutions powered by its tech framework in four different business verticals. The Sales & Marketing division is the main contributor to sales (76% in 2020PF net sales), followed by Data Monetization (21%), which has enjoyed a significant impact from the recently acquired Adapex (13% of 2020PF sales). The Fintech (1%) division has been recently launched and should quickly scale-up, while the ML Model Serving (2%), being based on specific projects, should remain relatively small compared to the rest of the group in our view.

Datrix's business verticals

Datrix has engineered AA specific solutions powered by its tech framework in four different business verticals
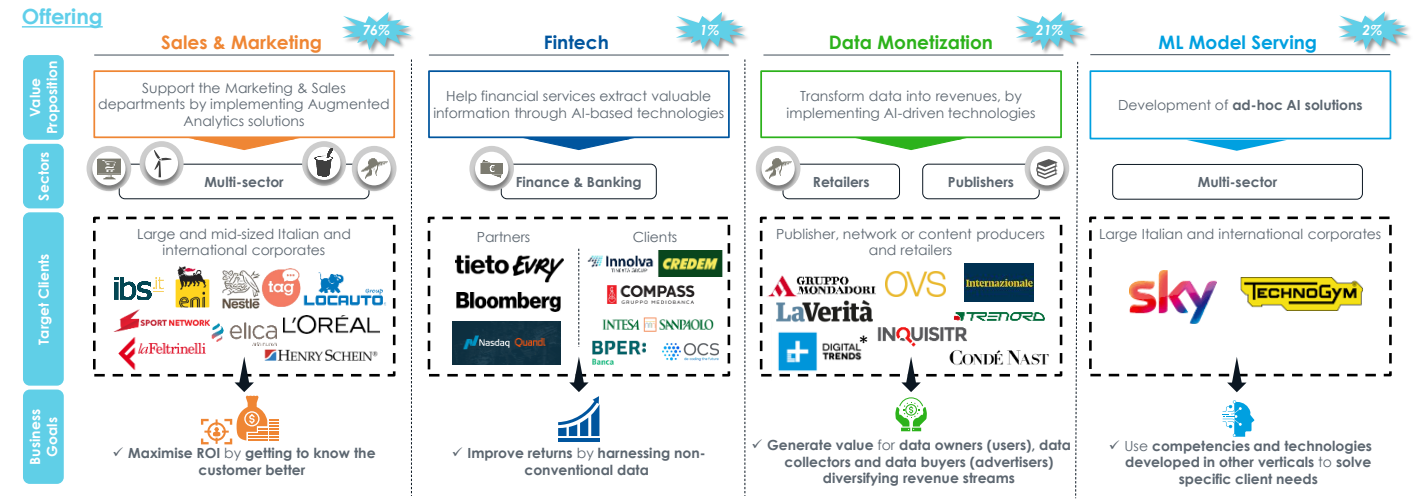
Source: Company presentation

Outstanding and diversified client base

Datrix worked with >300 active clients in 2020PF, in different sectors. The first client accounted for 28% of 2020PF net sales. However, we highlight that the group provides a full service for this client with direct management of its advertising budget. Most of the revenues generated are linked to pass-through items. We estimate that, excluding pass-through items, the first client and the top 3 generated, respectively, approx. 5% and 15% of 2020PF net sales. Clients include large and medium outstanding groups, including ENI, La Feltrinelli, Elica and Euronics in Italy, and Condé Nast and Nasdaq in the US, just to make few examples.

Diversified client base

Adjusting sales for pass-through items, we estimate that the first client accounts for ca. 5% of sales (Top3 at 15%)
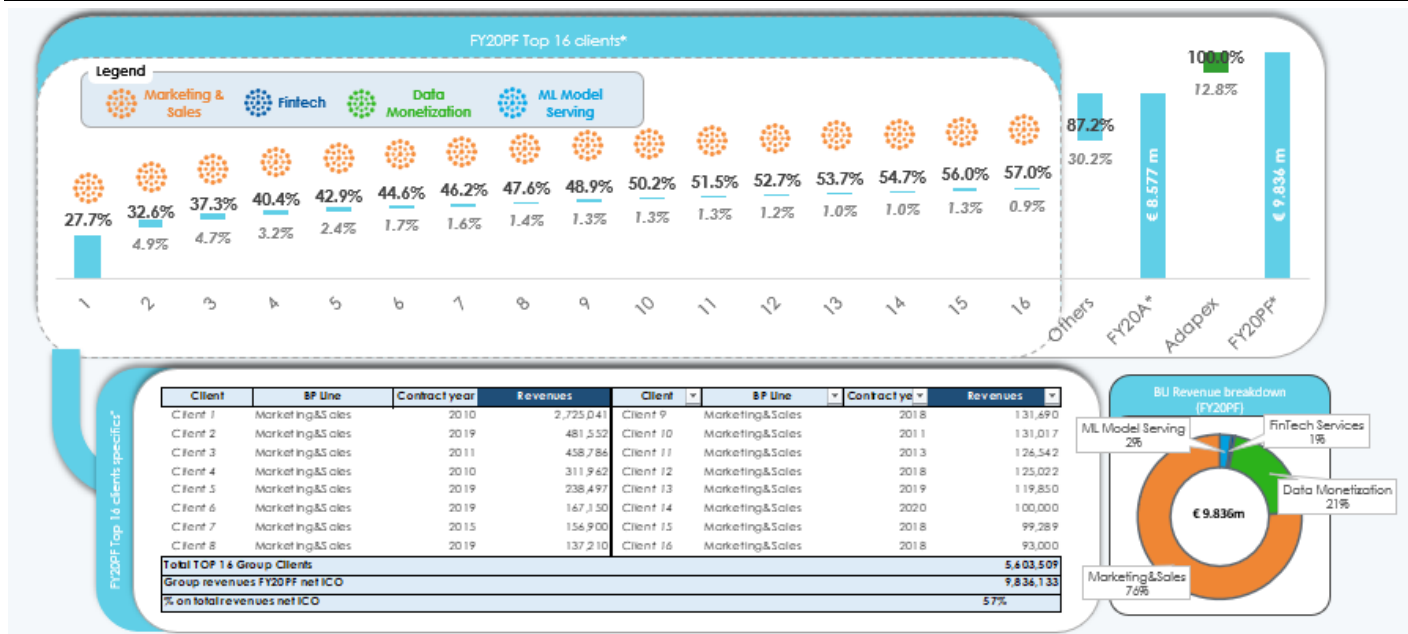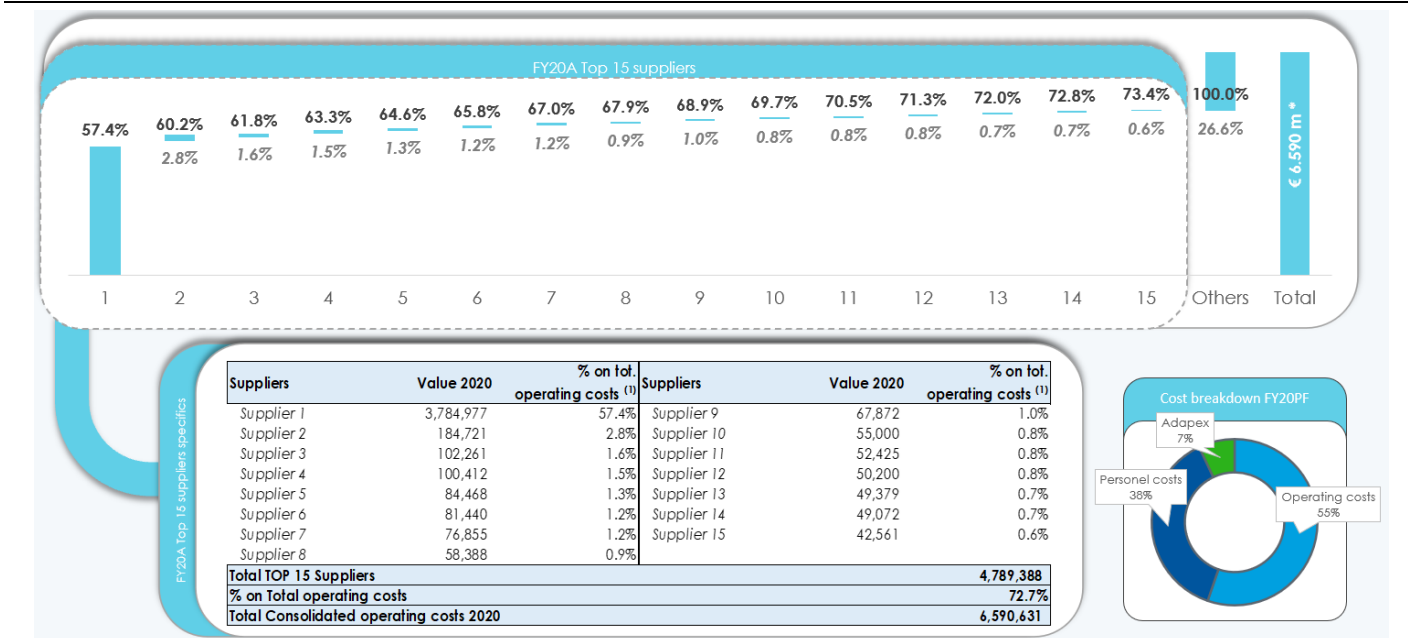

Source: Company presentation

Suppliers are more concentrated, with the first one standing at 57% of 2020A costs. We believe that the first supplier is Google, which is the provider of cloud computing services. We also believe that a sizeable portion of the pass-through sales managed for the first client are invested in advertising through Google, meaning that also dependence from the main supplier is mitigated, when adjusted for pass-through sales. Finally, we believe that Datrix resells SaaS solutions of Google (including for example Google Analytics 360) bundled with its solutions in Sales & Marketing.

## More concentrated supplier base

Google is Datrix's main supplier

Source: Company presentation. [1] Operating costs net of personnel costs and amortizations

Excellent and structured management team, supported by outstanding investors

The group structure is relatively simple. Datrix has 100% control of the operating companies, out of which two (3rdPlace and FinScience) has been developed in house and three (ByTek, PaperLit and Adapex) have been acquired. ByTek has strengthened the presence of Datrix in Marketing & Sales, while PaperLit and Adapex have triggered the entrance in the Data Monetization business.

Group structure

Relatively simple group structure, with five, 100% controlled, operating companies
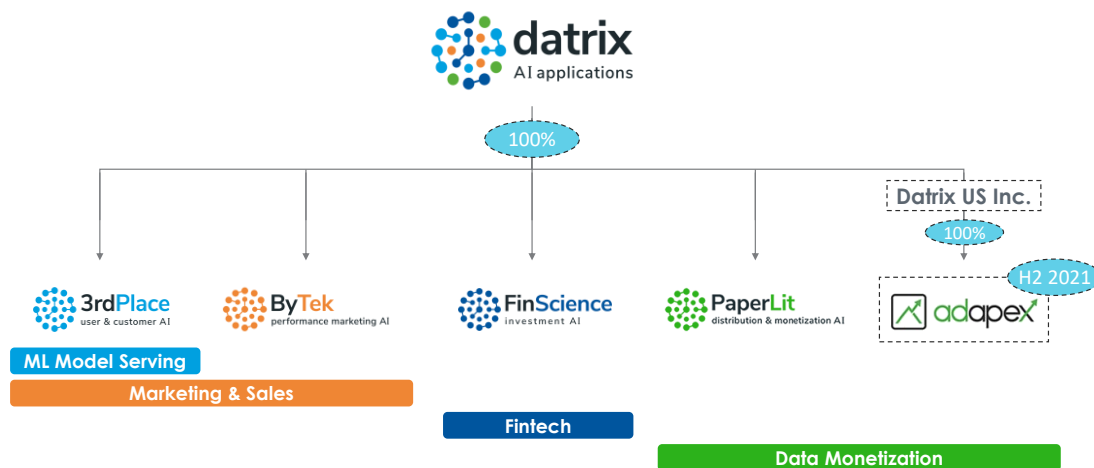
Source: Company presentation

Datrix has a structured managerial organisation with dedicated people in charge of critical business functions. The responsible of each business vertical directly reports to the CEO.

Group's organisation

*Datrix has a structured managerial organisation*

Source: Company presentation

Datrix obtained financial support by several investors during its history:

- In 2017 and 2018, the group raised Eu1.3mn and Eu0.7mn from business angels.
- In 2020, the group raised Eu2.4mn from venture capitalists, including United Venture and the family office of Nerio Alessandri (founder and main shareholder of Technogym). The pre-money equity valuation was Eu32mn
- In 1H 2021, the group completed a Eu2.5mn funding round from industrial investors 8a+ (Banca Generali) and OCS (ICT provider of Italian financial groups). The latter became distribution partner for Datrix's fintech solutions. The pre-money equity valuation was Eu40mn
- In Dec 2021, Datrix was listed on the EGM, raising a total of Eu15mn (100% primary)

Historical funding

Datrix has obtained funding from outstanding investors during its history. The latest private fund raising was in 1H 2021, prior to the IPO on the EGM in Dec 2021
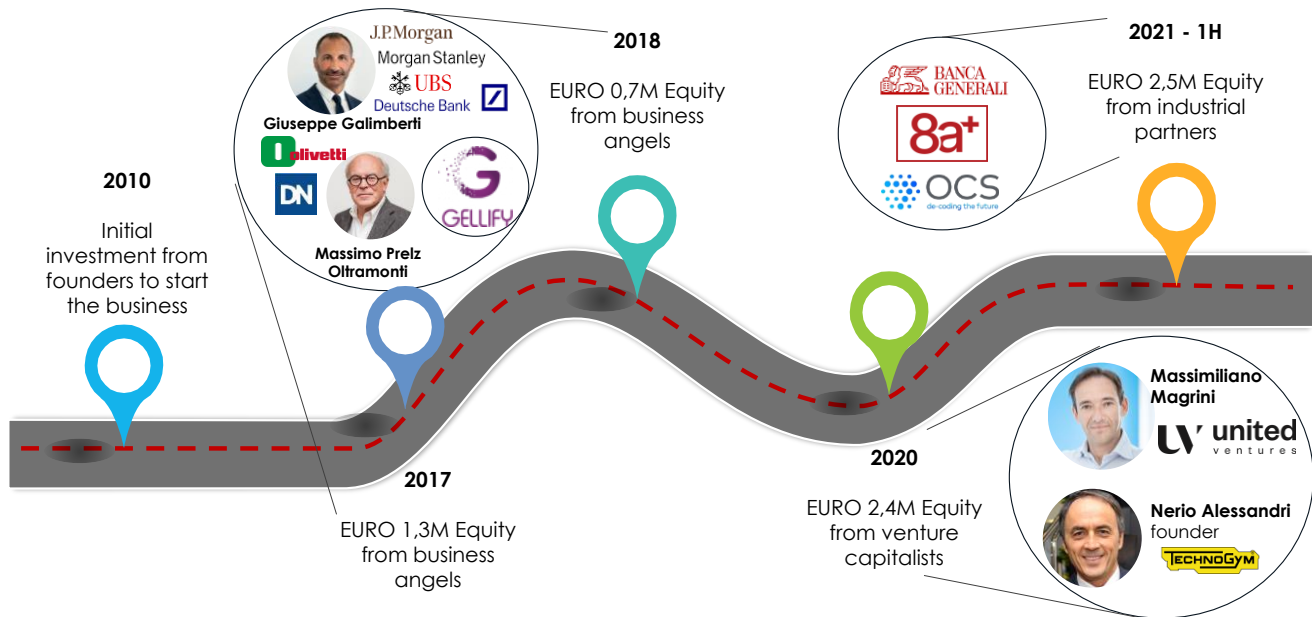
Source: Company presentation

Despite owning 43.8% indirectly through FMC Growth Srl, the founders have maintained control (70%) over the company thanks to multiple-voting-right shares (3 votes for each share). A stock option plan dedicated to top management has been approved and most of the options have been already assigned (converted 477,313 SFP to shares with conversion rate 1:1 for a total value of €58k, n. 112,087 SFP still outstanding). In case of full exercise of the remaining SFP, the dilution would be negligible (0.7% of current share capital). On January 5th 2022, Datrix announced to have successfully completed the reserved capital increase, approved by the BoD in November 2021. The capital increase foreseen the issuance of 146,341 shares (at IPO price, for a total of ca. Eu600k) in favour of Debra Fleenor (Datrix US manager).

Shareholding structure after recent IPO

Founders and management at 70% of voting rights through multiple-voting-right shares

% Company stake

- FMC Growth Srl — 44%
- United Ventures One Sicaf Euveca SpA — 8%
- 8a+ Investimenti SGR SpA — 6%
- Other shareholders <5% — 16%
- Market — 27%

% Voting rights

- FMC Growth Srl — 70%
- United Ventures One Sicaf Euveca SpA — 4%
- 8a+ Investimenti SGR SpA — 3%
- Other shareholders <5% — 8%
- Market — 14%
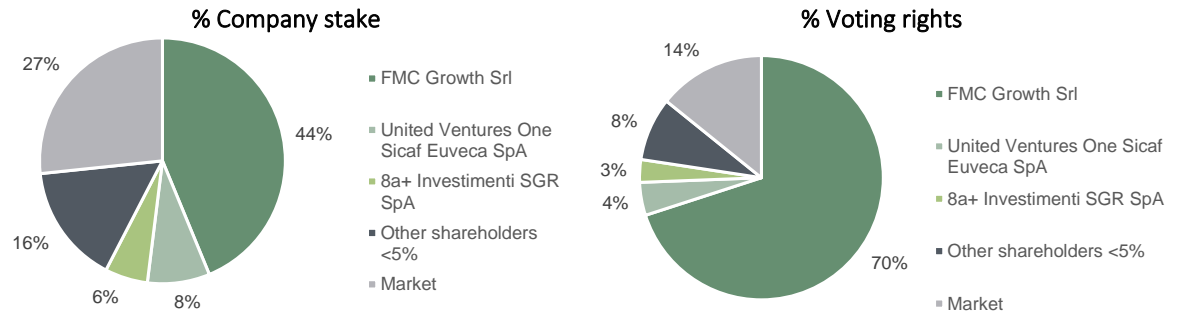
Source: Company presentation

The BoD includes three executive directors (the two founders and the CFO) and 3 independent members. The independent auditor is one of the Big 4 (PWC).

Governance

3 independent board members out of 7. The external auditor is one of the Big 4

Governance

Board of Directors

Fabrizio Milano D'Aragona, Mauro Arte, Giuseppe Venezia — *Executive Directors*

Massimiliano Magrini — *Non-executive Director*

Alessandra Gavirati — *Independent Non-executive Director*

Massimo Prelz Oltramonti — *Independent Non-executive Director*

Roberto Sabbatucci — *Independent Non-executive Director*

Board of Statutory Auditors
Manuela Giorgetti — *Chairman*
Marcello Ferraguzzi — *Statutory Auditor*
Roberto Sorci — *Statutory Auditor*

Independent Auditor
pwc

Source: Company presentation

Recurring business from ready-to-use solutions

Datrix uses its technological framework to offer corporate clients ready-to-use solutions in four different verticals: Marketing & Sales, Fintech, Data Monetization and Machine Learning Model Serving. Datrix's solutions share some key peculiarities: 1) they do not need the intervention of a data scientist, the IT department of the client or 3rd party system integrators; 2) they are affordable for any corporate, although Datrix does not really target micro and small caps; 3) Excluding the Fintech business, they integrate public data with first-party data; 4) they are able to generate recurring revenue streams (ca. 57% of 2020A sales). Datrix differs from large competitors, which own horizontal, mono-area solutions and require either strong internal skills within client companies or system integration activities. The technological maturity and sophistication of the proprietary platform achieved during +10y of history, management quality, credentials developed with a large portfolio of clients and agreements with outstanding distribution partners are strong entry barriers for potential newcomers.

Datrix's 4 divisions at a glance

Datrix's solutions 1) are ready to use; 2) are affordable for any corporate; 3) mix analysis of first-party and public data; 4) are able to generate recurring revenue streams (57% of 2020A sales)

	Sales & Marketing	Fintech	Data Monetisation	Machine Learning Model Serving
Activity	Augment performance of marketing and sales through the combination of AI, data and human expertise	Help financial services to extract/distill valuable information in an innovative way through AI-based technologies and alternative non-conventional data	Transform data into revenues, by implementing AI-driven technologies	Help organizations competing in the era of data by developing artificial intelligence applications and models that drive revenue increase or cost decrease along all business functions
Business goal	1. Attract & acquire more customers; 2. Improve Customer Retention & Loyalty; 3. Increase Customer Life-Time Value; 4. Innovate Market Research generating faster insights from a huge amount of non-conventional data; 5. Spend time on leads who are the most likely to convert; 6. More coordination between Marketing & Sales Departments	1. Generate new investment ideas integrating traditional financial data with alternative data 2. Improve portfolio diversity with thematic investments 3. Identify emerging risk factors and measure if/how users opinions might affect financial outputs 4. Have fast credit decisions through an in-depth analysis of client's creditworthiness	1. Maximize profits from ADV Inventory (Publishers) 2. Enable new data-driven revenue streams (Retailers) 3. Generate transparent exchange of value for data generators (users), data collectors (publishers) and data buyers (advertisers)	1. Demand Forecasting 2. Fraud & Anomaly Detection 3. IoT Activity detection 4. Logistics & Warehouse Optimization 5. Inventory & Partes Optimization 6. Workforce productivity optimization
Target sectors	Multi-sector	Finance and Banking	Publishers, Retailers	Multi-sector
Supportive trends	1. Superior top line growth generated by predictive analytics; 2. Increasing importance of first-party data and need to combine them with external data	1. Rise of thematic investments; 2. Superior returns of AI-led hedge funds	Growth of programmatic advertising spending	1. Growth of IOT Investment: 2. Growth of Industry 4.0 Supporting Technologies
Current clients (examples)	Eni, Nestlé, Locauto, La Feltrinelli, Elica, L'Oréal	Credem, Compass, Intesa, BPER	Gruppo Mondadori, Inquisitr, OVS, Trenord	Sky, Technogym
Main products	Datalysm, Sonar	Alternative Data Intelligence, Alternative ESG, Quantamental Investing, Alternative Scores, KDM	Datalit, Adapex, Mobilit	Pipeline Algorithms, Data Processing & Viz systems
Group's companies involved	3rdPlace, ByTek	FinScience	PaperLit, Adapex	3rdPlace
Revenue model	Set-up fee + Recurring subscription	Recurring subscription	Revenue sharing / Recurring subscription	Setup price + Recurring fee + Maintenance and model upgrade
2020PF Sales - Eu mn	7.5	0.1	2.1	0.2
% of total group sales	76%	1%	21%	2%
2020PF-25E Sales CAGR	13%	144%	50%	79%
Business cases	Italo, IBS.it	1. Monitoring of specific companies or stocks 2. Spot of new trends before they are trending 3. Identification of macro-topics within a theme of interest 4. Analysis of in depht specific topics or phenomena	Inquisitir, Condé Nast, Gruppo Mondadori, Hyundai	Sky, Technogym

Source: Datrix's websites, Company presentation, Alantra

Marketing & Sales (76% of 2020PF sales)

Marketing & Sales solutions help corporates in different sectors to maximize the revenues generated by their clients, in turn improving ROI from marketing spending. In this business, Datrix can leverage on specific trends, including:

- **The superior top line growth generated by predictive analytics**, which is pushing corporates to generate more and more data analysis to maximise sales and/or optimize marketing spending. Predictive analytics make predictions about future events by applying data modelling, artificial intelligence, and machine learning algorithms to current and historical data. They give companies more control over their future, helping them to identify business opportunities and mitigate potential risks

- **Increasing importance of first-party data** (i.e. the information corporates collect directly from their customers and consumers). These data can come from different sources like corporate websites / social media, CRM system, surveys, and customer feedbacks. These data are important, as they are accurate, pure, secure and affordable. As consumers are becoming increasingly aware about sharing their data and regulation (in particular in Europe) is becoming more restricted on the communication of data collected from customers to other parties, the exploitation of first-party data is becoming crucial

- **Need to combine first-party data with alternative data to maximize returns**. The combination of first-party data with alternative public data can amplify data-enabled value creation. This implies an increasing complexity and the implementation of data analytics methodologies

Datrix has already developed solutions for important national and international clients. Most of them needs an initial engineering and set-up, but they are able to generate recurring sales from subscriptions as soon as they are on stream.

Marketing & Sales - Case Study 1

Italo

Client: Italo	#2 Italian high-speed rail transport operator, with nearly 20 million passengers per year. > 40 Italian cities served (including train lines and Italo Bus), with around 2000 employees and sales > Eu400mn
Need	Even though two thirds of company sales came from digital channels, the company was adopting a traditional approach for a long time. This approach limited the possibility of exploiting proprietary customer data (first-party data), both in terms of performing personalized marketing actions and in terms of advertising investments on online channels. Main objectives of the project were: to acquire new customers and to activate them, to retain existing ones and to optimize marketing investments
Implemented solution	Google Analytics 360 has been identified as the main platform, enabling both data integration part and marketing actions. Through the use of this platform, it was possible to export all the actions the user performs on the Italo website directly to Google BigQuery, an analytical data warehouse. Moreover, thanks to the Italo Più loyalty code, it was possible to integrate this data with email marketing data and offline data, collected in e-ticket offices and travel agencies. The implemented solution made three actions immediately available: 1) Import of CRM segmentation on the advertising platforms: the company can easily replicate the segmentation of the customers, identifying the prospects in similar user segments, look-a-like, on which to perform targeted actions; 2) Identification of customers with higher probability of repurchase: the predictive algorithm of DataLysm (proprietary solution developed by 3rdPlace) has been applied. DataLysm uses approximately 2000 user behavioral variables collected from the website (e.g. which pages they visited , for how long, from which source of traffic they landed on the site, on which banners they clicked, etc...) to associate a probability of repurchase to each user. Using this method, the company can identify the target on which to direct both e-mail marketing activities and advertising investments (e.g. remarketing), in a more effective way; 3) Sending personalized e-mails, following the abandonment of a travel shopping cart: thanks to the high frequency of data updating, the company is now able to send a personalized e-mail to a customer who has not completed the purchase of an online ticket after 30 minutes.
Results	Results achieved after 3 months from project kickoff: 1) +20% conversion rate from remarketing activities, reducing investment by 15%; 2) -40% time spent by Italo Treno team to generate reports; 3) Marketing Automation integrated with 360° user view; 4) Full control of conversion path on all devices; 5) Implementation of the new Facebook Ads and Google Ads measurement infrastructure

Source: Datrix, Alantra

Client: IBIS.it	IBS.it is considered to be the company that pioneered e-commerce in Italy when its first online purchase was paid by credit card. It was also the first to sell (in 2010) the first e-book. IBIS.it is now an e-commerce business that sells cultural entertainment and leisure time products: Italian and English books, music, videogames, toys and household items. The company receives 8,000 daily orders and more than 25,000 products leave its Assago warehouses. In 2018, more than 1 million people made purchases on IBS.it, which had more than 65 million visits
Need	Online competition increased in a big way and focused more and more on personalizing supply and anticipating customer needs. It was also fundamental for IBIS.it to optimize marketing costs, addressing these only for customers who are really interested in buying. This led to a need to focus on artificial intelligence, with incisive solutions that can make the most of, and support human intelligence through technology
Implemented solution	Datrix developed a Google Cloud Platform solution by using TensorFlow software to analyze the collection of historical data and anticipate customer demand. The predictive module enabled IBIS.it to identify those consumer segments with more propensity to buy and to quickly increase the conversion process. IBIS.it now manages to invest in advertising that targets a small group of customers, who have been identified through machine learning algorithms which observe almost 1,000 different behavior patterns that are typical of users who are about to buy. This would have been impossible to analyze without the help of technology. The integration with the various Google products turned out to be quick and easy. When the segments of interest are calculated, they are exported on Google Ads so as to launch personalized campaigns within a few minutes
Results	The most important results were: higher sales and lower marketing costs. The results of the project, which took off in July 2019, were very significant after just 3 months: the conversion rate (first-time or returning buyers) increased fivefold, leading to higher sales compared to the manual procedure, meaning without the help of AI

Source: Datrix, Alantra

Fintech (1% of 2020PF sales)

Fintech solutions support clients in finance and banking to improve their returns on financial investments with the use on non-conventional data. The division can leverage on two supportive market trends: the rise of thematic investments and the superior returns of AI-led hedge funds. Datrix has developed 4 different solutions to address different needs and actors in the financial industry:

- **Alternative Data Intelligence**, a software monitoring alternative digital signals about stocks, companies, and themes, organized in portfolios, and accessible through simplified dashboards displaying digital and financial indicators
- **Alternative ESG**, services to analyse the value of companies' intangible assets related to sustainability. Alternative ESG measures the distance between CSR reporting and external sentiment
- **Alternative Scores**, combination and analysis through AI of traditional data and Alternative digital Data to improve the reliability of risk estimation models
- **Quantamental Investing**, advisory services concerning risk management, predictive models and portfolio strategies
- **KDM (Knowledge Discovery Machine)**, solution to turn documents (paper, .pdf, digital text, image, audio, video, …) into actionable classified data.

Software and services by type of customer

Datrix's solutions are dedicated to different needs and actors in the financial industry

	WEALTH MANAGEMENT	ASSET MANAGEMENT	FAMILY OFFICE	TRADERS	INVESTOR RELATIONS	ESG MANAGEMENT	CREDIT & RISK MANAGEMENT	LEGAL
Alternative Data Intelligence	●	●	●	●	●			
Alternative ESG		●			●	●	●	
Quantamental Investing		●	●					
Alternative Scores		●	●				●	
KDM		●	●				●	●

Source: FinScience

The solutions are on-the-shelf products, which can be sold as DaaS (Data as a Service) without the need of an initial set-up. Datrix has also made significant efforts to set-up agreements with TIER1 distribution partners. The group has achieved two prestigious international partnerships with Bloomberg and Nasdaq. Besides this, the capital increase in 2021 dedicated to 8a+ and OCS has paved to way to the signing of commercial agreements with these new partners.

Fintech – Use case 1

Monitor specific companies or stocks

Monitor specific companies or stocks

NEED

An investment firm needed to unveil possible risk factors when Tesla stock price was rising although negative events such as "deadly auto-pilot crash".

SCENARIO

With an avalanche of data pouring in on the global economy, alerts can help cut through the noise by notifying information that may affect portfolio performance, as well as investment decisions.

SOLUTION

Finscience started to monitor, analyze and set automatic alerts on Tesla's company as well as "auto-pilot crash" events in order to uncover other relevant and hidden signals that may impact Tesla's financial performance. The investment firm uses those information to better manage their financial positions.

Source: FinScience

Fintech – Use case 2

Spot new trends before they're trending

Spot new trends before they're trending

NEED

A Bank's Capital Market Department needed to monitor specific industries (eg. food) in order to identify emerging trends that can disrupt them.

SCENARIO

In an environment where change is the new normal, weak signals can complement traditional financial analysis by highlighting "unknown" or "unexpected" factors influencing the market as well as investment strategies.

SOLUTION

Finscience uncovered a potential connection between an emerging trend in the food consumer market and the financial performance of companies exposed to that trend. **Beyond Meat stock performance: −300%**.

Source: FinScience

Fintech – Use case 3

Identify macro-topics within a theme of interest

Identify macro-topics within a theme of interest

NEED

An Asset Manager firm needed to understand the main financial impacts of the Trump's economy on the S&P Index.

SCENARIO

With an avalanche of data pouring in on the global economy, alerts can help cut through the noise by notifying information that may affect portfolio performance, as well as investment decisions.

SOLUTION

Monitoring the S&P 500, Finscience was able to intercept weak signals showing potential risk factors as: exponential rising of CRE (Commercial Real Estate) and delinquency rate of CMBS (Commercial Mortgage Backed Securities). The trends of these indicators could anticipate a possible crisis for US retailers and so a decrease of S&P performance.

Only a year later than FinScience, both Bloomberg and Business Insiders did spread the news related the crisis of American retailers.

Source: FinScience

Fintech – Use case 4

Analyze in depth specific topics or phenomena

Analyze in depth specific topics or phenomena

NEED

An Investment firm needed to monitor and analyze a specific market trend represented by the rise of cloud computing.

SCENARIO

Cloud computing is being adopted by big and small companies at a very rapid pace and its growth is projected to continue well into the next decade and beyond.

SOLUTION

FinScience applies a systematic, rules-based methodology to create a specific "cloud computing" thematic lists selecting the most relevant companies driving and exposed to this trend. The firm uses our signals in their fund selection.

Source: FinScience

Data Monetization (21% of 2020PF sales)

Data Monetization solutions are sold in the publishing and retail sector to generate value from audience and clients, aiming to the maximization of the advertising potential and/or the generation of alternative revenue streams. The revenue model in this business is based on revenue sharing. Datrix can leverage on the growth of programmatic advertising spending to monetize its solutions. These solutions are dedicated to three different clients:

- <u>Publishers and Bloggers,</u> to increase and optimise the collection and analysis of first-party data relating to registered users on digital properties (data governance); to integrate first-party digital data with CRM and other corporate sources in an ad-hoc data lake (data integration); to apply predictive profiling machine learning models to unregistered users to transform them, like registered users, into advertising audiences (data modelling); to maximise revenues from programmatic advertising (data activation)

- <u>Retailers,</u> to obtain new sources of revenues, monetising the data of their users without cannibalizing their core business. According to Wolfgang Digital (E-commerce KPI benchmarks 2019), only 1.7% of the traffic on digital retail ends in a purchase. Retailers can transform the remaining 98.3% of the traffic into revenues with Datrix products

- <u>Advertisers</u>, to reach unconventional audiences, hyper-profiled thanks to AI, with a greater propensity to buy; to obtain better conversion rates; to have maximum brand safety and transparency

In preparation for subsequent monetization, Datrix helps publishers to create and distribute digital publications and content via apps and smart speakers. Where paper archives exist, Datrix can digitalise them and identify evergreen content to intelligently enrich the content inventory. Revenue model is based on recurring sales.

Data Monetisation - Case Studies

Inquisitr, Condé Nast, Gruppo Mondadori, Forbes, Hyundai
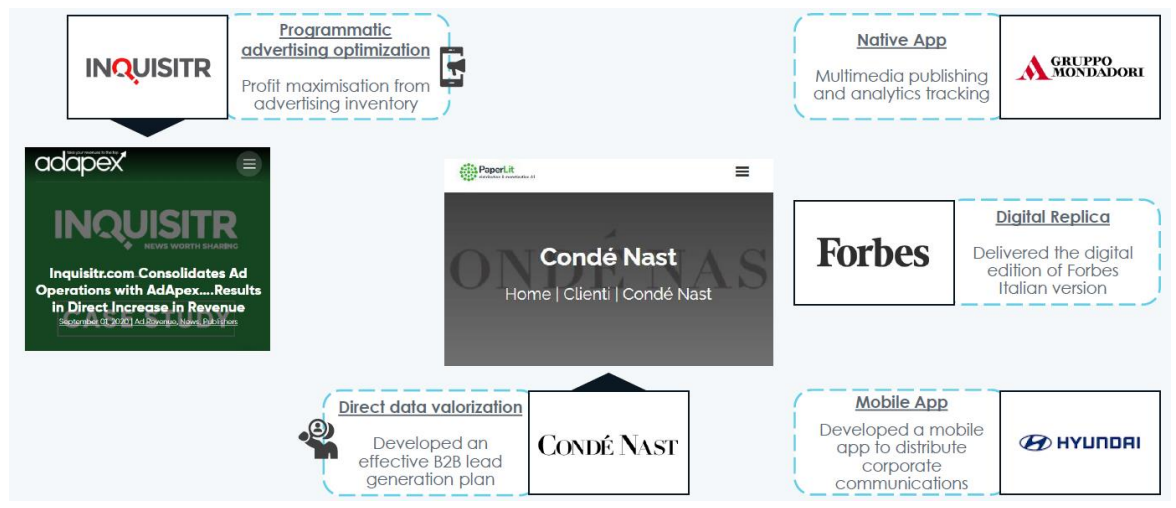
Source: Company presentation

Machine Learning Model Serving (2% of 2020PF sales)

Datrix uses competencies and technologies developed in other verticals to solve specific client's needs in different sectors. Revenues in this division are based on the execution of specific projects and can be represented by Setup price + Recurring fee + Maintenance and model upgrade.

Machine Learning Model Serving

Use cases
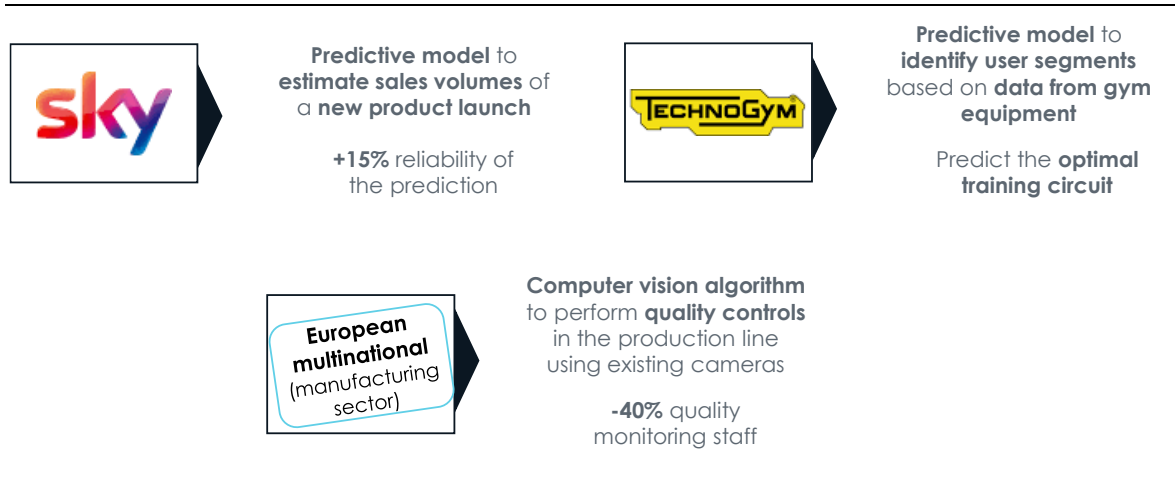

Source: Company presentation

Differentiated positioning compared to other tech players in the AI value chain

We believe that Datrix has a different positioning compared to other tech players in the data value chain: 1) Datrix's solutions are diversified in a relatively high number of verticals. In some cases, they address a specific business function and are multi-sector; 2) Solutions are very close to the specific needs of the end users and do not need the intervention of the data experts of the client. This significantly differentiates Datrix from:

- **Large technological players** (AWS, Google, IBM), which develop horizonal solutions and are also hardware owners. They have low interest in developing customized use cases

- **Large horizontal AI solution providers** (Palantir, H2O.ai, DataRobot, Alteryx). They have a generalist mindset and their solutions need a strong system integration activity

- **Vertical solution providers with focus on single or few technologies** (Almawave, Expert.ai), which are vertically integrated, but focus on one or few technologies (NLP and Speech Recognition)

Positioning of different actors in the AI value chain (1)

Datrix's solutions are very diversified by vertical, and are close to the end users (their adoption does not need the intervention of the data experts of the client)
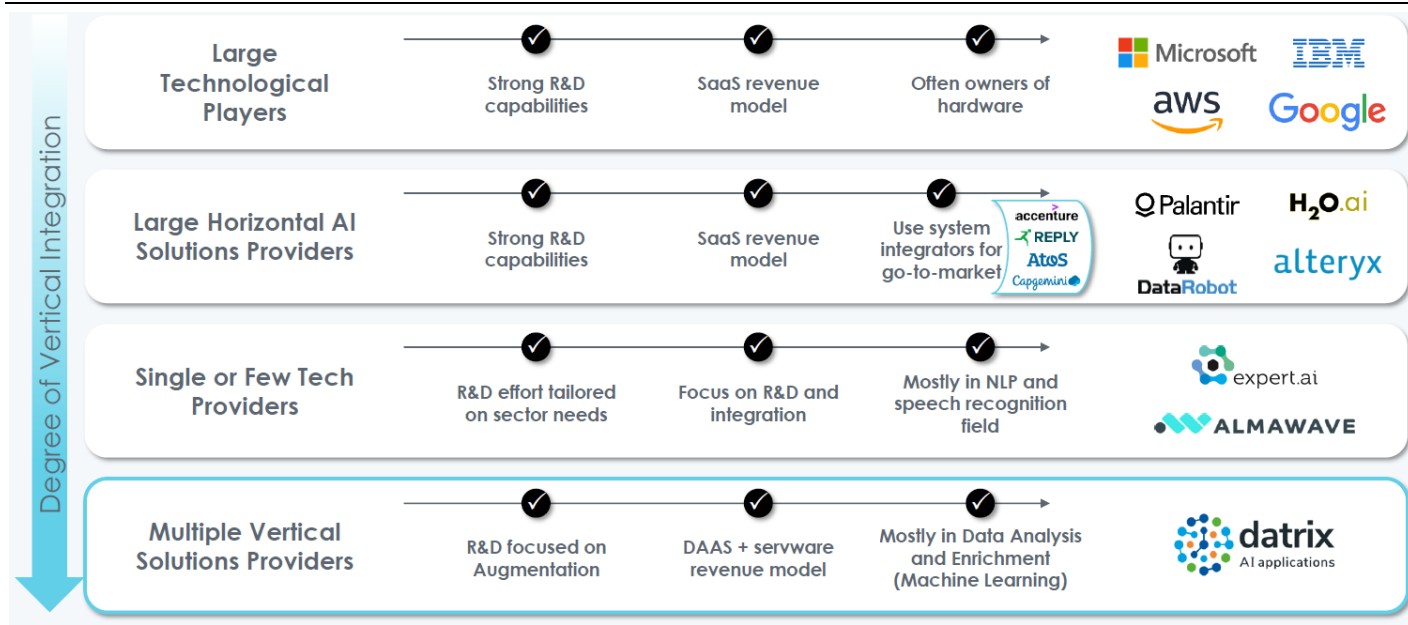

Source: Datrix, elaboration of Oliver Wyman research

Other small players can be compared to Datrix in terms of positioning. However, Datrix has an edge on competitors, thanks to its ability to combine high integration of first-party and alternative data with the offer of different vertical solutions.

Positioning of different actors in the AI value chain (2)

Compared to similar small players, Datrix combines high integration of first-party and alternative data with the offer of different vertical solutions
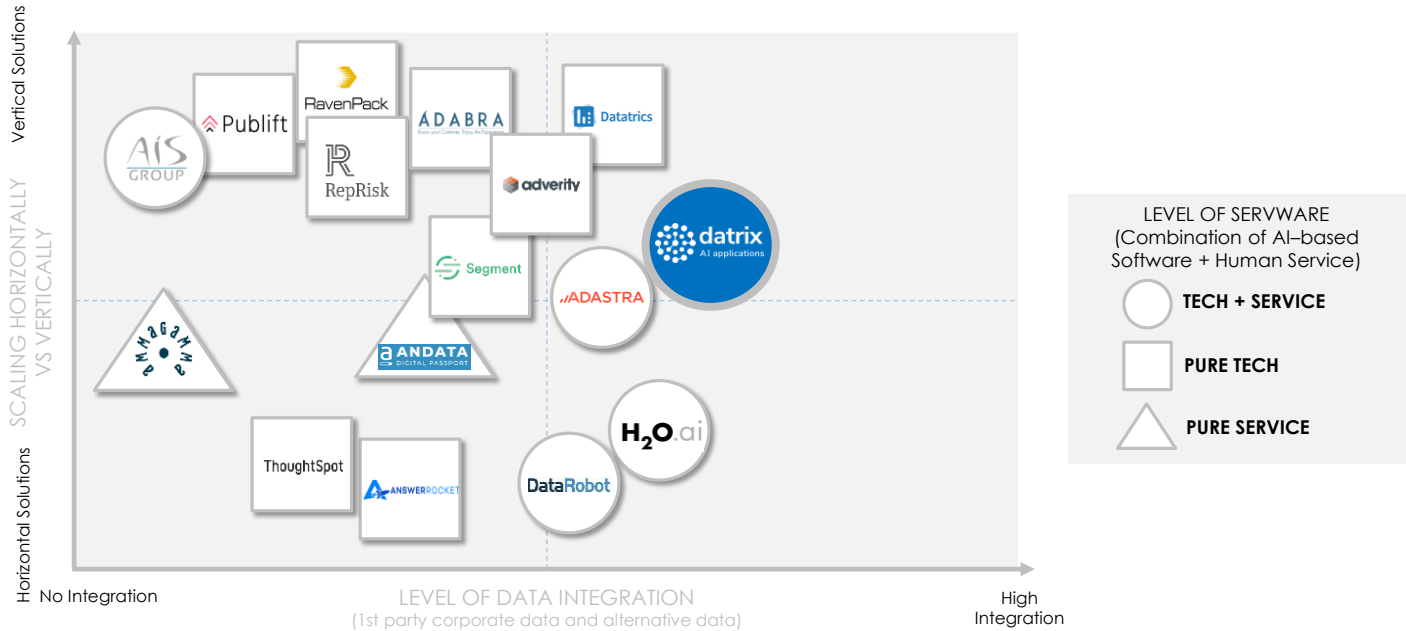
Source: Datrix

Strong entry barriers for potential newcomers

We believe that at least 5 entry barriers should discourage newcomers from venturing into this business:

1. **Excellent management team**. The three founders of Datrix had previous experience in Google and were able to attract other outstanding managers after the establishment of the group. Other key managers are also shareholders

2. **R&D team and spending**. Although Datrix's technologies have no specific patents (as the business model is focused on selling specific use cases and not technological solutions), the group has built its AA integrated framework in more than 10 years. Datrix employed 39 R&D specialists at YE 2020 (38% of the workforce). This is a multinational group of data scientists (a scarce resource on the market). The group has invested Eu4.1mn in R&D in 2017-20. Datrix can also count on the collaboration with tech companies, universities and research centers

3. **References with outstanding clients**. Datrix boasts a portfolio of more than 300 clients (including the recent acquisition) in Italy and abroad, along with very well-known corporates and brands. Current client base is a strong credential to support future business expansion

4. **Agreements with TIER1 distribution partners**. Datrix has recently signed distribution agreements with key partners, including Nasdaq, Bloomberg and OCS. For some of them, the process took significant time and efforts, and it was a validation of the solutions offered by the group

5. **Funding**. Datrix has raised Eu7mn equity from new shareholders since inception. The recent Eu15mn IPO proceeds add further important financial resources to be invested in organic growth and M&A.

Strengthening the go-to-market. Focus on US, SME and potential new verticals

Since 2010, the group has invested to build its integrated technological framework. We believe that Datrix is now ready to accelerate the-go-to-market with strong contribution of Reselling partnership programs and Inside sales on top of direct sales. Recent efforts to set-up the distribution network should bear fruits in the coming years. Additionally, despite having 90% of 2020A sales in Italy (mainly from large corporates), we believe that the group can expand in new geographies (the US is in pole position) and in the SMEs space, and potentially develop new AA solutions. By business vertical, we expect a rebalance of the weight of the four divisions, with Marketing & Sales down to 34% in 2025E from 87% in 2020A. Business maturation and sales mix should reduce the weight of one-off / set up revenues on total. According to our estimates, recurring sales should move from ca. 57% in 2020A (in % of total sales) to >75% in 2025E. M&A is a potential accelerator. The group has already acquired and integrated three companies to strengthen its expertise and positioning. M&A focus should be on the acquisition of new SME clients. The acquired companies can be integrated within the existing technological framework, benefitting from implementation of best practices and setting the stage for upselling and cross-selling opportunities.

Top line growth drivers and contribution by division

Datrix should concentrate distribution efforts on its international expansion as well as the broadening of its offering to SMEs, on top of large clients. Data Monetization should be the main contributor to top line growth, also thanks to the acquisition of Adapex (Eu1.3mn sales in 2020), consolidated from Nov 2021

Source: Alantra

Strengthening the go-to-market

Since its establishment in 2010, the group has mainly invested to build its integrated technological framework, ultimately developing solutions in 4 different verticals. The group has acquired strong references with national and international clients. We believe that Datrix is now ready to accelerate the go-to-market along three different channels:

- **Direct sale force**. We believe that the group is investing to monetize its technology. The weight of the work force dedicated to Support and Marketing&Sales increased above 45% in the last two years. We expect a further increase of the direct sales force in the coming years, mainly dedicated to large accounts

Evolution of number of employees by area

The weight of the work force dedicated to Support and Marketing&Sales increased above 45% in the last two years
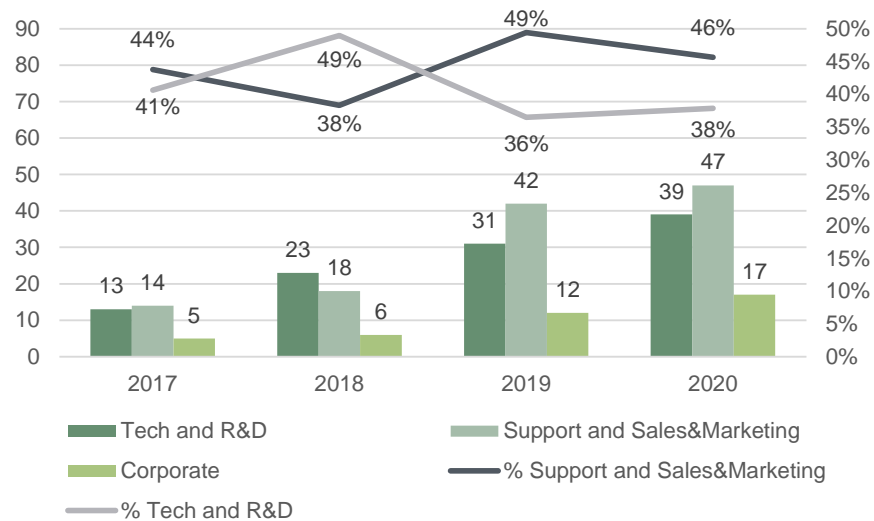
Source: Company presentation

- **Reselling partnership program**. Datrix has recently set-up distribution agreements with prestigious partners to distribute its solutions with specific focus on the Fintech business. Datrix can address the client base of the partners, which will gain a distribution fee. We believe that the first effects should be evident from 1H 2022:

    o **Bloomberg (October 2021)**. It is the world's primary distributor of financial data and a top news provider. Datrix can have access to the global client base of Bloomberg. Taking into account that that the agreement is related to solutions on thematic investments, we estimate an addressable client base of 325k users

    o **Nasdaq (June 2021)**. Nasdaq is a global technology company serving the capital markets and other industries with a diverse offering of data, analytics, software and services. The agreement is related to the Quandl product and the US market. Quandl is a product focused on financial, economic, and alternative datasets. It provides predictive insights to inform investment decisions from discovered data to investment management firms, investment banks and other investors. We estimate an addressable client base of 400k users (out of which 300k retail clients)

    o **TietoEVRY (May 2021)**. Headquartered in Finland, it is a global listed digital services and software company with strong focus on the Nordics. It serves thousands of enterprise and public sector customers in more than 90 countries. TietoEVRY's annual 2020 turnover was approx. Eu3bn. Under the agreement, TietoEVRY WealthMapper customers will be able to provide end-users with ESG scores, powered by Finscience, across their portfolios. Users will immediately be able to see the ESG performance of their holdings and what environmental and social issues they may have exposure to

    o **OCS (May 2021)**. Established in 1984, it is a provider of ICT services to Italian banks and financial services groups

    The group has also achieved a commercial agreement with **Banca Generali**. It is a leading listed private bank in Italy that offers financial planning and wealth protection services, leveraging its network of Financial Advisors and Private Bankers. As of 31st March 2021, Banca Generali managed Eu77.5bn assets of behalf of 300k customers.

- **Inside sales**. Datrix has already scaled its client base over the last few years (from 40 in 2018 to >300 in 2020PF). Most of the solutions offered by the group are plug-and-play and can be sold to SMEs. Datrix is developing a structured inside channel, based on lead generation through dedicated advertising campaigns. Leads are converted in contracts by a dedicated sales force.

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Distribution channels

Datrix is now ready to accelerate the go to market along three different distribution channels
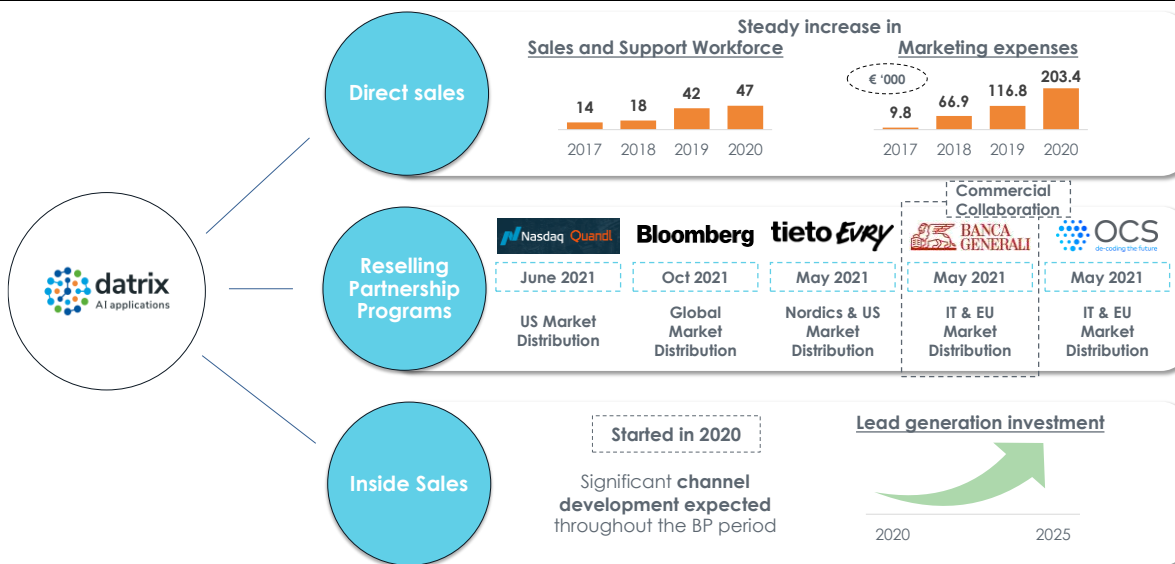
Source: Company presentation

Strategic focus on specific market segments

Italy and large corporates have been Datrix core market segments so far. The group should continue to grow in these segments, investing in direct sales force. We believe that Datrix should also focus on the expansion of specific segments in the future, including the US market, SMEs and potentially new verticals:

- **The US and other international markets.** According to Oliver Wayman research, North America is the largest market for AI applications (43% of total in 2020) and it is expected to outperform the global market (28% 2020-25E CAGR). Datrix has significantly invested in this market in 2021 thanks to: 1) the acquisition of Adapex; 2) the set-up of a local branch; 3) the partnerships with Nasdaq and Bloomberg. The weight of the US market should go up from <20% in 2020PF to 40% in 2024. The group should also grow in other geographies (TieroEVRY is very strong in the Nordics) and a specialized sales force should be dedicated to the development of partnerships in other countries

Datrix's reference market by geography – USD bn

The US is a key focus for the group. North America is the largest (43% of total in 2020) and fastest growing geography AI-wise (28% 2020-25E CAGR)
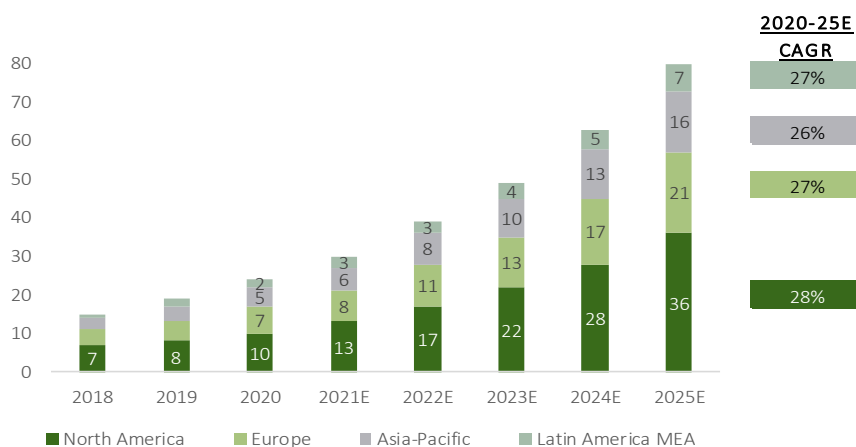
Source: Company presentation for historical figures. Alantra estimates

- **SMEs.** Small and Mid-Enterprises should be targeted with a dedicated Inside sales channel. Some solutions are really plug&play and can be easily sold to SMEs. Although the Marketing & Sales products usually needs an initial set-up, Datrix has taken advantage of the learning curve, simplifying and industrializing the process. This division, in our view, can also grow with SMEs.

- **New technologies.** We believe that Datrix will not stop its R&D machine in the next few years. The launch of new verticals/technologies/solutions cannot be ruled out. The group is looking, in particular, at the Industry 4.0 segment, where few mid corporates in Europe are really able to implement vertical projects at the highest level in AI. Potential revenues coming from new verticals/technologies/solutions are not in our estimates

Strategic focus on specific market segments

Focus on the expansion of specific segments in the future: the US market, SMEs and, potentially, new verticals
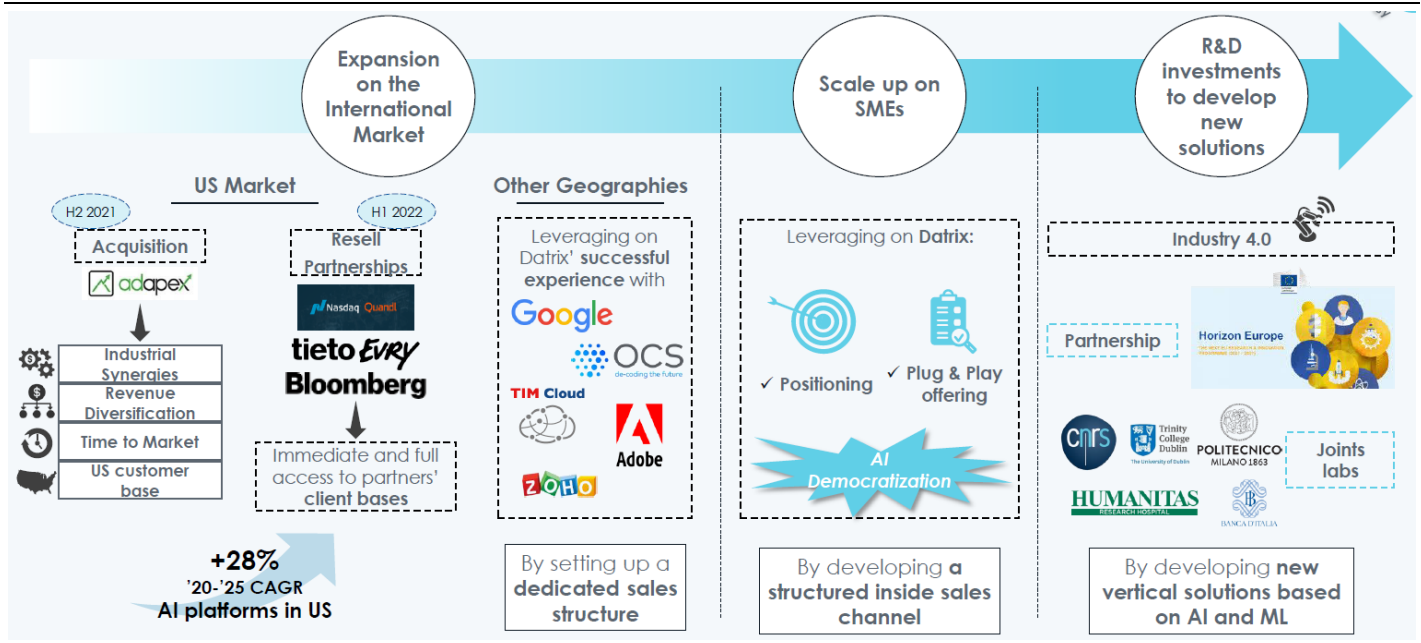
Source: Company presentation

Rebalancing the weight of the different divisions with higher % of recurring sales

We expect a rebalance of the weight of the four divisions, with Marketing & Sales down to 34% in 2025E (from 76% in 2020PF) followed by Data Monetization (up to 44% in 2025E from 21% in 2020PF) and Fintech (at 16% of consolidated net sales in 2025E). Business maturation and sales mix should reduce the weight of one-off / set up revenues on total. According to our estimates, recurring sales should move from ca. 57% of total in 2020A to >75% in 2025E.

Net sales by division

We expect a rebalance of the weight of the four divisions, with Marketing & Sales down to 35% in 2025E, from 76% in 2020PF
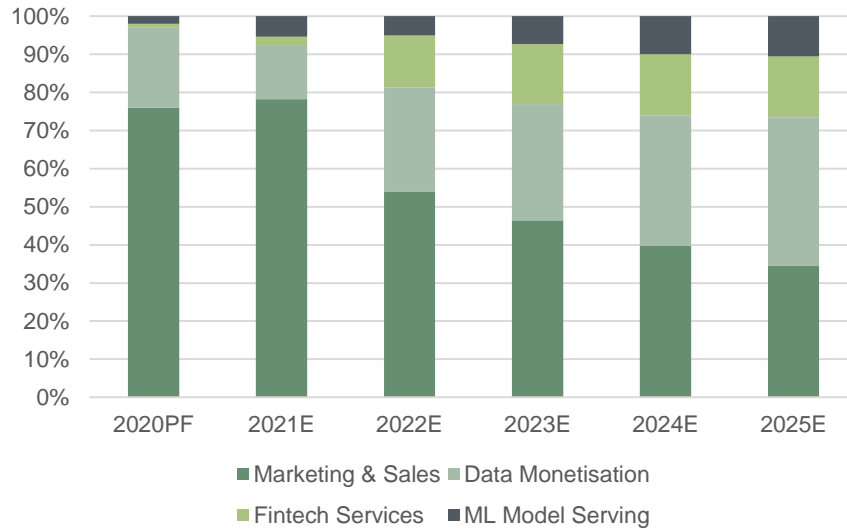
Source: Company presentation for historical figures, Alantra estimates. Note: the acquired Adapex (Data Monetization) is consolidated for only 2 months in 2021

M&A should be an accelerator

M&A is a potential accelerator of the growth profile. Focus should be on the acquisition of corporates with a client base of SMEs. Companies in different sub-sectors of the four verticals can match this requirement. The acquired companies can be integrated within the existing technological framework, benefitting from implementation of best practices and setting the stage for upselling and cross-selling opportunities.

M&A strategy

Datrix aims to acquire new clients with M&A to upsell / cross-sell its solutions
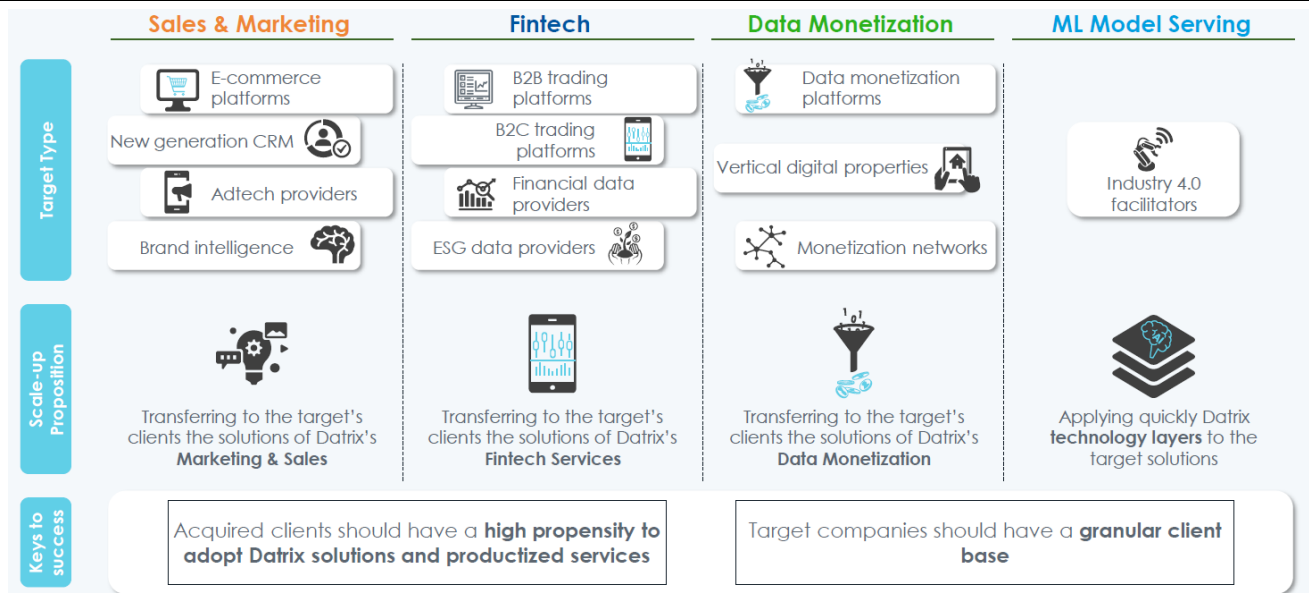
Source: Company presentation

Datrix is not new to M&A. The group has already acquired and integrated three companies to strengthen its expertise and positioning: ByTek (in Marketing & Sales) and PaperLit (in Data Monetization, consolidated from Jan 2020), and Adapex (Data Monetization, consolidated from November 2021). M&A has been a significant contributor to top line growth in 2020, and it should be in 2022E.

Net sales: organic versus contribution from M&A – Eu mn

ByTek, PaperLit and Adapex have been and should be significant contributors to top line growth in 2020, 2021E and 2022E
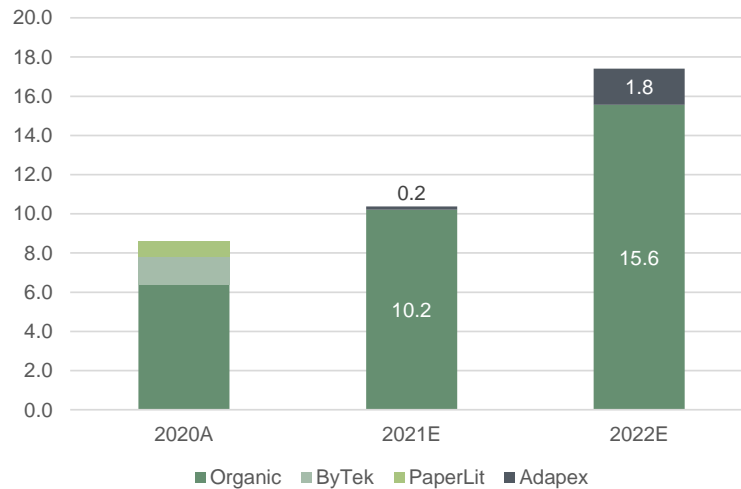
Source: Company presentation for historical figures, Alantra estimates

The deal with Adapex (based in the US), finalised in 2021, has been strategically very important to strengthen the presence of the group in Data Monetization and in North America.

Details of the recently acquired Adapex

US-based, Adapex has been strategically important to strengthen the presence of the group in Data Monetization and in North America
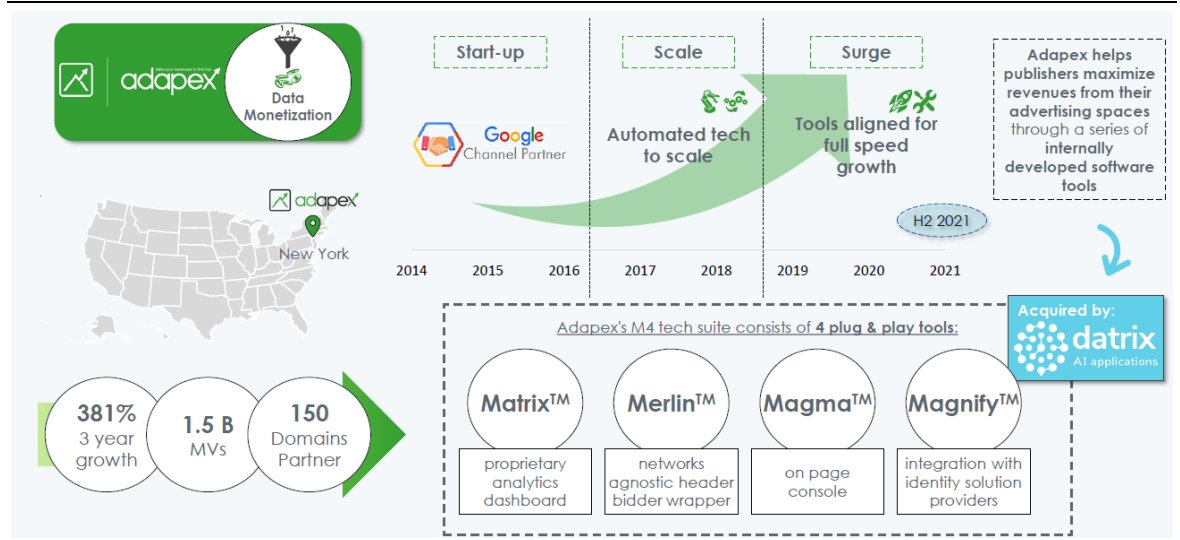
Source: Company presentation

Strong top line growth and clear path to high margins

We expect Datrix to deliver a very strong top line growth in the next few years: 36% 2020-25E CAGR, of which 35% organic. From a loss-making business in 2021 (EBITDA margin expected at -6%), EBITDA should turn positive in 2022E and EBIT in 2023E. We believe that EBITDA margin and EBIT margin should reach, respectively, 30% and 25% on sales at full steam in 2025E. Profitability should be driven by: 1) expansion of gross margin, thanks to learning curve (processes optimisation), business maturation (lower weight of set-up fees) and sales mix (lower growth of lower margin Marketing & Sales division) and 2) operational leverage (in particular on R&D and G&A costs). Datrix should pass the "Rule of 40" from 2022E (Organic sales growth + EBIT margin >40%) and improve further in the following years (>50% from 2024E), ranking as one of the top performers in our sample.

Evolution of Net Sales, EBITDA and margin

Strong top line growth (36% 2020-25E CAGR) and strong profitability at full steam (EBITDA margin at 30% in 2025E)

Source: Company presentation for historical figures, Alantra estimates

36% 2020-25E top line growth (35% organic)

We expect Datrix to deliver a very strong top line growth in the next few years: 36% 2020-25E CAGR, of which 35% organic. While the current main division (Marketing & Sales) should grow at "only" 13% CAGR, we expect a growth of 80% in Data Monetisation (also helped by consolidation of Adapex), above 140% in Fintech (the top performer) and 79% in ML Model Serving.

Evolution of Net Sales (Eu mn): Organic vs M&A, and by business vertical

We expect 36% 2020-25 CAGR. The main division should grow at "only" a 13% 20-25E CAGR, while growth of the other three should exceed 75%
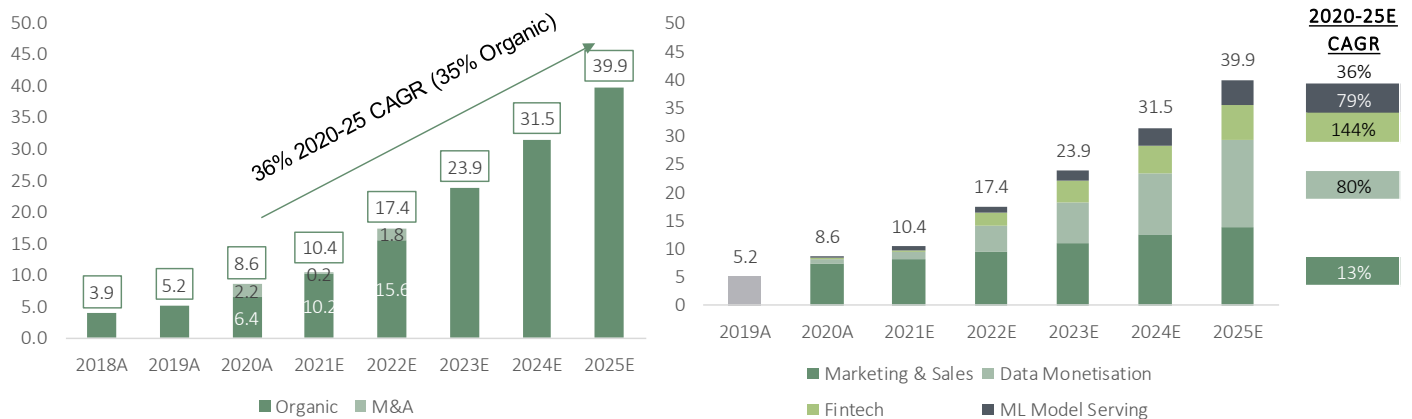
Source: Company presentation for historical figures, Alantra estimates

The group is on track to achieve our 2021E figure. Based on 1H 2021 numbers, Datrix posted a 51% yoy pro-forma top line growth, of which around 25% organic, vs our organic yoy net sales growth of 20% in 2021E.

Strong top line growth in 1H 2021

Based on 1H 2021PF figures, Datrix posted a 50.7% yoy top line growth (25% organic)
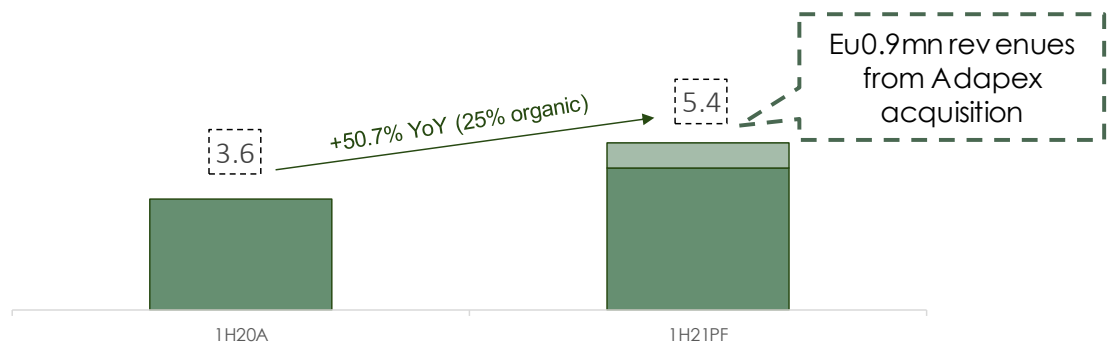
Source: Company presentation for historical figures, Alantra estimates

Clear path to high margins

From a loss-making business in 2021 (EBITDA margin expected at -6%), EBITDA should turn positive in 2022, and EBIT in 2023. We believe that EBITDA margin should exceed 30% on sales at full steam in 2025E, and EBIT margin should be close to 25% in the same year.

Evolution of EBITDA / EBIT and profitability

We expect positive EBITDA from 2022 and EBIT from 2023. EBIT margin should be close to 25% at full steam (from 2025E)
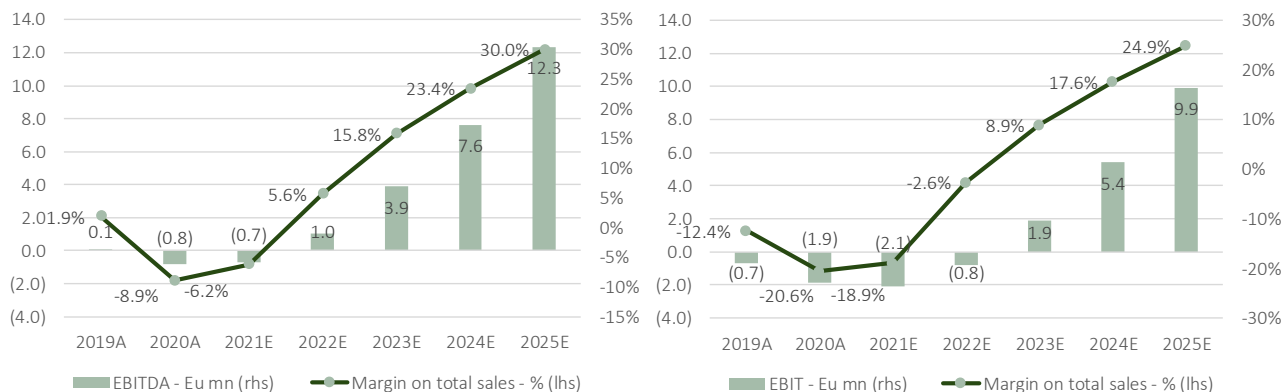
Source: Company presentation for historical figures, Alantra estimates

The most important profitability drivers should be the expansion of GM on sales and operational leverage:

- **Gross margin expansion**. We estimate consolidated Gross Margin on Sales >65% in 2025E from around 40% in 2021E. We believe that two drivers should trigger the strong improvement:

    o **Learning curve / Business maturation**. We believe that all the divisions are poised to expand gross margin on sales, thanks to industrialisation of processes, pricing and maturing of the business, with lower incidence of set-up costs on total (the last driver should be particularly strong for the Marketing & Sales division)

    o **Sales mix**. The divisions with the highest Gross Margin on sales should outperform on top line growth, triggering a positive effect on consolidated Gross Margin

Drivers of Gross Margin expansion

The divisions with the highest Gross Margin should outperform in terms of growth. Industrialisation of processes, pricing and lower incidence on step-up costs should trigger increase in GM of 3 out of 4 divisions
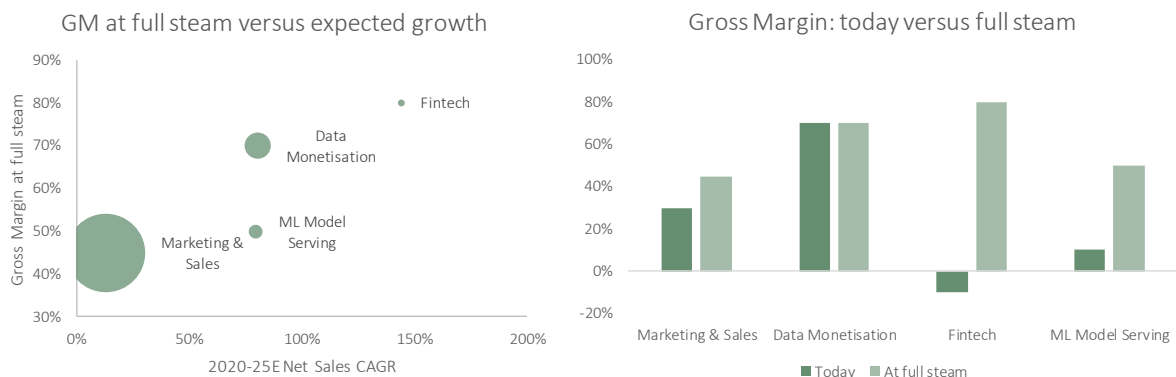
Source: Alantra estimates. Note: size of the bubbles is related to 2021E sales in Eu mn

- **Operational leverage**. The bulk of the technological architecture is already up and running and Datrix should start to enjoy operational leverage on R&D. Despite the future investments focused on the reinforcement of the central structure at the horizon, G&A on sales should improve over time. Considering that part of the R&D costs are capitalised, the full benefits of operational leverage linked to R&D costs should be more evident at EBIT level.

Estimated R&D and G&A spending on sales

Reduction of R&D and G&A on sales over time should trigger expansion of EBITDA and EBIT margin
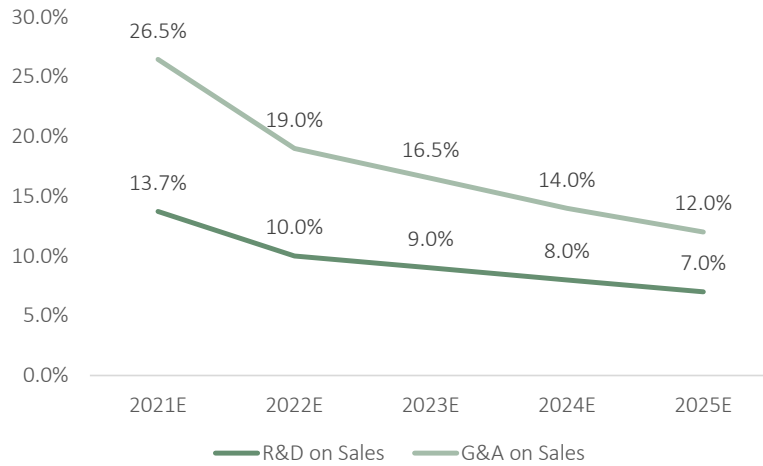
Source: Alantra estimates

The group has limited financial leverage. We expect a trend of net profit similar to that of EBIT, with break even in 2023E. According to our estimates, the group should start to pay taxes in 2024E with a tax rate of 30% at full steam from 2025E.

Evolution of Net profit

We expect positive net profit in 2023E
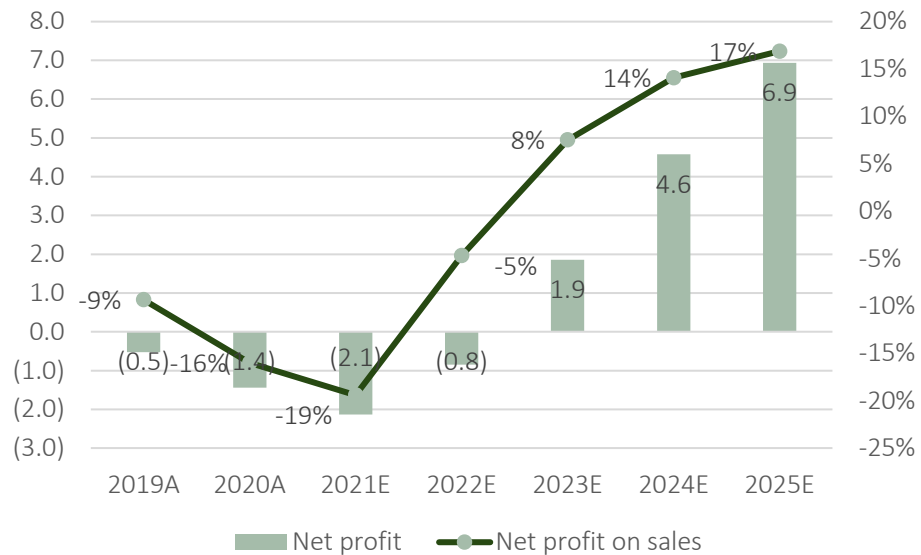
Source: Company presentation for historical figures, Alantra estimates

Datrix should pass the "Rule of 40" from 2022

Datrix should pass the "Rule of 40" from 2022E (Organic sales growth + EBIT margin >40%) and improve further in the following years (>50% from 2024E), ranking as one of the top performers in our sample.

Datrix and selected peers: Top line growth and EBIT margin

Datrix should pass the "Rule of 40" (Organic sales growth + EBIT margin >40%) from 2022E, be one of the top performers in our sample, and improve further in the following years (>50% from 2024E)
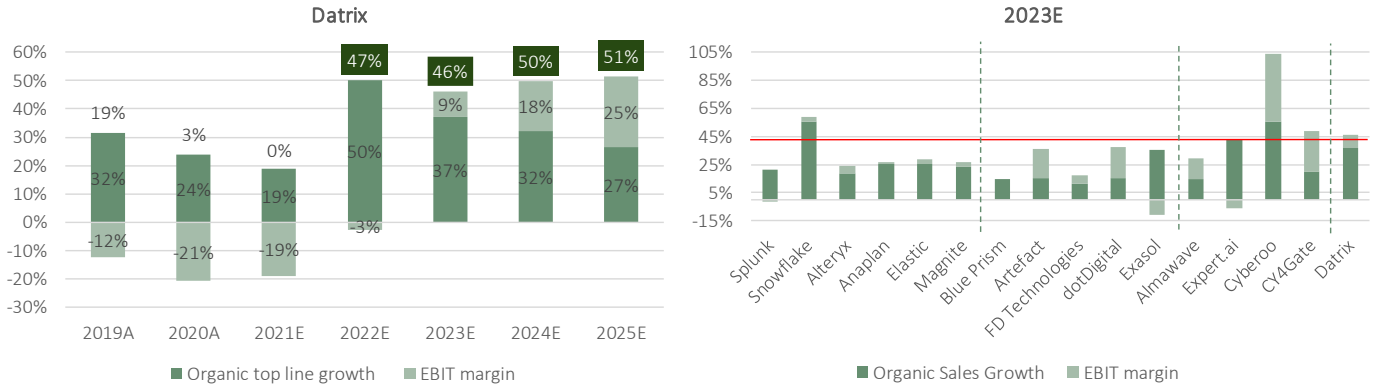
Source: Company presentation for historical figures, Alantra estimates, Factset

Strong FCF generation from 2024E

We believe that Datrix will continue to invest in R&D in the coming years to support business growth. We expect Capex / Sales at 9% on average in the period 2021-25, excluding IPO costs. Datrix should have a positive, although limited, Net Working Capital at full steam (average NWC on sales at 7% in 2021-2025), which should absorb some cash. Capex and Net Working Capital needs, coupled with relatively low EBITDA margin in the coming years, should imply low/negative FCF generation in 2021-23. This setting should change from 2024 onwards, when high margins should more than offset cash flow headwinds. EBITDA to FCF conversion should be above 60% in 2024E (helped by no taxes in the year) and >50% in 2025E. Cash out from the acquisition of Adapex (Eu3.8mn EV) has been partially funded with the Eu2.5mn capital increase in 1H 2021 dedicated to 8a+ and OCS.

2020-2025E Net Cash bridge

We expect strong FCF generation from 2024E

Source: Company presentation for historical figures, Alantra estimates

Declining capex on sales

We believe that Datrix will continue to invest in R&D in the coming years to support business growth. However, taking into account that the bulk of the technological framework is already in place and that go-to-market should accelerate, we expect a decline of capex on sales in the future. Average Capex on Sales is expected at 9% in 2021E-25E, excluding IPO costs.

Historical and expected evolution of Capex

Average Capex on Sales is expected at 9% in 2021E-25E, excluding IPO costs
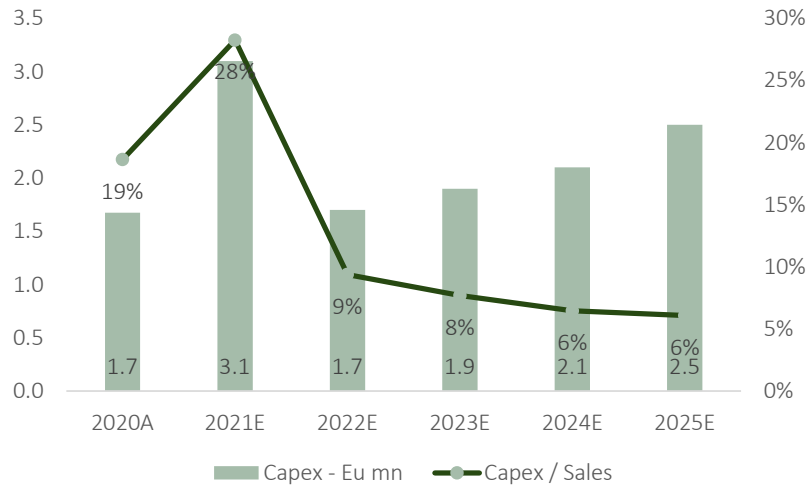
Source: Company presentation for historical figures, Alantra estimates. Note: Capex in 2021 includes Eu1.6mn IPO costs

Positive, although limited, Net Working capital at full steam

Datrix should have a positive, although limited, Net Working Capital at full steam (average NWC on sales at 7% in 2021E-2025E), which should absorb some cash to fund business growth. Both receivables and payables in our estimates are inflated by the accounting policy of Adapex. The US company offers full monetization services to publishers (its clients): it is paid by the clients of the publishers and then it transfers the proceeds to the publishers, keeping a commission. Sales of Adapex are only represented by the commission, while receivables and payables include the gross amounts. As a consequence, while DOS and DPO are estimated around 90 days at group level, the specific accounting of Adapex inflates the calculation.

Historical and expected evolution of NWC

Average NWC on Sales is expected at 7% in 2021E-25E
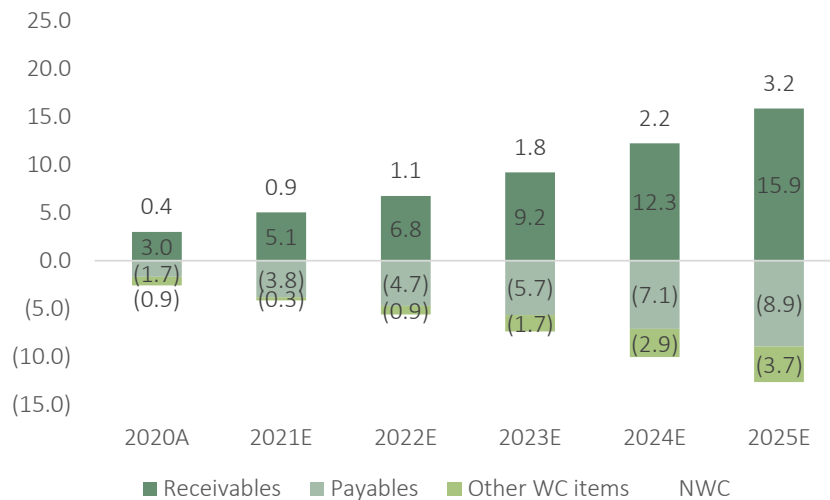
Source: Company presentation for historical figures, Alantra estimates

Strong FCF and EBITDA/FCF conversion from 2024E

The FCF generation profile of the group is back-end loaded and linked to the improvement of the profitability. EBITDA-to-FCF conversion should be positive from 2023E and exceed 50% from 2024E. The strong conversion in 2024E is linked to the 0% tax rate estimated in that year.

Evolution of FCF and EBITDA-to-FCF conversion

Strong FCF and EBITDA/FCF conversion from 2024E
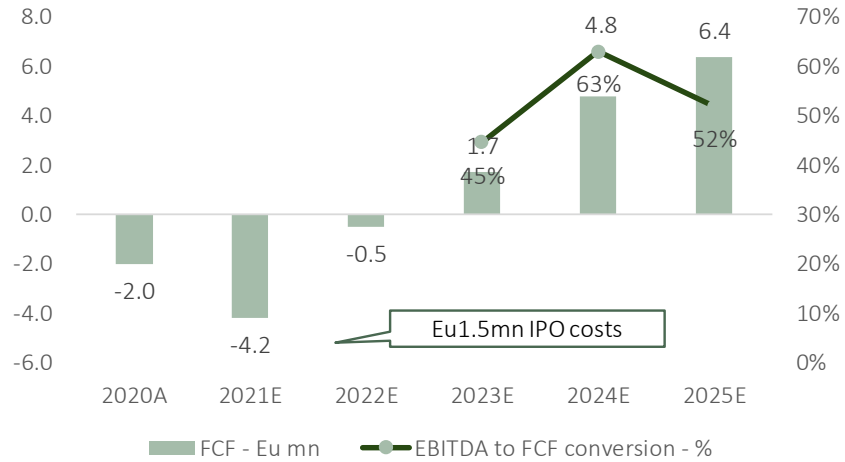
Source: Company presentation for historical figures, Alantra estimates

We expect Net Cash at ca. Eu10mn in 2021E, thanks to Eu13.4mn net IPO proceeds. Organic cash flow generation should significantly improve from 2024, with a growing cash pile.

Evolution of Net cash (Debt)

Growing cash pile from 2024E

Source: Company presentation for historical figures, Alantra estimates

Valuation: TP of Eu5.4/share

We have selected three different panels of comparable companies for Datrix: 1) European SMC groups in the data value chain. They share many similarities with the company; 2) Italian B2B solution providers in Artificial Intelligence and Cyber Security listed on Euronext Growth Milan (Cy4Gate, Cyberoo, Almawave, Expert.ai); 3) US names in the data value chain. Apart the differences in the business model, US peers are much larger than Datrix. We have not taken them into account. We have focused on EV/Sales multiples, as many players (including Datrix) are not yet mature, and multiples based on profitability figures are not meaningful. Datrix is currently trading in line with its IPO price, despite pressure on tech stocks stemming from an inflationary environment and more hawkish monetary policies. At 3.1x 2022E EV/Sales, the group is trading at around 30% discount versus the average of European and Italian peers. We set a TP of Eu5.4/share, based on the average 2022-23 EV/Sales of European and Italian peers. This is cross-checked with DCF.

Price in line with IPO

Listed at Eu4.1/share, Datrix is now trading in line with its IPO price, after a market performance similar to that of the Italian MidCap index. The stock price reached a high of Eu4.5/share some days after the IPO and then retraced, amid pressure on Tech stocks stemming from an inflationary environment and more hawkish monetary policies.

Market performance since IPO

Current Datrix's share price is in line with its first day of trading
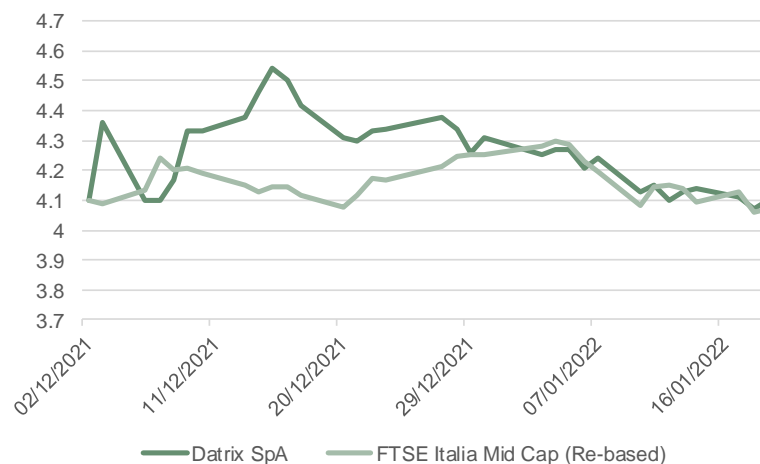
Source: Factset

Valuation based on multiples of peers

We have selected three different panels of comparable companies:

1. **European SMC involved in the data value chain**. We have selected the UK based Bluprism, FD Technologies and dotDigital, the French group Artefact and the German company Exasol. The business model of these players has many similarities with that of Datrix

2. **Italian B2B solution providers in Artificial Intelligence and Cyber Security**, listed on Euronext Growth Milan. We have included in this sample: Expert.ai, Almawave, Cyberoo and CY4Gate. The last two names are in a different value chain. Expert.ai and Almawave are theoretically more comparable, but we highlight that most of the sales of Almawave today are linked to system integration for the Italian PA and that the business model of Expert.ai is in a transition phase. Additionally, solutions offered by Expert.ai and Almawave are not really plug&play and need a system integration activity

3. **US players in the data value chain.** We have included: Spluk, Snowflake, Alteryx, Anaplan, Elastic, Magnite. In addition to the differences in terms of business model, we highlight that average market capitalization of this cluster is relatively high

Peers – Company description

We have selected 3 different clusters of comparable companies

Company	Country	Mkt Cap (Eu mn)	Company Description
European peers			
Blue Prism Group Plc	UNITED KINGDOM	1,470	Blue Prism Group Plc develops business process automation software solutions. It operates through the licensing of Robotic Process Automation software used to automate routine, rules-based back office processes. The company was founded by Alastair Bathgate and David Moss in 2001 and is headquartered in Warrington, the United Kingdom.
FD Technologies PLC	UNITED KINGDOM	533	FD Technologies Plc is a group of data-driven businesses that unlock the value of insight, hindsight, and foresight to drive organizations forward. The firm is involved in the provision of a range of software and consulting services to finance, technology, retail, pharmacy, manufacturing, and energy institutions. It operates through the following segments: KX, First Derivative, and MRP. The KX segment offers analytics platform that drives the business decisions with real-time continuous intelligence. The First Derivative segment is a provider of technology-led services in capital markets. The MRP segment is an enterprise-class, with predictive accounts-based marketing solution. The company was founded by Brian Gerard Conlon in 1996 and is headquartered in Newry, the United Kingdom.
dotDigital Group plc	UNITED KINGDOM	655	dotDigital Group Plc engages in the provision of data-driven omnichannel marketing automation solutions. It operates through the following geographical segments: EMEA, U.S., and APAC. The company was founded by Ian Rhys Taylor and Simon Christopher Bird in 1999 and is headquartered in London, the United Kingdom.
Exasol AG	GERMANY	159	Exasol AG is a technology company, which provides a next generation in-memory analytical database that enables customers to access and analyse data at high speed and scale. Exasol's database technology organisations are able to implement and operate multiple analytical applications to improve their existing business processes or create new business models. The company was founded in 2000 and is headquartered in Nuremberg, Germany.
Italian peers			
Almawave S.p.A.	ITALY	136	Almawave SpA develops software technologies for artificial intelligence, natural language analysis, and big data management. The firm owns and distributes patented technologies which offer solutions for text and speech analytics, knowledge management, multi-channel contact management and virtual agent, and customer experience management under the platform brands Iride and Audioma. Its software products also feature automatic speech recognition under its platform brands Audioma, FlyScribe, and Verbamatic. The company was founded on October 31, 2006 and is headquartered in Rome, Italy.
Expert.ai S.p.A.	ITALY	113	Expert.ai SpA engages in the development of semantic technology. It engages in the provision of solutions for online activities such as search and explore, tagging and categorization, intelligence, natural language understanding and advertisement. The company was founded by Stefano Spaggiari, Marco Varone and Paolo Lombardi in 1989 and is headquartered in Modena, Italy.
Cyberoo S.p.A.	ITALY	74	Cyberoo SpA provides information technology solutions for the management, optimization, and support of business information systems with focus on cyber security. It operates through the following business segments: Cyber Security and Device Security, Managed Services, and Digital Transformation. The Cyber Security and Device Security segment provides software services such as anti-spam, anti-virus, web security, log management, treat hunting, and security awareness. The Managed Services segment involves in data center management, cloud management, and device management. The Digital Transformation segment develops systems for customer relationship management, human resources management, and product management. The company was founded on July 23, 2008 and is headquartered in Reggio Emilia, Italy.
CY4Gate SpA	ITALY	169	CY4Gate SpA engages in the design, development, and production of technologies, products, systems and services to provide solutions for cyber intelligence, cyber security, and cyber electronic warfare. It operates through the Cyber Intelligence and Cyber Security business divisions. The Cyber Intelligence division creates and licenses programs which collect and analyze information from open sources in the Internet or social media through the use of electronic and digital devices. The Cyber Security division specializes in products and services which protect information technology systems as well as analyze, catalogue, and counteract threats. The company was founded on December 11, 2014 and is headquartered in Rome, Italy.
US peers			
Splunk Inc.	UNITED STATES	16,625	Splunk, Inc. engages in the development and marketing of software solutions. Its products include Splunk cloud, Splunk light and Splunk enterprise. It also offers solutions for information technology operations, security, internet-of-things, application analytics, business analytics and industries. The company was founded by Erik M. Swan, Michael J. Baum and Robin K. Das in October 2003 and is headquartered in San Francisco, CA.
Snowflake, Inc. Class A	UNITED STATES	76,287	Snowflake, Inc. provides cloud data warehousing software. It provides SQL data warehouse, zero management, and broad ecosystem products. It offers data warehouse modernization, accelerating analytics, enabling developers and monitoring and security analysis solutions to federal government, financial services, healthcare, media and entertainment, retail and CPG, gaming, education and technology industries. The company was founded by Marcin Zukowski, Thierry Cruanes and Benoit Dageville in 2013 and is headquartered in Bozeman, MT.
Alteryx, Inc. Class A	UNITED STATES	2,983	Alteryx, Inc. engages in the provision of self-service data analytics software. Its subscription-based platform allows organizations to prepare, blend, and analyze data from a multitude of sources and benefit from data-driven decisions. The company was founded by Dean A. Stoecker, Olivia Duane-Adams, and Edward P. Harding, Jr. in March 1997 and is headquartered in Irvine, CA.
Anaplan, Inc.	UNITED STATES	6,064	Anaplan, Inc. engages in the provision of a cloud-based connected planning platform that connects organizations and people for decision making. It also offers professional services, including consulting, implementation and training. The company was founded by Michael Gould, John David Guy Haddleton and Sue Haddleton in 2006 and is headquartered in San Francisco, CA.
Elastic NV	UNITED STATES	7,284	Elastic NV engages in the provision of open source search and analytics engine services. It offers Elastic Stack, a set of software products that ingest and store data from various sources and formats, as well as perform search, analysis, and visualization. The firms Elastic Stack product comprises Elasticsearch, a distributed, real-time search and analytics engine, and data store for various types of data, including textual, numerical, geospatial, structured, and unstructured; Kibana, a user interface, management, and configuration interface for the Elastic Stack; Beats, a single-purpose data shippers for sending data from edge machines to Elasticsearch or Logstash; and Logstash, a data processing pipeline for ingesting data into Elasticsearch or other storage systems. It also provides software solutions on the Elastic Stack that address cases, including app search, site search, enterprise search, logging, metrics, application performance management, business analytics, and security analytics. Its products are used by individual developers and organizations of a range of industries. The company was founded by Shay Banon, Uri Boness, Steven Schuurman, and Simon Willnauer on February 9, 2012 and is headquartered in Mountain View, CA.
Magnite, Inc.	UNITED STATES	1,595	Magnite, Inc. provides a technology solution to automate the purchase and sale of digital advertising inventory for buyers and sellers. It features applications and services for digital advertising sellers including websites, mobile applications, and other digital media properties. The company was founded by Frank Addante, Duc Chau, Craig Roah, Julie Mattern and Brian D. Baumgart on April 20, 2007 and is headquartered in New York, NY.

Source: Factset

Based on average expected 2021E-2023E figures, Datrix should have higher growth rates. Most of the players should have negative or average profitability in the next few years, not yet at full steam.

Financials – Datrix versus selected peers

Company	Country	Mkt Cap (Eu mn)	FY21E - FY23E average margins					Sales CAGR 20-23	EBITDA	EBIT	EPS
			EBITDA Margin	EBIT Margin	Net Income Margin	Capex / Sales	Dividend Payout				
DATRIX	ITALY	37	5.1%	-5.2%	-5.5%	15.1%	0.0%	40.1%	nm	nm	nm
PEERS	Average		10.1%	1.0%	-1.9%	8.7%	2.6%	28.7%	-37.8%	-67.3%	-11.8%
	Median		5.5%	0.4%	1.8%	4.6%	0.0%	27.0%	6.2%	-22.5%	-8.8%
Splunk Inc.	UNITED STATES	16,598	-4.9%	-8.7%	-7.8%	1.1%	0.0%	17.9%	nm	nm	nm
Snowflake, Inc. Class A	UNITED STATES	81,917	2.8%	-0.1%	-39.6%	2.5%	0.0%	73.6%	-200.6%	-177.4%	-178.3%
Alteryx, Inc. Class A	UNITED STATES	3,040	5.5%	0.9%	0.4%	4.6%	0.0%	14.3%	-6.2%	-20.5%	-25.7%
Anaplan, Inc.	UNITED STATES	6,003	0.4%	-3.8%	-4.2%	2.1%	0.0%	27.0%	-246.9%	-169.9%	-150.6%
Elastic NV	UNITED STATES	9,164	3.4%	-0.1%	-2.7%	0.7%	16.9%	29.2%	114.6%	-282.4%	-200.0%
Magnite, Inc.	UNITED STATES	1,793	33.8%	-9.0%	22.7%	3.4%	0.0%	43.9%	73.0%	-173.0%	85.3%
US PEERS	Average		6.8%	-3.5%	-5.2%	2.4%	2.8%	34.3%	-53.2%	-164.6%	-93.9%
	Median		3.1%	-1.9%	-3.5%	2.3%	0.0%	28.1%	-6.2%	-173.0%	-150.6%
Blue Prism Group Plc	UNITED KINGDOM	1,470	-10.3%	na	na	na	0.0%	17.3%	-138.5%	na	-68.2%
FD Technologies PLC	UNITED KINGDOM	670	13.0%	5.6%	3.3%	na	0.0%	10.4%	2.7%	-5.6%	1.7%
dotDigital Group plc	UNITED KINGDOM	609	32.6%	22.7%	18.9%	11.9%	22.4%	16.5%	9.7%	8.4%	5.6%
Exasol AG	GERMANY	169	-46.8%	-52.6%	-55.2%	4.9%	0.0%	28.8%	-55.4%	-45.4%	-40.3%
EUROPEAN PEERS	Average		-2.9%	-8.1%	-11.0%	8.4%	5.6%	18.3%	-45.4%	-14.2%	-25.3%
	Median		1.3%	5.6%	3.3%	8.4%	0.0%	16.9%	-26.4%	-5.6%	-19.3%
Almawave S.p.A.	ITALY	134	25.2%	14.8%	9.5%	17.1%	0.0%	16.6%	20.0%	18.9%	37.1%
Expert.ai S.p.A.	ITALY	114	-6.2%	-27.5%	-24.5%	22.8%	0.0%	29.5%	-254.2%	-24.5%	-19.3%
Cyberoo S.p.A.	ITALY	74	38.8%	25.1%	18.1%	20.3%	0.0%	51.8%	99.7%	na	342.3%
CY4Gate SpA	ITALY	164	40.7%	27.3%	22.2%	20.4%	0.0%	37.2%	26.2%	24.2%	20.6%
ITALIAN PEERS	Average		24.6%	9.9%	6.3%	20.2%	0.0%	33.8%	-27.1%	6.2%	95.2%
	Median		32.0%	19.9%	13.8%	20.4%	0.0%	33.4%	23.1%	18.9%	28.9%

Source: Factset, Alantra

We mainly focus on EV/Sales multiples to value Datrix, as many players are not yet mature and multiples based on profitability figures are not meaningful. At 3.1x 2022E EV/Sales, the group is trading at around >45% discount versus the median of the overall sample and around 30% discount versus the average of European and Italian peers.

Trading multiples

Company	Country	Mkt Cap (Eu mn)	EV/Sales			EV/EBITDA			EV/EBIT			PE		
			FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
DATRIX	ITALY	37	5.1 x	3.1 x	2.2 x	nm	55.0 x	14.0 x	nm	nm	24.8 x	nm	nm	29.8 x
Premium (discount) to Peers' Median			-34%	-47%	-56%	nm	258%	-26%	nm	nm	-62%	nm	nm	-8%
PEERS	Average		11.7 x	8.0 x	5.9 x	277.4 x	202.1 x	101.8 x	36.7 x	1,696.4 x	179.5 x	45.0 x	477.0 x	270.2 x
	Median		7.7 x	5.9 x	5.1 x	21.6 x	15.3 x	18.9 x	36.6 x	28.5 x	64.6 x	45.5 x	37.0 x	32.5 x
Splunk Inc.	UNITED STATES	16,625	7.9 x	6.6 x	5.3 x	na	na	356.7 x	na	na	na	na	na	na
Snowflake, Inc. Class A	UNITED STATES	76,287	70.9 x	42.8 x	27.1 x	na	1,285.6 x	498.8 x	na	na	809.9 x	na	3,139.6 x	807.3 x
Alteryx, Inc. Class A	UNITED STATES	2,983	7.5 x	6.3 x	5.2 x	1,801.2 x	171.1 x	53.7 x	na	10,048.3 x	98.7 x	na	na	146.2 x
Anaplan, Inc.	UNITED STATES	6,064	11.2 x	9.0 x	7.1 x	na	na	146.7 x	na	na	494.5 x	na	na	1,331.1 x
Elastic NV	UNITED STATES	7,284	9.5 x	7.5 x	5.6 x	na	274.0 x	79.2 x	na	na	196.2 x	na	na	na
Magnite, Inc.	UNITED STATES	1,595	5.6 x	4.2 x	3.2 x	16.4 x	12.5 x	9.6 x	na	na	101.4 x	23.4 x	17.2 x	12.7 x
US Comparables	Average		18.8 x	12.7 x	8.9 x	908.8 x	435.8 x	190.8 x	na	na	340.1 x	23.4 x	1,578.4 x	574.4 x
	Median		8.7 x	7.1 x	5.4 x	908.8 x	222.5 x	113.0 x	na	na	196.2 x	23.4 x	1,578.4 x	476.8 x
Blue Prism Group Plc	UNITED KINGDOM	1,470	11.2 x	5.6 x	4.9 x	na	na	na	na	na	na	na	na	na
FD Technologies PLC	UNITED KINGDOM	533	1.8 x	1.6 x	1.4 x	16.1 x	13.6 x	11.2 x	48.2 x	38.3 x	24.2 x	63.4 x	49.3 x	32.5 x
dotDigital Group plc	UNITED KINGDOM	655	8.9 x	7.9 x	6.7 x	26.2 x	24.8 x	21.5 x	37.8 x	35.1 x	30.4 x	45.5 x	44.5 x	40.9 x
Exasol AG	GERMANY	159	5.5 x	4.4 x	3.5 x	na	na	na	na	na	na	na	na	na
European Comparables	Average		6.9 x	4.9 x	4.1 x	21.1 x	19.2 x	16.3 x	43.0 x	36.7 x	27.3 x	54.4 x	46.9 x	36.7 x
	Median		7.2 x	5.0 x	4.2 x	21.1 x	19.2 x	16.3 x	43.0 x	36.7 x	27.3 x	54.4 x	46.9 x	36.7 x
Almawave S.p.A.	ITALY	136	3.8 x	3.1 x	2.5 x	15.4 x	13.0 x	10.5 x	25.4 x	21.8 x	17.1 x	44.8 x	37.0 x	29.0 x
Expert.ai S.p.A.	ITALY	113	3.2 x	2.6 x	1.8 x	na	na	16.4 x	na	na	na	na	na	na
Cyberoo S.p.A.	ITALY	74	7.2 x	3.9 x	2.3 x	44.9 x	9.0 x	4.0 x	na	12.8 x	4.7 x	na	21.7 x	8.7 x
CY4Gate SpA	ITALY	169	9.1 x	6.1 x	5.2 x	21.6 x	15.3 x	13.0 x	35.3 x	21.9 x	18.4 x	48.0 x	30.0 x	23.6 x
Italian Comparables	Average		5.8 x	3.9 x	3.0 x	27.3 x	12.5 x	10.9 x	30.4 x	18.8 x	13.4 x	46.4 x	29.6 x	20.4 x
	Median		5.5 x	3.5 x	2.4 x	21.6 x	13.0 x	11.7 x	30.4 x	21.8 x	17.1 x	46.4 x	30.0 x	23.6 x

Source: Factset, Alantra

We set a TP of Eu5.4/share, based on the average 2022-23 EV/Sales of European and Italian peers.

Datrix valuation based on applied Italian multiples

Eu mn	Italian Median multiples			European Median multiples			US Median multiples			Italian + European Average multiples		
	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Revenues (*)	12.2	18.1	24.7	12.2	18.1	24.7	12.2	18.1	24.7	12.2	18.1	24.7
EV/Sales Peer Group	5.5x	3.5x	2.4x	7.2x	5.0x	4.2x	8.7x	7.1x	5.4x	6.4x	4.3x	3.3x
Premium (Discount)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
EV/Sales Peer Group after discount	5.5x	3.5x	2.4x	7.2x	5.0x	4.2x	8.7x	7.1x	5.4x	6.4x	4.3x	3.3x
EV based on multiples	67.3	63.2	59.1	88.0	91.4	103.7	106.5	128.0	134.7	77.7	77.3	81.4
Net Financial Position	9.8	9.9	11.7	9.8	9.9	11.7	9.8	9.9	11.7	9.8	9.9	11.7
Adjustments	(0.7)	(1.2)	(1.6)	(0.7)	(1.2)	(1.6)	(0.7)	(1.2)	(1.6)	(0.7)	(1.2)	(1.6)
Equity Value on EV/Sales	76.4	71.9	69.2	97.1	100.1	113.7	115.5	136.7	144.7	86.7	86.0	91.4
Eu Per Share	4.8	4.4	4.2	6.1	6.1	6.9	7.3	8.3	8.8	5.5	5.2	5.5

Source: Factset, Alantra

DCF valuation

We have cross-checked with DCF. This method incorporates the back-end loaded FCF generation profile of the group, as well as the M/L term prospects of the industry. Our cash flows are based on the following main assumptions:

- Our detailed 2021-25 estimates
- Terminal growth based on EBITDA margin at 30% and Capex on sales at 5%.

We use 2.5% perpetual growth rate and 10% WACC. The double digit WACC is justified in our view by the unproven track record of the group in profitability, inside sales channels and distribution partnerships.

Datrix valuation based on DCF

(Eu mn)	FY19A	FY20A	FY21E	FY22E	FY23E	FY24E	FY25E	TV
Value of Production	5.6	9.0	11.0	18.1	24.7	32.6	41.1	42.2
YoY growth		59%	22%	65%	36%	32%	26%	
EBITDA	0.1	(0.8)	(0.7)	1.0	3.9	7.6	12.3	12.7
EBITDA Margin	2%	-9%	-6%	6%	16%	23%	30%	30%
taxes on EBIT		0.5	0.0	0.0	0.0	(0.8)	(3.0)	(3.0)
Non recurring Cash-out		0.0	0.0	0.0	0.0	0.0	0.0	
NWC Change		0.3	(0.5)	(0.2)	(0.7)	(0.4)	(0.4)	(0.1)
Capex		(1.7)	(3.1)	(1.7)	(1.9)	(2.1)	(2.7)	(2.1)
Capex/Revenues		-19%	-28%	-9%	-8%	-6%	-6%	-5%
Free cash flow				(0.9)	1.3	4.3	6.3	99.7
Disc. Free Cash Flow				(0.8)	1.1	3.2	4.3	68.0
Year				1	2	3	4	4

Total Disc. FCF	7.8		
Terminal value	68.0	90%	
Total EV (Eu mn)	75.8		
NFP FY21	9.8		
Adjustments	(0.7)		
TOTAL Equity Value	84.8		
# of shares (mn)	16.5		
Fair Value per share (Eu)	5.1		

Implied multiples	FY21E	FY22E	FY23E
EV/ Sales (*)	5.9 x	4.2 x	3.0 x

Source: Alantra. (*) Implied 2021 EV/Sales multiples are based on 2021PF sales of Datrix

TP sensitivity of Datrix based on DCF

		Wacc				
		11.0%	10.5%	**10.0%**	9.5%	9.0%
Terminal Growth	3.5%	5.0	5.4	5.8	6.3	6.9
	3.0%	4.7	5.1	5.4	**5.9**	6.4
	2.5%	4.5	4.8	**5.1**	5.5	6.0
	2.0%	4.3	**4.6**	4.9	5.2	5.6
	1.5%	4.1	4.4	4.6	4.9	5.3

Source: Alantra

We believe that a recent M&A transaction provides a further cross-check. At the beginning of January Almawave announced a binding agreement to acquire 100% of the share capital of The Data Appeal Company (an Italian player in the field of AA solutions) for a total consideration of Eu16.5mn. The Data Appeal Company reported 2021 sales of Eu1.5mn and is expected to deliver >40% growth in 2021, and more in the coming years. The deal implies an estimated valuation multiple of around 7x 2021 EV/Sales and 5x 2022 EV/Sales.

Main risks

We believe that the main risks related to Datrix's business can be summarised in the following factors:

Early stage go-to-market of the different business lines. During 2021, Datrix has achieved several distribution agreements with outstanding partners. They are mainly related to the high-gross-margin Fintech division. The success of the partnerships is important for future business developments of the group but there is no evidence at the moment that the distribution set up will be effective and able to produce the expected results. Datrix has also set up a structured inside channel to address SMEs. We have limited evidence of the success of this venture. However, we highlight that Datrix is a diversified group is terms of business verticals and distribution channels, which should mitigate the risk of a go-to-market strategy of the new ventures below expectations.

Path to profitability. We expect Datrix to achieve high margins after 2024. This is key to improve the FCF generation profile of the group. Datrix could struggle to increase the penetration of its products and improve its margins over time. However, we believe that the group relies on a strong management team and has developed many plag&play solutions, which should secure medium-term profitability.

Potential regulatory changes. The data value chain has its own peculiarities and needs specific regulation. We believe that potential future regulatory changes can have an impact on the way Datrix monetizes its activities. We highlight that Datrix's solutions are already compliant with the European regulation, which is more restrictive than the US one. Changes in the US should have no significant impact on Datrix business.

Dependence from one large supplier. During 2020, Google (the main supplier) accounted for 57% of external costs. Changes in pricing and / or other conditions could have a significant impact on Datrix. We highlight that part of the costs with Google are related to pass-through items and that dependence is mitigated when adjusted.

Stronger competition from larger players. The competitive landscape in the data business is variegated. Although Datrix has a differentiated positioning, competition from large players could increase over time. We highlight that the group addresses a high-growth market and pressures on top line and margins should be unlikely in the medium term. Finally, we see the co-existence of large and small players in other digital value chains.

Appendix

Datrix – Net Revenues

Eu mn	FY19A	FY20A	FY21E	FY22E	FY23E	FY24E	FY25E	20-25E CAGR
Marketing & Sales	**4.9**	**7.5**	**8.1**	**9.4**	**11.1**	**12.5**	**13.7**	**13%**
YoY Growth		51%	9%	16%	18%	13%	10%	
on net revenues %	95%	87%	78%	54%	46%	40%	34%	
Data Monetization	**0.0**	**0.8**	**1.4**	**4.8**	**7.3**	**10.8**	**15.6**	**80%**
YoY Growth			76%	229%	53%	48%	44%	
on net revenues %	0%	10%	14%	27%	30%	34%	39%	
Fintech Services	**0.0**	**0.1**	**0.3**	**2.4**	**3.8**	**5.1**	**6.4**	**144%**
YoY Growth		196%	238%	850%	58%	35%	26%	
on net revenues %	0%	1%	2%	14%	16%	16%	16%	
ML Model Serving	**0.2**	**0.2**	**0.6**	**0.9**	**1.8**	**3.2**	**4.2**	**79%**
YoY Growth		1%	148%	56%	100%	80%	33%	
on net revenues %	4%	3%	5%	5%	7%	10%	11%	
Net revenues	**5.2**	**8.6**	**10.4**	**17.4**	**23.9**	**31.5**	**39.9**	**36%**
YoY Growth		65.8%	20.9%	67.8%	37.1%	32.1%	26.6%	
Organic		23.8%	19.0%	50.1%	37.1%	32.1%	26.6%	
M&A		41.9%	1.9%	17.7%	0.0%	0.0%	0.0%	
Other revenues	0.5	0.4	0.6	0.7	0.9	1.0	1.2	
YoY Growth		-11.6%	44.0%	20.0%	20.0%	20.0%	20.0%	
on net revenues %	9.1%	4.9%	5.8%	4.1%	3.6%	3.3%	3.1%	
Revenues	**5.6**	**9.0**	**11.0**	**18.1**	**24.7**	**32.6**	**41.1**	**36%**
YoY Growth		59.3%	22.0%	65.2%	36.4%	31.7%	26.4%	
on revenues %	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	

Source: Company data, Alantra estimates from 2021

Datrix – P&L

Revenues	5.6	9.0	11.0	18.1	24.7	32.6	41.1
YoY Growth		*59.3%*	*22.0%*	*65.2%*	*36.4%*	*31.7%*	*26.4%*
on revenues %	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*
Internal capitalization	**0.9**	**1.4**	**1.0**	**1.4**	**1.4**	**1.6**	**1.6**
YoY Growth		*54.0%*	*-27.0%*	*34.2%*	*2.8%*	*10.1%*	*1.3%*
on net revenues %	*17.8%*	*16.6%*	*10.0%*	*8.0%*	*6.0%*	*5.0%*	*4.0%*
Consumables	**0.0**	**(0.0)**	**(0.0)**	**(0.0)**	**(0.1)**	**(0.1)**	**(0.1)**
YoY Growth			*20.9%*	*67.8%*	*37.1%*	*32.1%*	*26.6%*
on net revenues %	*0.0%*	*-0.2%*	*-0.2%*	*-0.2%*	*-0.2%*	*-0.2%*	*-0.2%*
Services	**(3.9)**	**(6.2)**	**(5.9)**	**(7.3)**	**(8.6)**	**(10.3)**	**(12.1)**
YoY Growth		*58.2%*	*-4.8%*	*24.5%*	*18.2%*	*18.7%*	*17.5%*
on net revenues %	*-75.4%*	*-71.9%*	*-56.6%*	*-42.0%*	*-36.2%*	*-32.5%*	*-30.2%*
Third parties' assets	**(0.1)**	**(0.3)**	**(0.3)**	**(0.5)**	**(0.8)**	**(1.0)**	**(1.3)**
YoY Growth		*87.9%*	*20.9%*	*67.8%*	*37.1%*	*32.1%*	*26.6%*
on net revenues %	*-2.8%*	*-3.2%*	*-3.2%*	*-3.2%*	*-3.2%*	*-3.2%*	*-3.2%*
Personnel	**(2.4)**	**(4.6)**	**(5.4)**	**(8.9)**	**(11.5)**	**(13.6)**	**(15.2)**
YoY Growth		*92.4%*	*16.6%*	*64.6%*	*29.1%*	*18.3%*	*11.9%*
on net revenues %	*-46.5%*	*-53.9%*	*-52.0%*	*-51.0%*	*-48.0%*	*-43.0%*	*-38.0%*
Other	**(0.0)**	**(0.1)**	**(1.1)**	**(1.7)**	**(1.3)**	**(1.6)**	**(1.9)**
YoY Growth		*838.1%*	*719.6%*	*60.7%*	*-21.5%*	*21.2%*	*13.2%*
on net revenues %	*-0.3%*	*-1.5%*	*-10.3%*	*-9.9%*	*-5.7%*	*-5.2%*	*-4.6%*
EBITDA Adj.	**0.1**	**(0.8)**	**(0.7)**	**1.0**	**3.9**	**7.6**	**12.3**
YoY Growth		*nm*	*nm*	*nm*	*282.7%*	*95.1%*	*61.8%*
on revenues %	*1.7%*	*-8.9%*	*-6.2%*	*5.6%*	*15.8%*	*23.4%*	*30.0%*
Adjustments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	**0.1**	**(0.8)**	**(0.7)**	**1.0**	**3.9**	**7.6**	**12.3**
YoY Growth		*nm*	*nm*	*nm*	*282.7%*	*95.1%*	*61.8%*
on revenues %	*1.7%*	*-8.9%*	*-6.2%*	*5.6%*	*15.8%*	*23.4%*	*30.0%*
D&A	**(0.8)**	**(1.0)**	**(1.4)**	**(1.8)**	**(2.0)**	**(2.2)**	**(2.4)**
YoY Growth	*80.8%*	*31.0%*	*41.7%*	*30.0%*	*11.0%*	*9.9%*	*9.0%*
on revenues %	*-14.1%*	*-11.0%*	*-12.8%*	*-10.0%*	*-8.2%*	*-6.8%*	*-5.9%*
Provisions	**(0.0)**	**(0.1)**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
on revenues %	*-0.2%*	*-0.7%*	*-0.7%*	*-0.7%*	*-0.7%*	*-0.7%*	*-0.7%*
EBIT Adj.	**(0.7)**	**(1.9)**	**(2.1)**	**(0.5)**	**2.2**	**5.7**	**10.2**
YoY Growth		*nm*	*nm*	*nm*	*nm*	*159.4%*	*78.8%*
on revenues %	*-12.4%*	*-20.6%*	*-18.9%*	*-2.6%*	*8.9%*	*17.6%*	*24.9%*
Adjustments	0.0	0.0	0.0	0.3	0.3	0.3	0.3
EBIT	**(0.7)**	**(1.9)**	**(2.1)**	**(0.8)**	**1.9**	**5.4**	**9.9**
YoY Growth		*165.8%*	*12.0%*	*-61.5%*	*-335.9%*	*186.4%*	*83.5%*
on revenues %	*-12.4%*	*-20.6%*	*-18.9%*	*-4.4%*	*7.6%*	*16.6%*	*24.1%*
Net financial income (costs)	**(0.0)**	**(0.0)**	**(0.1)**	**(0.1)**	**(0.0)**	**(0.0)**	**0.0**
on revenues %	*-0.4%*	*0.0%*	*-0.5%*	*-0.3%*	*-0.1%*	*0.0%*	*0.0%*
Pre-tax profits	**(0.7)**	**(1.9)**	**(2.1)**	**(0.8)**	**1.9**	**5.4**	**9.9**
YoY Growth		*nm*	*nm*	*nm*	*nm*	*190.2%*	*84.0%*
on revenues %	*-12.8%*	*-20.6%*	*-19.4%*	*-4.7%*	*7.5%*	*16.5%*	*24.1%*
Taxes	**0.2**	**0.5**	**0.0**	**0.0**	**0.0**	**(0.8)**	**(3.0)**
tax rate %	*26.7%*	*26.7%*	*0.0%*	*0.0%*	*0.0%*	*-15.0%*	*-30.0%*
Net Profit	**(0.5)**	**(1.4)**	**(2.1)**	**(0.8)**	**1.9**	**4.6**	**6.9**
YoY Growth		*nm*	*nm*	*nm*	*nm*	*146.6%*	*51.5%*
on revenues %	*-9.4%*	*-16.0%*	*-19.4%*	*-4.7%*	*7.5%*	*14.1%*	*16.9%*
Restated Net Profit	**(0.5)**	**(1.4)**	**(2.1)**	**(0.5)**	**2.2**	**4.8**	**7.2**
YoY Growth		*nm*	*nm*	*nm*	*nm*	*122.9%*	*47.7%*
on revenues %	*-9.4%*	*-16.0%*	*-19.4%*	*-2.9%*	*8.8%*	*14.9%*	*17.4%*

Source: Company data, Alantra estimates from 2021

Datrix – Balance Sheet

(Eu mn)		FY19A	FY20A	FY21E	FY22E	FY23E	FY24E	FY25E
Inventory		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
	% sales	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
	Days of Inventory	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Receivables		**2.4**	**3.0**	**5.1**	**6.8**	**9.2**	**12.3**	**15.9**
	% sales	*42.8%*	*33.5%*	*46.0%*	*37.2%*	*37.2%*	*37.6%*	*38.6%*
	DSO	*168*	*126*	*175*	*140*	*139*	*140*	*143*
Payables		**(1.4)**	**(1.7)**	**(3.8)**	**(4.7)**	**(5.7)**	**(7.1)**	**(8.9)**
	% costs	*25.3%*	*17.1%*	*32.7%*	*27.5%*	*27.2%*	*28.5%*	*31.1%*
	Days of payables	*161*	*117*	*219*	*206*	*218*	*225*	*236*
Other current assets		0.9	1.1	2.4	3.6	4.5	5.2	6.6
	% sales	*15.2%*	*12.2%*	*22.0%*	*20.0%*	*18.0%*	*16.0%*	*16.0%*
Other current liabilities		(1.1)	(2.0)	(2.7)	(4.5)	(6.2)	(8.1)	(10.3)
	% sales	*-20.2%*	*-22.2%*	*-25.0%*	*-25.0%*	*-25.0%*	*-25.0%*	*-25.0%*
Net Working capital		**0.7**	**0.4**	**0.9**	**1.1**	**1.8**	**2.2**	**3.2**
	% sales	*13.0%*	*4.8%*	*8.3%*	*6.3%*	*7.3%*	*6.8%*	*7.8%*
Proprerty, plant and equipment		0.1	0.1	0.1	0.1	0.1	0.1	0.1
Intangible assets		3.8	4.5	10.0	9.8	9.7	9.6	9.7
Financial assets		0.1	0.3	0.3	0.3	0.3	0.3	0.3
Total fixed assets		**3.9**	**4.9**	**10.4**	**10.2**	**10.1**	**10.0**	**10.1**
Employee pension benefits		(0.4)	(0.5)	(0.6)	(1.0)	(1.4)	(1.8)	(2.3)
Net Invested Capital		**4.3**	**4.7**	**10.6**	**10.2**	**10.3**	**10.1**	**10.6**
Debt		1.3	2.2	4.3	4.9	4.4	4.0	4.0
Cash		(1.0)	(2.0)	(14.1)	(14.8)	(16.1)	(20.5)	(26.9)
Net Debt (Cash)		**0.3**	**0.2**	**(9.8)**	**(9.9)**	**(11.7)**	**(16.5)**	**(22.9)**
Shareholders Equity		**4.0**	**4.5**	**20.3**	**20.1**	**22.0**	**26.5**	**33.5**
Source of Funds		**4.3**	**4.7**	**10.5**	**10.2**	**10.3**	**10.1**	**10.6**

Source: Company data, Alantra estimates from 2021

Datrix – Cash-flow statement

(Eu mn)	FY19A	FY20A	FY21E	FY22E	FY23E	FY24E	FY25E
Net Profit	(0.5)	(1.4)	(2.1)	(0.8)	1.9	4.6	6.9
Interests		0.0	0.1	0.1	0.0	0.0	0.0
Taxes		(0.5)	0.0	0.0	0.0	0.8	3.0
Losses (gains) of disposal of fixed assets		0.0	0.0	0.0	0.0	0.0	0.0
Provisions		0.1	0.0	0.0	0.0	0.0	0.0
D&A		1.0	1.4	1.8	2.0	2.2	2.4
Change in net working capital		0.3	(0.5)	(0.2)	(0.7)	(0.4)	(1.0)
Interests paid		(0.0)	(0.1)	(0.1)	(0.0)	(0.0)	0.0
Taxes paid		0.0	0.0	0.0	0.0	(0.8)	(3.0)
Use of funds		0.0	0.1	0.5	0.4	0.5	0.6
Other operating items		0.1	0.0	0.0	0.0	0.0	0.0
Cash flow from operating activities		**(0.3)**	**(1.1)**	**1.2**	**3.6**	**6.9**	**8.9**
Intangibles		(1.6)	(3.1)	(1.7)	(1.9)	(2.1)	(2.5)
Tangibles		(0.0)	0.0	0.0	0.0	0.0	0.0
Financials		0.0	0.0	0.0	0.0	0.0	0.0
Acquisitions		0.0	(4.0)	0.0	0.0	0.0	0.0
Disposals		0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from investment activities		**(1.7)**	**(7.1)**	**(1.7)**	**(1.9)**	**(2.1)**	**(2.5)**
% sales		-18.6%	-64.3%	-9.4%	-7.7%	-6.5%	-6.1%
New short term debt		(0.1)	0.0	0.0	0.0	0.0	0.0
New M/L term debt		1.1	2.1	1.0	0.0	0.0	0.0
Reimboursement		0.0	0.0	(0.4)	(0.4)	(0.4)	0.0
Change in shareholders equity		1.9	18.1	0.7	0.0	0.0	0.0
Dividends		0.0	0.0	0.0	0.0	0.0	0.0
Other items		0.2	0.0	0.0	0.0	0.0	0.0
Change in NFP		**0.1**	**10.0**	**0.2**	**1.7**	**4.8**	**6.4**
NFP at year beginning		(0.3)	(0.2)	9.8	9.9	11.7	16.5
NFP at YE (debt)/cash		**(0.2)**	**9.8**	**9.9**	**11.7**	**16.5**	**22.9**
Net Debt/EBITDA		nm	nm	nm	nm	nm	0.0x

Source: Company data, Alantra estimates from 2021

ALANTRA
Italian Equity Research

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