

Double Win for RFLTC End of Year

ADD | Fair Value: €2.35 (€2.25) | Current Price: €1.29 | Upside: +82.2%

€ Thousands	FY20A	FY21A	FY22A	FY22PF	1H23PF
Total Revenues	5	33	80	20,344	12,600
Net Profit	(44)	315	7,055	7,196	229
margin	n.m.	n.m.	n.m.	35.4%	1.8%
Shareholding equity	6,126	16,708	23,787	23,809	31,096
NFP	137	(4,351)	(9,198)	6,387	(822)

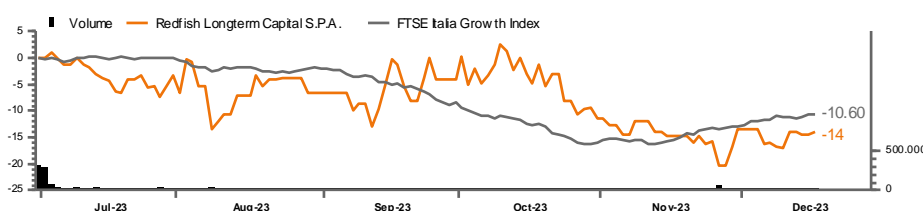
Source: Company data

Entering the Healthcare segment through PureLabs acquisition... On November 27th, 2023 RFLTC acquired a 32% stake in PureLabs SpA – a club deal active in the Healthcare segment through the acquisition, management and integration of diagnostic clinical centers – for a total consideration of €4mn (paid by cash). Founded at the end of 2022, since its establishment the Company gained the interest from high-standing investment companies and family offices. In July 2023 PureLabs acquired a 70% stake in VivoLab – a group of 12 diagnostic centers offering a wide range of services, tests and treatments in clinics or at home – that in FY22 reached €9.2mn of sales with a €1.3mn EBITDA. In FY23E, VivoLab is expected to increase its sales to €10mn and to achieve a €1.5mn EBITDA. Moreover, in December, 2023 PureLabs achieved its first add-on by acquiring a majority stake in L.A.M. (Laboratorio Analisi Mediche), diagnostic center active in Liguria with focus on clinical biochemistry, toxicology, microbiology, haematology and immunometry. RFLTC signed with PureLabs an advisory agreement to support the company in raising new funds to invest in its M&A activities, while scouting and identifying new potential targets. Indeed, RFLTC will act as Lead investor, helping PureLabs to become a market consolidator in the very fragmented diagnostic market (that according to PureLabs' management is currently valued at €4.6bn in Italy), ranking among the leading national poles of multispecialty diagnostic. Thanks to its innovative approach with a digital offer tailored on patients' needs for prevention and treatment of diseases, PureLabs aims at reaching €50mn of turnover by the next three years.

... while increasing its presence in the Railroad industry with Six Italia. On December 6th, 2023 RFLTC announced to have signed a binding agreement – through its subsidiary Movinter – to acquire a 75% stake in Six Italia SpA, company active in the manufacturing of railroad and naval equipment. The total consideration was fixed at €1.8mn (€1.9mn including transaction costs), or a 5.1x EV/EBITDA. The deal is expected to be closed by the end of January 2024, and it is expected to be paid through RFLTC's own financial resources. The agreement also provides for i) a potential earn out to be paid after the approval of FY24 financial statement and ii) the right for Movinter to appoint Six Italia CEO and two members of the BoD. Founded in 1994, Six Italia represents one of the leading national players in the fire protection and thermal and acoustic insulation markets, being involved in the main railroad (including the high-speed) and naval projects of the last 15 years. With 105 resources employed, in FY22 Six Italia reached €16.5mn of sales, with an 8% EBITDA margin and a €4.5mn net debt. As of December 2023, the company reported a €33mn backlog, of which ca. 5.6% for the end of FY23 and 58.2% for FY24. The acquisition is expected to strengthen RFLTC presence in the railroad segment – after Movinter acquisition occurred in April 2023 – while representing significant development and integration opportunities in the US market and in the naval division.

Valuation. Our valuation is based on a sum-of-the-parts model, i.e., the sum of the value of the stakes held in the subsidiaries. Following the acquisition of stakes in PureLabs and Six Italia, we revised upwards our fair value at €2.35ps, implying an equity value of €45mn and an upside of 82.2% on the current price. We note that RFLTC-IT is currently trading at 4.6x EV/EBITDA.

Relative Performance Chart since IPO



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Research Update

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Market Data

Main Shareholders	
MAIOR S.r.l.	15.7%
Banca Valsabbina	9.1%
OMR Holding S.p.A.	6.3%
Mkt Cap (€ mn)	24.7
EV (€ mn)	27.8
Shares out.	19.1
Free Float	27.0%

Stock Data

52 Wk High (€)	1.60
52 Wk Low (€)	1.18
Avg. Daily Trading 90d	6,197
Price Change 1w (%)	3.20
Price Change 1m (%)	0.78
Price Change YTD (%)	n.a.

KT&PARTNERS PREPARED THIS DOCUMENT PURSUANT TO AN ENGAGEMENT LETTER ENTERED INTO WITH MIT SIM S.P.A. ACTING AS SPECIALIST IN ACCORDANCE WITH ART. 35 OF EURONEXT GROWTH MILAN MARKET RULES FOR COMPANIES.

Overview

Company Description

RedFish LongTerm Capital S.p.A (RFLTC) is an industrial holding company mainly specialized in investments in Italian family-run SMEs with promising growth plans and great cash generation.

On June 30th, 2023, RFLTC went listed raising ca. €4mn at a stock price of €1.50ps, resulting in a market cap at IPO of €28.7mn and a free float of 27%. The market cap includes the conversion, at the IPO price, of the €3mn convertible bond issued in June 2022. Along with the issue of new shares, the listing envisages the issuing of ca. 4.9mn warrants (1:2 conversion rate and a strike price of €1.65, €1.82, €2.00 for each exercise windows of 2023, 2024 and 2025 respectively) assigned to IPO and convertible bond investors. We note that during the first exercise window ended in October 2023, no warrant had been exercised.

Thanks to the capital raised since its foundation - ca. €32mn of which €23mn equity and €8.8mn of debt - RFLTC aims at closing two/three €10mn club deals per year in **companies with EBITDA > €2mn** – in different industries (i.e. precision mechanics, railway, aerospace, design, fashion, ICT and Telco), pursuing its diversification strategies to maintain a low-risk profile – with an expected investment by RFLTC of ca. €3mn per deal.

Investment Case

- **Experienced Management Team.** RedFish Long Term Capital (RFLTC) was founded by an experienced team of professionals led by Paolo Pescetto. The company's key management – Paolo Pescetto (Chairman), Andrea Rossotti (CEO), Simone Lo Giudice and Lorenza Castelli (Investment Managers) and Joanna Gualano (Legal Director) – boasts a solid track record in the investment and financial field such as Private Equity, M&A, Portfolio Management, Strategic Consulting, etc. Leveraging on the highly professional capabilities of its management and its wide network, which also participates in investments through “club deals”, RFLTC supports enterprises to enhance their profitability, improve their capital management and develop growth opportunities.
- **Broad Italian SME market with growing attention to financial market.** RFLTC enjoys countless investment opportunities, as the Italian market is mainly composed of small and medium enterprises (SMEs). Indeed, as of the end of 2022, according to Cerved, there were ca. 162,000 non-financial Italian SMEs, which totaled over €900bn of revenues. Furthermore, in the past few years, entrepreneurs have shown a higher inclination towards financial markets as proven by: i) the deleveraging trend of the last decade (from 115% of 2008 to 60% of 2021); and ii) the signal of recovery of 2023 Euronext Growth Market – the Italian stock exchange segment dedicated to SMEs – in terms of listings (26 IPOS in 9M23 vs 17 IPOS in 9M22), after a 2022 impacted by macroeconomic uncertainties (26 listings) and after the 2021 record levels in terms of both numbers of listings (45 listings vs the 2019 record of 30 IPOS) and capital raised (€458mn vs 2017 record of €175mn).
- **RFLTC's distinctive positioning.** RFLTC is characterized by a long-term holding period approach (no drag-along or pre-determined exit terms), supporting the subsidiary as a solid partner along its growth path. Indeed, RFLTC's core business is to support its subsidiaries in their growth strategies, combining capital injections with the offer of advisory services. Thanks to its experienced team and wide network, the company offers: i) performance audit services; ii) advisory services related to extraordinary operation with a focus on M&A strategy and execution; iii) support in optimizing the company's financial profile; and iv) advisory services for the managerialization of the subsidiary, also supporting the hiring of managers.

Recent Developments

- Solid World: increasing its free float through an accelerated bookbuilding.** In October 2023, SW ended the placement of 649k of ordinary shares – representing the 4.21% of company’s share capital – aimed at national and foreign institutional investors. The price of the shares – sold by the main shareholders Prime Srl (2.8%) and AL.CA Srl (1.4%) and subject to an accelerated bookbuilding process - was fixed at €3.40ps, for a total countervalue of €2.2mn. Following the transaction, aimed at increasing the stock liquidity, the free float increased from 30.54% to 34.75% of SW's share capital.
- The unfavorable market scenario faded the SICAF project.** In October 2023 RFLTC announced to have stopped the project to establish a SICAF in partnership with Banca Profilo. Both companies believe the SICAF instrument is not in line with the current investors’ expectations, also factoring in the financial markets’ uncertainty and in the geopolitical tensions. RFLTC intends to re-allocate the part of IPO proceeds initially aimed at SICAF establishment, to accelerate the growth through external lines and to further diversify its holdings portfolio.
- Solid World: free capital increase.** On October 2nd, 2023 Solid World announced the free allocation of new shares in a ratio of 1:10, for total newly issued shares of 1,403,637. As a result, the Company’s total share capital will consist of 15,440,008 shares, including 12,020,168 ordinary shares and 3,419,840 shares with multiple voting rights.
- Solid World: warrant conversion.** On July 28th, 2023, RFLTC announced the conversion of ca. 1mn of warrant of SW, at 1:2 conversion rate and a strike price €2.20, for a total cash-out of ca.€1.1mn. Following the conversion RFLTC will own a 9% stake in SW from 6.1% previously owned.
- Stock Option distribution.** On July 27th, 2023, the Board of Directors (BoD) also approved the issuing of stock option following the Stock Option plan approved in May 2023. In detail, the BoD approved the issuing of 1,375,000 stock options, related to Tranche 1.A and Tranche 1.B (out of a total of 1,500,000 stock options). The Stock Option has been assigned to: Paolo Pescetto (founder and chairman) 400,000 stock option, Andrea Rossotti (founder and CEO) 400,000 stock option and Lorenza Castelli (Board member and Investment Manager) 100,000 stock option, while the remaining have been assigned to seven collaborators and three employees. We note that the stock option plan also includes 500,000 stock option of Tranche 2. The strike price of Tranche 1.A and 1.B is equal to the IPO price of €1.50, while the vesting period is equal to 24 and 48 months respectively, starting from the issuing date (July 2023).
- Solid World signed two acquisition agreements.** In July 2023, Solid World (SW) signed two agreements for the acquisition of: a company branch active in the production of equipment automation specialized in the photovoltaic market and a company branch active in the sale of 3D CAD software. In detail, the first signing was announced on July 17th,2023, and is related to a business unit of Formula E S.r.l. (part of Vismunda Group). The agreement, that will allow SW to enter the photovoltaic market, envisages: i) a €0.97mn payment (of which €0.2mn through a capital increase reserved to Formula E); ii) a €0.4mn yearly payment for a ten-year agreement for the lease of the Formula E and Vismunda patents and know-how; iii) an option to acquire the mentioned patents for a value of €8-10mn. The second signing was announced on July 27th, 2023, and is related to a branch of BF Forniture Ufficio S.r.l. which distributes SolidWorks, a 3D CAD Software, already distributed by Solid World. The aim of the deal is to create a player active in the design, development, and distribution of 3D CAD Software. The deal has a total value of €2.6mn.

A Well-Diversified and Low-Risk Profile Portfolio

Founded in 2020 by a management team led by Paolo Pescetto (Chairman) and supported by Andrea Rossotti (CEO) and Simone Lo Giudice (Investment Manager), the holding has already raised ca. €32mn: i) €20mn of equity, including IPO capital raise, (we note that for its capital raise, RFLTC usually operates with the crowdfunding platform Opstart to reach a wider investors pool, while giving them the opportunity to invest through a recognized and certified platform); ii) ca. €3mn of convertible bonds issued in June 2022 – subscribed by retail investors – with an interest rate equal to 6% per annum that has been converted at the listing price; and iii) €8.8mn of debt financing.

Since its foundation, RFLTC has invested €36.4mn (€36.7mn including transaction costs), both through direct investments and club deals, acquiring stakes in seven companies, active in different sectors:

- **Current holdings:** Convergenze S.p.A., Tesi S.r.l., Solid World Group S.p.A., Expo Inox S.r.l., Movinter S.r.l., PureLabs S.p.A. and Six Italia S.p.A..
- **Divested holdings:** MaticMind S.p.A. - sold in October 2022 following the Tag Along clause - and Pistacchio S.p.A. – sold in December 2022 to optimize IPO's perimeter.

RFLTC has created a well-diversified and low-risk profile asset portfolio which in FY22 generated an aggregated value of production and EBITDA of €217mn and ca. €25mn, respectively.

Investments were carried out by acquiring a majority stake – also through club deals – or qualified minorities with an average ticket of €4mn and an average EV/EBITDA of ca. 5.6x.

Holdings Portfolio

Status	Company Name	Sector	Investment Date	Investment (€mn)*	Stake	FY22 Turnover (€mn)	FY22 EBITDA (€mn)	EV/EBITDA acquisition multiple	Divestment Date	Divestment Value (€mn)
Subsidiary	Convergenze	Utilities	lug-20	1.1	12.5%	28.4	1.4	5.8x	n.a.	n.a.
Exit	Maticmind	Technology	ott-20	5.1	4.2%	-	-	3.4x	ott-22	12.0
Subsidiary	Tesi	Aerospace	ott-21	5.0	20.0%	15.6	4.8	6.8x	n.a.	n.a.
Subsidiary	Solid World	Technology	dic-21	1.0	6.1%	57.7	4.0	8.3x	n.a.	n.a.
Exit	Pistacchio	Food&Beverage	feb-22	1.0	20.0%	-	-	5.3x	dic-22	1.1
Subsidiary	Expo Inox	Stainless Steel Chimneys	nov-22	6.0	20.0%	67.2	9.3	4.7x	n.a.	n.a.
Subsidiary	Movinter	Railroad Equipment	apr-23	11.5	96.0%	22.8	3.0	5.1x	n.a.	n.a.
Subsidiary	PureLabs	Healthcare Services	nov-23	4.0	32.0%	9.2	1.3	n.m.	n.a.	n.a.
Subsidiary	Six Italia**	Railroad and Naval equipment	dic-23	1.8	72.0%	16.5	1.3	5.1x	n.a.	n.a.
Total				36.4	n.m.	217.3	25.2	n.m.		13.1
Average				4.0	31%	27.2	3.1	5.6x		6.6

* The investment amount does not consider transaction costs

** Indirectly owned through Movinter (75% stake owner)

Source: Company data

Note: FY22 turnover and EBITDA are reported only for the current holdings. PureLabs FY22 Turnover and EBITDA are pro-forma data.

We note that after the acquisition of a 100% stake in Movinter for €11.5mn, RFLTC sold a 4% stake to a financial partner (IC8 S.r.l.)

At the end of 2022, according to the company, the RFLTC group reported a shareholder equity of €23.9mn and a net income of €7.2mn on a pro-forma basis., i.e. considering the full year contribution of Movinter, whereas the value of holdings – as reported by RFLTC's management – was equal to €35.8mn (before Movinter acquisition). RFLTC, thanks to its lean cost structure and a variable remuneration system for its managers, has the aim of generating positive net profit for each year.

Holdings Overview

As of December, 2023, RFLTC holds a portfolio of seven companies active in different sectors, thus lowering the risk profile: Convergenze (Utilities), Tesi (Aerospace), Solid World (Technology), Expo Inox (Stainless Steel Chimneys), Movinter (Railroad Equipment), PureLabs (Healthcare Services) and Six Italia (Railroad and Naval Equipment).

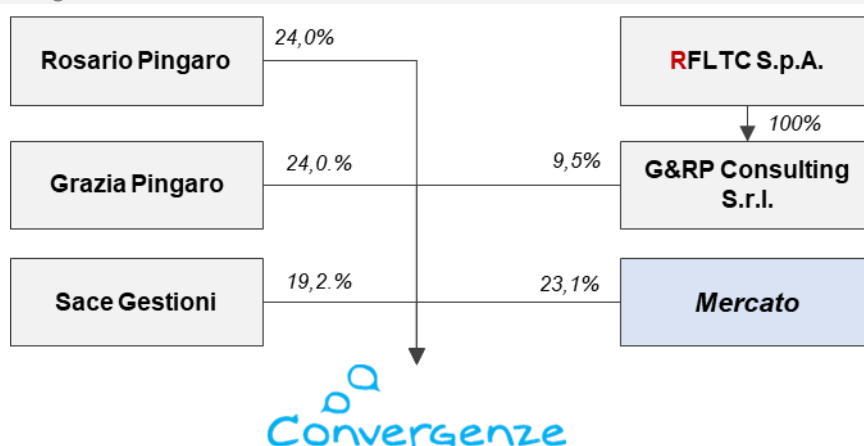
Convergenze S.p.A. – Utilities sector with a focus on fiber and connectivity (12.5% acquired in 2020 for €1.1mn)

On July 27th, 2020, RFLTC acquired a 12.5% stake in Convergenze through the vehicle G&RP Consulting, for a total deal consideration of €1.1mn (or at FY19 EV/EBITDA 5.8x) by also acquiring the right to appoint a member of the Board of Directors and the Board of Auditors.

Furthermore, RFLTC signed with Convergenze an advisory contract of ca. €30k per year to support the company in their extraordinary financial operations (i.e. M&A, financing etc.) such as for the acquisition of a 100% stake in Positivo S.r.l. in June 2022.

At the end of December 2020, Convergenze listed on the EGM market with a market capitalization of €12mn (excluding price adjustment shares) and a fundraising of ca. €3mn. RFLTC is subject to a lock-up until the end of 2023.

Convergenze: Shareholders



Source: Company data

Convergenze: Performance since the first trading day



Source: FactSet

Convergenze S.p.A. is a multi-utility company based in Capaccio Paestum (SA), active since 2005 in the TLC or Telecommunications market, and since 2015 it has engaged in the supply of energy and natural gas.

Through its TLC business unit (34% of FY22 total VoP), Convergenze provides wireless connectivity, fixed telephony, cloud services, and customized ancillary services. As of today, the company boasts a 2,282km FTTH fiber optic network (authorized since 2014) and over 100 radio bridges for the Internet.

The Energy and Natural Gas unit (66% of FY22 total VoP) focuses on the supply of electricity from renewable sources and in methanization processes for the supply of natural gas to residences and businesses under the ConGas brand.

In FY22, the company recorded €28.4mn of VoP (+18.4% CAGR17–22 and +50.3% YoY), mainly driven by the growth recorded by the Energy and Natural Gas business unit (+97% YoY to €18.8mn). FY22 EBITDA margin adjusted came to 5.1%, down by 4.6pp YoY mainly due to the price shock of natural gas and the cost of electricity and a higher incidence of personnel costs.

In 1H23, VoP decreased to €10.5mn (from €12.7mn in 1H22) mainly due to a reduction recorded by the Energy and Natural Gas business unit following a normalization of the cost of the energy. Despite business growth contraction, EBITDA margin improved from 5% to 12.5% mainly thanks to the improvement in profitability recorded by the Energy and Natural Gas business unit. On the balance sheet side, NFP went from €6.1mn in FY22 to €6.5mn in 1H23.

In details, the VoP of the TLC business unit increased by 4.7% YoY to €5.0mn recording an EBITDA adj, almost in line with the previous year, at €1.3mn with a margin of 26.8%, -0.7pp YoY mainly due to a lower contribution from other revenues.

Looking at the Energy and Natural Gas business unit, VoP came at €5.5mn, down by 30.4%, whereas EBITDA reached almost break-even, improving from -€0.7mn to -€0.04mn.

Convergenze: 2020–1H23 Financials

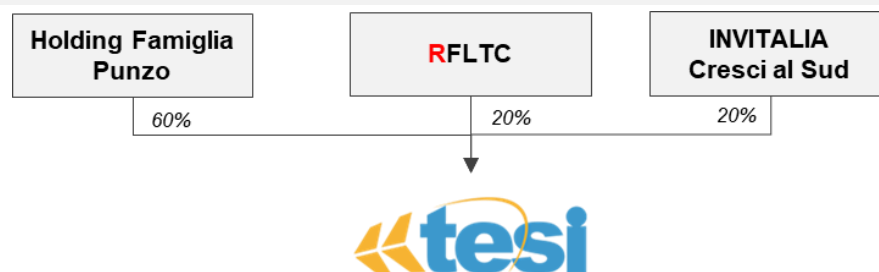
Convergenze S.p.A.					
€ million	FY20	FY21	FY22	1H22	1H23
Turnover	16.4	18.9	28.4	12.7	10.5
EBITDA adj	2.3	1.8	1.4	0.6	1.3
<i>EBITDA margin adj</i>	14.0%	9.7%	5.1%	5.0%	12.5%
NFP	(0.1)	2.3	6.1	5.0	6.5

Source: Company data

Tesi S.r.l. - Aerospace sector (20% acquired in 2021 for €5.1mn,¹ plus earn-out);

On October 13th, 2021, RFLTC co-invested with Invitalia Fondo Cresci al Sud, acquiring a 20% stake in Tesi for a total consideration of €5.0mn (€5.1mn including transaction costs) or at 6.8x FY21 EV/EBITDA. In 2022, RFLTC also paid a €400k earn-out based on FY21 results and further earn-outs will be paid until the 2024 results to a maximum of €3mn. RFLTC has received the right to appoint a member of the Board of Directors and the Board of Auditors of Tesi.

Tesi S.r.l.: Shareholders



Source: Company data

Based in Salerno, Tesi S.r.l. is a leading Italian company acting as a Tier-2 mechanical manufacturer (source: RFLTC's company information) in the aerospace sector (civil, space and defense).

The company has POA and DOA certifications also thanks to a very highly qualified advanced engineering division. In the coming years, the company may leverage its strong cash-generation ability to make acquisitions and consolidate its positioning.

After two years negatively impacted by the slowdown in the civil sector due to Covid-19, in FY22 recorded a +6.1 YoY growth reaching €15.6mn of Value of Production and an EBITDA margin 30.8%.

¹ The value include €0.1mn of transaction costs

Tesi S.r.l.: 2020–22 Financials

€ million	FY20	FY21	FY22
Turnover	22.5	14.7	15.6
EBITDA	4.7	4.0	4.8
<i>EBITDA margin</i>	<i>20.9%</i>	<i>27.2%</i>	<i>30.8%</i>
NFP	(4.3)	(2.2)	2.1

Source: Company data

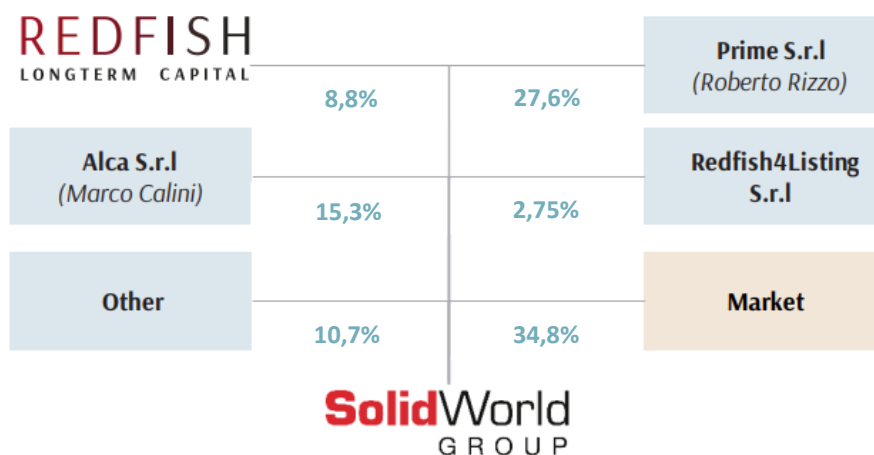
RFLTC also signed an advisory agreement of €15k per semester to support Tesi in: i) scouting for and acquiring companies with a complementary offer (aerospace equipment, composite materials, helicopter manufacturing, railway and military components); and ii) implementing a management control system.

Solid World S.p.A. - Technology company with a focus on 3D printing software and hardware (9% stake following the conversion of a bond in IPO in 2022 and the conversion of warrant in July 2023)

On December 27th, 2021, RFLTC invested €1.05mn (acting as lead investor) in a convertible bond issued by Solid World, also obtaining the right to appoint a member of the Board of Directors and the Board of Auditors.

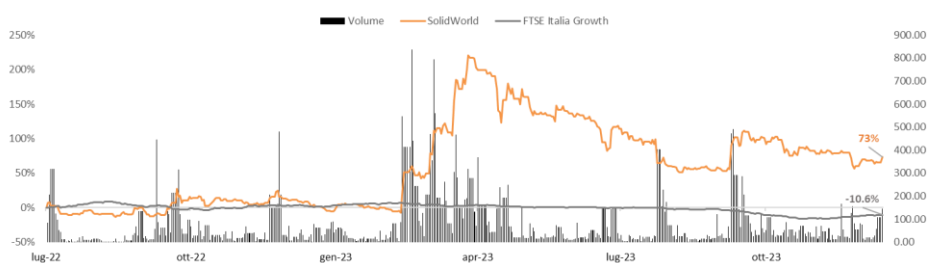
The company listed on the EGM market in July 2022. Following the IPO and the conversion of the convertible bond and warrant, RedFish holds a 9% stake in Solid World.

Solid World S.p.A.: Shareholders



Source: Company data

Solid World: Performance since the first trading day



Source: FactSet

Solid World is one of the main 3D digital system integrators supporting enterprises in developing and manufacturing products incorporating 3D technologies. It provides an integrated offer that includes software, hardware and services.

Solid World provides its solutions to different end-markets including automotive, aerospace, mechatronic, sport system, home design and luxury. More recently, thanks to the new

division (BIO3MODEL), Solid World also offers its solution to hospitals, clinics and nursing homes.

In 1H23, Solid World recorded €35.2mn of VoP, +11.1% YoY. EBITDA increased at a higher pace of 11.1%, reaching €2.8mn and implying an EBITDA margin of 7.8% (in line with the previous year). Finally, NFP worsened from €12.3mn in FY22 to €12.8mn.

Solid World S.p.A.: 2020-1H23 Financials

€ million	FY20	FY21	FY22	1H22	1H23
Revenues	48.6	55.1	57.7	31.7	35.2
EBITDA	2.5	3.8	4.0	2.5	2.8
EBITDA margin	5.1%	6.9%	7.0%	7.8%	7.8%
NFP	11.4	15.3	12.3	14.3	12.8

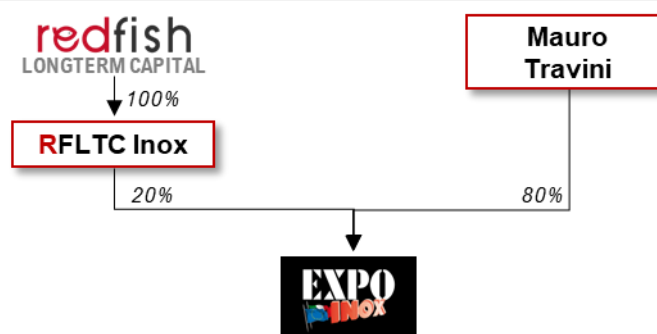
Source: Company data

In September 2022, RFLTC signed an agreement with Solid World for €30k to support the company in: i) scouting for companies to be acquired in order to complete its offer and expand its market share; and ii) raising capital (debt or equity).

Expo Inox S.p.A. - production of steel chimneys (20% acquired in 2022 for €6mn)

On November 15th, 2022, RFLTC acquired through the vehicle RFLTC Inox a 20% stake in Expo Inox - a leading Italian operator active in the research, design, production and marketing of stainless-steel flue solutions and systems - for a total consideration of €6mn or at 4.7x FY22 EV/EBITDA. RFLTC also signed an advisory agreement for €48k to support Expo Inox in: i) scouting for companies to be acquired in order to further expand its market share in Europe where the company has recently consolidated its positioning thanks to the acquisitions made in France and Turkey; ii) debt fundraising; and iii) opening new subsidiaries abroad. RFLTC is already negotiating the acquisition of a company branch of an Italian competitor of Expo Inox and supporting the company in opening a subsidiary in UK.

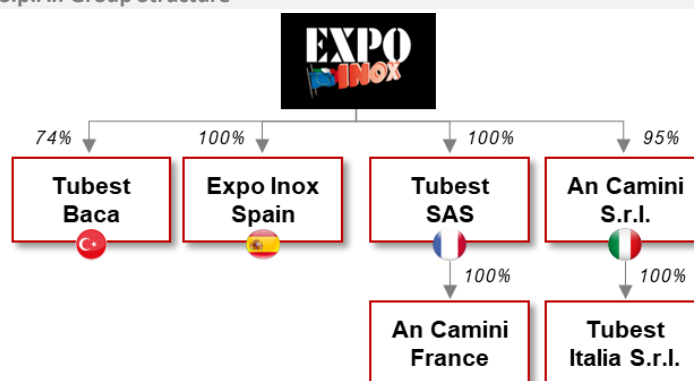
Expo Inox S.p.A.: Shareholders



Source: Company data

Expo Inox is an industrial holding directly and indirectly controlling six companies with production plants and distribution centers in several European countries, whereas the sales service is backed by a drop-off logistics facility of more than 20,000 square meters near Milan.

Expo Inox S.p.A.: Group Structure



Source: Company data

The Group boasts a wide product range of chimneys in different materials: steel, stainless steel, copper, iron, aluminum, plastic.

In FY22, Expo Inox generated €67.2mn of value of production in 2022 (+39% CAGR2020-22) and an EBITDA of €9.3mn (+49% CAGR2020-22), implying an EBITDA margin of 13.8%.

Expo Inox S.p.A.: 2020-22 Financials

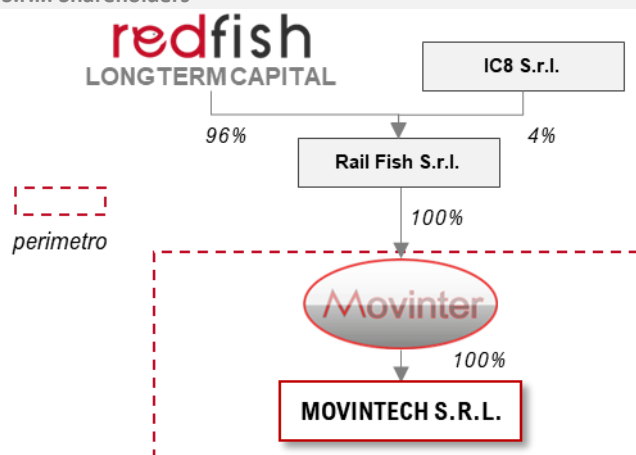
€ million	FY20	FY21	FY22
Turnover	35.0	50.2	67.2
EBITDA	4.2	6.8	9.3
<i>EBITDA margin</i>	<i>12.0%</i>	<i>13.5%</i>	<i>13.8%</i>
NFP	20.8	14.1	14.1

Source: Company data

Movinter S.r.l. - active in the supplying of components for high-speed trains (100% acquired in 2023 for €11.5mn. We note that, after the closing, a 4% was sold to IC8 S.r.l.)

On April 20th, 2023, RFLTC acquired - through Rail Fish S.r.l. - a 100% stake in Movinter - a company active in railroad equipment industry and Tier 1 partner of OEM operators (source: RFLTC company information) - for a total consideration of €11.5mn (€8.5mn paid at the closing date, €1.5mn to be paid by September 2023 and €1.5mn to be paid by March 2024) or at 5.1x FY22 EV/EBITDA. We note that after the acquisition RFLTC sold a 4% stake to a financial partner (IC8 S.r.l.). RFLTC – also following the appointment of Simone Lo Giudice as Co-CEO - will support Movinter's financial team and support the company in acquiring targets active in the Railway and Naval industries (a due diligence has been carried out for a potential target).

Movinter S.r.l.: Shareholders



Source: Company data

Based in Genoa with an operational headquarters in Savona (ca. 35,000 square meters of production area), Movinter provides through two business units (BUs) equipment for the railway industry:

- **BU light carpentry (ca. 64% of total revenue)** engaged in the production of complex and standard components for trains and locomotives (i.e. boogie frames, cowcatchers, white water tanks, driver desks). Movinter is also active in retrofitting existing carriages of trains;
- **BU piping (ca. 36% of total revenue)** specialized in bending and pre-assembly of piping and carpentry. Over the last 20 years, Movinter has become a major player for piping for all major railroad operators, developing in 2021 and 2022 a new solution that allows to delivery to customers pre-assembled pneumatic systems ready for installation on trains.

The company is developing a third business unit which will produce larger carpentry equipment (i.e. roof, headers etc.) and it is expected to be in full operation in two years.

Movinter is already a **Tier-1 partner of OEM operators** and it is getting a POA certification to acquire orders also from an important OEM operator in the aerospace field.

Thanks to a staff of 100 employees and external partners, Movinter covers all the phases of the production process: the development of the orders, procurement of raw materials, production, assembly, and distribution.

In FY22, Movinter reached €22.8mn of Value of Production, growing by 19% CAGR2020-22. Over the 2020-22 period, EBITDA increased by 48% CAGR, amounting to €3.0mn in FY22 with a margin of 13.1%. FY22 NFP stood at €4.1mn or 1.2x NFP/EBITDA.

Movinter S.r.l.: 2020-22 Financials

€ million	FY20	FY21	FY22
Turnover	16.0	17.0	22.8
EBITDA	1.4	2.3	3.0
<i>EBITDA margin</i>	8.5%	13.8%	13.1%
NFP	5.2	3.5	3.8

Source: Company data

In 2023, Movinter is going to enter: i) the hydrogen market for buses; and i) the Spanish and German markets thanks to the award of orders in the high-speed rail sector. Furthermore, Movinter will sign a partnership with a leading French multinational.

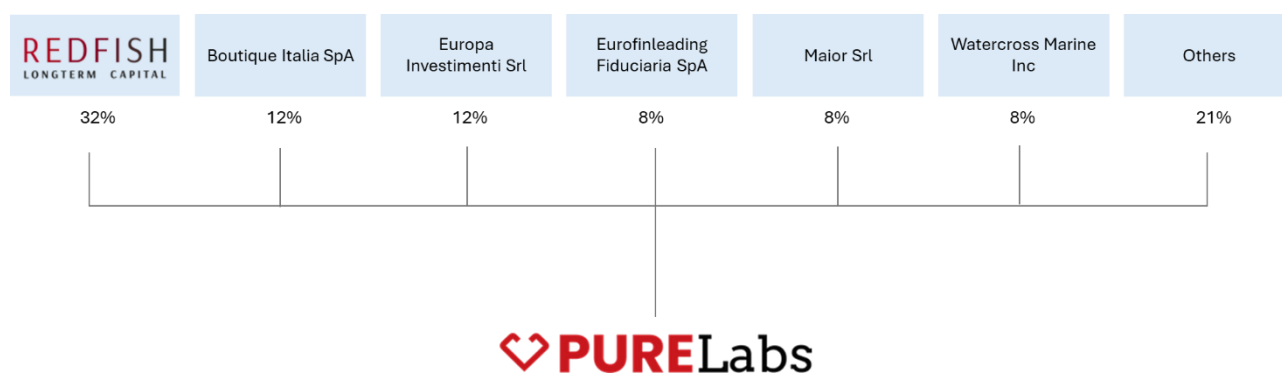
PureLabs S.p.A. – Healthcare industry through the acquisition and management of clinical diagnostic centers (32% acquired in 2023 for €4mn)

On November 27th, 2023, RFLTC acquired a 32% stake in PureLabs S.p.A. – a club deal active in the Healthcare segment through the acquisition, management and integration of clinical diagnostic centers – for a total consideration of €4mn. The subscription took place as part of a total capital increase approved by PureLabs in the amount of €15mn, of which €12.5mn already subscribed (€8.5mn by the pre-existing shareholders and €4mn by RFLTC). In the event of the subscription of the remaining €2.5mn RFLTC stake would correspond to a 26% stake of the total shareholding capital.

Since its foundation, the company gained interest from high-standing entrepreneurial families, family offices and investment companies, including Boutique Italia, Marcap, MazalCap SpA, Yellow Holding and Kayak Family Office Srl. We note that Kayak – 49.8% owned by Innovative RFK, indirectly related to RFLTC's founding partners – dismissed its 12% stake in November 2023 to Maior Srl.

We note that PureLabs' shares cannot be sold until 2026, when it is expected the sale of the entire share capital of PureLabs S.p.A. or, in case of promising market outlooks, an alternative process to list its shares on the stock exchange market.

PureLabs S.p.A.: Shareholders



Source: Company Data

Established at the end of 2022 from an initiative of Nino Lo Iacono, PureLabs focuses on the Healthcare segment through the acquisition and management of clinical diagnostic centers with the purpose to create a comprehensive platform of clinical centers able to generate economic synergies and value. Once the centers have reached their full potential, PureLabs aims at realizing a profit through an exit mechanism with strategic financial players.

In July, 2023 PureLabs acquired a 70% stake in VivoLab group, a company based in Liguria that, through its 12 diagnostics centers, offers a wide range of services such as imaging diagnostics, outpatient examinations, laboratory tests, home radiology and outpatient trauma and orthopedics clinic. According to PureLabs' management, in 2022 the company reached €9.2mn of revenues with an EBITDA of €1.3mn and a net debt of €3.1mn, while in 2023 the company is expected to improve its financials to €10mn of sales and €1.5mn of EBITDA, respectively, with a profitability almost unchanged.

VivoLab S.p.A.: 2022-23E Financials

€ million	FY22	FY23E
Turnover	9.2	10.0
EBITDA	1.3	1.5
<i>EBITDA margin</i>	<i>14.1%</i>	<i>15.0%</i>
NFP	3.1	n.a.

Source: Company Data.

In December, 2023 PureLabs achieved its first add-on by acquiring a majority stake in L.A.M. (Laboratorio Analisi Mediche), a diagnostic center active in Liguria with focus on clinical

biochemistry, toxicology, microbiology, haematology and immunometry. The acquisition will enable PureLabs to expand its presence in diagnostic clinical market, offering an always more high-quality and customized service. The founders are expected to maintain a 20% stake in the company, covering operative roles within company's management.

RFLTC signed with PureLabs an advisory agreement with the aim to support the company in i) raising new funds to support its M&A strategy and ii) scouting and identifying new potential targets. Leveraging on the organic growth and through an ambitious external growth strategy – with a warm M&A pipeline of targets widespread throughout Italy – PureLabs aims at reaching a €50mn turnover by three years, acting as market consolidator for the fragmented diagnostic market. RFLTC will act as Lead investor, supporting PureLabs in the set-up of one of the main innovative poles of multispecialty diagnostic in Italy, expected to fully exploit the digital channel to offer a tailor-made offer for the prevention and treatment of diseases.

Six Italia S.p.A. – Railroad and Naval equipment (72% acquired² in 2023 for €1.9mn)³

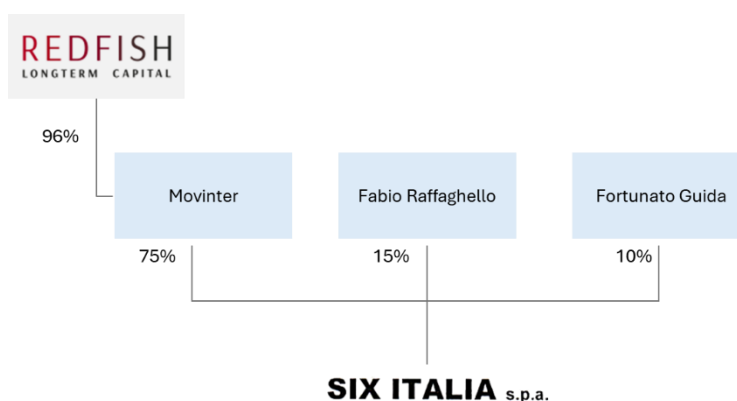
On December 6th, 2023 RFLTC announced to have signed (through its subsidiary Movinter) a binding agreement for the acquisition of a 75% stake in Six Italia SpA – active in the realization of complex fire protection, soundproofing and flooring systems for the Naval and Railroad segment, including the high-speed – for a total consideration of €1.8mn (€1.9mn including transaction costs), or a 5.1x EV/EBITDA.

The remaining 25% of share capital will be held by Fabio Raffaghello and Fortunato Guida, the two founders that are expected to preserve their strategical and operational leadership in the Company, supported by Movinter's management. We note that the 25% is subject to a put-call option expiring after the approval of FY26 financial statements and is expected to be valued at a 6x EBITDAR net of NFP.

The agreement also provides for a potential earn-out for the selling shareholders to be calculated on the back of Six Italia FY24 financial results, based on a 1.25x the increasing EBITDAR between 2023 and 2024. Furthermore, Movinter received the right to appoint Six Italia's CEO and two members of the Board of Directors.

We note that shares are subject to a lock-up agreement until the end of December 2027.

Six Italia S.p.A.: Shareholders



Source: Company Data

Founded in 1994, Six Italia is recognized as one of the main national players in the fire protection and soundproofing markets. The company took part in the main railroad and naval projects of the last 15 years, among which Caravaggio, AEMR, ETR100 and Masaccio trains, U212 submarines and Fremm, PPA, LHD and LPD ships. With operational seat in Genova and a production plant in Silvano d'Orba (AL) that employs 105 resources, the company also relies

² Note: corresponding to the 96% (stake owned by RFLTC in Movinter) of the stake acquired in Six Italia by Movinter (75%)

³ Note: The value includes €0.1mn of transaction costs.

on a foreign seat in Miami (Florida), aimed at assembling the thermal and acoustic insulation kits for Metro Baltimora for the American market.

In FY22 Six Italia reached 16.5mn of turnover, with an EBITDA at €1.3mn, resulting in a profitability almost in line with FY21. Net debt amounted to €4.5mn at the end of FY22. We note that – as of the date of the agreement signing – the company boasts a backlog of €33mn, of which 5.6% referred to FY23, 58.2% to FY24 and the remaining to the following years.

Six Italia S.p.A.: 2020-22 Financials

€ million	FY20	FY21	FY22
Turnover	10.8	14.7	16.5
EBITDA	(0.4)	1.1	1.3
<i>EBITDA margin</i>	<i>n.m.</i>	7.5%	8.0%
NFP	3.7	4.0	4.5

Source: Leanus and Company Data.

Divested Holdings

MaticMind S.p.A. - Technology sector with a focus on Cloud and Cybersecurity (4.2% acquired in 2020 for €5.1mn; sold during 2022)

On September 30th, 2020, RFLTC co-invested with Fondo Italiano d'Investimento (anchor investor) in MaticMind, acquiring a 4% stake – through Elettra S.p.A. – for a total consideration of €5.0mn (€5.1mn including transaction costs) or at 3.4x FY20 EV/EBITDA. In October 2022, MaticMind's 100% stake was sold for ca. €320mn to the private equity fund CVC Capital Partner and Cdp Equity by Fondo Italiano di Investimento and RFLTC S.p.A., having RFLTC - thanks to the Tag Along clause - the right to follow in the sale. Following the sale of its stake, RFLTC realized a return on capital invested of 52% (a multiple on invested capital of 2.4x). It is worth noticing that further sums and earn-out could be cashed-in by RFLTC subject to the satisfaction of some conditions.

Founded in 2006, MaticMind is a spin-off of the Italian business of Ascom AG, involved in ICT consultancy for remote working. MaticMind is one of the leading Italian Value Adding Resellers (VAR), providing solutions and services in the networking, cybersecurity, cloud and data center field. It operates in Italy, employing 700+ people and collaborating with over 150 partners. In FY21, MaticMind generated €349mn of value of production with an EBITDA margin 10.9%.

RFLTC has supported MaticMind in M&A activities, allowing the company to double its top line and improve its marginality in two years. Indeed, in 2H21, MaticMind acquired Megamind (formerly New Charger), whereas in 1Q22 it closed two M&A deals, acquiring SIND and ITI Sistemi.

MaticMind S.p.A.: 2019–21 Financials

MaticMind S.p.A.			
€ million	FY19	FY20	FY21
Value of Production	300.4	290.7	348.9
EBITDA	26.8	27.4	37.9
<i>EBITDA margin</i>	8.9%	9.4%	10.9%
NFP	40.2	(28.4)	66.0

Source: Company data

Pistacchio S.p.A. - Food&Beverage industry with a focus on pistachio products (20% acquired in 2022 for €1mn plus earn-out; sold during 2022);

In February 2022, RFLTC acquired a 20% stake in Pistacchio S.p.A (brand Marullo). Being the company in a turnaround phase and thus showing risk profile not in line with RFLTC's portfolio, in October 2022, Pistacchio was sold to KayakFO for a total consideration of €1.1mn,

recording a return on capital invested of ca. 10% in 8 months (plus €24k of revenues from advisory services).

Pistacchio is a food company specializing in the production and processing of pistachios, hazelnuts and other nuts into semi-finished products for the ice-cream industry and finished products for the large-scale retail trade. The company operates in a highly cyclical segment, as the pistachios of Bronte ripen once every two years.

FY22 VoP (refer to the period September 2021–August 2022) stood at €27.4mn, whereas EBITDA reached €2.3mn with a margin of 8.4%.

Pistacchio S.p.A.: 2020–22 Financials

€ million	FY20	9M21	FY22A
Value of Production	16.7	13.3	27.4
EBITDA	1.7	1.8	2.3
<i>EBITDA margin</i>	10.2%	13.5%	8.4%
NFP	7.9	7.8	11.2

Source: Company data, KT&Partners' elaboration

Valuation

Being RFLTC in a start-up phase and with limited financials track-record, the valuation was obtained by using a sum-of-parts model, i.e. aggregating the value of the stakes held in the subsidiaries, whose values were calculated using:

- the market value for listed companies;
- the multiples method for private companies based on:
 - the industry multiples (source Damodaran) discounted by 20% to take into consideration the lower size and liquidity; or
 - multiples of comparables discounted by 20%
- the holding's acquisition cost for private companies not valued by using the multiples method.

We note that our valuation of subsidiaries is mainly based on FY22 data and therefore prudentially does not take into consideration any potential upside and cash-out related to the achievement of future earn-out targets of some subsidiaries (e.g. Tesi).

Furthermore we take into account RFLTC's FY22 net cash, equal to €9.2mn, adjusted for: i) €11.5mn cash-out related to the payment of Movinter's price; ii) €750k earn-out related to FY22 results of Tesi; iii) €2.99mn following the conversion of the bond at the IPO date with a strike price equal to the IPO price, leading to a higher shareholders equity and better net financial position; iv) IPO proceeds of ca. €4.0mn; v) €1.1mn cash-out following the conversion of warrant of Solid World, vi) €4mn of cash-out for PureLabs' acquisition and vii) €1.9mn of cash-out for Six Italia acquisition (including transaction costs). Considering a 5-10% discount range, we derive an equity value of €45mn or €2.35ps.

We note that we took into account:

- Stock Options: since the stock option are currently out-of-the money (€1.50 strike price) we do not estimate the potential dilution coming from the conversion. We note that the company has already distributed 1,375,000 stock option, out of 2,000,000 of the plan. We note that the stock option issued are referred to tranche 1a and tranche 1b of the plan, with a vesting period of 24 and 48 months, respectively, starting from July 2023.
- Warrants: since the warrants are currently out-of-the-money (€1.82 strike price for the next 2024 exercise windows) we do not estimate the potential dilution coming from the conversion. We note that the company distributed 4.9mn warrants (1:2 conversion rate and a strike price of €1.65, €1.82, €2.00 for each exercise windows of 2023, 2024 and 2025, respectively) to IPO and convertible bond investors.

Valuation Recap

Valuation RFLTC	€mn	
Convergenze S.p.A.	0.9	
Tesi S.r.l.	9.6	
Solid World S.p.A.	4.6	
Expo Inox S.p.A.	8.6	
Movinter S.r.l.	19.5	
Six Italia S.p.A.	4.5	
Pure Labs S.p.A.	4.0	
Enterprise Value	51.8	
RFLTC FY22 PFN	(9.2)	
RFLTC FY22 PFN Adj.	3.1	
Equity Value	48.7	
<i>Discount</i>	10%	5%
Equity Value Post Discount	43.8	46.3
Average Equity Value	45.0	
N. of shares (mn)	19.14	
Value per share €	2.35	

Source: FactSet, KT&Partners' Elaboration

RFLTC is currently trading at an EV/EBITDA multiple of 4.6x based on the following calculation.

EV/EBITDA current multiple

Market Cap RFLTC	24.7
Market Cap Solid World	-4.7
Market Cap Convergenze	-1.0
NFP RFLTC 31.12.22	-9.2
Cash-in from IPO and Convertible Bond	-7.0
Cash-out M&A Movinter	11.5
Earn-out Tesi	0.8
Cash-out conversion warrant Solid World	1.1
Cash-out M&A PureLabs	4.0
Cash-out M&A Six Italia	1.9
Adj. NFP (cash)	-2.6
NFP Holdings*	10.3
Enterprise Value	32.4
EBITDA Holdings*	7.1
EV/EBITDA multiple	4.6x

Holdings Valuation

Valuation of listed companies

Convergenze S.p.A.

Being listed on the EGM market, Convergenze has been valued by taking the last month average market capitalization.

Convergenze Valuation

€ million	
Avg. Mkt Cap (last month)	9.8
Equity Market Value	9.8
RFLTC stake (%)	9.5%
RFLTC stake value (€ mn)	0.9

Source: FactSet, KT&Partners' Elaboration

Solid World S.p.A.

In valuing Solid World, we take the last month average market capitalization, also considering the new shares issued after the conversion of warrant occurred in July, 2023 and the new shares in a ratio 1:10 issued after the free capital increase occurred in October 2023. We note that the market cap includes also the 3.4mn of not listed shares.

Solid World Valuation

€ million	
Avg. Mkt Cap (last month)	52.7
Total Equity Value*	52.7
RFLTC stake (%)	8.81%
RFLTC stake value (€ mn)	4.6

* also considering shares issued following the conversion of warrant and free capital increase
Source: FactSet, KT&Partners' Elaboration

Valuation of unlisted companies

Tesi S.r.l.

To value Tesi we take the average 2019-22 EV/EBITDA multiple of the Aerospace industry (source Damodaran) discounted by 20% to take into consideration the lower size and liquidity of Tesi with respect to listed companies.

Tesi Valuation

€ million	
EBITDA	4.8
EV/EBITDA multiple	10.5x
EV	50.2
NFP	2.1
Equity Value	48.1
RFLTC stake (%)	20.0%
RFLTC stake value (€ mn)	9.6

Source: FactSet, KT&Partners' Elaboration

Expo Inox S.p.A

In valuing Expo Inox, we take the average FY22 EV/EBITDA multiple - discounted by 20% - of:

- i. Poujoulat (5.1x vs 5.0x of our latest update), a company that manufactures and sells metal chimneys and stacks for individual homes, collective housing. It is listed on the Euronext Paris stock exchange with a market capitalization of €150.8mn. In FY22, Poujoulat generated €402mn of revenue and the EBITDA was at ca. €45mn;
- ii. Uponor (10.2x vs 10.5x in our latest update) that provides indoor climate and plumbing solutions for residential and non-residential buildings. The company is listed on the Helsinki stock exchange with a market capitalization of €2.1bn. In FY22, Uponor generated €1.4bn of revenue with an EBITDA margin of 14.9%.

Expo Inox Valuation

€ million	
EBITDA	9.3
EV/EBITDA multiple	6.1x
EV	56.9
NFP	14.1
Equity Value	42.8
RFLTC stake (%)	20.0%
RFLTC stake value (€ mn)	8.6

Source: FactSet, KT&Partners' Elaboration

Movinter S.r.l.

In valuing Movinter we considered the average FY22 EV/EBITDA multiple - discounted by 20% - of:

- Omer SpA (5.5x vs 5.7x of our latest update), an Italian company active in the development and production of railroad equipment and listed on the EGM with a market capitalization of €81.9mn. In FY22, Omer generated €58mn of revenue with an EBITDA margin 20.3%.
- Salcef Group (14.6x vs 13.3x of our latest update), an Italian company engaged in the design, construction and maintenance of railway infrastructures and equipment. Listed on the Euronext STAR Milan with a market capitalization of €1.5bn, in FY22 Salcef Group generated €555mn with an EBITDA margin of 18.8%.

Movinter Valuation

€ million	
EBITDA	3.0
EV/EBITDA multiple	8.0x
EV	24.1
NFP	3.8
Equity Value	20.3
RFLTC stake (%)	96.0%
RFLTC stake value (€ mn)	19.5

Source: FactSet, KT&Partners' Elaboration

Six Italia S.p.A.

In valuing Six Italia we took the average FY22 EV/EBITDA multiple - discounted by 20% - of:

- Omer SpA (5.5x vs 5.7x of our latest update), an Italian company active in the development and production of railroad equipment and listed on the EGM with a market capitalization of €81.9mn. In FY22, Omer generated €58mn of revenue with an EBITDA margin 20.3%.
- Salcef Group (14.7x vs 13.3x of our latest update), an Italian company engaged in the design, construction and maintenance of railway infrastructures and equipment. Listed on the Euronext STAR Milan with a market capitalization of €1.5bn, in FY22 Salcef Group generated €555mn with an EBITDA margin of 18.8%.

We note that in valuing Six Italia, we used the same peers considered for Movinter, as they are focused on the same end market (Railroad industry), also considering the incoming synergies deriving from the acquisition.

Six Italia Valuation

€ million	
EBITDA	1.3
EV/EBITDA multiple	8.0x
EV	10.7
NFP	4.5
Equity Value	6.2
RFLTC stake (%)	72.0%
RFLTC stake value (€ mn)	4.5

Source: FactSet, KT&Partners' Elaboration

PureLabs S.p.A.

Given the start-up phase of PureLabs, we believe that multiples method is not appropriate to value the company, as the current financials do not reflect PureLabs' effective growth opportunities in the coming years. We then valued PureLabs at its acquiring cost value of €4mn.

PureLabs Valuation

€ million	
Equity Value	12.5
RFLTC stake (%)	32.0%
RFLTC stake value (€ mn)	4.0

Source: FactSet, KT&Partners' Elaboration

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- ADD – FOR A FAIR VALUE > 15% ON CURRENT PRICE
- HOLD – FOR A FAIR VALUE < 15% AND > – 15% ON CURRENT PRICE
- REDUCE – FOR A FAIR VALUE < – 15% ON CURRENT PRICE

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