

Keeping the pace on investments and growth

ADD | Fair Value: €2.66 (€2.35) | Current Price: €1.33 | Upside: +100%

Research Update

April 16, 2024 – 7.00 h

€ Thousands	FY20A	FY21A	FY22A	FY22PF	FY23A	FY23PF
Sales Revenues	5	33	80	36,634	18,853	41,732
Net Profit	(44)	315	7,055	7,322	(1,058)	(984)
margin	n.m.	n.m.	n.m.	20.0%	n.m.	n.m.
Shareholding equity	6,126	16,708	23,787	23,787	29,930	29,930
NFP	137	(4,351)	(9,198)	6,387	6,083	11,985

Source: Company data

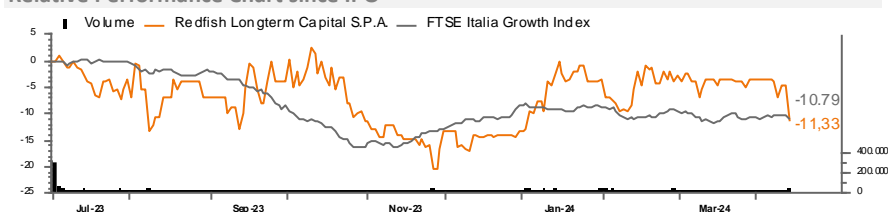
FY23 Results. On March 28, 2024, RFLTC-IT announced consolidated and pro-forma (i.e., considering Movinter and its share in Six Italia contribution starting from January 2023) FY23 results. The Group recorded consolidated sales revenues of €18.9mn (vs €80k in FY22) of which ca. €18.7mn referred to Movinter. On a pro-forma basis, sales revenues stood at €41.7mn, +14% YoY on a like-for-like basis. The Group recorded a consolidated FY23 EBITDA of €1.5mn (vs -€0.5mn in FY22) with a margin of 7.2%. On a pro-forma basis, like-for-like EBITDA decreased by 8% YoY, reaching €3.3mn with an EBITDA margin of 7.5%. Like4like Profitability decreased by 1.4pp, mainly due to a deterioration in gross margin (-2.3pp YoY), with a higher incidence of raw materials costs (from 43% in FY22PF to 45% in FY23PF) due to new prototypes to enter new contracts and a rationalisation of the production that forced Movinter to outsource certain materials. On the balance sheet side, the Group's net cash position went from €9.2mn in FY22 to €6.1mn net debt in FY23 negatively impacted by: €11.5mn cash-out for the acquisition of Movinter; and 2.6mn cash-out for the investments in PureLabs.

Announcement of acquisition of 15% share of Industrie Polieco – MBP. On February 6th 2024, RFLTC announced the potential acquisition of 15% of Polieco's capital for €30m, through an SPV (RFLTC – Polieco S.p.A.) 66% owned by RFLTC. This is the largest investment that RFLTC ever committed to (the 2nd largest ticket was €11.5mn for Movinter in Apr-23). Industrie Polieco-MPB (MPB) is the biggest European compounder of polyethylene and polypropylene mainly for steel pipe coating and film packaging. The investment values Polieco at 0.9x FY23 EV/Sales (1.0x on FY22 sales) and 3.9x FY23 EV/EBITDA (7.2x FY2). The SPV acquired 10% of Polieco on the 6th of March 2024 for €20mn, and paid the €1mn deposit for the optionality to acquire the remaining 5% (valued €10m, or €9mn net of the deposit) by 30th June 2024.

Over €10mn capital increase and €7mn new debt to finance the investment in Polieco. To fund its new investment, on February 9th RFLTC announced an equity raise of up to €15m, through the issuance of 9.7m new shares, by 31st March 2024, for a price of €1.55 per share. On April 5th, RFLTC communicated that it raised €10.4mn (69% of the target), issuing 6.7mn new ordinary shares, and with up to a further 1.9mn Bonus Shares (via stock split) issued after an 18-months lock-up period. We consider 25.8mn common shares, excluding the bonus shares for now. Moreover, on March 20th 2024, RFLTC announced an agreement for debt financing of up to €7mn from Illimity SGR, with a 5-year maturity.

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 upward update of market multiples of peers used to value some of the subsidiaries, we reviewed our fair value at €2.66ps, implying an equity value of €68.7mn and an upside of 100% on the current price. We note that RFLTC-IT is currently trading at 5.3x EV/EBITDA.

Relative Performance Chart since IPO



Source: FactSet

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Market Data

Main Shareholders	
MAIOR S.r.l.	19.1%
RED-FISH KAPITAL SPA	10.6%
Bruno Negri	8.8%
Mkt Cap (€ mn)	36.9
EV (€ mn)	64.0
Shares out.	25.8
Free Float	18.2%

Stock Data

52 Wk High (€)	1.60
52 Wk Low (€)	1.18
Avg. Daily Trading 90d	15,641
Price Change 1w (%)	-1.38
Price Change 1m (%)	2.14
Price Change YTD (%)	10.00

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, Industrial), 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 totalled 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 materialization of the subsidiary, also supporting the hiring of managers.

Recent Developments

- Capital Increase up to €15m to finance the investment in Polieco.** On February 9th RFLTC announced an equity raise of up to €15m, through the issuance of up to 9.7m new shares, by 31st March 2024, for a price of €1.55 per share. RFLTC plans to reward investors participating in the capital raise with up to an overall 2.7m new Bonus Shares (via stock split), depending on each investor's participation. On April 5th, RFLTC communicated that it raised €10.4mn (69% of the target), issuing 6.7mn new ordinary shares, and with up to a further 1.9mn Bonus Shares (via stock split) issued after an 18-months lock-up period.
- €2mn share buy-back programme.** On January 30th, RFLTC announced a share buy-back programme for up to €2mn, within 18 months. To date, management already bought back c.€200k worth of stocks.
- PureLabs: €15mn capital increase, diluting RFLTC's share from 32% to 26%.** Together with the appointment of the new Chairman Ernesto Paolillo, on January 31st 2024 PureLabs completed its €15mn capital increase. Despite participating with a €4mn investment in November 2023, RFLTC now owns 26% of of PureLabs's capital, diluted from the previous 32% share.
- Solid World: increasing its free float through an accelerated book building.** 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 unfavourable 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 geopolitical tensions.
- 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.
- 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).

FY23 Financial Results

On March 28, 2024, RFLTC-IT announced consolidated and pro-forma (i.e., considering Movinter and Movinter's 75% share in Six Italia contribution starting from January 2023) FY23 results.

Starting from the top line, the Group recorded consolidated sales revenues of €18.9mn (vs €80K in FY22) of which ca. €18.7mn referred to Movinter and generated ca. 78% in Italy. On a pro-forma basis, sales revenues stood at €41.7mn, +14% YoY on a like-for-like basis. We note that at the end of December 2023, Movinter (and its controlled Six Italia) showed good visibility on future growth as it recorded a backlog of €43.9mn.

The Group recorded a consolidated FY23 EBITDA of €1.5mn (vs -€0.5mn in FY22) with a margin of 7.2%. On a pro-forma basis, like-for-like EBITDA decreased by 8% YoY, reaching €3.3mn with an EBITDA margin of 7.3%.

Like4like Profitability decreased by 1.6pp, mainly due to a deterioration in gross margin (-2.3pp YoY), with a higher incidence of raw materials costs (from 43% in FY22PF to 45% in FY23PF) due to Movinter's new prototypes to enter new contracts and a rationalization of the production that required to temporarily outsource certain materials. We note that in FY23, labour costs increased in absolute terms by 14% to €10.4mn, following the strengthening of Movinter's workforce, but keeping an incidence on total revenues at a similar level at c.23%.

At the bottom line, the Group recorded an FY23 net loss of €1.1mn (vs €7.1mn in FY22, when there were €7.1mn capital gains linked with Mactmind's liquidation) on a consolidated basis.

On the balance sheet side, the Group's net cash position went from €9.2mn in FY22 to €6.1mn net debt in FY23 negatively impacted by: €11.5mn cash-out for the acquisition of Movinter; and 2.6mn cash-out for the investments in PureLabs.

Consolidated Income Statement

€ million	FY22A	FY23A	FY22PF	FY23PF	YoY growth
RFLTC	0.1	0.2	0.1	0.2	73%
Movinter	-	18.7	36.5	41.5	14%
Sales Revenues	0.1	18.9	36.6	41.732	14%
Other Revenues	0.0	2.3	3.6	3.6	
Total Revenues	0.1	21.2	40.2	45.4	13%
Products and Raw materials	(0.0)	(9.1)	(17.2)	(20.5)	
Gross Profit	0.1	12.1	23.0	24.9	8%
<i>Gross Margin</i>	<i>99.8%</i>	<i>57.1%</i>	<i>57.2%</i>	<i>54.9%</i>	
Cost of Services	(0.5)	(5.8)	(8.7)	(10.0)	14%
Rental Costs	(0.0)	(0.5)	(1.1)	(0.9)	-17%
Personnel Expenses	(0.0)	(4.2)	(9.1)	(10.4)	14%
Other Operating Expenses	(0.0)	(0.1)	(0.4)	(0.3)	-41%
EBITDA	(0.5)	1.5	3.6	3.3	-8%
<i>EBITDA margin</i>	<i>n.m.</i>	<i>7.2%</i>	<i>8.9%</i>	<i>7.3%</i>	
D&A and Provisions	(0.0)	(1.9)	(2.2)	(2.4)	8%
EBIT	(0.5)	(0.3)	1.3	0.9	-35%
<i>EBIT margin</i>	<i>n.m.</i>	<i>n.m.</i>	<i>3.3%</i>	<i>1.9%</i>	
Financial Income and Expenses	(0.2)	(0.8)	6.3	(1.8)	-129%
Value adjustments and capital gain	7.8	0.3	0.7	0.3	-61%
EBT	7.1	(0.9)	8.4	(0.7)	-108%
Taxes	(0.1)	(0.2)	(0.9)	(0.4)	-48%
<i>Tax Rate</i>	<i>1.2%</i>	<i>n.m.</i>	<i>10.2%</i>	<i>n.m.</i>	
Net Income	7.1	(1.1)	7.5	(1.1)	-115%
<i>Net margin</i>	<i>n.m.</i>	<i>n.m.</i>	<i>18.6%</i>	<i>n.m.</i>	
Minorities	-	(0.0)	0.2	(0.0)	-112%
Net Income attributable to the Group	7.1	(1.1)	7.3	(1.1)	-115%
<i>Net margin</i>	<i>n.m.</i>	<i>n.m.</i>	<i>18.2%</i>	<i>n.m.</i>	

Source: Company data, KT&Partners' elaborations

Consolidate Balance Sheet

€ thousand	FY20A	FY21A	FY22A	FY22PF	FY23A	FY23PF
Other LT Assets	-	100	-	-	-	-
Goodwill	-	-	-	11,247	-	10,052
Intangible	11	28	219	590	11,226	2,241
Tangible	-	-	24	1,811	4,936	7,576
Other LT Assets	6,256	11,529	14,484	14,627	20,649	20,929
Fixed Assets	6,267	11,657	14,728	28,276	36,811	40,798
Trade receivables	5	823	46	3,296	2,657	4,316
Inventory	-	-	-	6,176	8,398	13,087
Trade Payables	(16)	(256)	(439)	(5,491)	(7,650)	(11,726)
Trade Working Capital	(11)	567	(394)	3,980	3,405	5,677
Other assets and liabilities	7	133	256	(698)	(3,220)	(2,245)
Net Working Capital	(4)	700	(138)	3,282	185	3,432
Other Provisions	-	-	(1)	(1,362)	(979)	(1,939)
Net Capital Employed	6,263	12,357	14,589	30,196	36,017	42,291
Group shareholders' equity	6,126	16,558	23,787	23,787	29,929	29,930
Minority shareholders' equity	-	150	-	23	(6)	377
Total shareholders' equity	6,126	16,708	23,787	23,809	29,923	30,307
Short-term debt / Cash (-)	137	(4,351)	(20,690)	(12,666)	(10,962)	(9,599)
Long-term liabilities	-	-	11,492	19,053	17,056	21,584
Net Financial Position	137	(4,351)	(9,198)	6,387	6,094	11,985
Sources	6,263	12,357	14,589	30,196	36,017	42,291

Source: Company data, KT&Partners' elaborations

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 almost €50mn: 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 allowing them 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; iii) €8.8mn of debt financing; iv) €10.4mn capital increase in March 2024 to fund the investment in Polieco – MPB; v) up to €7mn debt financing for the same purpose

Since its foundation, RFLTC has invested €56.2mn (€56.3mn including transaction costs, and assuming the investment in the second tranche of Polieco's capital), 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., Six Italia S.p.A. and Industrie Polieco – M.P.B. 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 ca. €412mn and €50mn, respectively.

Investments were carried out by acquiring a majority stake – also through club deals – or qualified minorities with an average ticket of €5.6mn and an average EV/EBITDA of ca. 5.9x.

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)	IRR
Subsidiary	Convergenze	Utilities	lug-20	1.1	12.5%	28.4	1.4	5.8x	n.a.	n.a.	n.a.
Exit	Maticmind	Technology	ott-20	5.1	4.2%	-	-	3.4x	ott-22	12.0	52.2%
Subsidiary	Tesi	Aerospace	ott-21	5.0	20.0%	15.6	4.8	6.8x	n.a.	n.a.	n.a.
Subsidiary	Solid World	Technology	dic-21	1.0	6.1%	57.7	4.0	8.3x	n.a.	n.a.	n.a.
Exit	Pistacchio	Food&Beverage	feb-22	1.0	20.0%	-	-	5.3x	dic-22	1.1	12.8%
Subsidiary	Expo Inox	Stainless Steel Chimneys	nov-22	6.0	20.0%	67.2	9.3	4.7x	n.a.	n.a.	n.a.
Subsidiary	Movinter	Railroad Equipment	apr-23	11.5	96.0%	22.8	3.0	5.1x	n.a.	n.a.	n.a.
Subsidiary	PureLabs	Healthcare Services	nov-23	4.0	32.0%	9.2	1.3	n.m.	n.a.	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.	n.a.
Subsidiary	Polieco	Industrial	feb-24	19.8	9.9%	194.5	27.9	7.9x	n.a.	n.a.	n.a.
	Total			56.2	n.m.	411.9	53.1	n.m.		13.1	n.m.
	Average			5.6	29%	45.8	5.9	5.8x		6.6	33%

* The investment amount does not consider transaction costs

** At the time of the initial investment

*** 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.)

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). The investment in Polieco – MPB will be finalized by the end of June 2024.

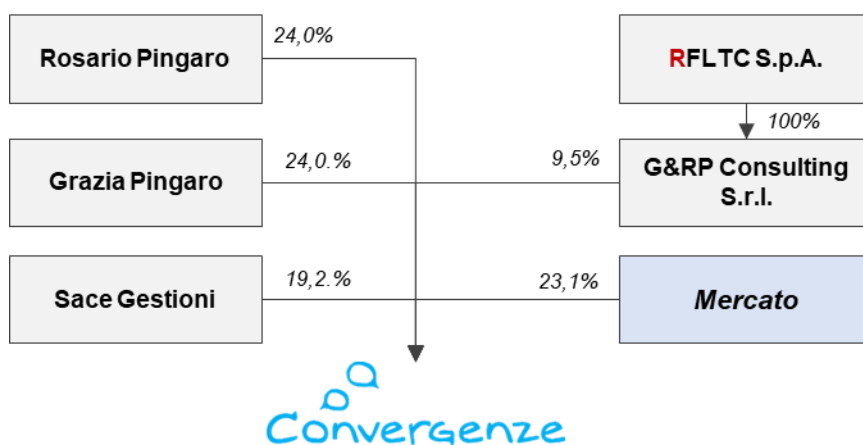
Convergenze S.p.A. – Utilities sector with a focus on fiber and connectivity (12.5% acquired in 2020 for €1.1mn)

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.

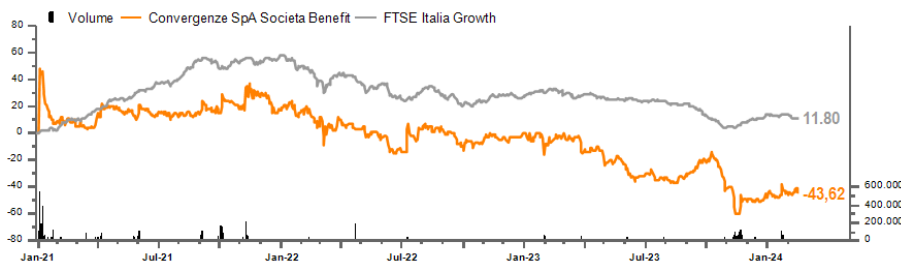
At the end of December 2020, Convergenze listed on the EGM market with a market capitalization of €12mn (excluding price adjustment shares) and a fundraising of ca. €3mn. RFLTC is subject to a lock-up until the end of 2023.

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 (47% of FY23 total VoP), Convergenze provides wireless connectivity, fixed telephony, cloud services, and customized ancillary services. As of today, the company boasts more than 2,000km of FTTH fiber optic network (authorized since 2014) and over 100 radio bridges for the Internet.

The Energy and Natural Gas unit (53% of FY23 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 FY23, the company recorded €22.8mn of VoP (+11% CAGR17–23 and -20% YoY): the reduction was the result of the normalization trend that experienced the energy costs in 2023

(-58% YoY according to GME), that led to a 35.6% decrease in Energy and Natural Gas BU. On the other hand, the BU TLC experienced a +12.9% growth YoY. Despite business growth contraction, FY23 EBITDA margin adjusted came to 14%, up by 9pp YoY again due to the normalization in the price of natural gas and cost of electricity. On the balance sheet side, NFP went from €6.1mn in FY22 to €5.6mn in FY23.

Convergenze: 2020–2023 Financials

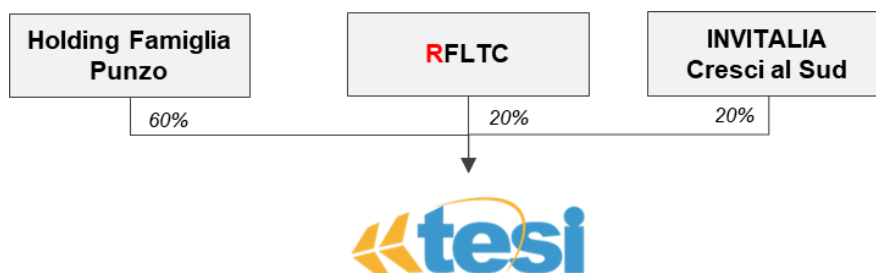
Convergenze S.p.A. € million	FY20	FY21	FY22	FY23
Turnover	16.4	18.9	28.4	22.8
EBITDA a dj	2.3	1.8	1.4	3.2
EBITDA margin adj	14.0%	9.7%	5.1%	14.0%
NFP	(0.1)	2.3	6.1	5.6

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.

In FY23 Tesi recorded a +27% YoY growth reaching €20.6mn of Value of Production and an EBITDA margin 26.2%.

Tesi S.r.l.: 2020–23 Financials

€ million	FY20	FY21	FY22	FY23
Turnover	22.5	14.7	16.2	20.6
EBITDA	4.7	4.0	4.8	5.4
EBITDA margin	20.9%	27.2%	29.6%	26.2%
NFP	(4.3)	(2.2)	2.1	5.6

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

¹ The value include €0.1mn of transaction costs

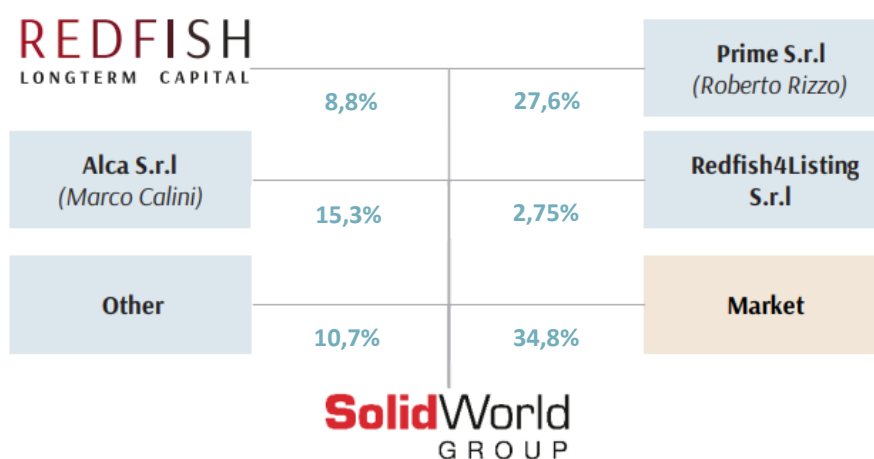
materials, helicopter manufacturing, railway and military components); and ii) implementing a management control system.

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

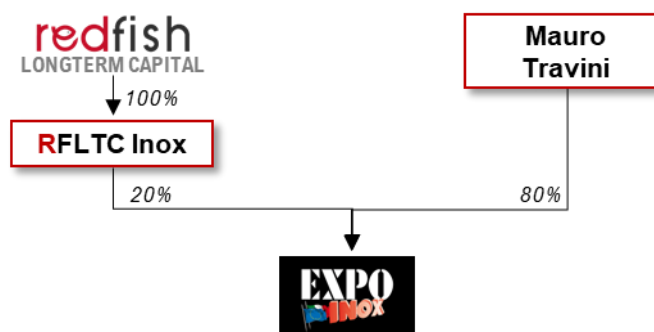
€ million	FY20	FY21	FY22	1H22	1H23
Revenues	48.6	55.1	57.7	31.7	35.2
EBITDA	2.5	3.8	4.0	2.5	2.8
<i>EBITDA margin</i>	5.1%	6.9%	7.0%	7.8%	7.8%
NFP	11.4	15.3	12.3	14.3	12.8

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)

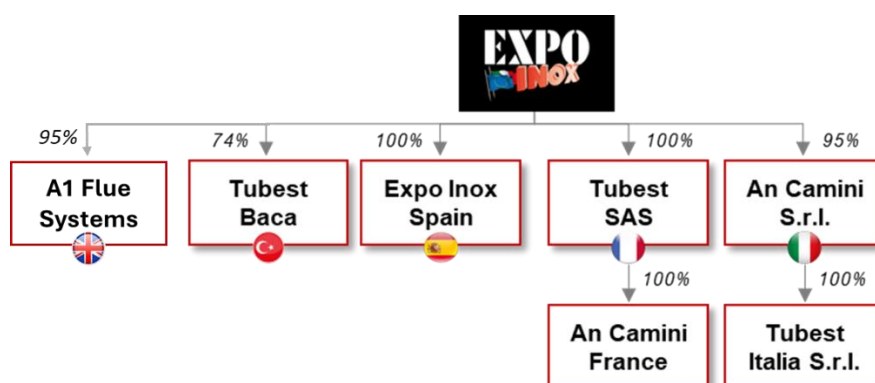
On November 15th, 2022, RFLTC acquired through the vehicle RFLTC Inox a 20% stake in Expo Inox - a leading Italian operator active in the research, design, production and marketing of stainless-steel flue solutions and systems - for a total consideration of €6mn or at 4.7x FY22 EV/EBITDA. RFLTC also 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. At the end of December, 2023 Expo Inox entered the British market through the acquisition of a 95% stake in A1 Flue Systems, leading UK-based player with 50+ years of experience in the design, manufacture and implementation of complex flue evacuation systems.

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 FY23, Expo Inox generated €67mn of value of production in 2023 (+24% CAGR2020-23) and an EBITDA of €8.4mn (+26% CAGR2020-23), implying an EBITDA margin of 12.5%.

Expo Inox S.p.A.: 2020-23 Financials

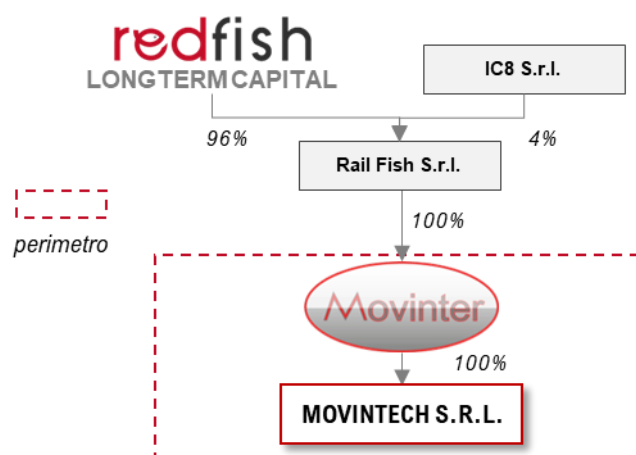
€ million	FY20	FY21	FY22	FY23
Turnover	35.0	50.2	66.1	67.0
EBITDA	4.2	6.8	9.3	8.4
EBITDA margin	12.0%	13.5%	14.1%	12.5%
NFP	20.8	14.1	14.1	14.2

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 FY23, Movinter reached €26.2mn in Value of Production, growing by 18% CAGR2020-23. Over the 2020-23 period, EBITDA increased by 30% CAGR, amounting to €3.0mn in FY23 with a margin of 11.4%. FY23 NFP stood at €3.4mn or 1.1x NFP/EBITDA.

Movinter S.r.l.: 2020-23 Financials

€ million	FY20	FY21	FY22	FY23
Turnover	16.0	17.0	22.8	26.2
EBITDA	1.4	2.3	3.0	3.0
<i>EBITDA margin</i>	<i>8.5%</i>	<i>13.8%</i>	<i>13.1%</i>	<i>11.4%</i>
NFP	5.2	3.5	3.8	3.4

Source: Company data

In coming years, 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.

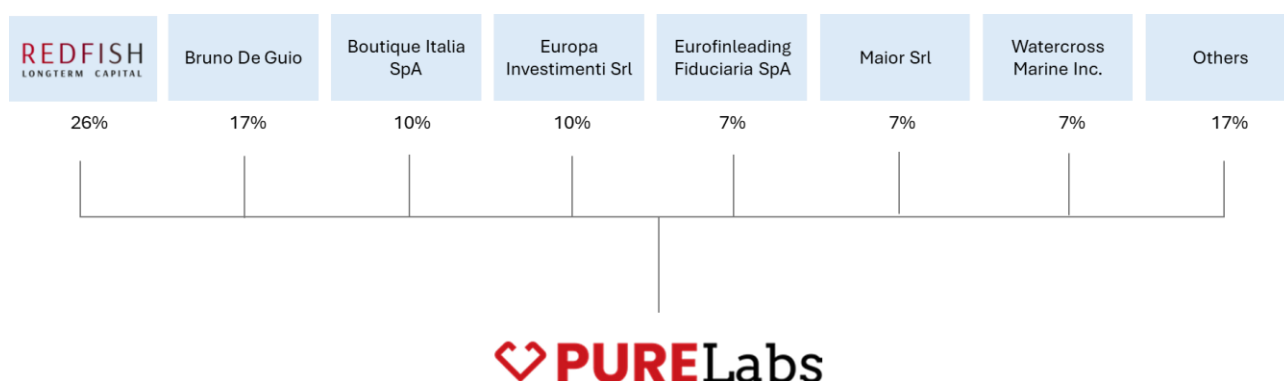
PureLabs S.p.A. – Healthcare industry through the acquisition and management of clinical diagnostic centers (32% acquired in 2023 for €4mn, now holding 26% post-capital increase)

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 fully subscribed, of which €8.5mn by the pre-existing shareholders, €4mn by RFLTC and €2.5mn by Bruno De Guio (in January, 2024). On January 31st 2024 PureLabs completed its €15mn capital increase, where RFLTC participated with a €4mn investment in November 2023. Following this, RFLTC now owns 26% of of PureLabs’s capital, from the previous 32% share.

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.

PureLab 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.

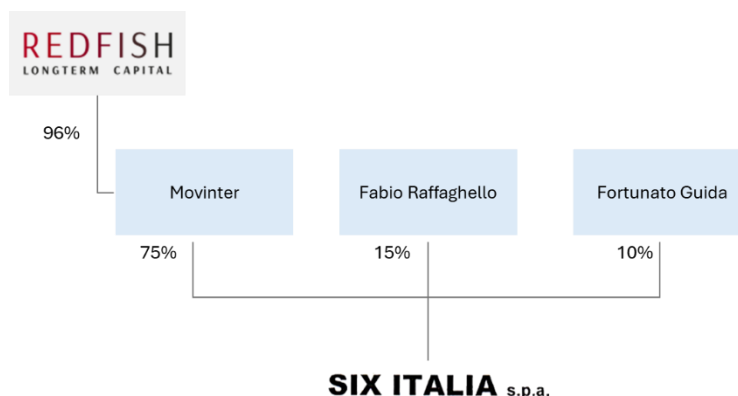
The agreement also provides for a potential earn-out for the selling shareholders to be calculated on the back of Six Italia FY24 financial results, based on a 1.25x the increasing EBITDAR between 2023 and 2024. Furthermore, Movinter received the right to appoint Six Italia's CEO and two members of the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

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

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.

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

In FY23 Six Italia reached 15.9mn of turnover, with an EBITDA at €1.0mn, resulting in a profitability at 6.2%, declining by 1.4pp YoY. We note that – as the end of FY23 – the company boasts a backlog of €20.3mn, of which 68% referred to FY24, 28% to FY25 and the remaining to the following years.

Six Italia S.p.A.: 2020-23 Financials

€ million	FY20	FY21	FY22	FY23
Turnover	10.8	14.7	17.2	15.9
EBITDA	(0.4)	1.1	1.3	1.0
EBITDA margin	n.m.	7.5%	7.6%	6.2%
NFP	3.7	4.0	3.8	3.8

Source: Leanus and Company Data.

Industrie Polieco – M.P.B. S.p.A. – Leading manufacturer of corrugated piping systems and composite manhole covers (9.9% acquired in 2024 for €19.8mn)

On February 6th 2024, RFLTC announced the potential acquisition of 15% of Polieco's capital for €30m, through an SPV (RFLTC – Polieco S.p.A.) 66% owned by RFLTC, and the rest by external investors. This is the largest investment that RFLTC ever committed to (the 2nd largest ticket was €11.5mn for Movinter in Apr-23). Industrie Polieco-MPB (MPB) is the biggest European compounder of polyethylene and polypropylene mainly for steel pipe coating and film packaging. The investment values Polieco at 0.9x FY23 EV/Sales (1.0x on FY22 EV/Sales) and 3.9x FY23 EV/EBITDA (7.2x on FY22 EV/EBITDA). The SPV acquired 10% of Polieco on the 6th of March 2024 for €20mn, and paid the €1mn deposit for the optionality to acquire the remaining 5% (valued €10m, or €9mn net of the deposit) by 30th June 2024. Considering the structure of the deal (€1m loss for RFLTC if not finalized, excl. transaction fees) we model RFLTC's SPV purchasing the whole 15% of Polieco's capital.

Industrie Polieco – M.P.B. S.p.A.: 2020-23 Financials

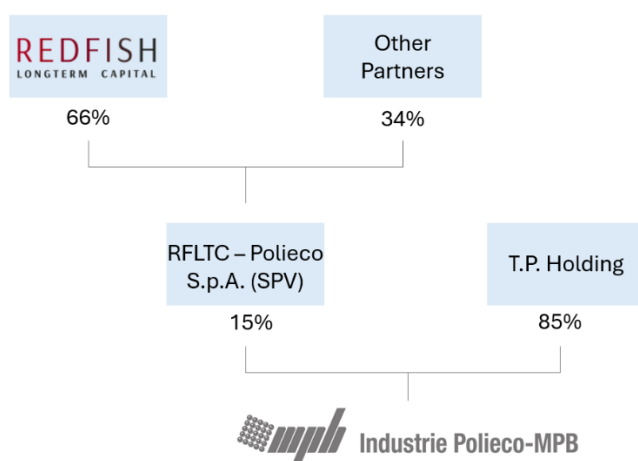
€ million	FY21	FY22	FY23
Turnover	149.8	194.5	196.9
EBITDA	18.3	27.9	45.1
<i>EBITDA margin</i>	12.2%	14.4%	22.9%
NFP	18.4	20.0	(6.1)

Source: Leanus and Company Data, KT&P's estimates

This investment will enable Polieco to have further financial resources to support investments scheduled in the business plan, in particular promoting internationalization, potentially including ad-hoc takeovers.

The company was founded in 1992 and is headquartered in Cazzago San Martino, Italy. Its core business is steel pipe coating, where they are European leader and the 2nd largest player worldwide. Since the last two decades, MPB has been supplying polyethylene, polypropylene and adhesives for the major worldwide gas and oil pipelines ("Nord Stream I" "Nord Stream II" the most recent ones). In 2011, MPB entered into the business of film layers for the packaging industry.

Prior to this investment, Industrie Polieco – M.P.B. S.p.A. was entirely owned by T.P. Holding (investment holding company), who will remain Polieco's majority shareholder by holding 85% of Polieco's share capital.

Industrie Polieco – M.P.B. S.p.A.: Shareholders

Source: Company Data, KT&P elaboration

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>	<i>8.9%</i>	<i>9.4%</i>	<i>10.9%</i>
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>	<i>10.2%</i>	<i>13.5%</i>	<i>8.4%</i>
NFP	7.9	7.8	11.2

Source: Company data, KT&Partners' elaboration

Valuation

Being RFLTC in a start-up phase and with a limited financial 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 that were not valued by using the multiples method.

We note that our valuation of subsidiaries is mainly based on FY23 data. Furthermore, we take into account RFLTC's FY23 net debt, equal to €6.1mn, adjusted for: i) €1.0mn earn-out related to FY23 results of Tesi; ii) €19.8mn investment for Polieco MBP through the SPV (66% owned by RFLTC) buying 15% of MBP's capital; iii) €1.8mn acquisition of Six Italia (through Movinter) and; v) €0.2mn spent in shares buy-back up to date.

We also factor in the capital raise up to €10.4m and the issuance of 6.9m new ordinary shares. Considering a 5-10% discount range, we derive an equity value of €74.3mn or €2.66ps.

We note that we took into account:

- Stock Options: since the stock options 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 1,550,000 stock options, out of 2,000,000 of the plan. We note that the stock options 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 window of 2023, 2024 and 2025, respectively) to IPO and convertible bond investors.

Valuation Recap

Valuation RFLTC	€mn	
Convergenze S.p.A.	1.1	
Tesi S.r.l.	11.2	
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	
Industrie Polieco - M.B.P. S.p.A.	28.9	
Enterprise Value	82.4	
RFLTC FY23 PFN	6.1	
RFLTC FY23 PFN Adj.	18.5	
Equity Value	74.3	
<i>Discount</i>	10%	5%
Equity Value Post Discount	66.9	70.6
Average Equity Value	68.7	
N. of shares (mn)	25.82	
Value per share €	2.66	

Source: FactSet, KT&Partners' Elaboration

RFLTC is currently trading at an EV/EBITDA multiple of 5.3x based on the following calculation.

EV/EBITDA current multiple

Market Cap RFLTC	36.1
Market Cap Solid World	-4.3
Market Cap Convergenze	-1.1
NFP RFLTC 31.12.23	6.1
Cash-out acquisition of Six Italia (through Movinter)	1.8
Earn-out Tesi	1.0
Cash-out M&A Polieco (66% stake of the €30mn investment)	19.8
Aucap	-10.4
Share buyback	0.2
Adj. NFP (cash)	13.0
NFP Holdings*	10.4
Enterprise Value	59.5
EBITDA Holdings*	11.2
EV/EBITDA multiple	5.3x

* Holdings data refer to Tesi, Expo Inox, Movinter, PureLabs, Six Italia and Polieco

Source: FactSet, KT&Partners' Elaboration

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)	11.3
Equity Market Value	11.3
RFLTC stake (%)	9.5%
RFLTC stake value (€ mn)	1.1

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)	52.4
Total Equity Value*	52.4
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 2019-23 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	5.4
EV/EBITDA multiple	10.8x
EV	58.3
NFP	2.1
Equity Value	56.2
RFLTC stake (%)	20.0%
RFLTC stake value (€ mn)	11.2

Source: FactSet, KT&Partners' Elaboration

Expo Inox S.p.A

In valuing Expo Inox, we take the average FY23 EV/EBITDA multiple - discounted by 20% - of:

- i. Poujoulat (5.7x vs 5.1x 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 €124.6mn. In FY23, Poujoulat generated €402mn of revenue and the EBITDA was at ca. €45mn;
- ii. Uponor (10.3x vs 10.2x 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 FY23, Uponor generated €1.2bn of revenue with an EBITDA margin of 19%.

Expo Inox Valuation

€ million	
EBITDA	8.4
EV/EBITDA multiple	5.9x
EV	49.6
NFP	14.2
Equity Value	35.4
RFLTC stake (%)	20.0%
RFLTC stake value (€ mn)	7.1

Source: FactSet, KT&Partners' Elaboration

Movinter S.r.l.

In valuing Movinter we considered the average FY23 EV/EBITDA multiple - discounted by 20% - of:

- Omer SpA (5.4x vs 5.5x 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 €94mn. In FY23, Omer generated €66mn of revenue with an EBITDA margin 20.6%.
- Salcef Group (8.5x vs 14.6x 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 €1.4bn, in FY23 Salcef Group generated €785mn with an EBITDA margin of 20.4%.

Movinter Valuation

€ million	
EBITDA	3.0
EV/EBITDA multiple	5.5x
EV	16.6
NFP	3.4
Equity Value	13.2
RFLTC stake (%)	96.0%
RFLTC stake value (€ mn)	12.7

Source: FactSet, KT&Partners' Elaboration

Six Italia S.p.A.

In valuing Six Italia we took the average FY23 EV/EBITDA multiple - discounted by 20% - of:

- Omer SpA (5.4x vs 5.5x 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 €94mn. In FY23, Omer generated €66mn of revenue with an EBITDA margin 20.6%.

- Salcef Group (8.5x vs 14.6x 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 €1.4bn, in FY23 Salcef Group generated €785mn with an EBITDA margin of 20.4%.

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	1.0
EV/EBITDA multiple	5.6x
EV	5.5
NFP	3.8
Equity Value	1.6
RFLTC stake (%)	72.0%
RFLTC stake value (€ mn)	1.2

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

*at the time of the investment

Source: FactSet, KT&Partners' Elaboration

Industrie Polieco – M.P.B. S.p.A.

We value MPB using the average between a FY23 sales multiples valuation, and a FY23 EBITDA multiples valuation, both based on the same set of comparative companies. We then apply the usual 20% discount justified by the higher average comps size than MPB. Given Polieco's

differentiated business, we selected three comps for its resins operations, three for its pipes manufacturing business, and three peer companies that partly overlap both.

Polieco – MPB Comps

Business	Name of Company	Geo	Mkt cap (EURm)	EV/EBITDA (FY23)	EV/Salex (FY23)
Resins	Avient Corporation	US	3,640	10.9x	1.7x
	Westlake Corporation	US	16,638	8.1x	1.7x
	Covestro AG	DE	9,100	11.0x	0.8x
Pipes	Mattr Corp	CA	710	6.4x	1.0x
	Wienerberger AG	AT	3,732	6.1x	1.1x
	Genuit Group PLC	GB	1,265	10.4x	2.1x
Mixed	Advanced Drainage Systems, Inc.	US	12,121	15.6x	5.0x
	ERA Co., Ltd. Class A	CN	812	10.2x	0.8x
	Binh Minh Plastics JSC	VN	344	4.8x	1.4x

Source: FactSet, KT&Partners' Elaboration

Our valuation for RFLTC's SPV stake in MPB is at €38.1mn, RFLTC owns 66% of the SPV, with its stake valued at €28.9mn.

Polieco – MPB Valuation

	EBITDA (FY23)	Sales (FY23)
MPB (€m)	45.1	196.9
Comps multiples (median)	9.7x	1.4x
EV (€m)	438.9	276.3
Average EV (€m)		357.6
Discount		20%
Discounted EV (€m)		286.1
NFP (€m)		(6.1)
Equity Value (€m)		292.1
SPV stake (%)		15%
SPV stake value (€m)		43.8
RFLTC stake in SPV (%)		66%
RFLTC stake value (€m)		28.9

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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