

Redfish Longterm Capital

Sector: Holding

Navigating the deep waters of Italian SMEs

Established in 2020, RedFish LongTerm Capital (RFLTC) targets majority and minority stakes into Italian family-owned SMEs for growth, employing flexible investment strategies and collaborative deals. Managed by a diverse, skilled and esteemed board, RFLTC focuses on long-term value creation through disciplined investment methods and a five-phase model (identification, analysis, structuring, financing, and growth). With a rather various portfolio across sectors, notable investments include Convergenze, Tesi, and Expo Inox, showcasing commitment to diversification. Alantra initiates coverage on RFLTC with BUY, PT of 2.3/s.

- Empowering Italian SMEs with RFLTC's strategic growth initiatives.** Founded in 2020, RedFish LongTerm Capital specializes in acquiring stakes in Italian family-owned SMEs for long-term growth. Employing a flexible approach, it collaborates on deals and emphasizes robust financial planning. Managed by a diverse board, RFLTC focuses on enduring partnerships and strategic investments to ensure sustained value creation. Its proactive involvement in portfolio companies' governance facilitates growth, while revenue streams include dividends and consultancy fees, driving overall value generation.
- Disciplined investment strategy for sustainable growth.** RFLTC employs a disciplined investment approach, scouting around two opportunities weekly through its extensive network. Rigorous evaluations ensure alignment with strategic goals before board approval. Sustainable financing, excluding certain sectors, and growth strategies focus on operational efficiency and targeted acquisitions. International expansion is pursued with foreign advisor engagement. Quarterly monitoring ensures performance assessment and compliance. The five-phase model (identification, analysis, structuring, financing, and growth) maximizes long-term value creation through strategic planning and post-investment oversight.
- A strategic and rather diversified blend of dynamic industries.** Company's diverse portfolio comprises seven companies spanning various sectors, including Utilities, Aerospace, Technology, and Healthcare Services. Notable ventures include Convergenze, Tesi, Solid World, Expo Inox, Movinter, PureLabs, and Six Italia. The firm's strategic investments, like Polieco, exhibit a proactive approach to capitalizing on emerging opportunities. Among its portfolio, Expo Inox and Movinter have experienced significant growth, while recent acquisitions like SAIEP demonstrate a commitment to diversified investment strategies.
- RFLTC drives expansion in Italian SME investment landscape.** We believe that RFLTC plays a pivotal role in Italy's SME-dominated economic landscape, actively overseeing and nurturing invested companies for long-term expansion. With a focus on family-owned or transitioning SMEs, it diverges from traditional private equity models by prioritizing long-term growth over quick divestments. RFLTC's extended investment horizon, specialized personnel, and efficient management systems offer investors unique portfolio propositions with potential for superior returns and risk mitigation.
- RFLTC's IPO strategically fuels growth and value creation endeavours.** Company's IPO aimed beyond market visibility, directing raised capital towards ambitious growth plans and value creation strategies. It focuses on two key objectives: exploring new investments and enhancing portfolio company value. Meticulous evaluations precede negotiations to ensure strategic alignment, while proactive scouting and sectoral consolidation bolster competitiveness. RFLTC's active involvement leverages expertise and resources to expedite growth trajectories, fostering emergence as industrial leaders in global markets.
- Initiated with BUY, PT of Eu2.3/s offers 70% upside.** Determining RFLTC's fair valuation integrates quantitative metrics like financial statements and debt levels with qualitative assessments including management competency and growth prospects. Diversification and legal compliance are crucial. Net Asset Value (NAV) valuation, preferred, assesses individual company participations. Investments like Tesi, Expo Inox, and others are evaluated through EV/EBITDA multiples. Alantra initiates coverage with a BUY recommendation and price target of Eu2.3/share, signalling a 70% upside.

BUY

New Coverage

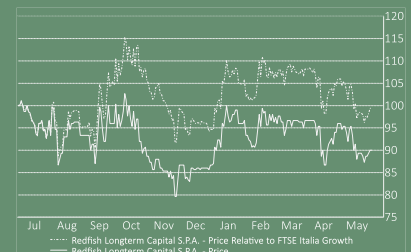
TP 2.3

New Coverage

Target price upside 70%

Ticker (BBG, Reut)	RFLTC IM	RFLTC.MI
Share price Ord. (Eu)		1.4
N. of Ord. shares (mn)		27.7
Total N. of shares (mn)		27.5
Market cap (Eu mn)		37
Total Market Cap (EU mn)		37
Free Float Ord. (%)		23%
Free Float Ord. (Eu mn)		8
Daily AVG liquidity Ord. (Eu k)		21

	1M	3M	12M
Absolute Perf.	-6.3%	-7.5%	na
Rel. to FTSEMIDCap	-5.5%	-11.2%	na
52 weeks range		1.2	1.5



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Strengths

Experience management proficient in capital acquisition and investment strategy
RFLTC's focus on strategic, value-driven investments fosters sustainable development
Well-established connections facilitate opportunities for joint investments

Weaknesses

Company's success heavily relies on a few individuals
The company's dependence on particular industry may limit diversification opportunities
Due to its size, RFLTC may face challenges in competing with larger firms

Opportunities

Value expansion, particularly through the IPO of portfolio companies
Strategic acquisitions for portfolio enhancement
Geographical diversification and access to new markets

Threats

Uncertainties, including interest rate fluctuation and inflation could impact performance
Rising competition from other investment firms with larger firepower
Ensuring consistent adherence to tight investment criteria amidst changing mkt dynamics

Key shareholders

Major Srl: 19%
Red-Fish Kapital: 10%
Bruno Negri: 9%
OMR Holding: 7%
Free Float: 23%

Management

Paolo Pescetto - Chairman
Andrea Rossotti - CEO
Lorenza Castelli - Investment Manager
Simone Lo Giudice - Investment Manager

Next events

1H24 KPIs: 26/07/24
1H24 results: 30/09/24
3Q24 KPIs: 29/10/24
FY24 KPIs: 30/01/25

Executive Summary

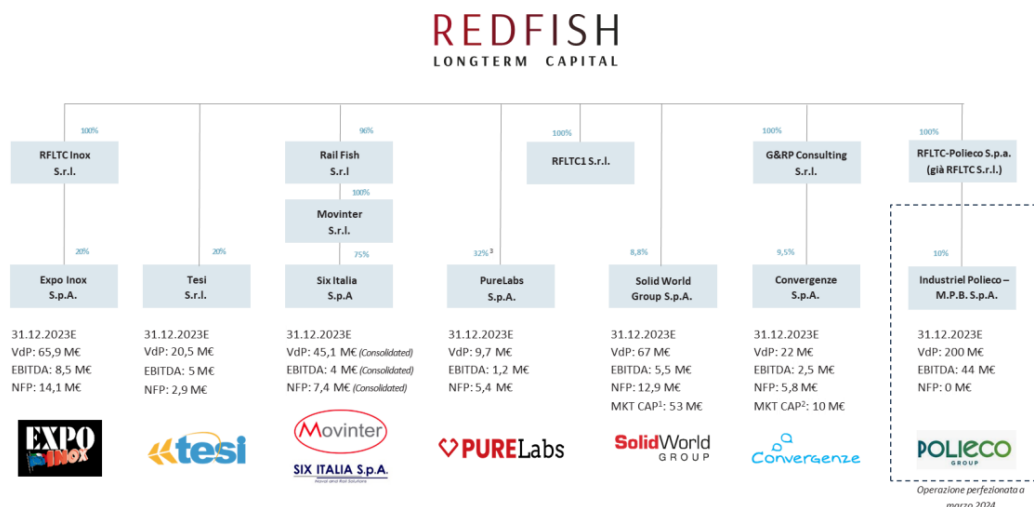
RedFish LongTerm Capital (RFLTC), established in 2020 by Paolo Pescetto, Andrea Rossotti, and the Bazoli and Gitti families, focuses on acquiring stakes in Italian family-owned SMEs. The firm aims to drive growth through its expertise in complex transactions and effective managerial strategies. RFLTC adopts a flexible investment approach, acquiring both minority and majority stakes, and often engages in collaborative deals with other investors to foster sustainable growth and value. Managed by a diverse Board of Directors, RFLTC prioritises long-term value creation through strategic investments and enduring partnerships. RFLTC employs a disciplined investment strategy, scouting opportunities through an extensive network and ensuring alignment with strategic goals. The firm's five-phase model—identification, analysis, structuring, financing, and growth—ensures long-term value creation through thorough due diligence and strategic oversight. RFLTC's diverse portfolio includes seven companies across various sectors, mitigating industry-specific risks. Notable investments include Convergenze (Utilities), Tesi (Aerospace), and Expo Inox (Stainless Steel Chimneys). Recent acquisitions, such as SAIEP, demonstrate RFLTC's commitment to diversification and growth. This strategy capitalises on growth potential and value creation across sectors. Alantra initiates coverage on RFLTC with a BUY recommendation and a PT of 2.3/s, 70% upside.

Profile: Empowering Italian SMEs with RFLTC's strategic growth initiatives

RedFish LongTerm Capital (RFLTC), founded in 2020 by Paolo Pescetto, Andrea Rossotti, and the Bazoli and Gitti families, specializes as an industrial holding firm, focusing on acquiring stakes in established Italian family-owned small and medium-sized enterprises (SMEs). RFLTC aims to catalyze a new phase of growth in these enterprises, leveraging its expertise in complex transactions and effective managerial strategies. Utilizing a flexible approach, RFLTC acquires minority or majority stakes, intending to retain investments long-term. Collaborative club deals with other investors are common, fostering sustainable growth and enduring value within its portfolio. RFLTC prioritizes enhancing economic and financial planning, implementing robust management control systems, and optimizing financing sources. Its professionals actively participate in the administrative and control bodies of portfolio companies, facilitating growth and value creation. The company benefits from a robust network for opportunity identification and strategic and financial support. Revenue streams include dividends from portfolio companies, fixed consultancy fees, and variable fees based on agreement duration and transactions. Managed by a Board of Directors comprising individuals with diverse expertise, RFLTC aims for continued growth and value creation, driven by its commitment to enduring partnerships and strategic investments.

RFLTC operating structure

A rather well diversified portfolio company structure



¹ Market Cap as at 01.12.23

² Market Cap as at 01.12.23

³ As at 31.12.2023 RFLTC held a 32% share of PureLabs with 4 M€ paid out of a total of 12 M€, in January 28 the AuCap of 15 M€ was completed, and RFLTC has a 26.7% share to date

Source: Company data

Business Model: Disciplined investment strategy for sustainable growth

RFLTC employs a comprehensive, disciplined investment approach to identify and capitalise on prospects, leveraging an extensive network to scout approximately two opportunities weekly. In-depth evaluations by internal and external experts ensure alignment with strategic goals before Board approval. RFLTC focuses on sustainable financing, utilising third-party investments and adhering to responsible investment principles by excluding certain sectors. Growth strategies encompass operational efficiency, targeted acquisitions, and financial management enhancements. International expansion is pursued through foreign advisor engagement and scouting overseas opportunities. Quarterly monitoring by dedicated teams ensures constant performance assessment, compliance, and strategic alignment across subsidiaries. RFLTC's five-phase model (identification, analysis, structuring, financing, and growth) maximises long-term value creation. This involves rigorous due diligence, strategic investment planning, and thorough post-investment oversight, aiming for operational improvements and market expansion while mitigating financial risks through diversified funding sources.

RedFish LTC business model

Five phases value generation business model



Source: Company data

Portfolio Companies: A strategic and rather diversified blend of dynamic industries

RFLTC has meticulously constructed a diverse portfolio comprising seven dynamic companies, strategically chosen to mitigate industry-specific risks. Each entity operates in distinct sectors, ensuring a well-rounded investment approach. These ventures include Convergenze, a stalwart in Utilities; Tesi, a pioneer in Aerospace; Solid World, a technology frontrunner; Expo Inox, a leader in Stainless Steel Chimneys; Movinter, an innovator in Railroad Equipment; PureLabs, a beacon in Healthcare Services; and Six Italia, a powerhouse in Railroad and Naval Equipment. Such diversification not only spreads risk but also taps into various sectors' growth potential. Moreover, RFLTC's commitment to enhancing its portfolio's breadth and depth is evidenced by its investment in Polieco, slated for finalization by June 2024. This strategic move reflects RFLTC's proactive approach to capitalizing on emerging opportunities while fortifying its existing investments. Among RFLTC's portfolio companies, Expo Inox stands out as a testament to strategic investment. Established in 1993, Expo Inox has transformed into a global player in metallic smoke systems, with a consolidated turnover of Eu50mn in 2021. RFLTC's acquisition of a 20% stake in Expo Inox in November 2022 further catalyzed its growth, propelling its turnover to Eu67.0mn in 2022. Expo Inox's expansion strategy includes penetrating new markets, as demonstrated by its acquisition of 95% of A1 Flue Systems in Nottingham (UK) in December 2023. Movinter, specializing in railway components, has also experienced substantial growth, with consolidated production value reaching Eu67.0mn in 2023. Its success is fuelled by securing pivotal contracts in Spain and Germany, coupled with strategic partnerships with leading multinational firms. Six Italia, renowned for its expertise in fire protection and naval projects, joined RFLTC's portfolio in December 2023. This strategic acquisition aligns with RFLTC's objective of achieving competitive positioning and market integration, particularly within the rail sector. Furthermore, RFLTC's recent acquisition of SAIEP underscores its commitment to horizontal integration in the Aerospace, Rail & Navy markets. Founded in 1976, SAIEP boasts a strong market presence, further enhancing RFLTC's diversified investment strategy.

Current portfolio companies

Strategic diversification: RFLTC's dynamic portfolio reduces industry risk exposure

Eu mn	Acquisition Date	EV/EBITDA ¹	Business, Industry	BV, Eu mn	% Acq.	Sales	EBITDA	NFP/EBITDA
Expo Inox	Nov-22	4.7x	Industrial - Stainless Steel	6.0	20.0%	66.3	12.8%	1.7x
Movinter + Six Italia + Saiep	Apr-23	5.2x	Industrial - Lightweight Railway	17.8	96.0%	56.9	9.5%	1.4x
Polieco	Feb-24	4.4x	Industrial - Pipes and Manhole	16.0	15.0%	200.0	22.5%	0.0x
Pure Labs	Nov-23	5.5x	Health - Diagnostic Centres	4.0	32.0%	10.0	15.0%	3.1x
Tesi	Oct-21	8.0x	Industrial - Aerospace Components	6.3	20.0%	20.0	23.0%	0.6x
Total Private				50.1				
Convergenze	Jul-20		Utility - Energy, Natural Gas and Fiber	1.3	9.6%	22.8	14.0%	1.7x
SolidWorld	Dec-21		Tech. - 3D Printing & PV	4.9	8.8%	66.6	5.1%	4.5x
Total Public				6.2				

Source: Company data, Alantra, 1) acquisition multiple

The market and the competitive arena: RFLTC drives expansion in Italian SME investment landscape

RFLTC operates as a pivotal player in the Italian market, assuming a hands-on role in the oversight and nurturing of its invested companies. This involves crafting strategic blueprints for long-term expansion while maintaining vigilance over daily operations and performance. Italy's economic landscape is dominated by SMEs, renowned for their niche expertise. In 2022, these firms, numbering 157,000, generated approximately Eu204bn in collective revenue, reflecting resilience despite geopolitical tensions and commodity price fluctuations. RFLTC strategically invests in these SMEs, focusing on long-term growth rather than quick divestments. This approach diverges from traditional private equity models, aiming to reward investors through potential dividends and share value appreciation post-IPO. RFLTC's investment focus centers on family-owned or transitioning SMEs, augmenting their growth trajectory by introducing specialized personnel and efficient management systems. Moreover, its extended investment horizon, devoid of predetermined exits, distinguishes it from typical financial entities, aligning more closely with the strategic objectives of its investees. By concentrating on private enterprises, RFLTC offers investors an exclusive portfolio proposition with the potential for superior returns and enhanced risk mitigation. This unique investment strategy, blending exclusivity, growth prospects, and diversification benefits, positions RFLTC as a trailblazer in the realm of investment holding, providing a compelling alternative to conventional approaches.

RFLTC competitive positioning

RFLTC, a distinctive inv. holding, focuses on SMEs, aiding growth through hands-on management and extended investment periods without predetermined exits.

	HOLDING PERIOD	SHARES LIQUIDABILITY & CAPITAL INCREASES	SECTORS & INVESTEES	OPERATION TYPE	SUPERVISIONING
RFLTC	Long holding period with no predetermined exit	Capital Increases with no restrictions	Generalist with no restrictions in its Article of Association	Minorities, majorities, convertible loans, debt to support Investees	N.A.
CLUB DEAL	3/5 years with drag-along clause	Only with disinvestments of investee companies	Mono target	Minorities or majorities	N.A.
SGR	3/5 years with predetermined exit	No capital increases, closed funds Redemption at maturity	Article of Association identifies target sectors	Article of Association specifies minorities, majorities or debt	Bank of Italy & Consob
SICAF	3/5 years with predetermined exit	No capital increases, closed funds Redemption at maturity	Article of Association identifies target sectors	Article of Association specifies minorities, majorities or debt	Bank of Italy & Consob
ELTIF	3/5 years with predetermined exit	No capital increases, closed funds Redemption at maturity or through the stock market	70% in qualifying targets, 30% free	Minorities/ Majorities/ Debt / listed companies	Bank of Italy & Consob

Source: Company data

Stakeholders' remuneration: RFLTC's strategic growth combines shareholders, managers, founders

Within the complex framework of a holding company, shareholders, managers, and founding partners fulfil distinct yet intertwined roles. Shareholders invest capital, managers oversee operations, and founding partners provide vision. Together, they navigate the company's trajectory, driving it towards sustainable growth. These stakeholders form the bedrock of the holding company, each contributing uniquely to its direction and prosperity. Shareholders inject funds, managers execute strategies, and founding partners offer strategic insight. Remunerating shareholders involves dividends and share value appreciation. Founding partners benefit from dedicated dividend structures and increased influence. Managers receive fixed compensation and performance-based incentives, aligning their interests with company objectives. RFLTC's compensation strategy underscores its dedication to fostering long-term value and stakeholder alignment.

Strategy: RFLTC's IPO strategically fuels growth and value creation endeavours

RFLTC's initial public offering (IPO) wasn't just about market visibility; it was about fueling ambitious growth plans and value creation strategies. Raised capital is earmarked for two key objectives. Firstly, exploring new investment avenues involves meticulous evaluation of industrial prospects within strategic sectors. Thorough due diligence precedes negotiations to ensure alignment with the overarching strategy. Robust governance frameworks and dividend distribution strategies augment company value while mitigating sector-specific risks. Secondly, value-enhancing interventions focus on portfolio companies. Proactive scouting efforts and sectoral consolidation bolster market presence and competitiveness. RFLTC's active involvement leverages expertise, capabilities, and financial resources to expedite growth trajectories. External initiatives enrich companies with novel offerings and expanded market reach, fostering the emergence of industrial leaders capable of global competition. In summary, RFLTC's IPO signifies not just market entry, but a strategic move to secure resources for targeted investments and interventions. This approach aims not only to mitigate risks but also to position RFLTC and its portfolio companies for sustained growth and competitiveness in dynamic global markets.

Recent results, FY23

Since RFLTC operates as a specialised industrial holding company, the value generated by the subsidiary companies is primarily reflected in the earnings results, which enable the distribution of dividend flows that ultimately reach RFLTC. And this allows, in addition to capital inflows possibly received through capital increases too and potential divestments of subsidiaries, to evaluate further acquisitions or add-ons to the companies already in the portfolio. RFLTC's FY23 results depict a promising trajectory, driven by subsidiary earnings and strategic investments. With the Value of Production soaring to Eu0.3mn and Earnings Before Tax reaching Eu5.4mn, the company demonstrates robust financial performance. In FY23, RFLTC's consolidated financials integrate Movinter's contribution, elevating revenues to Eu18.9mn. Despite a positive EBITDA of Eu1.5mn, EBIT remained negative at Eu322k, primarily due to increased depreciation. The Pro-Forma Consolidated FY23 results reflect a substantial revenue increase to Eu41.7mn, driven by strategic acquisitions. With a combined backlog of Eu43.9mn for Movinter and Six Italia, RFLTC is poised for further growth, despite potential delivery delays impacting revenue conversion into 2025 and beyond.

RFLTC FY23 P&L

2023 figures benefited from the dividend distributed from the vehicle RFLTC1 following the sale of MaticMind

Eu k	FY22A	FY23A	% YoY
Net revenues	80	200	151.3%
Value of Production	80	274	
Raw Materials	(0)	(3)	
Services	(453)	(677)	
Personnel Costs	(33)	(257)	
Rents	(19)	(61)	
Other Operating Costs	(5)	(9)	
EBITDA Adj.	(430)	(733)	70.5%
D&A	(14)	(183)	
EBIT Adj.	(444)	(916)	106.3%
Net financial income (costs)	(231)	(801)	
Associates	0	6,916	←
Write-up / (Write-Down) of Equity Investments	65	145	
Pre-tax profits	(610)	5,344	nm
Taxes	0	0	
Net Profit	(544)	5,489	nm

Source: Company data

RFLTC FY23 Balance sheet

In 2023 RFLTC invested in Movinter and Pure Labs: participations increase by Eu15mn

Eu k	FY22A	FY23A	% YoY
Net Working capital	47	(1,166)	nm
Property, plant and equipment	24	29	
Intangible assets	213	691	
Financial assets	14,270	29,319	←
Total fixed assets	14,507	30,039	107.1%
Funds	(1)	(13)	
Net Invested Capital	14,552	28,860	98.3%
Short Term debts	4,002	3,718	
Long Term debts	7,490	4,800	
Short term credits	(4,562)	(2,563)	
Cash	(8,838)	(5,909)	
Net Debt (Cash)	(1,908)	46	nm
Shareholders Equity	16,460	28,814	75.0%
Source of Funds	14,552	28,860	98.3%

Source: Company data

Valuation: PT stands at Eu2.3/s

In determining the fair valuation of RFLTC, a multifaceted approach blends quantitative metrics with qualitative assessments. Key quantitative considerations involve analyzing financial statements, debt levels, and valuation metrics. Qualitative factors include management competency, business strategy effectiveness, and growth prospects. Diversification, risk management, and legal compliance are integral. Net Asset Value (NAV) valuation, which breaks down the company into units corresponding to individual participating companies for separate assessment, is preferred. Investments in companies like Tesi, Expo Inox, Movinter, Pure Labs, and Polieco are evaluated through EV/EBITDA multiples. Stakes in Convergenze and SolidWorld Group are assessed at market value due to their listing status. Alantra starts coverage on RFLTC with a BUY recommendation and a PT of EUR 2.3/share, indicating a 70% upside.

RFLTC Net Asset Value

The Net Asset Value of RFLTC highlights a significant undervaluation of the stock, 70% at current price

Net Asset Value	Eu mn	Eu/s FD	% on GNAV	Methodology
Tesi	8.2	0.30	10%	24E Peers Median EV/EBITDA 9.3x
Expo Inox	5.7	0.21	7%	24E Peers Median EV/EBITDA 4.5x
Movinter + Six Italia + Saiep	32.9	1.19	38%	24E Peers Median EV/EBITDA 8.2x, excluding Six Italia min.
Pure Labs	3.7	0.13	4%	24E Peers Median EV/EBITDA 7.8x
Polieco	29.2	1.05	34%	24E Peers Median EV/EBITDA 8.8x, 51% of the vehicle
Total Private Companies	79.8	2.88	93%	
Convergenze	1.3	0.05	1%	Market Value, Eu1.78/s
SolidWorld	4.9	0.18	6%	Market Value, Eu3.58/s
Total Listed Companies	6.2	0.22	7%	
Gross Net Asset Value	85.9	3.10	100%	
NFP (debt)/cash	(0.0)	(0.00)		Parent Company, last reported (FY23)
NFP adjustments	(5.6)	(0.20)		
Capital increase Mar-24	10.4			
Polieco acq. Feb-24	(16.0)			
Net Asset Value	80.3	2.90		
Holding discount	20%			
Price Target	64.2	2.30	70% Upside	

Source: Company data

RFLTC holding discount qualitative assessment matrix

Based on this matrix, we consider a 20% holding discount to be fair for RFLTC

Criteria	Low	Medium	High
Liquidity and marketability	Stock liquidity: 1M av. daily turn. of Eu20k		
Control and influence		One participation at 100%, the others are at some 20%	
Diversification of asset	Almost 70% of Gross Net Asset Value in two sectors		
Management quality and strategy			Specialized management with in-house expertise
Transparency and reporting		Good level of reporting, including quarterly KPIs	

Source: Alantra

Main risks: RFLTC manoeuvres perils, ensuring investor confidence amidst market challenges

RFLTC faces several risks, including market volatility in small-cap stocks impacting portfolio value. Inadequate due diligence might reveal operational inefficiencies in potential targets, but RFLTC has a successful integration record. Transparency issues in management remuneration could diverge investor interests, but top management are shareholders. Exposure to specific sectors, notably infrastructure, presents cyclicity risks, but RFLTC is diversifying. Higher inflation increases borrowing costs, potentially reducing investment attractiveness. Dependency on key individuals like Paolo Pescetto and Andrea Rossotti is a concern. Despite these risks, RFLTC's strategic approach and track record mitigate potential impacts, fostering investor confidence in its long-term growth prospects.

Profile

RedFish LongTerm Capital (RFLTC), founded in 2020 by Paolo Pescetto, Andrea Rossotti, and the Bazoli and Gitti families, specializes as an industrial holding firm, focusing on acquiring stakes in established Italian family-owned small and medium-sized enterprises (SMEs). RFLTC aims to catalyze a new phase of growth in these enterprises, leveraging its expertise in complex transactions and effective managerial strategies. Utilizing a flexible approach, RFLTC acquires minority or majority stakes, intending to retain investments long-term. Collaborative club deals with other investors are common, fostering sustainable growth and enduring value within its portfolio. RFLTC prioritizes enhancing economic and financial planning, implementing robust management control systems, and optimizing financing sources. Its professionals actively participate in the administrative and control bodies of portfolio companies, facilitating growth and value creation. The company benefits from a robust network for opportunity identification and strategic and financial support. Revenue streams include dividends from portfolio companies, fixed consultancy fees, and variable fees based on agreement duration and transactions. Managed by a Board of Directors comprising individuals with diverse expertise, RFLTC aims for continued growth and value creation, driven by its commitment to enduring partnerships and strategic investments.

Empowering Italian SMEs with RFLTC's strategic growth initiatives

RedFish LongTerm Capital (RFLTC), established in 2020 by Paolo Pescetto, Andrea Rossotti, along with the Bazoli and Gitti families, functions as a specialised industrial holding company, concentrating its efforts on acquiring stakes in established Italian family-owned small and medium-sized enterprises. These enterprises have typically advanced to a stage where the infusion of a partner like RFLTC can strategically trigger a new phase of growth. This critical juncture demands expertise in navigating complex transactions and, importantly, in implementing effective managerial strategies to drive the business forward.

RFLTC employs a flexible approach, procuring either minority or majority stakes with the aim of retaining these investments over the long term. This commitment to enduring ownership is carried out through both proprietary investment avenues and collaborative club deal structures, which involve the participation of other astute investors. Through these avenues, RFLTC seeks to cultivate sustainable growth and generate enduring value within its portfolio companies.

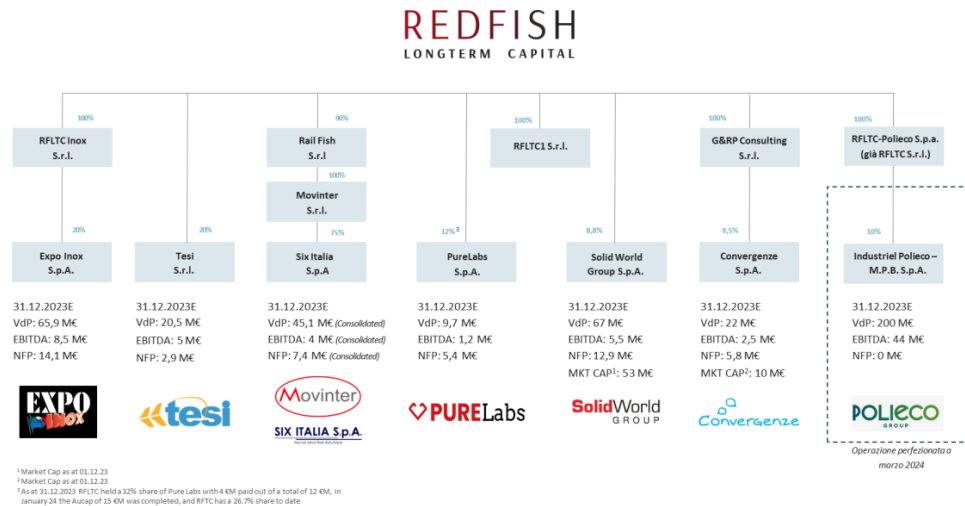
Moreover, RFLTC aims to contribute to the improvement of key areas such as economic and financial planning, the establishment of robust management control systems, and the monitoring phase of company operations. Additionally, RFLTC strives to optimize financing sources and, critically, to identify and assess potential growth objectives for its portfolio companies. The group adopts a strategy centered on having professionals designated by the issuer within the administrative and/or control bodies of the portfolio companies. This presence serves not only for oversight but primarily for the transfer of expertise to drive growth and value creation.

RFLTC benefits from a solid network of relationships stemming from the founders' and management's connections. This network is crucial for identifying opportunities and providing strategic and financial support throughout the investment phases, subsequent development, and the growth of the portfolio companies. The business model entails revenue streams from service fees and returns from investments, comprising:

- Dividends distributed by the portfolio companies: such revenue streams may be anticipated based on projections from investment agreements, provided the portfolio companies record distributable profits.
- Annual fixed fees received directly by RFLTC, stemming from consultancy contracts signed with the portfolio companies ranging between Eu 30k and Eu 50k.
- Additional variable fees, contingent upon the duration of agreements and extraordinary transactions carried out, paid to RFLTC for consultancy services provided to the portfolio companies.

RFLTC operating structure

A rather well diversified portfolio company structure



Source: Company data

Board of Directors, Corporate Governance and Shareholders Structure

RFLTC's operations are overseen by a management team with specific expertise in sourcing, selecting, analysing, and defining investment opportunities. Additionally, the structure includes in-house analysts and legal professionals who contribute their specialised skills at various stages of the business model.

Paolo Pescetto – Founder, Chairman and Investor Relations

Graduated in Business Administration from Bocconi University in Milan, he has acquired experience in both the Private Equity sector and corporate management. He has been involved in direct investments, founding RFLTC, initially organising club deals from 2012 to 2018, and subsequently implementing a system of industrial investment holdings that combine capital investment with consultancy expertise in creating long-term value. Until 2018, he was actively engaged with Arkios Italy, an independent financial advisor specialising in M&A and corporate finance transactions involving SMEs and listing processes. He has held managerial positions in prominent strategic consulting firms such as Value Partners and BCG. He has also served as a professor of business strategy at the University of Genoa and at MIP (Master Impresa Politecnico).

Andrea Rossotti – Founder and Chief Executive Officer

Graduate in Management Engineering from the University of Genoa, Andrea specialised in merger & acquisition and project financing at LUISS Guido Carli University in Rome. He has held various positions as an advisor in industrial participation holdings, directly managing subsidiaries in France and Italy, serving as General Manager and CFO. In 2011, he was part of the founding team of Arkios Italy, a boutique M&A advisory firm specialising in the small & mid-cap arena, where he executed several extraordinary finance transactions with major Italian and international private equity funds. This experience provided him with a solid foundation in financial analysis, business analysis, and financial modelling. He is a founding partner of RFLTC and has served on the Board of Directors of several companies within the Company's portfolio. Since 2020, he has also been a member of the Board of Auditors of the Italian-Uzbek Chamber of Commerce, contributing to the development and promotion of trade between the two countries.

Francesca Bazoli – Founder and Member of the Board

Graduated in Law from the Università Cattolica in Milan, she has been practicing as a lawyer since 1994. Francesca is a founding partner of the legal and tax firm Studium 19.12, specialising in civil and corporate law, commercial and bankruptcy law, as well as financial and banking markets. She serves as a board member for several foundations. Additionally, she holds various roles on the boards of several Italian companies. Previously, she served as a board member for Panaria Group Industrie Ceramiche and as a member of the Supervisory Board for UBI Banca.

Ernesto Paolillo - Member of the Board

Graduated in Economics and Business Administration from the Università Cattolica del Sacro Cuore in Milan, he has extensive experience, particularly in the banking sector, with significant roles held abroad at Banca Commerciale Italiana, Interbanca Milano, and Banca Popolare di Milano, where he served as General Manager. Ernesto has held numerous positions on the boards of directors of leading Italian and foreign companies. Specifically, he has been a board member of Anima SGR, Fiera Milano, Banca Akros, and UBS Italia. Currently, he serves on the boards of Fondazione Pirelli Hangar Bicocca, Fondazione Pierlombardo, and BE Consulting. Paolo has been honored with the title of Knight of the Grand Cross of the Order of Merit of the Italian Republic by the President of the Italian Republic and awarded the Ambrogino d'Oro by the Municipality of Milan.

Luigi Pacella Grimaldi – Member of the Board

Graduated in Business Administration from Bocconi University in Milan, obtained a master's degree from IE Business School in Madrid. He gained experience as an analyst at Mediobanca and since 2017 has served as the operation and commercial manager of the family company Grimaldi Group, one of the leading international players in logistics, specialising in roll-on/roll-off ships, car carriers, and ferries.

Massimo Lapucci - Member of the Board (Independent)

Massimo is the CEO and Founder of Impactvalue, specialising in Financial Advisory, M&A, Sustainability, ESG, Tech & Innovation, and Philanthropy. He previously led OGR Torino's transformation into a Contemporary Art Center and an international innovation hub, accelerating around 130 startups annually and raising Eu300mn. Massimo was also the CEO of Fondazione CRT and Fondazione Sviluppo e Crescita – CRT, focusing on impact investing. He served as Chairman of the European Foundation Centre in Brussels and has extensive international experience as a director across various sectors. A Yale World Fellow, he is also Vice President of the Social Impact Agenda for Italy and has held senior roles in Sintonia SA and strategic planning, research, and M&A.

Raffaella Viscardi - Member of the Board (Independent)

Graduated in Business Economics from Bocconi University in Milan, Raffaella is a seasoned finance professional with over 20 years of experience in wealth management and finance. Currently serving as the CFO CIO of the VIRIS group, she is responsible for managing banking relationships and negotiating financing agreements for the group, overseeing budgeting, business planning, and tax management. Additionally, she holds positions as an independent director in several listed companies and multinational corporations. With a strong background in project management, industrial investments, and national and international private equity investments, she brings valuable expertise to her roles.

A skilled, highly experienced, and driven Board of Directors

Paolo Pescetto (CH), Andrea Rossotti (CEO), Francesca Bazoli, Ernesto Paolillo, Luigi Pacella Grimaldi, Massimo Lapucci (Independent) and Raffaella Viscardi (Independent)



Source: Company presentation

RFLTC share capital is equal to Euro Eu14.5mn and it is divided into 25.8mn ordinary shares. The major shareholder is Maior Srl, a company attributable to the Gottardo family, with 19.1% of the share capital. Free float is 23%. Currently 5.0mn warrants are still outstanding, the conversion ratio is equal to 1 ordinary share for every 2 warrants held with increasing strike price, starting from the IPO price, at the rate of 10% per year for the remaining two exercise periods:

- 7-18 October 2024, strike price of Eu1.85.
- 6-17 October 2025, strike price of Eu2.00.

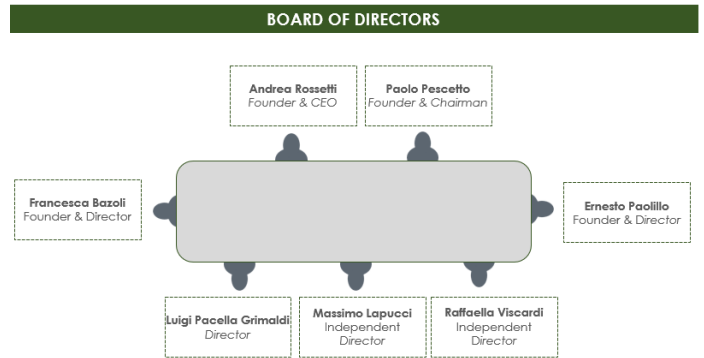
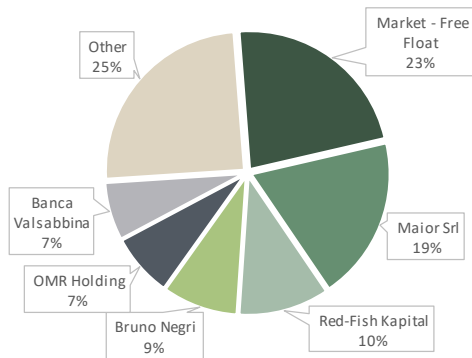
For the calculation of the fully diluted number of share we applied treasury share method, to consider the potential dilution implied by the existing instruments.

The company is managed by a BoD of seven members in charge for the three-year period 2023-25

- Paolo Pescetto - Chairman
- Andrea Rossotti – CEO
- Francesca Bazoli – Director
- Ernesto Paolillo – Director
- Luigi Pacella Grimaldi – Director
- Massimo Lapucci – Independent Director
- Raffaella Viscardi – Independent Director

RFLTC Shareholder Structure and Corporate Governance

The company is managed by a Board of Directors of seven members in charge for the three-year period 2023-25



Source: Company data

Business Model

RFLTC employs a comprehensive, disciplined investment approach to identify and capitalise on prospects, leveraging an extensive network to scout approximately two opportunities weekly. In-depth evaluations by internal and external experts ensure alignment with strategic goals before Board approval. RFLTC focuses on sustainable financing, utilising third-party investments and adhering to responsible investment principles by excluding certain sectors. Growth strategies encompass operational efficiency, targeted acquisitions, and financial management enhancements. International expansion is pursued through foreign advisor engagement and scouting overseas opportunities. Quarterly monitoring by dedicated teams ensures constant performance assessment, compliance, and strategic alignment across subsidiaries. RFLTC's five-phase model (identification, analysis, structuring, financing, and growth) maximises long-term value creation. This involves rigorous due diligence, strategic investment planning, and thorough post-investment oversight, aiming for operational improvements and market expansion while mitigating financial risks through diversified funding sources.

Disciplined investment strategy for sustainable growth

RFLTC identifies investment prospects, utilizing its network and scouting efforts, with an average of two opportunities weekly. Thorough analysis by in-house and external experts informs investment decisions, ensuring alignment with strategic goals. The Board reviews and approves investment structures, emphasizing sustainable financing through third-party investments. Growth strategies focus on operational efficiency, targeted acquisitions, and financial management improvements. International expansion efforts involve identifying opportunities abroad and engaging foreign advisors. Quarterly monitoring ensures informed decision-making and compliance within subsidiaries, facilitating ongoing strategic initiatives. Overall, RFLTC's disciplined approach to investment includes comprehensive analysis, strategic planning, and continuous monitoring to maximize long-term value creation while mitigating financial risks.

RFLTC business model

Five phases value generation business model



Source: Company data

Potential target identification

The group's value chain initiates with the identification of investment prospects, sourced regularly through its expansive network and ongoing scouting efforts. The process of selecting potential investees is pivotal within the investment lifecycle, with management receiving an average of two opportunities each week. RFLTC's robust network and established market presence position it as an attractive partner for companies seeking sustained growth. The scouting team, consisting of five resources composed by investment managers and financial analysts, conducts comprehensive investigations and analyses of prospective opportunities. Following identification, these prospects undergo rigorous scrutiny before negotiations are initiated, ensuring thorough due diligence and informed decision-making.

While the Issuer shows interest in various sectors like precision mechanics, aerospace, railways, food, information and communication technologies, oil & gas, and telecommunications, it primarily selects targets, listed or unlisted, meeting specific criteria:

- EBITDA over Eu2mn with expected margins of at least 10% and consistent growth in turnover and profitability.
- Competitive niche market positioning with intellectual property protection.
- Family-controlled share capital, with the will to retain involvement and managerial continuity.
- Openness to governance with RFLTC designated members.
- Potential growth via external strategies.

For ESG compliance, RFLTC avoids sectors like weapons, tobacco, gambling, pornography, and illegal activities, adhering to responsible investment principles.

Investment analysis

During this phase, RFLTC undertakes a thorough evaluation process, utilizing both internal expertise and external resources. The company assigns members of its management team who possess specialized knowledge of the target company's market, acquired through their direct experience or professional training. Additionally, RFLTC engages industry experts, selected for their deep understanding of the sector in which the potential investee operates, to provide valuable insights.

The analytical aspect of this phase primarily involves RFLTC's in-house analysts, who work under the guidance of the investment managers. They delve into numerical data, scrutinizing financial metrics and performance indicators to assess the viability and potential of the target company. The evaluation process extends beyond mere number-crunching. Through collaborative sessions with the target company's management, RFLTC explores qualitative aspects such as market positioning, growth opportunities, capital structure, customer relationships, and other pertinent factors. This holistic approach ensures a comprehensive understanding of the target company's operations and potential.

Following this detailed analysis, RFLTC reaches a pivotal decision: whether to formalize its interest in investing. This decision is often articulated through the drafting of a non-binding letter of intent, outlining the terms and conditions of the proposed investment.

Furthermore, the investment team identifies specific areas necessitating deeper scrutiny during the due diligence phase. This encompasses not only financial considerations but also environmental, social, and governance (ESG) factors. Preceding this, RFLTC conducts significance analyses to determine the necessity of environmental and reputational due diligence.

Overall management of this phase falls under the purview of key stakeholders, including the CEO, investment managers, and legal director. They collaborate to ensure that findings and recommendations are comprehensively presented to the Board of Directors for further discussion and decision-making.

Investment structuring

The letter of intent signifies an important step in the investment process, receiving careful consideration from the Board of Directors. This review encompasses both strategic and financial aspects, examining factors like the investment's structure, terms, and governance framework. If approved, the due diligence phase begins, involving thorough assessments across financial, tax, business, and legal areas. RFLTC may engage external consultants during this phase for specialized analyses.

After completing due diligence, RFLTC proceeds with crafting and negotiating investment agreements, requiring attention to detail and effective communication. Subsequently, the Board reviews and approves resolutions regarding the investment's structure, including considerations on standalone or co-investment arrangements, and specific contractual clauses.

Aligned with its goal of maximizing investment returns, RFLTC proposes dividend distribution policies to potential investee companies, contingent on specific financial criteria. Additionally, RFLTC encourages investee companies to adopt Environmental, Social, and Governance (ESG) initiatives to address relevant risks and promote sustainability.

Despite numerous opportunities, RFLTC conducts thorough analyses and formulates strategic documents, such as letters of intent and expressions of interest, for various initiatives. However, only a select few progress beyond the due diligence phase, reflecting the disciplined approach of RFLTC's investment strategy.

Investment financing

The group primarily funds its operations through third-party investments, including capital increases and bond issuances. RFLTC raised a total consideration of Eu27.9mn through various means, such as capital increases, convertible bond loans, non-convertible bond offerings, and bank financing, using equity and debt crowdfunding platforms within legal boundaries. This strategy aims to reduce costs and gradually incorporate bank financing and debt instruments, structured to ensure sustainable cash flows for debt repayment, estimated after six or seven investments in participating companies. Future acquisitions will also be likely funded through further subscription offers for increases in the issuer's share capital.

Additionally, reinvestment by selling shareholders of participating companies is anticipated, with specific instruments like non-convertible bond loans or increases in the issuer's capital structured for such cases. The value chain phase involving fundraising and conflict management is overseen by the CEO, investment managers, and legal director, coordinating due diligence activities and investment contract drafting.

RFLTC aims to achieve investment objectives while mitigating financial risks through diversified funding and strategic capital raising. Emphasizing disciplined financial management and proactive conflict resolution underscores the group's commitment to transparency, integrity, and long-term value creation.

Growth/Value creation

The group's strategy for growth is structured around three core areas. Firstly, it aims to improve operational efficiency and processes by integrating new strategic skills from RFLTC managers and leveraging the RFLTC network. Secondly, it seeks out potential acquisition targets for its companies, aiming to expand into complementary markets. Lastly, the group works on refining financial management structures and improving access to equity and credit through the issuer's established relationships. It also focuses on building industrial relationships and synergies among its companies to access new markets, improve production processes, and margins. During this phase, RFLTC engages in activities aimed at enhancing the long-term value of its companies. This includes utilizing managers' expertise, internal structures, and resources, often through agreements where RFLTC provides specific services. These agreements cover various forms of support:

- The growth support strategy involves collaborating with company management to develop acquisition strategies and expansion plans, both nationally and internationally. This includes conducting thorough scouting and preliminary analysis to identify potential targets and evaluate their financial and business data. Coordinating negotiations with legal consultants ensures favorable transaction terms, while performing financial and business due diligence on potential targets helps in making informed investment decisions. Lastly, assistance in defining investment terms ensures smooth execution of transactions.
- Supporting organic growth and enhancing value encompasses several activities. This includes overseeing key economic and financial indicators through monitoring services, collaborating closely with company management to formulate growth strategies, facilitating debt procurement through direct negotiations with financial institutions and conducting cash flow modeling, aiding in the selection of skilled managers to drive organic growth, and assisting company management in planning and structuring activities ahead of a potential listing.

Additionally, internationalization efforts involve identifying potential overseas locations and engaging foreign advisors from RFLTC's network. These agreements are fundamental to RFLTC's investment approach, enabling ongoing engagement, oversight, knowledge transfer, and idea exchange within company boards. These consultancy contracts also serve as a crucial revenue stream for RFLTC while driving long-term value for its companies.

Monitoring

The subsidiary operations are monitored quarterly by the team, focusing on aspects such as business growth, ongoing strategic initiatives, financial management, and governance of acquired companies. This regular oversight ensures that the BoD stays informed about performance, development trends, and outcomes.

During this phase, information is gathered from the subsidiaries by the analyst team, analyzed, and used to prepare periodic reports, then presented to the BoD. Each specific subsidiary is overseen during this phase of the value chain by an investment manager, along with the CEO and analysts, ensuring thorough monitoring and analysis. Additionally, reporting to the legal director may be involved in this phase, providing updates on compliance and corporate activities within the subsidiaries.

Portfolio Companies

RFLTC has meticulously constructed a diverse portfolio comprising seven dynamic companies, strategically chosen to mitigate industry-specific risks. Each entity operates in distinct sectors, ensuring a well-rounded investment approach. These ventures include Convergenze, a stalwart in Utilities; Tesi, a pioneer in Aerospace; Solid World, a technology frontrunner; Expo Inox, a leader in Stainless Steel Chimneys; Movinter, an innovator in Railroad Equipment; PureLabs, a beacon in Healthcare Services; and Six Italia, a powerhouse in Railroad and Naval Equipment. Such diversification not only spreads risk but also taps into various sectors' growth potential. Moreover, RFLTC's commitment to enhancing its portfolio's breadth and depth is evidenced by its investment in Polieco, slated for finalization by June 2024. This strategic move reflects RFLTC's proactive approach to capitalizing on emerging opportunities while fortifying its existing investments. Among RFLTC's portfolio companies, Expo Inox stands out as a testament to strategic investment. Established in 1993, Expo Inox has transformed into a global player in metallic smoke systems, with a consolidated turnover of Eu50mn in 2021. RFLTC's acquisition of a 20% stake in Expo Inox in November 2022 further catalyzed its growth, propelling its turnover to Eu67.0mn in 2022. Expo Inox's expansion strategy includes penetrating new markets, as demonstrated by its acquisition of 95% of A1 Flue Systems in Nottingham (UK) in December 2023. Movinter, specializing in railway components, has also experienced substantial growth, with consolidated production value reaching Eu67.0mn in 2023. Its success is fuelled by securing pivotal contracts in Spain and Germany, coupled with strategic partnerships with leading multinational firms. Six Italia, renowned for its expertise in fire protection and naval projects, joined RFLTC's portfolio in December 2023. This strategic acquisition aligns with RFLTC's objective of achieving competitive positioning and market integration, particularly within the rail sector. Furthermore, RFLTC's recent acquisition of SAIEP underscores its commitment to horizontal integration in the Aerospace, Rail & Navy markets. Founded in 1976, SAIEP boasts a strong market presence, further enhancing RFLTC's diversified investment strategy.

RFLTC's varied portfolio: strategic growth across diverse industries

RFLTC has strategically curated a robust portfolio comprising seven dynamic companies, each operating in distinct sectors, thereby reducing overall industry risk exposure. These ventures include Convergenze, a stalwart in Utilities; Tesi, a trailblazer in Aerospace; Solid World, a pioneer in Technology; Expo Inox, a leading name in Stainless Steel Chimneys; Movinter, an innovator in Railroad Equipment; PureLabs, a beacon in Healthcare Services; and Six Italia, a powerhouse in Railroad and Naval Equipment. Moreover, the forthcoming investment in Polieco – MPB is slated for finalization by the conclusion of June 2024, further enhancing the breadth and depth of RFLTC's investment strategy.

RFLTC current portfolio companies

Strategic diversification: RFLTC's dynamic portfolio reduces industry risk exposure

Eu mn	Acquisition Date	EV/EBITDA ¹	Business, Industry	BV, Eu mn	% Acq.	Sales	EBITDA	NFP/EBITDA
Expo Inox	Nov-22	4.7x	Industrial - Stainless Steel	6.0	20.0%	66.3	12.8%	1.7x
Movinter + Six Italia + Saiep	Apr-23	5.2x	Industrial - Lightweight Railway	17.8	96.0%	56.9	9.5%	1.4x
Polieco	Feb-24	4.4x	Industrial - Pipes and Manhole	16.0	15.0%	200.0	22.5%	0.0x
Pure Labs	Nov-23	5.5x	Health - Diagnostic Centres	4.0	32.0%	10.0	15.0%	3.1x
Tesi	Oct-21	8.0x	Industrial - Aerospace Components	6.3	20.0%	20.0	23.0%	0.6x
Total Private				50.1				
Convergenze	Jul-20		Utility - Energy, Natural Gas and Fiber	1.3	9.6%	22.8	14.0%	1.7x
SolidWorld	Dec-21		Tech. - 3D Printing & PV	4.9	8.8%	66.6	5.1%	4.5x
Total Public				6.2				

Source: Company data, Alantra, 1) acquisition multiple



Expo Inox shareholder structure

RFLTC holds a 20% stake in the company, the remainder is in the hands of Mauro Travini, founder and CEO



Source: Company data

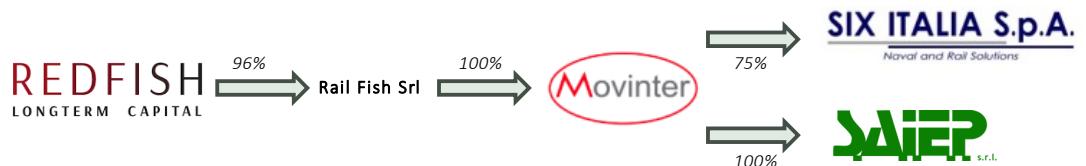
Expo Inox is based in the province of Pavia, established in 1993, and has since evolved into a qualified European player in the metallic smoke systems sector. It specializes in stainless steel (rigid or flexible), polypropylene (specifically for condensing generators), and carbon steel (painted or enamelled) smoke systems productions. In the past decade, Expo Inox's commercial development and acquisition strategy have propelled it into the realm of a small global player. Presently, the group operates several production facilities and distribution centers across various European countries such as France, Turkey, and Spain. Additionally, they boast a sales service supported by a drop-off logistics facility spanning over 20,000 square meters on the outskirts of Milan. In 2021, the company achieved a consolidated turnover of Eu50mn and an EBITDA of Eu6.0mn. In November 2022, RFLTC entered Expo Inox's capital through the vehicle RFLTC-Inox S.r.l., acquiring a 20% stake in Expo Inox for a total consideration of Eu6.0mn. The year 2022 marked significant growth for Expo Inox, with a consolidated turnover of approximately Eu67.0mn and an EBITDA of around Eu9.0mn. The group's objective is to expand further across Europe through acquisitions to consolidate its market position. Currently, several potential acquisition targets are under evaluation.

Furthermore, Expo Inox UK was established for direct entry into the UK market. In December 2023, the acquisition of 95% of A1 Flue Systems, located in Nottingham (UK), was finalized. A1 Flue Systems, a complementary operator, facilitates Expo Inox's structured entry into the UK market, adding approximately Eu10.0mn in additional turnover. In 2023 consolidated production value reached Eu67.0mn, EBITDA was Eu8.5mn, and a Net Financial Position (debt) came in at Eu14.0mn.



Movinter shareholder structure

RFLTC holds a 96% stake in the SPV Rail Fish, which holds 100% of Movinter, which holds 75% of Six Italia and 100% of Saiep



Source: Company data

Headquartered in Genoa, with its operational base located in Cairo Montenotte (SV), **Movinter** is a company specializing in the provision of components and assemblies for the railway industry. Their focus lies particularly in lightweight metalwork, encompassing a range of products such as boogie frames, cowcatchers, white water tanks, and driver desks. Additionally, they offer piping services, including the bending and pre-assembly of pipes and metal structures. Positioned as a Tier-1 partner, Movinter adeptly manages complex orders, primarily catering to key European players in the High-Speed Rail sector. With a workforce of 100 personnel, comprising both direct and indirect employees, Movinter operates within a production area spanning approximately 35,000 square meters. The company operates through two Business Units: 1) Sheet Metal Division: This division primarily focuses on manufacturing underfloor ducts, interior carriage components, and carriage roofs. 2) Piping Division: This segment specializes in bending and pre-assembling pipes.

In April 2023, RFLTC acquired Movinter for Eu8.5mn at the closing, with an additional deferred payment of Eu3.0mn. The deferred amount is set to be paid in instalments, with Eu1.5mn due by March 2024 and the remaining Eu1.5mn by September 2024. In 2021, the company embarked on a corporate restructuring initiative, involving substantial investments in 4.0 machinery and equipment, including the establishment of a new in-house painting department.

2023 concluded with a remarkable revenue growth of over 30% YoY, driven by significant contracts secured in the hydrogen bus market. Additionally, the company successfully entered the Spanish and German markets, securing several pivotal contracts in the high-speed railway sector. Moreover, a strategic partnership was established with a leading French multinational. As of December 31, 2023, the company boasted a customer order backlog amounting to Eu23.6mn. This backlog includes promising engagements with both new clients and sectors with high value-added propositions, particularly in infrastructure projects associated with the PNRR funds for high-speed and high-capacity lines.

Established in 1994 by Fabio Raffaghello and Fortunato Guida, **Six Italia** has remained under their strategic and operational guidance. The founders will continue to lead the company alongside the management of Movinter following the recent transaction. Over its history, Six Italia has solidified its position as a significant national player in the fire protection and soundproofing market. With a specialization in manufacturing products for prominent railway and naval projects over the past 15 years, Six Italia has contributed to endeavors such as ETR1000, AEMR, Caravaggio, Masaccio, Traxx, Submarines U212, Navy Serie Fremm, PPA, LHD & LPD trains. Based in Genoa with a production facility located in Silvano d'Orba (AL), Six Italia employs approximately 105 personnel. Additionally, the company has expanded its reach with a branch in Miami (Florida, US). This Miami location focuses on assembling thermal acoustic insulation kits for the American market, particularly for projects like the Baltimore Metro. In 2022, Six Italia reported sales of Eu16.5mn, with an EBITDA of Eu1.3mn and a NFP of Eu4.5mn. As of 1H23, the company's total assets amounted to Eu13.0mn. At the time of finalizing agreements with Movinter, Six Italia's order backlog relative to the total customer base stands at Eu 33mn. This backlog is distributed as follows: 5.6% for 2023, 58.2% for 2024, and the remaining portion allocated for subsequent years.

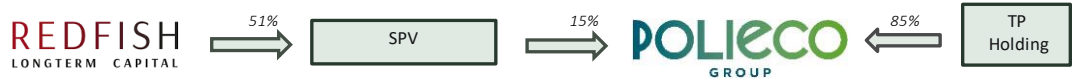
In December 2023, RFLTC, a subsidiary holding a 96% stake in Movinter, approved the subscription of a preliminary acquisition agreement to acquire a 75% stake in Six Italia. This transaction aligns with the company's strategy of horizontal integration in the Rail market, initiated with the acquisition of Movinter in March 2023. The objective is to enhance the offering of complex assembly kits and achieve a competitive positioning against major global manufacturers. 2023 Production Value totalled Eu15.9mn, an EBITDA of approximately Eu1.0mn, and a Net Financial Indebtedness of Eu4.4mn.

In addition, last 13-May, RFLTC and its subsidiary, Movinter, have approved the acquisition of 100% of SAIEP, a company specializing in the design and production of complex electronic systems, wiring, electrical panels, and control desks for the rolling stock market, including high-speed rail. Movinter will acquire SAIEP for Eu4.4mn. The acquisition aligns with RedFish's strategy of horizontal integration in the Aerospace, Rail & Maritime market. Founded in 1976 by the Santi family, SAIEP has become a key player in the European market, with operations in Italy and Tunisia. In 2023, it recorded a turnover of Eu16mn, EBITDA of Eu0.9mn, and a net cash position of Eu0.2mn, with a backlog of Eu21.9mn as of March 31, 2024. The acquisition agreement is subject to conditions, including regulatory approvals. Movinter will pay Eu3.85mn at closing, expected by June 2024, with an additional Eu0.5mn by Jun-5. Alberto Santi will remain as Managing Director and CEO of SAIEP, ensuring



Polieco shareholder structure

RFLTC holds a 51% stake in the SPV holding 15% of Polieco, the remainder is in the hands of TP Holding



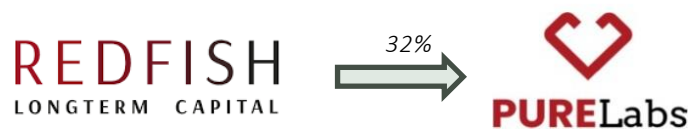
Source: Company data

Established in 1977, Polieco, along with its subsidiaries Polieco France S.A., Polieco Hellas Aebe, and Polieco Slovakia S.r.o. (together referred to as the "Polieco Group"), has emerged as a leading supplier of corrugated pipe systems and composite manhole covers in the infrastructure sector at both national and European levels. Internationally, the Polieco Group is recognized as a major player in the production of chemical specialties for the Oil & Gas sector and packaging industry. Upon executing the investment agreement, a five-year shareholders' agreement will be established regarding Polieco shares. It includes commitments not to transfer shares for 24 months, governance definition, and the Issuer's right to appoint board members and auditors, contingent on RFLTC's exercise of a purchase option by June 30, 2024. The agreement also includes clauses for protecting the investment, allowing parties to buy or sell the entire shareholding under certain conditions.



Pure Labs shareholder structure

RFLTC holds a 32% stake in PureLabs



Source: Company data

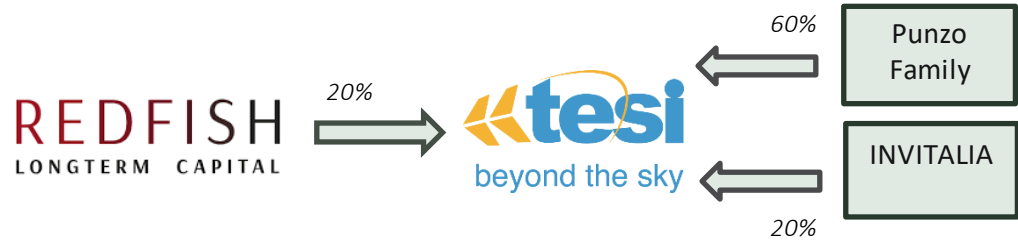
PureLabs S.p.A. was founded in December 2022 by Nino Lo Iacono with the objective of acquiring, managing, and integrating clinical diagnostic centers. This initiative serves a dual purpose: firstly, to establish a comprehensive platform capable of generating economies of scale, synergies, and value; and secondly, to realize proceeds through an exit mechanism with strategic or financial operators, either through strategic partnerships or on the market. Since its inception, the project has garnered support from esteemed entrepreneurial families, family offices, and investment firms, including Boutique Italia, Marcap, MazalCap S.p.A., Yellow Holding, and Kayak Family Office S.r.l.

From its inception to the present, PureLabs S.p.A. achieved a significant milestone in July 2023 by successfully completing the acquisition of the VivoLab Group, securing a 70% stake. VivoLab, a prominent presence in the Ligurian region, operates 12 diagnostic centers. The pro forma consolidated revenue for VivoLab is projected to exceed Eu10mn in 2023, with an EBITDA of approximately Eu1.5mn. This reflects notable growth compared to the pro forma consolidated figures as of December 31, 2022, which reported revenues of Eu9.2mn, EBITDA of around Eu1.3mn, and a Net Financial Position (debt) of Eu3.1mn.



Tesi shareholder structure

RFLTC holds a 20% stake in Tesi, with Invitalia and the Punzo Family holding 20% and 60% respectively



Source: Company data

Tesi, situated in the province of Salerno, has been operational for over 45 years, specializing in Tier-2 mechanical constructions for the aerospace sector. The company's business model is structured into three distinct units: Civil, Space, and Defence. Their product portfolio comprises intricate aeronautical components and assemblies tailored for thermal treatments, welding, surface processes, chip removal, and sheet metal forming. With POA and DOA certifications, alongside a state-of-the-art engineering department, Tesi stands at the forefront of innovation.

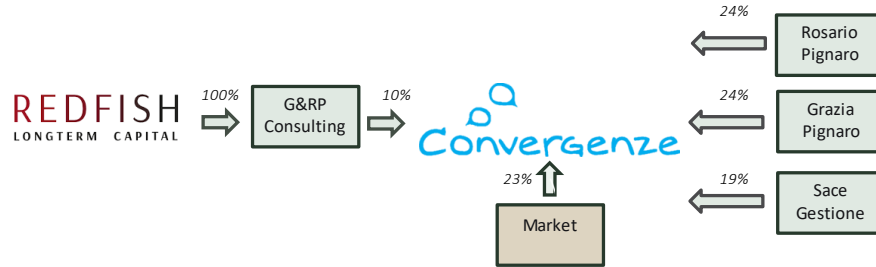
Presently, the company is focused on enhancing its critical mass in terms of Production Value, both through organic growth and external avenues. This strategic approach capitalizes on its robust internal cash generation and aligns with the ongoing trend of consolidation in the Aerospace market.

In October 2021, RFLTC partnered with Invitalia Fondo Cresci al Sud to co-invest in Tesi, acquiring a 20% stake through an investment totaling Eu5.1mn. This investment grants them the right to appoint a member to both the Board of Directors and the Board of Statutory Auditors, further solidifying their strategic involvement in Tesi's operations. Furthermore, an Earn-out payment is anticipated based on the company's performance in the coming years. The potential cumulative value of any disbursements, from the approval of the 2021 financial statements until the approval of the 2024 financial statements, amounts to Eu3.4mn. Of this amount, following the approval of TESI Srl's financial statements in June 2022 and the achievement of the contractually stipulated EBITDA for the 2021 fiscal year, an earn-out of Eu400k was realized in 2022, payable to the former shareholders who sold their shares to RFLTC. This amount has already been settled as of the approval date of this consolidated semi-annual financial statements. Similarly, an additional Earn-out of Eu750k was accrued and recognized in June 2023 for the 2022 financial statements. In Tesi totalled a Production Value of Eu20.6mn, an EBITDA of approximately Eu5.0mn, and a Net Financial Position (debt) of Eu2.9mn.



Convergenze shareholder structure

RFLTC holds 100% of the vehicle G&RP Consulting holding 10% of Convergenze. Convergenze's free float is 23%



Source: Company data

Founded in 2005, Convergenze is a multi-utility company headquartered in Salerno, with a solid track record of over 15 years. The company's service offerings encompass internet and voice services, with an expansion into energy and natural gas since 2015. With a robust infrastructure development strategy, Convergenze has established a network spanning approximately 2,282 km of proprietary fiber optics (FTTH), obtained through authorization in 2014. Additionally, they possess over 100 radio bridges for WiFi connections. Convergenze's mission is to bridge the digital divide among end customers, leveraging its extensive territorial presence to extend broadband connectivity to underserved areas. In July 2020, RFLTC entered Convergenze's share capital through the vehicle G&RP Consulting S.r.l., investing Eu1.1mn at Eu1.49/s. This investment grants RFLTC the right to appoint a member to both the BoD and the BoSA. The company's shares were listed on the EGM segment of Borsa Italiana on Dec-20, with RFLTC being subject to a lock-up period until the end of 2023.

SolidWorld
GROUP

SolidWorld shareholder structure

RFLTC holds a 9% stake into SoldiWorld Group, free float is 31%



Source: Company data

Solid World Group is a conglomerate deeply entrenched in the 3D technology sector, playing a vital role throughout the digital process to enhance the efficiency of product design and manufacturing within the Industry 4.0 framework. Positioned as the foremost Italian 3D digital system integrator, the Group offers an integrated portfolio comprising software, hardware, and services. Their diverse areas of expertise span across automotive, aerospace, mechanical engineering, mechatronics, home design, fashion, and more. With the establishment of the new biomedical division, BIO3DMODEL, Solid World Group has expanded its clientele to include clinics, hospital centers, and healthcare facilities. In December 2021, RFLTC led a consortium of financial operators as the Lead Investor, participating in a convertible bond issuance. Additionally, they secured the right to appoint a member to both the Board of Directors and the Board of Statutory Auditors. In July 2022, Solid World made its debut on Euronext Growth Milan, with shares priced at Eu2.0 per share. RFLTC's acquisition of shares at Eu1.4 per share amounts to a total investment of Eu1.1mn.

RFLTC divested portfolio companies

Portfolio companies divestiture: maximizing returns with strategic IRR optimization

Eu mn	Acquisition Date	EV/EBITDA ¹	Business, Industry	BV, Eu mn	% Acq.	Divestment Date	Cash in	IRR
Maticmind	Oct-20	3.4x	Tech, System Integrator	5.1	4.2%	Oct-22	11.9	51.7%
Pistacchio	Feb-22	5.3x	Food & Beverage	1.0	20.0%	Dec-22	1.1	12.0%
Total Divestment				6.1				

Source: Company data, Alantra, 1) acquisition multiple



Maticmind, a distinguished Italian System Integrator operating within the dynamic ICT sector, boasts a rich repertoire of expertise in crafting, integrating, and overseeing cutting-edge technological solutions. With a profound grasp of Networking, Cyber Security, Digital Workplace, Data Center, Cloud, Enterprise Application, and Automation/IoT domains, the company stands as a beacon of innovation and reliability. Catering to a diverse clientele spanning both public and private sectors, Maticmind's influence extends across various verticals. From Telco Providers and Finance to Utilities, Enterprises, Central and Local Government entities, Healthcare institutions, and Educational establishments, the company's impact resonates far and wide.

Through strategic alliances with industry-leading ICT vendors and a steadfast commitment to excellence, Maticmind has firmly entrenched itself as a formidable force within the technological landscape, driving forward progress and delivering unparalleled value to its clientele.

On Sep-20, RFLTC joined forces with Fondo Italiano d'Investimento, acting as the anchor investor, to jointly invest in MaticMind. Through the vehicle Elettra, RFLTC secured a 4% ownership stake in MaticMind for a total outlay of Eu5.0mn, in addition to Eu1.0k related to transaction expenses, marking the investment at 3.4x FY20 EV/EBITDA. In Oct-22, both Fondo Italiano di Investimento and RFLTC successfully offloaded their collective 100% holding in MaticMind for an estimated Eu320mn to the private equity consortium comprising CVC Capital Partner and Cdp Equity. Thanks to the inclusion of a Tag Along clause, RFLTC retained the prerogative to partake in the sale. Post the disposal of its shareholding, RFLTC realized a sizeable 52% IRR, translating to a multiple of 2.4x.



Pistachio is a food company well-known for its expertise in cultivating and processing pistachios, hazelnuts, and an array of other nuts. Their specialization lies in crafting semi-finished goods tailored for the ice-cream industry, along with finished products catering to the demands of large-scale retail. The company navigates within a notably seasonal sector, notably due to the unique ripening cycle of Bronte pistachios, occurring biennially.

In Feb-22, RFLTC purchased 20% of the share capital of Pistacchio for a total consideration of Eu1.0mn, corresponding to 3.4x EV/EBITDA. In the same year in Dec, RFLTC transferred ownership of the shares held in Pistacchio to Kayak Family Office for Eu1.0mn as part of a corporate reorganization within the framework of the issuer's listing project. Additionally, the agreement included the payment of an earn-out clause linked to Pistachio's economic and financial results, amounting to Eu1.0k.

The market and the competitive arena

RFLTC operates as a pivotal player in the Italian market, assuming a hands-on role in the oversight and nurturing of its invested companies. This involves crafting strategic blueprints for long-term expansion while maintaining vigilance over daily operations and performance. Italy's economic landscape is dominated by SMEs, renowned for their niche expertise. In 2022, these firms, numbering 157,000, generated approximately Eu204bn in collective revenue, reflecting resilience despite geopolitical tensions and commodity price fluctuations. RFLTC strategically invests in these SMEs, focusing on long-term growth rather than quick divestments. This approach diverges from traditional private equity models, aiming to reward investors through potential dividends and share value appreciation post-IPO. RFLTC's investment focus centers on family-owned or transitioning SMEs, augmenting their growth trajectory by introducing specialized personnel and efficient management systems. Moreover, its extended investment horizon, devoid of predetermined exits, distinguishes it from typical financial entities, aligning more closely with the strategic objectives of its investees. By concentrating on private enterprises, RFLTC offers investors an exclusive portfolio proposition with the potential for superior returns and enhanced risk mitigation. This unique investment strategy, blending exclusivity, growth prospects, and diversification benefits, positions RFLTC as a trailblazer in the realm of investment holding, providing a compelling alternative to conventional approaches.

RFLTC drives strategic expansion in Italian SME investment landscape

RFLTC operates primarily within the Italian market, taking on a key role in overseeing its invested companies. This involves supporting their long-term growth through strategic plans and operational expansions, while also keeping a close eye on their day-to-day operations and performance. Italy's business landscape is largely made up of small to medium-sized family-run enterprises, known for their deep expertise in specific sectors.

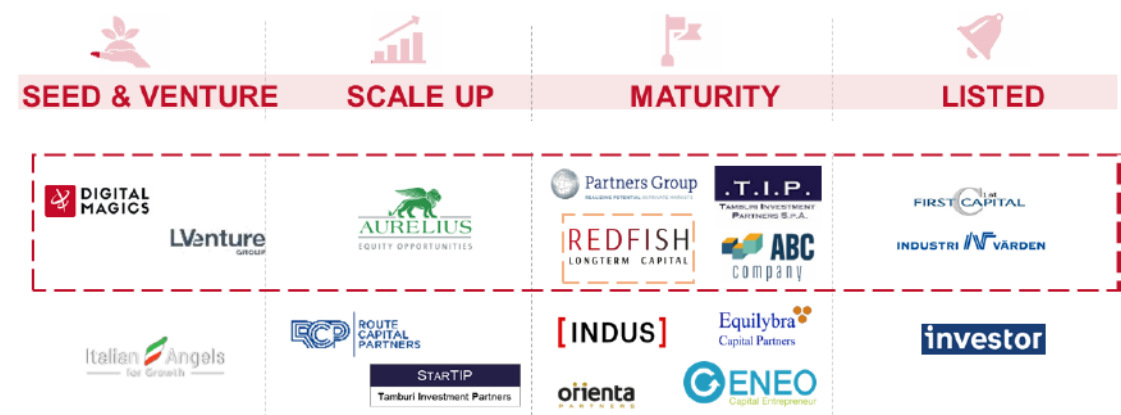
Despite facing challenges like the Russo-Ukrainian and the Israeli-Palestinian conflicts and still relatively high commodity prices, these SMEs showed promising growth. Investors in Italian SMEs, especially those already in private equity portfolios, have benefited from stock market listings, which have provided opportunities for capital appreciation and exits. Euronext Growth Milan (EGM) serves as a platform for SMEs in Italy, hosting 203 listed companies at end-2023. Despite economic uncertainties in 2023, with 33 IPOs raising Eu205mn, M&A activity remained robust, with 1,200 transactions valued at approximately Eu60bn.

Italian PE fundraising reached Eu3.8bn in 2023, with the majority from domestic investors, while disinvestments dropped to Eu1.7bn from Eu4.4bn, primarily through secondary PE sales. As an industrial holding company, RFLTC focuses on long-term strategic-industrial development without the need to divest, aiming to reward investors through potential dividends and share value appreciation post-IPO.

In this market context, RFLTC has implemented a model of industrial holdings aimed at operations with significantly different logics and objectives compared to a standard PE. The capital raised is intended for acquiring stakes in companies to support their strategic and industrial development over the medium to long term. RFLTC represents one of the few Italian operators positioning itself as a long-term partner for companies in a mature phase yet with significant and often untapped growth potential. The aim is to create value over time, without any obligation for divestment, a feature that distinguishes it from other industry players. As an industrial holdings entity, RFLTC aims to remunerate its investors through potential dividend distributions from the participating companies and, since listed, it seeks to provide shareholders and the market with a valuation reflected in the share price.

RFLTC competitive environment

The level of risk decreases as the entrepreneurial projects of the target companies mature.



Source: Company data. In the red dashed box, the listed companies

RFLTC acts as an Investment Holding with a peculiar operational model when compared to standard PE (SICAF, Eltif, SGR, Financial Holdings), although its primary objective remains essentially unchanged: to secure capital for investment in companies and facilitate their growth.

The Holding directs its investment focus towards a specific subset of target companies: SMEs that are family-owned or undergoing generational transitions, entering into a new phase of expansion and development.

RFLTC aids its investees by introducing key personnel such as CFOs, managers who report directly to ownership, and foreign sales specialists. Moreover, it establishes efficient management control systems, addressing deficiencies commonly found within small and medium-sized enterprises. These areas of expertise represent strengths of the RFLTC, ensuring additional value for the investees.

Another significant feature setting RFLTC apart from other financial entities is its extended investment holding period, devoid of predetermined exits or drag-along provisions. RFLTC typically invests in second or third-generation companies where the original founders are expected to maintain leading roles for an extended period.

RFLTC competitive positioning

RFLTC, a distinctive inv. holding, focuses on SMEs, aiding growth through hands-on management and extended investment periods without predetermined exits.

	HOLDING PERIOD	SHARES LIQUIDABILITY & CAPITAL INCREASES	SECTORS & INVESTEEES	OPERATION TYPE	SUPERVISIONING
RFLTC	Long holding period with no predetermined exit	Capital Increases with no restrictions	Generalist with no restrictions in its Article of Association	Minorities, majorities, convertible loans, debt to support Investees	N.A.
CLUB DEAL	3/5 years with drag-along clause	Only with disinvestments of investee companies	Mono target	Minorities or majorities	N.A.
SGR	3/5 years with predetermined exit	No capital increases, closed funds Redemption at maturity	Article of Association identifies target sectors	Article of Association specifies minorities, majorities or debt	Bank of Italy & Consob
SICAF	3/5 years with predetermined exit	No capital increases, closed funds Redemption at maturity	Article of Association identifies target sectors	Article of Association specifies minorities, majorities or debt	Bank of Italy & Consob
ELTIF	3/5 years with predetermined exit	No capital increases, closed funds Redemption at maturity or through the stock market	70% in qualifying targets, 30% free	Minorities/ Majorities/ Debt / listed companies	Bank of Italy & Consob

Source: Company data

RFLTC presents a rather unique investment proposition by diverging from the conventional focus on publicly listed companies to strategically invest in private enterprises. This deliberate allocation offers investors an attractive portfolio proposition, with distinct advantages over competitors primarily invested in publicly listed firms. Unique features setting RFLTC apart:

1. **Exclusivity and proprietary nature:** unlike publicly listed companies whose information is readily available, private enterprises offer a level of opacity that makes replication challenging for individual investors. RFLTC's portfolio benefits from this exclusivity, mitigating the risk of replication and safeguarding against market inefficiencies.
2. **Potential for superior returns:** By investing in private companies poised for exponential growth and market disruption, RFLTC positions its investors to capitalize on high-potential ventures. This strategic alignment with emerging trends and innovation fosters sustainable growth and amplifies the overall performance of the portfolio.
3. **Diversification and risk mitigation:** Diversifying into private companies adds a layer of risk mitigation to RFLTC's portfolio. By spreading investments across both public and to a greater extent private spheres, the firm reduces exposure to market volatility inherent in solely publicly listed investments, enhancing overall portfolio resilience.

RFLTC's investment strategy diverges from conventional approaches centered exclusively on publicly listed companies, presenting a captivating alternative. Harnessing the inherent exclusivity, growth prospects, and risk management benefits intrinsic to private investments, the firm not only amplifies the allure and effectiveness of its portfolio but also furnishes investors with an unparalleled avenue for attaining superior returns.

Stakeholders' remuneration

Within the complex framework of a holding company, shareholders, managers, and founding partners fulfill distinct yet intertwined roles. Shareholders invest capital, managers oversee operations, and founding partners provide vision. Together, they navigate the company's trajectory, driving it towards sustainable growth. These stakeholders form the bedrock of the holding company, each contributing uniquely to its direction and prosperity. Shareholders inject funds, managers execute strategies, and founding partners offer strategic insight. Remunerating shareholders involves dividends and share value appreciation. Founding partners benefit from dedicated dividend structures and increased influence. Managers receive fixed compensation and performance-based incentives, aligning their interests with company objectives. RFLTC's compensation strategy underscores its dedication to fostering long-term value and stakeholder alignment.

RFLTC's strategic growth combines shareholders, managers, founders

In the intricate ecosystem of a holding company, shareholders, managers, and founding partners each play distinctive yet interwoven roles. Shareholders invest capital, managers orchestrate operations, and founding partners provide vision. Together, they navigate the company's journey, shaping its trajectory and propelling it towards sustainable growth and success. Together, these stakeholders form the foundation of the holding company, each playing a unique and essential role in its operations, governance, and long-term prosperity. Their collective efforts, collaboration, and shared vision drive the company forward, enabling it to navigate challenges, capitalize on opportunities, and achieve sustainable growth.

- **Shareholders** are integral to the holding company's structure and success. They invest capital in the company by purchasing shares, thereby becoming partial owners. Shareholders provide the financial resources necessary for the company's operations, growth initiatives, and strategic investments. In return, they expect a return on their investment in the form of dividends, capital appreciation, or other financial benefits. Shareholders often have voting rights that allow them to participate in major decisions affecting the company's direction and governance.
- **Managers** are the driving force behind the holding company's day-to-day operations and strategic execution. They are responsible for implementing the company's business plan, overseeing its various subsidiaries, and ensuring that organizational goals are achieved. Managers may include executives, department heads, and other key personnel who possess the skills, expertise, and leadership qualities necessary to lead the company effectively. They play a crucial role in driving growth, managing risk, and maximizing operational efficiency.
- **Founders** are the visionaries and entrepreneurs who laid the groundwork for the holding company's establishment. They may have conceptualized the business idea, provided initial capital, or contributed valuable expertise and industry knowledge. Founding partners often have a deep-rooted connection to the company and a long-term commitment to its success. They may hold significant ownership stakes and have a vested interest in seeing the company thrive. Founding partners may also play an active role in shaping the company's strategic direction, participating in key decisions, and providing guidance based on their experience and insights.

How RFLTC remunerates its shareholders

RFLTC offers discerning investors a compelling opportunity, underpinned by its meticulous investment strategy centered on long-term engagements with established Italian SMEs boasting proven business models. As an industrial holding entity, the IPO's primary objective was to furnish RFLTC's investors with a viable avenue for potential divestment. However, the structure of investor compensation is multifaceted, intricately intertwined with various operational aspects. This includes not only revenue generated through the provision of advisory services to subsidiaries but also dividends distributed by these subsidiaries. Notably, in the fiscal year 2023, RFLTC realized a significant amount of Eu6.9mn in dividends from its subsidiary entities. Moreover, a pivotal determinant of investor remuneration is the overall appreciation in RFLTC's valuation, closely correlated with the enhanced worth of each subsidiary. This interplay underscores RFLTC's commitment to delivering sustainable returns and cultivating enduring value for its stakeholders amidst a dynamic financial landscape.

How RFLTC remunerates its founders

The compensation framework for founding partners, holding class X shares, is intricately crafted to align with the growth trajectory of RFLTC. Owners of class X shares are entitled to a unique dividend compensation structure, entitling them to receive 25% of distributed dividends until the culmination of 2038. Beyond this initial portion, they participate equally in the remaining 75% of dividends. Furthermore, a pivotal aspect of their compensation package involves the conversion of 9,900 class X shares into ordinary shares at a conversion ratio of 1:40, resulting in a total of 396,000 ordinary shares. This conversion occurs 24 months subsequent to the IPO date (30-Jun-23), enhancing the liquidity and flexibility of their investment portfolio. Moreover, founding partners wield considerable influence within the organizational framework, with the authority to appoint two members to the esteemed Board of Directors. This strategic privilege underscores their integral role in shaping the strategic direction and governance of RFLTC. In essence, the compensation framework for founding partners underscores RFLTC's commitment to fostering alignment of interests and incentivizing long-term value creation, thereby solidifying its position as a preferred investment destination in the dynamic financial landscape.

How RFLTC remunerates its managers

Managers and collaborators within RFLTC are entitled to a comprehensive compensation package that blends fixed and performance-based elements to align with organizational goals and individual contributions. Board members, including the Chairman and CEO, will receive a fixed compensation of Eu12k each. In addition to this, the management team will benefit from a performance-based stock option program, designed to serve as a retention incentive. RFLTC intends to issue a total of 2.0mn stock options under this scheme. These options will be divided into two categories:

- 1.5mn stock options, with a vesting period from 2 to 4 Y, with a strike price set at the level of the IPO.
- 0.5mn stock options will have a strike price determined by the higher value between the IPO price and the average price over the last three months from the date of issuance. Similar to the first category, the vesting period for these options is anticipated to span 2 to 4 years.

This compensation framework not only acknowledges the vital role played by managers and collaborators but also ensures their continued commitment and alignment with RFLTC's long-term objectives.

Strategy

RFLTC's initial public offering (IPO) wasn't just about market visibility; it was about fueling ambitious growth plans and value creation strategies. Raised capital is earmarked for two key objectives. Firstly, exploring new investment avenues involves meticulous evaluation of industrial prospects within strategic sectors. Thorough due diligence precedes negotiations to ensure alignment with the overarching strategy. Robust governance frameworks and dividend distribution strategies augment company value while mitigating sector-specific risks. Secondly, value-enhancing interventions focus on portfolio companies. Proactive scouting efforts and sectoral consolidation bolster market presence and competitiveness. RFLTC's active involvement leverages expertise, capabilities, and financial resources to expedite growth trajectories. External initiatives enrich companies with novel offerings and expanded market reach, fostering the emergence of industrial leaders capable of global competition. In summary, RFLTC's IPO signifies not just market entry, but a strategic move to secure resources for targeted investments and interventions. This approach aims not only to mitigate risks but also to position RFLTC and its portfolio companies for sustained growth and competitiveness in dynamic global markets.

RFLTC's IPO strategically fuels growth and value creation endeavours

RFLTC's decision to go public, alongside enhancing market visibility, was primarily driven by the need to secure funding for its ambitious industrial growth plans and value creation initiatives. Specifically, the raised funds are being earmarked for achieving the following core objectives:

- **Exploration of fresh investment avenues:** Within key sectors of interest, the issuer will meticulously evaluate distinctive industrial prospects based on strategic alignment, growth potential, and profitability. This process entails thorough pre-due diligence analysis followed by negotiations with identified targets to ensure investment alignment with the company's overarching strategy. Additionally, this endeavour seeks to foster robust governance frameworks within the organization, specifically in financial matters and extraordinary finance operations. Furthermore, strategies for dividend distribution among targets and the establishment of consultancy contracts with invested companies will be defined to augment company value across various operational domains. Within this framework, comprehensive sector analyses are being conducted to facilitate new investments and subsequent acquisitions across diverse sectors, thereby mitigating sector-specific industrial risks.

Since its listing, RFLTC has expanded its portfolio by adding two new investments:

- **Pure Labs:** founded in Dec-22, the company aims to acquire and manage clinical diagnostic centers. Its goals include creating value through economies of scale and synergies and realizing profits through strategic partnerships or market exits. PureLabs owns a 70% stake in VivoLab Group (Jul-23), which operates 12 diagnostic centers in Liguria. RFLTC purchased a 26% stake of Pure Labs in Nov-23.
- **Polieco:** Established in 1977, Polieco is a leading suppliers of corrugated pipe systems and composite manhole covers in Europe's infrastructure sector. In addition, Polieco is a key player producing chemical specialties for the Oil & Gas sector and packaging industry. RFLTC purchased a 15% stake of Polieco in Feb-24.
- **Value-enhancing interventions for portfolio companies:** To expedite the development trajectory of invested companies, proactive scouting efforts and target identification will be pivotal. This endeavour is being also focused on sectoral consolidation to bolster market presence and enhance the competitive edge of portfolio companies. RFLTC's active involvement is envisaged to accelerate this growth trajectory, leveraging strategic expertise, organizational capabilities, and financial resources. These resources are geared towards catalyzing external growth initiatives, enriching invested companies with novel offerings, expanded market reach, production expertise, and synergistic advantages. Moreover, external growth strategies aim to forge industrial aggregation hubs, fostering the emergence of leading industrial players capable of vying effectively in global markets.

After being listed in Jun-23, RFTLC has broadened its portfolio by incorporating two value-enhancing components into Movinter, which has been part of its portfolio since Apr-23 :

- **Six Italia:** Established in 1994, Six Italia is a leading player in Italy's fire protection and soundproofing market. With headquarters in Genoa and a facility in Silvano d'Orba (AL), Six Italia also operates in Miami, specializing in thermal acoustic insulation kits for projects such as the Baltimore Metro. RFTLC purchased a 75% stake of Six Italia in Dec-23 via its portfolio company Movinter.
- **SAIEP:** a company specializing in the design and production of complex electronic systems, wiring, electrical panels, and control desks for the rolling stock market, including high-speed rail. The acquisition aligns with RedFish's strategy of horizontal integration in the Aerospace, Rail & Maritime market. Founded in 1976, SAIEP has become a key player in the European market, with operations in Italy and Tunisia.

Recent results, FY23

Since RFLTC operates as a specialised industrial holding company, the value generated by the subsidiary companies is primarily reflected in the earnings results, which enable the distribution of dividend flows that ultimately reach RFLTC. And this allows, in addition to capital inflows possibly received through capital increases too and potential divestments of subsidiaries, to evaluate further acquisitions or add-ons to the companies already in the portfolio. RFLTC's FY23 results depict a promising trajectory, driven by subsidiary earnings and strategic investments. With the Value of Production soaring to Eu0.3mn and Earnings Before Tax reaching Eu5.4mn, the company demonstrates robust financial performance. In FY23, RFLTC's consolidated financials integrate Movinter's contribution, elevating revenues to Eu18.9mn. Despite a positive EBITDA of Eu1.5mn, EBIT remained negative at Eu322k, primarily due to increased depreciation. The Pro-Forma Consolidated FY23 results reflect a substantial revenue increase to Eu41.7mn, driven by strategic acquisitions. With a combined backlog of Eu43.9mn for Movinter and Six Italia, RFLTC is poised for further growth, despite potential delivery delays impacting revenue conversion into 2025 and beyond.

Parent company FY23 results

Since RFLTC operates as a specialised industrial holding company, the value generated by the subsidiary companies is primarily reflected in the earnings results, which enable the distribution of dividend flows that ultimately reach RFLTC. And this allows, in addition to capital inflows possibly received through capital increases too and potential divestments of subsidiaries, to evaluate further acquisitions or add-ons to the companies already in the portfolio.

The Value of Production has increased to Eu0.3mn from Eu0.1mn reported as of December 31, 2022. Earnings Before Tax has notably improved, reaching Eu5.4mn compared to a negative value of Eu0.6mn reported in the prior year, primarily as a result of the dividend distributed from the vehicle RFLTC1 following the sale of MaticMind and totalling Eu6.9mn. Accordingly, Net Profit totalled Eu5.4mn, vs. the negative figure of Eu0.6mn in 2022. Net invested capital rose to Eu28.9mn from Eu14.6mn in 2022 and Net Financial Position was Eu47k, from a net cash position of Eu1.9mn reported in 2022.

RFLTC FY23 P&L

2023 figures benefited from the dividend distributed from the vehicle RFLTC1 following the sale of MaticMind

Eu k	FY22A	FY23A	% YoY
Net revenues	80	200	151.3%
Value of Production	80	274	
Raw Materials	(0)	(3)	
Services	(453)	(677)	
Personnel Costs	(33)	(257)	
Rents	(19)	(61)	
Other Operating Costs	(5)	(9)	
EBITDA Adj.	(430)	(733)	70.5%
D&A	(14)	(183)	
EBIT Adj.	(444)	(916)	106.3%
Net financial income (costs)	(231)	(801)	
Associates	0	6,916	←
Write-up / (Write-Down) of Equity Investments	65	145	
Pre-tax profits	(610)	5,344	nm
Taxes	0	0	
Net Profit	(544)	5,489	nm

Source: Company data

RFLTC FY23 Balance sheet

In 2023 RFLTC invested in Movinter and Pure Labs: participations increase by Eu15mn

Eu k	FY22A	FY23A	% YoY
Net Working capital	47	(1,166)	<i>nm</i>
Property, plant and equipment	24	29	
Intangible assets	213	691	
Financial assets	14,270	29,319	
Total fixed assets	14,507	30,039	107.1%
Funds	(1)	(13)	
Net Invested Capital	14,552	28,860	98.3%
Short Term debts	4,002	3,718	
Long Term debts	7,490	4,800	
Short term credits	(4,562)	(2,563)	
Cash	(8,838)	(5,909)	
Net Debt (Cash)	(1,908)	46	<i>nm</i>
Shareholders Equity	16,460	28,814	75.0%
Source of Funds	14,552	28,860	98.3%

Source: Company data

Consolidated FY23 results

As of December 31, 2023, RFLTC's consolidated financial statements reveal the integration of Movinter for the period from May-Dec 2023, following its investment in Apr-23. The revenues totalled Eu18.9mn, primarily driven by Movinter's contribution of Eu18.7mn, with a predominant focus on the EU markets. Notably, the Value of Production significantly increased to Eu21.0mn. Movinter incurred material costs of Eu9.1mn, mainly attributed to raw material purchases for specific product lines. Service costs amounted to Eu5.8mn, solely attributable to Movinter. Third-party asset usage costs stand at Eu477k, primarily for industrial rentals and equipment leases. Consolidated personnel costs rise to Eu4.2mn, reflecting Movinter's workforce of 103 employees across various roles. Consolidated EBITDA improved to Eu1.5mn and EBIT remained negative at Eu322k, impacted by increased depreciation and provisions. Bottom line was negative for Eu1.1mn, largely due to the sale of MaticMind and goodwill amortization related to the Movinter consolidation.

Despite challenges, including managing financial expenses and optimizing working capital, RFLTC's shareholders equity increased by 26% to Eu29.9mn. BVPS was Eu1.56/s at end-23, compared to Eu1.64/s at end-22. Net Financial Position was Eu6.1mn (debt), vs. Eu9.2mn (cash) at end 2022. The change in NFP is primarily attributed to the combined effect of:

- a decrease in liquidity due to investments made during 2023 amounting to Eu12mn pertaining to the Movinter investment, the exercise of Solid World warrants for Eu1.1mn in Jul-23, and the investment in PureLabs for Eu4mn (o/w paid Eu2.6mn) in Nov-23.
- Additionally, the consolidation of the NFP of the subsidiary Movinter not present in the situation as of Dec-22, amounting to Eu1.8imn.
- Furthermore, the capital increase connected to the listing on the Euronext Growth Milan market for a total of Eu4.0mn gross, completed in Jun-23.

It's noteworthy that, following the listing, concurrently, the Convertible Bond Loan of Eu3.0mn was converted into shares based on the IPO price defined at Eu1.50/s.

RFLTC FY23 consolidated P&L

2023 financials integrate Movinter, with revenues of Eu18.9mn, EBIT remained negative impacting the bottom line

Eu k	FY22A	FY23A	% YoY
Net revenues	80	18,853	<i>nm</i>
Value of Production	80	21,019	
Raw Materials	0	(9,093)	
Services	(461)	(5,757)	
Personnel Costs	(19)	(477)	
Rents	(33)	(4,192)	
Other Operating Costs	(19)	34	
EBITDA Adj.	(452)	1,534	<i>nm</i>
D&A	(16)	(1,856)	
EBIT Adj.	(468)	(322)	<i>nm</i>
Financials	7,607	(567)	
Pre-tax profits	7,139	(899)	<i>nm</i>
Taxes	(84)	(174)	
Net Profit	7,055	(1,057)	<i>nm</i>

Source: Company data

RFLTC FY23 consolidated Balance sheet

Shareholders' equity grew 26% and Net Financial Position was Eu6.1mn (debt), reflecting investments and capital increase

Eu k	FY22A	FY23A	% YoY
Net Working capital	(138)	186	<i>nm</i>
Property, plant and equipment	219	11,226	
Intangible assets	24	4,936	
Financial assets	14,484	20,649	
Total fixed assets	14,728	36,811	<i>149.9%</i>
Funds	(1)	(979)	
Net Invested Capital	14,589	36,018	<i>146.9%</i>
Short Term debts	4,002	12,256	
Long Term debts	7,490	4,800	
Short term credits	(4,562)	(2,562)	
Cash	(16,127)	(8,411)	
Net Debt (Cash)	(9,198)	6,083	<i>nm</i>
Shareholders Equity	23,787	29,934	<i>25.8%</i>
Source of Funds	14,589	36,018	<i>146.9%</i>

Source: Company data

Pro-forma consolidated FY23 results

Pro-Forma Consolidated Financial Information for FY23, reflects retroactively the acquisition of Movinter and its investment in Six Italia, starting Jan-23. Revenues rose to Eu41.7mn, up 14% YoY, driven by Movinter's Eu6.9mn growth, offset by a Eu1.3mn decrease in Six Italia. Costs increased, including Eu10.0mn in service costs and Eu20.5mn in material costs, partly due to prototype investments. Personnel costs rose by 14% to Eu10.4mn. EBITDA remained stable at Eu3.5mn, 8.3% margin and EBIT was Eu1.0mn. Pro-Forma Net Result was negative at Eu957k. Net Financial Position totalled Eu11.9mn (debt), vs. Eu6.4mn (debt) in 2022, with no new bank loans in 2023 for Movinter and Six Italia.

RFLTC FY23 pro-forma consolidated P&L

Pro-Forma FY23 financials show Movinter's acquisition and Six Italia investment

Eu k	FY22A	FY23A	% YoY
Net revenues	36,634	41,732	13.9%
Value of Production	39,907	45,476	
Raw Materials	(17,225)	(20,479)	
Services	(8,745)	(10,010)	
Personnel Costs	(1,102)	(920)	
Rents	(9,143)	(10,419)	
Other Operating Costs	(125)	(174)	
EBITDA Adj.	3,566	3,474	-2.6%
D&A	(2,235)	(2,420)	
EBIT Adj.	1,331	1,061	-20.3%
Financials	7,023	(1,560)	
Pre-tax profits	8,355	(495)	nm
Taxes	(856)	(445)	
Net Profit	7,323	(957)	nm

Source: Company data

RFLTC FY23 pro-forma consolidated Balance Sheet

NFP totalled Eu11.9mn (debt), vs. Eu6.4mn (debt) in 2022, with no new bank loans in 2023 for Movinter and Six Italia.

Eu k	FY22A	FY23A	% YoY
Net Working capital	3,980	5,677	42.6%
Property, plant and equipment	1,812	7,576	
Intangible assets	11,837	12,293	
Financial assets	14,327	20,929	
Total fixed assets	28,276	40,799	44.3%
Funds	(1,362)	(1,939)	
Net Invested Capital	30,196	42,291	40.1%
Short Term debts	16,484	8,278	
Long Term debts	5,100	7,490	
Short term credits	(2,945)	(4,562)	
Cash	(6,653)	(8,104)	
Net Debt (Cash)	11,985	6,387	-46.7%
Shareholders Equity	30,307	23,810	-21.4%
Source of Funds	30,196	42,291	40.1%

Source: Company data

Movinter and Six Italia backlog

As of December 31, 2023, the combined backlog for Movinter and Six Italia stands at Eu43.9mn, with 76% earmarked for 2024, 20% for 2025, and 4% beyond. Movinter's portion amounts to Eu23.6mn (83% for 2024, 13% for 2025, and 4% beyond), while Six Italia's share is Eu20.3mn (68% for 2024, 28% for 2025, and 5% beyond). Potential delays in delivery, which could be outside the control of the company, may prolong revenue conversion into 2025 and beyond, reflecting the typical industry's dynamics. The backlog level reached at the end of 2023 bodes well for further business growth in 2024.

Valuation: TP of Eu2.3/share

In determining the fair valuation of RFLTC, a multifaceted approach blends quantitative metrics with qualitative assessments. Key quantitative considerations involve analyzing financial statements, debt levels, and valuation metrics. Qualitative factors include management competency, business strategy effectiveness, and growth prospects. Diversification, risk management, and legal compliance are integral. Net Asset Value (NAV) valuation, which breaks down the company into units corresponding to individual participating companies for separate assessment, is preferred. Investments in companies like Tesi, Expo Inox, Movinter, Pure Labs, and Polieco are evaluated through EV/EBITDA multiples. Stakes in Convergenze and SolidWorld Group are assessed at market value due to their listing status. Alantra starts coverage on RFLTC with a BUY recommendation and a price target of EUR 2.3/share, indicating a 70% upside.

Comprehensive valuation strategy for RFLTC: PT stands at Eu2.3/s

In determining the fair valuation of the holding company, a multifaceted approach is imperative, encompassing both quantitative metrics and qualitative assessments. Key quantitative considerations include analyzing the company's financial statements, debt levels, and valuation metrics. Furthermore, qualitative factors, such as the competency of the management team, the effectiveness of the business strategy, and the growth prospects of both the holding company and its subsidiaries, play a pivotal role in shaping the valuation narrative. Additionally, the diversification of the company's portfolio, its risk management practices, and adherence to legal and regulatory compliance are integral aspects of the valuation process. By synthesizing these diverse elements, a comprehensive valuation framework emerges, providing investors with a holistic understanding of the holding company's intrinsic value.

We believe the Net Asset Value (NAV) valuation method is the most appropriate approach to assess a fair valuation of RFLTC. This procedure involves assessing the total worth of a company by individually valuing its various business units or participations. Once the individual values are determined, they are aggregated to calculate the overall value of the company. By breaking down the company into its constituent parts and valuing them independently, investors can gain a clearer understanding of its intrinsic value and potential opportunities for value enhancement through actions like spin-offs, divestitures, or restructuring.

RFLTC Net Asset Value

The Net Asset Value of RFLTC highlights a significant undervaluation of the stock, 70% at current price

Net Asset Value	Eu mn	Eu/s	FD	% on GNAV	Methodology
Tesi	8.2	0.30		10%	24E Peers Median EV/EBITDA 9.3x
Expo Inox	5.7	0.21		7%	24E Peers Median EV/EBITDA 4.5x
Movinter + Six Italia + Saiep	32.9	1.19		38%	24E Peers Median EV/EBITDA 8.2x, excluding Six Italia min.
Pure Labs	3.7	0.13		4%	24E Peers Median EV/EBITDA 7.8x
Polieco	29.2	1.05		34%	24E Peers Median EV/EBITDA 8.8x, 51% of the vehicle
Total Private Companies	79.8	2.88		93%	
Convergenze	1.3	0.05		1%	Market Value, Eu1.78/s
SolidWorld	4.9	0.18		6%	Market Value, Eu3.58/s
Total Listed Companies	6.2	0.22		7%	
Gross Net Asset Value	85.9	3.10		100%	
NFP (debt)/cash	(0.0)	(0.00)			Parent Company, last reported (FY23)
NFP adjustments	(5.6)	(0.20)			
Capital increase Mar-24	10.4				
Polieco acq. Feb-24	(16.0)				
Net Asset Value	80.3	2.90			
Holding discount	20%				
Price Target	64.2	2.30			70% Upside

Source: Alantra, Company data

When valuing a listed holding company, assessing the holding discount is crucial due to factors like reduced liquidity, control issues, and the complexity of holding structures. The appropriate discount to apply typically ranges between 10% and 30%, depending on specific circumstances.

- **Liquidity and marketability:** Listed holding companies often suffer from lower liquidity compared to their underlying assets. If the holding company's shares are not frequently traded or there is a large bid-ask spread, a higher discount may be warranted.
- **Control and influence:** The degree of control the holding company has over its subsidiaries can impact the discount. If the holding company has majority control or significant influence over its investments, a lower discount might be justified. Conversely, if it holds minority stakes with little influence, a higher discount could be appropriate.
- **Diversification of assets:** A holding company with a diversified portfolio of high-quality assets might warrant a lower discount due to reduced risk. On the other hand, concentrated or higher-risk investments might necessitate a higher discount.
- **Management quality and strategy:** strong, effective management and a clear, successful business strategy can reduce the perceived risk and justify a lower discount. If the management is less experienced or the strategy is unclear, a higher discount may be needed.
- **Transparency and reporting:** Greater transparency and detailed reporting of the holding company's investments can reduce uncertainty and risk, leading to a lower discount. Lack of transparency or complex structures that obscure true value can increase the discount.

In summary, the most appropriate discount for valuing a listed holding company like RFLTC typically falls within the 10-30% range, adjusted for specific factors such as liquidity, control, diversification, management quality, and transparency. We set up a qualitative matrix, assigning a low, medium and high score to each factor. Factoring in all these considerations, we applied a 20% discount to the NAV, resulting in a PT for RFLTC of Eu2.3/s, offering a 70% upside from the current price.

RFLTC holding discount qualitative assessment matrix

Based on this matrix, we consider a 20% holding discount to be fair for RFLTC

Criteria	Low	Medium	High
Liquidity and marketability	Stock liquidity: 1M av. daily turn. of Eu20k		
Control and influence		One participation at 100%, the others are at some 20%	
Diversification of asset	Almost 70% of Gross Net Asset Value in two sectors		
Management quality and strategy			Specialized management with in-house expertise
Transparency and reporting		Good level of reporting, including quarterly KPIs	

Source: Alantra

Tesi: Eu8.2mn, 10% of gross net asset value

Tesi has been operational for over 45 years, specializing in Tier-2 mechanical constructions for the aerospace sector. Its product portfolio comprises intricate aeronautical components and assemblies tailored for thermal treatments, welding, surface processes, chip removal, and sheet metal forming. In October 2021, RFLTC and Invitalia Fondo Cresci al Sud invested Eu5.1mn in Tesi (Eu6.3mn including the earn-out), acquiring a 20% stake, implying a 5.8x EV/EBITDA purchasing multiple. We have assembled a broad panel comprising comparable companies within the aerospace industry. Applying the median 2024E EV/EBITDA multiple of 9.3x, the valuation of RFLTC's stake in Tesi amounts to Eu8.2mn.

Tesi peers group

A broad panel of peers operating in aerospace, defence and technology sectors

Company	Country	Mkt Cap (Eu mn)	EV/EBITDA			Company Description
			FY24E	FY25E	FY26E	
A.L.A. S.p.A.	ITALY	193	7.7 x	6.6 x	5.9 x	Provides logistics and supply chain solutions to aerospace industry
Avio SpA	ITALY	306	10.0 x	7.6 x	6.2 x	Provides aerospace propulsion systems, engine modules and components
Ekinops SA	FRANCE	110	4.5 x	3.7 x	2.5 x	Develops, sells optical transport and network access products & provides voice, data communications and related software solutions
Figeac Aero SA	FRANCE	281	8.0 x	6.8 x	6.0 x	Designs, manufactures, and assembles aeronautical products
HENSOLDT AG	GERMANY	4,218	8.1 x	10.7 x	9.0 x	Manufactures and sells radars for fighter jets, submarine periscopes and night vision systems
Thales SA	FRANCE	34,485	11.9 x	10.6 x	9.6 x	Engages in the manufacturing and marketing of electronic equipment and systems for the aeronautics, naval, and defense sectors
Honeywell International Inc.	UNITED STATES	118,669	13.9 x	12.9 x	12.0 x	Operates as a diversified technology and manufacturing company
JENOPTIK AG	GERMANY	1,549	8.7 x	7.3 x	6.4 x	Manufactures and markets photonic solutions such as lasers, laser systems, precision lenses, optical components, optical sensors, optical instruments & lenses
Northrop Grumman Corp.	UNITED STATES	61,089	13.5 x	12.4 x	12.2 x	Designs and manufactures space, mission, aeronautical and missile systems
Safran SA	FRANCE	90,836	16.9 x	14.3 x	12.3 x	Designs, manufactures and markets aircraft, defense and communication equipment
Average			10.3 x	9.3 x	8.2 x	
Median			9.3 x	9.1 x	7.7 x	

Source: FactSet

Expo Inox: Eu5.7mn, 7% of gross net asset value

Expo Inox is based in the province of Pavia, established in 1993, and has since evolved into a qualified European player in the metallic smoke systems sector. It specializes in stainless steel (rigid or flexible), polypropylene (specifically for condensing generators), and carbon steel (painted or enamelled) smoke systems productions.

In 2021, the company achieved a consolidated turnover of Eu50mn and an EBITDA of Eu6.0mn. In November 2022, RFLTC entered Expo Inox's capital through the vehicle RFLTC-Inox S.r.l., acquiring a 20% stake in Expo Inox for a total consideration of Eu6.0mn, implying a 4.7x EV/EBITDA purchasing multiple. The closest listed comparable is the French Poujoulat. Established in 1950, the company manufactures and markets chimney flues and metal roof outlets. Operating in three segments, the company designs and manufactures smoke evacuation systems, constructs industrial chimneys, and engages in trading and processing wood fuels. Applying the peer 2024E EV/EBITDA multiple of 4.5x, the valuation of RFLTC's stake in Expo Inox amounts to Eu5.7mn.

Expo Inox peers group

The closest listed comparable is the French Poujoulat

Company	Country	Mkt Cap (Eu mn)	EV/EBITDA			Company Description
			FY24E	FY25E	FY26E	
Poujoulat SA	FRANCE	118	4.5 x	3.9 x	na	Engages in the manufacture and marketing of chimney flues and energy wood products
Average			4.5 x	3.9 x	nm	
Median			4.5 x	3.9 x	nm	

Source: FactSet

Movinter group: Eu32.9mn, 38% of gross net asset value

Headquartered in Genoa, Movinter is a company specializing in the provision of components and assemblies for the railway industry. Their focus lies particularly in lightweight metalwork, encompassing a range of products such as boogie frames, cowcatchers, white water tanks, and driver desks. Additionally, they offer piping services, including the bending and pre-assembly of pipes and metal structures. In April 2023, RFLTC acquired Movinter for Eu8.5mn at the closing, with an additional deferred payment of Eu3.0mn. The deferred amount is set to be paid in instalments, with Eu1.5mn due by March 2024 and the remaining Eu1.5mn by September 2024.

In December 2023, Movinter approved the subscription of a preliminary acquisition agreement to acquire a 75% stake in Six Italia. This transaction aligns with the company's strategy of horizontal integration in the Rail market, initiated with the acquisition of Movinter in March 2023. The objective is to enhance the offering of complex assembly kits and achieve a competitive positioning against major global manufacturers.

Established in 1994, Six Italia has solidified its position as a significant national player in the fire protection and soundproofing market. With a specialization in manufacturing products for prominent railway and naval projects over the past 15 years.

In addition, last 13-May, Movinter, have approved the acquisition of 100% of SAIEP, a company specializing in the design and production of complex electronic systems, wiring, electrical panels, and control desks for the rolling stock market, including high-speed rail. Movinter will acquire SAIEP for Eu4.4mn. The acquisition aligns with RedFish's strategy of horizontal integration in the Aerospace, Rail & Maritime market.

We have assembled a panel comprising two domestic comparable companies and one French peer within the railways industry. Applying the median 2024E EV/EBITDA multiple of 8.2x, the valuation of RFLTC's stake in Movinter amounts to Eu32.9mn.

Movinter Group peers group

The closest peers are the two domestic players operating in railways segment and the French player Alstom

Company	Country	Mkt Cap (Eu mn)	EV/EBITDA			Company Description
			FY24E	FY25E	FY26E	
Alstom SA	FRANCE	8,683	8.2 x	6.4 x	4.7 x	Manufactures equipment for transmission and distribution of electric power Designs and manufactures railway components
OMER S.p.a.	ITALY	109	4.9 x	4.1 x	3.3 x	
Salcef Group S.p.A	ITALY	1,588	8.8 x	7.8 x	6.7 x	Engages in design, construction and maintenance of railway & metro infrastructures and supplies equipment
Average			7.3 x	6.1 x	4.9 x	
Median			8.2 x	6.4 x	4.7 x	

Source: FactSet

Pure Labs: Eu3.7mn, 4% of gross net asset value

PureLabs was founded in December 2022 with the objective of acquiring, managing, and integrating clinical diagnostic centers. This initiative serves a dual purpose: firstly, to establish a comprehensive platform capable of generating economies of scale, synergies, and value; and secondly, to realize proceeds through an exit mechanism with strategic or financial operators, either through strategic partnerships or on the market. From its inception to the present, PureLabs achieved a significant milestone in July 2023 by successfully completing the acquisition of the VivoLab Group, securing a 70% stake. VivoLab, a prominent presence in the Ligurian region, operates 12 diagnostic centers.

RFLTC acquired 32% of Pure Labs in Nov-23 for a total consideration of Eu4.0mn, corresponding to a 5.5x EV/EBITDA multiple.

We have formed an extensive panel consisting of companies comparable within the healthcare sector. Utilizing the median 2024E EV/EBITDA multiple of 7.8x, RFLTC's investment valuation in Pure Labs reaches Eu3.7mn.

Pure Labs peers group

The peers cover healthcare services for the elderly, disabled individuals, hospitals, outpatient care, private healthcare facilities and clinics.

Company	Country	Mkt Cap (Eu mn)	EV/EBITDA			Company Description
			FY24E	FY25E	FY26E	
Ambea AB	SWEDEN	542	6.9 x	6.1 x	5.7 x	Provides healthcare services
Attendo AB	SWEDEN	605	6.7 x	6.2 x	6.0 x	
Garofalo Health Care S.P.A.	ITALY	460	8.0 x	7.3 x	6.6 x	Provides care services for the elderly, people with disabilities and individual and families Provides hospitals and outpatient services
Orpea SA	FRANCE	1,949	12.5 x	9.5 x	6.4 x	
Spire Healthcare Group PLC	UNITED KINGDOM	1,186	8.1 x	7.2 x	6.1 x	Provides private health care services and operates facilities including nursing care facilities Operates hospitals and clinics
SYNLAB AG	GERMANY	2,356	7.7 x	7.9 x	7.6 x	
Average			8.3 x	7.3 x	6.4 x	
Median			7.8 x	7.2 x	6.3 x	

Source: FactSet

Polieco: Eu29.2mn, 34% of gross net asset value

Established in 1977, Polieco has emerged as a leading supplier of corrugated pipe systems and composite manhole covers in the infrastructure sector at both national and European levels. Internationally, the Polieco Group is recognized as a major player in the production of chemical specialties for the Oil & Gas sector and packaging industry.

RFLTC acquired 15% of Polieco in Feb-24, through the 51% owned vehicle RFLTC-Polieco for a total consideration of Eu30.0mn (o/w Eu16mn pertaining to RFLTC), corresponding to a 4.4x EV/EBITDA multiple.

We have assembled a panel comprising a few companies specialized in polymer materials, housing and infrastructure products, pipeline services, clay bricks, roof tiles, plastic pipe systems, and water management fittings. Applying the median 2024E EV/EBITDA multiple of 8.8x, the valuation of RFLTC's stake in Polieco amounts to Eu29.2mn.

Polieco peers group

These companies specialize in manufacturing polymer materials for various applications, including housing and infrastructure products

Company	Country	Mkt Cap (Eu mn)	EV/EBITDA			Company Description
			FY24E	FY25E	FY26E	
Avient Corporation	UNITED STATES	3,691	10.4 x	9.2 x	8.1 x	Manufactures specialized polymer materials
Westlake Corporation	UNITED STATES	18,632	8.7 x	7.4 x	6.5 x	Manufactures and supplies essential materials and housing & infrastructure products
Covestro AG	GERMANY	9,229	8.8 x	6.6 x	5.6 x	Manufactures and distributes polymer materials
Mattr Corp	CANADA	725	6.4 x	4.7 x	3.5 x	Provides pipeline and pipe services
Wienerberger AG	AUSTRIA	3,866	6.1 x	5.3 x	4.8 x	Manufactures and markets clay bricks and roof tiles
Genuit Group PLC	UNITED KINGDOM	1,339	10.6 x	9.8 x	9.0 x	Engages in the manufacture and trade of plastic pipe systems
Advanced Drainage Systems, Inc.	UNITED STATES	12,298	14.6 x	13.5 x	12.2 x	Manufactures pipes and fittings for water management
Average			9.4 x	8.1 x	7.1 x	
Median			8.8 x	7.4 x	6.5 x	

Source: FactSet

Convergenze and SolidWorld: Eu6.2mn, 7% of gross net asset value

Convergenze is a multi-utility company headquartered in Capaccio Paestum (SA), with a solid track record of over 15 years in Italy's business landscape. The company's service offerings encompass internet and voice services, with an expansion into energy and natural gas since 2015. In July 2020, RFLTC entered Convergenze's share capital, investing Eu1.1mn at a carrying value of Eu1.49 per share.

Solid World Group is a conglomerate deeply entrenched in the 3D technology sector, playing a vital role throughout the digital process to enhance the efficiency of product design and manufacturing within the Industry 4.0 framework. Positioned as the foremost Italian 3D digital system integrator, the group offers an integrated portfolio comprising software, hardware, and services. Their diverse areas of expertise span across automotive, aerospace, mechanical engineering, mechatronics, home design, fashion, and more. In July 2022, Solid World made its debut on Euronext Growth Milan, with shares priced at Eu2.0 per share. RFLTC's acquisition of shares at Eu1.4 per share amounts to a total investment of Eu1.1mn.

Due to the status of listed companies, we value the two stakes at market value, i.e. Eu1.8/s and Eu3.6/s for Convergenze and Solidworld, corresponding to Eu1.3m and Eu4.9m, respectively.

Main risks

RFLTC faces several risks, including market volatility in small-cap stocks impacting portfolio value. Inadequate due diligence might reveal operational inefficiencies in potential targets, but RFLTC has a successful integration record. Transparency issues in management remuneration could diverge investor interests, but top management are shareholders. Exposure to specific sectors, notably infrastructure, presents cyclical risks, but RFLTC is diversifying. Higher inflation increases borrowing costs, potentially reducing investment attractiveness. Dependency on key individuals like Paolo Pescetto and Andrea Rossotti is a concern. Despite these risks, RFLTC's strategic approach and track record mitigate potential impacts, fostering investor confidence in its long-term growth prospects.

RFLTC Manoeuvres perils, ensuring investor confidence amidst market challenges

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

Market volatility. Fluctuations in the small-cap stock market, along with its low liquidity, can significantly impact the value of listed companies held by the holding company, affecting overall portfolio value and the ability to raise new funds. This risk is mitigated by the fact that the majority of the group's capital allocation is in the private market (93% of the Gross Asset Value)

Inappropriate due diligence. Inadequate due diligence may reveal operational inefficiencies of a potential target company, affecting its ability to generate revenue or maintain profitability. However, RFLTC has a solid track record of successful integration and synergies creation within its holdings.

Transparency. Potential lack of transparency in management remuneration might pose a risk for investors in assessing the performance of individual subsidiaries and their contribution to the overall value of the holding. This could represent a divergence of interests. However, RFLTC's top management figures are also shareholders of the company, fostering a strong alignment of intentions and demonstrating their commitment to the company's success.

Exposure to certain sectors. After the recent acquisition of a minority stake in Polieco, the group's Gross Asset Value is exposed by 53% to the pipes for infrastructure sector, followed by 24% in lightweight railway products. As such, the group's performance is mainly related to infrastructure end-market and its cyclical nature. Thus, the group's performance is mainly related to the infrastructure end-market and its cyclical nature. More, the group is gradually mitigating the risk, also thanks to a sector-diversified strategy in public equities, which now weigh 7% of the total Gross Asset Value.

Higher cost of capital. High inflation typically leads to higher interest rates, which increases the cost of borrowing for private equity firms. Since private equity deals often involve significant leverage, higher borrowing costs can reduce the attractiveness of investments and lower potential returns for investors.

Dependency on few key people. We believe that the group is highly dependent from few key persons. Among others, Mr Paolo Pescetto (Founder & Chairman of BoD) and Mr. Andrea Rossotti (Founder & CEO) play a very crucial role in our view.

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