

Redfish Longterm Capital

Sector: Holding

Steady NAV with strong private portfolio

RFLTC reported consolidated revenues of Eu20.1mn, a significant rise from Eu4.9mn in 1H23, driven by the full consolidation of Movinter and the acquisition of Six Italia. EBITDA declined to Eu416k (2.1% margin), impacted by higher personnel and restructuring costs to support future growth. Parent company revenues increased to Eu407k, mainly from consultancy services, though service and personnel costs surged due to listing expenses and board expansion. The Net Debt rose due to a Eu7mn loan for the acquisition of a 5% additional stake of Polieco. Despite the negative YTD performance of S3D, the NAV remains unchanged at Eu2.3/s, driven by a strong private investment portfolio, offering 85% upside potential from current prices: BUY.

- Consolidated revenues up to Eu20.1mn, EBITDA at 2.1%** –revenues amounted to Eu20.1mn, from Eu4.9mn on Jun-23. This increase is primarily due to the full consolidation of Movinter, vs. only two months in 2023. Movinter contributed Eu20.0mn, with Eu14.2mn from its Metalwork and Piping divisions. Six Italia, acquired in February 2024, added Eu5.8mn, driven by operations in the railway and naval sectors. Tesi (revenue up 37.3%) and Pure Labs demonstrated strong performances. However, other companies, like Industrie Polieco (-10% revenue) and Expo Inox (-7% revenue), faced declines. EBITDA stood at Eu416k, down from Eu515k 1H23, with an EBITDA margin of 2.1%. This decline reflects increased personnel costs due to hiring and restructuring to support future growth, as well as rising raw material and service expenses. EBIT was heavily impacted by higher D&A, reaching Eu1.5mn, driven mainly by the consolidation of Movinter's goodwill and assets. Consequently, net profit turned into negative, also influenced by the lack of significant divestments and the Eu0.5mn goodwill amortisation.
- Parentco. interim figures broadly unchanged YoY** - Revenues reached Eu407k, from Eu200k for FY23 and Eu91k on Jun-23. This growth was mainly driven by consultancy services to portfolio companies aimed at long-term value creation. Service costs surged to Eu665k, up from Eu292k in 1H23, primarily due to costs linked to financing and the listing on EGM on June 30, 2023. This increased administrative expenses, including board member remuneration, as the board expanded from five to seven members. Personnel costs rose to Eu146k, from Eu125k in 1H23, largely due to the hiring of a senior investment analyst. Operating costs, including lease expenses for office space, remained steady at Eu35k. D&A increased to Eu93k from Eu10k in FY23, reflecting capitalised expenses from the company's listing and office renovations. Net financial income was Eu39k, primarily from dividends and treasury activities, down significantly from Eu6.5mn in 2023, which benefited from dividends related to the sale of Matic Mind. The Net Financial Debt increased primarily due to a Eu7mn loan for the investment in Industrie Polieco. This amount was then transferred to the subsidiary RFLTC-Polieco, resulting in financial receivables for the same amount. At the end-23, the position was neutral, while as of Jun-23, RFLTC had a net cash position of Eu1.0mn.
- No changes to the investment portfolio since our last update** – Apart from the increase in the participation in Polieco by 5% to 15% and the acquisition of SAIEP, both included in our NAV calculation at the time of the initiation, there have been no changes to RFLTC's investment portfolio. 95% of the gross NAV is represented by private investments, with Polieco, Movinter, and Tesi accounting for 81% of the total. The remainder consists of the listed companies Convergenze and SolidWorld, which made up 7% in our previous report due to the negative performance of the latter (-28% YTD).
- NAV unchanged at Eu2.3/s, BUY** – The predominance of private assets over listed stocks in the NAV makes RFLTC an appealing investment with a portfolio that is difficult to replicate. In addition, RFLTC presents a compelling investment case due to its focus on acquiring stakes in Italian family-owned SMEs, driving growth through complex transactions and strategic oversight. Managed by a skilled board, RFLTC's five-phase investment model ensures a disciplined due diligence that also includes analysis of the main ESG KPIs for value creation. Its portfolio, spanning sectors like utilities, aerospace, and stainless steel, mitigates industry-specific risks while capitalizing on growth opportunities. The NAV mark-to-market results into an unchanged per share value of Eu2.3: BUY, 85% upside potential to current price.

BUY

Unchanged

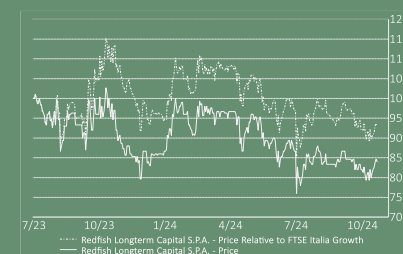
TP 2.3

Unchanged

Target price upside 85%

Ticker (BBG, Reut)	RFLTC IM	RFLTC.MI
Share price Ord. (Eu)		1.3
N. of Ord. shares (mn)		27.7
Total N. of shares (mn)		27.4
Market cap (Eu mn)		35
Total Market Cap (Eu mn)		35
Free Float Ord. (%)		45%
Free Float Ord. (Eu mn)		16
Daily AVG liquidity Ord. (Eu k)		20

	1M	3M	12M
Absolute Perf.	0.0%	0.8%	-14%
Rel. to FTSEMIDCap	-3.2%	3.3%	-38%
52 weeks range		1.1	1.5



Head of Research

Luca Arena

luca.arena@alantra.com

+39 02 63 671 620

Andrea Zampaloni

andrea.zampaloni@alantra.com

+39 02 63 671 621

NAV

Net Asset Value	Eu mn	Eu/s	FD % on GNAV	Methodology	Business
Tesi	8.4	0.31	9%	24E Peers Median EV/EBITDA 9.5x	Industrial - Aerospace Components
Expo Inox	8.4	0.31	9%	24E Peers Median EV/EBITDA 5.9x	Industrial - Stainless Steel Products
Movinter + Six Italia + Saiep	27.2	0.99	30%	24E Peers Median EV/EBITDA 7.1x, excluding Six Italia min.	Industrial - Lightweight Railway Products
Pure Labs	3.7	0.14	4%	24E Peers Median EV/EBITDA 7.8x	Health - Diagnostic Centres
Polieco	38.1	1.39	42%	24E Peers Median EV/EBITDA 11.7x, 51% of the vehicle	Industrial - Pipes and Manhole for Infrastructure
Total Private Companies	85.7	3.13	95%		
Convergenze	1.4	0.05	2%	Market Value, Eu1.96/s	Utility - Energy, Natural Gas and Fiber
SolidWorld	3.4	0.12	4%	Market Value, Eu2.48/s	Technology - 3D Printing System Integrator
Total Listed Companies	4.8	0.17	5%		
Gross Net Asset Value	90.5	3.31	100%		
NFP (debt)/cash	(12.5)	(0.46)		Parent Company, last reported (1H24)	
Net Asset Value	78.0	2.80			
Holding discount	20%				
Target Price	62.4	2.30	85% Upside		

Source: Alantra, Company data

Holding discount qualitative assessment matrix

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	

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

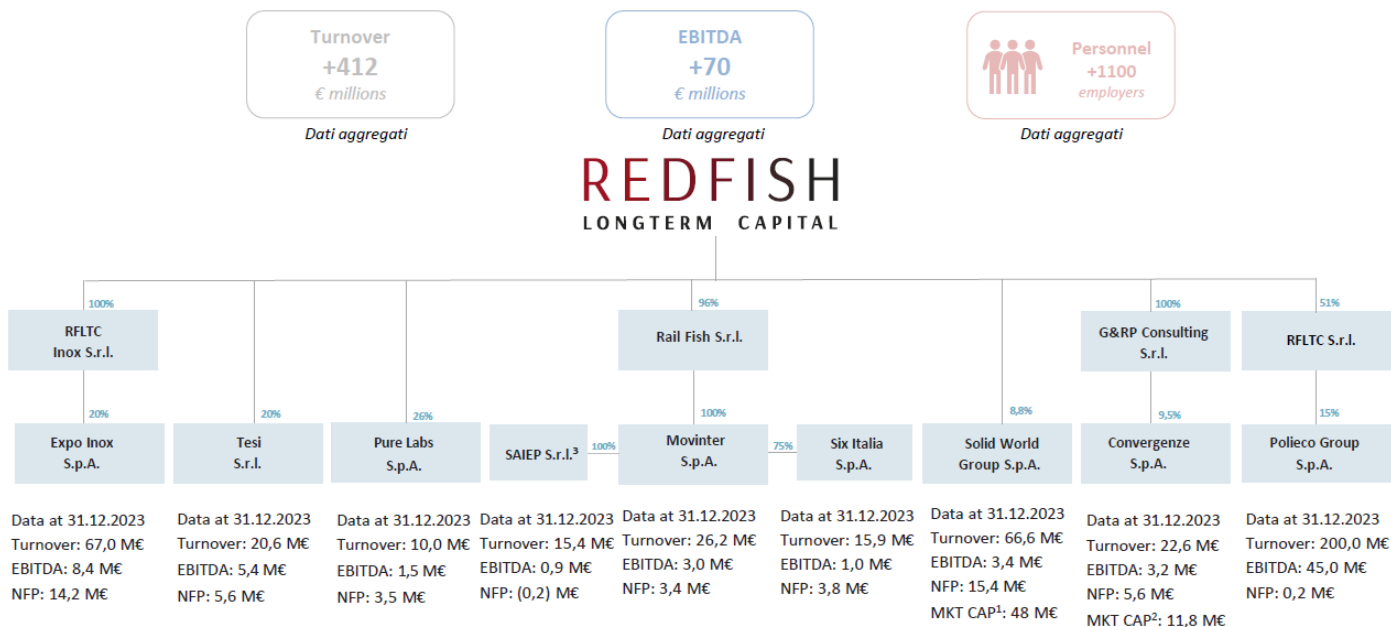
ALANTRA

Italian Equity Research

Key Charts

RFLTC, overview of portfolio companies

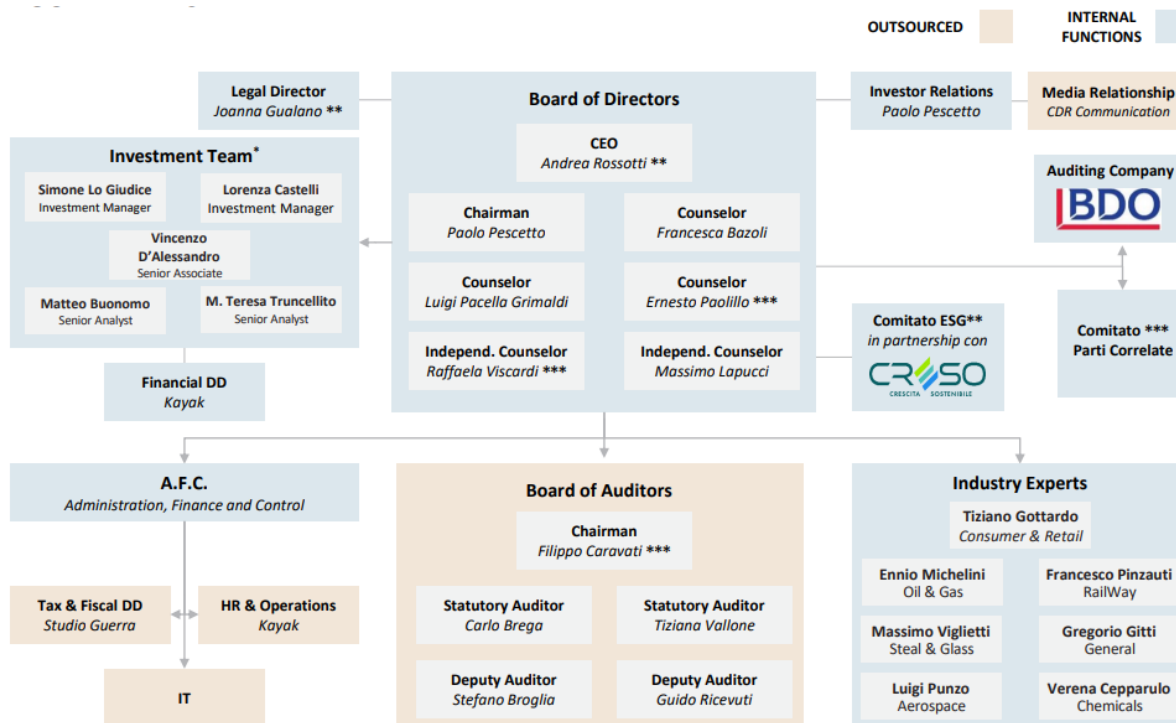
A well-diversified portfolio company structure



Source: company data

RFLTC governance structure

RFLTC's management and in-house experts specialize in sourcing, selecting, analyzing, and defining investment opportunities effectively.



Source: Company data. * Responsible of conducting business development activities on Investees & analyze new potential investments ** Responsible supervision ESG

Profile

Background	Founded in 2020 by Paolo Pescetto, Andrea Rossotti, and the Bazoli and Gitti families, RedFish LongTerm Capital (RFLTC) is an industrial holding firm focused on acquiring stakes in Italian family-owned SMEs. It drives growth through expertise in complex transactions and strategic management, taking both minority and majority stakes with a long-term investment horizon. Collaborating with other investors, RFLTC aims for sustainable growth and lasting value across its portfolio. It prioritizes economic planning, management control, and financing optimization, while actively participating in the governance of portfolio companies. Leveraging a robust network, RFLTC identifies opportunities and provides strategic support. Revenues derive from dividends, fixed consultancy fees, and variable fees. RFLTC's diverse Board ensures ongoing commitment to strategic investments and value creation.
Positioning	RFLTC is a key player in Italy's SME market, focusing on long-term growth through active management of its portfolio companies. Italy's 157,000 SMEs, known for niche expertise, achieved Eu204bn in 2022 despite economic challenges. RFLTC's strategy emphasizes sustainable growth, seeking long-term value via dividends and share appreciation instead of quick exits. Targeting family-owned or transitioning SMEs, it drives growth with specialized staff and efficient management systems. Its flexible investment horizon, without predetermined exits, aligns with the goals of its investees. Concentrating on private firms, RFLTC offers a unique portfolio that balances growth potential, risk mitigation, and diversification, establishing itself as a leader in investment holding.
Portfolio	RFLTC has built a diverse portfolio of seven companies, each in different sectors to reduce industry-specific risks. These include Convergenze (Utilities), Tesi (Aerospace), Solid World (Technology), Expo Inox (Stainless Steel Chimneys), Movinter (Railroad Equipment), PureLabs (Healthcare Services), Six Italia (Rail/Naval Equipment), Polieco (Pipe manufacturing) and SAIEP (Railway Cabling). This diversification not only spreads risk but also capitalizes on growth opportunities across various sectors. RFLTC's strategy includes expanding its portfolio, as seen with its investment in Polieco, set to finalize by June 2024. Expo Inox, acquired in 2022 with a 20% stake, grew its turnover from Eu50mn in 2021 to Eu67mn in 2022, driven by market expansion, including acquiring A1 Flue Systems in the UK. Movinter reached Eu67mn in 2023, boosted by contracts in Spain and Germany. Six Italia joined in December 2023, aligning with RFLTC's goals in the rail sector.
Strategy	RFLTC adopts a disciplined investment approach, scouting two opportunities weekly through a vast network. Opportunities undergo expert and ESG committee evaluations before Board approval, ensuring strategic alignment. The firm prioritizes sustainable financing, utilizing third-party investments and excluding certain sectors. Growth strategies emphasize operational efficiency, targeted acquisitions, and enhanced financial management, with international expansion supported by foreign advisors and overseas scouting. Quarterly monitoring by dedicated teams assesses performance, compliance, and alignment. RFLTC's 5-phase model—identification, analysis, structuring, financing, and growth—drives long-term value creation through due diligence, strategic planning, and post-investment oversight, aiming to optimize operations, expand markets, and mitigate risks via diversified funding sources.

<p style="text-align: center; background-color: #4CAF50; color: white; margin: 0;">Strengths</p> <ul style="list-style-type: none"> 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 	<p style="text-align: center; background-color: #4CAF50; color: white; margin: 0;">Weaknesses</p> <ul style="list-style-type: none"> 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 	
<p style="text-align: center; background-color: #4CAF50; color: white; margin: 0;">Opportunities</p> <ul style="list-style-type: none"> Value expansion, particularly through the IPO of portfolio companies Strategic acquisitions for portfolio enhancement Geographical diversification and access to new markets 	<p style="text-align: center; background-color: #4CAF50; color: white; margin: 0;">Threats</p> <ul style="list-style-type: none"> 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 	
<p style="text-align: center; background-color: #4CAF50; color: white; margin: 0;">Key shareholders</p> <ul style="list-style-type: none"> Maior Srl: 19.1% Red-Fish Kapital: 10.6% Bruno Negri: 8.8% OMR Holding: 7.4% Free Float: 44.8% 	<p style="text-align: center; background-color: #4CAF50; color: white; margin: 0;">Management</p> <ul style="list-style-type: none"> Paolo Pescetto - Chairman Andrea Rossotti - CEO Lorenza Castelli - Investment Manager Simone Lo Giudice - Investment Manager 	<p style="text-align: center; background-color: #4CAF50; color: white; margin: 0;">Next events</p> <ul style="list-style-type: none"> 3Q24 KPIs: 29/10/24 FY24 KPIs: 30/01/25

1H24 Results

RFLTC – 1H24 Results

PF factors the acquisition of Six Italia and SAIEP from 1-Jan (completed in Feb and Jun-24). Rising operational costs reduce PF EBITDA despite revenue growth in 1H24

Eu mn	1H23A	1H24A	YoY %	1H23PF	1H24PF	YoY %
Revenues	5.1	20.1	290%	32.7	33.8	3.3%
EBITDA	0.5	0.4	-19%	2.3	1.5	-31.8%
<i>Ebitda Margin %</i>	10.0%	2.1%		6.9%	4.6%	
EBIT	0.2	(1.1)	<i>nm</i>	1.4	0.0	<i>nm</i>
<i>Ebit Margin %</i>	3.3%	-5.6%		4.3%	0.1%	
Pretax Profit	0.2	(1.6)	<i>nm</i>	1.1	(0.5)	<i>nm</i>
<i>Pretax Margin %</i>	4.3%	-8.0%		3.5%	-1.5%	
Net Profit	0.1	(1.8)	<i>nm</i>	0.9	(1.0)	<i>nm</i>
<i>Net Profit Margin %</i>	1.2%	-8.8%		2.9%	-3.1%	
Restated Net Profit	0.0	(1.9)	<i>nm</i>	0.9	(0.5)	<i>nm</i>
<i>Net Profit Margin %</i>	0.8%	-9.7%		2.9%	-1.4%	
NFP at YE (debt)/cash	17.3	30.1		na	na	

Source: Company data

Disclaimer

Explanation of Ratings: Alantra Capital Markets Sociedad de Valores SAU (Italian Branch) ("Alantra CM (Italian Branch)") Research Department provides six core ratings: BUY, HOLD, SELL, NOT RATED, UNDER REVIEW and SUSPENDED, based on the expected performance over the next 12 months.

BUY: The stock is expected to generate returns of over 10% during the next 12 months.

HOLD: The stock is expected to generate returns of 0-10% during the next 12 months.

SELL: The stock is expected to generate negative returns during the next 12 months.

NOT RATED: The stock is not covered.

UNDER REVIEW: An event occurred with an expected significant impact on our target price and we cannot issue a recommendation before having processed that new information and/or without a new share price reference.

SUSPENDED: Alantra CM (Italian Branch) is precluded from providing an investment rating or price target for compliance reasons.

Due to share price volatility, ratings and target prices may occasionally and temporarily be inconsistent with the above definition.

This report has been prepared by Alantra CM (Italian Branch), which is pertaining to the Alantra Group, a financial Spanish group that provides investment banking, asset management, equities brokerage, capital markets and financial advisory services.

Analyst Certification

Each authoring analyst of Alantra CM (Italian Branch) whose name appears on the front page of this research hereby certifies that (i) the recommendations and opinions expressed in this research accurately reflect the authoring analyst's personal, independent and objective views about any and all of the designated investments or relevant issuers discussed herein that are within such authoring analyst's coverage universe and (ii) no part of the authoring analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the authoring analyst in the research.

This report is solely for the information of clients of Alantra CM (Italian Branch) and for distribution only under such circumstances as may be permitted by applicable law. Alantra CM (Italian Branch) specifically prohibits the redistribution of this material in whole or in part without the prior written permission of Alantra CM (Italian Branch) and therefore Alantra CM (Italian Branch) accepts no liability whatsoever for the actions of third parties in this respect.

Nothing in this report constitutes a representation that any investment strategy or recommendation contained herein is suitable or appropriate to a recipient's individual circumstances or otherwise constitutes a personal recommendation. This report is published solely for information purposes, it does not constitute an advertisement and is not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments in any jurisdiction. The information contained in this research has been compiled by Alantra CM (Italian Branch) from sources believed to be reliable, but no representation or warranty, either expressed or implied, is provided in relation to the fairness, accuracy, completeness or correctness of the information contained herein, nor it is intended to be a complete statement or summary of the securities or markets referred to in this report. Alantra CM (Italian Branch) nor any of its affiliates has not independently verified the facts, assumptions, and estimates contained herein. All estimates, opinions and other information contained in this research constitute Alantra CM (Italian Branch)'s judgement as of the date of this research, are subject to change without notice and are provided in good faith but without legal responsibility or liability. Alantra CM (Italian Branch) its affiliated companies or any other person does not undertake that investors will obtain profits nor accept any liability for any investment losses arising from any use of this report or its contents. This report should not be regarded by recipients as a substitute for the exercise of their own judgement. Any opinions expressed in this report are subject to change without notice and may differ or be contrary to opinions expressed by other business areas of the Alantra Group as a result of using different assumptions and criteria. Research will be initiated, updated and coverage ceased solely at the discretion of Alantra CM (Italian Branch). The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results. Alantra CM (Italian Branch) is under no obligation to keep current the information contained in this report.

From time to time, Alantra CM (Italian Branch) salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our principal trading desk that reflect opinions that are contrary to the opinions expressed in this research. Alantra CM (Italian Branch)'s affiliates, principal trading desk, and investing businesses also from time to time may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

Investments involve risks and investors should exercise prudence in making their investment decisions. The securities described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. Stocks bear significantly risk that typically cannot be valued by normal fundamental criteria. Investments in the stock may result in a material loss. Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Past performance is not necessarily indicative of future results. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument mentioned in this report.

Any prices stated in this report are for information purposes only and do not represent valuations for individual securities or other instruments. There is no representation that any transaction can or could have been realized at those prices.

Neither Alantra CM (Italian Branch) nor any of the companies pertaining to the Alantra Group nor any of their shareholders, directors, employees or agents accepts any liability for any loss or damage arising out of the use of all or any part of this report.

Except as otherwise specified herein, this material is exclusively communicated by Alantra CM (Italian Branch) to persons who are eligible counterparties or professional clients and is only available to such persons. The information contained herein does not apply to retail clients.

The analysts responsible for the preparation of this report may interact with trading desk personnel, sales personnel and investment managers. Alantra CM (Italian Branch), any other company pertaining to the Alantra Group, and any of their shareholders, directors, employees may, to the extent permitted by law, have a position or otherwise be interested in any transactions, in any investments directly or indirectly the subject of this publication. The Alantra Group relies on information barriers to control the flow of information contained in one or more areas within the Alantra Group, into other areas, units, groups or affiliates of the Alantra Group. The Alantra Group may do and seek to do business with companies covered in its research reports. As a result, investors should be aware that the Alantra Group may have a conflict of interests. Information regarding transactions in which the Alantra Group has acted as an advisor, or provided professional services, is available on Alantra Group's website (<http://www.alantra.com>). The Alantra Group has established, implemented and maintains an effective conflicts of interest policy appropriate to its size and organization and to the nature, scale and complexity of its business. Investors should consider this report as only a single factor in making their investment decisions.

Conflict of interest

In order to disclose its possible conflicts of interest Alantra states that:

- Alantra is Corporate Broker of the following Companies: Eurotech, ICF, Tecma Solutions, Planetel, Powersoft, ATON Green Storage, Almaywave, Bifire, Indel B, Solid World Group, Comer Industries, Edil San Felice, Fae Technology, Kruso Kapital, Redfish Longterm Capital, B&C Speakers, Trevi, Next Geosolutions Europe, ICOP

Research Distribution Policy

Alantra CM (Italian Branch) research will be available simultaneously for all of Alantra CM (Italian Branch)'s customers who are entitled to receive the firm's research. Research may be distributed by the firm's sales and trading personnel via email, instant message or other electronic means. Customers entitled to receive research may also receive it via third party vendors. Until such time as research is made available to Alantra CM (Italian Branch)'s customers as described above, Authoring Analysts will not discuss the contents of their research with Sales and Trading or Investment Banking employees without prior compliance consent.

For further information about the proprietary model(s) associated with the covered issuer(s) in this research report, clients should contact their local sales representative.

The disclosures contained in research reports produced by Alantra CM (Italian Branch) shall be governed by and construed in accordance with Spanish and Italian laws.

The receipt of this report implies full acceptance by its recipients of the contents of this disclaimer.

Alantra Capital Markets Sociedad de Valores SAU is the Spanish investment firm located in Madrid, Calle de José Ortega y Gasset 29, registered at the Comisión Nacional del Mercado de Valores (CNMV) with number 258. Alantra CM (Italian Branch) is located in Milano (Italy), Via Borgonuovo 16 with number 155.