Comal

Sector: Energy Equipment & Services

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Ready to play the solar rush into 2030

Comal is the leading Italian EPC-M player in utility scale PV plants, becoming a one-stop-shop in the solar value chain thanks to innovative and patented solar trackers, shelters, and (from 2H25) state-of-the-art modules.

Fair Value (€)	**5.70**
Market Price (€)	**3.86**
Market Cap. (€m)	**50.5**

Comal: A One-Stop-Shop Solar Photovoltaic Leader

Comal is the leading Italian EPC-M and O&M player in utility scale (>1MW) turnkey PV plants. With >2 GW of cumulative installed capacity, Comal secured a top-tier clientele and decided to expand its offerings to include value-added PV components, such as innovative and patented solar trackers and advanced shelters, becoming a one-stop-shop for solar power solutions. Comal's competitive edge is driven by (i) a first mover status that endures extensive know-how and proven track record; (ii) comprehensive value chain integration; (iii) strong commitment to technological advancement.

Poised to Capitalize on PV Capacity Expansion

All projections indicate a massive boost in EU/Italian solar capacity, with the installed base expected to double/triple by 2030, driven by robust policy support and declining costs. Comal is well-positioned to capture substantial value from this trend, offering products and services that represent ~50% of a solar plant's value, and boasting a dominant market share. More, Comal is set to further strengthen its offering with the production of state-of-the-art PV modules (targeting residential use) in a new advanced industrial facility.

EBITDA 3X by FY28E; Leverage to Peak in FY24E-25E

Comal's financial profile showcases robust growth (VoP $CAGR_{17-23}$ of 47%), consistent profitability (EBITDA Margin of 7%-10%), and a 1H24 backlog at all-time high (€348mn or 2.5x FY23 VoP). In FY28E, we expect VoP at ca. €361mn (22% CAGR) and EBITDA at ca. €31mn (3x FY23, 9% margin), including the new PV modules business from FY26E. The expected growth and planned internalization process bring substantial initial working capital and capex requirements, leading to a peak 4.0x Net Debt/EBITDA ratio in FY24E, despite the recent €4.8mn recapitalization. Yet, our expected FY26E inflexion point for FCF generation (cumul. 50% FCF Yield 2026E-28E) should improve the ratio to 1.4x in FY28E.

Fair Value at €5.70 p/s implying a 50% Upside

Comal's fair equity value is set at €5.70 p/s, combining short-term SOTP (based on relative multiples) and long-term DCF model, offering a 50% potential upside. Positioned at the forefront of the energy transition with huge growth potential and balance sheet seen to start improving from FY25E, Comal is set to deliver exceptional returns. Indeed, our cross-check rolling valuation projects an annualized IRR of >40%.

KEY FINANCIALS (€mn)	2023A	2024E	2025E
VALUE OF PRODUCTION	136.2	203.9	238.9
EBITDA	10.0	14.3	17.8
EBIT	8.3	11.8	14.6
NET PROFIT	4.1	5.3	6.8
EQUITY	19.8	29.9	36.8
NET FIN. POS.	-30.2	-57.8	-68.9
EPS ADJ. (€)	0.36	0.40	0.52
DPS (€)	0.00	0.00	0.00

Source: Comal (historical figures)
Value Track (2024E-25E estimates)

KEY RATIOS	2023A	2024E	2025E
EBITDA MARGIN (%)	7.4	7.0	7.4
EBIT MARGIN (%)	6.1	5.8	6.1
NET DEBT / EBITDA (x)	3.0	4.0	3.9
NET DEBT / EQUITY (x)	1.5	1.9	1.9
EV/SALES (x)	0.5	0.5	0.5
EV/EBITDA (x)	6.9	7.6	6.7
EV/EBIT (x)	8.3	9.2	8.2
P/E ADJ. (x)	9.4	9.5	7.4

Source: Comal (historical figures)
Value Track (2024E-25E estimates)

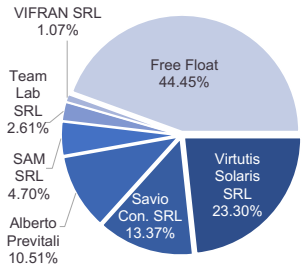
STOCK DATA	
MARKET PRICE (€)	3.86
SHS. OUT. (m)	13.1
MARKET CAP. (€m)	50.5
ENTERPRISE VALUE (€m)	108.3
FREE FLOAT (%)	44.5
AVG. -20D VOL. ('000)	33,511
RIC / BBG	CML.MI / CML IM
52 WK RANGE	€2.95 – €3.90

Source: Stock Market Data

Business Description

Comal is the leading Italian EPC-M and O&M player in utility scale (>1MW) turnkey PV plants. With >2GW of cumulative installed capacity, Comal vaunts an unmatched track record (pioneer of grid parity) and manufacturing experience. After securing a top-tier clientele, Comal expanded its offerings to include value-added PV components, such as innovative and patented solar trackers and advanced shelters, becoming a one-stop-shop for solar power plants. Looking ahead, Comal is set to further strengthen its value proposition by initiating the production of state-of-the-art PV modules, while exploring promising opportunities for vertical and horizontal integration.

Shareholders Structure



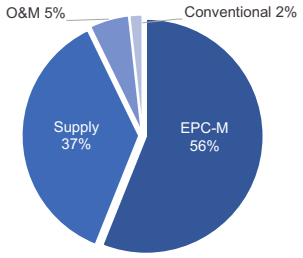
Source: Comal

Key Financials

€mn	2023A	2024E	2025E	2026E
Value of Production	**136.2**	**203.9**	**238.9**	**288.5**
y/y (%)	*75.1%*	*49.7%*	*17.2%*	*20.8%*
EBITDA	**10.0**	**14.3**	**17.8**	**23.1**
EBITDA Margin (%)	*7.4%*	*7.0%*	*7.4%*	*8.0%*
EBIT	**8.3**	**11.8**	**14.6**	**19.5**
EBIT Margin (%)	*6.1%*	*5.8%*	*6.1%*	*6.8%*
Net Profit	**4.1**	**5.3**	**6.8**	**10.7**
y/y (%)	*22.9%*	*28.3%*	*29.3%*	*56.8%*
Adjusted Net Profit	**4.1**	**5.3**	**6.8**	**10.7**
y/y (%)	*22.9%*	*28.3%*	*29.3%*	*56.8%*
Net Fin. Position	**-30.2**	**-57.8**	**-68.9**	**-64.8**
Net Fin. Pos. / EBITDA (x)	*3.0*	*4.0*	*3.9*	*2.8*
Capex	-4.3	-11.1	-4.3	-2.4
OpFCF b.t.	**-6.7**	**-25.7**	**-3.4**	**12.9**
OpFCF b.t. as % of EBITDA	*nm*	*nm*	*nm*	*55.8%*

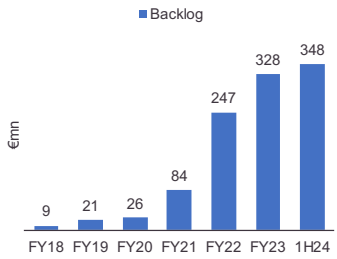
Source: Comal (historical figures), Value Track (estimates)

Revenues from Sales by Business



Source: Comal

Backlog Evolution



Source: Comal

Investment case

Strengths / Opportunities

- Leadership position, with unmatched track record and top-tier clientele;
- Full-line service and product offer (including proprietary trackers);
- Booming reference market.

Weaknesses / Risks

- High exposure to regulations and bureaucracy;
- (Working") capital intensive business model;
- Dependency on raw materials, components and transportation costs.

Stock multiples @ €5.70 Fair Value

	2024E	2025E
EV / SALES (x)	0.6	0.6
EV / EBITDA (x)	9.2	8.1
EV / EBIT (x)	11.2	9.9
EV / CAP.EMP. (x)	1.5	1.4
OpFCF Yield (%)	nm	nm
P / E (x)	14.1	10.9
P / BV (x)	2.5	2.0
Div. Yield. (%)	0.0	0.0

Source: Value Track

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Executive Summary

Comal at a Glance: A One-Stop-Shop Solar Photovoltaic Leader

In less than 25 years, Comal has transformed from its roots in conventional power to a trailblazer in the solar photovoltaic ("PV") industry. Headquartered in Montalto di Castro, Comal is the **leading Italian EPC-M** (Engineering, Procurement, Construction Management) and **O&M** (Operations & Management) player in **utility scale** (>1MW) **turnkey PV plants**. With **>2 GW** of cumulative installed capacity and an estimated **market share of over 60%**, Comal secured a **top-tier clientele** and decided to expand its offerings to include value-added PV components, such as innovative and **patented solar trackers** and advanced shelters, becoming a **one-stop-shop** for solar power solutions. Guided by experienced leaders such as Guido Paolini (founder) and Alfredo Balletti (CEO), Comal maintains a dynamic and forward-thinking approach.

Business Model Built on a Comprehensive Services and Products Offer

Comal excels in the renewable energy sector by providing reliable, state-of-the-art solar PV systems with a comprehensive services and product range, crafting **tailored end-to-end solutions** that maximize clients' energy capture and efficiency. Comal's portfolio includes:

- **EPC-M Services**: Comal's historical core business, boasting over 2 GW of cumulative installed capacity, with estimated 800 MW installed last year. Clients trust Comal to handle all aspects of plant construction, from design and procurement to installation and commissioning;
- **O&M Services**: After the standard 2-year post-commissioning maintenance, clients can extend their contracts for services like component replacement/upgrades, performance testing, and real-time monitoring, managed by an advanced SCADA software and highly specialized technicians;
- **Proprietary Technology** (so-called "Supply"): through **significant R&D efforts**, Comal has developed cutting-edge proprietary devices such as:
  - **"Sun Hunter" Solar Tracker**: mono-axial certified system that increase the yield of a PV field by ca. 16% per MW with integrated hardware, software, and custom algorithms. The growing demand for these products has led Comal to internalize the production of trackers, occupying an area of over 30k square meters and aiming at 1 GW worth of trackers annually;
  - **Shelters**: available in various capacities, these transformation stations seamlessly integrate with externally sourced inverter, completing the electrical circuit within the PV plant.
- **Conventional Energy**: Comal continues to maintain equipment for thermal energy production, alternators, and turbines, though this segment accounted for only about 2% of sales in 2023.

The added value of Comal's offer lies in its **ability to oversee** (either directly or through qualified suppliers) **all technical and executive phases of a contract** (with >50% of the total cost of a solar plant addressed by activities delivered by Comal, out of which ca. 80% directly performed). The backlog typically converts into sales within 6-8 months, providing high visibility for F1 top-line projections. This holistic approach ensures seamless project execution and high-quality outcomes.

Thriving Market with Robust Policy Support: A Golden Era for Solar PV

The solar PV market is crucial to the **global shift towards sustainable energy**. In 2023, the market saw unprecedented growth with 576 GW of new renewable capacity, 447 GW of which was solar, highlighting its dominance. The European Union aims to significantly boost its solar capacity through various ambitious policies, with projections indicating a doubling/tripling by 2030. Italy, with record installations in 2023 (5.3 GW, 8th in the world and 3rd in Europe), boasts a domestic target for solar PV cumulative capacity of **79.3 GW by 2030** (from 30.3 GW as of 2023), translating into ca.

7.0 GW installations per year. Our country faces challenges in reaching its targets due to regulatory and permitting issues. Despite strong policy support and technological advancements, the market's growth is indeed threatened by macroeconomic and supply chain constraints, emphasizing the need for domestic production and diversified supply chains.

Unmatched Competitive Edge: Leadership Through Innovation

Comal stands out in the solar PV market with a robust competitive edge driven by:

1. **First Mover Advantage**: Comal's early entry into the PV market has provided an experienced management team and an impressive track record, including being a gird parity pioneer from 2016, and maintaining reliability with top-tier clients;
2. **Full Coverage of the Value Chain**: Comal's integrated approach allows it to offer end-to-end solutions, covering mostly directly all stages of the EPC-M value chain, from design to maintenance, enhancing project quality, cost efficiency, and timing control;
3. **Advanced Technological Drive**: continuous R&D investments and extensive engineers' know-how led to the development of cutting-edge proprietary technologies, ensuring a stable position at the forefront of innovation and efficiency in its offerings.

Moreover, Comal also boasts a **significant backlog** of projects (€346mn as of March 31st, 2024) that ensures future growth.

Strategic and Visionary Growth Initiatives: Priority on PV Modules

Looking ahead, Comal is set to further strengthen its offering by initiating the production of **state-of-the-art PV modules** (targeting residential use) in a new advanced industrial facility in L'Aquila, starting from June 2025. More broadly, Comal's growth strategy centers on advancing the global energy transition through photovoltaics, structured around four strategic pillars:

1. **Strengthening Vertical Integration**: By internalizing more and more production processes, Comal aims to reduce costs and increase control over its manufacturing activities;
2. **Investing in R&D** is essential for Comal to enhance the effectiveness and innovation of its customer solutions;
3. **Optimizing Processes**: Comal is committed to optimizing its processes to improve efficiency and productivity, mainly in the recently internalized tracker manufacturing. Streamlining operations will enable a higher quality offer while reducing operational costs;
4. **Expanding Business Operations**: Comal aims to expand its business in Italy and selected international markets, including Europe, the USA, and the Middle East. This expansion is crucial for leveraging disrupting opportunities (revamping, storage systems, EV charging stations).

By expanding into these innovative areas, Comal aims to enhance its market responsiveness and solidify its position as a comprehensive solution provider in the renewable energy sector.

Sound Growth and Margins, but High Initial Capital Requirements

Comal's financial profile showcases robust growth and consistent profitability, driven by surging demand for PV technology. Key historical figures include a Value of Production $CAGR_{17-23}$ of 47%, a stable EBITDA Margin of 7%-10%, but a growing Net Debt due to high working capital needs. A strong market position, with a backlog at an all-time high, and strategic investments for the in-house production of trackers set the foundation for a bright future. Indeed, our forecasted financials highlight a **compelling growth narrative**, underpinned by **three distinct yet synergistic**

business lines: the well-established EPC-M services, the rapidly expanding trackers segment, and the new PV modules business. This strategic diversification should propel, in 2028E:

- **Value of Production at €361.4mn**, growing at a $CAGR_{23A-28E}$ of 22%;
- **EBITDA** more than doubling **to €31.2mn**, with a margin improvement of 120bps vs FY23;
- **OpFCF (before taxes) at €23.4mn**, representing 75% of 2028E EBITDA;
- **Net Debt at €43.4mn**, reducing its incidence on EBITDA from 4.0x-3.9x (FY24E-25E) to 1.4x, despite substantial initial capital requirements. This should be achieved thanks to an inflexion point for FCF generation in FY26E (**cumulative 50% FCF Yield FY26E-28E**).

Valuation Upside at 50% and Potential IRR over 40%

We initiate coverage on Comal with a **fair equity value of €5.70 per share**, based on the average of a short-term-oriented Sum of the Parts model, supported by relative valuations, and a long-term-focused DCF, which captures the cash flow benefits of a normalized scenario post-realization of the modules factory and once the trackers' facility achieves full capacity. Our **fair market capitalization** of approximately **€75mn** implies a **50% upside** compared to Comal's current market value. This substantial potential is justified by:

1. **Pure Play in Energy Transition**: Comal stands out with its strong technological drive, vertically-integrated and diversified offerings, proven track record, and leadership in the Italian solar PV market;
2. **Free Cash Flow Turning Point in FY26E**: With a rock-solid backlog and an ever-increasing commercial pipeline, Comal is set to translate this into robust cash flow generation in the medium-term, boasting a 50% cumulative FCF Yield for FY26E-28E.

On top of this, Comal is targeting **significant growth opportunities** in international markets, revamping projects, and hydromethane storage systems, which **are not yet embedded** in our estimates but could further enhance our fair value in the medium term. Finally, should Comal maintain its current FY1 trading multiples over the next two years, this would imply a potential **annualized IRR of over 40%** by entering the Group's share capital at the current market price.

Comal: SWOT Analysis

STRENGHTS	WEAKNESSES
1. **Italian EPC-M Market Leader in Utility Scale Photovoltaic Plants** 2. **Full-line service** (design, engineer, construction, O&M) **and product offer** (plants, **patented trackers**, inverter transformation stations) 3. **Unmatched Track Record** (Pioneer of Grid Parity) **and Manufacturing Experience** (High Percentage of In-House Activities) 4. **Booming Reference Market** (incentivized at European level) 5. **Top-End Clientele** (Utilities and Financial) thanks to **Proven Reliability** 6. **Strong Tech Know-How** (Patented Tracker Technology, Software Development, Predictive Maintenance Monitoring)	1. **High Exposure to Regulations** (Authorizations Bureaucracy, Italy Slowdown vs. Green Deal and REPower EU goals) 2. **High Dependance from Raw Materials** (steel, aluminum, silicon) and **Transportation Costs**, **Energy Prices**, and **China**'s Leadership on Components (modules, inverters) 3. **Strong Exposure to Domestic Market** 4. **Financial Risks** from Developing Large Scale PV Plants 5. **Dependency on Key People** (Top Management)
OPPORTUNITIES	**THREATS**
1. **Diversification with New PV Modules Manufacturing Plant in L'Aquila** 2. **Stronger International Expansion** (leveraging on African and Middle-East Access and Experience) 3. **Off-Grid EV Charging Stations** (e.g., "CarPoint" PV Plant Replication) 4. **Revamping** Opportunity (Higher Focus on O&M by Restructuring Obsolete Plants) 5. **Hydrogen Storage** Opportunity (Hydromethan Production)	1. **New Players Entering the EPC RE Market** 2. **Price Competition for PV Modules** (China) **and Solar Trackers** 3. **Growth Management** 4. **Regulatory and Technological Changes** 5. **Lack to Find Qualified Engineers**

Source: Value Track Analysis

Corporate Profile

In less than 25 years, Comal has transformed from its roots in conventional power to a trailblazer in the solar PV industry. Headquartered in Montalto di Castro, Comal excels in utility-scale PV plants, boasting over 2 GW of installed capacity, and has been expanding its offerings to include innovative solar trackers and high-efficiency PV modules. Guided by experienced leaders such as Guido Paolini (founder) and Alfredo Balletti (CEO), Comal maintains a dynamic and forward-thinking approach. The free float is high (ca. 45%), but the Group share capital reflects a strong commitment from its founders and management, driving its continued market leadership and growth.

Comal at a Glance

Comal is the **leading Italian EPC-M** (Engineering, Procurement, Construction Management) and **O&M** (Operations & Management) player in **utility scale** (>1MW) **turnkey PV plants**. With **>2 GW** of cumulative installed capacity and an estimated **market share of over 60%**, Comal vaunts an **unmatched track record** (**pioneer of grid parity**) and manufacturing experience. After securing **a top-tier clientele**, Comal expanded its offerings to include value-added PV components, such as innovative and **patented solar trackers** and advanced shelters, becoming a **one-stop-shop** for solar power solutions. Looking ahead, Comal is set to further strengthen its vertical integration by initiating the production of state-of-the-art **PV modules**, while exploring promising opportunities in revamping, energy storage systems, and off-grid EV charging stations.

Comal: Examples of Solar PV Plants Installed



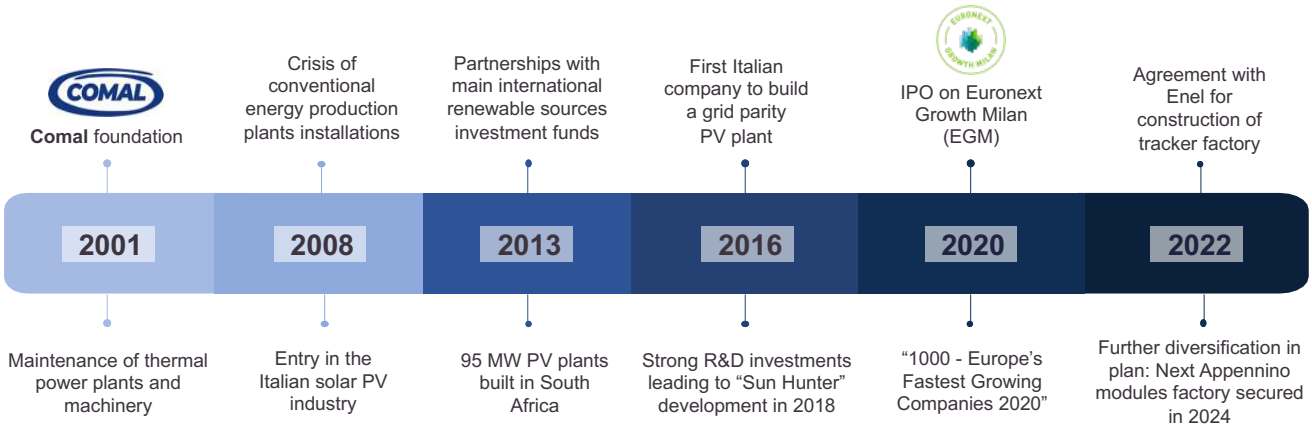
Source: Comal

Historical Milestones

Despite its relatively recent inception, Comal has made significant strides in the industry. Key milestones in Comal's journey include:

- **2001**: Comal was established by experienced technicians in the plant-industrial sector, beginning with mechanical-plant engineering and constructing large conventional power plants, including the "Alessandro Volta" plant in Montalto di Castro, originally designed as a nuclear facility;
- **2008-2009**: In response to a crisis in the plant engineering sector, Comal restructured its corporate strategy to enter the PV energy market, achieving notable success in turnover, performance, and client satisfaction;
- **2013-2016**: Comal expanded significantly by constructing 96 MW of PV plants in South Africa, gaining essential expertise in solar power plant construction. Since 2016, the company has operated under EPC-M and O&M contracts in Italy and abroad;
- **2017**: Comal became the first Italian operator to achieve grid parity with a 63 MW solar plant, making renewable energy profitable without the need for public incentives;
- **2018**: Comal launched the "Sun Hunter" tracker, an innovative PV system component that enhances panel mobility and solar tracking, increasing production yield. Comal became Italy's exclusive provider of comprehensive PV module support structures;
- **2020**: On December 16, Comal transitioned to a public company, listing on AIM Italia (later Euronext Growth Milan) by offering 4 million shares at €2.00 per share, raising a total of €8mn;
- **2022**: Comal signed an agreement with Enel Green Power (leasing contract) to build a tracker factory at the "Alessandro Volta" thermal power plant in Montalto di Castro. The factory, spanning over 30k square meters, aims to employ up to 70 workers and potentially re-employ personnel from disused thermoelectric plants in Lazio. The goal is to produce Italian trackers to support up to 1 GW of PV annually, strengthening the national renewable energy supply chain;
- **2024**: Comal won the "Next Appennino | Measure B1.2 - B3.3" tender to build an advanced industrial plant in L'Aquila for high-efficiency PV modules. The €16.1mn project aims to be completed by mid-2025, creating numerous jobs in Abruzzo and boasting a total annual capacity of 500 MW. The total investment includes €6.9mn in subsidized financing, €4.9mn in grants for plant and equipment, €0.2mn in direct contributions, and €4.1mn in bank financing and the recent rights issue. Indeed, in July, Comal also secured €4.8mn through a rights issue of ca. 1.6mn shares at €3.0 p/s (subscribed at 97%);
- **Today**, Comal boasts a backlog of €328mn (1Q24) and over 2 GW of cumulative installed solar PV power, with a continuously growing commercial pipeline capacity.

Comal: Key Historical Milestones



Source: Comal, Value Track Analysis

Group Structure and Consolidation Perimeter

The Comal Group comprises two primary entities: **Comal SPA** and **Tirreno Impianti SRL**, wholly owned, a company specializing in the manufacturing, installation, and maintenance of metal structures and carpentry for conventional energy plants, headed by Federico Balletti, son of Alfredo Balletti, the CEO of Comal.

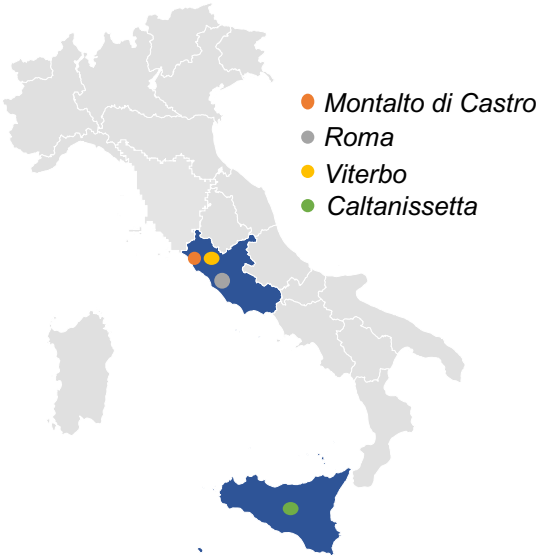
In addition, Comal has several subsidiaries outside its current consolidation perimeter with activities and turnover still negligible. These include **BC Renewable Energy SCARL**, in which Comal holds a 50% share, established in June 2020 to acquire and manage orders from Enel. Comal also has a 49% share in **Comal Middle East Solar System LLC**, acquired in November 2021 to explore international opportunities in the Middle East. Additionally, Comal holds a 47.5% share in **Move To Zero SRL**, an innovative startup focused on the potential development of hydrogen and hydromethane storage systems.

Headquarters and Factories

The Comal Group primarily operates in Italy but maintains a significant international presence. It actively participates in global tenders for the construction of energy production plants, often in collaboration with local partners. Notably, the Group has an impressive track record in South Africa, with 96 MW installed.

In Italy, Comal's activities are centered at its headquarters in **Montalto di Castro** (Viterbo province), which spans over 50,000 square meters. This includes Comal's historical area dedicated to EPC-M activities (21,000 square meters) and the new tracker factory (30,000 square meters). Both facilities, located close to each other, are equipped with state-of-the-art machinery and tools for assembly, processing, and maintaining large production volumes. In addition to its headquarters, Comal expanded its operations in 2021 by establishing several new offices in **Rome** (focused on sales and design departments), **Viterbo** (dedicated to finance and management control), and **Caltanissetta** (set up to anticipate significant growth in plant opportunities in the Sicilian region).

Comal: Headquarters and Historical Factory





Source: Comal, Value Track Analysis

Governance and Organizational Structure

Comal's top management team includes both long-standing members who have been with the company since its inception and new additions who bring valuable external experience:

- **Guido Paolini – Founder and Chairman**: Mr. Paolini has extensive experience in mechanical and plant engineering. He has worked as a coordinator and site manager for companies such as Dalmine Montubi SPA, CO.GE.MI SPA, and Tirreno Impianti SRL. He also served on the board of B&C Energy SRL. from 2010 to 2012;
- **Alfredo Balletti – CEO**: Mr. Balletti holds a degree in Mechanical Engineering from La Sapienza University in Rome. His career includes roles at EL-MO SRL, CO.GE.MI. SPA, and Selex ES SPA. Since 2007, he has been Comal's Director of Operations, and serves as reference designer of Comal's trackers;
- **Luca Lucidi – CFO**: Luca has a degree in Economics from Roma Tre University in Rome and an MBA from LUISS University in Rome. He began his career at PricewaterhouseCoopers and KPMG. In 2003, he joined the Elettronica Group as a controller and head of strategic planning. He later served as CFO at Cy4gate SPA and REITHERA SRL before joining Comal at the beginning of 2024;
- **Fabio Rubeo –Head of Investor Relations** (and BoD director): Fabio graduated in Law from LUISS University in Rome. His passion for astronomy and applied sciences led him to oversee the construction of the world's largest apochromatic refractor telescope from 2010 onwards. He played a pivotal role in establishing several observatories, including CSO, ALMA and SPADE Observatory.

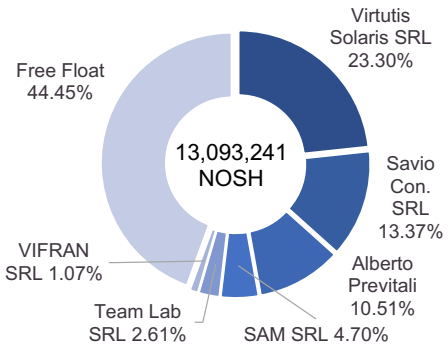
Looking at the personnel, at the end of 2023 the Group consisted of 302 employees (average), up from only 61 as of 2018 and from 164 as of 2022 year-end.

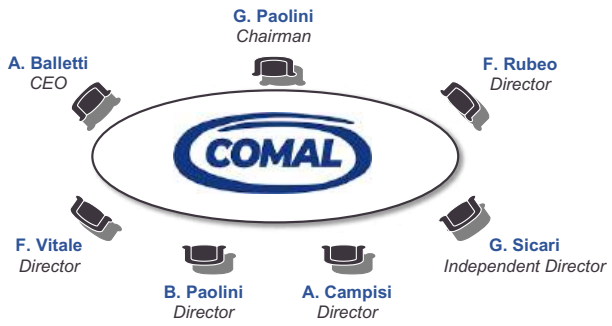
Shareholders' Structure and Board of Directors

Comal has a share capital made up of 13,093,241 shares (post-rights issue of July 2024), with a free float of 44.45%. Founders and management are heavily involved in the group shareholding structure:

- **Virtutis Solaris SRL** (23.3%), funded and owned by Alfredo Balletti and Fabio Rubeo;
- **Savio Consulting SRL** (13.4%), is a company controlled by Guido Paolini (Chairman);
- **Alberto Previtali** (10.5%), investor who recently entered Comal share capital;
- **SAM SRL** (4.7%), is a company controlled by Barbara Paolini (BoD Director);
- **Team Lab SRL** (2.6%), of Francesco Campisi, father of Alessandro Campisi (BoD Director);
- **VIFRAN SRL** (1.1%), is a company controlled by Francesco Vitale (BoD Director).

Comal: Shareholders (*) and Board of Directors





Source: Comal, Value Track Analysis, (*) Value Track Hypothesis of Pro-Quota Rights Issue of July

Business Profile

Comal excels in the renewable energy sector by providing advanced solar PV systems with a comprehensive EPC-M and O&M services range. Comal manages 50% of project costs and performs 80% of activities in-house, ensuring seamless execution. With over 20 years of experience and significant R&D investments, Comal leverages proprietary technology to deliver high-efficiency solutions. More, The Group's strong value chain presence, highly-skilled personnel, and solid relationships with suppliers and clients reinforce its leadership in the Italian PV market.

Comal's Value Proposition

The global transition to renewable energy faces challenges such as high costs, inefficiencies in energy capture, and the need for reliable, scalable solutions to meet increasing energy demands.

Comal excels in the renewable energy sector by providing **state-of-the-art solar PV systems** with a comprehensive services and product range, crafting **tailored end-to-end solutions** that maximize energy capture and efficiency and cater to the unique needs of **top-tier clients**, including investment funds and utility companies. The use of proprietary technology underscores its innovative approach and leadership in the Italian solar PV market.

Comprehensive Services and Products Offer

Comal has **>20 years of experience** in the mechanical engineering sector, having initially participated in the construction of large plants for the production of energy from conventional sources. Starting in 2008, the Group started a reorganization of its corporate structure, focusing mainly on the construction of large plants for the production of energy from solar renewable sources.

Now, Comal is the Italian leader in performing EPC-M ("Engineering, Procurement, and Construction Management") and O&M ("Operations and Maintenance") services, integrating proprietary advanced technologies. Comal's offer includes:

- **EPC-M**: in this highly competitive market, characterized by flattened prices conditions, Comal excels by effectively covering the entire production chain of large scale PV, from design and procurement to installation and commissioning. This holistic approach ensures seamless project execution and high-quality outcomes;
- **O&M**: Comal's commitment to ongoing monitoring and optimization of plant efficiency ensures that its PV installations operate at peak performance. This includes regular maintenance, real-time performance tracking, and strategies to enhance energy output and reduce operational costs;
- **Proprietary Technology** (so-called "Supply"): by incorporating internally manufactured advanced technologies such as the "Sun Hunter" tracker and shelters, Comal enhances the efficiency and performance of its PV systems, providing a competitive edge;
- **Conventional Energy and Other Activities**: Comal still carries out ordinary and extraordinary maintenance of equipment and machinery for the production of thermal energy, as well as maintenance of alternators and turbines. In 2023, this business weighted just about 2% of sales, related to its legacy business with the prior Italian energy "incumbent".

Hereafter, a more detailed analysis of Comal's offerings, divided by service/product involved.

Engineering, Procurement, Construction – Management ("EPC-M")

These services represent Comal's core business. As of the end 2023, Comal has a total installed capacity of **>2 GW**, with approximately 800 MW estimated to have been added just last year, implying a **market share of >60%** on domestic utility-scale installations (ca. 1.2 GW in 2023).

The Group operates mainly through the EPC-M formula, for such meaning the projects in which a client (utility or financial investor) entrusts to the contractor (Comal) all activities related and/or functional to the construction of the plant, including post-commissioning assistance. Different from EPC companies, instead of directly executing the construction, EPC-M companies manage the construction process, acting as a manager and advisor, and sharing control and responsibility with the client, allowing for better customization in exchange of higher and more predictable margins.

Comal: EPC-M Activity – Examples of Comal's PV Plants Installed





Source: Comal

Comal is able to offer "**turnkey**" solutions that are made **almost entirely in-house**, dealing with:

1. **Engineering**: the plant design phase, developing customized projects to satisfy clients' needs;
2. **Procurement**: purchase and supply of materials and products necessary for the installation of the plant, including modules, inverters, trackers, control systems, shelters, meters, electric cables;
3. **Construction** of civil works, installation (assembling of electrical and mechanical components), and commissioning (functioning tests and final launch) of the plant;
4. **Management**: after-sales service that includes plant maintenance, monitoring and surveillance. Comal's EPC-M contracts normally provide these activities for a period of 24 months from the commissioning of the plant, ensuring the conformity to the technical drawing, the absence of defects, and contracted performance levels.

The added value of the Group's offer is therefore represented by the **ability to oversee** (directly or through qualified suppliers) **all the technical and executive phases of a contract**.

Still, EPC-M EBITDA margins rarely surpass the 10% threshold due to the competitive nature of the industry and the high costs associated with project execution and management. Additionally, the EPC-M business is capital-intensive in terms of working capital, as it requires significant upfront investment in materials, labor, and other resources before revenue is realized (more details on orders accounting can be found in the appendix).

Operations and Maintenance ("O&M")

PV systems are intricate assemblies comprising numerous components that require regular monitoring and maintenance to ensure optimal functionality and maximum profitability throughout the plant's lifecycle. Following a two-year period of standard post-commissioning maintenance, clients have the option to extend their partnership with Comal through a dedicated Operations and Maintenance (O&M) contract. To enhance competitiveness, Comal leverages the extensive data collected from its solar PV plants, extracting valuable insights to achieve peak efficiency. Comal's O&M services include:

- **Components Replacement and Upgrades**: updating obsolete and low-efficiency components of older installations, including those installed by third parties, through comprehensive **revamping** services;
- **Performance Testing**: Conducting thorough assessments to evaluate the plant's robustness and operational effectiveness;
- **Monitoring and Security**: Providing continuous remote performance monitoring, video surveillance, and anti-intrusion services to ensure plant security and operational integrity.

Comal: Centralized Control Room in Montalto di Castro



Source: Comal

Monitoring activities are centralized in a dedicated control room located at Comal's headquarters in Montalto di Castro. This facility is equipped to receive and analyze all production and performance data from installed PV fields around the clock. The monitoring process is facilitated by advanced CCTV video surveillance systems and managed through a **SCADA** ("Supervisory Control and Data Acquisition") software. In addition, **highly specialized technicians** oversee this control room, performing continuous functionality verification. They analyze critical performance and productivity metrics, including climate data, inverter operation, and production levels, to detect any potential malfunctions in advance and respond promptly.

The SCADA system also enables the remote execution of performance tests and security checks. Through the video surveillance systems, the team can quickly address any intrusions or vandalism, ensuring the integrity and optimal operation of the PV plants.

Therefore, Comal's O&M business could be seen as a list of services (increasingly innovative and critical), strictly correlated to the EPC activity, albeit they may grant higher profitability rates, being ancillary to the original contract and more scalable.

Solar Trackers and Shelters ("Supply")

Through significant R&D efforts, Comal has developed **technologically advanced proprietary devices** that enhance its EPC-M offerings. These innovative and cutting-edge components enable superior efficiency and cost savings for the Group's clients. The growing demand for these products has led Comal to undertake the following initiatives:

1. **Specific Business Line** ("Supply") dedicated to the exclusive sale of these devices (e.g., mounting the trackers on third-parties' systems). Previously, these products were only available as part of the overall installation of PV systems, within the EPC-M activity;
2. **Internal Tracker Factory** located within Enel Green Power's "Alessandro Volta" thermal power plant in Montalto di Castro, near Comal's historical workshops, this facility occupies an area of over 30k square meters aiming at 1 GW worth of trackers annually, employing 70 workers.

"Sun Hunter" Solar Trackers

In PV systems, the support structures for modules are crucial, as the amount of solar energy captured depends significantly on the angle of inclination relative to the sun's rays. Unlike traditional fixed systems, Comal's tracker features electric motors that adjust the PV modules' orientation throughout the day, optimizing solar tracking. Specifically, Comal's "**Sun Hunter 18AB**" is a **mono-axial certified system** (rotation around a single axis up to +/- 60°) with a fixed tilt that can position double-sided modules horizontally to protect against adverse weather conditions (double wind protection system) and that can serve for **agrivoltaic** purposes. It has modular dimensions (up to 84m in length) to adapt to various terrains and accommodate different power levels, managing configurations of **up to 84 modules**. Each tracker can be adapted in terms of length and inclination angles to maximize the power output of each field, typically installing about **40 trackers per MW**.

Comal: "Sun Hunter" Solar Tracker







Source: Comal, Value Track

Comal's tracker differentiates itself in two key ways:

1. **Proprietary Technology**: Comal has developed the controller (hardware), software, and algorithm for each tracker, allowing for custom modifications based on client requests and independent operations even in case of transmission malfunctions. The controller is powered by a 30W PV module (unlike most market trackers that rely on third-party energy sources), reducing operational costs over the field's lifespan of about 25 years. More details about the tracker's different components can be found in the appendix;
2. **Advanced Communication Network**: the tracker's controller creates a ZigBee1 wireless network across the PV field, ensuring efficient and low-cost monitoring from the control room.

Installing Comal's trackers can **enhance the yield of a PV field by ca. 16% per MW** compared to fixed systems, at an **incremental cost for the client of €130k per MW**. Comal has a dedicated testing area at its Montalto di Castro facility to evaluate the performance of different PV modules on trackers and optimize engineering solutions for clients (e.g., height and distance between fixed structures).

Shelters

Comal also specializes in designing comprehensive shelters or transformer stations, available in capacities of 1 MW, 2.8 MW, 3 MW, and 6 MW. These shelters **seamlessly integrate with externally sourced inverters**, completing the electrical circuit within the PV plant. Yet, these products are exclusively supplied to the EPC-M clients and are not sold directly to third parties.

Each shelter is equipped with a low-voltage compartment, a transformer, and a medium-voltage switch, providing a direct connection to the energy delivery point. Additionally, the shelters feature remote control capabilities and a suite of sensors that monitor various operational states within the PV plant, ensuring efficient and effective management.

Comal: Shelters or Transformer Substations





Source: Comal, Value Track

Comal's "Supply" business model operates distinctly from its EPC-M activities. While initial capital expenditures are higher to establish in-house production and assembly capacity (EPC-M is more a "service business"), working capital requirements are lower due to reduced reliance on third parties. However, the purchase of steel and trackers' components still implies a drain of working capital. Additionally, operating margins are stronger because of the higher-value added nature of trackers and shelters, which combine advanced hardware and software. This results in increased profitability and greater control over production processes.

Conventional Energy

Through the **Tirreno Impianti** subsidiary, the Group provides maintenance services for energy plants using conventional sources (mainly thermoelectrical plants), leveraging the extensive experience and skills acquired during its initial operational phase.

These services (no longer strategic and focused on the historical client Enel) include both facility-based and on-site scheduled maintenance activities:

- **Montalto di Castro**: design and prefabrication of components for energy plants; non-destructive testing to ensure component integrity; protective treatments to machinery and equipment;
- **On Clients' Sites**: assembly of structures for industrial plants and metal carpentry components; installation of fluid piping systems (including high-pressure systems and maintenance).

Comal: Facility and On-Site Conventional Energy Maintenance Activities



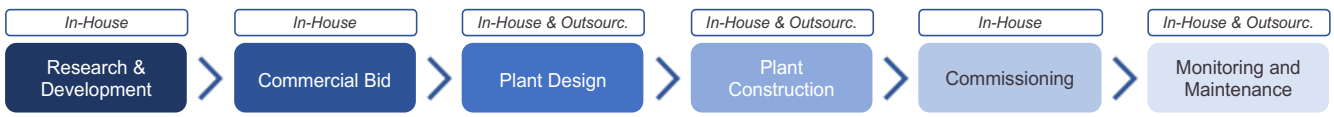


Source: Comal

Extensive Control in the Utility-Scale PV Plants Value Chain

Comal distinguishes itself with a significant direct presence along the value chain, **covering ca. 50% of a client's total costs for a complete solar PV plant**. Of this 50%, around 80% represents activities directly performed by the Group, with only 20% outsourced to specialized sub-contractors. To provide a sense of timing, the backlog typically converts into sales within 6-8 months on average, offering a high degree of visibility for F1 top-line projections.

Comal: Value Chain Summary



Source: Comal, Value Track Analysis

Non-core outsourced activities include site topography, path and fence construction, excavation and planting for environmental mitigation, steel supply, module and inverter procurement, cable laying and connection, and monitoring of installations and materials. Comal supervises the entire value chain, focusing on its core competencies in system design and management while leveraging the specialized expertise of third parties to maintain high-quality standards. This extensive presence in the PV value chain is evident across the various steps of its business model, as outlined below.

Research & Development

The Group consistently invests in research and development to enhance engineering solutions for constructing photovoltaic systems thanks to a dedicated internal team that concentrates on:

- **Product, Service, and Process Enhancement**: developing and refining existing products and services in the Group's portfolio, such as technical solutions for incorporating bifacial PV modules and modules designed for rainwater recovery, new components or improved manufacturing process for the "Sun Hunter" tracker, and even dual axis trackers;
- **Feasibility Studies**: Conducting feasibility studies for installing PV systems on challenging surfaces such as swamps, marshes, ponds, and abandoned quarries;
- **Alternative Energy Research**: Exploring and developing technical knowledge related to alternative energy sources, such as hydrogen, in partnership with other research hubs and universities (e.g., Biomedical Campus University of Rome).

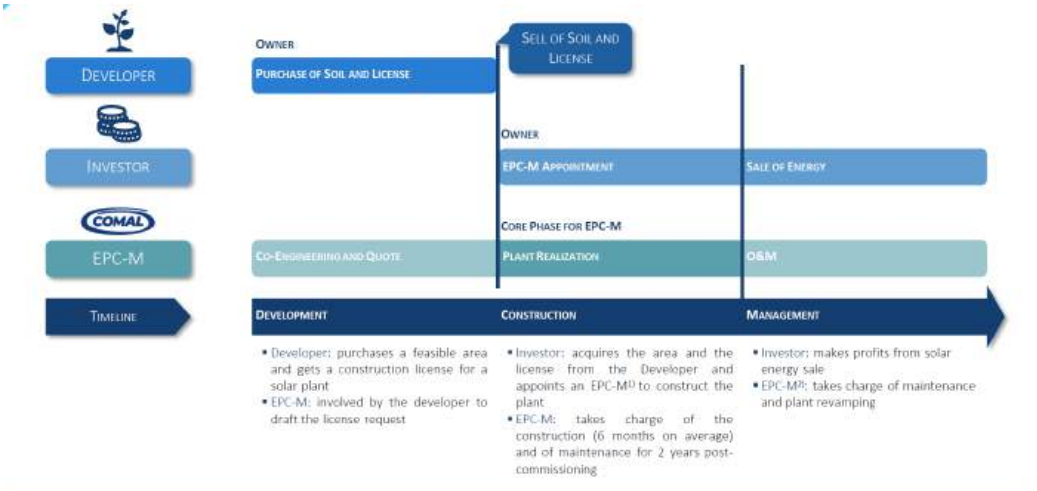
Commercial Bid

The development phase of Comal's commercial offer is managed by a dedicated team and follows two primary channels:

1. **Global Data Software**:
    a. **Continuous Analysis**: the Commercial Management team continuously analyzes global data software to identify and assess tenders for renewable energy production plants published by both private and public bodies worldwide;
    b. **Accreditation and Qualification**: once relevant tenders are identified, Comal undertakes the accreditation or qualification process with the client;
    c. **Feasibility Assessment**: based on the client-provided plant specifications, Comal conducts an initial feasibility assessment and identifies optimal technical solutions for maximizing energy production and minimizing environmental impact;
    d. **Tender Submission**: after completing the analysis and design, Comal submits the technical documentation and the prepared tender in accordance with specified terms and conditions.
2. **Direct Client Engagement**:
    a. **Pre-Existing and New Relationships**: commercial development can occur through direct client contact, leveraging existing relationships or establishing new ones, supported by marketing activities and participation in international trade fairs (e.g., Intersolar in Munich);
    b. **Co-Engineering Phase**: in direct client engagements, Comal co-engineers the technical and economic aspects of the offer with the client. This phase typically lasts 6-8 months, during which the client prepares the necessary documentation for administrative authorizations while Comal develops the best construction solution;
    c. **Collaboration with Financial Investors**: for projects involving financial investors, Comal aims to engage early in the development phase, collaborating with specialized local developers to define technical requirements and secure authorizations. Once authorized, the project is sold to the financial investor, who usually awards the EPC contract to the EPC player involved in the development phase due to familiarity with the technical standards.

This structured approach ensures that Comal can effectively identify opportunities, develop competitive bids, and maintain strong client relationships throughout the project lifecycle.

Comal: Presence Even Before the EPC Phase



Source: Comal

Plant Design

Upon securing the contract, Comal initiates the design phase, which encompasses:

1. **Detailed Design**, defining:
   a. **PV System Layout**: definition of the plant's layout;
   b. **Civil Construction Components**: planning infrastructure elements such as roads, yards, and fences;
   c. **Electrical Components**: designing elements like shelters, medium voltage switches, anti-intrusion systems, SCADA systems, and determining the quantity and type of inverters;
   d. **Structural Design**: specifying poles and trackers;
   e. **Modules**: selecting the type, quality, and quantity of PV modules to be installed;
2. **Site Organization**: managing the civil, mechanical, and electrical design of the site where the PV system will be installed;
3. **Procurement**: purchasing necessary materials such as steel for structures, photovoltaic modules, electrical cables, energy transformation cabins, inverters, and string boxes (for parallel connection of module strings and current monitoring);
4. **Start-Up on Site**: conducting executive tasks that prepare for the actual installation and construction of the plant, including (i) the topography and subsequent tracking and staking of the PV field, and (ii) the realization of the civil works (constructing perimeter and internal roads, fences, and environmental mitigation works). These activities are performed by third-party contractors.

Simultaneously, at the Montalto di Castro plant, Comal handles the assembly of certain components to be installed in the PV system, primarily focusing on anchoring structures for modules and trackers.

Plant Construction

Upon completion of the design and start-up phases, the assembly phase is divided into two main stages, managed by Comal, with the potential involvement of qualified suppliers and sub-suppliers with whom continuous relationships have been established:

1. **System Installation**: fixing the support poles and assembling the structures while also installing the trackers and PV modules;

2. **Installation of Additional Components**:
    a. **Wiring**: excavating pathways for electrical cables, laying the cables and completing the wiring, and installing shelters for converting solar energy into electricity, along with inverters and other electrical components;
    b. **SCADA Monitoring System**: creating a network for data acquisition to verify the plant's functionality, performance, and productivity;
    c. **Surveillance Facility**: installing a video surveillance system to monitor intrusions and protect the plant throughout its useful life (approximately 25 years).

This structured approach ensures efficient and effective assembly, leading to optimized performance and longevity of the PV system.

Testing and Commissioning

Upon completion of the installation phase, the plant undergoes a thorough testing phase. This involves detailed inspections and technical-functional checks, as well as operational tests, conducted by a dedicated team. Once the testing phase is successfully completed, the plant is connected to the network and formally handed over to the customer.

Monitoring & Maintenance

As part of this phase, Comal offers its customers a range of after-sales services, specifically focusing on Operation & Maintenance (O&M). These services include, as previously detailed, monitoring, maintenance and repair (assistance for 2 years already included in the EPC-M contract), and surveillance. A dedicated team is responsible for these activities, enduring the plant operates efficiently and securely.

Personnel, Suppliers, and Clients

Comal's comprehensive business profile is strengthened by its dedicated staff, robust supplier network, and diverse client base. These elements are crucial for delivering high-quality PV systems and maintaining a competitive edge in the renewable energy sector.

Highly-Specialized Personnel

Comal employs highly specialized personnel with certified expertise in designing and conducting feasibility studies for PV and civil works, plant, and structural support systems. The technical team includes experienced civil, environmental, and energy engineers who ensure performance standards and regulatory compliance. Leveraging a decade of collected data, Comal designs highly efficient and cost-effective plants, while also guaranteeing top-end monitoring standards thanks to the highly-skilled technicians of the control room.

Multi-Year Strong Relationships with Suppliers and Growing Integration

Comal maintains strong relationships with leading global and Italian suppliers of PV components through multi-year contracts. The company collaborates with long-term partners for both construction and monitoring phases. Key supply costs include raw materials, particularly steel, which faced price increases and shipment delays due to COVID-19 before, and inflationary pressures after. Despite these challenges, Comal's supplier network allowed it to meet project timelines. Other significant costs involve PV modules and subcontractor fees for assembly, monitoring, and

engineering services. To improve profitability and ensure also a supply of Italian-made components, Comal is increasingly enhancing its production facilities to internalize component production (it already did this with trackers while a new plant for module production is planned in L'Aquila).

Top-Tier Financial and Utility Clientele

Over the years, Comal has established successful relationships with prominent energy operators and financial investors across Europe. The company helps clients achieve sustainability goals by constructing high-return, grid parity plants.

Comal has served tier-one European players, divided into two main groups:

- **Energy Funds** investing in PV plants to generate returns while supporting sustainable energy development. Clients in this category include Octopus Investments, KGAL, EOS, and European Energy;
- **Utility Operators** investing in PV systems to produce and distribute energy to end customers. Notable clients in this category include Enel Green Power, A2A, Acea, Edison, and Engie.

This diverse client base underscores Comal's capability to deliver tailored PV solutions that meet the varied needs of its clients.

Comal: Top-Tier Client Base



Source: Comal

Payments and Accruals System to Support Collaboration

To ensure smooth and efficient collaboration, payments for Comal's services are structured around contractually defined milestones. Clients retain a variable percentage of the total consideration as a retention guarantee to ensure the system's proper performance. This sum is released in several instalments, some of which are disbursed after the plant's delivery. In some cases, Comal collects the retention guarantee amounts immediately upon issuing specific "at first request" surety policies. This payment structure ensures Comal meets performance standards and allows clients to withhold sums to cover any potential penalties or compensations.

Reference Market

The solar photovoltaic (PV) market is crucial to the global shift towards sustainable energy, driven by robust policy support and declining costs. In 2023, the market saw unprecedented growth with 576 GW of new renewable capacity, 447 GW of which was solar, highlighting its dominance. China led this expansion, while Italy secured the 8th position globally. The European Union aims to significantly boost its solar capacity through various ambitious policies, with projections indicating a doubling/tripling by 2030. Italy, with record installations in 2023, faces challenges in reaching its targets due to regulatory and permitting issues. Despite strong policy support and technological advancements, the market's growth is threatened by macroeconomic and supply chain constraints, emphasizing the need for domestic production and diversified supply chains.

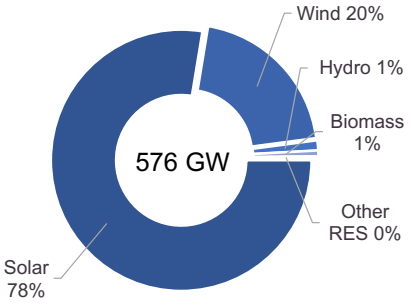
Solar Photovoltaic Market Overview

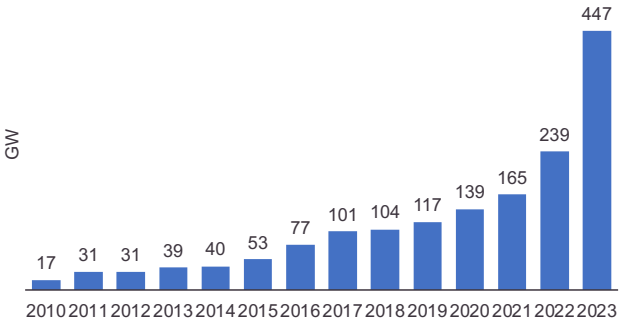
Global Market

Renewables ("RES"), including solar, wind, hydropower, biofuels and others, are at the center of the transition to less carbon-intensive and more sustainable energy systems. Generation capacity has grown rapidly in recent years, driven by policy support and sharp cost reductions for solar photovoltaics and wind power in particular.

In 2023, the world grid connected **576 GW of new renewable capacity** (climbing to 30% of global electricity generation), with **solar accounting for 447 GW** (78% of the total) for ca. $480bn annual investments (vs. $373bn in 2022 and $251bn in 2021), confirming solar's role as an established and still rising leader of the global energy transition by installing over three times more capacity than all other renewable technologies combined.

Global Solar PV Market: RES Power Generating Capacity Installed in 2023 and PV Market Annual Capacity Installed

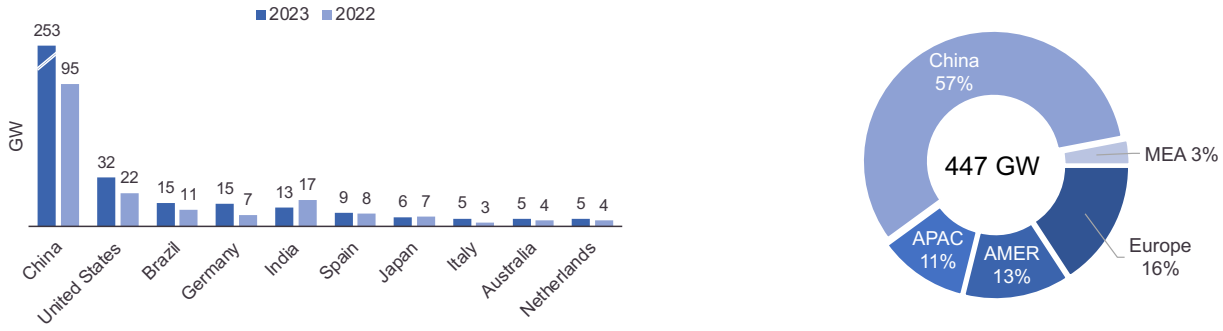




Source: SolarPower Europe - "Global Market Outlook 2024-2028"

While the scale of 2023's growth was unprecedented, it needs to be highlighted that most of this global market expansion was driven by **China**, adding an incredible 253 GW of new solar PV capacity in 2023. Comprised together, the top 10 markets represented 80% of the global solar PV market installations in 2023 (**Italy** at #8).

Global Solar PV Market: Top 10 Countries by 2022-2023 Solar Capacity Installed and Market Share 2023



Source: SolarPower Europe - "Global Market Outlook 2024-2028"

As a consequence, the **global cumulative capacity of solar PV systems reached 1,624 GW** at the end of 2023, up 38% from 1,177 GW a year earlier, and ca. 40 times larger than 2010.

Italian Market

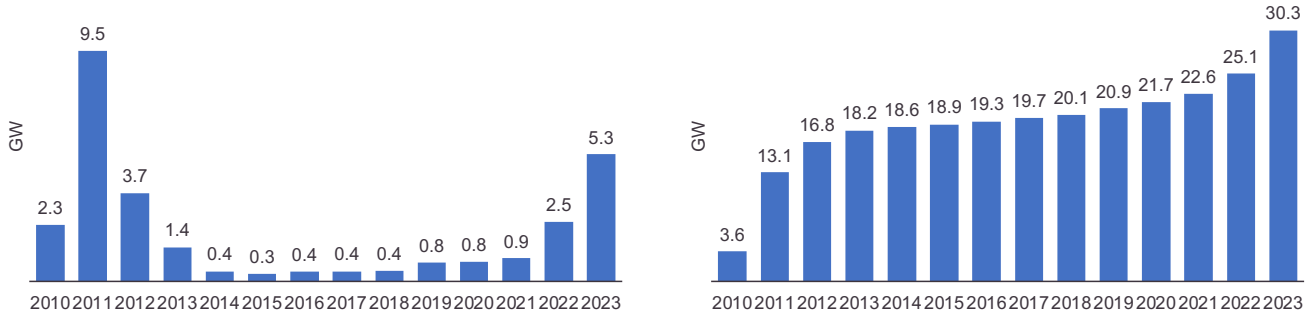
Historically, Italy ranks among the most advanced European countries in terms of renewables and energy efficiency, due to the high cost of energy, which has always oriented businesses and consumers toward a conscious and rational use of energy, and to the fact that it is one of the countries that for the longest time and with the greatest effort has financed mechanisms aimed at promoting energy efficiency in all economic sectors (e.g., "Conto Energia", "Scambio sul Posto" incentive schemes).

During 2023, Italy witnessed a significant increase in the installation of solar PV energy capacity, reaching a record **5.3GW** (8th in the world, and 3rd in Europe), and a **cumulative installed capacity** of **30.3 GW** (9th in the world, and 3rd in Europe). This represents a significant leap forward from previous years, with only 0.9 GW installed in 2021 and 2.5 GW in 2022. Within this framework:

- Small-scale PV installations (P<20kW) accounted for ca. 92% of new installations in 2023 and covered nearly 40% of the additional capacity;
- Another 35% is attributable to C&I ("Commercial & Industrial") PV systems (20kW<P<1MW).
- Utility-scale plants (P>1MW) covered only a quarter of the additional capacity (ca. 1.2GW);

These figures underscore the difficulties faced in the country in completing new large-scale projects, which are critical to complete the energy transition. In value terms, the Italian solar PV market generated a turnover of €8bn-€9bn in 2023, of which €7bn-€8bn from new installations (with components accounting for ~60% and development for 40%).

Italian Solar PV Market: Annual Capacity Installed and Cumulative Capacity 2010-2023

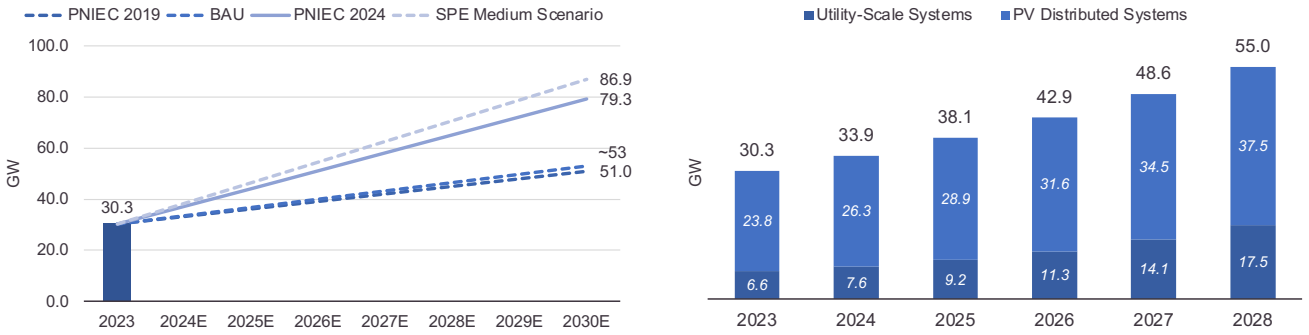


Source: SolarPower Europe - "EU Market Outlook 2023-2027"

While the additional capacity of 2023 was at a record level, it is important to note that the amount installed is not yet aligned with the EU decarbonization targets set for 2030 (projections indicating a doubling/tripling by 2030), as outlined in the Italian NECP (called "**PNIEC**"). Indeed, the domestic target for solar PV cumulative capacity is set at **79.3 GW by 2030**, translating into ca. **7.0 GW average installations per year**. This scenario looks optimistic if we consider (i) that the growth of 2023 and the first months of 2024 was not "structural" but supported by the "long tail" of Superbonus-related installations, and (ii) the particularly long permitting processes and regulatory delays in the approval of incentive decrees and enabling measures. Depending on whether or not these criticalities are successfully resolved, the Italian solar PV market could grow at different paces:

- **PNIEC 2019** targeted 51 GW cumulative solar PV installed capacity by 2030, a milestone that according to the new PNIEC should be achieved already in 2026-2027;
- **Energy & Strategy** (in collaboration with the Politecnico di Milano) predicting a "BAU" (Business As Usual) scenario that points at a 2030 installed capacity of ca. **50-55 GW**, implying strong obstacles to the development of solar PV systems. This scenario would involve ca. €35bn-€45bn investments spent globally, of which ca. 60%-70% remaining in Italy;
- **PNIEC 2024** new objective set at **79.3 GW** to be in line with REPowerEU target of energy consumption covered by renewable sources. Energy & Strategy estimates ca. €80bn-€90bn to be invested in the PV industry according to this scenario (of which 60%-70% remaining in Italy);
- **SolarPower Europe** Medium Scenario surpassing PNIEC goals by ca. 8 GW, targeting **86.9 GW** at the end of 2023.

Italian Solar PV Market: Cumulative Capacity Evolution (Various Targets) and Breakdown



Source: SolarPower Europe - "EU Market Outlook 2023-2027". International Energy Agency (IEA) – Renewable Energy Progress Tracker

In terms of market segments, the PNIEC provides no breakdown between **utility-scale** and **distributed systems** (C&I and Residential). However, IEA projects that Italy solar PV capacity at the end of 2028 will result from strong growth rates of both market segments (as illustrated above), thanks to specific drivers:

- **Distributed Systems** (10% CAGR expected) should be driven by high retail electricity prices (solar power as an effective tool to control energy bills and to electrify heat and transport) and policies that remunerate excess generation, making the business case for self-consumption in both the residential and C&I segments more and more attractive. However, the substitution of "Scambio sul Posto" with "Ritiro Dedicato" at the end of 2024 should imply less favourable conditions for this type of producers during time of high electricity prices (energy to be sold at fixed prices);
- **Utility-Scale Systems** pushed by (i) supportive policies, in the form of government auctions to achieve long-term renewable energy targets, and (ii) attractive market conditions for unsubsidised projects through PPAs between IPPs and corporate consumers or utilities, in some

cases supported by revenues from the wholesale market. However, challenging economic boundary conditions in today's inflationary environment, unresolved permitting challenges (especially above 10MW installations) and grid connection issues are making life difficult for utility-scale power plant developers. That's why low solar system component prices are key for the well-being of the utility-scale business.

Market Growth Factors

No matter the source, all market research anticipates substantial demand growth for solar PV power in the future, driven by robust **policy support**, further **cost improvements**, **de-risking contracts**, and the numerous benefits that new **technologies** provide. Let's delve into these key growth factors in more details.

Unprecedented Policy Support

The growth of the solar PV market globally, within the EU, and in Italy has been significantly driven by robust policy support and strategic initiatives, ensuring a steady increase in solar PV capacity, contributing to energy security and sustainability goals.

A more detailed view of all the global and EU major events and policies supporting the growth of renewables can be found in the appendix, starting from the Paris Agreement of 2015. Here we believe worthier to summarise only the key features of the Italian market, given Comal domestic footprint.

Italy's solar PV market has benefitted from EU overarching policies and its own national initiatives, leading the country to become one of the largest PV markets in the world already 15 years ago.

Indeed, the "**Conto Energia**" program (2005-2013) provided early and generous feed-in tariffs, driving a rapid expansion of utility-scale PV installations, but also a substantial state financial burden. Post-Conto Energia, the focus shifted to promoting self-consumption, net metering, and tax deductions for residential and small-scale C&I installations (e.g., "**Scambio sul Posto**" and **Superbonus 110%**, both set to expire soon).

More recent policies tied to PNIEC goals have been introducing a series of measures to streamline processes and make PV investments increasingly rewarding. These comprehensive policy measures collectively enhance the financial attractiveness and feasibility of solar PV projects, driving significant growth in Italy's renewable energy market. However, the key catalysts that could push Italy much closer to PNIEC's targets are currently stalled ("**Suitable Areas**" and "**FER X**" decrees).

Italian Solar PV Market: Key Decrees and Recipients

Key Measures/Decrees	Status	Residential	C&I	Utility-Scale
CER Decree	In Force	✓	✓	
Energy Decree	In Force	✓	✓	✓
Agrivoltaic Decree	In Force		✓	✓
Transition Plan 5.0	In Force		✓	
FER 2 Decree	**Negotiation w/EU Commission**		✓	✓
Suitable Areas Decree	**Negotiation w/EU Commission**			✓
FER X Decree	**Negotiation State vs. Regions**		✓	✓

Source: Energy & Strategy and Politecnico di Milano – "Renewable Energy Report 2024", Value Track Analysis

Market-Driven Procurement and Corporate Sustainability Role

While government policies remain crucial for attracting investment and facilitating deployment, the popularity of market-driven renewable energy procurement (e.g., Power Purchase Agreements, or "PPAs") and the commitment of large corporations to sustainability targets are crucial drivers. According to IEA, approximately 87% of global utility-scale renewable capacity growth from 2023 to 2028 is projected to be driven by policy initiatives, while market-driven procurement is anticipated to represent only 13%; however, we believe this picture is highly influenced by China's policy-driven deployment and market-driven demand is due to play its role. The grid below details the different instruments used by public vs private policies (in bold the most popular ones).

IEA Renewable Energy Procurement and Policy Categories

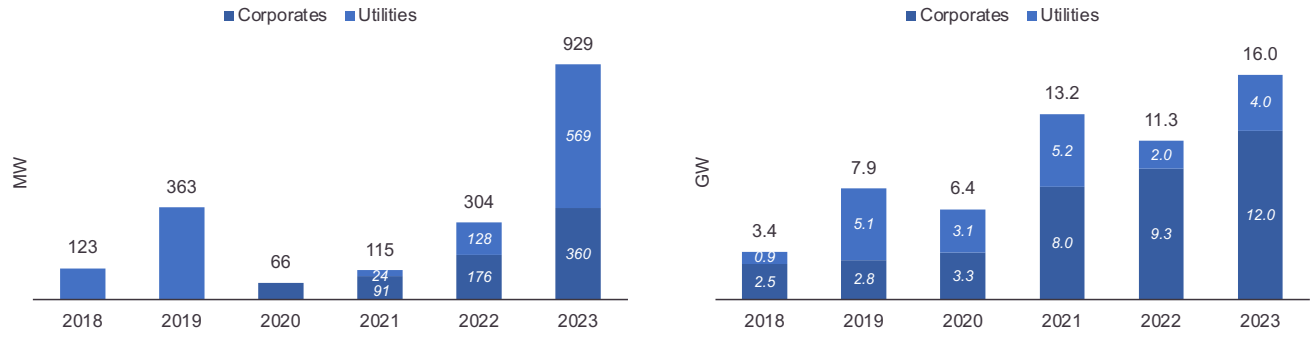
Type	Name	Primary Driver
Policy-driven	**Utility-owned project**	State-owned utility investments for cost recovery or obligation to meet targets
	Fixed tariffs and premiums	Administratively set tariffs offered to developers
	Competitive auctions	Government solicitations for power using tenders with competitively set tariffs
	Tax credits	Reduced tax liability
Market-driven	**Unsolicited bilateral contract**	Bilaterally negotiated contract between a developer and utility
	Merchant	Revenues from the wholesale market
	Corporate PPA	Bilaterally negotiated contract between a developer and end user
	Green certificates	Revenues from the wholesale and green certificates market

Source: International Energy Agency (IEA) – "Renewables 2023"

Market-driven contracts provide financial security for large-scale projects, making solar PV investments more attractive despite high interest rates and economic uncertainties. This type of deployment occurs when investment decisions are made without direct government policies:

1. **Corporate PPAs** ("CPPAs"): bilaterally negotiated contracts between IPPs ("Independent Power Producers", or private energy developers) and corporate consumers, providing long-term revenue certainty for renewable projects. In IEA's forecasts, ~20% of Europe's renewable energy capacity in 2023-2028 is developed under this mechanism with increased demand from large consumers to lock in low-cost power as a hedge against high, volatile prices and to meet sustainability goals;
2. **Utilities PPAs**: unsolicited direct agreements between IPPs and utilities, negotiated independently without government involvement, providing flexibility and tailored terms for both;

Italian Solar PV Market: Contracted PPAs Capacity in Europe and in Italy 2018-2023



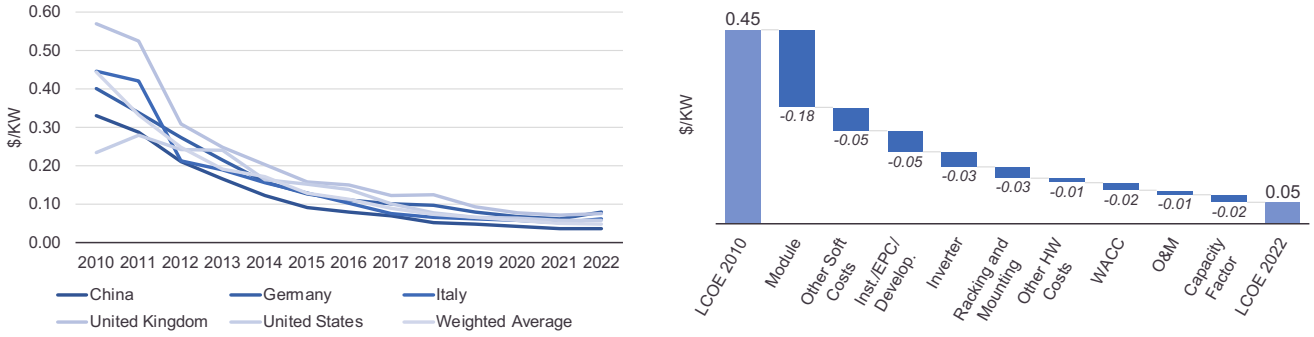
Source: Energy & Strategy and Politecnico di Milano – "Renewable Energy Report 2024, Pexapark

3. **Merchant Projects**: selling electricity directly on the open market, without long-term contracts, relying on market prices for revenue. It can be riskier but allows for potentially higher returns;
4. **Green Certificates Schemes**, i.e. market-based instruments where renewable energy producers earn certificates for the electricity they generate, which can be sold to consumers or companies needing to meet renewable energy targets. These schemes incentivize renewable energy production through market mechanisms.

Technological Advancements and Cost Reductions

Continuous improvements in PV technology, including higher efficiency modules and advanced manufacturing processes, contribute to lower costs (market proxy is the levelized costs of energy, or "LCOE") and enhanced performance. Increased production capacities and competition (primarily from China) made module prices drop by 50% in 2023. Advancements and price reductions make solar PV more competitive, accessible and attractive compared to other energy sources for all markets, with no exceptions, as shown below.

Global Solar PV Market: LCOE Evolution for Newly Commissioned Utility-Scale Solar PV Projects



Source: IRENA Data Centre

LCOE Analysis in Italian Utility-Scale Plants

In Italy, the LCOE analysis conducted for large-scale PV systems shows values between **€65/MWh and €80/MWh**, depending on the area (ca. +5% in northern regions and -5% in the south) and the size of the plant. Indeed, the major differences is attributable to the higher connection costs for a plant with power over 10 MW, that however benefits from better economies of scale on the other cost components. Below, a representation of costs components contribution to the total LCOE depending on the plant size and with main assumptions being (i) a useful life of 25 years, (ii) discount rate of 7%, (iii) annual hours between 1,500 and 2,000, (iv) total capex (land, connection, modules, inverters, development, others) between €900/kW and €1,200/kW (ca. 75%-85% of total LCOE), and (v) annual opex (O&M, asset management) between €18/kW and €24/kW, i.e. ca. 15%-25% of total LCOE.

Italian Solar PV Market: LCOE Cost Components for 1MW<P<5MW and P=20MW Plants



Source: Energy & Strategy and Politecnico di Milano – "Renewable Energy Report 2024"

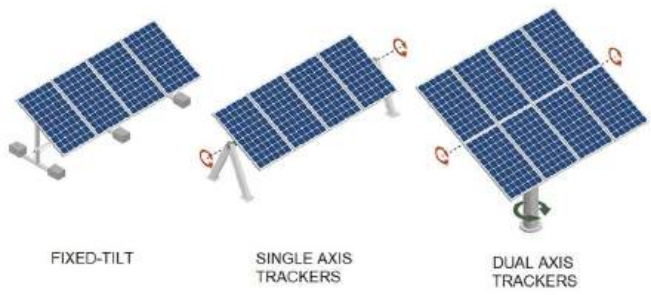
New Technologies (Solar Trackers, Agrivoltaic, BESS)

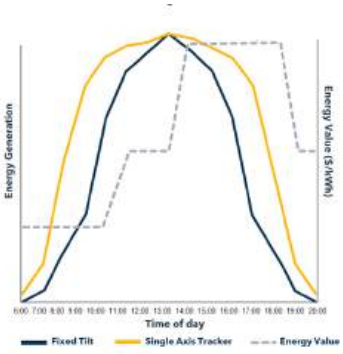
The integration of solar PV with agricultural activities (agrivoltaic), solar trackers, storage systems and the development of floating solar panels, bifacial modules, and other innovative technologies are creating new opportunities and enhancing the efficiency and versatility of PV installations.

Some of the more interesting technologies are covered by Comal's offer and include:

- **Solar Trackers**: advanced mechanical systems designed to optimize the angle of PV modules, ensuring they remain perpendicular to the sun's rays throughout the day, significantly enhancing the efficiency and profitability of solar PV installations . According to Soltec Power Holding SA, solar **trackers can increase energy output by 15-25%** (vs. fixed-structure PV systems), by boosting energy production during the early morning and late afternoon hours, when electricity prices are typically higher, thereby maximizing the economic benefits of solar installations. This market has seen rapid growth, also thanks to improvements in the pricing, reliability, and performance, particularly in utility-scale projects. The share of solar trackers in total installations is projected to reach 55% in 2025 (excl. China), with over 900 GW of trackers to be installed between 2023 and 2030 globally, thanks to continuous advancement of related-technology and price reductions;

Global Solar PV Market: Fixed Tilt vs. Solar Trackers and Increased Production of Single Axis Trackers



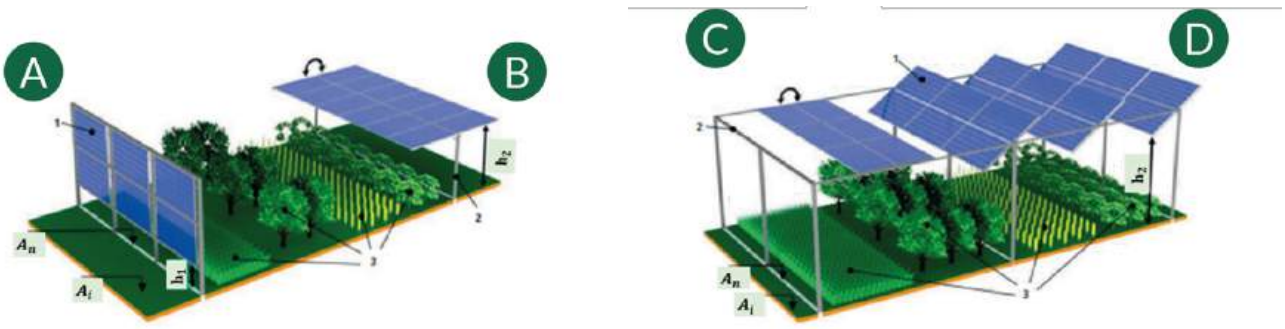


Source: Solar Energy Resource Institute of Singapore, Array Technologies

- **Agrivoltaic** refers to projects that combine the installation of PV systems on agricultural land, thus allowing agricultural and PV activities to coexist. There are two main configurations:
  - **Basic**: PV systems with fixed structures and vertical modules (A) or ground-level solar trackers (B) which are arranged in rows, so as to alternate between areas designated for modules and areas for farming/ranching. Plant maintenance in this case is generally easier;
  - **Advanced**: PV systems with fixed structures (C) or solar tracking (D), elevated above the ground (height >2m), under which an agricultural or livestock activity can be carried out. This system allows full continuity of agricultural activity ven when using mechanical machinery. In addition, underneath crops are protected from extreme weather conditions, creating a cooler microclimate in summer and a more temperate one in winter, with beneficial effects on crops and livestock farming. The area that cannot be used for agricultural purposes in this case is generally less vs. the basic system.

  The PNRR targets the installation of 1.04 GW of advanced agrivoltaic plants by June 2026, a value set to increase in order to meet the objectives of the PNIEC. To support this measure, in November 2023, the EU approved €1.7bn through the Recovery and Resilience Facility ("RRF"). As of April 2024, ca. 25 GW worth of agrivoltaic plants are waiting for approval in Italy, but this number seems unrepresentative of potential installations in the medium term, especially due to domestic bureaucracy length and challenges. Worth to mention, an agrivoltaic plant's LCOE is estimated at €95/MWh-€115/MWh;

Italian Solar PV Market: Basic and Advanced Agrivoltaic Systems



Source: Energy & Strategy and Politecnico di Milano – "Renewable Energy Report 2024"

- **Battery Energy Storage Systems** ("BESS") are critical for storing energy produced from intermittent renewable sources like solar and wind, allowing for better grid management and ensuring a stable and reliable energy supply. Electrochemical storage systems related to stationary storage can be divided into different categories, providing further differentiations based on the different chemical composition, i.e. Traditional Lithium-Ion ("Li-Ion") Batteries, Flow Batteries, High-Temperature Batteries.

  A PV plant integrated to a battery storage system would increase LCOE to €120-€140€/MWh, vs. €65-€75/MWh of traditional utility-scale PV systems.

  We also highlight Comal's targeted **hydromethane storage** project, i.e. a system that combines hydrogen (by converting excess renewable electricity via electrolysers) with methane (capturing CO2 from industrial processes) to create a versatile and efficient solution, offering high energy density and utilizing existing natural gas infrastructure (vs. hydrogen storage, which requires new infrastructure) but still involving some greenhouse gas emissions.

The Revamping & Repowering Opportunity

Another key trend in the solar PV industry relates to revamping and repowering opportunities, i.e. the optimization of performance and extension of the lifespan of existing solar power plants, enhancing their economic and environmental benefits. These processes involve upgrading and enhancing older installations to improve efficiency, reliability and energy output, often incurring in less expensive projects than building new plant. More in details:

- **Revamping** typically involves the replacement or refurbishment of key components in existing solar installations without altering the overall capacity significantly. This can include replacing degraded components, improving system performance (through installation of more efficient components such as trackers) and updating monitoring systems;
- **Repowering** involves more substantial upgrades, potentially increasing the overall capacity of the solar installation. This can include replacing older PV modules, upgrading inverters and electrical systems, and expanding the installation.

Key drivers of this very realists but sizeable opportunity are:

1. **Ageing Installations**, as European countries have been the first one to invest in solar energy and they are nowadays the ones with the largest base of PV systems older than 5 years. In Italy, there are ca. 650k solar plants have been installed before 2014 and modules started showing need for renewal interventions;

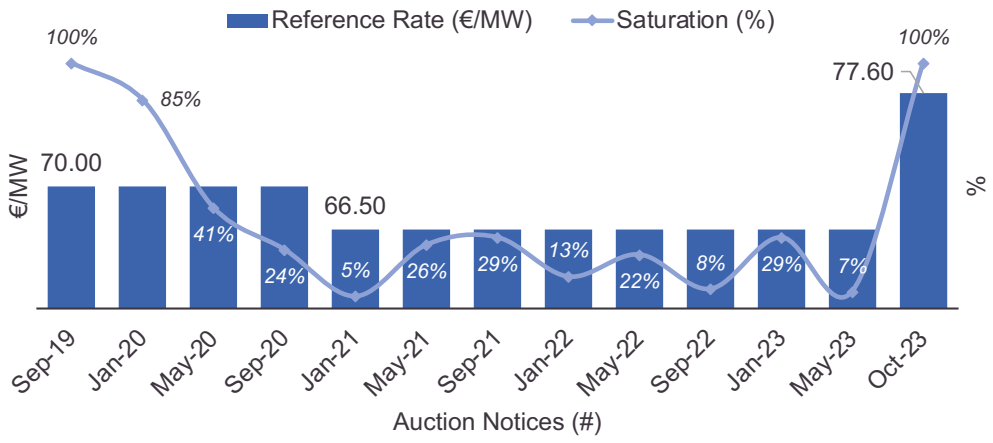
2. **Faster-Than-Expected Deterioration** of solar plants, with a loss of power generation about 8% between 2016 and 2020 (ca. 2 TWh of electricity annually), twice as much as would be due to "physiological" degradation of installations, estimated at ca. 0.7% per year;
3. **Regulatory Support**, as installed management interventions are also of significant importance to contribute to decarbonization goals, considering that, by 2030, about 1/3 of the currently installed PV capacity will be close to the end of its useful life. The FER X decree should give more information about potential incentive schemes related to revamping and repowering interventions.

Market Restraint Factors

On the other hand, there are factors that might slow down future growth, and which are particularly applicable to the Italian PV Market. Main challenges are:

- **Delayed Responses** to new macroeconomic conditions can create an unstable investment environment. Governments need to adjust policies and auction designs to align with the current economic context. Indeed, several auctions in Spain, Italy and Greece have been undersubscribed in the past year, partly because their economic attractiveness is questionable in an increasingly uncertain price environment. Developers facing rising labour, equipment and financing costs have refrained from bidding in auctions due to uncertainty over the ability of contracts to account for inflation related cost increases, finding more attractive business cases such as corporate PPAs or merchant tails. In Italy, eyes are on FER X reference rates, risking a lack of competitiveness, with still low participation rates. Policy actions to make auctions more economically attractive include adjusting auction ceilings to account for rising developer costs, incorporating inflation into contract prices, or allowing generators to gain revenues from the spot market;

Italian Solar PV Market: Rates and Saturation of Competitive Auctions of New Solar and Wind Plants



Source: Energy & Strategy and Politecnico di Milano – "Renewable Energy Report 2024"

- **Policies Uncertainties** for EU countries, with 2030 targets in a state of transition. Indeed, after the decision to raise the share of renewables in final energy consumption to 42.5%, Member States are now redesigning their NECPs, wherein they assess their contribution to the new EU target and set new individual goals when necessary;
- **Integration and Infrastructure Issues**: as the share of solar PV increases, integrating these sources into the existing power grid becomes more complex (the intermittent nature of solar energy source requires advanced grid management techniques). Issues such as grid bottlenecks

and the need for grid modernization are critical challenges that need to be addressed. Long grid queues due to complex application processes and inadequate network capacity are increasing project lead times in many countries and driving up costs for developers as they await licensing. Policy actions to shorten grid queues include streamlining grid connection procedures, ensuring adequate network planning and investment, and tackling grid integration challenge;

- **Cumbersome Permitting Processes**: lengthy and complex permitting procedures can delay project timelines by several years. This issue affects both advanced and emerging economies, hindering the timely development and implementation of solar PV projects. Obtaining permits and licences for projects has been a long and not always successful endeavour in many countries due to complex processes, limitations on area available for development, administrative staff shortages, and social opposition. This has prevented developers from entering auctions, led to project abandonment, and delayed construction and commissioning. Policy actions to help overcome permitting challenges include simplifying procedures also for plants with capacity above 10 MW (we will see if this is the case with the FER X decree in Italy), identifying priority areas, and allocating more resources to administrative processes;
- **Land Identification and Acquisition**: land availability, local regulations, and competition for land use with agriculture (using large portions of terrain for solar power generation can impact the biodiversity of the region). For instance, in Italy, the "Agriculture Decree" recently prohibited the construction of PV plants on land plots classified as "of agricultural interest". In addition, hesitations on the approval of the "Suitable Areas Decree" has lowered overall confidence in the domestic industry;
- **Macroeconomic and Supply Chain Factors**, such as rising interest rates, inflation, shortages of raw materials, and increased costs for components (beyond PV modules), pose significant challenges that could lead to project delays and higher overall costs. Furthermore, considering China's undisputed leading position in the market, a substantial portion of EU investments for the development of solar PV systems risks flowing outside European borders. For instance, Energy and Strategy estimates that in Italy alone, out of ca. €80bn-€90bn required to meet PNIEC targets by 2030, around 15%-20% could land outside the EU if the current market share of components does not change. Investments in domestic production of modules (e.g., Enel Green Power's 3Sun Gigafactory and Comal's new plant in L'Aquila), diversification of supply sources, development of advanced recycling programs for critical materials, and strengthening of local supply chains are key steps to increase market independence and mitigate these risks.

Competitive Positioning

Comal stands out in the solar PV market with a robust competitive edge driven by: (i) a first mover status that endures extensive know-how and proven track record; (ii) comprehensive value chain integration offering seamless end-to-end solutions; (iii) strong commitment to technological advancement through continuous R&D, leading to innovative proprietary technologies like the "Sun Hunter" tracker. These strengths make Comal These strengths make Comal a reliable and forward-thinking leader, attracting top-tier clients and ensuring sustained growth.

Solar PV Market Competitive Arena

The renewable energy sector, specifically solar PV, is experiencing rapid growth; however, it is moderately fragmented with many players specializing in one or more segments of the industry and in different phases of the value chain.

The renewable energy sector, particularly in the construction and management of PV systems, is segmented into four distinct phases, i.e. (i) Authorization Development, (ii) Engineering Procurement and Construction (EPC), (iii) Operations & Maintenance (O&M), and (iv) Asset Management.

Comal: Comal's Activities Coverage (Highlighted in Green) in the Solar PV Industry

Main Phases	Avg. EBITDA Margin	Sub-Phases	Key Activities
Development	50%-70%	Site Selection	Identifying and evaluating potential sites for PV installations based on sunlight exposure, land availability, and proximity to the grid
		Legal and Regulatory Compliance	Navigating the legal framework to obtain necessary permits and approvals from local, regional, and national authorities
		Environmental Impact Assessment	Conducting studies to assess and mitigate the environmental impacts of the proposed installations
		Stakeholder Engagement	Interacting with local communities, government bodies, and other stakeholders to ensure project acceptance and compliance
EPC-M	8%-12%	Design and Engineering	Developing detailed plans and specifications for the PV systems, including layout, electrical systems, and structural components
		Procurement	Sourcing and acquiring all necessary components, such as PV modules, inverters, mounting structures, and electrical equipment
		Construction Mgmt. & Installation	Overseeing the physical construction, including wiring and grid connection, ensuring adherence to design and quality specifications
		Commissioning	Testing and validating the system to ensure it meets performance criteria and regulatory requirements before it becomes operational
Operations & Maintenance	20%-30%	Maintenance	Conducting regular inspections, maintenance, and repairs to ensure optimal performance and longevity of the PV systems
		Performance Monitoring	Using advanced monitoring systems to track the performance in real-time, identifying and addressing any issues promptly
		Efficiency Optimization	Implementing strategies and technologies to enhance the efficiency and output, such as upgrading components
		Security and Surveillance	Ensuring the physical and cybersecurity of the installations to prevent theft, vanda3lism, and cyber-attacks
Asset Management / IPP	50%-70%	Energy Marketing	Developing strategies to market and sell the generated electricity, maximizing revenue through various sales channels
		Power Purchase Agreements (PPAs)	Negotiating long-term contracts with utilities, corporations, or other buyers to secure stable revenue streams
		Grid Integration	Managing the integration of the generated electricity into the grid, ensuring compliance with grid codes and regulations
		Financial Management	Handling the financial aspects of energy trading, including billing, payments, and financial risk management

Source: Various, Value Track Analysis

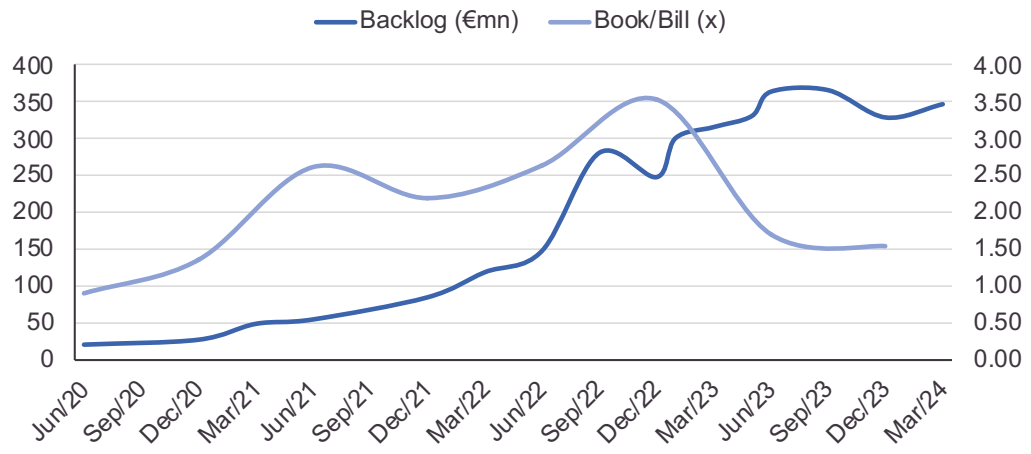
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The core activity of Comal originates from the EPC and O&M business (ancillary services to EPC), which is a **highly competitive** segment, with differentiation based on technological innovation and service reliability, but also cost-efficiency. However, the market boasts **high barriers to entry** due to capital requirements (financial reliability is an element of the "reliability" factor), technology development, regulatory compliance, and established relationships. Indeed, track record is of crucial importance as EPC players deal with **large utility companies and renowned financial investors**, demanding high-quality, cost effective solutions, with significant leverage on contract negotiations. The **limited number of suppliers** for key components (e.g., PV modules and inverters) and the high switching costs are other deterrents to entering the market.

Comal's Competitive Advantages

Within the above-described reference market Comal boasts, in our view, a very interesting competitive positioning, enabling the Group to build a **reliable standing**, attracting top-tier clients, and becoming the undisputed Italian leader in installation of utility-scale plants. Moreover, Comal also boasts a **significant backlog** of projects (€346mn as of March 31st, 2024) to ensure future growth.

Comal: Backlog and Book to Bill Evolution



Source: Comal, Value Track Analysis

We see Comal positioning supported by three key distinguishing factors:

1. **First Mover Advantage**: Comal's early entry into the PV market has provided it with extensive know-how, an experienced management team, and a strong track record, including achieving gird parity and maintaining reliability with top-tier clients;
2. **Full Coverage of the Value Chain**: Comal's integrated approach allows it to offer end-to-end solutions, covering mostly directly all stages of the EPC-M value chain, from design to maintenance, enhancing project quality, cost efficiency, and timing control;
3. **Advanced Technological Drive**: significant R&D investments have enabled proprietary technologies, like the "Sun Hunter" tracker, ensuring innovation and efficiency in its offerings.

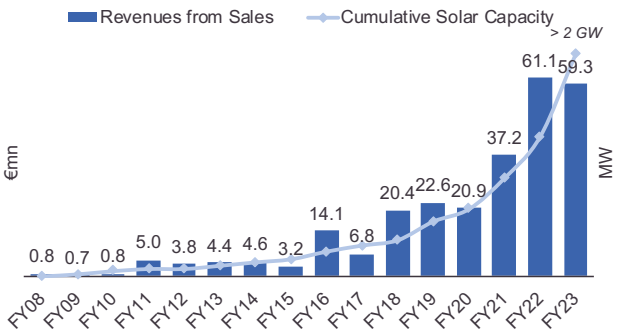
First Mover Advantage

Thanks to a **consolidated management team** with many years of experience in the energy industry, Comal successfully reoriented the core business following the 2008 crisis that affected the conventional energy plant construction sector. The Group's early entry into the solar PV market has allowed it to build a strong foundation of expertise and know-how. As one of the first companies in Italy to offer EPC-M and O&M services, Coma's first mover advantage is related to a few elements:

- **Impressive Track Record**, having installed over 2 GW since 2008;
- **South Africa Experience**: the Group gained a lot of its initial technical and implementation expertise in South Africa (2013-2016), where it serves as an EPC contractor for two plants and an installed capacity of 95MW;
- **Grid Parity Pioneer**: Comal was the Italian pioneer in offering PV systems that have reached the so-called "grid parity" (from 2016), i.e. among the first operators able to design and install renewable plants where the cost of producing energy is equal to that from conventional sources;
- **Leadership**: Comal's achievements positioned the Company as a leader in the solar PV sector, capable of delivering economically viable and sustainable energy solutions, meeting compliance requirements and very strict timing deadlines.

Comal: Grid Parity Settlement and Track Record





Source: Comal, Value Track Analysis

Full Coverage of the Value Chain

Having an **integrated approach** and strong value chain presence provide a significant competitive advantage. Main players of the solar PV market can be categorized into:

- **Specialized Players** focusing on specific segments, leveraging their expertise to deliver high-quality, targeted services. These companies often collaborate with other specialists to complete projects, ensuring efficiency and performance;
- **Integrated Players** managing multiple stages of the value chain, offering end-to-end solutions that provide better control over project quality, cost, and timing. This approach enhances competitiveness by delivering seamless and comprehensive services.

Comal exemplifies an integrated player in the solar PV market, operating extensively across the value chain, covering all phases from design and procurement to installation and maintenance, while also including proprietary technologies such as the "Sun Hunter" tracker and shelters. This integrated approach enhances **project quality and performance, cost efficiency, and timing control**, presenting itself to the market as a **one-stop-shop** for solar PV systems.

Overall, according to management, Comal faces competition from eight companies in Italy for either its EPC services or tracker products, but none offer such a comprehensive suite of services.

Comal: Competitors' Presence Along the EPC Value Chain



Source: Comal

Given Comal's **domestic footprint**, the selection of competitors is characterized as follows:

- **All Have Local Presence**: Prodiel is the only international company of the panel, but it is a multinational with presence in Italy;
- **Only a Few are Focused on PV**: there are two general contractors (Bonatti and AIEM Group) with core business in Oil & Gas EPC (Bonatti) and Energy Automation and Security (AIEM). EPC competitors are more diversified, with Prodiel also active in the wind and high voltage sectors, Circet in the telcos industry, STE Energy in hydropower, high voltage and energy storage systems, and Tozzi Green in agricultural electrification. Convert Italia (acquired by Valmont Solar) and Soltigua are pure tracker manufacturers;
- **All Offer Utility-Scale, Only a Few >50 MW Plants**: these operators reach all large sizes, but only Prodiel and Tozzi Green build plants of comparable size to those of Comal (50-100 MW);
- **Comparable Business Size**: Comal is in line with the median Value of Production of the selected panel, while boasts an above average operating profitability (thanks to its vertically integrated offer). However, Comal's scale is much lower compared to Bonatti and Circet, but as reviosuly mentioned, they don't cover the solar PV market.

Beyond this domestic competitive arena, there are much larger players operating as EPC contractors (e.g., Grenergy Renovables) or producers of trackers (First Solar, Nextracker, Array Technologies, Soltec) but none of those could be considered as Comal direct competitor in Italy at the moment. On the other hand, they could be taken into consideration as aspirational global peers, or in potential competitors or consolidators in the longer-term.

In addition, there are a dozen Italian listed companies active along the whole PV value chain (either as developers, EPC, or fully-integrated players), but they are also closer to be referred as comparable names, rather than competitors (see the Valuation chapter for more details).

Comal: Non-Listed Main Competitors

Company	Country	Main Activity	Focus on PV	Average EPC Plant Size	VoP (€mn)	EBIT Margin
Prodiel	ES	EPC	Y	~ 100 MW	130.3	-53%
Tozzi Green	IT	EPC	Y	~ 50 MW	104.0	32%
Bonatti	IT	General Contractor	N	< 20 MW	701.1	5%
AIEM	IT	General Contractor	N	< 20 MW	7.2	-4%
STE Energy	IT	EPC	Y	~ 10 MW	71.9	2%
Circet Italia	IT	EPC	N	< 10 MW	387.3	11%
Green Utility	IT	EPC	Y	< 10 MW	7.8	10%
Convert Italia	IT	Tracker Supplier	Y	N/A	94.7	8%
Soltigua	IT	Tracker Supplier	Y	N/A	41.0	6%
Average	//	//	//	**~30 MW**	**171.7**	**2%**
Median	//	//	//	**~20 MW**	**94.7**	**6%**
Comal	**IT**	**EPC + Tracker Supplier**	**Y**	**10 MW – 170 MW**	**90.3**	**9%**

Source: Comal, Value Track Analysis

Advanced Technological Drive

Comal's advanced technological drive represents a significant competitive advantage, rooted in **continuous investment in R&D**. The company's specific technical expertise in designing PV systems, coupled with the extensive engineering know-how of its personnel, ensures that Comal remains at the **forefront of innovation**, leading t to the development of cutting-edge **proprietary technologies**. Additionally, through its operation and maintenance activities, Comal gathers **extensive data**, which is used to continuously improve its offerings and achieve the highest levels of plant efficiency. This emphasis on scientific research and technological innovation not only sets Comal apart from competitors but also ensures its reliability and market position against new entrants.

Within the manufacturing activity of the "Sun Hunter" tracker, the Company has entered only recently the market with a fully internalized production, however we envisage a few strength points:

1. **Limited Number of Domestic Players**: Comal faces competition from just a few domestic players (as Convert Italia and Soltigua), which have longer track record and stronger positioning, albeit the former has been acquired in 2018 by the Valmont Group and its business is currently a marginal part of a much larger and diversified US$4bn conglomerate;
2. **Technology**: management believe they can gain a strong positioning in trackers by leveraging on its EPC business and strong technology. Focus on R&D has led to the development of cutting-edge proprietary technologies with short realization times such as the Sun Hunter Tracker, which enhance the efficiency and performance of PV systems, while meeting all the technical specifications of clients.
3. **Timing**: timing for fully internalizing the tracker production is also supported by strong demand, limited available capacity and geographical entry barriers.

Growth Strategies

Comal's growth strategy centers on advancing the global energy transition through photovoltaics, structured around four strategic pillars: strengthening vertical integration, investing in R&D, optimizing processes, and expanding business operations. Key initiatives include constructing a new PV modules factory in L'Aquila, enhancing R&D for innovative solar solutions, streamlining operational efficiency, and exploring opportunities in revamping plants, energy storage, and off-grid EV charging stations. These efforts position Comal for sustainable growth, increased market presence, and long-term competitiveness both in Italy and internationally.

Key Strategies

Comal's future strategy is centered on the crucial role of photovoltaics in advancing the global energy transition. Indeed, Comal envisions continuing the development of grid parity plants through cutting-edge technological solutions, driving the shift to sustainable energy and maintaining a competitive advantage over potential competitors. Thus, management's comprehensive expansion plan is structured around four strategic pillars:

1. **Strengthening Vertical Integration**: By internalizing more and more production processes, Comal aims to reduce costs and increase control over its manufacturing activities. After having completely internalized the production of trackers, the Group will now launch a strategy of direct production of PV modules (plant in L'Aquila) for a focused PV residential domestic target.
2. **Investing in R&D** is essential for Comal to enhance the effectiveness and innovation of its customer solutions. This focus ensures that Comal remains at the forefront of technological advancements in the PV industry;
3. **Optimizing Processes**: Comal is committed to optimizing its processes to improve efficiency and productivity, mainly in the recently internalized tracker manufacturing. Streamlining operations will enable the company to deliver higher quality services and products while reducing operational costs;
4. **Expanding Business Operations**: Comal aims to expand its business in Italy and selected international markets, including Europe, the USA, and the Middle East. This expansion is crucial for leveraging disrupting opportunities (revamping, storage systems, EV charging stations) and increasing market presence globally.

These initiatives require significant investments in both production facilities and human resources, not to mention the revenue-driven working capital requirements. Comal has already taken proactive steps to prepare for increased demand and to seize emerging opportunities, ensuring its readiness to meet future challenges and capitalize on growth prospects, both in terms of operations/capacity and in terms of capitalization (July 2024 rights issue).

Strengthening Vertical Integration: PV Modules Factory in L'Aquila

Comal is making significant strides to become a comprehensive provider in the PV energy sector. A major step in this journey is the construction of an advanced industrial plant in the L'Aquila province, representing a total investment of €16.1mn (of which €4.9mn through grants). Slated for completion by mid-2025, this factory should position Comal as one of the few fully integrated players in Europe.

- **Goals and Benefits**: The primary goals of this initiative are to enhance Comal's independence, increase profit margins, streamline processes, and boost overall efficiency. The factory's operation will allow Comal to produce solar panels domestically, which is strategically advantageous, especially if the EU decides to incentivize local photovoltaic module production. This foresight places Comal ahead of potential competitors;

- **Market and Production Plans**: Starting in 2026, the new factory will focus on producing solar panels for the residential and small industry markets. Comal aims to sell 500 MW annually, capitalizing on average higher prices in the small-scale-plant segment. Comal is leveraging on existing commercial relationships with leading energy operators to set up important distribution agreements and thus facilitate its indirect entry into the retail market and deliver engineered solutions to distributors, enhancing its market presence;
- **Geopolitical and Market Flexibility**: Comal is strategically positioned to benefit from potential shifts in the geopolitical landscape that might affect supply chains. The company plans to source solar cells from China due to cost advantages but is prepared to switch to European suppliers if necessary, ensuring a steady supply adaptable to market changes;
- **Financial and Strategic Advantages**: The investment is backed by efficient financing, including a €4.9mn grant (from PNRR funds), a 10yrs mortgage for €5mn and subsidized loans for the residual part. The factory is expected to provide a quick return on investment, with payback within two and a half years. The venture is economically viable even without incentives, thanks to the higher margins achievable in the retail sector under average commercial terms;
- **Future Growth Potential**: The factory's initial capacity can be doubled if demand increases, providing Comal with the ability to scale operations rapidly. This adaptability is crucial for capitalizing on emerging market opportunities, such as energy communities and self-production incentives. By reinforcing its vertical integration, Comal is not only securing its current market position but also paving the way for future growth and potential spinoffs.

Investing in R&D

R&D is a cornerstone of Comal's strategy, driving innovation and growth. This focus on continuous improvement and technological advancement not only strengthens Comal's market position but also differentiates it from competitors.

While continually enhancing its patented "Sun Hunter" tracker, Comal is working on several innovative applications, including the development of trackers for solar panels that store rainwater for agricultural use, optimizing plant performance in both sunny and rainy conditions, as well as trackers with dual axis rotation potential. These initiatives are all part of the broader strategy to increase the range of activities handled internally, supporting future business growth.

Optimizing Processes

Comal is dedicated to optimizing its processes to enhance efficiency and overall productivity. By adopting advanced process management techniques and leveraging cutting-edge technology, Comal aims to reduce operational costs and improve workflow, ensuring smoother and faster project completion, while the use of automation and digital tools boosts productivity. Additionally, stringent quality control measures are implemented to maintain the highest standards in all products and services. By continuously refining its processes, Comal can deliver superior products and services more effectively, thereby reinforcing its market position and supporting long-term growth.

Expanding Business Operations in Italy and Abroad

Building on its recent advancements, Comal aims to further diversify its revenue streams by capitalizing on the numerous opportunities presented by the energy transition. Comal seeks to strengthen its position in the PV industry by integrating additional emerging opportunities. However, the following strategies are not included in our financial estimates as we believe they will be pursued in the longer term, while the short-term focus should be all directed towards the optimization of the trackers and modules offer. Key opportunities may arise from:

- **Revamping Existing Plants**: Addressing the increasing obsolescence of older plants to improve efficiency and performance;
- **Developing Sustainable Storage Systems**: Creating solutions to store energy from renewable sources, ensuring reliability during adverse weather conditions;
- **Establishing Off-Grid EV Charging Stations**: Providing commercial and industrial energy self-sufficiency solutions through advanced charging infrastructure.

Revamping Existing Plants

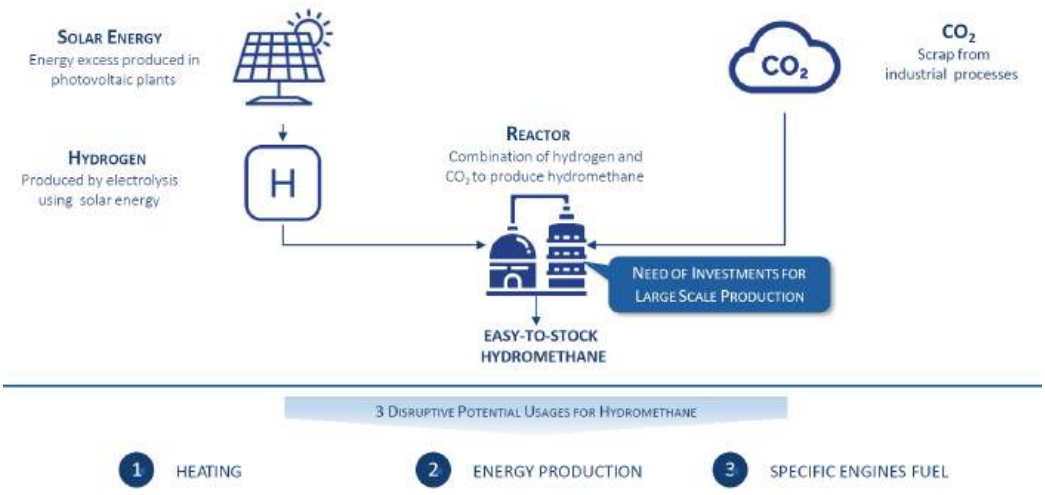
Comal is enhancing its focus on revamping existing solar plants to optimize performance and reduce the need for costly new facilities. This is especially relevant in Europe, where many early solar adopters now have aging PV systems and effective management, and renewal are crucial to counteract power losses and meet decarbonization goals. Additionally, significant opportunities exist in the USA for solar PV revamping as early installations (20-30 years ago) require upgrades.

Developing Sustainable Storage Systems

Comal's long-term strategy focuses on developing hydromethane storage systems to offer a comprehensive energy management solution that addresses both energy generation and storage. This initiative aims to diversify Comal's product portfolio, solidifying its market position. Hydromethane technology involves producing hydrogen through electrolysis and combining it with carbon dioxide from industrial processes to create a storable energy medium. This method not only utilizes waste materials but also provides a sustainable energy storage solution.

By entering the energy storage market (we presume through Comal's subsidiary Move To Zero SRL), Comal is poised to meet the growing demand for reliable, stable and sustainable energy solutions, contributing to grid modernization.

Comal: Potential Scheme of Hydromethane Storage System



Source: Comal

Establishing Off-Grid EV Charging Stations

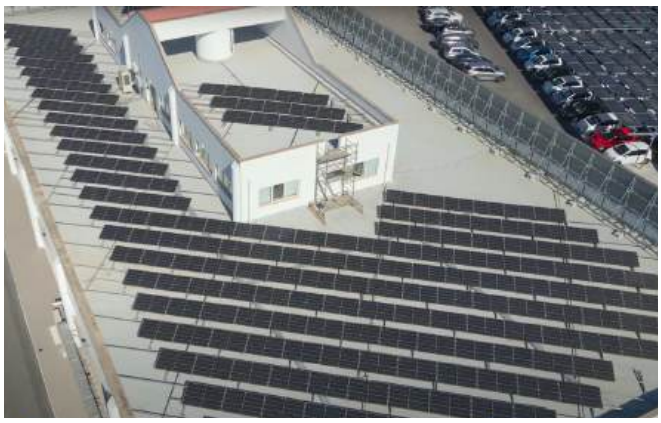
Comal has been pioneering self-sufficient car charging solutions, showcasing its innovation in renewable energy. The company has designed structures with solar modules that provide shade and charge electric vehicles. These projects hold significant potential, especially with the rise in electric vehicle sales, which accounted for nearly one in every five cars sold in 2023. This demand is expected to grow, particularly in rural and less connected areas.

One notable project is the "Carpoint" installation in Rome, featuring a PV system with fixed solar modules on the roof and solar trackers in the parking lot, providing 268 kWp of power. It includes a 200 kWh lithium-ion battery storage and four rapid charging stations, capable of simultaneously charging up to 12 vehicles.

These self-sufficient structures require minimal maintenance and offer a quick return on investment, making them economically attractive. As the demand for electric vehicles continues to rise, the market for off-grid charging stations is set to expand, providing Comal with a promising opportunity to strengthen its market position and drive growth in sustainable energy solutions.

Comal: Carpoint Off-Grid Solar PV Plant and Charging Stations





Source: Comal

Following these outlined strategies, Comal is committed to expanding its business not only within Italy but also in selected international markets, including **Eastern Europe** (where much PV capacity to be deployed over the next few years), the **USA** (significant revamping opportunities), the **Middle East** (already present in Dubai with Comal Middle East Solar System LLC), and **North Africa** (maybe through a JV or partnerships) This strategic **internationalization effort** is designed to enhance Comal's global presence.

Historical Financial Profile

Comal's financial profile showcases robust growth and consistent profitability, driven by surging demand for PV technology. Key figures include a Value of Production CAGR$_{17-23}$ of 47%, a stable EBITDA Margin of 7%-10%, but a growing Net Debt due to high working capital needs. A strong market position, with a backlog at an all-time high, and strategic investments for the in-house production of trackers set the foundation for sustained and more profitable growth in the future.

Guidelines and Consolidation Perimeter

Regarding Comal's historical financial profile, it is worth underlying that:

- Financial statements are built according to OIC (IT GAAP) accounting standards;
- Consolidated financial statements include the parent company Comal SPA and Tirreno Impianti SRL (100% controlled), which manufactures, installs and maintains metal structures and carpentry for conventional energy plants, while also being involved in the construction of PV systems by assigning subcontracted assembly activities from Comal (related party relationship).

Key Figures & Messages

Comal's financial profile is a blend of **impressive and steady top line growth** and **consistent operating profitability** at the expense of cash generation due to the **high working capital requirements** to sustain said escalation. Over the past four years, Comal achieved:

- **Value of Production** growing at **47% CAGR$_{19-23}$** up to €136.2mn (+75% y/y in FY23);
- **Stable EBITDA Margin** in the **7%-10% range**, reaching €10mn EBITDA in FY23;
- **Mounting financial leverage**, with Net Debt at €30.2mn in FY23 (**3.0x Net Debt/EBITDA**);

The main drivers behind this performance can be summarized as follows:

1. **Unprecedented demand for PV technology**, with Comal dominating the Italian market;
2. **Typical EPC profitability** to be enhanced by proprietary trackers' factory;
3. **(Working) capital intensive business model**, tied to inventory and new trackers' facility.

Comal: Key Financials FY19-FY23

Key Financials (IT GAAP, €mn)	FY19	FY20	FY21	FY22	FY23	*CAGR*
Value of Production	**28.9**	**31.0**	**42.1**	**77.8**	**136.2**	***47%***
EBITDA	**2.2**	**3.1**	**3.4**	**6.9**	**10.0**	***46%***
EBITDA Margin (%)	*7.7%*	*10.0%*	*8.1%*	*8.9%*	*7.4%*	*-30bps*
Δ Net Working Capital	**0.8**	**-5.2**	**-1.9**	**-16.8**	**-12.4**	***nm***
Net Debt	**2.6**	**0.2**	**4.6**	**19.2**	**30.2**	***nm***

Source: Comal, Value Track Analysis

1. Impressive growth driven by unprecedented demand for PV technology

Thanks to its pioneering role in the Italian utility-scale PV market, Comal is benefitting from the ever-increasing demand for solar plants, experiencing a 19x **Value of Production** jump from FY17 to FY23, up to **€136.2mn**, implying a 64% $CAGR_{17-23}$, all organic.

Comal has an on-order business model, with the OIC 23 accounting standard ruling the recognition of revenues and costs depending on the percentage of completion of the order, and considering not only 100% finalized projects (accounted as Revenues from Sales) but also Work-In-Progress advancements (more details in the appendix). FY23 €136.2mn VoP was mainly split among:

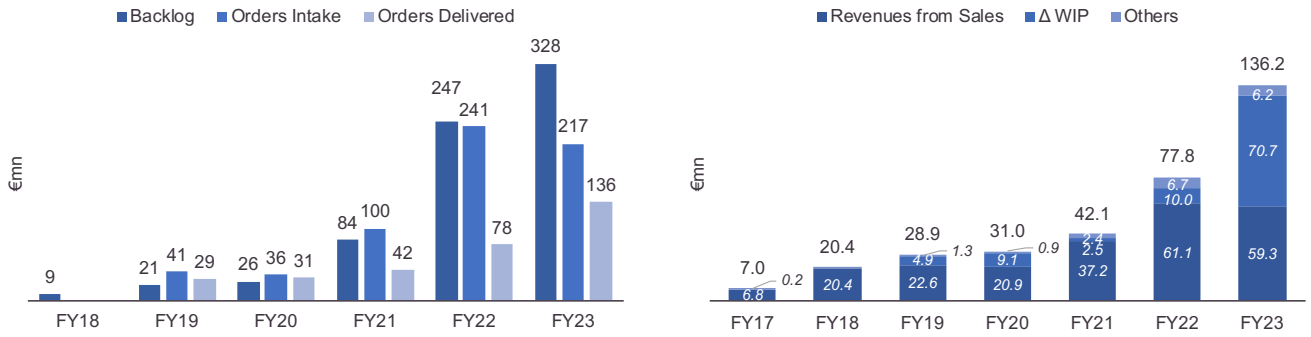
- **Revenues from Sales** at **€59.3mn** vs. €61.1mn in FY22 (-3% y/y), due to a lower rate of delivered projects but a much higher rate of orders intakes and in progress;
- **Work-In-Progress** at an all-time-high of **€70.7mn**, i.e. ca.7x FY22 €10mn;
- **Other Revenues** at €0.7mn, almost stable y/y and related to grants and windfall profits.

Comal: Value of Production FY19-FY23

VoP (IT GAAP, €mn)	FY19	FY20	FY21	FY22	FY23	y/y
Revenues from Sales	**22.6**	**20.9**	**37.2**	**61.1**	**59.3**	**-3%**
Other Revenues	1.3	0.1	1.0	0.8	0.7	-5%
Δ Work-In-Progress	4.9	9.1	2.5	10.0	70.7	>100%
Δ Inventory (Finished Goods)	0.0	0.6	1.3	5.5	4.6	-17%
Δ Fixed Assets	0.0	0.2	0.1	0.4	0.9	>100%
Value of Production	**28.9**	**31.0**	**42.1**	**77.8**	**136.2**	**75%**

Source: Comal, Value Track Analysis

Comal: Backlog Evolution and Value of Production Breakdown



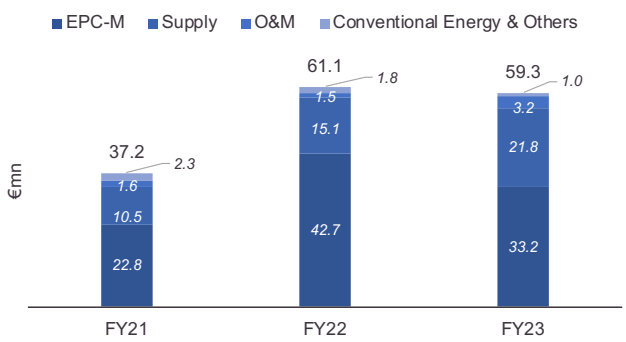
Source: Comal, Value Track Analysis

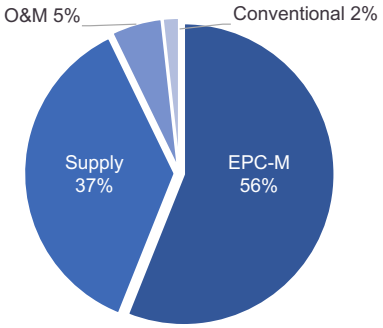
In terms of revenue mix, Comal is proceeding towards a stronger (and more profitable) diversification:

- **EPC-M** still representing the bulk of Comal's Revenues (ca. 56% of the total), at **€33.2mn**, but declining 22% y/y due to lower delivered orders (70% of the total in FY22);
- **Supply** rapidly gaining traction, especially since the internalization of the trackers' production. In FY23 trackers generated **€21.8mn** revenues, growing 44% y/y and weighting some 37% on total sales vs. 25% in FY22;
- **O&M** services more than doubling their contribution to total sales in FY23 (€3.2mn) vs. FY22 (€1.5mn), passing from 2% to ca. 5%;
- **Conventional Energy** and other services representing only 2% of FY23 VoP at €1.0mn vs. €1.8mn in FY22, further reducing their contribution on total sales.

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Comal: Revenues from Sales Evolution and Breakdown in FY23





Source: Comal, Value Track Analysis

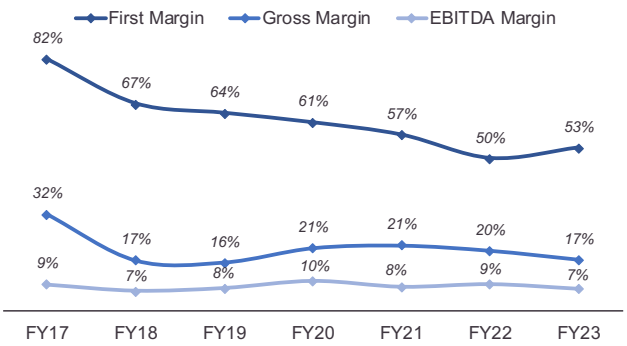
2. Typical EPC profitability to be enhanced by proprietary trackers' factory

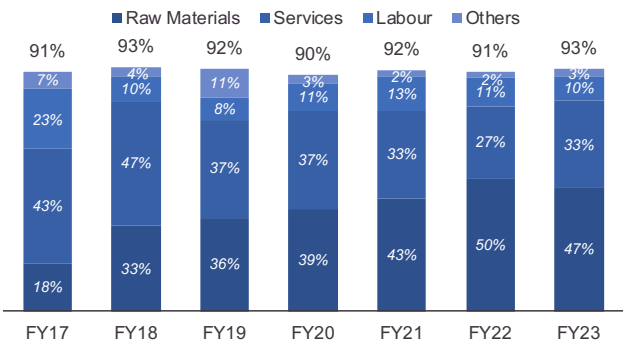
Historically, Comal has been able to maintain its operating profitability at constant levels and in line with the average of the EPC sector (EBITDA Margin within the 7%-10% range). There was narrow room to enhance it, especially given the strong percentage of variable costs on total expenses.

However, (i) EBITDA, EBIT, and Net Profit experienced a 5x, 4x, and 6x jump in the last 5 years; and (ii) the internalization of the production of trackers should drive increased scalability and premium margins. Looking at the evolution of Comal's profitability, we believe worth to highlight:

- **First Margin** experiencing a downwards trend from FY17 due to the increased incidence of raw materials on VoP, following a widespread shortage and rise in commodities' prices (implying longer delivery times), and general reduction of orders margins. However, in FY23 Comal reported a **€72.3mn** First Margin, implying a more than proportional growth (87% y/y) with respect to the Group's top line;
- **Gross Profit**, on the other hand, was affected by a stronger incidence of Costs of Services, and particularly by subcontracted works, which more than doubled y/y to face the unprecedented growth of orders in progress. That is why Comal reported a lower Gross Margin in FY23 (16.9%) vs. FY22 (19.8%). Still, Gross Profit came out at **€23.0mn**, growing 17% y/y.
- **EBITDA** was reported at **€10.0mn** vs. €6.9mn in FY22, increasing 45% y/y but experiencing a 150bps decline in EBITDA Margin, from 8.9% to 7.4%, due to the mentioned uprise in Costs of Services. Indeed, Labour, Rent, and G&A expenses maintained a stable weight on top line y/y.

Comal: Profitability and Cost Structure Evolution





Source: Comal, Value Track Analysis

When accounting for both positive and negative non-recurring items, Comal usually reports a higher **EBITDA Adjusted**. In FY23, EBITDA Adj. was at **€10.4mn** (7.6% margin) vs. €7.6mn in FY22 (9.8% margin), inferring a 37% y/y performance.

Comal: EBITDA Adjusted FY19-FY23

VoP (IT GAAP, €mn)	FY19	FY20	FY21	FY22	FY23	y/y
EBITDA	**2.2**	**3.1**	**3.4**	**6.9**	**10.0**	***45%***
EBITDA Margin (%)	*7.7%*	*10.0%*	*8.1%*	*8.9%*	*7.4%*	*-150bps*
(+) Extraordinary Income	2.9	0.2	0.3	0.7	0.4	*-45%*
(-) Extraordinary Costs	-1.1	-0.1	-0.3	-0.1	-0.1	*-6%*
EBITDA Adj.	**4.0**	**3.3**	**3.3**	**7.6**	**10.4**	***37%***
EBITDA Adj. Margin (%)	***13.9%***	***10.6%***	***7.9%***	***9.8%***	***7.6%***	***-220bps***

Source: Comal, Value Track Analysis

EBIT Margin also remained broadly stable over the course of the years, despite the increasing investments efforts of latest periods for the development of the trackers' factory. In FY23, Comal reported an **EBIT** of **€8.3mn** (6.1% EBIT Margin) vs. €5.8mn in FY22 (8.9% EBIT Margin).

In FY23 Comal raised new debt lines (ca. €25.6mn) generating ca. €2mn net financial charges (vs. €0.9mn in FY22). As a consequence, **Net Profit** grew less than proportional with respect to EBIT (ca. 23% y/y), but reached a significant **€4.1mn** milestone.

Comal: P&L FY19-FY23

P&L (IT GAAP, €mn)	FY19	FY20	FY21	FY22	FY23	y/y
Value of Production	**28.9**	**31.0**	**42.1**	**77.8**	**136.2**	***75%***
Raw Materials (incl. Δ Inventory)	-10.3	-12.0	-18.1	-39.2	-63.9	*63%*
First Margin	**18.5**	**18.9**	**24.1**	**38.6**	**72.3**	***87%***
First Margin (%)	*64.2%*	*61.1%*	*57.1%*	*49.6%*	*53.1%*	*350bps*
Costs of Services	-10.8	-11.6	-14.1	-21.4	-45.2	*>100%*
Costs of Rent	-0.2	-0.6	-0.6	-1.0	-2.9	*>100%*
G&A	-3.0	-0.4	-0.3	-0.8	-1.1	*39%*
Gross Profit	**4.6**	**6.4**	**9.0**	**15.4**	**23.0**	***17%***
Gross Margin (%)	*16.0%*	*20.6%*	*21.5%*	*19.8%*	*16.9%*	*-140bps*
Labour Costs	-2.4	-3.3	-5.6	-8.5	-13.0	*54%*
EBITDA	**2.2**	**3.1**	**3.4**	**6.9**	**10.0**	***45%***
EBITDA Margin (%)	*7.7%*	*10.0%*	*8.1%*	*8.9%*	*7.4%*	*-150bps*
D&A	-0.3	-0.6	-1.0	-1.1	-1.6	*47%*
Provisions	0.0	-0.2	-0.2	-0.1	-0.1	*23%*
EBIT	**1.9**	**2.4**	**2.2**	**5.8**	**8.3**	***44%***
EBIT Margin (%)	*6.4%*	*7.6%*	*5.2%*	*7.4%*	*6.1%*	*-130bps*
Net Financial Charges	-0.1	-0.3	-0.4	-0.9	-1.9	*>100%*
Non-Operating Income/Expenses	0.0	-0.1	0.0	0.4	0.0	*-100%*
Pre-Tax Profit	**1.8**	**2.0**	**1.8**	**5.2**	**6.4**	***22%***
Taxes	-1.1	-0.8	-0.6	-1.9	-2.2	*20%*
Net Profit	**0.7**	**1.2**	**1.2**	**3.4**	**4.1**	***23%***

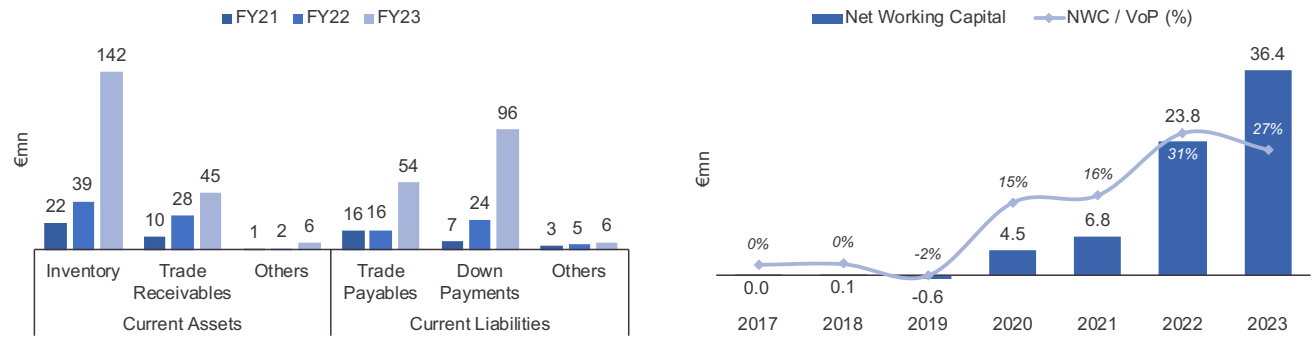
Source: Comal, Value Track Analysis

3. (Working) capital intensive business model

Over the past few years, Comal's business has generated substantial capital needs due to i) the strong positive correlation between top line growth and working capital absorption; ii) the launch of trackers and the will to internalize their production, iii) the need to anticipate procurements to offset the uncertainties along the supply chain after 2020. Consequently, the Group's **Net Debt** increased up to **€30.2mn** as of FY23 (3.0x Net Debt/EBITDA), vs. an almost nihil Net Financial Position of FY20.

In terms of **Net Working Capital**: to match the unprecedented demand for PV systems and the consequent impressive growth of the top line, Comal constantly faces significant outlays for the purchase of raw materials necessary for the execution of projects. While clients typically provide initial down payments, the ever-increasing demand for Comal's services and price and delivery terms fluctuations on modules, components, and transportation have made the Company anticipate procurement in recent years, even without contracted down payments. While we note that in FY23, the jump in advancements of Work-In-Progress (i.e., multiannual orders, more details in the appendix) had a limited impact on the cash conversion cycle of Comal - being offset by greater down payments - working capital **absorbed €12.6mn** due to procurement policy.

Comal: Net Working Capital Evolution



Source: Comal, Value Track Analysis

Comal: Inventory FY19-FY23

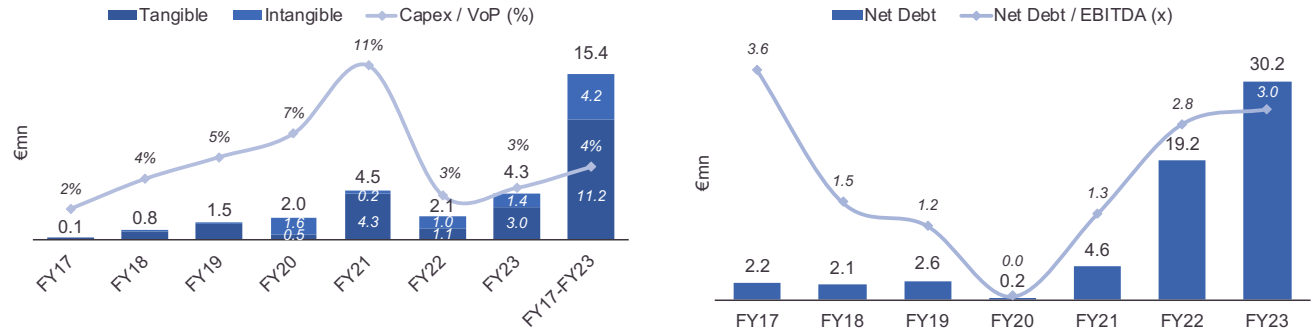
Inventory (IT GAAP, €mn)	FY19	FY20	FY21	FY22	FY23
Raw Materials	0.6	1.3	1.0	1.6	11.9
Semi-Finished Products	0.0	0.6	0.5	1.9	4.0
Work-In-Progress	**4.9**	**14.1**	**16.6**	**26.5**	**97.3**
Finished Products	0.0	0.0	2.5	7.0	19.3
Advances	0.0	0.2	1.3	2.1	9.5
Inventory	**5.5**	**16.1**	**21.8**	**39.1**	**141.9**
As a % of Value of Production	***19%***	***52%***	***52%***	***50%***	***104%***

Source: Comal, Value Track Analysis

In terms of **Capex**: Comal's business model has not been characterized by high capital intensity except for the last three years, when the Group started to acquire the necessary equipment for the development of the trackers' factory (we estimate ca. €8mn between FY21-FY23). In FY23, capex was about **€4.3mn**, necessary to the completion of the trackers' factory and to maintain all the productive technologies and processes to a cutting-edge level. Other than that, we already mentioned Comal's commitment towards R&D investments, which weighted some 46% and 22% on total capex in FY22

and FY23, respectively. In FY23, R&D activities involved (i) the enhancement of the already patented "Sun Hunter" tracker for the development of the agrivoltaic offer; (ii) digitization of PV systems; and (iii) production of shelters.

Comal: Capex and Net Debt Evolution and R&D Incidence on Capex



Source: Comal, Value Track Analysis

Comal: Balance Sheet FY19-FY23

Balance Sheet (IT GAAP, €mn)	FY19	FY20	FY21	FY22	FY23
Net Fixed Assets	5.9	7.5	11.1	12.4	15.1
Net Working Capital	-0.6	4.5	6.8	23.8	36.4
Provisions	0.7	0.7	1.0	1.2	1.4
Total Capital Employed	**4.6**	**11.3**	**16.9**	**35.0**	**50.1**
Group Net Equity	**2.0**	**11.2**	**12.4**	**15.7**	**19.8**
Net Financial Position	**-2.6**	**-0.2**	**-4.6**	**-19.2**	**-30.2**

Source: Comal, Value Track Analysis

Comal: Cash Flow Statement FY19-FY23

Cash Flow (IT GAAP, €mn)	FY19	FY20	FY21	FY22	FY23
EBITDA	2.2	3.1	3.4	6.9	10.0
Δ Net Working Capital (incl. Prov.)	0.8	-5.2	-1.9	-16.8	-12.4
Capex (excl. Fin. Investments)	-1.5	-2.0	-4.5	-2.1	-4.3
OpFCF (b.t.)	**1.5**	**-4.1**	**-3.1**	**-12.0**	**-6.7**
As a % of EBITDA	*68%*	*nm*	*nm*	*nm*	*nm*
Cash Taxes	-1.1	-0.8	-0.6	-1.9	-2.2
Capital Injections	-0.8	8.0	0.0	0.0	0.0
Others (incl. Fin. Investments)	0.0	-0.4	-0.3	0.0	-0.1
Net Financial Charges	-0.1	-0.3	-0.4	-0.9	-1.9
Δ Net Financial Position	**-0.5**	**2.4**	**-4.4**	**-14.7**	**-11.0**

Source: Comal, Value Track Analysis

Quick Take on Comal 1H24 Financial Results

The first semester of FY24 confirmed the booming growth of Comal's financial KPIs and the drivers that were already evident in FY23 results. We highlight the following key indicators:

- **Value of Production** at **€123.7mn**, growing at 163% y/y from €47.0mn in 1H23, primarily driven by strong Work in Progress advancements at ca. €91mn (€14.5mn in 1H23);
- **EBITDA** at **€9.3mn,** more than 2x vs. €4.2mn in 1H23. Despite a 140bps EBITDA margin decline y/y to 7.5% due to more burdening costs for raw materials and services, it remains within the historical range;
- **Net Debt at €41.1mn** vs. €30.2mn at the end of FY23, largely reflecting over €15mn in working capital absorption due to rising WIP inventory, partially offset by down payments and payables;
- **Backlog** at an all-time high **of €348mn**, up from €328mn as of FY23 despite the strong turnover of the semester.

Management expresses strong satisfaction with the results, reaffirming the company's expansion plan. Through substantial investments in plants, equipment (trackers and modules factories), and human resources, Comal is positioning itself to enhance its competitive edge in the PV market and meet growing demand.

Comal: P&L 1H22-1H24

P&L (IT GAAP, €mn)	1H22	1H23	1H24	y/y
Revenues from Sales	**22.9**	**26.3**	**29.0**	***10%***
Δ Work in Progress	15.0	14.5	90.8	*nm*
Others	0.5	6.2	3.9	*-37%*
Value of Production	**38.4**	**47.0**	**123.7**	***nm***
Raw Materials (incl. Δ Inventory)	-19.6	-20.7	-61.1	*nm*
First Margin	**18.9**	**26.3**	**62.6**	***nm***
First Margin (%)	*49.1%*	*56.0%*	*50.6%*	*-540bps*
Costs of Services	-11.5	-15.0	-40.4	*nm*
Costs of Rent	-0.4	-1.0	-2.6	*nm*
G&A	-0.6	-0.4	-0.9	*nm*
Gross Profit	**6.3**	**10.0**	**18.7**	***88%***
Gross Margin (%)	*16.4%*	*21.2%*	*15.1%*	*-610bps*
Labour Costs	-4.2	-5.8	-9.4	*63%*
EBITDA	**2.2**	**4.2**	**9.3**	***122%***
EBITDA Margin (%)	*5.6%*	*8.9%*	*7.5%*	*-140bps*
D&A	-0.5	-0.7	-1.0	*53%*
Provisions	0.0	0.0	-0.1	*nm*
EBIT	**1.6**	**3.5**	**8.2**	***132%***
EBIT Margin (%)	*4.3%*	*7.5%*	*6.6%*	*-90bps*
Net Financial Charges	-0.3	-0.9	-1.6	*88%*
Non-Operating Income/Expenses	0.2	-0.1	0.0	*nm*
Pre-Tax Profit	**1.6**	**2.5**	**6.5**	***nm***
Taxes	-0.7	-0.9	-2.2	*nm*
Net Profit	**0.8**	**1.6**	**4.3**	***nm***

Source: Comal, Value Track Analysis

Comal: Balance Sheet 1H23-1H24

Balance Sheet (IT GAAP, €mn)	1H23	FY23	1H24
Net Fixed Assets	13.8	15.1	15.1
Net Working Capital	28.4	36.4	52.1
Provisions	1.2	1.4	2.0
Total Capital Employed	**41.0**	**50.1**	**65.2**
Group Net Equity	**17.3**	**19.8**	**24.1**
Net Financial Position	**-23.7**	**-30.2**	**-41.1**

Source: Comal, Value Track Analysis

Comal: Cash Flow Statement 1H22-1H24

Cash Flow (IT GAAP, €mn)	1H22	1H23	1H24
EBITDA	2.2	4.2	9.3
Δ Net Working Capital (incl. Prov.)	-13.4	-4.7	-15.1
Capex (excl. Fin. Investments)	-0.6	-2.1	-2.3
OpFCF (b.t.)	**-11.9**	**-2.6**	**-8.2**
As a % of EBITDA	*nm*	*nm*	*nm*
Cash Taxes	-0.7	-0.9	-2.2
Capital Injections	0.0	0.0	0.0
Others (incl. Fin. Investments)	0.0	-0.1	1.2
Net Financial Charges	-0.3	-0.9	-1.6
Δ Net Financial Position	**-12.9**	**-4.5**	**-10.8**

Source: Comal, Value Track Analysis

Forecasts 2024E-26E

Comal's forecasted financials highlight a compelling growth narrative, underpinned by three distinct yet synergistic business lines: the well-established EPC-M services, the rapidly expanding trackers segment, and the new PV modules business. This strategic diversification should propel a Top Line of €361mn (22% CAGR$_{23A-28E}$) and an EBITDA of €31mn (3x 2023A, 9% margin) in 2028E. Despite substantial initial capital requirements, an inflexion point for FCF generation in FY26E (cumul. 50% FCF Yield 2026E-28E) should improve the Net Debt/EBITDA ratio from 3.0x to 1.4x.

Estimates Guidelines

Our forecasts for Comal are constructed with the following principles and key assumptions:

- **Accounting Standards**: adherence to IT GAAP principles ("OIC");
- **Consolidation Perimeter** excluding potential M&A deals or subsidiaries outside the consolidation perimeter (Comal Middle East Solar System LLC, Move To Zero SRL), which may pursue growth opportunities not currently considered (international expansion, storage systems);
- **Post-Money**: including the capital injection from the rights issue of July 2024 (€4,779,723);
- **Next Appennino Project**: including the planned €16.1mn investment for the new PV Modules factory in L'Aquila and the €4.9mn grant awarded, factored in the cash flow statement between 2024E and 2025E (net financial requirement of €11.2mn).;
- **Orders Intake**: driving assumption for all the major business lines: EPC-M and Supply (i.e. trackers and, from 2026E, PV Modules).

Key Forecasts & Drivers

We project Comal to sustain robust double-digit growth, improve profitability and reduce financial leverage. By the end of the forecasted period (2028E), we expect:

- **Value of Production at €361.4mn**, growing at a CAGR$_{23A-28E}$ of 22%;
- **EBITDA** tripling **to €31.2mn**, with a margin improvement of 120bps vs FY23;
- **OpFCF (before taxes) at €23.4mn**, representing 75% of 2028E EBITDA;
- **Net Debt at €43.4mn**, reducing its incidence on EBITDA from 4.0x-3.9x (FY24E-25E) to 1.4x.

Comal: Key Financials 2023A-26E

Key Fin. (IT GAAP, €mn)	2023A	2024E	2025E	2026E	2027E	2028E	*CAGR*
Value of Production	136.2	203.9	238.9	288.5	332.9	361.4	*22%*
EBITDA	10.0	14.3	17.8	23.1	27.6	31.2	*25%*
EBITDA Margin (%)	*7.4%*	*7.0%*	*7.4%*	*8.0%*	*8.3%*	*8.6%*	*120bps*
OpFCF (b.t.)	-6.7	-25.7	-3.4	12.9	18.5	23.4	*nm*
Net Debt	-30.2	-57.8	-68.9	-64.8	-56.2	-43.4	*nm*

Source: Comal, Value Track Analysis

This financial evolution is driven by:

1. Top Line expansion accelerated by the **ramp-up of the "Supply" business line**;
2. Profit enhancement supported by a **new business mix**;
3. Positive FCF from FY26E, due to **significant Capex and NWC requirements**.

1. Top Line expansion accelerated by the ramp-up of the "Supply" business line

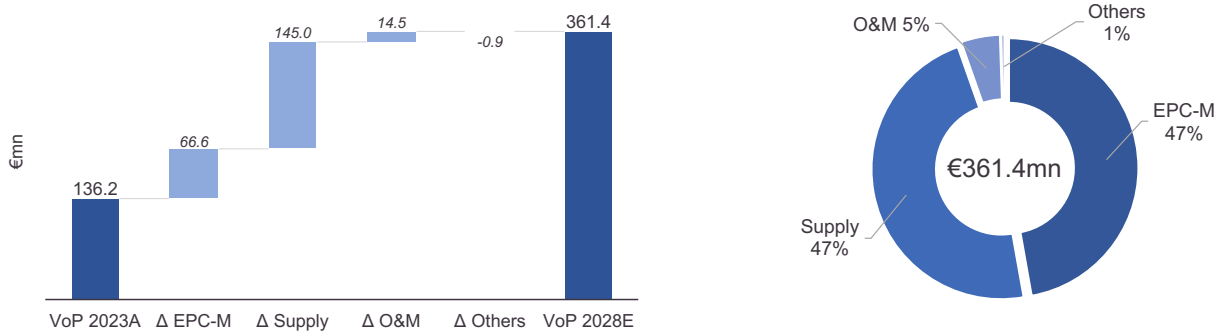
We forecast Comal's **Value of Production** to reach **€361.4mn** in **2028E**, growing at a 22% $CAGR_{23A-28E}$, implying a more than twofold jump in five years. As a Group, Comal should experience:

1. **Orders Intake**: significant increase, approaching €320mn in 2028E, to add on the already sound backlog (€348mn as of 1H24) supported by strong commercial traction reflecting Comal's established reputation and one-stop-shop offering in a booming market;
2. **Book to Bill** projected to decrease thanks to enhanced operational efficiencies and a higher share of proprietary products with shorter production cycles vs. traditional EPC-M activities.

Comal's next key challenge is managing the strong growth expected for its historical business, while managing the new business lines, each at a different stage of maturity and operating under distinct business models. In fact, we identify within the Group:

1. **Mature Businesses** (EPC-M, O&M, Others): Comal's historical core business is expected to keep growing strongly, driven by sustained market demand and a dominant 50% market share in domestic utility-scale plant installations. The O&M segment will benefit from the growing installed base of PV systems requiring ongoing maintenance;
2. **Scale-Up Business** (Trackers): with the internalized production line reaching its full capacity (1GW), the trackers segment is set to become a major revenue driver, contributing significantly to top line growth while improving also its process efficiency and manufacturing standards;
3. **Start-Up Business** (PV Modules): the new production line, now under construction and set to launch in late FY25E, should add substantial revenues. By FY28E-29E, this business is expected to reach full capacity focusing on standard products and maximum industrial efficiencies.

Comal: Value of Production Evolution and Breakdown in 2028E



Source: Comal, Value Track Analysis

By the end of the forecasted period, the "Supply" stream (Trackers and PV Modules) should add €145mn vs. 2023A in terms of contribution to total Value of Production.

Comal: Value of Production Breakdown 2023A-28E

Key Financials (GAAP, €mn)	2023A	2024E	2025E	2026E	2027E	2028E	*CAGR*
EPC-M	103.9	135.1	155.4	163.2	167.2	170.6	*10%*
Trackers	26.4	61.0	73.3	77.4	79.5	81.3	*25%*
PV Modules	0.0	0.0	0.0	35.0	70.0	90.0	*nm*
O&M	3.2	5.3	8.0	11.1	14.4	17.7	*41%*
Conventional Energy & Others	2.7	2.5	2.2	1.9	1.8	1.8	*-7%*
Value of Production	**136.2**	**203.9**	**238.9**	**288.5**	**332.9**	**361.4**	***22%***

Source: Comal, Value Track Analysis

2. Profit enhancement supported by new business mix

The shift towards the "Supply" business line is expected to enhance profitability. We forecast Comal's **EBITDA** to reach **€31.2mn** in **2028E**, growing at **25% CAGR$_{23A-28E}$** (3x 2023A), and an **EBITDA Margin** of **8.6%** (120 bps gain), despite assuming a deflationary outlook for all the business lines.

Same as for the breakdown of the top line, we believe that Comal's EBITDA forecast is strongly influenced by the varied maturity stages and business models of its different segments:

- **EPC-M, O&M, Others**: Comal's extensive experience and increased share of in-house activities should drive efficiency gains in the EPC-M segment. We project the EBITDA Margin to progressively improve to 9%, broadly in line with reported historical adjusted margins. O&M and other peripheral services should maintain a stable EBITDA Margin around 10%;
- **Trackers:** requiring time to reach full production capacity, minimize scraps, and maximize economies of scale. Industrial improvements and volume growth should allow Comal to improve margins despite the expected deflation on trackers: we predict an initial EBITDA Margin of 8%, to grow to 11% by 2028E. This is still below the 18%-20% margins seen by global leaders in the trackers market;
- **PV Modules:** this segment faces intense competition, particularly from China. However, Europe's effort to establish a domestic PV supply chain and Comal's strategy to target the residential market over wholesale clients are significant factors. Following the very initial quarters of negative profits, we anticipate the EBITDA Margin stabilizing in the range of 4%-6%.

In terms of cost components, the new business mix should lead to the following impacts:

- **Raw Materials**: increased incidence on sales due to a higher rate of internally performed activities across both EPC-M and "Supply" business lines;
- **Costs of Services**: reduced weight on the top line, thanks to lower subcontracting costs and the decreasing contribution of EPC-M activities to total revenues.;
- **Labour Costs**: substantial efficiency gains expected from the learning curve, mostly associated with the newly established trackers' factory;
- **Other Costs:** representing semi-fixed components, these costs should benefit from positive operating leverage effects.

Comal: EBITDA Breakdown 2023A-28E

Key Financials (IT GAAP, €mn)	2023A	2024E	2025E	2026E	2027E	2028E
EPC-M	//	8.8	10.9	13.1	14.2	15.4
EBITDA Margin (%)	//	*7%*	*7%*	*8%*	*9%*	*9%*
Trackers	//	4.9	6.2	7.0	7.9	8.9
EBITDA Margin (%)	//	*8%*	*9%*	*9%*	*10%*	*11%*
PV Modules	//	0.0	-0.3	1.8	3.9	5.0
EBITDA Margin (%)	//	*0%*	*0%*	*5%*	*6%*	*6%*
O&M	//	0.5	0.8	1.1	1.4	1.8
EBITDA Margin (%)	//	*10%*	*10%*	*10%*	*10%*	*10%*
Conventional Energy & Others	//	0.1	0.2	0.2	0.2	0.2
EBITDA Margin (%)	//	*5%*	*8%*	*10%*	*10%*	*10%*
EBITDA	**10.0**	**14.3**	**17.8**	**23.1**	**27.6**	**31.2**
EBITDA Margin (%)	***7.4%***	***7.0%***	***7.4%***	***8.0%***	***8.3%***	***8.6%***

Source: Comal, Value Track Analysis

Below the EBITDA line, major cost components are projected to grow slower than the Group VoP, driving significant bottom line improvements. Specifically, in 2028E we forecast:

- **EBIT** at **€27.6mn**, >3x more than FY23 despite surging D&A expenses due to significant investments, particularly for the modules' factory. The **EBIT Margin** should improve to **7.6%**, representing a 150bps increase from FY23;
- **Net Profit** at **€17.0mn**, ca. 4x more than FY23 despite facing higher interest and tax charges the former linked to the new financing lines which are required to support robust top-line growth and investments related to both the trackers' and modules' factories.

3. Positive FCF from FY26E, due to Capex and NWC requirements

Net Debt is projected to grow by only €13mn, reaching **€43.4mn** by the end of **FY28E**. Yet, we expect it to increase materially until FY26E, when we expect OpFCF to turn positive.

In fact, the trend of Net Debt follows two distinct phases, significantly influenced by the varying dynamics and maturity stages of Comal's business lines:

1. **Short-Term** (2024E-25E) characterized by the ramp-up of the historical core business and the start-up phase of the more recent "Supply" components (trackers and modules), leading to significant working capital absorption and capital investments, respectively;
2. **Medium-Term** (2026E-28E) bearing the fruits of the previous period once the investments for the two factories are finalized. With EPC-M stabilizing its growth and trackers and modules reaching higher production efficiencies, Comal should see an increase in operating margins, lower working capital needs and normalized capex.

In more details, the key elements triggering the evolution of the Groups' financial position are:

- **Net Working Capital** expected to intensify in 2024E-25E due to the still important contribution to growth from the EPC-M division, the acceleration of trackers and the start-up phase of the modules' business. From 2026E, we forecast lower Work-In-Progress inventory as a percentage of Value of Production;
- **Capex** to drain around €15.4mn resources in 2024E-25E. From 2026E, we forecast ca. €2.4mn investments per year for enhanced productivity, R&D and maintenance activities;

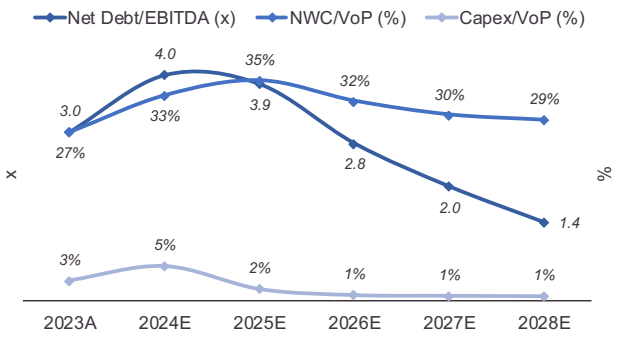
Comal: Capex Breakdown 2023A-28E

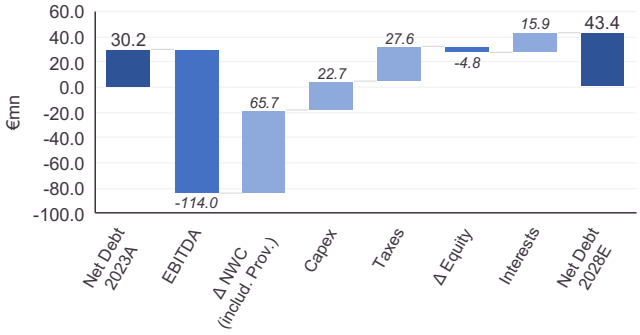
Key Financials (IT GAAP, €mn)	2023A	2024E	2025E	2026E	2027E	2028E
PV Modules Factory	0.0	9.0	2.2	0.0	0.0	0.0
Trackers Productivity	1.0	1.8	1.8	1.8	1.8	1.8
R&D/Maintenance/Others	3.3	0.3	0.3	0.6	0.6	0.6
Capex	**4.3**	**11.1**	**4.3**	**2.4**	**2.4**	**2.4**

Source: Comal, Value Track Analysis

- **Net Equity**: in 2024E, estimates include the €4.8mn equity injection from the rights issue of July 2024 (97% subscribed), supporting the accelerated business growth;
- **Taxes and Interest Charges** amounting to ca. €43mn on a cumulative basis throughout the forecasted period.

Comal: Key Cash Flow Metrics and Cumulative Cash Flow Statement 2023A-28E





Source: Comal, Value Track Analysis

After peaking in FY24E-25E to 4.5x-3.8x, the Net Debt / EBITDA ratio is expected to significantly improve, reducing to 1.4x by FY28E. This should be achieved thanks to an outstanding cumulative FCF in the FY26E-28E period, yielding 40% of peak FY25E net debt and ca. 50% of current market cap.

Financial Statements 2023A-28E

Comal: P&L 2023A-28E

P&L (IT GAAP, €mn)	2023A	2024E	2025E	2026E	2027E	2028E	CAGR
Value of Production	**136.2**	**203.9**	**238.9**	**288.5**	**332.9**	**361.4**	***22%***
Raw Materials (incl. Δ Inventory)	-63.9	-98.9	-119.5	-149.1	-178.4	-197.0	*25%*
Costs of Services	-45.2	-65.2	-74.1	-86.3	-95.5	-101.6	*18%*
Costs of Rent	-2.9	-5.2	-5.3	-5.5	-5.7	-5.8	*15%*
G&A	-1.1	-1.8	-1.9	-2.0	-2.1	-2.2	*14%*
Labour Costs	-13.0	-18.4	-20.5	-22.5	-23.5	-23.7	*13%*
EBITDA	**10.0**	**14.3**	**17.8**	**23.1**	**27.6**	**31.2**	***25%***
EBITDA Margin (%)	*7.4%*	*7.0%*	*7.4%*	*8.0%*	*8.3%*	*8.6%*	*120bps*
D&A	-1.6	-2.4	-3.2	-3.6	-3.6	-3.6	*17%*
Provisions	-0.1	-0.1	0.0	0.0	0.0	0.0	*-100%*
EBIT	**8.3**	**11.8**	**14.6**	**19.5**	**24.1**	**27.6**	***27%***
EBIT Margin (%)	***6.1%***	***5.8%***	***6.1%***	***6.8%***	***7.2%***	***7.6%***	***150bps***
Net Financial Charges	-1.9	-2.8	-3.4	-3.4	-3.0	-2.5	*5%*
Taxes	-2.2	-3.2	-4.0	-5.5	-6.9	-8.0	*29%*
Net Profit	**4.1**	**5.3**	**6.8**	**10.7**	**14.2**	**17.0**	***33%***

Source: Comal, Value Track Analysis

Comal: Balance Sheet 2023A-28E

Balance Sheet (IT GAAP, €mn)	2023A	2024E	2025E	2026E	2027E	2028E
Net Fixed Assets	15.1	23.7	24.8	23.7	22.6	21.3
Net Working Capital	36.4	66.4	83.5	91.4	98.3	103.7
Provisions	1.4	2.4	2.6	2.9	3.0	3.0
Total Capital Employed	**50.1**	**87.7**	**105.7**	**112.3**	**117.9**	**122.0**
Group Net Equity	**19.8**	**29.9**	**36.8**	**47.5**	**61.7**	**78.7**
Net Financial Position	**-30.2**	**-57.8**	**-68.9**	**-64.8**	**-56.2**	**-43.4**

Source: Comal, Value Track Analysis

Comal: Cash Flow Statement 2023A-28E

Cash Flow (IT GAAP, €mn)	2023A	2024E	2025E	2026E	2027E	2028E
EBITDA	10.0	14.3	17.8	23.1	27.6	31.2
Δ Net Working Capital (incl. Prov.)	-12.4	-29.0	-16.9	-7.8	-6.7	-5.4
Capex (excl. Fin. Investments)	-4.3	-11.1	-4.3	-2.4	-2.4	-2.4
OpFCF (b.t.)	**-6.7**	**-25.7**	**-3.4**	**12.9**	**18.5**	**23.4**
As a % of EBITDA	*nm*	*nm*	*nm*	*55.8%*	*66.8%*	*75.0%*
Cash Taxes	-2.2	-3.2	-4.0	-5.5	-6.9	-8.0
Capital Injections	0.0	4.8	0.0	0.0	0.0	0.0
Others (incl. Grants)	-0.1	-0.1	0.0	0.0	0.0	0.0
Net Financial Charges	-1.9	-3.3	-3.8	-3.2	-3.0	-2.5
Δ Net Financial Position	**-11.0**	**-27.5**	**-11.1**	**4.1**	**8.6**	**12.9**

Source: Comal, Value Track Analysis

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Valuation

Unlocking substantial value, Comal's fair equity value is pegged at €5.70 p/s, combining short-term SOTP and long-term DCF analyses. This translates to a market cap of ca. €75mn and 50% potential upside. Positioned at the forefront of the energy transition with expansive growth prospects and improving balance sheet, Comal is set to deliver exceptional returns. Our cross-check rolling valuation projects an annualized return of >40%, presenting a highly attractive proposition.

Comal Fair Equity Value at €5.70 p/s

We initiate coverage on Comal with a **fair equity value of €5.70 per share**, based on the average of a short-term-oriented Sum of the Parts model, supported by relative valuations, and a long-term-focused DCF, which captures the cash flow benefits of a normalized scenario post-realization of the modules factory and once the trackers' facility achieves full capacity.

Our **fair market capitalization** of approximately **€75mn** implies a **50% upside** compared to Comal's current market value. This substantial potential is justified by:

1. **Pure Play in Energy Transition**: Comal stands out with its strong technological drive, vertically-integrated and diversified offerings, proven track record, and leadership in the Italian solar PV market;
2. **Free Cash Flow Turning Point in FY26E**: With a rock-solid backlog and an ever-increasing commercial pipeline, Comal is set to translate this into robust cash flow generation in the medium-term, boasting a 50% cumulative FCF Yield for FY26E-28E.

On top of this, Comal is targeting **significant growth opportunities** in international markets, revamping projects, and hydromethane storage systems, which **are not yet embedded** in our estimates but could further enhance our fair value in the medium term. Finally, should Comal maintain its current FY1 trading multiples over the next two years, this would imply a potential **annualized IRR of over 40%** by entering the Group's share capital at the current market price.

Comal: Multiples Sensitivity at Various Stock Price Levels

Fair Equity Value p/s (€)	EV/EBITDA (x)			EV/EBIT (x)			P/E Adj. (x)		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
€ 4.20	7.9	7.0	5.2	9.6	8.5	6.1	10.4	8.0	5.1
€ 4.70	8.3	7.3	5.5	10.1	9.0	6.5	11.6	9.0	5.7
€ 5.20	8.8	7.7	5.8	10.7	9.4	6.8	12.9	9.9	6.3
€ 5.70	**9.2**	**8.1**	**6.0**	**11.2**	**9.9**	**7.2**	**14.1**	**10.9**	**7.0**
€ 6.20	9.7	8.4	6.3	11.8	10.3	7.5	15.3	11.9	7.6
€ 6.70	10.2	8.8	6.6	12.4	10.8	7.8	16.6	12.8	8.2
€ 7.20	10.6	9.2	6.9	12.9	11.2	8.2	17.8	13.8	8.8

Source: Value Track Analysis

Sum of the Parts Valuation

As previously mentioned, we view Comal as a multifaceted entity of various business units, each at a different stage of maturity and operating under distinct business models, i.e. the mature businesses (EPC-M and O&M), the scale-up business (Trackers) and the start-up business (Modules). That is why we believe that a Sum of the Parts ("SOTP") valuation is the best tool to address Comal's fair value in the near term. Based on the following peers' analysis and focusing on 2024E financials, our SOTP valuation returned a €4.90 fair value p/s.

Peers Selection

There is no listed peer that fully mirrors Comal's blend of offer, but rather more specialized players covering either the provision of EPC/Development/Energy Storage services, the production and sale of trackers, or the manufacture of PV modules. Therefore, we opted for diverse pools of comparables:

- **EPC-M** stocks, divided among domestic and international peers, which are diversified companies active along the solar PV value chain and that offer (also) EPC services. These players (especially the international ones, plus PLC and Altea Green Power) are more diversified than Comal as they are also active in development and/or asset management. The median market cap of this cluster is ca. €83mn with the group ranging from €11mn of Esi to over €1bn of Grenergy Renovables;
- **Solar Trackers** producers, mainly global leaders from the US (Nextracker, Array Technologies), China (Arctech Solar), and Spain (Soltec), all specialized and renowned for single axis trackers but also providing dual-axis tracker solutions, further improving energy yield. Here, the median market cap is about €885mn, ranging from €60mn of FTC Solar to €4.8bn of Nextracker;
- **PV Modules** manufacturers, i.e. Chinese incumbents such as LONGi, Jinko, Trina, and JA Solar, but also the Swiss Meyer Burger, the American First Solar and Canadian Solar, and the Nasdaq-listed but Singapore-based Maxeon technologies. Main differentiators include technology (e.g., monocrystalline vs. thin-film), efficiency rates, production capacity, and geographic focus. Market cap ranges from €52mn of Meyer Burger to €24bn of First Solar, with a median value of €6.0bn.

More details on peers' description and trading multiples can be found in the appendix.

Comal: Comparables by Cluster



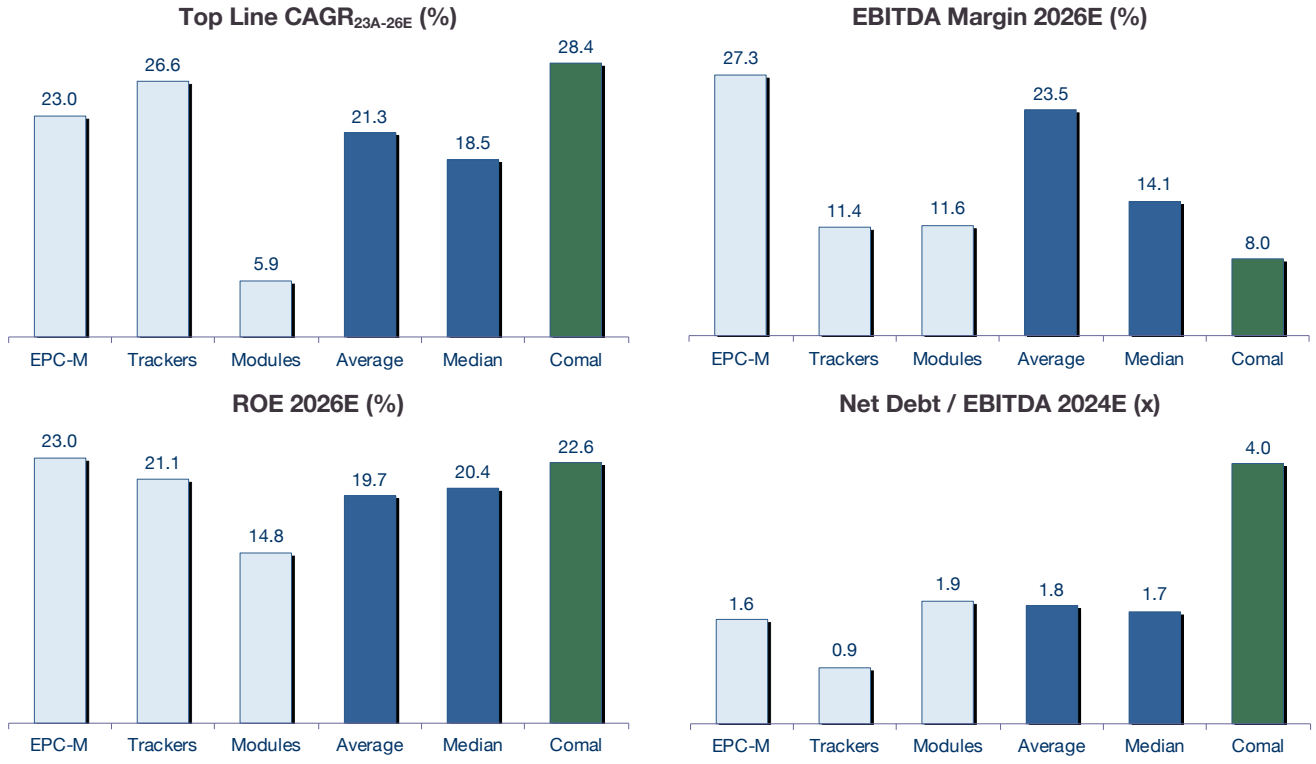
Source: Value Track Analysis

Operating Benchmark

Analyzing the consensus estimates for our selected peers and their median values, Comal stands out in terms of expected growth and return on capital but seems to lag in operating profitability and financial position. Here are the details:

- **Growth**. Comal is expected to outpace its peers with a projected 28% $CAGR_{23A-26E}$. The trackers peer's cluster is anticipated to be the fastest-growing, followed by EPC-M players. In contrast, module manufacturers, being more mature, are expected to show lower growth rates. However, all peers should post strong growth rates given their exposure to the booming PV market;
- **Profitability**. The EPC-M cluster boasts the highest EBITDA margins among the peers (largely due to their involvement also in the higher-margin development phase of the solar PV value chain). Chinese module manufacturers achieve high profitability due to their control over raw materials despite operating in a low value-added segment. Comal's trackers division is expected to achieve margins comparable to its peers by 2025, while the modules division is projected to maintain an EBITDA margin of 5%-6%, and the EPC division around 7%-9%;
- **Capital Intensity**. Comal is anticipated to have an above-average ROE of approximately 23% by 2026, following the completion of significant investments in the modules factory and the higher profits from trackers' sales;
- **Financial Leverage**. On the downside, Comal is one of the most leveraged companies within the cluster based on 2024 estimates. However, the strong cash flow generation expected to begin in 2026 should help align its Net Debt / EBITDA ratio with the peers' average by 2028.

Comal: Operating Benchmark vs. Peers



Source: Market Consensus, Value Track Analysis

Stock Market Multiples Benchmark

The entire peer group is trading at **median 8.8x-6.3x EV/EBITDA 2024E-25E**, reflecting a generally high-growth environment. Comal's trading multiples are in line with the overall median, but a deeper look into each cluster reveals significant variations explained by different business models:

- **EPC-M** cluster trades at a solid 8.3x median EV/EBITDA multiple for 2024E. However, due to superior growth expectations in 2025E, the multiple is anticipated to fall to a more attractive 4.9x EV/EBITDA. Notably, Italian EPC-M companies are trading at approximately a 40%-50% discount compared to their international counterparts (e.g., Grenergy Renovables);
- **Trackers** peers exhibit the highest valuation multiples for 2025E-2026E, with the leading Chinese company, Arctech Solar, trading at ca. 13x EV/EBITDA for 2025E;
- **Modules** manufacturers trade at a 2025E median EV/EBITDA of 6.6x. There is significant volatility within this group, with LONGi trading at a demanding 10.7x EV/EBITDA and Canadian Solar at a much lower 4.3x EV/EBITDA 2025E.

Comal: Peers Trading Multiples

Peers	EV/Sales (x)			EV/EBITDA (x)			EV/EBIT (x)			P/E Adj. (x)		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
EPC-M												
Average	2.1	1.5	1.6	8.5	5.7	4.8	10.9	7.1	6.3	14.2	7.7	6.6
Median	1.8	1.8	1.1	8.3	4.6	3.4	10.6	5.8	3.9	11.7	6.7	5.4
Trackers												
Average	1.3	0.9	0.7	9.3	7.4	6.5	11.3	8.6	7.1	16.4	11.4	9.4
Median	1.4	0.9	0.7	7.0	6.3	6.1	8.9	7.5	6.7	17.1	10.3	8.9
Modules												
Average	1.7	1.2	0.9	10.3	7.0	4.9	20.2	15.1	9.8	22.7	13.5	9.4
Median	0.8	0.7	0.6	9.1	6.6	4.7	16.2	15.2	10.0	17.8	11.5	8.9
Total Average	**1.8**	**1.3**	**1.2**	**9.1**	**6.5**	**5.2**	**12.6**	**9.8**	**7.6**	**16.2**	**10.3**	**8.1**
Total Median	**1.2**	**0.9**	**0.7**	**8.8**	**6.3**	**4.8**	**11.7**	**8.7**	**6.7**	**12.8**	**9.8**	**6.8**
Comal	**0.5**	**0.5**	**0.4**	**7.6**	**6.7**	**5.0**	**9.2**	**8.2**	**5.9**	**9.5**	**7.4**	**4.7**
Discount vs. Total Median (%)	*-55%*	*-41%*	*-42%*	*-14%*	*7%*	*5%*	*-21%*	*-6%*	*-12%*	*-26%*	*-24%*	*-31%*

Source: Market Consensus, Value Track Analysis

Valuation

Our Sum-of-the-Parts (SOTP) valuation estimates a fair equity value of €4.90 p/s for Comal. This valuation is derived through the following approach:

- Comal is assessed as a group of three distinct business lines, each at a different stage of maturity and employing a different business model;
- Fiscal Year 2024 (FY24E) is chosen as the reference year to ensure visibility, given the strong growth prospects of most peers in the sector;
- **EPC-M**: we apply the median FY24E EV/EBITDA multiple of EPC-M peers (equal to 8.3x) to Comal's EPC-M EBITDA 2024E without discounts, due to Comal's comparable size, market leadership, and strong domestic track record;
- **Trackers**: a 20% discount is applied to the median FY24E EV/EBITDA multiple of tracker peers (7.0x), when valuing Comal's tracker business, to account for differences in size, geographical coverage, and (shorter) track record;

- **PV Modules** business line valued in line with its invested capital. i.e. total capex planned to build the factory at L'Aquila (€16.1mn), given the current low visibility of the project. Yet, this valuation for the PV Modules business line is also supported by:
  1. **Specific DCF**: Using a 10% Weighted Average Cost of Capital (WACC) and explicit Free Cash Flow (FCF) projections of this business segment for 2025E-31E;
  2. **Valuation at Maturity** (i.e. "Venture Capital Method"): applying peers' 0.8x EV/Sales FY24E multiple to Comal's projected €35mn in modules sales for 2026E, and discounting this back to FY24E with a 25% IRR to capture the execution risk of this early stage business that still needs to prove its scalability.

Comal: Sum of the Parts Valuation

Fair Equity Value (€mn)	EPC-M	Trackers	Modules	Comal Group
Fair EV/EBITDA 2024E (x)	8.3	5.6		
Fair Enterprise Value (€mn)	**78.5**	**27.2**	**16.1**	**121.8**
As a % of Total	*64%*	*22%*	*13%*	*100%*
Net Financial Position 2024E (€mn)				-57.8
Fair Equity Value				**64.0**
NOSH				13.1
Fair Equity Value p/s (€)				**4.90**

Source: Market Consensus, Value Track Analysis

Discounted Cash Flow

Our DCF model estimates a fair equity value of €6.50 p/s, based on Comal's projected **rolling capital structure** from 2025E to 2031E and utilizing a **5.5x Terminal Value / EBITDA** exit multiple.

We consider the DCF method particularly suitable for valuing Comal's medium-term potential in a normalized scenario following the initial phase of strong cash flow absorption due to significant capital expenditures and working capital requirements associated with the development of the modules and trackers businesses.

Comal: WACC at Rolling Capital Structure

WACC Assumptions	Rolling Capital Structure
Risk-Free Rate (%)	2.0
Capital Structure (D/D+E) (%)	65% - 0%
Unlevered Beta (x)	1.00
Levered Beta (x)	2.42 – 1.00
Market Risk Premium (Italy) (%)	5.2%
Small Cap Market Risk Premium (%)	2.0%
Credit Spread (%)	4.0%
Tax Rate (%)	24.0%
Cost of Equity (%)	**16.6% - 9.2%**
Cost of Debt (%)	**4.6%**
WACC (%)	**8.7% - 9.2%**

Source: Damodaran, Value Track Analysis

Comal: DCF Valuation

DCF Valuation	€mn
Discounted Free Cash Flows 2025E-2031E	44.0
Discounted Terminal Value @ 2031E with TV/EBITDA=5.5x	99.3
Fair Enterprise Value	**143.3**
Net Financial Position 2024E	-57.8
Fair Equity Value	**85.6**
NOSH (mn)	13.1
Fair Equity Value p/s (€)	**6.50**

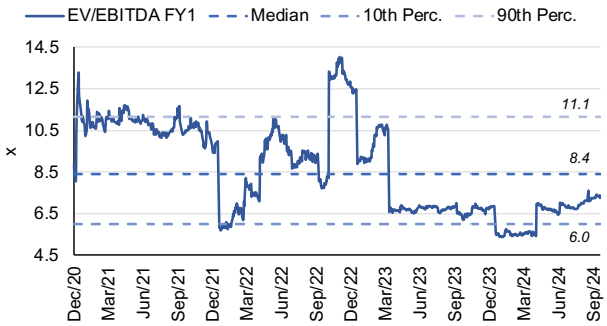
Source: Value Track Analysis

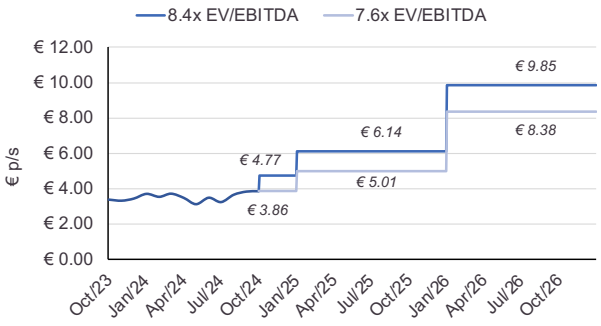
Cross-Check #1: Rolling Valuation

To further substantiate our valuation, we observed that, historically, Comal has been trading between 5.4x and 14.0x EV/EBITDA FY1 (median of 8.4x) based on consensus estimates, as shown in the chart below (left). Based on this, we conducted a rolling valuation under the assumption that Comal continues to trade at the current 7.6x EV/EBITDA FY1 through 2025E and 2026E, or rerate towards its historical median value (~8.4x EV/EBITDA FY1). The analysis (chart below, right) yields very supporting values, both with a one-year and two-year horizon:

- €5.01-€6.14 p/s range, assuming a 7.6x-8.4x EV/EBITDA range for 2025E multiples;
- €8.38-€9.85 p/s range, assuming a 7.6x-8.4x EV/EBITDA range for 2026E multiples.

Comal: Historical EV/EBITDA FY1 and Rolling Valuation





Source: Value Track Analysis

Comal: Rolling Valuation

Rolling Multiple Valuation (€)	7.6x EV/EBITDA Target Multiple			8.4x EV/EBITDA Target Multiple		
	2024E	2025E	2026E	2024E	2025E	2026E
Fair Enterprise Value (€mn)	**108.3**	**134.5**	**174.5**	**120.3**	**149.3**	**193.7**
Net Financial Position (€mn)	-57.8	-58.9	-64.8	-57.8	-58.9	-64.8
Fair Equity Value (€mn)	**50.5**	**65.6**	**109.7**	**62.5**	**80.4**	**128.9**
NOSH FD (mn)	13.1	13.1	13.1	13.1	13.1	13.1
Fair Value p/s (€)	**3.86**	**5.01**	**8.38**	**4.77**	**6.14**	**9.85**

Source: Value Track Analysis

Cross-Check #2: IRR Analysis

Another way to look at our rolling valuation is to assess the implied IRR that an investor could catch by entering Comal's share capital today (at the current stock price) and exiting in 2026E at the same FY1 EV/EBITDA multiple implied by today's market cap (i.e. 7.6x EV/EBITDA 2024E).

Assuming that Comal maintains its current 7.6x EV/EBITDA multiple into 2026E, its stock could reach €8.38 p/s, a value which falls within the range outlined above and which implies an annualized IRR (gross of tax) of ca. 41% in a 2.2-year period.

Comal: IRR Valuation

IRR Valuation (€)	2026E
EBITDA (€mn)	23.1
Exit EV/EBITDA (x) on 31/12/2026	7.6
Fair Enterprise Value (€mn)	**174.5**
Net Financial Position (€mn)	-64.8
Fair Equity Value	**109.7**
NOSH (mn)	13.1
Fair Equity Value p/s (€)	**8.38**
IRR Annualized (%)	***41%***

Source: Value Track Analysis

Comal: IRR Sensitivity Analysis

IRR Annualized (%)		Exit (Year)				
		2024E	2025E	2026E	2027E	2028E
Exit EV/EBITDA (x)	9.5	nm	75%	65%	55%	46%
	8.5	nm	50%	54%	48%	42%
	7.5	nm	23%	**41%**	41%	37%
	6.5	nm	nm	27%	32%	32%
	5.5	nm	nm	11%	22%	25%

Source: Value Track Analysis

Appendix

Peers Description

Comal: EPC-M Peers Description

PLC (PLC) – Leading operator in the Italian renewable energy market, offering engineering, procurement and construction (EPC), built, operate and transfer (BOT) and operations and maintenance (O&M) services focusing on wind and solar plants.

ESI (ESIGM) – Italian company acting as EPC general contractor of utility-scale PV plants and system integrator for the development of PV and hybrid off-grid plants and the creation of energy storage systems. It is also specialized in revamping.

Altea Green Power (AGP) – Italian company specialized in the co-development of renewable energy plants and storage, EPC and energy efficiency solutions for C&I clients, and realization and management of proprietary PV plants for IPP.

Espe (ESPE) – Italian company specializing in the design and construction of high efficiency and performance sustainable electrical systems, including small wind power systems, biomass cogenerators, and ground and roof turnkey PV solutions.

Lemon Sistemi (LS) – Italian company focused on the EPC of PV, thermal and storage turnkey systems (max. 10 MWp) to residential and industrial/commercial clients. It also offers engineering services for energy efficiency solutions.

Redelfi (RDF) – Italy-based ESG management company focused on digital and green transition, with investments in the international development of green energy and BESS, martech of big data and AI, and eco-sustainable tech solutions.

Emeren Group (SOL) – US-based leading global solar project developer and operator, with different business models: develop and sell projects NTP/RTB; develop, build and sell projects at COD; EPC-M and O&M; light IPP business.

ABO Energy (AB9) – Germany-based company engaged in the development & construction and O&M of wind and solar farms, as well as battery and hydrogen projects worldwide. It also manages farms on behalf of international operators.

EnergieKontor (EKT) – Germany-based company active project development and sales of onshore wind farms and solar parks (development, planning, financing, construction and sale), power generation from owned plants, and O&M services.

Grenergy Renovables (GRE) – Spain-based, integrated global Independent Power Producer (IPP) that designs, develops (15.6GW solar pipeline), installs (EPC) and executes (O&M and Asset Management) renewable energy plants on a large scale.

Comal: Trackers Peers Description (1/2)

Nextracker (NXT) – US leading provider of intelligent, integrated solar tracker and software solutions used in utility-scale and ground-mounted distributed generation solar projects around the world (more than 90 GW installed).

Array Technologies (ARRY) – US provider and manufacturer of utility-scale, high quality solar trackers and sophisticated software, with manufacturing capacity, design and engineering resources (ca. 60 GW awarded globally).

FTC Solar (FTC) – US provider of advanced solar tracker systems, supported by software and value-added engineering services targeting the utility-scale solar energy market (ca. 4.5 GW installed base).

Soltec (SOL) – Spanish company engaged in the design, construction, and installation of solar trackers (17.3 GW delivered), but also offers development, construction, and management and maintenance services for large-scale PV plants.

Arctech Solar (688408) – Leading Chinese manufacturer and supplier of intelligent solar trackers, fixed-tilt structures and BIPV (building-integrated PV) systems for utility-scale and commercial PV projects worldwide (55 GW supplied).

Comal: Modules Peers Description

Meyer Burger Technology (MBTN)– Swiss company specializing in high-performance photovoltaic cells and modules using proprietary heterojunction and SmartWire technologies (extensive European market presence).

First Solar (FSLR) – US manufacturer of advanced thin-film photovoltaic (PV) modules and provider of comprehensive PV power plant solutions and services, with significant global installations (over 25 GW worldwide).

Maxeon Solar Technology (MAXN) – Singapore-based spinoff of SunPower Corporation, specializing in high-efficiency solar panels with global distribution and operations (over 3.5 GW capacity).

Canadian Solar (CSIQ) – Canadian manufacturer of solar PV modules and provider of solar energy solutions, including development, construction, and operation of utility-scale solar power projects (over 52 GW deployed globally).

LONGi Green Energy Technology (601012) – Chinese leader in the manufacture of monocrystalline silicon wafers and solar panels, known for its high-efficiency solar products and substantial market share (over 66 GW shipped in 2023).

Jinko Solar (688223) – Chinese global leader in solar PV manufacturing, offering a wide range of photovoltaic products, including high-efficiency modules and integrated solar solutions (over 100 GW shipped worldwide).

Trina Solar (688599) – Chinese company engaged in research, development, production and sales of PV products, including modules, solar trackers, storage systems. It also provides development, EPC, O&M and asset management services.

JA Solar Technology (002459) – Chinese manufacturer of high-performance solar cells and modules, with a strong global presence and extensive product offerings for utility, commercial, and residential applications (over 95 GW shipped).

Peers Trading Multiples

Comal: Peers Trading Multiples

Peers	Market Cap (€mn)	EV/Sales (x)			EV/EBITDA (x)			EV/EBIT (x)			P/E Adj. (x)		
		2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
EPC-M													
PLC	37	0.5	0.4	0.4	7.8	4.9	3.5	14.0	6.7	4.5	24.7	10.0	6.7
Esi	11	0.4	0.3	0.2	5.6	3.6	2.7	7.8	4.8	3.3	11.0	5.2	5.2
Altea Green Power	120	3.8	2.6	2.0	6.3	4.3	3.2	6.3	4.3	3.2	9.6	6.7	5.6
Espe	35	0.5	0.3	0.3	7.5	4.4	2.7	9.0	4.9	2.9	12.0	6.7	4.6
Lemon Sistemi	19	1.0	0.5	0.2	3.6	1.7	0.7	3.9	1.8	0.7	8.3	5.2	3.7
Redelfi	46	3.3	2.1	0.9	9.0	3.9	1.3	9.5	4.1	1.3	11.4	4.8	2.7
Emeren Group	138	2.0	2.1	2.1	9.2	8.7	8.6	11.7	12.2	13.7	8.7	5.4	4.5
Abo Energy	421	1.7	1.5	1.4	8.9	7.9	7.2	11.7	10.2	9.2	15.0	13.6	12.0
Energiekontor	762	3.4	2.3	2.5	10.4	7.2	7.4	14.3	8.7	9.4	21.1	10.1	10.1
Grenergy Renovables	1,104	4.4	3.2	5.6	16.3	10.7	11.0	20.5	12.9	14.5	20.7	9.8	10.5
Average	**269**	**2.1**	**1.5**	**1.6**	**8.5**	**5.7**	**4.8**	**10.9**	**7.1**	**6.3**	**14.2**	**7.7**	**6.6**
Median	**83**	**1.8**	**1.8**	**1.1**	**8.3**	**4.6**	**3.4**	**10.6**	**5.8**	**3.9**	**11.7**	**6.7**	**5.4**
Trackers													
Nextracker	4,768	1.6	1.3	1.0	7.3	5.9	4.8	8.0	6.5	5.3	12.8	11.5	11.0
Array Technologies	886	1.4	0.9	0.7	6.6	4.1	3.0	9.8	5.2	4.0	21.5	9.0	6.8
FTC Solar	60	1.1	0.4	0.2	nm	nm	8.2	nm	nm	nm	nm	nm	nm
Soltec	145	0.6	0.7	0.7	5.7	6.6	6.1	7.1	8.5	8.0	4.9	5.4	3.7
Arctech Solar	2,196	1.8	1.3	1.1	17.6	13.0	10.4	20.2	14.2	11.2	26.3	19.6	16.0
Average	**1,611**	**1.3**	**0.9**	**0.7**	**9.3**	**7.4**	**6.5**	**11.3**	**8.6**	**7.1**	**16.4**	**11.4**	**9.4**
Median	**886**	**1.4**	**0.9**	**0.7**	**7.0**	**6.3**	**6.1**	**8.9**	**7.5**	**6.7**	**17.1**	**10.3**	**8.9**
Modules													
Meyer Burger Technology	52	2.8	1.0	0.7	nm	5.5	2.3	nm	16.6	3.8	nm	4.6	0.5
First Solar	23,949	5.7	4.3	3.3	13.0	8.0	5.5	16.2	9.5	6.4	17.8	11.5	8.4
Maxeon Solar Technologies	111	0.7	0.5	0.4	nm	nm	4.5	nm	nm	nm	nm	nm	nm
Canadian Solar	930	0.5	0.5	0.5	5.5	4.3	3.7	16.1	8.7	6.7	12.1	4.1	2.8
LONGi Green Energy	17,286	1.2	0.9	0.8	nm	10.7	7.5	nm	nm	16.6	nm	32.9	22.2
Jinko Solar	11,459	0.9	0.9	0.7	9.1	7.9	6.0	nm	19.7	14.8	38.3	17.7	13.9
Trina Solar	6,313	0.7	0.5	0.5	8.8	6.6	4.9	28.2	13.7	10.0	nm	10.5	8.9
JA Solar Technology	5,784	0.7	0.6	0.4	15.3	6.3	4.3	nm	22.4	10.6	nm	12.9	9.0
Average	**8,236**	**1.7**	**1.2**	**0.9**	**10.3**	**7.0**	**4.9**	**20.2**	**15.1**	**9.8**	**22.7**	**13.5**	**9.4**
Median	**6,048**	**0.8**	**0.7**	**0.6**	**9.1**	**6.6**	**4.7**	**16.2**	**15.2**	**10.0**	**17.8**	**11.5**	**8.9**
Total Average	**3,332**	**1.8**	**1.3**	**1.2**	**9.1**	**6.5**	**5.2**	**12.6**	**9.8**	**7.6**	**16.2**	**10.3**	**8.1**
Total Median	**421**	**1.2**	**0.9**	**0.7**	**8.8**	**6.3**	**4.8**	**11.7**	**8.7**	**6.7**	**12.8**	**9.8**	**6.8**
Comal	**51**	**0.5**	**0.5**	**0.4**	**7.6**	**6.7**	**5.0**	**9.2**	**8.2**	**5.9**	**9.5**	**7.4**	**4.7**
Discount vs. Total Median (%)	*-88%*	*-55%*	*-41%*	*-42%*	*-14%*	*7%*	*5%*	*-21%*	*-6%*	*-12%*	*-26%*	*-24%*	*-31%*

Source: Market Consensus, Value Track Analysis

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Business Profile - The "Sun Hunter" Solar Tracker

Comal's "Sun Hunter" tracker comprises both mechanical and electronic components:

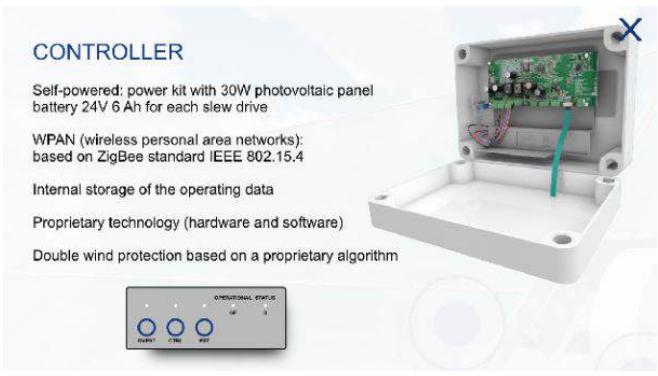
1. **Motor**: the dry motor slew drive is a mechanical component, a self-powered engine with a ahigh-torque transmission that allows the various levels of inclination of the tracker. The worm screw drive can operate effectively in temperatures between -20°C and +120°C;
2. **Controller**: electronic component enabling solar tracking, capable of operating either in standalone mode or within a ZigBee wireless network, known for its low energy consumption. It is self-powered using a 30W PV panel and a battery kit that charges one or two 24V Li-Ion batteries. The controller features proprietary technology at both the hardware and software levels, incorporating a dual wind protection system based on a proprietary algorithm;
3. **Concentrator/Structure**: electronic component that facilitates communication between the controller and the control room for remote monitoring. The structure is made of carbon steel in compliance with EN 10219 standards, it undergoes a hot-dip galvanization process and is coated with Z450 for enhanced protection;
4. **Bearing**: mechanical component that compensates for misalignment errors, improving rotation conditions. It is designed to be dirt and chemical resistant, with nihil maintenance required. It can withstand high loads, and self-aligns with a rotation angle of up to 9°.

Comal: "Sun Hunter" Solar Tracker Components

Motor



Controller



Structure



Bearing



Source: Comal

Reference Market – Global, EU, and Italian Policy Support to Renewables Development

The growth of the solar PV market globally, within the EU, and in Italy has been significantly driven by robust policy support and strategic initiatives, ensuring a steady increase in solar PV capacity, contributing to energy security and sustainability goals.

Global Policies

Governments worldwide are implementing supportive policies and frameworks to promote renewable energy adoption. This market has experienced significant advancements since the Paris Agreement of 2015, a landmark agreement catalysed several ambitious EU policies and initiatives to transition towards a sustainable energy future. Key global events and objectives include:

- **United Nations Sustainable Development Goals** (2015): Goal 7 seeks to provide universal access to affordable, reliable, sustainable, and modern energy by 2030, emphasizing renewable energy, energy efficiency, and advanced clean energy technologies;
- Conference of the Parties ("COP") 21, or "**Paris Agreement**" (2015): pivotal international accord where 196 countries pledged to limit global warming to well below 2°C, ideally to 1.5°C, compared to pre-industrial levels, necessitating substantial reductions in greenhouse gas emissions and increased renewable energy usage;
- **COP28** (2023): recognizing the need to enhance current efforts and the critical role of transforming energy systems to meet Paris Agreement targets, over 130 national governments, including the EU, pledged to triple the global installed renewable energy capacity to at least 11,000 GW by 2030, up from approximately 3,655 GW in 2022.

European Union Policies

Within Europe, the original **Renewable Energy Directive** ("RED I") of 2009 marked a significant policy, mandating that 20% of the EU's gross final energy consumption and 10% of each Member State's transport energy consumption come from renewable sources by 2020, a goal that was achieved. Subsequent key developments include:

- **Clean Energy for All Europeans Package** and **RED II** (2018): setting a new a new goal of at least 32% renewable energy in the EU's total energy consumption by 2030 and introduced measures to enhance energy efficiency and the internal energy market;
- **European Green Deal** (2019): aiming to make Europe the first climate-neutral continent by 2050, with goals for reducing greenhouse gas emissions to net-zero and promoting sustainable growth across multiple sectors;
- **NextGenerationEU** (2020): a €750bn recovery plan to boost economic recovery post-COVID-19, with a significant portion allocated to green investments and renewable energy projects;
- **Fit for 55 Package** and **European Climate Law** (2021): a series of legislative proposals aimed at reducing emissions by at least 55% by 2030 and raising the binding target for renewable energy consumption to 40% by 2030;
- **REPowerEU Plan** (2022): designed to reduce reliance on Russian fossil fuels, this plan aimed to accelerate the shift to renewable energy (increasing the target to 45% through initiatives like installing heat pumps, expanding solar PV capacity, and importing renewable hydrogen and biomethane) and enhance energy security;
- **RED III** (2023): Set a target of at least 42.5% renewable energy consumption by 2030, with an aspiration for 45%, and streamlined procedures for permitting new renewable energy projects, such as solar panels and wind turbines, establishing a maximum approval time of 12 months in designated renewables-friendly areas and 24 months elsewhere.

Italian Policies

In Italy, the growth of the solar PV market has been significantly driven by a series of supportive policies over the years. Key policies include:

- "**Conto Energia**" (2005-2013): provided generous feed-in tariffs, leading to a significant boom in PV installations, particularly between 2010 and 2011. Italy became one of the largest PV markets in the world during this period, but the rapid growth resulted in a substantial financial burden as the cost of the incentives escalated quickly. The focus then shifted to promoting self-consumption, net metering, and tax deductions for residential and small-scale commercial installations;
- "**Scambio sul Posto**" (or "Net Metering", 2009-2024): allows homeowners and businesses to offset energy costs with credits for excess electricity fed back into the grid, continuing encouragement for the adoption of PV systems. The scheme is set to expire by the end of 2024 and substituted by "**Ritiro Dedicato**", allowing the national grid operator ("GSE", or "Gestore dei Servizi Energetici") to purchase all the renewable energy produced at a guaranteed price;
- **Conto Termico** (2013-Present): promotes energy efficiency and the use of renewable energy in heating and cooling applications, supporting the installation of systems such as solar thermal, biomass boilers, and heat pumps;
- **Self-Consumption Incentives** (2014-Present): promotes the use of self-generated renewable energy with tax deductions and incentives for energy storage, supporting energy independence and reducing reliance on the grid (responsible for ca. 60% of Italian residential PV systems);
- **Superbonus 110%** (2020-2022): offered a 110% tax deduction of 110% for energy efficiency improvements, including solar PV installations, driving adoption;
- **FER 1** (2019) & **FER 2** (2021) **Decrees**: introduced competitive bidding processes for utility-scale renewable energy projects, ensuring stable revenues for large-scale solar PV installations, promoting investments. FER 2 is **currently being discussed** with the European Commission;
- **CER** ("Renewable Energy Communities") **Decree** (2020): encourages the creation of renewable energy communities to share locally produced renewable energy, supporting collective self-consumption and local energy production (important for C&I plants);
- **PNRR** (2021-Present): allocated substantial funds for green investments to boost energy infrastructure and technologies, promoting large-scale PV deployment;
- **Energy Decree** (2022): simplified administrative procedures and provided incentives for renewable energy projects, reducing bureaucratic hurdles and supporting large-scale solar PV;
- **Agrivoltaic Decree** (2022): supports dual-use systems that integrate solar PV with agricultural activities, promoting sustainable land use and additional income for farmers;
- **Transition Plan 5.0** (2022): focuses on digitalization and sustainability, including support for C&I solar PV systems, enhancing energy efficiency and reduces carbon footprints in the commercial and industrial sectors;
- **Suitable Areas Decree** (2023): identifies suitable areas for renewable projects and streamlines permitting processes, accelerating development of solar PV projects in pre-approved areas. It is currently stalled and **under negotiation** between the State and regional governments;
- **FER X** (Future Renewable Energy) **Decree** (2024E): expected to update targets and incentives for renewable energy projects, aiming to further accelerate deployment of solar PV systems with stable financial support and ensuring a predictable investment environment (incentives for large plants through Contracts for Difference, or "CfD", and Power Purchase Agreements, or "PPA"). The decree should also provide greater emphasis and consideration to revamping and repowering interventions. It is **currently being discussed** with the European Commission.

Orders Accounting ("Cost to Cost" Method)

Comal has an on-order business model, which follows different accounting policies than companies which have repetitive production. Indeed, order-driven business models are regulated by OIC 23 standard (set by the Italian Organization of Accounting) that rules the recognition of Revenues and Costs depending on the percentage of completion of the order, that's to say in advance if compared to the cash-in of payments from the client.

Just to make an example, we considered a €20mn order to be evenly executed in ca. four quarters, generating a 10% EBITDA Margin, with the following assumptions:

- Initial down payment of 20% at the start of the project (Q0). The cash is used (together with own resources and other debt) to buy the Raw Materials needed for the order (assumed to weight 50% of order value);
- At the beginning of Q2 and Q3, once the design and procurement phase are finalized, a second and third instalment (20% of the total each) are paid by the client;
- In Q4, the order is finished delivered, hence a fourth instalment is paid (35%);
- Once the order has passed all the final tests and it is accepted by the client, the final 5% installment is paid.

The impact on Comal financials would be as follows:

Comal: Typical Schedule of Payment

Schedule of Payments (IT GAAP, €'000)	Q0	Q1	Q2	Q3	Q4	Q5	Cumulative
Percentage of Completion (%)	*0%*	*25%*	*50%*	*75%*	*100%*	*100%*	*100%*
Payments from Clients	4,000	0	4,000	4,000	7,000	1,000	20,000
Value of Production	0	5,000	5,000	5,000	5,000	0	20,000

Source: Value Track Analysis

Profit & Loss

As previously mentioned, the accrual of Revenues and Costs follows the percentage of completion rule. We also underline that below EBITDA, some financial costs have to be suffered related to the initially negative free cash flow, and taxes as well impact the bottom line.

Comal: P&L Simulation for WIP Accounting (*)

P&L (IT GAAP, €'000)	Q0	Q1	Q2	Q3	Q4	Q5	Cumulative
Revenues from Sales	0	0	0	0	20,000	0	20,000
Δ Work In Progress	0	5,000	5,000	5,000	-15,000	0	0
Value of Production	**0**	**5,000**	**5,000**	**5,000**	**5,000**	**0**	**20,000**
Raw Materials	0	-2,500	-2,500	-2,500	-2,500	0	-10,000
Other Opex	0	-2,000	-2,000	-2,000	-2,000	0	-8,000
EBITDA	**0**	**500**	**500**	**500**	**500**	**0**	**2,000**
EBITDA Margin (%)	*nm*	*10%*	*10%*	*10%*	*10%*	*nm*	*10%*
Net Financial Charges	0	-80	-80	-80	-80	0	-320
Taxes	0	-126	-126	-126	-126	0	-504
Net Profit	**0**	**294**	**294**	**294**	**294**	**0**	**1,176**

Source: Value Track Analysis

Balance Sheet

In our "single order" simulation we are not assuming any investment related to equipment, so Net Fixed Assets is equal to zero, nor any provision (just for simplicity). As a matter of fact, Capital Employed relates only to Net Working Capital.

Comal: Balance Sheet Simulation for WIP Accounting

Balance Sheet (IT GAAP, €'000)	Q0	Q1	Q2	Q3	Q4	Q5
Inventory	10,000	12,500	15,000	17,500	0	0
o/w Raw Materials	*10,000*	*7,500*	*5,000*	*2,500*	*0*	*0*
o/w Work In Progress	*0*	*5,000*	*10,000*	*15,000*	*0*	*0*
Trade Receivables	0	0	0	0	1,000	0
Other Payables (Down Payments)	4,000	4,000	8,000	12,000	0	0
Total Capital Employed	**6,000**	**8,500**	**7,000**	**5,500**	**1,000**	**0**
Group Net Equity	**0**	**294**	**588**	**882**	**1,176**	**1,176**
Net Financial Position	**-6,000**	**-8,206**	**-6,412**	**-4,618**	**176**	**1,176**

Source: Value Track Analysis

Cash Flow Statement

Cash Flow accounting depends on Down Payments and Work In Progress Inventory;

- Q0 and Q1 are cash burning periods, as Inventory (both Raw Materials and WIP) more than offset the first Down Payment received;
- Q2, Q3, Q4 show instead strong cash generation, as Inventory is written-off the balance sheet and down payments increase as the order is delivered;
- Q5 only accounts for the cash-in of the final invoice from the client, with all the work finalized;

Overall, there is positive FCF generation, with EBITDA being fully converted into Operating FCF, as differences in Net Working Capital are null across the period. The only cash items that reduce Operating FCF are Cash Taxes and Net Financial Charges (required to fund Q0-Q1).

Comal: Cash Flow Statement (Accounting View) Simulation for WIP Accounting

Cash Flow (IT GAAP, €'000)	Q0	Q1	Q2	Q3	Q4	Q5	Cumulative
EBITDA	0	500	500	500	500	0	2,000
Δ Net Working Capital	-6,000	-2,500	1,500	1,500	4,500	1,000	0
OpFCF (b.t.)	**-6,000**	**-2,000**	**2,000**	**2,000**	**5,000**	**1,000**	**2,000**
Cash Taxes	0	-126	-126	-126	-126	0	-504
OpFCF (a.t.)	**-6,000**	**-2,126**	**1,874**	**1,874**	**4,874**	**1,000**	**1,496**
Net Financial Charges	0	-80	-80	-80	-80	0	-320
Δ Net Financial Position	**-6,000**	**-2,206**	**1,794**	**1,794**	**4,794**	**1,000**	**1,176**

Source: Value Track Analysis

Comal's Work-In-Progress Breakdown

Comal: FY23 Work-In-Progress Breakdown

Order #	Activity	WIP (€mn)	Completion	Region
Order 1	EPC + Supply	18.1	34%	Latium
Order 2	EPC	14.8	66%	Latium
Order 3	EPC + Supply	13.9	57%	Sardinia
Order 4	EPC + Supply	6.5	90%	Latium
Order 5	EPC	3.7	54%	Sicily
Order 6	EPC + Supply	3.3	11%	Latium
Order 7	EPC	2.7	99%	Latium
Order 8	EPC + Supply	2.1	63%	Latium
Order 9	EPC	2.1	33%	Campania
Other Orders	Various	30.2	//	Various
Total	**//**	**97.3**	**//**	**//**

Source: Comal

Comal: 1H24 Work-In-Progress Breakdown

Order #	Activity	WIP (€mn)	Completion	Region
Order 1	EPC + Supply	39.7	74%	Latium
Order 2	EPC + Supply	23.1	95%	Sardinia
Order 3	EPC + Supply	19.8	66%	Latium
Order 4	EPC	18.8	89%	Latium
Order 5	Supply	11.6	92%	Sicily
Order 6	EPC	5.6	94%	Sicily
Order 7	EPC	4.7	72%	Campania
Order 8	EPC	4.3	29%	Latium
Order 9	Supply	4.1	37%	Latium
Order 10	EPC + Supply	3.6	91%	Sardinia
Other Orders	Various	52.8	//	Various
Total	**//**	**188.1**	**//**	**//**

Source: Comal

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