

Renovalo

Sector: Construction & Urban Regeneration

Priced for the Past, To Be Valued on the Future

Renovalo S.p.A. Group (“Renovalo”) stands out as an integrated construction and urban-regeneration operator in Italy. It provides general contracting, engineering, refurbishment, energy efficiency, renewable energy and MEP services, with an increasing focus on public works and corporate private clients.

Renovalo at a Glance

Renovalo is an Italian construction and urban-regeneration group that has evolved from a traditional contractor into an **integrated design-to-build platform**, covering general contracting, engineering, refurbishment, energy efficiency, renewables and MEP.

From Heaven to Hell due to Superbonus

Renovalo’s recent financial trajectory mirrors the rise and fall of Italy’s Superbonus cycle. Value of Production surged from €4.1mn in FY20 to €114.6mn in FY23, with EBITDA reaching €28.2mn and a 25% margin. By FY25, however, VoP had fallen to €32.4mn, Reported EBITDA to €-12.0mn (ca. €-5.8mn Adj. EBITDA) and Net Profit to €-14.6mn.

A New Industrial Plan to Get Back to Make Money

The 2026–29 Industrial Plan announced back in April 2026 aims to pivot the business model towards public works and corporate private orders in the €5–100mn mid-market range, and to strengthen the management team, project control and subsidiary integration.

Turnaround: Operationally Visible, Financially Not Yet

The strategic pivot is already evident in pipeline, backlog and organization: €188mn of €264mn bidding pipeline was concentrated in public and corporate opportunities, while public contracts reached 50% of backlog. However, 1H26 still reflected the legacy cycle.

2026E-29E: Big Opportunity, with some risks

The strategic reset starts from a cleaned-up FY25 base (€-5.8mn Adj. EBITDA): Value of Production flat at €32.0mn in FY26E, then up to €65.0mn in FY29E (26% CAGR), driven by public works. With a cost structure that doesn’t need to grow, EBITDA is back to break-even in FY27E and at €4.6mn in FY29E. Again, we note that the cost base implies an output capacity well above our forecasts, so any “big ticket” award could lift profitability materially.

Fair Value p.s. at €0.84, possibly growing 3x in 24 months

The risk-return profile is extremely interesting. That said, we note that the turnaround stance makes current peers’ multiples inapplicable, so we adopt a Rolling Valuation: fair 5.0x-6.0x EV/EBITDA FY28E-FY29E multiples, discounted back at a 20% hurdle rate, returns a risk adjusted fair value of €0.84 p.s. today, moving to €1.40 as FY29E comes into focus. Our DCF cross-check already points to €2.51 p.s.

Marco Greco

marco.greco@value-track.com

Tommasso Martinacci

tommaso.martinacci@value-track.com

FAIR VALUE (€)	0.84
MARKET PRICE (€)	0.46
MARKET CAP (€mn)	5.15

KEY FINANCIALS	FY26E	FY27E	FY28E
VALUE OF PRODUCTION	32.0	43.0	54.0
EBITDA	-6.3	-0.9	2.4
EBIT	-7.6	-2.4	0.8
NET PROFIT	-8.5	-3.3	-0.1
GROUP NET EQUITY	10.7	7.7	7.9
NET DEBT (-) / NET CASH (+)	2.1	1.4	2.1
EPSADJ.	-0.6	-0.3	0.0
DPS	0.0	0.0	0.0

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

RATIOS AND MULTIPLES	FY26E	FY27E	FY28E
EBITDA MARGIN (%)	<0	<0	4.4
EBIT MARGIN (%)	<0	<0	1.4
NET DEBT / EBITDA (x)	n.m.	n.m.	n.m.
NET DEBT / NET EQUITY (x)	n.m.	n.m.	n.m.
ROE (%)	<0	<0	<0
EV / SALES (x)	0.1	0.1	0.1
EV / EBITDA (x)	n.m.	n.m.	2.0
EV / EBIT (x)	n.m.	n.m.	6.1
P / EADJ. (x)	n.m.	n.m.	-32.9

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

STOCK DATA	
MARKET PRICE (€)	0.46
NOSH (mn)	11.2
MARKET CAP (€mn)	5.15
ENTERPRISE VALUE (€mn)	4.1
FREE FLOAT (%)	10.7
AVG L30D VOLUME ('000)	6,975
RIC / BBG	RNV.MI / RNV.IM
52 WK MAX - MIN (€)	0.41 – 1.66

Source: Stock Market Data

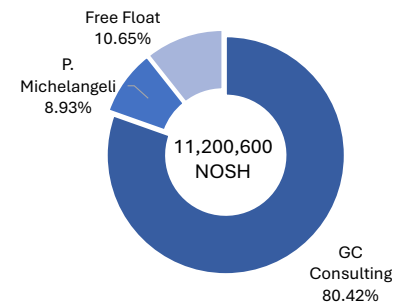
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Description

Renovalo is an Italian construction and urban-regeneration group operating as integrated design-to-build platform. Its offering spans general contracting, engineer refurbishment, energy efficiency, renewable energy and MEP services, serving residen corporate and public-sector clients.

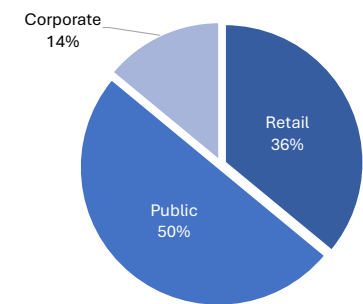
Through its specialized subsidiaries, the Group combines design, technical management and execution capabilities within a single platform. Following the phase-out of the Superbonus cycle, Renovalo is repositioning toward larger public works and corporate projects, targeting the €5–100mn mid-market segment.

SHAREHOLDERS' STRUCTURE



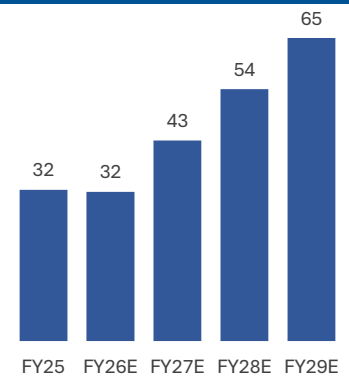
Source: Renovalo

ONGOING PROJECTS BY SEGMENT



Source: Renovalo, Value Track Analysis

VOP EVOLUTION FY25A-FY29E



Source: Value Track Estimates

STOCK MULTIPLES @ FV	FY27E	FY28E
EV / SALES (x)	0.2	0.2
EV / EBITDA (x)	n.m.	3.8
EV / EBIT (x)	n.m.	11.7
EV / CAP. EMPLOYED	X.X	1.6
OpFCF Yield (%)	3.4	19.0
P / E (x)	n.m.	n.m.
P / BV (x)	1.5	1.5
Dividend Yield (%)	0.0	0.0

Source: Value Track Analysis

Financial Highlights

KEY FINANCIALS (IT GAAP, €mn)	FY25	FY26E	FY27E	FY28E	FY29E
Value of Production	32.4	32.0	43.0	54.0	65.0
y/y (%)	-3.3%	-1.4%	34.4%	25.6%	20.4%
EBITDA	-12.0	-6.3	-0.9	2.4	4.6
EBITDA Margin (%)	-36.8%	-19.7%	-2.2%	4.4%	7.0%
EBIT	-13.8	-7.6	-2.4	0.8	2.9
EBIT Margin (%)	-42.5%	-23.8%	-5.5%	1.4%	4.4%
Net Profit	-14.6	-8.5	-3.3	-0.1	1.7
y/y (%)	n.m.	n.m.	n.m.	n.m.	n.m.
Adj. Net Profit	-14.6	-8.5	-3.3	-0.1	1.7
y/y (%)	n.m.	n.m.	n.m.	n.m.	n.m.
Net Fin. Position [Net Debt (-) / Cash(+)]	9.1	2.1	1.4	2.1	3.9
Net. Fin. Pos. / EBITDA (x)	n.m.	n.m.	n.m.	n.m.	n.m.
Capex	-1.3	-0.5	-0.5	-0.5	-0.5
OpFCF b.t.	1.7	-6.3	0.0	1.6	3.1
OpFCF b.t. / EBITDA (%)	-13.9%	99.9%	-2.2%	67.6%	67.1%

Source: Renovalo, Value Track Analysis

Investment Case

Strengths / Opportunities

- Integrated design-to-build platform with broad in-house capabilities;
- Strategic shift toward public works and high-quality corporate clients;
- Turnaround potential supported by backlog growth and a cash-positive balance sheet.

Weaknesses / Risks

- Profitability recovery still to be demonstrated;
- Execution risk on larger and more complex projects;
- Residual Superbonus costs and weak fixed-cost absorption.

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Executive Summary

Renovalo at a Glance

Renovalo is an Italian construction and urban-regeneration group that has evolved from a traditional contractor into an integrated **design-to-build platform**, combining general contracting, engineering, refurbishment, energy efficiency, renewable energy and technological plant engineering. The Group listed on Euronext Growth Milan back in 2022 and has progressively broadened its industrial perimeter through both internally developed subsidiaries and targeted acquisitions.

The current structure is designed to cover most of the construction value chain, with Renovalo acting as the strategic and commercial hub while specialized subsidiaries contribute execution, design, MEP, thermal engineering and energy capabilities. Recent acquisitions of Stiltermica and General Impianti have further expanded the Group's operating scope.

Key features as of today include:

- a strongly founder-led ownership structure, with management controlling close to 90% of the share capital;
- around 250 employees at FY25 year-end.

FY20-FY25: From Heaven to Hell due to “Superbonus”

Renovalo's recent financial history is inseparable from Italy's well-known “110% Superbonus” cycle.

At a national level, the scheme initially created an extraordinary expansion in renovation activity, but the subsequent restrictions on tax-credit transfers and the progressive reduction of the incentive produced a sharp sector-wide reversal. Renovalo experienced both phases with unusual intensity.

Renovalo financials capture the full swing:

- Value of Production rose from €4.1mn in FY20 to €114.6mn in FY23, with FY23 EBITDA increased to €28.2mn, equal to a 25% margin;
- by FY25, Value of Production had fallen to €32.4mn with Reported EBITDA turning negative at €-12.0mn, and Net Profit falling to a €14.6mn loss. Worth noting, the FY25 deterioration reflected not only lower volumes, but also weak cost absorption and the final clean-up of legacy Superbonus projects. We also note that while Reported EBITDA was €-12.0mn, the Adjusted EBITDA was approximately €-5.8mn after excluding non-recurring, financial, tax and other non-operating effects.

Despite the losses, Renovalo ended FY25 with €9.1mn net cash, helped by the release of working capital accumulated during the Superbonus cycle.

FY26E-FY29E: A New Plan to Get Back to Make Money

Back in April 2026 Renovalo released its new 2026–29 Industrial Plan, focused on the replacement of the old incentive-driven model with a more diversified and industrial one. Renovalo aims to reposition itself as a **National General Contractor**, focused on larger, more structured projects and supported by an integrated design-to-build platform.

The strategy rests on five pillars:

- Rebalancing toward public works;
- Scaling the corporate private segment;
- Strengthening management, project control and internal processes;
- Increasing integration across Group subsidiaries;
- Pursuing selective, non-transformative M&A.

The Group is targeting the €5–100mn mid-market, with direct execution focused mainly on €15–40mn projects and larger contracts accessible through partnerships.

The Plan targets Value of Production of **€38–40mn in 2026** and **€65–70mn by 2029**, with Construction Gate margins above 8% in 2026 and above 10% by 2029, while maintaining a cash-positive balance sheet.

Fact Check: Is the Turnaround Taking Place?

Operational evidence that the strategic repositioning is progressing is already visible in the pipeline, backlog and organization, but not yet in the financials that, as of 1H26, still miss conversion into sustained revenue growth, margin recovery and cash generation.

More in detail, on the operation side, we underline the following achievements:

- €188mn of a €264mn bidding pipeline was concentrated in public and corporate opportunities as of March 2026;
- Public contracts reached 50% of backlog;
- Renovalo has strengthened SOA qualifications, rebuilt its Tender Office, hired senior public-works professionals and expanded project-control and BIM capabilities;
- Subsidiary integration is advancing, while no material M&A has been announced beyond the increased stake in PowerIn.

As far as financials are concerned, on the contrary the most recent figures (1H26) still show the legacy of the previous cycle. Indeed, Value of Production is still decreasing (-20% y/y), and EBITDA remained negative at €-4.0mn, with Net Cash declining from €9.1mn as of 2025 year-end to €4.5mn as of end of June 2026. Longer lead times in public and corporate projects, delayed site starts and residual Superbonus-related costs continued to weigh on results.

2026E-29E: Big Opportunity, with some risks (of delay)

Our FY26E-29E estimates start from a cleaned-up FY25 base: legacy Superbonus works are completed, the related tax credits almost entirely monetized and the ca. €6.2mn of FY25 non-recurring charges are not expected to repeat. The real gap to close is therefore the €-5.8mn Adjusted EBITDA.

Against a gradually normalizing market – PNRR residual spending concentrated on public works, schools, social housing and energy efficiency (and EU “Case Green” directive being a possible optionality) – our forecasts can be summarized as follows:

- FY26E is a transition year, with Value of Production flat at €32.0mn but losses more than halving;
- Value of Production growing to €43.0mn-€54.0mn-€65.0mn in FY27E-28E-29E, driven by public works;
- No need for the cost structure to grow: labour costs stable at €13mn-€15mn and total operating costs incidence down from 119.7% to 93.0% of Value of Production;
- EBITDA at substantial break-even already in FY27E (€-0.9mn), positive at €2.4mn in FY28E and €4.6mn in FY29E (7% margin), with Net Profit at €1.7mn in FY29E.

We underline that **the cost base implies an output capacity well above our forecasts, so any “big ticket” award could lift profitability materially.**

Fair Value p.s. as of today €0.84, rerating process could lead to €2.60 in the next 24 months

Due to Renovalo’s current turnaround stance, assessing its Fair Equity Value on current Peers’ multiples is pretty impossible. Peers remain useful to understand where the shares should trade once the turnaround is finalized, so we adopt a Rolling Valuation as our main methodology, with a DCF as cross-check.

Our peer sample, Mid Small listed General Contractors, currently trades at 6.0x-5.3x-4.8x EV/EBITDA 2026E-27E-28E, against a 5.5x average EV/EBITDA NTM over 2025-2026YTD, in a narrow 5.0x-6.0x range. Applying that **5.0x-6.0x EV/EBITDA range** to Renovalo’s FY28E-FY29E financials points to ca. €1.1-€1.3 per share on FY28E and €2.2-€2.6 per share on FY29E forecasts that, discounted back at a hefty 20% annual hurdle rate, translate into a **“risk adjusted” fair equity value of €0.84 (on FY28E) - €1.40 (on FY29E) per share as of today.**

As a cross-check, our DCF – 13.4% Rolling WACC (12.9% at the 10% target D/(D+E) structure), including a 7.0% Company Specific Additional Risk Premium – returns €2.51 per share. Such premium will have to come down once the turnaround is finalized, driving the DCF value materially higher.

Renovalo Corporate Profile

Renovalo is an Italian-based group active in urban regeneration and building refurbishment, covering construction, engineering, energy efficiency, renewable energy and real estate development. Founded in 2005 and incorporated as Imprendiroma in 2008, the Group expanded through specialized subsidiaries and selected acquisitions before listing on Euronext Growth Milan in 2022, raising around €6mn. “Superbonus effect” first boosted financials (FY23 VoP at €114.6mn with €28.2mn EBITDA) and then drove a sharp downturn (FY25 VoP at €32.4mn, with €-12.0mn EBITDA). The Group is now focused on rebuilding revenues through its broader perimeter and public-sector and civil works.

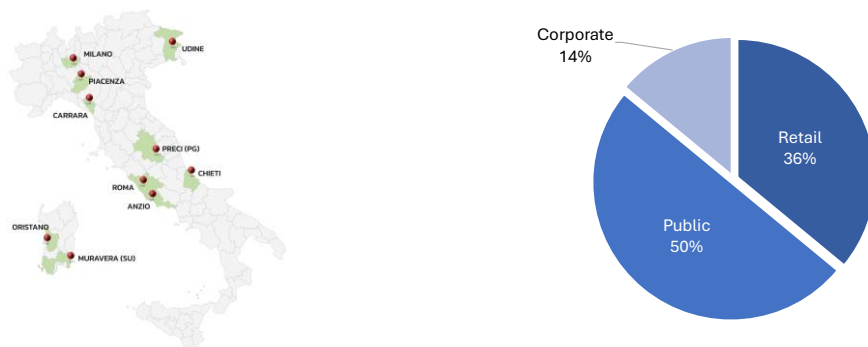
At a Glance

With a FY25 Value of Production at €32.4mn, **Renovalo S.p.A. Società Benefit** (“Renovalo” or the “Group”) is an Italian-based group active in urban regeneration and building refurbishment, spanning public and private construction, condominium works and technological plant engineering – historically concentrated in Lazio, and now expanding its footprint nationwide.

With around **250 employees** as of 2025 year-end, Renovalo operates as a **“design-to-build” platform**, covering the full construction value chain through its General Contractor activities and subsidiaries — from architectural, structural and energy-efficiency design to civil and technological plant engineering, execution and maintenance — serving residential, condominium, commercial and public-sector clients.

The Group’s current perimeter has been built through **organic development** and **two targeted acquisitions**, with public-sector activities gaining increasing relevance. Contracts with institutional clients including the Italian Army, ATAC, IGP Decaux, Regione Lazio and the Comune di Vasto now account for 36% of the portfolio, up from 22% in 2024, reflecting the Group’s recent strategic shift **towards public works and civil construction as the residential incentive cycle normalizes**.

Renovalo: Ongoing Projects by Geography and Segment



Source: Renovalo

Building the Group

Renovalo’s roots date back to **2005**, when Angelo and Guerino Cilli launched the business as a start-up. In **2008**, they established **Imprendiroma S.r.l.**, which progressively evolved from a construction contractor into a diversified operating group.

Renovalo subsequently broadened its perimeter through the establishment of specialized subsidiaries and, in 2022, listed on **Euronext Growth Milan**, raising around €6.0mn.

The Group’s current perimeter has been built through a combination of organic development and targeted acquisitions. The companies bootstrapped internally include:

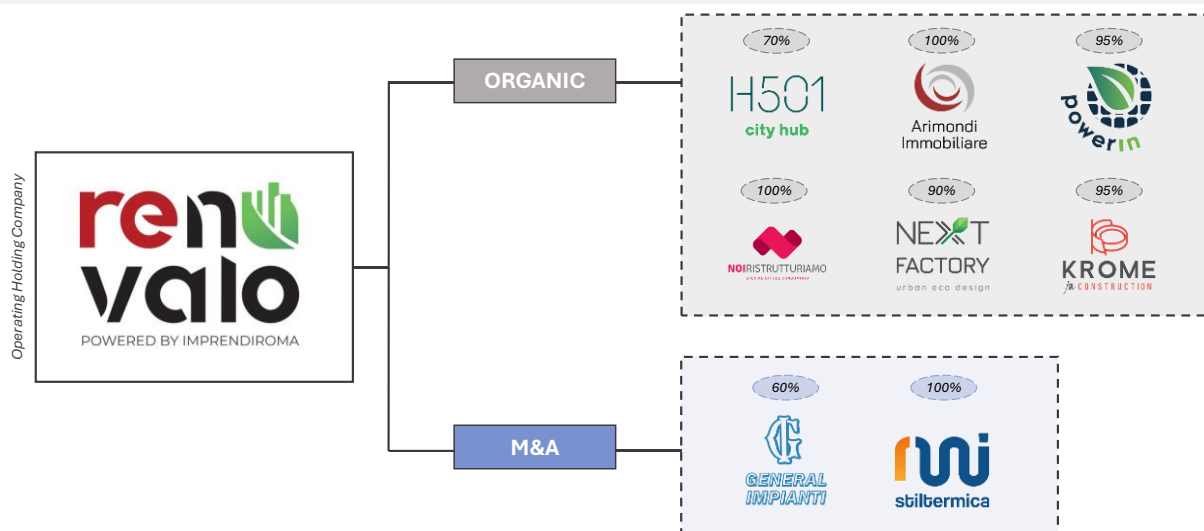
- **NextFactory** (established 2020, 90%) — provides technical and financial solutions to construction companies involved in energy-efficiency and building-retrofit projects;

- **Arimondi** (established 2020, 100%) — real-estate development arm focused on the acquisition and development of sustainable projects, including social and student housing;
- **NoiRistrutturiamo** (established 2021, 100%) — focused on construction, renovation, maintenance and energy-efficiency projects for private and condominium clients;
- **H501 City Hub** (established 2022, 70%) — engineering and architecture firm providing technical design, project management and support for public and private tenders;
- **PowerIn** (established 2024, recently increased its stake from 70% to 95%) — focused on renewable energy and photovoltaic projects for residential, logistics and SME clients;
- **Krome** (95%) — UK-based company focused on the international commercialization of Made-in-Italy construction technologies and solutions.

As far as those acquired externally, we mention:

- **Stiltermica** (100%) — acquired on 12 July 2024 for €600k in cash. The company provides end-to-end condominium heating services, ranging from the installation and maintenance of centralized heating systems and boilers to heat-management activities;
- **General Impianti** (60%), acquired on 23 April 2025 for €3mn, including an approximately €2mn NFP adjustment, implying a €5mn valuation for 100% of the company. The company provides electrical, mechanical and technological plant-engineering services, including design, installation and maintenance for buildings and industrial/commercial clients. The remaining 40% is subject to a put/call option exercisable from April 2027 for 18–24 months.

Renovalo: Group Organization (Organic + M&A)



Source: Renovalo, Value Track Analysis

Group Structure

Shareholders Structure

Renovalo's share capital comprises **11,200,600 ordinary shares**, with ownership highly concentrated among management rather than dispersed across external investors. In particular:

- **Significant Insider Ownership** — CEO Guerino Cilli controls 80.42% of the capital through GC Consulting S.r.l., while Director Pierpaolo Michelangeli holds a further 8.93%, directly and through Michelangeli Consulting S.r.l. Together, management controls close to 90% of the Company.
- **Free Float** — the remaining 10.65% is held by the market on Euronext Growth Milan.

Renovalo: Ownership Structure

Shareholder	Number of Shares	As a % of ToT
GC Consulting Srl	9,007,500	80.42%
Pierpaolo Michelangeli (*)	1,000,300	8.93%
Free Float	1,192,800	10.65%
Total	11,200,600	100.00%

Source: Renovalo, o/w 400 shares held directly and 999,900 shares held indirectly through Michelangeli Consulting S.r.l.

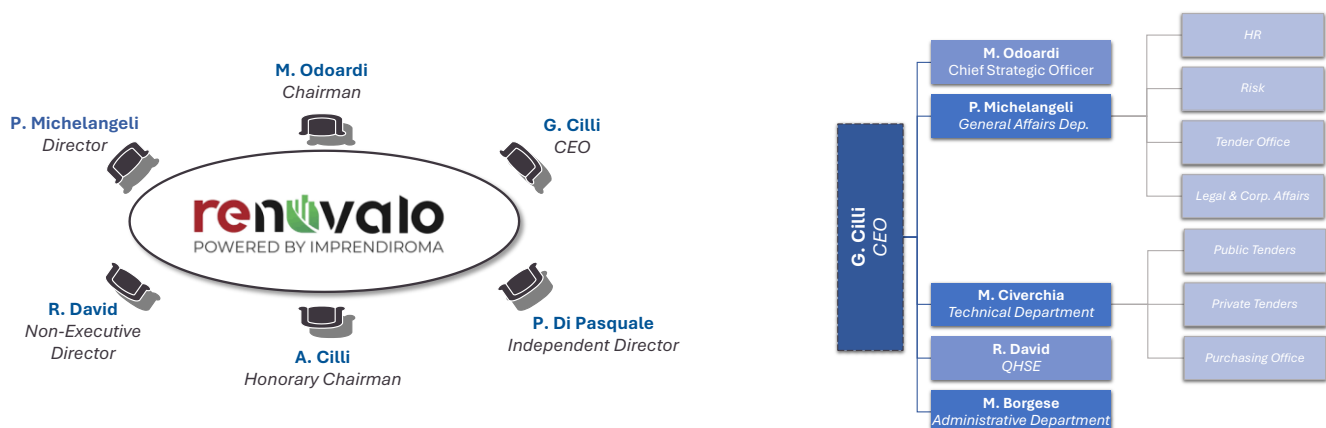
Management Team & Corporate Governance

Renovalo is led by a founder-driven and operationally focused management team, combining engineering and construction expertise with direct execution capabilities across general contracting, technical direction and administrative management. In particular:

- **Guerino Cilli – Chief Executive Officer:** He holds an engineering degree from the Politecnico di Torino (2001) and a second-level Master's from LUMSA University. He served as a Military Engineer Officer (1997–2004) and as an official at the Ministry of Defence (2005–2019). He founded Imprendiroma (now Renovalo) in 2008 and has been leading the Company as CEO since 2019;
- **Pierpaolo Michelangeli – General Director:** He graduated in Architecture from Sapienza University of Rome in 2009 and registered with the Rome Board of Architects in 2011. After a brief period as asset manager at Romeo Gestioni Immobiliari, he joined Imprendiroma in 2012 as Head of the technical structure, becoming a shareholder in 2016;
- **Mauro Borgese – Group Chief Financial Officer:** He is responsible for the Administration, Finance and Control area of the Renovalo Group, having built his career internally since 2015, when he joined the administration function. He was subsequently appointed Head of Administration, and, following the Company's 2022 IPO, CFO — a path that has led to his current role as Group CFO.

As far as Renovalo's **Board of Directors** is concerned, it is chaired by **Marco Odoardi** (also Renovalo's Chief Strategic Officer, Civil Engineering degree from Sapienza University of Rome back in 1998, with nearly 30 years of career progression from site assistant to General Manager of a holding company, with cumulative public and private contracts managed in Italy and abroad exceeding €2bn), and it includes: (i) **Guerino Cilli**; (ii) **Pierpaolo Michelangeli**; (iii) **Rossella David** (Non-Executive Director; graduated in Architecture from Sapienza University of Rome in 2009 and qualified as an architect in 2010); (iv) **Paola Di Pasquale** (Independent Director; graduated in Architecture from Sapienza University of Rome in 2003, worked as a building and asset manager across property-management organizations and has served as Head of Healthcare & Fund Coordinator at InvestiRE SGR S.p.A. since December 2015); and (v) **Angelo Cilli** (Honorary Chairman; sole director of Imprendiroma from its founding in 2008).

Renovalo: Board of Directors and Organizational Chart



Source: Renovalo, Value Track Analysis

From Heaven to Hell due to “Superbonus”

Italy's Superbonus turbocharged the construction sector from 2020 to 2022, inflating activity, capacity and company creation through transferable tax credits. Policy reversals then triggered a two-stage bust: first a liquidity crunch from unmonetized credits, then a demand slump as incentives faded. Renovalo followed the same boom-and-bust evolution, soaring to €114.6mn VoP in FY23 before revenue collapsed to €32.4mn in FY25, with margins vanishing.

Italian Economy affected by the Superbonus Hangover

The well-known 110% Superbonus produced a **policy-driven overshoot in Italy's construction sector**: an extraordinary fiscal stimulus between 2020 and 2022 rapidly expanded industry capacity, while the subsequent progressive tightening of credit transfers and phase-down of the incentive between 2022 and 2025 drove a sharp downturn for many market players.

An unprecedented fiscal stimulus

Introduced by Decreto Rilancio (D.L. 34/2020) from July 2020, the Superbonus offered a **110% tax deduction on energy-efficiency, seismic-risk and related works**. Its defining feature was Article 121, which allowed the deduction to be converted into an invoice discount or a transferable tax credit sellable to banks - effectively allowing property owners to commission work at close to zero upfront cost while contractors monetized the credit for cash.

Banca d'Italia estimates that Superbonus (including also “Bonus Facciate”) generated **> €170bn of tax relief in 2021-2023, equivalent to roughly 3% of GDP** per year on average. For the construction market, the key point is the size of the shock: the programme temporarily reset activity levels, pricing, labour demand and industry capacity well above their pre-2020 trajectory.

From boom to policy reversal

After the initial expansion, anti-fraud measures and repeated changes to the credit-transfer regime progressively reduced the liquidity and transferability of tax credits. The extraordinary regime unwound in **four main steps**:

1. the fiscal bonus stepped down from 110% to 90% for most new works from 2023 (D.L. 176/2022);
2. the ability to originate new invoice discounts and credit transfers was largely shut off from 17 February 2023 (D.L. 11/2023);
3. the fiscal bonus was reduced to 70% in 2024, alongside further restrictions on the remaining transfer exemptions (D.L. 39/2024), and later on it was reduced to 65% (in 2025) for residual eligible cases, effectively closing the extraordinary cycle.

Sector-wide overshoot, followed by consolidation

Unioncamere/InfoCamere's stock series shows the shape of the cycle precisely: registered construction companies increased from 824,327 at 31 March 2020 to 834,852 in 2021 and **peaked at 841,990 at 31 March 2022**, before declining to 836,401 in 2023, 832,551 at 31 March 2024, and 824,917 at 31 March 2025.

The mix is more revealing than the headline total: between March 2020 and March 2024, specialized construction activities (ATECO F43) added 16,811 companies, while building construction (F41) lost 8,479.

Unioncamere explicitly links the expansion in specialized trades - including installers, plant technicians, carpenters and fitters - to renovation activity incentivized by the Superbonus.

Also, InfoCamere data reported by Il Sole 24 Ore indicate that around 10,900 businesses established after September 2020 within the cohort associated with the Superbonus expansion had ceased activity by end-2023. That is a cessation count, not a bankruptcy count, but it still points to materially higher churn among the younger cohort created during the incentive-driven expansion.

The double shock: liquidity first, demand second

The post-Superbonus adjustment has operated through two distinct channels: a balance-sheet and liquidity shock from difficult-to-monetize tax credits, followed by an income-statement shock from normalized demand and excess capacity.

1. Liquidity shock

The first acute failure point was working capital. Within the Superbonus regulatory framework, contractors were forced to pay suppliers, staff and subcontractors at full cash cost, while the cash in phase was finalized through the disposal (to banks / Insurances or other large corporate) of the tax credits generated from the invoice discounts.

Three factors made such cash in phase harder and harder to be finalized: the sheer volume of credits relative to banks' finite tax capacity (a parliamentary inquiry estimated annual capacity of the surveyed banks at approximately €16.2bn), tighter anti-fraud transfer rules, and higher legal and compliance risk for potential buyers.

ANCE estimated that **by 2023 around €19bn of tax credits were stuck**, putting more than 32,000 companies and 170,000 jobs at risk – or even double if we include the wider supply chain.

The stress is visible in insolvency data: construction-sector insolvency procedures rose 25.7% year-on-year in 2024, and Cerved recorded 2,109 severe insolvency procedures in construction in 2025, up a further 22.5%.

2. Demand shock

Once the subsidized renovation pipeline began to run off, the industry faced a second problem: the revenue base that had supported the expanded cost structure weakened sharply. Banca d'Italia reports that construction output had grown by around 10% per year on average over the previous three years, while in 2024 total output was broadly unchanged; the slowdown was concentrated in private-sector construction as Superbonus incentives were phased out, while public and non-residential activity remained supported by PNRR-related spending.

Employees, subcontractor networks, vehicles, equipment and overhead could not be unwound as quickly as revenue, creating operating deleverage and margin pressure even for firms without stranded tax credits.

Several listed companies impacted by Superbonus boom and bust effect

The impact varied not only in severity, but in mechanism. The four cases show distinct ways in which the Superbonus cycle translated — or did not translate — into financial stress.

- **EdiliziAcrobatica** (*listed on EGM*) is the clearest example of working-capital stress despite sustained growth. Revenue rose from ~€40mn pre-Superbonus to €148mn in 2022 and €166.7mn in 2025, never reversing after the incentive peak. Yet, NFP swung from €11.9mn net cash in 2022 to €61.5mn net debt in 2025. The key shock was therefore not disappearing demand, but cash absorption: growth continued while working capital and payment timing increasingly strained liquidity;
- **Nusco** (*listed on EGM*) is the cleanest case of normalisation. Revenue declined gradually from €56.7mn in FY23 to €48.7mn in FY25, while leverage increased only moderately and largely alongside investment. Unlike the more stressed peers, there was no major liquidity or accounting event;
- **Gibus** (*delisted from EGM in April 2025*) is the main outlier. Revenue partially normalised after the Superbonus peak, but the large NFP swing was primarily acquisition-driven, reflecting the purchase of Leiner (€36.8mn, o/w 75% with debt exposure), and began to reverse thereafter. Its leverage trajectory should therefore be separated from Superbonus-related financial stress;
- **Sciuker Frames** (*listed on EGM; trading suspended as of now*) shows the most severe combined deterioration. Value of Production fell from €193.8mn in 2022 to €118.9mn in 2023, while NFP moved from €1.4mn net cash to €81.3mn net debt in the same year. Crucially, this simultaneous collapse in revenue and balance-sheet position preceded the later discovery of unrecorded Superbonus-related project costs at Ecospace, indicating that the financial deterioration was already visible before the accounting issue was formally identified.

Renovalo FY20-FY25 Financial Evolution well Describe the Superbonus Impact

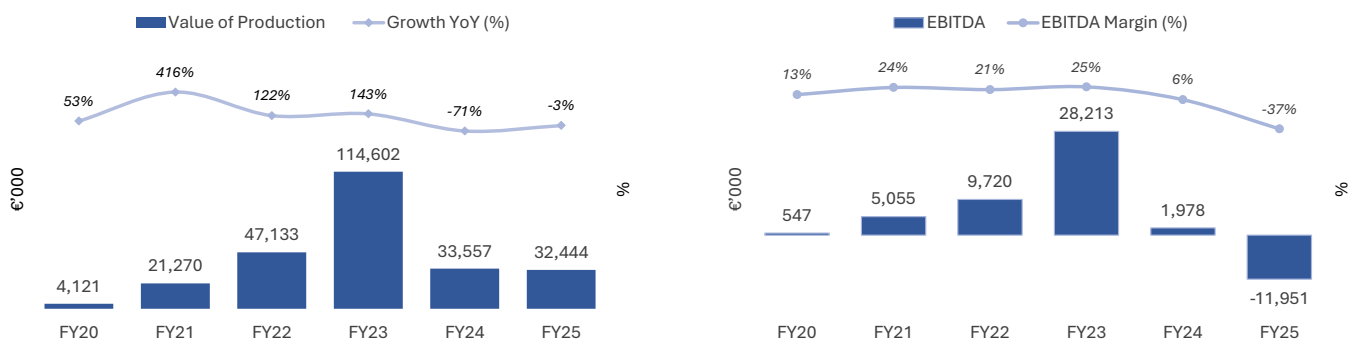
From the Ground to Heaven... and Then to Hell

Over FY20–25, also Renovalo’s growth was severely impacted (first positively and then negatively) by Italy’s **Superbonus 110% scheme**. Indeed, in the rising phase Value of Production rose from €4.1mn in FY20 to a peak of €114.6mn in FY23, with EBITDA moving from €547k in FY20 (13.3% EBITDA margin) to €28.2mn in FY23 (24.6% EBITDA margin).

Then the restrictions introduced in February 2023 on the transfer of related tax credits, together with the incentive’s step-down to 70% in 2024 and 65% in 2025, effectively removed the mechanism that had made the Superbonus largely cash-flow-neutral for contractors, and also abated market demand.

As a result, Value of Production fell ca. 72% from FY23 to FY25 (€32.4mn), while EBITDA deteriorated even more sharply, falling to €2.0mn (6% margin) in FY24 and turning negative at -€12.0mn (-37% margin) in FY25.

Renovalo: Value of Production and EBITDA Evolution (FY20-FY25)



Source: Renovalo, Value Track Analysis

Focus on FY23-FY25

FY23-FY24-FY25 well represent the roller-coaster related to the Superbonus-driven boom-and-bust cycle, with FY25 also reflecting the consolidation of G.I. General Impianti. Going into details:

- **Value of Production** declined from €114.6mn in FY23 to **€32.4mn** in FY25, as the phase-out of Superbonus-related activity was partly offset by the evolving business mix and perimeter expansion;
- **EBITDA** decreased from €28.2mn in FY23 to €2.0mn in FY24, turning negative at -€12.0mn in FY25, with EBITDA Margin falling from 25% to 6% and -37%, respectively, negatively affected by:
 - the large fixed cost base built up during the boom years;
 - higher expenses to dispose the tax credits;
 - extraordinary costs related to the necessity to finalize Superbonus works by the end of FY25.
- **EBIT** moved from €26.6mn in FY23 to €1.5mn in FY24 and **-€13.8mn** in FY25, while **Net Profit** declined from €18.0mn to €0.6mn and then to -€14.6mn.
- **Net Cash Position** stood at **€9.1mn** in FY25, down from €12.5mn in FY24, vs €5.0mn Net Debt in FY23.

Renovalo: Key Financials FY24-FY25

(IT GAAP, €mn)	FY23	FY24	FY25	YoY
Value of Production	114.6	33.6	32.4	-3%
EBITDA	28.2	2.0	-12.0	nm
EBITDA Margin (% on VoP)	25%	6%	-37%	nm
Net Profit	18.0	0.6	-14.6	nm
NFP [i.e. Net Debt (-) Cash (+)]	-5.0	12.5	9.1	-3.3

Source: Renovalo, Value Track Analysis

The key points to underline, in our view, are:

- 1# **G.I. consolidation partly offsetting the Superbonus phase-out;**
- 2# **Legacy project costs and weak cost absorption compressing margins;**
- 3# **Favorable NWC release supporting cash generation.**

1# G.I. consolidation partly offsetting the Superbonus phase-out

FY25 **Value of Production** stood at **€32.4mn**, down **3.3% YoY** from €33.6mn in FY24, as the continued phase-out of Superbonus-related activities offset the contribution from the enlarged consolidation perimeter. However, the decline was materially cushioned by **G.I. General Impianti**, consolidated from **April 2025**, which contributed **~€9mn of revenues** in FY25 (i.e., €12mn full-year standalone turnover). As a result, FY25 reported figures benefited meaningfully from inorganic growth, while the underlying legacy business remained under pressure from the post-Superbonus normalization.

2# Legacy project costs and weak cost absorption compressing margins

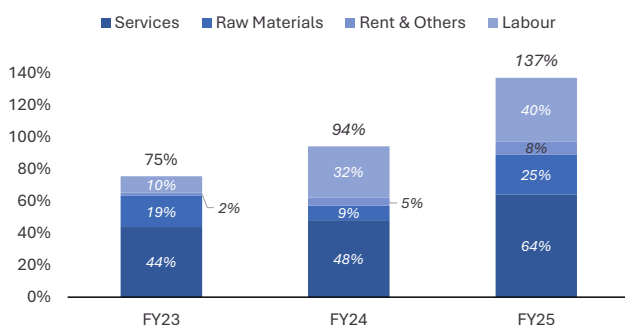
FY25 profitability swung sharply negative, as the post-Superbonus volume reset was not matched by a proportional resizing of the cost base. Particularly, we flag:

- **Reported EBITDA** fell to **-€12.0mn**, implying a -37% margin, vs. €2.0mn EBITDA in FY24 (6% margin);
- **Reported EBIT** stood at **-€13.8mn**, after ~€1.2mn of D&A and €640k of provisions;
- **Reported Net Loss** reached **-€14.6mn**, vs €600k in FY24, also reflecting ~€3.2mn of tax-credit disposal costs and ~€3.0mn of non-recurring items largely related to legacy Superbonus projects.

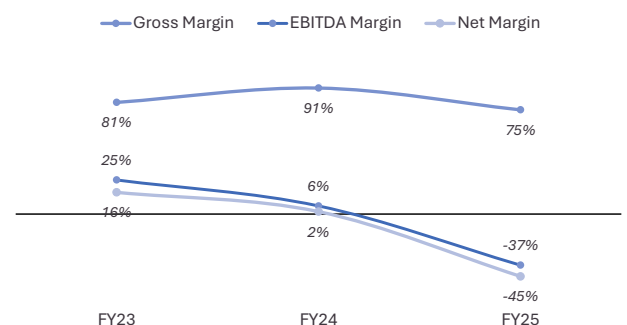
Cost absorption was the key pressure point, with core operating costs rising from ~75% of VoP in FY23 to ~137% in FY25. Most notably:

- **Services** rose from 44% to 64% of VoP, with FY25 costs mainly driven by €15.4mn of subcontracting and €2.1mn of technical consulting;
- **Raw Materials** increased from 19% to 25% of VoP, with FY25 purchases at €7.4mn, mainly related to building materials and operating equipment;
- **Labour Costs** increased from 10% to 40% of VoP, while average headcount remained broadly stable at 246 employees in FY23 vs. 252 in FY25, highlighting the impact of lower volume absorption;
- **Rent & Other Costs** increased from 2% to 8% of VoP, mainly due to equipment leasing/rentals and other operating expenses.

Renovalo: Costs Structure and Margins Evolution



Source: Renovalo, Value Track Analysis



For the sake of clarity we have to underline that a part of FY25 costs has to be considered as extraordinary, non-recurring, and non-operational charges that significantly burdened its financial results as it closed out the cycle of tax-incentivized construction projects.

The primary **extraordinary and one-off items** include:

- **Past Superbonus Contract Overruns** (~€2.8mn): Higher costs and cost overruns that emerged during the final accounting and consuntivation of legacy tax-incentivized projects. These were driven by site technical complexities, the above-mentioned regulatory shifts and the necessity to complete residual works;
- **Other Non-Recurring Adjustments** (~€0.2mn – €1.4mn): Passive contingent liabilities, re-estimated fees for technical and professional services on past contracts, and accounting adjustments made upon final year-end closing;
- **Tax Credit Disposal Charges** (€3.21 mn): Financial discounts, valuation adjustments, and selling costs incurred to monetize and assign the remaining tax credits from legacy bonus programs;
- **Provisions for Risks and Charges (€641k)**: Provisions set aside to cover potential contractual liabilities and risks associated with closing Superbonus job sites;
- **Acquisition-Related Amortization** (€1.20mn total): Increased amortization of intangible assets (€725k), which includes the amortization of goodwill and customer lists (Customer List) resulting from the acquisition of 60% of G.I. General Impianti S.r.l.

As a result, the **FY25 Adjusted EBITDA** stood at ca. **€-5.8mn**, compared to the €-12mn Reported one.

Renovalo: Reclassification of the consolidated P&L to calculate FY25 Adjusted EBITDA

A. Contract Margin		
Item	Total 2025	% of Production Value
Production value (management view)	35,550,561	100%
Direct costs	(31,611,535)	(89%)
Indirect contract costs	(3,807,159)	(11%)
of which ordinary operations	(3,479,874)	(10%)
of which non-operating area allocated to contracts	(327,285)	(1%)
Gross Operating Margin / Construction Gate	131,866	0%

Construction Gate Formula

Production value (management view)

- Direct costs
- All indirect contract costs

= 131,866

i The Construction Gate also includes the share of non-operating area allocated to contracts.

B. Management Reconciliation to Adjusted EBITDA		
Gross Operating Margin / Construction Gate	**131,866**	**0%**
Adjustment: non-operating area allocated to contracts	327,285	1%
Ordinary contract margin	**459,151**	**1%**
Ordinary overheads	(6,284,994)	(18%)
Adjusted EBITDA	**(5,825,842)**	**(16%)**

$131,866 + 327,285 = 459,151$

$459,151 - 6,284,994 = \text{Adjusted EBITDA } (5,825,842)$

i Adjusted EBITDA does not derive directly from the Construction Gate: it is obtained by adding back the share of non-operating area allocated to contracts and then subtracting only ordinary overheads.

C. Reconciliation to Final Result		
Financial items	(3,351,017)	(9%)
Non-operating items	(1,513,643)	(4%)
Non-recurring / extraordinary items	(3,022,264)	(9%)
Income taxes	(280,289)	(1%)
Result including minorities	(14,320,340)	(40%)
Result attributable to minorities	277,174	1%
Final Group Result	**(14,597,514)**	**(41%)**

How to Read the Chart:

1. The Construction Gate measures contract profitability including all indirect contract costs.
2. Adjusted EBITDA instead measures ordinary operating profitability.
3. The final result is obtained by adding the additional financial, non-operating, non-recurring, tax and minority-interest components.

Source: Renovalo, Value Track Analysis

3# Favorable NWC release supporting cash generation

Renovalo's cash flow profile over FY23-FY25 was heavily shaped by the build-up and subsequent unwind of Superbonus-related NWC, making cash generation largely disconnected from reported profitability. In particular:

- **Net Working Capital was the key swing factor.** Particularly, if we split by year:

- in FY23, despite €28.2mn EBITDA, OpFCF a.t. was -€5.7mn, as NWC absorbed €37.1mn, mainly reflecting the build-up of tax credits to €76.8mn;
- FY24 marked the major reversal, with a €31.9mn NWC release driving €31.7mn OpFCF a.t., as tax receivables declined from €76.8mn to €17.6mn, partly offset by the normalization of supplier payables and higher inventories;
- FY25 still benefited from a €14.9mn NWC release, including ~€5.8mn from inventories, €2.0mn from payables and €9.5mn from other WC items, partly offset by €2.8mn absorption from customer receivables. This was sufficient to keep OpFCF a.t. positive at €1.4mn, despite the underlying operating loss.

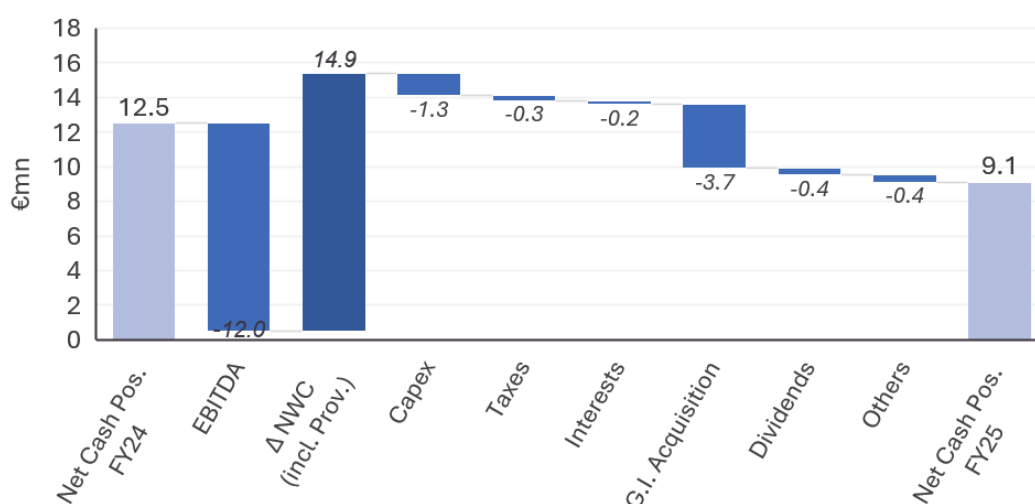
Renovalo: Net Working Capital Breakdown FY23-FY25

(IT GAAP, €mn)	FY23	FY24	FY25
Inventory	1.9	9.0	5.7
DIO (gg)	6	98	64
Trade Receivables	0.6	2.2	4.8
DSO (gg)	2	24	54
Other Receivables	77.8	19.2	12.7
Trade Payables	26.7	5.8	10.2
DPO (gg)	129	95	113
Other Payables	17.5	9.0	10.8
Net Working Capital	36.0	15.6	2.1

Source: Renovalo, Value Track Analysis

- **Net Cash remained solid at €9.1mn**, vs. €12.5mn in FY24, despite ~€3.7mn cash outflow for the G.I. acquisition and ~€1.3mn capex. At year-end, €4.1mn of bonus credits earmarked for disposal remained outstanding and were fully collected thereafter.

Renovalo: Cash Flow Bridge FY24-FY25



Source: Renovalo, Value Track Analysis

Financial Statements FY23-FY25

Renovalo: P&L FY23-FY25

(IT GAAP, €mn)	FY23	FY24	FY25	YoY
Revenues from Sales	123.8	26.9	37.3	39%
Δ WIP and Finished Goods	-10.0	6.5	-5.4	nm
Other Revenues	0.8	0.1	0.5	nm
Value of Production	114.6	33.6	32.4	-3%
Raw Materials Costs	-22.2	-3.6	-7.4	104%
Δ Inventory (Raw Materials)	-0.1	0.6	-0.7	-219%
Gross Profit	92.3	30.5	24.4	-20%
<i>Gross Margin (%)</i>	<i>81%</i>	<i>91%</i>	<i>75%</i>	<i>-538bps</i>
Costs of Services	-50.1	-16.1	-20.8	29%
Costs of Rent & Others	-2.3	-1.7	-2.7	61%
Labour Costs	-11.7	-10.7	-12.8	20%
EBITDA	28.2	2.0	-12.0	nm
<i>EBITDA Margin (% on VoP)</i>	<i>25%</i>	<i>6%</i>	<i>-37%</i>	<i>nm</i>
D&A + Provisions	-1.6	-0.5	-1.8	254%
EBIT	26.6	1.5	-13.8	Nm
<i>EBIT Margin (% on VoP)</i>	<i>23%</i>	<i>4%</i>	<i>-43%</i>	<i>nm</i>
Interest Expenses / Other Non-Op. Items	-1.0	-0.7	-0.2	-65%
Pre-Tax Profit	25.6	0.8	-14.0	nm
Taxes	-7.7	-0.2	-0.6	247%
Net Profit	18.0	0.6	-14.6	nm

Source: Renovalo, Value Track Analysis

Renovalo: Balance Sheet FY23-FY25

(IT GAAP, €mn)	FY23	FY24	FY25
Net Working Capital	36.0	15.6	2.1
Net Fixed Assets	4.0	5.6	9.6
Provisions	1.5	0.5	2.0
Total Capital Employed	38.6	20.7	9.8
Group Net Equity	33.6	33.2	18.9
NFP [i.e. Net Debt (-) Cash (+)]	-5.0	12.5	9.1

Source: Renovalo, Value Track Analysis

Renovalo: Cash Flow Statement FY23-FY25

(IT GAAP, €mn)	FY23	FY24	FY25
EBITDA	28.2	2.0	-12.0
Δ NWC & Provisions	-25.6	31.0	14.9
Capex	-0.6	-1.1	-1.3
OpFCF b.t.	2.0	31.8	1.7
Cash Taxes	-7.7	-0.2	-0.3
OpFCF a.t.	-5.7	31.7	1.4
Net Financial Charges	-1.0	-0.7	-0.2
Dividends	-0.5	-1.0	-0.4
Others	-1.5	-12.5	-4.1
Δ Net Financial Position	-8.7	17.5	-3.3

Source: Renovalo, Value Track Analysis

A new Plan to Get Back to Make Money

Renovalo's strategic guidelines for 2026–2029 focus on an industrial repositioning as a National General Contractor and an integrated "design to build" platform in urban regeneration and real estate redevelopment. Main strategic pillars: 1) rebalancing towards public works, 2) scaling in the corporate segment, 3) sustainable leadership & internal reorganization, 4) leveraging the integrated "design to build" platform, 5) market consolidation & selective M&A.

The new 2026-29 Plan: Business Model Pivot & Reorganization

Renovalo's strategic guidelines for the 2026–2029 four-year period, released back in April 2026, focus on an industrial repositioning as a National General Contractor and an integrated "design to build" platform in urban regeneration and real estate redevelopment.

The Group specifically targets the mid-market segment (€5mn – €100mn), identified as the market tier with the best balance between scale, accessibility, and contract repeatability.

More in detail, the strategy is built around five core pillars:

1. Rebalancing Towards Public Works;
2. Scaling in the Corporate (Private) Segment;
3. Sustainable Leadership & Internal Reorganization;
4. Leveraging the integrated "design to build" platform thanks to subsidiary development & service synergies;
5. Market Consolidation & Selective M&A.

Renovalo: Strategic guidelines 2026-29



Source: Value Track Analysis

1. Rebalancing Towards Public Works

The Rebalancing Towards Public Works represents the primary strategic engine of Renovalo's 2026–2029 Industrial Plan. This shift is designed to reposition the Group from private residential retrofitting toward long-term, structurally funded public infrastructure and urban regeneration.

Here, we see four key points positively supporting Renovalo's decision:

- a. Market Opportunity & Macro Drivers;
- b. Segment Positioning: The Mid-Market Sweet Spot;
- c. Financial & Regulatory De-Risking (New Public Procurement Code);
- d. Operational Prerequisites & Tender Office Model.

a. Market Opportunity & Macro Drivers

Following the normalization of private residential tax incentives (e.g., Superbonus), public procurement has become the primary driver of sustainable sector growth.

Indeed, the Italian public works market currently represents one of the most attractive segments of the domestic construction industry, supported by strong public investment, multi-year funding programmes and a regulatory framework increasingly designed to favour qualified and financially sound contractors. Key points to mention are:

- **ANCE:** According to ANCE, investments in public works reached approximately €96.6bn in 2025, recording +21.0% real growth year-on-year, compared with an overall construction market that declined by 1.1%. Public works are expected to remain the main growth engine of the sector in 2026, with ANCE forecasting a further +12.0% increase, bringing nominal investment to approximately €110.1bn;
- **Pluriannual Funding Volume:** The Italian public market offers an annual above-EU-threshold tender volume of €46bn. This is underpinned by long-term investment programs, including €25bn in EU Structural Funds (2021–2027), €42bn from the Development and Cohesion Fund (FSC), and €6.3bn from the Social Climate Fund up to 2032;
- **Italy Housing Plan:** The recently approved (July 2026) Italian Housing Plan represents an additional growth opportunity for Renovalo, as it boasts a strong focus on urban regeneration and refurbishment of existing public housing, rather than new construction. The programme targets the delivery of over 100,000 affordable homes over the next decade and the renovation of approximately 600,000 apartments. Key intervention areas include extraordinary maintenance, energy efficiency, upgrades and redevelopment of underused public assets. The plan allocates €970mn between 2026 and 2030, with projects expected to be awarded through public tenders managed by Invitalia.

b. Segment Positioning: The Mid-Market Sweet Spot

Renovalo aims to focus specifically on the mid-market segment (€5mn – €100mn contracts), which presents high market contestability, repeatable contract sizes, and a lack of dominant incumbent contractors.

Indeed, ANCE data show that, in the first eleven months of 2025, public tenders in the **€5–20mn** range amounted to €8.3bn across 883 tenders, while tenders in the **€20–100mn** range represented a further €7.2bn across 196 tenders. Overall, therefore, the €5–100mn segment generated approximately **€15.6bn of tender value** in just eleven months.

The Group aims to directly bid and execute works with ticket sizes of €15mn – €40mn and access contracts up to €100mn through Temporary Associations of Companies (RTI / ATI).

c. Financial & Regulatory De-Risking (New Public Procurement Code)

The strategic shift relies on regulatory protections under the brand new Italian Public Procurement Code (Codice dei Contratti Pubblici) that should help ensure margin defense and cash flow neutrality. Indeed, based on the new Italian Public Procurement Code:

- Contractors are generally entitled to an **advance payment equal to 20% of the contract value**, which tender documents may increase to 30% (for PNRR-funded projects), reducing the initial working-capital requirement;
- Price-review mechanisms for public works contracts are foreseen, helping to protect project gross margins against commodity inflation and supply chain shocks;
- Annual Price List Updates: Annual regional price list adjustments are foreseen, preventing cost-to-bid misalignments;
- Extended flexibility in subcontracting is introduced, allowing Renovalo to operate as a lean General Contractor that outsources physical execution while maintaining project governance.

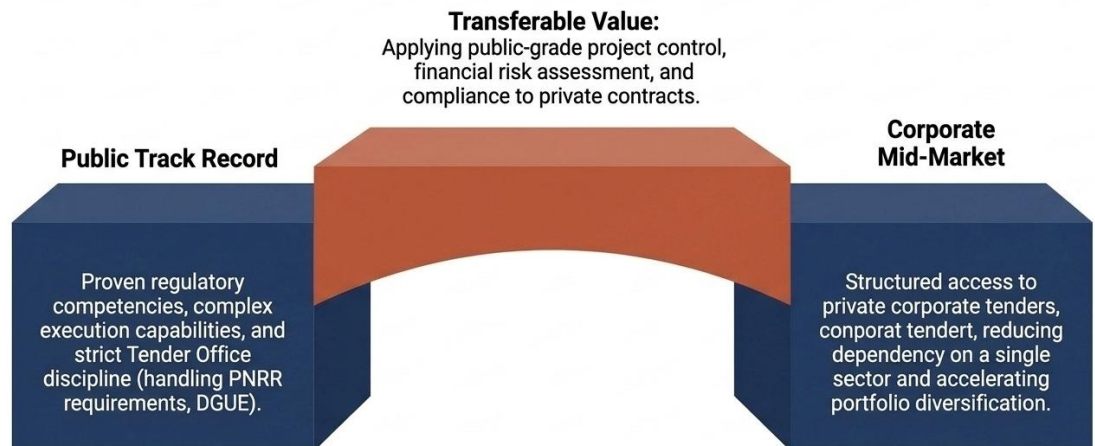
d. Operational Prerequisites & Tender Office Model

We note that the above-mentioned provisions of the Italian Public Procurement Code create higher entry barriers for smaller and less structured contractors compared to Renovalo as they increase the importance of financial capacity, project control, procurement expertise and tender-management capabilities.

2. Scaling in the Corporate (Private) Segment

Renovalo has stated that it aims to leverage the execution track record and regulatory expertise developed in Public Administration to serve high-standing clients in the Corporate Private market across retail, hospitality, logistics, and living sectors, facilitating overall revenue diversification thus building a more balanced and scalable revenue mix.

Renovalo: Scaling in the Corporate (Private) Segment



Source: Value Track Analysis

More in details, this strategy is focused on:

- Expanding into larger and more complex private projects;
- Increasing exposure to clients with stronger credit quality and recurring investment needs;
- Leveraging the Group's integrated design-to-build, construction and MEP capabilities;
- Developing higher-value services such as refurbishment, plant engineering and facility-related activities;
- Improving revenue diversification and reducing dependence on more cyclical residential demand.

3. Sustainable Leadership & Internal Reorganization

Renovalo's strategy / business model pivoting towards larger and more complex public and corporate projects is based on building a more scalable and sustainable operating model / organizational infrastructure, where growth is supported by stronger processes, clearer responsibilities and enhanced managerial capabilities rather than by scale alone.

These initiatives are expected to strengthen execution discipline, reduce the risk of cost overruns and support margin recovery, and should involve two different levels:

- a. Key Executive Hirings & Leadership Appointments
- b. Process & Structural Reorganization Moves

4. Leveraging the Integrated "Design to Build" Platform thanks to Subsidiary Development & Service Synergies

The public works push is more and more executed through an **integrated design-to-build model**, covering the full lifecycle of a project, from commercial origination and design to technical coordination, project execution and the management of specialist activities.

The goal is to manage projects of varying size and complexity while maintaining centralized coordination and control over the key technical, operational and economic aspects of each contract, thus providing clients with a single, structured counterpart throughout the entire project.

In such approach, Renovalo S.p.A., as the parent company, should provide strategic direction, commercial coordination and overall management oversight, while the operating subsidiaries should contribute specialized capabilities across the value chain, including: architectural and engineering design; construction and refurbishment works; thermal engineering; MEP and technological systems; energy efficiency solutions; real estate development; administrative and commercial support services.

5. Market Consolidation & Selective M&A

While not a short-term priority, external growth is also among the strategic guidelines, with a very focused approach based on:

- Executing selective, non-transformative M&A in a highly fragmented mid-market to build platforms of scale;
- Acquiring complementary and financially sound targets while avoiding distressed assets or historic liabilities.

Renovalo: Selective M&A and Market Consolidation



Source: Value Track Analysis

Key 2026-29 operating and financial targets

The new 2026-29 Industrial Plan also includes some operating and financial targets worth mentioning:

Key Financial Targets (2026–2029)

- Value of Production: €38mn-40mn in 2026E, €65mn-€70mn as of 2029E;
- Operating Margin (MOL Cancelli Cantieri i.e. Construction Site Gate): Improving from >8% in 2026 to over 10% by 2029;
- Net Financial Position: The goal is to maintain a cash-positive balance sheet (liquidity exceeding financial debt) throughout the plan horizon.

Key Operating Targets

- Increasing the average Ticket Size through participation in higher-value tenders (above EU thresholds);
- Increasing the Win Rate Trajectory as organizational efficiency takes effect;
- Selecting tenders based on risk-adjusted margin criteria. Utilizing regulatory mechanisms such as price advances and mandatory price revision clauses to maintain a neutral cash flow profile and minimize working capital absorption.

2026: Is the Turnaround Taking Place?

Renovalo's 2026–29 strategy is starting to take shape, with public and corporate work gaining weight in both pipeline and backlog, supported by stronger SOA credentials, a revamped tender office, new senior hires and tighter project controls. Subsidiary integration is also advancing, while M&A remains limited. Financially, however, 1H26 still reflects the Superbonus hangover: production value fell 20%, EBITDA remained negative, and cash declined, while the net financial position remained positive overall.

Tracking the operating achievement of 2026-29 strategic guideline

Despite the fact that Renovalo's new 2026-2029 Industrial Plan was released only six months ago (April 2026), it's worth analyzing how many results have been achieved so far in its five core pillars strategy.

1. + 2. Rebalancing Towards Public Works and Corporate (Private) Segment

Recent news flow confirms that the pivot toward public contracts and private corporate ones is taking place both economically and operationally. Key evidence of this transition includes:

- **Dominance in the Bidding Pipeline:** Out of a total pipeline of €264mn in submitted proposals awaiting award as of end of March 2026, some €188mn (approx. 71%, 18 large opportunities) is concentrated in public tenders and corporate private;
- **Expanding Share in the Contract Backlog:** At year-end 2025, public contracts represented 43% of the total backlog (up from 36% at the end of September 2025, and from 22% of 2024 year-end), and by March 2026 they reached 50% of the backlog (€20mn out of the >€40mn total). As of March 2026, out of 61 total active contracts in the backlog, 10 contracts belong to the corporate segment. Some examples of recent Public Contract Awards & Project Launches are: 1) Regione Lazio (Feb 2026): €1.4mn contract for the seismic retrofitting of the Ex Casa della Bambina; 2) ATAC / Metro Roma (May 2026): Launch of the €1.8mn redevelopment of the Lepanto metro station; 3) Ministry of Defense (May 2026): €1.0mn public contract for energy efficiency work on the "Besurica" military building in Piacenza.

As far as the Operational Prerequisites & Tender Office Model are concerned, we note that Renovalo is fine tuning its already good positioning as it is strengthening its industrial and administrative capabilities:

- **SOA Qualifications:** Renovalo holds top-tier certifications, including SOA OG 1 Class VIII (unlimited bidding capacity for general building), OG 2 Class IV-bis (cultural heritage), OG 11 Class V (complex technological systems), and has added specialized restoration certifications (SOA OS2A);
- **Reorganized Tender Office (Ufficio Gare):** Strengthened with senior management recruited from major national public works contractors. The office applies a disciplined "no-bid" risk-adjusted evaluation strategy based on technical, contractual, and financial risk profiles;

Renovalo: Improving the Positioning to Win Public Works Tenders



Source: Value Track Analysis

3. Sustainable Leadership & Internal Reorganization

As we said before, Renovalo's organizational transformation is being focused on two different but complementary layers: a) Key Executive Hirings & Leadership Appointments, and b) Process & Structural Reorganization Moves.

1. Key Executive Hirings & Leadership Appointments

A couple of important hirings have been already finalized in order to transform Renovalo into a National General Contractor with skills and credentials in large-scale public procurement;

- Marco Odoardi: Co-opted onto the Board of Directors in January 2026 as Chief Strategic Officer (CSO), and subsequently appointed President of the Board of Directors (Presidente del CdA) in April 2026. As we stated before, he boasts decades of top-tier experience managing complex public and private infrastructure, civil engineering, and historical restoration projects in Italy and internationally (e.g. MAXXI Museum (Rome), Expo Milano 2015, Pompeii Archaeological Park) while serving for many years as General Manager and Technical Director at Italiana Costruzioni S.p.A. (Gruppo Navarra), one of Italy's leading general contractors;
- Arch. Nicola Inversi: Technical Director for Restoration: Appointed as of September 1, 2026 to lead and structure the technical team in Cultural Heritage Restoration. He brings an extensive national track record from landmark projects, including: Uffizi Gallery Complex, Colosseum Archaeological Park, Pompeii Archaeological Park, Reggia di Caserta, and much more, while also adding the SOA OS2A qualification to Renovalo's credentials.

2. Process & Structural Reorganization Moves

A severe reorganization effort of business processes, capabilities and qualifications is ramping up. Some examples are:

- Business Process Assessment (BPA): Renovalo implemented a comprehensive organizational transformation based on a BPA framework, encompassing skill mapping, targeted recruitment, specialized employee training, and workflow redesign to structurally lower overhead and boost productivity;
- Project Control & BIM Integration: Deployment of multi-project control software and Building Information Modeling (BIM) systems to minimize cost overruns, reduce litigation, and protect site gate margins;
- Tender Office Overhaul: Restructured the bidding division to handle complex, above-EU-threshold tenders. The unit should now enforce a disciplined "no-bid" risk-adjusted evaluation policy, assessing technical, contractual, and financial risks before committing to a tender.

4. Leveraging the integrated "design to build" platform thanks to subsidiary development & service synergies

Renovalo is strengthening its integrated "design-to-build" approach that leverages growth across controlled subsidiaries both stand-alone and as integrated support for Group projects.

An example is the provisioning of integrated engineering Services with synergies among General Impianti (joint ATI bidding for MEP, HVAC, and industrial plant systems), Stil Termica (launching a Facility Management business line), and PowerIn (integrating photovoltaic installations and energy efficiency into public infrastructure packages).

Worth noting, direct ownership and governance control over subsidiaries is being also strengthened. An example is the July 2026 increase of Renovalo's stake in PowerIn to 95% to directly steer B2B energy transition plans.

5. Market Consolidation & Selective M&A

No M&A deal has been announced in the latest six months apart from the above-mentioned increase of control of PowerIn.

1H26 figures not yet resembling the repositioning efforts

Unfortunately, 1H26 figures released by the Group do not boast the effects of the ongoing turnaround but, on the contrary, are still affected by the “Superbonus hangover effect”.

Renovalo: 1H26 key financials at a glance

(€mn)	1H24	2H24	1H25	2H25	1H26
Value of Production	12.4	21.1	17.1	15.4	13.7
EBITDA	0.5	1.5	-3.6	-8.4	-4.0
<i>EBITDA Margin (% on VoP)</i>	<i>4%</i>	<i>7%</i>	<i>-21%</i>	<i>-55%</i>	<i>-30%</i>
EBIT	0.2	1.2	-4.2	-9.6	-4.7
<i>EBIT Margin (% on VoP)</i>	<i>2%</i>	<i>6%</i>	<i>-25%</i>	<i>-62%</i>	<i>-34%</i>
Net Profit	2.4	-1.8	-4.3	-10.3	-5.1
NFP [i.e. Net Debt (-) Cash (+)]	-9.4	12.5	3.2	9.1	4.5

Source: Renovalo, Value Track Analysis

Value of Production down -20% y/y

Value of Production stood at €13.7mn in 1H26, marking a 20.0% y/y decline, broken down as follows:

- Revenue from Sales up by +7.1% y/y to €13.8mn, supported in part by the full six-month consolidation of G.I. General Impianti S.r.l. (consolidated starting April 23, 2025);
- Work-in-Progress negative swing, at -€0.46mn in 1H26 (a net negative variance of €4.35mn vs. 1H25), reflecting the final accounting and closure of legacy contracts (mainly Superbonus ones) without an equivalent volume of new active WIP accumulation during the semester.

Such negative performance is due to :

- Public Administration & Corporate Segments projects typically involving longer administrative lead times, tender procedures, and slower initial site startups compared to private residential projects;
- Startup delays on newly awarded contracts.

Operating Profitability Evolution

While organizational overheads and technical teams were expanded in anticipation of higher activity, we saw that the economic contribution of several new sites shifted into subsequent periods. Moreover, operating margins were heavily weighed down by completion activities and warranty interventions on legacy residential sites from the prior *Superbonus* cycle. As a result, operating profitability was negatively affected:

- Gross Profit at Gate** (MOL Cancelli Cantieri) was positive by €0.57mn (4.2% margin) as Direct and Indirect operating costs for active sites totaled €13.1mn;
- EBITDA** was negative by -€4.04mn in 1H26, compared to -€3.57mn in 1H25 and to -€11.95mn in FY25. Excluding tail costs and warranty expenses of legacy tax-incentivized residential projects (ca. €1.06mn), the EBITDA Adjusted stands at -€2.98mn.

Renovalo: 1H24-1H26 Costs Structure and EBITDA Margin evolution

(IT GAAP, €mn)	1H24	2H24	1H25	2H25	1H26
Raw Materials	9.4%	8.9%	24.1%	25.6%	35.2%
Costs of Services	29.1%	59.2%	51.2%	78.2%	35.1%
Costs of Rent	3.9%	1.3%	4.5%	5.3%	5.3%
G&A	6.4%	0.7%	3.2%	3.9%	0.7%
Labour Costs	47.3%	22.8%	37.9%	41.5%	53.3%
Total	96.2%	92.9%	120.9%	154.6%	129.6%
EBITDA Margin	3.8%	7.1%	-20.9%	-54.6%	-29.6%

Source: Renovalo, Value Track Analysis

Renovalo: Profit & Loss 1H24-1H26

(€mn)	1H24	2H24	1H25	2H25	1H26
Value of Production	12.4	21.1	17.1	15.4	13.7
Raw Materials Costs	-1.1	-2.5	-3.7	-3.6	-4.8
Δ Inventory (Raw Materials)	-0.1	0.7	-0.4	-0.3	0.0
Gross Profit	11.3	19.2	13.0	11.4	8.9
Costs of Services	-3.6	-12.5	-8.7	-12.0	-4.8
Costs of Rent & Others	-1.3	-0.4	-1.3	-1.4	-0.8
Labour Costs	-5.9	-4.8	-6.5	-6.4	-7.3
EBITDA	0.5	1.5	-3.6	-8.4	-4.0
D&A	-0.2	-0.3	-0.6	-1.2	-0.6
EBIT	0.2	1.2	-4.2	-9.6	-4.7
Interest Expenses / Other Non-Op. Items	2.2	-2.9	0.0	-0.2	-0.2
Pre-Tax Profit	2.4	-1.7	-4.2	-9.8	-4.8
Taxes	0.0	-0.2	-0.1	-0.5	-0.3
Net Profit	2.4	-1.8	-4.3	-10.3	-5.1

Source: Renovalo, Value Track Analysis

Net Financial Position and Cash Generation

Renovalo Group maintained a positive Net Financial Position of €4.49mn as of June 30, 2026, but this was down from €9.13mn at year-end 2025, representing a net cash absorption of €4.64mn, mainly as a result of the negative consolidated EBITDA. Indeed, Working Capital and Investing Cash Flow were pretty balanced.

As far as the Net Financial Position structure is concerned, we note that in 1H26 the Group reimbursed some €4mn gross debt, and this determined total liquid financial assets to nearly halve, decreasing by €8.59mn to €8.74mn.

Renovalo: Balance Sheet 1H24-1H26

(IT GAAP, €mn)	1H24	2H24	1H25	2H25	1H26
Net Working Capital	39.6	15.6	16.7	2.1	2.3
Net Fixed Assets	4.7	5.6	10.1	9.6	9.1
Provisions	0.4	0.5	1.1	2.0	1.9
Total Capital Employed	43.9	20.7	25.7	9.8	9.5
Group Net Equity	34.5	33.2	28.9	18.9	13.9
NFP [i.e. Net Debt (-) Cash (+)]	-9.4	12.5	3.2	9.1	4.5

Source: Renovalo, Value Track Analysis

Renovalo: Cash Flow Statement 1H24-1H26

(IT GAAP, €mn)	1H24	2H24	1H25	2H25	1H26
EBITDA	0.5	1.5	-3.6	-8.4	-4.0
Δ NWC & Provisions	-4.6	35.6	-0.3	15.3	-0.2
Capex	0.0	-1.1	0.0	-1.3	0.0
Cash Taxes	0.0	-0.2	-0.1	-0.2	-0.1
OpFCF a.t.	-4.1	35.8	-3.9	5.3	-4.4
Net Financial Charges	2.2	-2.9	0.0	-0.2	-0.2
Dividends	0.0	-1.0	0.0	-0.4	0.0
Others	-2.5	-10.0	-5.3	1.2	-0.1
Δ Net Financial Position	-4.4	21.9	-9.2	5.9	-4.6

Source: Renovalo, Value Track Analysis

2026E-29E: Big Opportunity, with some risks

Based on the current visibility we forecast a progressive and smooth increase in volumes, with Value of Production moving from €32.0mn in FY26E to €65.0mn in FY29E, i.e. a 26% CAGR. As the cost base is already in place, total operating costs incidence should fall from 119.7% to 93.0% of Value of Production, bringing EBITDA to substantial break-even in FY27E (-€0.9mn, -2% margin), positive at €2.4mn in FY28E and €4.6mn in FY29E (7% margin), with Net Profit turning positive in FY29E. The current cost structure implies an output capacity much higher than our forecasts, so any possible “big ticket” order award could materially impact profitability in a very positive way. The risk, in our view, is on the timing rather than on the direction: the backlog supporting FY27E onwards is still largely to be won, so our estimates rest on tender win rates and on the production ramp-up materializing as planned.

FY26E-29E estimates: Key Messages

The key messages behind Renovalo 2025A-29E financial evolution, in our view, are:

1. FY25A has marked the Stop Loss;
2. FY26E is a transition year;
3. FY26E-29E – The costs structure doesn’t need to grow;
4. The risk is on the timing, not on the direction.

1. FY25A – Stop Loss

FY25 was the year of the full Superbonus reset, with Value of Production at €32.4mn and EBITDA at -€12.0mn (-37% margin). Our FY26E-29E estimates start from a cleaned-up base: legacy Superbonus works have been completed, the related tax credits have been almost entirely monetized, and the ca. €6.2mn of non-recurring charges that burdened FY25 (contract overruns, tax-credit disposal costs, provisions for risks) are not expected to repeat.

On an adjusted basis the FY25 starting point is therefore a -€5.8mn EBITDA, which is the real gap the new plan has to close.

2. FY26E is a transition year

FY26E should see volumes flat vs. FY25 (€32.0mn Value of Production) but losses more than halving, as the extraordinary items disappear and the first repositioned works enter production.

The step-up in profitability should come in FY27E-29E, when the new public and corporate orders reach full production and absorb a cost base that is already in place.

3. FY26E-29E – The costs structure doesn’t need to grow

Renovalo already has the headcount, the qualifications and the integrated “design to build” platform to execute a materially larger order book than the one currently in hand. Now it’s a matter of bidding (and winning) new orders in order to saturate the production capacity.

4. The risk is on the timing, not on the direction

Repositioning is in its final steps and the backlog is still small, so visibility is not high. Indeed, the backlog supporting FY27E onwards is still largely to be won, so our estimates rest on tender win rates and on the production ramp-up materializing as planned.

General Assumptions / Market scenario

Our FY26E-29E scenario assumes a gradual normalization of the Italian construction and urban regeneration market.

That said, we note that market scenario newsflow is getting progressively more supportive, as:

- PNRR execution is opening back up, with the residual spending to be deployed by 2026 concentrated on public works, schools, social housing and energy efficiency – i.e. where Renovalo is repositioning on;
- the EU “Case Green” directive (EPBD) requires a material acceleration in the energy retrofitting of the Italian residential and public building stock (which is among the oldest and least efficient in Europe) and a 65% Ecobonus aid might be introduced back.

FY26E-29E Profit & Loss evolution

Top Line evolution

Our Top Line development estimates are built bottom-up based on the following:

- **Tender Participation:** ~18 to 20 major public tenders per year.
- **Win Rate Trajectory:** Projected to increase from 5% in 2026 to 10% in 2027 and 15% in 2028–2029.
- **Project Schedule:** Average work duration of 24 months, with delivery at 14 months and final completion at 38 months post-award.

As a result, we forecast Value of Production broadly flat at €32.0mn in FY26E (vs. €32.4mn in FY25), then rising to €43.0mn in FY27E (+34% YoY), €54.0mn in FY28E (+26% YoY) and €65.0mn in FY29E (+20% YoY), i.e. a 26% CAGR over FY26E-29E and a doubling of the FY26E base.

The mix behind the ramp-up changes materially. In detail:

- **Public works** are the main engine, consistent with the first strategic guideline. On our tendering assumptions, awarded public contracts move from ca. €10mn in 2026 to ca. €50mn in 2029;
- the **Corporate (private) segment** provides the shorter-cycle, higher-visibility component, leveraging the G.I. General Impianti platform and the cross-selling of technical services on industrial and commercial clients;
- the **residual private residential/Ecobonus activity** is assumed to shrink further and to become a marginal contributor, with no benefit from any new incentive scheme embedded in our numbers.

Operating Costs and Operating Profitability

The current cost structure implies an output capacity much higher than our forecasts, so there is room to make efficiencies and, above all, significant room to absorb incremental volumes at a very high marginal contribution.

The clearest evidence is the incidence of total operating costs on Value of Production, which we forecast to fall from 119.7% in FY26E to 102.2% in FY27E, 95.6% in FY28E and 93.0% in FY29E.

Looking at the single cost lines:

- **Labour Costs** are the main lever, with incidence dropping from 45.7% of Value of Production in FY26E to 21.3% in FY29E.
In absolute terms we forecast labour costs broadly stable at €13mn–€15mn across the plan, i.e. we assume the group keeps and re-deploys its existing technical workforce rather than resizing it, which is exactly what makes the operating leverage so steep;
- **Raw Materials** are assumed broadly stable at 32.4%–33.0% of Value of Production, consistent with the 23.7% materials component embedded in our public tender cost breakdown and with a higher weight of subcontracted works;
- **Costs of Services** decline from 35.6% to 34.0% of Value of Production, reflecting the normalization of the subcontracting and technical consulting costs that had ballooned during the Superbonus close-out;
- **Costs of Rent** fall from 5.0% to 4.0% of Value of Production, as equipment leasing and rentals are spread over a larger production base, while G&A remains marginal at 0.6%–1.2%.

As a result, we forecast **EBITDA getting close to break-even in FY27E (-€0.9mn) and turning positive at €2.4mn in FY28E** and €4.6mn in FY29E (7%).

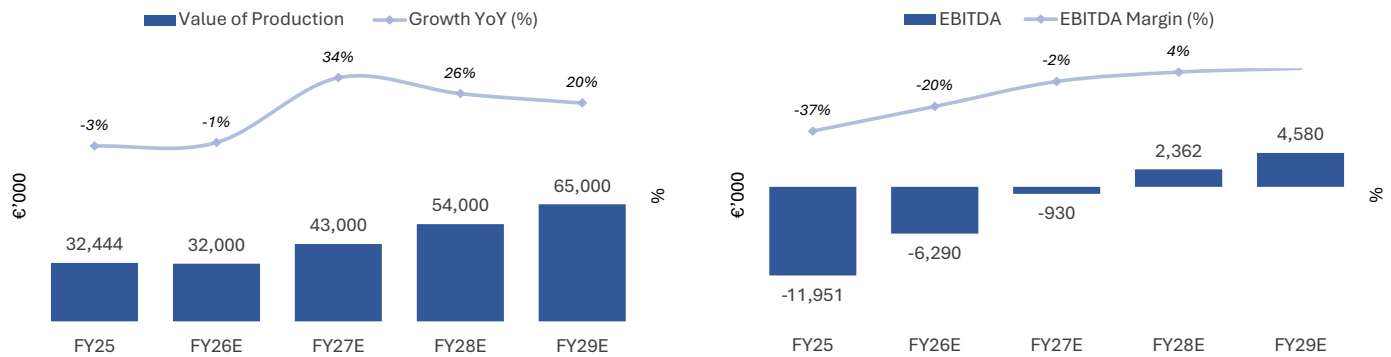
EBIT and Net Profit follow with a one-year lag on the break-even. Indeed, Net Profit is forecasted at -€0.1mn in FY28E and positive at €1.7mn in FY29E.

Renovalo: Costs Structure Incidence on VoP FY26E-FY29E

(IT GAAP, €mn)	FY26E	FY27E	FY28E	FY29E
Raw Materials	32.8%	33.0%	32.4%	32.4%
Costs of Services	35.6%	34.0%	34.0%	34.0%
Costs of Rent	5.0%	4.0%	4.0%	4.0%
G&A	0.6%	0.5%	0.7%	1.2%
Labour Costs	45.7%	30.7%	24.5%	21.3%
Total	119.7%	102.2%	95.6%	93.0%
EBITDA Margin	-19.7%	-2.2%	4.4%	7.0%

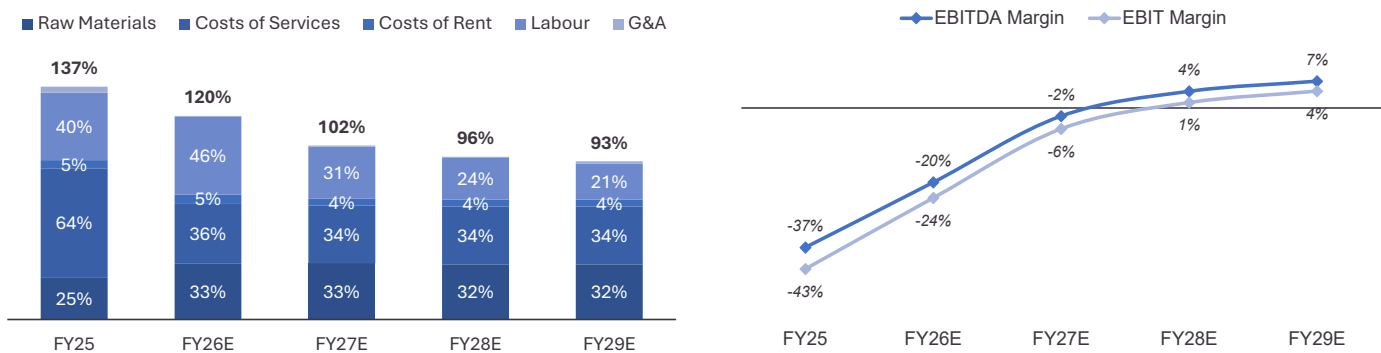
Source: Renovalo (2025A), Value Track Analysis (2026E-29E forecasts)

Renovalo: Value of Production and EBITDA Evolution 2025A-29E



Source: Renovalo (2025A), Value Track Analysis (2026E-29E forecasts)

Renovalo: Costs Structure and Margins Evolution 2025A-29E



Source: Renovalo (2025A), Value Track Analysis (2026E-29E forecasts)

Reading the same numbers through the “Management View” P&L, which is the way the company steers the business, we forecast **Gross Operating Profit at Construction Site Gate (MOL Cancellato Cantiere) to be in the double-digit space already as of FY27E.**

Specifically, GOP @ CSG moves from €2.6mn in FY26E (8.0% margin) to €5.2mn in FY27E (12.0%), €7.6mn in FY28E (14.0%) and €9.8mn in FY29E (15.0%), as Direct Costs decline from 82.8% to 77.5% of Value of Production and Indirect Costs from 9.2% to 7.5%.

The gap between a 15% site-gate margin and a 7% EBITDA margin in FY29E is the group's central cost structure ("Other Costs"), which we forecast at €7.1mn-€7.8mn per year from FY27E onwards, down from €10.5mn in FY26E.

Renovalo: P&L "Management View" FY26E-FY29E

(€mn)	FY26E	FY27E	FY28E	FY29E
Value of Production	32.0	43.0	54.0	65.0
Direct Costs	-26.5	-34.2	-42.1	-50.4
<i>Direct Costs / VoP (%)</i>	-82.8%	-79.5%	-78.0%	-77.5%
Indirect Costs	-2.9	-3.7	-4.3	-4.9
<i>Indirect Costs / VoP (%)</i>	-9.2%	-8.5%	-8.0%	-7.5%
GOP @ Construction Site Gate	2.6	5.2	7.6	9.8
Margin @ CSG (%)	8.0%	12.0%	14.0%	15.0%
Other Costs	-10.5	-7.8	-7.1	-7.2
Pre-Tax Profit	-8.0	-2.7	0.5	2.6
Taxes	-0.3	-0.3	-0.3	-0.6
Minorities	-0.3	-0.3	-0.3	-0.3
Net Profit	-8.5	-3.3	-0.1	1.7

Source: Renovalo (2025A), Value Track Analysis (2026E-29E forecasts)

FY26E-29E Balance Sheet / Cash Flow Statement evolution

We forecast **OpFCF before tax at -€6.3mn in FY26E, break-even in FY27E, then €1.6mn in FY28E and €3.1mn in FY29E**; FY26E is therefore the only year of material cash burn driven by the operating loss while, on the contrary, neither Capex nor Working Capital are forecasted to absorb Cash Flow in a material way.

Capex

Renovalo operates a service business, so there is no need for huge capex. Indeed, we forecast a recurring €0.5mn capex per year over FY26E-29E, down from €1.3mn in FY25.

Net Working Capital

On Net Working Capital we forecast, as well, a structurally light profile, at €1.7mn in FY26E, €0.2mn in FY27E, €0.6mn in FY28E and €1.8mn in FY29E, i.e. below 3% of Value of Production throughout the plan. Two offsetting forces are at work:

- On the positive side, the residual bonus tax credits are monetized in FY26E-27E, and the public contract framework allows price advances of 20%-30% under Art. 125 of the Procurement Code, which pre-funds the start-up phase of each new site;
- On the negative side, the shift towards public clients structurally lengthens DSO, so from FY28E onwards – when volumes grow by €11mn per year – we embed a modest NWC absorption of €0.3mn-€1.0mn per year.

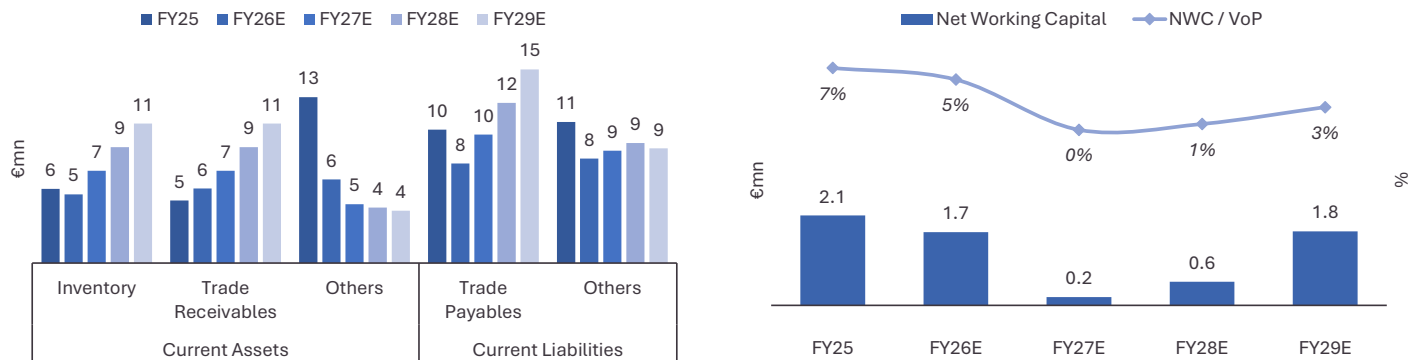
Net Financial Position

As a consequence, the €9.1mn Net Cash position at FY25 (€17.3mn of cash and deposits against €8.2mn of bank debt) is forecast to fall to €2.1mn net cash at FY26E, to bottom at €1.4mn in FY27E and then to rebuild back.

We underline that the FY26E-27E trough leaves a limited, though in our view adequate, financial buffer: on our estimates Renovalo funds the entire turnaround with its own cash, with no equity or debt raising required.

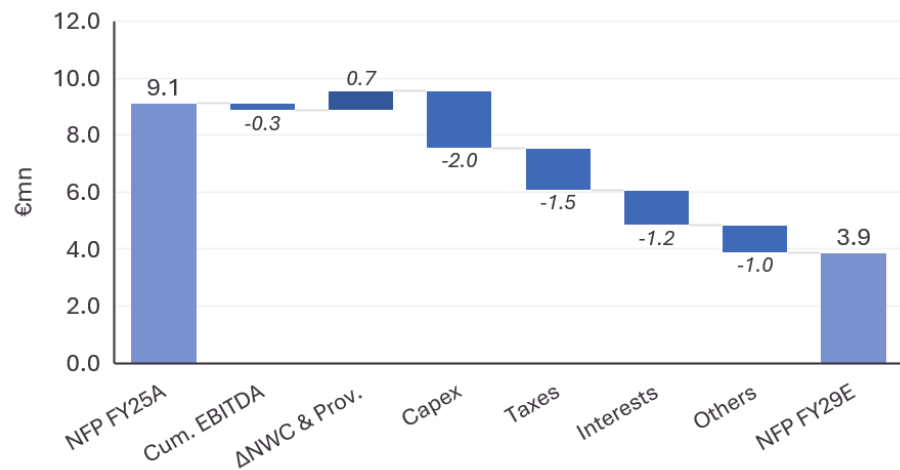
Any material slippage in the order intake or in the collection of public receivables would, however, erode that buffer quickly, and this is in our view the main financial risk embedded in the plan.

Renovalo: Net Working Capital Structure and Evolution 2025A-29E



Source: Renovalo (2025A), Value Track Analysis (2026E-29E forecasts)

Renovalo: Cash Flow Bridge FY25A-FY29E



Source: Renovalo (2025A), Value Track Analysis (2026E-29E forecasts)

Renovalo: Net Financial Position Structure FY25A-FY29E

(€mn)	FY25	FY26E	FY27E	FY28E	FY29E
Cash and Deposits (+)	17.3	5.1	3.4	3.4	4.5
Debt to Banks within 12 months (-)	-5.2	-1.1	-0.8	-0.7	-0.5
Current Net Financial Position	12.1	4.1	2.6	2.7	4.0
Long term financial credits (+)	0.0	0.0	0.0	0.0	0.0
Debt to Banks over 12 months (-)	-3.0	-2.0	-1.2	-0.6	-0.1
Debt to Parent Co. / Other Sh.holders	0.0	0.0	0.0	0.0	0.0
Non-Current Financial Position	-3.0	-2.0	-1.2	-0.6	-0.1
Net Fin. Position [Net debt (-) / Cash (+)]	9.1	2.1	1.4	2.1	3.9

Source: Renovalo (2025A), Value Track Analysis (2026E-29E forecasts)

Financial Statements FY25A-FY29E

Renovalo: P&L FY25A-FY29E

(IT GAAP, €mn)	FY25A	FY26E	FY27E	FY28E	FY29E
Revenues from Sales	37.3	30.0	43.0	54.0	65.0
Δ WIP and Finished Goods	-5.4	2.0	0.0	0.0	0.0
Other Revenues	0.5	0.0	0.0	0.0	0.0
Δ Fixed Assets	0.0	0.0	0.0	0.0	0.0
Value of Production	32.4	32.0	43.0	54.0	65.0
Raw Materials Costs	-7.4	-10.5	-14.2	-17.5	-21.1
Δ Inventory (Raw Materials)	-0.7	0.0	0.0	0.0	0.0
Gross Profit	24.4	21.5	28.8	36.5	43.9
<i>Gross Margin (%)</i>	<i>75%</i>	<i>67%</i>	<i>67%</i>	<i>68%</i>	<i>68%</i>
Costs of Services	-20.8	-11.4	-14.6	-18.4	-22.1
Costs of Rent & Others	-2.7	-1.8	-1.9	-2.6	-3.4
Labour Costs	-12.8	-14.6	-13.2	-13.2	-13.9
EBITDA	-12.0	-6.3	-0.9	2.4	4.6
<i>EBITDA Margin (% on VoP)</i>	<i>-37%</i>	<i>-20%</i>	<i>-2%</i>	<i>4%</i>	<i>7%</i>
D&A + Provisions	-1.8	-1.3	-1.5	-1.6	-1.7
EBIT	-13.8	-7.6	-2.4	0.8	2.9
<i>EBIT Margin (% on VoP)</i>	<i>-43%</i>	<i>-24%</i>	<i>-6%</i>	<i>1%</i>	<i>4%</i>
Interest Expenses / Other Non-Op. Items	-0.2	-0.3	-0.3	-0.3	-0.3
Pre-Tax Profit	-14.0	-8.0	-2.7	0.5	2.6
Taxes	-0.6	-0.6	-0.6	-0.6	-0.9
Net Profit	-14.6	-8.5	-3.3	-0.1	1.7

Source: Renovalo (2025A), Value Track Analysis (2026E-29E forecasts)

Renovalo: Balance Sheet FY25A-FY29E

(IT GAAP, €mn)	FY25A	FY26E	FY27E	FY28E	FY29E
Net Working Capital	2.1	1.7	0.2	0.6	1.8
Net Fixed Assets	9.6	8.9	8.1	7.3	6.5
Provisions	2.0	2.1	2.0	2.1	2.3
Total Capital Employed	9.8	8.5	6.3	5.7	6.0
Group Net Equity	18.9	10.7	7.7	7.9	9.8
NFP [i.e. Net Debt (-) Cash (+)]	9.1	2.1	1.4	2.1	3.9

Source: Renovalo, Value Track Analysis

Renovalo: Cash Flow Statement FY25A-FY29E

(IT GAAP, €mn)	FY25A	FY26E	FY27E	FY28E	FY29E
EBITDA	-12.0	-6.3	-0.9	2.4	4.6
Δ NWC & Provisions	14.9	0.5	1.5	-0.3	-1.0
Capex	-1.3	-0.5	-0.5	-0.5	-0.5
OpFCF b.t.	1.7	-6.3	0.0	1.6	3.1
Cash Taxes	-0.3	-0.3	-0.3	-0.3	-0.6
OpFCF a.t.	1.4	-6.6	-0.3	1.3	2.4
Net Financial Charges	-0.2	-0.3	-0.3	-0.3	-0.3
Dividends	-0.4	0.0	0.0	0.0	0.0
Others	-4.1	-0.1	-0.1	-0.3	-0.4
Δ Net Financial Position	-3.3	-7.0	-0.7	0.7	1.7

Source: Renovalo, Value Track Analysis

Repositioning on a higher size would allow much more profits

We flag again that the current cost structure boasts two features:

- It is largely fixed, so the profit sensitivity to volumes above our base case is very high;
- It implies an output capacity much higher than our forecasts, so any “big ticket” order award could materially impact profitability in a very positive way, while a stall in order intake would leave the group running a largely fixed cost base against insufficient volumes.

We have therefore run a **FY29E sensitivity on Value of Production between €45mn and €85mn**, under both reading keys used in this chapter:

- P&L Standard View.** We are assuming Variable Costs to stand at 85% of VoP, and Fixed Costs (incl. Interest Expenses) to be in the €7mn-€8mn range;
- P&L Management View.** We are assuming Direct Costs to stand at 77.5% of VoP, Indirect Costs at 7.5% of VoP, and Other Costs to be in the €7mn-€8mn range.

The two views converge on the same two key messages:

- High Operating Leverage.** Every incremental €10mn of Value of Production adds ca. €1.1mn Net Profit;
- €50mn break-even level.** On our cost assumptions, the group needs ca. €50mn of Value of Production to deliver a positive bottom line on a sustainable basis.

Renovalo: Sensitivity Analysis Profit & Loss 2029E “Standard View”

(€mn)	VoP 45	VoP 55	VoP 65	VoP 75	VoP 85
Value of Production	45.0	55.0	65.0	75.0	85.0
Raw Materials Costs	-14.6	-17.8	-21.1	-24.3	-27.5
Gross Profit	30.4	37.2	43.9	50.7	57.5
<i>Gross Margin (%)</i>	67.6%	67.6%	67.6%	67.6%	67.6%
Costs of Services	-15.8	-19.0	-22.1	-25.2	-28.4
Costs of Rent & Others	-2.4	-2.9	-3.4	-3.9	-4.4
Labour Costs	-10.7	-12.3	-13.9	-15.5	-17.0
EBITDA	1.6	3.1	4.6	6.1	7.6
<i>EBITDA Margin (% on VoP)</i>	3.5%	5.6%	7.0%	8.1%	8.9%
D&A	-1.7	-1.7	-1.7	-1.7	-1.7
EBIT	-0.1	1.4	2.9	4.4	5.9
Interest Expenses / Other Non-Op. Items	-0.3	-0.3	-0.3	-0.3	-0.3
Taxes & Minorities	-0.3	-0.6	-0.9	-1.3	-1.7
Net Profit	-0.7	0.5	1.7	2.8	3.9

Source: Value Track Analysis (2026E-29E forecasts)

Renovalo: Sensitivity Analysis Profit & Loss 2029E “Management View”

(€mn)	VoP 45	VoP 55	VoP 65	VoP 75	VoP 85
Value of Production	45.0	55.0	65.0	75.0	85.0
Direct Costs	-34.9	-42.6	-50.4	-58.1	-65.9
<i>Direct Costs / VoP (%)</i>	-77.5%	-77.5%	-77.5%	-77.5%	-77.5%
Indirect Costs	-3.4	-4.1	-4.9	-5.6	-6.4
<i>Indirect Costs / VoP (%)</i>	-7.5%	-7.5%	-7.5%	-7.5%	-7.5%
GOP @ Construction Site Gate	6.8	8.3	9.8	11.3	12.8
Margin @ CSG (%)	15.0%	15.0%	15.0%	15.0%	15.0%
Other Costs	-7.2	-7.2	-7.2	-7.2	-7.2
Taxes & Minorities	0.0	-0.6	-0.9	-1.3	-1.7
Net Profit	-0.7	0.5	1.7	2.8	3.9

Source: Value Track Analysis (2026E-29E forecasts)

Valuation

Renovalo's turnaround stance makes current peer multiples unsuitable for a direct valuation, so we rely on a Rolling Valuation, cross-checked by a DCF. Mid-small General Contracting peers trade at 6.0x-5.3x-4.8x EV/EBITDA 2026E-28E, against a 5.0x-6.0x historical NTM range. Applying those multiples to FY28E-FY29E figures implies €1.1-€1.3 and €2.2-€2.6 per share, or €0.84-€1.40 discounted at a 20% hurdle rate. Our DCF, carrying a 7.0% company-specific risk premium, points to €2.51 per share.

Valuation Summary

Due to the current turnaround stance of Renovalo, it's pretty impossible to assess Renovalo's Fair Equity Value based on current Peers' multiples, but Peers' multiples can be useful in order to understand where Renovalo shares should be traded in the future, once the turnaround is positively finalized.

From this point of view, we believe that a **Rolling Valuation**, aimed at capturing Renovalo's value once it reaches a more profitable profile, is the best methodology to apply. But in order to properly apply it, we have first to understand where the sector is used to trade at, so a **Peers Analysis** is deserved.

Last but not least, **Discounted Cash Flow** based on Renovalo's expected cash-flow generation can be used as a useful cross-check.

Based on the above-mentioned calculations, we assess Renovalo **"risk adjusted" fair equity value per share at €0.84 (based on 2028E financials) – €1.40 (based on 2029E financials)**.

Peers Stock Trading Multiples

Peers' Current Stock Trading Multiples

We believe that Renovalo's most appropriate Peers are **Mid Small listed companies** active in the **General Contracting business**. Among Italian listed companies we would select Edil San Felice and Ubaldi, while among foreign listed companies we would select ABM Industries, AF Gruppen, Galliford, Heijmans, Mears, Peab, Veidekke.

We note that such sample is currently trading at **6.0x-5.3x-4.8x EV/EBITDA 2026E-27E-28E** respectively.

Renovalo: Current multiples of Listed Mid Small Caps active in General Contracting Business

Company Name	EV/Sales			EV/EBITDA			EV/EBIT		
	FY1	FY2	FY3	FY1	FY2	FY3	FY1	FY2	FY3
ABM Industries Inc.	0.5	0.5	0.4	8.4	7.6	7.2	10.8	9.7	9.2
AF Gruppen	0.6	0.6	0.6	7.6	7.2	7.0	10.1	9.4	9.2
Edil San Felice	1.1	0.8	0.6	5.3	3.8	2.7	6.0	4.3	3.0
Galliford Try H.	0.3	0.2	0.2	6.4	5.5	4.9	9.6	8.0	7.0
Koninklijke Heijmans	0.7	0.6	0.5	6.9	5.9	5.2	9.2	7.8	6.6
Implenia	0.3	0.3	0.3	4.6	4.0	3.7	8.4	7.0	6.2
Mears Group	0.5	0.5	0.5	4.4	4.7	4.7	9.5	10.2	9.6
Peab	0.6	0.5	0.5	7.6	6.8	6.4	11.3	10.0	9.1
Ubaldi Costruzioni	0.8	0.5	0.4	4.1	2.8	1.9	4.1	2.8	1.9
Veidekke	0.4	0.3	0.3	5.3	5.0	4.7	7.9	7.4	6.9
Average	0.6	0.5	0.4	6.0	5.3	4.8	8.7	7.7	6.9
Median	0.5	0.5	0.5	5.8	5.2	4.8	9.3	7.9	6.9

Source: FactSet, Value Track Analysis

Peers' Historical Stock Trading Multiples

Looking back at how the sector has traded in 2025-2026YTD we calculate a **5.5x EV/EBITDA NTM (Next Twelve Months) average multiple, with pretty narrow fluctuations**, in the 5.0x-6.0x range. The sector is currently trading in the upper part of the range.

Renovalo: Historical EV/EBITDA multiple of Mid Small Caps active in General Contracting Business



Source: Renovalo (2025A), Value Track Analysis (2026E-29E forecasts)

Rolling Valuation

To assess the value potential embedded in the 2026E–2029E turnaround, we run a **Rolling Valuation** based on the above-mentioned 5.0x-6.0x EV/EBITDA multiple range at which the sector is used to trade.

Applying these EV/EBITDA multiples to Renovalo's FY28E–FY29E financials we get an upside potential up to ca. €1.1-€1.3 per share based on 2028E forecasts, and to €2.2-€2.6 per share based on 2029E forecasts.

Discounting back such values at a hefty 20% annual hurdle rate we get a €0.84 (based on 2028E financials) – €1.40 (based on 2029E financials) **“risk adjusted” fair value per share as of today**.

Renovalo: Rolling Valuation

Rolling Multiple Valuation	5.0x EV/EBITDA FY1Target Multiple		6.0x EV/EBITDA FY1Target Multiple	
	FY28E	FY29E	FY28E	FY29E
Fair EV/EBITDA (x)	5.0x	5.0x	6.0x	6.0x
Fair Equity Value (€mn)	12.3	24.8	14.7	29.4
Fair Value p/s (€)	1.10	2.22	1.31	2.63
Fair Value p/s (€) as of today (*)	0.76	1.28	0.91	1.52

Source: Factset, Value Track Analysis (*) Obtained by discounting at 20% annual hurdle rate

Discounted Cash Flow Model

As far as the DCF parameters are concerned, in our base case we apply a **13.4% Rolling WACC** or a **12.9% fixed WACC assuming a 10% target D/(D + E) ratio**.

WACC calculation are based on the following assumptions:

- 2.0% Risk-Free Rate, in line with the long-term inflation target set by the ECB;
- 4.95% Equity Risk Premium (ERP) for the Italian market;
- 0.88 Unlevered Beta, obtained as the average of the Home Building (1.42) and Real Estate Operations & Services (0.34) sector betas, which in our view best proxy Renovalo's mix of construction and technical services activities;
- 10% Target Capital Structure (Debt / (Debt + Equity)), consistent with a group that we expect to run an essentially debt-free balance sheet throughout the plan;
- 7.0% Company Specific Additional Risk Premium, based on the Expanded CAPM approach, which we consider particularly appropriate when dealing with small to mid-sized companies, and which here also captures the limited backlog visibility and the turnaround nature of our estimates;
- 24% Tax Rate, in line with the Italian IRES rate.

At the target capital structure the Levered Beta works out at 0.95, resulting in a 13.7% Cost of Equity (Ke). Assuming a 5.0% spread over the 2.0% Risk-Free Rate, the pre-tax Cost of Debt would be 7.0%, equivalent to 5.3% after tax, which brings the **Target WACC to 12.9%**.

In the Rolling WACC scenario, Renovalo's net cash position means the capital structure stays effectively unlevered across the whole explicit forecast period: Levered Beta equals the Unlevered Beta of 0.88, the Cost of Equity stands at 13.4% and the **Rolling WACC is therefore 13.4%** as well, i.e. slightly above the Target WACC.

Our explicit forecast horizon runs from FY27E to FY34E (Net Financial Position set at 2026 year-end), extending the FY27E-29E estimates detailed in the previous chapter with a gradual convergence of Value of Production towards €91mn and of EBIT margin towards 9%. Terminal Value is derived at FY34E on a 2.0% perpetuity growth rate, which implies a 4.1x EV/EBITDA exit multiple on FY34E EBITDA.

On these assumptions we obtain:

- a Fair Enterprise Value of €26.0mn under the Rolling WACC and of €27.4mn at target capital structure, of which ca. 55% is accounted for by the Terminal Value;
- a Fair Equity Value of €27.4mn and €28.8mn respectively, after adding back the €2.1mn FY26E Net Cash Position and deducting €0.7mn of EV adjustments (minorities);
- a Fair Equity Value per share of €2.45 and €2.57 on 11.2mn shares outstanding, i.e. an average of **€2.51 fair equity value per share**.

DCF Model with Rolling WACC and Target WACC

(€mn,-OIC)	Rolling WACC	Target WACC
PV of Future Cash-Flows 2026E-2034E	11.7	11.9
As a % of Enterprise Value	45%	44%
PV of Terminal Value 2034E @4.1x EV/EBITDA	14.4	15.5
Enterprise Value	26.0	27.4
Net Cash Position 2026 ^E (+)	2.1	2.1
Adjustments (-)	-0.7	-0.7
Equity Value (€mn)	27.4	28.8
Equity Value Per Share (€)	2.45	2.57
Average Equity Value Per Share(€)	2.51	

Source: Value Track analysis

We underline once again that our DCF currently assumes a 7.0% Company Specific Additional Risk Premium, due to the turnaround stance of Renovalo. Such additional risk premium will have to be revised downward once the turnaround is positively finalised, and this will drive the DCF value much higher.

Sensitivity of DCF model Target Capital Structure to Comp-Specific Risk Premium and to “g”

		Perpetuity growth rate “g”				
		1.0x	1.5x	2.0x	2.5x	3.0x
Company Specific Risk Premium (%)	3.0%	3.72	3.88	4.07	4.28	4.52
	4.0%	3.30	3.43	3.57	3.72	3.90
	5.0%	2.96	3.06	3.17	3.29	3.42
	6.0%	2.68	2.76	2.84	2.93	3.04
	7.0%	2.44	2.50	2.57	2.64	2.73

Source: Value Track Analysis

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