

Palingeo

Euronext Growth Milan | Specialized Construction | Italy

Production 21/02/2024, h. 18:30

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**Rating
BUY**
**Target Price
€10,80**
Risk

 Medium

**Upside potential
104,5%**

Stocks performance relative to FTSE Italia Growth



Stock Data

Price	5,28 €
Target price	10,80
Upside/(Downside) potential	104,5%
Ticker	PAL IM
Market Cap (€/mln)	34,22
EV (€/mln)	40,88
Free Float (% on Ordinary Shares)	22,94%
Share Outstanding	6.480.200
52-week high	5,60 €
52-week low	5,00 €
IPO Price (16/02/2024)	5,00 €

Key Financials (€/mln)	FY22A	FY23E	FY24E	FY25E
Value of Production	53,27	68,50	71,45	74,00
EBITDA	7,96	11,05	11,70	12,40
EBIT	5,42	8,20	8,23	8,55
Net Income	3,64	5,60	5,63	5,90
NFP	6,66	9,95	(1,45)	(4,15)
EBITDA margin	14,9%	16,1%	16,4%	16,8%
EBIT margin	10,2%	12,0%	11,5%	11,6%
Net Income margin	6,8%	8,2%	7,9%	8,0%

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1. Company Overview

1.1 The activity

Palingeo SpA (“Palingeo” or “the Company”) is an Italian company operating in the geotechnical and geognostic sectors, engaged in the construction of civil and infrastructural works, soil foundation consolidation, and excavation front support. The Company was established in 1999 in Carpenedolo (BS), following the initiative of a group of professionals with consolidated experience acquired in major industry enterprises. Currently, Palingeo holds a prominent position in the market, placing itself among the national leaders in waterproofing and soil consolidation activities, engineering foundation works, and structural restoration and territorial reorganization, thanks to its high professionalism.

The Company operates throughout the national territory, with a primary focus in Northern Italy. In addition to its headquarters in Carpenedolo, Palingeo owns two large warehouses in the provinces of Brescia and Mantova, ensuring coverage of national activities. Furthermore, the Company has a warehouse in the province of Messina, supporting its activities in Sicily. Contracts primarily come from public entities, but a portion of the client base also includes private clients who turn to the Company for the execution of public or private works. Contract acquisition occurs through direct participation in tender procedures, either independently or in ATI (Temporary Business Associations) with other industry operators, as well as through subcontracting activities.

Palingeo stands out in the reference market for its focus on continuous improvement, pursued through the constant updating of technical knowledge and the modernization of machinery and drilling systems. Additionally, with its experienced team of engineering and geological technicians, the Company can offer highly customized services to its clients, adapting to specific requests and addressing various issues that may arise during the project implementation phases. Consequently, the Company is able to offer an accurate and comprehensive service, as indicated also by the low number of disputes received and the high customer retention rate.

The Italian specialized construction market, particularly in the public works segment, is currently characterized by significant expansion. In the coming years, a substantial acceleration in the sector is expected, driven primarily by the interventions outlined in the National Recovery and Resilience Plan (PNRR) and the “Sbloccacantieri” Decree. Significant support is also anticipated from major upcoming events such as the 2026 Winter Olympics in Cortina and the 2026 Mediterranean Games in Taranto.

1.2 Company Story

CHART 1 – COMPANY STORY



Source: Palingeo

- In **1999**, the founding partners Paolo Franzoni, Leonardo Spada, Gianbattista Lippi, and Sergio Lippi established Palingeo Srl after gaining extensive experience in major companies in the specialized construction sector. In **2000**, the company opened a new local unit in Corteno Golgi (BS) serving as a warehouse;
- In **2001**, Palingeo obtained the CQOP SOA certification for the qualification to carry out public works, necessary to participate in public tender competitions for significant projects. In **2002**, a new local unit was opened in Montichiari (BS) functioning as a warehouse;
- In **2011**, the company, already active in small drilling, expanded its activities by entering the segment of large-diameter piles;
- In **2015**, Palingeo decided to invest in equipment for the execution of Continuous Flight Auger (CFA) piles, solidifying its presence in the large drilling sector. Additionally, in the same year, the company opened a new local unit in Casalmoro (MN) as a warehouse. In the biennium 2018-2019, Palingeo obtai-

ned further certifications necessary for its activities, including ISO 9001:2015, ISO 45001:2018, SA8000:2014, and ISO 14001:2015, related to the Environmental Management System. In **2022**, the company initiated the digitization of internal organizational processes, turning to specialized operators in the field, such as TeamSystem and MyAedes;

- In **2023**, Palingeo launched a new open innovation project to create a unique information system in Europe. Additionally, the company started several green projects aimed at energy efficiency. In the same year, a new local unit was opened in Fiumedinisi (ME), serving as a warehouse, with the aim of consolidating its presence throughout the national territory. Finally, the listing process on the Euronext Growth Milan stock market began. The listing process has been completed on **16 February 2024**.

1.3 Shareholding and Group Structure

TABLE 1 – SHAREHOLDERS

Shareholders	# Shares	Multiple Voting Shares	% on Ordinary Shares	% on Voting Share Capital	% on Total Share Capital
F.L.S. Holding Srl	2.992.500	1.282.500	57,57%	75,62%	65,96%
Sergio Lippi	500.000		9,62%	5,53%	7,72%
Paolo Franzoni	75.000		1,44%	0,83%	1,16%
Gianbattista Lippi	75.000		1,44%	0,83%	1,16%
Leonardo Spada	75.000		1,44%	0,83%	1,16%
Indépendance AM SAS	288.000		5,54%	3,18%	4,44%
Free Float	1.192.200		22,94%	13,18%	18,40%
Total	5.197.700	1.282.500	100,0%	100,0%	100,0%

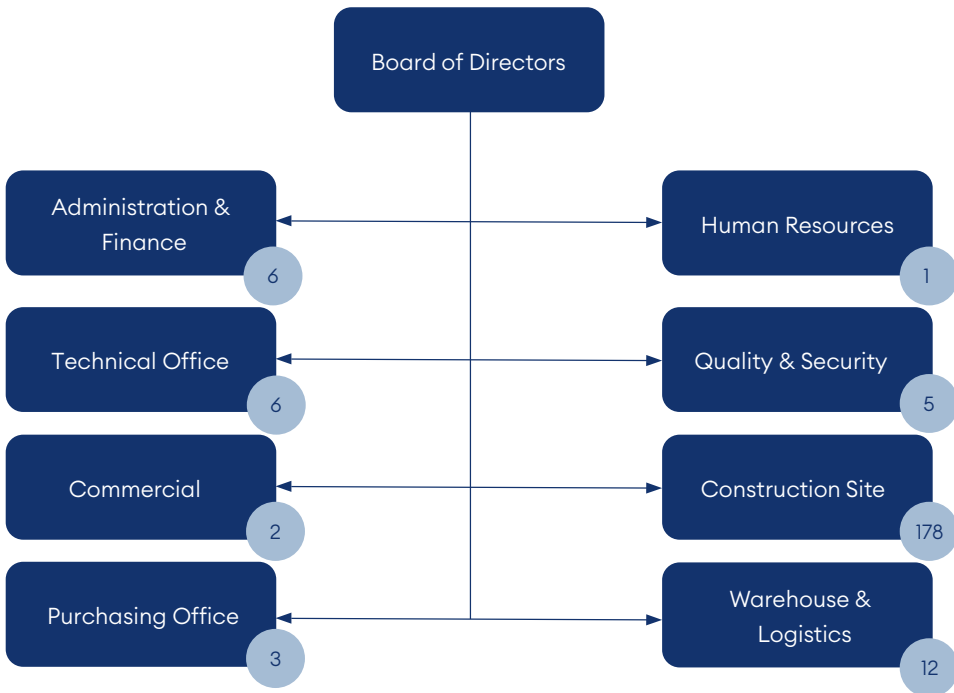
Source: Palingeo

Following the stock market listing, which took place through the placement of 1,480,200 ordinary shares, Palingeo's share capital is composed of 6,480,200 shares, of which 1,282,500 are multiple voting shares granting 3 votes each. F.L.S. Holding Srl, a company equally attributable to the founding partners, holds the majority of the share capital with a stake of 57.57%; Sergio Lippi owns 9.62% of the share capital; Paolo Franzoni, Gianbattista Lippi, and Leonardo Spada each hold 1.44% of the share capital. The company Indépendance AM SAS has a stake of 5.54%. The remaining share represents the free float, equivalent to 22.94%. F.L.S. Holding Srl holds stakes in two other companies, excluded from the listing perimeter, respectively at 100.0% and 75.0%. Specifically:

- **Ingeo Srl** (100.0%), established in 1998, is a real estate company that owns some properties where Palingeo conducts its operational activities. The total annual rent paid by Palingeo to Ingeo for the use of the properties amounts to approximately €0.22 million.
- **S.In.Ge.A. Srl** (75.0%), established in 2002, is a company specialized in carrying out geognostic and environmental investigations, providing a portion of its activity (approximately 3.0%) in favour of Palingeo. Therefore, occasionally, S.In.Ge.A. acts as a subcontractor for Palingeo, conducting geotechnical investigations on its behalf (specifically, when Palingeo's client has not engaged other subcontractors for such investigations).

1.4 Corporate Governance

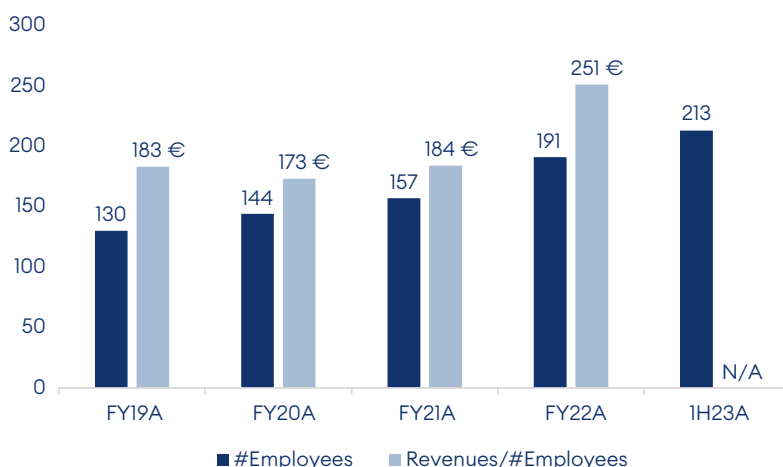
CHART 2 - CORPORATE GOVERNANCE



Source: Palingeo

As of June 30, 2023, the organizational structure of Palingeo consists of 8 functional areas, employing a total of 213 people, including 52 employees, 131 workers, and 30 other staff members. The workforce is predominantly on permanent contracts, accounting for 80.0%. Specifically, for the worker category, permanent contracts make up 70.0%, while for the employee category (technical and administrative roles) it is 94.0%.

CHART 3 – EVOLUTION OF EMPLOYEES



Source: Palingeo

The Board of Directors is composed of 5 members and will remain in charge for the three-year period 2023–2025, expiring with the approval of the financial statements on December 31, 2025. In particular:

- Leonardo Spada holds the position of President and CEO;
- Paolo Franzoni, Gianbattista Lippi, and Sergio Lippi serve as Executive Directors;
- Alberto Dell’Acqua serves as an Independent Director.

The Board of Auditors, appointed for the three-year period 2023–2025, is composed of the President, two Regular Auditors, and two Substitute Auditors, expiring with the approval of the financial statements on December 31, 2025. Specifically:

- Luigi Vannini is the President of the Board of Auditors;
- Francesco Gitti and Ramona Corti serve as Regular Auditors;
- Nicola Brangi and Laura Fioravanti serve as Substitute Auditors.

1.5 Key People

Leonardo Spada – President and CEO

He graduated in Geological Sciences from the University of Turin in 1982 and is a member of the Geological Order of Lombardy and the Technical Consultants Registry of the Tribunal of Brescia. From 1982 to 1986, he worked at Intergeo Srl. Subsequently, he held the position of project manager at Consonda SpA until 1994, when he became a partner in the associated Engineering and Geotechnics studio. In 1999, leveraging valuable experience in specialized construction, he contributed his know-how in client relations management, acquisition negotiations, and operational site activity planning, becoming a founding partner of Palingeo. From 1994 to 2021, he served as an environmental expert and geologist for the Carpenedolo Building Commission.

Gianbattista Lippi – Executive Director

He obtained a diploma as a Surveyor in 1997. From 1979 to 1999, he worked as a site manager at Consonda SpA. In 1999, he became a founding partner of Palingeo, bringing his extensive technical knowledge gained from years of experience in the industry. His contributions primarily focus on work scheduling, site initiation organization, site supervision, and the research and subsequent negotiations for the purchase of construction equipment.

Paolo Franzoni – Executive Director

He graduated in civil engineering with a focus on transportation from the University of Pavia in 1988 and has been a member of the Engineers Order of Cremona since 1990. From 1990 to 1994, he worked for Consonda SpA, and later, he operated as a partner in the associated Engineering and Geotechnics studio until 1999 when he founded Palingeo. He brings his managerial skills and technical knowledge to the company, focusing on the technical direction of construction sites, managing relationships with clients and designers, and verifying executive projects.

Alessio Minelli – CFO

A certified public accountant and statutory auditor, he has gained significant experience in corporate restructuring, crisis management, extraordinary operations, appraisals, business valuations, mergers & acquisitions, and due diligence. He has served as a corporate and tax consultant for public entities and in-house companies of public entities. He has consulted for companies and groups operating in various sectors, both individually and in collaboration with professional firms. He has been involved in restructuring and liquidation operations, established a business network in software development for employee management, and in document archiving. He has provided support and advice to companies undergoing generational transitions and serves as a consultant for business transfers. He joined Palingeo as CFO in 2023.

1.6 Authorizations & Certifications

The company holds a series of certifications essential for operating within its sector. In particular, the CQOP SOA (Qualified Constructors for Public Works) certifications play a crucial role, since it is required for all the companies trying to participate in public tenders. These certificates are mandatory and attest to the economic and technical capability of a company to qualify for the execution of public contracts exceeding certain thresholds. They also confirm that the certified entity possesses all the necessary requirements for public contracting. These certifications qualify the company to participate in public tenders in different categories of works and classifications with various amounts, all based on the capacities and experience demonstrated by the company to the certifying body.

Specifically, the certifications establish, for each type of work, the maximum amount a company can win in a tender. This is based on a ranking that assigns scores ranging from 1 to 8, achievable only after the company achieves certain production goals historically in a specific category. Since 2001, Palingeo has held the CQOP SOA qualification for building engineering and geological consolidation works in the following categories:

TABLE 2 – CERTIFICATIONS HELD BY THE COMPANY

Certification	Category	Ranking	Amount levels (€/mln)
OG1	Civil and industrial buildings	I	≤ 0,26
OG3	Roads, motorways, bridges, viaducts, railways, subways	III BIS	≤ 1,50
OG4	Underground works of art	I	≤ 0,26
OG6	Aqueducts, gas and oil pipelines, irrigation and drainage works	IV BIS	≤ 3,50
OG8	River, defence, hydraulic and land reclamation works	III	≤ 1,03
OG12	Reclamation and environmental protection works and plants	I	≤ 0,26
OS21	Special structural works	VIII	unlimited
OS34	Noise abatement systems for mobility infrastructures	IV	≤ 2,58

Source: Palingeo

The most relevant certification for Palingeo is undoubtedly the OS21, with an unlimited amount, as the majority of the company's contracts fall into this category, while all others concern more specific works. Palingeo's goal is to obtain additional certifications in the future, allowing the expansion of its activities. However, it is worth noting that so far, there have been no issues related to the absence of certifications, given the wide range of works covered by the OS21.

The company is registered in the National Register of Environmental Managers in category 9B (site reclamation activities) and is qualified as an operator by RFI-Gruppo Ferrovie dello Stato for the execution of civil works on operating railway lines (SQ-011) for the specializa-

tion category LOC-001 (civil works on the railway track) and for the amount class 2. Additionally, Palingeo holds a series of certifications necessary to operate within the reference sector, including:

- **ISO 14001:2015 Environmental Management System Certification:** This certificate demonstrates the company's commitment to environmental protection and sustainability. The standard provides guidelines for creating an Environmental Management System (EMS) that allows companies to continually improve measures for environmentally friendly work and production methods.
- **ISO 9001:2015 Quality Management System Certification:** Ensures that a company has a quality management system that complies with international regulations, defining requirements for a suitable system. The international standard, recognized as a basis for creating a system that ensures customer satisfaction and improvement in any company, consists of ten sections, each describing a specific aspect of the quality management system.
- **SA8000:2014 Ethical Certification:** This international certification standard encourages companies to develop, maintain, and apply socially acceptable practices in the workplace. It is identified as a fundamental tool for implementing corporate social responsibility and protecting workers throughout the supply chain, covering a wide range of issues, including child labour, health and safety, freedom of association and the right to collective bargaining, discrimination, working hours, and wages.
- **ISO 45001:2018 Occupational Health and Safety Management Systems Certification:** This international standard establishes requirements for an occupational health and safety management system and provides guidance for its use. It aims to enable organizations to establish safe and healthy workplaces, preventing work-related injuries and illnesses, and proactively improving their occupational health and safety performance. The certification demonstrates the organization's commitment to ensuring compliance with occupational health and safety standards and may be required by customers, suppliers, or regulatory authorities as a prerequisite for participating in tenders or obtaining certain licenses.

1.7 Sustainability

Typically, the specialized construction sector is characterized by a traditional outlook with little emphasis on sustainability, attributed to insufficient technological evolution that has yet to enable the phasing out of fossil fuels in related activities.

In this context, Palingeo distinguishes itself from the rest of the market, as highlighted by various projects implemented in recent years to reduce the environmental impact of its activities. The company, in particular:

- Initiated its own **energy community program** that focuses on the reorganization and energy efficiency of the logistics hub in Casalmoro (MN). The ultimate goal is to achieve internal organizational automation and energy autonomy.
- Established a collaboration with **Green Future Project**, a company that supports businesses in achieving their sustainability goals. Specifically, Palingeo has joined the Climate Positive Subscription program, allowing participating companies to offset their environmental impact through the purchase of certified carbon credits. The program includes a platform with various features, including energy consumption monitoring, carbon credit purchases, and consultancy for developing an ESG (Environmental, Social, and Governance) strategy in high-impact environmental projects. The technology provided by Green Future Project allows Palingeo to constantly monitor its environmental impact and share the results achieved with stakeholders.
- Started collaborating with **Nowal Chimica Srl**, a chemical company that enables the streamlining and reduction of the consumption of its customers' production processes. Through this project, the company aims to maximize lubrication characteristics, save on purchased and consumed quantities, and ensure the use of green products.

1.8 Project open innovation

The Company has initiated an open innovation project in collaboration with an innovative startup, aimed at conceiving a new information system capable of managing and controlling external operating plants. The new, unique system, integrable with Industry 4.0 technologies, enables preventive and predictive maintenance of the plants and constant monitoring of machinery productivity and efficiency. Specifically, through the adoption of intelligent sensors, maintenance personnel are alerted in advance to potential malfunctions, and the productivity trends of the machinery can be monitored over time.

Currently, the project is in the initial phase of gathering information necessary for machine integration. Subsequently, this system will equip the company with a database that allows for fast, robust, efficient, simple, and technologically advanced management of the machinery fleet. Therefore, once completed, the project will provide a comprehensive solution, both in terms of hardware and software components, capable of implementing a 4.0 system for predictive maintenance and efficiency monitoring.

2. Business Model

2.1 Industry Business System

CHART 4 – INDUSTRY BUSINESS SYSTEM



Source: Palingeo

The company operates in the field of specialized engineering and special works for the construction of buildings and infrastructure, as well as for the consolidation of foundation or support soils for excavation fronts. Within the industry business system, Palingeo positions itself among sector operators, including all specialized players in the execution of construction activities (with a particular focus on piling works). These players are characterized by specific skills and resources to manage such projects. The types of players range from small specialized operators, including local ones, to large enterprises with global resources, generally highly diversified and operating in multiple business lines. Players must offer specialized services and possess technical expertise, certifications, qualifications, assets, materials, and trained and professional personnel to successfully execute projects requested by clients.

Sector operators address a multitude of clients, including:

- **Public or government entities**, for the construction of roads, bridges, schools, hospitals, water infrastructure, etc.;
- **General Contractors**, i.e. players in the public and infrastructure works sector;
- **Real estate developers**, builders, or investors involved in residential, commercial, and industrial project development;
- **Commercial businesses and industrial plants**, requiring commercial or indu-

strial spaces and construction, production, or renovation activities;

- **Renewable energy sector players**, if activities are required for hydraulic plant projects, wind parks, solar installations, water capture and regulation works, or hydropower plants.

Regarding suppliers, they are typically large or medium-sized highly specialized companies that provide products and services necessary for construction projects and, in this specific case, piling works. Among the products and services offered there are the supply of energy, construction materials, steel reinforcements and tubing for reinforcements, machinery and special equipment, as well as ferrous and steel materials. The size structure adopted by suppliers varies based on the specific area of expertise and the type of product offered. Their bargaining power is limited but also varies depending on the offer. The specialized engineering and special works carried out by sector players generally serve the community (understood as citizens or private individuals) who directly or indirectly benefit from the works and constructions that specialized construction has contributed to realizing.

2.2 Value Proposition

The company, to successfully compete in the specialized engineering and special works market, has established a clear and specific value proposition based on a high level of quality and flexibility in its services to clients. Over its two decades of experience, the company has consistently demonstrated reliability and determination, establishing itself as one of the leading operators in the sector. Palingeo also makes significant investments in the continuous training and ongoing education of its staff, as well as in increasingly technologically advanced machinery.

Specifically, Palingeo's proposal is based on:

- **Thorough Initial Assessment:** The company engages with clients from the inception of their activities, obtaining a high level of information about specific client needs and enabling them to make informed decisions. Palingeo's offering includes pre-project consulting services, such as feasibility assessments, site inspections, site planning, and cost analysis;
- **Integrated Design:** The company adopts an extremely efficient work execution process to minimize costs and project timelines. Palingeo's offering is comprehensive and integrated, involving professionals and external specialists from the initial stages of geotechnical and environmental investigation, geology, and engineering. This approach allows Palingeo to provide a high-quality service while minimizing costs and project timelines;

- **Professional Project Management:** The company is able to minimize and reduce risks, delays, and extra costs for clients by agilely resolving any unforeseen issues and ensuring the project's conclusion as agreed upon;
- **Customization:** Given the high degree of diversification in the sector's projects, Palingeo has developed expertise that allows it to provide complete customization for each client, covering every aspect of the service from project planning to communication and project management;
- **Technological Integration:** The company stands out for implementing integrated Industry 4.0 technological systems, enabling unique efficiencies in the market. The integration of these new systems is still in development, and once completed, it could provide the company with unique machinery control systems in Europe;
- **Continuous Training and Development:** Palingeo places particular emphasis on the continuous updating and training of its staff, recurrently investing to improve work quality and enhance workplace safety.

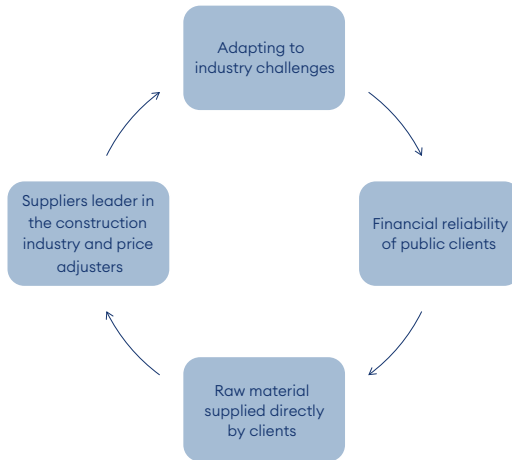
The company's offering is positioned in a high segment of specialized engineering and special works, ensuring clients receive high expertise that manifests in proactive technical and design services capable of optimizing every project phase. Additionally, due to the complexity of projects, unforeseen challenges often arise during execution, which the company promptly resolves thanks to its flexibility and experience.

2.3 Business Model

The Company, through its accumulated experience over the years, has developed a robust and resilient business model capable of delivering quality services within the contractually established timelines and costs. Specifically, Palingeo relies on four key strengths:

- The company distinguishes itself thanks to its ability **to adapt** and respond effectively to the challenges and uncertainties of the sector, which is particularly influenced by regulatory changes and market fluctuations. Operating in a dynamic environment for several years, the company has consistently demonstrated its ability to innovate to face new challenges, even during challenging periods for the industry, ensuring a steady growth trajectory;
- Palingeo has strategically oriented itself towards acquiring **predominantly public clients** due to their higher financial reliability compared to the private construction sector;
- The sector involves significant investments in raw materials, generating a risk of exposure to their price fluctuations. However, the company employs a **procurement strategy** that significantly mitigates this risk. In the vast majority of cases, raw materials are directly supplied by clients, leading to a considerable reduction in the company's financial exposure;
- In rare instances where the company directly purchases raw materials, it leverages its **long-standing relationships with carefully selected industry-leading suppliers**. Palingeo often enters into framework agreements for procurement, especially for materials like cement and iron. Additionally, the prices of raw materials used by the company are subject to legislative adjustments that partially ensure their stability.

CHART 5 – BUSINESS MODEL



Source: Palingeo

Palingeo's business model primarily revolves around the research, acquisition, and execution of contracts. The bidding process for public construction contracts can occur through two main channels:

- **Direct Channel:** In this case, the company participates directly in a specific public tender, either individually or with other industry operators, as is often the case;
- **Indirect Channel:** Some public or private clients, with established relationships with the company over the years, subcontract Palingeo for specialized engineering and special works services to complete the awarded project. In this scenario, the company decides not to participate in the specific tender but later acts as a subcontractor.

Regarding private contracts, these are acquired either directly or through a bidding process, depending on pre-existing commercial relationships with the client. It is emphasized that, due to significant demand from the public sector, private contracts currently constitute a residual part of Palingeo's activities. However, the weight of these contracts may change in the future based on market demand and opportunities.

2.4 Revenue Model

Contracts entered into by Palingeo have variable durations depending on the type and characteristics of the project, but they can be categorized as annual contracts (within 12 months) and multi-year contracts (beyond 12 months). Concerning billing and revenue recognition, the company's construction sites undergo periodic supervision to monitor the progress of work and adherence to schedules. At predefined deadlines, revenue reporting occurs based on the "Stato di Avanzamento Lavori" (Work Progress Status, SAL) of individual construction sites, as reflected in the site accounting. Subsequently, the SAL, along with supporting technical drawings, is submitted to the client for review and authorization for invoicing. Only after client approval is obtained, the invoice is issued based on the actual progress achieved in the project.

CHART 6 – REVENUE MODEL



Source: Palingeo

2.5 Value Chain

Palingeo's activities can be divided into several distinct phases, varying depending on whether the clients are public or private. For public contracts, which constitute the company's primary business, each project involves five phases:

- The commercial department conducts the search and selection of tenders (or subcontracts) to find public tenders aligned with the company's standards. If Palingeo decides to participate in tenders as a Temporary Business Association (ATI), the commercial department is also responsible for selecting partner(s). After identifying a relevant tender, the company proceeds with the preliminary sizing of the work, site inspections, and preliminary analyses;
- Following the preliminary assessment phase, the company participates in the tender by submitting its **proposal**;
- Once the solution, aligned with the client's needs, is agreed upon, **the specific proposal is implemented**. In case of a positive outcome, the commer-

cial department signals the need to organize activities to **initiate the construction site**;

- The company handles all **construction site management** activities necessary for the finalization of the work according to the agreed-upon methods with the client. This phase, characterized by continuous testing and verification, is monitored according to SAL. As mentioned earlier, periodic reporting is carried out based on SAL, providing the client with a summary of the activities performed, requiring client approval for subsequent invoicing;
- After completing the work and **final tests, the construction site is handed over to the client**. If there are any notifications of non-conformities from clients, the Technical Office proposes appropriate technical solutions.

CHART 7 – VALUE CHAIN: PUBLIC TENDERS

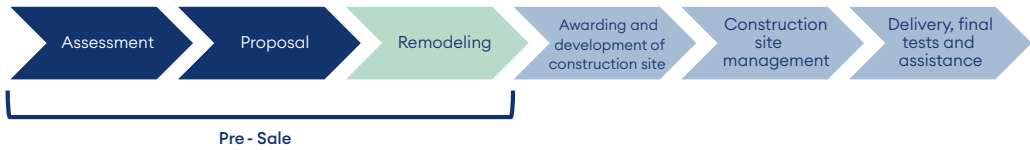


Source: Palingeo

For private contracts, the pre-sale phase unfolds differently:

- The commercial department initially collects quote requests from private clients. If the company decides to develop the contract as an ATI, the commercial department proceeds to search for partners. Subsequently, **project assessments** are conducted through site inspections, preliminary analyses, and project sizing.
- The commercial and technical departments work together to identify a specific solution tailored to the client's needs. After formulating the project, the commercial department meets with the client, **presenting the proposal** and initiating the negotiation phase.
- If the initial proposal does not fully satisfy the client's specific needs, a potential **adjustment of the proposal** is carried out, preceded by further negotiation.

CHART 8 – VALUE CHAIN: PRIVATE CLIENTS



Source: Palingeo

After concluding the pre-sale phase, the subsequent development activities, construction site management, delivery, and any assistance follow a similar process to public contracts, as described earlier.

2.6 Product and Service Offer

As mentioned earlier, Palingeo provides specialized engineering services and special works in the field of foundations, specifically geological and infrastructural services. Over time, the company has equipped itself with an adequate number of complete sets of equipment, allowing it to carry out operations on multiple construction sites simultaneously. In more detail, the specialized engineering and special works services provided by the company include:

- **Geological Surveys and On-Site Tests:** Before initiating a construction project, geological surveys may be necessary to assess the composition and characteristics of the soil. The collection of soil and rock samples, analysis of hydrogeological conditions, and identification of potential geotechnical problems or risks may be required. On-site tests are conducted to evaluate soil strength and determine the mechanical properties of materials. In cases where these activities are part of Palingeo's projects, they are outsourced to the company S.In.Ge.A.;
- **Structural Restoration and Territorial Reorganization:** Activities involving the structure to repair damages or enhance safety. This may include the replacement of structural elements or the improvement of seismic performance. Territorial reorganization can involve the redevelopment of urban areas;
- **Stabilization of Landslides and Slopes:** In the presence of landslides or situations of soil instability, interventions are carried out to stabilize the areas and prevent future collapses. Geotechnical engineering techniques such as containment works, anchors, retaining walls, and drainage systems are employed to maintain soil stability and prevent undesirable collapses or movements;
- **Foundation Engineering (Industrial Complexes, Underground Parking, and Infrastructure):** The activity involves the design and construction of foundations for infrastructure, including soil analysis, evaluation of geotechnical conditions, and the selection of the most suitable methods to ensure a solid structural base.;
- **Waterproofing and Consolidation of Soils and Rocks:** A fundamental activity in the preparatory phases of civil engineering that allows for the improvement of hydraulic and mechanical characteristics of soils, rocks, and structures, as well as the reinforcement of areas subject to pressures;
- **Technical Data Processing in Support of Activities:** Collection and processing of technical data to support the execution of activities in geological-ge-

otechnical, geological-applicative, hydrogeological, engineering, urban planning, construction, management, and territorial planning fields.

In addition to the above interventions, the company also includes services for analysis and studies that are generally ancillary to the main operational activities. These include geological investigations and on-site tests (outsourced), and the processing of technical data supporting activities. Interventions are carried out by the company through the use of numerous technologies and labour & machinery intensive processes detailed below.

CHART 9 – COMBINATION OF SERVICES AND TECHNOLOGIES & PROCESSES PERFORMED

Services Technologies and processes	Structural restoration and territorial reorganization	Stabilization of landslides and embankments	Foundation engineering	Waterproofing and consolidation of soils and rocks
Micropiles and Mid-piles	✓	✓	✓	✓
Consolidation through injections of cementitious and chemical mixtures	✓	✓	✓	✓
Jet Grouting	✓	✓	✓	✓
Diaphragm walls in concrete or special mixtures			✓	✓
Large-diameter drilled piles and CFA/CFP piles			✓	✓

Source: Palingeo

Micropiles and Mid-piles

Palingeo is equipped with drilling machines and accessories for the formation of micropiles, mid-piles, and anchoring tie rods. This includes the use of single-bar reinforcements with lengths of up to 12 meters (for enclosed spaces without impediments) and for enclosed spaces with height limitations up to 2.50 meters. Micropiles and mid-piles are small to medium-diameter piles containing a structural element to transfer loads and/or limit deformations. These can be constructed using compact equipment. A subcategory of small-diameter drilling can be considered for the formation of anchoring tie rods. Specifically, mid-piles have a maximum diameter of 400 mm, with reinforcement consisting of a cage of longitudinal bars and stirrups, filled with concrete. Micropiles, on the other hand, have a maximum diameter of 300 mm, with tubular or steel profile reinforcement, and are filled with a mixture of cement, cement mortar, or concrete. These two types of piles serve a variety of functions and uses, including:

- Underpinning existing structures;
- Containment to enable excavation and cut slopes;

- Foundation for new structures (especially in highly heterogeneous soils and in the presence of rock formations);
- Improvement of slope and embankment stability;
- Anchoring of structures.

Consolidation through Injections of Cementitious and Chemical Mixtures

The use of this technique allows for the improvement of hydraulic and mechanical characteristics of soils, rocks, and structures (masonry or concrete works). The company has numerous complete plants for mixing and injecting consolidating mixtures. This process is carried out through special PVC tubes equipped with non-return valves, introduced into the ground through perforations made with small-diameter drills. In particular, most plants are equipped with an automatic and computerized system for loading the various ingredients of the mixture, while most injectors have control and recording systems for key injection parameters (pressure, flow, volume, valve number, etc.). This type of process is used for interventions aimed at both provisional treatments, to allow excavation in unstable or waterlogged soils, and permanent treatments, for the consolidation of foundation soils, the creation of impermeable screens or plugs, and the structural restoration of masonry or concrete structures.

The company, in particular, has invested in a computerized system that handles the automatic acquisition and recording of parameters and the automatic control of injection to adjust the injection treatment automatically based on the geotechnical characteristics and data collected during the work, ensuring a high level of treatment quality and simplifying process management.

Jet Grouting

The Jet Grouting treatment technique involves the disintegration of the soil through hydraulic pressure and its mixing with cementitious mixtures. The disintegration phase occurs through extremely high-pressure jets (400-450 bar). The technique includes various types of consolidation treatments, allowing operations in an extremely wide range of soils and offering considerable application flexibility. The use of this technique allows for the creation of columns of consolidated soil with variable diameters: from 60 to 80 cm for interventions with only cement (single-fluid) and from 150 to 200 cm for those involving the combined use of air, water, and cement (two-fluid and three-fluid).

Palingeo, for the execution of this type of activity, currently has 12 complete equipment groups, each consisting of a cement storage silo, a drilling machine, a jet pump, and an automatic high-capacity mixing plant. All equipment groups have an automatic acquisition system for jet grouting parameters. Finally, four of these groups also have a GPS system for locating and placing the drilling point.

Concrete or Special Mixtures Diaphragms

The diaphragm technique allows for the construction of structural and hydraulic works, with temporary or permanent functions. It involves the excavation of a trench in the ground, generally in the presence of a stabilizing fluid, and the pouring of a cable with concrete. Structural diaphragms, in concrete, are constructed using hydraulic excavators equipped with hydraulic or cable-type biting buckets and are usually reinforced with pre-assembled steel cages, which are lowered into the excavation using tracked or wheeled service cranes. The support of the excavation walls is ensured through the use of bentonite or polymeric slurry. The excavation starts from ground level, following alignments correctly delimited by the formation of specific reinforced concrete guide ribs. Service vehicles, such as wheeled loaders and hydraulic excavators, ensure constant cleaning of the surrounding areas and the removal of materials resulting from excavation.

Structural diaphragms are distinguished as follows:

- Diaphragms for the protection of deep excavations, even exceeding 20 meters. In these cases, it is essential to provide the diaphragm with a series of vertical constraints such as tie rods or struts;
- Diaphragms for the protection of excavations adjacent to buildings, with a self-supporting or constrained structure;
- Diaphragms in special mixtures for hydraulic sealing for confinement and waterproofing;
- Foundation diaphragms and bank protection diaphragms adjacent to rivers and canals;
- Diaphragms for the formation of underground cut-offs to increase the filtration path beneath dams or traverses.

The company also produces plastic diaphragms (also called waterproof diaphragms) in special waterproof mixtures that guarantee high water resistance, including:

- Viscous soil-bentonite mixture, allowing the creation of a relatively homogeneous, waterproof, and flexible wall;
- Cement-bentonite gel;
- Mixture of cement, additives, bentonite, inert materials and water, ideal for situations where the diaphragm needs to be created in loose or compressible soils.

Palingeo has 9 complete working groups, used for both structural diaphragm construction and plastic diaphragm construction. Each group consists of slurry storage tanks, wheeled loaders, sludge desanders, service cranes, bentonite silos, slurry mixing plants, and a drilling machine equipped with a hydraulic bucket or cable bucket.

Large-Diameter Drilled Piles and CFA/CSP Piles

The execution of a drilled pile involves soil removal and subsequent concrete casting with the presence of a metal cage. Drilled piles are divided into three main categories:

- Dry-drilled piles, i.e., without the use of bentonite slurry. They are used when the walls of the hole in the ground are self-supporting (mostly cohesive soils);
- Piles made with the use of bentonite slurry. Bentonite slurry prevents the collapse of the hole walls, allowing excavation. The slurry is recovered, treated, and reused during the casting phase;
- Piles made by simultaneously inserting casing tubes, driven by rotation or with the help of a column clamp, which support the hole walls. These tubes are recovered after casting.

CFA/CSP type drilled piles, on the other hand, are executed by soil removal using rotation equipment. Continuous Flight Auger (CFA) piles with continuous auger are ideal for low soil removal drilling. They are generally used as medium and large-diameter foundation piles and provide a valid alternative to drilled piles with bentonite. Case Secant Piles (CSP) are used in vulnerable areas such as historic centres, landslide areas, urban, and industrial contexts. Finally, Full Displacement Piles (FDP) are characterized by low waste production; in their construction, the soil is compacted, increasing the rotating capacity and avoiding vibrations induced to surrounding buildings.

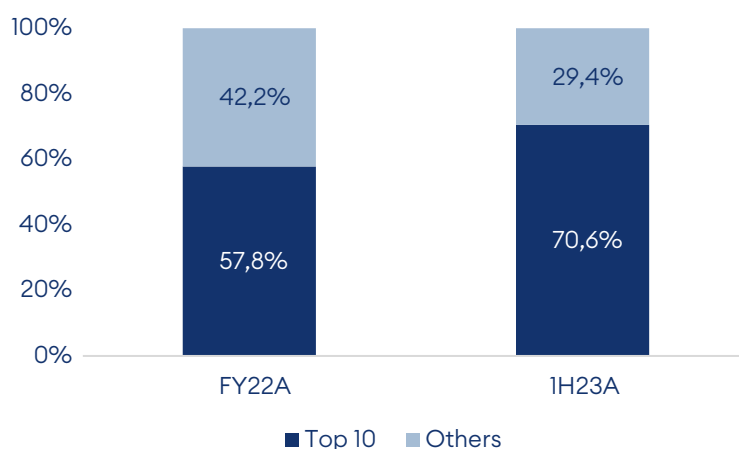
For the realization of all the types of work listed above, Palingeo uses various complete equipment groups, consisting of a drilling machine, service crane, and wheeled loader. Additionally, for drilled piles with slurry, Palingeo uses three additional equipment components, including the bentonite plant, slurry storage tanks, and sludge desanders for slurry recovery.

2.7 Clients and Suppliers

2.7.1 Clients

Looking at the contribution of the top 10 clients to Palingeo's total revenue, it can be noted that in FY22A it stood at 57.8% while in 1H23A it reached a data of 70.6%. The concentration of customers in each reporting period essentially depends on the amount of ongoing projects at a given date. Consequently, the company's clients may vary from year to year based on the various active projects. It is noted that, in both the periods mentioned below, the highest contribution comes from the same client, accounting for approximately 25.0% in both periods (the client is related to the High-Speed construction for the Vicenza – Padova route).

CHART 10 – TOP 10 CLIENTS WEIGHT FY22A AND 1H23A



Source: Palingeo

As of June 30, 2023, Palingeo manages a backlog of approximately €82.20 million, related to projects currently in progress for a multitude of companies. Among the main clients actively engaged during the 2022-2023 reference period, the following can be highlighted:

- **Cepav Due:** A consortium involved in the design and construction of the High-Speed Railway Line Milan – Verona. Since 2022, Palingeo has been responsible for special foundations and anchors, as well as settlement reduction piles for the AV line for the functional lot Brescia - Verona;
- **Covivio:** A French real estate company. Since 2022, the company has been involved in reinforced concrete structures, in collaboration, for the real estate redevelopment project “Symbiosis” for Moncler Render New;

- **SIS:** A consortium involved in various executive projects, including significant road and highway construction sites. Palingeo has been responsible for deep foundation works, supervision, and jet grouting activities for the redevelopment project of the Mangiagalli Hospital area in Milan;
- **IRICAV DUE:** A consortium responsible for the design and construction of the High-Speed Railway Line Verona – Padua. Since 2020, Palingeo has been executing foundation piles for the line works and civil and railway equipment both independently and in partnership with separate contracts;
- **Manelli:** A key player in civil and industrial construction. Since 2021, Palingeo, in collaboration, has been involved in special foundation works for the High-Speed Brescia East – Verona section. Previously, the company executed works for the Frejus Motorway Tunnel;
- **CDS:** A General Contractor specializing in commercial, logistics, directional, and hotel structures. Since 2021, Palingeo has been involved in the execution of bored piles, micropiles of various diameters, and jet grouting activities for the Genova Waterfront project.

Over the years, Palingeo’s accumulated experience and the high quality of its services have led to significant recognition in the national market. Often, clients directly approach the company, which manages bid invitations and requests through its Commercial Office. The Commercial Office is also responsible for monitoring new development opportunities within the territory and swiftly engaging with clients, resulting in successful contract awards.

Palingeo’s commercial activities involve several phases. They begin with client engagement, which may include quotation requests from private clients or the pursuit of public tenders. Subsequently, the company gathers a series of detailed information to specifically understand client needs and performs a thorough factual analysis to prepare a highly customized project. The commercial process ends with the outcome of tender awards.

CHART 11 – COMMERCIAL ACTIVITY



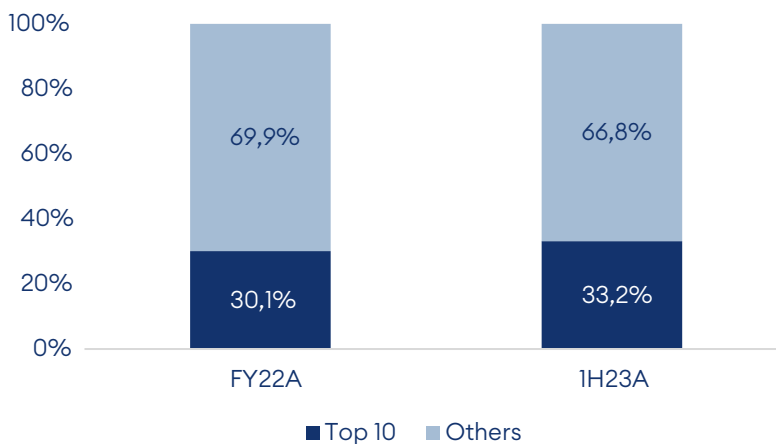
Source: Palingeo

2.7.2 Suppliers

Looking at the composition of the company's suppliers, there is no significant concentration towards major counterparts or a high dependence on individual suppliers.

The graph below illustrates the concentration data of the top 10 suppliers of the company in FY22A and 1H23A, respectively. Specifically, the share of the top 10 suppliers accounts for 30.1% for FY22A and 33.2% for the first half of 2023. Therefore, Palingeo exhibits a low degree of dependence on suppliers, also due to the fact that raw materials are often directly supplied by the contracting company, as mentioned earlier. Additionally, the company has established long-standing commercial relationships with exclusively national suppliers, ensuring a supply of high-quality, Italian-made raw materials. Given the nature of its activities, the primary cost components consist of raw materials, mainly cement, and iron.

CHART 12 – TOP 10 PROVIDERS WEIGHT FY22A AND 1H23A



Source: Palingeo

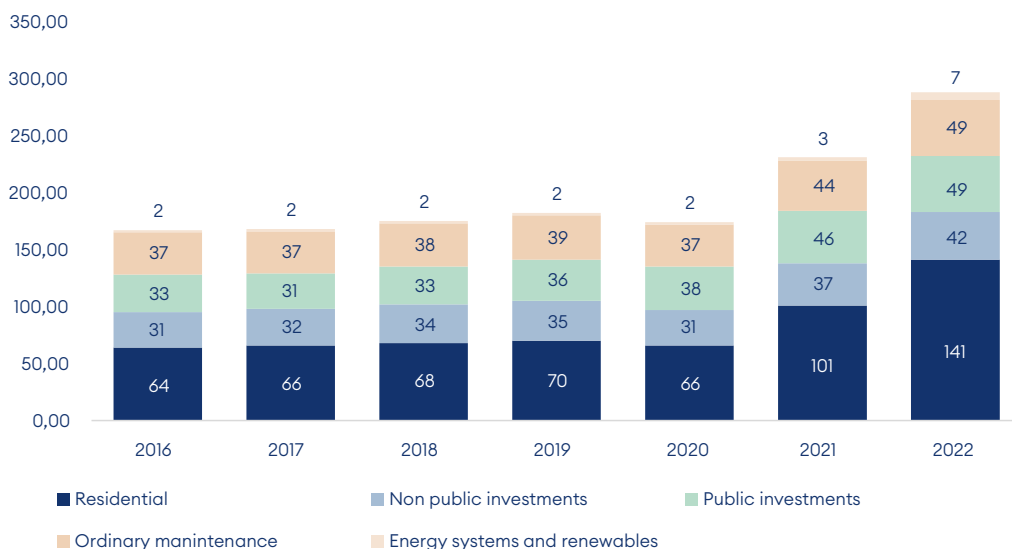
3. The Market

Palingeo, through its activities, operates in the specialized engineering and special works sector, particularly in geotechnics and geognostics for the construction of buildings and infrastructure, the consolidation of foundation soils, and support for excavation fronts, piling, injections, and excavations.

3.1 The Construction Market

In 2022, the construction market in Italy recorded a production value at current prices of €288.50 billion, compared to €230.70 billion in 2021. This is divided among new constructions (48.9%), public (17.1%) and private (14.5%) investments, ordinary maintenance activities (17.1%), and investments in renewable energy sources (2.4%).

CHART 13 – VALUE OF THE ITALIAN CONSTRUCTION SECTOR, BREAKDOWN BY INDUSTRIES (€/BLN)

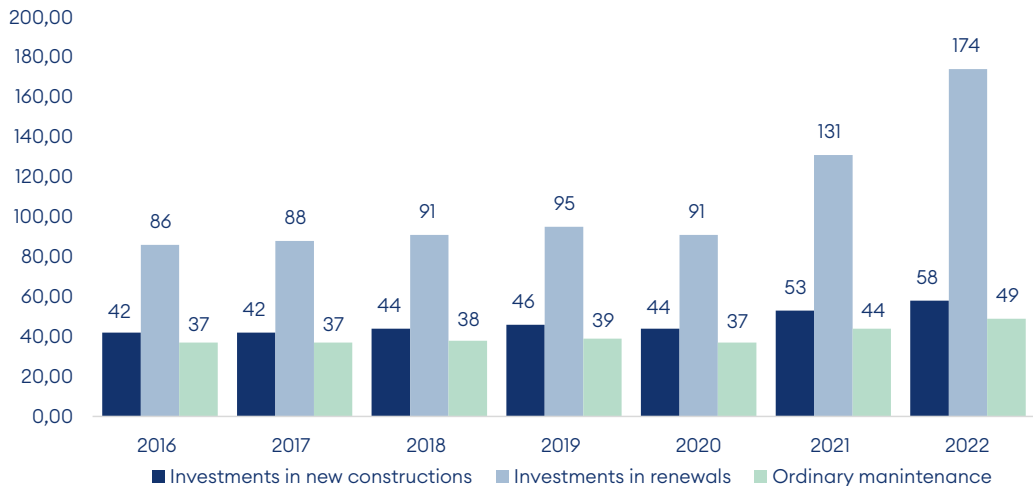


Source: XXXIII Rapporto Congiunturale e previsionale CRESME. Il mercato delle costruzioni 2023, lo scenario di medio periodo 2022-2027.

Palingeo is mainly active in the public non-residential and, to a lesser extent, private investment sectors. According to CRESME forecasts, the public non-residential sector will experience significant increases in both new constructions and renovations.

Analyzing the market value by type of intervention, the following graph shows the evolution of investments in new constructions, extraordinary maintenance, and ordinary maintenance on existing assets.

CHART 14 – VALUE OF THE CONSTRUCTION SECTOR, BREAKDOWN BY TYPE OF INVESTMENT (€/BLN)



Source: XXXIII Rapporto Congiunturale e previsionale CRESME. Il mercato delle costruzioni 2023, lo scenario di medio periodo 2022-2027.

In 2022, 77.0% of the €288.50 billion is represented by investments in existing assets. Ordinary maintenance of existing buildings and infrastructure in 2022 is valued at almost €50.00 billion. Extraordinary maintenance investments reached €174.00 billion in 2022 (compared to €131.00 billion in 2021, €91.00 billion in 2020, and €95.00 billion in 2019), driven particularly by building bonuses. Between 2020 and 2022, the extraordinary maintenance market grew by approximately €83.00 billion. New constructions, residential, non-residential, and civil engineering, saw investments of around €58.00 billion in 2022 (compared to €53.00 billion in 2021 and €44.00 billion in 2020). New constructions represent about 20.0% of the construction market in Italy. The increase is influenced by growing household savings, the desire for homeownership, and public investment initiatives.

3.1.1 Global Construction Market

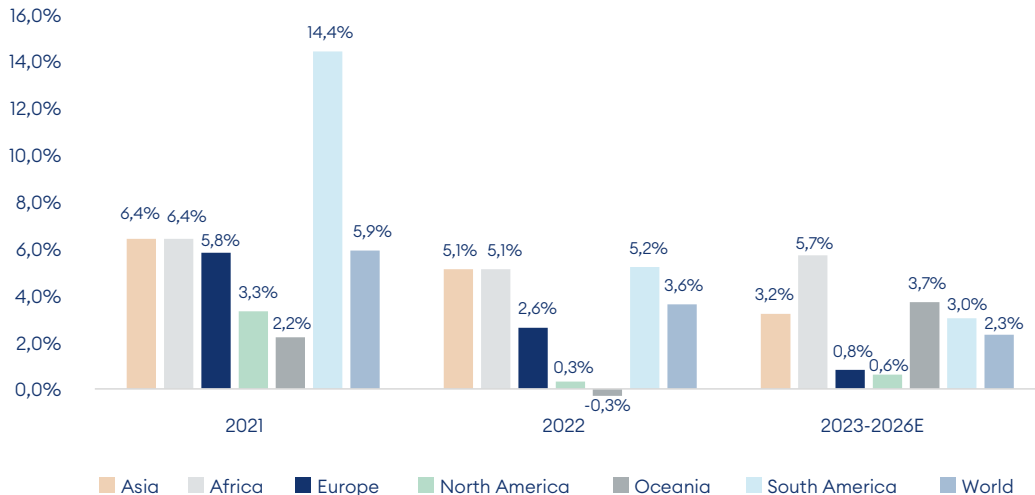
In 2022, the global economy grew at a rate of 3.2%, with the construction sector contributing 0.4% (out of a total of 2.8 growth points, approximately 15%). Due to recent strong growth, it is expected that there will be a reduction in the growth rate of investments in Europe and North America in the coming years. However, the sector will continue to make a significant contribution to the economy.

Specifically, the global construction market is approximately €10.0 trillion at the end of 2022, marking a growth of 3.6% compared to the previous year. Geographically, China contributes the most to new investments, accounting for 30.7% of the total, followed by the United States (13.5%) and India (4.5%). Japan and Germany contribute around 4.0%, followed by Canada, Italy, the UK, France, and Korea, with investments just above 2.0% of the total. The remaining 27.0% of investments come from other countries.

Comparing current values with those of previous years, there is a slowdown in investments in North America. In the United States, the sharp decline in investments in public works and the weakness of the non-residential construction market have nullified sectoral growth. Additionally, the country's residential real estate market is suffering due to widespread concerns that the sector is significantly overvalued and thus exposed to the risks of a sudden price adjustment. In Europe, the slowdown is attributed to the conflict in Ukraine, causing a collapse in investments in Russia and depressing the confidence of businesses and investors.

Despite a slowdown in growth in these areas due to the macroeconomic and political scenario, a positive trend is expected globally in the coming years, driven by Asia, Africa, and Oceania. The positive trend will be mainly attributed to the public works sector, especially the resumption of basic infrastructure projects, particularly in emerging economies.

CHART 15 – ANNUAL GROWTH IN CONSTRUCTION INVESTMENTS BY GEOGRAPHIC AREA



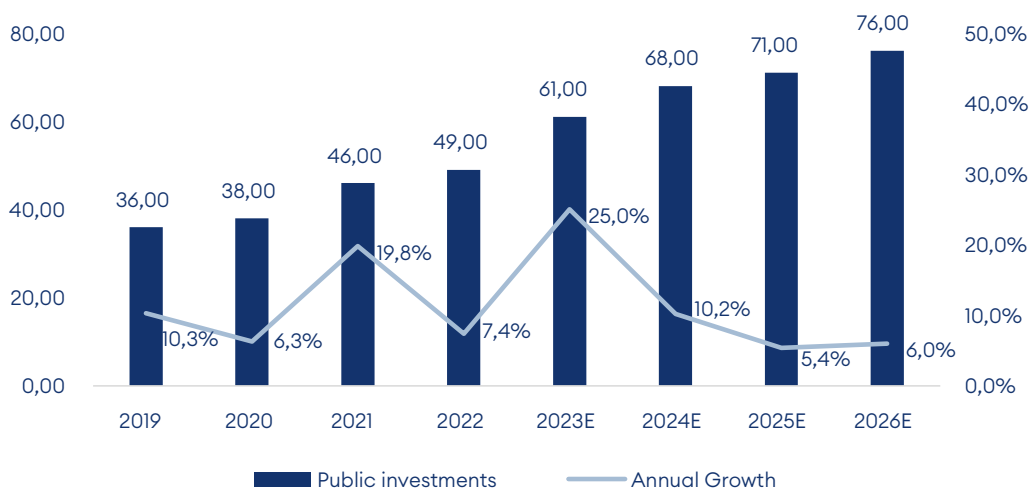
Source: XXXIII Rapporto Congiunturale e previsionale CRESME. Il mercato delle costruzioni 2023, lo scenario di medio periodo 2022-2027.

3.1.2 Construction Market in the Public Works Sector in Italy

In recent years, investments in public works have experienced significant growth, particularly following the Covid-19 pandemic, as European governments have decided to entrust much of the economic recovery to public investments.

Even before the pandemic, investments in public works by the extended public sector, composed of Public Administrations and concessionaires and other private entities managing public utility works and services, had seen considerable growth. In 2019, growth (at current prices) stood at 10.3%. In the two subsequent pandemic-affected years, growth was 6.3% in 2020 and 19.8% in 2021, a turning point for the sector, before stabilizing at a total value of €49.20 billion in 2022 (a 7.4% increase from the previous year), a period particularly influenced by various macroeconomic shocks, such as the return to a restrictive monetary policy and the outbreak of the war in Ukraine.

CHART 16 – PUBLIC INVESTMENTS IN ITALY (€/BLN)



Source: XXXIII Rapporto Congiunturale e previsionale CRESME. Il mercato delle costruzioni 2023, lo scenario di medio periodo 2022-2027.

In the face of the current economic uncertainty, attributed to high-interest rates and significant cost inflation, the construction market is expected to stabilize at the current level, mainly due to public spending. With the implementation of new rules for managing price increases and the acceleration of ongoing projects, along with the initiation of new projects under the National Recovery and Resilience Plan (PNRR), a 25.0% increase in public investments is expected by the end of 2023. This will be followed by an additional increase of 10.2% in 2024, gradually stabilizing to a more moderate growth of 5.4% in 2025 and 6.0% in 2026.

The PNRR, therefore, emerges as the main source of growth for public works investments in the medium to long term, leveraging substantial national and European public resources (>

€300.00 million). Additionally, the coming years will see a series of events supporting the sector's development, such as the Jubilee 2025, the Winter Olympics in Cortina, and the Mediterranean Games in Taranto in 2026.

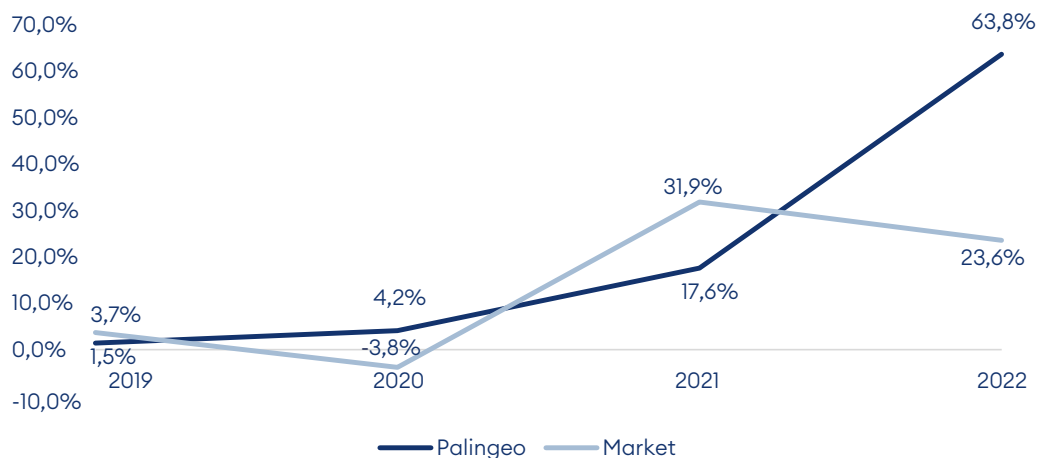
Public works are gaining significance, as evidenced in recent years by the record values of tenders and awards, which have increased from €40.00 billion in the 2019–2021 period to over €54.00 billion in 2022.

3.1.3 Palingeo vs Construction Market in Italy

Over the years, Palingeo's turnover has shown a positive trend, aligned with the reference market. The value of production has consistently grown. However, the company has demonstrated its ability to respond more effectively during challenging periods, such as 2020, a year marked by market restrictions to counteract the negative effects of Covid-19. During this period, while the market experienced a 3.8% decline in production value, Palingeo's one increased by 4.2%.

Even during expansion phases in the sector, the company has been able to capitalize on market opportunities and political reforms. In particular, in 2022, it recorded an extraordinary growth rate of 63.8%, significantly outperforming the market, which still reported a solid growth of 23.6%. This outcome illustrates how, leveraging its two decades of experience, Palingeo optimally structures its offerings based on market demand and opportunities. Currently, the company is capitalizing on the resurgence of investments in public works, driven by the PNRR reform program and the substantial national and European public resources allocated to the construction sector.

CHART 17 – VOP GROWTH: PALINGEO VS MARKET



Source: XXXIII Rapporto Congiunturale e previsionale CRESME. Il mercato delle costruzioni 2023, lo scenario di medio periodo 2022-2027.

4. Competitive Positioning

TABLE 3 – MAIN COMPETITORS (2022 DATA)

€/mln	Revenues 2022	VoP 2022	Ebitda 2022	Ebitda % 2022	Net Income 2022	Net Income % 2022	NFP 2022
Company							
Trevi - Fin. Ind. SpA	569,21	588,97	63,85	10,8%	(15,18)	N.M.	251,18
I.CO.P. SpA	86,91	92,03	17,45	19,0%	4,14	4,5%	45,59
Fondamenta SpA	48,83	49,17	8,40	17,1%	4,71	9,6%	(2,76)
SAOS Srl	10,01	10,25	2,90	28,3%	1,89	18,5%	1,72
DVC SpA	95,64	116,83	6,50	5,6%	2,86	2,4%	15,86
Median	86,91	92,03	8,40	17,1%	2,86	4,5%	15,86
Palingeo FY22A	51,02	53,27	7,96	14,9%	3,64	6,8%	6,66
Palingeo 1H23A	25,74	27,26	4,17	15,3%	1,93	7,1%	8,91

Source: Orbis data, elaborated by Integrae SIM

In the table above, the main competitor companies of Palingeo are listed, operating both nationally and internationally, and being either publicly traded or private. These companies are characterized by diverse activities and business units, ranging from engineering to the production of machinery. They have been considered comparable and reference points only in relation to Palingeo's relevant sector, specifically, the branch of specialized engineering and special works. Specifically, the main competitors of Palingeo are:

- **Trevi – Finanziaria Industriale SpA:** A global leader in underground engineering for special foundations, tunnel excavations, soil consolidation, and the production and marketing of specialized machinery and equipment in the sector. The company is also involved in the design, production, and marketing of equipment and services for special foundation works and soil consolidation;
- **I.CO.P SpA Società Benefit:** A construction company among the leading European operators in microtunneling and foundations. The company specializes in microtunneling activities, foundation works, and special underground works such as diaphragm walls, bored piles, continuous flight auger piles, secant piles, micropiles, injection works, viaducts, tunnels, and maritime works;
- **Fondamenta SpA:** Specialized in the execution of special foundation works in the ground, micropiles, tie rods, injections, consolidations, reinforced concrete diaphragm walls, foundation piles, surveys, reinforced concrete, and excavations in general;

- **SAOS Srl:** Operating in the field of special foundations, the company is involved in geotechnical surveys with laboratory tests, exploration, and the realization of special underground works, as well as the construction of bored piles, tie rods, and soil consolidation;
- **DVC – Di Vincenzo Dino & C. SpA:** Operating in the construction sector (recovery and restoration interventions, structural improvements and seismic adaptation, support for in-house and third-party real estate developments), hydraulic works, infrastructure, and geotechnical and specialized works. It belongs to the IGEFI group.

As a specialized player in the sector, Palingeo, compared to its competitors, demonstrates flexibility and competitiveness in pricing while offering a complete range of complementary works and services. The Palingeo team is capable of providing accurate professional, technical, and specialized contributions, regardless of the size and complexity of the project. In particular, Palingeo has established a Technical Office that is proactive and capable of working flexibly and collaboratively with clients to understand their objectives and requests, proposing adjustments and optimizations to achieve savings and benefits. The quality of the work carried out by the company has resulted in a strong ability to retain customers over its twenty-year experience, ensuring a customer base of over 100 clients, with a return rate of around 90.0%.

TABLE 4 – COMPETITORS ANALYSIS

Company	TREVI	ICOP	F	STDS FONDAZIONI SPECIALI	DVC @VINCENTODINO&C	PALINGEO S.p.A. (Palingeo Group)
Specialized building	✓	✓	✓	✓		✓
Full range of productions	✓	✓	✓		✓	✓
Flexibility in satisfying market requests		✓				✓
Competitive sale prices		✓	✓	✓	✓	✓
Complementary services offered						✓

Source: Palingeo

4.1 SWOT Analysis

Strengths:

- Palingeo possesses extensive technical, regulatory, and normative expertise derived from the experience of over two decades of the management in the sector and the specialized resources of the company;
- The company enjoys immediate recognition in the market due to its demonstrated capabilities over the years;
- Palingeo has established long-lasting relationships with key industry players, showcasing recognized reliability;
- The company offers an integrated value chain and the ability to address all construction-related challenges, adapting to unforeseen circumstances;
- There is a rigorous adherence to procedures and a strong focus on safety;
- Palingeo tailors its offerings to meet specific customer requirements;
- The company utilizes specialized suppliers and employs high-quality national raw materials.

Weaknesses:

- Palingeo operates solely within the national territory, primarily in Northern Italy;
- The organizational structure needs adjustment to accommodate the recorded growth rates;
- The company is relatively small compared to some competitors.

Opportunities:

- There is a significant demand, stimulated in part by government measures;
- The market is solid and expanding, with substantial national and European public resources allocated to public works in the short and medium-to-long term;
- There is an increasing focus on environmental sustainability.

Threats:

- Difficulty in sourcing qualified resources in the sector;
- The need for continuous adaptation to legislative and environmental changes;
- The market may face challenges from the entry of less qualified operators attracted by economic incentives, such as those related to the National Recovery and Resilience Plan (PNRR).

5. Economics & Financials

TABLE 5 – ECONOMICS & FINANCIALS

INCOME STATEMENT (€/mln)	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E	FY27E
Revenues	31,14	51,02	65,30	69,45	72,00	75,15	78,50
Change in WIP and Inventories	(0,02)	(0,40)	1,35	0,10	0,05	0,10	0,10
Other Revenues	1,41	2,66	1,85	1,90	1,95	2,05	2,15
Value of Production	32,53	53,27	68,50	71,45	74,00	77,30	80,75
COGS	11,09	21,58	27,20	28,15	29,25	30,55	31,90
Services	5,49	7,75	9,80	10,10	10,45	10,80	11,15
Use of Asset owned by others	1,72	3,99	3,50	3,50	3,30	3,00	2,85
Employees	9,70	11,09	16,20	17,25	17,85	18,65	19,50
Other operating costs	0,71	0,90	0,75	0,75	0,75	0,80	0,85
EBITDA	3,82	7,96	11,05	11,70	12,40	13,50	14,50
<i>EBITDA Margin</i>	<i>11,7%</i>	<i>14,9%</i>	<i>16,1%</i>	<i>16,4%</i>	<i>16,8%</i>	<i>17,5%</i>	<i>18,0%</i>
D&A	1,99	2,53	2,85	3,48	3,85	4,35	4,75
<i>of which Provisions & Writedowns</i>	<i>0,08</i>	<i>0,55</i>	<i>0,60</i>	<i>0,65</i>	<i>0,70</i>	<i>0,70</i>	<i>0,75</i>
EBIT	1,83	5,42	8,20	8,23	8,55	9,15	9,75
<i>EBIT Margin</i>	<i>5,6%</i>	<i>10,2%</i>	<i>12,0%</i>	<i>11,5%</i>	<i>11,6%</i>	<i>11,8%</i>	<i>12,1%</i>
Financial Management	(0,05)	(0,11)	(0,45)	(0,40)	(0,40)	(0,35)	(0,35)
EBT	1,78	5,32	7,75	7,83	8,15	8,80	9,40
Taxes	0,50	1,68	2,15	2,20	2,25	2,45	2,60
Net Income	1,27	3,64	5,60	5,63	5,90	6,35	6,80

BALANCE SHEET (€/mln)	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E	FY27E
Fixed Assets	13,38	14,37	15,50	17,48	17,78	17,68	17,43
Account receivable	17,57	30,51	32,35	34,40	35,65	37,25	38,90
Inventories	0,99	0,70	2,10	2,25	2,35	2,40	2,55
Account payable	9,23	18,31	16,85	18,90	16,70	17,20	16,55
Operating Working Capital	9,33	12,90	17,60	17,75	21,30	22,45	24,90
Other receivable	7,45	5,51	9,75	10,55	10,80	11,20	11,55
Other payable	3,91	4,47	4,95	5,50	5,60	5,75	5,90
Net Working Capital	12,87	13,94	22,40	22,80	26,50	27,90	30,55
Severance Indemnities & Other Provisions	3,54	4,14	4,95	5,70	6,50	7,30	8,15
NET INVESTED CAPITAL	22,72	24,17	32,95	34,58	37,78	38,28	39,83
Share Capital	1,00	1,00	1,00	1,30	1,30	1,30	1,30
Reserves	11,49	12,87	16,40	29,10	34,73	40,63	46,98
Net Income	1,27	3,64	5,60	5,63	5,90	6,35	6,80
Equity	13,77	17,50	23,00	36,03	41,93	48,28	55,08
Cash & Cash Equivalent	0,90	4,15	2,85	12,00	13,40	18,25	23,60
Short Term Financial Debt	4,95	6,41	9,60	8,95	8,95	8,25	8,35
M/L Term Financial Debt	4,90	4,41	3,20	1,60	0,30	0,00	0,00
Net Financial Position	8,95	6,66	9,95	(1,45)	(4,15)	(10,00)	(15,25)
SOURCES	22,72	24,17	32,95	34,58	37,78	38,28	39,83

CASH FLOW (€/mln)	FY22A	FY23E	FY24E	FY25E	FY26E	FY27E
EBIT	5,42	8,20	8,23	8,55	9,15	9,75
Taxes	1,68	2,15	2,20	2,25	2,45	2,60
NOPAT	3,74	6,05	6,03	6,30	6,70	7,15
D&A	1,98	2,25	2,83	3,15	3,65	4,00
Change in receivable	(12,94)	(1,84)	(2,05)	(1,25)	(1,60)	(1,65)
Change in inventories	0,28	(1,40)	(0,15)	(0,10)	(0,05)	(0,15)
Change in payable	9,08	(1,46)	2,05	(2,20)	0,50	(0,65)
Change in others	2,51	(3,77)	(0,25)	(0,15)	(0,25)	(0,20)
Change in NWC	(1,07)	(8,46)	(0,40)	(3,70)	(1,40)	(2,65)
Change in provisions	0,60	0,81	0,75	0,80	0,80	0,85
OPERATING CASH FLOW	5,26	0,65	9,20	6,55	9,75	9,35
Capex	(2,97)	(3,38)	(4,80)	(3,45)	(3,55)	(3,75)
FREE CASH FLOW	2,29	(2,73)	4,40	3,10	6,20	5,60
Financial Management	(0,11)	(0,45)	(0,40)	(0,40)	(0,35)	(0,35)
Change in Debt to Bank	0,96	1,99	(2,25)	(1,30)	(1,00)	0,10
Change in Equity	0,10	(0,10)	7,40	0,00	0,00	0,00
FREE CASH FLOW TO EQUITY	3,25	(1,30)	9,15	1,40	4,85	5,35

Source: Integrae SIM

5.1 FY22A Results

In the approved financial statement as of December 31, 2022, the Company generated revenues totalling €51.02 million, marking a significant increase of 63.8% compared to the previous fiscal year (€31.14 million). This growth primarily resulted from a substantial increase in awarded public works contracts and the momentum generated by investments from the National Recovery and Resilience Plan (PNRR), focusing on infrastructure. The Value of Production, amounting to €53.27 million, includes the aforementioned sales revenues and changes in work in progress on order, along with other revenues of €2.66 million. These additional revenues comprise active leases of equipment and instrumental machinery, damage and insurance compensation, and contributions for instrumental goods.

EBITDA stood at €7.96 million, experiencing a significant increase compared to FY21A, which amounted to €3.82 million. The EBITDA Margin grew from 11.7% in FY21A to 14.9% in the fiscal year ending on December 31, 2022. The increase in business turnover during FY22A has resulted in a proportional rise in operational costs. Among the most significant items are the Cost of Goods Sold (COGS) at €21.58 million, compared to €11.09 million in FY21A, reflecting both the revenue increase and the generalized rise in raw material and fuel prices in 2022. Additionally, personnel costs amount to €11.09 million (compared to €9.70 million in FY21A), reflecting the hiring of 30 new resources necessary to handle the significant increase in contracts awarded in FY22A and, consequently, the need to initiate and oversee new construction sites. Service costs, increasing from €5.49 million to €7.75 million in

FY22A, are attributed to the substantial increase in service performance directly related to the business, including outsourced work and transportation. Finally, the costs the use for third-party assets amounts to €3.99 million, compared to €1.72 million in FY21A, mainly related to rentals and leases of machinery and equipment essential for carrying out activities on construction sites.

EBIT, after depreciation and impairments of €2.53 million, stood at €5.42 million (compared to €1.83 million at the end of the previous fiscal year). Consequently, the EBIT Margin was 10.2%, showing a significant increase from 5.6% in FY21A. Depreciation, totalling €1.98 million, includes intangible assets such as the revalued business trademark in FY21A (€0.46 million) and tangible assets like the depreciation of plants and instrumental machinery (€1.52 million). Net Income at the end of FY22A was €3.64 million, more than doubling the result of the previous fiscal year, which was €1.27 million.

On the balance sheet, the NFP improved compared to the previous fiscal year, decreasing from a debt position of €8.95 million on December 31, 2021, to a still-debt NFP of €6.66 million on December 31, 2022, primarily due to business growth and the cash generated by increased activities.

5.2 1H23A Results

During the first half of 2023, the Company reported revenues of €25.74 million, aligning with the expansion trend observed in the fiscal year ending December 31, 2022. The Value of Production amounts to €27.26 million.

As of June 30, 2023, the EBITDA stands at €4.17 million, with a corresponding EBITDA Margin of 15.3%. In 1H23A, the most significant costs remain those related to raw materials (€10.84 million), services (€3.69 million), and personnel (€6.22 million). It is noteworthy that the Company, in the first six months of 2023, hired 20 new resources due to the significant increase in contracts awarded during FY22A and 1H23A.

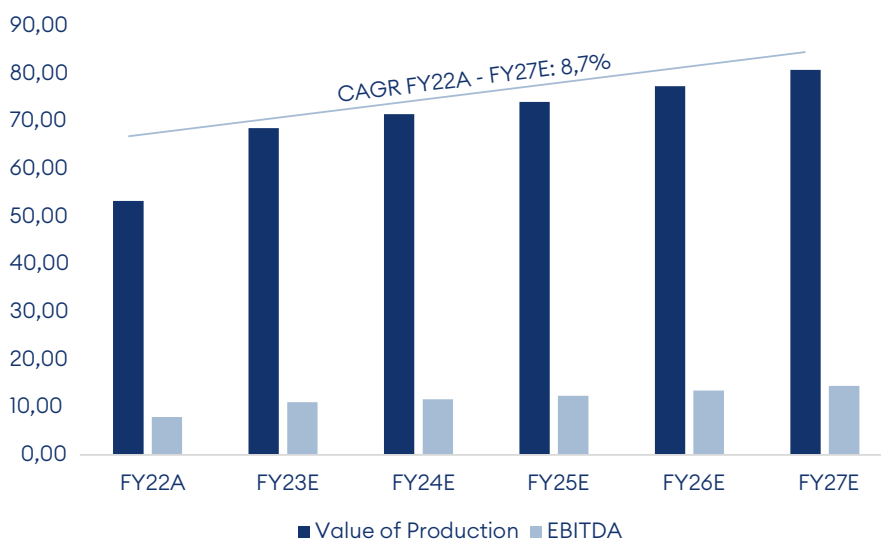
The EBIT, after depreciation and impairments amounting to €1.48 million, is €2.69 million. The EBIT Margin for 1H23A is 9.9%. The Net Income as of June 30, 2023, is €1.93 million.

On the balance sheet, the NFP shifted from a debt value of €6.66 million in FY22A to €8.91 million in 1H23A, primarily due to a deterioration in working capital and the impact of investments in instrumental assets for the business. It is specified that, concerning working capital, in the first half of 2023, it was mainly affected by an increase in trade receivables by approximately €1.50 million, correlated with the timing and methods (related to withholdings as a guarantee) of billing to SAL. Additionally, there was a reduction of approximately €4.00 million in trade payables, caused by a decrease in payment terms for some strategic

suppliers, as well as the progress of construction sites where a massive supply of materials such as pipes or iron cages (which typically have significant value in the construction process) is not anticipated, resulting in a reduction in the position of indebtedness to suppliers.

5.3 FY23E – FY27E Estimates

CHART 18 – VOP AND EBITDA FY22A – FY27E

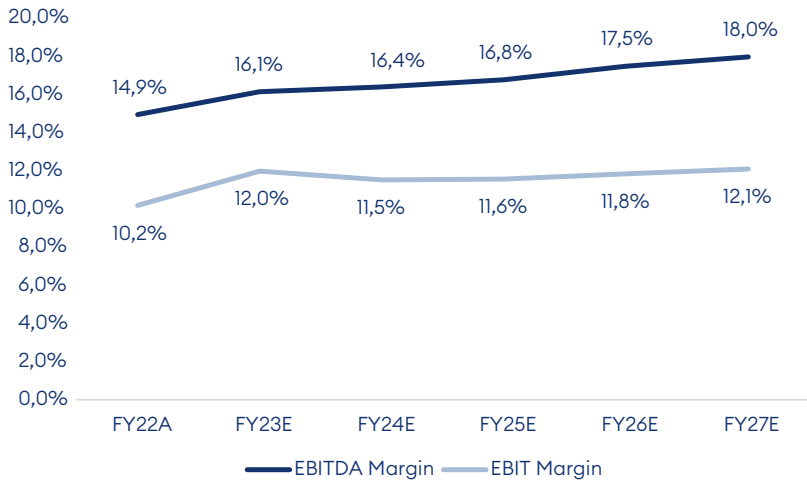


Source: *Integrae SIM*

For the upcoming years, we expect an increase in the value of production, which, according to our estimates, will rise from €53.27 million in the FY22A to €80.75 million in the FY27E, with a CAGR of 8.7% from FY22A to FY27E. Organic growth will be primarily driven by the awarding of new contracts for the construction of public infrastructure over the years, mainly propelled by the PNRR reform program to accelerate ecological and digital transition. Especially noteworthy are the substantial national and European public resources allocated to the sector, primarily intended to finance interventions included in the PNRR, works commissioned by the “Sbloccacantieri” Decree, interventions related to the Jubilee 2025, the Winter Olympics in Cortina, and the Mediterranean Games in Taranto in 2026. Additional new investments may come from large projects aimed at producing renewable energy.

The average duration of Palingeo’s contracts (1 to 3 years) allows for full revenue visibility for FY23E, partial visibility for FY24E, and residual visibility for FY25E. For the revenue portion not estimated through the use of the Company’s backlog as of June 30, 2023, we have considered an increase in these based on the data related to the expected growth in the public sector alone, as outlined in the XXXIII Report by CRESME, weighted concerning the historical percentage of public contracts acquired by the Company over the total contracts.

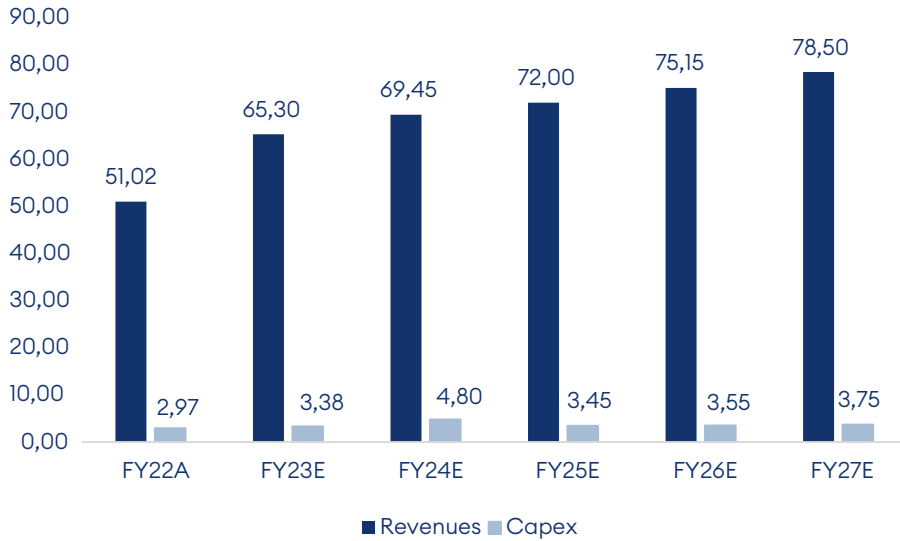
CHART 19 – EBITDA AND EBIT MARGIN FY22A – FY27E



Source: Integrae SIM

Likewise, we expect an increase in EBITDA, which, according to our estimates, will grow from €7.96 million in FY22A to €14.50 million in FY27E. We believe that Palingeo can improve its margin not only due to business growth for the reasons mentioned above but also through a progressive streamlining of operational costs over the years. We estimate that this efficiency can be obtained using new machinery and equipment with 4.0 technology which allow for remote monitoring of regular maintenance, machine efficiency, and production. This will enable a progressive streamlining of the production process. Additionally, we anticipate that the Company will decrease the incidence of costs for the use of third-party assets, related to the expiration of some financial and operational leasing contracts that will not be renewed, in favour of direct investment in equipment and machinery necessary for site development.

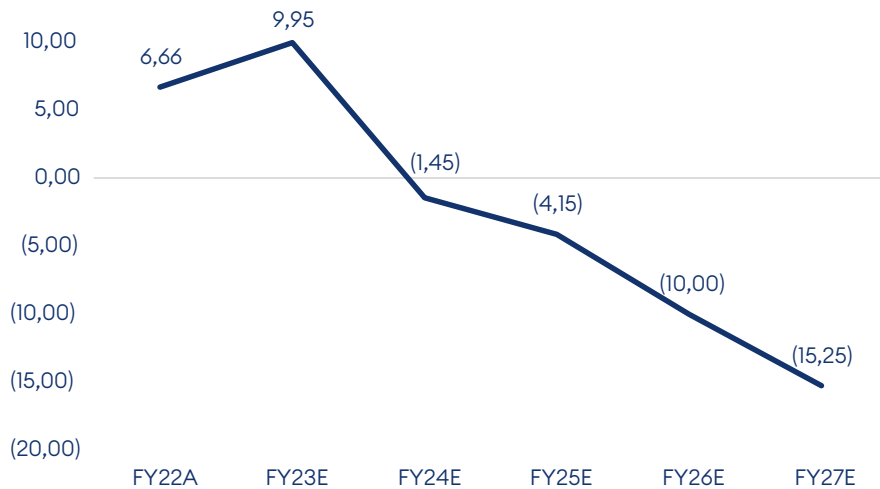
CHART 20 – REVENUES AND CAPEX FY22A – FY27E



Source: Integrae SIM

In terms of Capex, we believe that the Company will continue to pursue its investment objectives. Specifically, we anticipate that the Company will require increased purchases of machinery and equipment as the volume of activities grows. Finally, we estimate that investments will be directed towards acquiring machinery integrated with Industry 4.0 technologies, enabling the management and control of all industrial operational processes through automatic interaction, including with the production line.

CHART 21 – NET FINANCIAL POSITION FY22A – FY27E



Source: Integrae SIM

According to our estimates, the Company will be able to support its growth with the IPO proceeds and the cash flows generated, and therefore, we do not expect it to resort to borrowing to finance changes in working capital or the planned investments. Existing medium-to-long-term financial debts will gradually be extinguished, corresponding to a constant increase in liquid assets. We expect, therefore, a progressive improvement in the Net Financial Position (NFP), which will transition from the value of €6.66 million in FY22A to a positive cash value of €15.25 million in FY27E.

5.4 Use of Proceeds

The Company has completed the listing on the Euronext Growth Milan market to secure resources for the continuation of its growth journey. Specifically, Palingeo has outlined objectives post-fundraising, including targeted strategies to consolidate its competitive position through the acquisition of new contracts. Additionally, it aims to evaluate external growth opportunities through extraordinary finance operations aimed at acquiring open innovation.

In detail, the Company plans to allocate the funds raised to:

- Opening new local units (similar to what has been done for the one in Messina), allowing the acquisition of new contracts throughout the national territory to consolidate the Company's territorial presence, also by employing local labour, to be trained and specialized to high-quality standards;
- Expanding and modernizing the machinery fleet, as well as integrating them with Industry 4.0 technologies, enabling the management and control of all industrial operational processes through automatic interaction, including with the production line;
- Hiring highly specialized technical and managerial personnel;
- Continuous training of personnel to high standards, with the aim of ensuring up-to-date skills and improving the level of professional, technical, and specialist qualifications;
- External growth, aiming to enter sectors that allow the acquisition of open innovation, with a particular focus on processes, workplace safety, and machinery park innovation.

6. Valuation

We conducted the valuation of Palingeo's equity range based on the Discounted Cash Flow (DCF) methodology and multiples of a sample of comparable companies.

6.1 DCF Method

TABLE 6 – WACC

WACC			8,85%
D/E 33,33%	Risk Free Rate 3,04%	β Adjusted 0,68	α (specific risk) 2,50%
K_d 4,00%	Market Premium 7,81%	β Relevered 0,84	K_e 10,84%

Source: Integrae SIM

In particular:

- The Risk-Free Rate is represented by the Rendistato of January 2024 with a maturity between 3 years and 7 months and 4 years and 6 months;
- The Market Premium corresponds to the premium for the risk of the Italian market calculated by Professor A. Damodaran;
- D/E is calculated based on estimates made by Integrae SIM;
- K_e has been calculated using the Capital Asset Pricing Model (CAPM);
- Alfa, or additional specific risk typical of equity investments in companies characterized by small operational sizes. Given the small sizes, the additional small-cap risk has been assumed to be 2.5%, an average value suggested by prominent studies in the field (Massari Zanetti, Financial Valuation, McGraw-Hill, 2004, p. 145; A. Damodaran, Cost of Equity and Small Cap Premium in Investment Valuation, Tools and Techniques for Determining the Value of Any Assets, 3rd edition 2012; Guatri Bini, New Treaty on Business Valuation, 2009, p. 236);

- Beta is calculated based on the 5-year unlevered Beta of competitors;
- Kd coincides with the current cost of the company's debt.

Using this data, the Weighted Average Cost of Capital (WACC) is 8.85%.

TABLE 7 – DCF VALUATION

DCF		% of EV
FCFO actualized	15,3	21%
TV actualized DCF	56,9	79%
Enterprise Value	72,2	100%
NFP (FY24E)	(1,5)	
Equity Value	73,6	

Source: Integrae SIM

With the above data and using our estimates and assumptions as a reference, **the resulting equity value is €73.6 million.**

TABLE 8 – EQUITY VALUE – SENSITIVITY ANALYSIS

€/mln	Growth Rate (g)	WACC						
		7,4%	7,9%	8,4%	8,9%	9,4%	9,9%	10,4%
	3,0%	118,1	106,0	96,3	88,2	81,4	75,7	70,7
	2,5%	107,6	97,7	89,5	82,6	76,7	71,7	67,3
	2,0%	99,1	90,8	83,7	77,8	72,6	68,2	64,3
	1,5%	92,1	84,9	78,9	73,6	69,1	65,1	61,6
	1,0%	86,2	80,0	74,6	70,0	65,9	62,4	59,2
	0,5%	81,1	75,7	71,0	66,8	63,2	59,9	57,0
	0,0%	76,7	71,9	67,7	64,0	60,7	57,7	55,1

Source: Integrae SIM

6.2 Multiples Method

6.2.1 Panel composition

- **AF Gruppen ASA Inc**

AF Gruppen is a Norway-based company operating in the construction sector. The company's activities are divided into five business areas: Civil Engineering, providing civil engineering services in Norway to clients such as public entities and large industrial companies; Construction, undertaking construction work for public and private clients as well as renovation work in residential and commercial buildings; Property, involved in identifying, acquiring, developing, selling, and realizing residential and non-residential construction projects; Environment, including onshore and offshore demolition and environmental remediation services; and Energy, providing technical solutions for the construction, industrial, marine, and offshore sectors. AF Gruppen operates in Norway, Sweden, Poland, and China.

- **Peab AB**

Peab is a Sweden-based company active in the civil engineering and construction sector. The company's activities are divided into four business areas. The Construction business area focuses on building homes for external clients and developing company-owned housing. The Real Estate Development business area focuses on the acquisition, development, and sale of commercial properties and rental properties in the Nordic region. The Civil Engineering business area manages commissions such as the construction of infrastructure projects and civil engineering. It also provides management and maintenance of roads and municipal structures. The industry business area focuses on the Nordic markets of construction and civil engineering, primarily serving Nordic construction and civil engineering companies.

- **Mota-Engil SGPS SA**

Mota-Engil SGPS SA is a Portuguese group providing construction and infrastructure management services in Europe, Africa, and Latin America. The company offers a range of services, including the development of building and infrastructure projects related to airports, railways, hydraulic plants, ports, roads, and urban structures; agricultural and industrial projects; public and private construction; and building rehabilitation services. The company was founded in 1946 and is headquartered in Porto, Portugal.

- **Trevi Finanziaria Industriale SpA**

Trevi Finanziaria Industriale SpA operates in the field of soil engineering. The company specializes in special foundations and ground consolidation works for large infrastructure projects and the remediation of contaminated sites. It also designs, manufactures, and

markets machinery, systems, and services for underground engineering. The company was founded in 1957 and is headquartered in Cesena, Italy.

- **Fluor Corporation**

Fluor Corporation is an American company providing engineering, procurement, and construction (EPC) services, fabrication and modularization, operation and maintenance, asset integrity, and project management services worldwide. It operates through four segments: Energy Solutions, Urban Solutions, Mission Solutions, and Other. The Urban Solutions segment offers EPC and project management services in infrastructure, advanced technologies, life sciences, and mining and metals industries. It also provides staffing services to the company and third-party clients with technical, professional, and craft resources on a contract or permanent placement basis. The company was founded in 1912 and is headquartered in Irving, Texas.

TABLE 9 – COMPARABLES MARKET DATA FY22A (€/MLN)

Company	Country	Market Cap	EV	NFP	EV/EBITDA	P/E	NFP/EBITDA
AF Gruppen ASA	Norway	999,00	1.059,97	60,97	5,9 x	10,9 x	0,3 x
Peab AB	Sweden	1.106,00	2.737,12	1.631,12	7,5 x	6,8 x	4,4 x
Mota-Engil SGPS SA	Portugal	1.003,16	2.068,62	1.065,46	3,7 x	24,6 x	1,9 x
Trevi Finanziaria Ind. SpA	Italy	80,08	331,26	251,18	5,2 x	n.m.	3,9 x
Fluor Corp.	USA	6.011,33	4.627,48	(1.383,85)	25,9 x	60,7 x	n/a
Peer Median		1.003,16	2.068,62	251,18	11,5 x	11,0 x	2,9x
Palingeo	Italy	34,22	40,88	6,66	5,1 x	9,4 x	0,8x

Source: InFinancials

TABLE 10 – COMPARABLES FINANCIAL HIGHLIGHTS FY22A (€/MLN)

Company	VoP	EBITDA	EBIT	Net Profit	EBITDA Margin	EBIT Margin	Net Profit Margin
AF Gruppen ASA	2.972,67	179,19	128,89	91,26	6,0%	4,3%	3,1%
Peab AB	5.520,36	366,73	229,10	163,31	6,6%	4,2%	3,0%
Mota-Engil SGPS SA	4.392,45	557,26	262,40	40,73	12,7%	6,0%	0,9%
Trevi Finanziaria Ind. SpA	588,97	63,85	20,13	(15,18)	10,8%	3,4%	n.m.
Fluor Corp.	12.842,46	178,47	149,51	99,05	1,4%	1,2%	0,8%
Peer Median	4.392,45	179,19	149,51	91,26	6,6%	4,2%	1,9%
Palingeo	53,27	7,96	5,42	3,64	14,9%	10,2%	6,8%

Source: InFinancials

6.2.2 Multiples Method

TABLE 11 – MARKET MULTIPLES

Company Name	EV/EBITDA				EV/EBIT				P/E			
	FY23E	FY24E	FY25E	FY26E	FY23E	FY24E	FY25E	FY26E	FY23E	FY24E	FY25E	FY26E
AF Gruppen ASA	6,7 x	6,1 x	5,7 x	6,4 x	15,8 x	10,6 x	9,8 x	8,8 x	23,6 x	15,8 x	14,8 x	13,2 x
Peab AB	10,3 x	9,3 x	8,8 x	7,9 x	18,9 x	20,3 x	16,1 x	12,2 x	11,7 x	16,7 x	11,3 x	8,0 x
Mota-Engil SA	4,0 x	3,8 x	3,6 x	3,4 x	7,4 x	6,3 x	6,0 x	5,6 x	24,3 x	18,3 x	13,5 x	11,0 x
Trevi Fin. Ind. SpA	4,1 x	3,7 x	3,4 x	3,3 x	7,7 x	7,9 x	6,5 x	5,1 x	22,6 x	11,3 x	9,7 x	7,7 x
Fluor Corp.	14,5 x	8,9 x	7,6 x	8,6 x	18,5 x	10,8 x	10,0 x	10,3 x	16,0 x	14,6 x	13,3 x	13,1 x
Peer median	6,7 x	6,1 x	5,7 x	6,4 x	15,8 x	10,6 x	9,8 x	8,8 x	22,6 x	15,8 x	13,3 x	11,0 x

Source: InFinancials

TABLE 12 – MARKET MULTIPLES VALUATION

€/mln	FY23E	FY24E	FY25E	FY26E
Enterprise Value (EV)				
EV/EBITDA	73,6	71,6	70,8	85,9
EV/EBIT	129,2	87,3	83,8	80,3
P/E	126,6	89,0	78,3	69,8
Enterprise Value post discount				
EV/EBITDA	55,2	53,7	53,1	64,4
EV/EBIT	96,9	65,5	62,8	60,2
P/E	94,9	66,8	58,7	52,3
Equity Value				
EV/EBITDA	45,2	55,2	57,3	74,4
EV/EBIT	86,9	66,9	67,0	70,2
P/E	94,9	66,8	58,7	52,3
Average	75,7	62,9	61,0	65,6

Source: Integrae SIM

The equity value of Palingeo has been calculated using the average of market multiples EV/EBITDA, EV/EBIT, and P/E. In order to account for the potentially lower liquidity of Palingeo's stock compared to its comparables, a discount of 25.0% has been applied. The resulting equity value is € 66.3 million.

7. Equity Value

TABLE 13 – EQUITY VALUE

Equity Value (€/mln)	70,0
Equity Value DCF (€/mln)	73,6
Equity Value Multiples (€/mln)	66,3
Target Price (€)	10,80

Source: Integrae SIM

Consequently, looking at the values obtained based on the DCF method and those obtained with the multiples method, we arrive at an average equity value of € 70.0 mln. **The target price is therefore equal to € 10.80, rating BUY and risk MEDIUM.**

TABLE 14 – IMPLIED SENSITIVITY ANALYSIS

Equity Value (€/mln)	EV/EBITDA			EV/EBIT			P/E		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
55,0	4,8x	4,6x	4,3x	6,5x	6,5x	6,3x	9,8x	9,8x	9,3x
60,0	5,3x	5,0x	4,7x	7,1x	7,1x	6,8x	10,7x	10,7x	10,2x
65,0	5,7x	5,4x	5,1x	7,7x	7,7x	7,4x	11,6x	11,6x	11,0x
70,0	6,2x	5,9x	5,5x	8,4x	8,3x	8,0x	12,5x	12,4x	11,9x
75,0	6,7x	6,3x	5,9x	9,0x	8,9x	8,6x	13,4x	13,3x	12,7x
80,0	7,1x	6,7x	6,3x	9,6x	9,5x	9,2x	14,3x	14,2x	13,6x
85,0	7,6x	7,1x	6,7x	10,2x	10,2x	9,8x	15,2x	15,1x	14,4x

Source: Integrae SIM

Disclosure Pursuant to Delegated Regulation UE n. 2016/958

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The BUY, HOLD and SELL ratings are based on the expected total return (ETR – absolute performance in the 12 months following the publication of the analysis, including the ordinary dividend paid by the company), and the risk associated to the share analyzed. The degree of risk is based on the liquidity and volatility of the share, and on the rating provided by the analyst and contained in the report. Due to daily fluctuations in share prices, the expected total return may temporarily fall outside the proposed range

Equity Total Return (ETR) for different risk categories			
Rating	Low Risk	Medium Risk	High Risk
BUY	ETR >= 7.5%	ETR >= 10%	ETR >= 15%
HOLD	-5% < ETR < 7.5%	-5% < ETR < 10%	0% < ETR < 15%
SELL	ETR <= -5%	ETR <= -5%	ETR <= 0%
U.R.	Rating e/o target price Under Review		
N.R.	Stock Not Rated		

Valuation methodologies (long term horizon: 12 months)

The methods that INTEGRÆ SIM SpA prefers to use for value the company under analysis are those which are generally used, such as the market multiples method which compares average multiples (P/E, EV/EBITDA, and other) of similar shares and/or sectors, and the traditional financial methods (RIM, DCF, DDM, EVA etc). For financial securities (banks and insurance companies) Integrae SIM SpA tends to use methods based on comparison of the ROE and the cost of capital (embedded value for insurance companies).

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- It plays, or has played in the last 12 months, role of specialist financial instruments issued by Palingeo S.p.A.;
- In the IPO phase, Integrae SIM played the role of global coordinator.