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Comal | Italy | Euronext Growth Milan | Energy & Renewables

Rating: BUY | Target Price: € 5,35 | Initiation of Coverage | Risk: Medium

Stock performance	1 M	3M	6M	1Y
absolute	-10,08%	27,17%	13,79%	7,49%
to FTSE AIM Italy	-10,07%	34,45%	20,49%	-6,21%
to FTSE STAR Italy	-7,32%	38,81%	29,16%	3,62%
to FTSE All-Share	-11,31%	37,04%	20,87%	7,83%
to EUROSTOXX	-8,77%	37,42%	21,86%	12,20%
to MSCI World Index	-8,22%	31,83%	19,60%	7,15%

Stock Data	
Price	€ 3,30
Target price	€ 5,35
Upside/(Downside) potential	62,2%
Bloomberg Code	CML IM EQUITY
Market Cap (€m)	€ 37,95
EV (€m)	€ 44,24
Free Float	34,78%
Share outstanding	11.500.000
52-week high	€ 4,19
52-week low	€ 2,45
Average daily volumes (3m)	155.000

Key Financials (€m)	FY21A	FY22E	FY23E	FY24E
Revenues	37,2	45,0	56,0	63,0
VoP	42,1	51,0	63,0	71,0
EBITDA Adj.	3,4	4,6	6,3	7,8
EBIT	2,2	3,4	5,0	6,5
Net Profit	1,2	2,2	3,3	4,3
EBITDA Adj. margin	4,3%	4,7%	5,3%	5,8%
EBIT margin	2,8%	3,5%	4,2%	4,8%
Net Profit margin	1,5%	2,2%	2,8%	3,2%

Main Ratios	FY21A	FY22E	FY23E	FY24E
EV/EBITDA Adj. (x)	13,0	9,6	7,0	5,7
EV/EBIT (x)	20,2	13,2	8,8	6,9
P/E (x)	32,7	17,7	11,5	8,8

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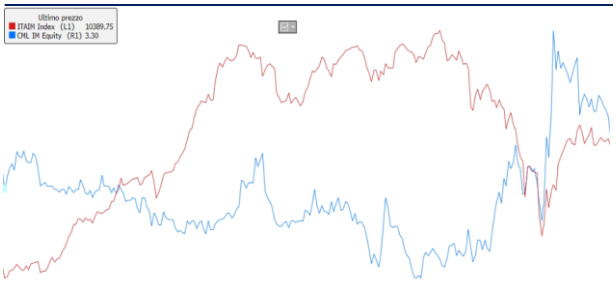
Performance relative to Euronext Growth Milan



Company Overview

Comal SpA., established in 2001, was founded as a company operating in the mechanical plant sector for the construction of traditional energy plants, and then became active in the plant sector for the production of energy from solar sources. The Company, at the head of the homonymous Group, currently manufactures cutting-edge photovoltaic systems of great power, with EPC-M (Engineering, Procurement, Construction Management) and O&M (Operation & Maintenance) formulas covering all phases of the production chain: in fact, it deals with the design, construction of structural and robotic components, installation, testing, commissioning and maintenance of the plant, thus offering a turnkey service.

Market

Comal, through its activities, operates in the renewable energy and energy efficiency market, and in particular in the field of plant engineering for the production of energy from solar sources. The Company is one of the main Italian operators specializing in the construction of large power photovoltaic systems installed on the ground, with an energy production capacity ranging from 1MW to over 80MW per plant, in addition to being the first operator to design and install plants that have reached parity in cost between the production of energy from renewable and traditional sources (grid parity). According to the International Energy Agency (IEA), renewable energy production will be the main source of electricity: 5,306 GW is planned to be installed by 2040.

Valuation

We conducted the valuation of Comal equity value based on the DCF methodology and multples of comparables Companies sample. The DCF method (which also includes a specific risk of 2.5%, for prudential purposes, in the calculation of the WACC) returns an equity value of € 79.8 mln. The equity value of Comal using market multiples is equal to € 43.40 mln (including a discount of 10%). The result is an average equity value of about € 61.60 mln; the target price is € 5.35, BUY rating an MEDIUM risk.

Content

1. Company Overview

1.1 Business activity

Comal SpA ("Comal"), established in 2001, was founded as a company operating in the mechanical plant sector for the construction of traditional energy plants, and then became active in the plant sector for the production of energy from solar sources. The Company, at the head of the homonymous Group, currently manufactures cutting-edge photovoltaic systems of great power, with EPC-M (Engineering, Procurement, Construction Management) and O&M (Operation & Maintenance) formulas covering all phases of the production chain: in fact, it deals with the design, construction of structural and robotic components, installation, testing, commissioning and maintenance of the plant, thus offering a turnkey service. The Group operates mainly in Italy, but is also active abroad, participating on an ongoing basis, if necessary together with local operators, in tenders for the construction of energy production plants around the world, mainly in Europe, Africa, and the Middle East: a total of more than 45 plants have been built, for over 750MW of power.

Parallel to the construction of plants, the Company also carries out ordinary and extraordinary maintenance operations at power production plants from conventional sources, mostly thermoelectric power plants. However, this activity has a very marginal role: the focus of Comal is on the development of new green technologies that can innovate the production of clean solar energy and cause a drastic reduction in the impact of pollution on the environment, in particular in terms of CO_2 emissions. In this regard, according to the consolidated track record, Comal can boast the fact that it is currently the first plant manufacturer in Italy concerning the product range from 5MW to 80-100MW, in addition to being a pioneer in the construction of Grid Parity plants[1], that is, with economically convenient performance without the need for public incentives.

The Company's plant is based in the Montalto di Castro industrial zone (VT), its registered and operational headquarters, and covers a total area of over 21 thousand square meters used both as a storage area for raw materials, prefabricated buildings, and transit areas (13 thousand square meters) and for offices, workshops, and material warehouses (8 thousand square meters). The plant operates on three daily shifts and employs about 25 resources; its energy needs are partially covered by a 49 KW photovoltaic system.

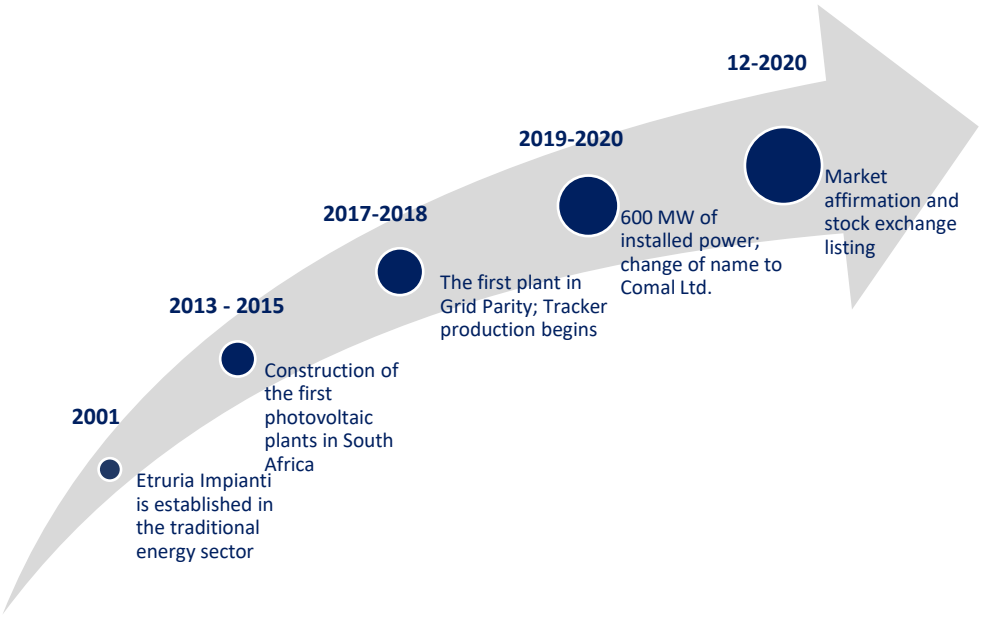
Chart 1 – Comal's Headquarter and factory (left) – example of a photovoltaic plant (right)

Source: Comal

[1] In energy, **grid parity** is the point at which electricity produced through plants powered by renewable sources has the same price as energy produced through traditional (fossil) or alternative (nuclear) sources.

1.2 Company History

Chart 2 – Company Story



Source: Comal

- On **26 May 2001**, at the initiative of a group of technicians with important experience in the plant-industrial sector, Etruria Impianti Srl was founded alongside Comal Srl, a company founded in 1986, which was renamed Tuscia Impianti Tecnologici Srl in 2002. In the early years, the company's path involves participation in the construction of large plants for the production of energy from conventional sources. The same plant in Montalto di Castro was initially a nuclear plant;

- **2008-2009**: the two-year financial crisis also generates a serious crisis in the plant sector. The company takes advantage of this situation to reprogramme its corporate structure and diversify the productive interest, thus entering the sector of solar - photovoltaic energy production;

- **07/05/2010**: Tuscia Impianti Srl is transformed into a joint-stock company under the name Comal SpA. It will be transformed again into an Srl in 2014 under the name Comal Impianti Srl;

- **2013-2015**: after having worked for a couple of years as a subcontractor for the construction of plants, the first photovoltaic plants are built in South Africa, for a total power of 96MW, and the first projects are also launched in Italy. Since 2016, the EPC-M and O&M contractual formula has come to life, therefore both relating to construction and maintenance and the guarantee of product performance and functionality;

- **2017**: The first photovoltaic plant is built in Grid Parity in Italy with a power of 63 MW, signaling independence from state incentives and a strong technological upgrade;

- **2017-2020**: the experience allows Comal to enter a sector until then populated by only foreign subjects. In 2018, the supply of trackers and support structures for photovoltaic panels began, and in the two-year 2019/2020 panels were installed for more than 250MW of power; the positive market performance in the energy sector from renewable sources and the growth achieved led to the name being changed again to Comal SpA.;

- **16/12/2020**: admission to the listing on the former AIM segment (now Euronext Growth Milan) of Borsa Italiana at €2.0/share, for a collection of € 7.92 million. IPO proceeds were used to support growth in 2021, extend operating headquarters and invest in R&D and international expansion.

To date, since 2009, the Company has built more than 45 plants with a cumulative power of over 750MW, with a surge in recent years due to collaborations with top European players, investors in pure energy, and large international groups in the utility sector.

1.3 Shareholders and Group structure

Table 1 – Shareholders

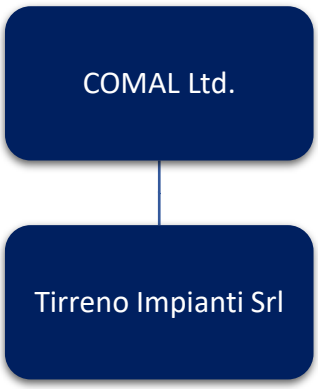
Shareholder	N° Shares	% Cap. Soc.
Savio Consulting Srl	3.561.260	30,97%
Alba Service Srl	968.750	8,42%
Sam Srl	750.000	6,52%
Urania srl	560.000	4,87%
Zeus Capital Alternative GP	800.000	6,96%
Altri Azionisti	1.320.000	11,48%
Market*	3.540.000	30,78%
Total	**11.500.010**	**100,00%**

Source: Comal
* the float includes the participation of Zeus Capital

Comal SpA. has a share capital of € 0.23 million, divided into 11,500,000 ordinary shares. It is currently 30.97% controlled by Savio Consulting Srl, a company held by the Chairman of the Board of Directors Guido Paolini. Alba Service Srl, which holds 8.42% of the share capital, is controlled by Alfredo Balletti, current CEO of the Company, while the Director Fabio Rubeo is in charge of Urania Srl. The float, as defined in the EGM Issuers' Regulation, is equal to 37.74% of the share capital, and also includes the participation of Zeus Capital Alternative GP. All subjects falling into the 'Other Shareholders' category are subject to a lock-up clause.

The COMAL Group includes, in addition to the Parent Company Comal SpA., the 100% owned subsidiary Tirreno Impianti Srl, the only other company included in the scope of consolidation, of which the Parent Company holds a majority of the voting rights. Tirreno Impianti, with a registered office in Montalto di Castro, operates in the manufacturing and installation of metal structures and carpentry and is directly involved in the construction of new photovoltaic systems by assigning subcontracted orders from Comal, for mechanical and electrical assembly activities. Federico Balletti, son of CEO Alfredo Balletti, is the Sole Director of the Company.

Chart 3 – Group Structure

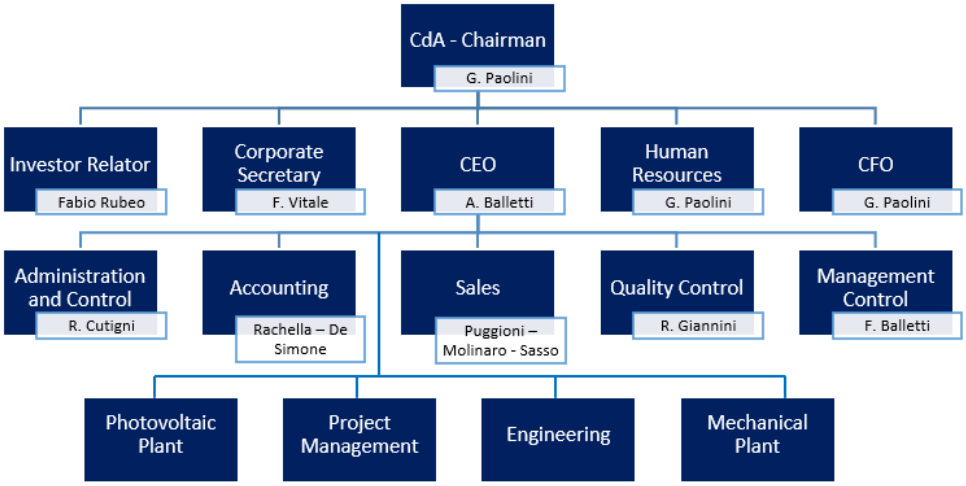


Source: Comal

In addition to the subsidiary, Comal has established BC Renewable Energy S.c.a.r.l. a consortium company with Boffetti SpA. to participate jointly in tenders and procurement contracts in the photovoltaic sector, including parts related to the high-voltage connection. The Company currently controls 50% of the shareholding.

1.4 Corporate Governance

Chart 4 – Organization



Source: Comal

The current Board of Directors is composed of six members and was appointed by the Shareholders' Meeting on 18 November 2020. It will remain in charge until the date of approval of the balance sheet as of 31 December 2022.

- Guido Paolini holds the role of Chairman of the Board of Directors;
- Alfredo Balletti is Chief Executive Officer;
- Francesco Vitale is a Member of the Board of Directors;
- Fabio Rubeo is a Member of the Board of Directors;
- Alessandro Campisi is a Member of the Board of Directors;
- Giovanni Sicari is an Independent Director;

Dr. Muscianesi, a former seventh member, resigned from his position, on 24 May 2021, in consideration of the new role of Head of the Program Management of Comal and consequent loss of the requirement of independence. Consequently, the Company announced, on 28 March 2022 and at the same time as approving the consolidated financial statements as of 31/12/2021, the appointment of Barbara Paolini as a non-independent director.

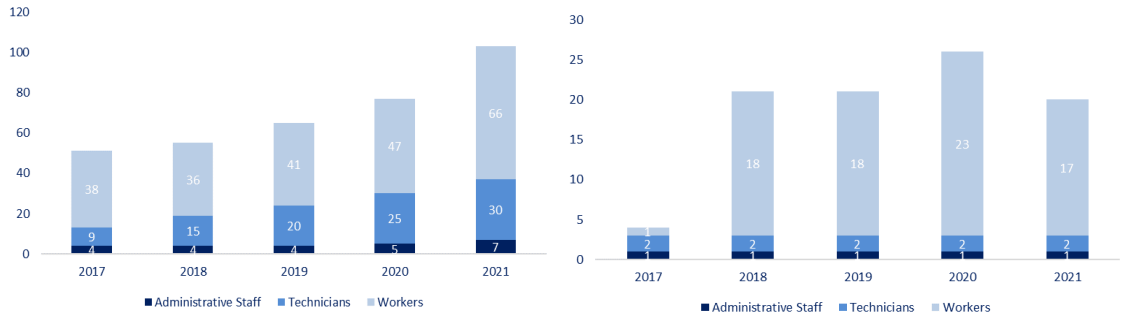
The Board of Statutory Auditors consists of three full members and two alternate members, appointed by the Shareholders' Meeting on 18 November 2020 and will remain in charge until the Shareholders' Meeting convened to approve the financial statements as of 31 December 2022.

- Maurizio Fantaccione is Chairman of the Board of Statutory Auditors;
- Riccardo Gabrielli is Standing Auditor;
- Stefano Ceccarelli is Standing Auditor;
- Danilo Turano and Francesco Lanzi are the two Alternate Auditors.

The Group, as of 31/12/21, has more than 128 resources, including 25 engineers involved in the design and management of orders and a majority of workers, who carry out construction activities in the Montalto di Castro production plant. At the moment the organization is adapted to the processes and the order portfolio, the structure is considered to be able to further implement taking into consideration the growth in progress, generated by new potential orders and by the favorable market prospects in the green energy sector. In this regard, the hiring of new operating units is expected in the coming years following the explosion of demand for the supply of trackers, in particular, more than 50 resources are estimated at full capacity to be used in the production cycle.

It is also possible that additional figures will be added to the new headquarters in Dubai, for the commercial supervision and development of the Middle East area.

Chart 5 – Evolution of Comal & Tirreno Impianti employees



Source: Comal

1.5 Key people

Guido Paolini – Founder, major shareholder, and Chairman of the Board of Directors

He graduated as a mechanical expert at the Ubaldo Comandini Institute in Cesena. He has gained numerous professional experiences in the plant engineering sector, first as a coordinator and then as a site manager. Between 1969 and 1971 he collaborated with the company Dalmine Montubi SpA. in the construction of a methane loading and unloading plant (as coordinator) and subsequently with Italimpianti SpA. From 1973 to 1981 he collaborated with the company CO.GE.MI SpA on various plants operating as site manager, taking part, among others, in a project for the dehydration of methane gas and several contracts at the Montalto di Castro nuclear power plant. In 2001 he established Comal SpA (of which he held the position of Sole Director or member of the Boards of Directors) and from 2011 to 2017 he was Sole Director of Tirreno Impianti Srl.

Alfredo Balletti – Chief Executive Officer

After graduating in Mechanical Engineering from the University "La Sapienza" in Rome in 1983, he began his professional career as a researcher and subsequently collaborated between 1985 and 1988 with EL-MO Srl. as Quality Assurance Manager dealing with quality controls. Subsequently, he collaborated with CO.GE.MI. SpA as a project manager dealing with the management of orders relating to the construction of methane decompression chambers as well as the construction of the cover of the San Siro stadium in Milan. Between 1992 and 1996 he was director and technical Director of CO.M.AL. Srl responsible for the design, construction, and assembly of pipes and carpentry at the Montalto di Castro power plant. Since 2007 he has been Chief Operating Officer of Comal SpA., responsible for the design, construction, and assembly of pipes and carpentry in thermoelectric power plants. He manages the development of Comal SpA's activities in the field of design, construction, and maintenance of large photovoltaic plants and is the reference designer of the Tracker.

Francesco Vitale – Member of the Boards of Directors – Administration and Control

After obtaining his accounting diploma, from 1968 to 1977 he worked in administration and accounting at Pan Electric SpA concerning the production unit for the construction of the steel center in Taranto. From 1977 to 1995 he was responsible for administration and accounting at Carlo Gavazzi Impianti SpA, both at the headquarters in Milan and the operating units located at various sites in Italy, concerning instrumentation plants and control systems in nuclear and thermal power plants. Since 2001 he has been responsible for the administration and control of Comal SpA.

Fabio Rubeo – Member of the Boards of Directors – Investor Relations Manager

After graduating in Law from the LUISS "Guido Carli" University in Rome, he joined a project for the conception and organization of the order for the construction of the largest apochromatic refracting telescope in the world and actively participated in the construction of several Observatories (CSO, ALMA, SPADE) in the aerospace field. In addition, he collaborated with the University of Nairobi and the University "La Sapienza" of Rome in the context of the Master in "Space Mission Design and Management" and, with the Department of Aerospace and Astronautical Engineering of the University "La Sapienza" of Rome, for the construction of the first Italian observatory dedicated to space debris (SPADE Observatory).

1.6 Authorizations and Certifications

In the design and installation of energy production plants from renewable sources, Comal's commitment is recognized by the most important Certification Bodies. A guarantee places the company as a privileged reference in the installation projects of photovoltaic systems at the national and international levels. In particular, the Company boasts:

- ISO 14001:2015 for the environmental system;
- ISO 45001:2018 management system for health and safety at work;
- ISO 9001:2015 IAF17 structural carpentry quality system;
- ISO 9001:2015 EA28 for the design and maintenance of plants serving power generation plants and photovoltaic systems;
- ISO 3834-2:2006 for the structural carpentry quality system;
- 1090-1:2009 + A1:2011 conformity of factory production control.

2. Business Model

2.1 Industry Segmentation

The renewable energy sector, with particular reference to the process of photovoltaic systems construction and the management of the energy generated, can be divided into four main segments:

- **Authorization development**: a legal-administrative phase that concerns the obtaining of the necessary authorizations for the operational status of the selected site and the performance of the works. This activity can be carried out by small local technical offices, independent structured companies, or by the internal technical offices of large national utilities;
- **EPC**: a very flattened market, with comparable offers among all operators. Comal's competitive advantage is to be able to effectively cover the entire production chain, from design to commissioning, including the supply of all components and their installation;
- **Asset/Plant Management:** management activities and improvement of plant efficiency. This activity can also be carried out by the companies that commission the development of the authorizations and the subsequent construction of the plant; Comal itself, in addition to design, is responsible for verifying that the plants operate at the highest levels of performance through remote controls 24 hours a day;
- **Energy trading/reselling**: generally, this is a service performed by utilities, which have organized themselves with high financial endowments to cover the guarantees required by the market. The current trend shows the interest on the part of utilities to develop and hold their energy parks for the generation and sale of energy produced from renewable sources.

2.2 Value Proposition

Comal has gained over twenty years of experience in the energy sector and is one of the few Italian players to create large-scale photovoltaic systems (>20MW) on the national territory, differing qualitatively from other operators in the sector thanks to the ability to offer engineering and design solutions with high added value, in addition to technologically advanced products (trackers). In recent years, it has collaborated in successful projects with leading European energy operators, of high size and standing, from financial investors in the energy sector (with a focus on renewables) to large international utilities and national and foreign investment funds, consolidating its competitive position and operational relationships with interlocutors and potential clients.

Through its business, the Company can meet the demand of its clients, thanks to the following strategic guidelines that differentiate it from its competitors:

- Reliability in the execution of the works and speed of execution, thanks to the experience acquired during the various years of activity;
- Qualified and experienced internal design team;
- An extensive network of qualified collaborators and subcontractors for civil works and mechanical and electrical assembly;
- Presence throughout the national territory: Comal can provide services throughout Italy with particular reference to Lazio and all the southern regions, where most of the plants have been installed;

- Focus on sustainability issues: Comal was among the first companies to believe in the production of clean energy as a key to sustainable development and a fundamental step towards reducing the impact of environmental pollution;
- Technological innovation: thanks to the attention paid to scientific research with the R&D team, which led to the development of trackers and the collection of a large amount of data, the analysis of which offers prospects for growth and improvement;
- Know-How and Management: Comal boasts consolidated management with maximum experience in the sector;
- Presence throughout the production chain: the Company is perfectly integrated and operates in all phases of the plant construction process, from preliminary analysis to post-construction maintenance.

2.3 Model

Taking into account the business model, Comal's business can be divided into two divisions, integrated to optimize resources and seize market opportunities. To these is added a third, recently implemented that is having an increasing impact in terms of the value of production.

- **Production of solar energy:** The main part of the Group's turnover derives from the construction of large photovoltaic plants with the EPC-M formula;
    - **EPC** (Engineering, Procurement, Construction): consists of the activities of study, design, and construction of large photovoltaic systems;
    - **O&M** (Operation & Maintenance): activity following the construction of the plant, which consists of the management and maintenance of the plants built on the national territory, performance monitoring, and safety guarantee;
    - **Revamping:** replacement and updating of obsolete and low-efficiency components of plants that have been active for several years;
- **Traditional energy production**: core business in the first years of life. Currently, Comal carries out maintenance of equipment and machinery in plants for the production of thermal energy, as well as maintenance of alternators and turbines.

- **Production of "SunHunter" Trackers**: Comal produces its trackers internally[2], devices that maximize the power that can be generated from each photovoltaic field.

[2] A solar tracker is a mechanical-automatic device designed to orient a photovoltaic panel favourably concerning the sun's rays, increasing the solar power captured.

2.3.1 EPC

EPC contract (Engineering, Procurement & Construction) means a supply agreement for which the supplier carries out both engineering services, material procurement and construction of the work, commissioning and maintenance for the first two years, concerning medium and large photovoltaic plants. Compared to the classic EPC, in this case, the contract also provides for the related management activities of the plants built (commissioning). In this particular market segment, the Company's core business, Comal focuses on large-scale photovoltaic plants (20-70MW), targeting qualified investors often with an international profile.

The division, in terms of the turnover, weighted about 63.0% in the two years FY20A - FY21A, with an activity, focused on the offer of turnkey solutions for large photovoltaic plants. Comal generates a commercial pipeline through direct contacts and negotiations with investors in the energy sector or national and foreign investment funds, or even through participation in tenders, generally called by institutional entities or energy players at the national level (ENEL, A2A, ACEA, EDISON, ENGIE). The acquisition of new clients and mandates can also take place through marketing activities, such as participation in international fairs; once a project has been identified, after the first evaluations and development of the solutions to be proposed, generally varies according to the characteristics of the project and the needs of the client, proceeding with the elaboration of the economic offer. Contractual negotiations may last for approximately three to six months.

The Group’s modus operandi consists in involvement and participation in the project from the initial development phases, carried out by the client, to ensure continuous collaboration and the consequent obtaining of the mandates for the construction and maintenance of the plants. With the collaboration of its network of qualified collaborators and providers, Comal is appointed by the plant owner to carry out all the technical and executive activities necessary for the execution of the order, from the design to the supply of the materials and products necessary for the installation, in addition to the construction of the structural components (tracker), the coordination of the works and the testing and commissioning activities. The main stages are:

1. Feasibility study;
2. Technical-economic consultancy and analysis activities;
3. Design and supply of raw materials;
4. Production and installation of structural components (tracker);
5. Installation of hardware and control software and tracker command;
6. Assembly of photovoltaic modules;
7. Installation of electrical equipment (inverters, transformers) and electrical cabins;
8. Installation of cables and connection;
9. Execution of civil works (roads, cable ducts, fences) and CCTV system (closed-circuit television system and video surveillance);
10. Environmental mitigation, testing, and commissioning of the plant;
11. Commissioning;
12. Maintenance, monitoring, and surveillance.

As regards the first phases, preparatory to the start of the works, the Company has highly specialized personnel with qualified and certified skills in the design and implementation of feasibility studies of the photovoltaic field and civil, plant, and structural works to support the plant. The technical staff includes engineers who guarantee the achievement of the performance requirements required for the specific plant and compliance with the applicable regulatory provisions.

The purchase phase of raw materials is facilitated by the multi-year relationships with the main providers of the construction components, with which long-term supply contracts are in place. Civil works, on the other hand, in addition to part of the mechanical and electrical assemblies, can be outsourced to specialized subcontractors, who collaborate with Comal on an ongoing basis. The remaining part of the construction work is carried out internally, also with the support of the subsidiary Tirreno Impianti.

While the design and engineering phase of the layout and structure of the plant is carried out directly on the selected site, the production, prefabrication, controls, and protective treatments are carried out in the workshops located in the plant in Montalto di Castro: this is equipped with machine tools suitable for important volumes in the complete cycle (plasma cutting machine, radial drills, parallel and vertical lathes, etc.), therefore the offer is managed entirely in-house with production planned on the needs of the individual orders. After serial production, which includes cutting and drilling of the poles, sheet metal joints, and drilling of the load-bearing tubes, the structural components of the trackers are transported in zinc plating (for the protection of metals from corrosion) and then directly to the assembly site. On the construction site, the modules are assembled and installed and subsequently assembled; the result is a perfectly operational turnkey system. Typically, an EPC contract, in addition to the period necessary for the implementation that can take from 7 to 12 months, includes two years of maintenance (O&M) carried out remotely by Comal technicians, coordinated by a Control Room. This represents a great competitive advantage, as the performance monitoring activity allows for the collection of a large amount of data and indications on the achievement of the maximum level of efficiency of the individual plants.

The remuneration of the Company does not only take place on completion of the works but a payments plan is negotiated during the implementation period, which is paid based on the progress of the works. During the negotiation of the contract, milestones are established based on the achievement of which a percentage of the initially agreed fee is recognized. The progress of the works is then recorded directly on the site, concerning the site documentation and to the actual completion of the realization phases planned in the contract timetable: the Director of Works on the Client's side approves the periodic progress with a special Milestone certificate, which shows the contractual conditions and the economic values of progressivity, as well as the issue of invoices for the authorized amounts.

Chart 6 – Photovoltaic Plants in South Africa (left) and Sardinia (right)

Source: Comal

2.3.2 O&M

The O&M (Operational & Maintenance) activity consists in scheduled interventions for the technical and functional control of the plants and the solution of any faults or damages due to weather phenomena, following the construction of the photovoltaic plant. Among these, Comal offers:

- Maintenance of installed systems for two years after commissioning;
- Replacement and updating of obsolete components;
- Remote control and performance testing of the plants;
- Video surveillance and anti-intrusion services.

All these activities are ongoing for plants both produced and in production on the national territory. The last phase, as anticipated, is carried out remotely in a special Control Room located in the Montalto di Castro headquarters, where all production and performance data converge and in which the efficiency of each system is monitored 24 hours a day thanks to CCTV video surveillance systems; the constant monitoring of the systems remotely allows the timely analysis of performance and energy production data and is aimed at controlling functionality, maximizing production performance and also intrusion surveillance.

The centralized control room is currently managed by SCADA (Supervisory Control and Data Acquisition) supervision software, which also includes computer systems installed directly in the photovoltaic fields, for monitoring efficiency and production performance: the data obtained are subsequently entered into the system and processed by a suitably developed management program. The Company has appropriately implemented its top-level software, which collects data from each SCADA system installed by the individual owners of the photovoltaic fields and allows to manage of the data effectively and efficiently thanks to predictive analysis of any malfunctions, to allow, where necessary, a rapid intervention.

Concerning video surveillance systems, these are also specifically installed on-site to ensure 24-hour security control, and to intervene promptly in the event of intrusions and/or vandalism. In this case, however, the supervisory activity is not managed directly by Comal but is subcontracted to external collaborators.

2.3.3 Revamping

Closely connected to the Operation & Maintenance activities are **revamping** interventions, that is, technological modernization through the replacement of components such as modules, inverters,[3] and trackers. The European countries were the first to invest in the renewable energy sector (solar in the first place) and to date are those with the largest base of photovoltaic systems that have more than 5 years of life: more than 650,000 plants of all sizes were installed in Italy before 2014, therefore the solar modules show the need for renovation or replacement. Comal successfully carries out targeted revamping operations, to optimize the production of solar energy from outdated plants, avoiding the complete replacement of the plant, but simply replacing obsolete and low-efficiency components and implementing innovative technologies such as advanced inverters and trackers, which allow a much greater production capacity.

This type of restructuring allows a series of obvious advantages:

- Increase in productivity and performance of the plant;
- Extension of the useful life of the plant (return of the investment in the order of two years);
- Reduction of production costs.

2.3.4 Conventional Energy

Approximately 3.0% of the turnover over the last two years (2019-2020) derives from the presence in the conventional sector, a business in which the Company was specialized in the first years of activity and in which it remained partially active to take advantage of the expertise and track record gained in twenty years of experience. In this context, only scheduled maintenance interventions are carried out:

- Maintenance activities of equipment and machinery in operation for the production of energy from thermal sources;
- Maintenance of alternators and turbines.

Chart 7 – Photo gallery – maintenance activity

Source: Comal

[3] Electronic apparatus capable of converting a direct current input into an alternating current output and of varying its amplitude and frequency parameters

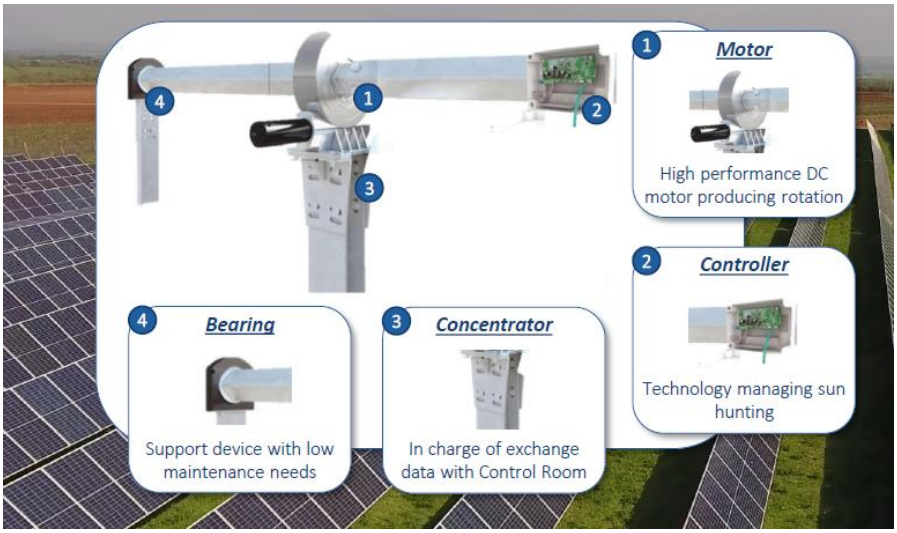
2.3.5 Tracker

Trackers are highly technological devices that allow you to maximize the yield and efficiency of a photovoltaic panel or in general the hosted device. In a photovoltaic system, these support systems play a central role, as the light captured depends directly on the inclination angle of the panel concerning the sun's rays.

Comal SpA. has developed internally a technically valid, technologically advanced, and economically competitive product, which allows the movement of photovoltaic panels during the day to "chase" the sun's rays during the day, thanks to a simple electric motor powered by a simple photovoltaic panel, whose movement takes place on a bearing designed and made internally. This technology, which also allows the panels to be positioned to protect them from any adverse weather, is part of the horizontal single-axis system called "SunHunter18AB", easily adaptable to the configuration of the various fields; the device has a mechanical and an electrical component and adjustable dimensions in terms of both length and setting of the inclination angles. The use of trackers of different lengths and the possibility of setting the angles of each one in an automated way, allows, under the same conditions, a significant increase in the turnover generated by the individual plant.

Unlike the standard product on the market, Comal's system offers innovative and cutting-edge solutions; this sees control software installed on each tracker so that these operate independently or can be modified according to the specific client's requirements. In addition, the hardware components (controllers) are self-powered by the energy generated by the photovoltaic modules, unlike traditional systems that require significant costs in terms of energy from third-party sources: the saving generated allows an efficiency of 16.0% more per MW installed, due to the better absorption of solar radiation. For these reasons, the Company has been experiencing strong increases in demand for these devices for some time and has moved in recent months to create a specific business line dedicated to their sale, since previously this was only contextual to the construction and installation of photovoltaic systems and not a real independent BU. The impact on the turnover of tracker supply has increased to 32.0% in 2020 and is expected to increase significantly from 2023 when the new plant will be opened.

Chart 8 – "SunHunter" Tracker



Source: Comal

On 5 August 2021, Comal announced the acquisition of three new orders for the supply of SunHunter trackers for ten plants located in Piedmont, Marche, Sicily, and Puglia. In this regard, in February 2021, the Company secured a loan of € 2.0 million guaranteed by Medio Credito Centrale, aimed at generating operational liquidity for the supply of raw materials intended for the production of trackers against the new orders obtained. In this way, supplies can be obtained at advantageous economic conditions and reduced delivery times, and this allows the Company a production capacity that is largely able to meet the demand for trackers originating from the orders currently in progress and planned for the coming years.

The increase in order acquisitions and the evident market prospects have led Comal to invest in the construction of a new structure that favors the internalized production of all components: it is expected that the new factory will be able to produce trackers for 1GW of photovoltaic plants, occupying approximately 70 resources at full capacity.

2.4 Research & Development

The Group has always paid particular attention to research and development, as it sees innovation as the main driver of growth and firmly believes that the growth of the photovoltaic sector is the key to reducing the production of pollution and CO_2 emissions into the atmosphere. Since the birth of Comal, the continuous investments have been the driving force behind its dimensional growth and have allowed the conquest of the current market position; the intention is to continue along this line to allow the acquisition of a discriminating or clear strength concerning competitors, in terms of product such as growth and market share.

The investments are therefore in line with the strategy outlined by management and top management as well as with the community and national objectives in terms of environmental sustainability and will allow important margins of dimensional growth that Comal is preparing to face also through an adaptation of the workforce.

Among the activities involved are the research aimed at the study of a plant for the production of hydrogen from renewable sources and its transformation for storage: this type of hydrogen is called "green" because it is produced sustainably, through the electrolysis of water in special electrochemical cells, powered by electricity produced from renewable sources. All other energy sources, in particular fossil fuels, generate large amounts of climate-altering emissions ("grey" hydrogen), due to the process of steam reforming of methane, which disperses CO_2 into the environment.

The Company's R&D division is continuing its research, but given the complexity of the technical solutions understudy, the timescales are not short. In this regard, a collaboration initiative was recently launched with the Biomedical Campus University of Rome, to launch more in-depth research activities. The agreement is aimed at co-financing a Ph.D. Course in Science and Engineering for Humans and the Environment (Science and Engineering for Humans and the Environment); a dedicated start-up is being established, and will deal exclusively with this type of study.

As for the other activities, research is proceeding to optimize the production cycle, especially concerning the automation allowed by the machinery lines of the next installation in the new plant. The aim is also to improve trackers both concerning the electronic and mechanical components, even if these devices are already equipped with innovative and cutting-edge components; other ideas are given by the construction of processing cabins and the development of photovoltaic Agri or the digitization of plants.

In conclusion, the costs incurred by the R&D division, which amount to about 3.0% of the turnover each year, are strategic elements necessary to achieve the expected results for the coming years as a result of the significant growth that is being recorded in the field of renewable energy. The company is projected to acquire significant market shares and to achieve these objectives continue to strengthen the technical structure and research and development activities.

Particular attention should be paid to the new plans of public interventions to promote the growth of the sector: The funds will be used to improve the product and to search for technical solutions to be implemented in the plants.

2.5 Clients & Providers

2.5.1 Clients

In carrying out its business, Comal can boast a series of important collaborations with leading players in the energy sector, to which it offers customized turnkey solutions, overseeing all phases of the construction project. The perception of the Company on the market has also clearly improved following the decision by management to recall the capital market through the listing of shares on the Euronext Growth segment, which has led to greater visibility and therefore a greater ability to attract subjects of certain importance also in terms of economic power.

During the experience gained over the years of activity, the Company has developed a network of successful relationships with many highly visible energy operators throughout Europe, but also with many important financial investors, which Comal helps achieve the set sustainability objectives through the construction of plants that generate a higher return on investment sustained (grid parity). The main subjects served are:

- Energy producers – Utilities;
- Non-institutional investors;
- Energy investors;
- Investment funds;
- Other clients.

In recent years, the first three customers have had a very significant weight on the turnover generated by Comal (always greater than 60.0% in the years considered), which therefore does not present a perfect level of diversification, but it must be specified that they are not always the same subjects but multiple investors or utilities that create and commission large-scale plants; therefore, there are no risks deriving from the loss of a single order or partnership. At the same time, there is a positive trend that sees large clients return to work with Comal on different projects, confirming the reliability and expertise offered.

Concerning the past year, 45.0% of the turnover, equal to € 38.0 million, was generated by the orders obtained by Alzo Econtaminazioni, SPV of EOS Investment that operates in the field of authorization development for renewable source plants; in 2020, another SPV created by KGAL, a German investment fund, made the largest contribution to the turnover. Clients of international importance therefore for Comal which is always improving its position at an international level, also thanks to the progressive increase in the track record of systems built.

In addition to revenues from plant construction (EPC), in the coming years, the impact on turnover of other divisions is expected to increase, such as O&M (with multi-year contracts) and the sale of trackers, which are having an increasing weight. The growth strategy focuses both on the search for new large clients and on the consolidation of relationships with existing clients, also because the scouting of new players to be served can be a long and complicated process (remember that the stages leading to the start of collaboration can take several months). In this regard, the Company carries out marketing activities appropriate to the offer, which comes from regular clients such as the aforementioned Italian or foreign investment funds and various institutional players (Enel, Edison, Acea, A2A) in the energy sector, as well as new opportunities from oil players who are entering the renewable energy market.

2.5.2 Providers

For the performance of its activity, Comal makes use of a series of long-term collaborations with operators who collaborate both in the construction of the plant and in the subsequent monitoring phases. First of all, however, the main supply costs that have the greatest impact on the Group's costs are related to the supply of raw materials (steel), which has been slightly lacking in recent years due to the restrictions related to Covid-19, which have led to an increase in prices and a reduction in shipments, with related time delays. Comal's consolidated reports have made it possible not to be excessively impacted by these dynamics, while still managing to comply with all the timescales for its orders.

The other costs incurred are mainly related to the purchase of photovoltaic modules and above all to the fees to subcontractors that Comal makes continuous use of for the construction of the plant, with particular reference to the assembly of mechanical and electrical components, monitoring and surveillance activities and engineering studies for the search of sites and the development of authorizations. However, the Company is moving to strengthen its production facilities, to internalize the production of some components for photovoltaic systems, thus improving its profitability and reducing the use of external providers, to be able to guarantee its clients the supply of photovoltaic components exclusively made in Italy.

3. Market

Comal, through its activities, operates in the renewable energy and energy efficiency market, and in particular in the field of plant engineering for the production of energy from solar sources. The Company is one of the main Italian operators specializing in the construction of large power photovoltaic systems installed on the ground, with an energy production capacity ranging from 1MW to over 80MW per plant, in addition to being the first operator to design and install plants that have reached parity in cost between the production of energy from renewable and traditional sources (grid parity).

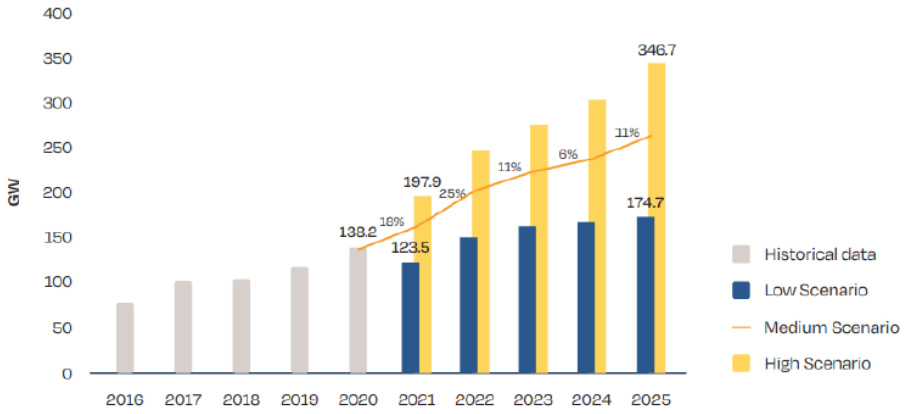
The sector saw, in 2010, a total power of 214 GW of installed power between photovoltaic and wind, but already in 2019, this figure had grown by almost another 1000 GW, reaching a capacity equal to 1,193 GW. According to the IEA (International Energy Agency), renewable energy production should be the main source of electricity production by 2030, and by 2040 the installation of 5,306 GW is expected, with an important role covered by Asian markets, followed by Europe, where it is expected, more than in other areas, a strong increase in the amount of energy produced from renewable sources. Ambitious targets see a strong limitation of CO_2 emissions in the coming years, and this can be, together with the different opportunities for emerging countries, one of the reasons behind the expected growth. The solar photovoltaic market is therefore accelerating and Comal is in the best position to benefit from this trend, boasting a positive trend in the construction of plants started already in 2019 and continued in 2020, which sees a further acceleration in the final part of 2021. At the end of March 2022, the Company boasts an order backlog that exceeds € 100.00 million.

These objectives and prospects are in line with the objectives set by the Italian government, which provide for 52 GW of solar photovoltaic capacity installed in the territory by 2030 (19 GW in 2019), i.e. more than 3 GW installed each year. The raw material supply chain and the difficulties at the beginning of 2022 are an issue to be taken into account: the tension on the availability and increasing prices of raw materials remains the main concern in the coming months, with risks of reducing margins but also of supply difficulties (increased transport costs, delays in deliveries, etc., especially for solar trackers).

In particular, the first half of 2021 was characterized by a general increase in prices for raw materials relative to the components of photovoltaic systems. The increase in aluminum and silicon had a significant impact on the costs of photovoltaic panels, as well as the increase in steel and copper had consequences not only on structures but also on electrical cables. It is estimated that the increase in prices and the Covid 19 pandemic will not stop in any case the expected growth for 2022, which from a conservative estimate will increase by about 18% compared to 2020 data reaching 163.2 GW of installed power.

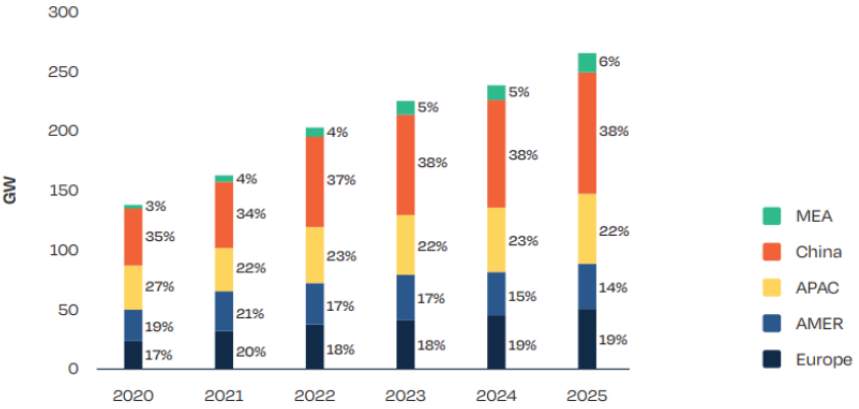
The SolarPower Europe association has published the new Global Market Outlook, analyzing the recent photovoltaic installations in the year 2020 and estimating the possible growth in the period 2021-2025: despite the strong impact of the Covid-19 pandemic, the sector has recorded significant growth globally, with a new annual record of 138.2 GW of power installed from solar sources. Even though Covid-19 has to some extent limited the development of plants globally, the impact was much less serious than that observed for other energy sources, and rapid recovery is estimated, observed already from the second half of 2021.

Chart 9 – World annual solar PV market scenarios 2021-2025



Source: SolarPower Europe 202

Chart 10 – Evolution of global annual solar PV market shares 2021-2025

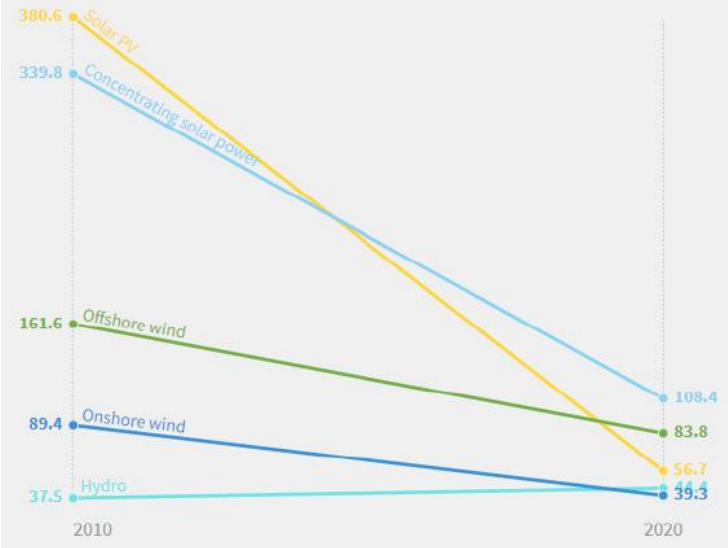


Source: SolarPower Europe 2021

At the European level, electricity production trends are seeing a substantial increase in energy production from non-traditional sources. Currently, the energy produced by photovoltaic plants generates less electricity than power and coal plants, and the values are still far from meeting the EU's emission targets for 2030; annual growth should double from 14 TWh to 30 TWh to guarantee the expected production levels.

The figure is very encouraging in terms of the prospects for the solar market in the coming years, both in terms of national and European incentives for production, and considering that the costs of producing energy from renewable sources are constantly falling and stand at about half of the existing fossil plants, without considering the recent aggression against Ukraine by Russia which is generating serious uncertainties on the levels of prices and supply of natural gas. The global average cost of electricity (LCOE) for solar photovoltaics on an industrial scale has fallen from 381$/MWh to 57$/MWh (Ember think tank).

Chart 11 – Global average LCOEs for utility-scale renewable power generation 2010-2020 ($/MWh)

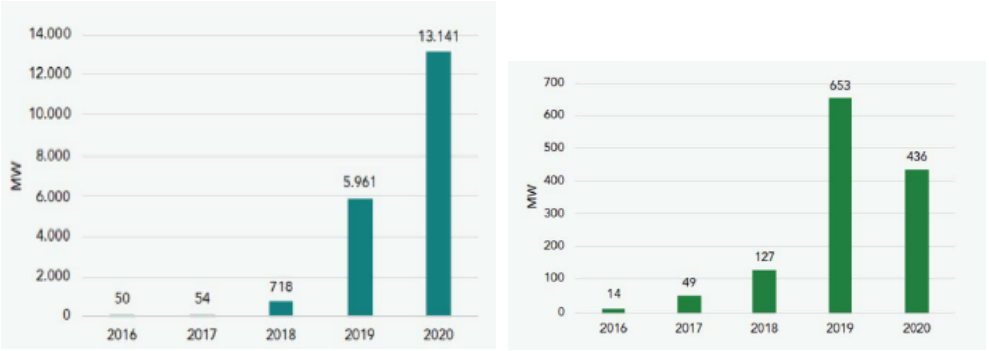


Source: IRENA 'Renewable power generation costs 2020'

In Italy, on the other hand, in the first six months of 2021, more than 450 MW of renewable source plants were installed, up 34% compared to the same period of 2020, thanks mainly to the towing of photovoltaics. This is the scenario described by the usual Fer Observatory of Anie Rinnovabili, based on Gaudi-Terna data.

Despite the positive trend, however, the Italian photovoltaic sector is still far from the generation targets set by national policies for 2030, necessary to continue the transition and reduce the generation of electricity from fossil sources. The installation of large photovoltaic plants in Italy is proceeding slowly, not due to a lack of projects, but above all due to bureaucratic delays, in particular of local administrations, which are becoming a swamp for most of the applications submitted. So much so that, according to the "Renewable Energy Report" of the Energy & Strategy Group of the Politecnico di Milano, in the last three years in Italy requests for a single authorization for 20 GW of utility-scale photovoltaic systems have been submitted. Of these, 13 GW refer to only 2020. Overall, however, only 1.4 GW of photovoltaic projects were approved. According to the report, only in Sicily, at the end of 2020, the utility-scale projects awaiting approval amounted to 8 GW.

Chart 12 –Trend of applications for Single Authorisations for PV systems



Source: Elemens

The main Italian players in the sector are already moving with Green oriented investments that can accelerate the expected growth process and the amount of energy produced from renewable sources:

- Enel is pursuing the goal of decarbonizing its activities by 2050: in this regard, it is planned to invest € 70.0 billion in the renewable energy sector (wind and photovoltaic) to have approximately 120 GW of installed capacity in 2030;
- Eni plans to drastically reduce carbon dioxide emissions, in addition to allocating approximately € 7.0 billion to the renewable energy sector to achieve clean energy production in 2050 equal to 60GW;
- Terna, which manages the Italian electricity transmission networks, provides for 30% of installed capacity from renewable sources, for an increase of up to 155GW;
- Acea has authorized photovoltaic plants for 40 MWp on 400MWp planned for the coming years, in addition to the acquisition of existing plants to increase the energy sold from renewable sources;
- A2A, an important Lombard multiutility company, has signed agreements for the acquisition of 17 photovoltaic systems for the power of 173MWp at approximately € 205.0 million.

4. Competitive positioning

Table 2 – Comal Competitors listed on EGM

€/mln	VoP 2021	EBITDA 2021	EBITDA % 2021	EBIT 2021	EBIT % 2021	Net Income 2021	Net Income % 2021	NFP 2021	NFP/ EBITDA 2021
Altea Green Power	6,22	2,15	34,6%	2,13	34,2%	1,19	19,1%	1,20	0,56x
Ecosuntek*	92,90	2,90	3,1%	1,10	1,2%	0,80	0,9%	15,50	5,34x
ESI SpA	5,46	0,08	1,5%	0,08	1,5%	0,11	2,0%	-1,02	-12,75x
Iniziative Bresciane	22,50	15,26	67,8%	7,08	31,5%	3,64	16,2%	87,36	5,73x
Innovatec	237,78	32,90	13,8%	10,73	4,5%	6,24	2,6%	10,04	0,31x
Renergetica	11,88	5,59	47,1%	4,59	38,6%	2,66	22,4%	4,47	0,80x
MEDIAN	**17,19**	**4,25**	**24,2%**	**3,36**	**18,6%**	**1,93**	**9,4%**	**7,26**	**0,68x**
Comal SpA	**42,12**	**3,39**	**8,1%**	**2,19**	**5,2%**	**1,16**	**2,8%**	**6,29**	**1,86x**

Source: Integrae SIM
*Data as of 2020

The renewables market, also concerning the Italian market alone and in particular to the companies listed on the Euronext Growth segment of Borsa Italiana, is highly concentrated, with the presence of several companies and related access difficulties and entry barriers. The sector is very capital intensive and requires a wide structure of technical studies, builders, and engineers for the development of projects. Comal's competitors in this context are:

- Altea Green Power SpA.: a company that offers services for the acquisition of suitable sites, design, construction, maintenance, and management of photovoltaic, wind, cogeneration systems, and energy efficiency interventions;
- Ecosuntek: Group active in the production of energy from renewable sources operating in the free market of electricity and gas. Holds and manages plants with a total capacity of 17 MW between Italy and Romania;
- ESI SpA: company focused on the activity of EPC and system integrators concerning large energy parks. The focus of the activity is on photovoltaics, off-grid wind and mini-grids, and storage systems;
- Iniziative Bresciane: it carries out the design, construction, and management of medium and small hydroelectric plants also through participation in companies operating in the hydroelectric sector;
- Innovatec: the holding of a Group integrated into Clean Technology, a set of technologies that develop processes, products, or services that reduce environmental impacts;
- Renergetica SpA: a company that operates both as a co-developer and as its developer; this last activity guarantees very high marginality. The reference market is that of Italy and North America in the field of photovoltaic, wind, hydroelectric, and biomass cogeneration.

Renergetica and Altea are the only two domestic competitors sufficiently structured concerning the permit development division; Esi and Ecosuntek specialize in the EPC sector, especially concerning the construction of photovoltaic plants. The operators considered, except Innovatec and Ecosuntek, which have a higher capitalization, are all smaller than Comal and build small and powerful plants, although they seem to show higher levels of marginality on revenues. The situation can be reversed in future years thanks to the profitability of the sale of the company's patented, innovative, and technologically advanced tracker devices, with no other Italian operator that seems to be able to offer a similar service.

As for other operators, even those not listed, the renewable energy sector is populated by different companies that cover different stages of the value chain concerning the installation of photovoltaic systems.

Table 3 – Comal Competitors

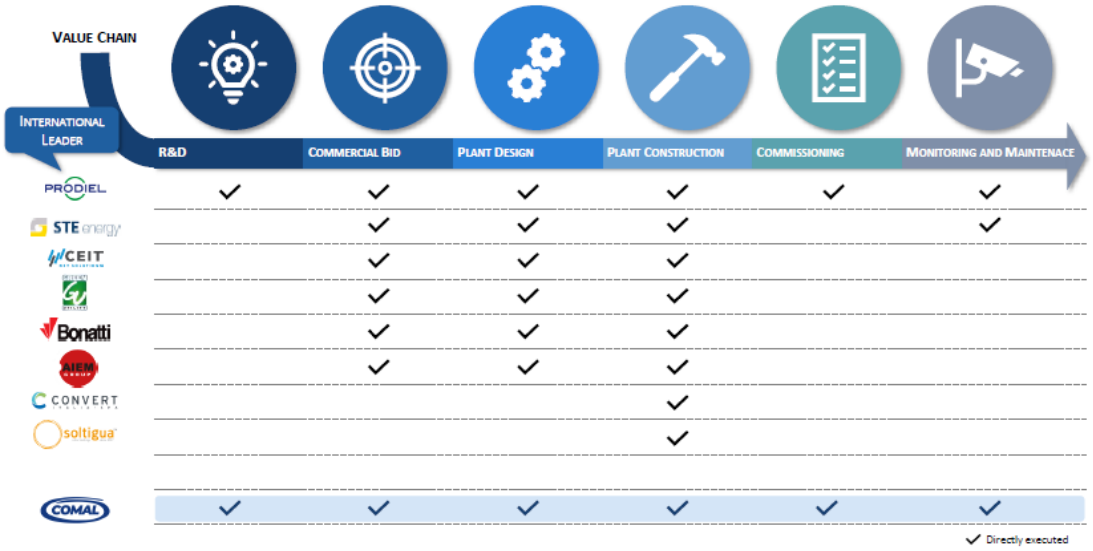
€/mln	VoP	EBITDA	EBITDA %	EBIT	EBIT %	Net Income	Net Income %	NFP	NFP/ EBITDA
Tozzi Green SpA*	94,48	46,09	48,8%	21,02	22,2%	0,91	1,0%	293,64	6,37x
Soltigua Srl	7,12	0,24	3,4%	0,02	0,2%	0,04	0,6%	-2,83	-11,78x
S.T.E. Energy SpA*	2,29	-0,70	N.A.	-0,86	N.A.	-1,24	-54,3%	-0,47	0,68x
Prodiel	741,94	122,79	16,5%	120,58	16,3%	102,41	13,8%	30,56	0,25x
Bonatti	1001,59	74,89	7,5%	62,27	6,2%	8,89	0,9%	-11,73	-0,16x
MEDIAN	**94,48**	**46,09**	**12,0%**	**21,02**	**11,2%**	**0,91**	**0,9%**	**-0,47**	**0,25x**
Comal SpA	**42,12**	**3,39**	**8,1%**	**2,19**	**5,2%**	**1,16**	**2,8%**	**6,29**	**1,86x**

Source: Integrae SIM

- S.T.E. Energy SpA: A company focused on the activity of EPC contractors active internationally with more than 450 projects carried out in the hydroelectric, wind, and photovoltaic sectors;
- Prodiel: spanish multinational company specializing in the promotion and construction of large plants (approx. 100 MW) for the generation of renewable energy;
- Tozzi Green SpA: a company operating as an EPC, both in Italy and abroad, for the construction of plants from medium-sized renewable energy sources (about 50 MW). The projects followed cover all renewables (hydroelectric, wind, photovoltaic, biomass, and biogas);
- Bonatti SpA: general contractor with a focus on construction, which also deals with the construction of small plants;
- Soltigua Srl: the only competitor of Comal concerning the offer of solar tracking technology. It operates both by creating single-axis solar trackers and parabolic thermal solar concentrators.

The operators listed reach all large sizes, even if only Prodiel and Tozzi Green build plants of comparable size to those of Comal (50-100 MW).

Table 4 – Comal Competitors



Source: Comal

4.1 SWOT Analysis

Strengths:

- Know-how in the EPC division and competitive advantage deriving from the long presence in the market;
- Long experience and important track record in management;
- First Company in Italy to build grid parity photovoltaic plants;
- Among the few Italian companies to build large-scale photovoltaic plants;
- Important order backlog greater than € 100.0 million;
- Close commercial relations over almost the entire national territory;
- Patent of innovative and highly technological tracker devices;
- Easy access and experience in the African market.

Weaknesses:

- Financial risks arising from the development of large renewable parks;
- High market concentration and presence of many operators;
- Strong exposure to only one country (Italy) and technology (photovoltaic);
- Rising costs and high exposure to macroeconomic and regulatory scenarios.

Opportunities:

- State (PNRR) and European investments in support of renewable energy production;
- Opening of a new headquarters in Dubai to garrison the market in the Middle East;
- Starting collaborations with important operators for the production of trackers;
- Possibility of development of the revamping division for the restructuring of obsolete plants;
- Reducing raw material and transport prices and increasing profitability;
- Collaboration with various centers and universities for research and development activities and diversification into new green technologies (hydrogen);

Threats:

- Decreased availability of suitable sites;
- An increase in operators interested in carrying out construction activities;
- Presence of larger actors;
- Reducing margins compared to the competition;
- High dependence on central legislation.

5. Economics & Financials

Table 5 – Economics & Financials

INCOME STATEMENT (€/mln)	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E
Revenues	22,65	20,94	37,23	45,00	56,00	63,00
Work In Progress	4,92	9,92	3,89	5,00	6,00	7,00
Other Revenues	1,31	0,13	1,00	1,00	1,00	1,00
Value of Production	**28,88**	**30,99**	**42,12**	**51,00**	**63,00**	**71,00**
COGS	10,33	12,04	18,05	21,30	26,30	29,45
Services	10,78	11,58	14,09	17,00	20,80	23,00
Use of assets owned by others	0,18	0,58	0,59	0,70	0,80	0,90
Employees	2,42	3,30	5,65	7,00	8,30	9,30
Other Operating Expenses	2,95	0,39	0,35	0,40	0,50	0,55
EBITDA Adj.	**2,21**	**3,10**	**3,39**	**4,60**	**6,30**	**7,80**
EBITDA Adj. Margin	*7,7%*	*10,0%*	*8,1%*	*9,0%*	*10,0%*	*11,0%*
Extraordinary Items	0,00	0,00	0,00	0,00	0,00	0,00
EBITDA	**2,21**	**3,10**	**3,39**	**4,60**	**6,30**	**7,80**
EBITDA Margin	*7,7%*	*10,0%*	*8,1%*	*9,0%*	*10,0%*	*11,0%*
D&A	0,35	0,74	1,20	1,25	1,30	1,35
EBIT	**1,86**	**2,36**	**2,19**	**3,35**	**5,00**	**6,45**
EBIT Margin	*6,4%*	*7,6%*	*5,2%*	*6,6%*	*7,9%*	*9,1%*
Financial Management	(0,09)	(0,35)	(0,44)	(0,30)	(0,30)	(0,30)
EBT	**1,77**	**2,01**	**1,75**	**3,05**	**4,70**	**6,15**
Taxes	1,06	0,85	0,59	0,90	1,40	1,85
Net Income	**0,71**	**1,16**	**1,16**	**2,15**	**3,30**	**4,30**

BALANCE SHEET (€/mln)	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E
Fixed Assets	**5,88**	**7,47**	**11,11**	**11,70**	**12,40**	**13,20**
Account receivable	6,85	8,38	10,25	12,40	15,30	17,20
Work in Progress	5,54	16,11	21,84	24,00	26,50	29,00
Account payable	7,63	15,60	23,06	26,00	30,00	33,00
Operating Working Capital	**4,76**	**8,89**	**9,04**	**10,40**	**11,80**	**13,20**
Other receivable	0,90	1,39	1,03	1,50	1,80	2,00
Other payable	1,87	1,59	1,50	3,50	4,50	5,50
Net Working Capital	**3,79**	**8,69**	**8,57**	**8,40**	**9,10**	**9,70**
Severance Indemnities & Other Provisions	0,65	0,66	1,03	1,10	1,25	1,40
NET INVESTED CAPITAL	**9,02**	**15,49**	**18,64**	**19,00**	**20,25**	**21,50**
Share Capital	0,15	0,23	0,23	0,23	0,23	0,23
Reserves	1,15	9,80	10,96	12,12	14,27	17,57
Net Income	0,71	1,16	1,16	2,15	3,30	4,30
Equity	**2,02**	**11,19**	**12,35**	**14,50**	**17,80**	**22,10**
Cash & Cash Equivalent	0,30	6,15	9,29	9,70	10,15	11,50
Short Term Debt to Bank	1,34	2,16	4,20	4,00	3,80	3,50
M/L Term Debt to Bank	1,55	4,07	9,67	9,00	8,00	7,00
Net Financial Position	**2,59**	**0,09**	**4,58**	**3,30**	**1,65**	**(1,00)**
Other financial debt	4,42	4,22	1,72	1,20	0,80	0,40
NFP Adjusted	**7,01**	**4,30**	**6,29**	**4,50**	**2,45**	**(0,60)**
SOURCES	**9,02**	**15,49**	**18,64**	**19,00**	**20,25**	**21,50**

CASH FLOW (€/mln)	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E
EBIT	1,86	2,36	2,19	3,35	5,00	6,45
Taxes	1,06	0,85	0,59	0,90	1,40	1,85
NOPAT	**0,81**	**1,52**	**1,60**	**2,45**	**3,60**	**4,60**
D&A	0,35	0,74	1,20	1,25	1,30	1,35
Change in receivable	1,75	(1,53)	(1,87)	(2,15)	(2,90)	(1,90)
Change in inventories	(5,15)	(10,57)	(5,74)	(2,16)	(2,50)	(2,50)
Change in payable	4,67	7,97	7,46	2,94	4,00	3,00
Change in others	-0,59	-0,97	-2,23	1,01	0,30	0,40
Change in NWC	*0,68*	*(5,10)*	*(2,38)*	*(0,35)*	*(1,10)*	*(1,00)*
Change in provisions	0,06	0,01	0,37	0,07	0,15	0,15
OPERATING CASH FLOW	**1,89**	**(2,83)**	**0,79**	**3,42**	**3,95**	**5,10**
Capex	(1,5)	(2,3)	(4,8)	(1,8)	(2,0)	(2,2)
FREE CASH FLOW	**0,41**	**(5,15)**	**(4,05)**	**1,58**	**1,95**	**2,95**
Financial Management	(0,09)	(0,35)	(0,44)	(0,30)	(0,30)	(0,30)
Change in Debt to Bank	0,62	3,34	7,63	(0,86)	(1,20)	(1,30)
Change in Equity	(0,82)	8,01	0,00	0,00	0,00	0,00
FREE CASH FLOW TO EQUITY	**0,12**	**5,85**	**3,14**	**0,41**	**0,45**	**1,35**

Source: Integrae SIM Estimates

5.1 FY21A Results

In the 2021 fiscal year, Comal recorded a value of production that reaches a value of € 42.12 million, an increase compared to the previous fiscal year (€ 30.99 million) of 35.9%. The growth is even more significant if we consider only revenues, excluding work in progress: +77.8% the variation between the FY20A figure, equal to € 20.94 million, and that of the FY21A, equal to € 37.23 million. The result confirms the strong positive performance of the Company despite the contraction of investments in the sector due to the pandemic and especially the difficulties and uncertainty of the macroeconomic scenario.

While waiting for the tracker factory to be built and fully operational, to be built within the Montalto di Castro (VT) plant in collaboration with Enel and which will collaborate in the supply of technological tracking devices, almost all of the turnover (97.0%) is achieved thanks to EPC activity in the photovoltaic sector, while the maintenance of traditional plants contributed 3.0% of the total.

EBITDA growth was more sustained than in the previous year: € 3.39 million the figure recorded on 31/12/2021, compared to a value of € 3.10 million at FY20A, for a total variation of about 10.0% and a consequently declining marginality: the EBITDA margin changes from a value of 10.0% to 8.1% of FY21A. The causes of the reduction can be found in the increase in raw material costs in the second part of the year and in the difficulty of supplying materials.

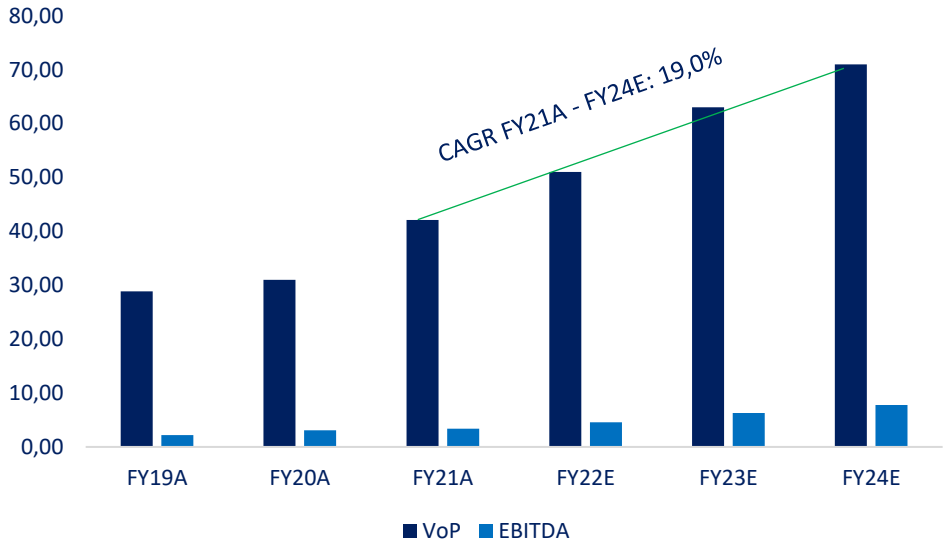
EBIT, after amortization and depreciation of € 1.20 million, amounted to € 2.19 million, slightly down (-7.2%) compared to the value of the previous fiscal year (€ 2.36 million) for an EBIT margin of 5.2%.

Net Income was also positive, perfectly in line with the FY20A value and equal to € 1.16 million. As regards, on the other hand, the NFP, there is a worsening of about € 2.0 million due to the issue, in the context of a broader funding operation (so-called basket bond), of a non-convertible bond for a total amount of € 5.0 million, to be repaid in 7 years. The resources collected will be used both to continue the research and development activities and above all to support the construction activities of the tracker factory planned for the next period, essential to expand the production of the latter device and respond adequately to the growing demand from the renewable energy market.

Several orders were received by the end of the fiscal year just ended for the supply of SunHunter trackers to one of the main Italian companies in the Oil & Gas sector, which allows the expansion of the client base which already includes, as seen in the previous chapters, utilities, private and institutional funds. In addition, supplies will be started for more than 10 photovoltaic plants located in Piedmont, Marche, Sicily, and Puglia.

5.2 FY22E – FY24E Estimates

Chart 13 – VoP and EBITDA FY20A - FY24E



Source: Integrae SIM

For the next few years, we expect an increase in the value of production that, according to our estimates, will increase from € 42.12 million achieved in the fiscal year just ended to € 71.00 million is expected for FY24E, with a CAGR for the period equal to approx. 19.0%. The growth is justified by the development plans and strengthening strategies launched by Comal, which will mainly concern the expansion of EPC activities throughout the country and the sale of SunHunter tracker devices, exploiting the potential of the energy market and the increase in demand in this regard in the coming years.

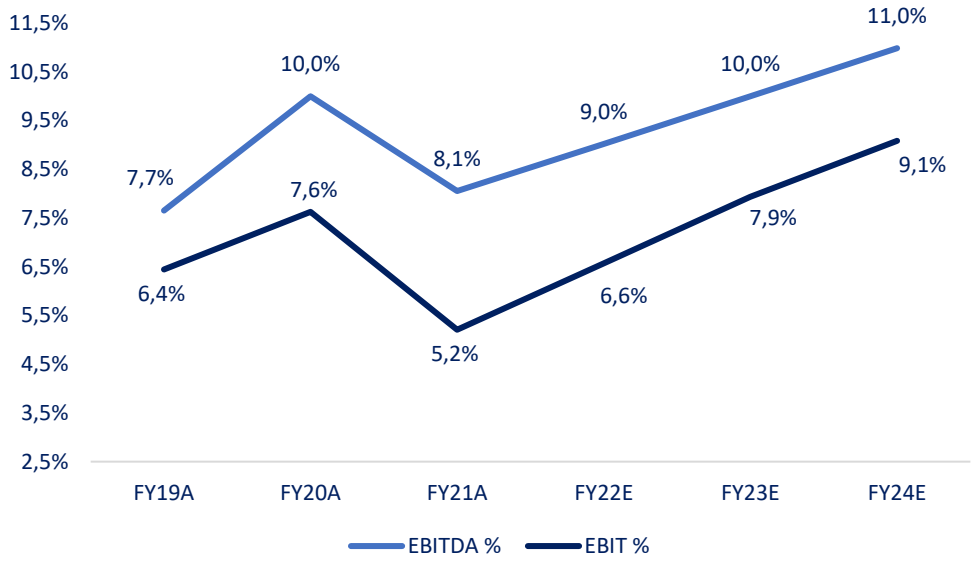
We believe that the growth of Comal's activities can be driven by the following drivers:

- The direction of the market towards the increasing use of renewable energy sources (wind and photovoltaic) compared to energy from traditional sources;
- Important backlog of orders already confirmed, with a portfolio at 31/12/21 equal to approx. € 84.0 million, which already reached a value of € 118.0 million in the first months of 2022;
- An increase in production and demand in the solar tracker market also thanks to the opening of the new factory;
- International presence thanks to the new offices in Dubai and the obtaining of orders also abroad and in more developed markets;
- Increase in opportunities concerning both the revamping activities of photovoltaic systems and the related supply of modules and inverters, as well as the O&M activity for the plants built (it is estimated that this may be equal to approx. 4.5% of the FY24E turnover).

Of the total € 185.0 million in value of production, expected for the next three years, more than 60.0% has already been contracted by the Company and is part of the order portfolio, intended precisely as the value of the projects awarded or for which final and binding contracts have been stipulated by the interested parties. In 2021, Comal announced that it had reached agreements for the construction of more than 10 photovoltaic plants in Sicily and Lazio, for a total power of more than 250 MWp, in addition to the acquisition of orders for the supply of trackers for plants in Puglia, Marche, Sicily, and Piedmont.

In the first three months of 2022, on the other hand, contracts were concluded for the construction of five other photovoltaic plants, two of which are to be built on the ground with Italian energy investors (7 MWp total), and another three in the province of Viterbo (over 20 MWp).

Chart 14 – EBITDA% and EBIT% FY20A-24E

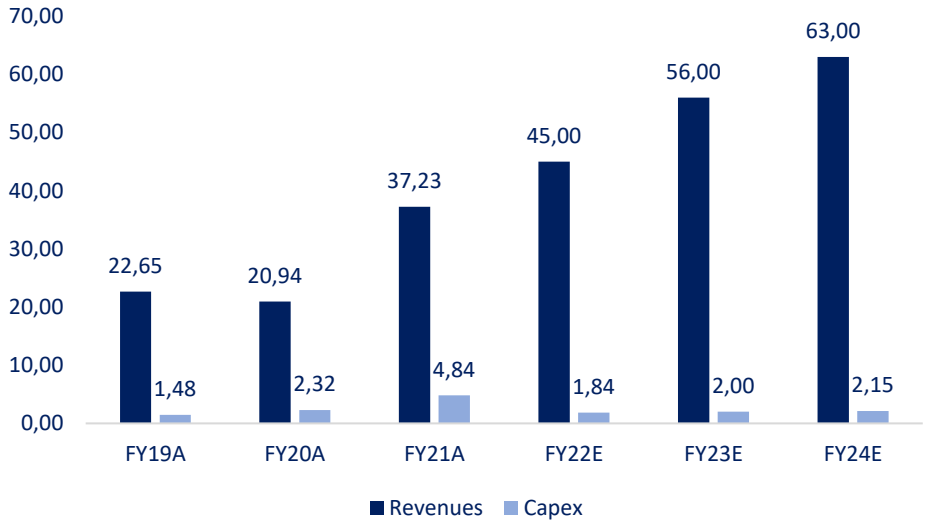


Source: Integrae SIM

Concerning profitability indicators, we also expect an EBITDA growth in absolute value, which goes from € 3.39 million in FY21A to an estimated value of approximately € 4.60 million expected for FY22E and then consolidates to € 7.80 million in FY24E. In terms of marginality, these values correspond to an EBITDA margin of 8.1% in FY21A and an annual growth of about one percentage point (9.0% in FY22E, 11.0% in FY24E), an increase mainly due to both the normalization of commodity prices, whose increase drove down the margins of the 2021 fiscal year and the first months of 2022, as well as the various efficiencies expected for the coming years.

Among these, the internalization of the production of the main components of the plants (solar power transformers, modules, and inverters) and the tracker factory under construction, can improve the profitability of sales and reduce the use of external providers. The Company also intends to strengthen the organizational structure by including specialized technical figures at all levels.

Chart 15 – Revenues and Capex FY20A-24E

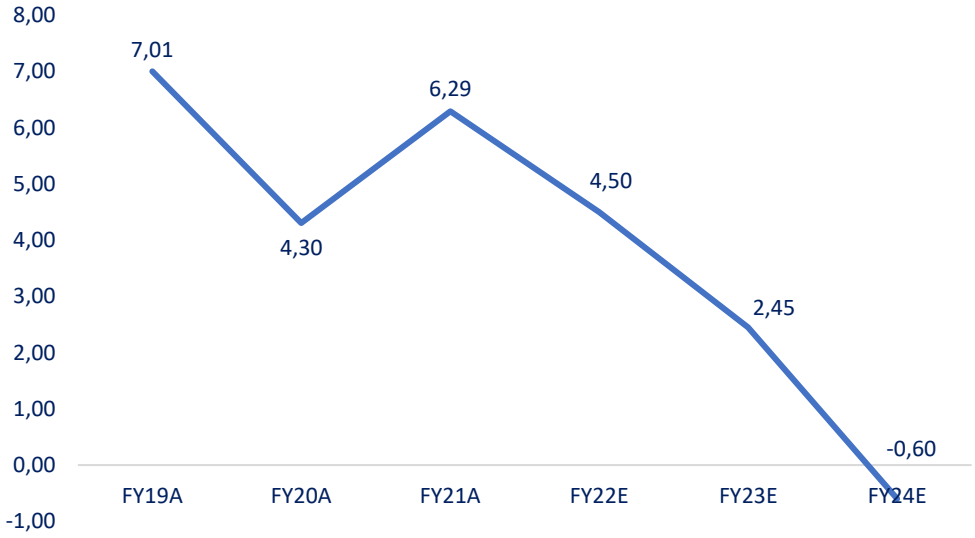


Source: Integrae SIM

At the Capex level, we believe that Comal will continue, over the years of the plan, in its investment program for the development and improvement of its products, both concerning the production and construction of plants, as well as Research & Development activities, which represent from the beginning of the history of the Company an important growth driver, as well as a means to drastically reduce carbon dioxide emissions and the efficiency of the plants built. We estimate that the investments incurred can be aimed at:

- Complete the construction of the SunHunter tracker factory made available by Enel at the Montalto di Castro plant, which began towards the end of the 2021 fiscal year. The new factory should be able to allow the fully internalized production of all components, for tracker volumes up to 1GW of total power;
- Establish a local company in Dubai to oversee an expanding market with broad prospects;
- Continue the collaboration with universities and in particular the Bio-Medical Campus of Rome to co-finance the Ph.D. program, as well as continue the research aimed at the construction of a hydrogen transformation plant;
- Increased market presence for the EPC business.

Chart 16 – NFP FY20A-24E



Source: Integrae SIM

We estimate that the Company can improve its NFP in the coming years, reaching in FY24E cash positive NFP of € 0.60 million, mainly thanks to positive cash flows generated by the ordinary operations.

6. Valuation

We have conducted the valuation of Comal equity value based on the DCF methodology and the multiples of a comparable companies sample.

6.1 DCF Method

Table 3 – WACC

WACC			4,54%
Risk Free Rate	0,78%	α (specific risk)	2,50%
Market Premium	6,42%	Beta Adjusted	0,6
D/E (average)	81,82%	Beta Relevered	0,9
Ke	7,08%	Kd	2,00%

Source: Integrae SIM

In particular:

- The Risk-Free Rate is represented by the Rendistato from March 2022 with a maturity between 3 years and 7 months and 4 years and 6 months;
- The Market Premium coincides with the premium of the Italian market risk calculated by Professor A. Damodaran;
- D/E was calculated based on the estimates of Integrae SIM;
- Ke was calculated by CAPM;
- The Alfa, i.e., specific additional risk, is typical of equity investments in companies characterized by small-scale operations. As we are dealing with small sizes, the small cap risk premium applied was equal to 2.5%, the average value of those suggested by the main studies carried out in this field (Massari Zanetti, 'Valutazione Finanziaria' (Financial Valuation'), McGraw-Hill, 2004, page 145, A. Damodaran, Cost of Equity and Small Cap Premium in Investment Valuation, Tools and Techniques for Determining the Value of Any Assets, III edition 2012, Guatri Bini, 'Nuovo Trattato sulla Valutazione delle Aziende' (New Insights on Corporate Valuation), 2009, page 236);
- The Beta was calculated based on competitors' 5-year unlevered Beta;
- Kd coincides with the Company's current debt cost.

Using this data the result is a WACC of 4.54%.

Table 4 – DCF Valuation

DCF Equity Value		79,8
FCFO actualized	6,0	7%
TV actualized DCF	80,1	93%
Enterprise Value	**86,1**	100%
NFP (FY21A)	6,3	

Source: Integrae SIM

With the above data and taking as reference our estimates and assumptions, the result is an **equity value of € 79.8million.**

Table 5 – Equity Value – Sensitivity Analysis

€/mln		WACC						
		3,0%	3,5%	4,0%	4,5%	5,0%	5,5%	6,0%
Growth Rate (g)	2,5%	544,8	279,2	186,1	138,6	109,8	90,5	76,7
	2,0%	282,9	188,5	140,4	111,3	91,7	77,7	67,1
	1,5%	191,0	142,3	112,7	92,9	78,7	68,0	59,7
	1,0%	144,2	114,2	94,2	79,8	68,9	60,5	53,7
	0,5%	115,8	95,4	80,8	69,9	61,3	54,4	48,8
	0,0%	96,7	81,9	70,8	62,1	55,2	49,5	44,7
	-0,5%	83,0	71,7	63,0	55,9	50,2	45,4	41,3

Source: Integrae SIM

6.2 Market Multiples

6.2.1 Composition of the Panel

- **Renergetica SpA. (Italy)**

Renergetica deals with the design of engineering solutions for the renewable energy sector. It specializes in the development of renewable energy plants, hybrid power generation systems, and hybrid networks. The company was founded by Davide Sommariva in 2008 and is based in Genoa, Italy.

- **Iniziative Bresciane SpA (Italy)**

Initiative Bresciane deals with the identification of potential sites and the subsequent design, construction, and management of hydroelectric power plants. It also deals with the maintenance of small and medium-sized free-flowing and run-of-the-river hydroelectric power plants. The company was founded on 1 April 1988 and is based in Breno, Italy.

- **Falck Renewables SpA (Italy)**

Falck develops, designs, manufactures, and manages plants for the production of energy from renewable sources, with an installed capacity of 1133 MW (1096 MW according to the IFRS 11 reclassification) in Italy, Great Britain, the United States, Spain, and France, for over two billion kWh per year, diversified in wind, solar, biomass and waste-to-energy technologies. The Group is an international player in the technical consultancy for renewable energy and the management of third-party assets, through its subsidiary Vector Cuatro, which provides services to clients for a total installed capacity of about 2,500 MW, thanks to the experience gained in more than 40 countries.

- **Esi SpA (Italy)**

ESI S.p.A. operates in the renewable energy sector mainly in Italy. The company's activity covers engineering, procurement, and construction (EPC), as well as system integration activities. It focuses on various market segments, such as photovoltaic, off-grid, mini-grid, hybrid, and storage systems, as well as wind power plants. The company was founded in 2018 and is based in Italy.

- **Iberdrola SA (Spain)**

Iberdrola is engaged in the generation, transmission, distribution, and supply of electricity in Spain and around the world. It generates and markets electricity using renewable sources, such as onshore and offshore wind, hydroelectric, solar photovoltaic, combined cycle gas, nuclear, and biomass, as well as through the installation of batteries. The company is also involved in the purchase and sale of electricity and gas in wholesale markets, the development of green hydrogen projects, and the distribution and sale of gas. It has a total installed capacity of 58,320 MW, including 38,138 MW of installed renewable capacity, and manages 1.2 million kilometers of electricity transmission and distribution lines. Iberdrola SA was founded in 1840 and is based in Bilbao, Spain.

- **Altea Green Power (Italy)**

Altea Green Power is a company that offers services in the field of acquisition of suitable sites, design, construction, maintenance, and management of photovoltaic, wind turbines, cogeneration systems, and interventions aimed at improving energy efficiency. The company is based in Rivoli (TO) and has been operating in the energy market for more than ten years.

6.3 Multiples Method

Table 6 – Market Multiples

Company Name	EV/EBITDA (x)			EV/EBIT (x)		
	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
Renergetica SpA	12,0	10,1	9,2	13,1	10,7	9,7
Falck Renewables S.p.A.	17,7	15,7	14,8	27,2	24,8	21,2
Iniziative Bresciane S.p.A.	8,6	6,4	6,2	10,8	10,2	9,9
ESI	8,5	6,9	5,4	10,0	8,0	6,1
Altea	6,9	5,2	4,7	7,7	5,8	5,3
Iberdrola SA	9,0	8,9	8,3	15,2	14,1	12,8
Peer median	**8,8**	**7,9**	**7,2**	**11,9**	**10,5**	**9,8**

Source: Infinancials

Table 7 – Market Multiples Valuation

€/mln	2022E	2023E	2024E
Enterprise Value (EV)			
EV/EBITDA	40,4	49,8	56,4
EV/EBIT	40,0	52,4	62,9
Equity Value			
EV/EBITDA	35,9	47,3	57,0
EV/EBIT	35,5	49,9	63,5
Equity Value post 10% discount			
EV/EBITDA	32,3	42,6	51,3
EV/EBIT	32,0	44,9	57,2
Average	**32,1**	**43,8**	**54,2**

Source: Integrae SIM processing

The equity value of Comal, using the market multiples EV/EBITDA and EV/EBIT, is equal to approximately € 48.20 million. To this value, we have applied a 10% discount to include in the price even the smaller liquidity that will presumably characterize the security compared to the comparables: **resulting in an equity value of € 43.40 million.**

7. Equity Value

Table 7 – Equity Value

Average Equity Value (€/mln)	61,6
Equity Value DCF (€/mln)	79,8
Equity Value multiples (€/mln)	43,4
Target Price (€)	**5,35**

Source: Integrae SIM

The result is an average equity value equal to € 61.6 million. **The target price is, therefore, € 5.35, BUY rating and MEDIUM risk.**

Table 8 – Implied Sensitivity Analysis

Equity Value (€/mln)	EV/EBITDA			EV/EBIT		
	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
58,6	14,1x	10,3x	8,3x	19,4x	13,0x	10,1x
59,6	14,3x	10,5x	8,4x	19,7x	13,2x	10,2x
60,6	14,5x	10,6x	8,6x	20,0x	13,4x	10,4x
61,6	14,8x	10,8x	8,7x	20,3x	13,6x	10,5x
62,6	15,0x	10,9x	8,8x	20,6x	13,8x	10,7x
63,6	15,2x	11,1x	9,0x	20,9x	14,0x	10,8x
64,6	15,4x	11,2x	9,1x	21,2x	14,2x	11,0x

Source: Integrae SIM

Table 9 – Target Price Implied Valuation Multiples

Multiples	FY20E	FY21E	FY22E
EV/EBITDA	13,4x	9,8x	7,9x
EV/EBIT	18,4x	12,3x	9,5x

Source: Integrae SIM

Table 10 – Current Price Implied Valuation Multiples

Multiples	FY22E	FY23E	FY24E
EV/EBITDA	9,6x	7,0x	5,7x
EV/EBIT	13,2x	8,8x	6,9x

Source: Integrae SIM

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Equity Total Return (ETR) for different risk categories			
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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		

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