



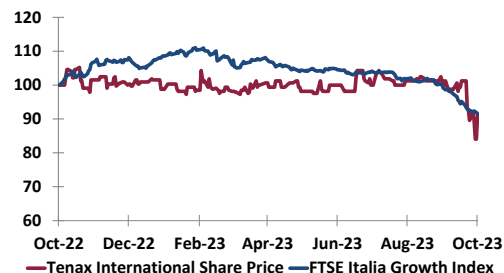
H1 2023 on the right path fueled by new markets, waiting for new models

OUTPERFORM

Current Share Price (€): 2.98

Target Price (€): 5.26

Tenax International - 1Y Performance



Source: S&P Capital IQ - Note: 13/10/2022=100

Company data

ISIN number	IT0005428898
Bloomberg code	TNX IM
Reuters code	TNX.IM
Industry	Manufacturing
Stock market	Euronext Growth Milan
Share Price (€)	2.98
Date of Price	13/10/2023
Shares Outstanding (m)	3.5
Market Cap (€m)	10.5
Market Float (%)	33.6%
Daily Volume	12,600
Avg Daily Volume YTD	2,480
Target Price (€)	5.26
Upside (%)	77%
Recommendation	OUTPERFORM

Share price performance

	1M	3M	6M	1Y
Tenax - Absolute (%)	-10%	-9%	-8%	-9%
FTSE Italia Growth (%)	-8%	-12%	-14%	-9%
1Y Range H/L (€)			3.43	2.74
YTD Change (€) / %			-0.31	-9.4%

Source: S&P Capital IQ

Analysts

Luigi Tardella - Head of Research
ltardella@envent.it
Viviana Sepe vsepe@envent.it
Mauro Durante mdurante@envent.it

EnVent Italia SIM S.p.A.

Via degli Omenoni, 2 - 20121 Milano (Italy)
Phone +39 02 22175979

This Note is issued by arrangement with MIT SIM, Issuer's Specialist

This document may not be distributed in the United States, Canada, Japan or Australia or to U.S. persons.

Trading update

Tenax share price performed in line with the Italia Growth index over the last 12 months (both -9%), hit by the turmoil affecting global stock markets.

H1 2023: sales and profitability boost, 97% exports

Tenax recorded a substantial sales growth in H1 2023, +42% YoY, up to €9m, and total revenues up to €10.2m. According to management, sales improved driven by geographical expansion in North America and Germany, despite a €2m delivery reschedule of new models Electra 2.0 Evos and Hydros. EBITDA doubled to €0.8m, 7.5% margin vs 5.1% in H1 2022: cost of operations (+38% YoY) rose less than sales, with materials increasing (+59% YoY) more than services and personnel (respectively, +13% and +23% YoY). Net income at €0.2m, breakeven, from €(0.2)m in H1 2022. Inventory increased by 39% on 2022 year-end and despite a trade receivables improvement (-19% on FY22) Trade Working Capital went up to €8.2m from €7.7m at FY22 (+7%). Net financial debt was €5.1m, from €4.3m as of December 2022.

Current trading and backlog

2023 sales of €12.3m to date and current backlog (€7.8m for 2023 and €5.2m for 2024), disclosed by management, continue to sustain our midterm projections, with some fine tuning on 2023 year-end to factor in production delays and costs mix alignment with H1.

New models launch

Delays in new model launches didn't curtail Tenax growth in H1 2023 and management set up a work plan to cope with increased demand; furthermore, the launch of the new model Electra 5.0, the first high-capacity electric road sweeper, was postponed and is now expected in H1 2024. All of the above confirms the ongoing positive trend for cleaner sweepers, despite international economies uncertainties.

Target Price €5.26 per share and OUTPERFORM rating confirmed

H1 2023 performance and sales growth in line with our expectations confirm Tenax appeal, supported by new markets boost and new product launches, and suggest no revision to our projections. Our updated valuation outcome confirms the previous target price of €5.26 per share and the OUTPERFORM rating on the stock, given the 77% upside potential on current share price.

KEY FINANCIALS AND ESTIMATES

€m	2020	2021	2022	2023E	2024E	2025E
Sales	7.9	10.4	17.0	20.4	24.5	29.4
Total Revenues	8.9	10.9	18.4	21.4	26.1	30.7
EBITDA	1.0	1.1	1.8	2.0	2.7	3.2
Margin on Sales	13%	10%	11%	10%	11%	11%
Net (Debt) Cash	(2.9)	(5.4)	(4.3)	(4.2)	(4.1)	(3.8)
Equity	4.7	5.6	6.2	6.7	7.5	8.4

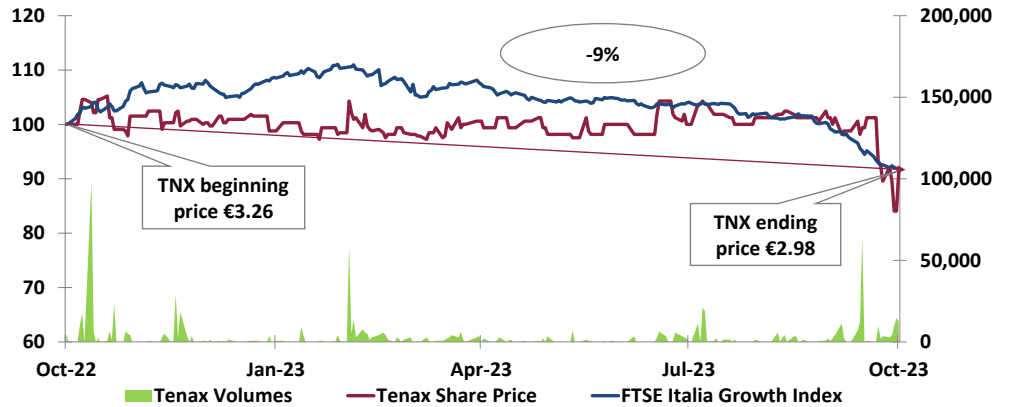
Source: Company data 2020-22A, EnVent Research 2023-25E

Market update

Trading price range €2.74-3.43 per share

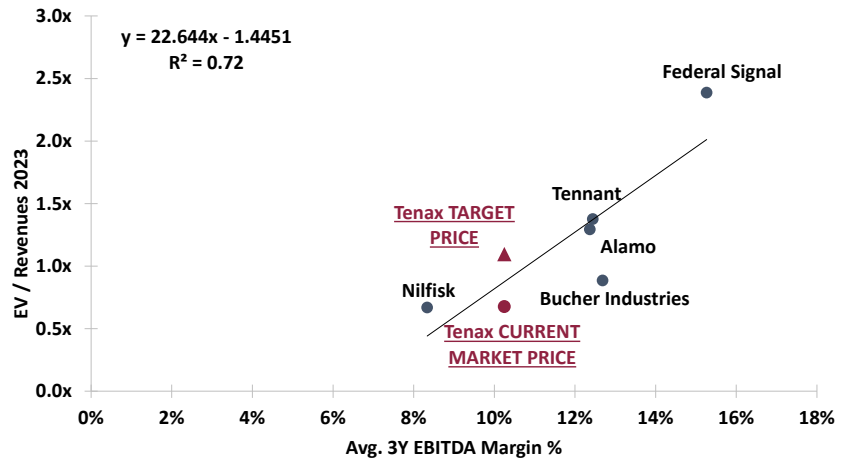
-9% for both Tenax and Italia Growth Index

Tenax International - 1Y Share price performance and trading volumes



Source: EnVent Research on S&P Capital IQ - Note: 13/10/2022=100

Industry peer group - Regression analysis and Tenax target positioning



Source: EnVent Research on S&P Capital IQ, October 2023

Investment case

Pioneer of zero emission city cleaning

In-house full electric vehicles

Public tenders worldwide, over 90% export

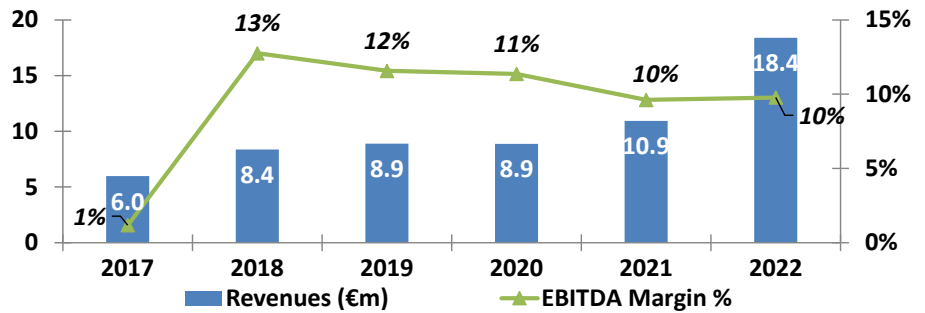
Tenax International is an Italian producer of high performance full electric road sweepers and washers for cleaning on public and private roads or areas designed and engineered in-house. The major purpose of internal development is to unlock the full potential of electric power technologies, compared to electrification of competitors' older diesel-based models, providing light and efficient vehicles with zero emissions and with exchangeable power storage based on customers' needs. Tenax owns active patents for its in-house technology.

Major end-customers are public administrations and municipalities which are reached through a comprehensive dealer network. Sales are generated by selection and participation to public tenders. Tenax operates in the compact street sweepers segment and its full-electric vehicles are sold worldwide, with over 90% revenues generated internationally.

Strategy

Main strategic goal is to foster leadership in the electric segment, developing next-generation sweepers for segments in which Tenax is not present and improving the existing range in response to customer requirements. Tenax will continue the geographical expansion into new markets and to evaluate acquisition opportunities to enrich product and customer portfolio.

Historical Revenues and EBITDA



Source: Company data

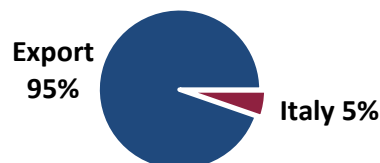
Industry and Company drivers

- Electric-based machines at the core of e-mobility innovation
- Feeding sustainability demand in the road sweepers market: wide room for growth of full electric vehicles
- The mobile machinery industry is a Europe-based world class industrial cluster
- Full-electric pioneer in a niche market segment destined to shift to electric
- Development and innovation skills, ability to design and develop cost-effective cleaning vehicles
- Diversified product portfolio and global presence

Challenges

- High rivalry: second and fast second movers may populate market and increase competition
- International market exposure
- Sustainability of operating margins
- Investment in inventory and working capital

Sales breakdown by geography, 2022



Source: Company data - Note: Consolidated sales

Business update

New products:

- Electra 2.0 Evos + and Electra 2.0 Hydros launched July 2023
- Electra 5.0 currently in testing phase, expected launch in 2024

H1 2023 figures

Profit and Loss

€m	H1 2022	H1 2023
Sales	6.4	9.0
Change in inventory	0.5	0.8
Capitalization of R&D	0.2	0.3
Other income	0.1	0.1
Total Revenues	7.2	10.2
YoY %	37.9%	41.4%
Materials	(3.3)	(5.3)
Services	(1.8)	(2.1)
Personnel	(1.5)	(1.8)
Other operating costs	(0.2)	(0.3)
Operating charges	(6.8)	(9.4)
EBITDA	0.4	0.8
Margin	5.1%	7.5%
D&A	(0.3)	(0.3)
EBIT	0.0	0.4
Margin	0.3%	4.4%
Interest	(0.2)	(0.1)
EBT	(0.1)	0.3
Margin	-2.0%	3.2%
Income taxes	(0.0)	(0.1)
Net Income (Loss)	(0.1)	0.2
Margin	-2.1%	2.0%

Source: Company data

Balance Sheet

€m	H1 2022	2022	H1 2023
Inventory	6.5	6.4	8.8
Trade receivables	3.0	5.8	4.7
Advances from customers	(0.5)	(0.1)	(0.5)
Trade payables	(3.8)	(5.0)	(5.0)
Trade Working Capital	5.2	7.0	7.9
Other assets (liabilities)	0.3	0.6	0.3
Net Working Capital	5.5	7.7	8.2
Intangible assets	2.8	2.8	3.2
Property, plant and equipment	0.4	0.5	0.5
Equity investments and financial assets	0.1	0.1	0.1
Non-current assets	3.2	3.4	3.8
Provisions	(0.4)	(0.4)	(0.5)
Net Invested Capital	8.3	10.6	11.5
Bank debt	3.9	3.3	3.7
Other financial debt	3.0	3.0	3.0
Cash and equivalents	(4.1)	(2.0)	(1.7)
Net Debt (Cash)	2.8	4.3	5.1
Equity	5.5	6.2	6.4
Sources	8.3	10.6	11.5

Cash Flow

€m	H1 2022	H1 2023
EBIT	0.0	0.4
Current taxes	(0.0)	(0.1)
D&A	0.3	0.3
Provisions	0.0	0.0
Cash flow from P&L operations	0.4	0.7
Trade Working Capital	2.8	(0.9)
Other assets and liabilities	0.2	0.3
Capex	(0.6)	(0.8)
Operating cash flow after WC and capex	2.8	(0.6)
Interest	(0.2)	(0.1)
Equity investments and financial assets	(0.1)	0.0
Net cash flow	2.6	(0.7)
Net (Debt) Cash - Beginning	(5.4)	(4.3)
Net (Debt) Cash - End	(2.8)	(5.1)
Change in Net (Debt) Cash	2.6	(0.7)

Source: Company data – Note: Rounded figures

Ratio analysis

KPIs	H1 2022	H1 2023
ROE	neg.	11%
ROS (EBIT/Sales)	0%	2%
DOI	170	162
DSO	65	70
DPO	104	97
TWC/Sales	42%	40%
Net Debt / EBITDA	3.7x	3.3x
Net Debt / Equity	0.5x	0.8x
Net Debt / (Net Debt+Equity)	0.3x	0.4x
Cash flow from P&L operations / EBITDA	100%	91%
FCF / EBITDA	nm	neg.

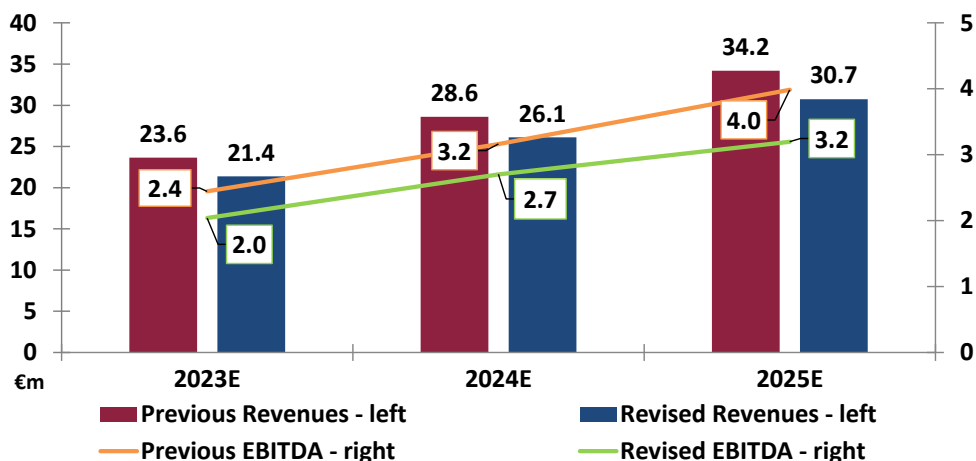
Note: H1 KPIs calculated on LTM economics

Estimates revision

Fine tuning on 2023: full year sales to factor in production delays and costs mix alignment with H1, on the back of €12.3m sales to date and €7.8m backlog for 2023 disclosed by management.

Change in estimates

Previous vs Revised Revenues and EBITDA estimates (€m)



Source: EnVent Research

€m	Revised			Previous			Change %		
	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
Sales	20.4	24.5	29.4	22.1	26.5	31.8	-8%	-8%	-8%
Revenues	21.4	26.1	30.7	23.6	28.6	34.2	-10%	-9%	-10%
EBITDA	2.0	2.7	3.2	2.4	3.2	4.0	-17%	-15%	-20%
<i>Margin on Revenues</i>	10%	10%	10%	10%	11%	12%			
EBIT	1.0	1.4	1.6	1.4	1.9	2.3	-29%	-25%	-34%
<i>Margin on Revenues</i>	5%	5%	5%	6%	7%	7%			
Net Income (Loss)	0.5	0.8	0.9	0.8	1.1	1.5	-37%	-29%	-38%
Net (Debt) Cash	(4.2)	(4.1)	(3.8)	(4.3)	(4.3)	(4.4)	-2%	-5%	-13%
<i>Net Debt/EBITDA</i>	2.1x	1.5x	1.2x	1.8x	1.4x	1.1x			

Source: EnVent Research

Financial projections

Profit and Loss

€m	2020	2021	2022	2023E	2024E	2025E
Sales	7.9	10.4	17.0	20.4	24.5	29.4
Change in inventory	0.7	(0.2)	0.8	0.4	1.0	0.7
Capitalization of R&D	0.2	0.4	0.4	0.4	0.4	0.4
Other income	0.0	0.3	0.2	0.2	0.2	0.2
Total Revenues	8.9	10.9	18.4	21.4	26.1	30.7
YoY %	-0.1%	23.2%	68.2%	16.2%	22.1%	17.7%
Materials	(4.1)	(4.2)	(8.8)	(10.6)	(13.0)	(15.4)
Services	(1.8)	(3.5)	(4.4)	(4.4)	(5.5)	(6.3)
Personnel	(1.7)	(1.9)	(2.9)	(3.7)	(4.3)	(5.1)
Other operating costs	(0.2)	(0.3)	(0.5)	(0.6)	(0.6)	(0.7)
Operating charges	(7.9)	(9.9)	(16.6)	(19.3)	(23.4)	(27.5)
EBITDA	1.0	1.1	1.8	2.0	2.7	3.2
Margin on Sales	12.8%	10.1%	10.6%	10.0%	11.0%	10.9%
Margin on Revenues	11.4%	9.6%	9.8%	9.5%	10.4%	10.4%
D&A	(0.6)	(0.7)	(1.0)	(1.0)	(1.3)	(1.6)
EBIT	0.4	0.4	0.8	1.0	1.4	1.6
Margin	4.7%	3.4%	4.5%	4.7%	5.4%	5.1%
Interest	(0.2)	(0.1)	(0.3)	(0.3)	(0.3)	(0.3)
EBT	0.2	0.3	0.5	0.7	1.1	1.3
Margin	2.7%	2.3%	2.9%	3.4%	4.3%	4.2%
Income taxes	(0.1)	(0.0)	(0.2)	(0.2)	(0.3)	(0.4)
Net Income (Loss)	0.2	0.2	0.3	0.5	0.8	0.9
Margin	1.9%	2.2%	1.8%	2.4%	3.1%	3.0%

Source: Company data 2020-22A, EnVent Research 2023-25E

Balance Sheet

€m	2020	2021	2022	2023E	2024E	2025E
Inventory	4.9	5.2	6.4	6.7	7.7	8.5
Trade receivables	4.1	6.0	5.7	5.8	6.6	7.9
Trade payables	(3.2)	(3.2)	(5.0)	(5.2)	(6.4)	(7.5)
Trade Working Capital	5.7	8.0	7.0	7.3	7.9	8.8
Other assets (liabilities)	(0.1)	0.5	0.6	0.6	0.8	0.9
Net Working Capital	5.7	8.5	7.7	7.9	8.7	9.8
Intangible assets	2.0	2.5	2.8	2.9	2.8	2.2
Property, plant and equipment	0.4	0.3	0.5	0.6	0.7	0.9
Equity investments and financial assets	0.0	0.0	0.1	0.1	0.1	0.1
Non-current assets	2.4	2.9	3.4	3.6	3.6	3.2
Provisions	(0.4)	(0.4)	(0.4)	(0.5)	(0.6)	(0.7)
Net Invested Capital	7.7	11.0	10.6	11.0	11.6	12.3
Net Debt (Cash)	2.9	5.4	4.3	4.2	4.1	3.8
Equity	4.7	5.6	6.2	6.7	7.5	8.4
Sources	7.7	11.0	10.6	11.0	11.6	12.3

Source: Company data 2020-22A, EnVent Research 2023-25E

Cash Flow

€m	2020	2021	2022	2023E	2024E	2025E
EBIT	0.4	0.4	0.8	1.0	1.4	1.6
Current taxes	(0.1)	(0.0)	(0.2)	(0.2)	(0.3)	(0.4)
D&A	0.6	0.7	0.9	1.0	1.3	1.6
Provisions	0.0	0.0	0.0	0.1	0.1	0.1
Cash flow from P&L operations	1.0	1.0	1.6	1.9	2.4	2.9
Trade Working Capital	(1.7)	(2.3)	1.0	(0.3)	(0.6)	(1.0)
Other assets and liabilities	(0.1)	(0.6)	(0.1)	(0.0)	(0.1)	(0.1)
Capex	(0.5)	(1.2)	(1.3)	(1.2)	(1.3)	(1.3)
Capex - IPO cost	(0.6)	0.0	0.0	0.0	0.0	0.0
Operating cash flow after WC and capex	(1.9)	(3.0)	1.2	0.4	0.4	0.5
Interest	(0.2)	(0.1)	(0.3)	(0.3)	(0.3)	(0.3)
Equity investments and financial assets	(0.0)	(0.0)	(0.1)	0.0	0.0	0.0
Capex - IPO cost	0.0	0.0	0.0	0.0	0.0	0.0
IPO proceeds	2.9	0.0	0.0	0.0	0.0	0.0
Warrant exercise	0.0	0.6	0.2	0.0	0.0	0.0
Changes in equity	0.0	0.0	0.1	0.0	0.0	0.0
Net cash flow	0.9	(2.5)	1.0	0.1	0.1	0.3
Net Debt (Beginning)	(3.8)	(2.9)	(5.4)	(4.3)	(4.2)	(4.1)
Net Debt (End)	(2.9)	(5.4)	(4.3)	(4.2)	(4.1)	(3.8)
Change in Net Debt (Cash)	0.9	(2.5)	1.0	0.1	0.1	0.3

Source: Company data 2020-22A, EnVent Research 2023-25E

Ratio analysis

KPIs	2020	2021	2022	2023E	2024E	2025E
ROE	4%	4%	5%	8%	11%	11%
ROS (EBIT/Sales)	5%	4%	5%	5%	6%	5%
ROIC (NOPAT/Invested Capital)	4%	2%	6%	7%	9%	9%
DOI	225	184	136	120	115	105
DSO	154	172	100	85	80	80
DPO	154	120	109	100	100	100
TWC/Sales	73%	77%	41%	36%	32%	30%
Net Debt/EBITDA	2.9x	5.1x	2.4x	2.1x	1.5x	1.2x
Net Debt/Equity	0.6x	1.0x	0.7x	0.6x	0.5x	0.5x
Net Debt/(Net Debt+Equity)	0.4x	0.5x	0.4x	0.4x	0.4x	0.3x
Cash flow from P&L operations/EBITDA	96%	98%	89%	94%	90%	92%
FCF/EBITDA	neg	neg	65%	20%	15%	17%
Per-capita sales (€k)	251	291	320	296	309	309
Basic EPS (€)	0.05	0.07	0.09	0.14	0.23	0.26
Fully-diluted EPS (€)	0.05	0.07	0.09	0.13	0.21	0.24

Source: Company data 2020-22A, EnVent Research 2023-25E

Valuation

We have updated our DCF and multiples valuation.

Discounted Cash Flows

Updated assumptions:

- Risk free rate: 4.0% (Italian 10-year government bonds interest rate – 30 days average. Source: Bloomberg, October 2023)
- Market return: 12.5% (30 days average. Source: Bloomberg, October 2023)
- Market risk premium: 8.5%

- Beta: 1.0 (EnVent analysis on selected peers, rounded figures)
- Cost of equity: 12.5%
- Cost of debt: 5.0%
- Tax rate: 24% (IRES)
- 40% debt/(debt + equity) as target capital structure
- WACC 9.0%
- Perpetual growth rate after explicit projections (G): 3.0%
- Terminal Value assumes a normalized sustainable EBITDA margin of 12%

DCF Valuation

€m	2020	2021	2022	2023E	2024E	2025E	Perpetuity
Revenues	8.9	10.9	18.4	21.4	26.1	30.7	31.7
EBITDA	1.0	1.1	1.8	2.0	2.7	3.2	3.8
<i>Margin</i>	11.4%	9.6%	9.8%	9.5%	10.4%	10.4%	12.0%
EBIT	0.4	0.4	0.8	1.0	1.4	1.6	3.2
<i>Margin</i>	4.7%	3.4%	4.5%	4.7%	5.4%	5.1%	10.1%
Taxes	(0.1)	(0.1)	(0.2)	(0.3)	(0.4)	(0.4)	(0.9)
NOPAT	0.3	0.3	0.6	0.7	1.0	1.1	2.3
D&A	0.6	0.7	1.0	1.0	1.3	1.6	0.6
Provisions	0.0	0.0	0.0	0.1	0.1	0.1	0.0
Cash flow from operations	0.9	1.0	1.6	1.9	2.4	2.9	2.9
Trade Working Capital	(1.7)	(2.3)	1.0	(0.3)	(0.6)	(1.0)	(0.7)
Other assets and liabilities	(0.1)	(0.6)	(0.1)	(0.0)	(0.1)	(0.1)	0.0
Capex	(1.0)	(1.2)	(1.3)	(1.2)	(1.3)	(1.3)	(0.6)
Yearly unlevered free cash flow	(2.0)	(3.1)	1.2	0.3	0.3	0.5	1.6
- H1 unlevered free cash flow				0.6			
Free Cash Flow to be discounted				0.9	0.3	0.5	1.6
WACC	9.0%						
Long-term growth (G)	3.0%						
Discounted Cash Flows				0.9	0.3	0.4	
Sum of Discounted Cash Flows	1.6						
Terminal Value							27.1
Discounted TV	21.8						
Enterprise Value	23.4						
Net Debt as of 30/06/23	(5.1)						
Equity Value	18.4						

DCF - Implied multiples	2020	2021	2022	2023E	2024E	2025E
EV/Revenues	2.6x	2.1x	1.3x	1.1x	0.9x	0.8x
EV/EBITDA	23.2x	22.3x	13.0x	11.5x	8.7x	7.3x
EV/EBIT	55.7x	62.9x	28.1x	23.4x	16.7x	15.0x
P/E	108.4x	77.3x	55.7x	36.2x	23.0x	20.2x

Discount of current market price vs DCF -34%

Current market price - Implied multiples	2020	2021	2022	2023E	2024E	2025E
EV/Revenues	1.7x	1.4x	0.8x	0.7x	0.6x	0.5x
EV/EBITDA	15.4x	14.8x	8.6x	7.6x	5.7x	4.9x
EV/EBIT	36.9x	41.7x	18.6x	15.5x	11.0x	10.0x
P/E	61.8x	44.0x	31.7x	20.6x	13.1x	11.5x

Source: EnVent Research

Market multiples

Company	EV/REVENUES			EV/EBITDA			EV/EBIT			P/E		
	2022	2023E	2024E	2022	2023E	2024E	2022	2023E	2024E	2022	2023E	2024E
Bucher Industries	0.9x	0.9x	0.9x	6.7x	6.2x	6.9x	7.9x	7.3x	8.5x	10.9x	10.0x	11.8x
Nilfisk	0.7x	0.7x	0.6x	7.3x	5.2x	4.7x	8.7x	9.5x	8.7x	10.4x	8.0x	8.4x
Tennant	1.5x	1.3x	1.3x	11.8x	8.5x	8.3x	18.4x	11.8x	11.1x	na	13.4x	12.4x
Federal Signal	2.9x	2.4x	2.2x	nm	nm	nm	nm	nm	nm	nm	nm	nm
Alamo	1.5x	1.4x	1.3x	11.9x	9.3x	8.7x	15.7x	11.4x	10.7x	20.4x	15.2x	13.9x
Mean	1.5x	1.3x	1.3x	9.5x	7.3x	7.2x	12.7x	10.0x	9.7x	13.9x	11.6x	11.6x
Median	1.5x	1.3x	1.3x	9.6x	7.3x	7.6x	12.2x	10.5x	9.7x	10.9x	11.7x	12.1x

Tenax International	0.8x	0.7x	0.6x	8.0x	7.1x	5.3x	17.3x	14.4x	10.3x	28.5x	18.5x	11.8x
----------------------------	-------------	-------------	-------------	-------------	-------------	-------------	--------------	--------------	--------------	--------------	--------------	--------------

Source: EnVent Research on S&P Capital IQ, 13/10/2023

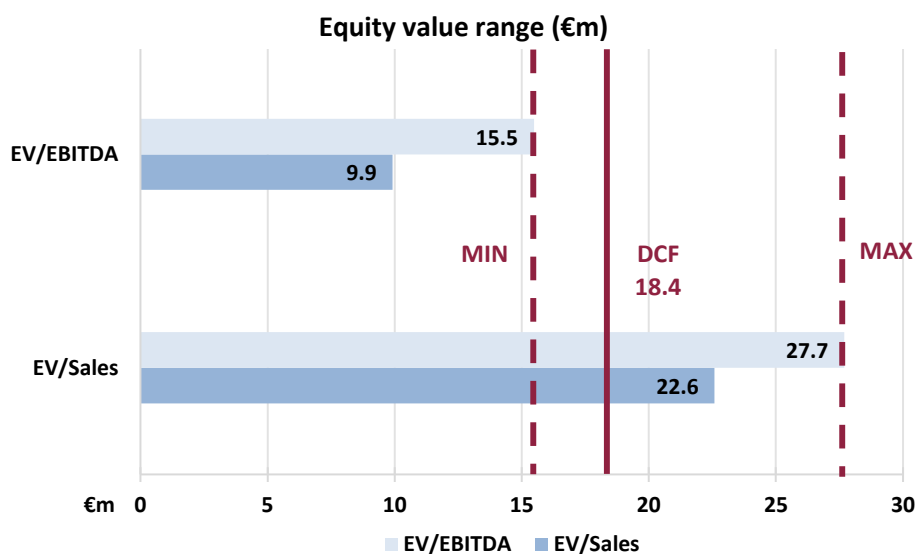
We have applied to our 2023-24 estimates the corresponding multiples from the peer group.

Application of market multiples

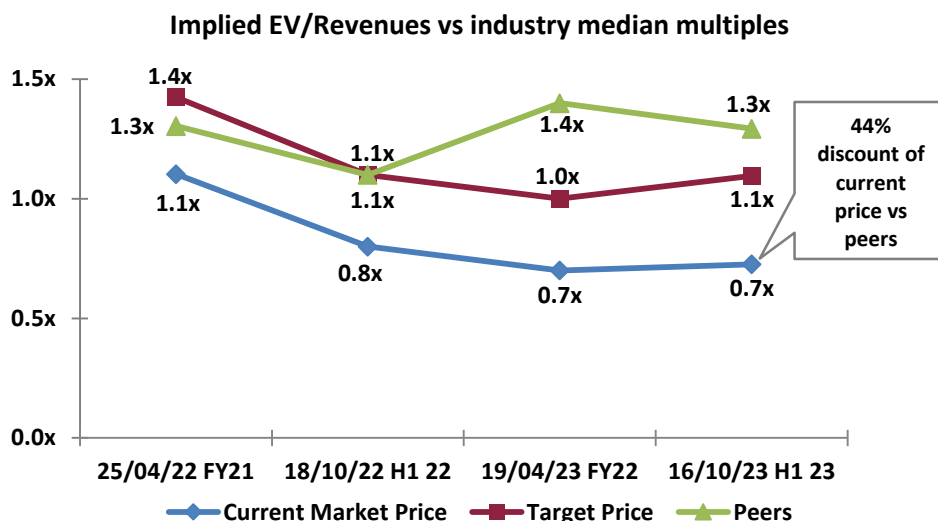
€m						
Tenax (€m)	Market Multiples	EV	Net debt 30/06/2023	Equity value	Equity value per share (€)	
2023E Revenues	21.4	1.3x	27.6	(5.1)	22.6	6.43
2024E Revenues	26.1	1.3x	32.8	(5.1)	27.7	7.89
Mean					25.1	7.16
2023E EBITDA	2.0	7.3x	15.0	(5.1)	9.9	2.82
2024E EBITDA	2.7	7.6x	20.5	(5.1)	15.5	4.41
Mean					12.7	3.62

Source: EnVent Research

Target Price



Source: EnVent Research



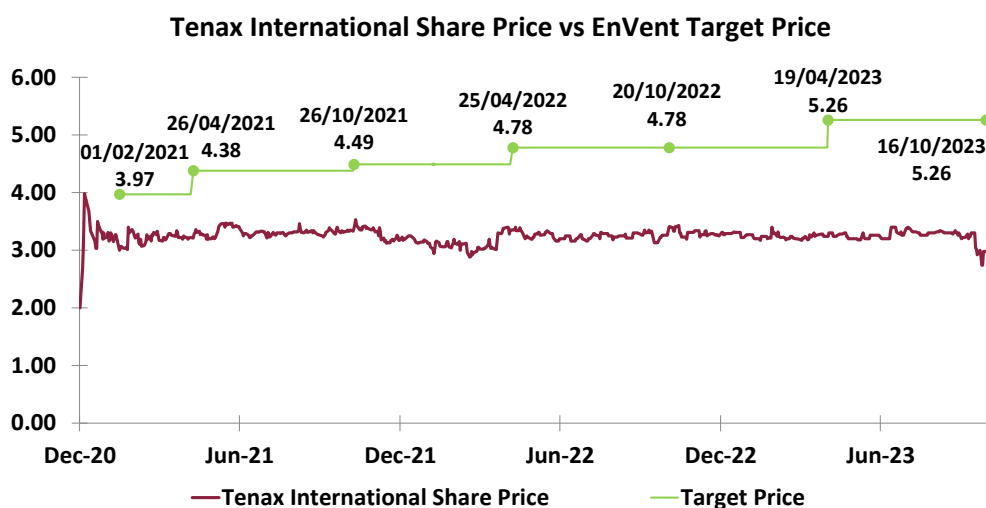
Source: EnVent Research on S&P Capital IQ, 16/10/2023

Our updated DCF valuation leads to confirm our previous target price of €5.26 per share, implying a 77% upside potential on current stock price, and the OUTPERFORM rating.

Please refer to important disclosures at the end of this report.

Tenax International Price per Share	€
Target Price	5.26
Current Share Price (13/10/2023)	2.98
Premium (Discount)	77%

Source: EnVent Research



Source: EnVent Research on S&P Capital IQ, 16/10/2023

DISCLAIMER (for more details go to www.enventgroup.eu under “Legal notices - Disclaimer”)

This publication has been prepared by Luigi Tardella, Head of Research Division, Viviana Sepe and Mauro Durante, Equity Analyst, on behalf of the Research & Analysis Division of EnVent Italia SIM S.p.A. (“EnVent”). EnVent Italia SIM is authorized and regulated in Italy by Consob (Register of Investment Firms Reg. No. 315).

According to article 35, paragraph 2b of Euronext Growth Milan Rules for Companies (Regolamento Emittenti Euronext Growth Milan), EnVent has been commissioned to produce Equity Research, and particularly this publication, for the Company by arrangement with MIT SIM, the Specialist engaged by the Company.

This publication does not represent to be, nor can it be construed as being, an offer or solicitation to buy, subscribe or sell financial products or instruments, or to execute any operation whatsoever concerning such products or instruments. This publication is not, under any circumstances, intended for distribution to the general public. Accordingly, this document is only for persons who are Eligible Counterparties or Professional Clients only, i.e. persons having professional experience in investments who are authorized persons or exempted persons within the meaning of the Financial Services and Markets Act 2000 and COBS 4.12 of the FCA’s New Conduct of Business Sourcebook. For residents in Italy, this document is intended for distribution only to professional clients and qualified counterparties as defined in Consob Regulation n. 16190 of the 29th October 2007, as subsequently amended and supplemented.

This publication, nor any copy of it, can not be brought, transmitted or distributed in the United States of America, Canada, Japan or Australia. Any failure to comply with these restrictions may constitute a violation of the securities laws provided by the United States of America, Canada, Japan or Australia.

EnVent does not guarantee any specific result as regards the information contained in the present publication and accepts no responsibility or liability for the outcome of the transactions recommended therein or for the results produced by such transactions. Each and every investment/divestiture decision is the sole responsibility of the party receiving the advice and recommendations, who is free to decide whether or not to implement them. The price of the investments and the income derived from them can go down as well as up, and investors may not get back the amount originally invested. Therefore, EnVent and/or the author(s) of the present publication cannot in any way be held liable for any losses, damage, or lower earnings that the party using the publication might suffer following execution of transactions on the basis of the information and/or recommendations contained therein.

The purpose of this publication is merely to provide information that is up to date and as accurate as possible. The information and each possible estimate and/or opinion and/or recommendation contained in this publication is based on sources believed to be reliable. Although EnVent makes every reasonable endeavour to obtain information from sources that it deems to be reliable, it accepts no responsibility or liability as to the completeness, accuracy or exactitude of such information and sources. Past performance is not a guarantee of future results.

Most important sources of information used for the preparation of this publication are the documentation published by the Company (annual and interim financial statements, press releases, company presentations, IPO prospectus), the information provided by business and credit information providers (as Bloomberg, S&P Capital IQ, AIDA) and industry reports.

EnVent has no obligation to update, modify or amend this publication or to otherwise notify a reader or recipient of this publication in the case that any matter, opinion, forecast or estimate contained herein, changes or subsequently becomes inaccurate, or if the research on the subject company is withdrawn. The estimates, opinions, and recommendations expressed in this publication may be subject to change without notice, on the basis of new and/or further available information.

EnVent intends to provide continuous coverage of the Company and the financial instrument forming the subject of the present publication, with a semi-annual frequency and, in any case, with a frequency consistent with the timing of the Company’s periodical financial reporting and of any exceptional event occurring in its sphere of activity.

A draft copy of this publication may be sent to the subject Company for its information and review (without valuation, target price and recommendation), for the purpose of correcting any inadvertent material inaccuracies. EnVent did not disclose the rating to the issuer before publication and dissemination of this document.

ANALYST DISCLOSURES

For each company mentioned in this publication, all of the views expressed in this publication accurately reflect the financial analysts’ personal views about any or all of the subject company (companies) or securities.

Neither the analysts nor any member of the analysts’ households have a financial interest in the securities of the subject Company. Neither the analysts nor any member of the analysts’ households serve as an officer, director or advisory board member of the subject company. Analysts’ remuneration was not, is not or will be not related, either directly or indirectly, to specific proprietary investment transactions or to market operations in which EnVent has played a role (as Euronext Growth Advisor, for example) or to the specific recommendation or view in this publication. EnVent has adopted internal procedures and an internal code of conduct aimed to ensure the independence of its financial analysts. EnVent research analysts and other staff involved in issuing and disseminating research reports operate independently of EnVent Group business. EnVent, within the Research & Analysis Division, may collaborate with external professionals. It may, directly or indirectly, have a potential conflict of interest with the Company and,

for that reason, EnVent adopts organizational and procedural measures for the prevention and management of conflicts of interest (for details www.enventgroup.eu under “Legal notices - Disclaimer”, “Procedures for prevention of conflicts of interest”).

MIFID II DISCLOSURES

Tenax International S.p.A. (the “Issuer or the “Company”) is a corporate client of EnVent. This document, being paid for by a corporate Issuer, is a Minor Non-monetary Benefit as set out in Article 12 (3) of the Commission Delegated Act (C2016) 2031.

This note is a marketing communication and not independent research. As such, it has not been prepared in accordance with legal requirements designed to promote the independence of investment research and this note is not subject to the prohibition on dealing ahead of the dissemination of investment research.

CONFLICTS OF INTEREST

In order to disclose its possible conflicts of interest, EnVent states that it acts or has acted in the past 12 months as Euronext Growth Advisor and Corporate Broker to the subject Company on the Euronext Growth Milan market, a Multilateral Trading Facility regulated by Borsa Italiana (for details www.enventgroup.eu under “Legal notices – Disclaimer”, “Potential conflicts of interest”).

CONFIDENTIALITY

Neither this publication nor any portions thereof (including, without limitation, any conclusion as to values or any individual associated with this publication or the professional associations or organizations with which they are affiliated) shall be reproduced to third parties by any means without the prior written consent and approval from EnVent.

VALUATION METHODOLOGIES

EnVent Research & Analysis Division calculates range of values and fair values for the companies under coverage using professional valuation methodologies, such as the discounted cash flows method (DCF), dividend discount model (DDM) and multiple-based models (e.g. EV/Revenues, EV/EBITDA, EV/EBIT, P/E, P/BV). Alternative valuation methodologies may be used, according to circumstances or judgement of non-adequacy of most used methods. The target price could be also influenced by market conditions or events and corporate or share peculiarities.

STOCK RATINGS

The “OUTPERFORM”, “NEUTRAL”, AND “UNDERPERFORM” recommendations are based on the expectations within a 12-month period from the date of rating indicated in the front page of this publication.

Equity ratings and valuations are issued in absolute terms, not relative to market performance.

Rating system and rationale (12-month time horizon):

OUTPERFORM: stocks are expected to have a total return above 10%;

NEUTRAL: stocks are expected to have a performance between -10% and +10% consistent with market or industry trend and appear less attractive than Outperform rated stocks;

UNDERPERFORM: stocks are among the least attractive in a peer group, with the target price 10% below the current market price;

UNDER REVIEW: target price under review, waiting for updated financial data, or other key information such as material transactions involving share capital or financing;

SUSPENDED: no rating/target price assigned, due to material uncertainties or other issues that seriously impair our previous investment ratings, price targets and earnings estimates;

NOT RATED: no rating or target price assigned.

Some flexibility on the limits of the total return rating ranges is permitted, especially during high market volatility cycles.

The stock price indicated in the report is the last closing price on the day of Production.

Date and time of Production: 13/10/2023 h. 7.00pm

Date and time of Distribution: 16/10/2023 h. 6.30pm

DETAILS ON STOCK RECOMMENDATION AND TARGET PRICE

Date	Recommendation	Target Price (€)	Share Price (€)
01/02/2021	OUTPERFORM	3.97	3.00
26/04/2021	OUTPERFORM	4.38	3.21
26/10/2021	OUTPERFORM	4.49	3.38
25/04/2022	OUTPERFORM	4.78	3.35
18/10/2022	OUTPERFORM	4.78	3.26
19/04/2023	OUTPERFORM	5.26	3.24
16/10/2023	OUTPERFORM	5.26	2.98

ENVENT RECOMMENDATION DISTRIBUTION (October 16th, 2023)

Number of companies covered:	23	OUTPERFORM	NEUTRAL	UNDERPERFORM	SUSPENDED	UNDER REVIEW	NOT RATED
Total Equity Research Coverage %		83%	9%	0%	4%	4%	0%
of which EnVent clients % *		74%	50%	na	100%	0%	na

* Note: Companies to which corporate and capital markets services were supplied in the last 12 months.

This disclaimer is constantly updated on the website at www.eventgroup.eu under “Legal notices - Disclaimer”.
Additional information available upon request.

© Copyright 2023 by EnVent Italia SIM S.p.A. - All rights reserved