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RenX Enterprises Corp (NASDAQ-RENX)

RENX: Reports results slightly ahead of our expectations. Balance sheet improves, but significant challenges remain.

We continue to forecast losses for RenX over the next two years; however, if the company can shift production to higher-margin bagged products and produce a locally sourced peat alternative, profitability could be positively impacted.

OUTLOOK

RenX Enterprises reported full-year revenue of \$8.2 million, ahead of the company's previous guidance and our forecast for fourth-quarter results.

The company's compost sales outperformed as new equipment came online in Q4, boosting the company's overall gross margin to 28.4%.

While the company has made strides to improve operations, corporate overhead is still significant, and management will have to work to significantly lower its cost structure if the company is to build a sustainable business.

Current Price (04/01/26) \$2.61
Valuation NA

SUMMARY DATA

52-Week High \$47.20
52-Week Low \$1.42
One-Year Return (%) -92%
Beta 3.87
Average Daily Volume (sh) 2,976,640

Risk Level High, Speculative
Type of Stock Small-Value
Industry Organic Recycling

Shares Outstanding (mil)* 2.5
Market Capitalization (\$mil) \$6.5
Short Interest Ratio (days) N/A
Institutional Ownership (%) 3
Insider Ownership* (%) 61

Annual Cash Dividend \$0.00
Dividend Yield (%) 0.00

5-Yr. Historical Growth Rates
Sales (%) N/A
Earnings Per Share (%) N/A
Dividend (%) N/A

P/E using TTM EPS N/A
P/E using 2026 Estimate N/A
P/E using 2027 Estimate N/A

Zacks Rank N/A

ZACKS ESTIMATES

Revenue
(in millions of \$)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2024	0 A	0 A	0 A	0 A	0 A
2025	0 A	1 A	4 A	2.5 E	7.4 E
2026	3.3 E	4.1 E	4.6 E	5.2 E	17.2 E
2027	6.0 E	6.7 E	6.6 E	7.1 E	26.4 E

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2024					-\$196 A
2025					-\$84 A
2026	-\$1.66 E	-\$1.56 E	-\$1.42 E	-\$1.24 E	-\$5.86 E
2027	-\$1.03 E	-\$0.90 E	-\$0.83 E	-\$0.73 E	-\$3.48 E

* EPS Restated to reflect 1-for-20 reverse split in March 2026

WHAT'S NEW

RenX Reports Full Year 2025 Results

RenX Enterprises released its full-year results before the market opened on April 1, 2026. As a result of the company's acquisition of Resource Group in June 2025, it is now focused squarely on producing engineered soils, processing organic waste (composting), and providing logistics services for recyclables, organic waste, and municipal solid waste.

The company did not release fourth-quarter results, so we've had to back into the quarter's results by subtracting the previously released nine-month results from the full-year results filed.

Comparisons with previous quarters are not relevant for RenX because the company had virtually no revenue-generating operations prior to the acquisition of Resource Group in 2025; however, we can compare fourth-quarter results with our previously published model.

Fourth Quarter Results

We have to preface this discussion with a note that we have backed into all of the fourth quarter results discussed below.

We believe the company's compost business performed well in the quarter, with revenue of \$1.1 million, exceeding our forecast of \$532k. Given the significant equipment upgrades at the Myakka facility, it has been challenging to get a sense of the facility's normalized quarterly output, but we are certainly encouraged by these results, and they bode well for 2026. Compost sales were also up 42% sequentially, but again, it's unclear how much of this increase was due to demand versus simply an increase in operating time due to equipment upgrades.

The company's logistics business – Zimmer Equipment – also exceeded our forecast, recording \$2.2 million in sales, up from our estimate of \$1.9 million, likely due to increased driver availability. While the actual results exceeded our forecast, we note that sales in the division were down 20% sequentially, likely due to restrictions on certain seasonal work visas that reduced the total available driver pool.

The gross margin on compost sales was an impressive 57%, while the gross margin on logistics revenue was roughly as expected at around 14%. Given that compost sales accounted for a significantly larger share of the total group's revenue in Q4 and the gross margin on those sales was nearly 4 times the logistics gross margin, RenX's total gross margin in Q4 was 28.4%, roughly 100 basis points above our projections.

We would note that in the footnotes to the company's year-end financial statements, RenX indicated that pro forma revenues for 2025, assuming the acquisition had occurred on 1/1/2024, were \$15.2 million, a decline of \$3.2 million, or 17%, from 2024's pro forma results. These results are likely the best indication of the company's true operating performance in 2025.

The balance of the company's normal operating expenses were roughly in line with our forecasts but the company did incur a number of special charges related to impairment of assets that impacted the net loss for the quarter.

2025 – a year of transition

RenX exited 2025 as a significantly different company from the one that began the year. The company now has a high-margin compost business and a stable, low-margin waste logistics operation. We believe that, all things being equal, these businesses should generate \$15-\$18 million per year with a 25-30% combined gross margin, which would provide \$3-\$4 million of gross profit per year to cover operating costs.

The company has made new equipment investments (see Recent News below) that could create significant opportunities to grow the top and bottom lines at the compost facility.

However, the existing corporate overhead at RenX and the debt burden raise questions about the company's financial viability. The company worked to address its total debt obligations in 2025, but debt levels remain high relative to its ability to service the debt.

The transition for RenX is only partially complete at this point, in our view, as the company now has two operating lines of business, but the next critical steps will be:

- upgrading the output at the Myakka facility to include a high-quality peat alternative that will drive topline growth and further boost profitability and
- liquidating its real estate portfolio to reduce its debt obligations and interest costs further.

MARKET UPDATE

Little has changed in the South Florida market for engineered soils, mulch, and waste transportation since our February report. However, we note that with the significant increase in fuel costs in the first quarter, buyers of mulch and compost appear to be seeking regionally sourced alternatives to products that must be shipped long distances.

While this is likely driving additional local demand for products currently produced by RenX's composting, mulch, and soils business, it may be partially offset by regional weakness in the Tampa/Sarasota housing market. New construction has been relatively stable thus far, but builders appear to be slowing new projects in the region amid significant growth in existing home inventory. Historically, new construction has been a driver of demand for soils and mulch products, but it's unclear how current market conditions are impacting the company's outlook for 2026.

The company's logistics business has a baseline of business from customers with long-term contracts, but it can be impacted by factors beyond its control, such as driver availability and rising diesel fuel costs. It is yet to be determined how long diesel prices will remain elevated, but diesel has increased roughly 50% since January, and we do not know whether the company can add fuel surcharges to its contracts. If it can pass these higher costs along to customers, the impact may be limited, but if RenX has to absorb these costs, it could impact margins significantly since the transportation business already operates with gross margins in the mid-teens.

RECENT NEWS

- In late March, RenX confirmed that its Microtec UTM 1200 Turbo Mill has been completed in Germany and that delivery is expected in April 2026. Together with additional screening equipment, this mill is expected to enable the company to process up to 10 tons of woody material per hour. While the company expects initial milling in 2026, additional investments in automated bagging and soil-blending tools are projected for 2027 or later. As we noted in our initial report on the company, it believes that products produced by this mill could provide a domestic alternative to Canadian and Florida peat and coconut husks. Given the high cost of freight shipping right now, a locally sourced peat alternative could be a very competitive product.
- Last week, the company announced a 1-for-20 reverse split to increase the share price and regain compliance with the NASDAQ minimum bid requirement. The company indicated that the reverse split reduced the number of outstanding shares from 50 million to roughly 2.5 million. We note that the March share count of 50 million was substantially ahead of our best estimate in February, when we assumed the company had roughly 36 million shares outstanding.
- In March, RenX announced a purchase order for waste removal of green material from a large landscaping operation in Tampa. This agreement highlights the new RenX model: the company will generate hauling fees for collecting wood, brush, and root balls with Zimmer Equipment vehicles, which will then transport the material to the company's Myakka processing facility. Once at the facility, this feedstock can be processed into such value-added compost or soil products. The company believes this approach can enable it to generate revenue from both the transport of materials and the sale of processed materials, thereby enhancing overall margins. After an initial order with this landscaping group, the company noted that it had received additional orders.
- In February, RenX completed another small financing, issuing \$6.0 million of convertible notes with warrants. This financing will likely improve the company's near-term financial condition, but the 12% interest rate and 13-month maturity mean this obligation will have to be converted or refinanced in early 2027. It isn't clear whether this financing would trigger any clauses in prior financings that could result in additional shares or warrants being issued to prior investors.
- In February, RenX announced that its Zimmer Equipment subsidiary had secured a new contract to transport construction and demolition waste with a waste transfer operator in Florida. This agreement aligns with the company's long-term strategy of improving fleet utilization, and we are encouraged by the company's diversification into a new market for waste transportation.

EARNINGS OUTLOOK

We anticipate that gross margins for the Resource Group business will remain above 60%, but those for the Zimmer Equipment transportation business will stay below 20% due to the commodity nature of short-haul trucking. While we forecast the company will work to control operating costs, we still expect 2026 and 2027 operating expenses to exceed \$15 million each year.

We forecast that the company will continue to incur significant interest expense of at least \$4.7 million in both 2026 and 2027 despite recent debt reduction efforts. If the company can sell its existing real estate holdings, it could significantly improve its financial condition. At this point, our estimate for fully diluted shares outstanding is 2.5 million which we believe to be accurate as of today. However, as the company has several very complex financings in place monitoring the fully diluted share count will be necessary.

We continue to forecast that revenues will stabilize in 2026 as new equipment is added at the Myakka facility and driver availability improves for Zimmer Equipment. Our revenue forecast for 2026 is \$17.2 million, but we recognize it could be conservative if the company can sell a higher percentage of engineered soil products and substrates. We assume greater customer penetration for new products in 2027, and our revenue forecast jumps 54% to \$26.4 million. We are also projecting a meaningful increase in gross profit, driven by higher sales of higher-margin soil products, with gross margins exceeding 40% in 2027. There is significant uncertainty regarding pricing and customer adoption of the company's new products, and any model will need to be adjusted as they enter the market. All of our assumptions for 2027 are based on new product offerings successfully entering the market, and it is difficult to accurately gauge demand, pricing, and margins for those products in 2027.

While the company does approach operating breakeven in 2027 in our current model (posting an operating loss of \$5.2 million), it will still have significant interest expense unless debt is extinguished through asset sales.

There are several unknowns in our model, and investors should be prepared for the potential for future dilution if the company utilizes equity markets to fund operations, if convertible notes are converted to shares, or if anti-dilution provisions in prior financings kick in.

Our EPS estimates are adjusted to reflect the March 1-for-20 reverse split and now stand at \$(5.86)/share in 2026 and \$(3.48)/share in 2027.

RISKS

Dilution Risk – As of October 29, 2025, the company had 8.8 million shares outstanding (440k after the reverse split), but total shares outstanding grew to 50 million (2.5 million after the reverse split) by late March 2026. Given that the company had significant short-term debt obligation on its balance sheet at 12/31/25 and negative operating cash flow, continuous financings will be likely (debt or equity) until the company can turn cash flow positive.

Going concern risk – The company's auditors have expressed substantial doubt about our ability to continue as a going concern.

Multiple business pivots – The company was founded in 2021 and has shifted from land development and modular property construction to real estate-related AI technology, then to composting, engineered soils, and logistics in 2025. The number of significant shifts in the business creates a risk that the management team may not be able to properly execute the business model.

Competitive risk – The company's primary markets, composting, engineered soils, and logistics, are highly competitive industries, and the commoditized nature of many of the company's products could limit its pricing power in the market.

COMPANY OVERVIEW

As a result of the 2025 acquisition of Resource Group US, RenX's primary operations include engineered soil production, organics processing, and logistics infrastructure for organic material collection, municipal solid waste, and recyclables. RenX's management is investing in additional technologies to produce organic material, which could eventually improve margins and boost sales in 2027 when the equipment comes fully online.

Resource Group US

This business represents one of the company's core operating assets and offers materials processing, mulch production, and engineered soils to customers. The company creates customized soil and compost products for agricultural production and commercial real estate customers.

The company operates a borrow pit (a large, excavated site where organic waste can be disposed of and allowed to break down over time) and a green waste recycling facility. The company now operates several trucks, walking floors, grinders, and other heavy equipment to process up to 500,000 tons of material at its 81-acre facility.

Due to the substantial value-add of the company's finished products, the gross margins in the compost, mulch and soils business are extremely high (60%). Thus, this business accounted for roughly half of the total gross profit of the company despite its much smaller share of total revenue. We anticipate that over time, the Myakka facility will account for the majority of the company's gross profit.

Zimmer Equipment Inc. (ZEI)

RenX, through its Resource Group Products & Logistics division, operates a fleet of more than 50 tractor-trailer units capable of collecting and hauling municipal solid waste, green yard waste (primarily grass clippings), limbs/trees, and other organic material from municipal, corporate, and landscaping clients. The company also operates several transfer stations where it collects green waste before transporting it to the company's processing facility. Zimmer Equipment works closely with Waste Connections (NYSE: WCD),

the \$40 billion waste company, to transport municipal solid waste and recyclable material to other sites for processing.

The company also uses its fleet of vehicles to make outbound deliveries of finished products, such as compost, mulch, or potting mixes, to customers. Zimmer Equipment has long-term contracts in place with municipalities like the City of St. Petersburg and Hillsborough County, Florida, which is home to 1.6 million residents.

The competitive nature of the transportation market means the company realizes smaller margins (mid teen gross margins), so while this division accounts for the bulk of the company's revenues, it produced just about half of the gross profit in 2025.

Legacy Property Development Business

From the company's founding in 2021 through 2023, its primary focus was on acquiring land for residential development (single-family and multifamily projects). This legacy business ultimately acquired properties based in Texas, Georgia, and Oklahoma.

The company has undergone a significant shift in priorities following the acquisition of the Resource Group. While management has stated that it will continue to "identify land and development opportunities that support long-term economic value," we do not expect this to be a meaningful contributor to the company's future operating revenues. The company is still actively marketing its properties held and selling these properties could help stabilize the company's financial condition.

PROJECTED INCOME STATEMENT

RenX Enterprises (Formerly Safe and Green Development Corp)

Income Statement

4/2/26

				Mar	June	Sept	Dec		Mar	June	Sept	Dec	
	2023A	2024A	2025E	1Q26E	2Q26E	3Q26E	4Q26E	2026E	1Q27E	2Q27E	3Q27E	4Q27E	2027E
<i>(USD in '000's; December Year-End)</i>													
Revenues:													
Legacy business	-	208	18	-	-	-	-	-	-	-	-	-	-
Resource Group	-	-	2,267	743	855	1,196	1,675	4,469	2,345	2,814	3,096	3,405	11,660
Zimmer Equipment	-	-	5,935	2,508	3,260	3,423	3,543	12,735	3,649	3,923	3,531	3,654	14,758
Sales	-	208	8,220	3,251	4,115	4,620	5,218	17,204	5,995	6,737	6,626	7,060	26,418
% change (yoy)						31%	59%	109%	84%	64%	43%	35%	54%
Cost of Legacy Revenues		183	12										
Cost of Resource Group Revenues			856	297	316	371	469	1,453	610	760	805	885	3,060
Cost of Zimmer Equipment Revenues			4,961	2,082	2,716	2,862	2,959	10,618	3,029	3,268	2,952	3,051	12,300
Total Cost of Revenues	-	183	5,829	2,379	3,032	3,233	3,428	12,071	3,639	4,028	3,757	3,937	15,360
Gross Profit	-	25	2,391	872	1,083	1,387	1,791	5,133	2,356	2,709	2,870	3,123	11,058
% change (yoy)				NM	99%	53%	92%	115%	170%	150%	107%	74%	115%
Gross Profit Margin		12.0%	29.1%	26.8%	26.3%	30.0%	34.3%	29.8%	39.3%	40.2%	43.3%	44.2%	41.9%
Operating Expenses:													
Payroll and related expenses	1,126	3,622	3,237	1,078	1,056	1,109	1,053	4,296	1,069	1,048	1,100	1,045	4,262
G&A and consulting fees	1,898	2,962	6,753	2,418	2,454	2,405	2,441	9,717	2,490	2,527	2,477	2,514	10,007
Marketing and business development expense	-	-	861	461	466	470	475	1,872	482	487	492	497	1,958
Impairment loss	-	-	966	-	-	-	-	-	-	-	-	-	-
Bad debt expense	-	-	3,025	-	-	-	-	-	-	-	-	-	-
% of Sales	3,023	6,584	14,842	3,956	3,976	3,984	3,969	15,885	4,041	4,062	4,069	4,056	16,227
		3172.2%	180.6%	121.7%	96.6%	86.2%	76.1%	92.3%	67.4%	60.3%	61.4%	57.4%	61.4%
Operating Income (Loss)	(3,023)	(6,559)	(12,451)	(3,084)	(2,893)	(2,597)	(2,179)	(10,753)	(1,685)	(1,352)	(1,199)	(933)	(5,170)
Interest Expense	(1,178)	(3,474)	(5,266)	(1,107)	(1,163)	(1,180)	(1,198)	(4,648)	(1,138)	(1,195)	(1,213)	(1,231)	(4,777)
Change in fair value of derivative liability			2,035										
Impairment of notes receivable			(818)										
Interest Income	0	12	(15)	0	0	0	0	-	0	0	0	0	-
Other Income	1	1,113	557	0	0	0	0	-	0	0	0	0	-
Net Income (Loss) reported	(4,201)	(8,908)	(15,957)	(4,192)	(4,055)	(3,777)	(3,377)	(15,401)	(2,824)	(2,547)	(2,412)	(2,164)	(9,946)
Deemed dividends related to preferred stock B derivative value			(3,631)										
Net income/(Loss) allocable to common shareholders			(19,588)										
EPS reported		(195.69)	(83.99)	(1.66)	(1.56)	(1.42)	(1.24)	(5.86)	(1.03)	(0.90)	(0.83)	(0.73)	(3.48)
Diluted Shares (weighted average)		46	233	2,532	2,595	2,660	2,727	2,629	2,754	2,823	2,893	2,966	2,859
Margins:													
Gross Margin	0.0%	12.0%	29.1%	26.8%	26.3%	30.0%	34.3%	29.8%	39.3%	40.2%	43.3%	44.2%	41.9%
Operating Margin (reported)		-3160.2%	-151.5%	-94.9%	-70.3%	-56.2%	-41.8%	-62.5%	-25.0%	-20.4%	-17.0%	-3.5%	-19.6%

Source: Zacks SCR, Brian Lantier, Company Filings

BALANCE SHEET

RenX Enterprises (Formerly Safe and Green Development Corp)

Balance Sheet in 000s USD

12/31/25

Assets	
Current Assets	
Cash	54
Prepaid assets and other current assets	638
Inventory	1,079
Accounts receivable, net	799
Notes receivable	0
Total current assets	2,570
Assets held for sale	0
Land	2,394
Property & Equipment (net)	11,802
Project development costs and other non-current assets	91
Equity-based investments	828
Intangible assets, net	11,260
Right of use assets	290
Goodwill	6,240
Total non-current assets	32,907
Total Assets	35,477
Liabilities	
Current Liabilities	
Accounts payable and accrued expenses	5,530
Due to affiliates	2,095
Short-term notes payable, net	6,956
Note payable to related party, current	5,562
Derivative liability	1,218
Operating lease liabilities, current	60
Finance lease liabilities	183
Total current liabilities	21,606
Non-Current Liabilities	
Long-term notes payable, net	8,244
Obligations under financing leases, non-current	250
Finance lease obligations	983
Total Liabilities	31,082
Shareholder's Equity	
Preferred Stock	1
Common Stock	1
Additional Paid-in Capital	36,566
Retained Earnings	(32,173)
Non-controlling interest	-
Shareholder's Equity (Deficiency)	4,394
Total Liabilities & Shareholder's Equity	35,477

Source: Company filing

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RenX Enterprises Corp. (RENX) ☆

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2.2565 **-0.3535 (-13.54%)**

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Source: Yahoofinance.com

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