

EQUITY - SPAIN

Sector: Software

Closing price: EUR 0.34 (20 Jan 2023)

Report date: 23 Jan 2023 (14:30h)

12m 2022 Preliminary results

Independent Equity Research

12m 2022 Preliminary results

 Opinion ⁽¹⁾: In line

 Impact ⁽¹⁾: We will maintain our estimates

Enrique Andres Abad – enrique.andres@lighthouse-ieaf.com

+34 915 904 226

Substrate AI (SAI), is a small Spanish AI tech company based on reinforcement learning, with headquarters in Valencia. SAI develops and sells its own products and solutions under a SaaS model. Listed on BME Growth since May 2022.

Preliminary 2022 results, in line. The challenge and opportunity remains to grow in AI

Market Data

Market Cap (Mn EUR and USD)	8.3	9.0
EV (Mn EUR and USD) ⁽²⁾	8.9	9.6
Shares Outstanding (Mn)	24.5	
-12m (Max/Med/Min EUR)	4.10 / 0.95 / 0.17	
Daily Avg volume (-12m Mn EUR)	0.07	
Rotation ⁽³⁾	152.7	
Factset / Bloomberg	SAI-ES / SAI SM	
Close fiscal year	31-Dec	

Shareholders Structure (%) ⁽⁶⁾

D. Lorenzo Serratoso Gallardo	18.0
D. José Iván García Braulio	16.7
D. Francisco Javier Muñoz Sanfelix	10.1
D. Fernando Villar del Prado	10.1
Free Float	25.2

Financials (Mn EUR)

	2021	2022e	2023e	2024e
Adj. n ^o shares (Mn)	7.9	22.0	24.5	24.5
Total Revenues	1.6	3.2	5.0	6.6
Rec. EBITDA	-1.1	-1.8	-1.1	-0.3
% growth	n.a.	-66.2	40.0	70.8
% Rec. EBITDA/Rev.	n.a.	n.a.	n.a.	n.a.
% Inc. EBITDA sector ⁽⁴⁾	31.6	18.1	10.9	19.5
Net Profit	-1.8	-15.7	-1.5	-1.3
EPS (EUR)	-0.23	-0.72	-0.06	-0.05
% growth	n.a.	-214.6	91.4	14.3
Ord. EPS (EUR)	-0.24	-0.71	-0.06	-0.05
% growth	n.a.	-195.3	91.3	14.3
Rec. Free Cash Flow ⁽⁵⁾	-2.2	-2.9	-1.9	-1.1
Pay-out (%)	0.0	0.0	0.0	0.0
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	5.0	0.9	2.8	3.8
ND/Rec. EBITDA (x)	n.a.	n.a.	n.a.	n.a.
ROE (%)	n.a.	n.a.	n.a.	n.a.
ROCE (%) ⁽⁵⁾	n.a.	n.a.	n.a.	n.a.

Ratios & Multiples (x) ⁽⁶⁾

	2021	2022e	2023e	2024e
P/E	n.a.	n.a.	n.a.	n.a.
Ord. P/E	n.a.	n.a.	n.a.	n.a.
P/BV	0.3	0.4	0.5	0.5
Dividend Yield (%)	0.0	0.0	0.0	0.0
EV/Sales	5.47	2.76	1.77	1.35
EV/Rec. EBITDA	n.a.	n.a.	n.a.	n.a.
EV/EBIT	n.a.	n.a.	n.a.	n.a.
FCF Yield (%) ⁽⁵⁾	n.a.	n.a.	n.a.	n.a.

PRELIMINARY 2022 RESULTS IN LINE. STRONG REVENUE GROWTH CONFIRMED...

SAI has released its 2022 results, although information is limited to total revenue (EUR 4.0Mn) and EBITDA (EUR -1.7Mn), without providing other P&L or balance sheet items. The results are being audited. Excluding capitalisations (EUR c.0.8Mn 2022e), SAI generated revenue of EUR c.3.3Mn (vs EUR 1.6Mn in 2021), in line with estimates. Growth (c.101% vs 2021) that was driven mainly by the agritech, human resources/advertising, health and R+D projects areas.

... WITH EBITDA STILL BELOW BREAKEVEN (EUR -1.7MN),

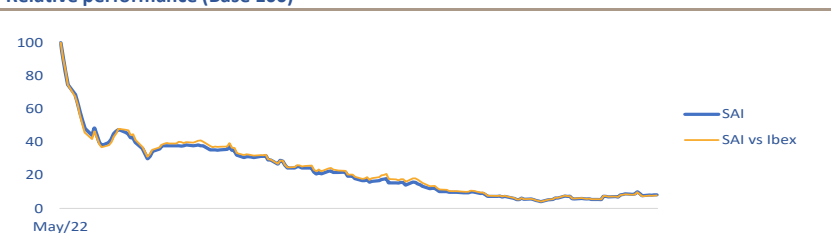
that in recurrent terms, stripping out the cost of the market listing (EUR c.0.2Mn) and capitalised expenses (EUR c.0.8Mn), was EUR -2.3Mn (vs our estimate for the whole of 2022e of EUR -1.8Mn). This reveals: (i) structural expenses sized for a much higher level of revenue and (ii) the impact of the employee incentive plan (that, according to our estimates, drove the personnel costs/revenues ratio to c. 90%).

FUNDED BY CAPITAL INCREASES.

In December 2022, SAI announced the conversion of bonds in an effective amount of EUR c.0.2Mn with Alpha Blue Ocean, that as a result now owns c.10% of capital. It also announced a shareholders' meeting (January 2023) to discuss, among other matters: (i) a capital increase of non-voting shares via a non-monetary contribution for the offsetting of credit balances worth EUR c.1.0Mn and (ii) the approval of an incentive plan for employees and investors in 2023 – 2026. 2022e ND was EUR 0.9Mn.

WE MAINTAIN OUR ESTIMATES. THE EQUITY STORY OF A SECTOR NATURE REMAINS INTACT.

SAI is still a "bet", as at present revenue from AI solutions is still a minority (c.20% of 2022e sales). 2023e-24e is crucial to seeing what SAI will be in the long term and for demonstrating its capacity to grow in the AI solutions business. This underlines SAI's start-up nature and that the generation of positive Rec. EBITDA and FCF is, logically, a long way off. After the rise in the share price since December (c.56%), SAI's 2023e EV/sales ratio is c. 2.1x (excluding estimated non-recurrent R+D sales) vs 3.5x for peers.

Relative performance (Base 100)

Stock performance (%)

	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	34.3	-32.6	n.a.	17.8	n.a.	n.a.
vs Ibxex 35	24.2	-41.9	n.a.	10.3	n.a.	n.a.
vs Ibxex Small Cap Index	18.8	-44.1	n.a.	4.9	n.a.	n.a.
vs Eurostoxx 50	25.0	-42.9	n.a.	9.2	n.a.	n.a.
vs Sector benchmark ⁽⁴⁾	23.7	-45.4	n.a.	4.9	n.a.	n.a.

(1) The opinion regarding the results is on reported EBITDA with respect to our estimate for the year (12m). The impact reflects whether, due to the results, we envisage a significant revision (>5% - 10%, depending on the sector) of our EBITDA estimate (for any of the estimated years).

(2) Please refer to Appendix 3.

(3) Rotation is the % of the capitalisation traded - 12m.

(4) Sector: Stoxx Europe 600 Technology.

(5) Please see Appendix 2 for the theoretical tax rate (ROCE) and rec. FCF calculation.

(6) Including direct and indirect participation JMSAN Agentes Financieros (39.8%): Lorenzo Serratoso Gallardo, José Iván García Braulio, Francisco Javier Muñoz Sanfelix and Fernando Villar del Prado each has a 25% stake. See page 4 for more details

(*) Unless otherwise indicated, all the information contained in this report is based on: The Company, Factset and Lighthouse.

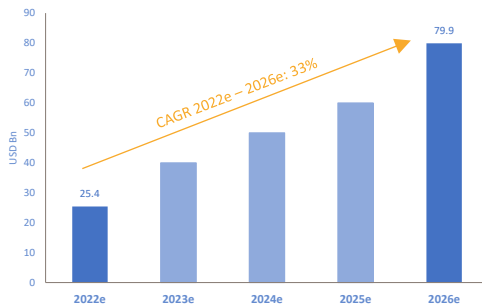
Substrate Artificial Intelligence (SAI) is a BME Growth company

BME Growth is the segment of BME MTF Equity aimed at small and medium sized companies, directed and managed by the Spanish stock market and is subject to the CNMV supervision. BME MTF Equity is not a Regulated Market but instead falls within the classification of a Multilateral Trading Facility (MTF) as defined under the Markets in Financial Instruments Directive (MiFID). In July 2020, BME Growth obtained the status of SME Growth Market, a new category of EU regulations, which in Spain is called Mercado de Pymes en Expansión.

BME Growth is the Spanish equity market for companies of reduced capitalization which aim to grow, with a special set of regulations, designed specifically for them, and with costs and process tailored to their particular features. Operations in BME Growth (former MAB) started in July 2009. There are currently c.140 companies listed on it. Companies listed on the MAB can choose to present their financial statements under IFRS or the General Accounting Plan (PGC) and Royal Decree 1159/2010 (NOFCAC).

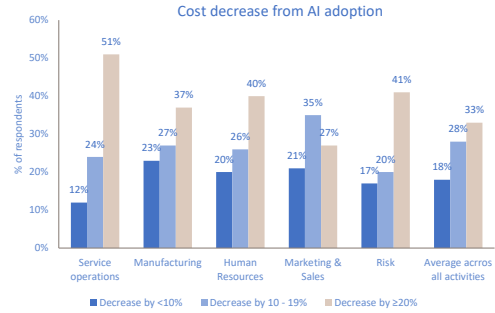
The company in 8 charts

Artificial Intelligence: an attractive market enjoying high growth (33% CAGR 2022e-2026e in Europe) ...



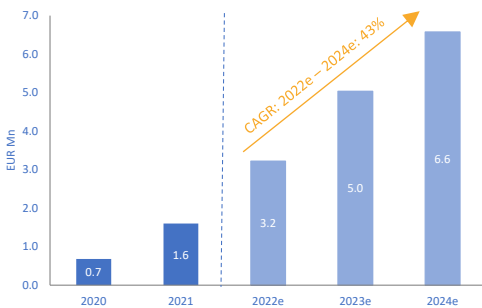
Source: IDC (International Data Corporation)

... increasingly having a greater impact on the companies' income statement at the EBIT level

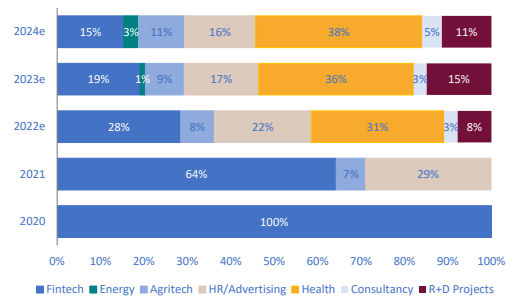


Source: McKinsey Technology Trends 2022

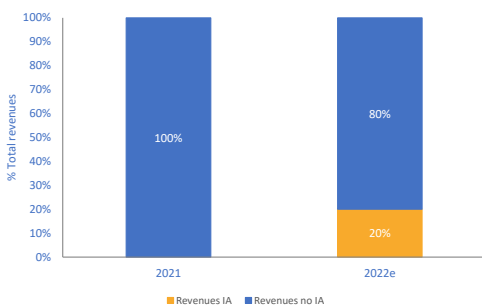
Substrate (SAI): With the potential for high double-digit revenue growth (42.8% CAGR 2022e – 2024e) ...



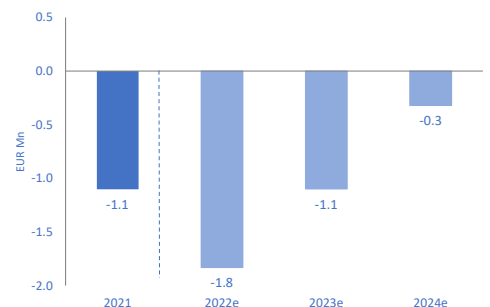
... as a result of the M&A executed in 2020 - 2022, diversifying the business



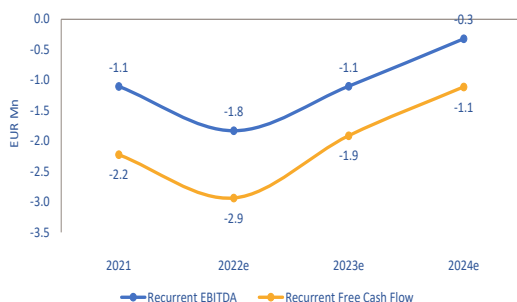
In 2022e we expect c.20% of SAI's revenue to come from products/services directly associated with AI



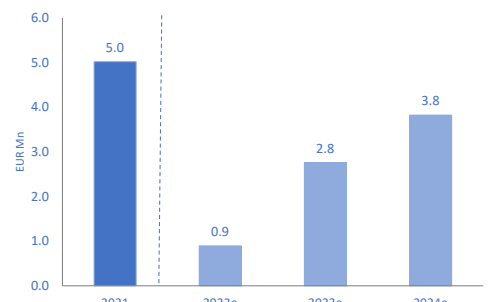
Although without reaching breakeven in Rec. EBITDA until after 2024e



And without the ability to generate positive recurrent FCF for the next years (2022e – 2024e) ...



... that will lead to a "theoretical" increase in net debt (EUR 3.8Mn 2024e). Although "secured" with convertible bonds



12m 2022 Preliminary results

Shareholders structure

After the conversion of an additional 20 convertible bonds (effective amount of EUR c.0.2Mn), there are now 24.5Mn outstanding shares (+11% vs June 2022). Alpha Blue Ocean now holds 10% of share capital.

Table 1. Shareholders structure

Name	Direct	Indirect	Total
JMSAN Agentes Financieros Globales, S.L. (*)	39.8%		39.8%
D. Lorenzo Serratosa Gallardo	7.0%	11.0%	18.0%
D. José Iván García Braulio	6.7%	10.0%	16.7%
D. Francisco Javier Muñoz Sanfeliu	0.2%	10.0%	10.1%
D. Fernando Villar del Prado	0.2%	10.0%	10.1%
Bren Worth	7.3%		7.3%
Alpha Blue Ocean	10.0%		
Ijana Films (**)	2.1%		
Treasury Stock	1.6%		
Free Float	25.2%		
Total	100.0%	40.9%	

(*) Lorenzo Serratosa Gallardo, José Iván García Braulio, Francisco Javier Muñoz Sanfeliu and Fernando Villar del Prado each has a 25% stake.

(**) Lorenzo Serratosa Gallardo has a 50% stake.

Valuation inputs
Inputs for the DCF Valuation Approach

	2022e	2023e	2024e	Terminal Value ⁽¹⁾		
Free Cash Flow "To the Firm"	(3.8)	(1.7)	(0.8)	n.a.		
Market Cap	8.3	At the date of this report				
Net financial debt	0.3	Debt net of Cash (6m Results 2022)				
					Best Case	Worst Case
Cost of Debt	6.6%	Net debt cost			6.4%	6.9%
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=
Net debt cost	5.3%	$K_d = \text{Cost of Net Debt} * (1-T)$			5.1%	5.5%
Risk free rate (rf)	3.1%	Rf (10y Spanish bond yield)			=	=
Equity risk premium	6.0%	R (own estimate)			5.5%	6.5%
Beta (B)	1.3	B (own estimate)			1.2	1.4
Cost of Equity	10.9%	$K_e = R_f + (R * B)$			9.7%	12.2%
Equity / (Equity + Net Debt)	96.1%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	3.9%	D			=	=
WACC	10.7%	$WACC = K_d * D + K_e * E$			9.5%	11.9%
G "Fair"	3.0%				3.0%	2.0%

(1) The terminal value calculated beyond the last FCF estimate does not reflect the company's growth potential (positive/negative) at the date of publication of this report.

Inputs for the Multiples Valuation Approach

Company	Ticker Factset	Mkt. Cap	P/E 22e	EPS 22e-24e	EV/EBITDA 22e	EBITDA 22e-24e	EV/Sales 22e	Revenues 22e-24e	EBITDA/Sales 22e	FCF Yield 22e	FCF 22e-24e
Sidetrade SA	ALBFR-FR	223.3	79.6	56.8%	48.2	50.4%	5.5	21.7%	11.4%	1.0%	68.0%
Median Technologies	ALMDT-FR	108.3	n.a.	15.2%	n.a.	16.8%	3.6	37.9%	n.a.	n.a.	20.5%
Linedata Services	LIN-FR	287.9	10.1	-7.9%	6.5	0.1%	1.9	2.1%	29.4%	9.4%	-29.2%
Lectra	LSS-FR	1,483.6	24.7	13.7%	15.3	9.2%	2.9	5.1%	18.9%	4.2%	17.1%
Artificial Solutions	ASAI-SE	1.9	n.a.	1.6%	n.a.	37.4%	5.2	56.7%	n.a.	n.a.	27.8%
Europe			38.1	15.9%	23.3	22.8%	3.8	24.7%	19.9%	4.9%	20.8%
C3.ai	ALBFR-FR	1,378.3	n.a.	64.4%	n.a.	52.8%	2.6	17.6%	n.a.	n.a.	61.7%
Palantir Technologies	PLTR-US	13,482.2	n.a.	n.a.	31.1	35.1%	6.5	21.5%	20.9%	1.5%	77.6%
United States			n.a.	64.4%	31.1	44.0%	4.6	19.5%	20.9%	1.5%	69.6%
SAI	SAI-ES	8.3	n.a.	72.8%	n.a.	60.0%	2.8	42.8%	n.a.	n.a.	49.6%

Appendix 1. Financial Projections

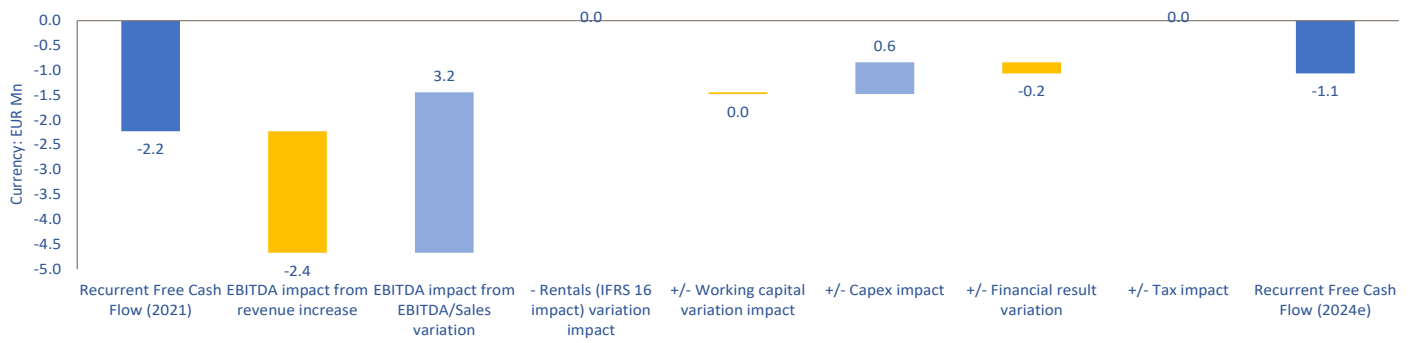
Balance Sheet (EUR Mn)	2017	2018	2019	2020	2021	2022e	2023e	2024e	CAGR	
Intangible assets					1.3	1.6	3.0	4.0		
Fixed assets					0.1	0.2	0.3	0.3		
Other Non Current Assets					0.3	0.3	0.3	0.3		
Financial Investments					1.4	1.4	1.4	1.4		
Goodwill & Other Intangibles					28.2	15.5	13.8	12.2		
Current assets					0.6	1.5	2.1	2.6		
Total assets					31.9	20.5	21.0	20.8		
Equity					26.7	19.2	17.7	16.4		
Minority Interests					(0.0)	(0.0)	(0.0)	(0.0)		
Provisions & Other L/T Liabilities					-	-	-	-		
Other Non Current Liabilities					-	-	-	-		
Net financial debt					5.0	0.9	2.8	3.8		
Current Liabilities					0.3	0.4	0.5	0.6		
Equity & Total Liabilities					31.9	20.5	21.0	20.8		
P&L (EUR Mn)	2017	2018	2019	2020	2021	2022e	2023e	2024e	17-21	21-24e
Total Revenues					1.6	3.2	5.0	6.6	n.a.	59.3%
Total Revenues growth					n.a.	98.2%	56.2%	30.6%		
COGS					(0.0)	(0.8)	(1.0)	(1.3)		
Gross Margin					1.6	2.5	4.0	5.3	n.a.	48.0%
Gross Margin/Revenues					99.9%	76.1%	79.4%	80.0%		
Personnel Expenses					(1.4)	(2.6)	(3.1)	(3.5)		
Other Operating Expenses					(1.4)	(1.7)	(2.0)	(2.1)		
Recurrent EBITDA					(1.1)	(1.8)	(1.1)	(0.3)	n.a.	33.7%
Recurrent EBITDA growth					n.a.	-66.2%	40.0%	70.8%		
Rec. EBITDA/Revenues					n.a.	n.a.	n.a.	n.a.		
Restructuring Expense & Other non-rec.					0.0	(0.2)	-	-		
EBITDA					(1.1)	(2.0)	(1.1)	(0.3)	n.a.	33.6%
Depreciation & Provisions					(1.3)	(2.7)	(2.5)	(3.0)		
Capitalized Expense					0.4	0.8	2.3	2.3		
Rentals (IFRS 16 impact)					-	-	-	-		
EBIT					(2.0)	(4.0)	(1.4)	(1.1)	n.a.	18.8%
EBIT growth					n.a.	-101.0%	65.5%	22.7%		
EBIT/Revenues					n.a.	n.a.	n.a.	n.a.		
Impact of Goodwill & Others					-	(11.5)	-	-		
Net Financial Result					0.1	(0.2)	(0.1)	(0.2)		
Income by the Equity Method					-	-	-	-		
Ordinary Profit					(1.9)	(15.7)	(1.5)	(1.3)	n.a.	11.7%
Ordinary Profit Growth					n.a.	-733.6%	90.3%	14.3%		
Extraordinary Results					-	-	-	-		
Profit Before Tax					(1.9)	(15.7)	(1.5)	(1.3)	n.a.	11.7%
Tax Expense					0.1	-	-	-		
Effective Tax Rate					n.a.	n.a.	n.a.	n.a.		
Minority Interests					-	-	-	-		
Discontinued Activities					-	-	-	-		
Net Profit					(1.8)	(15.7)	(1.5)	(1.3)	n.a.	10.2%
Net Profit growth					n.a.	-775.6%	90.3%	14.3%		
Ordinary Net Profit					(1.9)	(15.6)	(1.5)	(1.3)	n.a.	11.7%
Ordinary Net Profit growth					n.a.	-721.8%	90.2%	14.3%		
Cash Flow (EUR Mn)	2017	2018	2019	2020	2021	2022e	2023e	2024e	17-21	21-24e
Recurrent EBITDA						(1.8)	(1.1)	(0.3)	n.a.	n.a.
Rentals (IFRS 16 impact)						-	-	-		
Working Capital Increase						(0.7)	(0.5)	(0.4)		
Recurrent Operating Cash Flow						-2.5	-1.6	-0.7	n.a.	n.a.
CAPEX						(0.2)	(0.2)	(0.1)		
Net Financial Result affecting the Cash Flow						(0.2)	(0.1)	(0.2)		
Tax Expense						-	-	-		
Recurrent Free Cash Flow						(2.9)	(1.9)	(1.1)	n.a.	n.a.
Restructuring Expense & Other non-rec.						(0.2)	-	-		
- Acquisitions / + Divestures of assets						(1.1)	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						(4.2)	(1.9)	(1.1)	n.a.	n.a.
Capital Increase						8.3	-	-		
Dividends						-	-	-		
Net Debt Variation						(4.1)	1.9	1.1		

Appendix 2. Free Cash Flow

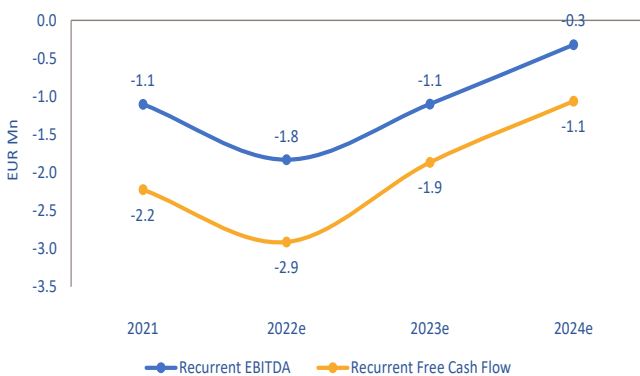
A) Cash Flow Analysis (EUR Mn)	2018	2019	2020	2021	2022e	2023e	2024e	CAGR	
								18-21	21-24e
Recurrent EBITDA					(1.8)	(1.1)	(0.3)	n.a.	n.a.
<i>Recurrent EBITDA growth</i>					-66.2%	40.0%	70.8%		
<i>Rec. EBITDA/Revenues</i>					n.a.	n.a.	n.a.		
- Rentals (IFRS 16 impact)					-	-	-		
+/- Working Capital increase					(0.7)	(0.5)	(0.4)		
= Recurrent Operating Cash Flow					(2.5)	(1.6)	(0.7)	n.a.	n.a.
<i>Rec. Operating Cash Flow growth</i>					-72.8%	38.1%	53.9%		
<i>Rec. Operating Cash Flow / Sales</i>					n.a.	n.a.	n.a.		
- CAPEX					(0.2)	(0.2)	(0.1)		
- Net Financial Result affecting Cash Flow					(0.2)	(0.1)	(0.2)		
- Taxes					-	-	-		
= Recurrent Free Cash Flow					(2.9)	(1.9)	(1.1)	n.a.	n.a.
<i>Rec. Free Cash Flow growth</i>					-30.9%	35.9%	43.1%		
<i>Rec. Free Cash Flow / Revenues</i>					n.a.	n.a.	n.a.		
- Restructuring expenses & others					(0.2)	-	-		
- Acquisitions / + Divestments					(1.1)	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow					-	-	-		
= Free Cash Flow					(4.2)	(1.9)	(1.1)	n.a.	n.a.
<i>Free Cash Flow growth</i>					-77.4%	55.5%	43.1%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>					n.a.	n.a.	n.a.		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>					n.a.	n.a.	n.a.		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)	2018	2019	2020	2021	2022e	2023e	2024e		
Recurrent FCF(FY - 1)					(2.2)	(2.9)	(1.9)		
EBITDA impact from revenue increase					(1.1)	(1.0)	(0.3)		
EBITDA impact from EBITDA/Sales variation					0.4	1.8	1.1		
= Recurrent EBITDA variation					(0.7)	0.7	0.8		
- Rentals (IFRS 16 impact) variation impact					-	-	-		
+/- Working capital variation impact					(0.3)	0.2	0.1		
= Recurrent Operating Cash Flow variation					(1.1)	1.0	0.9		
+/- CAPEX impact					0.6	-	0.1		
+/- Financial result variation					(0.2)	0.1	(0.1)		
+/- Tax impact					-	-	-		
= Recurrent Free Cash Flow variation					(0.7)	1.0	0.8		
Recurrent Free Cash Flow					(2.9)	(1.9)	(1.1)		
C) "FCF to the Firm" (pre debt service) (EUR Mn)	2018	2019	2020	2021	2022e	2023e	2024e	CAGR	
EBIT					(4.0)	(1.4)	(1.1)	n.a.	n.a.
* Theoretical Tax rate					0.0%	0.0%	0.0%		
= Taxes (pre- Net Financial Result)					-	-	-		
Recurrent EBITDA					(1.8)	(1.1)	(0.3)	n.a.	n.a.
- Rentals (IFRS 16 impact)					-	-	-		
+/- Working Capital increase					(0.7)	(0.5)	(0.4)		
= Recurrent Operating Cash Flow					(2.5)	(1.6)	(0.7)	n.a.	n.a.
- CAPEX					(0.2)	(0.2)	(0.1)		
- Taxes (pre- Financial Result)					-	-	-		
= Recurrent Free Cash Flow (To the Firm)					(2.7)	(1.7)	(0.8)	n.a.	n.a.
<i>Rec. Free Cash Flow (To the Firm) growth</i>					-22.1%	36.0%	52.1%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>					n.a.	n.a.	n.a.		
- Acquisitions / + Divestments					(1.1)	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow					-	-	-		
= Free Cash Flow "To the Firm"					(3.8)	(1.7)	(0.8)	n.a.	n.a.
<i>Free Cash Flow (To the Firm) growth</i>					-61.5%	54.5%	52.1%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>					n.a.	n.a.	n.a.		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>					n.a.	n.a.	n.a.		

Note: For the period 2017 - 2020, historical information is not available, as the group was set up in 2021

Recurrent Free Cash Flow accumulated variation analysis (2021 - 2024e)



Recurrent EBITDA vs Recurrent Free Cash Flow



Appendix 3. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	8.3	
+ Minority Interests	0.1	6m Results 2022
+ Provisions & Other L/T Liabilities	0.6	6m Results 2022
+ Net financial debt	0.3	6m Results 2022
- Financial Investments	0.4	6m Results 2022
+/- Others		6m Results 2022
Enterprise Value (EV)	8.9	

Appendix 4. Main peers 2022e

		Europe					United States				
EUR Mn		Sidetrade SA	Median Technologies	Linedata Services	Lectra	Artificial Solutions	Average	C3.ai	Palantir Technologies	Average	SAI
Market data	Ticker (Factset)	ALBFR-FR	ALMDT-FR	LIN-FR	LSS-FR	ASAI-SE		AI-US	PLTR-US		SAI-ES
	Country	France	France	France	France	Sweden		United States	United States		Spain
	Market cap	223.3	108.3	287.9	1,483.6	1.9		1,378.3	13,482.2		8.3
	Enterprise value (EV)	202.4	86.7	331.5	1,528.6	21.4		629.1	11,410.3		8.9
Basic financial information	Total Revenues	36.9	23.8	172.9	529.0	4.1		241.3	1,755.8		3.2
	Total Revenues growth	13.1%	0.0%	7.9%	36.5%	18.4%	15.2%	3.4%	23.3%	13.4%	98.2%
	2y CAGR (2022e - 2024e)	21.7%	37.9%	2.1%	5.1%	56.7%	24.7%	17.6%	21.5%	19.5%	42.8%
	EBITDA	4.2	(19.4)	50.8	100.0	(6.6)		(78.1)	366.8		(2.0)
	EBITDA growth	21.5%	n.a.	n.a.	77.3%	-19.7%	26.3%	54.7%	200.3%	127.5%	-83.2%
	2y CAGR (2022e - 2024e)	50.4%	16.8%	0.1%	9.2%	37.4%	22.8%	52.8%	35.1%	44.0%	60.0%
	EBITDA/Revenues	11.4%	n.a.	29.4%	18.9%	n.a.	19.9%	n.a.	20.9%	20.9%	n.a.
	EBIT	3.2	(20.1)	34.5	75.5	(7.9)		(84.0)	358.0		(4.0)
	EBIT growth	13.2%	n.a.	-10.2%	111.9%	-18.5%	24.1%	53.6%	194.3%	124.0%	-101.0%
	2y CAGR (2022e - 2024e)	58.4%	15.4%	0.0%	11.8%	26.1%	22.3%	57.3%	26.6%	41.9%	48.3%
	EBIT/Revenues	8.5%	n.a.	20.0%	14.3%	n.a.	14.3%	n.a.	20.4%	20.4%	n.a.
	Net Profit	2.7	(21.3)	24.7	41.8	(7.8)		(278.9)	87.5		(15.7)
	Net Profit growth	-42.8%	n.a.	-12.9%	47.9%	-25.2%	-8.3%	-57.3%	118.2%	30.5%	-775.6%
	2y CAGR (2022e - 2024e)	56.9%	15.5%	-2.5%	14.9%	1.2%	17.2%	41.4%	n.a.	41.4%	71.2%
	CAPEX/Sales %	2.6%	2.8%	7.8%	1.6%	2.2%	3.4%	18.5%	2.0%	10.3%	4.7%
Free Cash Flow	2.3	(13.4)	27.2	61.6	(8.4)		(144.4)	200.0		(4.2)	
Net financial debt	(7.2)	6.4	62.3	(12.9)	21.7		1,903.4	(2,219.6)		0.9	
ND/EBITDA (x)	n.a.	n.a.	1.2	n.a.	n.a.	1.2	n.a.	n.a.	n.a.	n.a.	
Pay-out	0.0%	n.a.	n.a.	46.3%	n.a.	23.1%	0.0%	0.0%	0.0%	0.0%	
Multiples and Ratios	P/E (x)	79.6	n.a.	10.1	24.7	n.a.	38.1	n.a.	n.a.	n.a.	n.a.
	P/BV (x)	8.5	n.a.	2.1	3.1	n.a.	4.6	1.7	5.5	3.6	0.4
	EV/Revenues (x)	5.5	3.6	1.9	2.9	5.2	3.8	2.6	6.5	4.6	2.8
	EV/EBITDA (x)	48.2	n.a.	6.5	15.3	n.a.	23.3	n.a.	31.1	31.1	n.a.
	EV/EBIT (x)	n.a.	n.a.	9.6	20.2	n.a.	14.9	n.a.	31.9	31.9	n.a.
	ROE	10.6	n.a.	21.1	12.5	n.a.	14.8	n.a.	3.9	3.9	n.a.
	FCF Yield (%)	1.0	n.a.	9.4	4.2	n.a.	4.9	n.a.	1.5	1.5	n.a.
	DPS	0.00	0.00	1.6	0.54	n.a.	0.53	0.00	0.00	0.00	0.00
	Dvd Yield	0.0%	0.0%	3.3%	1.4%	n.a.	1.2%	0.0%	0.0%	0.0%	0.0%

Note 1: Financial data, multiples and ratios based on market consensus (Factset). In the case of the company analyzed, own estimates (Lighthouse).

Note 2: All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

LIGHTHOUSE

Calle Basílica, 17, 1ª Planta, Oficinas

28020 Madrid

T: +34 915 904 226

institutodeanalistas.com/lighthouse

Alfredo Echevarría Otegui

Head of research

alfredo.echevarria@lighthouse-ieaf.com

David López Sánchez

Equity research

david.lopez@lighthouse-ieaf.com

Luis Esteban Arribas

Equity research

luis.esteban@lighthouse-ieaf.com

Enrique Andrés Abad

Equity research

enrique.andres@lighthouse-ieaf.com

Jesús López Gómez

ESG Analyst & Data analytics

jesus.lopez@lighthouse-ieaf.com

All Lighthouse research documents are available simultaneously on the Lighthouse website (institutodeanalistas.com/lighthouse) and via third-party aggregators such as Bloomberg, Factset, Capital IQ and Refinitiv.

IMPORTANT LEGAL INFORMATION REGARDING THIS REPORT

LIGHTHOUSE

Lighthouse is a project of IEAF Servicios de Análisis S.L.U. Lighthouse is a research project funded by Bolsas y Mercados Españoles S.A. Lighthouse aims to improve the research coverage of the "orphan stocks" of the Spanish market: those which lack real and continuous research coverage. Lighthouse reports will not include valuation and target price. Lighthouse does not seek to provide investment advice to any natural or legal person. For this reason, Lighthouse will not provide a valuation, target price or investment recommendation for any of the securities analysed.

IEAF Servicios de Análisis S.L.U. is a Spanish company whose corporate purpose is:

- 1º) To provide information and financial analysis regarding securities issued by any class of legal person traded or not on official secondary markets, and especially (but not exclusively) those securities which are not the object of the recurrent provision of information and analysis by financial analysts who participate in the markets.
- 2º) To publicise and update the aforementioned financial reports and analysis, in addition to the monitoring and following of the securities on which the information and analysis is provided.
- 3º) To prepare studies and projects aimed at proposing and implementing measures to improve the information and financial analysis of securities traded on official secondary markets.

IEAF Servicios de Análisis S.L.U. is a company whose sole shareholder is the Instituto Español de Analistas Financieros, a professional, not for profit association.

DISCLAIMER

The Instituto Español de Analistas Financieros hereby certifies that the analyst of IEAF Servicios de Análisis S.L.U. whose name figures as the author of this report, expresses views that reflect their personal and independent opinion of the company analysed without these implying, either directly or indirectly, a personalised recommendation of the company analysed for purposes of providing investment advice. This report is based on the preparation of detailed financial projections from information available to the public and following traditional fundamental research methodology (i.e. it is not a technical or quantitative analysis report). For the analysis methodology used in the preparation of this report, please contact the analyst directly; contact details are included on the front page of this report.

The report includes basic information regarding the main parameters to be used by an investor when making their own valuation (whether by discounted cash flows or multiples). These parameters are the personal opinion or estimate of the analyst. The person receiving this report should use their own judgement when using these parameters and should consider them as another element in their decision-making process in respect of investment. These parameters do not represent a personalised investment recommendation.

Rules governing confidentiality and conflicts of interest

None of the following rules governing confidentiality and conflicts of interest (12) is applicable to this report:

1. This report is non-independent research as it has been commissioned by the company analysed (issuer).
2. In the last 12 months, the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U., has had Investment Banking mandates or has managed or co-managed a public offering of the securities of the issuer, or has received compensation from said issuer for Investment Banking services, that exclude brokerage services for prepaid fees.
3. In the next 6 months, the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U., expects to receive or intends to obtain compensation for Investment Banking services provided to this company that exclude brokerage services for prepaid fees.
4. The Investment Analyst or a member of the Research Department or a member of their household has a long position in the shares or derivatives of the corresponding issuer.
5. The Investment Analyst or a member of the Research Department or a member of their household has a short position in the shares or derivatives of the corresponding issuer.
6. At the date of publication, the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U. held a long position of over 0.5% of the issuer's capital.
7. At the date of publication, the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U. held a short position of over 0.5% of the issuer's capital.
8. At the end of the month immediately prior to the publication of this report, or of the previous month if the report is published in the ten days following the end of the month, the company analysed (the issuer) or any of its subsidiaries held 5% or more of any class of equity security of the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U.
9. A senior director or officer of the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U., or a member of their department is a director, officer, advisor or member of the Board of Directors of the issuer and/or one of its subsidiaries.
10. The Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U., acts as broker for the Issuer for the corresponding prepaid fees.
11. The contents of this report related to the financial analysis, financial projections, valuation, investment summary and opinion of the analyst have been reviewed by the issuer prior to its publication.
12. The issuer has made changes to the contents of this report prior to its distribution.

The Investment Analysts who have prepared this Investment Analysis are employees of IEAF Servicios de Análisis S.L.U. These analysts have received (or will receive) compensation according to the general earnings of IEAF Servicios de Análisis S.L.U. To obtain a copy of the Code of Conduct of IEAF Servicios de Análisis S.L.U. (in respect of the Management of Conflicts of Interest in the research department), please use the e-mail address secretaria@institutodeanalistas.com or consult the contents of this Code at www.ieaf.es.

IEAF Servicios de Análisis S.L.U. is compensated by Bolsas y Mercados Españoles, S.A. for the preparation of this report. This report should be considered as just another element in the taking of investment decisions.

A report issued by IEAF servicios de análisis S.L.U.

All rights reserved. The unauthorised use or distribution of this report is prohibited. This document has been prepared and distributed, according to the provisions of the MiFID II by IEAF Servicios de Análisis S.L.U. Its corporate activity is regulated by the CNMV (the Spanish Securities Exchange Commission). The information and opinions expressed in this document do not represent nor are they intended to represent an offer or a solicitation to buy or sell the securities (in other words, the securities mentioned in this report and related warrants, options, rights or interests). The information and opinions contained in this document are based upon information available to the public and have been obtained from sources believed to be reliable by IEAF Servicios de Análisis S.L.U., but no guarantee is given regarding their accuracy or completeness. All comments and estimates reflect solely the opinion of IEAF Servicios de Análisis S.L.U. and do not offer any implicit or explicit guarantee. All the opinions expressed are subject to change without prior warning. This document does not take into account the specific investment objectives, financial position, risk profile or other specific aspects of the person who receives this document, and accordingly they should exercise their own judgement in this respect. Neither the Instituto Español de Analistas Financieros nor its subsidiary, IEAF Servicios de Análisis S.L.U., assumes any responsibility for direct or indirect losses arising from the use of the published research, except in the event of negligent conduct by IEAF Servicios de Análisis S.L.U. The information contained in this report is approved

for distribution to professional clients, eligible counterparties and professional advisers, but not for distribution to private individuals or retail clients. Its reproduction, distribution or publication for any purpose without the written authorisation of IEAF Servicios de Análisis S.L.U. is prohibited. The Instituto Español de Analistas Financieros and/or its subsidiary IEAF Servicios de Análisis S.L.U., their employees and directors, may hold a position (long or short) in an investment knowing that this issuer will be the object of analysis and that this analysis will be distributed to institutional investors. Any further information regarding the contents of this report will be provided upon request. IEAF Servicios de Análisis S.L.U. intends to publish (at least) one quarterly report or note updating the information on the company analysed.

United States. IEAF Servicios de Análisis S.L.U. is not registered in the United States and, consequently, is not subject to the regulations of that country governing the preparation of research and the independence of analysts. This report is distributed solely to major US institutional investors, in reliance on the exemption from registration provided by Rule 15a-6 of the US Securities Exchange Act of 1934, as amended (the "Exchange Act"), and interpretations of this made by the US Securities Exchange Commission.

Major US Institutional Investors. This report will be distributed to "major US institutional investors", as defined by Rule 15a-6 of the US Securities Exchange Commission and of the US Securities Exchange Act of 1934.

Notes and Reports History

Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
23-Jan-2023	n.a.	0.340	n.a.	n.a.	12m 2022 Preliminary results	Enrique Andres Abad
22-Dec-2022	n.a.	0.235	n.a.	n.a.	Initiation of Coverage	Enrique Andres Abad

