

**EQUITY - SPAIN**  
 Sector: Software

 Closing price: EUR 0.28 (2 Aug 2023)  
 Report date: 3 Aug 2023 (18:15h)

**Important news - Estimates upgrade**  
 Independent Equity Research

**Important news**

 Opinion <sup>(1)</sup>: Positive

 Impact <sup>(1)</sup>: We raise our estimates

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**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.

## SAI scales up considerably through M&A

**SAI FURTHERS ITS INTERNATIONAL EXPANSION (THROUGH M&A) ...** SAI has announced the acquisition of 100% of the shares of YAMRO Holding, Ltd., a UK recruitment consultancy specialised in head hunting talent for large enterprises, with operations in the UK, US, Mexico, Costa Rica and Spain. The acquisition affects SAI's entire AI business and its Human Resources (HR) area. Meanwhile, SAI has also acquired a hospital equipment production unit (startup business), which sells medical equipment to hospitals and veterinary clinics.

**...ADDING REVENUE OF APPROXIMATELY EUR 4.5MNM (A CONSIDERABLE STEP-UP IN SCALE).** The company estimates that the YAMRO acquisition will contribute revenue of around EUR 4.0Mn over the next 12m (implying a considerable step-up in scale; EUR 3.1Mn 2022) and EBITDA of EUR c.0.4Mn. The second acquisition will have an impact of EUR 0.5Mn on revenue and EUR 0.04Mn on EBITDA. We increase our estimates (see pg. 3).

**POTENTIALLY DILUTIVE ACQUISITIONS.** The acquisition prices are EUR 4.6Mn for YAMRO (24% of Current EV; EBITDA NTM multiple of c.11.5x) and EUR 2.6 (14% of Current EV) + an earnout for the second. Both prices will be paid with SAI shares through a rights issue (with Class A and B shares). We are talking about capital increases of great materiality and potential dilution (see note on pg 7).

**A LOGICAL, STRATEGIC MOVE.** We see three key objectives justifying the acquisitions: (i) penetration of new geographies (in the case of YAMRO acquisition), thereby reducing reliance on Spain, (ii) the excellent fit with SAI's offering of Health and HR (by adding coverage of the recruitment market, talent retention and internal promotion) solutions, and (iii) the company's sharp jump in size.

**...AND FROM WHICH WE CAN DRAW SEVERAL CONCLUSIONS.** SAI (i) has a growth model and drive to scale up through M&A, (ii) makes acquisitions that validate the company's highly diversified business model (by customer and sector), with no focus on specialisation; (iii) targets companies that sell products/solutions that SAI develops, paying long-term royalties to the parent for use of the company's technology and AI solutions (not acquisitions of AI companies but 'consumers' of AI) and (iv) will 'necessarily' need to carry out considerably and potentially dilutive capital increases/rights issues based on its stage in the cycle (start-up) because of this M&A growth model.

**Market Data**

Market Cap (Mn EUR and USD)	9.6	10.5
EV (Mn EUR and USD) <sup>(2)</sup>	18.9	20.7
Shares Outstanding (Mn)	34.7	
-12m (Max/Med/Min EUR)	1.31 / 0.44 / 0.17	
Daily Avg volume (-12m Mn EUR)	0.20	
Rotation <sup>(3)</sup>	540.9	
Factset / Bloomberg	SAI-ES / SAI SM	
Close fiscal year	31-Dec	

**Shareholders Structure (%) <sup>(7)</sup>**

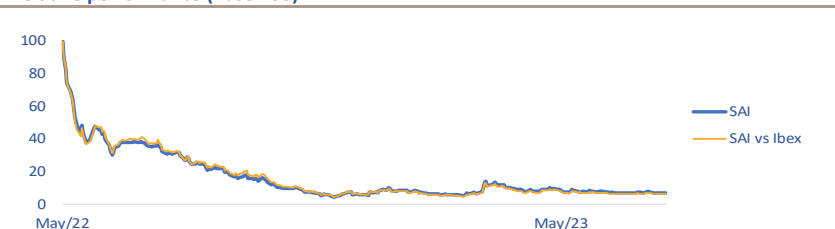
D. Lorenzo Serratoso Gallardo	11.6
D. José Iván García Braulio	10.7
D. Francisco Javier Muñoz Sanfeliu	6.5
D. Fernando Villar del Prado	6.5
Free Float	59.0

**Financials (Mn EUR)**

	2022	2023e	2024e	2025e
Adj. nº shares (Mn)	22.0	35.4	39.2	39.2
Total Revenues	3.2	6.9	11.7	15.1
Rec. EBITDA	-3.4	-3.1	-2.4	-1.0
% growth	-204.2	7.7	23.7	56.6
% Rec. EBITDA/Rev.	n.a.	n.a.	n.a.	n.a.
% Inc. EBITDA sector <sup>(4)</sup>	15.6	8.7	21.8	15.7
Net Profit	-16.0	-3.5	-3.4	-2.8
EPS (EUR)	-0.73	-0.10	-0.09	-0.07
% growth	-222.2	86.3	12.7	19.0
Ord. EPS (EUR)	-0.75	-0.10	-0.09	-0.07
% growth	-213.6	86.6	12.7	19.0
Rec. Free Cash Flow <sup>(5)</sup>	-4.1	-4.8	-4.1	-2.7
Pay-out (%)	0.0	0.0	0.0	0.0
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	1.9	2.2	6.3	9.0
ND/Rec. EBITDA (x)	n.a.	n.a.	n.a.	n.a.
ROE (%)	n.a.	n.a.	n.a.	n.a.
ROCE (%) <sup>(5)</sup>	n.a.	n.a.	n.a.	n.a.

**Ratios & Multiples (x) <sup>(6)</sup>**

	2022	2023e	2024e	2025e
P/E	n.a.	n.a.	n.a.	n.a.
Ord. P/E	n.a.	n.a.	n.a.	n.a.
P/BV	0.5	0.4	0.4	0.5
Dividend Yield (%)	0.0	0.0	0.0	0.0
EV/Sales	5.87	2.73	1.62	1.25
EV/Rec. EBITDA	n.a.	n.a.	n.a.	n.a.
EV/EBIT	n.a.	n.a.	n.a.	n.a.
FCF Yield (%) <sup>(5)</sup>	n.a.	n.a.	n.a.	n.a.

**Relative performance (Base 100)**

**Stock performance (%)**

	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	-4.2	-16.1	-78.4	-3.5	n.a.	n.a.
vs Ibex 35	-1.5	-18.3	-81.3	-14.9	n.a.	n.a.
vs Ibex Small Cap Index	-4.0	-19.3	-79.6	-13.8	n.a.	n.a.
vs Eurostoxx 50	-2.8	-16.9	-81.7	-15.6	n.a.	n.a.
vs Sector benchmark <sup>(4)</sup>	-2.1	-21.4	-81.4	-21.4	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) Multiples and ratios calculated over prices at the date of this report.

(7) Others: Bren Worth 4.7%, Treasury Stock 1.1%

(\*) 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).

**Important news**  
**Estimates upgrade**

### Table 1. Estimates upgrades

The acquisitions lead us to revise up our estimates for 2023e and beyond. As the companies will be consolidated for five months in 2023e (i.e. from August), we could see a 37% increase in revenue (EUR c.1.9Mn) vs our previous estimates for 2023e and an impact on EBITDA of c. EUR 0.2Mn. In other words, this would put SAI trading at an EV/revenue multiple of 2.7x 2023e (vs 3.2x for its European comps). The increase in scale should speed up SAI's ability to leverage its structure in 2023e-2025e.

EUR Mn	2023e			2024e			2025e		
	(New)	2023e	Review (%)	(New)	2024e	Review (%)	(New)	2025e	Review (%)
<b>Total Revenues</b>	<b>6.9</b>	<b>5.0</b>	<b>37.2%</b>	<b>11.7</b>	<b>6.6</b>	<b>77.1%</b>	<b>15.1</b>	<b>8.6</b>	<b>77.1%</b>
<b>Recurrent EBITDA</b>	<b>-3.1</b>	<b>-3.3</b>	<b>5.0%</b>	<b>-2.4</b>	<b>-2.8</b>	<b>16.3%</b>	<b>-1.0</b>	<b>-2.0</b>	<b>48.1%</b>
<i>Recurrent EBITDA growth</i>	<i>7.7%</i>	<i>2.9%</i>	<i>5 p.p.</i>	<i>23.7%</i>	<i>13.4%</i>	<i>10 p.p.</i>	<i>56.6%</i>	<i>29.9%</i>	<i>27 p.p.</i>
<i>Rec. EBITDA/Revenues</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>0.0%</i>	<i>n.a.</i>
<b>EBIT</b>	<b>-3.3</b>	<b>-3.5</b>	<b>4.7%</b>	<b>-3.0</b>	<b>-3.5</b>	<b>13.2%</b>	<b>-2.2</b>	<b>-3.1</b>	<b>30.6%</b>
<b>Net Profit</b>	<b>-3.5</b>	<b>-3.7</b>	<b>4.1%</b>	<b>-3.4</b>	<b>-3.8</b>	<b>11.0%</b>	<b>-2.8</b>	<b>-3.7</b>	<b>24.9%</b>
<b>Recurrent Free Cash Flow</b>	<b>-4.8</b>	<b>-4.5</b>	<b>-7.7%</b>	<b>-4.1</b>	<b>-3.7</b>	<b>-11.5%</b>	<b>-2.7</b>	<b>-3.2</b>	<b>16.2%</b>
<i>ND / EBITDA</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>

**Valuation inputs**
**Inputs for the DCF Valuation Approach**

	2023e	2024e	2025e	Terminal Value <sup>(1)</sup>		
Free Cash Flow "To the Firm"	(11.8)	(3.7)	(2.0)	n.a.		
Market Cap	9.6	At the date of this report				
Net financial debt	1.9	Debt net of Cash (12m 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)	3.6%	Rf (10y Spanish bond yield)			=	=
Equity risk premium	6.0%	R (own estimate)			5.5%	6.5%
Beta (B)	1.5	B (own estimate)			1.4	1.6
Cost of Equity	12.6%	$K_e = R_f + (R * B)$			11.3%	14.0%
Equity / (Equity + Net Debt)	83.5%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	16.5%	D			=	=
WACC	11.4%	$WACC = K_d * D + K_e * E$			10.2%	12.6%
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	Mkt. Cap	P/E 23e	EPS 23e-25e	EV/EBITDA 23e	EBITDA 23e-25e	EV/Sales 23e	Revenues 23e-25e	EBITDA/Sales 23e	FCF Yield 23e	FCF 23e-25e
Sidetrade SA	ALBFR-FR	219.5	54.5	36.7%	39.7	40.5%	4.6	17.3%	11.5%	2.1%	37.3%
Median Technologies	ALMDT-FR	85.0	n.a.	22.4%	n.a.	17.4%	3.0	42.0%	n.a.	n.a.	23.1%
Linedata Services	LIN-FR	283.8	13.4	16.3%	7.7	3.3%	2.2	3.0%	28.1%	9.2%	1.1%
Lectra	LSS-FR	1,097.8	26.1	19.4%	13.7	15.1%	2.3	7.9%	16.8%	5.1%	15.5%
Artificial Solutions	ASAI-SE	8.4	n.a.	45.8%	n.a.	48.0%	3.9	59.6%	n.a.	n.a.	42.7%
<b>Europe</b>			31.3	28.1%	20.3	24.8%	3.2	26.0%	18.8%	5.5%	23.9%
C3.ai	AI-US	4,218.4	n.a.	78.4%	n.a.	65.9%	12.6	24.8%	n.a.	n.a.	54.0%
Palantir Technologies	PLTR-US	36,777.6	88.9	25.2%	n.a.	28.5%	17.0	19.5%	24.6%	1.1%	-10.1%
<b>United States</b>			88.9	51.8%	n.a.	47.2%	14.8	22.1%	24.6%	1.1%	21.9%
SAI	SAI-ES	9.6	n.a.	15.9%	n.a.	42.4%	2.7	48.0%	n.a.	n.a.	52.9%

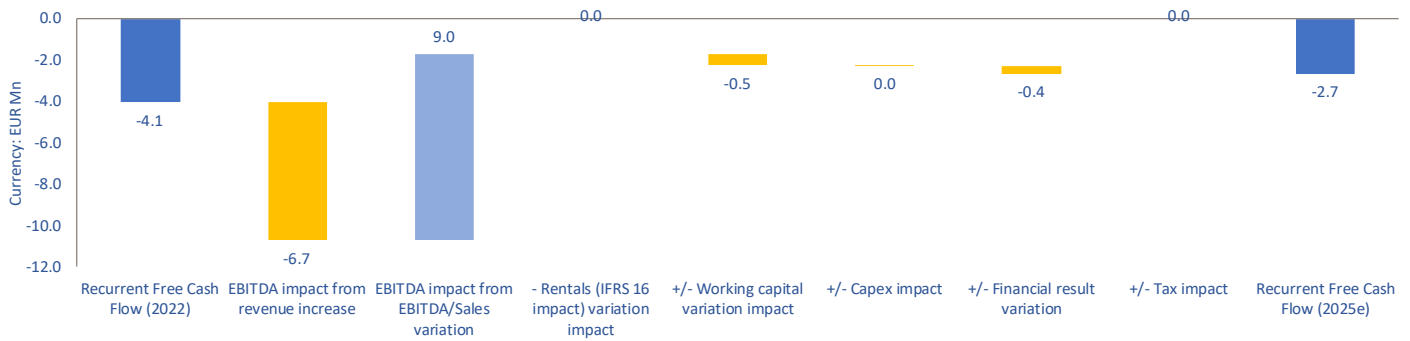
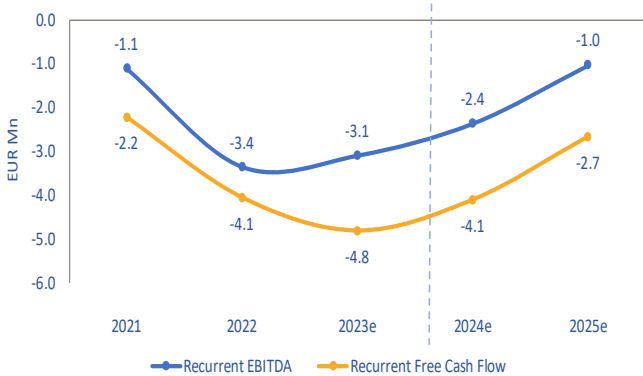
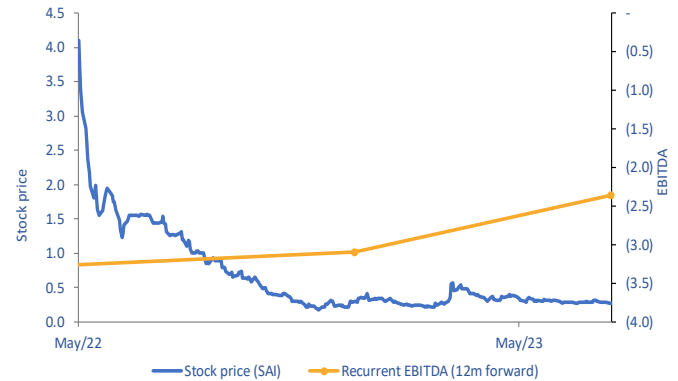
## Appendix 1. Financial Projections

Balance Sheet (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
Intangible assets				1.3	2.4	11.0	4.7	5.2		
Fixed assets				0.1	0.1	0.2	0.3	0.3		
Other Non Current Assets				0.3	0.9	0.9	0.9	0.9		
Financial Investments				1.4	0.3	0.3	0.3	0.3		
Goodwill & Other Intangibles				28.2	15.5	13.9	12.4	10.8		
Current assets				0.6	1.6	3.1	4.7	5.9		
<b>Total assets</b>				<b>31.9</b>	<b>20.7</b>	<b>29.4</b>	<b>23.3</b>	<b>23.4</b>		
Equity				26.7	17.5	25.6	22.2	19.5		
Minority Interests				(0.0)	0.1	0.1	0.1	0.1		
Provisions & Other L/T Liabilities				-	0.4	0.4	0.4	0.4		
Other Non Current Liabilities				-	-	-	-	-		
Net financial debt				5.0	1.9	2.2	6.3	9.0		
Current Liabilities				0.3	0.8	1.0	1.4	1.7		
<b>Equity &amp; Total Liabilities</b>				<b>31.9</b>	<b>20.7</b>	<b>29.4</b>	<b>30.5</b>	<b>30.6</b>		
P&L (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
<b>Total Revenues</b>				<b>1.6</b>	<b>3.2</b>	<b>6.9</b>	<b>11.7</b>	<b>15.1</b>	<i>n.a.</i>	<i>67.5%</i>
<i>Total Revenues growth</i>				<i>n.a.</i>	<i>98.0%</i>	<i>114.5%</i>	<i>68.6%</i>	<i>30.0%</i>		
COGS				(0.0)	(0.5)	(1.1)	(1.8)	(2.3)		
<b>Gross Margin</b>				<b>1.6</b>	<b>2.7</b>	<b>5.8</b>	<b>9.8</b>	<b>12.8</b>	<i>n.a.</i>	<i>67.3%</i>
<i>Gross Margin/Revenues</i>				<i>99.9%</i>	<i>84.9%</i>	<i>84.0%</i>	<i>84.2%</i>	<i>84.5%</i>		
Personnel Expenses				(1.4)	(3.2)	(5.2)	(7.2)	(8.2)		
Other Operating Expenses				(1.4)	(2.9)	(3.7)	(5.0)	(5.7)		
<b>Recurrent EBITDA</b>				<b>(1.1)</b>	<b>(3.4)</b>	<b>(3.1)</b>	<b>(2.4)</b>	<b>(1.0)</b>	<i>n.a.</i>	<i>32.6%</i>
<i>Recurrent EBITDA growth</i>				<i>n.a.</i>	<i>-204.2%</i>	<i>7.7%</i>	<i>23.7%</i>	<i>56.6%</i>		
<i>Rec. EBITDA/Revenues</i>				<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>		
Restructuring Expense & Other non-rec.				0.0	(0.1)	-	-	-		
<b>EBITDA</b>				<b>(1.1)</b>	<b>(3.5)</b>	<b>(3.1)</b>	<b>(2.4)</b>	<b>(1.0)</b>	<i>n.a.</i>	<i>33.6%</i>
Depreciation & Provisions				(1.3)	(2.6)	(2.4)	(2.9)	(3.4)		
Capitalized Expense				0.4	1.5	2.3	2.3	2.3		
Rentals (IFRS 16 impact)				-	-	-	-	-		
<b>EBIT</b>				<b>(2.0)</b>	<b>(4.6)</b>	<b>(3.3)</b>	<b>(3.0)</b>	<b>(2.2)</b>	<i>n.a.</i>	<i>22.5%</i>
<i>EBIT growth</i>				<i>n.a.</i>	<i>-131.9%</i>	<i>28.7%</i>	<i>8.2%</i>	<i>28.8%</i>		
<i>EBIT/Revenues</i>				<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>		
Impact of Goodwill & Others				-	(11.6)	-	-	-		
Net Financial Result				0.1	(0.2)	(0.2)	(0.4)	(0.6)		
Income by the Equity Method				-	-	-	-	-		
<b>Ordinary Profit</b>				<b>(1.9)</b>	<b>(16.5)</b>	<b>(3.5)</b>	<b>(3.4)</b>	<b>(2.8)</b>	<i>n.a.</i>	<i>44.9%</i>
<i>Ordinary Profit Growth</i>				<i>n.a.</i>	<i>-773.5%</i>	<i>78.6%</i>	<i>3.5%</i>	<i>19.0%</i>		
Extraordinary Results				-	-	-	-	-		
<b>Profit Before Tax</b>				<b>(1.9)</b>	<b>(16.5)</b>	<b>(3.5)</b>	<b>(3.4)</b>	<b>(2.8)</b>	<i>n.a.</i>	<i>44.9%</i>
Tax Expense				0.1	0.6	-	-	-		
<i>Effective Tax Rate</i>				<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>		
Minority Interests				0.0	(0.0)	-	-	-		
Discontinued Activities				-	-	-	-	-		
<b>Net Profit</b>				<b>(1.8)</b>	<b>(16.0)</b>	<b>(3.5)</b>	<b>(3.4)</b>	<b>(2.8)</b>	<i>n.a.</i>	<i>44.2%</i>
<i>Net Profit growth</i>				<i>n.a.</i>	<i>-797.3%</i>	<i>77.8%</i>	<i>3.5%</i>	<i>19.0%</i>		
<b>Ordinary Net Profit</b>				<b>(1.9)</b>	<b>(16.4)</b>	<b>(3.5)</b>	<b>(3.4)</b>	<b>(2.8)</b>	<i>n.a.</i>	<i>44.7%</i>
<i>Ordinary Net Profit growth</i>				<i>n.a.</i>	<i>-773.6%</i>	<i>78.4%</i>	<i>3.5%</i>	<i>19.0%</i>		
Cash Flow (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
<b>Recurrent EBITDA</b>						<b>(3.1)</b>	<b>(2.4)</b>	<b>(1.0)</b>	<i>n.a.</i>	<i>32.6%</i>
Rentals (IFRS 16 impact)						-	-	-		
Working Capital Increase						(1.3)	(1.3)	(0.9)		
<b>Recurrent Operating Cash Flow</b>						<b>-4.4</b>	<b>-3.6</b>	<b>-1.9</b>	<i>n.a.</i>	<i>19.6%</i>
CAPEX						(0.2)	(0.1)	(0.1)		
Net Financial Result affecting the Cash Flow						(0.2)	(0.4)	(0.6)		
Tax Expense						-	-	-		
<b>Recurrent Free Cash Flow</b>						<b>(4.8)</b>	<b>(4.1)</b>	<b>(2.7)</b>	<i>n.a.</i>	<i>13.1%</i>
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						(7.2)	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
<b>Free Cash Flow</b>						<b>(12.0)</b>	<b>(4.1)</b>	<b>(2.7)</b>	<i>n.a.</i>	<i>13.1%</i>
Capital Increase						11.7	-	-		
Dividends						-	-	-		
<b>Net Debt Variation</b>						<b>0.3</b>	<b>4.1</b>	<b>2.7</b>		

Note: the P&L includes the effect of the two acquisitions. And the cash flow includes both the cash outflow and inflow from the M&A (EUR 7.2Mn), plus EUR 4.5Mn from other capital increases.

## Appendix 2. Free Cash Flow

A) Cash Flow Analysis (EUR Mn)	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
								19-22	22-25e
<b>Recurrent EBITDA</b>			<b>(1.1)</b>	<b>(3.4)</b>	<b>(3.1)</b>	<b>(2.4)</b>	<b>(1.0)</b>	<i>n.a.</i>	<b>32.6%</b>
<i>Recurrent EBITDA growth</i>			<i>n.a.</i>	<i>-204.2%</i>	<i>7.7%</i>	<i>23.7%</i>	<i>56.6%</i>		
<i>Rec. EBITDA/Revenues</i>			<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>		
- Rentals (IFRS 16 impact)			-	-	-	-	-		
+/- Working Capital increase			(0.4)	(0.4)	(1.3)	(1.3)	(0.9)		
<b>= Recurrent Operating Cash Flow</b>			<b>(1.5)</b>	<b>(3.7)</b>	<b>(4.4)</b>	<b>(3.6)</b>	<b>(1.9)</b>	<i>n.a.</i>	<b>19.6%</b>
<i>Rec. Operating Cash Flow growth</i>			<i>n.a.</i>	<i>-153.6%</i>	<i>-18.0%</i>	<i>18.2%</i>	<i>46.1%</i>		
<i>Rec. Operating Cash Flow / Sales</i>			<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>		
- CAPEX			(0.7)	(0.1)	(0.2)	(0.1)	(0.1)		
- Net Financial Result affecting Cash Flow			(0.0)	(0.2)	(0.2)	(0.4)	(0.6)		
- Taxes			-	-	-	-	-		
<b>= Recurrent Free Cash Flow</b>			<b>(2.2)</b>	<b>(4.1)</b>	<b>(4.8)</b>	<b>(4.1)</b>	<b>(2.7)</b>	<i>n.a.</i>	<b>13.1%</b>
<i>Rec. Free Cash Flow growth</i>			<i>n.a.</i>	<i>-82.1%</i>	<i>-18.6%</i>	<i>14.7%</i>	<i>35.1%</i>		
<i>Rec. Free Cash Flow / Revenues</i>			<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>		
- Restructuring expenses & others			-	-	-	-	-		
- Acquisitions / + Divestments			(0.1)	-	(7.2)	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow			-	-	-	-	-		
<b>= Free Cash Flow</b>			<b>(2.4)</b>	<b>(4.1)</b>	<b>(12.0)</b>	<b>(4.1)</b>	<b>(2.7)</b>	<i>n.a.</i>	<b>13.1%</b>
<i>Free Cash Flow growth</i>			<i>n.a.</i>	<i>-71.2%</i>	<i>-196.3%</i>	<i>65.9%</i>	<i>35.1%</i>		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>			<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>			<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>		
<b>B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)</b>									
	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
<b>Recurrent FCF(FY - 1)</b>			-	<b>(2.2)</b>	<b>(4.1)</b>	<b>(4.8)</b>	<b>(4.1)</b>		
EBITDA impact from revenue increase			<i>n.a.</i>	(1.1)	(3.8)	(2.1)	(0.7)		
EBITDA impact from EBITDA/Sales variation			<i>n.a.</i>	(1.2)	4.1	2.9	2.0		
<b>= Recurrent EBITDA variation</b>			<i>n.a.</i>	<b>(2.3)</b>	<b>0.3</b>	<b>0.7</b>	<b>1.3</b>		
- Rentals (IFRS 16 impact) variation impact			-	-	-	-	-		
+/- Working capital variation impact			(0.4)	(0.0)	(0.9)	0.1	0.3		
<b>= Recurrent Operating Cash Flow variation</b>			<b>(0.4)</b>	<b>(2.3)</b>	<b>(0.7)</b>	<b>0.8</b>	<b>1.7</b>		
+/- CAPEX impact			(0.7)	0.7	(0.1)	0.1	-		
+/- Financial result variation			(0.0)	(0.2)	(0.0)	(0.1)	(0.2)		
+/- Tax impact			-	-	-	-	-		
<b>= Recurrent Free Cash Flow variation</b>			<b>(1.1)</b>	<b>(1.8)</b>	<b>(0.8)</b>	<b>0.7</b>	<b>1.4</b>		
<b>Recurrent Free Cash Flow</b>			<b>(1.1)</b>	<b>(4.1)</b>	<b>(4.8)</b>	<b>(4.1)</b>	<b>(2.7)</b>		
<b>C) "FCF to the Firm" (pre debt service) (EUR Mn)</b>									
	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
<b>EBIT</b>			<b>(2.0)</b>	<b>(4.6)</b>	<b>(3.3)</b>	<b>(3.0)</b>	<b>(2.2)</b>	<i>n.a.</i>	<b>22.5%</b>
* <i>Theoretical Tax rate</i>			<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>		
= Taxes (pre- Net Financial Result)			-	-	-	-	-		
<b>Recurrent EBITDA</b>			<b>(1.1)</b>	<b>(3.4)</b>	<b>(3.1)</b>	<b>(2.4)</b>	<b>(1.0)</b>	<i>n.a.</i>	<b>32.6%</b>
- Rentals (IFRS 16 impact)			-	-	-	-	-		
+/- Working Capital increase			(0.4)	(0.4)	(1.3)	(1.3)	(0.9)		
<b>= Recurrent Operating Cash Flow</b>			<b>(1.5)</b>	<b>(3.7)</b>	<b>(4.4)</b>	<b>(3.6)</b>	<b>(1.9)</b>	<i>n.a.</i>	<b>19.6%</b>
- CAPEX			(0.7)	(0.1)	(0.2)	(0.1)	(0.1)		
- Taxes (pre- Financial Result)			-	-	-	-	-		
<b>= Recurrent Free Cash Flow (To the Firm)</b>			<b>(2.2)</b>	<b>(3.8)</b>	<b>(4.6)</b>	<b>(3.7)</b>	<b>(2.0)</b>	<i>n.a.</i>	<b>18.8%</b>
<i>Rec. Free Cash Flow (To the Firm) growth</i>			<i>n.a.</i>	<i>-72.6%</i>	<i>-19.5%</i>	<i>18.7%</i>	<i>44.8%</i>		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>			<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>		
- Acquisitions / + Divestments			(0.1)	-	(7.2)	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow			-	-	-	-	-		
<b>= Free Cash Flow "To the Firm"</b>			<b>(2.4)</b>	<b>(3.8)</b>	<b>(11.8)</b>	<b>(3.7)</b>	<b>(2.0)</b>	<i>n.a.</i>	<b>18.8%</b>
<i>Free Cash Flow (To the Firm) growth</i>			<i>n.a.</i>	<i>-62.2%</i>	<i>-208.2%</i>	<i>68.5%</i>	<i>44.8%</i>		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>			<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>			<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>		

**Recurrent Free Cash Flow accumulated variation analysis (2022 - 2025e)**

**Recurrent EBITDA vs Recurrent Free Cash Flow**

**Stock performance vs EBITDA 12m forward**

**Appendix 3. EV breakdown at the date of this report**

	EUR Mn	Source
Market Cap	9.6	
+ Minority Interests	0.1	12m Results 2022
+ Provisions & Other L/T Liabilities	0.4	12m Results 2022
+ Net financial debt	1.9	12m Results 2022
- Financial Investments	0.3	12m Results 2022
+/- Others	7.2	Ver nota
<b>Enterprise Value (EV)</b>	<b>18.9</b>	

Note: At the date of this report the value of the EUR 7.2Mn capital increase has been included as Other in the EV calculation. Therefore, the EV multiples in this report (EV/Sales; EV/EBITDA...) reflect the effect of the new acquisitions and the capital increase that finances them. However, as of today, both the number of shares and the adjusted number of shares do not include the shares to be issued in the future capital increase.

With respect to the capital increase to finance the two acquisitions, the percentages of each class of shares have not been disclosed. The potential dilutive impact will depend on the number of Class A shares issued, because in nominal terms each is equivalent to 100 Class B shares. The rights issue must be approved by shareholders at the general meeting when called. Assuming both acquisitions are paid exclusively with Class A shares, SAI would have to issue c.25.7Mn shares (67% of the total number of outstanding Class A shares) at the current price (0,28 €/share).

## Appendix 5. Main peers 2023e

		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		USA	USA		Spain
	Market cap	219.5	85.0	283.8	1,097.8	8.4		4,218.4	36,777.6		9.6
	Enterprise value (EV)	198.3	76.6	387.9	1,140.1	21.8		3,549.5	34,418.8		18.9
Basic financial information	Total Revenues	43.5	25.7	180.2	495.5	5.5		282.1	2,020.9		6.9
	Total Revenues growth	18.2%	8.4%	4.4%	-5.1%	42.4%	13.7%	15.5%	15.9%	15.7%	114.5%
	2y CAGR (2023e - 2025e)	17.3%	42.0%	3.0%	7.9%	59.6%	26.0%	24.8%	19.5%	22.1%	48.0%
	EBITDA	5.0	(22.2)	50.7	83.2	(5.8)		(47.8)	497.0		(3.1)
	EBITDA growth	206.7%	1.8%	-0.7%	-8.9%	27.3%	45.2%	81.2%	652.1%	366.6%	11.5%
	2y CAGR (2023e - 2025e)	40.5%	17.4%	3.3%	15.1%	48.0%	24.8%	65.9%	28.5%	47.2%	42.4%
	EBITDA/Revenues	11.5%	n.a.	28.1%	16.8%	n.a.	18.8%	n.a.	24.6%	24.6%	n.a.
	EBIT	4.4	(22.9)	33.6	57.2	(7.1)		(58.3)	485.5		(3.3)
	EBIT growth	444.5%	1.6%	-4.4%	-6.8%	11.5%	89.3%	78.1%	429.1%	253.6%	28.7%
	2y CAGR (2023e - 2025e)	43.0%	15.4%	9.3%	20.7%	78.3%	33.3%	57.8%	27.4%	42.6%	19.1%
	EBIT/Revenues	10.1%	n.a.	18.6%	11.6%	n.a.	13.4%	n.a.	24.0%	24.0%	n.a.
	Net Profit	4.0	(24.3)	23.1	39.5	(5.7)		(218.4)	430.9		(3.5)
	Net Profit growth	19.5%	-20.1%	-12.7%	-11.0%	22.0%	-0.4%	11.2%	226.0%	118.6%	77.8%
	2y CAGR (2023e - 2025e)	37.0%	16.7%	11.1%	23.1%	46.2%	26.8%	48.8%	27.9%	38.4%	11.6%
	CAPEX/Sales %	1.9%	4.1%	7.8%	1.8%	0.0%	3.1%	8.7%	1.2%	5.0%	2.2%
Free Cash Flow	4.7	(23.1)	26.1	55.6	(4.6)		(68.4)	405.7		(12.0)	
Net financial debt	(11.9)	11.7	69.9	(16.5)	19.8		(624.3)	(2,369.0)		2.2	
ND/EBITDA (x)	n.a.	n.a.	1.4	n.a.	n.a.	1.4	n.a.	n.a.	n.a.	n.a.	
Pay-out	0.0%	0.0%	42.9%	41.3%	0.0%	16.8%	0.0%	0.0%	0.0%	0.0%	
Multiples and Ratios	P/E (x)	54.5	n.a.	13.4	26.1	n.a.	31.3	n.a.	88.9	88.9	n.a.
	P/BV (x)	7.2	n.a.	2.6	2.3	n.a.	4.1	5.3	13.1	9.2	0.4
	EV/Revenues (x)	4.6	3.0	2.2	2.3	3.9	3.2	12.6	17.0	14.8	2.7
	EV/EBITDA (x)	39.7	n.a.	7.7	13.7	n.a.	20.3	n.a.	n.a.	n.a.	n.a.
	EV/EBIT (x)	45.1	n.a.	11.6	19.9	n.a.	25.5	n.a.	n.a.	n.a.	n.a.
	ROE	13.3	n.a.	19.7	8.9	n.a.	13.9	n.a.	14.7	14.7	n.a.
	FCF Yield (%)	2.1	n.a.	9.2	5.1	n.a.	5.5	n.a.	1.1	1.1	n.a.
	DPS	0.00	0.00	1.61	0.43	0.00	0.41	0.00	0.00	0.00	0.00
	Dvd Yield	0.0%	0.0%	2.8%	1.5%	0.0%	0.9%	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

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Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
03-Aug-2023	n.a.	0.276	n.a.	n.a.	Important news - Estimates upgrade	Enrique Andres Abad
19-Jul-2023	n.a.	0.310	n.a.	n.a.	6m 2023 Preliminary results	Enrique Andres Abad
12-Jun-2023	n.a.	0.320	n.a.	n.a.	Small & Micro Caps (Spain)	David López Sánchez
14-Apr-2023	n.a.	0.397	n.a.	n.a.	12m Results 2022 - Estimates downgrade	Enrique Andres Abad
03-Feb-2023	n.a.	0.288	n.a.	n.a.	Important news	Enrique Andres Abad
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

