

EQUITY - SPAIN
 Sector: Software

 Closing price: EUR 0.22 (22 Sep 2023)
 Report date: 25 Sep 2023 (9:30h)

Important news
 Independent Equity Research

Important news

 Opinion ⁽¹⁾: No significant impact

 Impact ⁽¹⁾: We will maintain 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.

Major capital increase. SAI's business model pivots around M&A and is necessarily dilutive.

APPROVAL FOR THE CAPITAL INCREASE... SAI today announced approval for the capital increase (EUR 11.7Mn) unveiled in the wake of the acquisitions closed in August in the form of a non-monetary contribution in exchange for debt forgiveness. Of the total amount of credit offset, EUR 5.4Mn will be covered by the issue of class A shares and EUR 6.3Mn by class B shares. In other words, the total increase is equivalent to c.150% of SAI's current market cap (EUR c8.0Mn).

...BY ISSUING NEW CLASS A AND CLASS B SHARES. The company has issued 27Mn new class A shares (with par value of EUR 0.1) and 42.3Mn class B shares (with a par value of 0.001; the class B shares do not carry voting rights; in terms of par value, every class A share corresponds to 100 class B shares). Of all the class A shares issued, 13.0Mn (48% of the total) correspond to the payment in shares for YAMRO (acquired in August) and 6.5Mn (24% of the total) to United General LTD. See page 3 for more details. The new shares have yet to be admitted to trading.

A HIGHLY DILUTIVE TRANSACTION... The capital increase entails a very hefty increase in both classes of shares (A & B). Before approval of the capital increase and the last bond conversion, SAI had 38.2Mn of outstanding class A shares. In other words, it has issued the equivalent of 71% of the previously outstanding share count. By comparison with the number of class A shares outstanding in June 2022, the dilutive impact, including the convertible bond issues, would be c.62%. Elsewhere, the new class B shares are equivalent to 44% of the previously outstanding share count. However, in terms of the class A shares outstanding prior to the capital increase, the new shares represent just c.1 %.

... LIMITING DIVIDEND RIGHTS ON CLASS A SHARES. The class B shareholders will receive a minimum annual preferred dividend (subject to company profitability) of EUR 0.01/sh. (EUR 1.4Mn), which is a significant sum for a company with a market cap of EUR c8.0Mn and scant prospects for generating more than EUR 1 Mn of NP in the near future. The result is a major limitation in the long term on the dividend rights of the current class A shareholders (which would also need to see a high payout).

IN SHORT, WE ARE LOOKING AT AN M&A-BASED BUSINESS MODEL THAT IS HIGHLY/NECESSARILY DILUTIVE. Given SAI's stage of development (start-up), the growth model implies and will necessarily continue to imply significant and potentially dilutive capital increases (in addition to the dilutive impact of the convertible bonds). SAI is currently trading at an EV/revenue 2023e multiple of 3.1x (vs. 3.3x for its European comps).

Relative performance (Base 100)


Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	-5.1	-19.7	-65.5	-21.7	n.a.	n.a.
vs Ibex 35	-7.0	-20.9	-71.8	-32.2	n.a.	n.a.
vs Ibex Small Cap Index	-3.1	-17.4	-68.7	-27.5	n.a.	n.a.
vs Eurostoxx 50	-3.9	-17.9	-71.9	-29.4	n.a.	n.a.
vs Sector benchmark ⁽⁴⁾	-0.2	-13.0	-72.1	-30.8	n.a.	n.a.

Market Data

Market Cap (Mn EUR and USD)	7.8	8.3
EV (Mn EUR and USD) ⁽²⁾	21.6	23.1
Shares Outstanding (Mn)	34.7	
-12m (Max/Med/Min EUR)	0.74 / 0.33 / 0.17	
Daily Avg volume (-12m Mn EUR)	0.24	
Rotation ⁽³⁾	774.3	
Factset / Bloomberg	SAI-ES / SAI SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)⁽⁷⁾

YAMRO Holdings Limited	19.3
United General LTD	9.7
D. Lorenzo Serratosa Gallardo	7.5
Luis Daniel Fernández Perez	7.4
Free Float	36.6

Financials (Mn EUR)	2022	2023e	2024e	2025e
Adj. nº shares (Mn)	22.0	44.0	68.7	68.7
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 ⁽⁴⁾	15.6	8.6	21.6	16.0
Net Profit	-16.0	-3.5	-3.4	-2.7
EPS (EUR)	-0.73	-0.08	-0.05	-0.04
% growth	-222.2	89.0	38.5	19.3
Ord. EPS (EUR)	-0.75	-0.08	-0.05	-0.04
% growth	-213.6	89.3	38.5	19.3
Rec. Free Cash Flow ⁽⁵⁾	-4.1	-4.8	-4.1	-2.6
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	1.7	5.8	8.4
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⁾

P/E	n.a.	n.a.	n.a.	n.a.
Ord. P/E	n.a.	n.a.	n.a.	n.a.
P/BV	0.4	0.4	0.5	0.6
Dividend Yield (%)	0.0	0.0	0.0	0.0
EV/Sales	6.72	3.13	1.86	1.43
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.

(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: D. José Iván García Braulio 7.0%, Otros accionistas 11.9%, Autocartera 0.6%

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

Report issued by IEAF Servicios de Análisis, S.L.U. Lighthouse is a project of IEAF Servicios de Análisis, S.L.U.

This report has been prepared on the basis of information available to the public. The report includes a financial analysis of the company covered. The report does not propose any personalised investment recommendation. Investors should consider the contents of this report as just another element in their investment decision-making process. The final two pages of this report contain very important legal information regarding its contents.

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

Capital Increase

Name	Amount (€)	Type A shares	Type B shares
YAMRO HOLDINGS LIMITED	2.602.573	13.012.865	
	1.572.854		10.485.693
Luis Daniel Fernández Pérez	1.000.000	5.000.000	
	600.000		4.000.000
Andrés Martínez Antón	100.000	500.000	
	300.000		2.000.000
UNITED GENERAL LTD	1.300.000	6.500.000	
	1.950.000		13.000.000
INDICO INVESTMENTS AND MANAGEMENT SL	1.573.000		10.486.667
Iván Cid Salgado	194.775	973.875	
	172.725		1.151.500
Alejandra de la Barrera	202.725	1.013.625	
Martorell	179.775		1.198.500
Total	11.748.427	27.000.365	42.322.360

Valuation inputs

Inputs for the DCF Valuation Approach

	2023e	2024e	2025e	Terminal Value ⁽¹⁾		
Free Cash Flow "To the Firm"	(4.6)	(3.7)	(2.0)	n.a.		
Market Cap	7.8	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%	Kd = Cost of Net Debt * (1-T)			5.1%	5.5%
Risk free rate (rf)	3.8%	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	12.8%	Ke = Rf + (R * B)			11.5%	14.2%
Equity / (Equity + Net Debt)	80.5%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	19.5%	D			=	=
WACC	11.3%	WACC = Kd * D + Ke * E			10.2%	12.5%
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	228.3	51.2	34.9%	37.9	36.2%	4.6	17.1%	12.2%	2.2%	35.1%
Median Technologies	ALMDT-FR	84.0	n.a.	22.4%	n.a.	17.4%	2.9	42.0%	n.a.	n.a.	23.1%
Linedata Services	LIN-FR	277.8	14.5	19.5%	7.9	4.6%	2.1	4.8%	26.6%	8.7%	1.5%
Lectra	LSS-FR	961.7	23.1	19.4%	12.1	15.1%	2.0	7.9%	16.8%	5.8%	15.5%
Artificial Solutions	ASAI-SE	8.0	n.a.	46.8%	n.a.	50.1%	4.6	60.9%	n.a.	n.a.	42.7%
Europe			29.6	28.6%	19.3	24.7%	3.3	26.6%	18.5%	5.6%	23.6%
C3.ai	AI-US	2,718.3	n.a.	63.7%	n.a.	45.0%	7.0	21.8%	n.a.	n.a.	50.6%
Palantir Technologies	PLTR-US	28,528.1	62.0	18.2%	45.9	24.7%	12.5	18.8%	27.2%	3.6%	-24.6%
United States			62.0	41.0%	45.9	34.8%	9.7	20.3%	27.2%	3.6%	13.0%
SAI	SAI-ES	7.8	n.a.	29.5%	n.a.	42.4%	3.1	48.0%	n.a.	n.a.	26.0%

Free Cash Flow sensitivity analysis (2024e)

A) Rec. EBITDA and EV/EBITDA sensitivity to changes in EBITDA/Sales

Scenario	EBITDA/Sales 24e	EBITDA 24e	EV/EBITDA 24e
Max	-49.3%	(5.7)	n.a
Central	-44.8%	(5.2)	n.a
Min	-40.3%	(4.7)	n.a

B) Rec. FCF and Rec. FCF.s

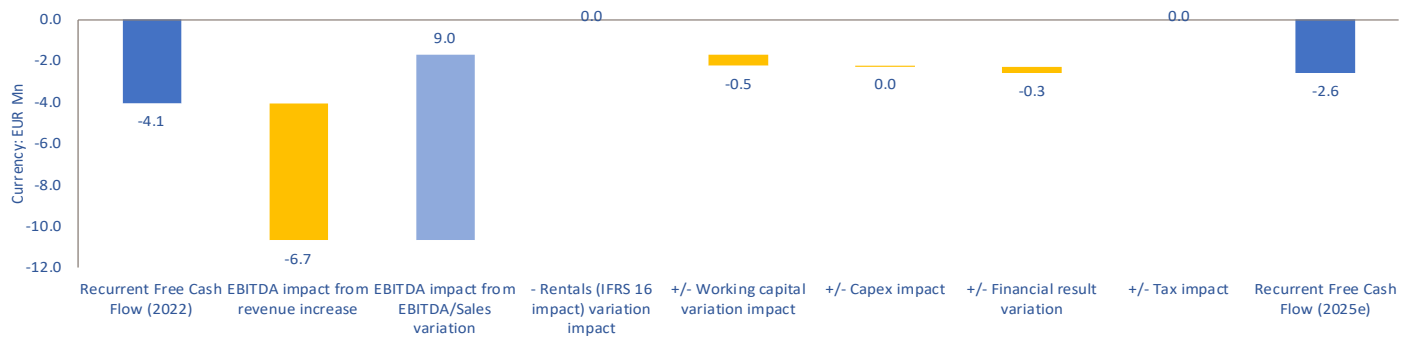
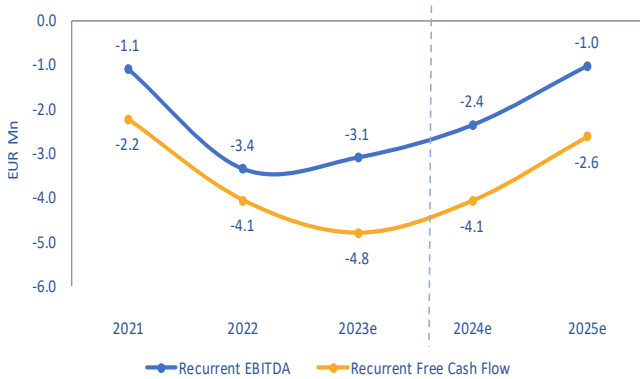
Rec. FCF EUR Mn	CAPEX/Sales 24e		
EBITDA 24e	0.8%	0.9%	1.0%
(5.7)	(7.4)	(7.4)	(7.5)
(5.2)	(6.9)	(6.9)	(6.9)
(4.7)	(6.4)	(6.4)	(6.4)

Appendix 1. Financial Projections

Balance Sheet (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
Intangible assets				1.3	2.4	3.8	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		
Total assets				31.9	20.7	22.2	23.3	23.4		
Equity				26.7	17.5	18.9	15.6	12.8		
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	1.7	5.8	8.4		
Current Liabilities				0.3	0.8	1.0	1.4	1.7		
Equity & Total Liabilities				31.9	20.7	22.2	23.3	23.4		
P&L (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Total Revenues				1.6	3.2	6.9	11.7	15.1	<i>n.a.</i>	67.5%
<i>Total Revenues growth</i>				<i>n.a.</i>	98.0%	114.5%	68.6%	30.0%		
COGS				(0.0)	(0.5)	(1.1)	(1.8)	(2.3)		
Gross Margin				1.6	2.7	5.8	9.8	12.8	<i>n.a.</i>	67.3%
<i>Gross Margin/Revenues</i>				99.9%	84.9%	84.0%	84.2%	84.5%		
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)		
Recurrent EBITDA				(1.1)	(3.4)	(3.1)	(2.4)	(1.0)	<i>n.a.</i>	32.6%
<i>Recurrent EBITDA growth</i>				<i>n.a.</i>	-204.2%	7.7%	23.7%	56.6%		
<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)	-	-	-		
EBITDA				(1.1)	(3.5)	(3.1)	(2.4)	(1.0)	<i>n.a.</i>	33.6%
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)				-	-	-	-	-		
EBIT				(2.0)	(4.6)	(3.3)	(3.0)	(2.2)	<i>n.a.</i>	22.5%
<i>EBIT growth</i>				<i>n.a.</i>	-131.9%	28.7%	8.2%	28.8%		
<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				-	-	-	-	-		
Ordinary Profit				(1.9)	(16.5)	(3.5)	(3.4)	(2.7)	<i>n.a.</i>	45.1%
<i>Ordinary Profit Growth</i>				<i>n.a.</i>	-773.5%	78.7%	4.0%	19.3%		
Extraordinary Results				-	-	-	-	-		
Profit Before Tax				(1.9)	(16.5)	(3.5)	(3.4)	(2.7)	<i>n.a.</i>	45.1%
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				-	-	-	-	-		
Net Profit				(1.8)	(16.0)	(3.5)	(3.4)	(2.7)	<i>n.a.</i>	44.5%
<i>Net Profit growth</i>				<i>n.a.</i>	-797.3%	77.9%	4.0%	19.3%		
Ordinary Net Profit				(1.9)	(16.4)	(3.5)	(3.4)	(2.7)	<i>n.a.</i>	45.0%
<i>Ordinary Net Profit growth</i>				<i>n.a.</i>	-773.6%	78.5%	4.0%	19.3%		
Cash Flow (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Recurrent EBITDA						(3.1)	(2.4)	(1.0)	<i>n.a.</i>	32.6%
Rentals (IFRS 16 impact)						-	-	-		
Working Capital Increase						(1.3)	(1.3)	(0.9)		
Recurrent Operating Cash Flow						-4.4	-3.6	-1.9	<i>n.a.</i>	19.6%
CAPEX						(0.2)	(0.1)	(0.1)		
Net Financial Result affecting the Cash Flow						(0.2)	(0.4)	(0.6)		
Tax Expense						-	-	-		
Recurrent Free Cash Flow						(4.8)	(4.1)	(2.6)	<i>n.a.</i>	13.5%
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						(4.8)	(4.1)	(2.6)	<i>n.a.</i>	13.5%
Capital Increase						5.0	-	-		
Dividends						-	-	-		
Net Debt Variation						(0.2)	4.1	2.6		

Appendix 2. Free Cash Flow

A) Cash Flow Analysis (EUR Mn)	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
								19-22	22-25e
Recurrent EBITDA			(1.1)	(3.4)	(3.1)	(2.4)	(1.0)	n.a.	32.6%
<i>Recurrent EBITDA growth</i>			n.a.	-204.2%	7.7%	23.7%	56.6%		
<i>Rec. EBITDA/Revenues</i>			n.a.	n.a.	n.a.	n.a.	n.a.		
- Rentals (IFRS 16 impact)			-	-	-	-	-		
+/- Working Capital increase			(0.4)	(0.4)	(1.3)	(1.3)	(0.9)		
= Recurrent Operating Cash Flow			(1.5)	(3.7)	(4.4)	(3.6)	(1.9)	n.a.	19.6%
<i>Rec. Operating Cash Flow growth</i>			n.a.	-153.6%	-18.0%	18.2%	46.1%		
<i>Rec. Operating Cash Flow / Sales</i>			n.a.	n.a.	n.a.	n.a.	n.a.		
- 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			-	-	-	-	-		
= Recurrent Free Cash Flow			(2.2)	(4.1)	(4.8)	(4.1)	(2.6)	n.a.	13.5%
<i>Rec. Free Cash Flow growth</i>			n.a.	-82.1%	-18.2%	15.1%	35.5%		
<i>Rec. Free Cash Flow / Revenues</i>			n.a.	n.a.	n.a.	n.a.	n.a.		
- Restructuring expenses & others			-	-	-	-	-		
- Acquisitions / + Divestments			(0.1)	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow			-	-	-	-	-		
= Free Cash Flow			(2.4)	(4.1)	(4.8)	(4.1)	(2.6)	n.a.	13.5%
<i>Free Cash Flow growth</i>			n.a.	-71.2%	-18.2%	15.1%	35.5%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>			n.a.	n.a.	n.a.	n.a.	n.a.		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>			n.a.	n.a.	n.a.	n.a.	n.a.		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
	2019	2020	2021	2022	2023e	2024e	2025e		
Recurrent FCF(FY - 1)			-	(2.2)	(4.1)	(4.8)	(4.1)		
EBITDA impact from revenue increase			n.a.	(1.1)	(3.8)	(2.1)	(0.7)		
EBITDA impact from EBITDA/Sales variation			n.a.	(1.2)	4.1	2.9	2.0		
= Recurrent EBITDA variation			n.a.	(2.3)	0.3	0.7	1.3		
- Rentals (IFRS 16 impact) variation impact			-	-	-	-	-		
+/- Working capital variation impact			(0.4)	(0.0)	(0.9)	0.1	0.3		
= Recurrent Operating Cash Flow variation			(0.4)	(2.3)	(0.7)	0.8	1.7		
+/- 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			-	-	-	-	-		
= Recurrent Free Cash Flow variation			(1.1)	(1.8)	(0.7)	0.7	1.4		
Recurrent Free Cash Flow			(1.1)	(4.1)	(4.8)	(4.1)	(2.6)		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
EBIT			(2.0)	(4.6)	(3.3)	(3.0)	(2.2)	n.a.	22.5%
* Theoretical Tax rate			0.0%	0.0%	0.0%	0.0%	0.0%		
= Taxes (pre- Net Financial Result)			-	-	-	-	-		
Recurrent EBITDA			(1.1)	(3.4)	(3.1)	(2.4)	(1.0)	n.a.	32.6%
- Rentals (IFRS 16 impact)			-	-	-	-	-		
+/- Working Capital increase			(0.4)	(0.4)	(1.3)	(1.3)	(0.9)		
= Recurrent Operating Cash Flow			(1.5)	(3.7)	(4.4)	(3.6)	(1.9)	n.a.	19.6%
- CAPEX			(0.7)	(0.1)	(0.2)	(0.1)	(0.1)		
- Taxes (pre- Financial Result)			-	-	-	-	-		
= Recurrent Free Cash Flow (To the Firm)			(2.2)	(3.8)	(4.6)	(3.7)	(2.0)	n.a.	18.8%
<i>Rec. Free Cash Flow (To the Firm) growth</i>			n.a.	-72.6%	-19.5%	18.7%	44.8%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>			n.a.	n.a.	n.a.	n.a.	n.a.		
- Acquisitions / + Divestments			(0.1)	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow			-	-	-	-	-		
= Free Cash Flow "To the Firm"			(2.4)	(3.8)	(4.6)	(3.7)	(2.0)	n.a.	18.8%
<i>Free Cash Flow (To the Firm) growth</i>			n.a.	-62.2%	-19.5%	18.7%	44.8%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>			n.a.	n.a.	n.a.	n.a.	n.a.		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>			n.a.	n.a.	n.a.	n.a.	n.a.		

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	7.8	
+ 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	11.7	Ver nota
Enterprise Value (EV)	21.6	

Note: As of the date of this report, the shares from the non-cash capital increase have not yet been issued. Therefore, we have included in Others the amount of EUR 11.7Mn for credit compensation. And therefore, the EV multiples in this report (EV/Sales; EV/EBITDA...) reflect the effect of the capital increase.

Appendix 4. 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	228.3	84.0	277.8	961.7	8.0		2,718.3	28,528.1		7.8
	Enterprise value (EV)	202.0	75.5	381.9	1,004.1	23.8		2,017.9	25,916.4		21.6
Basic financial information	Total Revenues	43.7	25.7	181.2	495.5	5.2		288.9	2,076.1		6.9
	Total Revenues growth	19.0%	8.4%	4.9%	-5.1%	35.5%	12.5%	15.4%	16.1%	15.8%	114.5%
	2y CAGR (2023e - 2025e)	17.1%	42.0%	4.8%	7.9%	60.9%	26.6%	21.8%	18.8%	20.3%	48.0%
	EBITDA	5.3	(22.2)	48.2	83.2	(5.2)		(71.2)	564.9		(3.1)
	EBITDA growth	227.2%	1.8%	-5.6%	-8.9%	35.0%	49.9%	72.7%	534.2%	303.4%	11.5%
	2y CAGR (2023e - 2025e)	36.2%	17.4%	4.6%	15.1%	50.1%	24.7%	45.0%	24.7%	34.8%	42.4%
	EBITDA/Revenues	12.2%	n.a.	26.6%	16.8%	n.a.	18.5%	n.a.	27.2%	27.2%	n.a.
	EBIT	4.7	(22.9)	31.3	57.2	(6.4)		(83.3)	537.8		(3.3)
	EBIT growth	485.7%	1.6%	-11.0%	-6.8%	19.5%	97.8%	69.4%	455.5%	262.5%	28.7%
	2y CAGR (2023e - 2025e)	37.9%	15.4%	12.0%	20.7%	85.6%	34.3%	45.8%	24.2%	35.0%	19.1%
	EBIT/Revenues	10.8%	n.a.	17.3%	11.6%	n.a.	13.2%	n.a.	25.9%	25.9%	n.a.
	Net Profit	4.3	(24.3)	20.9	39.5	(4.6)		(245.9)	478.5		(3.5)
	Net Profit growth	28.4%	-20.1%	-21.0%	-11.0%	36.5%	2.6%	2.5%	236.5%	119.5%	77.9%
	2y CAGR (2023e - 2025e)	34.7%	16.7%	14.3%	23.1%	44.1%	26.6%	47.0%	23.8%	35.4%	12.0%
	CAPEX/Sales %	1.9%	4.1%	7.4%	1.8%	0.0%	3.0%	10.8%	1.1%	5.9%	2.2%
	Free Cash Flow	5.0	(23.1)	24.3	55.6	(4.6)		(59.2)	1,037.0		(4.8)
Net financial debt	(11.2)	11.7	71.7	(16.5)	19.2		(663.8)	(2,517.0)		1.7	
ND/EBITDA (x)	n.a.	n.a.	1.5	n.a.	n.a.	1.5	n.a.	n.a.	n.a.	n.a.	
Pay-out	0.0%	0.0%	47.4%	41.3%	0.0%	17.7%	0.0%	0.0%	0.0%	0.0%	
Multiples and Ratios	P/E (x)	51.2	n.a.	14.5	23.1	n.a.	29.6	n.a.	62.0	62.0	n.a.
	P/BV (x)	7.2	n.a.	2.6	2.0	n.a.	4.0	3.3	9.8	6.5	0.4
	EV/Revenues (x)	4.6	2.9	2.1	2.0	4.6	3.3	7.0	12.5	9.7	3.1
	EV/EBITDA (x)	37.9	n.a.	7.9	12.1	n.a.	19.3	n.a.	45.9	45.9	n.a.
	EV/EBIT (x)	42.7	n.a.	12.2	17.5	n.a.	24.1	n.a.	48.2	48.2	n.a.
	ROE	14.1	n.a.	18.1	8.9	n.a.	13.7	n.a.	15.8	15.8	n.a.
	FCF Yield (%)	2.2	n.a.	8.7	5.8	n.a.	5.6	n.a.	3.6	3.6	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%	2.9%	1.7%	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).

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Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
25-Sep-2023	n.a.	0.224	n.a.	n.a.	Important news	Enrique Andres Abad
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

