

12m Results 2023

 Opinion ⁽¹⁾: Below expectations

 Impact ⁽¹⁾: We lower our estimates

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Pangaea Oncology (PANG) is a small Spanish biotech company (Zaragoza), specialising in differentiated cancer diagnosis and treatment and corporate services (molecular diagnostics and biomarker discovery for the pharmaceutical industry). It is run by a prestigious medical team that includes its founders (c.13% of capital). The Villagrà family (Villagrà) and GPI (Mayoral) are reference shareholders.

Market Data

Market Cap (Mn EUR and USD)	53.4	57.0
EV (Mn EUR and USD) ⁽²⁾	55.5	59.3
Shares Outstanding (Mn)	30.5	
-12m (Max/Med/Min EUR)	2.42 / 1.98 / 1.68	
Daily Avg volume (-12m Mn EUR)	0.03	
Rotation ⁽³⁾	15.5	
Factset / Bloomberg	PANG-ES / PANG SM	
Close fiscal year	31-Dec	

Shareholders Structure (%) ⁽⁷⁾

GPI (Domínguez Family, Mayoral)	13.8
Vidaro Inv. (Villagrà Blanco Fam.)	8.2
Mirling Europe	6.6
Hersol XXI (Solans Family)	4.4
Free Float	12.4

Financials (Mn EUR)	2023	2024e	2025e	2026e
Adj. nº shares (Mn)	27.1	30.5	30.5	30.5
Total Revenues	8.0	13.8	14.8	15.7
Rec. EBITDA	-3.0	-1.1	-0.3	0.2
% growth	9.5	64.3	74.5	181.2
% Rec. EBITDA/Rev.	n.a.	n.a.	n.a.	1.4
% Inc. EBITDA sector ⁽⁴⁾	-21.5	26.1	27.4	25.4
Net Profit	-4.7	-1.5	-0.7	-0.1
EPS (EUR)	-0.17	-0.05	-0.02	0.00
% growth	-44.7	70.6	54.1	81.5
Ord. EPS (EUR)	-0.11	-0.05	-0.03	-0.01
% growth	2.3	52.8	47.3	61.0
Rec. Free Cash Flow ⁽⁵⁾	-3.5	-2.2	-0.9	-0.3
Pay-out (%)	0.0	0.0	0.0	0.0
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	2.9	4.9	5.6	5.6
ND/Rec. EBITDA (x)	n.a.	n.a.	n.a.	25.2
ROE (%)	n.a.	n.a.	n.a.	n.a.
ROCE (%) ⁽⁵⁾	n.a.	n.a.	n.a.	0.6

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	3.0	3.3	3.4	3.5
Dividend Yield (%)	0.0	0.0	0.0	0.0
EV/Sales	6.94	4.02	3.74	3.54
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: Europe Biotechnology.

(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: Founders 13.2%, Irigen 6.6%, Eléctrica del Oeste 6.3%, Areyhold S.L.U. 6.2%, Serpis 5.9%, Ideas de Bombero 5.8%, Orensanas 5.5%, Asfodel 5.1%.

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

FY23 earnings: sharp jump driven by M&A, but corporate services still held back EBITDA

M&A DROVE REVENUE GROWTH (EUR 8MN VS EUR 4.4MN IN 2022)... Revenue growth in 2023 was essentially the result of: i) the integration of IOB (pro forma revenue: EUR 8.2Mn), Pectus and IBCC, which combined accounted for c.85% of the total increase, and ii) organic growth, led by management of the pulmonology area of Hospital Universitario General de Cataluña, which contributed c. EUR 0.4Mn in 2023.

...BUT NOT AS MUCH AS WE HAD EXPECTED DUE TO THE CORPORATE SERVICES LINE (TOTAL REVENUE IN 2023: -25% VS OUR ESTIMATES). Revenue from corporate services (contracts with large pharmaceutical companies) was steady at EUR 0.9Mn (vs EUR 2.5Mn estimated). Revenue from this business line is only recognised when activity (number of patients) reaches a certain threshold each period. This held back earnings in 2023. However, the order backlog increased to EUR 4Mn in 2023 vs EUR 3.2Mn in 2022 which, with growth in new patients (as of 2024e), bodes well for improvement in this business line.

RECURRING EBITDA LOSS IN 2023 OF EUR 3MN (VS EUR -3.3MN IN 2022). The improvement in gross margin in 2023 to 72.5% (+31.2p.p., thanks primarily to IOB's integration) was not enough to make up for overhead, which held back recurring EBITDA, resulting in a loss of EUR 3Mn (vs EUR -1.3Mn expected).

DEBT REMAINED IN CHECK (ND/EQUITY 2023: 0.2X). Most of the M&A deals (total EV: EUR 5.4Mn) entailed the delivery of treasury shares held by PANG, which resulted in PANG ending the year with net debt of EUR 2.9Mn (net vs cash in 2022). This paves the way for the company to continue with its inorganic growth strategy.

WE ARE CUTTING OUR ESTIMATES. We are revising down our estimates in the wake of the (lower-than-expected) FY23 earnings. Our baseline scenario calls for revenue in 2024e of around EUR 13.8Mn (-15% vs our previous estimate) and a recurring EBITDA loss of EUR 1.1Mn (vs the positive EUR 1Mn previously estimated).

PANG'S EQUITY STORY NOW HINGES ON EXTRACTING SYNERGIES AND IMPROVING MARGINS. All eyes should not be on 2024e, with M&A fully integrated and the (more profitable) corporate services line set to take off. The crux of the equity story after 2023 earnings (and continuing over the long term) is margin expansion. We expect PANG to achieve break-even at EBITDA level in 2026e.

Relative performance (Base 100)


Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	-5.9	-7.4	-3.8	-4.9	-22.8	-7.6
vs Ibxex 35	-5.0	-14.3	-19.7	-11.6	-37.4	-19.9
vs Ibxex Small Cap Index	-9.7	-12.9	-11.0	-9.6	-21.2	-23.7
vs Eurostoxx 50	-3.0	-11.9	-15.6	-12.1	-37.3	-34.1
vs Sector benchmark ⁽⁴⁾	-6.0	-14.5	-11.2	-10.3	30.3	-4.0

Pangaea Oncology (PANG) 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).

12m Results 2023
Estimates downgrade
Table 1. 2023 Results

	12m23 Real	12m22	12m23 Real vs 12m22	2023e	2023e vs 2022
Total Revenues	8.0	4.4	83.1%	10.8	-25.9%
Medical services	7.1	3.3	111.4%	8.3	-14.5%
Corporate Services (DX)	0.9	1.0	-9.3%	2.5	-63.3%
Gross Margin	5.8	1.8	221.3%	6.3	-7.8%
<i>Gross Margin/Revenues</i>	72.5%	41.3%	31.2 p.p.	77.9%	36.6 p.p.
Recurrent EBITDA⁽¹⁾	-3.0	-3.3	9.5%	-1.1	-180.0%
<i>Rec. EBITDA/Revenues</i>	-37.7%	-76.2%	38.5 p.p.	-10.0%	66.3 p.p.
EBITDA⁽²⁾	-3.5	-3.6	4.8%	-0.8	-311.0%
<i>EBITDA/Revenues</i>	-43.2%	-83.0%	39.9 p.p.	-7.8%	75.2 p.p.
EBIT	-3.8	-2.6	-49.3%	-1.2	-218.2%
PBT	-3.5	-2.8	-23.5%	-1.5	-138.6%
NP	-4.7	-2.7	-71.7%	-1.6	-199.8%
Ordinary NP	-4.1	-2.4	-67.2%	-1.6	-158.7%
<i>New patients</i>	3,116	1,608	93.8%		
<i>Total visits</i>	40,743	28,542	42.7%		
<i>Clinical trials</i>	364	206	76.7%		
<i>Surgical activities</i>	235	212	10.8%		
<i>Pharma clients</i>	77	67	14.9%		
Net Debt/Net Cash	2.9	-4.8	162%	1.3	126.1%

(1) Note 1: Rec. EBITDA does not include subsidies or capitalised expenses or M&A related expenses.

(2) Note 2: EBITDA does not include capitalised expenses

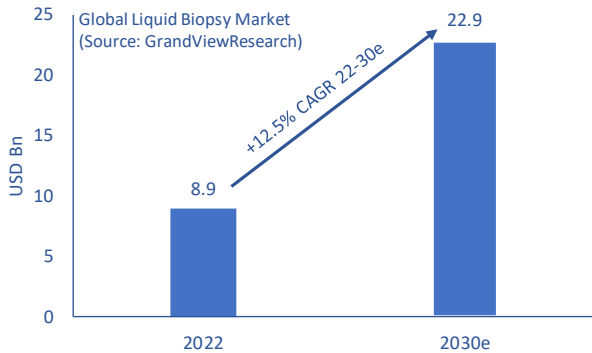
Net debt includes earn-outs from M&A operations

Table 2. Estimates downgrade

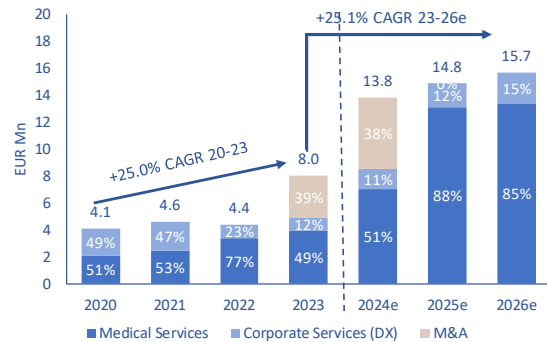
EUR Mn	2024e (New)	2024e	Review (%)	2025e (New)	2025e	Review (%)	2026e (New)
Total Revenues	13.8	16.2	-15.0%	14.8	17.8	-16.5%	15.7
Recurrent EBITDA	-1.1	1.0	-209.0%	-0.3	1.8	-115.6%	0.2
<i>Rec. EBITDA/Revenues</i>	<i>n.a.</i>	<i>6.1%</i>	<i>n.a.</i>	<i>n.a.</i>	<i>9.9%</i>	<i>n.a.</i>	<i>1.4%</i>
EBIT	-1.2	1.3	-194.9%	-0.4	1.9	-119.8%	0.1
Net Profit	-1.6	0.7	-324.7%	-0.7	1.4	-151.7%	-0.2
Recurrent Free Cash Flow	-2.8	-0.8	-262.0%	-1.6	-0.1	-1057.6%	-0.4
<i>Net Debt/(Net Cash)</i>	5.5	1.9	193%	6.8	1.8	280%	6.9

The company in 8 charts

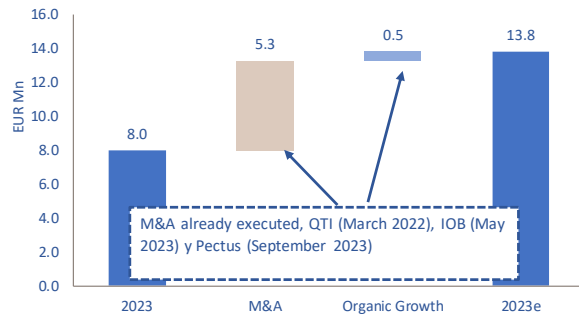
PANG is committed to a technology (liquid biopsy) with rational expectations for high growth ...



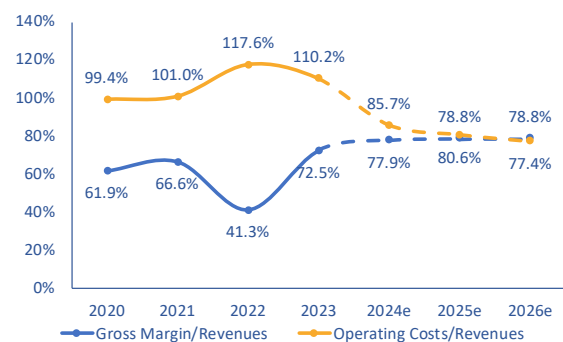
... and is faced with a genuine step up in scale (+25.1% CAGR 23-26e)



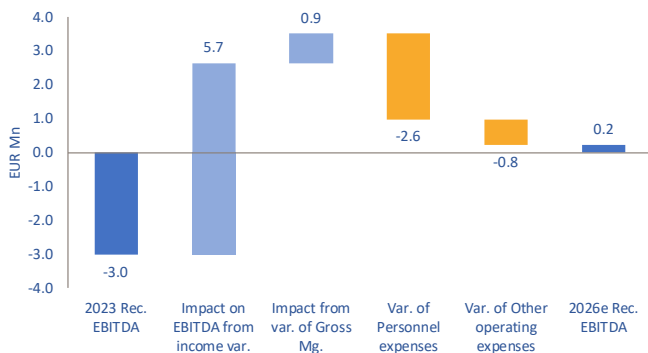
The M&A already executed in 2023e will explain c. 91% of total growth for the year 2024e



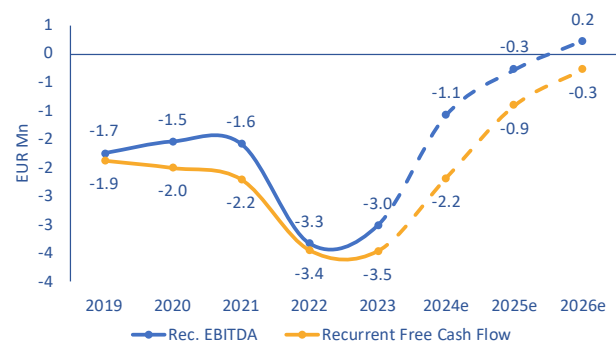
The improvement of margins is the business' main catalyst (gross margin c. 79% from 2024e)



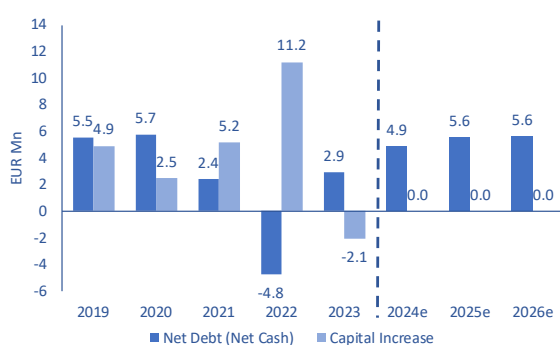
The combination of growth and improved margins points to breakeven in EBITDA in 2026e...



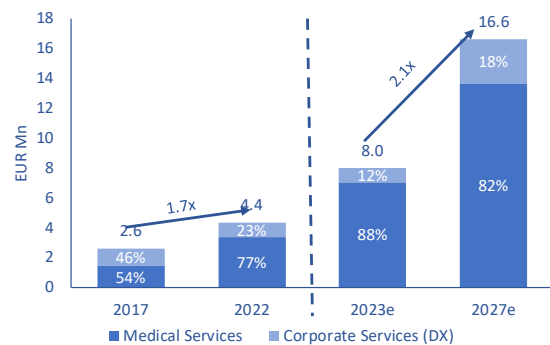
... and will make it possible to reduce cash consumption (breakeven) as early as 2025e



With a strong balance sheet structure (net cash) that will allow it to finance inorganic growth without capital increase



The high volume of activity will increase the speed of expansion of molecular diagnostics (liquid biopsy) in the long term



Valuation inputs

Inputs for the DCF Valuation Approach

	2024e	2025e	2026e	Terminal Value ⁽¹⁾			
Free Cash Flow "To the Firm"	(2.2)	(0.9)	(0.3)	n.a.			
Market Cap	53.4	At the date of this report					
Net financial debt	2.9	Debt net of Cash (12m Results 2023)					
					Best Case	Worst Case	
Cost of Debt	5.0%	Net debt cost			4.8%	5.3%	
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=	
Net debt cost	4.0%	Kd = Cost of Net Debt * (1-T)			3.8%	4.2%	
Risk free rate (rf)	3.3%	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	11.1%	Ke = Rf + (R * B)			9.9%	12.4%	
Equity / (Equity + Net Debt)	94.8%	E (Market Cap as equity value)			=	=	
Net Debt / (Equity + Net Debt)	5.2%	D			=	=	
WACC	10.8%	WACC = Kd * D + Ke * E			9.6%	12.0%	
G "Fair"	2.0%				2.5%	1.5%	

(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

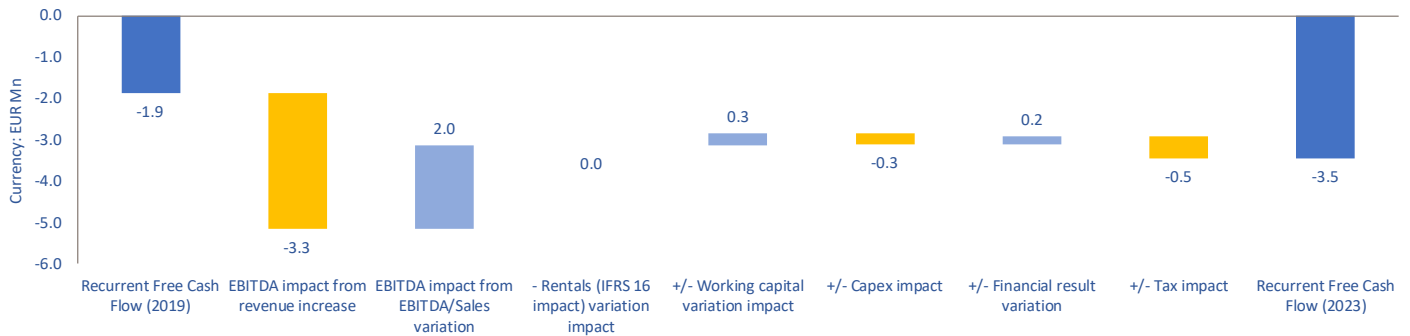
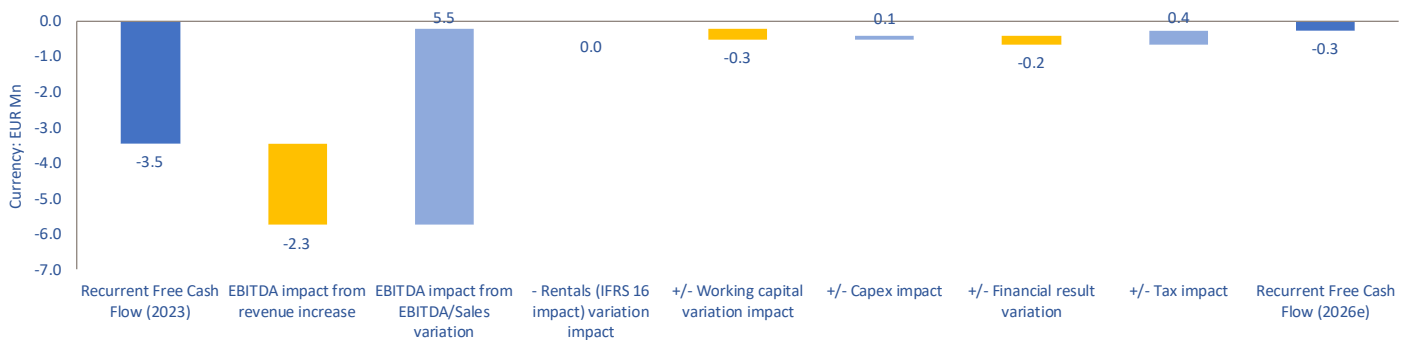
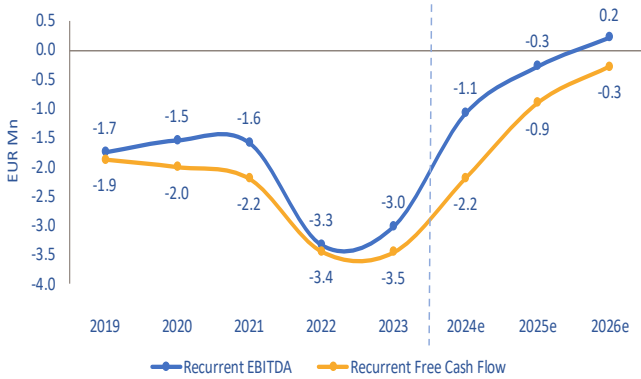
Company	Ticker Factset	Mkt. Cap	P/E 24e	EPS 24e-26e	EV/EBITDA 24e	EBITDA 24e-26e	EV/Sales 24e	Revenues 24e-26e	EBITDA/Sales 24e	FCF Yield 24e	FCF 24e-26e
MDxHealth SA	MDXH-BE	75.8	n.a.	38.3%	n.a.	59.5%	1.3	15.0%	n.a.	n.a.	43.2%
Biocartis	BCART-BE	27.2	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Atrys Health	ATRY-ES	219.7	46.0	n.a.	9.7	17.7%	1.9	7.6%	20.0%	6.4%	2.9%
Guardant Health Inc	GH-US	2,118.8	n.a.	8.0%	n.a.	14.0%	3.7	22.5%	n.a.	n.a.	11.1%
Exact Sciences Corp	EXAS-US	10,413.3	n.a.	73.9%	39.1	38.0%	4.6	13.6%	11.7%	1.3%	93.2%
Neogenomics Inc.	NEO-US	1,758.8	n.a.	n.a.	n.a.	79.9%	3.2	9.7%	3.5%	n.a.	n.a.
Molecular Diagnostic Laboratories			46.0	40.0%	24.4	41.8%	2.9	13.7%	11.7%	3.9%	37.6%
Thermo Fisher	TMO-US	204,008.1	26.3	11.9%	22.8	9.8%	5.7	7.3%	25.2%	3.3%	12.2%
Qiagen	QGEN-US	8,838.9	20.3	9.5%	14.3	9.4%	5.0	6.7%	35.1%	5.3%	4.4%
Danaher	DHR-US	171,054.0	32.5	12.6%	25.4	10.3%	8.2	8.3%	32.2%	3.3%	9.2%
Agilent	A-US	37,705.0	25.0	10.2%	20.6	8.9%	6.1	6.6%	29.6%	3.3%	14.4%
Becton Dickinson	BDX-US	64,964.8	18.5	9.6%	14.1	8.9%	4.2	5.7%	29.5%	4.3%	19.4%
Advanced Medical Equipment			24.5	10.8%	19.4	9.5%	5.8	6.9%	30.3%	3.9%	11.9%
Roche	ROG-CH	179,646.3	11.8	8.1%	8.6	6.4%	3.2	5.1%	37.5%	7.7%	6.7%
PANG	PANG-ES	53.4	n.a.	70.9%	n.a.	59.2%	4.0	6.5%	n.a.	n.a.	83.8%

Appendix 1. Financial Projections

Balance Sheet (EUR Mn)	2019	2020	2021	2022	2023	2024e	2025e	2026e	CAGR	
Intangible assets	7.1	7.0	8.2	9.6	12.7	12.4	12.3	12.1		
Fixed assets	0.6	0.6	0.4	0.4	0.5	0.5	0.5	0.5		
Other Non Current Assets	4.0	3.9	4.0	4.0	2.7	2.2	1.8	1.5		
Financial Investments	0.0	0.0	0.6	0.5	0.1	(0.0)	(0.1)	(0.2)		
Goodwill & Other Intangibles	0.0	0.0	0.0	0.6	3.2	3.2	3.2	3.2		
Current assets	3.6	4.3	4.6	4.8	6.8	10.5	11.4	11.9		
Total assets	15.4	15.8	17.9	19.9	26.0	28.9	29.1	29.0		
Equity	8.3	8.3	14.1	22.9	17.8	16.3	15.6	15.4		
Minority Interests	-	-	-	0.2	1.0	0.8	0.7	0.6		
Provisions & Other L/T Liabilities	0.3	0.2	0.3	0.3	1.0	1.0	1.0	1.0		
Other Non Current Liabilities	-	-	-	-	-	-	-	-		
Net financial debt	5.5	5.7	2.4	(4.8)	2.9	4.9	5.6	5.6		
Current Liabilities	1.3	1.5	1.1	1.3	3.2	5.9	6.3	6.4		
Equity & Total Liabilities	15.4	15.8	17.9	19.9	26.0	28.9	29.1	29.0		
P&L (EUR Mn)	2019	2020	2021	2022	2023	2024e	2025e	2026e	19-23	23-26e
Total Revenues	3.3	4.1	4.6	4.4	8.0	13.8	14.8	15.7	24.6%	25.1%
Total Revenues growth	8.4%	23.6%	12.3%	-5.1%	83.1%	72.5%	7.6%	5.5%		
COGS	(1.1)	(1.6)	(1.5)	(2.6)	(2.2)	(3.0)	(3.2)	(3.3)		
Gross Margin	2.2	2.5	3.1	1.8	5.8	10.8	11.7	12.3	27.1%	28.6%
Gross Margin/Revenues	66.9%	61.9%	66.6%	41.3%	72.5%	77.9%	78.8%	78.8%		
Personnel Expenses	(2.7)	(2.8)	(3.2)	(3.6)	(5.6)	(8.0)	(8.1)	(8.2)		
Other Operating Expenses	(1.3)	(1.2)	(1.5)	(1.5)	(3.2)	(3.8)	(3.9)	(3.9)		
Recurrent EBITDA	(1.7)	(1.5)	(1.6)	(3.3)	(3.0)	(1.1)	(0.3)	0.2	-14.7%	27.5%
Recurrent EBITDA growth	25.3%	11.7%	-2.8%	-110.5%	9.5%	64.3%	74.5%	181.2%		
Rec. EBITDA/Revenues	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1.4%		
Restructuring Expense & Other non-rec.	0.3	0.2	(0.1)	(0.3)	(0.4)	0.2	0.2	0.2		
EBITDA	(1.4)	(1.3)	(1.6)	(3.6)	(3.5)	(0.8)	(0.0)	0.4	-25.2%	28.7%
Depreciation & Provisions	(3.1)	(2.4)	(1.0)	(1.2)	(2.3)	(2.2)	(2.2)	(2.2)		
Capitalized Expense	2.2	2.1	2.1	2.3	2.0	1.9	1.9	1.9		
Rentals (IFRS 16 impact)	-	-	-	-	-	-	-	-		
EBIT	(2.3)	(1.6)	(0.5)	(2.6)	(3.8)	(1.2)	(0.4)	0.1	-13.6%	26.8%
EBIT growth	-26.7%	29.3%	67.1%	-380.1%	-49.3%	68.6%	68.7%	139.5%		
EBIT/Revenues	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.9%		
Impact of Goodwill & Others	(2.5)	-	-	-	-	-	-	-		
Net Financial Result	(0.2)	(0.2)	(0.4)	(0.1)	0.4	(0.2)	(0.2)	(0.3)		
Income by the Equity Method	-	(0.0)	(0.2)	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)		
Ordinary Profit	(5.0)	(1.9)	(1.1)	(2.8)	(3.5)	(1.5)	(0.7)	(0.2)	8.4%	59.5%
Ordinary Profit Growth	-134.2%	62.6%	41.1%	-158.5%	-23.5%	58.3%	49.7%	68.3%		
Extraordinary Results	-	-	-	-	-	-	-	-		
Profit Before Tax	(5.0)	(1.9)	(1.1)	(2.8)	(3.5)	(1.5)	(0.7)	(0.2)	8.4%	59.5%
Tax Expense	0.1	0.1	0.5	0.1	(1.3)	(0.2)	(0.1)	(0.0)		
Effective Tax Rate	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		
Minority Interests	-	-	-	0.0	0.1	0.1	0.1	0.1		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	(4.8)	(1.8)	(0.6)	(2.7)	(4.7)	(1.5)	(0.7)	(0.1)	1.0%	69.6%
Net Profit growth	-286.4%	63.8%	63.4%	-322.5%	-71.7%	66.9%	54.1%	81.5%		
Ordinary Net Profit	(5.3)	(2.1)	(1.0)	(2.5)	(2.9)	(1.6)	(0.8)	(0.3)	13.9%	52.2%
Ordinary Net Profit growth	-123.7%	60.3%	51.1%	-144.6%	-15.9%	46.8%	47.3%	61.0%		
Cash Flow (EUR Mn)	2019	2020	2021	2022	2023	2024e	2025e	2026e	19-23	23-26e
Recurrent EBITDA						(1.1)	(0.3)	0.2	-14.7%	27.5%
Rentals (IFRS 16 impact)						-	-	-		
Working Capital Increase						(1.0)	(0.5)	(0.4)		
Recurrent Operating Cash Flow						-2.1	-0.8	-0.1	-10.1%	64.5%
CAPEX						(0.1)	(0.1)	(0.2)		
Net Financial Result affecting the Cash Flow						(0.2)	(0.2)	(0.3)		
Tax Expense						0.3	0.3	0.3		
Recurrent Free Cash Flow						(2.2)	(0.9)	(0.3)	-16.6%	56.9%
Restructuring Expense & Other non-rec.						0.2	0.2	0.2		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						(2.0)	(0.7)	(0.1)	-34.3%	78.8%
Capital Increase						-	-	-		
Dividends						-	-	-		
Net Debt Variation						2.0	0.7	0.1		

Appendix 2. Free Cash Flow

A) Cash Flow Analysis (EUR Mn)	2020	2021	2022	2023	2024e	2025e	2026e	CAGR	
								20-23	23-26e
Recurrent EBITDA	(1.5)	(1.6)	(3.3)	(3.0)	(1.1)	(0.3)	0.2	-25.1%	27.5%
<i>Recurrent EBITDA growth</i>	11.7%	-2.8%	-110.5%	9.5%	64.3%	74.5%	181.2%		
<i>Rec. EBITDA/Revenues</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1.4%		
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	(0.5)	(0.7)	(0.0)	(0.1)	(1.0)	(0.5)	(0.4)		
= Recurrent Operating Cash Flow	(2.0)	(2.3)	(3.4)	(3.1)	(2.1)	(0.8)	(0.1)	-14.9%	64.5%
<i>Rec. Operating Cash Flow growth</i>	3.2%	-11.0%	-49.7%	8.7%	31.8%	61.9%	82.8%		
<i>Rec. Operating Cash Flow / Sales</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		
- CAPEX	(0.1)	(0.3)	(0.0)	(0.3)	(0.1)	(0.1)	(0.2)		
- Net Financial Result affecting Cash Flow	(0.2)	(0.4)	(0.1)	(0.0)	(0.2)	(0.2)	(0.3)		
- Taxes	0.3	0.7	0.1	(0.1)	0.3	0.3	0.3		
= Recurrent Free Cash Flow	(2.0)	(2.2)	(3.4)	(3.5)	(2.2)	(0.9)	(0.3)	-20.0%	56.9%
<i>Rec. Free Cash Flow growth</i>	-6.9%	-10.0%	-56.4%	-0.5%	36.7%	58.7%	69.4%		
<i>Rec. Free Cash Flow / Revenues</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		
- Restructuring expenses & others	(0.0)	0.1	(0.3)	(0.4)	0.2	0.2	0.2		
- Acquisitions / + Divestments	(0.3)	(0.2)	(0.1)	(1.5)	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow	(2.3)	(2.4)	(3.9)	(5.4)	(2.0)	(0.7)	(0.1)	-32.0%	78.8%
<i>Free Cash Flow growth</i>	-41.1%	-0.8%	-63.3%	-39.9%	63.8%	65.3%	92.4%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	n.a.	n.a.	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.	n.a.	n.a.		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
	2020	2021	2022	2023	2024e	2025e	2026e	CAGR	
Recurrent FCF(FY - 1)	(1.9)	(2.0)	(2.2)	(3.4)	(3.5)	(2.2)	(0.9)		
EBITDA impact from revenue increase	(0.4)	(0.2)	0.1	(2.8)	(2.2)	(0.1)	(0.0)		
EBITDA impact from EBITDA/Sales variation	0.6	0.1	(1.8)	3.1	4.1	0.9	0.5		
= Recurrent EBITDA variation	0.2	(0.0)	(1.7)	0.3	1.9	0.8	0.5		
- Rentals (IFRS 16 impact) variation impact	-	-	-	-	-	-	-		
+/- Working capital variation impact	(0.1)	(0.2)	0.6	(0.0)	(1.0)	0.5	0.2		
= Recurrent Operating Cash Flow variation	0.1	(0.2)	(1.1)	0.3	1.0	1.3	0.7		
+/- CAPEX impact	(0.1)	(0.3)	0.3	(0.2)	0.1	(0.0)	(0.0)		
+/- Financial result variation	(0.0)	(0.2)	0.2	0.1	(0.2)	(0.0)	(0.0)		
+/- Tax impact	(0.1)	0.4	(0.7)	(0.2)	0.4	0.0	(0.0)		
= Recurrent Free Cash Flow variation	(0.1)	(0.2)	(1.2)	(0.0)	1.3	1.3	0.6		
Recurrent Free Cash Flow	(2.0)	(2.2)	(3.4)	(3.5)	(2.2)	(0.9)	(0.3)		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
	2020	2021	2022	2023	2024e	2025e	2026e	CAGR	
EBIT	(1.6)	(0.5)	(2.6)	(3.8)	(1.2)	(0.4)	0.1	-33.0%	26.8%
* Theoretical Tax rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
= Taxes (pre- Net Financial Result)	-	-	-	-	-	-	-		
Recurrent EBITDA	(1.5)	(1.6)	(3.3)	(3.0)	(1.1)	(0.3)	0.2	-25.1%	27.5%
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	(0.5)	(0.7)	(0.0)	(0.1)	(1.0)	(0.5)	(0.4)		
= Recurrent Operating Cash Flow	(2.0)	(2.3)	(3.4)	(3.1)	(2.1)	(0.8)	(0.1)	-14.9%	64.5%
- CAPEX	(0.1)	(0.3)	(0.0)	(0.3)	(0.1)	(0.1)	(0.2)		
- Taxes (pre- Financial Result)	-	-	-	-	-	-	-		
= Recurrent Free Cash Flow (To the Firm)	(2.1)	(2.6)	(3.4)	(3.3)	(2.2)	(0.9)	(0.3)	-16.6%	55.5%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	-0.2%	-22.5%	-31.8%	1.7%	32.9%	57.6%	68.9%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		
- Acquisitions / + Divestments	(0.3)	(0.2)	(0.1)	(1.5)	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow "To the Firm"	(2.4)	(2.8)	(3.5)	(4.8)	(2.2)	(0.9)	(0.3)	-25.8%	60.7%
<i>Free Cash Flow (To the Firm) growth</i>	-15.8%	-16.1%	-24.6%	-37.7%	53.7%	57.6%	68.9%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	n.a.	n.a.	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.	n.a.	n.a.		

Recurrent Free Cash Flow accumulated variation analysis (2019 - 2023)

Recurrent Free Cash Flow accumulated variation analysis (2023 - 2026e)

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	53.4	
+ Minority Interests	1.0	12m Results 2023
+ Provisions & Other L/T Liabilities	1.0	12m Results 2023
+ Net financial debt	2.9	12m Results 2023
- Financial Investments	0.1	12m Results 2023
+/- Others ⁽¹⁾	(2.7)	12m Results 2023
Enterprise Value (EV)	55.5	

(1) Tax loss carry forward

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Notes and Reports History

Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
03-May-2024	n.a.	1.75	n.a.	n.a.	12m Results 2023 - Estimates downgrade	Luis Esteban Arribas, CESGA
02-Nov-2023	n.a.	2.06	n.a.	n.a.	6m Results 2023	Luis Esteban Arribas, CESGA
20-Jul-2023	n.a.	2.04	n.a.	n.a.	Important news - Estimates upgrade	Luis Esteban Arribas, CESGA
12-Jun-2023	n.a.	2.14	n.a.	n.a.	Small & Micro Caps (Spain)	David López Sánchez
18-May-2023	n.a.	2.06	n.a.	n.a.	Estimates upgrade	Luis Esteban Arribas, CESGA
10-May-2023	n.a.	2.00	n.a.	n.a.	Important news	Luis Esteban Arribas, CESGA
04-May-2023	n.a.	1.84	n.a.	n.a.	12m Results 2022	Luis Esteban Arribas, CESGA
31-Oct-2022	n.a.	1.47	n.a.	n.a.	6m Results 2022 - Estimates downgrade	Luis Esteban Arribas, CESGA
14-Jul-2022	n.a.	1.46	n.a.	n.a.	Important news	Alfredo Echevarría Otegui
02-May-2022	n.a.	1.70	n.a.	n.a.	12m Results 2021	Alfredo Echevarría Otegui
29-Oct-2021	n.a.	1.64	n.a.	n.a.	6m Results 2021	Alfredo Echevarría Otegui
02-Sep-2021	n.a.	1.70	n.a.	n.a.	Important news	Ana Isabel González García, CIIA
25-Jun-2021	n.a.	1.85	n.a.	n.a.	Important news	Ana Isabel González García, CIIA
05-May-2021	n.a.	2.17	n.a.	n.a.	12m Results 2020 - Estimates downgrade	Ana Isabel González García, CIIA
03-Nov-2020	n.a.	1.58	n.a.	n.a.	6m Results 2020	Ana Isabel González García, CIIA
16-Oct-2020	n.a.	1.56	n.a.	n.a.	Initiation of Coverage	Ana Isabel González García, CIIA

