EQUITY - SPAIN
Sector: Software

Closing price: EUR 0.16 (30 Apr 2024)
Report date: 2 May 2024 (hh:mmh)

12m Results 2023
Independent Equity Research

12m Results 2023

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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.

Market Data

Market Cap (Mn EUR and USD)	11.6	12.4
EV (Mn EUR and USD) [2]	21.4	22.9
Shares Outstanding (Mn)	72.0	
-12m (Max/Med/Mín EUR)	0.41 / 0.25 / 0.16	
Daily Avg volume (-12m Mn EUR)	0.18	
Rotation [3]	388.0	
Factset / Bloomberg	SAI-ES / SAI SM	
Close fiscal year	31-Dec	

Shareholders Structure (%) [7]

YAMRO Holdings Limited	12.6
Leandro Daniel Harillo	8.0
Juan Pablo Di pietro	8.0
United General LTD	6.3
Free Float	28.9

Financials (Mn EUR)

	2023	2024e	2025e	2026e
Adj. nº shares (Mn)	45.1	100.4	104.5	104.5
Total Revenues	8.6	14.6	18.3	22.5
Rec. EBITDA	-8.3	-5.8	-4.2	-2.4
% growth	*-143.8*	*29.4*	*27.4*	*44.0*
% Rec. EBITDA/Rev.	*n.a.*	*n.a.*	*n.a.*	*n.a.*
% Inc. EBITDA sector [4]	*18.0*	*9.9*	*21.0*	*12.3*
Net Profit	-8.7	-3.8	-3.0	-2.2
EPS (EUR)	-0.19	-0.04	-0.03	-0.02
% growth	*68.8*	*80.5*	*22.8*	*27.2*
Ord. EPS (EUR)	-0.17	-0.04	-0.03	-0.02
% growth	*73.0*	*78.2*	*22.8*	*27.2*
Rec. Free Cash Flow [5]	-9.1	-7.0	-5.4	-3.6
Pay-out (%)	*0.0*	*0.0*	*0.0*	*0.0*
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	5.7	6.7	12.1	15.7
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	0.5	0.5	0.5	0.6
Dividend Yield (%)	*0.0*	*0.0*	*0.0*	*0.0*
EV/Sales	2.49	1.47	1.17	0.95
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: Lorenzo Serratosa 5.2%, José Iván García Braulio 4.9%, Otros accionistas 26.0%

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

# 2023 results: strong top-line growth and investment in AI undermining recurring EBITDA

REVENUE SOARED TO EUR 8.6MN (EX-CAPITALISED COSTS)… This increase was due (primarily) to the M&A strategy pursued in 2023. The main business lines contributed to the jump in revenue, with solid increases in health, HR, agritech and technology. Capitalised expenditure, not included in our revenue estimates, totalled EUR 5.2Mn (vs EUR 1.6Mn in 2022). In 2023, SAI transitioned its accounting policy to IFRS.

…WITH RECURRING EBITDA (EXCL. CAPITALISED COSTS) OF EUR -8.3MN (VS EUR -3.5MN 2022) The reduction in margin was the result of the: (i) sharp contraction in gross margin to 66.9% (-17.6p.p. vs 2022; for the shift in business mix) and (ii) large increase in other operating expenses EUR 10.1Mn (vs EUR 2.8Mn in 2022), for the major jump in development costs of AI solutions.

STRUCTURALLY FINANCED VIA RIGHTS ISSUES. As a start-up that we think is unlikely to be able to generate positive cash for the next three years, dilution risk of new rights issues is high. And with any company like this, equity finance is a given. The number of shares since 2022 has increased (22.1Mn A shares) to 103.1Mn. That means c.75% for SAI shareholders.

GROWTH IN AI IS HIGHLY INVESTMENT-INTENSIVE. SAI has unveiled its strategic plan for the next four years, with which it expects to raise c. EUR 180Mn of finance via share capital increases (EUR 75Mn), debt (EUR 25Mn), grants (EUR 50Mn) and cash generation (EUR 30Mn). The plan conveys three ideas: (i) willingness to grow rapidly (9x actual EV), (ii) extreme dependence on capital-intensive AI growth and (iii) the need to continue raising finance through rights increases.

2023 CONFIRMS THE "SNAPSHOT": STRONG GROWTH, SQUEEZE ON MARGINS AND HEFTY FINANCING REQUIREMENT. Development of the AI business is highly capital-intensive. 2024e-26e will be crucial years for gauging SAI's ability to monetise its structure while developing its AI solutions. On our estimates for 2022, the AI-related business represented c.20% of mix (with no visibility yet regarding its share in 2023). We do not expect to see positive recurring EBITDA and FCF in 2024e–26e. SAI is still a play in a high growth sector, but visibility remains very low. And dilution risk high.

Relative performance (Base 100)
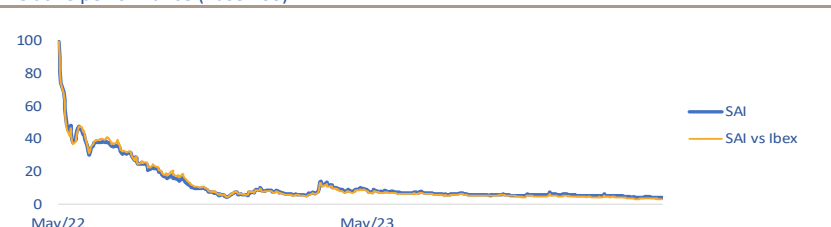
Stock performance (%)

Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	-5.2	-25.7	-48.5	-29.0	n.a.	n.a.
vs Ibex 35	-3.3	-31.3	-56.2	-33.9	n.a.	n.a.
vs Ibex Small Cap Index	-8.0	-29.0	-51.0	-31.7	n.a.	n.a.
vs Eurostoxx 50	-2.1	-29.6	-54.4	-34.8	n.a.	n.a.
vs Sector benchmark [4]	-0.7	-25.3	-58.2	-34.0	n.a.	n.a.

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Table 1. 2023 Results

| EUR Mn	12m23 Real	12m22	12m23 Real vs 12m22
Total Revenues	8.6	3.1	174.5%
Recurrent EBITDA	(8.3)	(3.4)	-143.8%
Rec. EBITDA/Revenues	-96.0%	-108.1%	*12.1 p.p.*
EBITDA	(9.0)	(3.5)	-152.9%
EBITDA/Revenues	-104.1%	-113.0%	*8.9 p.p.*
EBIT	(4.9)	(2.3)	-112.0%
PBT	(8.2)	(15.6)	47.5%
NP	(8.7)	(15.1)	42.1%

The company in 8 charts

Artificial Intelligence: an attractive market enjoying high growth (33% CAGR 22e-26e in Europe)…
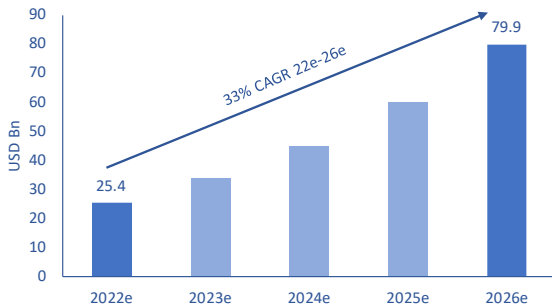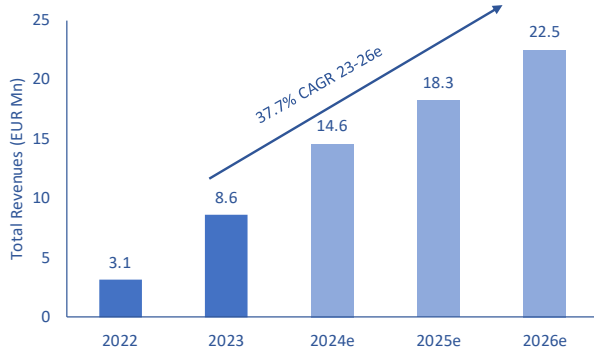

Source: IDC (International Data Corporation)

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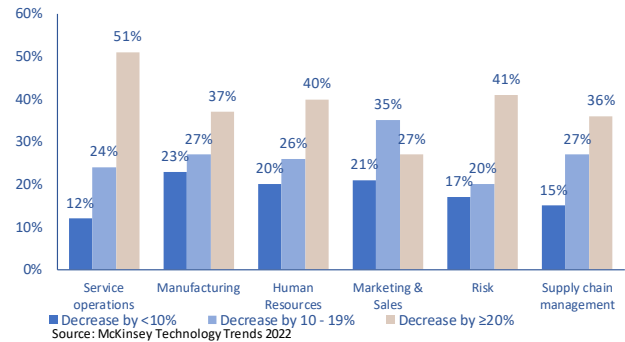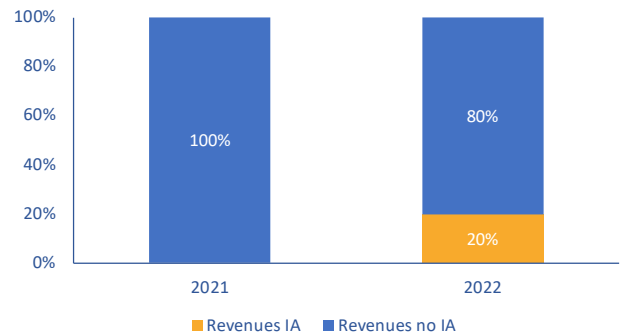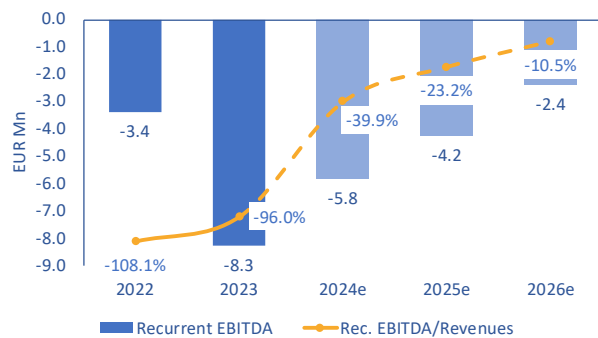

Source: McKinsey Technology Trends 2022

Substrate (SAI): With the potential for high double-digit revenue growth including M&A (37.7% CAGR 23-26e) …

… and with sales in 2022 derived from artificial intelligence of around c.20%

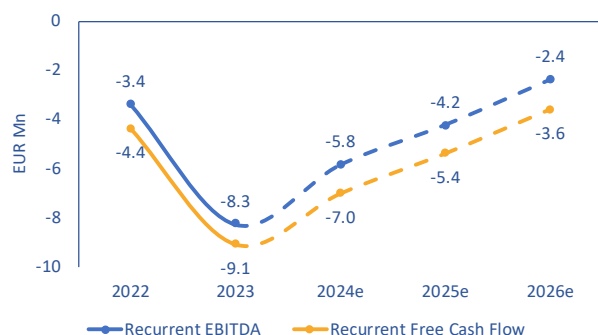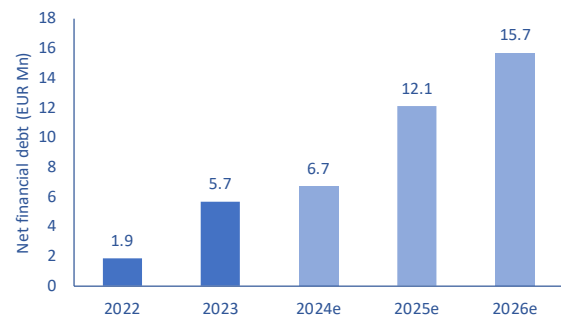### Although without reaching breakeven in Recurrent EBITDA until after 2026e

… due to oversized operating expenses for much higher revenue levels
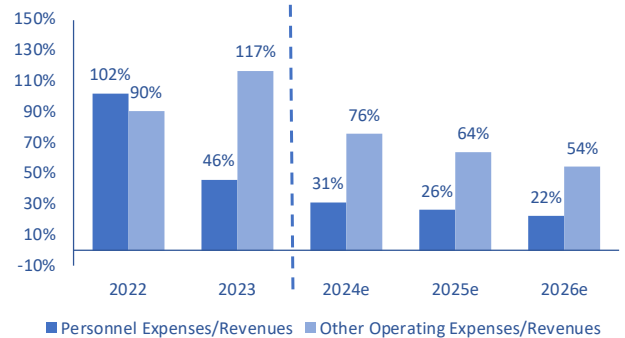
… lifting recurring free cash flow generation to EUR -3.6Mn in 2026e (vs EUR -7.0Mn in 2024e)

that will lead to a "theoretical" increase in net debt (EUR 15.7Mn 2026e). Although "secured" with convertible bonds

Valuation inputs

Inputs for the DCF Valuation Approach

	2024e	2025e	2026e	Terminal Value [1]		
Free Cash Flow "To the Firm"	(6.3)	(4.5)	(2.5)	n.a.		
Market Cap	11.6	At the date of this report				
Net financial debt	5.7	Debt net of Cash (12m Results 2023)				
					Best Case	**Worst Case**
Cost of Debt	7.0%	Net debt cost			6.8%	7.3%
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=
Net debt cost	5.6%	**Kd = Cost of Net Debt * (1-T)**			5.4%	5.8%
Risk free rate (rf)	3.4%	Rf (10y Spanish bond yield)			=	=
Equity risk premium	6.0%	R (own estimate)			5.5%	6.5%
Beta (B)	1.6	B (own estimate)			1.5	1.7
Cost of Equity	13.0%	**Ke = Rf + (R * B)**			11.6%	14.4%
Equity / (Equity + Net Debt)	67.1%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	32.9%	D			=	=
WACC	10.5%	**WACC = Kd * D + Ke * E**			9.6%	11.6%
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 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
Sidetrade SA	ALBFR-FR	229.0	35.3	n.a.	26.3	n.a.	3.9	n.a.	14.6%	3.6%	n.a.
Median Technologies	ALMDT-FR	47.7	n.a.	n.a.	n.a.	n.a.	1.7	n.a.	n.a.	n.a.	n.a.
Linedata Services	LIN-FR	368.1	13.8	n.a.	8.2	n.a.	2.4	n.a.	29.0%	9.0%	n.a.
Lectra	LSS-FR	1,210.7	24.4	22.9%	11.9	14.5%	2.2	9.6%	18.8%	6.0%	8.4%
Artificial Solutions	ASAI-SE	14.0	n.a.	57.3%	n.a.	94.6%	4.5	49.3%	n.a.	n.a.	n.a.
Europe			24.5	40.1%	15.5	54.6%	2.9	29.5%	20.8%	6.2%	8.4%
C3.ai	AI-US	2,592.1	n.a.	75.4%	n.a.	n.a.	5.6	20.0%	n.a.	n.a.	n.a.
Palantir Technologies	PLTR-US	46,218.7	67.0	21.8%	n.a.	18.4%	17.2	19.8%	33.0%	1.8%	39.4%
United States			67.0	48.6%	n.a.	18.4%	11.4	19.9%	33.0%	1.8%	39.4%
SAI	SAI-ES	11.6	n.a.	25.1%	n.a.	36.2%	1.5	24.0%	n.a.	n.a.	30.9%

Free Cash Flow sensitivity analysis (2025e)

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

Scenario	EBITDA/Sales 25e	EBITDA 25e	EV/EBITDA 25e
Max	-43.9%	(8.0)	-2.7x
Central	-39.9%	(7.3)	-2.9x
Min	-35.9%	(6.6)	-3.3x

B) Rec. FCF sensitivity to changes in EBITDA and CAPEX/sales

Rec. FCF EUR Mn	CAPEX/Sales 25e		
EBITDA 25e	1.0%	1.1%	1.2%
(8.0)	(9.1)	(9.2)	(9.2)
(7.3)	(8.4)	(8.4)	(8.5)
(6.6)	(7.7)	(7.7)	(7.7)

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Appendix 1. Financial Projections

Balance Sheet (EUR Mn)	2019	2020	2021	2022	2023	2024e	2025e	2026e
Intangible assets				2.9	8.7	12.0	14.7	16.6
Fixed assets				0.1	0.2	0.4	0.5	0.6
Other Non Current Assets				0.9	2.0	2.0	2.0	2.0
Financial Investments				0.3	1.0	1.0	1.0	1.0
Goodwill & Other Intangilbles				16.3	22.5	22.5	22.5	22.5
Current assets				1.5	5.6	10.9	12.5	14.3
Total assets				**22.1**	**40.0**	**48.9**	**53.2**	**56.9**
Equity				18.2	22.9	25.1	22.1	19.8
Minority Interests				0.1	0.9	0.9	0.9	0.9
Provisions & Other L/T Liabilities				0.6	4.3	4.3	4.3	4.3
Other Non Current Liabilities				0.5	0.6	0.6	0.6	0.6
Net financial debt				1.9	5.7	6.7	12.1	15.7
Current Liabilities				0.8	5.7	11.3	13.3	15.6
Equity & Total Liabilities				**22.1**	**40.0**	**48.9**	**53.2**	**56.9**

									CAGR	
P&L (EUR Mn)	2019	2020	2021	2022	2023	2024e	2025e	2026e	19-23	23-26e
Total Revenues				**3.1**	**8.6**	**14.6**	**18.3**	**22.5**	**n.a.**	**37.7%**
Total Revenues growth				*n.a.*	*174.5%*	*70.0%*	*25.0%*	*23.0%*		
COGS				(0.5)	(2.9)	(4.8)	(6.1)	(7.7)		
Gross Margin				**2.6**	**5.8**	**9.8**	**12.2**	**14.9**	**n.a.**	**37.1%**
Gross Margin/Revenues				*84.5%*	*66.9%*	*66.9%*	*66.5%*	*66.0%*		
Personnel Expenses				(3.2)	(4.0)	(4.6)	(4.8)	(5.0)		
Other Operating Expenses				(2.8)	(10.1)	(11.1)	(11.6)	(12.2)		
Recurrent EBITDA				**(3.4)**	**(8.3)**	**(5.8)**	**(4.2)**	**(2.4)**	**n.a.**	**34.0%**
Recurrent EBITDA growth				*n.a.*	*-143.8%*	*29.4%*	*27.4%*	*44.0%*		
Rec. EBITDA/Revenues				*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*		
Restructuring Expense & Other non-rec.				(0.2)	(0.7)	-	-	-		
EBITDA				**(3.5)**	**(9.0)**	**(5.8)**	**(4.2)**	**(2.4)**	**n.a.**	**35.8%**
Depreciation & Provisions				(0.3)	(0.6)	(1.9)	(2.6)	(3.4)		
Capitalized Expense				1.6	5.2	5.2	5.2	5.2		
Rentals (IFRS 16 impact)				(0.0)	(0.5)	(0.5)	(0.5)	(0.5)		
EBIT				**(2.3)**	**(4.9)**	**(3.0)**	**(2.2)**	**(1.1)**	**n.a.**	**38.8%**
EBIT growth				*n.a.*	*-112.0%*	*37.5%*	*27.3%*	*49.6%*		
EBIT/Revenues				*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*		
Impact of Goodwill & Others				(13.1)	(2.6)	-	-	-		
Net Financial Result				(0.3)	(0.7)	(0.7)	(0.8)	(1.1)		
Income by the Equity Method				-	-	-	-	-		
Ordinary Profit				**(15.6)**	**(8.2)**	**(3.8)**	**(3.0)**	**(2.2)**	**n.a.**	**35.4%**
Ordinary Profit Growth				*n.a.*	*47.5%*	*53.9%*	*19.6%*	*27.2%*		
Extraordinary Results				-	-	-	-	-		
Profit Before Tax				**(15.6)**	**(8.2)**	**(3.8)**	**(3.0)**	**(2.2)**	**n.a.**	**35.4%**
Tax Expense				0.6	(0.3)	-	-	-		
Effective Tax Rate				*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*		
Minority Interests				(0.0)	(0.3)	-	-	-		
Discontinued Activities				-	-	-	-	-		
Net Profit				**(15.1)**	**(8.7)**	**(3.8)**	**(3.0)**	**(2.2)**	**n.a.**	**36.7%**
Net Profit growth				*n.a.*	*42.1%*	*56.6%*	*19.6%*	*27.2%*		
Ordinary Net Profit				**(15.5)**	**(7.8)**	**(3.8)**	**(3.0)**	**(2.2)**	**n.a.**	**34.2%**
Ordinary Net Profit growth				*n.a.*	*49.8%*	*51.3%*	*19.6%*	*27.2%*		

									CAGR	
Cash Flow (EUR Mn)	2019	2020	2021	2022	2023	2024e	2025e	2026e	19-23	23-26e
Recurrent EBITDA						**(5.8)**	**(4.2)**	**(2.4)**	**n.a.**	**34.0%**
Rentals (IFRS 16 impact)						(0.5)	(0.5)	(0.5)		
Working Capital Increase						0.3	0.4	0.6		
Recurrent Operating Cash Flow						**-6.1**	**-4.3**	**-2.3**	**n.a.**	**33.9%**
CAPEX						(0.2)	(0.2)	(0.2)		
Net Financial Result affecting the Cash Flow						(0.7)	(0.8)	(1.1)		
Tax Expense						-	-	-		
Recurrent Free Cash Flow						**(7.0)**	**(5.4)**	**(3.6)**	**n.a.**	**26.5%**
Restructuring Expense & Other non-rec.						(0.5)	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						**(7.6)**	**(5.4)**	**(3.6)**	**n.a.**	**24.1%**
Capital Increase						6.5	-	-		
Dividends						-	-	-		
Net Debt Variation						**1.1**	**5.4**	**3.6**		

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Appendix 2. Free Cash Flow

A) Cash Flow Analysis (EUR Mn)	2020	2021	2022	2023	2024e	2025e	2026e	CAGR 20-23	CAGR 23-26e
Recurrent EBITDA			**(3.4)**	**(8.3)**	**(5.8)**	**(4.2)**	**(2.4)**	*n.a.*	*34.0%*
Recurrent EBITDA growth			*n.a.*	*-143.8%*	*29.4%*	*27.4%*	*44.0%*		
Rec. EBITDA/Revenues			*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*		
- Rentals (IFRS 16 impact)			(0.0)	(0.5)	(0.5)	(0.5)	(0.5)		
+/- Working Capital increase			0.7	0.8	0.3	0.4	0.6		
= Recurrent Operating Cash Flow			**(4.2)**	**(8.0)**	**(6.1)**	**(4.3)**	**(2.3)**	*n.a.*	*33.9%*
Rec. Operating Cash Flow growth			*n.a.*	*-91.6%*	*24.0%*	*28.3%*	*46.9%*		
Rec. Operating Cash Flow / Sales			*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*		
- CAPEX			(0.1)	(0.9)	(0.2)	(0.2)	(0.2)		
- Net Financial Result affecting Cash Flow			(0.1)	(0.2)	(0.7)	(0.8)	(1.1)		
- Taxes			-	-	-	-	-		
= Recurrent Free Cash Flow			**(4.4)**	**(9.1)**	**(7.0)**	**(5.4)**	**(3.6)**	*n.a.*	*26.5%*
Rec. Free Cash Flow growth			*n.a.*	*-107.1%*	*22.8%*	*23.3%*	*32.9%*		
Rec. Free Cash Flow / Revenues			*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*		
- Restructuring expenses & others			-	0.5	(0.5)	-	-		
- Acquisitions / + Divestments			-	0.3	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow			-	-	-	-	-		
= Free Cash Flow			**(4.4)**	**(8.3)**	**(7.6)**	**(5.4)**	**(3.6)**	*n.a.*	*24.1%*
Free Cash Flow growth			*n.a.*	*-88.3%*	*8.5%*	*28.8%*	*32.9%*		
Recurrent Free Cash Flow - Yield (s/Mkt Cap)			*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*		
Free Cash Flow Yield (s/Mkt Cap)			*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
Recurrent FCF(FY - 1)			-	**(4.4)**	**(9.1)**	**(7.0)**	**(5.4)**
EBITDA impact from revenue increase			n.a.	(5.9)	(5.8)	(1.5)	(1.0)
EBITDA impact from EBITDA/Sales variation			n.a.	1.0	8.2	3.1	2.8
= Recurrent EBITDA variation			**n.a.**	**(4.9)**	**2.4**	**1.6**	**1.9**
- Rentals (IFRS 16 impact) variation impact			(0.0)	(0.5)	-	-	-
+/- Working capital variation impact			(0.7)	1.5	(0.5)	0.1	0.2
= Recurrent Operating Cash Flow variation			**(0.8)**	**(3.8)**	**1.9**	**1.7**	**2.0**
+/- CAPEX impact			(0.1)	(0.8)	0.7	-	-
+/- Financial result variation			(0.1)	(0.1)	(0.5)	(0.1)	(0.3)
+/- Tax impact			-	-	-	-	-
= Recurrent Free Cash Flow variation			**(1.0)**	**(4.7)**	**2.1**	**1.6**	**1.8**
Recurrent Free Cash Flow			**(1.0)**	**(9.1)**	**(7.0)**	**(5.4)**	**(3.6)**

C) "FCF to the Firm" (pre debt service) (EUR Mn)	2020	2021	2022	2023	2024e	2025e	2026e	CAGR 20-23	CAGR 23-26e
EBIT			**(2.3)**	**(4.9)**	**(3.0)**	**(2.2)**	**(1.1)**	*n.a.*	*38.8%*
* Theoretical Tax rate			*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*		
= Taxes (pre- Net Financial Result)			-	-	-	-	-		
Recurrent EBITDA			**(3.4)**	**(8.3)**	**(5.8)**	**(4.2)**	**(2.4)**	*n.a.*	*34.0%*
- Rentals (IFRS 16 impact)			(0.0)	(0.5)	(0.5)	(0.5)	(0.5)		
+/- Working Capital increase			(0.7)	0.8	0.3	0.4	0.6		
= Recurrent Operating Cash Flow			**(4.2)**	**(8.0)**	**(6.1)**	**(4.3)**	**(2.3)**	*n.a.*	*33.9%*
- CAPEX			(0.1)	(0.9)	(0.2)	(0.2)	(0.2)		
- Taxes (pre- Financial Result)			-	-	-	-	-		
= Recurrent Free Cash Flow (To the Firm)			**(4.2)**	**(8.8)**	**(6.3)**	**(4.5)**	**(2.5)**	*n.a.*	*34.3%*
Rec. Free Cash Flow (To the Firm) growth			*n.a.*	*-108.2%*	*29.1%*	*27.4%*	*44.9%*		
Rec. Free Cash Flow (To the Firm) / Revenues			n.a.	n.a.	n.a.	n.a.	n.a.		
- Acquisitions / + Divestments			-	0.3	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow			-	-	-	-	-		
= Free Cash Flow "To the Firm"			**(4.2)**	**(8.6)**	**(6.3)**	**(4.5)**	**(2.5)**	*n.a.*	*33.6%*
Free Cash Flow (To the Firm) growth			*n.a.*	*-101.7%*	*26.8%*	*27.4%*	*44.9%*		
Rec. Free Cash Flow To the Firm Yield (o/EV)			*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*		
Free Cash Flow "To the Firm" - Yield (o/EV)			*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*		

Recurrent Free Cash Flow accumulated variation analysis (2023 - 2026e)
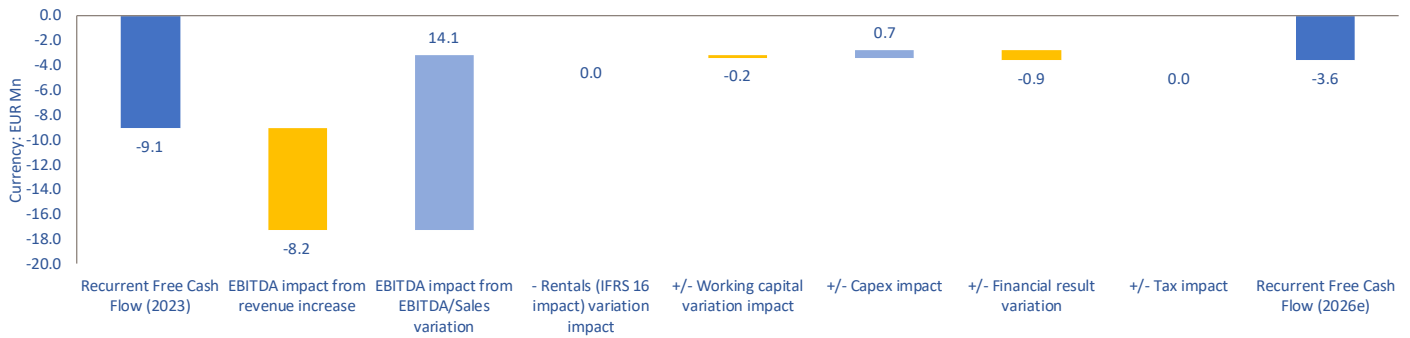
Recurrent EBITDA vs Recurrent Free Cash Flow
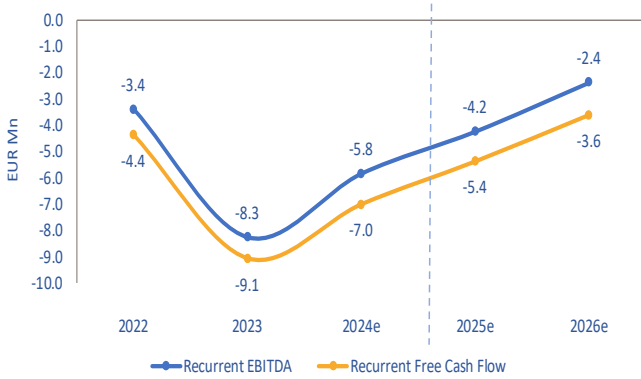
Stock performance vs EBITDA 12m forward
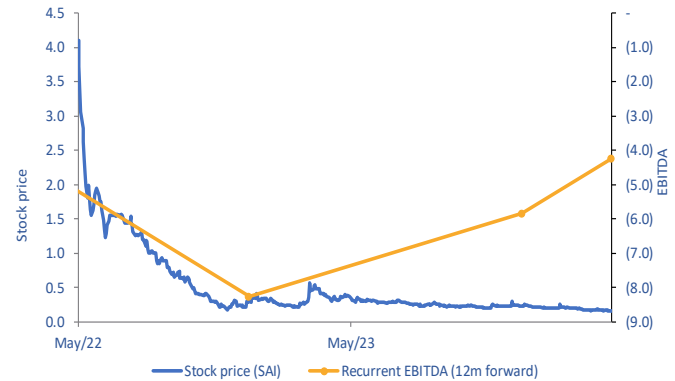
Appendix 3. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	11.6	
+ Minority Interests	0.9	12m Results 2023
+ Provisions & Other L/T Liabilities	4.3	12m Results 2023
+ Net financial debt	5.7	12m Results 2023
- Financial Investments	1.0	12m Results 2023
+/- Others		Ver nota
Enterprise Value (EV)	**21.4**	

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Gross debt is composed of EUR 8Mn that are not bank debt. It corresponds to debts for the acquisition of shares during 2023 (EUR 6Mn) that will be settled through capital increases and deposits received in the amount of EUR 2Mn to participate in another capital increase for the same amount.

Capital increase: SAI has two types of shares: A and B shares. The A shares have 100% of SAI's voting rights and their economic rights are conditional on those of the B shares, this report takes as a reference (Mkt Cap, EV) the A shares.

The company has class B non-voting shares (at a par value of EUR 0.001; no preferential subscription rights). In nominal terms, each old share corresponds to 100 new class B shares. Holders of these new shares will receive a minimum annual preferred dividend of EUR 0.01 per share. This dividend is conditional on the existence of distributable profits each year. In addition to this increase, the class B shares have been included as future remuneration in the new incentive plan

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Appendix 4. Main peers 2024e

EUR Mn		Europe							United States			SAI
		Sidetrade SA	Median Technologies	Linedata Services	Lectra	Artificial Solutions	Average		C3.ai	Palantir Technologies	Average	
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	USA		Spain
	Market cap	229.0	47.7	368.1	1,210.7	14.0			2,592.1	46,218.7		11.6
	Enterprise value (EV)	201.8	51.2	459.1	1,231.9	30.7			1,919.4	43,074.0		21.4
Basic financial information	Total Revenues	52.4	29.6	192.0	553.0	6.8			344.2	2,502.2		14.6
	Total Revenues growth	19.7%	33.2%	4.7%	15.8%	31.0%	20.9%		19.3%	20.1%	19.7%	70.0%
	2y CAGR (2024e - 2026e)	n.a.	n.a.	n.a.	9.6%	49.3%	29.5%		20.0%	19.8%	19.9%	24.0%
	EBITDA	7.7	(24.1)	55.8	103.8	(2.2)			(69.1)	826.1		(5.8)
	EBITDA growth	73.3%	-10.7%	n.a.	48.4%	54.5%	41.3%		30.9%	475.7%	253.3%	34.9%
	2y CAGR (2024e - 2026e)	n.a.	n.a.	n.a.	14.5%	94.6%	54.6%		n.a.	18.4%	18.4%	36.2%
	EBITDA/Revenues	14.6%	n.a.	29.0%	18.8%	n.a.	20.8%		n.a.	33.0%	33.0%	n.a.
	EBIT	6.8	(25.0)	39.3	69.6	(3.8)			(83.9)	799.2		(3.0)
	EBIT growth	98.8%	-8.7%	3.6%	74.2%	38.1%	41.2%		24.2%	611.8%	318.0%	37.5%
	2y CAGR (2024e - 2026e)	n.a.	n.a.	n.a.	19.7%	56.0%	37.8%		53.2%	22.4%	37.8%	39.5%
	EBIT/Revenues	13.0%	n.a.	20.5%	12.6%	n.a.	15.4%		n.a.	31.9%	31.9%	n.a.
	Net Profit	6.5	(26.2)	26.9	49.1	(4.4)			(48.8)	713.7		(3.8)
	Net Profit growth	15.8%	-14.1%	5.3%	44.9%	11.3%	12.6%		34.0%	263.4%	148.7%	56.6%
	2y CAGR (2024e - 2026e)	n.a.	n.a.	n.a.	24.1%	42.7%	33.4%		84.3%	26.5%	55.4%	23.5%
	CAPEX/Sales %	1.7%	4.6%	6.1%	2.0%	n.a.	3.6%		5.2%	0.9%	3.0%	1.4%
	Free Cash Flow	8.2	(24.6)	33.0	73.0	n.a.			(17.8)	832.5		(7.6)
	Net financial debt	(19.1)	25.4	55.9	43.7	23.2			(573.3)	(3,469.6)		6.7
	ND/EBITDA (x)	n.a.	n.a.	1.0	0.4	n.a.	0.7		n.a.	n.a.	n.a.	n.a.
	Pay-out	0.0%	0.0%	n.a.	41.6%	0.0%	10.4%		0.0%	0.0%	0.0%	0.0%
Multiples and Ratios	P/E (x)	35.3	n.a.	13.8	24.4	n.a.	24.5		n.a.	67.0	67.0	n.a.
	P/BV (x)	6.0	n.a.	2.8	2.8	n.a.	3.9		3.5	12.5	8.0	0.5
	EV/Revenues (x)	3.9	1.7	2.4	2.2	4.5	2.9		5.6	17.2	11.4	1.5
	EV/EBITDA (x)	26.3	n.a.	8.2	11.9	n.a.	15.5		n.a.	n.a.	n.a.	n.a.
	EV/EBIT (x)	29.5	n.a.	11.7	17.7	n.a.	19.6		n.a.	n.a.	n.a.	n.a.
	ROE	17.0	n.a.	20.3	11.4	n.a.	16.2		n.a.	18.6	18.6	n.a.
	FCF Yield (%)	3.6	n.a.	9.0	6.0	n.a.	6.2		n.a.	1.8	1.8	n.a.
	DPS	0.00	0.00	1.81	0.54	0.00	0.47		0.00	0.00	0.00	0.00
	Dvd Yield	0.0%	0.0%	2.4%	1.7%	0.0%	0.8%		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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Notes and Reports **History**

Date of **report**	Recommendation	Price (EUR)	Target price (EUR)	Period of **validity**	Reason for **report**	Analyst
02-May-2024	n.a.	0.161	n.a.	n.a.	12m Results 2023	Enrique Andrés Abad, CFA
29-Dec-2023	n.a.	0.233	n.a.	n.a.	Estimates downgrade	Enrique Andrés Abad, CFA
06-Nov-2023	n.a.	0.220	n.a.	n.a.	Important news	Enrique Andrés Abad, CFA
25-Sep-2023	n.a.	0.224	n.a.	n.a.	Important news	Enrique Andrés Abad, CFA
03-Aug-2023	n.a.	0.276	n.a.	n.a.	Important news - Estimates upgrade	Enrique Andrés Abad, CFA
19-Jul-2023	n.a.	0.310	n.a.	n.a.	6m 2023 Preliminary results	Enrique Andrés Abad, CFA
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 Andrés Abad, CFA
03-Feb-2023	n.a.	0.288	n.a.	n.a.	Important news	Enrique Andrés Abad, CFA
23-Jan-2023	n.a.	0.340	n.a.	n.a.	12m 2022 Preliminary results	Enrique Andrés Abad, CFA
22-Dec-2022	n.a.	0.235	n.a.	n.a.	Initiation of Coverage	Enrique Andrés Abad, CFA

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